

7<sup>th</sup> November, 2005

**COMMERCIAL BANK PRESENCE IN INDIA AND PAKISTAN**

An understanding has been reached between the Reserve Bank of India (RBI) and the State Bank of Pakistan (SBP) 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 SBP keeping in view their respective regulatory policies and procedures. 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.

It may be noted that Dr. Y.V.Reddy, Governor, Reserve Bank of India visited Karachi on May 18, 2005 on an invitation from Dr. Ishrat Husain, Governor, State Bank of Pakistan and Governor Husain reciprocated by visiting Mumbai on October 8, 2005.

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