

**GOVERNMENT OF INDIA**

**MINISTRY OF FINANCE**

**RAJYA SABHA**

**QUESTION NO 09.11.2010**

**ANSWERED ON**

**EXPANSION OF PRIVATE SECTOR BANKS NETWORK .**

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Dr. T. Subbarami Reddy

Will the Minister of FINANCE be pleased to state :-

(a) whether Government has decided to give four private bank licences in the first lot;

(b) if so, the total number of banks that will be set up in the country;

(c) whether RBI would cap the number of banks licence in the first round;

(d) if so, to what extent there is a need to reformation in the banking sector;

(e) whether more and more banks being licensed to operate will be functional during remaining period of Eleventh Five Year Plan; and

(f) if so, to what extent reformation in banks have helped to improve working of these banks?

**ANSWER**

The Minister of State in the Ministry of Finance

(Shri Namo Narain Meena)

(a) to (f): The Hon`ble Finance Minister in his budget speech 2010-11 had mentioned that RBI would be considering giving some additional licenses to private sector players. Accordingly, RBI studied the international practices and examined the experience with licensing of 12 new private sector banks consequent to guidelines issued in 1993 and 2001. Based on the above study, RBI prepared and placed a discussion paper on its website inviting comments / feedback on certain aspects from the stake holders and public on 11.08.2010. Consequently, discussions with stakeholders were held on October 7 & 8, 2010. The comments / suggestions received and views of the stakeholders are being examined by RBI after which final guidelines would be issued and applications will be invited for setting up banks in the private sector. While finalising the guidelines, RBI will specify aspects such as minimum capital, promoter`s shareholding, foreign shareholding in banks, eligible entities and the business model for the new banks.