

Master Circular

on

Area of Operation Branch Licensing Policy Opening / Up-gradation of Extension Counters, ATMs and Shifting / Splitting / Closure of Offices



RESERVE BANK OF INDIA

**Urban Banks Department
Central Office, Mumbai**

Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Dear Sir,

**Master Circular on
Area of Operation,
Branch Licensing Policy,
Opening/Upgradation of Extension Counters, ATMs and
Shifting/Splitting/Closure of Offices**

Hitherto, the Reserve Bank of India was issuing instructions on matters relating to area of operation of banks, opening of new branches, opening/upgradation of extension counters, ATMs and shifting/splitting/closure of offices either directly to primary (urban) co-operative banks or through the Registrar of Co-operative Societies of the concerned States.

2. In order to ensure uniformity in issuance of instructions and to facilitate clarifications, whenever required, direct from the Regional Offices of the Reserve Bank, as also to enable the primary (urban) co-operative banks to have all the currently operative instructions on the subject at one place, a Master Circular has been prepared on the subject which is enclosed.
3. Hereafter, instructions contained in this Master Circular and subsequent instructions, if any, issued from time to time, should only be followed and referred to in any communication with the Reserve Bank.
4. Please acknowledge receipt of this Master Circular to the concerned Regional Office of this Department.

Yours faithfully,

(S. Karuppasamy)
Chief General Manager-in-Charge

Encl: As above.

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1. AREA OF OPERATION

1.1 Introduction

1.1.1 The area of operation of a primary (urban) co-operative bank confines to the geographical area/s as per its by-laws, approved by the registering authority. For any revision in its area of operation, a primary (urban) co-operative bank is required to amend its by-law relating to area of operation by passing a resolution at the general body meeting and getting the amended by-law registered with the Registrar of Co-operative Societies. The banks are required to seek prior permission (no objection certificate) of Reserve Bank of India for such revision, where applicable, as per the extant instructions.

1.2 Regulatory Requirements

1.2.1 Extension of Area of Operation within the district of registration and adjoining districts within the state of registration:

1.2.1.1 Licensed primary (urban) co-operative banks, not classified as Grade II, III or IV by the Reserve Bank of India, may extend their area of operation to the whole of the district of registration and to its adjoining districts within their State of registration, without prior permission of Reserve Bank of India.

1.2.1.2 Accordingly, eligible banks need not approach Reserve Bank for seeking 'no objection' for extension of area of operation as stated above. Such banks may directly approach Registrar of Co-operative Societies of the concerned State for extension of area of operation to the entire district of registration and its adjoining districts within the State of registration.

1.2.2 Extension of Area of Operation beyond the adjoining districts

A licensed primary (urban) co-operative bank not classified as Grade II, III or IV and desirous of extending its area of operation beyond adjoining districts to its district of registration but within the state may do so with prior permission of Reserve Bank, subject to complying with the following norms:

1.2.2.1 Its own funds (share capital + free reserves) should not be less than the entry point capital norms prescribed for the highest category centre in that district(s), for organising a new general category multi-branch bank as indicated in Annexure 1.

1.2.2.2 It should have achieved prescribed targets for priority sector lending.

1.2.2.3 Its net NPAs should be less than 10% of its net loans and advances and it should have made full provisions as prescribed by RBI.

1.2.2.4 It should have posted net profits during the preceding 2 years.

1.2.2.5 It should have complied with the RBI regulatory framework, such as compliance with CRR/SLR requirements, timely submission of prescribed returns/statements and satisfactory compliance with RBI Inspection findings, etc.

1.2.3 **Extension of Area of Operation beyond the state of registration**

1.2.3.1 A licensed primary (urban) co-operative bank, not classified as Grade II, III or IV, with the prior approval of Reserve Bank, may extend its area of operation beyond the state of registration, provided its owned funds are not less than Rs. 50 crore and it complies with norms stipulated in paragraph 1.2.2 above.

1.2.3.2 Primary (urban) co-operative banks satisfying the above mentioned norms and desirous of extending their area of operation beyond the adjoining districts or beyond the State of registration may approach the concerned Regional Office for necessary prior approval.

1.2.3.3 The by-law of the bank relating to area of operation may be amended as under:

"The area of operation of the bank shall be” For any revision in this regard, prior approval of registering authority will be obtained. In addition, prior approval of the Reserve Bank of India, where necessary as per the prevalent guidelines will also be obtained.

