

June 18, 2004

The Chairman & Managing Director/
State Bank of India and its Associates
Public Sector Banks
HDFC Bank Ltd. / UTI Bank Ltd. /
Jammu & Kashmir Bank Ltd. /
IDBI Bank Ltd. / ICICI Bank Ltd.

Dear Sir,

Payment of Turnover Commission - Pension Work

As you are aware, Agency banks are disbursing pension on behalf of various Government Departments as per the 'Scheme of Disbursement of Pension through Public Sector Banks' and claiming re-imburements from our Offices.

2. It has been brought to our notice that some of the Agency banks are claiming reimbursement of pension payment upfront and thereafter refund excess amount erroneously claimed by them. Scrutiny of such refunds in one of our Offices revealed that banks disburse pensions without taking proper care and when irregularity is detected, steps are taken to refund. In this context, we would like to bring to your notice that the Government accounts stand debited to that extent till the huge refunds are accounted for in the books of Reserve Bank of India. The position is highly irregular and may also lead to heavy outflow from banks in the nature of penal interest for excess/double payment.

3. You are, therefore, advised to take remedial steps to avoid such recurrences in future.

Yours faithfully,

Sd/

(R C Das)
General Manager