

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:90
ANSWERED ON:24.11.2000
PRIVATISATION OF NATIONALISED BANKS
AJAY CHAKRABORTY;VARKALA RADHAKRISHNAN

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government propose to privatise the nationalised banks by reducing its equity holdings below 51 percent;
- (b) if so, the details thereof alongwith reasons therefor; and
- (c) the time by when it is likely to be done?

Answer

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

(a) to (c) It is proposed to amend the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 with a view to modifying the stipulation of minimum prescribed Government shareholding in nationalised banks from 51% to 33%. Necessary legislation in this regard is likely to be introduced in the current session of the Parliament. As announced by Finance Minister in his budget speech for 2000-2001 in view of budgetary constraints with regard to further recapitalisation of nationalised banks, the amendment is being made to enable banks to raise capital from the market as and when required in future in order to meet the capital adequacy norms prescribed by Reserve Bank of India. The public sector character of banks will however be maintained. The Government has no proposal to disinvest its equity in nationalised banks.