



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

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May 28, 2013
Jyeshtha 7, 1934 (Saka)

All Domestic Scheduled Commercial Banks
(excluding RRBs)

Madam/Dear Sir,

Branch Authorisation Policy- Front Loading of branches in unbanked rural centres

Please refer to paragraph 96 of Monetary Policy Statement 2013-14 (extract enclosed) on the above subject. As stated therein, branch expansion in rural areas is essential to address the existing asymmetries in achieving financial inclusion.

2. With the objective of increasing banking penetration and financial inclusion rapidly banks were advised in terms of our [circular DBOD.No.BL.BC. 24/22.01.001/2011-12 dated July 15, 2011](#) that while preparing their Annual Branch Expansion Plan (ABEP), they should allocate at least 25 per cent of total number of branches proposed to be opened during the year in unbanked rural (Tier 5 and Tier 6) centres. An unbanked rural centre would mean a rural (Tier 5 and Tier 6) centre that does not have a brick and mortar structure of any scheduled commercial bank for customer based banking transactions.

3. In order to take financial inclusion to the next stage of providing universal coverage and facilitating Electronic Benefit Transfer (EBT), banks have been advised to draw up the next Financial Inclusion Plan (FIP) for the period 2013-16. To facilitate speedier branch expansion in unbanked rural centres for ensuring seamless roll out of the Direct Benefit Transfer (DBT)/EBT Scheme of the Government of India, banks are advised that they may consider front-loading (prioritising) the opening of branches in unbanked rural centres over a 3 year cycle co-terminus with their FIP(2013-16). While, the requirement of allocating at least 25 per cent of total number of branches proposed to be opened during the ABEP in unbanked rural (Tier

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5 and Tier 6) centres will continue, credit will be given for the branches opened in unbanked rural centres in excess of the required 25 percent of the ABEP for the year which will be carried forward for achieving the criteria in the subsequent ABEP/year of the FIP.

Yours faithfully

(Prakash Chandra Sahoo)
Chief General Manager

Encl.: As above

Extract from Monetary Policy Statement 2013-14

Annual Branch Expansion Plan

96. At present, domestic scheduled commercial banks (SCBs) are required to allocate at least 25 per cent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres while preparing their Annual Branch Expansion Plan (ABEP). Branch expansion in rural areas is essential to address the existing asymmetries in achieving financial inclusion. To facilitate speedier branch expansion in unbanked rural centres for ensuring seamless roll out of the DBT Scheme of the Government of India, banks are advised to:

- front-load the opening of branches in unbanked rural centres over a 3 year cycle co-terminus with the FIP. Credit will be given for branches opened in unbanked rural centres in excess of 25 per cent in a year which will be carried forward to the subsequent year of the FIP.

Detailed guidelines will be issued by end-June 2013