

**GOVERNMENT OF INDIA  
FINANCE AND COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:669  
ANSWERED ON:21.02.2003  
PERMISSION TO BANKS TO RAISE SUBORDINATE BONDS  
UMMAREDDY VENKATESWARLU

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

- (a) whether Reserve Bank of India has announced a policy to allow Indian banks to tap the overseas market to raise subordinated bonds;
- (b) if so, the details thereof;
- (c) whether this new policy will endanger the stability of Indian banks by allowing them to get into easy foreign debt;
- (d) if so, the safeguards which will put in place to ensure that Indian banks do not go on a loan raising spree abroad; and
- (e) the measures proposed by RBI to ensure that this policy will not create instability in the banking world?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBAADSUL):

- (a) No, Sir.
- (b) to (e) Do not arise.