

Reserve Bank of India
Guidelines for 'on tap' Licensing of Universal Banks in the Private Sector
August 1, 2016

Preamble

The Reserve Bank of India (RBI) had issued [guidelines for licensing of new banks in the private sector on February 22, 2013](#). Reserve Bank issued in-principle approval to two applicants and they have since established the banks as per the licences.

Recognising the need for having an explicit policy on banking structure in India in line with the recommendations of the Narasimham Committee, Raghuram G. Rajan Committee, and other viewpoints, the Reserve Bank came out with a policy [discussion paper on Banking Structure in India – The Way Forward on August 27, 2013](#). On a thorough examination of the pros and cons, the discussion paper made a case for reviewing the current 'Stop and Go' licensing policy and considering a 'continuous authorisation' policy on the grounds that such a policy would increase the level of competition and bring new ideas in the system. The feedback on the discussion paper broadly endorsed the proposal of continuous authorization with adequate safeguards. Further, the [first Bi-monthly Monetary Policy Statement 2014-15 announced on April 1, 2014](#), *inter alia*, indicated that after issuing in-principle approval for new licences, the Reserve Bank will start working on the framework for 'on tap' licensing as well as differentiated bank licences, building on the Discussion Paper and using the learning from the recent licensing process.

Based on the experience of licensing two universal banks in 2014 and that of granting in-principle approvals for Small Finance Banks and Payments Banks, the Reserve Bank released the ['Draft Guidelines for 'on tap' Licensing of Universal Banks in the Private Sector' at its website on May 5, 2016](#) for comments.

RBI carefully examined the comments / suggestions received and finalised the new framework for granting licences for universal banks on a continuous basis. Accordingly, the following set of guidelines are laid out.

2. Guidelines

(A) Eligible Promoters

- a) Individuals / professionals who are residents [as defined in FEMA Regulations, as amended from time to time] having 10 years of experience in banking and finance at a senior level would be eligible to promote banks, singly or jointly.
- b) Entities / groups in the private sector that are 'owned and controlled by residents' [as defined in FEMA Regulations, as amended from time to time] and have a successful track record for at least 10 years, provided that if such entity / group has total assets of ₹ 50 billion or more, the non-financial business of the group does not account for 40 per cent or more in terms of total assets / in terms of gross income.

- c) Existing non-banking financial companies (NBFCs), that are 'controlled by residents' [as defined in FEMA Regulations, as amended from time to time], and that have a successful track record for at least 10 years will be eligible to convert into a bank or promote a new bank. For the sake of clarity, it is added here that any NBFC, which is a part of the group that has total assets of ₹ 50 billion or more and that the non-financial business of the group accounts for 40 per cent or more in terms of total assets / in terms of gross income, is not eligible. If considered eligible for promoting / converting into a bank, they will have to comply with the requirements laid down in these guidelines as also the conditions specified in paragraph 2 (J) below.

(B) 'Fit and Proper' criteria

The Promoters / Promoter Groups¹ should be 'fit and proper' in order to be eligible to promote banks. RBI would assess the 'fit and proper' status of the applicants on the basis of the following criteria:

(i) Where promoters are individuals

- a) Each of the Promoters should have a minimum 10 years of experience in banking and finance at a senior level.
- b) The Promoters should have a past record of sound credentials and integrity.
- c) The Promoters should be financially sound and should have a successful track record for at least 10 years.

(ii) Where promoters are entities / NBFCs

- a) The promoting entity / promoter group should have a minimum 10 years of experience in running its / their businesses.
- b) The promoting entity and the promoter group should have a past record of sound credentials and integrity.
- c) The promoting entity and the promoter group should be financially sound and should have a successful track record for at least 10 years.
- d) Preference will be given to promoting entities having diversified shareholding.

(C) Corporate structure

I. Structure without NOFHC

- a) In the case of promoters being individuals or standalone promoting / converting entities who / which do not have other group entities, the requirement of Non-Operative Financial Holding Company (NOFHC) is not mandatory and such promoters would have the option of setting up /

¹ The definitions of 'promoter' and 'promoter group' are provided in Annex I

converting into a banking company under the Companies Act, 2013. However, in case other group entities are proposed to be established after the bank is incorporated, the bank should move to the NOFHC structure.

- b) In case the proposal is for setting up / conversion into a bank, any change in shareholding within the promoting / converting entity from the date of application to the RBI as a result of which a shareholder acquires or transfers five per cent or more of the voting equity capital of the promoting / converting entity, shall be reported to the RBI.

