

## **India puts on hold further market access to Singapore's DBS Bank**

Nayanima Basu

*Official says reciprocal move because Indian lenders not allowed to expand in the city-state*

New Delhi, January 13:

In a retaliatory move, India has decided to halt the expansion of Singapore-based DBS Bank by delaying grant of the No-Objection Certificate (NOC) indefinitely even as it pushed for greater access of Indian banks in that market.

“This is definitely reciprocal. If they won't allow more access to our banks, how can we allow their banks more access? It's not that DBS is not doing well in India,” a top official told *BusinessLine*.

DBS India had made an application in April last year to the Reserve Bank of India (RBI) to become a wholly-owned subsidiary of the parent, thereby expanding its retail operations into Tier-2 and Tier 3 cities by opening six more branches.

At present, it has branches in 12 cities — Delhi, Mumbai, Kolkata, Chennai and Bangalore, among others.

### **Expansion plans**

DBS had earlier said it plans to operate 50 branches by 2018 when it made the application to the RBI.

India has taken this stance because Singapore has not allowed Indian banks such as ICICI Bank and State Bank of India to expand their footprint there under the Comprehensive Economic Cooperation Agreement (CECA), the official added.

“They have different banking norms for different countries,” the official said, adding that the Finance Ministry will take the final call on giving its nod to DBS at a “later stage,” said the official.

### **Criteria not met**

According to the Government of Singapore, Indian banks do not meet the stipulated criteria required to operate there, owing to the fact that it is one of the world's key financial hubs and strict norms have to be maintained. The proposal to allow Indian banks more access into Singapore was made with the onset of the second review of the CECA in May 2010.

Since then, a series of discussions have taken place between both sides. The India-Singapore CECA has been in force since 2005.

During a meeting between the Monetary Authority of Singapore and the RBI, which is mainly looking into this issue, Singapore has categorically maintained that Indian banks do not meet qualifying standards in terms of asset management ratio (AMR).

The Asean economy has also expressed concern over Indian banks' soaring non-performing asset levels during a summit meeting between Prime Minister Narendra Modi and his Singaporean counterpart Lee Hsien Loong when he made a trip to the city-state in November last year.

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(This article was published in the Business Line print edition dated January 14, 2016)

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