



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

RBI/2021-22/36

CO.DGBA.GBD.No.S77/42.01.033/2021-22

May 10, 2021

All Scheduled Commercial Banks in India

Dear Sir / Madam

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

Please refer to RBI [Circular RBI/2011-2012/377; DGBA.GAD.No.H-5029/42.01.033/2011-12 dated January 31, 2012](#) on the captioned subject.

2. In this regard it is informed that the embargo put in place from September 2012 by Department of Financial Services (DFS), Ministry of Finance (MoF) on further allocation of Government business to private sector banks has since been lifted by them vide their communication dated February 24, 2021.

3. Based on the above developments, the existing guidelines on appointment of Scheduled Private Sector Banks as Agency Banks of RBI have been reviewed and the revised guidelines/framework for authorising Scheduled Private Sector Banks as agency banks of RBI for conduct of government business attracting agency commission are as follows:

(i) For existing Private Sector Agency Banks (already having agency banking agreement with RBI):

(a) Such existing private Sector Agency bank with whom RBI already has agency banking agreement and who are authorized to do government agency business for Civil/Non-Civil Ministry/Department (for Central Government) or concerned department of a State Government (for State Government) may continue to do these government agency business for Central and/or State Governments without taking any fresh approval from RBI.

- 2 -

(b) For the purpose of undertaking fresh/additional government agency business by these existing private sector agency banks, after obtaining approval from O/o CGA (for Central Government) or the Finance Department of the State Government (for State Government) they need to obtain approval from DGBA, CO as per the [Circular no. RBI/2011-2012/377; DGBA.GAD.No.H-5029/42.01.033/2011-12 dated January 31, 2012.](#)

(ii) For other private sector banks (not having agency banking agreement with RBI)

Scheduled private sector banks, not having agency banking agreement with RBI, but intend to handle Government agency business, may be appointed as agents of RBI upon execution of an agreement with RBI. This will be subject to the condition that the concerned bank is not under Prompt Corrective Action (PCA) framework or moratorium at the time of making the application or signing of the agreement with RBI.

(iii) The choice of accrediting an agency bank (including scheduled private sector agency bank) for any particular government agency business rests solely with the concerned Central Government Departments /State Governments. Further, Government Departments /State Governments have the option to discontinue the arrangement after giving notice to the concerned agency banks, keeping RBI informed.

(iv) The procedure to be followed to accredit an agency bank ((including scheduled private sector agency bank) will be as under:

- a) **For Central Government/Union Territory business:** For Central Government/Union Territory business, the concerned Civil/Non-Civil Ministry/Department may work out the arrangement with the agency bank and send the proposal of accreditation of the agency bank/providing new/additional government agency business to the O/o CGA for examination. The O/o CGA will forward their recommendation on the proposal to DGBA CO and on consideration, RBI will formally authorise the agency bank as accredited bank/ for providing the new/additional government agency business to the concerned Civil/ Non-civil Ministry/Department.
- b) **For State Government business:** The concerned Department of the State Government may work out the arrangement and approach the Finance Department of the State Government which will recommend the proposal for accreditation of the agency bank/providing new/additional government agency

business to the concerned Regional Director of RBI, who will forward the case with his/her comments to the DGBA, CO for approval and further action. On consideration, RBI will formally authorise the agency bank as accredited bank/for providing the new/additional government agency business to the concerned State Government.

(v) Once RBI authorises a bank for any Government business, separate approval from RBI with regard to mode (physical or e-mode) and area of operations is not required and the same will be decided by the O/o CGA (for Central Government) or the Finance Department of the State Government, keeping RBI informed in the matter.

(vi) It may please be noted that performance of the agency banks, on a matrix of various Government initiatives and Schemes, may be reviewed from time to time by the Government in consultation with RBI based on which the permission given to the concerned bank to undertake Government business could be potentially withdrawn.

4. The revised guidelines come into effect from the date of the circular.

Yours faithfully

(R. Kamalakannan)
Chief General Manager