

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2499
ANSWERED ON:04.12.2009
POPULATION CRITERIA FOR OPENING OF BANK BRANCHES
Vardhan Shri Harsh

Will the Minister of FINANCE be pleased to state:

- (a) whether Reserve Bank of India (RBI) has set any population criteria for opening of public Sector Banks (PSBs) in the country;
- (b) if so, the details thereof;
- (c) the details of the ratio of population in thousands where bank branches are functioning in the country at present. State-wise;
- (d) whether bank branches are proposed to be opened in Maharajganj district of Uttar Pradesh as per the recommendation of the RBI; and
- (e) if so, the details thereof?

Answer

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

(a) & (b): Reserve Bank of India (RBI) has reported that based on the announcement made in the Second Quarter Review of Monetary Policy for the year 2009-10 of RBI, it is proposed to liberalise the extant branch authorization policy so that general permission is granted to domestic Scheduled Commercial Banks (other than Regional Rural Banks) to open branches in Tier 3 to Tier 6 centres (with population upto 50,000). The operative instructions to be issued to banks in this regard are under finalization.

(c): State/Union Territory-wise distribution of Commercial Banks branches including average population (in`000) per bank branch are enclosed at Annex.

(d)& (e): In terms of Section 23 of the Banking Regulation Act, 1949, banks are required to obtain prior approval of 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. However, RBI, while granting approvals ensures that the approvals include centres in rural/underbanked districts also. A list of underbanked districts (which includes Maharajganj District in Uttar Pradesh) has been forwarded to banks to enable them to identify centres for opening branches in such districts.