

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:536
ANSWERED ON:25.11.2005
OPENING INDIAN BANKS IN PAKISTAN
Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

- (a) whether India and Pakistan have decided to set up bank branches in each other`s country ;
- (b) if so, the details thereof ;
- (c) whether safety and security aspects of setting up of bank branches in Pakistan have been assessed ;
- (d) if so, the details thereof; and
- (e) the extent to which this decision would be mutually beneficial to both the countries ?

Answer

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

(a)to(e) : As approved by Inter-Departmental Committee (IDC), Reserve Bank of India has issued a Press release on 7th November 2005 on granting permission for opening two branches of banks from India in Pakistan and two branches of banks from Pakistan in India, on a reciprocal basis. The specific banks to be permitted to open the branches would be mutually agreed upon by the RBI and the State Bank of Pakistan (SBP) keeping in view their respective regulatory policies and procedure. The licensing of subsequent or additional branches of the banks would be decided by RBI and SBP as per their policy and licensing norms applicable to foreign banks from time to time. The decision would benefit in enhancing trade and bi-lateral relations between the two countries.