

June 22, 2007

All Regional Rural Banks

Dear Sir,

Section 23 of Banking Regulation Act, 1949-Master Circular on Branch Licensing - RRBs

Please refer to our circular RPCD.CO.RRB.No BL.BC. 11 / 03. 05.90-A /2006-07 dated July 11, 2006 on on the captioned subject.

2. With a view to providing further liberalisation, it has been decided that RRBs may be allowed to set up Service Branches / Central Processing Centres (CPCs) / Back Offices exclusively to attend to back office functions such as data processing, verification and processing of documents, issuance of cheque books, demand drafts etc. and other functions incidental to their banking business. These offices should have no interface with customers and would not be allowed to be converted into General Banking branches. These offices would be treated on par with a branch and the RRBs shall be required to obtain necessary licence from the concerned Regional Office of RBI (RPCD).

3. Please acknowledge receipt to our respective Regional Office.

Yours faithfully,

(C.S.Murthy)

Chief General Manager -in-Charge