REPORT OF THE COMMITTEE ON TRANSFER OF LAOAN ACCOUNT

REPORT OF THE COMMITTEE ON TRANSFER OF LOAN ACCOUNTS

I

The Reserve Bank of India, by their Notification of March 15, 1976, constituted a Committee on Transfer of Loan Accounts consisting of the following members:

1.	Shri R.K. Talwar (Chairman)	Chairman	State Bank of India
2.	Shri V.M. Bhide	Chairman	Bank of Maharashtra
3.	Shri P.F. Gutta	Chairman	Central Bank of India
4.	Shri C.E. Kamath	Chairman	Canara Bank
5.	Shri G.Lakshminarayanan	Chairman	Indian Bank
6.	Shri T.R. Tuli	Chairman	Punjab National Bank
7.	Mr. A.H. Williams	Vice-President	First National City Bank
8.	Shri D.R. Gandotra	Chairman	New Bank of India Ltd.
9.	Shri M. Sen Sarma	Chairman	United Bank of India

Shri A.K. Bhuchar (or Shri S.V. Raghavan) and Shri M.N. Govindaraj from the Reserve Bank were appointed as observers.

2. The Committee was requested to work out norms for regulating the transfer of loan accounts among banks so as to develop a mutually acceptable system in this regard and submit its report within four weeks.

3. The State Bank of India offered secretarial assistance to the Committee. The Chairman of the Committee circulated in advance two background papers analysing the problems involved in formulating guidelines on transfer of loan accounts. The Committee met on April 19 and finalised its recommendations. It was unanimously decided in the meeting to co-opt Shri A.K. Bhuchar and Shri M.N. Govindaraj as members of the Committee.

II

ADVANCES WITH LIMITS AGGREGATING Rs. 25 LACS AND OVER

4. Till 1972, inter-bank transfer of loan accounts did not invite serious attention in the banking system. In 1972-73, however, due to the sudden and temporary spurt in the liquidity surplus of banks, a number of banks consciously decided to deploy their surplus funds by taking over advances from other banks even by offering more attractive terms which led to scramble for accounts, particularly large accounts, and a general instability in the lending activities of the banking system. Ultimately, the Reserve Bank had to intervene and by two circulars issued in December 1972 and January 1973 (copies attached) imposed stiff conditions on transfer of advances from one bank to another. Under the system introduced by the Reserve Bank, the following procedure is required to be complied with by banks in respect of transfer of credit limits

aggregating Rs.25 lacs and over:

(a) Prior consultation with the existing bankers; and

(b) prior clearance from the Reserve Bank of India.

5. Our enquiries with the Reserve Bank reveal that very few transfers of accounts have taken place under this procedure during the last two years. This would perhaps indicate that although transfer of loan accounts has not been barred under the existing procedure, it is not perceived as flexible enough either by the banks or the customers. Even where a customer may have a genuine grievance against his banker and is not able to have it redressed, he does not seem to feel confident enough to initiate a proposal for transfer of account. It is against this background that the Committee has gone about its task to suggest norms for regulating the transfer of loan accounts.

Customers' Problems

6. The first question to be examined in this context is whether there is a case for freedom of choice to customers when all major banks are in the public sector. One important decision taken by Government and RBI after nationalisation of 14 banks was to continue their competitive nature. As a result, customers have been able to choose their bank to secure the best available terms and the most efficient banking service. Existence of competition, in turn, has served

to impose on banks, to some extent, the discipline as required under a free market mechanism and motivate them to improve efficiency of operations and eliminate complacency. Despite the criticism that competition has resulted in an avoidable loss of energy and resources of public sector banks, the competitive structure in Indian banking has so far been welcomed by banks, customers and Government.

7. In respect of loan accounts, the customer's choice of his bank would essentially be governed by (a) efficiency of service extended by the bank and (b) difference in the terms on which credit facilities are available.

Quality of Service

8. Efficiency of banking service in credit business would include efficiency of general banking services such as efficiency in attending to the customer in day to day operations, collection of instruments, remittances, etc. Given the administrative conditions in Indian banks, there is not much of a divergence in the level of efficiency amongst banks in this regard except for a few pockets in each bank where the level of efficiency could be well above or below the average. In credit business, however, what is critical is the efficiency in regard to skills and machinery available in the bank to appraise the borrower's credit application, obtain necessary sanctions and authorisations quickly, ability to appreciate the special

features and complexities of the borrower's operations and offer quick and timely assistance within, of course, the normal canons of banking prudence. Efficiency of service of this nature is bound to differ from one bank to another and if the customer experiences that his bank is proving inadequate to understand and analyse the complexities of his problems, it would be patently unfair to the customer to be asked to confine himself to the same banker and wait for the day when his banker confers on him the benefit of a well-considered decision.