2. **BRANCH LICENSING POLICY**

2.1 **Basic Approach**

Reserve Bank of India had reviewed the branch licensing policy based on the recommendations made by the High Power Committee on Urban Co-operative Banks constituted under the Chairmanship of Shri K. Madhava Rao. This has been further modified in the light of the introduction of the norms for the classification of banks in Grades I/II/III/IV. The present policy is given in the following paragraphs:

2.2 **Licensing Policy**

2.2.1 **Eligibility Criteria**

Licensed primary (urban) co-operative banks, which are not classified in Grade II/III/IV by the Reserve Bank of India, may apply for allotment of centres under the Annual Action Plan (AAP) to the concerned Regional Office of the Urban Banks Department, under whose jurisdiction they fall. The Annual Action Plan will be for a period of twelve months beginning 1st April of the year. Before applying for allotment of centres, the banks should ensure that they satisfy the following criteria:

- 2.2.1.1 The Capital to Risk Asset Ratio (CRAR) of banks should not be less than that prescribed by RBI from time to time.
- 2.2.1.2 Banks should have posted net profits during each of the preceding 2 years.
- 2.2.1.3 Their net NPAs should be less than 10% of their net loans and advances as on the last balance sheet date and they should have made requisite provisions as per RBI guidelines.
- 2.2.1.4 Banks should have achieved the target prescribed by RBI for priority sector advances.
- 2.2.1.5 Banks should have demonstrated track record of compliance with provisions of B.R. Act, 1949 (AACS), RBI Act, 1934 and the instructions/directions issued by RBI from time to time. They should maintain requisite level of CRR and SLR and also ensure timely submission of statutory and other returns.
- 2.2.1.6 Banks which have been organised as unit banks and have been extended relaxation in the entry point capital as indicated in Annexure 1, would be eligible to open branches only after augmenting their own funds to the level required for opening a new general category bank at the place where the bank was organised or where the branch is desired to be opened, whichever is higher. For instance, if a unit bank was organised at category 'D' centre and it intends to open a branch at 'B' category centre, such bank's owned funds should necessarily be raised to entry point capital prescribed for 'B' category centre.
- 2.2.1.7 Similarly if a bank, other than a unit bank, desires to open a branch at a higher category centre than the centre at which it was established within the district of its registration, the owned funds of the bank should at least be equivalent to the entry point capital prescribed for that centre. Illustratively, if a bank situated at 'C' category centre intends to open a branch at 'B' category centre, in the same district, its owned funds should be equivalent to the entry point capital prescribed for 'B' category centre.
- 2.2.1.8 Further, a primary (urban) co-operative bank which desires to open a branch at a centre other than its district of registration but within the State of registration, must have owned funds not less than the entry point capital applicable for organisation of a new general category primary (urban) co-operative bank at the highest category centre in that State. Illustratively, if a bank registered in district 'X' desires to open a branch in district 'Y' within the State of registration, then its owned funds should not be less than the entry point capital applicable for highest category centre in the state.

2.2.2 **Process of Selecting Centres**

Primary (urban) co-operative banks, which satisfy the norms indicated above, may prepare Annual Action Plans for opening of new branches/upgradation of extension counters into full-fledged branches for next 12 months, with the approval of their Board of Directors. They should submit two copies of their A.A.P. along with information in Annexure 2,3 and 4 enclosed to this circular, to the Regional Office under whose jurisdiction they function. Annexure 4 indicating classification of assets and provisions made against non-performing assets should be duly certified by statutory auditor or chartered accountant under his seal and date.

- 2.2.2.1 Where the banks have opened extension counters without complying with the prescribed norms and subsequently approach Reserve Bank of India for upgradation of the same into full-fledged branches, such banks would not be allotted centres unless they close unauthorised extension counters. Further, a centre where a bank has opened an unauthorised extension counter, such a centre would not be considered for opening a branch in future.
- 2.2.2.2 Scheduled primary (urban) co-operative banks which comply with the eligibility norms indicated at paragraph 2.2.1 above, may open mobile/satellite offices. Such of the scheduled banks which desire to open mobile/satellite offices may indicate the same in the format as per *Annexure 3* enclosed to this circular along with other centres where they intend to open branches.
- 2.2.2.3 The banks need not indicate the exact address of the proposed branch in the Annual Action Plan but only indicate the name of the town/city within their area of operation, in the order of their preference, where they desire to open branches. Banks should choose the centres at which they wish to open branches after careful consideration of business potential and availability of premises at such centres.
- 2.2.2.4 All centres where a bank desires to open branches under the AAP should be indicated in a format as per *Annexure 3 enclosed to this circular*, and only one application need to be sent. The banks should not submit statements/annexures, which are not required/called for, but submit only the requisite information/data, along with a certified copy of the latest audited balance sheet (as of 31 March) or a copy of the published Annual Report of the bank.

2.2.3 **Approval for Centres**

The banks which comply with the prescribed norms will be allotted centres strictly in the order of preference given by them. Once a centre is allotted, no request for change in the allotted centre would be entertained.

2.2.4 **Issue of Licence and its Validity Period**

- 2.2.4.1 After making arrangements for opening of branches, the bank should approach the concerned Regional Offices of Urban Banks Department under whose jurisdiction they operate, in the prescribed Form V, indicating the exact postal address of the place where the branch is to be opened, for issuance of licence within a period of 6 months from the date of allotment of the centre.
- 2.2.4.2 The Regional Offices will issue licence without making any reference to the Central Office, unless in the meantime, some serious deterioration has taken place in the working of the bank.
- 2.2.4.3 Licence will be valid for one year from the date of issue, and a one and half year from the date of allotment of the centre, which ever is earlier.
- 2.2.4.4 Ordinarily, no extension of time will be granted after the expiry of validity period of licence. Only in exceptional cases, where the bank is unable to open the branch for reasons beyond its control, an extension of time not exceeding six months may be granted by the Regional Offices, under advice to Central Office.
- 2.2.5 Under no circumstances, should a bank open a branch without obtaining branch licence from the concerned Regional Office of the Department. Opening a branch

without obtaining licence is the violation of Section 23 of the Banking Regulation Act, 1949 (AACCS), and may attract penalties.

