

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:156  
ANSWERED ON:22.08.2012  
FOREIGN BANKS IN INDIA  
Antony Shri Anto

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

- (a) whether the Government has received proposals from the foreign banks to open their branches in India;
- (b) if so, the details thereof, State-wise, bank-wise during the last three years;
- (c) whether any criteria/norms have been fixed for opening of branches of foreign banks in the country;
- (d) if so, the details thereof; and
- (e) the steps taken/proposed to be taken by the Government to prevent money laundering, terror financing and other unethical practices through the branches of foreign banks functioning in India?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 156 FOR 22ND AUGUST, 2012 TABLED BY SHRI ANTO ANTONY REGARDING FOREIGN BANKS IN INDIA.

(a) & (b): Yes, Sir. The bank-wise and centre-wise details of the proposals of foreign banks to open their branches in India received from the Reserve Bank of India (RBI) and approved by the Government during the years 2010, 2011 and 2012, are in ANNEX.

(c) & (d): Under the aegis of the World Trade Organisation (WTO), India is committed to allow foreign banks to open 12 branches in a year. RBI may, however, go beyond the WTO commitments of 12 branch licenses, if the foreign banks open offices in unbanked / under-banked areas. While considering applications for opening of branches by the foreign banks, RBI also considers the nature and scope of banking facilities provided by these banks to common persons particularly in under-banked areas; actual credit flow to the priority sector; pricing of products and overall efforts for promoting financial inclusion including introduction of appropriate new products; the enhanced use of technology for delivery of banking services; etc.

(e): In terms of the provisions of the Prevention of Money Laundering Act, 2002 (PMLA), RBI has issued a Master Circular on 'Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA' advising the banks including the foreign banks functioning in India, to follow certain customer identification procedures for opening of accounts and monitoring of cash and suspicious transactions. The banks are also required to report such transactions to the Financial Intelligence Unit - India (FIU-IND) in the prescribed formats. Further, the banks are also required to ensure that a proper Board approved policy framework on 'Know Your Customer' norms and Anti-Money Laundering Standards / Combating of Financing of Terrorism is put in place. RBI has placed these guidelines in public domain on its website [www.rbi.org.in](http://www.rbi.org.in).