

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3696  
ANSWERED ON:11.12.2009  
ACCESS TO BANKING SERVICES  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether 60% of the population does not have the access to the formal banking services;
- (b) if so, whether there is any proposal to increase the banking facilities across the country especially in rural areas;
- (c) if so, the details thereof;
- (d) whether the Government has initiated the process of identifying underbanked or unbanked areas in the country so as to formulate an action plan to provide banking facilities to all these areas;
- (e) if so, the details of such areas identified in the country including Andhra Pradesh;and
- (f) the steps taken/proposed to be taken by Government in this regard?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a): The data with regard to percentage of population who does not have the access of formal banking services is not available. However, the Committee of Financial Inclusion (Chairman, Dr. C. Rangarajan) in its Report had pointed out that as per the National Sample Survey Organisation (NSSO) survey (59th round), overall, 73% of farmer households have no access to formal sources of credit.

(b) to (e): In terms of Section 23 of the Banking Regulation Act, 1949, banks are required to obtain prior approval of Reserve Bank of India (RBI) for opening a new place of business. Such approvals are granted to banks depending on the thrust of the extant Branch Authorisation Policy and directions issued in this regard.

Under the extant policy, the choice of centre/location for opening of new branches has been left to the discretion of the banks, which banks decide taking into various factors including profitability, viability, availability of infrastructure etc. However, RBI, while granting approvals ensures that the approvals include centres in rural/underbanked districts also.

There are 375 underbanked districts (out of which 13 are in Andhra Pradesh) and 99 unbanked blocks (no unbanked block in Andhra Pradesh) in the country. A list of underbanked districts has been forwarded to banks to enable them to identify centres for opening branches in such districts.

(f): Banks are encouraged to open branches in unbanked and underbanked areas with the help of new technology aided by Core Banking Solutions, Several Public Sector Banks have initiated pilot projects through the Business Correspondent Model utilizing smart card technology, mobile banking, etc. to increase their outreach in interior areas. Recently, the RBI has relaxed its Branch Authorisation Policy under which Scheduled Commercial Banks (SCBs) including Public Sector Banks are permitted to install offsite ATMs at centres/places identified by them without having the need to take permission from the RBI. This is expected to result in further expansion of banking network.