

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2805

ANSWERED ON:19.12.2003

FDI IN BANKS

AJAY CHAKRABORTY;PRABODH PANDA;RAGHURAJ SINGH SHAKYA;RAMESH CHAND TOMAR;SULTAN SALAHUDDIN
OWAIS!

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has decided to raise Foreign Direct Investment limit in private sector banks to 74 percent from the present 49 percent;

(b) if so, the details thereof and the reasons therefor; and

(c) its likely impact on public sector banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) Government have taken an in principle decision to enhance the limit on Foreign Direct Investment in banking companies to facilitate setting up of subsidiaries by foreign banks and to invite investment in private sector banks. Modalities for implementing the decision are being worked out and executive instructions are expected to issue thereafter.

(c) It will have no impact in terms of ownership control and regulation of Nationalised Banks.