

Government of Punjab
Department of Finance
(Finance Expenditure-4 Branch)

To

1. All the Additional Chief Secretaries, Financial Commissioners, Principal Secretaries and Administrative Secretaries to Government of Punjab.
2. All the Heads of Departments of the State of Punjab.
3. All the Commissioners of Divisions, Dy. Commissioners in Punjab
4. All the Managing Directors, Chief Executives of Corporations/ Boards/ Companies/ Autonomous Bodies in Punjab.
5. All Empaneled Banks

Subject: Guidelines regarding placement of funds by various State Organizations i.e. Government Departments/its entities, Public Sector Enterprises, Boards, Corporations, Autonomous Bodies, Societies, Agencies and Banks.

Madam/Sir,

In supersession of the guidelines issued vide this office letter ID No.III/1/2008/IF/1/283-499 dated 17.06.2014, ID No. III/1/05-06/IF/1/2025-2224 dated 31.12.2008, ID No.III/1/2014-15/IF/1/940-943 dated 08.05.2018 and No. III/1/2019/IF/1/1067-1294 dated 27-07-2020 regarding placement of deposits with banks by various **Government Departments/its entities** (Boards, Corporations, Autonomous Bodies, Societies, Local Bodies and other State agencies), the Finance Department notifies the given banking interface policy.

2. Objective

Firstly there is an urgent need that all Government Departments/its entities (Boards, Corporations, Autonomous Bodies, Societies or such other Institutions) receiving funds from State Government or through various levies, fees, cess or funds received in any other form manage these funds judiciously.

- a Also there is a requirement to bring in transparency and uniformity in dealing with financial institutions by government organizations.
- b. There is a major change in the banking sector with an enhanced need to ensure security of government deposits in addition to maximizing returns.
- c. Moreover every Government Department/its entities need to follow principles of fiscal prudence at its core while striving for the maximization of benefits to be reaped by the respective Government Departments/its entities.



- d. In order to achieve these objectives, the banking interface policy of the state intends to bring much needed efficiency and transparency in the process of placement of deposits/funds with banks. The introducing of IT infrastructure further enables transparency and quick decision making for deposit placement.

3. Policy

Keeping in view the above it was decided that the Department of Finance, Directorate of Institutional Finance and Banking shall empanel Banks after following various eligibility criteria. Accordingly, a Committee was formed for analysis of the performance of the banks as per laid down empanelment guidelines/criteria and as per base data of the 160th SLBC Agenda Booklet considering various factors such as financial performance, fiscal performance, base of the banks in the State of Punjab, apart from performance of banks in implementing various schemes/programmes of the Centre/State Government in the State of Punjab specially in the areas of Priority Sector Lending, Agriculture Sector Lending, MSME advances, financial Inclusion etc., Banks has been empaneled. (list available on the eDMS portal).

i) Furthermore, the empanelment can be reviewed from time to time taking into consideration the latest SLBC data as base data as per the empanelment guidelines/criteria.

ii) After every review the latest list of empanelled Banks would be available on the portal of the Finance Department. In this background all the **Government Departments/its entities** (Boards, Corporations, Autonomous Bodies, Societies, Local Bodies and other State agencies) are required to follow the following instructions strictly:-

(A) Placement/Deposit of funds: Following criteria should be followed for the placement of funds by various Government Departments/its entities (Board, Corporations, Autonomous Bodies, Societies, Local Bodies and other State agencies).

i) Government of Punjab, Department of Finance, Directorate of Institutional Finance and Banking (DIFB) has created a centralized placement of deposits/funds and tracking portal named "**eDMS**" which shall be mandatorily utilized by all the Government Departments/its entities for the placement and deposit of funds with empaneled banks. Moreover, Government of Punjab, Deptt. of Finance, Directorate of Institutional Finance and Banking (DIFB) has issued instructions and training has been imparted for implementation of eDMS portal from time to time.

ii) **It is again reiterated that from now onwards, all the Government Departments/its entities shall place the deposits through this designated portal i.e. eDMS only.**

iii) In order to facilitate the placement of deposits by the Government Departments/its entities, a Nodal officer shall be appointed by each Government Department/its entities, who shall act as an interface between the empaneled banks and finance department and the list of Nodal Officers appointed shall be available on the portal.

