

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

No. 2003/AC II/9/9

New Delhi

RBA No. 1 / 2005

Date 5/1/2005

FA&CAOs

All Indian Railways including Production Units etc.


Sub: Authorization of Private Sector Banks for conduct of Government Business.

Please refer to Board's letter No. 2001/AC II/9/1 dated 17/1/2002 containing guidelines on procedure for opening of drawing/ deposit account with accredited/ non-accredited Banks which inter-alia envisage that prior approval of Controller General of Accounts, Ministry of Finance is required for opening of Deposit Accounts with the non-accredited banks (copy enclosed). These instructions were also reiterated vide Board's letter no.2001/AC-II/9/11 dated 1/3/04, while communicating Board's decision to consider 4 Private Sector Banks (namely ICICI, HDFC, UTI, IDBI) also for opening of deposit accounts for augmentation of direct deposit of station earnings into banks (copy enclosed). However, General Manager/Reserve Bank of India has brought it to the notice of Board that some of the Railways have opened Deposit Accounts/ sent proposal to them for opening of such accounts with Private Sector Bank not accredited to them without the approval of Controller General of Accounts.

It is, therefore, requested to review the position obtaining on your Railway for corrective action and also to ensure that all proposals for opening of accounts with non-accredited banks may first be sent to Controller General of Accounts, Deptt. of Expenditure, Ministry of Finance, 7th Floor, Lok Nayak Bhavan, Khan Market, New Delhi for their approval before sending the same to RBI/DGBA/Mumbai for their consideration.

Kindly acknowledge the receipt.

DA: As above.


(J.Srinivas)
Director Finance/CCA
Railway Board

S.M. 22

119

Government of India
Ministry of Railways
(Railway Board)

New Delhi,

Dated 17/1/2002.

No. 2001/AC-II/9/1

FA&CAOs,
All Indian Railways, Production Units, COFMOW,
MTP/Chennai, MTP/Mumbai, Metro Rly/Kolkata, CORE.

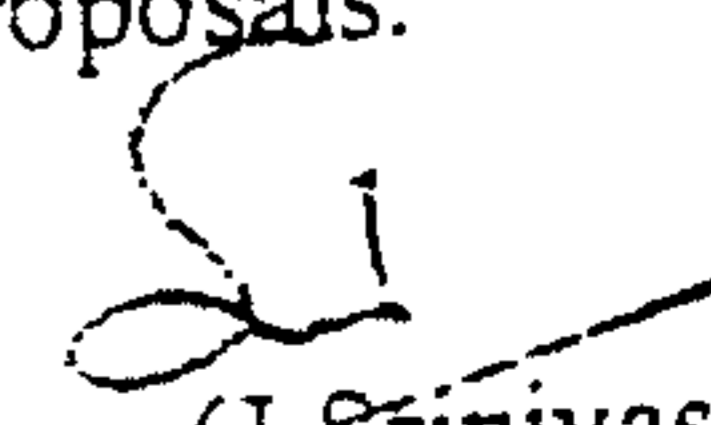
Sub:- Accreditation of Bank situated near station for direct deposit of
Station earnings.

Under the extant procedure all proposal for opening of Drawing/Deposit Accounts with different branches of non-accredited Banks require permission of Controller General of Accounts, Lok Nayak Bhawan, New Delhi. Authorisation by RBI /DGBA's for such accounts is issued only after CGA's approval for accreditation of desired PSB. At present all such proposals mooted by Railways need be routed through Ministry of Railways. With a view to avoiding unnecessary correspondence and attendant delay, this Ministry has taken following decision in consultation with Controller General of Accounts:-

1. All proposals, in connection with opening of Drawing/Deposit account in the accredited bank branch nominated for the concerned FA&CAO of Railway will continue to be taken up with RBI, CO, Mumbai by the concerned FA&CAO as per instructions contained in Board's letter No.87/AC-II/9/13 dated 22.8.88 and letter No.93/AC-II/9/3 dated 8.11.93.
2. All proposals for opening of drawing/deposit account in non-accredited bank branch should be sent to Controller General Accounts, Ministry of Finance, Department of Expenditure, 7th Floor, Lok Nayak Bhavan, Khan Market, New Delhi directly with the recommendations of the concerned FA&CAO for examination and further necessary action. Such proposal should contain necessary particulars, such as (i) name of the accredited bank of the concerned accounts units and its distance from the office/station, (ii) name and full address of the bank branch proposed, (iii) reason for opening of drawing/deposit account in the branch of non accredited bank, (iv) distance of proposed bank branch from the station, (v) amount of daily earning of the station in question and (vi) willingness in writing of the proposed bank branch alongwith that of its Head Office for opening of Deposit Account.
3. Before submitting the proposal in respect of non-accredited banks, FA&CAO should also consider feasibility of sub-agency arrangements with accredited bank and incorporate the result of such examination in his recommendations/proposals.

Kindly acknowledge receipt.

- 2 -


(J. Srinivas)
Director Finance (CCA)
Railway Board.

Government of India
Ministry of Railways
(Railway Board)

19
Ann. 1
lease new
2728
11/3/04

R.B. Accounts 9/2004

No. 2001/AC-II/9/11

New Delhi,

Dated 12/04.

FA&CAOs,
All Zonal Railways/PUs.

CR, GR, NR, NER, NFR, SR, SCR, SEZ WR
NWR, WCR, EOR, ECR, SWR, NCR & SEER.
DCW, RCF, WAP, CLW, DLW, ICF CORE, Metro Kolkata

Sub:- Authorisation of Private Sector Banks for conduct of
Government business.

COF MOW, MTP) Chennai
MTP) Mumbai.

Reserve Bank of India in consultation with CGA/MOF had authorized four private sector banks viz., HDFC, ICICI, UTI and IDBI as their agents to conduct government business (copy enclosed). The matter regarding authorization of these banks for conduct of railway business was under consideration of Board for quite some time. The same has since been examined and the following instructions are issued for the guidance of Railways in this regard:-

a) Normal Drawing Account for Railways:

The existing arrangement of transacting through RBI/SBI should not be altered. Problems faced by Railways with existing PSBs if any, may be taken up at appropriate level and status advised to Board.

b) Augmentation of Direct Remittance into Banks from stations:

The Railways can explore the possibility of expanding the choice to other authorized Banks also so that all stations which have earnings of Rs.40 lakhs per annum, are brought under the direct remittance scheme by 31/3/05.

c) LC transactions:

Railways can have competitive bidding to derive the best advantage and terms in terms of Board's letter No. 2003/AC-II/9/3 dated 24/10/03.

d) Construction Units/Electrification Units:

These should also follow the same procedure i.e., open drawing account with only RBI/SBI failing which the same may be opened with other PSBs. For LC transactions, they can go in for competitive bidding as per Board's instructions ibid.

The Railway opting for Private Banks will ensure zero arrear in 'Remittance into Banks' suspense. FA&CAO should monitor the position personally. These banks shall also follow the procedure as per Focal Point Branch system. However, in case of private sector banks referred to above,


12/19/20

delay in remittance will attract penal interest beyond the stipulated period of 3 days. Since RBI has authorized private banks, Railways will pay no charges/commission to these banks for handling government business.

In a nutshell, the aim of the Railways should be to move towards a situation wherein less cash is received in cash offices. For this purpose, each Railway may draw up its own action plan through 'Direct Remittance into Banks' or any other collection scheme, if it has some special advantages for Railways, in consultation with RBI and CGA as required under the extant rules.

Kindly acknowledge receipt.

DA:As above


(J. SRINIVAS)
Director Finance (CCA)
Railway Board.