



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
[www.rbi.org.in](http://www.rbi.org.in)

RBI/2013-2014/212

DBOD.NO. BAPD.BC.46 /22.01.009/2013-14

September 02, 2013

**The Chairmen and CEOs  
(All Scheduled Commercial Banks including  
Regional Rural Banks and Local Area Banks)**

Dear Sir,

**Financial Inclusion by Extension of banking Services- Use of Business Correspondents for distribution of Banknotes and Coins- Alternative Avenues**

Please refer to Para 110 of the Monetary Policy Statement 2013-14 announced on May 03, 2013(extract enclosed).

2. In terms of Para 4 of our Circular [DBOD.NO.BL.BC.43/22.01.009/2010-11 dated September 28, 2010](#) the scope of activities of Business Correspondents (BCs) may include (i) identification of borrowers; (ii) collection and preliminary processing of loan applications including verification of primary information/data; (iii) creating awareness about savings and other products and education and advice on managing money and debt counselling; (iv) processing and submission of applications to banks; (v) promoting, nurturing and monitoring of Self Help Groups/ Joint Liability Groups/Credit Groups/others; (vi) post-sanction monitoring; (vii) follow-up for recovery, (viii) disbursement of small value credit; (ix) recovery of principal/collection of interest; (x) collection of small value deposits; (xi) sale of micro insurance/ mutual fund products/ pension products/ other third party products and (xii) receipt and delivery of small value remittances/ other payment instruments.

3. With a view to effectively meeting the growing demand of banknotes and coins in the country there is a need for identification of alternative avenues for their distribution by banks. It has

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therefore, been decided to allow banks to include distribution of banknotes and coins also in the scope of activities which may be undertaken by BCs.

Yours faithfully

(Prakash Chander Sahoo)  
Chief General Manager

Encl. As above



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**(Extract of Monetary Policy Statement-2013-14 announced on May 03, 2013)**

Distribution of Banknotes and Coins – Alternative Avenues

110. With a view to effectively meeting the growing demand for banknotes and coins in the country, there is a need for identification of alternative avenues for their distribution by banks. For this purpose, banks may explore the possibility of offering these services through Business Correspondents (BC) and consider engaging the services of Cash in Transit (CIT) entities for the purpose of distribution of banknotes and coins, thereby addressing the last mile connectivity issues.

Detailed guidelines will be issued by end-June 2013.

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