II. Structure with NOFHC

In case the individual promoters / promoting entities / converting entities have other group entities, the bank shall be set up only through a NOFHC. In such cases, the following conditions will be applicable:

Structure and activities

- a) The NOFHC shall be registered with RBI as a non-banking financial company (NBFC).
- b) Not less than 51 per cent of the total paid-up equity capital of the NOFHC shall be owned by the Promoter / Promoter Group.
- c) The NOFHC shall hold the bank as well as all the other financial services entities of the Group regulated by RBI or other financial sector regulators. The objective is that the Holding Company should ring fence the regulated financial services entities of the Group, including the bank, from other activities of the Group i.e. commercial, and financial activities not regulated by financial sector regulators and also that the bank should be ring fenced from other regulated financial activities of the Group.
- d) Only those regulated financial sector entities in which the individual Promoter /s / group have significant influence or control² will be held under the NOFHC.
- e) The financial services entities whose shares are held by the NOFHC cannot be shareholders of the NOFHC.
- f) Apart from setting up the bank, the NOFHC shall not be permitted to set up any new financial services entity for at least three years from the date of commencement of business of the NOFHC. However, this would not preclude the bank from having a subsidiary or joint venture or associate, where it is legally required or specifically permitted by RBI.
- g) The general principle for reorganization of the activities in the group is that all activities permitted to a bank under Section 6 (a) to (o) of Banking Regulation Act, 1949 shall be carried out from the bank. In this context, it is clarified that:

² As defined under Accounting Standards AS 21 and AS 23

- (i) RBI requires certain specialised activities, such as, insurance, mutual funds, stock broking, infrastructure debt funds, etc. to be conducted through a separate Subsidiary / Joint Venture / Associate structure;
- (ii) There are certain activities such as credit cards, primary dealers, leasing, hire purchase, factoring, etc., which a bank can conduct either from within the bank or through a separate outside structure (Subsidiary / Joint Venture / Associate).

Accordingly, the activities at (i) above and activities at (ii) above which are to be / proposed to be carried out outside the bank may be carried out through separate financial entities under the NOFHC.

However, if the Promoters desire to continue existing specialized activities from a separate entity proposed to be held under the NOFHC, prior approval from RBI would be required and it should be ensured that similar activities are not conducted through the bank.

Further, the activities not permitted to the bank would also not be permitted to the group i.e. entities under the NOFHC would not be permitted to engage in activities that the bank is not permitted to engage in.

Shareholding

- h) The capital structure of the NOFHC set up by Promoter / Promoter Group shall be as under:
 - (i) The shareholding of the Promoter / Promoter Group in the NOFHC shall be only through individuals, non-financial services entities and Core Investment Companies / Investment Companies in the Group. Consequently, no financial services entity in the promoter group, other than those specified above, shall be eligible to be a shareholder in the NOFHC.
 - (ii) Not less than 51 per cent of the total voting equity shares of the NOFHC shall be held by promoter/s / companies forming part of the Promoter Group. In case the shareholding is by companies of the promoter group, such companies shall preferably have a diversified shareholding.
 - (iii) In case 51 per cent or more of promoter group shareholding in the NOFHC is held by individuals belonging to the Promoter Group, shareholding by each of such individual, along with his relatives [as defined in Section 2 (77) of the Companies Act, 2013 and Rules made there under] and along with entities in which he and / or his relatives hold 50 per cent or more of the voting equity shares, shall not exceed 15 per cent of the total paid-up equity capital of the NOFHC per such individual.

- (iv) Not more than 49 per cent of the total voting equity shares of the NOFHC could be held by the non-promoters. However, shareholding by a single individual, who is not a promoter, along with his relatives [as defined in Section 2 (77) of the Companies Act, 2013 and Rules made there under] and along with entities in which he and / or his relatives hold 50 per cent or more of the voting equity shares, shall not be more than 10 per cent of the total shareholding of the NOFHC.
- (v) No shareholder, other than the promoters / promoter group, shall have significant influence and control³ in the NOFHC.
- i) Any change in shareholding within the NOFHC, as a result of which a shareholder transfers / acquires five per cent or more of the total equity capital of the NOFHC, shall be with the prior approval of RBI from the date of grant of in-principle approval.
- j) The Promoters / Promoter Group entities / individuals associated with Promoter Group shall hold equity investment in the bank and other regulated financial entities in the group only through the NOFHC.

Consolidated Supervision

- k) RBI will have to be satisfied that the corporate structure does not impede the financial services entities held by the NOFHC from being ring fenced, that it would be able to supervise the bank, the NOFHC, and its Subsidiaries / Joint Ventures / Associates on a consolidated basis, and that, it will be able to obtain all required information relevant for this purpose, smoothly and promptly. However, the supervision of the entities held by the NOFHC will be by the respective sectoral regulators on solo basis.

(D) Minimum voting equity capital requirements and pattern of shareholding in the bank

I. Minimum Capital and Other Requirements

- a) The initial minimum paid-up voting equity capital for a bank shall be ₹ five billion. Thereafter, the bank shall have a minimum net worth of ₹ five billion at all times.
- b) In cases of conversion of NBFCs into banks, the converting entity, and thereafter the bank, shall have a minimum net worth of ₹ five billion at all times.
- c) The bank shall be required to maintain a minimum capital adequacy ratio of 13 per cent of its risk weighted assets (RWA) for a minimum period of three years after the commencement of its operations subject to any higher percentage as may be prescribed by RBI from time to time. The NOFHC shall

³ As defined under Accounting Standards AS 21 and AS 23

maintain capital adequacy on a consolidated basis as per Basel norms applicable to the entity.

- d) The bank shall get its shares listed on the stock exchanges within six years of the commencement of business by the bank.
- e) The capital requirements for the regulated financial services entities held by the NOFHC shall be as prescribed by the respective sectoral regulators.

