

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:414
ANSWERED ON:31.07.2009
OPENING OF PSB BRANCHES QUESTION
Chitthan Shri N.S.V.;Namdhari Shri Inder Singh

Will the Minister of FINANCE be pleased to state:

- (a) the number of requests received for opening of branches of Public Sector Banks (PSBs) from various States;
- (b) whether the Public Sector Banks propose to expand their network particularly in interior areas with modern facilities like internet banking, Automated Teller Machines etc.; and
- (c) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT IN REPLY TO LOK SABHA STARRED QUESTION NO.414 FOR ANSWER ON 31ST JULY, 2009 REGARDING OPENING OF PSB BRANCHES TABLED BY SHRI N.S.V. CHITTHAN AND SHRI INDER SINGH NAMDHARI.

(a): Opening of new bank branches is governed by the provisions of Section 23 of the Banking Regulation Act, 1949. Under the Branch Authorisation Policy of the Reserve Bank of India (RBI), the banks submit their Annual Branch Expansion Plans to RBI based on their Medium-Term Corporate Strategy and public interest. There are no provisions under the above Act & the Branch Authorisation Policy for opening of branches on the request of State Governments.

(b) & (c): Banks are encouraged to open branches in unbanked and underbanked areas with the help of new technology aided by Core Banking Solutions. Several Public Sector Banks have initiated pilot projects through the Business Correspondent Model utilizing smart card technology, mobile banking, etc. to increase their outreach in interior areas. Recently, the RBI has relaxed its Branch Authorisation Policy under which Scheduled Commercial Banks (SCBs) including Public Sector Banks are permitted to install off site ATMs at centers/places identified by them without having the need to take permission from the RBI. This is expected to result in further expansion of banking network.