

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1144
ANSWERED ON:05.08.2011
AMENDMENT TO BANKING REGULATION ACT
Meghwal Shri Arjun Ram

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to amend Banking Regulation Act, 1949;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has approved the draft guidelines of Reserve Bank of India on new banking licence with condition of 74 per cent Foreign Direct Investment with some conditions;
- (d) if so, the details thereof;
- (e) whether the Government has issued a discussion paper on the subject `entry of new banks in the private sector` in August, 2010; and
- (f) if so, the details thereof alongwith the details of the suggestions received in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b):- Yes, Sir. To further develop the banking sector in India, to strengthen the banking entities by increasing their access to capital, and also to enhance the regulatory and supervisory capabilities of the Reserve Bank of India (RBI), some wide-ranging and progressive amendments have been proposed in the Banking Regulation Act, 1949 and the Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980. For the purpose, the Government has introduced "The Banking Laws (Amendment) Bill, 2011" in the Lok Sabha on 22nd March, 2011.

(c) to (f): With a view to examine the need to issue revised guidelines for bank licencing, a Discussion Paper marshalling the international practices, the Indian experience as also the extant ownership and governance guidelines was prepared and placed on the web-site of RBI for wider comments and feedback. As a follow-up, RBI held detailed discussions with all the stakeholders. However, RBI has not issued guidelines in this regard.