

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3598

ANSWERED ON:11.12.2009

SETTING UP OF BANK BRANCHES

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any survey/study to increase the branches of Nationalised Banks and Private Banks in view of the increasing number of customers in the country;
- (b) if so, the details thereof and outcome therefrom;
- (c) the number of branches set up by the nationalized banks in the country during the last three years, State-wise and bank-wise;
- (d) the number of new branches proposed to be set up by the nationalised banks number during this year and the next two years; and
- (e) the steps taken/being taken by the Government to increase the number of bank branches in rural and urban areas of the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) & (b): In terms of Section 23 of the Banking Regulation Act, 1949, banks are required to obtain prior approval of Reserve Bank of India (RBI) for opening a new place of business. Such approvals are granted to banks depending on the thrust of the extant Branch Authorisation Policy and directions issued in this regard.

Under the extant policy, the choice of centre/location for opening of new branches has been left to the discretion of the banks, which banks decide taking into various factors including profitability, viability, availability of infrastructure etc.

(c): The bank-wise number of offices of public sector banks opened during the years 2006-07, 2007-08, 2008-09, and latest during 01.04.2009 to 30.09.2009 are given at Annex.

(d) & (e): As per the Branch Authorisation Policy of RBI, banks are required to submit their Branch Expansion Plans for opening of branches etc., on an annual basis in line with their medium term corporate strategy. These proposals are considered as and when they are received by RBI and approvals are accorded taking into account the extant Branch Authorisation Policy. As such, it may not be possible to furnish the information on number of branches proposed to be opened by nationalized banks in future during the current year and the next year.

Further, with effect from December 1, 2009, general permission has been granted to domestic Scheduled Commercial Banks (other than RRBs) for opening branches in Tier 3 to Tier 6 centres (with population upto 49,9999) and rural, semi-urban and urban branches in North Eastern States and Sikkim. As such, for opening the above category of branches, banks do not require the prior permission of Reserve Bank of India.

RBI while considering applications for opening bank branches received from banks, gives weightage to the nature and scope of banking facilities provided by banks to common persons, particularly in under banked areas for promoting financial inclusion.