

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4550
ANSWERED ON:21.02.2014
REVIEW OF BANKING LAWS
Siricilla Shri Rajaiah

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has undertaken any review of various statutes governing banking;
- (b) if so, the details and findings thereof;
- (c) whether there is any proposal to review and amend the banking laws including the Banking Regulation Act, 1949 so as to adapt to the present day banking needs and to check unequal competition;
- (d) if so, the details thereof and the reaction of the Government thereto; and
- (e) the action taken by the Government/ Reserve Bank of India (RBI) in this regard?

Answer

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

(a) and (b): The Government had constituted the Financial Sector Legislative Reforms Commission (FSLRC) to review and rewrite the financial sector laws including the banking sector laws. Further, the banking sector laws are constantly reviewed, amendments made and new laws are being enacted based on the requirement of the banking sector and after careful examination by the Government in consultation with the stakeholders.

(c) to (e): In order to strengthen the regulatory and supervisory powers of Reserve Bank of India (RBI) and to increase the access of the banks to capital market to raise capital required for expansion of banking business, the Banking Laws (Amendment) Act, 2012 was enacted. The enactment of the Act facilitated the issue of RBI Guidelines for licensing of new banks in the private sector in February, 2013. The licensing of a few new banks in private sector is expected to enhance the level of competition in the banking sector and also facilitate in increasing the level of financial inclusion.