- 2.2.6 In case, the information/particulars furnished are found to be incorrect, the Reserve Bank of India will take a serious view in the matter and the bank will be liable for penal action, including debarring it from allotment of centres for the period of 3 years.

2.3 **Procedural Guidelines for Permission to Open Branches**

The Primary (urban) co-operative bank should ensure that there are no restrictions imposed by the local Development or other Authorities for setting up commercial establishment in the locality where the branch is proposed to be opened.

3 **OPENING/UPGRADATION OF EXTENSION COUNTERS**

3.1 **Review**

The existing policy for opening of extension counters by primary (urban) co-operative banks has been reviewed by the High Power Committee (HPC) constituted by Reserve Bank of India in 1999. Subsequently, Reserve Bank has reviewed the policy. The current policy relating to opening of Extension Counters (ECs) by banks is set out below.

3.2 **Policy Approach**

- 3.2.1 Licensed primary (urban) co-operative banks which are not classified as Grade II/III/IV by the Reserve Bank of India, and satisfy the norms indicated in para 3.3 are eligible to open extension counters.
- 3.2.2 Scheduled primary (urban) co-operative banks, which fulfil the norms laid down in paragraph 3.3 below can open ECs, without prior permission of RBI (except while opening of ECs in the residential colonies). However, such banks should approach the concerned Regional Office with an application as per format given in *annexure enclosed to our circular UBD.BL (PCB) No.46/07.01.00/2000-01 dated 26 April 2001* for *post facto* approval, within one month from the date of opening of ECs. The EC will be treated as authorised / regularised only when post-facto approval is accorded by the concerned Regional Office of this Department or the EC has been opened with prior permission of the Reserve Bank of India.
- 3.2.3 Non-scheduled primary (urban) co-operative banks are required to obtain prior permission of RBI before opening an EC. Such of the non-scheduled banks which fulfil the norms stipulated at para 3.3 below may approach the concerned Regional Office of the UBD, RBI, under whose jurisdiction their Registered Office is located, with an application as per annexure enclosed to our circular UBD.BL (PCB) Cir.No. 46/07.01.00/ 2000-01 dated 26 April 2001 for seeking prior permission to open ECs.
- 3.2.4 Such of the banks which open ECs, without seeking prior permission from RBI will have to close down the same and these would not be considered for regularisation/upgradation into full-fledged branch(es).

3.3 Eligibility Norms for Opening of Extension Counters

Extension Counters may be opened (non-scheduled banks have to obtain prior approval) within the premises of educational institutions, big offices, factories and hospitals of which the concerned urban co-operative bank is the principal banker. Request from other banks to the institution may be considered, only if opening of an EC is not considered feasible by the principal banker and/or its base branch is beyond 10 kms from the EC, after obtaining written consent from principal bank. ECs may also be opened in the residential colonies provided no other branch/EC is already existing in the colony. However, both scheduled as well as non-scheduled banks are required to take prior approval from RBI for opening an EC in residential colonies. No extension counter should be opened in market place, shopping centre, etc.

A primary (urban) co-operative bank, which desires to open ECs should comply with the following norms:

- 3.3.1 Only one EC is permitted within the premises of any institution / office / hospital or in a residential colony.
- 3.3.2 The base branch of the bank to which the proposed extension counter is linked should be within a distance of 10 kms. to facilitate incorporation of transactions of EC in the accounts of the base branch on a day-to-day basis.
- 3.3.3 Before opening an extension counter, the bank should take into account important factors such as need, viability and overall merits of opening of the EC.
- 3.3.4 Capital to Risk Assets Ratio (CRAR) of the bank should not be less than that prescribed by RBI.
- 3.3.5 The owned funds of the bank should not be less than the minimum required for opening of a new branch at the centre where the proposed EC is to be opened.
- 3.3.6 The level of net NPAs of the bank should be less than 10% of its net loans and advances outstanding as on 31 March of the latest financial year and the bank should have made full provisions as per RBI norms.
- 3.3.7 The bank should have achieved the target prescribed by Reserve Bank of India for priority sector lending.
- 3.3.8 The bank should have made net profits in each of the two preceding years.
- 3.3.9 The bank should have complied with SLR/CRR requirements on a continuous basis, should not have violated RBI guidelines and should also have submitted statutory and other returns to RBI in time.
- 3.3.10 ECs should not be opened merely for collection of fees, payment of bills for electricity, water, telephones, etc. as it is primarily the responsibility of the concerned institution.
- 3.3.11 The facilities at an extension counter should be restricted to acceptance of deposits; issue and encashment of drafts and mail transfers; encashment of travellers' cheques; and collection of bills.

