

RBI / 2004 / 297

Ref. DGBA CO DT No. 13.01.299 /H. 5406-5435 / 2004-05

December 13, 2004
Agrahayana 22, 1926 (S)

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

Dear Sir,

Standardised application form for investments in Savings Bonds along with the Duties and Rights of Customers

Please refer to our Circulars DGBA CO DT No. 13.01.299 / H.6252/ 2003-04 dated April 22, 2004 and DGBA CO DT No. 13.01.299 / H.6375/ 2003-04 dated April 30, 2004 on the captioned subject. We advise that on a review of the instructions issued, it has come to our notice that many designated branches of Agency banks dealing in Savings Bonds have not adhered to the directions issued by Reserve Bank of India. The following illustrates the deficiencies observed during the review :

- i) Although the designated branches have introduced Standardised Application Forms for Savings Bonds, they could not provide the same readily when applicants had requested for the same. Further, the information relating to the Duties and Rights of the Investor was kept separately and provided only on specific request. In the above mentioned circular, it was instructed that the information on Savings Bonds scheme and the Duties and Rights of the Customers should be printed and perforated in such a manner that they can be detached and taken away by the Customer while leaving behind the application portion with the branch.
- ii) Some of the designated branches continued to use the old Application forms and argued that they have the approval of RBI to use them till the Stock is exhausted. No such approval has been granted by RBI and the Agency banks were instructed to commence using the Standardised Application forms with effect from June 15, 2004.
- iii) The location of 'May I Help You' counters was such that one had to seek guidance to locate the counter, which as a rule is unmanned rather than an exception and forces the person seeking information to address the issues to other sources such as the Security Guard. This is not a desirable practice and Agencies should ensure that the Enquiry / May I Help You Counters are properly manned by adequately trained personnel and the counters should be located at easily accessible places.
- iv) Enquiries with the Official connected with issue and servicing of Savings Bonds were redirected to the Agents engaged in such activity and it transpired that the spouse of the Official happened to be an Agent soliciting such business. Such practices with vested interests should be discouraged and call for action from vigilance angle.
- v) One of the designated branches was categorical in its averment that RBI had closed down all the Savings Bonds Schemes and that the 8 % Savings (Taxable) Bond, 2003 is non-existent. This is not true and Agency banks should desist from providing wrong information which will mislead the investors.

2. Please advise all the designated branches of your bank about the above deficiencies observed by us and reiterate the instructions and advise them to comply with the instructions scrupulously, failing which the matter would be viewed seriously by Reserve Bank of India.

3. Please acknowledge receipt. Please also confirm that the above instructions have been implemented.

Yours faithfully,

(B. B. Sangma)
General Manager