

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2056
ANSWERED ON:02.12.2011
SUGGESTION FOR AUCTIONING OF BANKING LICENCE
Panda Shri Prabodh

Will the Minister of FINANCE be pleased to state:

- (a) whether suggestion for auctioning the banking licence to avoid 2G type of scam and making the process transparent has been received in the Ministry;
- (b) if so, the details thereof;
- (c) whether the Ministry is actively considering to implement the said suggestion;
- (d) if so, the details 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): The Finance Minister, in his budget speech on February 26, 2010, announced that granting new licenses to private sector players would be considered by the Reserve Bank. With a view to examining the need, if any, to issue revised guidelines for bank licensing, a discussion paper-marshalling the international practices, the Indian experience as also the extant ownership and governance guidelines-was prepared by RBI and placed on its website for wider comments and feedback in August, 2010. After examining the comments / suggestions received, RBI has issued draft guidelines for licensing of new banks in the private sector on 29.08.2011. RBI has informed that it would issue the final guidelines after taking views/suggestions of various stakeholders.