

(b) the transaction charges that the stock brokers pay to the stock exchanges and the commission that the stock brokers are allowed to charge from the retail investors; and

(c) whether stock brokers are liable for financial information provided through online trading portal or through any other means?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) At present, small investor has no direct market access to trade on Indian Stock Exchanges. The Securities & Exchange Board of India (SEBI), on April '08, has introduced the facility of Direct Market Access (DMA) for institutional clients only under which the client has access to the exchange trading system through the broker's infrastructure without manual intervention by the broker.

(b) The maximum commission/ brokerage that can be charged by a broker has been specified in the Stock Exchange Regulations and bye laws. As per the bye laws of BSE and NSE, a broker cannot charge more than 2.5 percent brokerage from its clients.

(c) Stock brokers are liable for the financial information provided through online trading portal or through any other means subject to the disclaimers disclosed.

#### **Banking sector liberalisation**

1666. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has decided to review the status of the financial sector to see whether the banking industry is ready for further liberalisation;

(b) if so, whether several foreign banks have approached Government to set up their base in the country;

(c) if so, the details thereof;

(d) whether allowing foreign banks to set up their base in India may effect the Indian banks already operating in the country; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) The Indian banking system, by and large, remained unscathed in the recent financial crisis. Subsequently, it was announced in the Union Budget Speech 2010-11 to ensure that the banking system grows in size and sophistication to meet the needs of a modern economy. Besides, there is a need to extend the geographic coverage of banks and improve access to banking services. In this context, it was announced that the Reserve Bank of India (RBI) is considering giving some additional banking licenses to private sector players, including Non-Banking Financial Companies, if they meet the RBI's eligibility criteria.

Thereafter, in line with the above announcement, the Governor, RBI proposed in the Annual Policy Statement for the year 2010-11 to prepare a discussion paper marshalling the international practices, the Indian experience as also the extent ownership and governance (O&G) guidelines on licensing of new banks and place it on RBI's website by end -July 2010 for wider comments and feedback. It will take some more time for RBI to come up with the final version of the same.

(b) and (c) Yes, Sir. As on date, applications, received by RBI from 18 foreign banks for opening maiden branch/Representative Office, are under various stages of progress.

(d) and (e) As on 30 June, 2010, more than 300 foreign bank branches are present in the country. The revision of the 'Roadmap for presence of foreign banks in India' by RBI was due in April 2009. However, the global financial markets were in turmoil and there were uncertainties surrounding the financial strength of banks around the world. Accordingly, the Annual Policy Statement of April 2009 indicated the intent to continue with the current policy and procedures governing the presence of foreign banks in India and to review its roadmap after due consultation with the stakeholders once there was greater clarity regarding stability and recovery of the global financial system.

A year later, as the global financial markets started to improve and various international fora became proactive in setting out policy frameworks incorporating the lessons learnt from the crisis, it was announced in the RBI Annual Policy Statement 2010-11, on April 20, 2010 that "drawing lessons from the crisis, it is proposed to prepare a discussion paper on the mode of presence of foreign banks through branch or Wholly-Owned Subsidiary (WOS) by September 2010."