

With RBI exit, government now owns 100% stake in NHB, Nabard

The central bank has sold its stake in NHB on March 19, while it sold the stake in Nabard on February 26, RBI said in a statement on Wednesday

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The Reserve Bank of India has exited the National Housing Bank (NHB) and the National Bank for Agriculture & Rural Development (Nabard), by selling its entire stakes to government for Rs 1,450 crore and Rs 20 crore, respectively, making them fully government-owned now.

The central bank has sold its stake in NHB on March 19, while it sold the stake in Nabard on February 26, the bank said in a statement Wednesday.

"With this divestment, the government now holds 100 percent stake in both these financial institutions," RBI said in a statement.

The move is part of ending the cross-holding in regulatory institutions and follows the recommendation of second Narasimham committee report of October 2001 and the RBI's own discussion paper on the same entitled 'Harmonizing the

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role and operations of development financial institutions and banks.'

The Narasimham panel had said RBI could not own those entities which are regulated by it.

The RBI said divestment of its shareholding in Nabard was done in two phases. The central bank held 72.5 percent equity in Nabard worth Rs 1,450 crore, of which 71.5 percent amounting to Rs 1,430 crore were divested way back in October 2010 and the residual shareholding was divested on February 26, 2019.

The RBI held 100 percent shareholding in NHB, which was divested on March 19, 2019.