



## RESERVE BANK OF INDIA

Date: Apr 26, 2010

### Financial Inclusion by Extension of Banking Services Use of Business Correspondents (BCs)

RBI  
DBOD.No.BL.BC. 99/22.01.009/2009-2010

/2009-10/432

April 26, 2010  
Vaishakha 6, 1932 (S)

#### All Commercial banks (including RRBs and Local Area Banks)

Dear Sir/Madam

**Financial Inclusion by Extension of Banking Services –  
Use of Business Correspondents (BCs)**

A reference is invited to paragraph 79 of the Annual Policy Statement for the year 2010-11 ([extracts enclosed as Annex](#)) regarding the proposed relaxation in the guidelines relating to Business Correspondent model.

2. As per the extant guidelines on the Business Correspondent (BC) model, only certain select categories of individuals are permitted to be engaged as BCs. In terms of circular [DBOD.No.BL.BC.74/22.01.009/2007-08](#) dated April 24, 2008, banks have been permitted to engage retired bank employees, ex-servicemen and retired government employees as BCs. Further, in terms of circular [DBOD.No.BL.BC.63/22.01.009/2009-10](#) dated November 30, 2009, banks have been permitted to engage the following entities as BCs: (i) Individual kirana/medical/fair price shop owners (ii) Individual Public Call Office(PCO) operators (iii) Agents of Small Savings Schemes of Government of India/Insurance Companies (iv) Individuals who own Petrol Pumps (v) Retired teachers and (vi) Authorised functionaries of well run Self Help Groups(SHG) linked to banks.

3. On a review and with a view to providing more flexibility to banks, it has been decided to permit banks to engage any individual, including those operating Common Service Centres (CSCs) as BC, subject to banks' comfort level and their carrying out suitable due diligence as also instituting additional safeguards as may be considered appropriate to minimise the agency risks.

4. All other terms and conditions in our circular DBOD.No.BL.BC.63/22.01.009/2009-10 dated November 30, 2009, will remain unchanged.

Yours faithfully,

(P.  
Chief General Manager-in-charge

Vijaya

Bhaskar)

Encl: as stated above

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#### Extracts from the Annual Policy Statement for the year 2010-2011

#### Business Correspondents: Relaxations

79. Under the extant guidelines on the Business Correspondent (BC) model, only certain select categories of individuals are permitted to be engaged as BCs. With a view to providing more flexibility to banks, it is proposed:

- to permit banks to engage any individual, including those operating Common Service Centres (CSCs), as BC, subject to banks' comfort level and their carrying out suitable due diligence.