Committee to oversee Ownership of Private Banks

Reserve Bank of India (RBI) has constituted an internal working group to review the existing guidelines on ownership and corporate structure of private sector banks. The group will be headed by RBI executive director P.K. Mohanty.

- The bank licensing rules mandated that a private bank’s promoter will need to pare holding to 40% within three years, 20% in 10 years and to 15% in 15 years.
- The rules on promoter holding have changed over the years.
- It is, therefore, felt necessary to comprehensively review the extant guidelines on ownership, governance and corporate structure in private sector banks, taking into account key developments which have a bearing on the issue.
- The group will examine the existing licensing guidelines and regulations on ownership and control of private sector banks.
- It will also suggest appropriate norms, keeping in mind the issue of excessive concentration of ownership and control.
- Besides, it will examine and review the eligibility criteria for individuals or entities to apply for a banking licence, and review the promoter shareholding norms at the initial licensing stage.
- It will also study the current regulations on holding of financial subsidiaries through a non-operative financial holding company (NOFHC) and suggest steps to migrate all banks to a uniform regulation.