



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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Shravana 12, Saka 1931



All State Co-operative Banks

Dear Sir / Madam,

Section 23 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) – Policy for opening of new place of business by State Co-operative Banks

On a review of the policy for opening of new place of business, under Section 23 of the Banking Regulation Act, 1949 (AACS) by State Co-operative Banks, it has been decided to adopt the following criteria:

Opening of branches / extension counters

- (i) In a three-tier structure consisting of State Co-operative Banks (StCBs) at the apex level, Central Co-operative Banks (CCBs) at the intermediate level and Primary Agricultural Credit Societies (PACS) at the ground level, StCBs will normally be allowed to open branches / extension counters in State capitals. In case a branch is required in district head quarters, the bank may open a branch only for maintaining and servicing deposits of co-operative banks. In semi-urban / rural areas, where CCBs are non-existent, weak or virtually defunct, StCBs may be allowed to open branches, provided the CCB in the adjoining district is not in a position to extend its area of operation to cover the area (where CCB is non-existent) or to take over the weak/defunct CCB through merger. In all such cases, the recommendations of the Registrar of Co-operative Societies (RCS) of the concerned State will be required.

- (ii) In a two-tier co-operative credit structure consisting of StCB and PACS, StCB may be allowed (except in north-eastern States, where general permission has been granted for opening branches anywhere in the States) to open branches in urban as well as rural centres.
- (iii) For the purpose of opening branches / extension counters in accordance with the aforesaid parameters, StCBs should have (as per the **latest inspection report**):
  - (a) CRAR of at least 9%;
  - (b) Complied with Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR);
  - (c) Net NPA of not more than 10%; and
  - (d) No serious irregularities.
- (iv) Further, the concerned State Government should have signed the Memorandum of Understanding (MoU) in connection with the Government of India's Revival Package for short term rural co-operative credit structure for the StCB to be eligible for opening new place of business.

2. The instructions in this circular supersede all instructions issued by the Reserve Bank earlier in this regard.

3. Applications for licence for opening of branches/extension counters should be made to the Reserve Bank (Rural Planning and Credit Department, Central Office) in the prescribed format through NABARD. StCBs, which have already submitted proposals for opening branches, etc. may please forward to the Reserve Bank through NABARD such additional information as is required to be furnished in terms of the aforesaid instructions, at an early date.

4. Please acknowledge receipt of this letter to the concerned Regional Office of this Department.

Yours faithfully

(R.C.Sarangi)  
Chief General Manager