

No.11012/1(12)/Pvt. Bks/CGA/2012/RBD/661-720  
Government of India  
Ministry of Finance  
Department of Expenditure  
Controller General of Accounts  
Lok Nayak Bhawan, Khar Market  
New Delhi-110511  
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Dated : 07.03.2016  
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OFFICE MEMORANDUM

**Subject: Letter of Credit - Government Agency Business Arrangement.**

Reference is invited to this office OM No.S-11012/301/Ref. case/2010/RBD/1119-1179 dated 30.06.2015, through which it has been clarified that Department of Financial Services embargo imposed on further allocation of Government Business to private sector banks vide their letter dated 13.09.2012 and 19.02.2015 relates to Government Agency Business, which is the business for which Reserve Bank of India pays agency commission to banks.

Further vide Reserve Bank of India, para 3 of Master Circular dated 01.07.2015 on Agency Commission, RBI/2015-16/81.DGBA/GAD/Mp/2-31.12.010/2015-16 which consolidates all important instructions on the subject including letter of credits it has been clarified - "Transactions arising out of letters of credit opened by banks on behalf of Ministries/Departments etc. do not qualify for agency commission".

You are requested to take necessary action accordingly. This issues with the approval of Addl. CGA.

Yours faithfully

*T. P. Ghosh*

(Tripti P Ghosh)

Dy. Controller General of Accounts

To,

All Civil/Non-Civil Ministries/Departments, UTs

Copy to:-

1. Dy. Comptroller and Auditor General (Government Accounts), O/o the Comptroller and Auditor General, Pocket-9, Deen Dayal Upadhyay Marg, New Delhi-110124.
2. Joint Secretary, Department of Financial Services, Ministry of Finance, 3rd Floor, Jeevan Deep Building, Parliament Street, New Delhi-110001.
3. Chief General Manager, DGBA, Reserve Bank of India, Opposite Mumbai Central Railway Station, Mumbai-400008.
4. Dy. CGA (TA).
5. Dy. CGA (ITD) with a request to upload this OM on the website of CGA Office.
6. Sr.PS to CGA.
7. PS to Addl. CGA (GPG).

*upload on website*  
*16/2/16*

*2 to CGA (ITD)*