

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4701
ANSWERED ON:18.12.2009
STATES HAVING HIGHEST FINANCIAL EXCLUSION
Acharia Shri Basudeb

Will the Minister of FINANCE be pleased to state:

- (a) the details of States in the country where the financial exclusions are highest and the types of banks having comparatively bigger role in such area;
- (b) the extent by which the Reserve Bank of India's (RBIs) policy to allow any bank excluding Regional Rural Banks (RRBs) to open any branch at any place in the towns has helped to solve the problem of financial exclusion; and
- (c) the policy of the RBI to cover the unbanked and financially excluded area in the rural centres by the commercial banks and RRBs and also achievement in this regard till date?

Answer

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

(a) to (c): In terms of the Master Circular dated 1.7.2009 of Reserve Bank of India (RBI), 375 districts in 27 States have been identified as underbanked districts as the Average Population Per Branch Office (APPBO) in these districts is higher than the national average. A list of underbanked districts has been forwarded to banks to enable them to identify centres for opening branches in such districts.

Banks are encouraged to open branches in unbanked and underbanked areas through liberalisation in the extant Banks Authorisation Policy. Several Public Sector Banks have also initiated pilot projects through the Business Correspondent Model utilizing smart card technology, mobile banking, etc. to increase their outreach in interior areas.

RBI vide its circular dated December 1, 2009, has permitted all Scheduled Commercial Banks, (excluding Regional Rural Banks) to open branches in Tier 3 to Tier 6 centres (with population upto 49,999 as per Census 2001) without having the need to take permission from RBI in each case, subject to reporting. Further, banks have been permitted to open branches in rural, semi urban & urban centres in the North Eastern States & Sikkim, without prior permission from the RBI. Further, RBI has also relaxed its Branch Authorisation Policy under which Scheduled Commercial Banks (SCBs) including Public Sector Banks are permitted to install offsite ATMs at centres/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.