

Government of India
Ministry of Railways
(Railway Board)

RBA No. 60 / 2005

No.2005/ACII/9/11

New Delhi, Dated :29/9/2005

FA & CAOs
Zonal Railways/PUs etc.

Sub: Recovery of Interest from Public Sector Banks on delayed remittances of Government Receipts into Government Account.

Reference is invited to Board's letter no. 97/ ACII/ 9/2 dated 28.08.2000 on the above subject. As per existing procedure, a period of 5/ 9 days (inclusive of Sunday / holidays) for local / outstation is allowed to Public Sector Banks for remittance of Government revenues collected by them into Government account. However, interest on delayed remittances is levied only if the delay exceeded 15 days and the amount involved is Rs 1 lakh and above. In other cases , i.e., where the amount is less than Rs 1 lakh , interest is being levied after 30 days. This implies that no interest is being levied for delays upto 15/ 30 days , thus, contradicting the concept of permissible period. The matter of reduction of period allowed for the remittance of Government revenues has been under consideration and has also been discussed at meetings of the Apex Committee. A Committee including representatives of Government, Reserve Bank of India and Public sector Banks has examined the issue. Based upon the recommendations of the Committee, the existing procedures has been modified as under (copy enclosed):

1. Permissible period for remittance of Government Revenues:

- a) Local Transactions – Wherever the collecting branch and the focal point branch are in the same city / agglomeration , the settlement of transaction with RBI will have to be completed within T+ 3 working days (where T is the day when money is available to the Branch). For calculating the working days, the RBI calendar will be followed .
- b) Outstation Transactions – Wherever the collecting branch and the focal point branch are in different city / agglomeration , the settlement of transaction with RBI will have to be completed within T+ 5 working days (where T is the day when money is available to the Branch) . For calculating the working days , the RBI calendar will be followed.
- c) Cases for relaxation of the permissible period in respect of difficult areas / or due to matters beyond the control of the banks will be forwarded on a case –to–case basis to the Office of CGA through the Ministry / Department concerned (Ministry of Railways in case of Railways) for approval .

2. Provision of charging interest on delayed remittance i.e., 'Delayed Period Interest':

- a) Total amount , which has not been remitted in time and the penalty due alongwith the details of the individual cases will be intimated by concerned Ministry/ department to the Headquarters of the bank concerned on a quarterly basis by 15th

of the following month . The period of delay for this purpose will be counted from the date of receipt of the collection at the receiving branch (actual realization of money in the bank) till they are reported to RBI, CAS, Nagpur for credit to Government Account through the bank's link ceil at Nagpur.

The present system of charging penalty at Bank rate + 2% (Bank rate will be as notified by RBI on 1st May and 1st November every year) will continue. The charges shall be known henceforth as 'Delayed Period Interest'. There will also be no change in the permissible remittance period or penal charges for the various Deposit Schemes of the Ministry of Finance.


- b) Delayed period interest will be recoverable from the Bank regardless of the amount involved.
- c) These instructions will not apply to transactions under OLTAS are concerned, for which separate instructions have been issued by Reserve Bank of India.
- d) These instructions are not applicable to Private Sector Banks.

The revised instructions are effective from 01.05.2005 .

Necessary instructions have already been issued to the Banks by RBI in this regard. Kindly bring these instructions to the notice of all concerned working under your control for strict compliance.


Kindly acknowledge receipt.

DA: As above


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

Copy for information to:

1. CGM, Reserve Bank of India, Department of Government and Bank Accounts, Central Office , Opposite Mumbai Central Railway Station , Byculla , Mumbai – 400 008 .
2. Jt. CGA , Department of Expenditure , Ministry of Finance , Lok Nayak Bhawan, New Delhi.


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



भारतीय रिज़र्व बैंक

सरकारी और बैंक लेखा विभाग

केन्द्रीय कार्यालय

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RBI/2005/431

DGBA.GAD.No.H-5531/42.01.011/ 2004-05

April 25, 2005

The Chairman & Managing Director /

Managing Director

State Bank of India and its Associates/

All Public Sector Banks/

Jammu & Kashmir Bank Ltd.

Dear Sir,

Maintenance of Government Accounts - Recovery of Interest
on delayed remittances (Government of India Transactions)

The existing procedure for remittance of collection of Government receipts/revenues for crediting into Government account maintained at CAS, RBI, Nagpur has been reviewed by a Committee set up by Government of India with members drawn from Government, Reserve Bank of India and a few select Public Sector Banks. Based on recommendations of the Committee, it has been decided as under:

1. Permissible period for remittance of Government Revenues

a) **Local Transactions** - Wherever the collecting branch and focal point branch are in the same city/agglomeration, the settlement of transaction with CAS, RBI, Nagpur is required to be completed within T+3 working days (where T is the day when money is available at the branch). For calculating the working days, the RBI calendar will be followed.

b) **Outstation Transactions** - Wherever the collecting branch and the focal point branch are in different city/agglomeration, the settlement of transaction with CAS, RBI, Nagpur is required to be completed within T+5 working days (where T is the day when money is available at the branch). For calculating the working days, the RBI calendar will be followed.

2. Charging interest on delayed remittance – 'Delayed Period Interest'

- a) Total amount, which has not been remitted in time and the penalty due alongwith the details of the individual cases will be intimated by concerned Ministry /department to the Head Office of the bank concerned on a quarterly basis by the 15th of the following month. The period of delay for this purpose will be counted from the date of receipt of the collection^o at the receiving branch (actual realization of money in the bank) till they are reported to RBI, CAS, Nagpur for credit to Government.
- b) The present system of charging penalty at Bank Rate +2 % will continue. The charges shall henceforth be known as 'Delayed Period Interest'.
- c) There will be no change in the permissible remittance period or penal charges for the various Deposit Schemes of the Ministry of Finance.
- d) Delayed period interest will be recoverable from the banks regardless of the amount involved.

3. The cases for relaxation of the permissible period in respect of difficult areas, or due to the matters beyond the control of the banks will be forwarded on case – to - case basis to Office of Controller General of Accounts through the Ministry/Department concerned for approval as hitherto.

4. This supersedes all our earlier instructions on the subject.

5. The revised instructions will be effective from 01.05.2005. These instructions are not applicable to Private Sector Banks.

6. The above instructions will not apply to transactions under OLTAS. Separate instructions have already been issued vide our circular No.RBI/2005/411 dated April 1, 2005 in this regard.

7. Please acknowledge receipt.

Yours faithfully,

Sd/-
(M.T.Varghese)
General Manager