

F.No. 21/13/2009-FI (Pt.)  
Government of India  
Ministry of Finance  
Department of Financial Services

Jeevan Deep Building, Sansad Marg,  
New Delhi, dated the 20<sup>th</sup> March, 2012

To,  
CMDs of all Public Sector Banks

**Subject: Strategy and Guidelines on Financial Inclusion – Opening of Branches- Clarification**

Sir,

I am directed to refer to para 5.3 of the Strategy and Guidelines on Financial Inclusion issued by the Department on 21<sup>st</sup> October, 2011, as per which banks shall within their service area in the underbanked districts, open a regular brick and mortar branch in habitations with population of 5000 and above by September, 2012.

Clarifications are being sought by various banks and SLBCs as to whether a branch would be required to be opened in such habitations if another branch already exists within a radial distance of 5 km.

The matter has been examined in this Department. The circulars dt. 28.12.11 and 09.02.2012 issued by the Department on the establishment of Ultra Small Branches specifically deal with the issue under consideration. Nevertheless for the sake of clarity, the banks are hereby advised as follows:

*“In underbanked districts, all villages with population of 5000 or more need to have a bank branch. However, banks can start with an Ultra Small Branch (USB) in these villages and then convert it into a full-fledged branch. Banks may keep higher frequency of visit of staff in these USBs.”*

It is, therefore, requested to ensure opening of branches as per above in all the identified centres by September, 2012.

Yours faithfully,

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

Copy to: SLBC Convener, UP: with reference to his letter no. UP&UZ/38/SLBC/FI/14  
dt. 28.02.12