3.4 Safe-Deposit Lockers Facility At Extension Counters:

3.4.1 Primary (urban) co-operative banks (scheduled as well as non-scheduled) desirous of providing safe deposit locker facility at their extension counters and fulfilling the under noted norms will be eligible to approach the concerned Regional Office of Urban Banks Department under whose jurisdiction they function, for prior approval in this regard, the grant of which would be considered on the merit of each case.

3.4.1.1 The bank should have complied with the prescribed capital adequacy norms.

3.4.1.2 The bank's net NPAs should be less than 7% of its net loans and advances.

3.4.1.3 The bank should have posted net profit for the last 3 consecutive years.

3.4.1.4 Primary (urban) co-operative banks intending to provide safe deposit lockers at their extension counters should ensure that :

- (i) The institution in whose premises the extension counter is/proposed to be opened is agreeable for the provision of such facility.
- (ii) Adequate security arrangements are in place at the locker premises.

3.5 Up-gradation of Extension Counters

Upgradation of EC into a branch is treated as equivalent to allotment of centre for opening of a branch. The banks should apply for upgradation of an EC to a branch under their annual action plan for opening of branches. Only such of the ECs as have been accorded post-facto approval by the Reserve Bank of India or opened with the prior approval of the Reserve Bank of India will be considered for upgradation into a branch.

4 AUTOMATED TELLER MACHINES (ATMS) AND BRANCH TELLER MACHINES (BTMS)

4.1 Scheduled Primary (Urban) Co-operative Banks

4.1.1 Scheduled primary (urban) co-operative banks categorised as Gr.I, need not obtain prior permission of the Reserve Bank of India for installation of Automated Teller Machines (ATMs)/Branch Teller Machines (BTMs) at their branches/extension counters permitted by RBI. However, banks categorised in Grade II/III/IV will have to obtain prior approval of Reserve Bank.

4.1.2 The banks should furnish the particulars of installations of ATMs/BTMs at their branches/extension counters, to the concerned Regional Office of this Department as also to this office, immediately after their installation.

4.1.3 ATMs/BTMs installed at the branch/extension counter should not be shared/inter-linked with other banks, without obtaining prior approval of Reserve Bank of India.

4.1.4 Scheduled primary (urban) co-operative banks intending to install ATMs/BTMs at other places (other than branch/extension counter location) should obtain a licence therefor from the concerned Regional Office of this Department.

4.2 **Off-Site ATMs**

4.2.1 Scheduled primary (urban) co-operative banks may install off-site ATMs (at places other than the bank's branches/extension counters) with prior approval subject to complying with the following norms:

4.2.1.1 The bank should have achieved minimum CRAR prescribed.

4.2.1.2 Net NPAs of the bank should be less than 10% of its net loans and advances.

4.2.1.3 The bank should have earned operating profits for the preceding three years.

4.2.2 The following functional facilities may be provided at such off-site ATMs:

- (i) PIN changes
- (ii) Requisition for cheque books
- (iii) Statement of accounts
- (iv) Balance enquiry

4.2.3 Inter-account transfer - restricted to accounts of the same customer at the same centre.

4.2.4 The banks may connect such off-site ATMs to Swadhan Net Work.

4.2.5 The bank may provide telephone connection between the "stand alone" ATMs with branch ATMs and Shared Payment Network System (SPNS). However, no person other than security guard, should be posted at such non-branch stand alone ATM centres.

4.2.6 The off-site ATMs will also require a licence in terms of Section 23 of B.R. Act 1949 (AACS). Such of the scheduled banks, who wish to install off-site ATMs and satisfy the criteria stipulated above may apply for licences to our Regional Office under whose jurisdiction they are functioning. The application should also contain details regarding proposed location of the ATM.

4.3 **Non-Scheduled Primary (Urban) Co-operative Banks**

4.3.1 Non-scheduled primary (urban) co-operative banks must obtain prior permission for installation of automated teller machines from the concerned Regional Office of Urban Banks Department under whose jurisdiction they function. Banks complying with the following norms, will be eligible to apply:

4.3.1.1 The bank should have achieved the minimum level of CRAR prescribed by RBI prevailing at the time of seeking the permission.

4.3.1.2 It should comply with prudential norms relating to income recognition, asset classification and provisioning.

4.3.1.3 Its net NPAs should be below 10% of its net loans and advances.

4.3.1.4 It should have posted net profits for the preceding three years.

4.4 **General Instructions for All the Primary (Urban) Co-operative Banks (Scheduled and non-Scheduled)**

4.4.1 In case any bank has installed any ATMs/BTMs at any of the branches/extension counters or any other place(s), or is sharing the facility with another bank, either without obtaining prior permission/licence, where required, or without submitting the

particulars of such installations to the concerned Regional Office of the Department as also to this office, where prior permission is not required.

Such bank should arrange to furnish the particulars in the format given in the Annexure 5 as also submit an application/licence application, where applicable, seeking post-facto approval/licence in respect of such ATMs/BTMs.

- 4.4.2 All the banks which have set up ATMs/BTMs in their branches/extension counters or other locations, should strictly adhere to the terms and conditions prescribed by Reserve Bank of India while granting permission or post facto approval.