II. Pattern of Shareholding

- a) The promoter/s and the promoter group / NOFHC, as the case may be, shall hold a minimum of 40 per cent of the paid-up voting equity capital of the bank which shall be locked-in for a period of five years from the date of commencement of business of the bank.
- b) Shareholding by promoter/s and the promoter group / NOFHC in the bank in excess of 40 per cent of the total paid-up voting equity capital shall be brought down to 40 per cent within five years from the date of commencement of business of the bank.
- c) In the event of the bank raising further voting equity capital during the first five years from the date of commencement of business, the promoter/s and promoter group / NOFHC should continue to hold 40 per cent of the enhanced voting equity capital of the bank for a period of five years from the date of commencement of business of the bank.
- d) The shareholding by promoter/s and promoter group / NOFHC shall be brought down to 30 per cent of the paid-up voting equity capital of the bank within a period of 10 years, and to 15 per cent of the paid-up voting equity capital of the bank within a period of 15 years from the date of commencement of business of the bank.
- e) Voting equity capital, other than the holding by promoter/s and promoter group / NOFHC, could be raised through public issue or private placements. However, no single entity or group of related entities, other than the promoters / promoter group / NOFHC, shall have shareholding or control, directly or indirectly, in excess of 10 per cent of the paid-up voting equity capital of the bank during the first five years of the operations of the bank.
- f) Individuals and companies, directly or indirectly connected with large industrial houses⁴ may be permitted to participate in the equity of a new

⁴ For the purpose of these guidelines, a Group with assets of ₹50 billion or more with the non-financial business of the group accounting for 40 per cent or more in terms of total assets / in terms of gross income, will be treated as a large industrial house. (In taking a view on whether the companies, either as promoters or investors, belong to a large industrial house or to a company connected to a large industrial house, the decision of the RBI will be final).

private sector bank up to 10 per cent and shall not have controlling⁵ interest in the bank. Such shareholders shall not have any Director on the Board of the bank on account of shareholder agreements or otherwise. The limit of 10 per cent would apply to individuals and all inter-connected companies belonging to the concerned large industrial houses on an aggregate basis.

(E) Regulatory framework

The bank will be governed by the provisions of the Banking Regulation Act, 1949, Reserve Bank of India Act, 1934, Foreign Exchange Management Act, 1999, Payment and Settlement Systems Act, 2007, Credit Information Companies (Regulation) Act, 2005, Deposit Insurance and Credit Guarantee Corporation Act, 1961, other relevant Statutes and the Directives, Prudential regulations and other Guidelines / Instructions issued by RBI and other regulators from time to time, including the regulations of SEBI regarding public issues and other guidelines applicable to listed banking companies.

(F) Foreign shareholding in the bank

The foreign shareholding in the bank would be as per the extant FDI policy, subject to paragraph D (II) above.

(G) Corporate Governance, Prudential and Exposure norms

I. For a standalone bank without NOFHC

i. Corporate governance and prudential norms

- a) The bank shall comply with the provisions of Banking Regulations Act, 1949.
- b) The bank shall comply with the extant guidelines on corporate governance including 'fit and proper' criteria, Nomination Committee, Remuneration Committee, prudential norms on income recognition and asset classification, valuations of investments, liquidity management, etc.

ii. Exposure norms

- a) In addition to the restrictions placed on banks' loans and advances to its directors and the companies in which its directors are interested under Section 20 of the Banking Regulation Act, 1949, the bank is precluded from having any exposure (including investments in the equity / debt capital instruments) to its promoters, major shareholders who have shareholding of 10 per cent or more of paid-up equity shares in the bank, the relatives [as defined in Section 2 (77) of the Companies Act, 2013 and Rules made there under] of the promoters as also the entities in which they have significant

⁵ The term "controlling interest" would mean the rights associated with "control" as defined in Companies Act, 2013

influence or control (as defined under Accounting Standards AS 21 and AS 23).

- b) The bank cannot invest in the equity of other NOFHCs.
- c) The bank's investments in equity / debt capital instruments of other banks / financial institutions and debt capital instruments of other NOFHCs should be guided by the extant cross holding norms.
- d) The bank's permissible exposures will be as per extant exposure norms.

II. For a bank with NOFHC

In case the group structure envisages creation of an NOFHC, the NOFHC should comply with the corporate governance guidelines, prudential norms and exposure norms on a solo as well as consolidated basis as indicated in paragraphs 2 (G), (H) and (I) of [Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013](#). The financial entities held by the NOFHC will be governed by the applicable statutes and regulations prescribed by the respective financial sector regulators.

(H) Business Plan for the bank

- a) Applicants for new bank licences will be required to furnish their business plans for the banks along with their applications.
- b) The business plan submitted by the applicant should be realistic and viable. In case of deviation from the stated business plan after issue of licence, RBI may consider restricting the bank's expansion, effecting change in management and imposing other penal measures as may be necessary.
- c) The business plan will have to address how the bank proposes to achieve financial inclusion. The business plan should comprise of a project report covering various aspects as indicated in Annex II.

(I) Other conditions for the bank

- a) The bank should be "controlled by residents" (as per FEMA, 1999 and as amended from time to time) at all times.
- b) The composition of the Board of the bank should comply with the provisions of the Banking Regulation Act, 1949 and the instructions issued by RBI from time to time in this regard. The Board of the bank should have a majority of independent directors⁶.
- c) Any acquisition of shares / compulsorily convertible debentures / bonds / voting rights which will take the aggregate holding of an individual / entity / group to the equivalent of five per cent or more of the paid-up equity capital or the total voting rights of the bank, will require prior approval of RBI.

