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RESERVE BANK OF INDIA
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RBI / 2004 / 140

DBOD.No.Leg.BC 74/09.07.005/2003-04

April 10, 2004

All Scheduled Commercial Banks
(Excluding RRBs)

Dear Sir,

**Committee on Procedures and Performance Audit on Public Services - Report
No. 3 - Banking Operations : Deposit Accounts and Other Facilities Relating to
Individuals (Non-business)**

Please refer to D.O.letter dated April 6, 2004 addressed to you by our Executive Director, Smt. Shyamala Gopinath on the above subject. The recommendations of the Committee on Procedures and Performance Audit on Public Services (Chairman Shri S.S.Tarapore) with reference to cheque drop box facility, issue of cheque books and statement of accounts / pass books have been examined by us and we advise as under:

Cheque Drop Box Facility

2. The Committee has recommended (Sr. No. 1, Appendix III to Summary of Recommendations) that both the drop box facility and the facility for acknowledgement of the cheques at the regular collection counters should be available to customers and no branch should refuse to give an acknowledgement if the customer tenders the cheques at the counters. We agree with the recommendation and advise that it is important that there is no curtailment of the rights of the depositor to obtain an acknowledgement by going to the concerned counter.

3. You may please advise all your branches to ensure that the above instructions are scrupulously followed and customers are not inconvenienced in this regard.

Issue of Cheque Books

4. The Committee has observed that some banks do not allow depositors to collect their cheque book at the branch but insist on despatching the cheque book by courier to the depositor. Further, it is stated by the Committee that the depositor is forced to sign a declaration that a despatch by the courier is at the depositor's risk and consequence and that the depositor shall not hold the bank liable in any manner whatsoever in respect of such despatch of cheque book.

5. We have examined the above observations and are of the view that the above procedure is an unfair practice and advise banks to refrain from obtaining such undertakings from depositors. Banks should also ensure that cheque books are delivered over the counters on request to the depositors or his authorised representative.

Statement of Accounts / Pass Books

6. The Committee has noted (Sr. No. 18, Appendix III to Summary of Recommendations) that banks invariably show the entries in depositors passbooks / statement of accounts as "By Clearing" or "By Cheque". Further, in the case of Electronic Clearing System (ECS) and RBI Electronic Funds Transfer (RBIEFTR) banks invariably do not provide any details even though brief particulars of the remittance is provided to the receiving bank. In some cases computerized entries use sophisticated codes which just cannot be deciphered.

7. With a view to avoiding inconvenience to depositors, banks are advised to avoid such inscrutable entries in passbooks / statements of account and ensure that brief, intelligible particulars are invariably entered in passbooks / statements of account. Banks may also ensure that they adhere to the monthly periodicity prescribed by us while sending statement of accounts.

8. The Ad hoc Committee in your bank may please ensure compliance by your bank with the above.

9. Please acknowledge receipt.

Yours faithfully

(C.R.Muralidharan)
Chief General Manager-in-Charge.