

September 21, 2007

All Regional Rural Banks

Dear Sir,

**Opening, shifting, merger and conversion of branches of RRBs- Dispensing with Service Area Obligations**

Please refer to paragraphs 3.1, 3.2, 9 and 10 of our Master Circular RPCD.CO.RRB. No. BL. BC.09 /03.05.90-A/2007-08 dated July 2, 2007. As the restrictive provisions of Service Area Approach have been dispensed with, it has been decided to modify the above paragraphs as follows:

**3.1 Shifting of branches at rural centers**

The shifting of branches in rural centres may be effected by RRBs themselves without obtaining the prior approval of RBI, subject to the condition that both the existing and proposed centres are within the same block, and that the relocated branch would be able to cater adequately to the banking needs of the villages served by the existing branch.

**3.2. At Semi-Urban Centres**

RRBs may shift their branches at semi-urban centres within the same locality/municipal ward without the prior approval of RBI. It should, however, be ensured that the locality/ward is not rendered unbanked due to the shifting of branch/es.

**9. Merger of loss making branches**

Where two loss making branches of any RRB are in close proximity to each other (i.e. within a distance of about 5 kms.), they may consider merging the two branches with a view to rationalising the spatial spread and reducing establishment/operating costs.

**10. Deleted**

Yours faithfully,

**(C.S.Murthy)**

Chief General Manager-in-Charge