⁶ "Independent Director" shall be as defined in the Companies Act, 2013.

- d) The bank shall maintain arm's length relationship with Promoter / Promoter Group entities, and the major suppliers and major customers⁷ of these entities.
- e) In taking a view on whether an entity belongs to or is linked / related to the Promoter or Promoter entities, RBI will be guided by the provisions of the Banking Regulation Act, 1949, Accounting Standards and other related factors. The decision of the RBI in the matter will be final.
- f) The bank shall comply with the priority sector lending targets and sub-targets as applicable to the existing domestic banks. For this purpose, the bank should build its priority sector lending portfolio from the commencement of its operations.
- g) The bank shall open at least 25 per cent of its branches in unbanked rural centres (population up to 9,999 as per the latest census) to avoid over concentration of their branches in metropolitan areas and cities which are already having adequate banking presence. RBI will, over time, define the mode of delivering banking services that qualifies as rural presence.
- h) The bank should be fully networked and technology driven from the beginning with all modern infrastructural facilities.
- i) The bank should have a high powered Customer Grievances Cell to handle customer complaints.
- j) Compliance with terms and conditions laid down by RBI is an essential condition of grant of licence. Any non-compliance will attract penal measures including cancellation of licence of the bank.
- k) In view of increasing emphasis on stringent prudential norms, transparency, disclosure requirements, banks need to have strength and efficiency to work profitably in a highly competitive environment.
- l) Banking being a highly leveraged business, licences shall be issued on a very selective basis to those who conform to the above requirements, who have an impeccable track record and who are likely to conform to the best international and domestic standards of customer service and efficiency. Therefore, it may not be possible for RBI to issue licences to all the applicants just meeting the eligibility criteria prescribed above.

(J) Additional conditions for NBFCs promoting / converting into a bank

- a) The Promoters / Promoter Groups with an existing NBFC (that is 'controlled by residents' [as defined in FEMA Regulations as amended from time to time]), if considered eligible for a bank licence, will have two options:

⁷ Major suppliers and major customers of the promoter group would mean dealings with whom constitute 10 per cent or more of the annual purchases or sales or both taken together

- (i) Promote a bank, or
 - (ii) Convert the NBFC into a bank.
- b) Under both the options, the NOFHC / the bank or both, as the case may be, should comply with all the requirements laid down in the guidelines.
- c) Further, under both the options, the Promoters will have to set up a NOFHC if they have other entities in their group. The NOFHC and the bank set up under it should comply with all the requirements laid down in the guidelines.
- d) If the existing entities have diluted the promoter shareholding to below 40 per cent, but above 26 per cent, due to regulatory requirements or otherwise, RBI may not insist on the promoters' minimum initial contribution as indicated in paragraph 2 (D) (II) of the guidelines and the lock-in period of five years will apply to 26 per cent promoter shareholding.
- e) RBI will consider allowing retaining existing branches of the NBFC which is converting into a bank, as bank branches, with prior approval and subject to conformity / compliance with the extant guidelines on branch authorization.

3. Procedure for application

- a) In terms of Rule 11 of the Banking Regulation (Companies) Rules, 1949 applications shall be submitted in the prescribed form (Form III). In addition, the applicants should furnish the requisite information as per the Annex II. Applications submitted without the required information will not be entertained.
- b) Applications for setting up banks in the private sector, along with other details as mentioned above, should reach the following address.

The Chief General Manager,
Department of Banking Regulation,
Reserve Bank of India, Central Office,
13th Floor, Central Office Building,
Shahid Bhagat Singh Road,
Mumbai-400001

- c) The licensing window will be open on-tap. As such, applications in the prescribed form along with requisite information could be submitted to RBI at any point of time, as desired by the applicant.

4. Procedure for RBI decisions

- a) At the first stage, the applications will be screened by RBI to assess the eligibility of the applicants *vis-à-vis* the criteria laid down in the guidelines. RBI may apply additional criteria to determine the suitability of applications, in addition to the 'fit and proper' criteria prescribed at paragraph 2 (B). Thereafter, the applications will be referred to a Standing External Advisory Committee (SEAC) to be set up by RBI.

