

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2505

ANSWERED ON:07.12.2012

NEW BANK LICENCES

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to amend the Banking Regulations Act;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has asked the Reserve Bank of India (RBI) to finalise guidelines for issuing new banking licences;
- (d) if so, the details thereof including the number of applications received and licences granted / pending by the RBI during the last three years and the current year;
- (e) whether the Government is likely to make it mandatory for new banks to set up their branches in rural areas;
- (f) if so, the details thereof ; and
- (g) the time by which a final decision in this regard is likely to be taken?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): In order to strengthen the regulatory and supervisory powers of the Reserve Bank of India (RBI) for more effective oversight of the banking sector in the country, to further develop the Indian banking sector and for establishment of a "Depositor Education and Awareness Fund", etc.; amendments have been proposed to specific Acts including in the Banking Regulation Act, 1949 through the Banking Laws (Amendment) Bill, 2011.

(c) & (d): RBI has issued draft guidelines for Licensing of New Banks in the Private Sector on 29.08.2011. RBI has placed the detailed draft guidelines dated 29.08.2011 on its website [www. rbi.org.in](http://www.rbi.org.in). However, RBI has not issued final guidelines in this regard, and therefore, it has not invited applications for grant of licence to any entity.

(e) to (g): The draft guidelines on entry of new private sector banks mandate the banks to open atleast 25% of the branches in unbanked rural centers to avoid over concentration in metropolitan and other adequately banked areas.