



भारतीय रिज़र्व बैंक

**RESERVE BANK OF INDIA**

[www.rbi.org.in](http://www.rbi.org.in)

RBI/2011-2012/377

DGBA.GAD.No.H - 5029/42.01.033/2011-12

January 31, 2012

The Chairman & Managing Director /  
Chief Executive Officer  
All Scheduled Commercial Banks in India

Dear Sir/Madam,

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

As you are aware, currently all public sector banks are eligible to conduct Government business as agents of RBI. However, only three private sector banks viz. ICICI Bank Ltd., HDFC Bank Ltd. and Axis Bank Ltd. were appointed by RBI as its agents to carry out limited general banking business of the Central Government and of those State Governments which had entered into an agreement with RBI for the purpose. Of late, we have been receiving formal/informal requests from various Central Government Ministries/Departments, State Governments and from the banks themselves for granting authorization for additional/fresh business to these/other private sector banks for conducting Government business.

2. With a view to enhancing the quality of customer service in Government business through more competition, improving customer convenience by increasing the number of customer service outlets and broad basing the revenue collection and payments mechanism of Governments, the existing policy was recently reviewed by us and it has been decided that all private sector banks will now be considered eligible to handle any Central/State Government business (where RBI pays agency commission) at par with public sector banks.

3. In this connection, it may be mentioned that all banks intending to handle Government business need to be appointed as agents of RBI. For this purpose, for Central Government / Union Territory business, the concerned Civil / Non-Civil Ministry / Department may work out

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सरकारी एवं बैंक लेखा विभाग, केन्द्रीय कार्यालय, मुंबई सेंट्रल रेल्वे स्टेशन के सामने, भायखला, मुंबई 400 008

**This Department is ISO 9001:2008 certified.**

Department of Government & Bank Accounts, Central Office, Opp. Mumbai Central Railway Station, Byculla, Mumbai 400 008  
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the arrangement with the bank and send the proposal to the Controller General of Accounts (CGA) for examination. The CGA will forward his recommendation on the proposal to the Reserve Bank of India, Department of Government and Bank Accounts, Central Office, Mumbai (DGBA, CO) and on consideration, RBI will formally appoint a bank as an agency bank, on its execution of an agreement.

4. For State Government business, the concerned Department of the State may work out the arrangement and approach the Finance Department of the State which will recommend the proposal to the Regional Director of RBI for the State, who will forward the case with his comments to the DGBA, CO for approval and further action.

5. For the purpose of authorisation of fresh/additional business, an agency bank will be required to obtain approval from DGBA, CO, as at present. Once RBI authorises a bank for any Government business, its subsequent approval with regard to mode (Physical or e-Mode) and area of operation is not required and the same will be decided by the office of CGA (for Central Government) or the Finance Department of the State Government, keeping RBI informed in the matter.

6. It is also hereby clarified that a Central Government Ministry/Department (in consultation with CGA) and a State Government Department (in consultation with the respective AG's Office) 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 Government agency business arrangement and hence do not qualify for payment of agency commission by RBI.

7. The revised guidelines come into effect immediately.

Yours faithfully

(A. K. Bera)  
Chief General Manager-in-Charge

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