

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**RAJYA SABHA**

**UNSTARRED QUESTION NO. 207**

ANSWERED ON TUESDAY, DECEMBER 5, 2023/ 14 AGRAHAYANA, 1945 (SAKA)

**Criteria for opening bank branches in villages**

207. Dr. Sumer Singh Solanki:

Will the Minister of FINANCE be pleased to state:

- (a) the criteria for opening branches of bank in the villages of the country;
- (b) whether many villages still do not have bank branches according to the Reserve Bank of India (RBI), if so, area-wise details in the State of Madhya Pradesh;
- (c) whether there has been a public demand for opening branches of Government / non-Government banks in many tribal dominated villages falling under the districts in the State of Madhya Pradesh and whether Government proposes to open it, if so, the details thereof, if not, the reasons therefor; and
- (d) the details of the requests received from the public representatives in this regard?

**Answer**

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

(a) & (b) 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 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. For the state of Madhya Pradesh, out of the 52,043 inhabited villages mapped on this App, 52,038 villages (99.99 %) are covered with a banking outlet.

(c) & (d) 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.