



BUSINESS CORRESPONDENTS POLICY

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Confidential and Proprietary

(Reviewed on 25-11-2025 as per DBR/BBD/S-171/2025-26)

Introduction

In an era of heightened competition, thin profit margins and cost constraints, establishment of conventional bank branches in all locations cannot be a viable proposition. It is, therefore, imperative to explore the possibilities of other cost effective delivery mechanisms to reach out to remote locations and satisfy the financial needs of clientele at an affordable cost. This has evolved the concept of Business Correspondent (BC) in the banking sector. This is an efficient and effective tool for implementation of Financial Inclusion programme of the Government of India.

Though there are manifold challenges like credit risk, operational risk, legal risk, reputational risk, difficulty in assessing the integrity of the agents, managing cost on low volume of business, and effective supervision and control of the activities, there exists the potential for employment generation, creativity and productivity in rural hinterlands for bringing about a comprehensive economic development in line with our avowed motto “ Experience Next-Gen Banking”, and the resultant benefits to the Bank.

The wholly outsourced BC model should complement our strengths to increase business volume and improve efficiency of operation. We have to ensure that the Business Correspondent meets the benchmark performance standards at all stages of delivery of services, and should not dilute Bank’s values and principles, control mechanisms, business processes or goodwill and reputation.

It is the policy of the Bank to Increase our market share through leveraging the Business Correspondent model of banking in locations where operating a conventional branch is unviable, and also for supporting branches in their endeavor for providing better service to the customers, particularly in rural areas.

Bank is having two types of Business Correspondents Model for providing comprehensive financial services to the masses across the country including Financial Inclusion and sourcing of business to the bank:

1. Individual Business
2. Corporate Business Correspondents

Bank’s Business Correspondents Policy comprises of two different chapters for the above mentioned BC models:

- Chapter 1. Individual Business Correspondents
- Chapter 2. Corporate Business Correspondents

Chapter 1: Individual Business Correspondents

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1. Objectives:-

- ✚ To increase the outreach of our Services by providing comprehensive financial services such as savings, credit, remittance, and pension products at an affordable cost to the masses across the country.
- ✚ To propagate financial literacy among the masses and facilitate Financial Inclusion.
- ✚ To inculcate banking habit among the populace to increase their income and assets and thereby enabling them to contribute to the economic development of the nation.
- ✚ To implement Governments/ RBIs directives on Financial Inclusion and to achieve the targets allotted to the Bank.

2. Scope of Activities

- ✚ BC can be engaged only for activities specified by RBI.
- ✚ The activities of the BCs should be those falling in the domain of normal banking business.
- ✚ While BC collects the Proof of Identity/Proof of Address documents from the potential customers for on boarding from the field, the responsibility for ensuring KYC and AML compliance rests with the Branch officials. BCs are not allowed to certify the copy of KYC documents as 'Original Verified'.
- ✚ The list of permitted activities for BC are given in Annexure I

3. Area of Operation

Area of operation should be based on Sub Service Area (SSA) as decided by State Level Bankers Committee (SLBC)/Lead District Manager (LDM)/Bank. Sub Service Area is a cluster of more than one village wherein up to 1000 to 1500 households are brought under such cluster for providing banking services.

The field BC/ Individual BC may cater to 1000-1500 households based on sub service area approach. The Individual BC will be linked to a base branch, which would be our nearest branch to his area of operation, and would be under direct control and supervision of the Branch Manager of the Base Branch. The bank accounts serviced by the BC will have the Base Branch as its Home Branch and Base Branch should provide pass books to Customers.

Business Correspondents may also be appointed to assist Branches for serving Customers, other than in SSAs/villages allotted by SLBC, on specific request by branches duly recommended by the Regional Head. The activities to be undertaken by the BCs would be within the normal course of the bank's banking business, but conducted through the BCs at places other than the bank premises/ATMs. **AEPS device of BC should be geo fenced to prevent the operation of device from Branch/ATM premises**

4. Standard Operating Procedure and Logistics for BC:-

The Standard Operating procedure and logistics to be provided at the BCs is attached as Annexure –II

5. Eligibility Criteria & Selection Procedure:-

Individuals:-

- ✚ Education qualification should be minimum HSC or 10TH standard passed.
- ✚ Age should be preferably between 21 to 65 years.
- ✚ Person with basic computer literacy & accounting knowledge to be preferred.
- ✚ Candidate should be resident of the village/area where he/she is supposed to be appointed.
- ✚ Knowledge of local area, language & culture is a must.

- ✚ Non affiliation with any political/religious organization.
- ✚ Absence of any criminal record (Police Verification Certificate should be produced)
- ✚ Credit Information Report to be taken. Bureau score of 700 is required. Candidate with bureau score -1/0 shall be considered
- ✚ Referred by at least two persons of social standing and acceptable to Bank.
- ✚ Due diligence involving candidate's reputation, financial literacy, cash handling capability, ability to implement technology to be done.

Other Norms /Guidelines for engagement of BC.

- ✚ The candidate should not be simultaneously working as BC for other Bank/Institution.
- ✚ Any relaxation in eligibility criteria to be recommended by Branch & Regional Head to Head – Government Schemes Monitoring Unit (GSMU) for approval.
- ✚ BCs shall be personally introduced to the villagers by the bank officials in the presence of village elders and Govt. functionaries in a public meeting so that there is no misrepresentation/impersonation.
- ✚ Bank shall provide village wise details of BCs / in Bank's website.
- ✚ The BC details and services rendered to be displayed on the notice board of base branches.
- ✚ Address of Banking Ombudsman shall be displayed at the outlets.
- ✚ No charge shall be levied directly by the BCs from the customer.
- ✚ Bank shall develop suitable training modules in local languages to provide attitudinal orientation and skills to the BCs.

Selection procedure:-

- ✚ Government Schemes Monitoring Unit (GSMU) will decide the villages at which BC is required, based on extant guidelines from SLBC of respective states.
- ✚ Branches may also represent to Regional Office/ Head office if they find appointment of BC attached to their branches is necessary owing to the circumstances prevailing in their area of operation.
- ✚ Branch office has to advertise in local newspapers through Media cell calling applications from eligible individuals/persons for appointment as BC. Notice for general public may be displayed at Branch Notice Board & Gram panchayat Office of the village concerned.
The format of advertisement is given in Annexure- III and can be downloaded from Bank's website.
- ✚ The application forms (Annexure – IV) should be submitted by candidates to respective Branch Manager who will send all the applications received to the Regional Office. The applications received from Branches to be sorted out by the officer concerned at Regional office & satisfy that the applications are in conformity with the eligibility criteria. Proper record of all applications received to be maintained and the same to be preserved carefully up to 5 years after termination of the BC.
- ✚ After scrutiny of the application forms, the eligible individuals are to be shortlisted. Selection and appointment shall be after Interview conducted by Branch Manager who shall put up their final recommendations to Head – Government Schemes Monitoring Unit (GSMU) at Head Office through RO. Appointment shall be after due diligence and complying with complete KYC norms, including production of satisfactory police verification certificate.
- ✚ After selection & approval by Head – Government Schemes Monitoring Unit (GSMU), an engagement letter (Annexure-V) incorporating terms and conditions of engagement, and duties, etc. to be issued to BC by the base Branch/GSMU and his / her acceptance to be obtained by the branch.
- ✚ After acceptance of Terms & Conditions by successful candidate, Branch has to execute an agreement (Annexure- VI) explicitly incorporating payment structure in stamp paper of requisite value as per the state stamp Act.

6. Security Deposit:

A security deposit not less than Rs.50, 000/- per BC or the amount decided by the Bank from time to time shall be obtained from the BC.

The security deposit shall be held as interest bearing Term Deposit Receipt in the name of the BC under Bank's Lien at the base branch till the time BC works with us.

7. Training & Capacity Building:-

- ✚ After selection, the field BC has to be trained to equip him/her to perform his/her duties effectively. Technical training in operating Laptop / tablet & any other device will be provided/arranged by the Government Schemes Monitoring Unit (GSMU).
- ✚ BCs to undergo the BCBF certification exams conducted by IIBF or any other certification recommended by the regulators, as per IBA/regulatory directions. within 9 months of their appointment.
- ✚ Indicative list of training topics is given in Annexure –VII

8. Access:-

- ✚ Public should have access to the BC point for availing services and there should not be any discrimination based on gender, caste, creed or social stratum.

9. Infrastructure Facilities:-

- ✚ In case of technology upgradation, bank may decide to procure suitable Hand Held Terminal /Micro ATM and provide it to the BC

10. Suggestions and complaints:-

- ✚ Complaints register to be maintained as per Bank's policy on grievance redressing at Base Branch.

11. Working Hours:-

- ✚ Normally the working hours of the BC should be the office hours of the Bank. But to facilitate local needs BC Services may be rendered prior to or beyond the office hours, with prior consent of Branch Head of the base branch and such service should be properly monitored by base branch. However, all the BCs should be present at their established residence or at any other convenient location owned or leased for the purpose of this activity from 03.00 pm to 05.00 pm on all working days.

12. Leave or absence of BCs:-

- ✚ The BC would be functional on all days of operation of the Base Branch. The BC's shall be entitled to a day's leave for every month, non-cumulative, with prior approval of the Base Branch Manager. In the event of unanticipated absence of BC due to illness or other untoward incidents the base branch has to carry the routine business until the BC operations resumes.

13. Duties and Responsibilities of BCs:-

- ✚ The BCs are to carry out their assigned jobs on behalf of the Bank duly authorized by Competent Authority with utmost care, devotion, prudence, diligence and with the highest degree of integrity to enhance the Bank's interest and image.
- ✚ Dos and Don'ts for BCs are given in Annexure VIII

14. Commission package:-

The commission package to BCs is proposed with a view that they need to be incentivized so that individuals with right attitude and skills are drawn to our bank to get engaged as BCs and they are retained in our system. It will also help the Bank to utilize their services for Business development.

Commission package has two components i.e. Fixed and variable. Parameters/Criteria and cut off for both fixed and variable commission will be as decided by the Bank from time to time duly approved by MD & CEO.

Individual BCs shall be paid with additional 50% of the Fixed Commission component for providing services in additional villages apart from the allotted Sub Service Areas. Additional village shall be allotted with the prior approval from Government Schemes Monitoring Unit (GSMU).

Fixed commission.

Business Correspondents who do minimum 100 transactions through Hand Held Terminal are eligible for fixed monthly commission as decided by the bank from time to time. Those who fail to achieve 100 transactions but done more than 30 transactions per month will be receiving half of the maximum fixed commission. If number of transactions are less than 30, BC will not be eligible for any fixed commission/rewards.

Variable commission.

In order to encourage Business Correspondents to improve the transaction levels, and to contribute for Business Development, the Bank may pay Transaction Incentives to the Business Correspondent based on the number and amount of transactions done through Hand Held Terminal. Variable incentive will also be paid for lead generation of Deposit/ third party Products/social Security Schemes and also for abetting NPA recovery. However, a part of the Variable commission could be deferred or clawed back in case of deficiency of service or substantial number of customer complaints of such severity, so as militate against the effective delivery of services. In case of 2 or more service related customer complaint in a month against the BC, 10% of the total commission to be paid for the month in which the complaint is received, to be recovered, if the complaint found to be genuine.

In event of System Maintenance, Server Down and any other issues:-

In the event of system maintenance or server down and any other issues where the Business Correspondent is unable to service the customers transaction through HHT, Business Correspondent may direct the customers to the nearest or Base Branch of the customer. Branch to follow the normal business rules to deliver the service to the customer.

15. Claim Procedure & Time schedule:

The branches shall submit the incentive claim form to Head Office on or before 05th of the following month. Government Schemes Monitoring Unit (GSMU) shall scrutinize the claims, and accord sanction for the same to the branch concerned on or before 10th. On receipt of sanction from HO, the branch shall debit appropriate head and credit to Savings Bank account of the BC. All the relevant papers as above shall be kept and preserved in a separate file for verification and record management. The internal Inspectors/BC coordinator/Concurrent Auditors may verify the correctness of incentives paid to the BCs and report deviations, if any.

16. Monitoring of activities of BC by Branches & Regional Offices:-

As Bank runs the reputational risk while managing the BC, branches & Regional Offices must closely watch and monitor the activities of BC engaged by them. In this regard the following points need special attention.

- ✚ The primary role of BC is to provide doorstep services to customers of bank. Therefore, non-performance by any of the BCs should be viewed seriously by Branch Manager & Regional Office.
- ✚ Branches have to ensure that BC does not function from the branches/ATMs. His/ her primary responsibility is to work in the allotted area and to provide doorstep services to customers.
- ✚ It should be ensured that BC is not working in the branch in the place of regular staff.
- ✚ The Branch should take care to ensure that BC does not involve in day to day functioning of the branch and there should be clear demarcation for his area of operation.
- ✚ The designated officer of the base branch should make surprise visit at BC location every month to check physical verification of cash with BC and also to have interaction with the customers for getting feedback on the service quality of the BC.
- ✚ Risk analysis should be done yearly by branches as well as by RO
- ✚ Branch to ensure that BCs provide services to customers only through the Hand Held Terminal Device. BCs are not authorized persons to carry debit slip/withdrawal slip for cash withdrawals.
- ✚ BCs are eligible for variable incentive/commission based on the number and value of transactions done by him/her during a month, Branch Head should ensure that BCs are not resorting to dummy transaction in order to increase the volume of transaction and earn ineligible commission.
- ✚ Regional Office executives, during their visit to branches should obtain the feedback about BCs functioning particularly relating to following aspects-
 - ✓ BC visits the branch for cash management, document submission& related purposes only.
 - ✓ BC agreement should be renewed in time
 - ✓ The complaints are dealt with promptly by the Branch.
 - ✓ Branch is properly monitoring the activities of BC.

17. Identity Cards:-

Laminated Photo Identity Cards shall be provided to the BCs. This would be issued by the Government Schemes Monitoring Unit (GSMU) as per the format approved by Marketing Department and shall be valid for the contract period.

On demitting the job, the BCs has to surrender identity card at the Base Branch.

18. Overdraft Facility to BCs:-

The responsibility of cash management is with BC. However, for carrying out transactions in the field, all BCs are permitted to retain up to Rs.50,000/- provided to them in the form of an interest-free, margin-less overdraft. The sanctioning authority of the OD limit is the Branch head of the Base Branch and the sanction is based on the transactions turnover of the BC. Government Schemes Monitoring Unit (GSMU) is empowered to enhance the OD limit, up to 110% of the average per day withdrawal transactions done by the BC for the previous Month, based on the recommendation of the Branch and the RO. A matching enhancement in the interest bearing security deposit should be brought in by the BC, before availing the enhanced OD limit. In case where the BC requires additional OD Facility for honoring the transactions during the peak period and BC is not in a position to bring in the additional security deposit, GSMU Head/GSMU Head designate shall approve the additional amount in the form of an interest-free, margin-less overdraft for the peak period on case to case basis, based on the transaction turnover of the BC during the peak period subject to maximum additional OD limit of Rs.1.00 Lakh. All cash transactions done by BC shall be routed through his / her current account. The reconciliation of physical cash maintained by BC and balance in the current account to be done on daily basis latest by T+1 morning and OD reconciliation to be done on every Thursday by base branch. The balance in the current account represents cash held with BC and is reckoned as Cash in Hand for the Bank for all

regulatory purposes, which should be used to close the Overdraft account on every Thursday by EOD. The BC should execute DPN (Annexure IX) with the Base Branch along with renewal of the BC agreement.

19. Insurance

BCs are required to receive/carry/store and travel with Bank's cash in their normal business activity. Insurance cover for the attendant risks associated with such exposure should be done by HO FMG as per the instructions from GSMU.

20. Grievance Redressing Mechanism:-

For redressing grievances about deficiency in services rendered by Business Correspondents, a Grievance Redressal Mechanism needs to be setup in our Bank. The grievances may be taken as a feedback on our services and used as a tool to improve the quality of our services.

The escalation matrix of grievance redressal mechanism, which should be made available in the specimen notice board is given in Annexure X.

21. Fraud:-

Immediately on detection or suspicion of any misappropriation or malpractice, a flash report should be sent to Vigilance Department, at Head Office by the Branches through their respective Regional Offices with a copy marked to Government Schemes Monitoring Unit (GSMU). Bank will report/update the frauds done by any Business Correspondents immediately in IBA BC registry.

22. Period of Engagement & Review:-

Initially, the period of engagement as a BC shall be Six Months, with a clause of termination without assigning any reason at the option of the Bank by giving 30 days advance notice. However, in case of any unavoidable factors, upon a reasonable assessment of the circumstances by the Bank, Head-GSMU has the power to waive the notice period and allow immediate relieving.

Performance will be reviewed on a monthly basis. The ineffective BC should be removed/ replaced. Satisfactorily performing BCs may be allowed to renew for further period of one year each at a time.

