

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:40
ANSWERED ON:08.08.2012
BANKS IN RURAL AREAS QUESTION
Rana Shri Kadir

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to open public sector/private banks in rural areas including Uttar Pradesh; and
- (b) if so, the details thereof, State-wise, Bank-wise, District-wise including Muzaffarnagar and Meerut in Uttar Pradesh?

Answer

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

(a) & (b):-General permission has been granted to domestic Scheduled Commercial Banks including private sector 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. This is one of the conditions laid down in their banking licence.

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.

As per information received from Bank of Baroda, banks envisage opening of approximately 2000 branches in Uttar Pradesh during 2012-13 which includes 1354 branches in rural areas. The branch opening plan for Muzaffarnagar and Meerut districts is for 16 and 13 branches respectively, out of which 13 and 12 branches respectively are for rural areas.