

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:603
ANSWERED ON:09.07.2004
OPENING OF OFFICES OF BANKS ABROAD
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is contemplating to open representative offices of banks abroad;
- (b) if so, the details thereof;
- (c) the objectives behind opening such offices; and
- (d) the amount likely to be spent thereon?

Answer

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

(a)&(b): Reserve Bank of India (RBI) examines proposals received from banks for setting up offices abroad including representative offices. Inter Departmental Committee of Government considers these proposals for clearance before RBI grants licence. Recently, in a meeting held on 2nd April, 2004, IDC approved following proposals to open representative offices:

1. State Bank of India - Angola
2. Bank of Baroda - Thailand
3. Indian Overseas bank - China

(c) : The main purpose of a representative office is generally to liaise and canvass business for the parent bank, as these offices are not allowed to carry on any banking business in the host country. Banks prefer this option when they are not sure of the business potential and environment of a place but would like to weigh their option for setting up a branch or subsidiary at a future date based on the experience of a representative office.

(d) : The amount spent by the banks for opening a representative office and running it, depends upon the country/city, where the office is opened as also on the strength of the office.