

Committee on Procedures and Performance Audit on Public Services (CPPAPS)

Preliminary Response of RBI to Report No.2 on Government Transactions relating to Individuals

Sr	Recommendations of the Committee	Action to be taken / proposed to be taken
1.	The Committee has focused attention on empowering common persons and the recommendations are essentially to safeguard the rights of the individual customer.	Following measures have been taken/are underway in the RBI in this regard.
2.	The Committee is of the considered view that the process of empowerment would be infructuous if the customer is <i>ab initio</i> not aware of these rights because of the absence of any modality to communicate these rights	<ul style="list-style-type: none"> i) The Citizen's Charter, which is already hosted on the Bank's website and displayed in RBI's public departments has been revamped. Arrangements are also being made to print it in the form of carry-away brochures.
3.	The Committee is of the view that the RBI and their authorized agents have, on many occasions, failed to develop even simple safeguards to ensure customer awareness of their rights. There is an abridgement of rights built into the present procedures and practices. The Committee recommends that the RBI should iadopt a failsafe mechanism to ensure that at the RBI end, there is no abridgement of customer rights. The RBI should then use strong suasion to ensure that the authorized agents also do not abridge customer rights	<ul style="list-style-type: none"> ii) Application form for subscribing to Savings Bonds has been standardized across all RBI offices/ agency banks and now has an attachment containing the features of the scheme and investors' rights with regard to services thereunder.
	The Committee considers that the abridgement of customer rights needs to be rectified forthwith. In a	<ul style="list-style-type: none"> iii) Regional Offices of RBI have been instructed to organize Customer Meets for spreading awareness of their rights. They will also organize orientation training for staff on customer service. iv) A system of obtaining customer feedback "Access Us Without Reserve" prepared by RBI is being put in place and a feedback form has been designed and being got printed. v) Heads of Regional Offices and senior officers have

4.	service industry like banking, which is a trustee of public funds, it is of paramount importance that customers are made aware of their rights. The Committee has made detailed recommendation in this area	<p>been instructed to pay surprise visits incognito to operational areas and give the necessary thrust to customer service.</p> <ul style="list-style-type: none"> • Banks may also take similar steps.
5.	The branch where the customer has an account is the natural place for a customer to pay his taxes and the more the taxes paid at the agency bank branches, the better for the system. The Committee strongly recommends that the RBI should emphasise on improving the overall quality of customer service in the banking industry.	<p>RBI agrees with the Committee's observation that with the spread of bank branches public should increasingly use their services for depositing taxes. Banks have been asked to gear up in this regard.</p> <ul style="list-style-type: none"> • Ad hoc Committees in respective banks may review and gear up the facilities
6.	The overall framework of arrangements for tax payments is reasonably satisfactory, but the detailed procedures and practices in actual operations leave a lot to be desired.	<p>RBI has issued a circular dated April 2, 2004 to banks reiterating its earlier instructions related to acknowledgement of tax payments, adherence to procedures for issuance of tokens, time discipline, etc. RBI officials have been instructed to look into this aspect during inspection of bank branches conducting government business.</p> <ul style="list-style-type: none"> • Ad hoc Committees in banks should review the existing practices and ensure compliance with the RBI circular dated April 2, 2004. • Ad hoc Committees should ensure compliance and report <p>The On-line Tax Accounting System (OLTAS) in respect of income tax payments and the simplified procedures contemplated there under will provide relief to tax payers when it is introduced this year.</p>

7.	The Committee recognizes that the procedures laid out for tax payments and receipts are well structured but there is a great divide between precept and practice. The Committee, therefore, recommends that the RBI should focus its attention on these matters and all these issues should be also remitted to the <i>Ad hoc</i> Committees, which, in turn, could report on the specific compliance by each bank with the procedures and practices laid out by the RBI regarding retention, custody and delivery of challans.	RBI accepts the Committee's recommendations. A circular dated April 2, 2004 has been issued to banks in this regard. <ul style="list-style-type: none"> • Ad hoc Committees in banks should review the existing practices and ensure compliance with the RBI circular dated April 2, 2004. • Ad hoc Committees should ensure compliance and report.
8.	<i>The Jasbir Singh Working Group Report on Customer Service in Public Debt Offices of RBI (December 2001)</i> contains a number of useful recommendations which would improve services provided to individual customers. The present Committee strongly recommends that the Working Group Report should be revisited by the RBI.	A view has already been taken on the said Working Group's recommendations and the accepted ones have been implemented.
9.	The Relief Bond Scheme (tax free) and its successor the Savings Bond Schemes (taxable and tax free) are very popular and as distinct from all other Government securities these securities are in popular parlance called RBI Bonds . By and large the customer service presently provided is satisfactory but with the quantum jump in volumes the present procedures and practices are coming under pressure. What the Committee finds distressing is that on some aspects the intent of the schemes are not carried into the formulation of the schemes and moreover the comprehensive procedures are observed in the breach both by the RBI and the authorized agents	The schemes and procedures have been notified in Government Notifications and in the Circulars sent to PDOs and Agency banks by DGBA. While the existing Memorandum of Procedure for Relief Bonds Schemes are applicable mutatis mutandis to the Savings Bonds Schemes, master circulars on various topics related to issue and servicing of Relief / Savings Bonds have already been issued to Agency banks and PDOs. Bank is in the process of preparing a compendium of instructions regarding the schemes that are presently in operation and circulate them to the Regional Offices and Agency banks. <ul style="list-style-type: none"> • Ad hoc Committees in banks should review the existing practices.. • Ad hoc Committees should ensure compliance with the laid down procedures and report.
10.	The Committee is of the view that in the case of bonds the precept and practice differ widely and	The rights of the Customer in respect of the two Savings Bond schemes presently in operation now appear in a sheet attached

	there is a curtailment of customer rights and the basic rights implicit in the notifications and Memorandum of Procedure are not communicated to the customer subscribing to the bonds.	to the application form.
11.	The Committee is constrained to unequivocally state that the system of a Bond Ledger Account is by no means a demat system. All that it does is to decentralize the issue of Certificates of Holding (COH) to the banks. The Committee observes that the intent of the Notifications points to a demat system but legal and procedural matters have derailed the intent.	The suggestion has been examined and the matter has been referred to Government.
12.	The Committee has located a number of deviations in practice, both by the RBI and the authorized agencies, and some of these are enlisted to facilitate remedial action by the RBI	<p>The specific issues brought out in the report are being addressed in the following manner:</p> <p>i) The application format for savings bonds has been standardized and made uniform across RBI offices and Agency bank branches. Further, the application form has an attachment giving the details of the scheme and the deliverables.</p> <p>ii) The suggestion for imposition of penalties for infringement of customer rights has been examined and a circular dated May 14, 2004 has already been issued to Agency banks and PDOs.</p> <ul style="list-style-type: none"> • Ad hoc Committees in banks should review the existing practices. • Ad hoc Committees should ensure compliance with the laid down procedures and report.
13.	The Government has proposed the introduction from April 1, 2004 of Dada Dadi Bonds for senior	The matter has been referred to the Advisory Group on Administered Interest Rates constituted by Government.

	<p>citizens. The Committee strongly recommends that the various shortcomings in the content, procedures and practices in the existing schemes pinpointed by the Committee should be remedied while formulating the Dada Dadi Bonds scheme and moreover this new scheme should have a genuine demat facility (Para 4.8)</p>	
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