

MANIPUR RURAL BANK
HEAD OFFICE:KEISHAMPAT

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CITIZENS CAHRTER

1. Introduction

Reserve Bank, as the regulator of the banking sector, has been actively engaged from the very beginning in the review, examination and evaluation of customer service in banks. It has constantly brought into sharp focus the inadequacy in banking services available to the common person and the need to benchmark the current level of service, review the progress periodically, enhance the timeliness and quality, rationalize the processes taking into account technological developments, and suggest appropriate incentives to facilitate change on an ongoing basis through instructions / guidelines.

Depositors' interest forms the focal point of the regulatory framework for banking in India.

Broadly, a customer can be defined as a user or a potential user of bank services. So defined, a 'Customer' may include:

- a person or entity that maintains an account and/or has a business relationship with the bank;
- one on whose behalf the account is maintained (i.e. the beneficial owner);
- beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors, etc., as permitted under the law; and
- any person or entity connected with a financial transaction which can pose significant reputational or other risks to the bank, say, a wire transfer or issue of a high value demand draft as a single transaction.

1.1 General

Policy for general management of the branches

RRBs systems should be oriented towards providing better customer service and they should periodically study their systems and their impact on customer service. Banks should have a Board approved policy for general management of the branches which may include the following aspects:-

(a) providing infrastructure facilities by branches by bestowing particular attention to providing adequate space, proper furniture, drinking water facilities, with specific emphasis on pensioners, senior citizens, disabled persons, etc.

(b) providing entirely separate enquiry counters at their large / bigger branches in addition to a regular reception counter.

(c) displaying indicator boards at all the counters in English, Hindi as well as in the concerned regional language. Business posters at semi-urban and rural branches of banks should also be in the concerned regional languages.

(d) posting roving officials to ensure employees' response to customers and for helping out customers in putting in their transactions.

(e) providing customers with booklets consisting of all details of service and facilities available at the bank in Hindi, English and the concerned regional languages.

(f) use of Hindi and regional languages in transacting business by banks with customers, including communications to customers.

(g) reviewing and improving upon the existing security system in branches so as to instil confidence amongst the employees and the public.

(h) wearing on person an identification badge displaying photo and name thereon by the employees.

(i) periodic change of desk and entrustment of elementary supervisory jobs.

(j) suitable training of staff to inculcate customer service orientation.

(k) visit by senior officials from Regional Offices and Head Office to branches at periodical intervals for on the spot study of the quality of service rendered by the branches.

(l) rewarding the best branches from customer service point of view by annual awards/running shield.

(m) Customer service audit, Customer surveys.

(n) holding Customer relation programmes and periodical meetings to interact with different cross sections of customers for identifying action points to upgrade the customer service with customers.

(o) clearly establishing a New Product and Services Approval Process which should require approval by the Board especially on issues which compromise the rights of the Common Person.

(p) appointing Quality Assurance Officers who will ensure that the intent of policy is translated into the content and its eventual translation into proper procedures.

2. Customer Service: Institutional Framework

Need for Board's involvement

Matters relating to customer service should be deliberated by the Board to ensure that the instructions are implemented meaningfully. Commitment to hassle-free service to the customer at large and the Common Person in particular under the oversight of the Board should be the major responsibility of the Board.

2.1 Customer Service Committee of the Board

RRBs are required to constitute a Customer Service Committee of the Board and include experts and representatives of customers as invitees to enable the bank to formulate policies and assess the compliance thereof internally with a view to strengthening the corporate governance structure in the banking system and also to bring about ongoing improvements in the quality of customer service provided by the RRBs.

2.1.1 Role of the Customer Service Committee

Customer Service Committee of the Board, illustratively, could address the following:-

- formulation of a Comprehensive Deposit Policy;
- Issues such as the treatment of death of a depositor for operations of his account;
- Product approval process with a view to suitability and appropriateness;
- Annual survey of depositor satisfaction;
- Tri-ennial audit of such services.

Besides, the Committee could also examine any other issues having a bearing on the quality of customer service rendered.

2.1.2 Monitoring the implementation of awards under the Banking Ombudsman Scheme

The Committee should also play a more pro-active role with regard to complaints / grievances resolved by Banking Ombudsmen.

The Scheme of Banking Ombudsman was introduced with the object of enabling resolution of complaints relating to provision of banking services and resolving disputes between a bank and its constituent through the process of conciliation, mediation and arbitration in respect of deficiencies in customer service. After detailed examination of the complaints / grievances of customers of banks and after perusal of the comments of banks, the Banking Ombudsmen issue their awards in respect of individual complaints to redress the grievances. Banks should ensure that the Awards of the Banking Ombudsmen are implemented expeditiously and with active involvement of Top Management.

Further, with a view to enhancing the effectiveness of the Customer Service Committee, banks should also :

a) place all the awards given by the Banking Ombudsman before the Customer Service Committee to enable them to address issues of systemic deficiencies existing in RRBs, if any, brought out by the awards; and

b) Place all the awards remaining unimplemented for more than three months with the reasons thereof before the Customer Service Committee to enable the Customer Service Committee to report to the Board such delays in implementation without valid reasons and for initiating necessary remedial action.

2.1.3 Board Meeting to Review and Deliberate on Customer Service

RRBs are advised to review customer service / customer care aspects in the RRB and submit a detailed memorandum in this regard to the Board of Directors, once every six months and initiate prompt corrective action wherever service quality / skill gaps have been noticed.

2.2 Standing Committee on Customer Service

The Committee on Procedures and Performance Audit of Public Services (CPPAPS) observed that there should be a dedicated focal point for customer service in banks, which should have sufficient powers to evaluate the functioning in various departments and recommended the setting up Standing Committees on Customer Service. Thus, RRBs are required to constitute a Standing Committee on customer service.

The Standing Committee cutting across various departments can serve as the micro level executive committee driving the implementation process and providing relevant feedback while the Customer Service Committee of the Board would oversee and review / modify the initiatives. Thus the two Committees would be mutually reinforcing with one feeding into the other.

