

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:300  
ANSWERED ON:20.11.2009  
CLOSURE OF P.S.B.BRANCHES  
Rajesh Shri M. B.

**Will the Minister of FINANCE be pleased to state:**

- (a) The number of branches of Public Sector and Private Sector banks closed in rural and Urban areas during the last three years in the country, State-wise and bank-wise;
- (b) The reasons therefor; and
- (c) The steps taken by the Government to stop closure of bank branches in rural areas?

**Answer**

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

(a) to (c): The opening/closing of bank branches of scheduled commercial banks is governed by the Branch Authorization Policy of the RBI. As per the extant policy, closure of even loss making branches at rural centres having a single commercial bank branch (excluding Regional RURAL Bank branch) is not permitted as a matter of policy, as the closure would render the centre unbanked. The proposals for closure of a rural branch at a centre served by more than one commercial bank branch are required to be submitted to RBI by banks in the annual branch expansion plan after obtaining approval of the District Consultative Committee (DCC). Similarly, shifting of sole rural branch outside the centre/village is not permitted, as such shifting would render the centre unbanked. However, under exceptional /unforeseen circumstances (natural calamities, adverse law and order conditions etc), if the bank is compelled to shift any sole rural branch outside the centre, DCC approval should be obtained and proposal thereof should be included in the Annual Plan for the consideration of the Reserve Bank of India. Similar procedure is envisaged in respect of merger of sole rural branches. Thus, the extant Branch Authorisation Policy is restrictive regarding closure/shifting/merger of rural branches.

The number of branches of Public Sector and Private Sector banks closed/merged/converted in rural and urban areas during the last three years in the country, State-wise and bank-wise is given at Annex I & II respectively.