

Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep Building, Parliament Street
New Delhi, dated the 18th August, 2009

To

CMDs of all SLBC Convenor Banks.

Sir(s)/Madam(s),

1. As you are aware, the Hon'ble Finance Minister, in the Budget Speech 2009-10, has announced the need for expansion of banking network in the country. It is stated that:

'Despite the expansion of banking network in the country, there are still some areas that remain under-banked or unbanked. A sub-committee of State Level Bankers Committee (SLBC) will identify such areas and formulate an action plan for providing banking facilities to all these areas in the next 3 years'.

2. As SLBC convenor, you are requested to identify the underbanked /unbanked areas of the State/UT of your bank and take steps to ensure the underbanked areas approach the national average in terms of Average Population Per Bank Branch. Also in unbanked areas, after due identification, steps may be taken for opening of a bank branch of the lead bank of the district or of the RRB duly following RBI guidelines. Appropriate use may also be made of Business Correspondent (BC)/Business Facilitator (BF) model to reach the remote areas in underbanked and unbanked areas.

3. It is suggested that a special sub-committee of the DCC may be set up for providing banking services in these areas, as recommended by the Committee on Lead Bank Scheme of the RBI.

4. It has been proposed in the Budget 2009-10 to set aside Rs. 100 crore during the current year as one-time grant-in-aid to ensure provision of at least one centre/ Point of Sales (POS) for banking services in each of the unbanked blocks in the country.

5. In this context, you are requested to take necessary action of preparing a roadmap for each SLBC in the State/UT where your bank is responsible, and as already advised by IBA in its circular to all PSBs dated 23rd May, 2009, in order to achieve total financial inclusion, duly addressing issues of unbanked

and underbanked areas as outlined above, with a target of covering most of the underbanked areas with atleast one branch of the lead bank or the RRB, by 31.3.2010.

6. Coverage of unbanked and underbanked areas of the State/UT should be a regular agenda item in every quarterly meeting of the SLBC, a summary report of which should be sent to this Department on a regular basis, along with the Quarterly SLBC Report by adding following format as per Annexure -I&II.

to MoF govt

Yours faithfully,

Sumita Dawra

(Sumita Dawra, IAS)

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