भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2023-24/10
DGBA.GBD.No.S3/31.02.007/2023-24 April 03, 2023

All Agency Banks

Dear Sir/Madam

Master Circular - Disbursement of Government Pension by Agency Banks

Please refer to our Master Circular RBI/2022-23/09 dated April 01, 2022 on the above subject. We have revised and updated the Master Circular which consolidates important instructions on the subject issued by the Reserve Bank of India till March 31, 2023.

2. A copy of the revised Master Circular is enclosed for your information. This circular may also be downloaded from our website https://mastercirculars.rbi.org.in.

Yours faithfully

(Indranil Chakraborty)
Chief General Manager

Encl.: As above

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Master Circular – Disbursement of Government Pension by Agency Banks

Introduction

Payment of pension to retired government employees, including payment of basic pension, increased Dearness Relief (DR), and other benefits as and when announced by the governments, is governed by the relevant schemes prepared by concerned Ministries/Departments of the Government of India and State Governments. This Master Circular consolidates important instructions on the subject issued by the Reserve Bank of India till March 31, 2023 (listed in Appendix). It does not replace or supersede any existing government instructions on the matter. The instructions issued by Pension Sanctioning Authority of the Central and State Governments and circulated by RBI in the past will continue to remain in operation subject to changes being made by the competent authority. In case of any doubt or apparent contradiction, agency banks may be guided by the relevant government instructions. Contents of various circulars issued in this connection by the Reserve Bank of India are summarized here under.

General Instructions

Government orders on DR, etc. on websites

2. In order to obviate the time lag between issue of DR orders and payment of DR to the beneficiary and to render expeditious service to senior citizens, it has been decided to discontinue the procedure of forwarding government orders in respect of dearness relief etc. to pension paying agency banks. Agency Banks may, therefore, act on the copies of government orders supplied by government to them through post, fax, e-mails or by accessing from the website and authorize their pension paying branches to make payments to the pensioners immediately.

Prompt implementation of Government's instructions by agency banks

3. All agency banks are advised to scrupulously follow all the guidelines/ instructions contained in various notifications of Government (Central as well as States) and take necessary action immediately without waiting for any further instructions from RBI.

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Timing of pension disbursement by agency banks.

4. The pension paying banks will credit the pension amount in the accounts of the pensioners based on the instructions given by respective Pension Paying Authorities.

Refund of excess pension payment to Government

5. Whenever any excess/overpayment is detected the entire amount thereof should be credited to the Government account in lump sum immediately when the excess/overpayment is due to an error on the part of the agency bank. This action is independent of recovery from the pensioner. Agency banks are requested to seek guidance from respective Pension Sanctioning Authorities regarding the process to be followed for recovery of excess pension paid to the pensioners, if any.

6. If the excess/wrong payment to the pensioner is due to errors committed by the government, banks may take up the matter with the full particulars of the cases with respective Government Department for a quick resolution of the matter. However, this must be a time bound exercise and the government authority's acknowledgement to this effect must be kept on the bank's record. The banks may take up such cases with government departments without reference to the Reserve Bank of India.

Withdrawal of pension by old/ sick/ disabled/ incapacitated pensioners

7. In order to take care of problems/ difficulties faced by sick and disabled pensioners in withdrawal of pension / family pension from the banks, agency banks may categorize such pensioners as under:

(a) Pensioner who is too ill to sign a cheque / unable to be physically present in the bank.
(b) Pensioner who is not only unable to be physically present in the bank but also not even able to put his/her thumb impression on the cheque/ withdrawal form due to certain physical defect /incapacity.

8. With a view to enabling such old/sick/incapacitated pensioners to operate their accounts, banks may follow the procedure as under:

(a) Wherever thumb or toe impression of the old/sick pensioner is obtained, it

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should be identified by two independent witnesses known to the bank, one of whom should be a responsible bank official.

(b) Where the pensioner cannot even put his/her thumb/ toe impression and also would not be able to be physically present in the bank, a mark can be obtained on the cheque/withdrawal form, which should be identified by two independent witnesses, one of whom should be a responsible bank official.

The responsible bank official has to be from the same bank, preferably from the same branch, where the pensioner is having his/her pension account.

9. The pensioner may also be asked to indicate to the bank as to who would withdraw the pension amount from the bank on the basis of cheque/ withdrawal form as obtained above and that person should be identified by two independent witnesses. The person who would be actually drawing the money from the bank should be asked to furnish his signature to the bank.

10. Accordingly, the agency banks are requested to instruct their branches to display the instructions issued in this regard on their notice board so that sick and disabled pensioners could make full use of these facilities. Agency Banks are also advised to strictly implement the instructions issued by RBI regarding the facilities to be provided to the sick and disabled persons and sensitise staff members in the matter and to refer to the FAQs on pension disbursement hosted on our website www.rbi.org.in in case of any doubt.