9. Secondly, considering the complexities of industrial lending, which require both the banker and the customer to come to an understanding in regard to financial and operational plans, a situation of a basic and irreconcilable difference of opinion between the two could well arise. It is difficult to conceive that, in all cases, the banker's judgement should be treated as absolute and right and the banker should be considered as a final arbiter. If the banker adopts an unreasonable stand and wrongfully refuses additional credit assistance or unjustifiably delays disbursal of funds, he may cause an irretrievable set-back to the viability of the undertaking and cause a permanent damage to prospects of its growth. Where the customer and the banker basically differ on fundamental issues, it would be in mutual interests if the customer parts company with his banker and chooses the bank which he considers adequate to take care of his problems. The

existing procedure on transfer of accounts would need to be amended to this extent.

Interest Rates

10. With regard to the terms of advances, the interest rate would be the major term on which the customer may like to get the maximum advantage by changing his bankers. Like any other input, the customer expects to have the right to secure credit at the best available terms. There are two aspects to be considered in this context. Firstly, with the existing restrictions imposed by the Reserve Bank of India on minimum and maximum lending rates, the scope for reduction in interest rates by transferring the loan account from one bank to another is now very limited. Secondly, so far as large customers are concerned, interest does not form a sizeable portion of the operating cost, and the marginal reduction in interest rate would hardly make a significant impact on after-tax profit of large borrowers. It can, therefore, be said that, even from the customer's point of view, change of a banker merely to secure a reduction in the interest rate does not appear to be a valid justification - not in the current situation, at any rate.

11. Nevertheless, as the foregoing discussion would indicate, there is ample justification to reconsider the existing procedure on transfer of accounts so to extend a little more freedom to the customer in

choosing his bankers. One question to be examined in this context is whether it would be justifiable to consider granting freedom to large borrowers having credit limits of Rs.25 lacs or over. The factors referred to above, however, would be relevant to all borrowers irrespective of size of the credit limits. It is true that there is a criticism of banks in regard to over-extension of credit to big business. Nevertheless, considering the large share of these customers in total bank credit, what is really relevant is that, whatever be the procedure evolved for transfer of accounts, there should be adequate machinery to ensure that national policy objectives are not sacrificed merely to protect the interests of the customers. So long as this pre-requisite is met, healthy competition for loan accounts, even involving large limits, need not be objected to.

<u>Problems of the Banking System</u>

<u>Uneven Liquidity</u>

12. Looking at this question from the point of view of the banking system, it may be noted that many of the banks with surplus liquidity have been looking to inter-bank competition for loan accounts as a measure to find avenues for employment of their surplus reserves. Partly for historical reasons and partly due to organisational factors, the banking system has shown unevenness both in liquidity and profitability. While any discussion on lending activities of banks would

have to pay special attention to this factor, it is difficult to justify that the banks with surplus liquidity should take over accounts of others merely to better their liquidity and profitability position. In the context of the macro-level credit planning objectives, transfer of loan accounts from one bank to another has hardly any relevance. Improvement in the credit/deposit ratio of banks is an essential aspect of credit planning and the proper course for such banks is really to improve their credit/deposit ratio by participating in other banks' advances under the scheme recommended by Lakshminarayanan Committee. Another way of improving the credit/deposit ratio is to seek avenues for employment of funds in new industrial projects which are coming up with the assistance of term lending institutions. There is no substitute for systematic efforts in locating such avenues and an easy way of take over of accounts of other banks to improve the bank's credit/deposit ratio would hardly be the answer.

Effect on Interest Rates Structure of Banks

13. It is true that, because of the difference in the cost structure of the banks, there is a difference in the interest rates structure too. However, interest rates on large advances are so structured by commercial banks as to provide an element of subsidy for the losses incurred on priority sector advances. If transfer of accounts is to be permitted to enable the customer to have a better interest rate from the new banker, the banking system would be forced to lower down its

interest rates structure which might scale down the ability of many banks to sustain the losses incurred on priority sector advances. This is because, once the interest rate war commences, the banks are forced to reduce interest rates on their existing advances as well to prevent loss of business to other banks. If, therefore, the procedure to be evolved for transfer of accounts is to avoid an interest rate war, a healthy convention will have to be established by, say, placing an embargo in such a manner that the new banker should not reduce the interest rate on the advance taken over by him at least for 2 years from the date of take-over.

