

Banking arrangements of Central Government Public Enterprises.

Reference is invited to this office Memorandum No.BPE/1(86)/ Adv(F)/72 dated 7th May 1973 and OM No. BPE/1(24)/87-Fin (PPU) dated 10th April, 1987 on the subject cited (copy enclosed) above. The extant policy that Public Sector Enterprises should have banking arrangements only with public sector banks has since been reviewed and it has now been decided that Central Public Sector Enterprises can undertake normal banking transactions with any bank of their choice including foreign/private sector banks.

Enclosure: Copy of OM No. BPE/1(24)/87-Fin.(PPU) dt.. 10th April, 1987

Regarding: Banking arrangements and financing of working capital requirements of Public Sector Enterprises.

A reference is invited to this office O.M. No. BPE/1(86)/Adv.(F)/72 dated 7th May, 1973 on the subjected cited above (copy enclosed).

1. Subsequent to the issue of the above instructions, six more banks were nationalized in 1980. These six Banks, namely Andhra Bank, Corporation Bank, New Bank of India, Oriental Bank of Commerce, Punjab & Sind Bank and Vijaya Bank would be in a position to provide adequate banking facilities to any public undertaking which is desirous of having banking arrangements with these banks. Public Sector Undertakings can have dealings with these banks also according to their needs and commercial judgements.
2. Administrative Ministries/Departments are requested to bring these instructions to the notice of all Public Sector Undertakings under their control for information and necessary action.

Enclosure: Copy of OM No.DPE/1(86)/Adv.(F)/72 dated 7th May 1973

Regarding: Banking arrangements and financing of working capitals requirements of public sector enterprises.

A reference is invited to O. M. No. F.7(4)/BOIII/72 dated the 22nd May, 1972, from the Department of Banking and O.M. No. BPE/1(49)/Adv.(F)/71 dated the 24th July, 1971, from the Bureau of Public Enterprises as the subject indicated above.

2. The provisions of the O.M's require inter alia that:—

- i. All public sector enterprises should maintain their accounts only with the State Bank of India including its subsidiaries or with any of the 14 Nationalized Banks;
- ii. If any existing undertaking needs additional working Capital requirement it should in the first instance approach its principal banker and if that bank finds it difficult to provide additional requirement from its own resources, it will in consultation with the undertaking, initiate arrangements for participation with the public sector banks.

3. According to a review made by the Bureau, certain enterprises are still maintaining banks arrangements and cash credit facilities with non-nationalized banks.

4. Ministry of Commerce, etc., are requested to examine the necessity for continuing the banking account with non-nationalized banks which some of the public sector undertakings are operating at present.

(DPE O.M. No./14(19)/ 90-Fin. dated 03/01/1992)