- b) The SEAC will comprise of eminent persons with experience in banking, financial sector and other relevant areas. The tenure of the SEAC will be for three years. The constitution of the SEAC will be announced shortly.
- c) The SEAC will set up its own procedures for screening the applications. The SEAC will meet periodically, as and when required. The Committee will reserve the right to call for more information as well as have discussions with any applicant/s and seek clarification on any issue as may be required by it. The Committee will submit its recommendations to RBI for consideration.
- d) The Internal Screening Committee (ISC), consisting of the Governor and the Deputy Governors will examine all the applications. The ISC will also deliberate on the rationale of the recommendations made by the SEAC and then submit its recommendations to the Committee of the Central Board (CCB) of RBI for the final decision to issue in-principle approval.
- e) The validity of the in-principle approval issued by RBI will be 18 months from the date of granting in-principle approval and would thereafter lapse automatically. Therefore, the bank will have to obtain the licence within a period of 18 months of granting the in-principle approval.
- f) After issue of the in-principle approval for setting up of a bank, if any adverse features are noticed subsequently regarding the Promoters or the companies / entities with which the Promoters are associated and the group in which they have interest, the RBI may impose additional conditions and if warranted, it may withdraw the in-principle approval.
- g) In order to ensure transparency, the names of the applicants for bank licences will be placed on the RBI website periodically. The names of applicants that are found suitable for grant of in-principle approval will also be placed on the RBI website.
- h) An applicant who has not been found suitable for issue of licence will be advised of the Reserve Bank's decision. Such applicants will not be eligible to make an application for a banking licence for a period of three years from the date of that decision.
- i) Applicants aggrieved by the decision of the Committee of the Central Board can prefer an appeal against the decision to the Central Board of Directors, within one month from the date of receipt of communication from RBI relating to the application not being considered as at paragraph 4 (h) above.

Definitions

I. Promoter

Promoter means, the person who together with his relatives [as defined in Section 2 (77) of the Companies Act, 2013 and Rules made there under], by virtue of his ownership of voting equity shares, is in effective control of the bank / NOFHC, and includes, wherever applicable, all entities which form part of the Promoter Group.

II. Promoting entity

Promoting entity means the entity that promotes the bank.

III. Promoter Group

“Promoter Group” includes:

- (i) the promoter;
- (ii) relatives of the promoter [as defined in Section 2 (77) of the Companies Act, 2013 and Rules made there under]; and
- (iii) in case promoter is a body corporate:
 - (A) a subsidiary or holding company of such body corporate;
 - (B) any body corporate in which the promoter holds ten per cent or more of the equity share capital or which holds ten per cent or more of the equity share capital of the promoter;
 - (C) any body corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent or more of the equity share capital in that body corporate also holds twenty per cent or more of the equity share capital of the promoter;
 - (D) Joint venture (as defined in terms of AS 23) with the promoter;
 - (E) Associate (as defined in terms of AS 27) of the promoter;
 - (F) Related party (as defined in terms of AS 18) of the promoter; and
- (iv) in case the promoter is an individual:
 - (A) any body corporate in which ten per cent or more of the equity share capital is held by the promoter or a relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member;

- (B) any body corporate in which a body corporate as provided in (A) above holds ten per cent or more, of the equity share capital;
 - (C) any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten per cent of the total; and
- (v) all persons who are declared as promoters in the Articles of Association of the bank / group companies.
- (vi) all persons whose shareholding is aggregated for the purpose of disclosing in the prospectus⁸ under the heading "shareholding of the promoter group";
- (vii) Entities sharing a common brand name with entities discussed in A, B, C, D E, F where the promoter is a body corporate and A, B, C where the promoter is an individual;

Provided that a financial institution, scheduled commercial bank, foreign institutional investor or mutual fund shall not be deemed to be promoter group merely by virtue of the fact that ten per cent or more of the equity share capital of the promoter is held by such institution unless such investment is strategic in nature.

⁸As per SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009

Additional information to be furnished by the Promoters along with relevant supporting documents

I. Existing Structure

1. Information on the individual promoters behind the group :
 - a. Self-declaration by the individual promoters as per Appendix I.
 - b. Detailed profiles on the background and experience of the individual promoters, his/their expertise, track record of business.
2. Information on entities in the promoter group :
 - a. Names and details of other entities in the promoter group as per Appendix II (if not covered in Appendix I).
 - b. Shareholding pattern of all the entities in the promoter group.
 - c. A pictorial organogram indicating the corporate structure of all the entities in the group indicating the shareholding and total assets of the entities.
 - d. Annual reports of the past five years of all the group entities.
3. Information on the promoting / converting entity:
 - a. Declaration by the promoting / converting entity as per Appendix III.
 - b. Shareholding pattern of the promoting / converting entity.
 - c. Memorandum and Articles of Association and financial statements of the promoter entity for the past five years (including a tabulation of important financial indicators for the said years), board composition and representation of the Directors over a period of ten years, income tax returns for last three years, C.A certificate indicating source of funds for promoting / converting entity.

II. Proposed Structure

1. The applicants should furnish detailed information about the persons/entities, who would subscribe to 5 per cent or more of the paid-up equity capital (shareholding pattern) of the proposed bank, including foreign equity participation in the proposed bank and the sources of capital of the proposed investors.
2. The proposed promoter shareholding and plan for dilution of promoter shareholding in compliance with the guidelines.
3. Proposed management of the bank, if finalized.

III. Project Report

A project report⁹ covering business potential and viability of the proposed bank, any other financial services proposed to be offered, plan for compliance with prudential norms on CRR/SLR¹⁰, composition of loan portfolio, priority sector, etc. as per the guidelines, and any other information that they consider relevant. The project report should give as much concrete details as feasible, based on adequate ground level information and avoid unrealistic or unduly ambitious projections. The business plan should address how the bank proposes to achieve financial inclusion and in the case of an NBFC applicant, how the existing lending business will fold into the bank or divested / disposed of.

IV. Any other information

The Promoters may furnish any other relevant information and documents supporting the applications. Further, the RBI may call for any other additional information, as may be required, in due course.

