

RBI allows four Private Sector Banks to take Government Business

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The Reserve Bank of India has permitted four private sector banks for conduct of all types of Central Government transactions as its agents with effect from October 1, 2003. The four banks that have been permitted to undertake Government transactions are HDFC Bank Ltd., ICICI Bank Ltd., IDBI Bank Ltd. and UTI Bank Ltd. These banks have also been authorised to conduct State Government transactions if any State Government desires to appoint any one or all these banks as their bankers.

The banks have been authorised to collect both direct and indirect taxes of the Central Government as well as payment of pension and other expenditure items of Ministries/Departments of Central Government. These banks are required to remit the collection of funds on behalf of Government within three days (inclusive of holidays) of the realisation of proceeds to the Reserve Bank of India for credit to the Government account. The authorisation is subject to banks continuing to maintain certain fundamentals fixed by the Reserve Bank in consultation with the Government of India.

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