

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3691

ANSWERED ON:11.12.2009

BANK BRANCHES

Ahir Shri Hansraj Gangaram;Alagiri Shri S.

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has taken any action against various scheduled, commercial and public sector banks, who are reluctant to open branches in the rural and semi-urban areas violating the Branch Authorization Policy of RBI;

(b) if so, the details thereof and the names of banks not following the said Policy during the last three years;

(c) whether the RBI has issued any guidelines to banks to facilitate the payment under the National Rural Employment Guarantee Scheme (NREGS) and other projects; and

(d) if so, the details thereof?

Answer

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

(a) & (b): Reserve Bank of India (RBI), Department of Banking Operation and Development (DBOD) has reported that no instances of reluctance on the part of scheduled commercial banks to open their branches in rural and semi-urban areas have been brought to their notice. Under the extant policy, opening of new branches` at various centers/locations is left to the discretion of the banks, which they generally decide taking into account various factors including profitability, viability, availability of infrastructure, etc.

However, RBI while granting approvals ensures these include centres in rural/underbanked districts also.

(c) & (d): RBI has proposed a Scheme to quicken the pace of adoption of the smart card based Electronic Benefit Transfer (EBT) mechanism by the banks and roll out the same in the States that are ready to adopt the Scheme. As per the Scheme, RBI will partially reimburse the banks, the cost of opening accounts with bio-metric access at the rate of Rs.50 per account through which payment of social security benefits, NREGA payments and payments under other government benefit programmes would be routed to the Below Poverty Line (BPL) families.