⁹ Business plan should, *inter alia*, include (but not limited to), the underlying assumptions, the existing infrastructure/ network/ branches, and the proposed product lines, target clientele, target locations, usage of technology, risk management, plans relating to human resources, branch network, alternative points of presence, opening of branches in unbanked rural areas, priority sector compliance, financial projections for five years, etc.

¹⁰ In case of NBFC applicants, information on existing CRR / SLR requirement, projected CRR / SLR requirement and plan for compliance with statutory norms on CRR / SLR may be given.

Self-declaration from the main individual promoter of the promoter group**The applicant's name:**

S.No	Aspect	Remarks
1.	Name of the main individual promoter (including previous names, if any) ¹¹	
2.	Details of bio-data	Form 1
3.	Proposed shareholding amount and percentage of shareholding in the bank	
4.	Net worth of the main individual promoter(duly certified by a CA)	
5.	Average income over last 5 years	
6.	Source of funds for the proposed shareholding in the bank (Duly certified by the Chartered Accountant)	
7.	Name of the Hindu Undivided Family (HUF) in which the main individual promoter is a member/karta along with its proposed shareholding in the bank (in Rs. and %)	
8.	List of entities in which the HUF is holding 10% or more of the equity share capital along with the percentage of shareholding	Form II
1.	List of relatives of the main individual promoter with relationship (Refer Section 2 (77) of the Companies Act, 2013 and Rules made there under) and their proposed shareholding / voting rights in the bank	Form III
2.	List of persons acting in concert (as defined in explanation1(a) to section 12 B of Banking Regulation Act, 1949) with the main individual promoter and their proposed shareholding / voting	Form IV

¹¹If there are more than one individual promoter in the group, separate declaration forms are to be submitted

S.No	Aspect	Remarks
	rights in the bank	
3.	List of associate enterprises (as defined in explanation 1(c) to section 12 B of Banking Regulation Act, 1949) and their proposed shareholding / voting rights in the bank	Form V
4.	List of entities in which the main individual promoter is holding 10% or more of the capital of such entities and their proposed shareholding / voting rights in the bank	Form VI
5.	List of entities, if any, in which the main individual promoter is considered as being interested [Refer Section 184 of Companies Act, 2013] and their proposed shareholding / voting rights in the bank	Form VII
6.	List of entities in which the entities named in 1, 7 to 13 above collectively are holding 10% or more of the equity share capital of that entity	Form VIII
7.	List of entities in which persons / entities named in 1, 7 to 14 above have individually or collectively divested their shareholding in the past 5 years	Form IX
8.	Aggregate proposed shareholding of the entities named in 1 & 7 to 15 above in the bank (Rs. and %)	
9.	Source of funds for the entities named in 1 & 7 to 15 above for the proposed aggregate shareholding in the bank (Duly certified by the Chartered Accountant)	
10.	In case of having voting rights alone in the bank, the details of agreement with the shareholder in brief	
11.	If the person / entity listed in 1 & 7 to 15 above is a member of a professional association / body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him / her or whether he / she has been banned from entry of at any profession / occupation at any time	
12.	Has the person / entity listed in 1 & 7 to 15 above been subject to any investigation at the instance of Government department or agency?	
13.	Details of prosecution, if any, pending or commenced or resulting in conviction in the past	

S.No	Aspect	Remarks
	against person / entity listed in 1 & 7 to 15 above for violation of economic laws and regulations	
14.	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the past against the person / entity listed in 1 & 7 to 15 above	
15.	Has the person / entity listed in 1 & 7 to 15 above at any time been found guilty of violation of rules / regulations / legislative requirements by customs / excise / income tax / foreign exchange / other revenue authorities, if so give particulars	
16.	Whether the person / entity listed in 1 & 7 to 15 above has at any time come to the adverse notice of any regulator/investigative agency including issuance of Show Cause Notice. (Though it shall not be necessary for a person to mention in the column about orders and findings made by regulators which have been later on reversed / set aside in toto, it would be necessary to make a mention of the same, in case the reversal / setting aside is on technical reasons like limitation or lack of jurisdiction, etc., and not on merit. If the order of the regulator is temporarily stayed and the appellate / court proceedings are pending, the same also should be mentioned).	
17.	Whether the person / entity listed in 1 & 7 to 15 above has been convicted for any offence under any legislation designed to protect members of the public from financial loss due to dishonesty, incompetence or malpractice.	
18.	Details of shareholding / voting rights of the person / entity listed 1 &7 to 15 above in other banks and other institutions in the financial sector	
19.	Details of representation of the individual promoter on the Boards of other banks and other institutions in the financial sector	
20.	Income Tax returns of the individual promoter for last three years (if already submitted with the application, the same may be mentioned)	
21.	List of major entities listed in 7 to 15 above (covering at least 50% of the group's total assets or total revenue)	
22.	Audited annual reports of the entities listed in 29 above should be submitted for the last five years (if already submitted with the application, the same may be mentioned)	

S.No	Aspect	Remarks
23.	Any other explanation / information	

Undertaking

I confirm that the above information is to the best of my knowledge and belief, true and complete. I undertake to keep the bank fully informed, as soon as possible, of all events which take place subsequent to submission of this declaration which are relevant to the information provided above.