5. **SHIFTING/SPLITTING/CLOSURE OF OFFICES**

5.1 **Liberalisation**

With a view to giving greater degree of freedom to primary (urban) co-operative banks in the matter of shifting of offices, splitting of branches, and closure of branches etc., the guidelines have been liberalised as detailed below.

5.2 **Shifting of Offices**

5.2.1 **Primary (Urban) Co-operative Banks Located in Semi-urban Areas**

- 5.2.1.1 Primary (urban) co-operative banks, other than those unlicensed and those classified as Grade III/IV by the Reserve Bank of India, and not complying with Section 11 (1) of the Banking Regulation Act, 1949 (AACS) may shift their place of business, including administrative office, located in the semi-urban areas anywhere within the same town, irrespective of distance vis-à-vis other banks/offices, etc. without prior permission of the Reserve Bank of India.

- 5.2.1.2 A report in the format as per Annexure II enclosed to our circular UBD (PCB) No.84/07.01.00/92-93 dated 9 June, 1993 should be submitted in duplicate to the concerned Regional Office of Urban Banks Department of Reserve Bank of India within a month from the date of shifting.

5.2.2 **Primary (Urban) Co-operative Banks Located in Urban/Metropolitan Centres**

5.2.2.1 Shifting within the same locality/municipal ward

Primary (urban) co-operative banks, other than those unlicensed and classified into Grade III/IV by the Reserve Bank of India and not complying with Section 11(I) of the Banking Regulations Act, 1949 (AACS), may shift their place of business, including administrative office, operating in urban/metropolitan centres within the same locality/municipal ward, irrespective of distance vis-à-vis other banks/offices, without prior permission of the Reserve Bank of India.

- 5.2.2.2 A report in the format as per annexure II enclosed to our circular UBD(PCB) No.84/07.01.00/92-93 dated 9 June, 1993 should be submitted in duplicate to the concerned Regional Office of the Urban Banks Department of Reserve Bank of India within one month from the date of shifting.

5.2.2.3 Shifting to a different locality/municipal ward

Primary (urban) co-operative banks should obtain prior permission of the Reserve Bank of India for shifting their offices to a different locality/municipal ward. The banks should submit an application in the format as per annexure III enclosed to our circular UBD (PCB) No.84/07.01.00/92-93, dated 9 June, 1993, in duplicate to the concerned Regional Office.

5.3 Splitting or Part Shifting of Branches within the Same Locality/Municipal Ward

5.3.1 Splitting of branches or part shifting of some of the departments of parent office/branch can be made to a near by location within the same locality/municipal ward due to space constraints and for better customer service or for convenience of their members, irrespective of the distance vis-à-vis other offices/banks, without prior permission of the Reserve Bank of India subject to the condition that identical business is not conducted from both the premises.

5.3.2 A post-facto report to this effect, in the format as mentioned in para 5.2.2.2, should be submitted in duplicate to the concerned Regional Office within one month from the date of shifting.

5.4 Closure of Branches and Extension Counters

5.4.1 Primary (urban) co-operative banks, are allowed closure of unremunerative branches/ECs without prior permission of RBI subject to the following conditions:

5.4.1.1 The bank should not have been placed under any directions under section 35A of the Banking Regulation Act, 1949 (AACS).

5.4.1.2 Decision to close down ECs/branches should be taken by the Board after taking into account all the relevant factors and should be properly minuted in the official record of proceedings of the Board meeting.

5.4.1.3 The bank should give proper notice to all existing depositors/clients of the branch through press release in local leading newspapers as well as in the form of circular letter to each constituent of the branch, well in advance of closure of the branch.

5.4.1.4 It should return the original licence/s issued for the closed branch to the concerned Regional Office of this department.

5.4.1.5 It should report to our concerned Regional Office and the RCS, the disposal of the premises occupied by the erstwhile branch.

5.4.1.6 The bank should not open extension counter in the same place after closure of branch/es.

5.4.1.7 The bank should report to our concerned Regional Office, separately in Form VI prescribed under Rule 8 of Banking Regulations (Co-operative Societies) Rules, 1966 after closing the said branches, within one month from the date of closure, along with copies of the relative Board resolution.

5.4.1.8 The bank should preserve all the relevant records and make them available to Reserve Bank Inspection team for scrutiny during the course of inspection.

6. LICENSING POLICY FOR SALARY EARNERS' BANKS:

6.1 In view of their special status the salary earners' banks (SEBs) have not been covered under Annual Action Plan for opening of new branches. Their requests for allotment of centres are presently considered on their fulfilling certain specified norms. SEBs fulfilling the undernoted norms may apply for opening of branches:

6.1.1 The bank should have been licensed and it should not have been categorised under Grade II or III or IV or should not have been under rehabilitation.

6.1.2 Its by-laws should not contain provision for giving loans to outsiders (non-employees) by enrolling them as members/nominal members.

6.1.3 There should at least be 1000 members at a place where the SEB desires to open a branch.

6.1.4 It should comply with the regulatory framework prescribed by RBI.

6.1.5 It should have posted net profits during each of the preceding two years.

6.1.6 Its net NPAs should be less than 10% of its net loans and advances as on the last balance sheet date and it should have made requisite provisions as per RBI guidelines.