The lead indicators of performance would be business mobilization and absence of customer complaints.

23. Disengagement/annulling the services of BC:-

The performance of the BC's shall be reviewed, by the Government Schemes Monitoring Unit (GSMU) on a monthly basis initially for the first three months from the beginning of operations and thereafter on a quarterly basis. The Bank reserve the right to terminate the contract with any BC at any point of time if:

- a. The services are found to be unsatisfactory;
- b. There is a consistent failure to maintain customer satisfaction or substantial number of customer complaints of such severity, so as militate against the effective delivery services;
- c. The desired levels of output by the Business Correspondent are not met;
- d. Misappropriation of funds or fraud committed by the Business Correspondent are reported.
- e. Any other reason which, in the opinion of the Bank is not conducive to the Continuation of the Services of the Business Correspondent.

Before terminating/annulling the contract with BC, Branch needs to serve the BC a prior written notice specifying the defects in services of the BC and ask him/her to rectify the defects within a period of 10 days. In case the defects are not rectified, branch has to take approval from Government Schemes Monitoring Unit (GSMU) on the recommendation of Regional Office for serving 30 days prior Notice for termination of the

services of the BC. However, in case of any unavoidable circumstances, upon a reasonable assessment by the Bank, Head-GSMU has the power to waive the notice period and allow immediate relieving.

- ✚ Branch should ensure that due to annulling of contract with BCs, services to village should not be halted for long. Business continuity plan to be put in place and Branch should immediately find necessary steps to engage an eligible BC.
- ✚ The BCs will also submit the complete reconciliation details of cash, equipment, books and ledger, and surrender them before leaving. Dispensing with the services of the BCs is to be given wide publicity in the Sub Service Area so that the customers do not deal with him as an agent of the Bank after termination of the service by the Bank.

24. Consumer Protection Measures:-

Customer satisfaction is of supreme importance while rendering Banking Services. The Bank would take all steps to protect the interests of the customers and to ensure fair, transparent and prompt delivery of services through BC Channel as explained below.

- ✓ BCs shall be personally introduced to the villagers by the bank officials in the presence of village elders and Govt. functionaries in a public meeting so that there is no misrepresentation/impersonation. Bank shall provide village wise details of BCs / in Bank's website.
- ✓ Address of Banking Ombudsman shall be displayed at the outlets.
- ✓ No charge shall be levied directly by the BCs from the customer.
- ✓ Bank shall develop suitable training modules in local languages to provide attitudinal orientation and skills to the BCs.

25. Surprise Verification System:-

Surprise verification system as a monitoring and supervising tool provides unbiased, onsite, firsthand information about the functioning of the BC. The Branch head of the base branch shall devise a surprise verification schedule for the BCs under him. During the surprise verification it has to be verified that the Cash on hand with the BC is equal to the drawings from the Overdraft account Plus/minus net of the receipt and withdrawal transactions done by the BC for the day, pending to be entered in the system. Branch head should also conduct 10 sample verification of passbook along with BC transaction register, AEPS SLIP(BC copy) and FINACLE on monthly basis for balance confirmation and transaction genuineness.

26. BC Coordinators:-

Regional Office shall designate an officer as BC coordinator, who shall monitor and conduct periodic surprise visits to random BC locations covering at least 2 BC locations in a month on rotation basis, RO-BC coordinator (at least 2 cases) should conduct a random verification of sample done by Branch Head every month to ensure balance confirmation and transaction genuineness. Monthly visit of RO BC coordinator to include photograph of BC along with location and Geo tagging. They should also perform a local enquiry regarding conduct of BC. They are bound to inspect the overall functioning of the BC and to find out the untold grievances from the public. Role and Responsibilities of BC Coordinators is listed in [Annexure XI](#).

B) RO BOV CM:-

RO BOV CM should conduct supervisory visit to any BC location randomly once in a month on rotation basis from the visit already conducted by RO BC COORDINATOR.

27. Transaction Limit by Customers through BC:-

Mode of transaction	Type of Transaction	Per DAY		Per MONTH	
		No. of Transaction count	Total Value of Transaction (Amount)	No. of Transaction count	Total Value of Transaction (Amount)
AEPS (Onus)	Cash Withdrawal	1	10000	5	50000*
	Cash Deposit	3	30000	90	900000
	Fund Transfer	3	15000	90	450000
AEPS (Issuer)	Cash Withdrawal + Aadhaar Pay	5	50000	5	50000
	Fund transfer	3	15000	90	450000

Reasonable changes in Transaction Limit can be permitted by HEAD BBD based on the market requirement subject to a maximum of twice the present Transaction Limit.

*However, the cash transactions should be within the overall limit prescribed by KYC/AML guidelines pertaining to the account. As per the NPCI Circular vide NPCI/2023-24/Aeps/087 dated 02-11-2023, if the withdrawal amount exceeds the above mentioned transaction limits, Bank send immediate response code to the BC device as “61-Exceeds Withdrawal amount limit” for declining the AEPS transaction and the transaction limit is considered on rolling 30 days’ basis.

28. Audit:-

Audit is necessary to ensure compliance to systems and procedures, and to sense warning signals about weak links. This is an effective supervisory and monitoring tool for risk mitigation.

The Inspecting officials shall conduct a surprise audit of the BC activities during the inspection of base branches by visiting at their established residence or at any other convenient location owned or leased for the purpose of this activity from 03.00 pm to 05.00 pm on all working days. Comments on BC and lapses if any noticed during the inspection should be incorporated in the Inspection Report.

Annexure I

List of permitted activities for BC:-

The scope of activities to be undertaken by the BC will include:

- ✓ Cash receipt and cash payment of bank accounts maintained with any Bank within the prescribed limit per transaction.
- ✓ BCs should not be allowed to recover the amount from NPA borrowers directly. They can facilitate recovery.
- ✓ Lead generation for micro insurance/ pension products/ other third party products.
- ✓ Receipt and delivery of small value remittances and other payment instruments.
- ✓ Any other service on behalf of the Bank, duly authorized by the appropriate authority.
- ✓ The activities to be undertaken by the BC would be within the normal course of the Bank’s banking business.

- ✓ The BC will be authorized to accept / deliver cash either at his place of work or at any convenient location subject to the ceilings per day / per customer as laid down.
- ✓ BC can make payment for the public in the village undertaking various works under various Central & State Government Schemes like OAP, MNREGS, Gas Subsidy, and Group Salary Accounts.
- ✓ To initiate the enrollment process by collection of master data, filling up of forms, preliminary processing of loan applications / account opening forms for deposits including verification of data.
- ✓ To submit duly filled in application forms and other support documents at the Base Branch in physical form and without any delay, as specified by the Bank for authentication of the customer data and authorizing the beneficiary for opening the account.
- ✓ Collection of Aadhaar seeding request form from the customers to link the Aadhaar Number in their accounts.
- ✓ To identify the potential customers and fitment of activities.
- ✓ To promote and nurture Self Help Groups (SHGs) / Joint Liability Groups (JLGs), wherever relevant.
- ✓ To distribute coins to the public in coordination with their base branch.

Annexure II

Standard Operating Procedure (SoP) For Business Correspondents

A. Logistics at the BC outlets –

- a. Display of signage as approved by the Bank.
- b. ID card for BC.
- c. Display of Phone numbers of Help line, Bank officials (Base Branch / Regional Office / Nodal Office)
- d. Maintenance of Registers:
 - ✚ Records of customers enrolled;
 - ✚ Account opening forms sent to base branch;
 - ✚ Account opening forms pending to be sent;
 - ✚ Customer contact register;
 - ✚ Applications received and disposals register; and,
 - ✚ Visitors/Bank officials / other regulator visit register.
 - ✚ Transaction monitoring register
- e. Name of grievance redressal official and contact no to be displayed.
- f. Ensure safe upkeep of finger print scanner / device etc. and other stationery registers.
- g. List of Do's and Don'ts for customers to be displayed.
- h. Provide enough space for a bank officer to work at the outlet during his visit.
- i. BC should provide customer copy of transaction slip after every AEPS transaction to customer and BC copy to be maintained with base branch
- j. BC visits the branch for cash management, document submission & related purposes only.
- k. Cash remittance should be done through AEPS DEVICE through BIOMETRIC authentication
- l. BC to note that only one AEPS debit transaction to be allowed in the account of a customer per day.
- m. BC should be classified as inactive if there is no transaction for 3 months (90 days)

B. Technical Requirement –

- a. Safe upkeep of frontend device.
- b. Keeping the device battery charged / in ready mode for providing services.
- c. Maintaining help line number of technology / device provider.

Standard Operating Procedure (SoP) For Base Branch Head

- ✦ The primary role of BC is to provide doorstep services to customers of bank. Therefore, non-performance by any of the BCs should be viewed seriously by Branch Manager.
- ✦ Branches have to ensure that BC does not function from the branches/ATMs. His/ her primary responsibility is to work in the allotted area and to provide doorstep services to customers.
- ✦ It should be ensured that BC is not working in the branch in the place of regular staff.
- ✦ The Branch should take care to ensure that BC does not involve in day to day functioning of the branch and there should be clear demarcation for his area of operation.
- ✦ The Branch Head of the base branch should make surprise visit at BC location every month to check physical verification of cash with BC and also to have interaction with the customers for getting feedback on the service quality of the BC.
- ✦ Monthly visit to include photograph of BC along with location and Geo tagging and it should be recorded in the revised BC visit format and submitted to GSMU on monthly basis without fail.
- ✦ Following registers should be maintained in the base branch
 - a) Records of customers enrolled
 - b) Account opening forms sent to base branch
 - c) Account opening forms pending to be sent;
 - d) Customer contact register;
 - e) Applications received and disposals register; and,
 - f) Visitors/Bank officials / other regulator visit register.
 - g) Transaction monitoring register
- ✦ Normally the working hours of the BC should be the office hours of the Bank. But to facilitate local needs BC Services may be rendered prior to or beyond the office hours, with prior consent of Branch Head of the base branch and such service should be properly monitored by base branch.
- ✦ BH/BOM should cross check the modification forms collected by BC for mobile number/email id changes. Leniency will be viewed seriously.
- ✦ Risk analysis should be done yearly by branches
- ✦ Branch head should also conduct 10 sample verification of passbook along with BC transaction register, AEPS SLIP(BC copy) and FINACLE on monthly basis for balance confirmation and transaction genuineness.
- ✦ Branch head to make sure that the reconciliation of physical cash maintained by BC and balance in the current account to be done on daily basis latest by T+1 morning and OD reconciliation to be done on every Thursday by base branch.
- ✦ BH to confirm that BC details and services rendered to be displayed on the notice board of branch as well as on customer service point.
- ✦ The Branch Head should make sure that along with BC AGREEMENT(renewal) DPN should be executed to avail OD.
- ✦ The Branch Head should verify that BC is providing transaction slip after every AEPS transaction and BC copy(xerox) to be maintained with base branch for further verification.
- ✦ Branch to ensure that BCs provide services to customers only through the Hand Held Terminal Device. BCs are not authorized persons to carry debit slip/withdrawal slip for cash withdrawals.
- ✦ BCs are eligible for variable incentive/commission based on the number and value of transactions done by him/her during a month, Branch Head should ensure that BCs are not resorting to dummy transaction in order to increase the volume of transaction and earn ineligible commission.

Standard Operating Procedure (SoP) For RO BC Cordinator

- ✚ The primary role of BC is to provide doorstep services to customers of bank. Therefore, non-performance by any of the BCs should be viewed seriously by Regional Office.
- ✚ RO BC Cordinator shall monitor and conduct periodic surprise visits to random BC locations covering at least 2 BC locations in a month on rotation basis.
- ✚ Monthly visit to include photograph of BC along with location and Geo tagging and it should be recorded in the revised BC visit format and submitted to GSMU on monthly basis without fail.
- ✚ They should also perform a local enquiry regarding conduct of BC.
- ✚ RO-BC coordinator (at least 2 cases) should conduct a random verification of sample done by Branch Head every month to ensure balance confirmation and transaction genuineness .
- ✚ RO BC Cordinator to make sure that Notice board showing facilities provided by the BC's and rights of customers displayed at the BC outlet and BC Base branches.
- ✚ The RO BC Cordinator should review that BC is providing transaction slip after every AEPS transaction and BC copy(xerox) to be maintained with base branch for further verification.
- ✚ Risk analysis should be done yearly by RO
- ✚ RO BC Cordinator to confirm that BC details and services rendered to be displayed on the notice board of branch as well as on customer service point.
- ✚ RO BC Cordinator should ensure flawless implementation of all SOP by Branch Head.
- ✚ RO BC Cordinator, during their visit to branches should obtain the feedback about BCs functioning particularly relating to following aspects-
 - ✓ BC agreement should be renewed in time
 - ✓ The complaints are dealt with promptly by the Branch.
 - ✓ Branch is properly monitoring the activities of BC.

Standard Operating Procedure (SoP) RO BOV CM

- ✚ RO BOV CM should conduct supervisory visit to any BC location randomly once in a month on rotation basis from the visit already conducted by RO BC CORDINATOR.
- ✚ RO BOV CM should ensure flawless implementation of all SOP by Branch Head and RO BC Cordinator.

Draft Advertisement for Business Correspondents

Offers are invited from the following individuals for their engagement as Business Correspondents (BCs) delivering banking services:

- ✚ Individual kirana/medical/fair price shop owners
- ✚ Individual Public Call Office (PCO) operators
- ✚ Agents of Small Savings Schemes / Insurance Companies.
- ✚ Individuals who own Petrol Pumps.
- ✚ Retired Teachers.
- ✚ Retired Bank Officials.
- ✚ Retired Govt. Employees.
- ✚ Ex-Servicemen.
- ✚ Authorized Functionaries of well-run Self-Help Groups (SHGs) linked to Banks.

The terms and conditions will be as per the agreement to be entered into with the Bank. The Bank reserves the right to empanel any individual at its discretion. The Bank also reserves the right to reject any offer without assigning any reason. Interested persons may submit their application at the following address within 10 days in the prescribed application form.

Application forms can be collected from the address below:

Address of the Base Branch:-

The South Indian Bank Ltd

Application Form for Business Correspondents (Individuals)**To****The Manager,
The South Indian Bank Ltd.,
Branch:
Region:**

Dear Sir,

I request you to engage me on contract basis to act as a Business Correspondent for an initial period of six months, (which may be renewed for such further periods) based on bank's discretion. The required personal details are given as per Annexure to my application.

Declarations:

1. I have read and understood the terms & conditions of the Business Correspondent scheme of the Bank and I am fully aware of the roles and responsibilities of a Business Correspondent. Further, Branch Manager Sri / Smt. has clarified my queries on the scheme to my full satisfaction.
2. I have not been found / pronounced to be of unsound mind by any competent authority and declared / adjudicated as insolvent by any competent court.
3. I have not been found guilty of any criminal offence by any court of competent jurisdiction.
4. I have not been found guilty of or to have knowingly participated in or connived at any fraud, dishonesty or misrepresentation.
5. I have not violated the code of conduct specified by any bank or declared as a willful defaulter by any bank or / financial institution.

Undertakings:

1. I accept the rules & regulations as binding upon me and I hereby declare that all the information provided is correct to the best of my knowledge and belief.
2. I promise not to share the customer details with others and use the details only for the purpose of canvassing business of The South Indian Bank Ltd.
3. I agree to enter into an Agreement with The South Indian Bank Ltd. and execute the required documents at my cost in the event of my selection for appointment as Business Correspondent.
4. I understand that in case I am selected to act as a Business Correspondent, I will have to make a security deposit of **Rs.50,000/-** in the form of **Term Deposit** with the Bank which shall be refundable on termination of the contract and duly settling all the transactions made through me.
5. As part of the above settlement, I will also return the documents, finger print scanner and the hand held terminal which came to my custody in the capacity of a Business Correspondent.

In consideration of my above application, declarations and undertakings, I request you to appoint me on contract basis to act as a Business Correspondent for an initial period / further period of six months from..... to in the following village /center:

Village / Center :
Block :
District :
State :
Country : India.

Yours faithfully,

(Name & Signature of the Applicant)

Date:

Place:

I apply for engagement as Business Correspondent for The South Indian Bank Ltd

- 1. Location (Village / Town) -
- 2. Name (IN BLOCK LETTERS) -
- 3. Father's / Husband's Name -
- 4. Date of Birth -
- 5. Gender - Male/Female
- 6. Marital Status - Married/Unmarried
- 7. Education qualification -
- 8. Permanent Address -

***Space for
BC's recent
photo***

9. Address for communication -

- 10. Telephone No -
- 11. E-mail ID -
- 12. Currently Banking with -
- 13. Bank Account Number -
- 14. Proof of identity -
- 15. Proof of address -
- 16. Present Business/Occupation -
- 17. Computer Literacy -
- 18. Present monthly income -
- 19. Languages known -

20. Period of stay at the current address -

- 21. Infrastructure available -
- 22. Details of previous employment -
- 23. Details of assets in own name -
- 24. Details of liabilities -
- 25. Police Verification Certificate -

26. Names, addresses and occupation of two persons who know me.

- i.
- ii.

