

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:1974
ANSWERED ON:29.11.2002
SETTING UP OF OFF-SHORE BANKS
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the exporters have requested for setting up of off-shore banks;
- (b) if so, the details thereof; and
- (c) the time by when a final decision in this regard is likely to be taken ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a), (b) & (c) : Pursuant to the announcement made by the Union Commerce Minister in the EXIM Policy 2002-07 that for the first time Offshore Banking Units (OBUs) would be permitted to be set up in Special Economic Zones (SEZs), Reserve Bank of India, in November, 2002, has formulated a scheme to facilitate banks operating in India to set up OBUs in SEZs. These OBUs would virtually operate as foreign branches of Indian banks but located in India, and would be exempt from cash reserve requirement and statutory liquidity requirements. These OBUs would give SEZ units and SEZ developers access to international finance at international rates.