(B) Procedure for Placement/Deposit: Following instructions should be followed for the placement of funds by various Government Departments / its entities.



i) The Government Departments/its entities would ascertain the amount of deposits for the placement of deposits and shall invite quotations from empaneled banks through the designated portal. (The detailed procedure is available on the eDMS portal.)

ii) As per the empanelment guidelines Govt. of Punjab, Department of Finance, Directorate of Institutional Finance and Banking (DIFB) vide letter No III/I/2023/II/I/279/496 dated 10/04/2023 has issued list of 20 empaneled banks. **Among these banks Small Finance Banks have also get empaneled, it has been decided that 10% capping be fixed for placing the funds with the Small Finance Banks (SFB's).**

For clarification following examples be referred:

Example 1: In case any department/its entities raises a bid of Rs. 100.00 lacs for placing of funds through eDMS Portal. Suppose if any of the empaneled Small Finance Banks quotes the highest rate of interest then Department/Its entities can place the maximum fund of Rs. 10.00 lacs (10%) with the highest bidder amongst the Small Finance Banks and remaining 90 lacs (90%) should be placed with Second Highest Bidder amongst empaneled Banks other than Small Finance Banks.

Example 2: In case, any Department/Its entities raise a bid of Rs. 100.00 lacs for placing of funds through eDMS Portal. In this bid if the highest rate has been quoted by any of the empaneled Public Sector Banks, Private Sector Banks and Regional Rural Bank then the total bid amount i.e. 100.00 lacs (100%) will be placed with the highest bidder out of these banks only and in this case no funds will be placed with Small Finance Banks.

iii) The Competent Authority of the Administrative Department/its entities shall be responsible for nominating the nodal officer for operating the eDMS Portal, who will act as a interface between empanelled banks and finance department and shall send a request in writing in the format annexed, duly signed with date and rubber stamp of Competent Authority of the Government Departments/its entities to the Directorate of Institutional Finance and Banking (DIFB).

a) The Nodal Officers of all the Government Departments/its entities shall be responsible for inviting the bids, placement of the deposits with bank, updation of bids status on the eDMS portal, irrespective of updation of Current Accounts, Saving Bank accounts and FDR balances on the eDMS portal and reporting to the DIFB.

b) The minimum period for the bid will be 3 working days. However, Government Departments/its entities may increase more than 3 working days for the bids as per their requirement. Bids opening time shall be 10.00 AM on the start date and will close at 03.00 PM on the last date.

c) Further, if any of the Nodal Officer is transferred or promoted or changed by the department for any of administrative reason, new Nodal Officer should be nominated immediately for smooth functioning and a written request be sent to the DIFB Sector 33 Chandigarh, as per the already annexed format.

(iv) After the bidding date and time is over, the Nodal Office will click on compile button which will prompt portal to compile all the quotes and to generate a final report automatically.



(v) After the bid is compiled/ finalized there could be two situations with the Department/its entities. **First**, if the Small Finance bank (SFB) has quoted highest rate of interest then 10% of total bid amount will be placed with Small Finance Bank and remaining 90% with second highest bidder other than Small Finance Bank. **Second**, if any Bank other than Small Finance Bank has quoted the highest rate than only one rate will be available and 100% amount will be placed with that bank.

(vi) After placement of funds with those respective bank/banks in stipulated time limit, the real time status of deposits shall be updated by Government Department/its entities manually on the portal immediately.

(vii) The deposits shall be placed by Government Department/its entities with the bank branches located in Punjab State only.

(viii) However, in case of The Punjab State Cooperative Bank (PSCB) having its branches in Chandigarh, Government Department/its entities can place their deposits with PSCB Chandigarh branches as well.

(ix) In a situation where highest and same rate of interest is offered by more than one bank then the funds shall be placed with the Bank which has higher ranking in the empanelment list issued.

(x) The Government Departments/its entities (Board, Corporations, Autonomous Bodies, Societies, Local Bodies and other State agencies) shall **update their bank balances on the Portal monthly**. The Bank balances amount shall be updated in lacs only.

(C) Management of funds/Accounts: - As a step towards fiscal discipline and onus to handle government funds with caution, it is felt that funds lying in numerous bank accounts should be consolidated. Following instructions should be followed for the consolidation of funds by various Government Departments/its entities.

(i) **For Government Departments:** No department shall maintain any bank account to park the funds drawn from the Consolidated Fund of the State without the explicit approval of Department of Finance. The certificate in this regard should be submitted on the Portal. **"The detail of such bank accounts with the balance should be regularly updated on the Portal on monthly basis"**. However, if a bank account is being maintained without the approval of Finance Department, then the account should be closed immediately and balance lying in such accounts should be deposited in the consolidated fund of the State along with interest. Further, Department of Finance has already issued detailed instructions for SNA accounts vide letter No. FD-FB-2013/102/2021-4FB 2/233083/2021, dated 19.08.2021. ADs must adhere to these SNA instructions.

