

Master Circular

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

(Updated up to 30 June, 2004)

(The Master Circular is also available at
RBI website www.mastercirculars.rbi.org.in
and may be downloaded from there)



RESERVE BANK OF INDIA

**Urban Banks Department
Central Office
Mumbai**

RBI/2004-05/ 152

UBD.BL (PCB) MC.No.9 /07.01.00/2004-05

September 1 , 2004

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

Dear Sir,

Master Circular

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

Please refer to our Master Circular UBD.BL (PCB) MC. No. 1A /07.01.00/2003-04, dated October 1, 2003 on the captioned subject (available at RBI website www.mastercirculars.rbi.org.in). The enclosed Master Circular consolidates and updates all the instructions / guidelines on the subject up to June 30, 2004.

2. Please acknowledge receipt of this Master Circular to the Regional Office concerned of this Department.

Yours faithfully,

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

Encl: As above.

Master Circular

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

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Master Circular

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

1. AREA OF OPERATION

1.1 Introduction

Area of operation of a primary (urban) co-operative bank (PCB) confines to the geographical area/s as per its by-laws, approved by the registering authority. For any revision in its area of operation, bank is required to amend its relevant by-law by passing a resolution in the general body meeting and getting the amended by-law registered with the Registrar of Co-operative Societies (RCS). 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 PCBs, not classified as Grade II, III or IV by the Reserve Bank, 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.

1.2.1.2 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 RCS 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 bank not classified as Grade II, III or IV and desirous of extending its area of operation beyond the 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 bank, as indicated in Annexure 1.

1.2.2.2 It should have achieved prescribed target 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 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 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 of this department 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 **Introduction**

The Reserve Bank 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 PCBs, not classified as Grade II/III/IV by the Reserve Bank, 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 function. AAP will be for a period of twelve months beginning 1st April of the year. Before applying for allotment of centres, 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 organising a general category bank at '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, other 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 However, a 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 required for organisation of a new general category 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 its state of registration, then its owned funds should not be less than the entry point capital required for highest category centre in the state.

2.2.2 Selection of Centres

PCBs, which satisfy the norms indicated above, may prepare AAPs for opening of new branches/up-gradation 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 up-gradation 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 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 Banks need not indicate the exact address of the proposed branch in the AAP but may 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 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, or one and a half year from the date of allotment of the centre, whichever 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 Banks should not open any 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 B.R.Act,1949(AACS), and may attract penalties.
- 2.2.6 In case, the information/particulars furnished by any bank is 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 debaring it from allotment of centres for a period of 3 years.

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

Banks 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**

Existing policy regarding opening of extension counters by PCBs has been reviewed by the High Power Committee (HPC) constituted by Reserve Bank in 1999. The policy was subsequently reviewed in the light of introduction of grading system. The current policy relating to opening of Extension Counters (ECs) by banks is set out below.

3.2 **Policy Approach**

- 3.2.1 Licensed banks which have not been 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 banks, which fulfil the norms laid down in paragraph 3.3 below may 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 this department along with an application, as per format given in *annexure enclosed to our circular UBD.BL (PCB) No.5 /07.01.00/2003-04 dated 22 July 2003* 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 or the EC has been opened with prior permission of the Reserve Bank of India.
- 3.2.3 Non-scheduled 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, under whose jurisdiction their Registered Office is located, with an application as per annexure enclosed to our circular dated 22 July 2003 referred to in para 3.2.2 above.
- 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

ECs 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 PCB 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 and no restrictions have been imposed by the local development or any other authorities for setting up a commercial establishment in the residential colony/ locality. 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 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 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 While 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 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 Banks (scheduled as well as non-scheduled) desirous of providing safe deposit locker facility at the 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 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**

Up-gradation of EC into a branch is treated as equivalent to allotment of centre for opening of a branch. The banks should apply for up-gradation of an EC to a branch under their AAP 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 will be considered for up-gradation 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 banks categorised as Gr.I, need not obtain prior permission of the Reserve Bank for installation of ATMs / BTMs at their branches/extension counters permitted by Reserve Bank. However, banks categorised as Grade II/III/IV will have to obtain prior approval of Reserve Bank.
- 4.1.2 Banks should furnish 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.
- 4.1.4 Scheduled 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 A scheduled bank may install off-site ATMs (at places other than bank's branches /extension counters) with prior approval subject to complying with the following norms:
 - 4.2.1.1 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 Bank should have earned operating profits for the preceding three years.
- 4.2.2 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 Banks may connect such off-site ATMs to Swadhan net work.

4.2.5 Banks 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). 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 banks must obtain prior permission for installation of ATMs from the concerned Regional Office of this Department under whose jurisdiction they function. Bank complying with the following norms, will be eligible to apply:

4.3.1.1 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**

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 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 **Banks Located in Semi-urban Areas**

5.2.1.1 Banks, other than those unlicensed and categorised as Grade III / IV and not complying with section 11 (1) of B. R. 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.

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 this Department within a month from the date of shifting.

5.2.2 **Banks Located in Urban/Metropolitan Centres**

5.2.2.1 Shifting within the same locality/municipal ward

Banks, other than those unlicensed and categorised as Grade III / IV and not complying with section 11 (1) of the B. R. 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 .

A report as indicated at para 5.2.1.2 should be submitted in duplicate to the concerned Regional Office of this Department within one month from the date of shifting.

5.2.2.2 Shifting to a different locality/municipal ward

Banks should obtain prior permission of the Reserve Bank for shifting their offices to a different locality/municipal ward. The format for application is annexed to our circular UBD (PCB) No.84/07.01.00/92-93, dated 9 June 1993.

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 the 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 PCBs are allowed closure of un-remunerative branches/ ECs without prior permission of RBI subject to the following conditions:

5.4.1.1 Bank should not have been placed under any directions under section 35A of the B R 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 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 Bank should not open extension counter in the same place after closure of branch/es.
- 5.4.1.7 Bank should report to our concerned Regional Office, in Form VI prescribed under Rule 8 of Banking Regulations (Co-operative Societies) Rules, 1966 after closing the 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 AAP for opening of new branches. Their requests for allotment of centres are presently considered on their fulfilling certain specified norms. SEBs fulfilling the under-noted norms may apply for opening of branches:
 - 6.1.1 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 CRAR of the bank should not be less than that prescribed by RBI from time to time.
 - 6.1.8 In case a 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 the 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 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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Master Circular

**Area of Operation,
Branch Licensing Policy,
Opening / Up-gradation 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 |

Master Circular

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

Financial Profile of the Bank

[Vide para 2.2.2]

(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 | | |

| | As at the end of the previous financial year | As at the end of the latest financial year |
|----------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------|
| 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 | | |

* Ref. our circular UBD.No.DS.4/13.05.00/2000-01 dated 25 August, 2000 (as amended from time to time).

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

**Certificate from the Bank's Statutory Auditors certifying
NPA's as at the end of the last financial year
as also the provisions made towards NPAs**
[Vide para 2.2.2]

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

| Classification | No. of A/cs | Amount Outstanding | Percentage of total loans & advances outstanding col. 3 to 4 | 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 |

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

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

(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/Up-gradation 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. |

| No. | Circular No. | Date | Subject |
|-----|----------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | UBD.BL.No.5/07.01.00/2003-04 | 22-07-2003 | Opening of ECs by PCBs |
| 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 |

| No. | Circular No. | Date | Subject |
|-----|-----------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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) |