

F.No. 6/36/2012-FI  
Government of India  
Ministry of Finance  
Department of Financial Services

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3<sup>rd</sup> Floor, Jeevan Deep Building,  
SansadMarg, New Delhi,  
Dated the 20<sup>th</sup> December, 2012

To

1. CMDs of all Public Sector Banks,
2. Chairman of all RRBs (through sponsor Banks) ,
3. All SLBC Convenors

**Sub: Mapping of Gram Panchayats and Planning for BCA/CSCs for Direct Cash Transfer – Sub Service Area Approach – Regarding**

Sir/ Madam,

Under the Financial Inclusion Programme 'Swabhiman', Banks had provided banking services in over 74,000 habitations of 2,000 and above population. This, inter alia, included established Business Correspondents in such villages. This is being extended to habitations of 1,000 and above population in North-East and Hilly States and 1,600 and above population in the rest of the country this year.

2. However, with the announcement of Direct Cash Transfer in 43 Districts w.e.f. January, 2013 and in the rest of the country in a phased manner, it has become necessary that comprehensive plan for coverage of the entire country through banking services to enable Direct Cash Transfer is prepared.

3. The following guidelines are issued in this regard:

- (i) It shall be the endeavor to ensure that there is at least one bank branch/ Business Correspondent Agent (BCA) in every Gram Panchayat(s). Since the population of Gram Panchayat varies across the States, Banks need to ensure that about 1,000 to 1,500 households are available in the sub-service area of BCA. In case of North-East, Hilly States and sparsely populated regions of other States banks may decide the households to be covered by each BCA appropriately. In case of larger Gram Panchayats more than one BCA could be appointed. In case of smaller Gram Panchayats more than one contiguous Gram Panchayat, taking into consideration the geographical area, could be assigned to each BCA. In every case, it should be ensured that the Gram Panchayat(s) to be covered by each bank branch/ BCA is clearly identified as a sub-service area within the service area of the branch.

- (ii) Banks had earlier carried out an exercise of preparing Service Area Plans in which bank branch/ BCA to service each Gram Panchayat(s) was indicated. This should be immediately revisited by every bank for all Gram Panchayats in its service area keeping (i) above in mind.
- (iii) The first step in this exercise would be to form sub-service area, based on the group of Panchayats as at 3(i) above, taking the population and geographical conditions into consideration such that one Branch/BCA/CSC extends service to each sub-service area. In case any Panchayat requires more than one BCA/CSC, the sub-service area for each BCA/CSC, within the Gram Panchayat must be specified.
- (iv) Wherever the existing BCA is functioning satisfactorily, the same should be continued and remaining households in the allocated sub-service areas should be covered through the BCA. Considering the larger benefits of the kiosk banking model, it should be endeavoured to, in a phased manner, migrate the BCAs to kiosk banking system.
- (v) In case the existing BCA is stationed at a place other than Gram Panchayat headquarters, there should be no need to change its location. It should, however, be ensured that the BCA serves the entire sub-service area allocated to it.
- (vi) Wherever there is either no BCA functioning or the performance of the existing BCA is less than satisfactory, the Common Service Centre, set up under aegis of the Department of Electronics and Information Technology, Government of India, under the National e-Governance Programme, should be engaged as BCA. It may be located at a place other than the Financial Inclusion village in the same sub-service area. All PSBs have already signed an agreement with M/s CSC e-Governance Service India Ltd., for engaging CSCs as BCA. Immediate action for assigning code and making the CSCs functional should be taken. Till such time the banks install the software and complete other technical requirements for cash transactions, the CSC should be used for activities other than cash withdrawal transactions. They should, in particular, be used for opening new accounts of beneficiaries under the scheme for Direct Cash Transfer. All Banks must ensure expeditious issuance of KO code for the CSCs which are identified for appointment as BCAs. CSC Services India Ltd. would ensure that the required information is furnished to the banks and that all CSCs are ready in terms of equipments, connectivity, biometric device, card reader and printer latest by 31.12.2012.