6.1.7 The Capital to Risk Asset Ratio (CRAR) of the bank should not be less than that prescribed by RBI from time to time.

6.1.8 In case the bank desires to open a new branch within its district of registration, its owned funds should, at least be equal to the entry point capital norms indicated in Annexure 1 for opening a new general category bank at that centre where the bank was organised or where the branch is desired to be opened, whichever is higher. Illustratively, if a SEB organised in the "C" category centre desires to open a branch in "B" category centre within its district of registration, its owned funds should be at least equivalent to the entry point capital norm prescribed for "B" category centre.

6.1.9 SEB desirous to open a branch outside its district of registration but within its state of registration, should have owned funds not less than the entry point capital norm prescribed for opening a new general category bank at the highest category centre in that state. The entry point capital norms prescribed are indicated in Annexure 1 enclosed to this circular.

6.1.10 SEBs, which satisfy the norms indicated above, may prepare and get their branch expansion programme approved by their Board of Directors and forward the same to the concerned Regional Office of the Urban Banks Department giving information in Annexures I, II & III enclosed to our circular UBD BL (SEB) No.5A/07.01.00/2001-02 dated 8 August 2001. Annexure III indicating classification of assets and provision made against non-performing assets should be duly certified by Statutory

Auditor/Chartered Accountant under his stamp and signature. Once a centre is allotted no request for change in the allotted centre would be entertained. On receipt of the allotment letter the banks may make preliminary arrangements for opening the branches and submit applications in Form V for issue of branch licence/s, within six months from the date of allotment of the centre. The banks should note to open the branches only after obtaining branch licence and within the validity period of the branch licence. No request for extension of time for opening the branch will be entertained except in the circumstances beyond the control of the bank.

- 6.2 It may be carefully noted that in case the information/particulars furnished by a bank is found incorrect, Reserve Bank of India would take a serious view in the matter and the concerned bank would be liable for penal action, including debarring it from allotment of centres for the next 3 years.

7. **RESOLUTION OF BOARD OF DIRECTORS**

Decisions regarding opening of extension counters, shifting of offices, splitting of branches, etc. should be taken only with the prior approval of the bank's Board of Directors and appropriate resolutions in this behalf should be, passed. The relevant resolutions should be submitted to the concerned Regional Offices while approaching them for post-facto approval therefor. The relevant records may also be preserved and made available to the Reserve Bank's Inspection Team for scrutiny during the course of inspection.

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Annexure 1

**Master Circular on
Area of Operation,
Branch Licensing Policy,
Opening / Upgradation of Extension Counters, ATMs and
Shifting/Splitting/Closure of Offices**

(vide paragraph 1.2.2.1; 6.1.8; 6.1.9)

Entry Point Norms

In the tables below A, B, C and D denote centres with the following population:

Category of centre	Population
A	Over 10 lakh
B	5 lakh and above but less than 10 lakh
C	1 lakh and above but less than 5 lakh
D	Less than 1 lakh

I. Entry Point Norms for General Category

Particulars	A	B	C	D
Share Capital (Rs in lakh)	400	200	100	25
Membership	3000	2000	1500	500

II. Entry Point Capital/Norms for Unit Banks/Banks organised by Mahilas/SCs/STs
and those organised in less developed States

Particulars	A	B	C	D
Share capital (Rs in lakh) (50% of EPN)	200	100	50	12.50
Membership	3000	2000	1500	500

III. Entry Point Norms for Banks organised in least developed States/
North-Eastern States/Tribal Regions

Particulars	A	B	C	D
Share capital (Rs in lakh) (33.33% of EPN)	133.33	66.67	33.33	8.33

Membership (66.67% of normal membership)	2000	1334	1000	334
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**Master Circular on
Area of Operation
Branch Licensing Policy
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Shifting/Splitting/Closure of Offices**

Financial Profile of the Bank

[Vide para 2.2.2 & 2.3.2]

(Rs. in lakhs)

1. Name of the Bank and Code No. :
2. Whether organised as a new bank or converted from Society :
3. If organised as a new bank
 - i) Licence no. and date of licence :
 - ii) Whether originally organised as a unit bank and sought relaxations in the entry point capital :
 - iii) Population and category of centre where the Bank's registered office is located :
 - iv) Population (latest census) :
 - v) Category of Centre : A / B / C / D
(please see RBI circular UBD.No.1 /08.00.00/2000-01 dated 30 August, 2000 for further details)
 - v) Share capital of the bank at the time of issue of licence by RBI u/s. 22 of B.R. Act, 1949 (AACS) :

(Rs. in lakhs)

	As at the end of the previous financial year	As at the end of the latest financial year
4. Share Capital		
5. Free Reserves*		
6. Deposits		
7. Borrowings		
8. Loans and Advances		
9. Percentage of priority sector advances to the outstanding loans and advances		
10. Net Profits		
11. Provisions required to be made		
12. Actual provision made		
13. Gross NPAs		
14. Net NPAs		
15. % of Gross NPAs to outstanding advances		
16. % of Net NPAs to total net outstanding advances		
17. CRAR prescribed by the RBI (%)		
18. CRAR achieved by the bank (%)		
19. No. of branches functioning as on 31 March of the latest year		

* As defined in our circular UBD.No.DS.4/13.05.00/2000-01 dated 25 August, 2000 read with circular UBD.No.DS.PCB.Cir.25/13.05.00/2000-01 dated 18 January, 2001.