I certify that the information given above is true to the best of my knowledge and belief.

Signature of the applicant

Place:

Date:

References:-

Please give any two references, names of persons of repute in the location with full address and Phone Number.

- 1.
- 2.

I enclose the following documents in support of my education qualifications, previous experience and proof of residence.

- i)
- ii)
- iii)

Notes:

Copy of Passport / Aadhar Card/ Voter Identity Card / Latest Telephone / Electricity Bill / income / Wealth Tax Assessment Order / Ration Card, Bank A/c Statement to be produced as proof of residence address. Letter from the employer, subject to the satisfaction of the Bank, should be submitted as proof of work place address. In the absence of PAN, the applicant should submit Form 60 in duplicate as the case may be. Enclose latest income tax return, wherever applicable. Please produce original documents for verification by the bank.

To be filled & forwarded to Dealing Officer / Regional Head, by the Manager of Base Branch

- 1. Applicant was interviewed by me on for the purpose of appointing him / her as a Business Correspondent on contract basis.
- 2. Particulars of identification verified with the originals and copies obtained.
- 3. Recommendation:

Recommended & forwarded to Dealing Officer / Regional Head, RegionalOffice, for approval.

Name of the Branch Head:

Signature with code:

Branch:

Date:

Disposal by Dealing Officer / Regional Head, Regional Office

Based on the recommendation of the Branch manager dated _____, the appointment of the applicant as Business Correspondent (BC) is approved / rejected for the village attached to our Bank's Branch.

Name of Dealing Officer/ Regional Head

Signature

Comments / Recommendation / disposal by Head Office:

Head – Government Schemes Monitoring Unit (GSMU)

Signature

GSMU	BR		xxxx
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Letter of Engagement of Business Correspondent:-**(For first time appointment- To be issued by Head office)****Ref. No.****Dated:**

(Name & Address of BC)

Dear Sir/Madam,

Sub: Appointment of Business Correspondent on contract basis.

Ref: Branch Recommendation dated DD/MM/YYYY

In consideration of your application dated.....For Appointment as Business Correspondent of Our Bank we hereby engage you as our Business Correspondent (BC). For this purpose, you will be attached to and under control of The South Indian Bank Ltd., branch (Base Branch). This is an arrangement on contract basis for an initial period of 6 months, which may be renewed / extended further at the sole discretion of the Bank.

You are hereby authorized to extend basic banking services as per the terms & conditions and the Agreement entered into with the Bank, to the following village/s:

<u>Name of village</u>	<u>Block</u>	<u>District</u>	<u>State</u>
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We have issued an ID card in your name which shall be used as a proof of identity / authorization while offering the services to the customers / public. For your information and compliance, we have appended your most important roles and responsibilities as a BC along with the details of reimbursement / commission payable to you by the bank. Please note that only the most important terms & conditions are mentioned here and hence it is not an exhaustive one.

You are advised to return the duplicate of this letter, duly accepted and signed by you as an evidence of your willingness to discharge the roles and responsibilities as a BC.

Yours faithfully, Received & accepted the terms & conditions

Head – Government Schemes Monitoring Unit (GSMU) (Name & Signature of BC with Date)

Roles and responsibilities as a BC and Commission Structure of Services

- Cash receipt and cash payment of bank accounts maintained with any Bank within the prescribed limit per transaction using AePS, Non – AePS, Card Based, IMPS.
- Lead generation of Savings Bank Product, Fixed Deposit and Recurring Deposit.
- Lead generation of micro insurance/ pension products/ other third party products.
- Facilitate recovery of loans and advances.
- Any other service on behalf of the Bank, duly authorized by the appropriate authority /RBI from time to time.

Commission Structure As Approved from time to time

(For renewal - To be issued in the letter head of Base Branch)

Ref. No.

Dated

(Name & Address of BC)

Dear Sirs,

Subject: Your application dated for the appointment of Business Correspondent on contract basis.

In consideration of your application as cited above and the respective Agreement executed by you with the bank on, we hereby extend the Business Correspondent (BC) arrangement with you for a further period of 1 year w.e.f

All other terms in our letter dated _____ appointing you as Business Correspondent shall continue as such.

You are advised to return the duplicate of this letter, duly accepted and signed by you as an evidence of your willingness to discharge the roles and responsibilities as a BC.

Yours faithfully,

Received & accepted the terms & conditions

Manager.

(Name & Signature of BC with Date)

Agreement:-**(TO BE STAMPED AS AN AGREEMENT AND INDEMNITY AS
PER THE APPLICABLE STATE STAMP ACT)**

This agreement made on this day of 202.... Between **The South Indian Bank Ltd.**, constituted under the Companies Act, 1956 having its headoffice at “SIB House”, T. B. Road, Mission Quarters, Thrissur, Kerala State, hereinafter referred to as “The Bank” which expression shall unless repugnant to the context or meaning thereof shall include its successors & permitted assigns of the First Part.

AND

Mr. /Mrs. _____, S/o/W/o _____ residing at _____, _____ P.O. _____ Village, _____ Taluk, _____, _____ District hereinafter referred to as Business Correspondent/ Business Facilitator (BC/ BF) as the case may be which expression shall unless repugnant to the context or meaning thereof shall include its successor & permitted assigns of the Second Part.

WHEREAS the Bank has undertaken to expand its banking operations extensively in accordance with the Guidelines dated..... Issued by the Reserve Bank of India, with including modifications thereto as may be made by the RBI from time to time, and

WHEREAS pursuant to the aforesaid guidelines, the Bank is desirous of availing services of the Business Correspondent/ Business Facilitator (BC/ BF) on principal-to-principal basis to facilitate its business growth and the BC/ BF has offered to undertake such assignment/ provide professional services as may be required by the Bank.

NOW THEREFORE this agreement witnessed as under:

1. Scope of Services

The BC/ BF agrees to provide the services as detailed hereunder, as per the scope and as may be required by the Bank from time to time.

Nature of Services:**PART ‘A’**

- a) Identification of prospective customer/ borrowers & fitment of activities.
- b) Collection and preliminary processing of loan applications including verification of primary data.
- c) Creating awareness about savings and other products offered by the Bank, education and advice on managing money & debt counseling.
- d) Processing & Submission of applications to the Bank.
- e) Promotion, nurturing, monitoring and handholding of Self-Help Groups/ Joint Liability Groups/ Credit Groups and others.
- f) Post sanction monitoring in case of advances/ loans granted by the Bank.
- g) Follow up of Recovery.

PART 'B'

- a) Disbursal of Small Value Credits Strictly as per instructions of the Bank.
- b) Recovery of principal/ interest from the borrowers and prompt deposit of the same with the Bank.
- c) Collection of small value deposits & prompt deposit of the same with the Bank.
- d) Sale of Micro/ insurance/ mutual fund/ pension and other third-party products as may be decided by the Bank.
- e) Receipt & delivery of small value remittances/ other payment instruments.
- f) Any other service as may be advised by the Bank in writing to the BC/ BF.

BC/ BF agrees and confirms that they and also their agents/ employees, sub-contractors

- a) are properly trained to perform the BC/ BF's obligations under this agreement, and would maintain, privacy of customer information and shall inform the correct terms and conditions of the products offered to the prospective customers etc.
- b) adhere to extant instructions on Fair Practices Code for lending as also their own Code for collection of dues or in the absence of such a code at the minimum adopt the Indian Banks' Association (IBA)'s Code for collection of dues and repossession of security. It is essential that they refrain from any acts or omission that could damage the integrity and reputation of the Bank.
- c) BC/ BF shall treat all the customers with dignity and respect. BC/ BF shall not resort to intimidation or harassment of any kind either verbal or physical against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude the privacy of the customer's/ borrowers' family members, referees and friends, making threatening and anonymous calls or making false and misleading representations.
- d) BC/ BF shall adhere to the performance standards in respect of services and products as detailed in schedule 'A' hereunder written, which forms part & parcel of this agreement. The Bank reserves the right to change/ vary/ the contents of schedule 'A' by advising the same to BC/ BF in writing and upon such advise the amended Schedule 'A' shall become effective.
- e) BC/ BF is fully aware that failure to observe as above shall attract penal provisions including termination of the agreement without any notice. If any complaint arises from customers of The Bank or members of the public against the BC/ BF or its employees of having used unethical or coercive measures in the process of recovering the dues, BC/ BF alone shall be liable and answerable for the same and the Bank shall, in addition to other remedies in law shall also be entitled to recover such damages or compensation that the Bank may be constrained to pay as per any order of Reserve Bank of India, Courts, Tribunals or Statutory Authorities in this regard.
- f) BC/ BF is fully aware that a part of the Variable commission could be deferred or clawed back in case of deficiency of service or substantial number of customer complaints of such severity, so as it militates against the effective delivery of services. In case of 2 or more service related customer complaint in a month against the BC, 10% of the total commission to be paid for the month in which the complaint is received, to be recovered, if the complaint found to be genuine.

2. Display at Customer Service Point (CSP) Outlets:

- a) BC/ BF to ensure that each CSP outlets will install uniform standard signage in the local language (vernacular), prescribed by the Bank indicating its status as service provider for the Bank and displaying Bank's logo, PMJDY logo, name of the Bank & contact details of the Link branch as well as the address and telephone number of Controlling Authority of the Bank and Banking Ombudsman.
- b) Apart from the above, every CSP will have to display the following details in its outlets for information of the public:
 - i. Working hours;
 - ii. List of products/ services available at CSP Outlets;
 - iii. Charges for various services to be recovered from customers;
 - iv. List of Do's and Don'ts for customers;
 - v. List of Do's and Don'ts for CSPs;
 - vi. Transaction limits;
 - vii. Instructions regarding Rupay Card;
 - viii. Certification acquired through Indian Institute of Banking & Finance (IIBF);
 - ix. Other display materials advised by the Bank from time to time.

3. Maintenance of Records by BC/ BF AND Monitoring/ Inspection by the Bank

- a) BC/ BF specifically agrees to maintain all records, accounts including registers/ documents etc. as per instructions of the Bank from time to time and ensure safe and proper custody of all records, accounts including documents etc. BC shall account for all the monies received and paid by the BC/ BF to the Customers. The transactions and cash position shall be reported to the Designated Branch on daily basis. The maximum cash that can be retained by the BC/ BF shall be intimated by the Bank and BC/ BF shall not retain cash in excess of the said limit. BC/ BF shall promptly deposit the cash with the Designated Branch within the time frames stipulated by the Bank.
- b) BC/BF and /or its employees or any other person engaged by them shall not comingle or misappropriate the funds in any manner.
- c) BC/ BF specifically agrees that the Bank shall be entitled to inspect and audit the records maintained by BC/ BF through its officers/employees or agents/ auditors as may be decided by the Bank at its sole discretion and BC/ BF hereby undertakes to promptly produce all records and information for the purposes of inspection and audit. BC/ BF shall provide access, to the Officers/ employees/ representatives/ agents or auditors of the Bank to the premises/ places where such records are kept/ maintained. The Bank shall have a right to obtain copies of records maintained by the BC/ BF, any audit report, review reports and findings made on the BC/ BF in connection with the services performed by BC/ BF for the Bank.
- d) Further, BC/ BF specifically agrees that it shall allow access to Reserve Bank of India (RBI) or persons authorized by RBI or its employees/ officers or other persons to inspect and access the documents, accounts, records of transactions and all necessary information in possession of, or stored or processed by the BC/ BF within a reasonable time. The persons authorized by RBI shall have right to obtain copies of the records, information etc. in possession of BC/ BF.

BC/ BF further agrees that in case access is not allowed to the persons authorized by RBI for the purposes of inspection which results in imposition of supervisory fees by RBI upon the Bank, and the Bank is required to pay such supervisory fees to RBI, BC/ BF shall be liable to reimburse to the Bank such fees including any penalty, interest levied and recovered by RBI.

- e) BC/ BF specifically agrees that the Bank has full right to monitor and assess the performance of services by BC/ BF and wherever the Bank discovers any deficiency or non – performance/under-performance of the services, the Bank shall instruct the BC/ BF in writing and BC/ BF agrees to rectify the deficiencies or to ensure compliance of the instructions of the Bank.

4. Business Continuity and Recovery Plan

BC/BF agrees to prepare and have in place/ produce a 'Business Continuity and Recovery Plan' for the purposes of ensuring continued rendering of services undertaken by the BC/BF to the Bank simultaneously with the execution of the agreement or latest within one month from the date of execution of the agreement. BC/ BF agrees to make necessary changes to the Business Continuity and Recovery Plan or Contingency Plan as per instructions/ directions given by the Bank after examination of the plan submitted by the BC/ BF. BC/ BF shall also test the Business Continuity and Recovery Plan periodically as may be advised by the Bank in the presence of the Officer, employee or representative of the Bank if so required by the Bank.

5. Additional covenants

- a) The BC/ BF appreciates and fully understands that the services of its employees are not exclusive to the Bank and that it will stipulate the freedom and non-exclusivity of the services of the persons employed/ engaged/ assigned in their respective contract of appointment, a copy of which will be furnished to the Bank.
- b) BC/ BF shall act prudently in accordance with the terms of this Agreement and shall exercise all due diligence in carrying out its duties and obligations under this Agreement. The BC/ BF agrees that they will preserve the documents and data in accordance with the legal/regulatory obligation of the Bank in this regard.
- c) BC/ BF agrees that they shall always have commitment for social action and capacity building, which shall be non-discriminative, secular, non-exploitative and transparent.
- d) BC/ BF is fully aware that public shall have the freedom to use banking facilities by approaching the Bank directly even though the BC/ BF is available in their locality. Hence the BC/ BF shall not directly or indirectly convey or create an impression among the public that the Bank cannot be approached other than through the BC/ BF.
- e) While the BC/ BF can act for more than one Bank, BC/ BF shall at the point of customer interface or at retail outlet, represent and provide banking services of one bank only. BC/ BF shall also ensure that customer data base and accounts details are kept separate and there is no comingling of data.
- f) BC/ BF shall not introduce any product/ process without the written approval of the Bank. BC/ BF also agrees that the financial services offered by the retail outlets/ sub- agents of the BC/ BF shall not be tied to the sale of any product of the BC/ BF.

- g) BC/ BF shall not adopt any restrictive practice such as offering savings or remittance functions only to its own customers and forced bundling of services offered by the BC/ BF. BC/ BF shall undertake the activities at places other than the Bank premises/ ATMs.
- h) BC/ BF shall ensure that its services using Agent Mobile Application/ Agent Web portal/ Micro-ATM PoS are fully compliant to RBI Guidelines for BCs and Do's and Don'ts, as specified by National Payments Corporation of India (NPCI) from time-to-time which shall inter-alia include:
- Display of Sponsor bank of BC/ BF;
 - Display of Agent ID with full name of CSP and PAN#
 - Display of Customer care contact/ email/ WhatsApp details
 - Display of customer charges or no charges for each service, as the case may be.
 - Customer Charges, if any, disclosed with delivery of SMS to customer after service fulfillment.
 - Provision for communication of GPS location of CSP to Bank when transacting in accordance with the regulatory provision.

Non-compliance of the above-mentioned stipulation/ conditions shall be considered very seriously and would attract action by authorities including penal provisions.

- i) BC/ BF shall ensure that its Settlement Bank Account fund transfers for services like AePS Cash-out settlement to CSP etc. will be only its CSPs' designated bank accounts and not any other third party's account. Each CSP can have maximum three settlement accounts in its own name or joint name with 100% account verification done by BC/ BF. Any misuse of the bank API for this purpose will be considered as serious non-compliance and consequent necessary action including penal provision.
- j) BC/ BF will ensure that it will have IT backend to support display and digital acceptance of any new terms and conditions, as required by regulatory changes, to its CSP followed by email to each CSP reproducing the new terms accepted. Repository of such records will be kept and made available to Bank on demand during periodic audit.

6. Confidentiality

- a) BC/ BF is aware that all information disclosed to the BC/ BF by the Bank and/or accessed by BC/ BF or its agents and all records, accounts, documents maintained by BC/ BF are confidential in nature and having regard to the sensitive nature of the information and records, specifically agrees to maintain secrecy and confidentiality of all the information and records, accounts in respect of the outsourced services in the same manner & degree of care as BC/ BF would ensure for its own confidential & sensitive information. BC/ BF shall ensure that appropriate and suitable undertaking / agreements are obtained and maintained from its employees, agents, representatives and Sub-Contractors as the case may be to ensure compliance with confidentiality obligations of BC/ BF.
- b) BC/ BF agrees to indemnify and hereby keeps the Bank indemnified against all actions, claims, loss, damages, costs, charges, expenses (including Attorney/ Advocate fees and legal expenses) which the Bank may suffer or incur on account of breach of confidentiality obligations as per clause 5(a) above by BC/ BF or its employees, agents, representatives, Sub-Contractors. BC/ BF further agrees to make good the loss suffered by the Bank upon first demand by the Bank which shall be final, conclusive and binding on BC/ BF.
- c) BC/ BF specifically agrees that the confidentiality and indemnification obligations of the BC/ BF in terms of this agreement shall survive termination of this agreement.

