

Circular No RBI/2004/197

CO.DT.No.13.01.299/H.6707/2003-04

May 14, 2004
Vaishaka 24, 1926 (S)

The Chairman & Managing Director
State Bank of India and Associate banks
17 Nationalised banks
The Managing Director
ICICI/IDBI/HDFC/UTI Bank Ltd.
Stock Holding Corporation of India Ltd.

Dear Sir,

6.5% Savings (Non-Taxable) Bonds, 2003 & 8% Savings (Taxable) Bonds 2003 issue and servicing - Penalties for infringement of Customer's Rights

Please refer to our Circular RBI / 2004 / 186 dated April 30, 2004 in terms of which we have forwarded the revised set of application forms in respect of the captioned bonds, incorporating the rights and duties of the individual investors.

2. It needs hardly to be emphasised that Reserve Bank of India attaches great importance to ensuring complete satisfaction to the holders of these bonds and as agents of Reserve Bank, it is incumbent on the part of Agency banks to extend best quality customer service to the investors by reorienting / reenergising its resources to the optimum level.
3. While we are confident that the agency banks will be able to gear up their machinery to meet the needs and fulfil the rights of the customers, any violation of such rights by the agency banks will be viewed seriously by the Bank. Accordingly, it has been decided that breach of any of the customer right as already enumerated in the Bond application form, referred to above, will be visited with penalties to be imposed by the Reserve Bank. In case of repeated infringement of any of the customer's rights e.g. thrice or more in a quarter, as indicated in the information sheet attached to the Bond Application Form by the same designated branch, Reserve Bank will issue a Cautionary Advice to the Agency bank providing an opportunity to review the functioning of the branch concerned and take necessary remedial action. In case such complaints are received in respect of 10 or more branches of the same bank in a calendar year, the Agency bank itself will be de-authorized from conducting the business of Savings Bonds after issuing due notice to the management of that Agency bank.

4. These instructions are applicable, mutatis mutandis, in respect of Relief Bonds and shall come into force with immediate effect. You may suitably advise all the designated branches handling Relief / Savings Bonds in the matter.

5. Please acknowledge receipt.

Yours faithfully,

(B.B.Sangma)
General Manager