



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2008-2009/455

DBOD.No.BL.BC.129 /22.01.009/2008-2009

April 24, 2009
Vaishakha 3, 1931(Saka)

**All Scheduled Commercial Banks
(including RRBs) & Local Area Banks**

Dear Sir,

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

Please refer to [paragraph 4 of our circular DBOD.No.BL.BC.74/22.01.009/2007-2008](#) dated April 24, 2008, on the above subject.

2. In this connection, we advise that as announced in paragraph 144 of the Annual Policy Statement for 2009 – 10 (extract enclosed), it has been decided to increase the maximum distance criteria (distance between the place of business of a BC and the base branch) for the operation of a Business Correspondent (BC) for rural, semi-urban and urban areas from the existing 15 kms. to 30 kms. All other instructions contained in the above circular remain unchanged.

Yours faithfully,

(P. Vijaya Bhaskar)
Chief General Manager
Encl: as stated

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Extracts from Annual Policy Statement 2009-10

Financial Inclusion: Relaxing Eligibility Criteria for Business Correspondents

144. With the objective of achieving greater financial inclusion and increasing the outreach of the banking sector, banks were permitted, to use the services of NGOs/MFIs set up as societies, trusts, Section 25 companies, post offices, co-operative societies and more recently retired bank employees, ex-servicemen and retired government employees as business correspondents (BCs). Scaling up the BC model is a challenge. It is, therefore, proposed to increase the maximum distance criterion for the operation of the BC for rural, semi-urban and urban areas from the existing 15 kms. to 30 kms.