

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO.†3440

TO BE ANSWERED ON THE 5th August, 2016/ Shravana 14, 1938 (SAKA)

Foreign Banks
QUESTION

†3440. SHRI RAM CHARAN BOHRA:
SHRIMATI K. MARAGATHAM:
DR. BHOLA SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the foreign banks have stopped opening branches in India as they need to set aside a lot more capital due to the country's higher risk credit rating and if so, the details thereof;
- (b) whether foreign banks have been exempted from Priority Sector lending and if so, the details thereof;
- (c) whether the Government has received any proposal from foreign banks regarding opening of their branches in India if so, the details thereof, bank/State-wise during the last three years;
- (d) the criterion has been set regarding opening of foreign banks branches in the country; and
- (e) the steps taken/being taken by the Government to keep a tab on the money laundering in foreign banks?

ANSWER

The Minister of State in the Ministry of Finance
(SHRI SANTOSH KUMAR GANGWAR)

(a): Reserve Bank of India (RBI) has informed that there is no indication of significant reduction in opening fresh branches by foreign banks as a whole. The number of foreign banks branches/representative offices opened during the last three years was 7 in 2013, 5 in 2014 and 7 in 2015 respectively.

(b): RBI has informed that foreign banks have not been exempted from Priority Sector lending.

(c): During the last three years RBI had received proposals from foreign banks for opening branches in India, both for maiden presence as branch and as Wholly Owned Subsidiary and branch expansion. The details are given at Annexure.

(d): RBI has informed that the applications of the foreign banks to open bank branch are examined keeping in view of satisfactory position with regard to various parameters including background information, financial performance of the overseas operations, compliance with regulatory requirements, reciprocity, adoption of international standards by bank and financial position of the parent bank.

(e): For implementation of the Prevention of Money Laundering Act and Rules, etc. RBI has been issuing instructions to banks and other Regulated Entities (REs). These instructions have been included in RBI's Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016 on Know Your Customer Norms. In terms of this Master Direction, the Regulated Entities (REs) of the RBI, including the banks, are required to follow certain customer identification procedure while undertaking a transaction either by establishing an account based relationship or otherwise and monitor their transactions. RBI has also issued Master Direction on "Frauds – Classification and reporting" vide RBI.DBS.CFMC.BC.No.1/ 23.04.001/2016-17 dated July 01, 2016 containing all the details / aspects relating to frauds.

Lok Sabha Unstarred Question No. †3440 reg. "Foreign Banks" for 05.08.2016.

Details of proposal received from foreign banks for maiden presence/further expansion in India in the year 2013, 2014 and 2015.

FOR YEAR 2013

S.No.	Name of Foreign Bank	Proposal Received For	Location / State
1	Banco Santander	Representative Office	Mumbai, Maharashtra
2	The Royal Bank of Scotland Plc	Maiden Branch	Mumbai, Maharashtra
3	Industrial Bank of Korea	Branch Expansion	New Delhi
4	Australia & New Zealand Banking Group Limited	Branch Expansion	(i) New Delhi (ii) Rural Bangalore, District Bangalore
5	Societe Generale	Branch Expansion	(i) Chengalpattu, District Kancheepuram, Tamil Nadu (ii) Hoskote, District Bangalore Rural, Karnataka
6	Global IME Bank	Representative Office	New Delhi
7	Mizuho Bank Ltd.	Branch Expansion	Ahmedabad, Gujarat
8	DBS Bank	Branch Expansion	(i) Hyderabad, Andhra Pradesh (ii) Chandigarh, Union Territory (iii) Aurangabad, Maharashtra (iv) Udaipur, Rajasthan

FOR YEAR 2014

S.No.	Name of Foreign Bank	Proposal Received For	Location / State
1	Bank of China	Maiden Branch	Mumbai, Maharashtra
2	Woori Bank	Branch Expansion	(i) Mumbai, Maharashtra (ii) Gurgaon, Haryana
3	Bank of Ceylon	Branch Expansion	Bangalore, Karnataka
4	Qatar National Bank	Maiden Branch	Mumbai, Maharashtra
5	MCB Bank Ltd.	Maiden Branch	Mumbai, Maharashtra
6	Saman Bank	Maiden Branch	Mumbai, Maharashtra

FOR YEAR 2015

S.No.	Name of Foreign Bank	Proposal Received For	Location / State
1	First Gulf Bank	Maiden Branch	Mumbai, Maharashtra
2	Access Bank	Representative Office	Mumbai, Maharashtra
3	NongHyup Bank	Representative Office	Gurgaon, Haryana
4	United Bank Ltd.	Maiden Branch	New Delhi
5	DBS Bank Ltd.	WOS in India	
6	Bank of Montreal	Representative Office	Mumbai, Maharashtra
7	Sumitomo Mitsui Banking Corporation	Branch Expansion	Mumbai, Maharashtra
8	ICBC	Branch Expansion	New Delhi
9	Shinhan Bank	Branch Expansion	(i) Ahmedabad, Gujarat (ii) Ranga Reddy District, Telangana
10	Emirates NBD PJSC	Maiden Branch	Mumbai, Maharashtra
11	UBS AG	Closure of branch and opening of representative office	Mumbai, Maharashtra
12	Busan Bank	Representative Office	Mumbai, Maharashtra
13	ING Bank	Representative Office	Mumbai, Maharashtra
14	Maybank	Maiden Branch	Mumbai, Maharashtra
