

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:259
ANSWERED ON:25.02.2000
STATE BANK OF INDIA
GULAM MEHMOOD BANATWALLA

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government are considering any proposal to reduce the stake of the Reserve Bank of India in the State Bank of India;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether there is any proposal to increase the maximum stake that foreign funds can hold in the State Bank of India; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) and (b) The committee on Banking Sector Reforms (Narasimham Committee-II) has recommended reduction of minimum level of Reserve Bank of India's shareholding in State Bank of India from the existing level of 55% to 33% with a view to enable the bank to raise equity from market to enhance its capital base to be able to achieve prescribed levels of capital adequacy norms. The recommendation is under examination.

(c) and (d) There is no specific provision in the State Bank of India Act, 1955 regarding holding of shares by Non Resident Indians (NRIs) or Overseas Corporate Bodies (OCBs). However, a limit of 20% on the lines of Section 3(2D) of Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 & 1980, has been made applicable in the case of State Bank of India also.