Financial Discipline

14. Banks have been required to assume a more active role in monitoring credit to ensure that there is a proper relationship between bank credit and production and there is no leakage of credit to unauthorised purposes. During the last 6/7 years, many banks have tightened up credit appraisal procedures which would now be followed up by measures to strengthen the follow-up systems to closely monitor the operations and financial planning of customers and relate them to end-use of credit in the light of the recommendations of the RBI Study Group on follow-up of bank credit. Experience shows that large distortions in disbursal of credit had developed because of the bankers' inability to enforce the required degree of financial discipline on the customer. It is well known that it is precisely in those cases where the need for financial discipline

is the maximum that the banker meets with stiff resistance from the customer. If the customer has a choice of changing his bank, the banker would find it difficult in practice to impose terms and conditions necessary for ensuring proper utilisation of bank credit.

15. Theoretically speaking, since all the banks have the same objective, financial discipline should not suffer merely by transfer of accounts; the new banker will be equally concerned with this aspect and can be depended upon to be equally rigorous in the matter of financial discipline. However, it is difficult to see how a new banker, who has little knowledge of the conduct of the account, past operations and current plans of the customer and is not aware of the objections raised by the existing banker to the borrower's current and future plans, would find himself equipped to take a view on the degree of financial discipline which needs to be imposed in individual cases.

16. Broadly speaking, difficulties may arise when financial discipline involves issues of the following types:-

(a) In the opinion of the banker, the financial position and profitability of the undertaking are deteriorating due to mismanagement. The banker may like to stipulate stock audit or internal audit by independent auditors to locate the areas where leakage of funds is suspected. In certain cases, viability of the undertaking itself might be open to question and the banker may seek an independent techno-economic study of the undertaking or management audit. Transfer of an account of this nature might burden the new banker with a potentially sick account. While this would be the problem to be sorted out by the new banker, a policy which would permit transfer of accounts of this nature would hardly be justifiable from the national policy angle.

(b) Submission of stock statements or financial data may not be satisfactory. The customer may wilfully withhold vital information from the banker or may be unwilling to comply with the bank's requirements due to his indifference to building up an adequate management information system in his organisation.

(c) In order to ensure that the basis on which the advance was sanctioned continues to hold good and the assurances given by the customer continue to be implemented, the banker may like to stipulate certain conditions relating to financial management, such as those relating to investments in or loans to associates, investments in further capital expenditure, repayment of loans from directors and associates, appointment of selling agents, build-up of stocks and receivables, etc. Particularly where these covenants have significance, the banker will face the maximum resistance from his customer who may like to play one bank against another. It is difficult to see how the new banker would be able to grasp the significance of these conditions without having the benefit of the experience of the operations of the borrower and the conduct of his account.

(d) While the foregoing discussion would apply to accounts with unsatisfactory features, the question of financial discipline is none the less relevant for good accounts too. For instance, the existing banker may require even good customers to conform to the discipline mentioned at (b) and (c) above which relates to the Information System, regulation of inventory and receivables according to the stipulated norms and maintenance of the financial structure on the basis of accepted criteria. It is essential that banks should not feel unsure of themselves in carrying out this policy for the fear of loss of business.

Recommendations

17. In examining the norms for regulating the transfer of loan accounts, it is, therefore, essential to match the customer's desire for freedom to choose his bank with the requirements of financial discipline of borrowers and healthy growth of banking business. The procedure to be evolved will have to take care of the following:

(a) The customer should have an adequate forum to ventilate his grievances against the practices and policies of his bank at various levels which would largely resolve the difficulties which force the customer to change his bank.

(b) Transfer of accounts should not result in watering down financial discipline and should not lead to an unhealthy interest rate war.

(c) Where there is a basic difference between the customer and the banker, there should be a provision for intervention of an independent agency to ensure that if the differences are irreconcilable, the customer should be free to change his banker.