7. Relationship Between the Parties

- a) It is specifically agreed that this arrangement is on a principal-to-principal basis and on a non-exclusive basis and BC/ BF shall not be deemed to be the Agent of the bank except in respect of the transactions/services which give rise to Principal Agent relationship having regard to the nature of the transactions or by implication. BC/ BF shall perform its obligations under this Agreement as an independent party. Neither this Agreement nor the BC/ BF's performance of obligations under this Agreement shall create an association, partnership, joint venture, or relationship of principal and agent, principal employer-contractor, master and servant, or employer and employee, between the Bank and the BC/ BF or its employees, its Sub Agents.
- b) The BC/ BF hereby agrees to employ his/ her/ its/ their own employees or personnel for providing services under this agreement. The employees of BC/ BF/ or its agents will be under the total control, both administrative and supervisory, of the BC/ BF.
- c) Neither BC/ BF nor its employees, agents, representatives, Sub-Contractors shall hold out or represent as agents of the Bank.
- d) In the event any legal proceedings are initiated by the employees, staff, agents of the BC/ BF against the Bank or the Bank is made a party in any proceedings, the BC/ BF shall implead itself as a party therein and ensure that the claim/ case against the Bank is defended/ extinguished/ dismissed immediately. All costs and expenses in this regard including Attorney's fees shall be borne by the BC/ BF. The BC/ BF shall indemnify and keep indemnified by the Bank in this regard to the full extent.
- e) The BC/ BF shall verify the antecedents of the personnel it desires to engage for provision of the Services and shall ensure that it does not engage or continue to engage any person with a criminal record/ conviction and shall bar any such person from participating directly or indirectly in the provision of Services.

8. Compliance of Laws

- a) BC/ BF hereby agrees and declares that it shall be the sole responsibility of BC/ BF to comply with the provisions of all the applicable laws, concerning or in relation to rendering of services by BC/ BF as envisaged under this agreement.
- b) BC/ BF shall procure and maintain all necessary licenses, permissions, approvals from the relevant authorities under the applicable laws throughout the currency of this agreement.
- c) BC/ BF shall be solely liable & responsible for compliance of applicable Labour Laws in respect of its employees, agents, representatives and Sub-Contractors and in particular Laws relating to terminal benefits such as Pension, Gratuity, Provident Fund, Bonus, Workmen's compensation or other benefits to which they may be entitled and the Bank shall have no liability in this regard.
- d) The BC/ BF shall, on demand by the Bank, produce any document in proof of statutory payment payable by the BC/ BF in compliance of the provision of any labour or other statute, and supply copies of the same as may be required by the Bank.

- e) BC/ BF hereby represents and warrants that it has full authority to enter into this Agreement and render the services as envisaged under this agreement and all Corporate or other necessary approvals have been obtained for entering into this Agreement with the Bank. Further, the persons executing this agreement on behalf of the BC/ BF have full authority and power to execute this agreement and bind BC/ BF.
- f) BC/ BF shall not violate any proprietary and intellectual property rights of Bank and/ or any third party, including without limitation, confidential relationships, patent, trade secrets, copyright and any other proprietary rights.

9. Fees, Taxes Duties & Payments:

- a) BC/ BF shall be paid fees and commission in the manner detailed in Schedule 'B' hereunder written subject to deduction of TDS thereon wherever required under the provisions of the Income Tax Act, etc. by the Bank.
- b) All other taxes including GST, duties and other charges which may levied shall be borne by the BC/ BF and the Bank shall not be liable for the same. No costs/ expenses shall be payable/ reimbursed by the Bank against conveyance, traveling expenses, boarding, lodging, out of pocket expenses, liaising etc.
- c) The BC/ BF shall not demand, collect/ recover any commission/ service charges or other monies from the Customers, directly for the services rendered by them.
- d) All expenses, stamp duty and other charges expenses in connection with execution of this agreement shall be borne by BC/ BF.
- e) In case of customer complaints, deficiency in service on the part of BC/ BF etc., the Bank shall be within its rights to withhold or demand return of the fees, commission paid.

10. General Indemnity and Liability

- a) BC/ BF agrees and hereby keeps the Bank indemnified against all claims, actions, loss, damages, costs, expenses, charges, including legal expenses (Attorney, Advocates fees included) which the Bank may suffer or incur on account of any deficiency in services rendered by BC/ BF or any acts of commission / omission on the part of employees, agents, representatives or Sub-Contractors of BC/ BF. BC/ BF agrees to make good the loss suffered by the Bank on first demand made by the Bank in this regard which shall be final conclusive and binding on BC/ BF.
- b) BC/ BF shall be liable under the relevant statute, civil and/ or criminal as the case may be, for any malicious acts, negligent acts, wrongful acts, fraudulent acts and/ or offline/online transactions committed (including those committed by any of its employees, agents, representatives and/or sub-contractors) in the performance of the Services under this Agreement and shall not be deemed to be acting on or behalf of the Bank in any manner whatsoever to the extent of such acts and/ or transactions.

11. Security Deposit

The BC/ BF shall deposit with the Bank an amount of Rs. 50000/- or a Bank guarantee for the equal amount in lieu of the Security Deposit or any the amount that shall be agreed mutually, to be given as security as and by way of a deposit or security for the due performance and observance by the BC/ BF of all the stipulations, conditions and agreements contained in the Contract.

12. Term & Termination

(A) The agreement shall be valid for a period of one year from the date of its execution and may be renewed for such further periods as may be mutually agreed between the parties. The Bank as well as BC/ BF shall have right to terminate the agreement by giving a month's notice in writing to the other party. In the event of termination of the agreement by BC/ BF, all records, information including documents, etc., shall be returned by BC/ BF to the Bank as per instructions of the Bank.

(B) The Bank shall have a right to terminate the agreement immediately by giving a notice in writing to BC/ BF in the following eventualities:

- a) If any Receiver/ Liquidator is appointed in connection with the business of the BC/ BF or BC/ BF transfers substantial assets in favour of its creditors or any orders/ directions are issued by any Authority/ Regulator which has the effect of suspension of the business of BC/ BF.
- b) If BC/ BF applies to the Court/ Tribunal or passes a resolution for voluntary winding up/ insolvency resolution etc. of BC/ BF or any other creditor/ person files a petition for winding up or dissolution/ insolvency resolution of BC/BF.
- c) If BC/ BF in the reasonable opinion of the Bank is unable to pay its debts or discharge its liabilities in normal course of business.
- d) If BC/ BF is unable to render the satisfactory services as envisaged under this agreement and/or violates any condition as envisaged under the Agreement, upon a reasonable assessment of the circumstances by the Bank which affect rendering of the services by BC/ BF as envisaged under this agreement.
- e) If any officer/employee/director of BC/ BF or their relatives as defined under Section (2) (77) of the Companies Act, 2013 becomes a director/ officer or employee of the Bank
- f) If there is a consistent failure to maintain customer satisfaction or substantial number of customer complaints of such severity, so as militate against the effective delivery of services

In the event of the termination of the agreement by either party or pursuant to clause a/b/c/d/e/f hereinabove, BC/ BF shall be liable and responsible to return all records and information in its possession.

It is mutually agreed between the Parties that in accordance with the regulatory requirements, Bank shall in the event of any fraud/wilful negligence/ malpractice attributable to the Agency or any personnel engaged by such agency be entitled to report to Indian Bank's Association the details of the Agency or such personnel engaged by agency, involved in fraud(s)".

13. Micro ATMs

- a) Bank will provide the BC/ BF with a specific model of Micro ATM where proprietary application of the Bank will be uploaded for undertaking various banking transactions on the terms stipulated hereunder.
- b) All Services stipulated hereunder shall be provided by the BC/ BF to the customers solely through the Micro ATM and the BC/ BF shall not in any circumstance undertake any off-line transactions. In the event the BC/ BF is found and/or discovered doing any such malicious/ wrong/ fraudulent acts and/ or offline transactions, it shall be liable and charged for such civil/penal and criminal acts in terms of any laws in force and BC/ BF shall not be deemed to be acting on or behalf of the Bank in any manner whatsoever in respect of the prohibited transactions.

14. Governing Laws & Jurisdiction

- a) The agreement shall be governed and construed in accordance with the Laws of Republic of India.
- b) The parties agree to submit to the jurisdiction of the appropriate court in India in connection with any dispute between the parties under the agreement.(Mediation & Arbitration can be considered as an alternative to Court remedies)

Notices: Any notice, invoice, approval, advice, report or any other communication required to be given under this Agreement shall be in writing and may be given by delivering the same by hand or sending the same by prepaid registered mail, telegram or facsimile to the relevant address sent forth below or such other address as each Party may notify in writing to the other Party from time to time. Any such notice given as aforesaid shall be deemed to be served or received at the time upon delivery (if delivered by hand) or upon actual receipt (if given by facsimile) or fifteen (15) clear days after posting/ email.

Address for Notice/

Address for Notice /

Correspondence

Correspondence

with the Bank

for BC/ BF

15. AADHAR Related Obligations

- a) The BC/ BF hereby agrees and undertakes that if the BC/ BF and/ or any BC's staff obtains or collects the Aadhaar Details of any customer, it shall do so only after ensuring that such collection of Aadhaar Details and purpose thereof are permitted by applicable law of parliament;
- b) If Proof of possession of Aadhaar or Aadhaar number is obtained/ collected, the BC/ BF shall ensure that the Aadhaar number is redacted or blacked out in compliance with extant laws and / or regulatory guidelines, adequate and prior informed consent from the said customer is obtained in accordance with the provisions of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and the relevant regulations prescribed thereunder and the Prevention of Money Laundering Act, 2002 and the relevant regulations prescribed thereunder and any other notification, circular or guidelines, prescribed by the relevant authorities under the said acts including by the Reserve Bank of India (RBI) and/or the Unique Identification Authority of India (UIDAI). The BC/ BF shall ensure that the said consent is stored for as long as the same may be required by law and the BC/ BF shall forthwith furnish the said consent for any such customers, to the Bank, as and when may be required by Bank.
- c) The BC/ BF expressly undertakes and confirms that it shall not store the Aadhaar number or Virtual Id in any manner whatsoever.
- d) The BC/ BF shall at all times comply with applicable law including the aforesaid Acts, regulations, rules and guidelines and circulars, including in relation to the safeguards and measures.

- e) The BC/ BF expressly and unequivocally agrees to and hereby does indemnify, save, defend and hold harmless the Bank and its officers, directors, employees, shareholders, agents, consultants and other representatives, successors and assigns of, from and against all, direct and indirect, claims, notices, damages, fines, penalties, losses, costs, expenses, attorneys' fees, together with taxes from time to time, incurred or suffered by the Bank in respect of any breach by the BC/ BF and/ or any BC/ BF's staff of the undertakings given in this clause by the BC/ BF.

16. Force Majeure

- a) Any failure or delay by either parties in performance of its obligation, to the extent due to any failure or delay caused by fire, flood, earthquake or similar elements of nature, or act of God, war, terrorism, riots, civil disorders, rebellions or revolutions, acts of government authorities or other events beyond the reasonable control of non-performing Party shall not be deemed as default.
- b) If Force Majeure situation arises, the non-performing party shall promptly notify to the other party in writing of such conditions and the cause(s) thereof. Unless otherwise agreed in writing, the non-performing party shall continue to perform its obligations under the Agreement as far as is reasonably practical and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.
- c) If the Force Majeure situation continues beyond 30 days, either parties shall have the right to terminate the Agreement by giving a notice to the other party. Neither party shall have any penal liability to the other in respect of the termination of this Contract as a result of an event of Force Majeure. However, Service Provider shall be entitled to receive payments for all services actually rendered up to the date of the termination of this Agreement.

17. Infrastructure & Technology Standards

BC/ BF to ensure that the hardware requirements at the CSP outlets are met and updated regularly with the latest software patches/ security features so as to ensure quality and uninterrupted service to the customers (to be prescribed by the Bank from time to time.)

18. Non-Disclosure

The existence and terms of this Agreement are confidential. The BC/ BF shall not, at any time, disclose to any person, the existence or terms of this Agreement, except as required under Applicable Law. The BC/ BF shall ensure that each person to whom it communicates such information, under the terms of and in accordance with this Agreement, be similarly bound.

19. Miscellaneous

- a) Any provision of this Agreement may be amended or waived, if, and only if such amendment or waiver is in writing and signed, in the case of an amendment by each party, or in the case of a waiver, by the Party against whom the waiver is to be effective.
- b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.
- c) This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior written agreements, undertakings, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter of the Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by any party hereto.
- d) Neither this agreement nor any provision hereof is intended to confer upon any person/s other than the Parties to this Agreement any rights or remedies hereunder.
- e) The BC/ BF shall execute and deliver such additional documents and perform such additional actions, as may be necessary, appropriate or reasonably requested to carry out or evidence the transactions and services contemplated hereby.
- f) The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of this Agreement, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of the Parties hereunder shall be enforceable to the fullest extent permitted by law.
- g) In case of any change in applicable laws or Regulatory Instructions or any other Authority in India that has an effect on the terms of this Agreement, the parties agree that the Agreement may be reviewed, and if deemed necessary by the Parties, renegotiated in good faith.
- h) The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation thereof.
- i) If this Agreement is signed in counterparts, each counterpart shall be deemed to be an original.
- j) The BC/ BF shall not assign or transfer all or any of its rights, benefits or obligations under this Agreement without the specific written consent & approval of the Bank. The Bank may, at any time, assign or transfer all or any of its rights, benefits and obligations under this Agreement.
- k) The BC/ BF agrees that they shall not use the logo, trademark, copy rights of other proprietary rights of the Bank in any advertisement or publicity materials or any other written communication with any other party, without the prior written consent of the Bank.
- l) This Agreement shall not be construed as joint venture. Each party shall be responsible for all its obligations towards its respective employees. No employee of any of the two parties shall claim to be employee of other party.

SCHEDULE 'A'

(Details of specific services/ products to be rendered by BC/ BF be shared)

(A) BC/BF activities:

- a) Enrollment of customers, including collection of biometric and other details, provide card (ID Card, Debit Card, Credit Card), PIN.
- b) Provide transaction facility
 - (i) Deposit of money in an account with our bank
 - (ii) Withdrawal of money from an account with any bank
 - (iii) Remittances from an account with a bank to an account with the same or any other bank
 - (iv) Balance Enquiry and issue Receipts/ Statement of Accounts.
- c) Disbursal of credit facilities to borrowers involving small amounts strictly as per the instructions of the Bank.

(B) Other activities:

- a) Identification of borrowers and classification of activities as per their requirement.
- b) Collection and primo facie scrutiny of loan applications including verification of primary data.
- c) Creating awareness about savings and other products offered by the Bank and education and advice on managing money & debt counseling.
- d) Preliminary scrutiny of data and submission of applications to the Bank for its review.
- e) Promotion, nurturing, monitoring and handholding of Self-Help Groups and/or Joint Liability Groups and/or Credit Groups and others.
- f) Sale of third-party financial products with prior approval of the concerned Bank.
- g) PMJDY accounts through kiosk banking model
- h) Home loans/ Loans Against Property
- i) Auto Loan
- j) Loans against TDR/ NSC/ KVP etc.
- k) Gold Loans, SME Loan
- l) GCC/ KCC
- m) Current account and Saving Bank account (other than No Frills Account)
- n) Term deposits and Recurring deposits.

Additional products may be added by mutual agreement. Products may be amended from time to time.

SCHEDULE `B`

(Details of the fees/ commission to be paid and the manner in which it will be paid)

In case of 2 or more service related customer complaint in a month against the BC, 10% of the total commission to be paid for the month in which the complaint is received, to be recovered, if the complaint found to be genuine.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement the day and year first hereinabove written.

For THE BUSINESS CORRESPONDENT /
BUSINESS FACILITATOR

For BANK _____
(Bank)

Indicative list of topics for training

- ❖ Brief Profile of the Bank
- ❖ Introduction to Financial Inclusion and the core product.
- ❖ Introduction to Banking Services
- ❖ General Banking Including Deposits
- ❖ Principles of Lending with special reference to Rural and Retail Lending
- ❖ Role of Business Correspondents.
- ❖ Filling up of Application Forms (incl. KYC guidelines)
- ❖ Reconciliation and preparation of daily reports
- ❖ Cash Handling and Security Measures
- ❖ Attitudinal enhancement
- ❖ Customer Relationship Management
- ❖ Customer Query Handling

Apart from the above, BC's should be trained by the Technology Service Providers on the operation and maintenance of Hand Held Devices / Enrolment Kits.

