

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

(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 Upadhyay Marg, New Delhi-1100124.**
- 2) **Shri Mohammad Mustafa, Joint Secretary, 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).