



## **ABSTRACT**

State Public Sector Undertakings / Statutory Boards-Banking Arrangement for State Public Sector Undertakings / Statutory Boards – enhancement of ceiling from 5 Banks to 7 Banks- Orders issued.

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### **FINANCE (BPE) DEPARTMENT**

G.O.Ms.No.436

Dated: 23.11.2013

Vijaya, Karthigai 7  
Thiruvalluvar Andu 2044

Read:

1. G.O.Ms.998, Finance (CFC) Dept dt.19.7.1979
2. G.O.Ms.No.680, Finance(BPE) Dept, dt. 24.9.1993
3. G.O.Ms.No.62, Finance(BPE) Dept, dt. 14.2.2002
4. G.O.Ms.No.379, Finance (BPE)Dept dt. 1.9.2008
5. G.O.Ms.No.547 Finance (BPE)Dept dt. 23.12.2008
6. G.O.(D) No. 144, Home, P & E Dept. dt. 12.5.2010
7. Govt.Lr.No.59800, Finance (BPE) Dept. dt.9.3.2012

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### **ORDER:**

In the Government order 1<sup>st</sup> read above, Government have fixed a maximum limit of 5 banks for operational purposes. Accordingly, the State Public Sector Undertakings/ Statutory Boards can have the accounts in any of the five banks. In the Government order 2<sup>nd</sup> read above, consolidated revised guidelines on banking policy of State Public Sector Undertakings/ Statutory Boards were issued which also include continuation of the limit of 5 banks for the operational flexibility. The overall ceiling of 5 banks has been continued in the Government orders 3<sup>rd</sup> to 6<sup>th</sup> read above.

2) In the Government order 6<sup>th</sup> read above, orders have been issued permitting one of the State Public Sector Undertakings viz., Tamil Nadu State Marketing Corporation (TASMAC) to have banking arrangements with 7 banks in relaxation to the five bank norms stipulated in the Government order 2<sup>nd</sup> read above for operational convenience. Some of the State Public Sector Undertakings/ Statutory Boards have been requesting to enhance the upper ceiling of 5 banks citing the case of TASMAC.

3) This overall ceiling of 5 banks has been maintained over a period of three decades with the object of having better control with small numbers. With the change in the entire banking scenario in the country and licensing of new banks by Reserve Bank of India, there exists a stiff competition among various banks resulting in offering better financial services to gain more clientele. In order to take the best advantage of the financial services offered by the banks, it has been decided to enhance the existing upper ceiling from 5 banks to 7 banks which will provide operational flexibility to the State Public Sector Undertakings and Statutory Boards.

4) The Government after careful consideration, direct that the Chief Executive Officers of State Public Sector Undertakings and Statutory Boards be permitted to have banking arrangements with the maximum limit of 7 banks as against the existing limit of 5 banks ordered in the Government order 2<sup>nd</sup> read above which has been reiterated in various Government orders/instructions. While opening the additional bank accounts, it may be ensured that priority is given to Public Sector Banks which play significant role in executing Government programmes. All other instructions issued in this regard shall continue to be in force.

5) The Chief Executive Officers of State Public Sector Undertakings and Statutory Boards are requested to place this order before the Board of Directors in the next meeting.

(BY ORDER OF THE GOVERNOR)

**K.SHANMUGHAM**

PRINCIPAL SECRETARY TO GOVERNMENT.

To

The Additional Chief Secretary/ Principal Secretary/ Secretary to Government, Departments of Secretariat, Chennai-9

The Chief Executive Officers of all State Public Sector Undertakings and Statutory Boards.

The Accountant General (A&E), Chennai-18

The Accountant General (Audit), Chennai-35

All Finance Directors.

// Forwarded //By Order //

  
**Deputy Director**

  
23-11-2013