

May 8, 2006

The Chairman & Managing Director /
Managing Director
State Bank of India and its Associates /
All Nationalised Banks / IDBI Ltd. /
HDFC Bank Ltd. / ICICI Bank Ltd. /
UTI Bank Ltd. / Jammu & Kashmir Bank Ltd.

Dear Sir,

Conduct of Government Business – Agency Commission - Revision of Rates

Please refer to our Circular DGBA.GAD.No. 379/31.12.010(C)/2005-06 dated July 25, 2005 advising about the revised rates of agency commission payable to banks for conduct of Government business.

2. We have received representations from agency banks stating that the present rates of agency commission do not compensate the banks adequately and that there has been reduction in the commensurate commission receivable by them. The agency banks have particularly highlighted the fact that the banks remain out of funds for a few days on account of high value payments on behalf of the Government.

3. We have since made a review of the existing rates and it has been decided to revise the rates as under :

	<u>Existing Rates</u>	<u>Revised Rates</u>
a) Receipts	: Rs.45/- per transaction	No change
b) Pension payments	: Rs.60/- per transaction	No change
c) Other payments	: Rs.50/- per transaction	9 paise per Rs.100/- turnover

4. The above rates shall be effective from July 1, 2005.

5. Please acknowledge receipt.

Yours faithfully,
sd/-

(Prabal Sen)
Chief General Manager-in-Charge