Reimbursement of pension payments

11. Link branches of agency banks may submit reimbursement claims to Reserve Bank of India, Central Accounts Section, Nagpur / Government Banking Division at Regional Office for Central / State Government pension payments respectively.

Continuation of either or survivor pension account after death of pensioner

12. All agency banks disbursing Central Government pension have been advised that in case the spouse (Family pensioner) opts for existing joint account for credit of family pension, banks should not insist on opening a new account when the spouse is the survivor and having a joint account with the pensioner and in whose favour an

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authorisation for payment of family pension exists in the Pension Payment Order (PPO).

Life Certificate- Issuance of Acknowledgement

13. There have been complaints that life certificates submitted over the counter of pension paying branches are misplaced causing delay in payment of monthly pensions. In order to alleviate the hardships faced by pensioners, agency banks were instructed to mandatorily issue duly signed acknowledgements. They were also advised to consider entering the receipt of life certificates in their CBS and issue a system generated acknowledgement which would serve the twin purpose of acknowledgement as well as real time updation of records.

Single Window System for reimbursement of Pension Payments

14. Single Window System was introduced to facilitate prompt settlement of reimbursement claims and reconciliation. The underlying objective is to make each pension paying bank responsible in its own right to effect settlement without the intervention of RBI Offices or SBI (at District Headquarters) in the process eliminating cause of delay in reimbursement claims.

Customer Service

15. All agency banks may issue instructions to their dealing branches to adhere to the recommendations of the Prabhakar Rao Committee relating to pension payments. A checklist may be provided to the inspecting officers/auditors, which may at a minimum include the items given in Annex 1. Agency banks may also instruct their internal auditors/inspectors to comment on the quality of customer service in their reports which may be made available to Reserve Bank's inspecting officers, as and when they visit the branches.

16. Grievances of pensioners are not being addressed properly at the branch level especially after the setting up of Centralized Pension Processing Centres (CPPCs). To provide hassle free service to the pensioners, there should be a forum for regular interaction and settlement of grievances. Accordingly, agency banks should appoint one/two nodal officers at each Region/Zone for monitoring the resolution of

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grievances of pensioners on regular basis and the GM/CGM concerned should review the position at monthly intervals.

17. At locations outside the CPPCs, there should be designated nodal officers for pension related complaints who should be easily accessible to pensioners and who should hold regular meetings at different locations in their jurisdiction on the lines of Pension Adalat. Each bank should establish toll free dedicated pension line manned by trained persons with access to the database to answer queries, note down and redress complaints.

18. Following several complaints from pensioners alleging inordinate delay in disbursing revised pension and arrears, agency banks are advised as under:

(a) Pension paying banks should compensate the pensioner for delay in crediting pension/ arrears thereof at a fixed interest rate of 8 per cent per annum for the delay after the due date of payment and the compensation shall be credited to the pensioner's account automatically without any claim from the pensioner on the same day when the bank affords credit for revised pension/ pension arrears, in respect of all delayed pension payments made since October 1, 2008.

(b) Pension paying banks have been advised to put in place a mechanism to obtain immediately the copies of pension orders from the pension paying authorities directly and make payments without waiting for receipt of instructions from the Reserve Bank of India so that pensioners should get benefits announced by the Governments in the succeeding month's pension payment itself.

(c) When the agency bank is calculating pension, the branch should continue to be a point of referral for the pensioner lest he/she feels disenfranchised.

(d) All branches having pension accounts should guide and assist the pensioners in all their dealings with the bank.

(e) Suitable arrangements should be made to place the arithmetic and other details about pension calculations on the web, to be made available to the pensioners through the net or at the branches at periodic intervals as may be deemed necessary and sufficient advertisement is made about such arrangements.

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(f) All claims for agency commission by banks in respect of pension payments must be accompanied by a certificate from ED/CGM in charge of government business that there are no pension arrears to be credited/ delays in crediting regular pension/arrears thereof.

(g) All agency banks disbursing pension are advised to provide considerate and sympathetic customer service to the pensioners, especially to those pensioners who are of old age.

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Annex 1

Checklist relating to Government Business (pension related) for internal / concurrent audit

Internal inspections should assess branch performance in servicing pensioner customers. In this regard, the following may be ensured:

1. A specific questionnaire covering all aspects of pension payment may be devised for use during inspection of pension paying branches.
2. Inspecting officers may also, during inspections, call up pensioners at random and enquire about their satisfaction with pension-related services.
3. A detailed checklist relating to pension payments/government business may be given by banks to internal auditors/inspectors in order to adhere to the recommendations of the Prabhakar Rao Committee, constituted by the Government of India, relating to pension payments/government business.

These include the following:

(a) Whether there is delay in payment of pension, revision of pension, revision in dearness relief etc.
(b) Whether the branch manager has structured interaction with a cross section of pensioners serviced at the branch on quarterly basis, where the number of pensioners of all governments and departments exceeds affixed number, say, 100 or 200.
(c) Whether nominations have been obtained for all pension accounts.
(d) Whether pension accounts have been converted into joint accounts wherever applicable.
(e) Whether the bank branch has an effective complaint redressal mechanism, and the complaints of pensioners are attended promptly, and their grievances redressed expeditiously.

