

APPENDIX I

[See [Rule 3 \(2\)](#)]

Agreement between the Secretary of State for India in Council and the Reserve Bank of India and continued in operation by virtue of sub-section (a) of section 177 of the Government of India Act, 1935.

AN AGREEMENT made this fifth day of April 1935, BETWEEN THE SECRETARY OF STATE FOR INDIA IN COUNCIL acting by and through The GOVERNOR GENERAL IN COUNCIL (hereinafter called "the Secretary of State") of the one part and THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part. WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India, Act, 1934 (being Act No. II of 1934) (hereinafter called "the Act") with and subject to the various powers, provisions and restrictions in and by the Act set forth and it was thereby *inter alia* particularly provided as follows, viz —

(1) by section 20 of the Act that the Bank should undertake to accept monies for account of the Governor-General in Council and to make payments up to the amount standing to the credit of his account and to carry out his exchange, remittance and other bank-ins operations including the management of the public debt; and

(2) by section 21 (1) of the Act that the Governor-General in Council should entrust the Bank on such conditions as might be agreed upon with all his money, remittance, exchange and banking transactions in India and in particular should deposit free of interest all his cash balances with the Bank provided that nothing in that sub-section should prevent the Governor-General in Council from carrying on money transactions at places where the Bank has no branches or agencies and that the Governor-General in Council might hold at such places such balances as he may require; and '

(3) by section 21 (2) of the Act that the Governor-General in Council should entrust the Bank on such conditions as might be agreed upon with the management of the public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say:—

1. This agreement shall come into force on the execution of these presents.

2. The general banking business of the Governor-General in Council (in which business is included the payment, receipt, collection and remittance of money on behalf of the Governor-General in Council and of such Local Governments as may not have the custody and management of their own provincial revenues) shall be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and of the Act and with and to such orders and directions as may from time to time be given to the Bank by the Governor-General in Council through any Government officer or officers authorised by him in that behalf and at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient or as the Governor-General in Council shall from time to time direct in the manner aforesaid.

3. The Secretary of State shall employ the Bank as the sole Banker in India of the Governor-General in Council who shall deposit or cause to be deposited with the Bank or allow the Bank to receive and hold as banker the whole of his cash balances at any places at which for the time being the Bank shall have an office, branch or agency and the Bank shall subject to such orders as may from time to time be given by the Governor-General in Council in the manner aforesaid receive and hold for the Governor-General in Council all such monies as may be or become payable to him or on his account and the Bank shall transact at its offices, branches and agencies for the time being existing respectively all such business for the Governor-General in Council regarding the receipt, collection, payment and remittance of money and other matters, as is usually

transacted by bankers for their customers. The Bank shall make the said monies at the said offices, branches and agencies available for transfer to such places and at such times as the Governor-General in Council may direct. No interest shall be payable to the Governor-General in Council on any of the monies for the time being held by the Bank.

4. The management of the public debt and the issue of new loans by the Governor-General in Council and the performance of all the duties relating thereto respectively including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of securities of the Governor-General in Council and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at its offices in Bombay, Calcutta and Madras and at any of its offices, branches or agencies at which respectively the administration of any portion or portions of the public debt is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and accounts in respect of the said public debt as the Governor-General in Council may from time to time direct and shall audit all payments of such interest and act generally as agents in India for the Secretary of State and for the Governor-General in Council in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the Governor-General in Council.

5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Governor-General in Council other than such advantage as may accrue to it from the holding of his cash balances free of obligation to pay interest thereon.

6. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the Governor-General in Council half-yearly commission at the rate of Rs.2000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amounts shall be excluded from the amount of public debt, viz.—

(a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.

(b) The amount of stock certificates for Rs.50,000 and upwards held by the Governor-General in Council or by a Local Government or by any officer or officers of the Government of India or of a Local Government authorised in that behalf.

(c) The amount of the Government of India rupee securities held in the issue department of the Bank.

(d) The amount of stock and notes outstanding in the London register.

And in addition to the charge of Rs.2,000 per crore per annum the Bank shall be entitled to charge to the Governor-General in Council a fixed sum of Rs.2000 a year on account of the stock certificates referred to in head (b) of this clause and the Bank shall be also entitled to charge the public (but not the Governor-General in Council or a Local Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Governor-General in Council under the powers conferred upon him by the Indian Securities Act, 1920 (Act No. X of 1920) for duplicate securities and for the renewal, consolidation, division or otherwise of all Government Securities which the Bank issues.

