

F. No. 31/3/2011-BO.II
Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep Building, Sansad Marg,

New Delhi, dated the 20th July, 2012

To

The Chief Executives of all Public Sector Banks

Subject: Master Circular on Green Initiatives of the Government.

Dear Sir,

The Government of India has issued guidelines / instructions to banks on Green Initiatives. In order to enable the banks and the other entities concerned 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 and enclosed.

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

Master Circular on Guidelines on Green Initiatives of Government.

A. Purpose

Government issued instructions to all Public Sector Banks, Financial Institutions and Public Sector Insurance Companies on Green Initiatives of the Government..

B. Classification

Guidelines on the following issues –

- I. Increased use of Electronic Payment.*
- II. Increased use of Core Banking Solution (CBS).*
- III. Increased use of Video Conferencing.*
- IV. Offering of centralised payment system through sub-membership route to all banks to facilitate direct Electronic Benefit Transfer (EBT)*

D. Scope of Application

To all Public Sector Banks and all Regional Rural Banks operating in India

Introduction:

To implement the Green Initiative of the Government, for better delivery of the services and for better utilization of the resources Government issued instructions to Public Sector Banks (PSBs), Public Sector Insurance Companies (PSICs) and Financial Institutions (FIs) for enhanced / maximum use of electronic payment systems, enhanced realisation of the potential of CBS / CIS Networks and for putting in place effective and elaborate Video-Conferencing facilities for seamless communication between the controlling offices and field offices on the one side and between the branches / offices and the customers or other authorities on the other side. Government requested the Reserve bank of India (RBI) to issue appropriate guidelines so that the private sector banks and the NBFCs can play more useful role in the financial sector.

I. Increased use of Electronic payment –

- (i) RBI has, vide their Notification No. RBI / 2011-12/237DNBS(PD). CC No. 248/03.10.01/2011-12 dated 28.10.2011 (www.rbi.org.in) issued guidelines in this regard advising banks to take proactive steps in this regard by increasing the use of electronic payment systems, elimination of post-dated cheques and gradual phase-out of cheques in their day-to-day business transactions.
- (ii) As part of the Green Initiative, the Public Sector Bank (PSBs), Financial Institutions, viz., NABARD, SIDBI, EXIM Bank, and Public Sector Insurance Companies (PSICs) would take up the **e-Governance** initiatives in a pro-active manner. Through these initiatives, it is expected that on one hand, the quality and efficiency of the service delivery will improve and, on the other, banks will gradually move towards less paper based transactions.

- (iii) It was envisaged that all PSBs, FIs and PSICs would, w.e.f. 1st September 2011, except for petty cash, deal with disbursement / payments **only through direct credit to accounts**. This will include payments to the staff, vendors, suppliers and disbursement of loans and payments towards instalments and investments.
- (iv) All institutions, corporate or otherwise which take any loans or in whose equity any financial institutions has invested shall ensure that-
 - (i) They make payments to staff, vendors and clients electronically except for office petty cash requirements.
 - (ii) They receive all payments electronically except when cheques are drawn on banks which are not on NEFT / RTGS.

II. Increased use of Core Banking Solution (CBS) –

Though most of the PSBs, FIs and PSICs have brought their branches / ATMs on Core Banking Solution (CBS) network, the potential of CBS is not fully realized either in operations or in creation of a reliable and robust Management Information System (MIS) and generation of reports – not only for reporting requirements but also for evaluation purposes and customized reports for various other need-based purposes; performance appraisal; tracking of accounts / information; performance audit of assets and various systems; etc. All PSBs / FIs / PSICs are expected to suitably modify their CBS system, wherever required, to fully realize its potential as well as for generating MIS.

III. Use of Video - Conferencing

It was envisaged that all PSBs, FIs and PSICs would, w.e.f. **1st September 2011**, put in place effective and elaborate video-conferencing facilities for review of performance of branches and other field units, such as, Zones, Regions, Circles, etc. upto the district level, in such a way that at least one

office / branch in the district is connected through such facilities, if such facilities do not already exist. **Chief Executives** are expected to use video-conference facilities with their field units for review of performance at least **once in every fortnight**. Further, these facilities should also be made available to the **field units, customers and other constituents** of the Institution to enable them communicate seamlessly with the controlling units and authorities. Similarly, the field units / branches / Lead District Managers' offices should be enabled to be contacted / conference through these facilities **by the authorities in the Government**.

IV. Sub-membership of Centralised Payment Systems

RBI had issued a circular dated 9th April, 2012 to expand the sub-membership route, hitherto available only to regional rural banks, to enable all licensed banks to participate in centralised payment systems, like, NEFT and RTGS.

- (i) Government issued instructions to Public Sector Banks to offer sub-membership to all the banks including the State cooperative banks and to the urban cooperative banks to enable these entities to provide the alternative payment products such as ATMs, POS, Credit and Debit Cards to their customers.
- (ii) Bringing entire banking system on the centralised payment system is crucial for successful implementation of the EBT project of the Government, which is primarily meant for the marginalized sections of the society. With this in view, instructions have been issued to PSBs to complete the process of offering / providing sub-membership to such entities

Master Circular on Green Initiatives of the Government

List of Circulars/ Letters consolidated by the Master Circular

Sr. No.	Circular/ Letter No.	Date	Subject
1	F. No.31/3/2011-BO.II	11.08.2011	Green Initiative : Use of Electronic Payment – e-Governance (Circular 1/2011)
2	F. No.31/3/2011-BO.II	11.08.2011	Green Initiative : use of Core Banking Solution (CBS) (Circular No. 2/2011)
3	F. No.31/3/2011-BO.II	18.08.2011	Green Initiative : for enhanced / maximum use of electronic payment systems, enhanced realisation of the potential of CBS / CIS Networks and for putting in place effective and elaborate Video-Conferencing facilities for seamless communication between the controlling offices

			and field offices on the one side and between the branches / offices and the customers or other authorities on the other side - e-Governance. (Circular No. 4/2011)
4.	F.No.31/3/2011-BO.II	11.10.2011	<p>Guidelines to all institutions, corporate or otherwise which take any loans or in whose equity any financial institution has invested –</p> <p>Payments to staff, vendors and clients electronically except for office petty cash requirement.</p> <p>To receive all payment electronically except when cheques are drawn on banks which are not on NEFT / RTGS/</p>
5.	F.No.7/7/2012-BO.II	25.04.2012	Offering of sub-membership of the centralised payment systems to all the banks including the State Cooperative banks and the urban cooperative banks to enable these entities to provide the alternative payment products.