

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:730
ANSWERED ON:25.11.2011
FOREIGN PLAYERS IN BANKING SECTOR
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has opened up the banking sector for foreign players and urged the Public Sector Banks (PSBs) to gear up for the global competition;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the steps taken / being taken by the Government in this regard for the remaining period of Eleventh Five Year Plan and to protect the interests of customers of PSBs?

Answer

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

(a) & (b); Since 1995, permission for opening of branches by foreign banks in India is guided by the commitment at WTO of 12 branches in a year. Recently, Reserve Bank of India (RBI) on January 21, 2011 had released a `Discussion paper on the form of presence of foreign banks` seeking views/comments of banks, non-banking financial institutions, all stakeholders and the public at large. RBI has indicated that the guidelines for presence of foreign banks will be finalized after receipt of inputs/ suggestions from the stakeholders and public. Public Sector Banks (PSBs) have sufficiently large base to face competition of any sort in India.

(c) Guidelines are issued by Reserve Bank of India (RBI), from time to time, to the PSBs in order to improve their productivity and encourage healthy competition. RBI also regulates the PSBs so as to ensure that the interest of the customers of PSBs are protected.