

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4135
ANSWERED ON:20.03.2015
CLOSURE OF BANK BRANCHES
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Will the Minister of FINANCE be pleased to state:

- (a) the policy of the Government / Reserve Bank of India (RBI) to open up new branches by the Scheduled Commercial Banks (SCBs)/private banks in rural areas of the country;
- (b) the total number of branches of SCBs functioning in the country in rural and semi-urban areas of the country, State/UT-wise;
- (c) whether the SCBs have closed their several branches in rural areas, if so, the details thereof during each of the last three years and the current year, bank and State/UT-wise along with the reasons therefor;
- (d) whether the closure of said bank branches have adverse impact on the development of rural areas, if so, the details thereof and the reaction of the Government thereto; and
- (e) the corrective measures taken/being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance (SHRI JAYANT SINHA)

- (a) As per Reserve Bank of India (RBI) guidelines, general permission has been granted to domestic Scheduled Commercial Banks (SCBs) (other than Regional Rural Banks) to open branches (i) in Tier 2 to Tier 6 centres (with population upto 99,999) 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.
- (b) As per information received from RBI, total number of 80282 branches of SCBs are working in rural and semi-urban areas of the country as on 31.12.2014. State/UT-wise details are given in Annexure-1.
- (c) As per information received from RBI, SCBs have closed 2 rural branches in 2011-12; 4 rural branches in 2012-13 and 2 rural branches in 2013-14. No rural branch have been closed during 2014-15 (Till 31.12.2014). State/ UT-wise list of closed rural branches is given in Annexure – 2.
- (d) and (e) RBI has informed that as a matter of 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 closure would render the centre unbanked. However, if the centre has more than one commercial bank branch, then the proposal of closure of a rural branch should be included in the Annual Branch Expansion Plan (ABEP) after obtaining approval of District Consultative Committee (DCC). The RBI policy adequately protects the interest of rural areas.