

**F. No. 7/124/2012-BOA**  
**Government of India**  
**Ministry of Finance**  
**Department of Financial Services**

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Jeevan Deep Building, Sansad Marg  
New Delhi, dated the 26<sup>th</sup> September, 2012

To,

**The Chief Executives of all Public Sector Banks.**

**Subject : Master Circular on Loss Making Branches & ATMs.**

Dear Sir,

The Government of India has issued guidelines / instructions to banks on Loss Making Branches & ATMs. In order to have these guidelines / instructions at one place for ready reference, a Master Circular incorporating the existing guidelines / instructions issued by the Government on the subject has been prepared.

2. All CEOs are requested to acknowledge receipt and ensure compliance of the above guidelines in their PSBs and Regional Rural Banks (RRBs) sponsored by their banks.
3. This issues with the approval of Secretary (FS).

Yours faithfully,

Sd-  
(Pravin Rawal )  
Deputy Secretary (BOA)

Encl: As above

1. **Guidelines on Loss making branches & ATMs.**

It has been observed from the feedback received that most banks have strategies in place for turnaround of loss making branches. However, it is imperative that the strategies so devised by the bank are implemented in right earnest so that all loss making branches in the bank are turned into profit centres. This would go a long way in improving performance of key financial and other parameters such as net profit, CRAR, NIM, Business per employee, net profit per employee, etc. as well as morale of employees, since branches are basic unit of operations in the bank.

2 As banks now have strategy in place in respect of turnaround of loss making branches, you are requested to have these strategies approved by Board of your bank including various measures of enforcing personal responsibility of concerned Regional/Zonal Manager for achieving the targets. The Board may also consider suitably incentivising those Regional/Zonal Manager who achieve the targets.

## **2. Guidelines on Strategy for turn-around of loss making ATMs.**

The data in respect of loss-making ATMs of Public Sector Banks (PSBs) was collected and analyzed in this Ministry. The analysis of data shows that a large number of ATMs of PSBs are incurring losses. A sound strategy in this regard is to be put in place as loss making ATMs are not viable if they continue to be loss making.

2. It may be recalled that in order to enhance the use of alternate channels of transactions, a special campaign has been launched vide a letter No. 7/85/ 2012-BOA dated 07-05-2012 wherein all PSBs were requested to promote transaction through alternate channels by issuing debit cum ATM cards to all account holders. This may form a part of your strategy as it would further the use of ATMs, making them profitable by increasing the number of hits.

3. In line with the above, PSBs have been requested to firm up the strategy for turn-around of loss-making ATMs of your bank. In this regard, PSBs have requested to review their business plan including opting for :

### In case of on-site ATMs

- i. issue of debit cum ATM Cards,
- ii. educate Branch staff

- iii. educate customers- Branch Managers may have weekly meetings with the customers,
- iv. off load cash drawals from Branch to ATM, and
- v. any other measures which bank may like to take up.

In case of off-site ATMs

- i. relocation of such ATMs,
- ii. closing down of such ATMs,
- iii. publicity for enhancing number of hits
- iv. any other measures which bank may like to take up.

4. PSBs have been requested to intimate a firmed up strategy for turn-around of loss-making ATMs of banks to this Ministry by 30<sup>th</sup> June 2012.

**Circulars on Loss Making Branches & ATMs :**

| S.no. | Circular / Letter No. | Date       | Subject                                                 |
|-------|-----------------------|------------|---------------------------------------------------------|
| 1.    | 7/126/2011-BOA        | 30.05.2012 | Strategy for turnaround of loss making branches of PSBs |
| 2.    | 7/126/2011-BOA        | 01.06.2012 | Strategy for turn-around of loss making ATMs.           |