



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2009-10/243

DBOD.No.BL.BC. 65 /22.01.001/2009-10

December 1, 2009

**All Scheduled Commercial Banks
(excluding RRBs)**

Dear Sir

**Section 23 of the Banking Regulation Act, 1949 –
Relaxations in Branch Authorisation Policy**

A reference is invited to paragraph 152 of the Second Quarter Review of Monetary Policy for the Year 2009-10 (extracts enclosed – **Annex I**) regarding the proposals to liberalise the extant Branch Authorization Policy for **domestic scheduled commercial banks (other than RRBs)** based on the recommendations of the Working Group constituted by RBI to review the extant Branch Authorisation Policy.

2. Accordingly, Reserve Bank of India hereby permits **domestic scheduled commercial banks (other than RRBs)** to open branches in Tier 3 to Tier 6 centres (with population upto 49,999 as per Census 2001 – details of classification of centres tier-wise furnished in **Annex II**) without having the need to take permission from Reserve Bank of India in each case, subject to reporting.

3. Reserve Bank of India also permits **domestic scheduled commercial banks (other than RRBs)** to open branches in rural, semi-urban and urban centres in North Eastern States and Sikkim without having the need to take permission from Reserve Bank of India in each case, subject to reporting.

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हिन्दी आसान है, इसका प्रयोग बढ़ाइये।

4. Opening of branches by **domestic scheduled commercial banks (other than RRBs)** in Tier 1 and Tier 2 centres (centres with population of 50,000 and above as per 2001 Census) will continue to require prior permission of the Reserve Bank of India, except in the case of North Eastern States and Sikkim where the general permission would cover semi-urban and urban centres also. The number of branches which would be authorized by the Reserve Bank of India based on such applications would depend, inter alia, upon various aspects, including a requirement that banks may plan their annual branch expansion in such a manner, that at least one-third of total number of branches opened in a financial year in Tier 3 to Tier 6 centres are in underbanked districts of underbanked States (as per **Annex III**), as also upon a critical assessment of the bank's performance in financial inclusion, priority sector lending, customer service etc.

5. Banks are also free to convert their general banking branches into Specialised branches subject to the condition that the bank should continue to serve the existing customers of the general banking branches, which are being converted into specialized branches.

6. The general permissions referred to in paragraphs 2, 3 and 5 above would be subject to regulatory/supervisory comfort in respect of the bank concerned and RBI would have the option to withhold the general permissions now being granted, on a case-to-case basis, taking into account all relevant factors.

7. Details of branches opened by banks under general / specific permission and general banking branches converted to specialized branches may be reported to RBI in terms of the existing reporting system as envisaged in paragraph 19 of the Master Circular on Branch Authorisation dated July 1, 2009.

8. As regards foreign banks, the existing Branch Authorisation Policy as contained in the Master Circular on Branch Authorisation dated July 1, 2009 would continue to be applicable until review of the roadmap for foreign banks.

9. This circular is issued in partial modification of the instructions contained in the Master Circular on Branch Authorisation ([Circular DBOD.No.BL.BC.20/22.01.001/2009-10](#) dated July 1, 2009).

Yours faithfully

(P.Vijaya Bhaskar)
Chief General Manager-in-charge
Encl: as stated above

Extracts from the Second Quarter Review of Monetary Policy 2009-10

Relaxations in Branch Authorisation Policy

152. As announced in the Annual Policy Statement of April 2009, a Working Group (Chairman: Shri P. Vijaya Bhaskar) was constituted to review the extant branch authorisation policy with a view to providing greater flexibility to banks for opening branches to enhance banking penetration and promote financial inclusion. The Group has since submitted its Report. Taking into consideration the Group's recommendations, it is proposed to liberalise the extant Branch Authorisation Policy for **domestic scheduled commercial banks (other than RRBs)** as under:

- **Domestic scheduled commercial banks (other than RRBs)** will now be free to open branches in Tier 3 to Tier 6 centres as identified in the Census 2001 (with population up to 50,000) under general permission.
- Opening of branches by **domestic scheduled commercial banks (other than RRBs)** in Tier 1 and Tier 2 centres (with population over 50,000) will continue to require prior authorisation.
- Banks may plan their branch expansion in Tier 3 to Tier 6 centres in such a manner that at least one-third of such branches are in the underbanked districts of underbanked States as will be notified separately by the Reserve Bank. This would be one of the criteria in the Reserve Bank's consideration of proposals by **domestic scheduled commercial banks (other than RRBs)** to open branches in Tier 1 and Tier 2 centres. In considering such proposals, the Reserve Bank would, in addition, take into account banks' performance in financial inclusion, priority sector lending and level of customer service, among others.

