

GOVERNMENT OF PUDUCHERRY
CHIEF SECRETARIAT
FINANCE DEPARTMENT (WAYS & MEANS)

No.15-2/FD(W&M)/2012

Puducherry, dated 27.09.2018

I.D. NOTE

Sub: Finance Department (Ways & Means) – Opening of bank accounts by Government Departments – Clarification – Reg.

Ref: 1. This Department's Circular of even number dated 19.04.2018.
2. O.M. No.S-11012/3(1)/Ref.case/2010/RBD/1119-1179 dated 30.06.2015 of the Ministry of Finance, Department of Expenditure, New Delhi.
3. O.M. No. S-11012/3(1)/Bank/Ref.case/2010/RBD/1688-1772 dated 10.11.2016 of the Ministry of Finance, Department of Expenditure, New Delhi.

Reference is invited to the circular first cited on the subject mentioned above.

2. The Government of India, Ministry of Finance, have clarified vide reference second cited that State Government departments may engage any bank for implementation of any prefunded schemes, as such schemes do not fall under the purview of agency business arrangement. "Agency Business" are those transactions for which RBI pays agency commission.

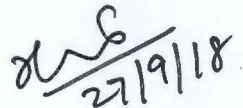
3. The Ministry of Finance have also clarified vide O.M. third cited that in addition to State Bank of India and its associates / Nationalised Banks (PSU Banks), the following category of banks operating in India and regulated under Banking Regulation Act 1949, which have been notified as Scheduled Commercial Banks, can handle accounts of Implementing Agencies/Autonomous Bodies/Societies under Central Sector / Centrally Sponsored Schemes.

(i) Regional Rural Banks

(ii) Other Scheduled Commercial Banks (Private Sector Banks)

4. The above stated O.Ms are available in the Finance Department website <https://finance.py.gov.in/>. The Heads of Departments may keep in view the above guidelines while opening of bank accounts for various CSS Schemes, the accounts of which are monitored through PFMS. M/s. Pudukkottai Bharathiar Grama Bank which is a Regional Rural Bank in which the Government of Puducherry has a share of 15% may be given priority. However, the departments will continue to refer the proposal for opening of any bank account to Finance Department(Ways & Means) for prior clearance.

// By Order //


27/9/18

(V. RAVISANKAR)
Deputy Director (Ways & Means)

To

1. All Secretaries to Government
2. All Heads of Departments / Secretariat Departments.

✓copy to: The USCFin - with a request to upload in the Finance Portal.

No.S-11012/3(1)/Ref. Case/2010/RBD/1119-1179
Ministry of Finance
Department of Expenditure
Controller General of Accounts
2nd Floor, Lok Nayak Bhawan, Khan Market
New Delhi-110511
Telefax: 24649365, E-mail: sao-rbd@nic.in

Dated: 30.06.2015

OFFICE MEMORANDUM

Subject: Government Agency Business arrangement - Appointment of Private Sector banks as agency banks of RBI.

In supersession of this office O.M. No.S-11012/1(12)/Pvt.Bks/CGA/2012/RBD/2235 dated 26.11.2012 and in continuation of our letter no S-11012/1(12)/Pvt.Bks/CGA/2012/545-613 dated 09.04.2015, it has been clarified by Department of Financial Services vide their letter dated 1.06.2015 that embargo imposed on further allocation of Government business to private sector banks vide their letter dated 13th Sept 2012 and 19th Feb, 2015 relates to Government Agency Business which is the business for which Reserve Bank Of India pays agency commission to banks.

2. Accordingly Private Sector Banks with existing Government agency business will continue and no further authorization of Government agency business may be given to Private Sector banks.

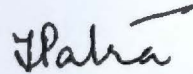
3. Reserve Bank of India vide their letter dated 25.02.2015 has clarified that "furnishing of bank guarantees/security deposits, etc. through private sector banks by government contractors/suppliers constitute banking transactions undertaken by such banks for their customers and as such do not amount to government business

4. It is further reiterated that as per OM dated 07.03.2011 of RBI "the Banking Business of Autonomous/Statutory Bodies does not come under the purview of Agency business of RBI" as RBI does not pay any agency commission for the banking transactions undertaken by Autonomous/Statutory bodies"

5. RBI vide its letter dated 16.01.2012 has clarified that a Central Government Ministry/Department (in consultation with CGA) and a State Government Department may engage any bank for implementation of any of the prefunded schemes without reference to RBI, as such schemes do not fall under

the purview of agency business arrangement and hence do not qualify for payment of agency commission by RBI

This issues with the approval of the Competent Authority



(Tripti P. Ghosh)
Dy. Controller General of Accounts
Tel: 24648254

To,

All Civil/Non-Civil Ministries/Departments, UTs.

