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F. No. 1/21/2014 -FI (C-69551)
Government of India
Ministry of Finance
Department of Financial Services

3rd floor, Jeevan Deep Building, Sansad Marg
New Delhi-110 001
Dated 1 June 2018

To

Chairman/Chief Executive Officer
Scheduled Commercial Banks &
Major Private Sector Banks

Sub: Rejection of Government grant, welfare benefits and payments against procurements in small accounts and rejection in inoperative/dormant accounts

Ref: 1. Amendment to Prevention of Money-laundering (maintenance of Records) Rules, 2005 relating to small accounts (G.S.R 1038(E)) dated 21.8.17.

2. RBI circular no. DBOD.No.Leg.BC.53/09.07.005/2013-14 dated 17.09.2013 pertaining to credit of scholarship and DBT under Government schemes

Reference is invited to this Department's letter no. 1/21/2014-FI (C-69551) dated 28.8.18 on the above subject. It has come to notice that government grant/welfare benefits credit in small account is not allowed by many banks, thus leading to denial of benefits to small accounts holders. It is reiterated that all banks should comply with the provisions of G.S.R 1038(E) dated 21.8.17.

2. Ministry of Tribal affairs have also brought to notice about non credit of scholarship / fellowship in beneficiary accounts. Verification of such accounts reveals that benefit was denied in many accounts as accounts were dormant/ inoperative. In this regards RBI circular referred above is very clear that scholarship and benefits should not be rejected in such accounts which receive the government benefits and banks should assign separate product code so that stipulation of inoperative/dormant accounts due to non-operation does not apply while crediting proceeds. All the banks are instructed to follow the RBI circular and ensure that no such accountholders are denied the credit of benefits.

3. Banks are requested to forward the Compliance Report for RBI Circular and PMLA Notification by 30.06.2018.

Yours faithfully,


(Ashok Kumar Singh)
Director (FI)
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Copy to: Secretary, Ministry of Tribal Affairs, New Delhi.