

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1919

ANSWERED ON:02.12.2011

BANK BRANCHES IN RURAL AREAS

Alagiri Shri S. ;Argal Shri Ashok;Bali Ram Dr. ;Gandhi Shri Dilip Kumar Mansukhlal;McLeod Smt. Ingrid;Panda Shri Prabodh;Tudu Shri Laxman;Viswanathan Shri P.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has instructed the scheduled commercial banks (SCBs) to open a certain proportion of branches and also install Automated Teller Machines (ATMs) in the unbanked rural areas;
- (b) if so, the details thereof and implementation status of the instruction, State/UT-wise by each SCBs including Punjab National Bank and Union Bank of India;
- (c) whether an assessment of the inconveniences caused to the customers due to lesser number of branches and ATMs of the said banks in rural areas has been made by the Government/ RBI;
- (d) if so, the details thereof; and
- (e) the corrective steps taken/being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (e) :- General permission has been granted to domestic Scheduled Commercial Banks (other than RRBs) to open branches / mobile branches / Administrative Offices / CPCs (Service Branches), (i) in Tier 3 to Tier 6 centres (with population up to 49,999) and (ii) in rural, semi-urban and urban centres of the North-Eastern States and Sikkim subject to reporting.

Further, Reserve Bank of India (RBI) in their Branch Authorization Policy for opening of Branches in unbanked rural centres, has advised all Scheduled Commercial Banks (SCBs) that while preparing their Annual Branch Expansion Plan, they should allocate at least 25% of the total number of branches proposed to be opened during a year in unbanked Rural (Tier 5 and Tier 6) centres. There is distinct thrust in the extant Branch Authorization Policy on opening more branches in rural and under banked areas. As per the extant guidelines, Scheduled Commercial Banks (SCBs) have been given general permission to install off-site ATMs/Mobile ATMs at the location of their choice without the prior permission of RBI, subject to reporting. Banks are opening Branches/ATMs on an ongoing basis to provide convenience services to their customers. Number of branches proposed to be opened by banks as mentioned in enclosed statement in unbanked rural areas is annexed.