

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2825
ANSWERED ON:30.03.2012
CRITERIA FOR OPENING OF BANK BRANCH
Lal Shri Kirodi

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has prescribed any population related criterion for opening a branch of Public Sector Banks (PSBs) in the country;
- (b) if so, the details thereof;
- (c) the State-wise details of ratio of population at the places, where the banks are functioning in the country at present;
- (d) whether Government has any proposal to open bank branches in Dausa District of Rajasthan as per the recommendations of RBI;
- (e) and if so, the details thereof?

Answer

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

(a)to(c) As per the extant guidelines of Reserve Bank of India (RBI) regarding opening of banks branches, banks have been given the freedom to select the location for opening of branches at their discretion and the bank do so, keeping in view the viability, profitability and availability of infrastructure among other aspects. As per the extant Branch Authorization Policy of RBI, 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 2 to Tier 6 centres (with population up to 99,999) which include rural centres and (ii) in rural, semi-urban and urban centres of the North-Eastern States and Sikkim, subject to reporting. New Private Sector Banks are required to have 25% of their total number branches in rural and semi urban centres with population below 1, 00,000 on an ongoing basis. While preparing their Annual Branch Expansion Plan, Banks are required to allocate at least 25% of the branches proposed to be opened during a year in unbanked rural tier 5 and 6 centres. State-wise average population per branch (APPB) of scheduled commercial banks as on 31S December, 2011 is given at Annex.

(d)to(e): As reported by RBI, banking outlets have been opened in 95 villages in Dausa district of Rajasthan State through branchless banking i.e. Business Correspondents (BCs). During the last one year, Reserve Bank of India (RBI) have granted permission to Dena Bank, Corporation Bank and Union Bank to open one branch each in Dausa, District Dausa.