

**PRESS NOTE NO. 13
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Government of India
Ministry of Industry
Department of Industrial Policy & Promotion
Udyog Bhawan,

Under the existing policy, foreign direct investment in Private Sector banks up to 20% by Foreign banking companies or finance companies, including multilateral financial institutions as technical collaborators or co-promoters is permissible. Under this policy, NRI are also allowed equity participation in private sector banks up to 40%, which would be inclusive of equity participation by other foreign investors as indicated above.

With a view to attracting foreign direct investment up to the permissible limit of 40% in private sector banks, in case of shortfall in NRI contributions, multilateral financial institutions would be allowed to contribute foreign equity to the extent of the shortfall in NRI contributions within the overall limit of 40 percent.

(ASHOK KUMAR)
Joint Secretary to the Government of India
New Delhi, the 1st September, 1998

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