**Master Circular on
Area of Operation
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Shifting/Splitting/Closure of Offices**

**Board Resolution approving the Plan of Action for
Opening of Branches and the Particulars of Centres
at which the Bank proposes to Open Branches**

(Strictly in Order of Preference)

[Vide para 2.2.2;2.2.2.2;2.2.2.4]

Name of the Town/City with where Branch is to be Opened	Category of Centre and Population	Name of the District/State	Whether the Proposed Centre, is within Bank Area of Operation

**Master Circular on
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**Necessary Certificate from the Bank's Statutory Auditors certifying
regarding the Level of NPAs at the end of the last financial year
as also the provisions made towards NPAs as under**

[Vide para 2.2.2 & 2.3.2]

**Classification of Assets and Provisioning made against
Non-Performing Assets as on 31st March _____**

Classification	No. of A/cs.	Amount Outstan- ding	Percentage of col. 3 to total loans & advances outstanding	Provision required to be made (Amount)	Existing provision at the beginning of the year	Provisio- ning made during the year under report @	Total provisions as at the end of the year	Remarks
1	2	3	4	5	6	7	8	9

Total Loans & Advances

Of which:

A. Standard Assets

B. Non-Performing Assets

1. Sub-standard

2. Doubtful

i) Upto 1 year

a) Secured

b) Unsecured

ii) Above 1 & upto
3 years

a) Secured

b) Unsecured

iii) Above 3 years

a) Secured

b) Unsecured

Total doubtful assets
(i + ii + iii)

Classification	No. of A/cs.	Amount Outstanding	Percentage of col. 3 to total loans & advances outstanding	Provision required to be made (Amount)	Existing provision at the beginning of the year	Provisioning made during the year under report @	Total provisions as at the end of the year	Remarks
1	2	3	4	5	6	7	8	9
a) Secured								
b) Unsecured								
3. Loss assets								
C. Gross NPAs (B1 + B2 + B3)								

Position of Net Advances/Net NPAs

Sr. No.	Particulars	31 March of the Latest Financial year	31 March of the Last Financial year
1.	Gross Advances		
2.	Gross NPAs		
3.	Gross NPAs as percentage to Gross Advances		
4.	Deductions		
	- Balance in interest suspense account/OIR *		
	- DICGC/ECGC claims received and held pending adjustment		
	- Part payment on NPA account received and kept in suspense account		
	Total Deduction		
5.	Total NPA provisions held (BDDR, Special BDDR, Balance after appropriation)		
6.	Net Advances [1 (-) 4 (-) (5)]		
7.	Net NPAs [2 (-) 4 (-) (5)]		
8.	Net NPAs as percentage of net advances		

@ Please indicate the manner in which the provision (col. 7) has been made/proposed to be made out of the current year profit.

* i.e. accrued interest on NPA account if included (capitalised) in loans and advances.

Certified that non-performing assets have been worked out as per RBI instructions and provisions made accordingly.

Chief Executive Officer

Statutory Auditor/Chartered Accountant
(Name) Stamp & Date of Certification

**Master Circular on
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(vide para 4.4.1)

Format for seeking post facto approval / licence for ATMs / BTMs

1. Number of ATMs/BTMs permitted by RBI (Please indicate the number and date of the letter of approval from RBI)

2. Number of ATMs/BTMs installed (Please furnish branch-wise details)

3. Mode of acquisition of ATMs/BTMs

4. Cost of ATMs/BTMs

5. Cost of Infrastructure for installation of ATMs/BTMs

6. Average number of ATM/BTM transactions per day -
 - (a) Cash dispensing

 - (b) Cash acceptance

 - (c) Others

7. Average cost per ATM/BTM transactions

8. Whether the bank is sharing the ATM / BTM facility with any other bank. If so,
 - (a) Name of the bank(s)

 - (b) Formal agreement, if any

 - (c) Average number of daily ATM/BTM transactions on behalf of the other banks.

9. Whether the bank is making use of ATM/BTM facility installed at any other bank. If so,
 - (d) Name of the bank

 - (e) Formal agreement, if any,

 - (f) Average number of daily ATM/BTM transactions at each of the other bank's ATM/BTMs

10. Indicate briefly the benefits actually derived/expected to accrue by way of installation of ATMs/BTMs.

Master Circular
Area of Operation,
Branch Licensing Policy,
Opening/Upgradation of Extension Counters, and
Shifting/Splitting/Closure of Offices

