



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

RBI/2017-18/39

DGBA.GBD.No.279/31.02.007/2017-18

August 3, 2017

All Agency Banks

Dear Sir / Madam

Government Banking - Issue of Letters of Credit and Bank Guarantee

Please refer to Circular No. DGBA.GAD.No.H.6254/31.03.002/2011-12 dated March 28, 2012 regarding procedure relating to Letter of Credit (LC) enclosing a copy of letter dated November 30, 2011 issued by the Office of Controller General of Account.

2. A review has been undertaken on the entire gamut of LC/BG transactions and it is decided that RBI will continue not to issue LCs on behalf of government and will not act as an issuing or advising bank for government as far as transactions related to BGs are concerned. The government department concerned would be directly taking up the matter with any commercial bank identified by them and all matters concerned with the issuances of LC should be dealt with by the government and the commercial banks, without involving RBI. As LC/BG business is not part of agency banking, government can choose any commercial bank for this purpose. The role of RBI is strictly limited to reimbursement of payments made by the banks for such LCs/BGs on behalf of the government, after satisfying itself with the debit mandate given by the government. Further, RBI may not issue any letter advising / recommending opening of LC/BG to the commercial banks on behalf of government department.

Yours faithfully

(Partha Choudhuri)
General Manager

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हिन्दी आसान है, इसका प्रयोग बढ़ाइए ।