18. Keeping these objectives in view, the Committee makes the following recommendations:

(a) Each bank should constitute a high power Internal Committee to give hearing to the customer's grievances. The customer should have a direct access to the Bank's Internal Committee, who may, if necessary, interview the customer and objectively examine whether his grievances against the policies and practices of the bank are genuine and if so how best they could be redressed.

(b) When the customer informs his bank of his intention to transfer his account to another bank, the Internal Committee would be in a position to examine whether the customer is transferring the account to avoid financial discipline. If not and if the customer is transferring the account because of his dissatisfaction with the quality of service extended by the bank, the Internal Committee would have an opportunity of persuading the customer to retain the account with the bank by trying to meet his grievances. If, however, the customer still feels that, in his perception, his bank would not be able to meet his genuine difficulties, the Internal Committee will have to take a decision not to stand in his way of selecting the bank of his choice.

Even in the bank intending to take over the account, the Internal Committee can play a useful role in examining whether the customer is trying to evade the financial discipline sought to be imposed by his existing bank. This would serve to avoid unfair and/or undesirable take-over of accounts.

(c) When the customer desires to transfer his account, the transferee bank should immediately write to the existing bank seeking detailed credit information on the customer and enquiring whether the latter has any objections to the transfer. The existing bank may examine the proposal and have it discussed in the Internal Committee on the lines indicated above and if it has any objections, advise the transferee bank within a period of one month. Even if the existing bank does not wish to stand in the way of transfer of the account, it will be obligatory on its part to furnish full credit information which should include perceptive comments on the question of financial discipline and other related areas. If the transferee bank does not hear from the existing bank within a period of one month, it will be free to take over the account.

(d) Where the circumstances so warrant, it would be advisable for both the banks to meet at a fairly high level and discuss whether the proposal to transfer the account could be permitted. If there is a difference of opinion between the two banks on any important issues, minutes of the discussions should be recorded.

(e) Where there is a difference of opinion between the two banks which cannot be resolved in a period of one month, either of the two banks may write to the Reserve Bank of India with copies of the correspondence exchanged between them as also copies of the minutes of the discussions held, if any. If no reply is received from the Reserve Bank of India within one month, the account may transferred, unless, in the meantime, the Reserve Bank has asked for clarifications or initiated discussions.

(f) In order to avoid an unhealthy interest rate war, reduction in the rate of interest on the account should be precluded for two years from the date of transfer unless it is justified in pursuance of a change in the credit policy of the Reserve Bank.

(g) Where the customer is already having credit limits with one bank, it would not be advisable for another bank to grant additional credit facilities whether by way of advances of any kind, or purchase/ discount of bills or by way of letters of credit or bank guarantees without the prior consent of the existing banker. For the purpose of the proposed guidelines, grant of additional credit facilities by another bank may be treated as transfer of credit business.

In this connection, where the existing bank, because of the pressure on its resources, is not in a position to meet additional requirements of its customer, and approaches another bank for participation in the additional credit facilities, the latter should not use this opportunity for seeking a take over of the entire advance from the existing bank and should confine its commitment only to the extent indicated by the existing banker. This will eventually lead to consortium form of lending as recommended by the RBI Study Group on Extension of Credit Limits on Consortium/Participation Basis (Lakshminarayanan Committee).

Where a multiple banking or consortium arrangement is already in existence, we would reiterate the recommendations made by the RBI Study Group referred to above in regard to inter-bank co-ordination.

19. The procedure suggested by us would have several benefits from the point of view of the customer. In the first place, establishment of a high level Committee in each bank will ensure adequate attention to the genuine grievances of customers. Secondly, where there is no difference of opinion between the two banks, transfer of account can materialise in a period of one month. Further, it would not be possible for the existing banker to block the transfer of the account except for very valid reasons inasmuch as he would be required to explain to the bank taking over the account the precise reasons for not agreeing to transfer the account. With the intervention of the Reserve Bank of India, the banks would find it difficult to block transfers of accounts for unjustifiable reasons.

III

ADVANCES WITH LIMITS LESS THAN Rs.25 LACS

20. Turning next to the smaller advances with limits less than Rs.25 lacs, such advances could be grouped into 5 categories as under:-

(i) advances to medium scale industries and trade;

(ii) advances to small scale industries covered by the guarantee of the Credit Guarantee Organisation;

(iii) advances to small businesses covered by the guarantee of the Credit Guarantee Corporation;

(iv) agricultural advances; and

(v) other small accounts.

