

F.No. 9/6/2007-IR
Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep, IIIrd Floor,
Parliament Street, New Delhi.

Dated the March 15, 2016

To
The CEO of all Public Sector Banks

Subject: **Purchase of Staff Cars and other vehicles by PSBs**

Sir,

I am directed to refer to the subject cited above and to say that it has been pointed out by the Vigilance Commission that Banks are purchasing high value cars/vehicles.

2. The matter has been examined in the Department and all PSBs are advised to adhere to the guidelines dated 18.4.2007 (copy enclosed) issued by this Department on the above subject and to revisit their policies related to purchase, replacement, re-sale of cars/vehicles in the best interests of the Bank, with the approval of the respective Board of Directors.

3. In line with the prevalent focus on austerity in public expenditure on administration, it is desirable to rationalise such expenditure. Expenditure on vehicles needs to be rationalised in particular as many banks have policies permitting purchase of vehicles on depreciated value. Purchase of expensive vehicles particularly close to retirement and their sale at a depreciated price to officers is a matter of concern that has come under vigilance scrutiny. PSBs may also consider selling old cars/vehicles at market price through a transparent process.

Encl: As above.

Yours faithfully


(Manish Kumar)

Under Secretary to the Government of India

F.NO. 9/6/2007-IR
Government of India
Ministry of Finance
Department of Economic Affairs
(Banking Division)

Dated the 18th April, 2007

To

The Chief Executives of all Public Sector Banks

Subject : Purchase of Staff Cars and other vehicles by Public Sector Banks
(PSBs) – reg.

Sir,

References have been received from the Public Sector Banks (PSBs) seeking approval for purchase/replacement of vehicles in relaxation of the economy instructions contained in Department of Expenditure OM. No. F.No. 7(2)/E-Coord/2005 dated November 23, 2005 circulated vide Banking Division letter No. 10(127)/2005-Coord & Parl. Dated 19th December, 2005.

In view of the difficulties being experienced by the banks to meet their operational/functional requirements due to non-replacement/purchase of vehicles, it has been decided that purchase of the new vehicles for replacement or otherwise may be made on need basis with the approval of the Board of Directors.

Yours faithfully,



(Ramesh Chand)

Under Secretary to the Govt. of India