



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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April 09, 2014

All Scheduled Commercial Indian banks having offices abroad

Dear Sir,

Policy for sale and purchase of property and acquiring /letting out property on lease/rental basis by banks at their overseas centres

It has come to our notice that some Indian banks have committed certain lapses in purchase/sale of real estate as well as in acquiring/letting out property on lease/rental basis at some places in foreign countries. In order to avoid such lapses in future it is advised that Boards of Directors of banks should lay down policies and formulate detailed operational guidelines to protect the interest of their respective banks. The policy/guidelines should be compliant with the provisions of Foreign Exchange Management Act, 1999, Banking Regulation Act, 1949 and other relevant Indian laws. The policy should, inter alia, require the agreements for acquiring /letting out premises on rental/lease basis to incorporate a suitable exit clause.

2. While undertaking transactions in the nature of sale and purchase of property and acquiring/letting out property on lease/rental basis at overseas centres banks should also ensure that they comply with all the applicable laws of the host country /city or locality.

3. Banks should ensure that all the future transactions relating to purchase/sale of real estate as well as acquiring /letting out property on lease/rental basis at overseas centres are undertaken in accordance with the Board approved policy.

Yours faithfully,

(Rajesh Verma)
Chief General Manager