7. The Bank shall maintain currency chests of its issue department at such places as the Governor-General in Council may prescribe and the Governor-General in Council shall provide sufficient accommodation for such chests as may be required for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chest supplied with sufficient notes and coin to provide currency for the transactions of the Governor-General in Council and reasonable remittance facilities to the public at the said places. The Governor-General in Council shall supply the Bank with such information and returns as the Bank may from time to time require as to the composition of the balances in the said chest and the amount and nature of the transfers to and from the said chest. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the

contents. The Governor-General in Council shall be responsible to the Bank for the examination and correctness of coin or notes at the time of deposit in or withdrawal from the said chests.

8. The Bank shall not be at liberty to close any of its offices, or branches except on Sundays, New Year's Day, Christmas Day, Good Friday and any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act (Act XXVI of 1881) subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Governor-General in Council and the Bank shall be responsible that no one of its agencies doing Government business for the time being existing shall be closed except on Sundays and on public holidays authorised by the Local Government within whose jurisdiction such agencies may be respectively situated.

9. The responsibility for all loss or damage to the Secretary of State and the Governor-General in Council which may result from any act or negligence of or omission of the Bank in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, subdivision or cancellation of any Government Security shall rest with and be borne by the Bank provided however that it shall not be incumbent on the Bank to verify signatures and endorsements on Government securities which prima facie appear to be in order and in the acceptance of which the bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto PROVIDED ALSO that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realising money and securities for money on account of the Governor-General in Council and paying cheques, orders, drafts bills and other documents whether negotiable or not in the Bank's capacity of bankers for the Governor-General in Council and whether such business be done by the Bank or by agencies on its behalf the responsibility to the Secretary of State and the Governor-General in Council shall be that of the Bank and such responsibility shall be that of a banker to an ordinary customer.

10. The Bank shall remit on account of the Governor-General in Council between India and London such amounts as may be required by him from time to time at the market rate of the day for telegraphic transfers, subject to the proviso that if a larger transfer has to be effected in connection with the floatation or repayment of a sterling loan or analogous operations and if it is considered by either party to be inappropriate to apply the rate of a single day an average rate based on a longer period may be fixed by agreement between the two parties.

11. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st Day of March in any year, such notice if given by or on behalf of the Secretary of State to be addressed to the Governor of the Bank and to be served by being left at the Head Office of the Bank and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government of India in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

12. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Governor-General in Council or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

13. The Bank shall be entitled to perform all or any of the matters contained in this agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the Governor-General in Council.

IN WITNESS WHEREOF

Secretary to the Government of India in the Finance Department by the order and direction of the Governor-General in Council acting for and on behalf of the Secretary of State for India in Council has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said the Hon. Mr. Philip Cubitt Tallents, CSI, CIE, ICS, Secretary to the Government of India in the Finance Department for and on behalf of the Governor-General of India in Council acting in the premises for and on behalf of the Secretary of State for India in Council in the presence of

(Sd.) H. S. STEPHENSON,
Additional Under Secretary
to the Government of India. '

(Sd.) P. C. TALLENTS, Secretary to the
Govt. of India, Finance Department.

The Common Seal of the Reserve Bank of India was affixed hereto in the presence of Sir Edward Charles Benthall Kt, and Sir Badridas Goenka, Kt., C. I. E. two of its Directors and Sir Osborne Arkell Smith, KCIE., its Governor.

(Sd.) E. C. BENTHALL,
BADRIDAS GOENKA,
Director

(Sd.) OSBORNE A. SMITH
Governor

APPENDIX II

(See [rule 17](#))

[\[Refer Correction Slip 13\]](#)

The following transactions of Government involving fractions of a rupee shall be brought to account by rounding off to the nearest rupee (fraction of 50 paise and above to be rounded off to the next higher rupee and fraction of less than 50 paise to be ignored):-

(1) Personal claims of Government servants and pensioners

(a) All entitlements due to an individual employee by way of HRA/DATA etc., and all 'Inner Column' deductions from salary bills on account of PLI/Licence fee/Taxes etc. including book Transactions shall be rounded off in whole rupees.

(b) In the case of Travelling Allowance bills the rounding shall be done only at the last stage and not in respect of each item, e.g. Railway fare, Mileage and Daily Allowance, comprising the claim of an individual.

(c) Interest on loans and advances to an employee which is computed as a percentage of base amount and its recovery is effected in instalments shall be made in whole rupee.

Note 1: In the case of emoluments fixed by law amounts which are in fraction of a rupee shall be rounded off to the next higher rupee.

Note 2: Payment on account of Pension/Relief on Pension/DCRG/Commuted value of Pension shall be rounded off to the next rupee.

(d) All Government transactions, whether involving actual receipts/payments or book adjustments, involving fraction of rupees shall be made in whole rupees.

(2) All transactions of PAOs/Banks through Cheques and Challans.

(3) Transactions between one Government and another or between two Departments of the same Government.

(4) Amounts converted into Indian currency from Sterling or other foreign currencies.

