

Office of Controller General of Accounts
Ministry of Finance
Department of Expenditure
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No. R-23001/1/2021-GBA-CGA/ 243-292

24th March 2021

Office Memorandum


Sub:- Allocation of Government Business to Private Sector Banks – regarding

In continuation of this office OM No. S-11012/3(1)/Ref. Case/2010/RBD/1119-1179 dated 30th June 2015 regarding embargo on further allocation of Government Agency business to Private Sector Banks, it is to inform that now the Department of Financial Services (DFS) vide letter dated 24th February 2021 has decided with the approval of Hon'ble Finance Minister to lift the said embargo. Accordingly, now there is no bar on RBI for authorization of Private Sector Banks for extending Government business including Government agency business.

2. Further, the DFS has clarified that the decision has been taken to ensure a level playing field to all public sector and private sector banks, enhancement of customers convenience, enabling innovation and latest technology in banking sector, and spurring of competition for higher efficiency and increase in standards of customer service, ultimately leading to all-round value creation. The objective is to boost the ease of doing business and ease of living for the public, including retails customers, small and medium enterprises as also for larger corporate, with regard to their Government related banking transactions such as taxes and other revenue payment facilities and many other transactions.

3. DFS has also clarified that if the Private Sector Banks lag in performance viz-a-viz the Public Sector Banks in the achievement of implementation of Social Sector Government initiatives through banks, their performance on a matrix of various Government initiatives and schemes may be reviewed from time to time by the Government in consultation with RBI. In case, it is found that there is adverse performance by any Private Sector Bank in the future, then the permission to the concerned bank to undertake Government business could be potentially withdrawn after giving due opportunity to the bank to correct the imbalance.

4. The criteria matrix for initial selection of new private sector banks (except those which are already authorized by RBI) and criteria for periodical performance evaluation of all Private Sector Banks is being prepared in consultation with field formations and will be circulated shortly.



(Alok Ranjan)

Joint Controller General of Accounts (GBA)

To

1. All Pr. CCAs/CCAs/CAs (holding independent charge)
2. Jt. Controller General of Defence Accounts, O/o the Controller General of Defence Accounts, Ulan Batar Road, Palam Delhi Cantt – 110 010
3. Director (Finance), Railway Board, Ministry of Railways, Rail Bhawan, New Delhi
4. Sr. Deputy Director General (Accounts), Department of Posts, Dak Bhawan, Sardar Patel Chowk, Parliament Street, New Delhi
5. Deputy Director General, (Accounts), Department of Telecommunications, Sanchar Bhawan, New Delhi

Copy to:-

1. The Deputy Comptroller & Auditor General of India, Pocket -9, Deen Dayal Upadhyay Marg, New Delhi – 110 002
2. Shri Anshuman Sharma, Director (BO.II), Ministry of Finance, Department of Financial Services, Jeevan Deep Building, New Delhi
3. Chief General Manager in charge, DGBA, RBI, Opposite Mumbai Central Railway Station, Mumbai – 400 008
4. Sr. AO (ITD) with the request to upload the OM on CGA's website.