The constitution and functions of the Standing Committee may be on the lines indicated below :-

(i) The Standing Committee may be chaired by the Chairman and include non-officials as its members to enable an independent feedback on the quality of customer service rendered by the bank.

(ii) The Standing Committee may be entrusted not only with the task of ensuring timely and effective compliance of the RBI instructions on customer service, but also that of receiving the necessary feedback to determine that the action taken by various departments of the RRB is in tune with the spirit and intent of such instructions.

(iii) The Standing Committee may review the practice and procedures prevalent in the RRB and take necessary corrective action, on an ongoing basis as the intent is translated into action only through procedures and practices.

(iv) A brief report on the performance of the Standing Committee during its tenure indicating, inter alia, the areas reviewed, procedures / practices identified and simplified / introduced may be submitted periodically to the Customer Service Committee of the Board.

The Standing Committee will act as the bridge between the various departments of the RRB and the Board / Customer Service Committee of the Board.

2.3 Branch Level Customer Service Committees

RRBs are advised to establish Customer Service Committees at branch level. In order to encourage a formal channel of communication between the customers and the bank at the branch level, RRBs should take necessary steps for strengthening the branch level committees with greater involvement of customers. It is desirable that branch level committees include their customers too. Further, as senior citizens usually form an important constituent in banks, a senior citizen may preferably be included therein. The Branch Level Customer Service Committee may meet at least once a month to study complaints / suggestions, cases of delay, difficulties faced / reported by customers / members of the Committee and evolve ways and means of improving customer service.

The branch level committees may also submit quarterly reports giving inputs / suggestions to the Standing Committee on Customer Service thus enabling the Standing Committee to examine them and provide relevant feedback to the Customer Service Committee of the Board for necessary policy / procedural action.

2.4 Nodal department / official for customer service

Each RRB is expected to have a nodal department / official for customer service in the HO and each Regional Office, with whom customers with grievances can approach in the first instance and with whom the Banking Ombudsman and RBI can liaise.

3. Board approved policies on Customer Service

Customer service should be projected as a priority objective of banks along with profit, growth and fulfilment of social obligations. RRBs should have a Board approved policy for the following:

3.1 Comprehensive Deposit Policy

RRBs should formulate a transparent and comprehensive policy setting out the rights of the depositors in general and small depositors in particular. The policy would also be required to cover all aspects of operations of deposit accounts, charges leviable and other related issues to facilitate interaction of depositors at branch levels. Such a policy should also be explicit in regard to secrecy and confidentiality of the customers. Providing other facilities by "tying-up" with placement of deposits is clearly a restrictive practice.

3.2 Cheque Collection Policy

RRBs should formulate a comprehensive and transparent Cheque Collection Policy based on the principles given in para. 3.2.1. Broadly the policy should cover the following three aspects:

- Immediate Credit for Local / Outstation cheques
- Time frame for Collection of Local / Outstation instruments
- Interest payment for delayed collection

3.2.1 Broad Principles on cheque collection policy

(i) RRBs should formulate a comprehensive and transparent policy taking into account their technological capabilities, systems and processes adopted for clearing arrangements and other internal arrangements for collection through correspondents.

(ii) Further, they may also review their existing arrangements and capabilities and work out a scheme for reduction in collection period.

(iii) Adequate care also may be taken to ensure that the interests of the small depositors are fully protected.

(iv) The policy framed in this regard should be integrated with the deposit policy formulated by the RRB in line with the IBA's model deposit policy.

(v) The policy should clearly lay down the liability of the RRB by way of interest payments due to delays for non-compliance with the standards set by the banks themselves.

(vi) Compensation by way of interest payment, where necessary, should be made without any claim from the customer.

The policy should be placed before the Board of the RRB and the Board's specific approval should be obtained on the reasonableness of the policy and the compliance with the spirit of RRB's guidelines.

3.3 Customer Compensation Policy

RRBs must have a well documented Customer Compensation Policy duly approved by their Boards. The policy should, at a minimum, incorporate the following aspects:-

- (a) Erroneous debits arising on fraudulent or other transactions;
- (b) Payment of interest for delays in collection;
- (c) Payment of interest for delay in issue of duplicate draft;
- (d) Other unauthorised actions of the RRB leading to a financial loss to the customer.

3.4 Customer Grievance Redressal Policy

RRBs must have a well documented Customer Grievance Redressal Policy duly approved by their Boards. The Policy should be framed based on the broad principles enumerated in paragraph 13 of this Circular.

3.5 Giving publicity to the policies

(i) RRBs should ensure that wide publicity is given to the above policies formulated by them by placing them prominently on the web-site and also otherwise widely disseminating the policies such as, displaying them on the notice board in their branches.

(ii) The customers should be clearly apprised of the assurances of the bank on the services on these aspects at the time of establishment of the initial relationship be it as a depositor, borrower or otherwise.

(iii) Further, they may also take necessary steps to keep the customers duly informed of the changes in the policies formulated by them from time to time.

4. Opening / Operation of Deposit Accounts

4.1 Customer Identification Procedure for individual accounts

RRBs should be generally guided by RBI instructions on KYC / AML for opening of accounts.

4.2 Savings Bank Rules

If RRBs are issuing statement of accounts in lieu of pass books, the Savings Bank Rules must be annexed as a tear-off portion to the account opening form so that the account holder can retain the rules.

