

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2134
ANSWERED ON:12.12.2008
INVESTMENT IN FOREIGN BANKS IN INDIA
Agarwal Shri Dharendra;Thummar Shri Virjibhai

Will the Minister of FINANCE be pleased to state:

- (a) the quantum of foreign investment made in the foreign banks operating in India during each of the last three years;
- (b) whether the Government has made any evaluation to find out any adverse impact of this foreign investment on the Indian economy;
- (c) if so, the details thereof; and
- (d) the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) The foreign banks operate in India only through their branches, which do not get any foreign investment directly. The branches of foreign banks in India are required to bring/maintain capital as a prudential requirement of the Reserve Bank of India to protect the interests of depositors. Further, these branches receive the funds through their Head Office contribution to augment their capital. The foreign banks operating in India had total owned funds of Rs. 23,952 crore, Rs. 32,848 crore and Rs. 49,158 crore as at the end of March 2006, 2007 and 2008 respectively.

(b) to (d) : Do not arise.