

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

No.2-2/FD(W&M)/2021-22

Puducherry, the January 4, 2022

CIRCULAR

Sub: FD (W&M) - Receipt of funds from Government of India (GoI) under Central Sector Schemes / Centrally Sponsored Schemes and depositing of the same in separate bank account - Reg.

Ref: This Department's Circular of even No. dated 18th June, 2021.

Kind attention is invited to the reference second cited above, wherein Heads of the Department implementing the Centrally Sponsored Schemes were directed to open a Single Nodal Account (SNA) in the form of a savings Bank Account in any Nationalised Bank having robust IT systems and extensive branch network.

2. The Ministry of Finance (MoF), vide OM dated 24-03-2021 (Annex - I) has informed that the embargo on further allocation of Government business to Private Sector Banks has been lifted. The MoF has clarified that the objective is to boost the ease of doing business and ease of living for the public, including retails customers, small and medium enterprises, as also for larger corporate, with regard to their Government related banking transactions, such as taxes and other revenue payment facilities, and other transactions. Further, Reserve Bank of India, vide circular, dated 15-12-2021 (Annex-II) has informed that in consultation with the Department of Financial Services, Ministry of Finance that scheduled payments banks and scheduled small finance banks are also eligible to conduct Government agency business subject to executing an agreement with RBI.

3. It is, therefore, informed that the Departments shall consider opening of Savings Bank Account in any banks, viz., Public Sector Banks / Private Sector Banks / Scheduled Small Finance Banks, which is beneficial to the Department such as offering higher interest rate for savings account, immediate disbursement to the targeted beneficiaries, adapting newer technologies in the Banking sector etc, to facilitate the implementation of Central Sector Schemes / Centrally Sponsored Schemes.

4. The Heads of Departments would make a considered decision and which shall be brought to the notice of the Finance Department by 31-01-2022. This decision would be annually reviewed before the beginning of each financial year and intimated to the Finance Department by 15th March of each year.

// By Order of the Dev. Commissioner-cum-Pr. Secretary to Govt. (Finance) //

Encl: Annex (I & II)

To

1. All Heads of Departments.

2. All Sectt. Departments.

Copy to:

1. The Director of Accounts & Treasuries, Puducherry.

2. The Under Secretary (Finance), Chief Secretariat, Puducherry.

3. PS to Chief Secretary to Govt.

4. PS to DC-cum-PS (Finance).


(U. ILANGO)
BUDGET OFFICER

**Office of Controller General of Accounts
Ministry of Finance
Department of Expenditure
Mahalekha Niyantak Bhawan
E-Block, GPO Complex, INA
New Delhi-110023
Email: sao-rbd@nic.in**

No. R-23001/1/2021-GBA-CGA/ 243-292

24th March 2021

Office Memorandum

**Sub:- Allocation of Government Business to Private Sector Banks –
regarding**

In continuation of this office OM No. S-11012/3(1)/Ref. Case/2010/RBD/1119-1179 dated 30th June 2015 regarding embargo on further allocation of Government Agency business to Private Sector Banks, it is to inform that now the Department of Financial Services (DFS) vide letter dated 24th February 2021 has decided with the approval of Hon'ble Finance Minister to lift the said embargo. Accordingly, now there is no bar on RBI for authorization of Private Sector Banks for extending Government business including Government agency business.

2. Further, the DFS has clarified that the decision has been taken to ensure a level playing field to all public sector and private sector banks, enhancement of customers convenience, enabling innovation and latest technology in banking sector, and spurring of competition for higher efficiency and increase in standards of customer service, ultimately leading to all-round value creation. The objective is to boost the ease of doing business and ease of living for the public, including retails customers, small and medium enterprises as also for larger corporate, with regard to their Government related banking transactions such as taxes and other revenue payment facilities and many other transactions.

3. DFS has also clarified that if the Private Sector Banks lag in performance viz-a-viz the Public Sector Banks in the achievement of implementation of Social Sector Government initiatives through banks, their performance on a matrix of various Government initiatives and schemes may be reviewed from time to time by the Government in consultation with RBI. In case, it is found that there is adverse performance by any Private Sector Bank in the future, then the permission to the concerned bank to undertake Government business could be potentially withdrawn after giving due opportunity to the bank to correct the imbalance.

4 The criteria matrix for initial selection of new private sector banks (except those which are already authorized by RBI) and criteria for periodical performance evaluation of all Private Sector Banks is being prepared in consultation with field formations and will be circulated shortly.

Alok Ranjan

(Alok Ranjan)

Joint Controller General of Accounts (GBA)

To

1. All Pr. CCAs/CCAs/CAs (holding independent charge)
2. Jt. Controller General of Defence Accounts, O/o the Controller General of Defence Accounts, Ulan Batar Road, Palam Delhi Cantt - 110 010
3. Director (Finance), Railway Board, Ministry of Railways, Rail Bhawan, New Delhi
4. Sr. Deputy Director General (Accounts), Department of Posts, Dak Bhawan, Sardar Patel Chowk, Parliament Street, New Delhi
5. Deputy Director General, (Accounts), Department of Telecommunications, Sanchar Bhawan, New Delhi

Copy to:-

1. The Deputy Comptroller & Auditor General of India, Pocket -9, Deen Dayal Upadhyay Marg, New Delhi - 110 002
2. Shri Anshuman Sharma, Director (BO.II), Ministry of Finance, Department of Financial Services, Jeevan Deep Building, New Delhi
3. Chief General Manager in charge, DGBA, RBI, Opposite Mumbai Central Railway Station, Mumbai - 400 008
4. Sr. AO (ITD) with the request to upload the OM on CGA's website.

