Jeevan Deep Building,Sansad Marg,
New Delhi, dated the 9th February, 2012.

To

Chairman/CMDs of All Nationalised/Public Sector Banks

Chairman of all RRBs

Subject: **Strategy and Guidelines on Financial Inclusion-Setting Up of Ultra Small Branches**

Sir,

This is in continuation to circulars of even number dated 21st October 2011 and 28th December, 2011 on the subject cited above.

2.   Considering the need for instilling greater confidence amongst the customers and to facilitate increased banking transactions through BCAs, para 6(vii) of the guidelines on Financial Inclusion dated 21st October, 2011, provided that an officer of the concerned branch of the bank must visit the BCA atleast once a week on a fixed time and day and such visits must be used for the functions to be undertaken by the bank branch, viz., to collect applications for opening accounts, loans of all types, recovery follow up and other banking issues.   Further, vide Circular dt. 28.12.2011, it was advised that where opening of a brick and mortar branch, in terms of para 5.3 of the circular dated 21st October 2011, is presently not considered viable, the bank may set up Ultra Small branches.

3.   Considering the need of close supervision and mentoring by the respective bank branch taken up/being taken up under Financial Inclusion Plan, and to ensure that a range of banking services are available to the residents of such villages, it has been

decided that Ultra Small Branch be set up in all villages covered under financial inclusion as follows.

i. Ultra Small Branch will be setup in all villages covered under financial inclusion or to be covered under financial inclusion in future (less than 2000 population).

ii. The bank branch responsible for financial inclusion of the village in its Service Area would designate a specific officer to visit such villages on pre-notified fixed day and time every week. The periodicity and duration of visits can be progressively enhanced depending upon business potential and reviewed periodically.

iii. The bank shall identify a place in the village for the Ultra Small Branch. Since such a branch shall function only on fixed day and time, local bodies may be requested to provide such place free of cost till such time the business grows to a viable level justifying setting up of a regular branch. Since all such villages would also have a BCA, the BCA shall also operate from such premises.

iv. Branch official shall visit the village on pre-fixed date and time with a laptop which should have VPN connectivity to the CBS (as per circular dated 28.12.2011) so that various other services such as account balance, etc. could be offered. The officer shall also undertake various verification, field inspections, etc., for allowing undertaking of banking functions by the person concerned.

v. Banks have already been advised to strengthen their rural branches so that adequate manpower is available. This should include the need as per (ii) above.

vi. The BC/BCA would be responsible for the cash transactions while the bank official will provide other services.

vii. As the volume of business grows, the visits by the bank officials could be increased in duration and/or days, till such time setting up of a regular brick and mortar branch is considered feasible.

4. Instructions at para 3 above shall also apply to the Branches to be set up in the habitations in terms of para 5.3 of the Strategy and Guidelines on Financial Inclusion circulated vide letter dated 21st October 2011 and circular dated 28th December 2011

and initially these could be Ultra Small Branches only till enough business potential is developed.

5.   All Banks are advised to ensure that the Ultra Small Branches as above are set up by 31st March 2012.

This issues with the approval of Secretary (FS).

(Arun Kumar Misra)
Under Secretary to Govt. of India
Tel.:23748767

Copy to:

1. **Deputy Governor, RBI**
2. **Chairman, NABARD**
3. **Chairman, LIC**
4. **PS to FM/MoS**
5. **PPS to S(FS), PS to AS(FS), PS to all JSs in DFS**
6. **NIC, for uploading on website.**