

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3861

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BANKING LICENCE QUESTION

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Will the Minister of FINANCE be pleased to state:

- (a) the criteria for issuing licenses to start new bank in the country;
- (b) whether the Reserve Bank of India (RBI) has stopped issuing license for opening new banks;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the number of applications received by RBI for issue of license during the last three years, year-wise and State-wise and action taken thereon?

Answer

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

(a) to (c): Reserve Bank of India (RBI) has informed that it had issued guidelines for licensing of new banks in the private sector on January 22, 1993 and licenses were issued accordingly. Thereafter, fresh guidelines were issued on January 3, 2001 and licences were issued consequently. No guidelines indicating the criteria for issuing licenses to start a new bank in the country has been issued by RBI after January 3, 2001.

As per RBI Annual Policy statement for 2010-11 on licensing of new banks, a discussion paper was prepared and placed on RBI website www.rbi.org.in on August 11, 2010 inviting public comments on various aspects. After examining the comments / suggestions received, RBI has issued draft guidelines for licensing of new banks in the private sector on 29.08.2011 which can be seen on RBI website. RBI has informed that it would issue the final guidelines after taking views/ suggestions of various stakeholders.

(d) No applications were accepted by RBI after March 31, 2001 for opening of new banks in the private sector.