

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2821
ANSWERED ON:29.08.2012
EURO ZONE CRISIS QUESTION
Choudhry Smt. Shruti

Will the Minister of FINANCE be pleased to state:

- (a) whether Euro zone crisis poses no direct risk to Indian Banks according to the Reserve Bank of India; and
- (b) if so, the details and the present position thereof?

Answer

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

(a) & (b): Reserve Bank of India (RBI) has informed that as per their Financial Stability Report (FSR) the first order impact of the crisis on the Indian banks may be limited, inter alia, for the following reasons:

- (i) There is no presence of Indian banks in Portugal, Italy, Greece and Spain (PIGS).
- (ii) Secondly, none of the Indian banks has any exposure to bonds issued by Portugal, Greece and Spain, while exposure to Italian bonds is negligible.
- (iii) Outstanding NOSTRO balances of Indian banks maintained with banks in Europe has been falling over the last few months.
- (iv) Funding dependence of overseas branches of Indian banks on European entities, except for the UK, is also not very significant.