21. With regard to category (i), viz. advances to medium scale industry and trade, there are no restrictions today on transfer of loan accounts. Prior consent of the existing banker or the Reserve Bank of India is not necessary. It is considered that there is no need to evolve any specific guidelines for such accounts, and the existing practices of banks in this regard may continue. In the interests of financial discipline, the banker taking over the advance should obtain a credit report from the existing banker and satisfy himself that the customer is not changing the bank to avoid financial discipline. It should be obligatory for the existing banker to furnish detailed credit information in response to such enquiries.

22. While this should be equally applicable to advances to small scale industrial units having credit limits less than Rs.25 lacs, it is essential to note that there are already some restrictions on transfer of such advances imposed by the Credit Guarantee Organisation. We do not recommend any basic change in these instructions considering that the Credit Guarantee Organisation have a financial stake in advances to small scale industrial units by virtue of the guarantee cover extended by them. It would, however, be desirable

to introduce a minor modification to protect the interests of the customers who are not able to transfer their accounts to another bank for bonafides reasons because of the non-co-operation of the existing banker.

23. Under the instructions issued by the Credit Guarantee Organisation in October 1974 (a copy of the relative circular is attached), advances granted for repayment of the dues of a unit to other credit institutions would be eligible for guarantee cover under the scheme and would not require approval of the Credit Guarantee Organisation, subject to the following conditions:-

(i) The credit institution granting the fresh advance/s for the above purpose should obtain a certificate from the other credit institution/s indicating that the latter has/have no objection to the switchover; and

(ii) it should ensure that the advances to the unit have not already been recalled by the transferor credit institution/s or any other credit institution.

If the above conditions are not satisfied, prior approval of the Guarantee Organisation is required to be obtained.

24. Thus, in the case of small scale industry accounts, the Credit Guarantee Organisation has stipulated "no objection certificate" of the existing banker before transfer of the account could be effected. If such "no objection certificate" is not forthcoming,

the bank intending to take over the account is required to obtain prior approval of the Credit Guarantee Organisation. However, the customer may find that the existing banker is virtually trying to veto the customer's proposal to transfer the account by delaying his reply to any queries received from the Credit Guarantee Organisation. In order to enhance the utility of the existing system, we would suggest that the Credit Guarantee Organisation may perform the same functions as envisaged for the Reserve Bank of India in paragraph 18 of the report. In other words, where the banker taking over the account is not able to obtain a "no objection certificate" of the existing banker, he may refer the case to the Credit Guarantee Organisation who may give a two-month period to the existing banker to offer his explanation as to why he is not in a position to give a "no objection certificate". Thereafter, the Credit Guarantee Organisation should convey its decision to both the banks within a period of one month. If no reply is received from the Credit Guarantee Organisation within this period, transfer of the account may be considered to be in order and the guarantee cover of the Credit Guarantee Organisation may be held to be available. The Committee hopes that the Credit Guarantee Organisation will suitably modify their existing instructions in this regard.

25. With regard to interest rates on advances to small scale industries, since such advances are treated as priority sector advances, each of the banks has a standard interest rates structure for advances to

this category. It is, therefore, possible that when a bank takes over an advance granted to a small scale industrial unit, the interest rate quoted by it in terms of its existing interest rates structure would be lower than the rate charged by the existing bank. We do not see any objection to a situation of this type and consider that no embargo on reduction in the interest rate should be stipulated in respect of transfer of small scale industry advances.

26. With regard to the other accounts, viz. advances to small businesses, agricultural advances and other miscellaneous loans, there are no restrictions on transfer of accounts at present. The problem has not as yet assumed a proportion warranting any specific guidelines. We would, therefore, suggest that the existing procedure may be continued in respect of advances to these categories.

....
(R.K. Talwar)
Chairman

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(V.M. Bhide)

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(P.F. Gutta)

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(C.E. Kamath)

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(G.Lakshminarayanan)

....
(T.R. Tuli)

....
(A.H. Williams)

....
(D.R. Gandotra)

....
(M. Sen Sarma)

....
(A.K. Bhuchar)

....
(M.N. Govindarai)

RESERVE BANK OF INDIA
CENTRAL OFFICE
DEPARTMENT OF BANKING OPERATIONS AND
DEVELOPMENT
BOMBAY-1

Ref: DBOD.No.CAS.BC.118/C.446-72
4th December 1972

To

All public sector banks.

