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GOVERNMENT OF KERALA
Planning and Economic Affairs (F) Department

CIRCULAR

No.10044/F2/08/Plg.

Dated, Thiruvananthapuram, 24th January 2009.

Sub:- Opening of Bank Accounts by Departments / Local Self Governments / Public Sector Units-Treatment of RRBs in the state on a par with other Nationalised Banks-Instructions-Reg.

Ref: - 1. G.O.(Rt) No.71/99/Plg. dated 12.02.1999.
2. Government Letter No.15601/F1/06/Plg. dated 11.04.2007.
3. Letter No.TLB 35755/2008 SSK dated 05.07.2008 from the Convenor, State Level Banker's Committee, Thiruvananthapuram.

As per the Government Order cited Government have clarified that the Regional Rural Banks (RRBs) viz, South Malabar Gramin Bank and North Malabar Gramin Bank are Public Sector Banks and that they are to be treated on par with the Nationalised Banks for transacting banking business/depositing/surplus funds of Government Departments/Public Sector Undertakings/Local Self Bodies/ (Copy of the Government Order enclosed). Subsequently, to reiterate this matter further, as per the letter 2nd cited, a copy of the Government Order was forwarded to all Heads of Departments and District Collectors for strict compliance. But in spite of these, complaints have come in the State Level banker's Committee that the Regional Rural Banks are finding it difficult to get surplus funds from many Government Institutions, Corporations etc.

2. As per the letter 3rd cited, Convenor, State Level Banker's Committee has informed that a Resolution was taken in the 95th meeting of State Level Banker's Committee, Kerala held on 29.05.2008, recommending to the State Government once again to issue instructions to the Head of Departments /Corporations/Local Bodies/Public Sector Undertakings etc, to park their funds in Regional Rural Banks also giving them priority/preferences whenever they are required to transact banking business.

3. Government have considered the matter in detail, and in view of the fact that the State Government is one of the shareholders of the Regional Rural Banks in Kerala and that both the North Malabar Gramin Bank and south Malabar Gramin Bank are actively involved in all the Rural Development Activities of the Government and are undertaking a major share in financing Government sponsored schemes, it is felt that there is every need to widen their deposit base. Government therefore clarify that

whenever Government issues orders permitting opening of bank accounts for any specific purpose, by government Departments/Local Self government Institutions/Public Sector Undertakings. Regional Rural Banks can be treated on par with Nationalised Banks. The Regional Rural Banks can also act as agency bank, wherever non-banking treasuries are converted into banking treasuries or new banking treasuries are opened, provided the Reserve bank of India accredits them to do Government transactions.

TEEKA RAM MEENA
Secretary to Government

To

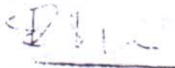
All Heads of Departments
All District Collectors
Chief Executive Officers of all State Public Sector Undertakings/Local Self Governments
All Secretariat Departments
The Convenor, State Level Banker's Committee, Thiruvananthapuram (with Covering Letter).

Endt. No. K1/6075/TC/2009 dated 04.04.2009

Copy forwarded to all DTCs, RTOs, Joint RTO of Sub RT Offices for information and strict compliance.

Sd/-
Senior Finance Officer,
For Transport Commissioner

Approved for issue,


Senior Superintendent
RR

GOVERNMENT OF KERALA

ABSTRACT

Depositing Funds with Regional Rural Banks-Clarification-Orders issued

PLANNING AND ECONOMIC AFFAIRS (F) DEPARTMENT

G.O. (Rt.) No.71/99/Plg. Dated, Thiruvanahtapuram, 12th February, 1999.

Read:- Letter No.562/PDD/PDS/98 dated 02.04.1998 from North Malabar Gramin Bank

ORDER

As per the letter read above the North Malabar Gramin Bank has requested among other things to clarify that the Regional Rural Banks are Public Sector banks and that they are to be treated on par with Nationalised Banks. It has also been brought to the notice of the Government that the Public Sector Undertakings/Government Departments/Corporations have refused to transact banking business/deposit funds with Regional Rural banks on the plea that they are not Nationalised Banks. They also pointed out that Government of Kerala is one of the share holders of the Regional Rural Banks, North Malabar Gramin Bank and South Malabar Gramin Bank and the Regional Rural Banks are actively involved in all the rural developmental activities of the Government.

Government have examined the case in detail and are pleased to issue the following clarification:-

Instances have been brought to the notice of Government where Public Sector Undertakings/Government Departments/Corporations have refused to transact banking business deposit funds with Regional Rural banks on the plea that they are not Nationalised Banks. Government of Kerala is one of the share holders of the North Malabar Gramin Bank, one of the Regional Rural Banks functioning in the State, and that the bank is actively involved in all the rural developmental activities of the Government as evidenced by their Credit Deposit ratio which is above 100% at present. In the circumstances Government clarify that the Regional Rural banks are Public Sector Banks and that they are to be treated on par with Nationalised Banks.

By order of the Governor

K.N. Kurup

Secretary to Government

To

The General Manager, South Malabar Gramin Bank, H.O. Malappuram-676505.
 The General Manager, North Malabar Gramin Bank, H.O. Kannur, P.B.No.59,
 Bank Road, Kannur-670 001
 The Deputy General Manager, Rural Planning and Credit Department, Reserve
 Bank of India, Thiruvananthapuram.
 The General Manager, SLBC, LP and PSM Section, Canara Bank Circle Office,
 Spencer Junction, Thiruvananthapuram.

RE.