



भारतीय रिज़र्व बैंक  
**RESERVE BANK OF INDIA**  
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April 07, 2016

The Chairman/ Managing Director/ Chief Executive Officer/  
Agency Banks

Dear Sir/ Madam

### **Oversight of Government Business in Agency Banks**

As you are aware, in terms of the agency agreement entered into with agency banks for conduct of government business, the Reserve Bank of India carries out periodical review/inspection of government business. We have so far been conducting such review/inspection at select branches, including Focal Point Branches and Centralised Pension Processing Centres (CPPCs). Relative reports were being issued to the branch/office concerned at the end of the review/inspection.

2. It has since been decided to put in place a new system of oversight of government business. Accordingly, the following will be the main changes:

- (a) The scope of the review/inspection will now also cover government business at the Head Offices of agency banks. Various branches and CPPCs will continue to be visited as hitherto.
- (b) The current practice of issuing reports at the end of the review/inspection will be discontinued. However, the offices/branches will be advised of action points, if any, with a copy to its controlling office.
- (c) Comments in respect of action points marked as "Major" may be submitted to the Regional Offices of the Reserve Bank under which the branch/office falls.

- (d) As regards other action points, necessary rectification may be ensured by the bank itself. However, its quality and sustenance may be examined and commented upon by internal audit.

3. As a part of the new arrangements, it has been decided to introduce offsite monitoring of government business. Accordingly, agency banks may report details of their government business as per the formats enclosed in Annexes 1 and 2. The completed statements may be [e-mailed](#) with a copy to the Regional Office of Reserve Bank of India under whose jurisdiction the bank falls. A list of agency banks and the Regional Office of the Reserve Bank under which it falls is given in Annex 3. The first such report may relate to the quarter ending March 31, 2016, and be submitted within 15 days from the date to which it relates.

4. It has also been decided to have periodical interactions with senior executives of your bank dealing with government business. Such meetings will be held by the Regional Offices concerned of Reserve Bank, except in the case of State Bank of India, where the meetings will be held by the Central Office. The purpose of the informal meetings would be to maintain a line of communication with the agency bank and to have first-hand information and feedback on government business being conducted by it. The agenda for discussion would broadly depend on the bank's size and nature of government business being handled by it. The discussions would, at a minimum, include the following:

- (a) Developments in the agency bank's government business since last inspection;
- (b) Sustenance of compliance with inspection report findings;
- (c) Progress in the case of large frauds relating to government business;
- (d) Position with regard to complaints;
- (e) Pension related issues;
- (f) Issues raised by Central and State Government Departments such as delays in remittance of government funds and penalties imposed;

(g) Issues raised by the Office of C&AG and other government agencies in their periodical audit/inspection reports regarding the conduct of government business by the agency bank; and

(h) Other related issues.

Yours faithfully

(G. Sreekumar)  
Chief General Manager