

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3558  
ANSWERED ON:11.12.2009  
VOTING POWER OF FOREIGN ENTITIES IN PRIVATE SECTOR BANKS  
Balram Shri P.

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

- (a) whether the Banking Regulation Act, 1949 is being amended;
- (b) if so, the details thereof; and
- (c) the manner in which voting power/ monopoly of foreign entities are proposed to be checked?

**Answer**

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

(a) to (c): A proposal to amend the Banking Regulation Act, 1949 is under consideration of the Government. The proposed amendment, inter-alia, provides for addition of a new section 12B to provide prior approval of Reserve Bank of India for acquisition of five per cent or more of shares or voting rights in a banking company by any person and empowering Reserve Bank of India to impose such conditions as it deems fit in this regard in order to satisfy itself that the acquisition of shares of a banking company is by a person considered `fit and proper` and that the applicant continues to be `fit and proper` to hold the shares or voting rights.