

## **RBI updates Master Circular on disbursement of government pensions by agency banks**

The Reserve Bank of India (RBI) has issued an **updated Master Circular No. RBI/2025-26/05 CO.DGBA.GBD.No.S1/31.02.007/2025-26 dated April 01, 2025**, on the disbursement of government pensions by agency banks, consolidating instructions up to March 31, 2025.

This circular outline key guidelines for pension payments, including timely crediting of pensions, implementation of government directives on Dearness Relief (DR), and handling of excess payments.

The RBI has directed that agency banks to act on the copies of government orders provided by government to them through post, fax, e-mails or by accessing from the government websites and authorize their pension paying branches to make payments to the pensioners immediately. All agency banks are advised to scrupulously follow all the guidelines/ instructions contained in various notifications of Government (Central as well as States) and take necessary action immediately without waiting for any further instructions from RBI.

The pension paying banks will credit the pension amount in the accounts of the pensioners based on the instructions given by respective Pension Paying Authorities.

Agency banks must act promptly on government instructions without awaiting RBI's approval and ensure immediate reimbursement of overpayments. Special provisions are included for sick and disabled pensioners, allowing alternative methods for pension withdrawal.

The circular also emphasizes the importance of a structured grievance redressal system, including designated nodal officers and toll-free helplines for pension-related complaints. Agency banks are required to compensate pensioners for delays in crediting pension or arrears at an annual interest rate of 8%.

Measures for enhancing customer service, ensuring smooth reimbursement claims, and maintaining compliance with government policies are also detailed. Additionally, banks must facilitate joint pension accounts for spouses and issue digital acknowledgments for life certificates. Internal inspections must evaluate adherence to these guidelines, and any pension-related delays must be reported.

**Link - <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12811&Mode=0>**