



भारतीय रिज़र्व बैंक  
**RESERVE BANK OF INDIA**

[www.rbi.org.in](http://www.rbi.org.in)

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September 9, 2019

All Agency Banks

Dear Sir/Madam

**Master Circular - Disbursement of Government Pension by Agency Banks**

Please refer to our [Master Circular RBI/2018-19/1 dated July 2, 2018](#) on the above subject. We have now revised and updated the Master Circular which consolidates important instructions on the subject issued by the Reserve Bank of India till June 30, 2019.

2. A copy of the revised Master Circular is enclosed for your information. This circular may also be downloaded from our website [www.mastercirculars.rbi.org.in](http://www.mastercirculars.rbi.org.in).

Yours faithfully

(Charulatha S Kar)  
Chief General Manager

Encl.: As above

## **Master Circular – Disbursement of Government Pension by Agency Banks**

### **Introduction**

Payment of pension to retired government employees, including payment of basic pension, increased Dearness Relief (DR), and other benefits as and when announced by the governments, is governed by the relevant schemes prepared by concerned Ministries/Departments of the Government of India and State Governments. This Master Circular consolidates important instructions on the subject issued by the Reserve Bank of India till June 30, 2019 ([listed in Appendix](#)). It does not replace or supersede any existing government instructions on the matter. The instructions issued by Pension Sanctioning Authority of the Central and State Governments and circulated by RBI in the past will continue to remain in operation subject to changes being made by the competent authority. In case of any doubt or apparent contradiction, agency banks may be guided by the relevant government instructions. Contents of various circulars issued in this connection by the Reserve Bank of India are summarised hereunder.

### **General Instructions**

#### **Government orders on DR, etc. on websites**

2. In order to obviate the time lag between issue of DR orders and payment of DR to the beneficiary and to render expeditious service to senior citizens, the following actions are required to be taken:

- (a) It has been decided to discontinue the procedure of forwarding government orders in respect of dearness relief etc. to pension paying agency banks. Agency Banks may, therefore, act on the copies of government orders supplied by government to them through post, fax, e-mails or by accessing from the website and authorize their pension paying branches to make payments to the pensioners immediately.
- (b) All agency banks are advised to scrupulously follow all the guidelines /instructions contained in various notifications of Government (Central as well as States) and

take necessary action immediately without waiting for any further instructions from RBI.

### **Staggering of pension payments**

3. Payment of pension only on the last day of the month causes much hardship to pensioners as they have to wait in queue for a long time to collect their pension. As per instructions issued in 1995, agency banks were advised to spread disbursement of pension over the last four working days of the month, except for the month of March, which will continue to be credited on or after the first working day of April.

### **Recovery of excess/wrong payment made to a pensioner**

4. Details of the uniform procedure for recovery of excess/wrong payments made to pensioners drawing pensions under the Scheme for payment of pension to Central /Civil/Defence/Railways pensioners through agency banks, have been put in place by RBI in consultation with Government of India are given below:

- (a) As soon as the excess/wrong payment made to a pensioner comes to the notice of the paying branch, the branch should adjust the same against the amount standing to the credit to the pensioner's account to the extent possible including lumpsum arrears payment.
- (b) If the entire amount of overpayment cannot be adjusted from the account, the pensioner may be asked to pay forthwith the balance amount of overpayment.
- (c) In case the pensioner expresses his inability to pay the amount, the same may be adjusted from the future pension payments to be made to the pensioners. For recovering the overpayment made to pensioner from his future pension payment in instalments 1/3rd of net (pension + relief) payable each month may be recovered unless the pensioner concerned gives consent in writing to pay a higher instalment amount.

(d) If the overpayment cannot be recovered from the pensioner due to his death or discontinuance of pension, then action has to be taken as per the letter of undertaking given by the pensioner under the scheme.

(e) The pensioner may also be advised about the details of over payment/wrong payment and mode of its recovery.

### **Refund of excess pension payment to Government**

5. Whenever any excess / overpayment is detected the entire amount thereof should be credited to the Government account in lump sum immediately when the excess/overpayment is due to an error on the part of the agency bank. This action is independent of recovery from the pensioner.

