

**RBI/2005-06/220**  
**UBD. BPD. Cir No.19 /13.01.000//2005-06**

November 24, 2005

To

Chief Executive Officer  
All Primary (Urban) Co-operative Banks

Dear Sir/Madam,

**Financial Inclusion – UCBs**

Please refer to Paragraph 96 of the Mid-term Review of Annual Policy Statement for the year 2005-06.

2. The Annual Policy Statement of April 2005, while recognizing the concerns in regard to the banking practices that tend to exclude rather than attract vast sections of population, urged banks to review their existing practices to align them with the objective of financial inclusion. While recognizing the role of primary (urban) co-operative banks in providing basic and affordable banking services in their respective area of operation, it is observed that in some UCBs, the requirement of minimum balance continues to deter a sizeable section of population from opening / maintaining bank accounts.

3. In this context, with a view to achieving the objective of greater financial inclusion, all UCBs are advised to make available a **basic banking 'no-frills' account** either with 'nil' or very low minimum balances as well as charges that would make such accounts accessible to vast sections of population. The nature and number of transactions in such accounts could be restricted, but made known to the customer in advance in a transparent manner. **All UCBs are advised to give wide publicity to the facility of such a 'no-frills' account including on their web sites indicating the facilities and charges in a transparent manner.**

4. Immediate action may be initiated and compliance reported to the concerned Regional Office of RBI within one month.

Yours faithfully,

(N.S.Vishwanathan)  
Chief General Manager in-Charge