

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3050  
ANSWERED ON:12.08.2005  
OUTSOURCING OF BANKING SERVICE  
Chowdhury Shri Adhir Ranjan;Nikhil Kumar Shri

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

- (a) whether Reserve Bank of India issued or proposes to issue guidelines on the growing outsourcing of banking services;
- (b) if so, the details thereof;
- (c) whether the Government is aware that foreign banks in the country are appointing private parties (Direct Selling Agents) for selling retail products in violation of the guidelines of RBI;
- (d) if so, the facts thereof; and
- (e) the action contemplated by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

- (a) & (b) Taking into account the guiding principles of Joint Forum of Basel Committee on Banking Supervision, the Reserve Bank of India (RBI) proposes to issue guidelines on outsourcing of financial services.
- (c) to (e) : Indian Banks Association has issued Model Code of Conduct for the Direct Selling Agents (DSAs) (applicable to tele-marketers and field sales personnel ) for adoption and implementation by DSAs while operating as agents of banks and financial institutions. Certain provisions of these guidelines have also been included in the draft guidelines issued by Reserve Bank of India on 28th June 2005 on credit card operations.