Copy to:-

- 1) **Shri E.R. Solomon, Dy. Comptroller and Auditor General (Government Accounts), O/o The Comptroller and Auditor General, Pocket-9, Deen Dayal Upadhayay Marg, New Delhi-1100124.**
- 2) **Dr. Shashank Saksena, Economic Advisor-II, Department of Financial Services, Ministry of Finance, 3rd Floor, Jeevan Deep Building, Parliament Street, New Delhi-110001.**
- 3) **Chief General Manager in charge, DGBA, Reserve Bank of India, Opposite Mumbai Central Railway Station, Mumbai-400008.**
- 4) **Dy. CGA (TA).**
- 5) **Dy. CGA (ITD) with a request to upload this OM on the website of CGA Office.**
- 6) **Sr.PS to CGA.**
- 7) **PS to Addl. CGA (MPK).**

No.S-11012/3(1)/Bank/Ref. Case/2010/RBD/ 1688-1772

Government of India

Ministry of Finance

Department of Expenditure

Controller General of Accounts

Mahalekha Niyantak Bhawan,

E-Block, GPO Complex,

INA, New Delhi-110023

Tel: 24665384, Fax: 24649365, e-mail : sao-rbd@nic.in

Dated : 10.11.2016

Office Memorandum

Subject: Banking arrangements of the State/District Level Implementing Agencies handling Central Sector/Centrally Sponsored Schemes of various Ministries of Government of India.

The Department of Expenditure, M/o Finance has issued directions to all the Ministries that for the purpose of improved financial management in implementation of government funded schemes & for facilitating Just-in-Time releases and monitoring the usage of funds including information on its ultimate utilization, it is necessary for all Implementing agencies and Grantee Institutions to universally adopt Public Financial Management System (PFMS) platform. It further asks all the Ministries/Departments to take the following steps:

- (i) All Central Schemes should be mapped/configured and brought on the PFMS platform.
- (ii) All Implementing Agencies (IAs) receiving and utilizing funds need to be mandatorily registered on PFMS.
- (iii) Usage of PFMS modules should be made mandatory for all registered agencies for making payments, advances and transfers.
- (iv) All Departmental Agencies incurring expenditure in respect of Central Sector Schemes should register and compulsorily use the PFMS Modules.
- (v) All Grantee Institutions may be directed to adopt PFMS modules for making Payments/Transfers/Advance from Grants received from the Central govt. This will enable generation of on-line Utilisation Certificates for claiming funds from Central government.
- (vi) Ministries may also take action for integrating their respective systems/applications with the PFMS.

2. It further states that as per the approved Action Plan, all Central Ministries / Department should complete the full roll-out in respect of the Ministry / Department and Attached/Subordinate Offices by 31st October 2016 and all Grantee Institutions should complete the roll out by 31st March 2017.

3. The PFMS-Core Banking Solution Interface facilitates online validation of beneficiaries, and Agencies bank account details. Electronic payment files are generated through PFMS for three modes of payments, viz. Print Payment Advice (PPA), Digital Signature Certificate (DSC) and Corporate Internet Banking (CINB). At present, PFMS -CBS interface is operational with Public Sector Banks (26), Regional Rural Banks (50), and Private Sector Banks (10). PFMS has interface with India Post and RBI too.

4. In this context it has been observed by this office that the scheme guidelines of many of the schemes were formulated before the expansion of banking sector and the changes that

took place afterwards have not been incorporated on issues related to banking arrangements of the Implementing Agencies at various levels.

5. Further, the Scheme guidelines of some of the Ministries/ Departments are still limiting their scheme implementing agencies to Nationalised/ PSU Banks only due to presence of limiting banking clauses in their old scheme guidelines. In addition to this, few schemes due to absence of clarity on banking clause, get inclined on preferring PSU Banks rather than any scheduled commercial bank.

6. In this regard, this office, vide O.M. no. S-11012/3(1)/Ref Case 2010/1119-1179 dated 30.06.2015 had issued clarification on the government agency business and banking arrangements of autonomous bodies, prefunded schemes etc. This office had already clarified vide its above referred letter in consultation with Dept. of Financial Services on eligibility of Scheduled Commercial Private Sector Banks for participation in Pre-Funded Schemes and accordingly all concerned Departments/Ministries were advised to make enabling provisions within the scheme implementation guidelines and issue necessary instructions to grantee institutions at the earliest on inclusion of scheduled commercial banks.

7. (The following category of banks operating in India and regulated under Banking Regulation Act 1949, which have been notified as Scheduled Commercial Banks can handle accounts of Implementing Agencies/ Autonomous Bodies/Societies.

- (i) State Bank of India and its associates
- (ii) Nationalised Banks (PSU Banks)
- (iii) - Regional Rural banks
- (iv) Other Scheduled Commercial Banks (Private Sector Banks)

8. All the Ministries/Departments are therefore, requested to consider the above mentioned facts and clarifications and have a relook at the scheme guidelines relating to the banking arrangements of the Implementing Agencies/Autonomous Bodies/Societies and make necessary changes, if required, so that all the Scheduled Commercial Banks (except Foreign Banks) are able to participate fully in the implementation of their schemes with the universal roll out of the release of grants through PFMS.

This issues with the approval of Controller General of Accounts.

Shakuntla
19/11/16
(Dr. Shakuntla)

Jt. Controller General of Accounts

To,

1. Financial Advisors of all the Ministries/Departments of Central Government.
2. Pr.CCA/CCA/CA with independent charge of all Ministries/Departments.

Copy to:

1. Jt. Controller General of Accounts (PFMS), O/o CGA, Shivaji Stadium Annexe, New Delhi-110001.
2. Sr. Accounts Officer, ITD, O/o CGA with the request to upload this OM on the office website