

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO. 359
ANSWERED ON TUESDAY, FEBRUARY 6, 2024/ 17 MAGHA, 1945 (SAKA)

Opening of bank branches in rural areas

359. Shri K.R.N. Rajeshkumar:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has taken note of the lack of banking facilities in rural/backward areas;
- (b) if so, the details thereof along with the norms/guidelines laid down by the Reserve Bank of India for opening of bank branches in rural/backward areas of the country; and
- (c) the number of bank branches proposed to be opened in unserved rural/backward areas along with the steps taken/being taken by Government to open bank branches in unserved areas including the time-frame fixed thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR BHAGWAT KARAD)

(a) to (c) In terms of the revised guidelines issued by the Reserve Bank of India (RBI) vide circular dated May 18, 2017 on 'Rationalization of Branch Authorization Policy' the term "Branch" has been substituted by "Banking Outlet (BO)" which includes both physical brick and mortar branches and Business Correspondent (BC) outlets, to enable Banks in expanding their network even in remote rural areas in a cost-effective manner for hassle free services to customers.

RBI has granted general permission to domestic Scheduled Commercial Banks (excluding Regional Rural Banks) to open banking outlets including branch at any place in the country, without seeking prior approval of RBI in each case, subject to at least 25 percent of the total number of banking outlets opened during a financial year being in unbanked rural centres i.e. centres having population less than 10,000 (Tier 5 and Tier 6 centres).

In order to ensure availability of a banking outlet (Bank branch/ Business Correspondent/ India Post Payments Bank) within 5 kilometres of all inhabited villages in country, the Government has launched a Geographic Information System (GIS) based App., namely, Jan Dhan Darshak App.

As on 19.01.2024, out of the 6,01,328 inhabited villages mapped on this App, 99.81% villages are covered with a banking outlet within 5km radius.

Further, in pursuance of the extant RBI guidelines, rolling out of banking outlets in uncovered areas is a continuous process looked after by the State Level Bankers' Committee (SLBC) / Union Territory Level Bankers Committee (UTLBC), in consultation with the concerned State Government, member banks and other stakeholders. Banks, *inter-alia*, consider proposals for opening banking outlets in the light of RBI's instructions, their business plans and their commercial viability. To further assess the viability for opening a banking outlet, banks carry out survey as required.

Accordingly, as and when any request for opening of branch is received, the same is forwarded to concerned SLBCs / UTLBCs for appropriate action in consultation with the State Governments, Member banks & other stakeholders.
