



भारतीय राष्ट्रीय राजमार्ग प्राधिकरण
(पोत परिवहन, सड़क परिवहन और राजमार्ग मंत्रालय)
National Highways Authority of India

(Ministry of Shipping, Road Transport and Highways)

जी-5 एवं 6, सेक्टर-10, द्वारका, नई दिल्ली-110 075

G-5 & 6, Sector-10, Dwarka, New Delhi-110075

दूरभाष / Phone: 91-11-25074100/25074200

फैक्स / Fax: 91-11-25093507 / 25093514

एक्स. / Extn.: 2223 / 2318 / 2468 / 2553

NHAI/F&A/22022/Bank operation /07-08/II-15 Dated : 12.5.2008

To

Project Directors

All PIUs/CMUs

Sub: Guidelines issued by Ministry of Finance (Department of Expenditure) regarding Preference to public sector banks for handling Government transactions

Sir,

The Government of India, Ministry of Finance, Deptt. of Expenditure vide their Office Memorandum no. F.No. 7(2)/E.Coord/2007 dated 15th Jan, 2008 (copy enclosed for ready reference) issued guidelines for investment of surplus funds.

NHAI is having regular course of business with Syndicate Bank and Canara Bank and accounts of most of the PIUs/CMUs are with these banks only as already prescribed vide office Order NHAI/F&A/11028/19/2001, dated 19.4.2004. In view of the above guidelines of Ministry of Finance, the procedure for inviting competitive rates from the banks is to be discontinued. To avoid idling of fund at PIU/CMU level, fund should be requisitioned from HQ only to meet the expenditure on actual basis and liquidity level of PIU may not be more than one month expenditure in any case. The surplus funds at PIUs/CMUs level if any, should be placed with the Banks as per the procedure prescribed below:-

- a. Published card rates of minimum 5-7 nationalized banks(subject to availability of branches in the town in which PIU is located) should be obtained from the websites of these banks to determine the highest available card rates of the banks.
- b. The bank with whom the PIU/CMU is having the current account may be given option to match such highest available card rates as

determined at (a) above and funds may be placed with the bank having our main account at the highest card rate.

c. If the bank with whom PIU/ CMU is having current account are not willing to match the highest card rate, the fund may be placed with the bank having the highest card rate. In case more than one bank publishes the highest card rate(i.e. no. of banks have same published rate and which is the highest), the amount of deposit will be divided among such banks.

This issues with the approval of competent authority.

Yours faithfully

T.K. Chattopadhyay

(T.K.Chattopadhyay)
General Manager (A&A)

Encl : As above

F. No.7(2)/E. Coord/2007
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, January 15, 2008

OFFICE MEMORANDUM

Sub: Preference to Public Sector Banks for handling Government transactions - reg.

In August 2003, the Reserve Bank of India (RBI) had taken a decision to induct certain private sector banks for the conduct of Government business. Accordingly, the Departments/Ministries were advised that, if they desired, they could induct these private sector banks also for handling accounts pertaining to their respective Departments/Ministries. These instructions were issued vide RBI Circular No. DGBA.GAD No. 60/42.01.033.2003-04 dated July 18, 2003.

2. It has been brought to the notice of the Government that some Departments/Ministries as well as agencies/entities under the control of Departments/Ministries have transferred their entire business, or a substantial part of their business, to private sector banks to the virtual exclusion of public sector banks. It is observed that public sector banks have a special role and importance in the banking industry and in advancing the economic policies of the Government. It is, therefore, important that Departments/Ministries conduct their business, as far as possible, through public sector banks. In any event, it is not desirable that any Department/Ministry should conduct its business through private sector banks alone to the exclusion of public sector banks. **On a careful examination of the matter, it has now been decided that the funds under the control of the Departments/Ministries or funds amenable to their control (including funds distributed by Departments/Ministries to agencies/entities) shall, at least to the extent of 60 per cent, be placed with public sector banks.** These instructions would apply equally to

subordinate offices, attached offices and autonomous organisations which are mainly funded by Government. The Departments/Ministries are requested to issue forthwith suitable instructions, in accordance with the above decision, to State Governments, agencies and entities to which they distribute funds for the purpose of executing the programmes funded by the Departments/Ministries.

3. It has also been brought to the notice of the Government that, in recent times, there is an emerging practice of inviting competitive bids for placing bulk deposits with banks. As a consequence, there is undesirable competition amongst banks leading to arbitrary hikes in deposit rates (even for short periods) which have consequences for the economy. It is therefore advised that the practice of inviting competitive bids for bulk deposits should be discontinued forthwith. Any Department/Ministry or any of the agencies/entities/bodies referred to in para 2 above should place their bulk deposits with the bank(s) with whom they have a regular course of business, including public sector banks.


(Meena Agarwal)
Joint Secretary to the Government of India

1. All Secretaries
2. Controller General of Accounts
3. All CCAs
4. All Financial Advisers