4.3 Photographs of depositors

RRBs should obtain and keep on record photographs of all depositors / account holders in respect of accounts opened by them subject to the following clarifications:

- (i) The instructions cover all types of deposits including fixed, recurring, cumulative, etc.
- (ii) Instructions apply to all categories of depositors, whether resident or non-resident. Only banks, Local Authorities and Government Departments (excluding public sector undertakings or quasi-Government bodies) will be exempt from the requirement of photographs.
- (iii) RRBs may not insist on photographs in case of accounts of staff members only (Single / Joint).
- (iv) RRBs should obtain photographs of all persons authorised to operate the accounts viz., Savings Bank and Current Accounts without exception.
- (v) RRBs should also obtain photographs of the 'Pardanishin' women.
- (vi) RRBs may obtain two copies of photographs and obtaining photocopies of driving licence/passport containing photographs in place of photographs would not suffice.
- (vii) RRBs should not ordinarily insist on the presence of account holder for making cash withdrawals in case of 'self' or 'bearer' cheques unless the circumstances so warrant. RRBs should pay 'self' or 'bearer' cheques taking usual precautions.
- (viii) Photographs cannot be a substitute for specimen signatures.
- (ix) Only one set of photographs need be obtained and separate photographs should not be obtained for each category of deposit. The applications for different types of deposit accounts should be properly referenced.
- (x) Fresh photographs need not be obtained when an additional account is desired to be opened by the account holder.
- (xi) In the case of operative accounts, viz. Savings Bank and Current accounts, photographs of persons authorised to operate them should be obtained. In case of other deposits, viz., Fixed, Recurring, Cumulative, etc., photographs of all depositors in whose names the deposit receipt stands may be obtained except in the case of deposits in the name of minors where guardians' photographs should be obtained.

4.4 Minimum balance in savings bank accounts

At the time of opening the accounts, RRBs should inform their customers in a transparent manner the requirement of maintaining minimum balance and levying of charges, etc., if the minimum balance is not maintained. Any charge levied subsequently should be transparently made known to all depositors in advance with one month's notice. RRBs should inform, at least one month in advance, the existing account holders of any change in the prescribed minimum balance and the charges that may be levied if the prescribed minimum balance is not maintained.

4.5 Purchase of Local Cheques, Drafts, etc., during suspension of Clearing

There may be occasions when Clearing House operations may have to be temporarily suspended for reasons beyond the control of the authorities concerned. Such suspension entails hardship to the constituents of the RRBs because of their inability to realize promptly the proceeds of cheques, drafts, etc., drawn on the local banks other than those with whom they maintain accounts. Some remedial action has to be taken during such contingencies to minimise, as far as possible, the inconvenience and hardship to RRBs' constituents as also to maintain good customer service. Thus, whenever clearing is suspended and it is apprehended that the suspension may be prolonged, RRBs may temporarily accommodate their constituents, both borrowers and depositors, to the extent possible by purchasing the local cheques, drafts, etc., deposited in their accounts for collection, special consideration being shown in respect of cheques drawn by Government departments/companies of good standing and repute, as also demand drafts drawn on local banks. While extending this facility, RRBs would no doubt take into consideration such factors as

creditworthiness, integrity, past dealings and occupation of the constituents, so as to guard themselves against any possibility of such instruments being dishonoured subsequently.

4.6 Statement of Accounts / Passbooks

4.6.1 Updating passbooks

(i) Customers may be made aware of the need on their part to get the pass-books updated regularly and employees may be advised to attach importance to this area.

(ii) Wherever pass-books are held back for updating, because of large number of entries, paper tokens indicating the date of its receipt and also the date when it is to be collected should be issued.

(iii) It is sometimes observed that customers submit their passbooks for updation after a very long time. In addition to the instructions printed in the passbook, whenever a passbook is tendered for posting after a long interval of time or after very large number of transactions, a printed slip requesting the depositor to tender it periodically should be given.

4.6.2 Entries in passbooks / statement of accounts

(i) RRBs should give constant attention to ensure entry of correct and legible particulars in the pass books and statement of accounts.

(ii) RRBs often show the entries in depositors' passbooks / statements of accounts, as "by clearing" or "by cheque". Further, it is observed that in the case of Electronic Clearing System (ECS) and RBI Electronic Fund Transfer (RBIEFT), banks generally do not provide any details even though brief particulars of the remittance are provided by the receiving bank. In some cases, computerized entries use codes which just cannot be deciphered. With a view to avoiding inconvenience to depositors, RRBs should avoid such inscrutable entries in passbooks / statement of accounts and ensure that brief, intelligible particulars are invariably entered in passbooks / statement of account.

4.6.3 Maintenance of savings bank pass books: precautions

Negligence in taking adequate care in the custody of savings bank pass books facilitates fraudulent withdrawals from the relative accounts. A few precautions in this regard are given below:

(i) Branches should accept the pass books and return them against tokens.

(ii) Pass books remaining with the branches should be held in due custody.

(iii) While remaining with the branch, pass books should be held under lock and key overnight.

4.6.4 Providing monthly statement of accounts

(i) Banks may ensure that they adhere to the monthly periodicity while sending statement of accounts.

(ii) The statements of accounts for current account holders may be sent to the account holders in a staggered manner instead of sending by a target date every month. The customers may be informed about staggering of the preparation of these statements.

(iii) Further, RRBs should advise their Inspecting Officers to carry out sample check at the time of internal inspection of branches to verify whether the statements are being despatched in time.

4.7 Issue of Cheque Books

4.7.1 Issuing large number of cheque books

RRBs may issue cheque books with larger number of (20/25) leaves if a customer demands the same and also ensure that adequate stocks of such cheque books (20/25 leaves) are maintained with all the branches to meet the requirements of the customers.

RRBs should take appropriate care while issuing large number of cheque books. It should be done in consultation with the Regional Office of the bank.

4.7.2 Writing the cheques in any language

All cheque forms should be printed in Hindi and English. The customer may, however, write cheques in Hindi, English or in the concerned regional language.

4.7.3 Dispatching the cheque book by courier

The procedure of disallowing depositors to collect the cheque book at the branch and insisting on dispatching the cheque book by courier after forcibly obtaining a declaration from the depositor that a dispatch by the courier is at depositor's risk is an unfair practice. RRBs should refrain from obtaining such undertakings from depositors and ensure that cheque books are delivered over the counters on request to the depositors or his authorized representative.

4.7.4 Acceptance of cheques bearing a date as per National Calendar (Saka Samvat) for payment

Government of India has accepted Saka Samvat as National Calendar with effect from 22 March 1957 and all Government statutory orders, notifications; Acts of Parliament, etc. bear both the dates i.e., Saka Samvat as well as Gregorian calendar. An instrument written in Hindi having date as per Saka Samvat calendar is a valid instrument. Cheques bearing date in Hindi as per the National Calendar (Saka Samvat) should, therefore, be accepted by RRBs for payment, if otherwise in order. RRBs can ascertain the Gregorian calendar date corresponding to the National Saka calendar in order to avoid payment of stale cheques.