Details of tier-wise classification of centres based on population

(i) Classification of centres(tier-wise)	Population(as per 2001 Census)
Tier 1 -	1,00,000 and above
Tier 2-	50,000 to 99,999
Tier 3-	20,000 to 49,999
Tier 4-	10,000 to 19,999
Tier 5-	5,000 to 9,999
Tier 6-	Less than 5000

(ii) Population-group wise classification of centres

Rural Centre	Population upto 9,999
Semi-urban centre	from 10,000 to 99,999
Urban centre	from 1,00,000 to 9,99,999
Metropolitan centre	10,00,000 and above

**List of Underbanked Districts in Underbanked States (based on 2001
Population census)**

	ARUNACHAL PRADESH		BIHAR
1.	CHUNGLANG	8.	DARBHANGA
2.	DIBANG VALLEY	9.	GAYA
3.	EAST KAMENG	10.	GOPALGANJ
4.	LOHIT	11.	JAMUI
5.	LOWER SUBANSIRI	12.	JEHANABAD
6.	TIRAP	13.	KAIMUR
7.	UPPER SIANG	14.	KATIHAR
8.	UPPER SUBANSIRI	15.	KHAGARIA
	ASSAM	16.	KISHANGANJ
1.	BARPETA	17.	LAKHISARAI
2.	BONGAIGAON	18.	MADHEPURA
3.	CACHAR	19.	MADHUBANI
4.	DARRANG	20.	MUNGER
5.	DHEMAJI	21.	MUZAFFARPUR
6.	DHUBRI	22.	NALANDA
7.	DIBRUGARH	23.	NAWADA
8.	GOALPARA	24.	PASCHIMI CHAMPARAN
9.	GOLAGHAT	25.	PURBI CHAMPARAN
10.	HAILAKANDI	26.	PURNIA
11.	JORHAT	27.	ROHTAS
12.	KARBI ANGLONG	28.	SAHARSA
13.	KARIMGANJ	29.	SAMASTIPUR
14.	KAKROJHAR	30.	SARAN
15.	LAKHIMPUR	31.	SHEIKHPURA
16.	MORIGAON	32.	SHEOHAR
17.	NAGAON	33.	SITAMARHI
18.	NALBARI	34.	SIWAN
19.	SIBSAGAR	35.	SUPAUL
20.	SONITPUR	36.	VAISHALI
21.	TINSUKIA		CHHATTISGARH
	BIHAR	1.	BASTAR
1.	ARARIA	2.	BILASPUR
2.	AURANGABAD	3.	DANTEWADA
3.	BANKA	4.	DHAMTARI
4.	BEGUSARAI	5.	DURG
5.	BHAGALPUR	6.	JANJGIR-CHAMPA
6.	BHOJPUR	7.	JASHPUR
7.	BUXAR	8.	KANKER

	CHHATISGARH		MADHYA PRADESH
9.	KAWARDHA	13.	GUNA
10.	KORBA	14.	HARDA
11.	KORIA	15.	HOSHANGABAD
12.	MAHASAMUND	16.	JHABUA
13.	RAIGARH	17.	KATNI
14.	RAIPUR	18.	MANDLA
15.	RAJNANDGAON	19.	MANDSAUR
16.	SURGUJA	20.	MORENA
	DADRA & NAGAR HAVELI	21.	NARSIMHAPUR
1.	DADRA & NAGAR HAVELI	22.	NEEMUCH
	JHARKHAND	23.	PANNA
1.	BOKARO	24.	RAISEN
2.	CHATRA	25.	RAJGARH
3.	DEOGHAR	26.	RATLAM
4.	DHANBAD	27.	REWA
5.	DUMKA	28.	SAGAR
6.	GARHWA	29.	SATNA
7.	GIRIDIH	30.	SEHORE
8.	GODDA	31.	SEONI
9.	GUMLA	32.	SHAHDOL
10.	HAZARIBAG	33.	SHAJAPUR
11.	KODERMA	34.	SHEOPUR
12.	LOHARDAGGA	35.	SHIVPURI
13.	PAKUR	36.	SIDHI
14.	PALAMAU	37.	TIKAMGARH
15.	PASCHIMI SINGHBHUM	38.	UJJAIN
16.	SAHEBGANJ	39.	UMARIA
	MADHYA PRADESH	40.	VIDISHA
1.	BALAGHAT	41.	WEST NIMAR
2.	BARWANI		MANIPUR
3.	BETUL	1.	BISHNUPUR
4.	BHIND	2.	CHANDEL
5.	CHHATARPUR	3.	CHURACHANDPUR
6.	CHHINDWARA	4.	IMPHAL EAST
7.	DAMOH	5.	IMPHAL WEST
8.	DATIA	6.	TAMENGLONG
9.	DEWAS	7.	THOUBAL
10.	DHAR	8.	UKHRUL
11.	DINDORI		
12.	EAST NIMAR		

