

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:916

ANSWERED ON:25.11.2011

OPENING OF BANK BRANCHES

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**Will the Minister of FINANCE be pleased to state:**

(a) the criterion to be followed by banks to open their branches in the country;

(b) whether the number of workers under Mahatma Gandhi National Rural Employment Guarantee Scheme of an area are included in the norms for opening of a bank branch;

(c) if so, the details thereof;

(d) whether the Government has received any proposal from public and private sector banks for setting up of their branches in the rural areas of the country including Uttar Pradesh; and

(e) if so, the details thereof and the action taken on such proposals?

**Answer**

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

(a) to (e):- The Reserve Bank of India has reported that as per the extant Branch Authorisation Policy, 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. In order to further expand the banking network, RBI has advised banks that while preparing their Annual Branch Expansion Plan (ABEP), the Banks should allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres.

Banks apply for authorisations for opening of branches in Tier 1 and Tier 2 centres in their Annual Branch Expansion Plan. The authorisations issued to banks for opening of branches in various States including the State of Uttar Pradesh during the year April 1, 2010 to March 31, 2011 are indicated in the Annex.