

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2875  
ANSWERED ON:17.12.2008  
INSTALLATION OF ATMs  
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**Will the Minister of FINANCE be pleased to state:**

- (a) the guidelines issued by Reserve Bank of India (RBI) for installation of Automatic Teller Machines (ATMs) in the country;
- (b) whether the Government proposes to install more ATMs particularly in rural areas during the current financial year and also in 2009-10;
- (c) if so, the sites identified for the purpose, State-wise; and
- (d) the steps taken by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d) : In terms of Section 23 of the Banking Regulation Act, 1949, banks are required to obtain prior approval of Reserve Bank of India for opening a new place of business such as branches/Off-site ATMs. Such approvals are granted to banks depending on the thrust of the extant Branch Authorisation Policy and directions issued in this regard. With the objective of liberalizing and rationalizing the branch authorization policy, a framework for Branch Authorization Policy which is consistent with the medium term corporate strategy of banks and public interest has been put in place since September 2005. In terms of this revised policy, banks are required to submit their branch expansion plans for opening branches/Offsite ATMs on an annual basis.

While considering applications for opening branches/Off-site ATMs, RBI gives weightage to the nature and scope of banking facilities provided by banks to common persons, particularly in underbanked areas, actual credit flow to the priority sector, pricing of products and overall efforts for promoting financial inclusion, including introduction of appropriate new products and the enhanced use of technology for delivery of banking services. Such an assessment includes policy on minimum balance requirements and whether depositors have access to minimum banking or "no frills" banking services, commitment to the basic banking facility viz., acceptance of deposits and provision of credit and quality of customer service as, inter-alia, evidenced by the number of complaints received and the redressal mechanism in place in the bank for the purpose.

The actual location for opening bank branches/Off-site ATMs as also the mode of delivery of the services, i.e., whether through regular branches/Off-site ATMs is left to the discretion of the banks. However, as and when banks approach RBI for opening branches/Off-site ATMs in rural areas/underbanked districts, the same are generally considered favourably by RBI with a view to promoting financial inclusion.

Though a system of banks submitting Annual Branch Expansion Plans has been introduced since September 2005, banks are free to approach RBI any time during the year for any urgent proposals regarding opening of branches/Off-site ATMs, especially in rural and underbanked areas, anytime during the year, in addition to the approvals given under the annual plan, which would be considered on merits.

Banks are not required to obtain prior permission of Reserve Bank of India for setting up of On-site ATMs within the premises of the branches.