



PHD Research Bureau
PHD Chamber of Commerce and Industry



RBI issues guidelines for General permission for infusion of capital in overseas branches and subsidiaries and retention/ repatriation/ transfer of profits in these centres by banks incorporated in India

This is in reference to para 1 of the 'Statement on Developmental and Regulatory Policies' dated December 8, 2021 on the above subject.

2. As per extant practice, banks incorporated in India seek prior RBI approval for
 - a. infusion of capital in their overseas branches and subsidiaries.
 - b. retention of profits in, and transfer or repatriation of profits from these overseas centres.
3. In order to provide greater operational flexibility, it has been decided that prior RBI approval for above capital infusion/ transfers (including retention/ repatriation of profits), shall not be required by banks which meet the regulatory capital requirements (including capital buffers¹). Instead, the banks shall seek approval of their boards for the same.
4. While considering such proposals, banks shall analyse all relevant aspects including inter alia the business plans, home and host country regulatory requirements and performance parameters of their overseas centres. Banks shall also ensure compliance with all applicable home and host country laws and regulations.
5. Banks which do not meet the minimum regulatory capital requirements as laid down in para 3 above, shall be required to seek prior approval of RBI as hitherto.

Reporting

6. Banks shall report all such instances of infusion of capital and/ or retention²/transfer/ repatriation of profits in overseas branches and subsidiaries within 30 days of such action, to the Chief General Manager-in-Charge, Department of Regulation, Central Office, Mumbai with a copy to Chief General Manager-in-Charge, Department of Supervision, Central Office, Mumbai.

Applicability

7. This circular is applicable to all Scheduled Commercial Banks other than foreign banks, Small Finance Banks, Payment Banks and Regional Rural Banks.

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Warm Regards,

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