

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

Jeevan Deep Building, Sansad Marg,
New Delhi, Dated the 10th December, 2012

To

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CEOs of all Public Sector Banks
Chairman RRBs (through Sponsor Banks)

**Sub: Setting Up BCAs in the Districts under Direct Cash Transfer - Engaging
Common Service Centres as BCAs**

I am directed to refer to Para 6(ii) of the "Strategy and Guidelines for Financial Inclusion" wherein it is provided that in order to ensure convergence and to assist viability of BC, it would be necessary that in the villages to be covered, wherever a CSC exists, the CSC is made a BCA. Banks can engage additional BCAs, if required in such cases.

2. Government of India has now decided to undertake implementation of the Direct Cash Transfer to beneficiaries of identified schemes of various departments in 51 districts (follow up and consequential action to be kept on hold till completion of election process in the 4 districts each of Gujarat and Himachal Pradesh) with effect from 1st January 2013. This is scheduled to be rolled out in 18 States from April 2013 and in the rest of the country subsequently. While benefits would be electronically transferred into the bank account of the beneficiaries, it would be necessary to ensure that adequate facilities for the beneficiaries to either withdraw cash or otherwise transact their bank accounts is available at reasonable distance in the entire area.

3. The banks under their Financial Inclusion Program so far had focussed on extending these facilities to habitations with population of 2000 or more as per 2001 census. This is now being extended to habitations with 1000 or more population, as per 2001 census in the North East and Hilly States and habitations with population of 1600 or more, as per 2001 census, in the rest of the country.

4. With the roll out of Direct Cash Transfer, the coverage in terms of population would no longer be relevant and the entire area of districts/states, as per roll out plan, would need to be covered with banking facilities. In this regards the Department had earlier issued instructions as under:

- i. The existing BCAs be allotted area of one or more Gram Panchayats (in case of larger Gram Panchayats).

- ii. To undertake mapping of the service area of each bank branch to identified areas which are deficient in banking services and to plan for extending banking services.
- iii. In the urban areas where service area approach is not applicable, to allocate wards among the banks for focusing on opening one bank account for each family.
- iv. Banks have been advised to nominate one officer each for each of these 51 districts to supervise and monitor the work related to Direct Cash Transfer which inter alia includes opening bank accounts and strengthening BC outlets.

5. Common Service Centres have been set up in the country under the Department of Electronics and Information Technology, Govt. of India under the National e-Governance Plan. In order to extend the outreach of BCAs, Public Sector Banks have signed an agreement with the CSC e-Governance Services India Ltd (CSC SPV), a special purpose vehicle setup by the Government of India to monitor and manage the Common Services Centre, for engaging CSCs as BCA.

6. In view of the implementation schedule for Direct Cash Transfer, it would be necessary that all banks ensure that at least one BCA, either through the existing Service Provider or new Service Provider finalized under Common BC RFP or CSC, is functional in each Gram Panchayat. All Banks are advised to ensure the following for their respective service areas:

- i. Identify the Gram Panchayats where either a bank branch exists or an existing BCA is already available and functioning satisfactorily. In case the functioning of the existing BCA is not satisfactory or a need of additional BCAs is felt, BCAs from new Service Provider or functional CSCs should be engaged as BCAs.
- ii. For other Gram Panchayats in their service area, banks must engage the functioning CSC, if any, as BCA. In case no such CSC exists, the CSC e-Governance Services India Ltd, would through the State Level Agency, ensure that a CSC is set up. In case due to some reasons this is not possible, a new BCA needs to be engaged and made functional in such Gram Panchayats.
- iii. There could be CSCs working in non-Financial Inclusion Villages. Same may also be adopted by banks as BCA provided that only one BCA is functional in one Gram Panchayat in their service area.
- iv. The Officers nominated by the banks for supervising the activities related with Direct Cash Transfer would ensure above planning by 20th December 2012 and uploaded on district website.
- v. The ultimate aim is to have BCA in each Village Panchayat and that needs to be planned after completing above exercise.
- vi. The DLCC Convener would compile the plan for the district and the SLBC Convenors would compile the State Level Plan, which will be uploaded on website by 24th December 2012.

7. The process of setting up functional BCAs/CSCs as above by the Service Area bank must be completed by 31.12.2012 in the districts where the roll out is planned from 1.1.2013. In other districts, this must be completed by 31.1.2013.

8. The process of engaging CSCs as BCA would be as under:

- i. **Technology:** All Banks to provide services through CSCs using an online biometric authentication web-based solution. For banks which are currently in the process of implementing this technology, implementation/integration, upgradation must be completed no later than 31st December, 2012.
- ii. Banks to appoint a single nodal officer at the central office and regional levels to coordinate with the CSC SPV. The contact information is to be shared with the CSC SPV.
- iii. CSC SPV to submit a detailed implementation plan for each bank
- iv. Banks would ensure that the required instructions are sent to the local branches to liaison with the CSC SPV and its implementation partners, for the BCA code allocation and settlement account opening processes to activate CSCs as BCAs immediately.
- v. Once CSCs are approved, the training is to be completed within one week.
- vi. Banks must set up a weekly monitoring committee to ensure adherence to the required timelines.

9. CEOs of the PSBs are advised to monitor the implementation of these instructions at their level and to ensure that all above action is completed as per stipulated time frame. Officers assigned the responsibility of each district would be responsible for the activities in their respective districts.

Yours faithfully,

(Jitendar Kumar Mehan)
Under Secretary to Govt. of India (FI)
Tel: 23748767

Copy to the following for necessary action:

1. CSC SPV
2. SLBC Convenor all States
3. DLCC Convenor of the 51 Pilot Districts
4. SLBC Nodal officers in the Department of Financial Services