

F.No.7/126/2011-BOA
Ministry of Finance
Department of Financial Services

Jeevan Deep Building
Sansad Marg, New Delhi
Dated : 13th April, 2012

The CEOs of
All Public Sector Banks/Regional Rural Banks

Dear Sir,

Sub- Strategy for turn-around of loss making branches.

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

2. Therefore, you are requested to firm up the strategy for turn-around of loss-making branches of your bank. In this regard, you may review your business plan including opting for
 - i. relocation of such branches;
 - ii. reducing the area of the branch and downsize the staff;
 - iii. converting such rural and semi-urban branches into Ultra Small Branches; and
 - iv. preparing a business plan to make them profitable by 30/06/2012.

3. As loss making branches are a matter of concern, as a part of strategy for existing and upcoming branches, you are also requested to ensure that a branch becomes profitable within twelve months of its setting up. In this regard, concerned Regional Manager/ Zonal Manager may be made personally responsible for achieving this target. The achievements on this parameter may be recorded in their Annual Performance Appraisal Report and be counted for their future promotional prospects.

You are also requested to intimate a firmed up strategy for turn-around of loss-making branches of your bank to this Ministry by 30th April 2012.

Yours faithfully

(Pravin Rawal)
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Copy to all Govt. Nominee Directors on the Boards of PSBs