

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2706
ANSWERED ON:04.12.2009
PSBs BRANCHES ABROAD
Joshi Shri Mahesh

Will the Minister of FINANCE be pleased to state:

- (a) the norms for giving permission to the Banks to set up branches abroad;
- (b) whether certain countries are not allowing some of Public Sector Banks (PSBs) to open branches in their country;
- (c) if so, the names of such countries;
- (d) whether such countries have got their bank branches in India;
- (e) if so, the reasons for permitting these countries to open their bank branches in India; and
- (f) the steps taken / proposed to be taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance (Shri Namu Narain Meena)

(a) In accordance with the provisions contained in Section 23(1) (b) of Banking Regulation Act, 1949, the Indian banks are required to obtain prior permission of the Reserve Bank of India (RBI) for opening a new place of business outside India. RBI considers the requests of Indian banks for opening branches/offices abroad keeping in view their financial soundness, track-record of the bank, supervisory comfort, adequate robust systems for addressing Anti-money Laundering (AML) / Know Your Customer (KYC) concerns, competitive strength, past performance, financial criteria such as Capital to Risk-weighted Asset Ratio (CRAR), level of non-performing assets, etc.

(b) to (f) : No instance of dis-allowing specifically a public sector bank to open a branch / office abroad by any foreign country has been brought to the notice of the Government. However, the difficulties faced by Indian banks for opening branch / office abroad is taken up with the concerned authorities of the host country, appropriately, on an ongoing basis. Further, RBI and Government keep in view the principle of reciprocity as well as the treatment extended to the Indian banks in the home country of the applicant foreign bank while considering the requests of foreign banks for opening their branch / office in India.