

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1561
ANSWERED ON:05.03.2010
ACQUISITION OF RBI'S STAKE IN NABARD
Rajesh Shri M. B.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government of India has decided to take over the shares held by Reserve Bank of India (RBI) in the National Bank for Agriculture and Rural Development (NABARD);
- (b) if so, the details thereof and reasons therefor;
- (c) whether RBI has been consulted by the Government of India before taking this decision;
- (d) if so, the details thereof and outcome thereof; and
- (e) if not, the reasons therefor?

Answer

The Minister of State in the Ministry of Finance(Shri Namo Narain Meena)

(a) to (e): Yes, Sir. The Government of India (GoI), in consultation with the Reserve Bank of India (RBI), has decided to take-over 72.5 % of the overall shareholding in the National Bank for Agriculture and Rural Development (NABARD), presently held by RBI, thus taking GoI's holding in NABARD to 100%.

The transfer of RBI shareholdings in NABARD to the GoI is on line with the recommendations of the Narsimhan Committee on Banking Sector Reforms that it was inconsistent with the principles of effective supervision that the regulator was also the owner of a financial entity.

The GoI has already made a Budget provision of Rs. 1,450 crore during 2009-10 for the above purpose.