

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1107
ANSWERED ON:05.08.2011
CLOSURE OF BANK BRANCHES IN RURAL AREAS
Laguri Shri Yashbant Narayan Singh; Rama Devi Smt.

Will the Minister of FINANCE be pleased to state:

- (a) whether certain Government Scheduled Banks have closed down their branches in rural areas;
- (b) if so, the details thereof for the last three years, bank-wise and the reasons therefor; {
- (c) whether such closure of bank branches have adversely affected the development of rural areas;
- (d) if so, the details thereof alongwith the reaction of the Government thereon; and
- (e) the corrective steps taken / being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (e):- The number of branches of Public Sector Banks (PSBs) in rural areas declined by 3 in 2008-09. Two branches of Bank of Baroda in Roza Junction and Kherwa Mor Basti, were merged with branches in the vicinity. Three branches of United Bank of India in Assam were merged with their branches in the same premises in the year 2008-09 and with the opening of two new branches by the Bank, the net reduction in the number of branches was only one in 2008-09. There was no decrease in the rural branches of PSBs in 2009-10 and 2010-11.

There were 33,463 branches of scheduled commercial banks in rural areas out of the total 89,396 branches as on 31.3.2011.

General permission has been granted to domestic Scheduled Commercial Banks (other than RRBs) to open branches / mobile branches / Administrative Offices / CPCs (Service Branches), (i) in Tier 3 to Tier 6 centres (with population up to 49,999) and (ii) in rural, semi-urban and urban centres of the North-Eastern States and Sikkim subject to reporting. RBI has advised banks that while preparing their Annual Branch Expansion Plan (ABEP), the Banks should allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres.

As per Reserve Bank of India's policy closure of even loss making branches at rural centres having a single commercial bank branch (excluding RRB) is not permitted.