RBI/2021-22/140

CO.DGBA.GBD.No.S1112/42-01-033/2021-2022

December 15, 2021

All Scheduled Payments Banks and Scheduled Small Finance Banks in India

Dear Sir / Madam

Government Agency Business Arrangement – Appointment of Scheduled Private Sector Banks as Agency Banks of Reserve Bank of India (RBI)

Please refer to RBI Circular RBI/2021-22/36; CO.DGBA.GBD.No.S77/42.01.033/2021-22 dated May 10, 2021 on the captioned subject.

2. It has now been decided in consultation with the Department of Financial Services, Ministry of Finance, Government of India, to make scheduled payments banks and scheduled small finance banks eligible to conduct Government agency business. Any payment bank or small finance bank that intends to undertake Government agency business may be appointed as an agent of RBI upon execution of an agreement with RBI, provided that the overarching regulatory framework prescribed for these banks is complied with.

3. All the instructions/conditions prescribed in our aforesaid Circular dated May 10, 2021 will henceforth be applicable to the scheduled payments banks and scheduled small finance banks also.

Yours faithfully

(R. Kamalakannan)
Chief General Manager



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2021-22/36
CO.DGBA.GBD.No.S77/42.01.033/2021-22

May 10, 2021

All Scheduled Commercial Banks in India

Dear Sir / Madam

Government Agency Business Arrangement – Appointment of Scheduled Private Sector Banks as Agency Banks of Reserve Bank of India (RBI)

Please refer to RBI Circular RBI/2011-2012/377; DGBA.GAD.No.H-5029/42.01.033/2011-12 dated January 31, 2012 on the captioned subject.

2. In this regard it is informed that the embargo put in place from September 2012 by Department of Financial Services (DFS), Ministry of Finance (MoF) on further allocation of Government business to private sector banks has since been lifted by them vide their communication dated February 24, 2021.

3. Based on the above developments, the existing guidelines on appointment of Scheduled Private Sector Banks as Agency Banks of RBI have been reviewed and the revised guidelines/framework for authorising Scheduled Private Sector Banks as agency banks of RBI for conduct of government business attracting agency commission are as follows:

(i) For existing Private Sector Agency Banks (already having agency banking agreement with RBI):

(a) Such existing private Sector Agency bank with whom RBI already has agency banking agreement and who are authorized to do government agency business for Civil/Non-Civil Ministry/Department (for Central Government) or concerned department of a State Government (for State Government) may continue to do these government agency business for Central and/or State Governments without taking any fresh approval from RBI.

- 2 -

(b) For the purpose of undertaking fresh/additional government agency business by these existing private sector agency banks, after obtaining approval from O/o CGA (for Central Government) or the Finance Department of the State Government (for State Government) they need to obtain approval from DGBA, CO as per the Circular no. RBI/2011-2012/377; DGBA.GAD.No.H-5029/42.01.033/2011-12 dated January 31, 2012.

(ii) For other private sector banks (not having agency banking agreement with RBI)

Scheduled private sector banks, not having agency banking agreement with RBI, but intend to handle Government agency business, may be appointed as agents of RBI upon execution of an agreement with RBI. This will be subject to the condition that the concerned bank is not under Prompt Corrective Action (PCA) framework or moratorium at the time of making the application or signing of the agreement with RBI.

(iii) The choice of accrediting an agency bank (including scheduled private sector agency bank) for any particular government agency business rests solely with the concerned Central Government Departments /State Governments. Further, Government Departments /State Governments have the option to discontinue the arrangement after giving notice to the concerned agency banks, keeping RBI informed.

(iv) The procedure to be followed to accredit an agency bank ((including scheduled private sector agency bank) will be as under:

- a) **For Central Government/Union Territory business:** For Central Government/Union Territory business, the concerned Civil/Non-Civil Ministry/Department may work out the arrangement with the agency bank and send the proposal of accreditation of the agency bank/providing new/additional government agency business to the O/o CGA for examination. The O/o CGA will forward their recommendation on the proposal to DGBA CO and on consideration, RBI will formally authorise the agency bank as accredited bank/ for providing the new/additional government agency business to the concerned Civil/ Non-civil Ministry/Department.
- b) **For State Government business:** The concerned Department of the State Government may work out the arrangement and approach the Finance Department of the State Government which will recommend the proposal for accreditation of the agency bank/providing new/additional government agency

business to the concerned Regional Director of RBI, who will forward the case with his/her comments to the DGBA, CO for approval and further action. On consideration, RBI will formally authorise the agency bank as accredited bank/for providing the new/additional government agency business to the concerned State Government.

(v) Once RBI authorises a bank for any Government business, separate approval from RBI with regard to mode (physical or e-mode) and area of operations is not required and the same will be decided by the O/o CGA (for Central Government) or the Finance Department of the State Government, keeping RBI informed in the matter.

(vi) It may please be noted that performance of the agency banks, on a matrix of various Government initiatives and Schemes, may be reviewed from time to time by the Government in consultation with RBI based on which the permission given to the concerned bank to undertake Government business could be potentially withdrawn.

4. The revised guidelines come into effect from the date of the circular.

Yours faithfully

(R. Kamalakannan)
Chief General Manager