



भारतीय रिज़र्व बैंक

-----RESERVE BANK OF INDIA-----

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April 22, 2014

The Chairman/ Managing Director/
Chief Executive Officer
All Scheduled Commercial Banks

Dear Sir/Madam,

**Scaling up of the Business Correspondent (BC) Model –
Issues in Cash Management**

Please refer to [Para 26 \(Part B\)](#) of Governor's bi-monthly policy statement dated April 1, 2014 on the above subject.

2. In this connection, we advise that, after opening of large number of banking outlets in the last three years in hitherto unbanked areas of the country through the BC-ICT model, the time has come to monitor the usage in terms of transactions per BC so as to ensure sustainability of the BC model. One of the critical issues identified in this regard has been of Cash Management of BCs.

3. The insistence by banks on BCs to fully prefund their accounts even after considerably long business relationship has become a major impediment in scaling up operations of BCs. Similarly, low/delayed payment of remuneration of BCs and passing on the responsibility of insuring cash to BCs have also been proving to be irritants in increasing the usage in large number of bank accounts opened. It is, therefore, important for banks to recognize that cash handled by BCs, while doing banking business on behalf of the Bank, is Bank's Cash. In view of the above and with a view to scale up the BC model it has been decided that:-

- i) The Boards of the Banks must review the operations of BCs at least once every six months with a view to ensuring that requirement of prefunding of Corporate BCs and BC Agents should progressively taper down with the

ग्रामीण आयोजना और ऋण विभाग, केंद्रीय कार्यालय, 10वीं मंज़िल, केंद्रीय कार्यालय बिल्डिंग, शहीद भगत सिंह मार्ग, पो.बा.सं.10014, मुंबई 400 001

टेलीफोन: 022-22601000 फैक्स: 91-22-22621011/22619048/22610943 ईमेल: cgminrpcd@rbi.org.in

Rural Planning & Credit Department, Central Office, 10th Floor, Central Office Building, Shahid Bhagat Singh Marg, P.Box No.10014, Mumbai 400 001

हिंदी आसान है, इसका प्रयोग बढ़ाइए

“चेतावनी: रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्तिगत जानकारी जैसे बैंक के खाते का ब्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।”

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passage of time. Ideally in all normal cases the prefunding should progressively come down in such a manner so as to reach around 15% of the limits fixed for each BC/CSP in case of deposits and 30% in case of Bank Guarantees, etc. in say 2 years from the time a BC starts operations.

- ii) The Board should also review the position of payment of remuneration of BCs and should also lay down a system of monitoring by the top management of the Bank. The issue of allowing BCs to handle deposit and payment transactions of various credits, remittance, overdraft and other products of banks must also be examined by the Board from time to time. Complaints redressal system in this regard should also be laid down by the Board.
- iii) As the cash handled by BCs is Bank's cash, the responsibility for insuring this cash should rest with the banks.

Yours faithfully

(A Udgata)
Principal Chief General Manager