

In terms of extant Branch Authorization Policy of RBI, domestic SCBs other than Regional Rural Banks (RRBs) are permitted to open branches in Tier 2 to Tier 6 centres, mobile branches in Tier 3 to Tier 6 centres and in rural, semi-urban and urban centres in North Eastern States and Sikkim without permission from RBI, in each case, subject to reporting.

Foreign banks threatening to general insurers

684. SHRI A. ELAVARASAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that several foreign banks have threatened State-run general insurers to close their accounts as they aim to provide cover to Indian ships ferrying oil from Iran;

(b) if so, the details thereof;

(c) whether these banks have not stopped dealing with Japanese, Chinese or South Korean firms;

(d) whether the State-run insurers have requested Government's intervention as deactivation of their accounts would affect their foreign operations; and

(e) if so, the details thereof;

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Insurance Regulatory and Development Authority (IRDA) has informed that pursuant to UN sanctions and European Union additional restrictive measures imposing restriction on trade/financial service dealings with Iran including insurance and reinsurance, European Union regulated P&I insurers and international group of P&I clubs stopped insurance cover to shipowners involved in the carriage of cargoes/oil consignments from Iran-India-Iran and *vice versa* w.e.f 01.07.2012. The Public Sector General Insurance Companies (PSGICs) have not received any such threat except the New India Assurance Co. Ltd. (NIACL) to whom one foreign bank had threatened to close their account on this issue. However, this bank has now agreed to continue the account.

(c) The information regarding foreign banks who have not stopped dealing with Japanese, Chinese or South Korean firms is not available.

(d) and (e) There is no de-activation of accounts of State-run insurers by any of the foreign banks.

Norms for loan securitization by NBFCs

685. DR. K.P. RAMALINGAM: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India tightens norms for loan securitisation by Non-Banking Financial Companies (NBFCs);

(b) if so, the details thereof;

(c) whether it is also a fact that the Reserve Bank of India issued a revised guidelines in this regard; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (d) RBI has informed that to prevent unhealthy practices surrounding securitization and assignment of loans and to allow for redistribution of credit risk to a wide spectrum of institutions, It has issued revised guidelines on 'securitization transactions' on August 21, 2012 which, *inter-alia*, provide the following:

- (i) Mandatory retention of a portion of each Securitization by the originator to ensure more effective screening of loans;
- (ii) Minimum period of retention of loans prior to Securitization to give comfort to investors regarding due-diligence exercised by the originator;
- (iii) Stipulations regarding transfer of standard assets through final assignment of cash flows and the underlying securities; and
- (iv) Disclosure Norms.

RBI has placed the detailed guidelines in public domain on its website www.rbi.org.in

Rules on loan recasts

686. DR. K.P. RAMALINGAM: Will the Minister of FINANCE be pleased to state: