

RBI/2005-2005/431

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 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