BC's should be encouraged to undergo the BC/BF certification course by IIBF or any other certification recommended by the regulators, compulsorily.

DO's and DONT's for BCs:-

Do's

- Treat every customer with due respect
- Maintain friendly relation with the Bank's Branch Manager
- Protect oneself well while traveling to and from Bank with cash
- Maintain the cash registers and transaction receipts carefully
- Read the manuals carefully and clarify doubts
- If there is any problem with the terminal or branch, report to BC Coordinator/GSMU Immediately.
- Keep the terminal clean, safe and well charged

Do's For Disbursal

- Complete the disbursals effectively and efficiently
- Before the disbursal period starts, ensure the terminal is ready for disbursals
- Take measures to protect the cash meant for disbursal
- Disburse the amount to all the intended recipients. If required, take the terminal to the customer's location and facilitate transactions then and there.
- Ensure that passbooks are issued to the customers and it is updated periodically.

Don'ts

- Do not discriminate the customers based on religion, caste, creed, political party, family feuds, social status, and personal friendship.
- Do not charge the customers for any transaction or providing any help
- Do not exploit customers – do not solicit or extract any favor in return for services you provide in cash or kind
- Do not give an impression that you are a benefactor of a customer, you are doing your duty
- Do not encourage informal borrowing or lending
- Do not reveal transaction details of the customers to anybody else
- Do not complete a cash transaction in the terminal until cash actually changes hands
- Do not mix up personal money with Bank's or customers' money
- Do not keep large amounts of cash for long time
- Do not leave the cash or terminals in unsafe places
- Do not keep customer's card or customer's copy of transactions with you.

Demand Promissory Note

Received **Rs..... (Rupees**) from The South Indian Bank Ltd.,
Branch an interest free advance to meet the operating limit requirement for the Business
Correspondent activities, for which I have entered into a separate agreement with the Bank on
.....

The amount will be returned / remitted to the Bank on demand in full and without any interest thereof.

Space for
Revenue
Stamp

Place: (Signature of Business Correspondent)

Date:

Display at Customer Service Point (CSP) Outlets:

- a) BC to ensure that each CSP outlets will install uniform standard signage in the local language (vernacular), prescribed by the Bank indicating its status as service provider for the Bank and displaying Bank's logo, PMJDY logo, name of the Bank & contact details of the Link branch as well as the address and telephone number of Controlling Authority of the Bank and Banking Ombudsman. **Signage has to be approved from Marketing Department.**
- b) Apart from the above, every CSP will have to display the following details in its outlets for information of the public:
- i. Working hours;
 - ii. List of products/ services available at CSP Outlets;
 - iii. Charges for various services to be recovered from customers;
 - iv. List of Do's and Don'ts for customers;
 - v. List of Do's and Don'ts for CSPs;
 - vi. Transaction limits;
 - vii. Instructions regarding Rupay Card;
 - viii. Certification acquired through Indian Institute of Banking & Finance (IIBF);
 - ix. Other display materials advised by the Bank from time to time.

Any advertisements/posters displayed in the BC outlets to be duly approved by Marketing Department**Grievance Redressal Mechanism:-****Grievance Escalation Matrix**

Sl No.	Level	Officer in charge
01	All complaints/ grievances of customers to be first addressed to	Customer Experience Group e-mail: customercare@sib.co.in Contact: 1800 425 1809 , 1800 102 9408 OR Base Branch Manager Name of BM: Phone Number:
	For the complaint received at branch level, branch to act in accordance to Grievance Redressal Policy of the Bank with Customer Relations Department.	

Roles and Responsibilities of BC Coordinators:-

- ✓ Submission of the tour plan to the immediate reporting officer in advance and visit the allotted villages in the Districts allotted.
- ✓ Surprise visits to villages to ascertain the activities of BCs.
- ✓ Verification of cash holding with BCs.
- ✓ Monitoring of data file upload related with transactions and account opening based on TSP report.
- ✓ Coordination with Panchayat Head / Mukhiya for maximum enrolment in villages.
- ✓ To facilitate quarterly meeting of BCs at Base Branch.
- ✓ Quarterly meeting with all the BCs in a district for way forward with District Coordinator.
- ✓ Coordinating FI Mela in the districts.
- ✓ Handling grievances of FI customers.
- ✓ Ensuring opening of accounts of all households in all the service area villages allotted to the Bank.
- ✓ Training and hand holding of BCs.
- ✓ Guide the Branch staffs in issues relating to Financial Inclusion.
- ✓ Overall monitoring of FI implementation and control of BCs engaged by our Bank in the Region.
- ✓ Participating in the selection process of BCs for the allotted villages
- ✓ Arranging training to Base Branch Managers and BC's
- ✓ Taking initiatives to increase the number of transactions
- ✓ Coordinating with SLBC, State Government, RBI etc
- ✓ Arranging half yearly review meeting of all the BCs in the Region
- ✓ Reconciliation of Transact

Abbreviations used

A/c: Account
AOF: Account Opening Form
BC: Business Correspondent
BM: Branch Manager
FI: Financial Inclusion
FIP- Financial Inclusion Plan
GoI: Government of India
HHD/HHT: Hand Held Device / Terminal
IBA: Indian Banks Association
KYC: Know Your Customer
LDM: Lead District Manager
MoF : Ministry of Finance
OD: Overdraft
POS: Point of Service / Sale
RBI: Reserve Bank of India
SLBC: State Level Banker's Committee.
GSMU: Government Schemes Monitoring Unit

Reference

1. RBI Circular DBOD.No.BL.BC.74 /22.01.009/2007-2008 dated April 24,2008
2. RBI Circular DBOD.No.BL.BC. 63 /22.01.009/2009-10 dated November 30,2009
3. RBI Circular DBOD. No.BL.BC.43/22.01.009/ 2010-11 dated September 28, 2010
4. RBI Circular DBOD.No.BL.BC.82/22.01.009/ 2011-12 dated March 02, 2012
5. RBI Circular RBI/2013-14/653 DBOD.No.BAPD.BC.122/22.01.009/2013-14 dtd. June 24, 2014
- 6.Master Circular DBOD.No.BAPD.BC.7/22.01.001/2014-15 dated July 01, 2014

Chapter 2: Corporate Business Correspondents

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Corporate Business Correspondent for Asset or Asset & Liability Operations

1. Objectives

- a) To ensure greater financial inclusion and increase the outreach of our Banking Services to the masses across the country.
- b) To substantially increase our market share and penetration beyond branch network.
- c) To provide comprehensive and affordable financial services, encompassing savings, thrift, credit, remittance, insurance, mutual funds and pension products to the financially underprivileged masses.
- d) To inculcate banking habit amongst the unbanked populace so as to increase their income and assets, thereby enabling them to participate in the development process of the economy.
- e) To improve process efficiencies and reduce transaction costs by adopting technology based solutions.
- f) To leverage on the strengths of intermediaries in accelerating the process of financial inclusion and sourcing of business.
- g) To lay down a well-defined plan of action for implementing the Corporate Business Correspondents Model successfully in the Bank.
- h) To emerge as the outstanding performer in 'Financial Inclusion' and establish leadership in the rural & semi-urban areas.

2. Eligibility for empanelment of Corporate Business Correspondents

Entities eligible for Business Correspondent Model:

- MFIs /NGOs set up under the Indian Societies / Trust Acts.
- Cooperative Societies registered under Cooperative Societies Acts/Mutually Aided Cooperative Societies (MACS) Acts/Multi State Cooperative Societies Act
- Banks can engage companies registered under section 8 of the Companies Act 2013 as Business Correspondents (BCs) provided that the Section 8 companies in which NBFCs, banks, telecom companies and other corporate entities or their holding companies do not have equity holdings in excess of 10%.
- For profit companies: Companies registered under the Indian Companies Act, 2013 with large and widespread retail outlets, Preference to be given to companies whose network is largely in rural areas, and are willing to cover the unbanked areas.
- NBFCs (Non-Deposit taking)

3. Activities of BC

The scope of activities to be undertaken by the BC will include

- Identification of borrowers
- Facilitate obtention of KYC
- Promoting, nurturing and monitoring of Self Help Groups/ Joint Liability Groups/Credit Groups/others
- Creating awareness about savings and other products and educating/advising on managing money including debt counselling
- Collection of small value deposits
- Collection and preliminary processing of loan applications including verification of primary information/data
- Processing and submission of applications to banks
- Disbursal of small value credit
- Post-sanction monitoring
- Follow-up for recovery
- Facilitate Recovery/Collection of principal/interest of loans disbursed.
- Sale of micro insurance/ mutual fund products/ pension products/ other third party products
- Receipt and delivery of small value remittances/ other payment instruments.
- The activities to be undertaken by the BC would be within the normal course of the Bank's banking business, but conducted through and by the entities at places other than the Bank's premises/ATMs.
- Any other service on behalf of the Bank, on recommendation of respective Business Groups/Verticals, duly approved by MD & CEO.

Note: Based on the recommendation from respective Business Group/Vertical heads, appointing authority will approve the Threshold limit for collection of small value deposit and disbursal of small value credit, with proper prudence based on the type and nature of portfolio, target group, veracity of transactions etc.

4. Criteria for selection of non-individual entity as Corporate BC Partner of the Bank

Entry level norms for all categories of BC shall be as under:

S.No	Legal Structure	Society / Trust / NGO	Section 8 company	NBFC-MFI	ND-NBFC	Corporate / BC only Company
1	Vintage/experience in line of activity	3 years of existence and demonstrated track record of running a successful Micro Credit Programme or acting as BC partner with Bank/FI in respective field				New Company may also be considered, if it has been promoted and managed by professionals with experience of at least three years in the respective field.

2	Credentials /experience of Promoters	1) Management should have expertise in line of activity. 2) Satisfactory report on promoters/entities shall be ascertained from CIBIL/RBI/Caution advice list. 3) No known default by Company or Group.				
3	Details of Management /Board	Management with professional expertise and having demonstrated ability to their capacity in this respect.				
4	Technology platform	Should be technologically capable for system integration with Bank's software application				
5	CRAR	NA	NA	15%	15%	NA
6	TOL/TNW	8	8	6	6	8
7	Current Ratio	1.10	1.10	1.10	1.10	1.10
8	Minimum Capital (Rs. in Cr)	1.00	1.00	3.00	3.00	1.00

Any deviation may be approved by MD & CEO with justifiable recommendation by Business Groups/Verticals

5. Appointment & Execution of MOU

As per the Operational Guidelines for Corporate Business Correspondents approved by MD & CEO

6. Distance criterion

With a view to provide operational flexibility where technological sophistication is available, RBI withdrew the stipulation regarding distance criteria and permitted Banks to stipulate own distance criteria.

BCs with sophisticated technology should be empaneled so that Bank can cater the customers located up to 100 kms from a Branch. Any relaxation in distance criteria shall be with approval of sanctioning authority.

7. Due Diligence Check for BC

- (a) Details of incorporation and promoters
- (b) Details of management staff including qualifications, experience, other business activities, financial status, etc.
- (c) Particulars of employee level expertise.
- (d) Type of infrastructure available
- (e) Financial position
- (f) Reputation, Market standing
- (g) Management, Business Continuity and Corporate Governance
- (h) Cash handling ability
- (i) Ability to implement technology solutions rendering financial services
- (j) Should not be defaulter to any Bank/ Financial Institution.
- (k) The company should not be affiliated to any political party.
- (l) Past dealing if any should be satisfactory.
- (m) Should have knowledge of the area.
- (n) The organization / Directors / promoters should not have any criminal record.
- (o) Present business relationships and their status and adherence to the various local rules and regulations.

Additional Due Diligence in case of NGO / MFI:

- (a) Charter and Registration – The foremost would be to examine whether the charter and objectives of the MFI / NGO permit it to undertake the kind of activities proposed,
- (b) Presence in the area – MFI / NGOs with adequate presence in the area/neighborhood for a reasonable time period would be preferable, as they would have developed better networking and understanding of local conditions.
- (c) Management and Governance Structure – Many NGO / MFIs are almost solely driven by the founders. It is essential to examine the composition of the governing body of the entity to assess if it can function independent of the promoter and if there is a second tier of management to facilitate business continuity.
- (d) Manpower Quality and Retention Rates – The quality of manpower from the perspective of undertaking the new task needs to be assessed. If not available in sufficient number, plans of the MFI / NGO to strengthen their manpower through recruitment and training are to be considered.
- (e) Social vs. Profit Orientation – Often MFI / NGOs are social service oriented, which may hamper undertaking a task like financial intermediation. This needs to be carefully assessed as the two are vastly different competencies.
- (f) Secular and Social Orientation – The MFI / NGOs should preferably be non-discriminatory on caste, gender, political affiliation and religious lines. While its work could focus on specific groups or communities, it should not have any negative discrimination. The commitment of the entity for catering to the unserved, poor, and disadvantaged sections including women, etc. may be seen.
- (g) Assessment of Donors Partners and Peers – Assessment of the MFI / NGO by the donors, partners and peers would be a crucial input in assessing the capabilities of the MFI / NGO. This can be obtained from independent discussions with the donors, partners and peers and the government agencies connected with such programs.
- (h) Financial Reporting – The financial reporting of the MFI / NGO will indicate both the transparency and compliance to the laws of the land. It is to be seen whether there is consistency in financial reporting to the reporting authority, government, and donors etc.

8. Exposure norms

Exposure to BC (entity) shall be based on AUM, Maximum exposure through any BC partner shall be up to 40% of AUM of that BC partner. On attaining the BC portfolio of Rs.500 Cr by bank, restriction on exposure through any single Corporate BC partner up to 40% of overall BC portfolio of the bank is stipulated.

Asset under Management (AUM) = On Book Portfolio + Portfolio under securitization+ Portfolio sourced for Bank/FI as a BC partner

Initially for new relationships, Bank may consider extending upto 20% of AUM on last audited balance sheet date to start with, any additional exposure may be considered based on annual review of performance of the BC. On completion of one year from the date of appointment and satisfactory performance, the delegated authority may enhance the same upto 30% and this may be further enhanced to 40% on completion of two years of satisfactory performance.

Deviation in above exposure norms shall be approved by MD & CEO.

IRMD to review the Asset Business sourced through Corporate BC on monthly basis to ensure the non-breach of exposure norms. Business groups shall provide the required data for review to IRMD on monthly basis.

9. Performance Security

As per the Operational Guidelines for Corporate Business Correspondents

10. Remuneration & Fees:

As per the Operational Guidelines for Corporate Business Correspondents

11 Monitoring of BC activities/control mechanism and end use verification:

As per the Operational Guidelines for Corporate Business Correspondents

12. Portfolio Review & Reporting:

As per the Operational Guidelines for Corporate Business Correspondents

13. Grievance Redressal Mechanism

Following Grievance Escalation Matrix shall be made available at BC branches.

S No	Level	Officer in charge
1	All complaints/ grievances of customers to be addressed first to	Customer Experience Group e-mail: customercare@sib.co.in Contact: 1800 425 1809 , 1800 102 9408 OR Micro Credit officer/Sales Manager Name of MCO/SM: Phone Number:
	For the complaint received at MCO/SM level, MCO/SM to act in accordance to Grievance Redressal Policy of the Bank with Customer Relations Department.	

14. Display at Customer Service Point (CSP) Outlets:

- a) BC to ensure that each CSP outlets will install uniform standard signage in the local language (vernacular), prescribed by the Bank indicating its status as service provider for the Bank and displaying Bank's logo, PMJDY logo, name of the Bank & contact details of the Link branch as well as the address and telephone number of Controlling Authority of the Bank and Banking Ombudsman. Signage has to be approved from Marketing Department.
- b) Apart from the above, every CSP will have to display the following details in its outlets for information of the public:

- i. Working hours;
- ii. List of products/ services available at CSP Outlets;
- iii. Charges for various services to be recovered from customers;
- iv. List of Do's and Don'ts for customers;
- v. List of Do's and Don'ts for CSPs;
- vi. Transaction limits;
- vii. Instructions regarding Rupay Card;
- viii. Certification acquired through Indian Institute of Banking & Finance (IIBF);
- ix. Other display materials advised by the Bank from time to time.

Any advertisements/posters displayed in the BC outlets to be duly approved by Marketing Department

15. Risks and Risk Mitigation Techniques

The engagement of BC by Bank to carry out financial transactions and other financial inclusion activities on behalf of the Bank exposes the Bank to various risks. The act of commission and omission by the BC partner would reflect directly on the Bank as we are the custodians of the customer's money. Therefore, suitable risk mitigation techniques should be in place.

