

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

UN-STARRED QUESTION No. 2544

ANSWERED ON MONDAY, MARCH 17, 2025 / PHALGUNA 26, 1946 (SAKA)

Effectiveness of Banking Correspondents and Digital Banking Units

2544. SHRI DULU MAHATAO

SMT. HIMADRI SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) the specific measures being taken to include marginalised groups, particularly in rural and deprived areas under special drives for enrollment of individuals in financial schemes as banking correspondents;
- (b) the steps taken/being taken to enhance the effectiveness of banking correspondents and digital banking units to ensure wider reach and access to financial services;
- (c) the details of regions and States where enrollment rate is low; and
- (d) the manner in which the Government plans to address the low enrollment rates in such specific areas or States particularly in Jharkhand?

Answer

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

(a) to (c) As per Reserve Bank of India (RBI) guidelines dated 01.07.2014, Scheduled Commercial Banks, including Regional Rural Banks and Local Area Banks, have been permitted to provide financial and banking services through the use of Business Correspondents (BCs). Banks formulate the policy for engaging BCs with the approval of their Board of Directors. Accordingly, a strong network of about 13.99 lakh BCs, representing the last mile connect in the Banking Services delivery system is facilitating transactions in the rural and remote areas of the country.

Over the years, number of services which can be provided by BCs have increased up to 56. These include transaction services, PMJDY account opening, deposit mobilisation, loan leads, NPA recovery, Micro insurance, recurring deposit etc. and BCs get commission for each transaction performed by them. Also, the Indian Banks' Association (IBA) has, in consultation with Banks and Indian Institute of Banking & Finance (IIBF), developed suitable training modules in the local language(s) for providing proper attitudinal orientation and skills to the BC agents. The total number of Business Correspondents (BCs) working as on 31.01.2025 pan-India is at **Annexure-1**.

The Digital Banking Unit (DBU) facilitate digital modes/channels in a paperless, efficient, safe and secured environment thereby enhancing financial inclusion and making available financial products to the public in a seamless and efficient manner. As per Reserve Bank of India (RBI) guidelines, dated 07.04.2022 DBUs perform function of providing digital financial services as well as customers' education on safe digital banking practices, customer grievance redressal mechanism etc. As on 31.01.2025, 107 DBUs have been set-up in 102 districts covering all the States and Union Territories across the country by 27 banks, including public, private sector, foreign and small finance banks.

(d) Banks formulate the policy for engaging BCs with the approval of their Board of Directors. However, the functioning and various other aspects of BCs including remuneration, training, penalties, certification, deployment capacity building etc. are periodically monitored by the Government. Banks have accordingly been advised to take necessary steps to address all the issues that may impact functioning of Business Correspondents (BCs). As on 31.01.2025, a total of 44,023 BCs are working in the State of Jharkhand.

State wise Business Correspondents (BCs) as on 31.01.2025	
State / Union Territory	Number of BCs
ANDAMAN & NICOBAR	27
ANDHRA PRADESH	39,562
ARUNACHAL PRADESH	1,311
ASSAM	28,381
BIHAR	218,165
CHANDIGARH	242
CHHATTISGARH	50,811
DADRA, NAGAR HAVELI, DAMAN & DIU	501
DELHI	12,488
GOA	1,158
GUJARAT	41,292
HARYANA	21,657
HIMACHAL PRADESH	4,929
JAMMU & KASHMIR	3,264
JHARKHAND	44,023
KARNATAKA	56,607
KERALA	9,380
LADAKH	164
LAKSHADWEEP	3
MADHYA PRADESH	168,274
MAHARASHTRA	99,006
MANIPUR	1,388
MEGHALAYA	1,560
MIZORAM	588
NAGALAND	509
ODISHA	32,833
PUDUCHERRY	274
PUNJAB	18,743
RAJASTHAN	66,793
SIKKIM	170
TAMIL NADU	32,526
TELANGANA	38,180
TRIPURA	2,248
UTTAR PRADESH	333,641
UTTARAKHAND	7,177
WEST BENGAL	61,076
TOTAL	1,398,951

Source: Reported by Banks on Jan Dhan Drashak App