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Ministry of Finance
Department of Expenditure
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No. S-11012/3(35)/TOC/2016/RBI/GBA/ 1151-1199 12th July 2019

Office Memorandum

Subject:- Rationalization and Revision of Agency Commission – Payable to Banks on Government Transactions

Please find enclosed a copy of the Circular No. DGBA. GBD. 3144/31.02.007/2018-19 dated June 20, 2019 issued by Department of Government and Bank Accounts, Reserve Bank of India regarding revision of rates of the Agency Commission on eligible government transactions payable to Agency Banks with effect from 1st July 2019 for information.



(Anupam Raj)

Asstt. Controller General of Accounts (GBA)

To

1. All the Pr.CCAs/CCAs/CAs (Independent Charge)
2. Sr. AO (ITD) with the request to upload the above OM on CGA's website.



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

RBI/2018-19/219

DGBA.GBD.No.3144/31.02.007/2018-19

June 20, 2019

All agency banks

Sir/Madam

**Rationalisation and Revision of Agency Commission
Payable to Banks on Government Transactions**

A reference is invited to our circular DGBA.GAD.No.7575/31.12.011/2011-12 dated May 22, 2012 advising revision in the rates of agency commission payable to agency banks with effect from July 01, 2012.

2. Since then, there has not only been an expansion in volume and value of government receipts and payments, and coverage of bank branches handling government transactions, but also significant movements towards adoption of technology and migration to electronic means of payments. These changes have necessitated a review of the costs incurred by the banks in handling government business, which has been carried out by a Committee set up for this purpose.

3. Accordingly, the agency commission rates on eligible government transactions to be carried out with effect from July 01, 2019 shall be as under:

Sr. No.	Type of Transaction	Unit	Existing Rates	Revised Rates
1	Receipts - Physical	per transaction	₹ 50/-	₹ 40/-
2	Receipts – e-mode	per transaction	₹ 12/-	₹ 9/-
3	Pension Payments	per transaction	₹ 65/-	₹ 75/-
4	Payments other than Pension	Per ₹ 100 turnover	₹ 5.5 paise	₹ 6.5 paise

4. Reference is also drawn to the instructions contained in our letter dated November 4, 2016 advising the process of claiming reimbursement of service tax on agency commission received for Central and State Government transactions, based on which banks are submitting claims for reimbursement centrally to Reserve Bank of India at Central Accounts Section, Nagpur. The same process continued after ST got subsumed into the GST framework.

5. A review of this claim process has been done internally after observing significant delays and discrepancies in the claims submission by agency banks. Based on this review and also taking into consideration the references received from agency banks in this regard, it has been decided to replace the current process of centralised claims submission with a system whereby applicable GST (18% at present) shall be paid along with agency commission by the respective Regional Offices of RBI / CAS, Nagpur as the case may be.

6. For eligible government transactions done with effect from July 01, 2019, agency banks shall submit the agency commission claims, including applicable GST amount, as per revised agency commission rates indicated above, to RBI at respective ROs / CAS, Nagpur as per the extant instructions issued by RBI in this regard. TDS on GST shall be deducted as applicable by RBI at the time of making agency commission payment.

7. However, for eligible government transactions done by agency banks upto June 30, 2019, agency banks shall continue to submit agency commission claims as well as the claims for ST/GST reimbursement as hitherto.

8. The revised rates will remain valid till the next review.

Yours faithfully



(Charulatha S. Kar)
Chief General Manager