

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2847

ANSWERED ON:26.11.2010

FOREIGN BANKS IN INDIA

Das Shri Ram Sundar;De Dr. Ratna;Hussain Shri Syed Shah Nawaz;Shankar Alias Kushal Tiwari Shri Bhisma;Sinha Shri Shatrughan

**Will the Minister of FINANCE be pleased to state:**

- (a) the details of the foreign banks functioning/operating in the country, as on date, State-wise and Bank-wise;
- (b) whether the said foreign banks are making huge profits in comparison to the Public Sector Banks;
- (c) if so, the details thereof for the last three years and the current financial year, Bank-wise;
- (d) whether the Government has made it mandatory for the said foreign banks to open their branches in villages and to provide loans to the farmers and people belonging to Scheduled Castes and Scheduled Tribes categories for employment;
- (e) if so, the details thereof and if not, the reasons therefor;
- (f) whether any of the said foreign banks has violated the norms/ criteria set by the RBI during the said period; and
- (g) if so, the details thereof alongwith action taken thereon?

**Answer**

The Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

(a) As on 30m September 2010, 34 foreign banks are functioning in India with 315 branches. The bank-wise details of branches of these banks are given at Annex I and state-wise details of branches are at Annex II.

(b) & (c): Bank-wise details of profit / loss of foreign banks and public sector banks are given at Annex 111.

(d) & (e): In terms of Reserve Bank of India (RBI) Branch Authorisation Policy, while processing the applications of the banks for opening branches, keeps various aspects in view such as nature and scope of banking facilities provided by banks to common persons particularly in under-banked areas; actual credit flow to the priority sector; pricing of products and overall efforts for products and enhanced use of technology for delivery of banking services, etc.

(f) & (g): In terms of RBI's extant guidelines in lending to priority sector, a target of 32 percent of Adjusted Net Bank Credit or Credit Equivalent to Off- balance Sheet Exposure, whichever is higher, as on 31st March of the previous year, has been mandated for lending to the priority sector by foreign banks operating in India. Foreign banks operating in India, which fail to achieve the priority sector targets / sub-targets, are also required to deposit into certain funds set up with Small Industries Development Bank of India (SIDBI) or other financial institutions, as decided by RBI, such amounts as may be allocated to them by RBI. A total number of six foreign banks which failed to achieve their targets/ sub-targets under the priority sector lending as on the last reporting Friday of March 2010 were allocated a total amount of Rs. 68.30 crore to contribute to the Micro, Small and Medium Enterprises (MSME) (Refinance) Fund, 2010-11 set up with the SIDBI with a total corpus of Rs. 40,000 crore.