6. If the excess/wrong payment to the pensioner is due to errors committed by the government, banks may take up the matter with the full particulars of the cases with respective Government Department for a quick resolution of the matter. However, this must be a time bound exercise and the government authority's acknowledgement to this effect must be kept on the bank's record. The banks may take up such cases with government departments without reference to the Reserve Bank of India.

### **Withdrawal of pension by old/ sick/ disabled/ incapacitated pensioners**

7. In order to take care of problems/ difficulties faced by sick and disabled pensioners in withdrawal of pension / family pension from the banks, agency banks may categorise such pensioners as under:

(a) Pensioner who is too ill to sign a cheque / unable to be physically present in the bank.

(b) Pensioner who is not only unable to be physically present in the bank but also not even able to put his/her thumb impression on the cheque/ withdrawal form due to certain physical defect / incapacity.

8. With a view to enabling such old/sick/incapacitated pensioners to operate their accounts, banks may follow the procedure as under:

(a) Wherever thumb or toe impression of the old/sick pensioner is obtained, it should be identified by two independent witnesses known to the bank, one of whom should be a responsible bank official.

(b) Where the pensioner cannot even put his/her thumb/ toe impression and also would not be able to be physically present in the bank, a mark can be obtained on the cheque/withdrawal form, which should be identified by two independent witnesses, one of whom should be a responsible bank official.

9. Accordingly, the agency banks are requested to instruct their branches to display the instructions issued in this regard on their notice board so that sick and disabled pensioners could make full use of these facilities. Agency Banks are also advised to sensitise staff members in the matter and to refer to the FAQs on pension disbursement hosted on our website [www.rbi.org.in](http://www.rbi.org.in) in case of any doubt.

### **Reimbursement of pension payments**

10. Link branches of agency banks may submit reimbursement claims to Reserve Bank of India, Central Accounts Section, Nagpur / Government Banking Division at Regional Office for Central/State Government pension payments.

### **Continuation of either or survivor pension account after death of pensioner**

11. All agency banks disbursing Central Government pension have been advised that in case the spouse (Family pensioner) opts for existing joint account for credit of family pension, banks should not insist on opening a new account when the spouse is the survivor and having a joint account with the pensioner and in whose favour an authorisation for payment of family pension exists in the Pension Payment Order (PPO).

## **Digital Life Certificate**

12. There have been complaints that life certificates submitted over the counter of pension paying branches are misplaced causing delay in payment of monthly pensions. In order to alleviate the hardships faced by pensioners, agency banks were instructed to mandatorily issue duly signed acknowledgements. They were also advised to consider entering the receipt of life certificates in their CBS and issue a system generated acknowledgement which would serve the twin purpose of acknowledgement as well as real time updation of records.

## **Single Window System for reimbursement of Pension Payments**

13. Single Window System was introduced to facilitate prompt settlement of reimbursement claims and reconciliation. The underlying objective is to make each pension paying bank responsible in its own right to effect settlement without the intervention of RBI Offices or SBI (at District Headquarters) in the process eliminating cause of delay in reimbursement claims.

## **Customer Service**

14. All agency banks may issue instructions to their dealing branches to adhere to the recommendations of the Prabhakar Rao Committee relating to pension payments. A checklist may be provided to the inspecting officers/auditors, which may at a minimum include the items given in [Annex 1](#). Agency banks may also instruct their internal auditors/inspectors to comment on the quality of customer service in their reports which may be made available to Reserve Bank's inspecting officers, as and when they visit the branches.

15. Grievances of pensioners are not being addressed properly at the branch level especially after the setting up of Centralised Pension Processing Centres (CPPCs). To provide hassle free service to the pensioners, there should be a forum for regular interaction and settlement of grievances. Accordingly, agency banks should appoint one/two nodal officers at each Region/Zone for monitoring the resolution of grievances of

pensioners on regular basis and the GM/CGM concerned should review the position at monthly intervals

16. At locations outside the CPPCs, there should be designated nodal officers for pension related complaints who should be easily accessible to pensioners and who should hold regular meetings at different locations in their jurisdiction on the lines of Pension Adalat. Each bank should establish toll free dedicated pension line manned by trained persons with access to the database to answer queries, note down and redress complaints.