4.8 Term Deposit Account

4.8.1 Issue of term deposit receipt

RRB should issue term deposit receipt indicating therein full details, such as, amount, date of issue, period of deposit, due date, applicable rate of interest, etc.

4.8.2 Transferability of deposit receipts

Term deposits should be freely transferable from one office of RRB to another.

4.8.3 Disposal of deposits

Advance instructions from depositors for disposal of deposits on maturity may be obtained in the application form itself. Wherever such instructions are not obtained, RRBs should ensure sending of intimation of impending due date of maturity well in advance to their depositors as a rule in order to extend better customer service.

4.8.4 Notifying the change in interest rates

Change in interest rate on deposits should be made known to customers as well as RRB branches expeditiously.

4.8.5 Payment of interest on fixed deposit – Method of calculation of interest

Indian Banks' Association (IBA) has issued the Code for Banking Practice. The Code is intended to promote good banking practices by setting out minimum standards, which member banks should follow in their dealings with customers. IBA, for the purpose of calculation of interest on domestic term deposit, has prescribed that on deposits repayable in less than three months or where the terminal quarter is incomplete, interest should be paid proportionately for the actual number of days reckoning the year at 365 days. Some banks are adopting the method of reckoning the year at 366 days in a Leap year and 365 days in other years. While RRBs are free to adopt their methodology, they should provide information to their depositors about the manner of calculation of interest appropriately while accepting the deposits and display the same at their branches.

4.8.6 Premature withdrawal of term deposit

A RRB, on request from the depositor, should allow withdrawal of a term deposit before completion of the period of the deposit agreed upon at the time of making the deposit. The bank will have the freedom to determine its own penal interest rate of premature withdrawal of term deposits. The RRB should ensure that the depositors are made aware of the applicable penal rate along with the deposit rate. While prematurely closing a deposit, interest on the deposit for the period that it has remained with the bank will be paid at the rate applicable to the period for which the deposit remained with the bank and not at the contracted rate. No interest is payable, where premature withdrawal of deposits takes place before completion of the minimum period prescribed.

4.8.7 Renewal of Overdue deposits

All aspects concerning renewal of overdue deposits may be decided by individual RRBs subject to their Board laying down a transparent policy in this regard and the customers being notified of the terms and conditions of renewal including interest rates, at the time of acceptance of deposit. The policy should be non-discretionary and non-discriminatory.

4.8.8 Addition or deletion of the name/s of joint account holders

A RRB may, at the request of all the joint account holders, allow the addition or deletion of name/s of joint account holder/s if the circumstances so warrant or allow an individual depositor to add the name of another person as a joint account holder. However, in no case should the amount or duration of the original deposit undergo a change in any manner in case the deposit is a term deposit.

A RRB may, at its discretion, and at the request of all the joint account holders of a deposit receipt, allow the splitting up of the joint deposit, in the name of each of the joint account holders only, provided that the period and the aggregate amount of the deposit do not undergo any change.

Note: NRE deposits should be held jointly with non-residents only. NRO accounts may be held by non-residents jointly with residents.

4.8.9 Payment of interest on accounts frozen by RRBs

Banks are at times required to freeze the accounts of customers based on the orders of the enforcement authorities. The issue of payment of interest on such frozen accounts was examined in consultation with Indian Banks' Association and banks are advised to follow the procedure detailed below in the case of Term Deposit Accounts frozen by the enforcement authorities:

(i) A request letter for renewal of the deposit may be obtained from the customer on maturity. While obtaining the request letter from the depositor for renewal, RRBs should also advise him to indicate the term for which the deposit is to be renewed. In case the depositor does not exercise his option of choosing the term for renewal, banks may renew the same for a term equal to the original term.

(ii) No new receipt is required to be issued. However, suitable note may be made regarding renewal in the deposit ledger.

(iii) Renewal of deposit may be advised by registered letter / speed post / courier service to the concerned Government department under advice to the depositor. In the advice to the depositor, the rate of interest at which the deposit is renewed should also be mentioned.

(iv) If overdue period does not exceed 14 days on the date of receipt of the request letter, renewal may be done from the date of maturity. If it exceeds 14 days, RRBs may pay interest for the overdue period as per the policy adopted by them, and keep it in a separate interest free sub-account which should be released when the original fixed deposit is released.

Further, with regard to the savings bank accounts frozen by the Enforcement authorities, RRBs may continue to credit the interest to the account on a regular basis.

4.9 Acceptance of cash over the counter

Some RRBs have introduced certain products whereby the customers are not allowed to deposit cash over the counters and also have incorporated a clause in the terms and conditions that cash deposits, if any, are required to be done through ATMs.

Banking, by definition, means acceptance of deposits of money from the public for the purpose of lending and investment. As such, RRBs cannot design any product which is not in tune with the basic tenets of banking. Further, incorporating such clauses in the terms and conditions which restrict deposit of cash over the counters also amounts to an unfair practice.

RRBs are, therefore, advised to ensure that their branches invariably accept cash over the counters from all their customers who desire to deposit cash at the counters. Further, they are also advised to refrain from incorporating clauses in the terms and conditions which restrict deposit of cash over the counters.

4.10 Opening accounts in the name of minors with Mothers as guardians

Considerable difficulty was experienced by women customers in opening bank accounts in the names of minors, with mothers as their guardians. Presumably, RRBs were reluctant to accept the mother as a guardian of a minor, while father is alive in view of section 6 of the Hindu Minority and Guardianship Act, 1956, which stipulates that the father alone should be deemed to be the guardian in such case. To overcome this legal difficulty and to enable the banks to open freely such accounts in the name of minors under the guardianship of their mothers, it was suggested in some quarters that the above provisions should be suitably amended. While it is true that an amendment of the above Act may overcome the difficulty in the case of Hindus, it would not solve the problem for other communities as minors

belonging to Muslim, Christian, Parsi communities would still be left out unless the laws governing these communities are also likewise amended.