Signature and stamp of the individual promoter

Place :

Date :

Bio-data details of the main individual promoter of the group

Name of the person (including previous names, if any)	
Date of birth	
Father's name	
PAN no.	
DIN no.	
Present Address	
Permanent Address	
Citizenship/Residential Status as per FEMA	
Occupation	
Income tax circle to which the individual belongs	
Bank, branch and account number (including credit facilities and non-fund based facilities availed)	
Details of experience in banking and finance	
Details of experience in other fields	

Form II

Entities in which the HUF is holding 10% or more of the equity share capital

Name of the entity*	Relationship with the individual promoter alongwith % of shareholding, if any	Date of incorporation	Nature of business activity	Registered Office address	PAN no.	TAN No.	CIN no.	Income tax circle to which the entity belongs to	Name of the regulator	Registration details in case the entity is regulated by SEBI	Bank, branch and account number (including credit facilities and non-fund based facilities availed)	As on March 31, ----		Proposed shareholding in the bank		
												Total assets (Rs. in crore)	Total revenue (Rs. in crore)	In Rs.	In %	

*(including previous names, if any)

Form III

Details of the relatives (Refer Section 2 (77) of the Companies Act, 2013 and Rules made there under) of main individual promoter behind the group

S.No.	Name of the person*	Relationship with main individual promoter	Date of birth	Residential status as per FEMA	Father's name	PAN no.	DIN no.	Income tax circle to which the individual belongs to	Proposed shareholding in the bank	
									In Rs.	In %

*(including previous names, if any)

Form IV

Details of the persons acting in concert (as defined in explanation 1(a) to section 12 B of Banking Regulation Act, 1949) with the individual promoter of the group

S.No.	Name of the person*	Date of birth	Nature of Relationship with the individual promoter	Residential status as per FEMA	Father's name	PAN no.	DIN no.	Income tax circle to which the individual belongs to	Proposed shareholding in the bank	
									In Rs.	In %

*(including previous names, if any)

Form V

Details of associate enterprises (as defined in explanation 1(c) to section 12 B of Banking Regulation Act, 1949) of the individual promoter

Name of the entity*	Relationship with the individual promoter alongwith% of shareholding is any	Date of incorporation	Nature of business activity	Registered Office address	PAN no.	TAN No.	CIN no.	Income tax circle to which the entity belongs to	Name of the regulator	Registration details in case the entity is regulated by SEBI	Bank, branch and account number (including credit facilities and non-fund based facilities availed)	As on March 31, --		Proposed shareholding in the bank		
												Total assets (Rs. in crore)	Total revenue (Rs. in crore)	In Rs.	In %	

*(including previous names, if any)

Form VI

Details of entities in which the individual promoter is holding 10% or more of the capital of such entities

Name of the entity*	Percentage of shareholding by the individual promoter in the concerned company	Date of incorporation	Nature of business activity	Registered Office address	PAN no.	TAN No.	CIN no.	Income tax circle to which the entity belongs to	Name of the regulator	Registration details in case the entity is regulated by SEBI	Bank, branch and account number (including credit facilities and non-fund based facilities availed)	As on March 31, --		Proposed shareholding in the bank		
												Total assets (Rs. in crore)	Total revenue (Rs. in crore)	In Rs.	In %	

*(including previous names, if any)

Form VII

Details of entities in which the individual promoter is considered as being interested [Refer Section 184 of Companies Act, 2013]

Name of the entity*	Relationship with the individual promoter along with % of shareholding, if any	Date of incorporation	Nature of business activity	Registered Office address	PAN no.	TAN No.	CIN no.	Income tax circle to which the entity belongs to	Name of the regulator	Registration details in case the entity is regulated by SEBI	Bank, branch and account number (including credit facilities and non-fund based facilities availed)	As on March 31, ---		Proposed shareholding in the bank	
												Total assets (Rs. in crores)	Total revenue (Rs. in crores)	In Rs.	In %

*(including previous names, if any)

Form VIII

Details of entities in which aggregate shareholding is 10% or more (by individual promoter, HUF, entities in which the HUF is having shareholding 10% or more, relatives, persons acting in concert, associate enterprises, entities in which the individual promoter is having shareholding 10% or more & entities in which the individual promoter is considered as being interested)

Name of the entity*	Relationship with the individual promoter along with breakup of the present shareholding	Date of incorporation	Nature of business activity	Registered Office address	PAN no.	TAN No.	CIN no.	Income tax circle to which the entity belongs to	Name of the regulator	Registration details in case the entity is regulated by SEBI	Bank, branch and account number (including credit facilities and non-fund based facilities availed)	As on March 31, ---		Proposed shareholding in the bank		
												Total assets (Rs. in crores)	Total revenue (Rs. in crores)	In Rs.	In %	

*(including previous names, if any)

Form IX

Details of entities in which; individual promoter, HUF, entities in which the HUF is having shareholding 10% or more, relatives, persons acting in concert, associate enterprises, entities in which the individual promoter is having shareholding 10% or more & entities in which the individual promoter is considered as being interested; have individually or collectively divested their shareholding in the past 5 years