17. Following several complaints from pensioners alleging inordinate delay in disbursing revised pension and arrears, agency banks are advised as under:

- (a) Pension paying banks should compensate the pensioner for delay in crediting pension/ arrears thereof at a fixed interest rate of 8 per cent per annum for the delay after the due date of payment and the compensation shall be credited to the pensioner's account automatically without any claim from the pensioner on the same day when the bank affords credit for revised pension/ pension arrears, in respect of all delayed pension payments made since October 1, 2008.
- (b) Pension paying banks have been advised to put in place a mechanism to obtain immediately the copies of pension orders from the pension paying authorities directly and make payments without waiting for receipt of instructions from the Reserve Bank of India so that pensioners should get benefits announced by the Governments in the succeeding month's pension payment itself.
- (c) When the agency bank is calculating pension, the branch should continue to be a point of referral for the pensioner lest he/she feel disenfranchised.
- (d) All branches having pension accounts should guide and assist the pensioners in all their dealings with the bank.
- (e) Suitable arrangements should be made to place the arithmetic and other details about pension calculations on the web, to be made available to the pensioners through the net or at the branches at periodic interval as may be necessary and sufficient advertisement is made about such arrangements.

- (f) All claims for agency commission by banks in respect of pension payments must be accompanied by a certificate from ED/CGM in charge of government business that there are no pension arrears to be credited/ delays in crediting regular pension/arrears thereof.
- (g) All agency banks disbursing pension are advised to provide considerate and sympathetic customer service to the pensioners, especially to those pensioners who are of old age.



## Annex 1

### **Checklist relating to Government Business (pension related) for internal/concurrent audit**

Internal inspections should assess branch performance in servicing pensioner customers. In this regard, the following may be ensured:

1. A specific questionnaire covering all aspects of pension payment may be devised for use during inspection of pension paying branches.
2. Inspecting officers may also, during inspections, call up pensioners at random and enquire about their satisfaction with pension-related services.
3. A detailed check-list relating to pension payments/government business may be given by banks to internal auditors/inspectors in order to adhere to the recommendations of the Prabhakar Rao Committee, constituted by the Government of India, relating to pension payments/government business.

These include the following:

- (a) Whether there is delay in payment of pension, revision of pension, revision in dearness relief etc.
- (b) Whether the branch manager has structured interaction with a cross section of pensioners serviced at the branch on quarterly basis, where the number of pensioners of all governments and departments exceeds a fixed number, say, 100 or 200.
- (c) Whether nominations have been obtained for all pension accounts.
- (d) Whether pension accounts have been converted into joint accounts wherever applicable.
- (e) Whether the bank branch has an effective complaint redressal mechanism and the complaints of pensioners are attended promptly and their grievances redressed expeditiously.

- (f) Whether the pension is credited to pensioner's account during the last four working days of the month except for the month of March for which pension is to be credited on or after first working day of April.
- (g) Whether the pension paying branch obtains Life Certificate/ Non-employment certificate/ Employment Certificate from the pensioners in the month of November every year.
- (h) Whether pension paying branches deduct income tax at source from pension payments wherever applicable.
- (i) Whether paper tokens in acknowledgement of cheques presented are invariably given by the tax collecting branches.
- (j) Whether the challans are stamped giving bank's BSR code and Challan Identification Number (CIN) clearly.
- (k) Whether the stamped challans are kept in the custody of bank's staff and handed over to the concerned tax payer only on production of the paper token.