Dear Sir,

TRANSFER OF ACCOUNTS FROM
ONE BANK TO ANOTHER

It would be recalled that at the meeting which the Governor had with the Chief Executive Officers of the public sector banks in November 1972, the subject of transfer of credit limits from one bank to another was discussed and it was thought that while a total ban on such transfers would not be desirable, the matter should be examined in all its aspects by a Committee for evolving suitable guidelines in this behalf. As formulation of guidelines would take some time, we would reiterate that there should not be unhealthy competition amongst public sector banks and advise that for the present, they should not take over, from one another, credit limit/s (by way of loans/overdrafts/cash credits/bills), of any party, aggregating Rs.25 lakhs or over, by quoting rates of interest lower than those stipulated by its existing banker/s.

Yours faithfully,

Sd/-

R.K. Hazari
Deputy Governor

C O P Y

RESERVE BANK OF INDIA
DEPARTMENT OF BANKING OPERATIONS AND DEVELOPMENT
BOMBAY - 1.

Ref:DBOD.No.CAS.BC.131/C.446-73 13th January 1973

To,

All Scheduled Commercial Banks.

Dear Sir,

TRANSFER OF ACCOUNTS FROM ONE BANK TO ANOTHER

Please refer to our circular DBOD.No.CAS.BC. 118/C.446/72 dated the 4th December 1972 advising the public sector banks that they should not take over, from one another, credit limit/s, of any party, aggregating Rs.25 lakhs or over, by quoting rates of interest lower than those stipulated by its existing banker/s. This was done as an interim measure. It has come to our notice that attempts by major banks to take over accounts of large borrowers from one another still continue. It has also been brought to our notice that in some cases rates of interest charged to borrowers are proposed to be reduced by the banks with which they presently have their accounts probably with the intention of dissuading the borrowers from switching over their accounts to other banks. As indicated in our circular letter referred to above, there should not be a disorderly scramble for large accounts and general instability in the banking sector. We have, therefore, to advise that joint consideration of the problems by major banks is being arranged and that meanwhile banks should not hereafter take over, from one another credit limits (by way of loans/overdrafts/cash credits/bills) or term loans aggregating Rs.25 lakhs or over without prior consultation with the bank/s which have presently granted such credit limits/term loans and without prior clearance from the Reserve Bank. The above instructions will remain operative till the end of April 1973.

Yours faithfully,

R.K. HAZARI
Deputy Governor

COPY

TELEGRAMS:
"RESERVEBANK"
BOMBAY

RESERVE BANK OF INDIA
CENTRAL OFFICE
INDUSTRIAL FINANCE DEPARTMENT
NEW INDIA CENTRE
17, COOPERAGE ROAD
POST BAG NO. 10030
BOMBAY - 400 039

Telephone
215921

IFD.No.GD.919 /1(C)

October 11, 1974
Asvina 19, 1896(Saka)

To

All specified credit institutions
which have joined the Scheme

Circular No. 74

Dear Sir,

Credit Guarantee Scheme for small-scale industries - Switchover of accounts of an industrial unit from one credit institution to another

Please refer to paragraph 2 of our circular No. 57 dated 3 July 1973 advising that in all cases where advances are granted to small scale industrial units for payment of their dues to other credit institutions, prior approval of the Guarantee Organisation should be obtained for effecting the switchover as otherwise the relative advances would not be eligible for guarantee cover. The question has since been reviewed by us and it has been decided that advances granted for repayment of the dues of a unit to other credit institution/s will be eligible for guarantee cover under the Scheme and will not require our approval henceforth, subject to the following conditions:-

i) The credit institution granting the fresh advance/s for the above purpose should obtain a certificate

...2/-

from the other credit institution/s indicating that the latter has/have no objection to the switchover; and

ii) It should ensure that the advances to the unit have not already been recalled by the transferor credit institution/s or any other credit institution.

If the above conditions are not satisfied, the prior approval of the Guarantee Organisation should continue to be obtained in terms of paragraph 2 of our circular dated 3 July 1973 referred to above.

2. We shall be glad if you will please arrange to circulate the contents of this letter to all your branches/offices as early as possible.

3. Please acknowledge receipt.

Yours faithfully,

Sd/-

Dy.Chief Officer.

IFD.No.GD.920/1(C) of date.

Copy forwarded for information to

Sd/-
p.Chief Officer.