(ii) In case these instructions or any part of it is contrary to the instructions/procedure of placement of funds of Central Govt. Rules/Instructions or any judgments issued by Hon'ble courts, in such cases concerned Government Department/its entity may place their funds through manual bidding (out of the portal) with the approval of the Competent Authority of the Administrative Department. However the concerned Department/its entity will mandatorily be required to upload the status of such placements on the eDMS portal. Also the reasons recorded and approval of the Competent Authority should be uploaded on the portal.

(iii) **State Entities/ Board, Corporations, Autonomous Bodies, Societies etc** are instructed to consolidate all the existing saving accounts with the empanelled banks within two months of the issuance of these instructions. All State entities shall also



certify in this regard on the portal. **The latest balances in all these accounts should be updated monthly on the eDMS portal.**

iv) **For existing FDRs/Deposits etc. for All Government Departments/State Entities:** For the existing FDRs/Deposits etc., Government Departments/its entities can continue with the existing banks to avoid any loss on account of interest to the state till the maturity of these FDRs/Deposits. After maturity, fresh placement of deposits should be placed only through the designated portal with the empanelled banks after following the due procedure for the placement of funds. **The latest balances in all these accounts should be updated monthly in the performa available on the portal.**

v) **Lien Accounts:** All the Government Departments/its entities should also disclose all the deposits kept with bank under lien emerging out of any circumstances. If the original beneficiary of the lien is not the Government Department/its entities but is holding certain funds in its account same is also required to be uploaded on the portal.

vi) **Fraudulent/Misrepresentation of Information:** The misrepresentation, concealment or false reporting of the information by all the State entities shall invite departmental action for major penalty under Punjab Civil Services (P & A) rules 1970 against the concerned officer/official of that particular department/its entities.

(D) Role and Responsibilities of Banks: Banks need to play a pro-active role in the changing times. With increased role in social responsibility and contribution in Nation Building there is immense onus now on this sector to deliver by not only focusing on areas like Agriculture Sector Schemes, Financial Inclusion and Government Sponsored Schemes but also to contribute by following ethical practices and transparency. The banks have been empanelled with these aims and expectations, and these instructions have been brought and are required to be followed by the Banking Sector, meticulously.

(i) Performance Review for empanelment:

a) Any empanelled bank found accepting deposits requests manually i.e. beyond portal will be de-empanelled forthwith.

b) If at any time any information with regard to accounts maintained by Government Departments or its entities is sought by Government of Punjab, Department of Finance, Directorate of Institutional Finance and Banking (DIFB), banks are bound to provide the same.

(ii) Nomination of a Nodal Officer:

a) Every empaneled Bank would also be required to nominate one senior level functionary as Nodal Officer and provide the contact details thereof i.e. e-mail ID, telephone number etc. so that all communications can be sent to the Nodal Officer. **It will be mandatory for the Banks' Nodal Officer to update the account balances of all the bank accounts already maintained or now opened through portal regularly on monthly basis invariably.**

b) The Nodal Officer of the empanelled banks shall submit their bids through the eDMS portal only within the specified bidding time limit. Default bidding period shall remain open for a minimum period of 3 working days excluding Saturdays, Sundays and public holidays. However Government Departments/its entities shall have the discretion/option of fixing number of days at their requirement for the bidding period.



Bids opening time shall be 10.00 AM on the start date and will close at 03.00 PM on the last date.

(iii) **Confidentiality:** The Banker shall maintain strict confidentiality of all the documents, information and data coming in possession of the Banker as a result of successful bidder for placement of funds.

(iv) **Competition:** To maintain a healthy competition among empaneled banks, all the banks are required to participate in the bidding process.

(v) **Acceptance of bids and Withdrawals:** The final acceptance of the bid would be entirely vested with the Departments/Government Agencies who reserve the right to accept or reject any or all of the bids in full or in parts without assigning any reason whatsoever. The Accepting Authority may also reject all the bids for reasons such as change in Scope, Specification, lack of anticipated financial resources, court orders, calamities or any other unforeseen circumstances. After acceptance of the bid by the Government Agency the successful Banker shall have no right to withdraw their bid or claim for any negotiations.


Under Secretary Finance
