

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2130  
ANSWERED ON:04.08.2000  
SWITCHING OVER THE FINANCIAL INSTITUTIONS TO UNIVERSAL BANKING  
A. VENKATESH NAIK

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

- (a) whether Industrial Development Bank of India has decided to switch over to universal banking;
- (b) if so, the details thereof and the reasons there for; and
- (c) the steps being taken by the Government in this regard?

**Answer**

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

(a) and (b) The Committee on Banking Sector Reforms (Narasimham Committee-II) has inter-alia, recommended that with the convergence of activities between banks and Development Financial Institutions (DFIs), the DFIs should, over a period of time, convert themselves into banks. In the Discussion Paper released in January, 1999 containing proposals for bringing about greater clarity in the respective roles of banks and financial institutions for greater harmonization of facilities, Reserve Bank of India has recommended that DFIs can convert themselves into universal banks within a period of five years. In the light of the above developments, Industrial Development Bank of India (IDBI) is examining the need to become a universal bank.

(c) Does not arise.