

1 Closure of bank branches

- SBI pulled out 6 branches situated at countries namely, China, Sri Lanka, Oman, Saudi Arabia, France & Botswana
- Canara bank shuts 3 foreign branches in the UK, Bahrain & Shanghai
- Canara bank sold its 50% stake as a Joint Venture in Russia to SBI
- Other such banks are closing branches consists as Bank of India and IDBI bank

EXIT Plan of SBI [Overseas Branches] By 2019

Overseas Branches	Closure Dates
Tianjin (China)	Sept 30, 2018
Muscat (Oman)	March 31, 2019
Paris (France)	Sept 30, 2018
Jeddah (Saudi Arabia)	June 30, 2018
Jaffna (Sri Lanka)	Sept 30, 2018
SBI Botswana	March 31, 2019

Withdrawal of Overseas operations by the Indian Banks

- As on 3 May 2018, Indian banks downsized their overseas operations either by closing down their branches or foreign subsidiaries
- Indian banking sector is in a withdrawal mode also due to poor performance of PSBs during the past few years

Reasons

- The problem of bad loans, need for fresh capital, strict budgetary guidelines and poor valuations at the stock market
- Around 159 branches of Indian banks are operating outside India & quarter of them are loss-making
- Indian banks were facing the issues such as huge licence fee, high capital requirement to operate in many foreign areas
- High infrastructure costs, manpower expenses, high competition
- SBI officials stated that return on equity for foreign operations marks at 5% to 7% against 15 to 18% in the domestic area

5 Current Status

- Public Sector Banks (PSBs) are in the process of closing or rationalizing about 70 overseas operations as a part of capital conservation exercises
- According to data, 159 branches of PSBs are operating in foreign countries, of which 41 branches were in losses in 2016-17
- Previous year 35 foreign operations were closed by the banks
- Multiple branches are on the verge to get shut down in order to achieve efficiency in banking system

4 Role of RBI

- In the year 2000, the RBI was very conservative in providing permission to the banks to operate branches in abroad
- Later on the RBI relaxed its rules & banks were able to continue in abroad suitably
- Indian banks expanded their operations between 2005 & 2011
- Limited pressure on private banks was built up
- Returns from outside the country led the banks to be more careful in deploying capital & instead take U turn to home country