The legal and practical aspects of the opening of accounts in the name of minors with mothers as guardian had been examined in consultation with the Government of India and it was advised that if the idea underlining the demand for allowing mothers to be treated as guardians relates only to the opening of fixed and savings bank accounts, there would seem to be no difficulty in meeting the requirements as, notwithstanding the legal provisions, such accounts could be opened by banks provided they take adequate safeguards in allowing operations in the accounts by ensuring that the minors' accounts opened with mothers as guardians are not allowed to be overdrawn and that they always remain in credit. In this way, the minors' capacity to enter into contract would not be a subject matter of dispute. If this precaution is taken, the banks' interests would be adequately protected.

RRBs are advised to instruct their branches to allow minors' accounts (fixed, savings and recurring only) with mothers as guardians to be opened, whenever such requests are received by them, subject to the safeguards mentioned above.

4.11 Opening of Current Accounts – Need for discipline

(i) Keeping in view the importance of credit discipline for reduction in NPA level of RRBs, they should, at the time of opening current accounts, insist on a declaration to the effect that the account holder is not enjoying any credit facility with any other bank. RRBs should scrupulously ensure that their branches do not open current accounts of entities which enjoy credit facilities (fund based or non-fund based) from the banking system without specifically obtaining a No-Objection Certificate from the lending bank(s). RRBs should note that non-adherence to the above discipline could be perceived to be abetting the siphoning of funds and such violations which are either reported to RBI or noticed during NABARD inspection would make the concerned banks liable for penalty under Banking Regulation Act, 1949.

(ii) RRBs may open current accounts of prospective customers in case no response is received from the existing bankers after a minimum waiting period of a fortnight. If a response is received within a fortnight, RRBs should assess the situation with reference to information provided on the prospective customer by the bank concerned and are not required to solicit a formal no objection, consistent with true freedom to the customer of banks as well as needed due diligence on the customer by the RRB.

(iii) In case of a prospective customer who is a corporate or large borrower enjoying credit facilities from more than one bank, the RRBs should exercise due diligence and inform the consortium leader, if under consortium, and the concerned banks, if under multiple banking arrangement.

5. Service at the counters

5.1 Banking hours / working days of RRB branches

RRBs should normally function for public transactions at least for 4 hours on week days and 2 hours on Saturdays in the larger interest of public and trading community. Extension counters, Satellite Offices, one man offices or other special class of branches may remain open for such shorter hours as may be considered necessary.

5.2 Commencement / Extension of working hours

Commencement of employees' working hours 15 minutes before commencement of business hours could be made operative by RRBs at branches in metropolitan and urban centres. The RRBs should implement the recommendation taking into account the provisions of the local Shops and Establishments Act.

The branch managers and other supervising officials should, however, ensure that the members of the staff are available at their respective counters right from the commencement of banking hours and throughout the prescribed business hours so that there may not be any grounds for customers to make complaints.

RRBs should ensure that no counter remains unattended during the business hours and uninterrupted service is rendered to the customers. Further, the RRBs should allocate the work in such a way that no Teller counter is closed during the banking hours at their branches.

All the customers entering the banking hall before the close of business hours should be attended to.

5.3 Extended business hours for non-cash banking transactions

RRBs should extend business hours for banking transactions other than cash, up till one hour before close of the working hours.

The following non-cash transactions should be undertaken by banks during the extended hours, i.e., up to one hour before the close of working hours:

(a) Non-voucher generating transactions:

- i. Issue of pass books/statement of accounts;
- ii. Issue of cheque books;
- iii. Delivery of term deposit receipts/drafts;
- iv. Acceptance of share application forms;
- v. Acceptance of clearing cheques;
- vi. Acceptance of bills for collection.

(b) Voucher generating transactions:

- i. Issue of term deposit receipts;
- ii. Acceptance of cheques for locker rent due;
- iii. Issue of travellers cheques;
- iv. Issue of gift cheques;
- v. Acceptance of individual cheques for transfer credit.

Such non-cash transactions to be done during the extended business hours should be notified adequately for information of the customers.

RRBs can have evening counters at the premises of existing branches in urban/metropolitan centres for providing facilities to the public beyond the normal hours of business so as to bring about improvement in customer service. It is necessary that in such cases the transactions conducted during such extended hours of business are merged with the main accounts of the branch where it is decided to provide the aforesaid facilities.

The concerned RRBs should give to their constituents due notice about the functions to be undertaken during the extended banking hours through local newspapers, as also by displaying a notice on the notice board at the branch(es) concerned. Further, as and when the hours of business of any of the branches are extended, the concerned clearing house should be informed.

6. Guidance to Customers and Disclosure of Information

6.1 Assistance/guidance to customers

All branches, except very small branches should have “Enquiry” or “May I Help You” counters either exclusively or combined with other duties, located near the entry point of the banking hall.

6.2 Display of time norms

Time norms for specialised business transactions should be displayed predominantly in the banking hall.

6.3 Display of information by RRBs – Comprehensive Notice Board

The display of information by RRBs in their branches is one of the modes of imparting financial education. This display enables customers to take informed decision regarding products and services of the bank and be aware of their rights as also the obligations of the banks to provide certain essential services. It also disseminates information on public grievance redressal mechanism and enhances the quality of customer service in RRBs and improves the level of customer satisfaction.

Further, in order to promote transparency in the operations of RRBs, various instructions have been given by RBI to RRBs towards display of various key aspects such as service charges, interest rates, services offered, product information, time norms for various banking transactions and grievance redressal mechanism. However, it was observed that many RRBs were not displaying the required information due to space constraints, lack of standardization of the instructions, etc.

