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Khan Working Group submits Full Report

The Khan Working Group on harmonising the Role of development financial institutions (DFIs) and banks submitted its full report to the Governor, Reserve Bank of India yesterday. The Working Group had already submitted the summary of its recommendations on April 24. The full report contains, besides the summary of recommendations, a historical perspective of banks and DFIs in India, international experience and best practices in financial industry and regulatory oversight, role, structure and operations of banks and financial institutions in India.

It may be recalled that a Working Group of Chairmen of some commercial banks and DFIs was set up by the Reserve Bank in December 1997 under the Chairmanship of Shri S.H. Khan, Chairman and Managing Director, Industrial Development Bank of India. The Working Group was to review the role, structure and operations of DFIs and commercial banks in emerging operating environment and to suggest measures for bringing about harmonisation in their operations.

It may also be noted that Dr. Bimal Jalan, Governor, Reserve Bank of India, while announcing the Monetary and Credit Policy for the first half of 1998-99, had stated that in consultation with the Government of India, a "Discussion Paper" would be prepared in order to focus on the issues involved in moving towards the concept of "Universal Banking" and abolishing distinctions between banks and DFIs. The Discussion Paper would contain the Reserve Bank's draft proposals for bringing about greater clarity in the respective roles of banks and financial institutions and for greater harmonisation of facilities and obligations applicable to them. This paper would also take into account those recommendations of the Narasimham Committee which have a bearing on the issues considered by the Khan Working Group.

(Alpana Killawala)
General Manager

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