

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2879  
ANSWERED ON:13.03.2015  
LICENCES TO FOREIGN BANKS  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government is under commitment with the World Trade Organisation (WTO) with regard to regulation on issue of licenses and opening of branches of foreign banks across the country;
- (b) if so, the details thereof;
- (c) the number of foreign banks allowed to be opened during the last one year;
- (d) whether the number of branches of foreign bank allowed to function in country is higher than that of the commitment made by the Government in this regard; and
- (e) if so, the details thereof along with the reasons therefor?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) & (b): Yes, Sir. As per India's commitment to the World Trade Organisation (WTO) under financial services, market access is restricted to 12 branches in a year to all foreign banks taken together. India has been complying with this commitment.

However, as per the WTO commitment, licenses for new foreign banks in branch mode presence, may be denied when the maximum share of assets in India both on and off balance sheet of foreign banks' branches to total assets both on and off balance sheet of the banking system exceeds 15 percent.

(c): During the year 2014, following banks were allowed to open branches/representative office in India:

(i) Korea Exchange Bank was allowed to open its maiden branch in Chennai through upgradation of its representative office in New Delhi.

(ii) Industrial Bank of Korea was allowed to open its maiden branch in New Delhi through upgradation of its representative office in New Delhi.

(iii) Banco Santander was allowed to open a representative office in Mumbai.

(d) & (e): As per India's commitment to the WTO under financial services, Market access is restricted to 12 branches in a year to all foreign banks taken together. India has been complying with this commitment and in some years gone beyond this commitment as a measure of autonomous liberalization. Foreign banks are granted a universal banking license in India, in terms of which they can carry all banking activities as provided in the relevant statute. Further, in allocating specific centres, the Reserve Bank of India has been following a consistent policy of "inclusive" banking by foreign banks in India and therefore a mix of banked and under-banked centres is allotted to each foreign bank to expand their presence.