S.No	Risk	Risk Mitigation Techniques
1	<p>Strategic Risk</p> <ul style="list-style-type: none"> • The service provider may conduct activities on its own behalf, which are inconsistent with the overall strategic goals of the regulated entity. • Inadequate expertise to oversee the service provider 	<p>Due diligence to be exercised at the time of selection and the activities to be monitored by actual visit to Customer Service Point outlets at prescribed intervals.</p> <p>The agreement with BC partner to include a condition that they shall not conduct any activities on their own behalf or any other inconsistent activity.</p> <p>Proper sensitization of the activities and operational training shall be given to the field staff.</p>
2	<p>Reputation Risk</p> <p>Poor service from the service provider, customer interaction by the service provider may not be consistent with the overall standard</p>	<p>Due diligence to be exercised at the time of selection process and the activities to be monitored. Adequate and ongoing training will also be put in place. Technology will ensure standardization.</p> <p>A strong feedback structure has to be developed. Respective Business Groups/Verticals should independently interact with the public to get unbiased</p>

		<p>feedback about the activities and services rendered by BC.</p> <p>In addition, Business Groups/Verticals should make a basic KYC AML verification of the individuals appointed by the Corporate BCs in the BC Outlets at least on a random basis.</p>
3	<p>Compliance Risk</p> <ul style="list-style-type: none"> • Privacy, consumer and prudential laws not adequately complied with, by the service provider. • Service provider has inadequate compliance system and controls. 	<p>All BC (entity) to be imparted adequate training at periodic intervals in the relevant areas.</p> <p>In the event of breach of privacy the BC partner may be penalized or black listed. An undertaking to this effect shall be obtained. A clause in this respect shall be incorporated in the mutual agreement for appointment.</p> <p>The BC shall not have access to the branch records.</p> <p>The compliance system/controls requirements shall be ensured by the Respective Business Groups/Verticals while engaging BC</p>
4	<p>Operational Risk</p> <p>Arising due to technology failure, fraud, error, inadequate financial capacity, discontinuation of business, to fulfill obligation and / or provide remedies by the BC partner.</p>	<p>Bank shall stipulate a condition that back up data should be maintained at an alternative server.</p> <p>Selection process will ensure that only reputed organizations are enrolled. Also, the Bank will lay down the minimum criteria for individual operators to be appointed by BC (entity). Customers will also be educated about their responsibilities with respect to their accounts. Bank shall also insist on a suitable business continuity plan to be drawn, documented and made part of MOU.</p> <p>Insurance coverage can be obtained.</p>
5	<p>Exit Strategy Risk</p> <ul style="list-style-type: none"> • Appropriate exit strategies are not in place. • Over-reliance on a Single Agency 	<p>Identify more than one BC (entity) for each area of operations so that if services of one entity is not available for any reason, another will be available as a standby.</p>
6	<p>Contractual Risk</p> <p>Inability to enforce the contract</p>	<p>The contractual capacity of the BC shall be checked through due diligence check at the time of engagement.</p>

7	<p>Concentration Risk Considerable exposure to one single service provider.</p>	<p>On attaining the BC portfolio of Rs.500 Cr by bank, restriction on exposure through any single Corporate BC partner up to 40% of overall BC portfolio of the bank is stipulated</p>
8	<p>Legal Risk: Includes but is not limited to exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements due to omissions and commissions of the service provider</p>	<p>The agreements with the BC should contain suitable clauses to cover this aspect.</p>
<p>Any incident /unusual events if identified/reported to be additionally reported to ORM cell as part of incident reporting.</p>		

Corporate Business Correspondents for Liability Operations

1. Objectives

- a) To ensure partnership with Fintechs/ Corporates for liability business and increase the outreach of our Banking Services to the masses across the country.
- b) To substantially increase our market share and penetration.
- c) To provide comprehensive and affordable financial services, encompassing all liability products including savings, remittance, insurance, mutual funds and pension products.
- d) To improve process efficiencies and reduce transaction costs by adopting technology based solutions.
- e) To leverage on the strengths of intermediaries like Fintechs / Business correspondents in accelerating the process of sourcing business.
- f) To emerge as the outstanding performer in Fintech/Financial Inclusion and establish leadership in all the geographies
- g) To lay down a well-defined plan of action for implementing the Corporate Business Correspondents Model successfully in the Bank.
- h) To leverage on the Fintech/ Business Correspondent's technologies, physical & digital network for selling & marketing Bank's digital & liability products.

2. Eligibility for empanelment of Corporate Business Correspondents

Entities eligible for Business Correspondent Model:

- MFIs /NGOs set up under the Indian Societies / Trust Acts.
- Cooperative Societies registered under Cooperative Societies Acts/Mutually Aided Cooperative Societies (MACS) Acts/Multi State Cooperative Societies Act
- Banks can engage companies registered under section 8 of the Companies Act 2013 as Business Correspondents (BCs) provided that the Section 8 companies in which NBFCs, banks, telecom companies and other corporate entities or their holding companies do not have equity holdings in excess of 10%.
- For companies: Companies registered under the Indian Companies Act, 2013 with large distribution network physically or digitally, Preference to be given to companies whose network is largely in rural areas, and are willing to cover the unbanked areas.
- NBFCs (Non-Deposit taking)

3. Activities of BC

The scope of activities to be undertaken by the BC will include

- Identification and Sourcing of customers.
- Facilitate obtention of KYC
- Promoting, nurturing and monitoring of Self Help Groups/ Joint Liability Groups/others
- Creating awareness about savings and other products and educating/advising on managing money
- Processing and submission of applications to banks
- Sale of micro insurance/ mutual fund products/ pension products/ other third party products
- The activities to be undertaken by the BC would be within the normal course of the Bank's banking business, but conducted through digitally or physically and by the entities at places other than the Bank premises/ATMs.
- Sales & Marketing of bank's own digital & physical liability products
- Any other service on behalf of the Bank, on recommendation of respective Business Groups/Verticals, duly approved by Appointing authority.
- Receipt of payment instruments.

4. Criteria for selection of non-individual entity as Corporate BC Partner of the Bank

Entry level norms for all categories of BC shall be as under:

S.No	Legal Structure	Society / Trust / NGO	Section 8 company	NBFC - MFI	ND-NBFC	Corporate / BC only Company
1	Vintage/experience in line of activity	3 years of existence and demonstrated track record of running a successful Micro Credit Programme or acting as BC partner with Bank/FI in respective field				New Company may also be considered, if it has been promoted and managed by professionals of at least three years in the respective field.
2	Credentials /experience of Promoters	1) Management should have expertise in line of activity. 2) No known default by Company or Group. 3) No derogatory remarks in TPE Caution List, RBI wilful defaulter list				
3	Details of Management /Board	Management with professional expertise and having demonstrated ability to their capacity in this respect.				
4	Technology platform	Should be technologically capable for system integration with Bank's software application				

Any deviation may be approved by Appointing Authority with justifiable recommendation by Business Groups/Verticals/Department.

5. Appointment & Execution of MOU

As per the Operational Guidelines for Corporate Business Correspondents

6. Due Diligence Check for BC

- (a) Details of incorporation and promoters
- (b) Details of management staff including qualifications, experience, other business activities, financial status, etc.
- (c) Particulars of employee level expertise.
- (d) Type of infrastructure available
- (e) Financial position
- (f) Reputation, Market standing
- (g) Management, Business Continuity and Corporate Governance
- (h) Ability to implement technology solutions rendering financial services
- (i) Should not be defaulter to any Bank/ Financial Institution.
- (j) The company should not be affiliated to any political party.
- (k) Past dealing if any should be satisfactory.
- (l) Should have knowledge of the area.
- (m) The organization / Directors / promoters should not have any criminal record.
- (n) Present business relationships and their status and adherence to the various local rules and regulations.

Additional Due Diligence in case of NGO / MFI:

- (a) Charter and Registration – The foremost would be to examine whether the charter and objectives of the MFI / NGO permit it to undertake the kind of activities proposed,
- (b) Presence in the area – MFI / NGOs with adequate presence in the area/neighboring area for a reasonable time period would be preferable, as they would have developed better networking and understanding of local conditions.
- (c) Management and Governance Structure – Many NGO / MFIs are almost solely driven by the founders. It is essential to examine the composition of the governing body of the entity to assess if it can function independent of the promoter and if there is a second tier of management to facilitate business continuity.
- (d) Manpower Quality and Retention Rates – The quality of manpower from the perspective of undertaking the new task needs to be assessed. If not available in sufficient number, plans of the MFI / NGO to strengthen their manpower through recruitment and training are to be considered.
- (e) Social vs. Profit Orientation – Often MFI / NGOs are social service oriented, which may hamper undertaking a task like financial intermediation. This needs to be carefully assessed as the two are vastly different competencies.
- (f) Secular and Social Orientation – The MFI / NGOs should preferably be non-discriminatory on caste, gender, political affiliation and religious lines. While its work could focus of specific groups or communities, it should not have any negative discrimination. The commitment of the entity for catering to the unserved, poor, and disadvantaged sections including women, etc. may be seen.

(g) Assessment of Donors Partners and Peers – Assessment of the MFI /NGO by the donors, partners and peers would be a crucial input in assessing the capabilities of the MFI / NGO. This can be obtained from independent discussions with the donors, partners and peers and the government agencies connected with such programs.

(h) Financial Reporting – The financial reporting of the MFI / NGO will indicate both the transparency and compliance to the laws of the land. It is to be seen whether there is consistency in financial reporting to the reporting authority, government, and donors etc.

7. Remuneration & Fees:

The remuneration/ commission/ fee payable to corporate business correspondents should be agreed mutually by the Bank and the company/Fintech/ corporate business correspondent and should be a part of the agreement.

8. Monitoring of BC activities/control mechanism:

Verticals/ Departments should verify the activity carried out by the BCs.

9. Performance Review:

Business Groups/Verticals shall review and submit report on the performance of the Corporate BC to BC Committee and ED on Quarterly and Half yearly basis respectively. The Business Groups/Verticals shall submit a report on review of Performance under BC arrangement to the Board of Directors on yearly basis.

10. Grievance Redressal Mechanism

Following Grievance Escalation Matrix shall be made available at BC branches/Outlets.

S No	Level	Officer in charge
1	All complaints/ grievances of customers to be addressed first to	Customer Experience Group e-mail: customercare@sib.co.in Contact: 1800 425 1809, 1800 102 9408 OR Sales Manager Name of SM: Phone Number:
	For the complaint received at SM level, SM to act in accordance to Grievance Redressal Policy of the Bank with Customer Relations Department	

11. Risks and Risk Mitigation Techniques

The engagement of BC by Bank to carry out financial transactions and other financial inclusion activities on behalf of the Bank exposes the Bank to various risks. The act of commission and omission by the BC partner would reflect directly on the Bank as we are the custodians of the customer’s money. Therefore, suitable risk mitigation techniques should be in place.

S.No	Risk	Risk Mitigation Techniques
1	<p>Strategic Risk</p> <ul style="list-style-type: none"> The service provider may conduct activities on its own behalf, which are inconsistent with the overall strategic goals of the regulated entity. Inadequate expertise to oversee the service provider 	<p>Due diligence to be exercised at the time of selection and the activities to be monitored at prescribed intervals.</p> <p>The agreement with BC partner to include a condition that they shall not conduct any activities on their own behalf or any other inconsistent activity as per the BC guidelines of the bank.</p> <p>Proper sensitization of the activities and operational training shall be given to the field staff.</p>
2	<p>Reputation Risk</p> <p>Poor service from the service provider, customer interaction by the service provider may not be consistent with the overall standard</p>	<p>Due diligence to be exercised at the time of selection process and the activities to be monitored. Adequate and ongoing training will also be put in place. Technology will ensure standardization.</p> <p>A strong feedback structure has to be developed. Respective Business Groups/Verticals should independently interact with the public to get unbiased feedback about the activities and services rendered by BC.</p> <p>In addition, Business Groups/Verticals should make a basic KYC AML verification of the individuals appointed by the Corporate BCs in the BC Outlets at least on a random basis.</p>
3	<p>Compliance Risk</p> <ul style="list-style-type: none"> Privacy, consumer and prudential laws not adequately complied with, by the service provider. Service provider has inadequate compliance system and controls. 	<p>All BC (entity) to be imparted adequate training at periodic intervals in the relevant areas.</p> <p>In the event of breach of privacy, the BC partner may be penalized or black listed. An undertaking to this effect shall be obtained. A clause in this respect shall be incorporated in the mutual agreement for appointment.</p> <p>The BC shall not have access to the branch records.</p> <p>The compliance system/controls requirements shall be ensured by the Respective Business Groups/Verticals while engaging BC</p>

4	<p>Operational Risk Arising due to technology failure, fraud, error, inadequate financial capacity, discontinuation of business, to fulfill obligation and / or provide remedies by the BC partner.</p>	<p>Bank shall stipulate a condition that back up data should be maintained at an alternative server. Selection process will ensure that only reputed organizations are enrolled. Also, the Bank will lay down the minimum criteria for individual operators to be appointed by BC (entity). Customers will also be educated about their responsibilities with respect to their accounts. Bank shall also insist on a suitable business continuity plan to be drawn, documented and made part of MOU. Insurance coverage can be obtained.</p>
5	<p>Exit Strategy Risk • Appropriate exit strategies are not in place. • Over-reliance on a Single Agency</p>	<p>Identify more than one BC (entity) for each area of operations so that if services of one entity is not available for any reason, another will be available as a standby.</p>
6	<p>Contractual Risk Inability to enforce the contract</p>	<p>The contractual capacity of the BC shall be checked through due diligence check at the time of engagement.</p>
7	<p>Concentration Risk Considerable exposure to one single service provider.</p>	<p>On attaining the BC portfolio of Rs.500 Cr by bank, restriction on exposure through any single Corporate BC partner up to 40% of overall BC portfolio of the bank is stipulated</p>
8	<p>Legal Risk: Includes but is not limited to exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements due to omissions and commissions of the service provider</p>	<p>The agreements with the BC should contain suitable clauses to cover this aspect.</p>
<p>Any incident /unusual events if identified/reported to be additionally reported to ORM cell as part of incident reporting.</p>		

Agreement:-

(TO BE STAMPED AS AN AGREEMENT AND INDEMNITY
AS PER THE APPLICABLE STATE STAMP ACT)

This agreement made on this day of 202.... Between Bank, constituted under the..... Act, having its headoffice at hereinafter referred to as “The Bank’ which expression shall unless repugnant to the context or meaning thereof shall include its successors & permitted assigns of the First Part.

AND

ABC, incorporated under Act having its registered office at and principal place of business at hereinafter referred to as Business Correspondent/ Business Facilitator (BC/ BF) as the case may be which expression shall unless repugnant to the context or meaning thereof shall include its successor & permitted assigns of the Second Part.

[the above clause needs to be changed depending on the status of the service provider, i.e., company, Society, trust, etc.]

WHEREAS the Bank has undertaken to expand its banking operations extensively in accordance with the Guidelines dated..... Issued by the Reserve Bank of India, with including modifications thereto as may be made by the RBI from time to time, and

WHEREAS pursuant to the aforesaid guidelines, the Bank is desirous of availing services of the Business Correspondent/ Business Facilitator (BC/ BF) on principal-to-principal basis to facilitate its business growth and the BC/ BF has offered to undertake such assignment/ provide professional services as may be required by the Bank.

NOW THEREFORE this agreement witnesseth as under:

1. Scope of Services

The BC/ BF agrees to provide the services as detailed hereunder, as per the scope and as may be required by the Bank from time to time.

Nature of Services:

PART ‘A’

- a) Identification of prospective customer/ borrowers & fitment of activities.
- b) Collection and preliminary processing of loan applications including verification of primary data.
- c) Creating awareness about savings and other products offered by the Bank, education and advice on managing money & debt counseling.
- d) Processing & Submission of applications to the Bank.
- e) Promotion, nurturing, monitoring and handholding of Self-Help Groups/ Joint Liability Groups/ Credit Groups and others.
- f) Post sanction monitoring in case of advances/ loans granted by the Bank.
- g) Follow up of Recovery.

PART 'B'

- a) Disbursal of Small Value Credits Strictly as per instructions of the Bank.
- b) Recovery of principal/ interest from the borrowers and prompt deposit of the same with the Bank.
- c) Collection of small value deposits & prompt deposit of the same with the Bank.
- d) Sale of Micro/ insurance/ mutual fund/ pension and other third-party products as may be decided by the Bank.
- e) Receipt & delivery of small value remittances/ other payment instruments.
- f) Any other service as may be advised by the Bank in writing to the BC/ BF.

