

March 16, 2007

The Chairman and Managing Director / Managing Director
State Bank of India and its Associates / Allahabad Bank / Bank of Baroda / Bank of India /
Bank of Maharashtra/ Canara Bank / Central Bank of India / Corporation Bank / Dena
Bank / Indian Bank/ Indian Overseas Bank / Punjab National Bank / Syndicate Bank
/UCO Bank /Union Bank of India / United Bank of India / Vijaya Bank / ICICI Bank Ltd

Dear Sir,

**Agency Commission - Public Provident Fund Scheme, 1968 (PPF) and Senior
Citizen Savings Scheme 2004 (SCSS).**

Please refer to para 3 of our Master Circular RBI/2006/77 and Ref No. DGBA.GAD.No.1052/31.12.010/2006-07 dated July 19, 2006 on payment of agency commission wherein it was indicated that a separate communication will follow on continuance of payment of agency commission on Public Provident Fund Scheme, 1968.

2. The issue of payment of agency commission by Reserve Bank of India for handling PPF and SCSS was examined in consultation with Government of India. The issue was also discussed with select banks in January 2006.

3. It has now been decided to follow **only one channel of payment of remuneration to banks** for handling transactions under PPF and SCSS. Accordingly, Reserve Bank of India will pay agency commission on transactions relating to PPF and SCSS at the following rates;

- | | | |
|-------------|---|-------------------------------|
| a) Receipts | - | Rs.45/- per transaction |
| b) Payments | - | 9 paise per Rs.100/- turnover |

With the revision of the rates as above, Government of India will discontinue the payment of remuneration for managing PPF and SCSS.

4. The above rates will be applicable from July 1, 2005 for PPF transactions and from April 1, 2006 for SCSS transactions.

5. There will not be any change in the existing arrangement for payment of commission paid at source to small savings agents for mobilizing deposits under the two schemes and Government will continue to reimburse the said commission as hitherto.

6. Agency banks may submit their claims to CAS, Nagpur or Public Accounts Department of RBI, as the case may be.

Yours faithfully,

(M. T. Varghese)
General Manager