



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2010-11/283

RPCD.CO.RRB.BC No. 28/ 03.05.90-A/2010-11

November 18, 2010

The Chairmen
All Regional Rural Banks

Dear Sir,

Section 23 of the Banking Regulation Act, 1949- Relaxations in Branch Licensing Policy

A reference is invited to paragraph 80 of the Second Quarter Review of Monetary Policy for the Year 2010-11 (extract enclosed – Annex I) regarding the proposal to liberalise the extant Branch Licensing for Regional Rural Banks.

2. Accordingly, Reserve Bank of India hereby permits **Regional Rural Banks** to open branches in Tier 3 to Tier 6 centres (with population up to 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, provided they fulfil the following conditions as per the latest inspection report:-

- i) CRAR of at least 9%;
- ii) Net NPA less than 5%;
- iii) No default in CRR/SLR for the last year;
- iv) Net profit in the last financial year;

3. Other RRBs will have to continue to approach RBI/ NABARD as hitherto. As RRBs have to be fully CBS compliant by September 30, 2011, after that date, the liberalisation will be available only to such RRBs.

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4. All other instructions contained in our [Master circular RPCD.CO.RRB.BC No. 8/ 03.05.90-A/2010-11 dated July 1, 2010](#), on Branch Licensing, remain unchanged.

Yours faithfully,

Sd/-
(B.P.Vijayendra)
Chief General Manager

Encls.: As above (02 sheets)

Extract of Second Quarter Review of Monetary Policy 2010-11

Liberalisation in Branch Licensing of Regional Rural Banks

80. As part of further liberalisation of the extant branch licensing policy in respect of regional rural banks (RRBs), it is proposed:

- to allow RRBs to open branches in Tier 3 to Tier 6 centres as identified in the Census 2001 (with population up to 49,999) without prior authorisation of the Reserve Bank, subject to their fulfilling certain conditions.

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 |