(5) Reserve Bank remittances, other than those of sums representing dues fixed by or under any law or under any contractual obligation of the Government.

Sums representing dues fixed by or under any law shall be always be rounded off to the next higher rupee.

(6) Deposits and receipts other than those which are fixed by or under any law or are specially exempted by the Government from the operation of this Rule.

Sums representing amounts fixed by or under any law shall be always be rounded off to the next higher rupee.

(7) The only type of transactions which have to involve paise would be cash transactions for petty purchases or sales which are reflected in a primary record like cash book. Instructions for rounding off of such transactions are given in the Annexure to this Appendix.

2. This amendment takes effect from 1-4-1987.

ANNEXURE

(i) Petty cash payments for local purchases are met out of permanent cash imprest available with the Head of office and recoupment bill duly supported by sub-vouchers (where necessary) is required to be preferred periodically to the Pay & Accounts Office for replenishment of the imprest. As far as possible, suppliers should be persuaded to cooperate in rounding off the amount payable to them on each occasion to the nearest rupee. In exceptional cases where payment of paise cannot be avoided, the total of the sub-vouchers sought to be recouped would include paise also. Nevertheless, the recoupment bill shall be submitted to the PAO for the whole rupee portion only. However, for the purpose of balancing the transactions in the main cash books as well as in the petty cash book, the DDO will (a) indicate the actual amount received in recoupment of the permanent advance; (b) record therein the unrecouped paise as an item of "rounding off of transactions"; and (c) carry it over to be claimed through the subsequent recoupment bill in which this amount was short-received. Illustrative examples are given in performae A&B for guidance.

(ii) In the case of receipts arising out of sale of waste papers or old newspapers, periodicals, condemned furniture etc. the amounts to be realised should be rounded to the nearest rupee and not include paise in the sum total of transactions with any party for which a single receipt is given so that the receipts are credited into government account in whole rupees only.

APPENDIX III

[see [rule 160 \(2\)](#)]

Subject:— Procedure for payment of interest on and repayment of principal of loans and advances made by Government of India to public sector units and parties other than State, Union Territory and Foreign Governments.

1. In the case of Ministries and Departments in which Scheme of Departmentalisation of accounts has been introduced, it has been decided, after consultation with the Comptroller and Auditor General of India, that the following procedure may be followed by borrowers, other than State, Union Territory and Foreign Governments, e.g. public sector units, statutory bodies, institutions, societies, private sector concerns and individuals for making repayments and interest payments on loans and advances made to them:—

(a) payment of interest or principal or both shall be tendered, on or before the due date, at the specified branch at New Delhi of the public sector bank accredited to the Ministry or Department which sanctioned the loan or its successor on whose books the accounts of the loans in question are maintained on departmentalisation of accounts;

(b) the payment will be made in cash or by cheque or draft drawn on a scheduled bank in Delhi or New Delhi in favour of Public Sector Bank branch mentioned in sub-paragraph (a). The payment will be accompanied by a memorandum or challan in duplicate giving the following details:—

(i) name of the loan sanctioning Ministry or Department (or its successor as the case may be);

(ii) number and date of loan sanction letter with the loan amount sanctioned; and

(iii) amount due for payment, separately for interest and principal and the head of account to which the dues are to be credited in the Government Account. Separate cheques or drafts and challans should be submitted for payment of principal and interest.

(iv) due date of payment.

(c) outstation loanees may arrange to tender payment of dues together with memorandum or challan in duplicate through their bank to the Public Sector Bank branch at New Delhi mentioned in sub-paragraph (a) ensuring that payment is tendered at the aforesaid Public Sector Bank branch by the due date; and

(d) the receipt of cheque or draft tendered in payment of dues will be acknowledged by the Public Sector Bank branch through a paper token immediately and after realisation of the cheque or draft, duplicate copy of the challan will be given to the tenderer.

2. The public sector bank collecting the dues shall arrange prompt credit thereof to Central Government Account and send original copy of the challan with a credit scroll to the Pay and Accounts Officer of the Ministry or Department in accordance with the general instructions issued for handling receipts and payments of the Ministry or Department.

NOTE 1.—Provisions of rule 19 and 20 should also be kept in view while tendering a cheque or draft at the bank under this procedure.

NOTE 2.—As regards heads of account referred to in paragraph 1 (b) (iii), the head for repayment of principal will be the same as that against which the loan was sanctioned and paid by Government; the head of account against which interest is to be credited will be one of the minor heads indicated below which is relevant for the

purpose under the major head 049-Interest receipts-(c) Other interest receipts of Central Government:

- Interest from Public Sector and other Undertakings.
- Interest from local bodies.
- Interest from Cooperative Societies.
- Interest from Cultivators.
- Interest from Port Trusts.
- Interest from other parties.
- Other receipts.