

August 3, 2005
Shravana 12, 1927 (Saka)

Chief Executives
All Indian scheduled Commercial Banks
(excluding RRBs)

Dear Sir / Madam,

Section 23 of the Banking Regulation Act, 1949 - Branch Expansion strategy of banks

As you are aware, banks are submitting applications to us for opening of branches / offices at any time during the year. It has been decided to change this procedure and banks are required to make applications for branch expansion on annual basis linking it to their overall mid-term corporate strategy for branch expansion / business growth keeping in mind the developmental needs of unbanked regions and potential for growth available across the country.

2. You are, therefore, requested to formulate a detailed mid-term corporate plan for branch expansion for a three year period with the approval of your Board. The plan should henceforth cover all categories of branches / offices having customer contact, including specialised branches, Extension Counters and number of ATMs etc. The plan should be formulated on district-wise basis giving number of branches proposed to be opened in Metropolitan/Urban/Semi-Urban/Rural areas.

3. The proposal for branch expansion with the above mentioned details should be submitted to us on an annual basis by December every year.

4. However, for the current year (2005-06), the branch expansion plan may be submitted at the earliest indicating the district-wise proposals for opening of branches (all categories) with break up according to population groups. The proposals may include plans for upgradation of extension counters to full fledged branches and conversion of specialised branches into regular branches.

5. We forward herewith **a list of underbanked districts / States** to enable you to plan your expansion in these areas. While considering your bank's proposals for branches, weightage will be given to the number of branches proposed to be opened in these districts / States.

Yours faithfully,

Sd/-

(Lalit Srivastava)
General Manager