

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION No. 412

TO BE ANSWERED MONDAY, FEBRUARY 05, 2024/ MAGHA 16, 1945 (SAKA)

Bank Branches in Rural Areas

†412. SHRI RAHUL KASWAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether any criteria has been fixed to set up bank branches in the rural areas of the country;
- (b) if so, the details thereof;
- (c) whether despite fulfilling the fixed criteria of Reserve Bank of India, bank branches have not yet been set up in many villages;
- (d) if so, the details of such villages in the country, State-wise including Rajasthan;
- (e) whether bank branch in each village of the country having population of 3000 or more is to be set up; and
- (f) if so, the details thereof and if not, the reasons therefor?

Answer

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

(a) to (f) In terms of the revised guidelines issued by 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.

Further, 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).

Further to the above, 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, the Jan Dhan Darshak (JDD) App. As per the information available on JDD App, as on 08.01.2024, in Rajasthan, out of the 43,375 inhabited villages mapped on this App, 43,373 villages are covered with a banking outlet within a radius of 5 kms.

In pursuance of 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.