Keeping in view the need for maintaining a good ambience at the branches as also space constraints, an Internal Working Group in RBI revisited all the existing instructions relating to display boards by banks so as to rationalize them. Based on the recommendations of the Working Group, the following instructions may be followed by RRBs:

6.3.1 Notice Boards

The Group felt that rationalization of the existing instructions could be best achieved if the instructions were clubbed on certain categories such as 'customer service information', 'service charges', 'grievance redressal' and 'others'. At the same time, the Group felt that there may not be any need to place detailed information in the Notice Board and only the important aspects or 'indicators' to the information be placed.

Accordingly, the existing mandatory instructions have been broadly grouped into four categories mentioned above and given in a Comprehensive Notice Board which has been formulated by the above Group. The format of the Comprehensive Notice Board is given in the **Annex - I**. The minimum size of the Board may be 2 feet by 2 feet as Board of such a size would facilitate comfortable viewing from a distance of 3 to 5 meters. RRBs are advised to display the information in the Notice Boards of their Branches as per the format given for the Comprehensive Notice Board.

While displaying the information in the notice board, RRBs may also adhere to the following principles:

- a. The notice board may be updated on a periodical basis and the board should indicate the date up to which the board was updated (incorporated in the display board).
- b. Though the pattern, colour and design of the board is left to the discretion of the RRBs, yet the display must be simple and readable.
- c. The language requirements (i.e., bilingual in Hindi speaking states and trilingual in other states) may be taken into account.
- d. The notice board shall specifically indicate wherever recent changes have been done. For instance, if there is a recent change in the Micro and Small loan products offered by the RRB, the information on the Micro and Small loan products may be displayed as 'We offer Micro and Small loans/products (changed on)'.
- e. The notice board may also indicate a list of items on which detailed information is available in booklet form.

Further, in addition to the above Board, the RRBs should also display details such as 'Name of the bank / branch, Working Days, Working Hours and Weekly Off-days' outside the branch premises.

6.3.2 Booklets/Brochures:

The detailed information as indicated in Para (E) of Annex I may be made available in various booklets / brochures as decided by the RRB. These booklets / brochures may be kept in a separate file / folder in the form of 'replaceable pages' so as to facilitate copying and updation. In this connection, RRBs may also adhere to the following broad guidelines:

- The file / folder may be kept at the customer lobby in the branch or at the 'May I Help You' counter or at a place that is frequented by most of the customers.
- The language requirements (i.e. bilingual in Hindi speaking states and trilingual in other states) may be taken into account.
- While printing the booklets it may be ensured that the font size is minimum Arial 10 so that the customers are able to easily read the same.
- Copies of booklets may be made available to the customers on request.

6.3.3 Website

The detailed information as indicated in Para (E) of Annex I may also be made available on the RRB's web-site. RRBs should adhere to the broad guidelines relating to dating of material, legibility, etc., while placing the same on their websites. In this context, RRBs are also advised to ensure that the customers are able to easily access the relevant information from the Home Page of the RRB's web-sites. Further, there is certain information relating to service charges and fee and grievance redressal that is to be posted compulsorily on the websites of the bank.

6.3.4 Other modes of display

RRBs may also consider displaying all the information that has to be given in the booklet form in the touch screen by placing them in the information kiosks. Scroll Bars, Tag Boards are other options available. The above broad guidelines may be adhered to while displaying information using these modes.

6.3.5 Other issues

RRBs are free to decide on their promotional and product information displays. However, the mandatory displays may not be obstructed in anyway. As customer interest and financial education are sought to be achieved by the mandatory display requirements, they should also be given priority over the other display boards. Information relating to Government sponsored schemes as applicable location-wise may be displayed according to their applicability.

6.4 Display of information relating to the Interest Rates and Service Charges – Rates at a quick glance

A format has been devised by Reserve Bank for display of information relating to the interest rates and service charges which would enable the customer to obtain the desired information at a quick glance. The format is given in **Annex II**. RRBs are advised to display the information as per the format given in **Annex II** on their web-sites. RRBs are however free to modify the format to suit their requirements, without impairing the basic structure or curtailing the scope of disclosures.

RRBs may also ensure that only latest updated information in the above format is placed on their web-sites and the same is easily accessible from the Home Page of their web-sites.

6.5 Disclosure of Information by RRBs in the public domain

Disclosure of information on products and services on websites is found to be an effective channel for reaching out to customers and the public at large. Such disclosures increase transparency in operations and also help to create awareness among customers about the products and services offered by RRBs. Some of the details, which could at the minimum, be made available for public viewing through websites of banks are listed below:-

I. Policy / Guidelines

- i. Citizen's Charter
- ii. Deposit Policy
- iii. Deceased Depositors Policy along with Nomination Rules
- iv. Cheque Collection Policy
- v. Fair Practices Code for Lenders
- vi. Code for Collection of Dues and Repossession of Security

II. Complaints

- i. Grievance Redressal Mechanism
- ii. Information relating to Banking Ombudsmen

III. Opening of Accounts

- i. Account Opening Forms
- ii. Terms and Conditions

- iii. Service Charges for various types of services – Should cover typical common services including courier charges – What services are available without any charges.
- iv. Interest rates on Deposits
- v. Minimum balances – along with corresponding facilities offered.

IV. Loans and Advances

- i. Application forms relating to loans and advances
- ii. Copy of blank agreement to be executed by the borrower
- iii. Terms and Conditions
- iv. Processing fee and other charges
- v. Interest rates on Loans and Advances

V. Branches

- i. Details of the branches along with addresses and telephone numbers (with search engine for queries relating to the branch location)
- ii. Details of ATMs along with the addresses

7. Operation of Accounts by Old & Incapacitated Persons

7.1 Types of sick / old / incapacitated account holders

The cases of sick / old / incapacitated account holders fall into following categories:

- (a) An account holder who is too ill to sign a cheque / cannot be physically present in the RRB to withdraw money from his bank account but can put his/her thumb impression on the cheque/withdrawal form;
- (b) An account holder who is not only unable to be physically present in the RRB but is also not even able to put his/her thumb impression on the cheque/withdrawal form due to certain physical incapacity.