Name of the entity*	Relationship with the individual promoter along with earlier % and present % of shareholding	Date of incorporation	Nature of business activity	Registered Office address	PAN no.	TAN No.	CIN no.	Income tax circle to which the entity belongs to	Name of the regulator	Registration details in case the entity is regulated by SEBI	Bank, branch and account number (including credit facilities and non-fund based facilities availed)	As on March 31, ---		Proposed shareholding in the bank		
												Total assets (Rs. in crores)	Total revenue (Rs. in crores)	In Rs.	In %	

*(including previous names, if any)

Appendix II

Details of other entities in the promoter group

Name of the entity*	Percentage of shareholding by the individual promoter in the concerned company	Date of incorporation	Nature of business activity	Registered Office address	PAN no.	TAN No.	CIN no.	Income tax circle to which the entity belongs to	Name of the regulator	Registration details in case the entity is regulated by SEBI	Bank, branch and account number (including credit facilities and non-fund based facilities availed)	As on March 31, --		Proposed shareholding in the bank		
												Total assets (Rs. in crore)	Total revenue (Rs. in crore)	In Rs.	In %	

*(including previous names, if any)

Declaration to be submitted by the promoting / converting entities

S.No	Aspect	Remarks
1.	Name of entity (including previous names, if any)	
2.	Details of the entity	Form X
3.	Shareholding pattern of the entity	
4.	Proposed shareholding and voting rights of the entity in the bank	
5.	Net worth of the entity (duly certified by a CA)	
6.	Source of funds for the proposed shareholding in the bank (Duly certified by the Chartered Accountant)	
7.	Aggregate proposed shareholding in the bank (amount and %) by the promoter group, persons acting in concert (as defined in explanation 1(a) to section 12 B of Banking Regulation Act, 1949), associate enterprises (as defined in explanation 1(a) to section 12 B of Banking Regulation Act, 1949) and by entities in which the promoter group is considered as being interested [Refer Section 184 of Companies Act, 2013]	Form XI
8.	Source of funds for the aggregate shareholding in the bank as indicated in 7 above (Duly certified by the Chartered Accountant)	
9.	If the entity is a member of a professional association / body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against it or whether it has been banned from entry of at any profession / occupation at any time	
10.	Has the entity been subject to any investigation at the instance of Government department or agency?	
11.	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the entity for violation of economic laws and regulations	
12.	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the past against the entity	

S.No	Aspect	Remarks
13.	Has the entity at any time been found guilty of violation of rules / regulations / legislative requirements by customs / excise / income tax / foreign exchange / other revenue authorities, if so give particulars	
14.	Whether the entity has at any time come to the adverse notice of any regulator/investigative agency including issuance of Show Cause Notice. (Though it shall not be necessary for a person to mention in the column about orders and findings made by regulators which have been later on reversed / set aside in toto, it would be necessary to make a mention of the same, in case the reversal / setting aside is on technical reasons like limitation or lack of jurisdiction, etc, and not on merit. If the order of the regulator is temporarily stayed and the appellate / court proceedings are pending, the same also should be mentioned).	
15.	Whether the entity has been convicted for any offence under any legislation designed to protect members of the public from financial loss due to dishonesty, incompetence or malpractice.	
16.	Details of shareholding / voting rights of the entity in other banks and other institutions in the financial sector	
17.	Details of representation of the entity on the Boards of other banks and other institutions in the financial sector	
18.	Income tax returns of the entity for the last three years	
19.	Audited annual reports of the entity for the last 3 years	
20.	Any other explanation / information	

Undertaking

I confirm that the above information is to the best of my knowledge and belief, true and complete. I undertake to keep the bank fully informed, as soon as possible, of all events which take place subsequent to submission of this declaration which are relevant to the information provided above.

Signature and stamp of the promoting / converting entity

Place :

Date :

Form X

Details of the promoting / converting entity

Name of the entity*	Foreign shareholding in the promoting / converting entity	Main promoter behind the entity, with % of shareholding	Date of incorporation	Nature of business activity	Registered Office address	PAN no.	TAN No.	CIN no.	Income tax circle to which the entity belongs to	Name of the regulator	Registration details in case the entity is regulated by SEBI	Bank, branch and account number (including credit facilities and non-fund based facilities availed)	As on March 31, ----				
													Total assets (Rs. in crore)	Total revenue (Rs. in crores)	Total net worth (Rs. in crore)	Paid-up capital	

* To indicate the previous names also, if any

Form XI

Aggregate proposed shareholding in the bank (amount and %) by the promoter group, persons acting in concert (as defined in explanation 1(a) to section 12 B of Banking Regulation Act, 1949), associate enterprises (as defined in explanation 1(a) to section 12 B of Banking Regulation Act, 1949) and by entities in which the promoter group is considered as being interested [Refer Section 184 of Companies Act, 2013]

Name of the person / entity*	Relationship with the major shareholder along with % of shareholding, if any	Date of birth / incorporation	Nature of business activity	Registered Office address	PAN no.	DIN no.	TAN No.	CIN no.	Income tax circle to which the person / entity belongs to	Name of the regulator	Registration details in case the entity is regulated by SEBI	Bank, branch and account number (including credit facilities and non-fund based facilities availed)	As on March 31, --		Proposed shareholding in the bank	
													Total assets (Rs. in crore)	Total net worth (Rs. in crore)	Proposed shareholding in Rs.	Proposed shareholding in percentage

* To indicate the previous names also, if any