A. List of Circulars consolidated in the Master Circular

No.	Circular No.	Date	Subject
1.	UBD.BL.No.5/07.01.00/2003-04	22-07-2003	Opening of ECs by PCBs
2	UBD.No.BL(PCB)48/07.01.00/2000-01	26-04-2001	Recommendations of High Power Committee - Area of Operation of Primary (Urban) Co-operative Banks - Revised Policy Approach
3.	UBD.No.BL(PCB)47/07.01.00/2000-01	26-04-2001	Recommendations of High Power Committee - Review of Branch Licensing Policy
4.	UBD.No.BL(PCB)46/07.01.00/2000-01	26-04-2001	Recommendations of High Power Committee - Opening of Extension Counters by Urban Co-operative Banks - Revised Policy
5.	UBD.No.BL.21/07.01.00/2000-01	16-12-2000	Section 23 of Banking Regulation Act, 1949. (As Applicable to Co-operative Societies) - Annual Action Plan for opening branches - Change of allotted centres
6.	UBD.No.RET.(PCB)1/06.01.00/97-98	16-07-1997	Default/delay in submission of various returns under the Banking Regulation Act 1949 (As Applicable to Co-operative Societies)
7.	UBD.No.RBL.(PCB).35/07.01.00/96-97	06-01-1997	Section 23 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) Opening of branches/up-gradation of extension counters into full-fledged branches
8.	UBD No.RBL(PCB) 45/07.01.00/95-96	23-02-1996	Section 23 of the Banking Regulation Act, 1949 (AACS) - Opening of branches/ Upgradation of extension counters into full fledged branches
9.	UBD No.RBL(PCB) 37/07.01.00/95-96	08-01-1996	Extension of area of operation beyond the State of registration under the Multi-State Co-operative Societies Act, 1984
10.	UBD No.RBL.38/07.01.00/95-96	08-01-1996	Section 23 of the Banking Regulation Act, 1949 (AACS) - Opening of branches/ Upgradation of extension counters into fullfledged branches
11.	UBD.No.RBL.(PCB)19/07.01.00-95/96	10-10-1995	Area of operation of urban co-operative banks
12.	UBD No.Cir(PCB)13/07.01.00/94-95	20-08-1994	Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) - Section 23 - Opening of Extension Counters, Shifting of Offices, etc.
13.	UBD.No.Cir(PCB)82/07.01.00/93-94	13-06-1994	Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) - Section 23 - Opening of extension counters by urban co-operative banks

No.	Circular No.	Date	Subject
14.	UBD.No.62/07.01.00/93-94	01-03-1994	Area of operation of urban co-operative banks
15.	UBDNo.PCB.7/RBL/07.01.00/93-94	12-08-1993	Section 23 read with Section 56 (P) of Banking Regulation Act, 1949 - Branch Expansion programme in metropolitan/urban/semi-urban centres for the period 1991- 92 to 1993-94 (3 years)
16.	UBD(PCB)84-07.01-00-92-93	09-06-1993	Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) - Section 23 - Opening of extension counters, shifting of offices, closure of branches, etc. by Urban Co-operative Banks
17.	UBD.RBL.49 /J-90/91	22-02-1991	Section 23 read with Section 56 (P) of Banking Regulation Act, 1949 - Branch Expansion programme in metropolitan/urban/semi-urban centres for the period 1991- 92 to 1993-94 (3 years)
18.	UBD.RBL.77/J.(Shifting)-85/86	12-02-1986	Section 23 of the B.R. Act, 1949 read with Section 56(p) thereof - Shifting of Offices, etc.
19.	UBD.RBL.33/J-86/87	15-10-1986	Section 23 of the Banking Regulation Act, 1949 read with Section 56 (p) - Prior Approval for Shifting Offices, etc.
20.	UBD.RBL.1177/J.21-84/85	04-03-1985	Area of operation
21.	DBOD.No.UBD.RBL.1761/J.82/83	14-06-1983	Section 23 read with section 56(p) of the Banking Regulation Act, 1949
22.	DBOD.No.UBD.RBL.985/J-82/83	05-03-1983	Banking Regulation Act, 1949 - Section 23 read with section 56 (p) - Proposals for opening branches during the period April 1983 to March 1985
23.	ACD.RBL.901/J.81/82	03-02-1982	Banking Regulation Act, 1949 (as application to co-operative societies) - Section 23 -Opening of New Offices and Shifting of Existing Places of Business
24.	ACD.RBL.896/J.81/82	03-02-1982	Banking Regulation Act, 1949 (as applicable to co-operative societies) - Section 23 - Permission to open new places of business - perspective plans for the period April 1982 to March 1985
25.	ACD.RBL.378/J.80/81	21-10-1980	Banking Regulation Act, 1949 (as applicable to co-operative societies) - Section 23 - Permission to open new places of business-recommendation of the committee on urban co-operative banks
26.	ACD.RBL.17/B/65-6	13-04-1966	The banking laws (application to co-operative societies) act 1965: Application for permission to open a new place of business under section 23 of the banking regulation act 1949: Form v
27.	UBD.No.Plan.SUB.6/09.69.00/94-95	29-03-1995	Automated Teller Machines (ATMs)/Branch Teller Machines (BTMs)
28.	UBD.No.Plan (PCB)2/09.69.00/93-94	05-07-1994	Automated Teller Machines (ATMs)/Branch Teller Machines (BTMs)
29.	UBD.No.Plan.SUB.9/09.69.00/94-95	11-06-2001	Installation of Automated Teller Machines (Off-site)