

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1347  
ANSWERED ON:30.11.2012  
FOREIGN HOLDINGS IN BANKS  
Shankar Alias Kushal Tiwari Shri Bhisma

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the foreign holdings in banks have been reduced by the Government / Reserve Bank of India (RBI);
- (b) if so, the details thereof alongwith the percentage by which it has been reduced and the reasons therefor;
- (c) the likely impact of such reduction on the establishment of domestic banking bodies; and
- (d) the steps taken / likely to be taken by the Government / RBI in this regard?

**Answer**

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

(a) to (d): No, Sir. Recently, the Government / Reserve Bank of India (RBI) have not issued any instructions / guidelines reducing foreign holding in the banks. However, in its draft guidelines for licensing of new banks in the private sector, RBI has stated that the aggregate non-resident shareholding from FDI, NRIs and FIs in the new private sector banks shall not exceed 49% for the first 5 years from the date of licensing of the bank. No non-resident shareholder, directly or indirectly, individually or in groups, will be permitted to hold 5% or more of the paid up capital of the bank. After the expiry of 5 years from the date of licensing of the bank, the foreign shareholding would be as per the extant policy. Currently, foreign shareholding in private sector banks is allowed up to a ceiling of 74% of the paid up capital.