

1	2	3	4
3	Bank of Maharashtra	25	62,298
4	Canara Bank	150	4,22,133
5	Central Bank of India	150	4,97,258
6	Corporation Bank	400	6,244
7	IDBI Bank Ltd.	400	35,622
8	Punjab & Sind Bank	50	1,064
9	State Bank of Hyderabad	50	12,198
10	State Bank of India	300	26,971
11	State Bank of Indore	30	62,000
12	State Bank of Mysore	20	49,038
13	State Bank of Travancore	25	35,089
14	Syndicate Bank	425	3,61,000
15	Union Bank of India	50	2,89,187
16	Vijaya Bank	150	12,854
TOTAL		2,725	25,36,251

#### Expansion of Banking facilities in Rural areas

†147. SHRI BALAVANT ALIAS BAL APTE: Will the Minister of FINANCE be pleased to state:

- (a) the details of districts where banks have not been in sufficient number and the blocks where no bank has been existing in the country during the last three years, year-wise;
- (b) whether no branch of any commercial bank exists in more than half of the villages in the country;
- (c) if so, the details thereof;
- (d) the details of measures taken for expansion of banking facilities in such areas; and
- (e) the details of the action taken by the Reserve Bank of India (RBI) to ensure opening of new branches of scheduled commercial banks and private banks in rural areas?

†Original notice of the question was received in Hindi.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):  
(a) to (e) The information sought for is not maintained centrally. However, the Reserve Bank of India (RBI) through a circular dated December 1, 2009 listed 292 under banked districts in the country (based on the 2001 census). As on date, there are 89 unbanked blocks in the country. 80 of the unbanked blocks are in the North Eastern Region. The remaining 9 are in Jharkhand (five blocks) and Jammu and Kashmir (four blocks).

The RBI has reported that, as on March 31, 2010 there are 86,777 branches of Scheduled Commercial Banks (SCBs) in the country, out of which 32,301 (37.2%) bank branches are in the rural areas, 20,488 (23.6%) in semi-urban areas, 17,881 (20.6%) in urban areas and 16,107 (18.6%) in metropolitan areas. Thus, the numbers of branches in semi-urban and rural areas constitute around 61 per cent of the total number of branches in the country. Besides, there are 31 State Cooperative Banks, 371 District Central Cooperative Banks (DCCBs) about 97,200 Primary Agricultural Credit Societies (PACS), 20 State Cooperative Agriculture Rural Development Banks (SCARDBS) and 697 Primary Cooperative Agricultural Rural Development Banks (PCARDBS) spread across the country.

However, inspite of the above presence of banking outlets, a significant proportion of the households, especially in rural areas, are still outside the formal fold of the banking system. To extend the reach of banking to those outside the formal banking system, Government and RBI have taken a number of new initiatives. It was announced in the Budget Speech 2010-11 that appropriate banking facilities will be provided to habitations having population in excess of 2000 (as per the 2001 census) by March, 2012. The State Level Bankers Committees (SLBC) have been directed by RBI to identify such villages having a population of more than 2000 for provision of banking services including through Business Correspondents (BCs) or through brick & mortar bank branches. RBI has also advised the SLBCs to formulate their roadmaps for achieving this target.

As per the Branch Authorization Policy, since September 2005, RBI has allowed banks to open one branch in "Other than under banked districts" for every branch opened in "under banked districts". In December, 2009 in order to provide greater flexibility to banks for opening branches and to enhance banking penetration and promote financial inclusion, RBI relaxed its Branch Authorization Policy under which Domestic Scheduled Commercial Banks (other than RRBs) have been permitted to open branches in Tier 3 to Tier 6 centres (that is, with population upto 49,999 as per 2001 Census)

without having to take permission from RBI in each case. Domestic Scheduled Commercial Banks (other than RRBs) were also permitted to open branches in rural, semi-urban and urban centres in North Eastern States and Sikkim without having the need to take permission from RBI in each case.

Various other measures have also been taken by the Government of India and the RBI for financial inclusion. These include opening of 'no frills' accounts with minimum balance, easier credit facilities for the smaller customers, simpler Know Your Customer (KYC) norms for the 'no frills' accounts, permission to use Information Technology viz. Smart cards, mobile hand held electronic devices for banking transactions, adoption of Electronic Benefit Transfer (EBT) by banks for direct transfer of government subsidies to poor beneficiaries through the banking system, use of the Business Correspondent (BC) Model to interface with rural customers in far flung areas, liberalization of Bank Branch and ATM authorization policies, encouraging Financial Literacy/Credit Counseling, etc. The BC Model has been reviewed and certain additional entities such as individual Kirana/Medical/Fair Price Shop owners/PCO operators, agents of small savings/insurance companies, owners of Petrol Pumps, retired teachers and authorized functionaries of well run Self Help Groups linked to banks have been allowed to engaged as Business Correspondents by banks.

#### **Reduction in pay of top management of banks**

148. SHRI SYED AZEEZ PASHA: Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has directed all the banks to reduce their top managements, pay, if their performance are poor;
- (b) if so, the details of such guidelines issued by the RBI;
- (c) the manner in which the RBI propose to monitor such rules;
- (d) to what extent are such rules practically feasible; and
- (e) the steps proposed to strengthen the mechanisms to ensure that banks adhere to high standards of probity in their operations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):  
(a) to (e) Reserve Bank of India (RBI) has not directed the banks to reduce pay of their top management, if their performance is poor. However, RBI has issued draft guidelines on Compensation of Whole Time Directors/Chief Executive Officers/Risk Takers and Control function staff for all banks in private sector and Local Area Banks and all Foreign Banks operating in India for public comments in line with Financial Stability Board's principles on sound compensation practices.