BC/ BF agrees and confirms that they and also their agents/ employees, sub-contractors

- a) are properly trained to perform the BC/ BF's obligations under this agreement, and would maintain, privacy of customer information and shall inform the correct terms and conditions of the products offered to the prospective customers etc.
- b) adhere to extant instructions on Fair Practices Code for lending as also their own Code for collection of dues or in the absence of such a code at the minimum adopt the Indian Banks' Association (IBA)'s Code for collection of dues and repossession of security. It is essential that they refrain from any acts or omission that could damage the integrity and reputation of the Bank.
- c) BC/ BF shall treat all the customers with dignity and respect. BC/ BF shall not resort to intimidation or harassment of any kind either verbal or physical against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude the privacy of the customer's/ borrowers' family members, referees and friends, making threatening and anonymous calls or making false and misleading representations.
- d) BC/ BF shall adhere to the performance standards in respect of services and products as detailed in schedule 'A' hereunder written, which forms part & parcel of this agreement. The Bank reserves the right to change/ vary/ the contents of schedule 'A' by advising the same to BC/ BF in writing and upon such advise the amended Schedule 'A' shall become effective.
- e) BC/ BF is fully aware that failure to observe as above shall attract penal provisions including termination of the agreement without any notice. If any complaint arises from customers of The Bank or members of the public against the BC/ BF or its employees of having used unethical or coercive measures in the process of recovering the dues, BC/ BF alone shall be liable and answerable for the same and the Bank shall, in addition to other remedies in law shall also be entitled to recover such damages or compensation that the Bank may be constrained to pay as per

any order of Reserve Bank of India, Courts, Tribunals or Statutory Authorities in this regard.

- f) BC/ BF is fully aware that a part of the Variable commission could be deferred or clawed back in case of deficiency of service or substantial number of customer complaints of such severity, so as it militates against the effective delivery of services.

2. Display at Customer Service Point (CSP) Outlets:

- a) BC/ BF to ensure that each CSP outlets will install uniform standard signage in the local language (vernacular), prescribed by the Bank indicating its status as service provider for the Bank and displaying Bank's logo, PMJDY logo, name of the Bank & contact details of the Link branch as well as the address and telephone number of Controlling Authority of the Bank and Banking Ombudsman.
- b) Apart from the above, every CSP will have to display the following details in its outlets for information of the public:
- i. Working hours;
 - ii. List of products/ services available at CSP Outlets;
 - iii. Charges for various services to be recovered from customers;
 - iv. List of Do's and Don'ts for customers;
 - v. List of Do's and Don'ts for CSPs;
 - vi. Transaction limits;
 - vii. Instructions regarding Rupay Card;
 - viii. Certification acquired through Indian Institute of Banking & Finance (IIBF);
 - ix. Other display materials advised by the Bank from time to time.

3. Maintenance of Records by BC/ BF AND Monitoring/ Inspection by the Bank

- a) BC/ BF specifically agrees to maintain all records, accounts including registers/ documents etc. as per instructions of the Bank from time to time and ensure safe and proper custody of all records, accounts including documents etc. BC shall account for all the monies received and paid by the BC/ BF to the Customers. The transactions and cash position shall be reported to the Designated Branch on daily basis. The maximum cash that can be retained by the BC/ BF shall be intimated by the Bank and BC/ BF shall not retain cash in excess of the said limit. BC/ BF shall promptly deposit the cash with the Designated Branch within the time frames stipulated by the Bank.
- b) BC/BF and /or its employees or any other person engaged by them shall not comingle or misappropriate the funds in any manner.
- c) BC/ BF specifically agrees that the Bank shall be entitled to inspect and audit the records maintained by BC/ BF through its officers/employees or agents/ auditors as may be decided by the Bank at its sole discretion and BC/ BF hereby undertakes to promptly produce all records and information for the purposes of inspection and audit. BC/ BF shall provide access, to the Officers/ employees/ representatives/ agents or auditors of the Bank to the premises/ places where such records are kept/ maintained. The Bank shall have a right to obtain copies of records maintained by the BC/ BF, any audit report, review reports and findings made on the BC/ BF in connection

- with the services performed by BC/ BF for the Bank.
- d) Further, BC/ BF specifically agrees that it shall allow access to Reserve Bank of India (RBI) or persons authorized by RBI or its employees/ officers or other persons to inspect and access the documents, accounts, records of transactions and all necessary information in possession of, or stored or processed by the BC/ BF within a reasonable time. The persons authorized by RBI shall have right to obtain copies of the records, information etc. in possession of BC/ BF. BC/ BF further agrees that in case access is not allowed to the persons authorized by RBI for the purposes of inspection which results in imposition of supervisory fees by RBI upon the Bank, and the Bank is required to pay such supervisory fees to RBI, BC/ BF shall be liable to reimburse to the Bank such fees including any penalty, interest levied and recovered by RBI.
 - e) BC/ BF specifically agrees that the Bank has full right to monitor and assess the performance of services by BC/ BF and wherever the Bank discovers any deficiency or non - performance/ underperformance of the services, the Bank shall instruct the BC/ BF in writing and BC/ BF agrees to rectify the deficiencies or to ensure compliance of the instructions of the Bank.

4. Business Continuity and Recovery Plan

BC/BF agrees to prepare and have in place/ produce a 'Business Continuity and Recovery Plan' for the purposes of ensuring continued rendering of services undertaken by the BC/BF to the Bank simultaneously with the execution of the agreement or latest within one month from the date of execution of the agreement. BC/ BF agrees to make necessary changes to the Business Continuity and Recovery Plan or Contingency Plan as per instructions/ directions given by the Bank after examination of the plan submitted by the BC/ BF. BC/ BF shall also test the Business Continuity and Recovery Plan periodically as may be advised by the Bank in the presence of the Officer, employee or representative of the Bank if so required by the Bank.

5. Additional covenants

- a) The BC/ BF appreciates and fully understands that the services of its employees are not exclusive to the Bank and that it will stipulate the freedom and non-exclusivity of the services of the persons employed/ engaged/ assigned in their respective contract of appointment, a copy of which will be furnished to the Bank.
- b) BC/ BF shall act prudently in accordance with the terms of this Agreement and shall exercise all due diligence in carrying out its duties and obligations under this Agreement. The BC/ BF agrees that they will preserve the documents and data in accordance with the legal/regulatory obligation of the Bank in this regard.
- c) BC/ BF agrees that they shall always have commitment for social action and capacity building, which shall be non-discriminative, secular, non-exploitative and transparent.
- d) BC/ BF is fully aware that public shall have the freedom to use banking facilities by approaching the Bank directly even though the BC/ BF is available in their locality. Hence the BC/ BF shall not directly or indirectly convey or create an impression among the public that the Bank cannot be approached other than through the BC/ BF.
- e) While the BC/ BF can act for more than one Bank, BC/ BF shall at the point of customer interface or at retail outlet, represent and provide banking services of one bank only. BC/ BF shall also ensure that customer data base and accounts details are kept separate and there is no comingling of data.

- f) BC/ BF shall not introduce any product/ process without the written approval of the Bank. BC/ BF also agrees that the financial services offered by the retail outlets/ sub- agents of the BC/ BF shall not be tied to the sale of any product of the BC/ BF.
- g) BC/ BF shall not adopt any restrictive practice such as offering savings or remittance functions only to its own customers and forced bundling of services offered by the BC/ BF. BC/ BF shall undertake the activities at places other than the Bank premises/ ATMs.
- h) BC/ BF shall ensure that its services using Agent Mobile Application/ Agent Web portal/ Micro-ATM PoS are fully compliant to RBI Guidelines for BCs and Do's and Don'ts, as specified by National Payments Corporation of India (NPCI) from time-to-time which shall inter-alia include:
- Display of Sponsor bank of BC/ BF;
 - Display of Agent ID with full name of CSP and PAN#
 - Display of Customer care contact/ email/ WhatsApp details
 - Display of customer charges or no charges for each service, as the case may be.
 - Customer Charges, if any, disclosed with delivery of SMS to customer after service fulfillment.
 - Provision for communication of GPS location of CSP to Bank when transacting in accordance with the regulatory provision.

Non-compliance of the above-mentioned stipulation/ conditions shall be considered very seriously and would attract action by authorities including penal provisions.

- i) BC/ BF shall ensure that its Settlement Bank Account fund transfers for services like AePS Cash-out settlement to CSP etc. will be only its CSPs' designated bank accounts and not any other third party's account. Each CSP can have maximum three settlement accounts in its own name or joint name with 100% account verification done by BC/ BF. Any misuse of the bank API for this purpose will be considered as serious non-compliance and consequent necessary action including penal provision.
- j) BC/ BF will ensure that it will have IT backend to support display and digital acceptance of any new terms and conditions, as required by regulatory changes, to its CSP followed by email to each CSP reproducing the new terms accepted. Repository of such records will be kept and made available to Bank on demand during periodic audit.

6. Confidentiality

- a) BC/ BF is aware that all information disclosed to the BC/ BF by the Bank and/or accessed by BC/ BF or its agents and all records, accounts, documents maintained by BC/ BF are confidential in nature and having regard to the sensitive nature of the information and records, specifically agrees to maintain secrecy and confidentiality of all the information and records, accounts in respect of the outsourced services in the same manner & degree of care as BC/ BF would ensure for its own confidential & sensitive information. BC/ BF shall ensure that appropriate and suitable undertaking / agreements are obtained and maintained from its employees, agents, representatives and Sub-Contractors as the case may be to ensure compliance with confidentiality obligations of BC/ BF.
- b) BC/ BF agrees to indemnify and hereby keeps the Bank indemnified against all actions, claims, loss, damages, costs, charges, expenses (including Attorney/ Advocate fees and legal expenses) which the Bank may suffer or incur on account of breach of confidentiality obligations as per clause 5(a) above by BC/ BF or its employees, agents, representatives, Sub-

Contractors. BC/ BF further agrees to make good the loss suffered by the Bank upon first demand by the Bank which shall be final, conclusive and binding on BC/ BF.

- c) BC/ BF specifically agrees that the confidentiality and indemnification obligations of the BC/ BF in terms of this agreement shall survive termination of this agreement.

7. Relationship Between the Parties

- a) It is specifically agreed that this arrangement is on a principal-to-principal basis and on a non-exclusive basis and BC/ BF shall not be deemed to be the Agent of the bank except in respect of the transactions/services which give rise to Principal Agent relationship having regard to the nature of the transactions or by implication. BC/ BF shall perform its obligations under this Agreement as an independent party. Neither this Agreement nor the BC/ BF's performance of obligations under this Agreement shall create an association, partnership, joint venture, or relationship of principal and agent, principal employer-contractor, master and servant, or employer and employee, between the Bank and the BC/ BF or its employees, its Sub Agents.
- b) The BC/ BF hereby agrees to employ his/ her/ its/ their own employees or personnel for providing services under this agreement. The employees of BC/ BF/ or its agents will be under the total control, both administrative and supervisory, of the BC/ BF.
- c) Neither BC/ BF nor its employees, agents, representatives, Sub-Contractors shall hold out or represent as agents of the Bank.
- d) In the event any legal proceedings are initiated by the employees, staff, agents of the BC/ BF against the Bank or the Bank is made a party in any proceedings, the BC/ BF shall implead itself as a party therein and ensure that the claim/ case against the Bank is defended/ extinguished/ dismissed immediately. All costs and expenses in this regard including Attorney's fees shall be borne by the BC/ BF. The BC/ BF shall indemnify and keep indemnified by the Bank in this regard to the full extent.
- e) The BC/ BF shall verify the antecedents of the personnel it desires to engage for provision of the Services and shall ensure that it does not engage or continue to engage any person with a criminal record/ conviction and shall bar any such person from participating directly or indirectly in the provision of Services.

8. Compliance of Laws

- a) BC/ BF hereby agrees and declares that it shall be the sole responsibility of BC/ BF to comply with the provisions of all the applicable laws, concerning or in relation to rendering of services by BC/ BF as envisaged under this agreement.
- b) BC/ BF shall procure and maintain all necessary licenses, permissions, approvals from the relevant authorities under the applicable laws throughout the currency of this agreement.
- c) BC/ BF shall be solely liable & responsible for compliance of applicable Labour Laws in respect of its employees, agents, representatives and Sub-Contractors and in particular Laws relating to terminal benefits such as Pension, Gratuity, Provident Fund, Bonus, Workmen's compensation or other benefits to which they may be entitled and the Bank shall have no liability in this regard.
- d) The BC/ BF shall, on demand by the Bank, produce any document in proof of statutory payment payable by the BC/ BF in compliance of the provision of any labour or other statute, and supply copies of the same as may be required by the Bank.
- e) BC/ BF hereby represents and warrants that it has full authority to enter into this Agreement and render the services as envisaged under this agreement and all Corporate or other necessary

approvals have been obtained for entering into this Agreement with the Bank. Further, the persons executing this agreement on behalf of the BC/ BF have full authority and power to execute this agreement and bind BC/ BF.

- f) BC/ BF shall not violate any proprietary and intellectual property rights of Bank and/ or any third party, including without limitation, confidential relationships, patent, trade secrets, copyright and any other proprietary rights.

9. Fees, Taxes Duties & Payments:

- a) BC/ BF shall be paid fees and commission in the manner detailed in Schedule 'B' hereunder written subject to deduction of TDS thereon wherever required under the provisions of the Income Tax Act, etc. by the Bank.
- b) All other taxes including GST, duties and other charges which may levied shall be borne by the BC/ BF and the Bank shall not be liable for the same. No costs/ expenses shall be payable/ reimbursed by the Bank against conveyance, traveling expenses, boarding, lodging, out of pocket expenses, liaising etc.
- c) The BC/ BF shall not demand, collect/ recover any commission/ service charges or other monies from the Customers, directly for the services rendered by them.
- d) All expenses, stamp duty and other charges expenses in connection with execution of this agreement shall be borne by BC/ BF.
- e) In case of customer complaints, deficiency in service on the part of BC/ BF etc., the Bank shall be within its rights to withhold or demand return of the fees, commission paid.

10. General Indemnity and Liability

- a) BC/ BF agrees and hereby keeps the Bank indemnified against all claims, actions, loss, damages, costs, expenses, charges, including legal expenses (Attorney, Advocates fees included) which the Bank may suffer or incur on account of any deficiency in services rendered by BC/ BF or any acts of commission / omission on the part of employees, agents, representatives or Sub-Contractors of BC/ BF. BC/ BF agrees to make good the loss suffered by the Bank on first demand made by the Bank in this regard which shall be final conclusive and binding on BC/ BF.
- b) BC/ BF shall be liable under the relevant statute, civil and/ or criminal as the case may be, for any malicious acts, negligent acts, wrongful acts, fraudulent acts and/ or offline/online transactions committed (including those committed by any of its employees, agents, representatives and/or sub-contractors) in the performance of the Services under this Agreement and shall not be deemed to be acting on or behalf of the Bank in any manner whatsoever to the extent of such acts and/ or transactions.

11. Security Deposit

The BC/ BF shall deposit with the Bank an amount of or a Bank guarantee for the equal amount in lieu of the Security Deposit or any the amount that shall be agreed mutually, to be given as security as and by way of a deposit or security for the due performance and observance by the BC/ BF of all the stipulations, conditions and agreements contained in the Contract.

12. Term & Termination

(A) The agreement shall be valid for a period ofyear from the date of its execution and may be renewed for such further periods as may be mutually agreed between the parties. The Bank as well as BC/ BF shall have right to terminate the agreement by giving a month's notice in writing to the other party. In the event of termination of the agreement by BC/ BF, all records, information including documents, etc., shall be returned by BC/ BF to the Bank as per instructions of the Bank.

(B) The Bank shall have a right to terminate the agreement immediately by giving a notice in writing to BC/ BF in the following eventualities:

- a) If any Receiver/ Liquidator is appointed in connection with the business of the BC/ BF or BC/ BF transfers substantial assets in favour of its creditors or any orders/ directions are issued by any Authority/ Regulator which has the effect of suspension of the business of BC/ BF.
- b) If BC/ BF applies to the Court/ Tribunal or passes a resolution for voluntary winding up/ insolvency resolution etc. of BC/ BF or any other creditor/ person files a petition for winding up or dissolution/ insolvency resolution of BC/BF.
- c) If BC/ BF in the reasonable opinion of the Bank is unable to pay its debts or discharge its liabilities in normal course of business.
- d) If BC/ BF is unable to render the satisfactory as envisaged under this agreement and/or violates any condition as envisaged under the Agreement, upon a reasonable assessment of the circumstances by the Bank which affect rendering of the services by BC/ BF as envisaged under this agreement.
- e) If any officer/employee/director of BC/ BF or their relatives as defined under Section (2) (77) of the Companies Act, 2013 becomes a director/ officer or employee of the Bank
- f) If there is a consistent failure to maintain customer satisfaction or substantial number of customer complaints of such severity, so as militate against the effective delivery of services

In the event of the termination of the agreement by either party or pursuant to clause a/b/c/d/e/f hereinabove, BC/ BF shall be liable and responsible to return all records and information in its possession.

