

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

UNSTARRED QUESTION NO. 1069

ANSWERED ON MONDAY, DECEMBER 2, 2024/ AGRAHAYANA 11, 1946 (SAKA)

Reasons for Closure of ATMs

1069. Shri Mani A:

Will the Minister of FINANCE be pleased to state:

- (a) the total number of ATMs in operation across the country along with the details of ATMs which have closed in the last five years;
- (b) whether the Government has any specific policy or directive regarding ATM reduction along with the reasons for the closure of ATMs;
- (c) whether the Government has conducted any assessment on the impact of ATM closures on financial inclusion, especially in rural and semi-urban areas;
- (d) the measures taken/being taken to ensure people living in areas having limited banking infrastructure continue to have access to cash and banking services;
- (e) whether the Government has any plans to increase the number of mobile banking units or banking correspondents in areas where ATMs have been closed and if so, the details thereof; and
- (f) the steps taken/being taken to encourage digital literacy and facilitate digital transactions in regions affected by closure of ATMs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (f) As per the Reserve Bank of India (RBI) policy on 'Rationalization of Branch Authorization Policy', Banks are allowed to set up onsite/offsite Automated Teller Machines (ATMs) at centres/places identified by them, including Special Economic Zones.

There has been a steady growth in deployment of ATMs in the country in last 5 years. The total number of ATMs has increased by 12% in the last five years with an increase of 66% in semi-urban & rural areas of the country. The year-wise data in the country is as under:

Date	Metro	Urban	Semi-Urban	Rural	Total
Sep-19	50210	41413	44051	33645	227886
Sep-20	61229	59371	66077	47567	234244
Sep-21	62574	64248	67007	47153	240982
Sep-22	68091	59243	72879	54505	254718
Sep-23	68291	59581	74683	55385	257940
Sep-24	67224	59018	74650	54186	255078

Source: RBI

As informed by the Public Sector Banks (PSBs), the reasons of closure of ATMs by the Banks, *inter-alia* include, amalgamation of banks, low hits, lack of commercial viability, relocation of ATMs etc.

The measures being taken to ensure access to cash and banking services in areas with limited banking infrastructure, along with efforts to encourage digital literacy and facilitate digital transactions are as under:

- i. RBI has granted general permission to domestic Scheduled Commercial Banks (SCBs) [excluding Regional Rural Banks (RRBs)] to open banking outlets including branch at any place in the country, without seeking prior approval of RBI in each case. This is subject to at least 25 percent of the total number of banking outlets being opened during a financial year in unbanked rural centres i.e. centres having population less than 10,000 (Tier 5 and Tier 6 centres);
- ii. SCBs, RRBs, and Local Area Banks (LABs) have been permitted to use intermediaries to offer financial services through Business Facilitator/Business Correspondent Model to promote financial inclusion. A robust network of 12.62 lakh Business Correspondents has been providing a wide range of banking services to the people across the country;
- iii. Digital Banking Units (DBUs) have been set up to enhance digital banking accessibility, providing a paperless, secure environment for customers while promoting awareness about digital financial services. As on 31.10.2024, a total of 102 DBUs have been set up across the country by banks;
- iv. Over the past nine years, India has witnessed a significant deepening of financial inclusion and a remarkable surge in digital payments, driven by initiatives such as Jan Dhan Yojana, proliferation of UPI (Unified Payments Interface), and widespread adoption of mobile internet. UPI transactions have increased 25 folds in past 5 years i.e. from 535 crore in FY 18-19 to 13,113 crore in FY 23-24. Over 8,566 crore UPI transactions for Rs. 122.06 lakh crore have been registered in FY24-25 (till Sept'24).