7.2 Operational Procedure

With a view to enabling the old / sick account holders operate their bank accounts, RRBs may follow the procedure as under:-

- (a) Wherever thumb or toe impression of the sick/old/incapacitated account holder is obtained, it should be identified by two independent witnesses known to the RRB, one of whom should be a responsible bank official.
- (b) Where the customer cannot even put his / her thumb impression and also would not be able to be physically present in the bank, a mark can be obtained on the cheque / withdrawal form which should be identified by two independent witnesses, one of whom should be a responsible bank official.
- (c) The customer may also be asked to indicate to the RRB as to who would withdraw the amount from the bank on the basis of cheque / withdrawal form as obtained above and that person should be identified by two independent witnesses. The person who would be actually drawing the money from the RRB should be asked to furnish his signature to the bank.

7.3 Opinion of IBA in case of a person who can not sign due to loss of both hands

Opinion obtained by the Indian Banks' Association from their consultant on the question of opening of a bank account of a person who has lost both his hands and could not sign the cheque / withdrawal form is as under :

“In terms of the General Clauses Act, the term “Sign” with its grammatical variations and cognate expressions, shall with reference to a person who is unable to write his name, include “mark” with its grammatical variations and cognate expressions. The Supreme Court has held in AIR 1950 – Supreme Court, 265 that there must be physical contact between the person who is to sign and the signature can be by means of a mark. This mark can be placed by the person in any manner. It could be the toe impression, as suggested. It can be by means of a mark which anybody can put on behalf of the person who has to

sign, the mark being put by an instrument which has had a physical contact with the person who has to sign”.

8. Display of information regarding Local Level Committees set up under the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999

In a case which came up before the High Court of Delhi, the Honorable Court had directed that all banks should ensure that their branches display in a conspicuous place (i) essential details about the facilities under the enactment (Mental Disabilities Act); (ii) the fact that the parties can approach the Local Level Committees, for the purpose of issuance of the certificate and that the certificate issued under the Mental Disabilities Act is acceptable; and (iii) the details of the Local Level Committees in that area. The Court had further directed that the information shall be displayed in the local language and English / Hindi (or both). RRBs are advised to strictly comply with the above orders of the Court.

9. Remittance

9.1 Remittance of Funds for Value Rs. 50,000/- and above

RRBs should ensure that any remittance of funds by way of demand drafts/mail transfers / telegraphic transfers or any other mode and issue of travellers cheques for value of Rs. 50,000 /- and above is effected only by debit to the customer's account or against cheques or other instruments tendered by the purchaser and not against cash payment. These instructions are extended to retail sale of gold/silver/platinum. In the current scenario, where the integrity of the financial system in general and the banking channels in particular is of paramount importance, breach of these guidelines is a matter of serious regulatory concern in view of the wide ranging ramifications. Any violation of these instructions will be viewed seriously.

9.2 Demand Drafts

9.2.1 Issue of Demand Drafts

Measures seeking to bring down the incidence of frauds perpetrated through bank drafts should be built into the draft form itself. Necessary changes in system and procedures to speed up issue and payment of drafts should be taken.

RRBs should ensure that demand drafts of Rs. 20,000/- and above are issued invariably with account payee crossing.

All superscriptions about validity of the demand draft should be provided at the top of the draft form. A draft should be uniformly valid for a period of three months and procedure for revalidation after three months should be simplified.

RRBs should ensure that drafts of small amounts are issued by their branches against cash to all customers irrespective of the fact whether they are having accounts with the RRBs or not. RRB's counter staff should not refuse to accept small denomination notes from the customers (or non customers for issuance of the drafts).

9.2.2 Encashment of drafts

The RRBs should ensure that drafts drawn on their branches are paid immediately. Payment of draft should not be refused for the only reason that relative advice has not been received.

9.2.3 Issue of Duplicate Demand Draft

Duplicate draft, in lieu of lost draft, up to and including Rs. 5,000/- may be issued to the purchaser on the basis of adequate indemnity and without insistence on seeking non payment advice from drawee office irrespective of the legal position obtaining in this regard.

RRBs should issue duplicate Demand Draft to the customer within a fortnight from the receipt of such request. Further, for the delay beyond this stipulated period, RRBs are advised to pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for such delay. The period of fortnight prescribed would be applicable only in cases where the request for duplicate demand draft is made by the purchaser or the beneficiary and would not be applicable in the case of third party endorsements.

Regarding the term "customer" used above and whether it would include only purchaser / beneficiary or also include any holder of the instrument other than the purchaser or the beneficiary, it is clarified that the above instructions would be applicable only in cases where the request for duplicate demand draft is made

by the purchaser or the beneficiary and would not be applicable in the case of draft endorsed to third parties.

10. Collection of Instruments

10.1. Cheques / Instruments lost in transit / in clearing process /at paying bank's branch

RRBs are advised to follow the following guidelines regarding cheques lost in transit : -

(i) In respect of cheques lost in transit or in the clearing process or at the paying bank's branch, the RRB should immediately bring the same to the notice of the accountholder so that accountholder can inform the drawer to record stop payment and can also take care that other cheques issued by him are not dishonoured due to non-credit of the amount of the lost cheques / instruments.

(ii) The onus of such loss lies with the collecting banker and not the accountholder.

(iii) The RRBs should reimburse the accountholder related expenses for obtaining duplicate instruments and also interest for reasonable delays occurred in obtaining the same.

(iv) If the cheque / instrument has been lost at the paying bank's branch, the collecting banker should have a right to recover the amount reimbursed to the customer for the loss of the cheque / instrument from the paying banker.

RRBs are advised to incorporate the above guidelines in their Cheque Collection Policies.

10.2 Bills for collection

Bills for collection including bills discounted required to be collected through another bank at the realising centre should be forwarded directly by the forwarding office to the realising office.

10.2.1 Payment of interest for Delays in collection of bills

The lodger's bank should pay interest to the lodger for the delayed period in respect of collection of bills at the rate of 2% p.a. above the rate of interest payable on balances of Savings Bank accounts. The delayed period should be reckoned after making allowance for normal transit period based upon a time frame of 2 days each for (i) Despatch of bills; (ii) Presentation of bills of drawees (iii) Remittance of proceeds to the lodger's bank (iv) Crediting the proceeds to drawer's account.

