

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2697
ANSWERED ON:08.08.2003
OVERSEAS BRANCHES OF BANKS
M. JAGANNATH;NARESH KUMAR PUGLIA

Will the Minister of FINANCE be pleased to state:

- (a) whether the profits of overseas branches of public sector banks are falling drastically as highlighted in the balance sheets of the banks for the year 2001-2002;
- (b) if so, the names of such banks;
- (c) whether there is any proposal to shut down these overseas branches of public sector banks;
- (d) whether some of these banks have been slapped with civil monetary penalty on account of certain deficiencies in their system and procedure; and
- (e) if so, the details thereof including the role of the RBI so far as the rules and regulations of the host countries where the overseas branches operate ?

Answer

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

(a) & (b): Yes, Sir. The bank-wise details of profits of overseas branches of eight public sector banks for the years ending March, 2001, 2002, 2003 are as under:

(Amount in USD Million)

Name of the Bank	Net Profit
31.03.01	31.03.02 31.03.03

State Bank of India	57.65	0.95	12.23
Bank of India	37.65	19.35	18.64
Bank of Baroda	32.34	23.40	31.95
Indian Overseas Bank	5.26	-2.70	-2.71
Indian Bank	0.53	0.31	-9.56
UCO Bank	1.64	-10.00	-5.79
Canara Bank	2.95	2.22	0.37
Syndicate bank	2.31	0.77	0.55
	140.33	34.30	45.68

The profits of these branches have fallen drastically in 2001-2002 as compared to 2000-2001. However, the net profit improved during 2002-2003. The decline has been mainly on account of settled large borrowal accounts slipping into NPA category.

(c): No, Sir.

(d) & (e): Yes, Sir. New York branch of State Bank of India was imposed a Civil Money Penalty of USD 7.5 million by US regulators on account of 'perceived unsafe and unsound practices' though no actual violations were noticed. German Banking Supervisory Authorities (GBSA) had issued a notice of Administrative Fine of DM 1.8 million on August 21, 2001 to SBI, Frankfurt branch for the breaches committed by it in single/ within own group exposure limits during the year 2000 and 2001. Reserve Bank of India (RBI) has advised these banks to take all possible steps to ensure that their overseas branches comply with regulatory requirements of the host country regulators without leaving any scope for adverse observations.