## List of circulars consolidated for the Master Circular

No.	Circular No.	Date	Subject
1	Ref.Co.DGBA(NBS)No.44/GA.64(11-CVL) 90/91	18.04.1991	Scheme for payment of pension to Central Civil/Defence/Railways pensioners through public sector banks -Recovery of excess/wrong payments made to the pensioners
2	Ref.Co.DGBA(NBS)No.50/GA.64(11-CVL) 90/91	06.05.1991	Scheme for payment of pension to Central Civil/Defence/Railways pensioners through public sector banks -Recovery of excess/wrong payments made to the pensioners
3	Ref.DGBA.GAD.No.130/45.01.001/2002-03	30.08.2002	Single Window System for Reimbursement of pension payments made to Central Government Civil Pensioners by public sector banks
4	Ref.DGBA.GAD.No.H-506/45.01.001/2002-03	12.04.2003	Payment of Pension to Government Pensioners through Public Sector Banks – Steps taken by Government to minimize delay in payment of Dearness Relief (DR) to Pensioners – Discontinuation of forwarding Government orders in respect of DR etc. through Reserve Bank of India.
5	<a href="#">Ref.DGBA.GAD.No 11303/45.01.003/2005-06</a>	06.02.2006	Disbursement of pension through Public Sector Banks – Payment of Dearness Relief (DR)
6	Ref.DGBA.GAD.No.H-3085/45.01.001/2008-09	01.10.2008	Recommendations of the Prabhakar Rao Committee on customer service – Pension Payments.
7	DGBA.GAD.No H-3078/45.01.001/2008-09	01.10.2008	Establishment of Centralised Pension Processing Centre (CPPC)
8	Ref.DGBA.GAD.No.H 7652/45.05.031/2008-09	03.03.2009	Scheme for payment of pension to Central Government Civil/Defence/Railway/Telecom/ Freedom Fighters/ State Governments Pensioners by Public Sector Banks-Staggering of pension payments by PSBs.
9	Ref.DGBA.GAD.No.H-10450/45.03.001/2008-09	01.06.2009	Recovery / Refund of overpayment of pension to the Government Account.
10	Ref.DGBA.GAD.No.H 3194/45.01.001/2009-10	14.10.2009	Scheme for payment of pension to Central Civil/ Defence/ Railway/Telecom Pensioners/ Freedom Fighters/ State Governments' Pensioners through Public Sector Banks- Facility for withdrawal of pension by old/ sick/ disabled/ incapacitated pensioners.
11	Ref.DO.No.CSD.CO/8793/13.01.001/2009-10	09.04.2010	Pension Payment to central/ State Govt. Pensioners by agency Banks-Compensation for delay
12	DGBA.GAD. No.H- 46/45.01.001/2010-11	02.07.2010	Pension Payment to central/ State Govt. Pensioners by agency Banks-Compensation for delay

13	DGBA.GAD.No.H- 6212 & 6213 /45.01.001/2010-11	11.03.2011	Pension Payment to central/ State Govt. Pensioners by agency Banks- Compensation for delay
14	DGBA.GAD.No.H- 6760 & 6762 /5.01.001/2011-12	13.04.2012	Pension Payment to central/ State Govt. Pensioners by agency Banks- Compensation for delay
15	Ref.DGBA.GAD.No.H- 7386/45.01.001/2012-13	03.06.2013	Payment of pension to the Central Government pensioners- Continuation of either or survivor pension account after death of a pensioner
16	Ref.DGBA.GAD.No.H-27/45.01.001/2014-15	01.07.2014	Redressal of Grievances of Pensioners
17	<a href="#">Ref.DGBA.GAD.No.H 4054/45.03.001/2014-15</a>	13.03.2015	Recovery / Refund of overpayment of pension to the Government Account.
18	<a href="#">RBI/2014-15/587: DGBA.GAD.No.H-5013 /45.01.001/2014-15</a>	07.05.2015	Mandatory issue of acknowledgement to pensioners on submission of life certificates
19	<a href="#">RBI/2015-16/340: DGBA.GAD.No.2960/45.01.001/2015-16</a>	17.03.2016	Recovery of excess payments made to pensioners
20	<a href="#">RBI/2016-17/271 DGBA.GAD.No.2646/31.02.007/2016-17</a>	07.04.2017	Systems and Controls for Conduct of Government Banking
21	<a href="#">RBI/2017-18/111 DGBA.GBD/1616/15.02.005/2017-18</a>	21.12.2017	Prompt implementation of Governments' instructions by agency banks
22	<a href="#">Ref.DGBA.GBD.No.3214/45.01.001/2017-18</a>	21.06.2018	Customer Service provided by agency banks