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Shri M K Sinha, IRS  
Joint Secretary  
Ministry of Finance  
Government of India  
North Block  
New Delhi, 110001

November 23, 2018

**SUBJECT: Request for Notification/Clarification by GST on Definition of Financial Inclusion Services Through BCs**

Dear Shri Sinha,

This is with reference to our meeting dated October 30, 2018 on the above matter.

#### **BCs AND FINANCIAL INCLUSION / PMJDY**

As you are aware Business Correspondents (BCs) have been enthusiastically participating in nation building by implementing, promoting and providing Financial Inclusion (FI) in general and PMJDY in particular, and thus serving the poor. The FI services (ref RBI circular No RBI/2010-11/217 DBOD.No.BL.BC.43/22.01.009/2010-11 dated September 28, 2010) are provided by Corporate Business Correspondents (CBCs) through their Agent Business Correspondents (ABCs). Thus, the **poor avail banking and other financial services through ABCs near them.**

#### **RBI NOTIFIES BCs AS BANKING OUTLETS**

On May 18, 2017 vide its notification No RBI/2016-17/306 DBR.No.BAPD.BC.69/22.01.001/2016-17 RBI issued the following guidelines clarifying that BC outlet is also a 'banking outlet' *interalia* for increasing bank presence for the purpose of opening outlets in underserved areas:

#### **"3.1 Banking Outlet/Part-time Banking Outlet**

**3.1.1 A 'Banking Outlet' for a Domestic Scheduled Commercial Bank (DSCB), a Small Finance Bank (SFB) and a Payment Bank (PB) is a fixed-point service delivery unit, manned by either bank's staff or its **Business Correspondent** where services of acceptance of deposits, encashment of cheques/ cash withdrawal or lending of money are provided for a minimum of 4 hours per day for at least five days a week. It carries uniform signage with name of the bank and authorisation from it, contact details of the controlling authorities and complaint escalation mechanism. The bank should have a regular off-site and on-site monitoring of the 'Banking Outlet' to ensure proper supervision, 'uninterrupted service' except temporary interruptions due to telecom connectivity, etc. and timely addressing of customer grievances. The working hours/days need to be displayed prominently."**

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#### FINANCIAL INCLUSION SERVICES PROVIDED BY BCs

In order to promote deeper Financial Inclusion, RBI notified delivery of certain services through BCs vide its circular No RBI/2010-11/217 DBOD.No.BL.BC.43/22.01.009/2010-11 dated September 28, 2010. The services through BCs as follows:

*"The scope of activities may include:*

- I. Identification of **borrowers**;
- II. Collection and preliminary processing of **loan applications** including verification of primary information/data;
- III. Creating awareness about **savings** and other products and education and advice on managing **money and debt** counselling;
- IV. Processing and submission of applications to banks;
- V. Promoting, nurturing and monitoring of Self-Help-Groups/ Joint-Liability-Groups/ Credit Groups/others;
- VI. Post-sanction **monitoring**;
- VII. Follow-up for **recovery**,
- VIII. Disbursal of **small value credit**,
- IX. Recovery of principal / collection of interest
- X. Collection of **small value deposits**
- XI. Sale of **micro insurance/ mutual fund products/ pension products/ other third-party products**, and
- XII. Receipt and delivery of **small value remittances/ other payment instruments**"

#### REQUEST

In the national interest, in view of RBI's abovementioned notification and circular, it is requested that necessary notification/clarification be issued under GST that the above are Financial Inclusion services rendered through BCs under "NIL" GST rate.

We most humbly request the Government to kindly accede to the above.

Yours sincerely,

Dr Anand Shrivastav  
Chairman