	MEGHALAYA		RAJASTHAN
1.	EAST GARO HILLS	3.	BARAN
2.	SOUTH GARO HILLS	4.	BARMER
3.	WEST GARO HILLS	5.	BHARATPUR
	MIZORAM	6.	BHILWARA
1.	LAWNGTLAI	7.	BUNDI
2.	SAIHA	8.	CHITTAURGARH
	NAGALAND	9.	CHURU
1.	DIMAPUR	10.	DAUSA
2.	KOHIMA	11.	DHOLPUR
3.	MOKOKCHUNG	12.	DUNGARPUR
4.	MON	13.	HANUMANGARH
5.	PHEK	14.	JALOR
6.	TUENSANG	15.	JHALAWAR
7.	WOKHA	16.	JHUNJHUNU
8.	ZUNHEBOTO	17.	JODHPUR
	ORISSA	18.	KARALI
1.	ANGUL	19.	NAGPUR
2.	BALANGIR	20.	PALI
3.	BALESHWAR	21.	RAJSAMAND
4.	BARGARH	22.	SAWAI MADHOPUR
5.	BHADRAK	23.	SIKAR
6.	BOUDH	24.	TONK
7.	DHENKANAL	25.	UDAIPUR
8.	GAJAPATI		TRIPURA
9.	GANJAM	1.	DHALAI
10.	JAJPUR	2.	NORTH TRIPURA
11.	KALAHANDI	3.	SOUTH TRIPURA
12.	KANDHAMAL	4.	WEST TRIPURA
13.	KENDRAPARA		UTTAR PRADESH
14.	KEONJHAR	1.	AGRA
15.	KORAPUT	2.	ALIGARH
16.	MALKANGIRI	3.	ALLAHABAD
17.	MAYURBHANJ	4.	AMBEDKAR NAGAR
18.	NABARANGPUR	5.	AURAIYA
19.	NAYAGARH	6.	AZAMGARH
20.	NAWAPARA	7.	BAGHPAT
21.	PURI	8.	BAHRAICH
22.	RAYAGADA	9.	BALLIA
23.	SONEPUR	10.	BALRAMPUR
24.	SUNDARGARH	11.	BANDA
	RAJASTHAN	12.	BARA BANKI
1.	ALWAR	13.	BAREILLY
2.	BANSWARA	14.	BASTI

	UTTAR PRADESH		UTTAR PRADESH
15.	BIJNOR	56.	SANT RAVIDAS NAGAR
16.	BUDAUN	57.	SHAHJAHANPUR
17.	BULANDSHAHR	58.	SHRAVASTI
18.	CHANDAULI	59.	SIDHARTHANAGAR
19.	CHITRAKOOT	60.	SITAPUR
20.	DEORIA	61.	SONBHADRA
21.	ETAH	62.	SULTANPUR
22.	ETAWAH	63.	UNNAO
23.	FAIZABAD		WEST BENGAL
24.	FARRUKHABAD	1.	BANKURA
25.	FATEHPUR	2.	BARDDHAMAN
26.	FIROZABAD	3.	BIRBHUM
27.	GHAZIPUR	4.	DAKSHIN DINAJPUR
28.	GONDA	5.	HAORA
29.	GORAKHPUR	6.	HUGLI
30.	HAMIRPUR	7.	JALPAIGURI
31.	HARDOI	8.	KOCH BIHAR
32.	HATHRAS	9.	MALDAH
33.	JALAUN	10.	MEDINIPUR
34.	JAUNPUR	11.	MURSHIDABAD
35.	JHANSI	12.	NADIA
36.	JYOTIBA PHULE NAGAR	13.	NORTH 24 PARGANAS
37.	KANAUJ	14.	PURULIYA
38.	KAUSHAMBI	15.	SOUTH 24 PARGANAS
39.	KHERI	16.	UTTAR DINAJPUR
40.	KUSHI NAGAR		
41.	LALITPUR		
42.	MAHARAJGANJ		
43.	MAHOBA		
44.	MAINPURI		
45.	MATHURA		
46.	MAU		
47.	MIRZAPUR		
48.	MORADABAD		
49.	MUZAFFARNAGAR		
50.	PILIBHIT		
51.	PRATAPGARH		
52.	RAI BARELI		
53.	RAMPUR		
54.	SAHARANPUR		
55.	SANT KABIR NAGAR		

TOTAL NUMBER OF UNDERBANKED DISTRICTS IN UNDERBANKED STATES :- 292