- (vii) In the sub-service area where neither a BCA nor a functional CSC is available, the M/s CSC e-Governance Services India Ltd. would establish a new CSC for which suitable advice would be issued by the CSC Services India Ltd. In case this is not feasible, the Banks could engage a new BCA.
- (viii) RBI guidelines provide for the category of persons/ organizations which could be engaged as BCA. This, inter-alia, include Self-Help Groups, NGOs, Post Offices. Since the BCAs are to be appointed in consultation with the banks, it should be ensured that the BCAs, as per the guidelines approved by RBI, only are appointed by the BCs engaged by the Banks.

In case of CSCs, as the agreement for BC has been signed by the banks with M/s CSC e-Governance Services India Ltd., , there should be no need to enter into any fresh agreement with Service Center Agencies (SCA) in the States/Districts, who would be sub-BC for the CSC Services India Ltd.

- (ix) In case of urban areas, banks do not have any specified service area. Instructions had earlier been issued that in the urban areas specific wards/ areas could be allocated to specific banks for the purpose of Financial Inclusion. The above guidelines would apply accordingly to the wards/ areas allocated to banks in urban areas. Wherever CSC exists in urban areas, the same may be considered for engagement as BCA.
- (x) This exercise has to be completed for all districts in the country. In view of the roll out of Direct Cash Transfer in 43 districts w.e.f. 1.1.2013, the following time lines may be adhered to:
  - a. **In 43 Pilot Districts**
    - i. Mapping of Gram Panchayat(s) and BCA/CSC in their service area, and assignment of sub-service areas, be completed by 28.12.2012. This exercise should clearly indicate the sub-service area, number of sub-service areas covered by the existing BCAs, to be covered by existing functional CSCs and sub-service areas which remain to be covered by BCA/ CSCs.
    - ii. Lead Bank Managers in these districts would consolidate the information for the district on 29.12.2012 while the SLBC Convenors would consolidate the information for the State on 31.12.2012. This should show district-wise number of sub-service areas in each district, no. of sub-service areas covered by existing BCAs, no. of sub-service areas to be covered by existing and

functional CSCs, and no. of sub-service areas to be covered by new BCAs/CSCs.

- iii. SLBC Convenors would send the consolidated the information for their State on 31.12.2012 to this Department at [fi-dfs@nic.in](mailto:fi-dfs@nic.in).
- iv. It should be ensured that the process of engaging the existing and functional CSCs as per para 3(v) above, is completed by 31.12.2012. Engagements of CSCs/BCAs in the Gram Panchayats in the sub-service area, which remain uncovered as per para 3 (vii) above, should be completed and these CSCS/BCAs become functional by 15.1.2013.

**b. In the remaining districts**

- i. Mapping of Gram Panchayat(s) and BCA/CSC in their service area, and assignment of sub-service area, be completed by 15.1.2013. This exercise should clearly indicate the sub-service area, number of sub-service areas covered by the existing BCAs, to be covered by existing functional CSCs and sub-service areas which remain to be covered by BCA/ CSCs.
- ii. Lead Bank Managers in these districts would consolidate the information for the district on 20.1.2013 while the SLBC convenors would consolidate the information for the State on 25.1.2013. This should show district-wise number of sub-service areas, no of sub-service areas covered by existing BCAs, no. of sub-service areas to be covered by existing and functional CSCs, and no. of sub-service areas to be covered by new BCAs/CSCs.
- iii. SLBC Convenors would send the consolidated information for their State on 31.1.2013 to this Department at [fi-dfs@nic.in](mailto:fi-dfs@nic.in).
- iv. It should be ensured that the engagement of CSCs/BCAs in the sub-service area which remain uncovered as per para 3 (vii) above is completed and these CSCS/BCAs become functional by 31.3.2013. CSC Services India Ltd. would ensure that the required information is furnished to the banks and that all CSCs are ready in terms of equipments, connectivity, biometric device, printer, card reader etc.

4. An electronic file containing the District-wise names of Gram Panchayat(s) along with their Headquarters is being separately emailed to all banks and SLBC Convenors for use for undertaking the mapping exercise of Gram Panchayat(s) with BCA/CSC.

5. This issues with the approval of Secretary (FS)

Yours faithfully,

(Sandeep Kumar)  
Director (FI)

Copy to:

1. CEO, M/s CSC e-Governance Services India Ltd.,
2. All JS/ Director/ DS in DFS