

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2542
ANSWERED ON:08.12.2006
OVERSEAS LIABILITIES
Singh Shri Sugrib

Will the Minister of FINANCE be pleased to state:

- (a) whether overseas liabilities on Indian commercial banks are increasing each year;
- (b) if so, the details alongwith the reasons therefor; and
- (c) the steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : Yes, Sir. The outstanding total international liabilities of Indian commercial banks were Rs. 1,76,694 crore, Rs. 2,06,852 crore and Rs. 2,45,533 crore as at end of March 2004, 2005 and 2006 respectively. The international liabilities are increasing mainly due to increase in foreign currency borrowings, issue of ADRs / GDRs and equities of banks held by non-residents.

(c): In the Mid-Term Review of Annual Policy Statement for the year 2006-07, Reserve Bank of India has proposed to modify, inter-alia, the norms for authorized dealer banks to borrow funds from their overseas branches and correspondent banks (including borrowings for financing export credit, ECBs and overdrafts from their Head Office / Nostro account) up to a limit of 50 per cent of their unimpaired Tier I capital or US \$ 10 million, whichever is higher, as against the earlier overall limit of 25 per cent (excluding borrowings for financing export credit). Short-term borrowings up to a period of one year or less, however, should not exceed 20 per cent of unimpaired Tier I capital within the overall limit of 50 per cent.