

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6088
ANSWERED ON:27.04.2001
DECREASE IN RURAL BANK BRANCHES
HARIBHAI PARTHIBHAI CHAUDHARY

Will the Minister of FINANCE be pleased to state:

- (a) whether the number of branches of banks in rural areas have decreased;
- (b) if so, the details thereof; and
- (c) the reasons for the said decrease and the percentage of decrease during the last three years?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH):

(a) to (c) Yes, Sir. The number of branches of commercial banks in rural areas and percentage of decline in number of rural branches during the last three years is given below:

As on 31st March

1997 1998 1999 2000

No. of Rural branches 32845 32804 32767 32712

% age decline in no. - 0.12 0.11 0.17
of rural branches

Under the liberalized policy of Reserve Bank of India (RBI), banks were allowed to close their loss-making rural branches at centres having two or more branches of Commercial Banks functioning at that centres (excluding RRBs) on mutual consultation with prior approval of District Consultative Committee/State Government. Further, banks have also been allowed to shift their rural branches under the following conditions with approval of RBI:

- (i) Branches being shifted are in existence for five years or more and are incurring losses consecutively for the last three years.
- (ii) Branches located at centers suffering from certain natural risks beyond the control of the bank, such as, those which are prone to floods, landslides or likely to be submerged due to construction of dams or affected by natural calamities etc.
- (iii) Branches functioning in places where law and order problem or terrorists' activities posing threats to bank personnel and property.
- (iv) Branches where the premises occupied by the bank are in a dilapidated condition or burnt/ destroyed and no suitable premises are available at the Centre/Block/Service Area. While closure of a single branch of a bank in rural areas is not allowed, they are permitted to convert the branch into Satellite Office which functions for 2/3 days in a week so as to provide banking facilities to the customers at that center.