13. Micro ATMs

- a) Bank will provide the BC/ BF with a specific model of Micro ATM where proprietary application of the Bank will be uploaded for undertaking various banking transactions on the terms stipulated hereunder.
- b) All Services stipulated hereunder shall be provided by the BC/ BF to the customers solely through the Micro ATM and the BC/ BF shall not in any circumstance undertake any off-line transactions. In the event the BC/ BF is found and/or discovered doing any such malicious/ wrong/ fraudulent acts and/ or offline transactions, it shall be liable and charged for such civil/penal and criminal acts in terms of any laws in force and BC/ BF shall not be deemed to be acting on or behalf of the Bank in any manner whatsoever in respect of the prohibited transactions.

14. Governing Laws & Jurisdiction

- a) The agreement shall be governed and construed in accordance with the Laws of Republic of India.
- b) The parties agree to submit to the jurisdiction of the appropriate court in India in connection with any dispute between the parties under the agreement.(Mediation & Arbitration can be considered as an alternative to Court remedies)

Notices: Any notice, invoice, approval, advice, report or any other communication required to be given under this Agreement shall be in writing and may be given by delivering the same by hand or sending the same by prepaid registered mail, telegram or facsimile to the relevant address sent forth below or such other address as each Party may notify in writing to the other Party from time to time. Any such notice given as aforesaid shall be deemed to be served or received at the time upon delivery (if delivered by hand) or upon actual receipt (if given by facsimile) of fifteen (15) clear days after posting/ email.

Address for Notice/ Correspondence
with the Bank

Address for Notice / Correspondence
for BC/ BF

15. AADHAR Related Obligations

- a. The BC/ BF hereby agrees and undertakes that if the BC/ BF and/ or any BC's staff obtains or collects the Aadhaar Details of any customer, it shall do so only after ensuring that such collection of Aadhaar Details and purpose thereof are permitted by applicable law of parliament;
- b. If Proof of possession of Aadhaar or Aadhaar number is obtained/ collected, the BC/ BF shall ensure that the Aadhaar number is redacted or blacked out in compliance with extant laws and / or regulatory guidelines, adequate and prior informed consent from the said customer is obtained in accordance with the provisions of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and the relevant regulations prescribed thereunder and the Prevention of Money Laundering Act, 2002 and the relevant regulations prescribed thereunder and any other notification, circular or guidelines, prescribed by the relevant authorities under the said acts including by the Reserve Bank of India (RBI) and/or the Unique Identification Authority of India (UIDAI). The BC/ BF shall ensure that the said consent is stored for as long as the same may be required by law and the BC/ BF shall forthwith furnish the said consent for any such customers, to the Bank, as and when may be required by Bank.
- c. The BC/ BF expressly undertakes and confirms that it shall not store the Aadhaar number or Virtual Id in any manner whatsoever.
- d. The BC/ BF shall at all times comply with applicable law including the aforesaid Acts, regulations, rules and guidelines and circulars, including in relation to the safeguards and measures.

- e. The BC/ BF expressly and unequivocally agrees to and hereby does indemnify, save, defend and hold harmless the Bank and its officers, directors, employees, shareholders, agents, consultants and other representatives, successors and assigns of, from and against all, direct and indirect, claims, notices, damages, fines, penalties, losses, costs, expenses, attorneys' fees, together with taxes from time to time, incurred or suffered by the Bank in respect of any breach by the BC/ BF and/ or any BC/ BF's staff of the undertakings given in this clause by the BC/ BF.

16. Force Majeure

- a) Any failure or delay by either parties in performance of its obligation, to the extent due to any failure or delay caused by fire, flood, earthquake or similar elements of nature, or act of God, war, terrorism, riots, civil disorders, rebellions or revolutions, acts of government authorities or other events beyond the reasonable control of non-performing Party shall not be deemed as default.
- b) If Force Majeure situation arises, the non-performing party shall promptly notify to the other party in writing of such conditions and the cause(s) thereof. Unless otherwise agreed in writing, the non-performing party shall continue to perform its obligations under the Agreement as far as is reasonably practical and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.
- c) If the Force Majeure situation continues beyond 30 days, either parties shall have the right to terminate the Agreement by giving a notice to the other party. Neither party shall have any penal liability to the other in respect of the termination of this Contract as a result of an event of Force Majeure. However, Service Provider shall be entitled to receive payments for all services actually rendered up to the date of the termination of this Agreement.

17. Infrastructure & Technology Standards

BC/ BF to ensure that the hardware requirements at the CSP outlets are met and updated regularly with the latest software patches/ security features so as to ensure quality and uninterrupted service to the customers (to be prescribed by the Bank from time to time.)

18. Non-Disclosure

The existence and terms of this Agreement are confidential. The BC/ BF shall not, at any time, disclose to any person, the existence or terms of this Agreement, except as required under Applicable Law. The BC/ BF shall ensure that each person to whom it communicates such information, under the terms of and in accordance with this Agreement, be similarly bound.

19. Miscellaneous

- a) Any provision of this Agreement may be amended or waived, if, and only if such amendment or waiver is in writing and signed, in the case of an amendment by each party, or in the case of a waiver, by the Party against whom the waiver is to be effective.
- b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.
- c) This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior written agreements, undertakings, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter of the Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by any party hereto.
- d) Neither this agreement nor any provision hereof is intended to confer upon any person/s other than the Parties to this Agreement any rights or remedies hereunder.
- e) The BC/ BF shall execute and deliver such additional documents and perform such additional actions, as may be necessary, appropriate or reasonably requested to carry out or evidence the transactions and services contemplated hereby.
- f) The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of this Agreement, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of the Parties hereunder shall be enforceable to the fullest extent permitted by law.
- g) In case of any change in applicable laws or Regulatory Instructions or any other Authority in India that has an effect on the terms of this Agreement, the parties agree that the Agreement may be reviewed, and if deemed necessary by the Parties, renegotiated in good faith.
- h) The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation thereof.
- i) If this Agreement is signed in counterparts, each counterpart shall be deemed to be an original.
- j) The BC/ BF shall not assign or transfer all or any of its rights, benefits or obligations under this Agreement without the specific written consent & approval of the Bank. The Bank may, at any time, assign or transfer all or any of its rights, benefits and obligations under this Agreement.
- k) The BC/ BF agrees that they shall not use the logo, trademark, copy rights of other proprietary rights of the Bank in any advertisement or publicity materials or any other written communication with any other party, without the prior written consent of the Bank.
- l) This Agreement shall not be construed as joint venture. Each party shall be responsible for all its obligations towards its respective employees. No employee of any of the two parties shall claim to be employee of other party.

SCHEDULE 'A'

(Details of specific services/ products to be rendered by BC/ BF be shared)

(A) BC/BF activities:

- a) Enrollment of customers, including collection of biometric and other details, provide card (ID Card, Debit Card, Credit Card), PIN.
- b) Provide transaction facility
 - (i) Deposit of money in an account with any bank
 - (ii) Withdrawal of money from an account with any bank
 - (iii) Remittances from an account with a bank to an account with the same or any other bank
 - (iv) Balance Enquiry and issue Receipts/ Statement of Accounts.
- c) Disbursal of credit facilities to borrowers involving small amounts strictly as per the instructions of the Bank.

(B) Other activities:

- a) Identification of borrowers and classification of activities as per their requirement.
- b) Collection and primo facie scrutiny of loan applications including verification of primary data.
- c) Creating awareness about savings and other products offered by the Bank and education and advice on managing money & debt counseling.
- d) Preliminary scrutiny of data and submission of applications to the Bank for its review.
- e) Promotion, nurturing, monitoring and handholding of Self-Help Groups and/or Joint Liability Groups and/or Credit Groups and others.
- f) Sale of third-party financial products with prior approval of the concerned Bank.
- g) Canvassing of PMJDY/SSS accounts
- h) Home loans/ Loans Against Property
- i) Auto Loan
- j) Loans against TDR/ NSC/ KVP etc.
- k) Gold Loans, SME Loan
- l) GCC/ KCC
- m) Current account and Saving Bank account (other than No Frills Account)
- n) Term deposits and Recurring deposits.

Any Additional products/clauses in the agreement may be added by mutual agreement and vetting from concerned department for the same may be obtained. Products may be amended from time to time.

SCHEDULE `B`

(Details of the fees/ commission to be paid and the manner in which it will be paid)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement the day and year first hereinabove written.

For THE BUSINESS CORRESPONDENT /
BUSINESS FACILITATOR

For BANK _____
(Bank)



OPERATIONAL GUIDELINES

FOR

CORPORATE BUSINESS CORRESPONDENTS

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1. Appointment & Execution of MOU

On the basis of the recommendation from Business Groups/Verticals, the appointment of Corporate BC will be approved by the Committee consisting Head – Credit Processing Centers (CPC), Head of the recommending Business Group/Vertical/Department and Head BOG. Based on the same, an Official duly approved by the said committee shall enter into MoU/Agreement with the BC partner which shall continue to be in full force and effect for a period of 3 (three) years from the date of execution, unless terminated earlier by either Party. The agreement/MoU should contain appropriate notice period for termination by either party. The MoU/Agreement may be renewed for further period, on the existing terms and conditions or the modified terms and conditions as may be mutually agreed between the parties. While a BC can be a BC for more than one bank, at the point of customer interface, a retail outlet or a sub-agent of a BC shall represent and provide banking services of only one bank.

2. Performance Security

The BC shall provide Performance Security for the performance of the services/ obligations in the form of cash collateral at a minimum of 5 % of the outstanding portfolio and the same shall be placed in the form of Fixed Deposit as FLDG (*first loan default guarantee*) with a lien in favour of the Bank. In case of liability business, the same shall be fixed and approved by the Appointing Authority. Such cash collateral provided shall remain in force till the tenor of the underlying pool. In the event, the borrowers sourced by the Business Correspondent fail to make payment of any amounts payable to South Indian Bank on the due date(s) under the facilities ("defaulted amounts") and/or in case of breach of sanction terms and conditions, the Business Correspondent shall put in the effort to recover the sums overdue from the obligors at the earliest. In the event of non-recovery/partial recovery of the said sum, within 60 days from the original date of default, Bank shall have the right to adjust the monthly service charges/fees payable to Business Correspondent for such defaulted amount and/or to invoke the performance security held with the Bank. For adjusting the defaulted amount or any other dues payable to the Bank by the Business Correspondent, the service charges/ fee payable will be adjusted first and then the performance security will be adjusted. There shall be no limit on the number of times that South Indian Bank can invoke the performance security up to the level of security amount.

BC has to replenish the security deposit within 15 days. In case the Business Correspondent fails to replenish the security deposit within 15 days, 20% of the payout to the Business Correspondent will be withheld till the time Business Correspondent replenishes the entire stipulated security deposit.

The Power for any deviation in the terms of performance security shall be vested with Appointing Authority.

3. Remuneration & Fees:

Fee Structure for each BC arrangement may vary and the same shall be based on factors like type of services outsourced, the cost of operation including the level of technology adoption, the extent of credit loss shared, geography in which they are operating, etc.

The remuneration shall combine fixed and variable parts dependent, however, a part of the Variable commission could be deferred or clawed back in case of deficiency of service or substantial number of customer complaints of such severity, so as militate against the effective delivery of services. If there are customer complaints against 10% or more of the BC representative/BC outlets of a BC Partner, a cut back of 20% of the remuneration paid should be effected till the unresolved complaints is brought below 10%. (Necessary Clause to be added while agreeing upon the remuneration with Corporate BCs)

The modalities for payment of fees and charges to BCs is as follows:

a) BC fee as a part of total interest (Interest recovery from borrowers):

BC commission will be a part of the total interest charged to the borrowers on daily outstanding basis. System runs interest to these accounts at monthly interval or as may be applicable as per product. Out of interest collected, Bank shall pay commission to the BCs towards its fees/service charge on monthly basis, in accordance with the profitability, with due approval of Appointing Authority at the time of onboarding the Corporate BC, keeping reasonable return for the bank. A report generated with the details of interest collected/ recovered during the month is to be shared with the BC for the purpose of raising invoice and reconciliation. Based on the information/report received from the Bank, BC raises invoices claiming its share on interest collected in proportion with approved BC fee.

b) Payment/Reimbursement of Miscellaneous expenses/charges:

Besides service charges, the Bank also pays BCs (as per approved arrangement) promotional charges for formation of SHG, reimbursement of expenses on Bank's stationery printed by BCs, reimbursement of charges towards credit bureau check and other promotional events carried out by BC in co- ordination with the Bank on case to case basis.

The remuneration/commission/fees payable to BC for asset & liability business shall be finalized at the time of Appointment by the respective Appointing Authority. All service fee payments or reimbursement of any other expenses is to be made at monthly frequency. Powers to modify/revise the remuneration/commission/fees shall be vested with the same Authority.

4. Monitoring of BC activities/control mechanism and end use verification:

Bank has been appointing Corporate BCs for sourcing of Business, hence, monitoring and regular visits is the key for maintaining the quality of this portfolio. Verification of portfolio to be undertaken by I&V Department during normal audit of Branches/Verticals/Departments.

a. Monitoring through visits to the borrowers /BC branches /BC office

Respective Business Groups/Verticals/Regional Office shall carry out regular visits on 10 % of cases sanctioned in the previous month for end use verification. In case of overdue accounts beyond 30 days Micro Credit officers (MCOs)/Sales Manager/Designated Officer shall carry out visit along-with BC partner to borrowers for recovery of overdue amount. In addition to this, Regional Sales Manager/Regional Sales Head/Zonal Sales Head/RO shall pay visit to local offices of Corporate BCs at least once in a quarter to verify various records, documents, outstanding balance of borrowers, etc. In case of liability portfolio, the respective Regional Sale Head should ensure the compliance of the internal/regulatory guidelines

4.1 Follow up for overdue cases:

MCOs/SMs/Designated officer will directly follow up with borrowers if account is overdue for more than 10 days, Regional Sales Manager/Regional Sales Head/Zonal Sales Head/RO will follow up with BC if account is overdue for more than 30 days and verify the reason for overdues. If borrower has paid the installment and BC has not credited the same to collection account with the Bank, then the clarification need to be asked from BC for not depositing the amount with the Bank. In case satisfactory explanation is not received from BC within a fortnight, police complaint may be filed by the branch in consultation with Legal Department.

4.2 Actions to be taken for recovery of NPAs/Overdue Accounts

The action plan for recovery of NPAs under Corporate BC arrangement is proposed as under:

A) Measures to be taken against Borrowers

1. Regular follow up with Borrowers:
Besides continuing to hold Centre Meetings, MCOs/SMs/Designated officer to initiate recovery camps as per extant guidelines in coordination with BC partner for effective recovery.
2. Legal Action against delinquent borrowers:
 - (a) Recall notices to be invariably issued for all overdue borrowers in line with the guideline in force.
 - (b) Considering the large number of borrowers, it is proposed that suits may be filed against a few selected prominent borrowers/ SHGs where repayment is less than 50% of amount stated in repayment schedule/ Loan card. This would act as a deterrent to other defaulters. Also, resolution of cases through Lok- Adalat may be preferred wherever possible in coordination with BC partner.
3. OTS/NS settlement:
MCOs/SMs/Designated officer to, proactively engage with delinquent Borrowers for OTS settlement as per extant guidelines in consultation with Regional office and Respective Business Groups/Verticals.

B) Measures to be taken against BCs

1. Stopping of further Business:
No further sanctions/disbursements to be made under BC arrangement where NPAs are more than 5% of total Bank portfolio of BC partner.
2. Payment of monthly commission to BC:
A cutback of monthly BC commission payable (% as decided by Appointing Authority) to be maintained as FDR in cases where NPAs are more than 3% of the respective BC portfolio (at Bank level).
3. Adjustment of FLDG towards overdues:
The FLDG amount to be appropriated against the principal overdue in NPA cases, when NPA outstanding is equal to FLDG amount of the respective BC and inform BC in the matter.
4. Reporting of fraud against the BCs:
In case of mis-appropriation of funds by BC, fraud should be reported against the BC as per extant guidelines.
5. Follow up with BC for recovery of overdues:
Business Groups/Verticals/Regional Offices to follow up regularly with BC for recovery of overdue amount. In case of BC arrangements where fraud is reported, Business Groups/Verticals/ Regional Office to continue the dialogue with promoters for recovery of overdue amount. Bank may consider the request from BC for creation of charge on tangible security for payment of overdue amount on case to case basis.

5. Portfolio Review & Reporting:

Business Groups/Verticals shall review and submit report on the performance of the Corporate BC to BC committee and ED on Quarterly and Half yearly basis respectively. The Business Groups/Verticals shall submit a report on review of Portfolio under BC arrangement to the Board of Directors on yearly basis.

Any Process/Procedure and Changes/Modification relating thereto w.r.t business sourced under Corporate BC Arrangements or any operational matters as may be required shall be submitted to PPAC for approval.