



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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June 19, 2012

CMDs of all SLBC Convenor Banks

Dear Sir/Madam,

**Roadmap-Provision of Banking Services in Villages with Population below 2000**

Please refer to our [circulars RBI/ 2009-10 / 233 dated November 27, 2009](#) and [RBI/2010-11/203 dated September 16, 2010](#) regarding the roadmap for providing banking services through a banking outlet in every village having a population above 2000, by March 2012. Under above roadmap, 74,414 such unbanked villages were identified and allocated to various banks for opening of banking outlets, out of which banks have opened banking outlets in 74,199 (99.7 per cent) villages by March 2012.

2. Further, Government of India has been emphasising the need for transferring all state benefits including MGNREGA wages and various cash subsidies to beneficiaries by direct credit to their bank accounts. The implementation of Electronic Benefit Transfers (EBT) is expected to be more advantageous as the benefits would reach quickly in the hands of the beneficiaries without any leakages. It would also save the Government the administrative cost presently being incurred in cash disbursements of social benefits. However, the prerequisite for successful implementation of EBT is availability of door step banking services throughout the country as beneficiaries are spread across all the villages. Thus, in order to replace the present system of cash based disbursement with the direct credit to bank accounts of beneficiaries and its disbursement at their door step through ICT based BC model, the availability of Business Correspondent (BC) is necessary in all villages. The objective is to provide a bank account to every household/person throughout the country. Hence, banks should endeavour to have a BC touch point in each of the villages in the country, to start with, through provision of EBT services, initially, at least once a fortnight.

3. In view of the above, as stated in paragraph 70 of the Monetary Policy Statement for 2012-13, the State Level Bankers' Committees (SLBCs) are now mandated to



prepare a roadmap covering all unbanked villages of population less than 2000 and notionally allot these villages to banks for providing banking services, in a time-bound manner. The notional allotment is only intended to ensure that all villages are provided with at least one banking outlet for providing banking services and does not deny or bar any other bank from operating in these areas based on the available business potential. You may, therefore, advise the lead banks to constitute a Sub-Committee of the District Consultative Committees (DCCs) to draw up a roadmap for provision of banking services in every village having a population below 2000 (2001 census) for providing banking services, in a time bound manner, especially, to start with, EBT services. This Sub-Committee will identify such unbanked villages and allot these villages among Scheduled Commercial Banks (including Regional Rural Banks) operating in the district. The work of identification and allotment should be done through mutual consultation and as far as possible, through voluntary acceptance by banks. Depending on the feedback received from various states on the roadmap as envisaged in paragraph 6 of this circular, the Reserve Bank will monitor the progress in achievement of the targets.

4. While preparing the roadmap for providing banking services in all unbanked villages of population less than 2000 through a combination of BC and branches, it should be ensured that there is a brick and mortar branch to provide support to a cluster of BC units, i.e., about 8-10 BC units at a reasonable distance of 3-4 kilometers. Therefore, while allotting the unbanked villages, the Sub Committee of DCC should ensure optimal utilization of BC infrastructure already created by banks and accordingly consider the following:

- Existing Brick and Mortar network of banks in the district.
- Distance of the village from the nearest bank branch and the ratio of low cost simple brick and mortar branches to BC outlets to be maintained by banks as suggested above.
- Geographical contiguity to the existing BC outlets.
- As far as possible, avoid allotment of a lone isolated village to any bank.
- Priority for BC location or bank branch to be given to villages having population greater than 1500.
- Emphasis should be given to providing banking access in villages of North East States.



- Continuous efforts should be made to increase the frequency of visits by BCs from a fortnightly basis to a more frequent basis.

While Sub Committees should be cognizant of above considerations at the time of allotment, any operational difficulties post allotment with respect to the stipulation of distance and low cost intermediate branch to BC ratio should be resolved forthwith by the Sub Committee.

5. While in the initial stages, priority may be given to providing door step services to EBT beneficiaries through regular visits of BCs to the allocated villages, for making it a self sustaining business model, banks should over a period of time, ensure that all kinds of banking services viz. remittances, recurring deposit, entrepreneurial credit in the form of KCC and GCC, insurance (life and non-life) and other banking services are available to all the residents of the village through a mix of brick and mortar branch and BC network.

6. The finalized roadmap with details of allocated villages to various banks should be submitted to the respective Regional Office of Reserve Bank of India as per format given in [Annex "A"](#), Part I, and II latest by 31st August 2012. Further, a monitoring and review mechanism should be instituted by DCCs and SLBCs to periodically assess and evaluate the progress made in allotment of villages and achieving the target indicated in the roadmap including the quality of services provided by the banking outlets. The SLBC Convenor bank should arrange to furnish a quarterly statement of the district wise and bank wise progress in opening of banking outlets starting from the quarter ending September 2012 as per the prescribed format ([Annex "B"](#)) by 10<sup>th</sup> of the following month to the respective Regional Office of Rural Planning and Credit Planning Department of the Reserve Bank.

7. The information on roadmap and achievement should also be published on the respective SLBC websites.

Yours faithfully,

(C.D. Srinivasan)  
Chief General Manager

Encl: 3 sheets