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(f) Whether the pension is credited to pensioner's account during the last four working days of the month except for the month of March for which pension is to be credited on or after first working day of April.

(g) Whether the pension paying branch obtains Life Certificate/ Non-employment certificate/Employment Certificate from the pensioners in the month of November every year.

(h) Whether pension paying branches deduct income tax at source from pension payments wherever applicable.

(i) Whether paper tokens in acknowledgement of cheques presented are invariably given by the tax collecting branches.

(j) Whether the challans are stamped giving bank's BSR code and Challan Identification Number (CIN)clearly.

(k) Whether the stamped challans are kept in the custody of bank's staff and handed over to the concerned taxpayer only on production of the paper token.

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Appendix

List of circulars consolidated for the Master Circular

No.	Circular No.	Date	Subject
1	Ref.DGBA.GAD.No.130/45.01.001/2002-03	30.08.2002	Single Window System for Reimbursement of pension payments made to Central Government Civil Pensioners by public sector banks
2	Ref.DGBA.GAD.No.H-506/45.01.001/2002-03	12.04.2003	Payment of Pension to Government Pensioners through Public Sector Banks – Steps taken by Government to minimize delay in payment of Dearness Relief (DR) to Pensioners – Discontinuation of forwarding Government orders in respect of DR etc. through Reserve Bank of India.
3	Ref.DGBA.GAD.No11303 /45.01.003/2005-06	06.02.2006	Disbursement of pension through Public Sector Banks – Payment of Dearness Relief (DR)
4	Ref.DGBA.GAD.No.H-3085/45.01.001/2008-09	01.10.2008	Recommendations of the Prabhakar Rao Committee on customer service – Pension Payments.
5	DGBA.GAD.No H-3078/45.01.001/2008-09	01.10.2008	Establishment of Centralised Pension Processing Centre (CPPC)
6	Ref.DGBA.GAD.No.H - 7652/45.05.031/2008-09	03.03.2009	Scheme for payment of pension to Central Government Civil/Defence/Railway/Telecom/ Freedom Fighters/ State Governments Pensioners by Public Sector Banks-Staggering of pension payments by PSBs.
7	Ref.DGBA.GAD.No.H-10450/45.03.001/2008-09	01.06.2009	Recovery / Refund of overpayment of pension to the Government Account.
8	Ref.DGBA.GAD.No.H 3194/45.01.001/2009-10	14.10.2009	Scheme for payment of pension to Central Civil/ Defence/ Railway/Telecom Pensioners/ Freedom Fighters/ State Governments' Pensioners through Public Sector Banks- Facility for withdrawal of pension by old/ sick/ disabled/ incapacitated pensioners.
9	Ref.DO.No.CSD.CO/8793/13.01.001/2009-10	09.04.2010	Pension Payment to central/ State Govt. Pensioners by agency Banks-Compensation for delay
10	DGBA.GAD. No.H- 46/45.01.001/2010-11	02.07.2010	Pension Payment to central/ State Govt. Pensioners by agency Banks-Compensation for delay

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11	DGBA.GAD.No.H- 6212 & 6213 /45.01.001/2010-11	11.03.2011	Pension Payment to central/ State Govt. Pensioners by agency Banks- Compensation for delay
12	DGBA.GAD.No.H- 6760 & 6762 /45.01.001/2011-12	13.04.2012	Pension Payment to central/ State Govt. Pensioners by agency Banks- Compensation for delay
13	Ref.DGBA.GAD.No.H-7386/45.01.001/2012-13	03.06.2013	Payment of pension to the Central Government pensioners- Continuation of either or survivor pension account after death of a pensioner
14	Ref.DGBA.GAD.No.H-27/45.01.001/2014-15	01.07.2014	Redressal of Grievances of Pensioners
15	Ref.DGBA.GAD.No.H 4054/45.03.001/2014-15	13.03.2015	Recovery / Refund of overpayment of pension to the Government Account.
16	RBI/2014-15/587: DGBA.GAD.No.H-5013 /45.01.001/2014-15	07.05.2015	Mandatory issue of acknowledgement to pensioners on submission of life Certificates
17	RBI/2016-17/271 DGBA.GAD.No.2646/31.02.007/2016-17	07.04.2017	Systems and Controls for Conduct of Government Banking
18	RBI/2017-18/111 DGBA.GBD/1616/15.02.005/2017-18	21.12.2017	Prompt implementation of Governments' instructions by agency banks
19	Ref.DGBA.GBD.No.3214/45.01.001/2017 -18	21.06.2018	Customer Service provided by agency banks
20	RBI/2020-21/84 DGBA.GBD. No. SUO 546 /45.01.001/2020-21 (para 3)	21.01.2021	Withdrawal of circulars - on Recovery of excess pension made to pensioners

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