

F. No. 31/3/2011-BO.II  
Government of India  
Ministry of Finance  
Department of Financial Services  
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Jeevan Deep Building, Sansad Marg,  
New Delhi, dated the 20<sup>th</sup> July, 2012

To

The Chief Executives of all Public Sector Banks

**Subject: Master Circular on Domestic Money Transfer Relaxations.**

Dear Sir,

The Government of India has issued guidelines / instructions to banks on Domestic Money Transfer and facilitating opening / operations of accounts of the bank customers. In order to enable the banks to have these guidelines / instructions at one place, a Master Circular incorporating the existing guidelines / instructions issued by the Government on the subject has been consolidated.

2. All Public Sector Banks are requested to ensure compliance in the PSBs and their Regional Rural Banks (RRBs) of the above guidelines.
3. This issues with the approval of Secretary (FS).

Yours faithfully,

Sd/-

**(Dr. Shashank Saxena)**  
Director(BO.II&PR)

Encl: As above

Copy to –

- (i) The Chairman, Indian Banks' Association
- (ii) The Chief General Manager, DPSS, Reserve Bank of India

## **Master Circular on Domestic Money Transfer**

### **1. Background-**

There have been frequent representations to open up the formal banking channels to facilitate fund transfers of small value, subject to monthly ceilings and monitoring, to give impetus to the process of financial inclusion. The Reserve Bank of India had issued guidelines relaxing its instructions on domestic money transfer vide Circular no. DPSS.PD.CO.No.622/02.27.019/2011-2012 dated 5<sup>th</sup> October, 2011 addressed to the Chief Executives of all Scheduled Commercial Banks on the subject.

### **2. Purpose**

Banks are permitted to initiate money transfers in the country subject to adherence of KYC / AML guidelines. A large number of people, particularly the migrant population, do not have access to formal banking channels for want of proof of identity / address. Consequently, they face difficulties in using the authorised channels for transferring funds. The technology now available to banks for transfer of money for masses and for *aam aadmi* is not popularised and is not fully harnessed due to knowledge gap. Government have issued instructions to make domestic money transfer easy. The purpose and spirit of Government instructions is to harness the available technology to facilitate electronic payments. Further, Government has been motivating the banks to promote payment through electronic mode so as to increase efficiency and reduce costs by realising the potential of technology and rationalization of charges-structure of the various products of the payment systems. With this objective in view Government requested PSBs to take appropriate measures for promotion of transaction through electronic mode, such as:

- I. To ensure that the charges for such domestic fund transfer by the Public sector PSBs are well within reasonable limits, banks were requested to issue instructions as under:-
  - i) Any **customer** could walk in to deposit money in any branch of the bank if the account is in any other branch of the bank to which he wants to deposit the money. There will be no charges on this.
  - ii) Any **customer** could walk in to deposit money having an account in the branch of any other bank. The charges will be as per the charges applicable on NEFT transfer for that amount.
- II. Elimination of charges for NEFT transactions upto Rs. 1 lac;
- III. Ensuring issuance of debit cards in all saving banks accounts;
- IV. Branches of the bank to motivate the customers to undertake NEFT / RTGS platforms for transfer of funds;
- V. Reduction in issuer / acquirer bank charges for card payment; etc.

### 3. **Scope of Application**

To all Public Sector Banks and the Regional Rural Bank operating in India.

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## Appendix

### Master Circular on Domestic Money Transfer – Relaxations.

List of Circulars/ Letters consolidated by the Master Circular

<b>Sr. No.</b>	<b>Circular/ Letter No.</b>	<b>Date</b>	<b>Subject</b>
1	F.No.7/8/2011-BO.II	25.10.2011	Domestic Money Transfer - Relaxations
2	F.No.7/8/2011-BO.II	21.12.2011	Domestic Money Transfer - Relaxations
3	D.O. letter No. 7/7/2011-BO.II	31.05.2012	Elimination of charges for NEFT transactions upto Rs. 1 lac.