To the extent the delay is due to the drawee's bank, the lodger's bank may recover interest for such delay from that bank. The RRBs may suitably revise the format of their payment advices to incorporate the above information.

11. Dishonour of Cheques – Procedure thereof

11.1 Returning dishonoured cheques

(i) RRBs are required to implement the recommendation of the Goiporia Committee that dishonoured instruments are returned / despatched to the customer promptly without delay, in any case within 24 hours.

(ii) It is suggested that RRBs may also follow the instructions laid down in paragraph 12.2 below which could cover all cheques dishonoured on account of insufficient funds.

11.2 Procedure for return/ despatch of dishonoured cheques

(i) The paying bank should return dishonoured cheques presented through clearing houses strictly as per the return discipline prescribed for respective clearing house in terms of Uniform Regulations and Rules for Bankers' Clearing Houses. The collecting bank on receipt of such dishonoured cheques should despatch it immediately to the payees / holders.

(ii) In relation to cheques presented direct to the paying bank for settlement of transaction by way of transfer between two accounts with that bank, it should return such dishonoured cheques to payees/ holders immediately.

(iii) In case of dishonor / return of cheques, the paying banks should clearly indicate the return reason code on the return memo / objection slip which should also bear the signature / initial of the bank officials as prescribed in Rule 6 of the Uniform Regulations and Rules for Bankers' Clearing Houses (URRBCH).

11.3 Information on dishonoured cheques

Data in respect of each dishonoured cheque for amount of Rs. 1 crore and above should be made part of RRB's MIS on constituents and concerned branches should report such data to their respective Regional Office / Head Office.

Data in respect of cheques drawn in favour of stock exchanges and dishonoured should be consolidated separately by RRBs irrespective of the value of such cheques as a part of their MIS relating to broker entities, and be reported to their respective Head Offices / Central Offices.

11.4 Dealing with incidents of frequent dishonour of cheques of value Rs. 1 crore and above

(i) With a view to enforce financial discipline among the customers, RRBs should introduce a condition for operation of accounts with cheque facility that in the event of dishonour of a cheque valuing rupees one crore and above drawn on a particular account of the drawer on four occasions during the financial year for want of sufficient funds in the account, no fresh cheque book would be issued. Also, the RRB may consider closing current account at its discretion. However, in respect of advances accounts such as cash credit account, overdraft account, the need for continuance or otherwise of these credit facilities and the cheque facility relating to these accounts should be reviewed by appropriate authority higher than the sanctioning authority.

(ii) For the purposes of introduction of the condition mentioned at (i) above in relation to operation of the existing accounts, RRBs may, at the time of issuing new cheque book, issue a letter advising the constituents of the new condition.

(iii) If a cheque is dishonoured for a third time on a particular account of the drawer during the financial year, RRBs should issue a cautionary advice to the concerned constituent drawing his attention to aforesaid condition and consequential stoppage of cheque facility in the event of cheque being dishonoured on fourth occasion on the same account during the financial year. Similar cautionary advice may be issued if the RRB intends to close the account.

11.5 Dealing with frequent dishonour of cheques of value of less than Rs. 1 crore

Since frequent dishonour of cheques of value of less than Rs. 1 crore is also a matter of concern, it is felt that RRBs need to take appropriate action in those accounts where such dishonour of cheques occur. Further, it is also felt that though it may not be necessary to extend all the steps laid down in our earlier circular to smaller cheques, banks should have their own approach to deal with recalcitrant customers.

RRBs are therefore advised to have a Board approved policy for dealing with frequent dishonour of cheques of value of less than Rs.1 crore. The policy should also deal with matters relating to frequent dishonour of ECS mandates.

11.6 General

(i) For the purpose of adducing evidence to prove the fact of dishonour of cheque on behalf of a complainant (i.e., payee / holder of a dishonoured cheque) in any proceeding relating to dishonoured cheque before a court, consumer forum or any other competent authority, RRBs should extend full co-operation, and should furnish him/her documentary proof of fact of dishonour of cheques.

(ii) RRBs should place before their Audit / Management Committee, every quarter, consolidated data in respect of the matters referred to above.

11.7 Framing appropriate procedure for dealing with dishonoured cheques

RRBs are also advised to adopt, with the approval of their respective Boards, appropriate procedure for dealing with dishonoured cheques with inherent preventive measures and checks to prevent any scope for collusion of the staff of the bank or any other person, with the drawer of the cheque for causing delay in or withholding the communication of the fact of dishonour of the cheque to the payee/ holder or the return of such dishonoured cheque to him.

RRBs should also lay down requisite internal guidelines for their officers and staff. They may be advised to adhere to such guidelines and ensure strict compliance thereof to achieve aforesaid object of effective communication and delivery of dishonoured cheque to the payee.

12. Dealing with Complaints and Improving Customer Relations

12.1 Complaints/suggestions box

Complaints/suggestions box should be provided at each branch of the RRB. Further, at every branches of the RRB a notice requesting the customers to meet the branch manager may be displayed regarding grievances, if the grievances remain unredressed.

12.2 Complaint Book/Register

Complaint book with perforated copies in each set may be introduced, so designed as to instantly provide an acknowledgement to the customers and intimation to the Regional Office.

IBA has, for the sake of uniformity, prepared a format of the complaint book with adequate number of perforated copies, which are so designed that the complainant could be given an acknowledged copy instantly. A copy of the complaint is required to be forwarded to the concerned Regional Office of the RRB along with the remark of the Branch Manager within a time frame. RRB should introduce the complaint book as per the above format for uniformity.

RRB branches should maintain a separate complaints register in the prescribed format given for entering all the complaints/grievances received by them directly or through their Head Office/Govt. These registers should be maintained irrespective of the fact whether a complaint is received or not in the past.

The complaints registers maintained by branches should be scrutinised by the concerned Regional Manager during his periodical visit to the branches and his observations/comments recorded in the relative visit reports.

RRBs having computerized operations may adopt the afore-said format and generate copies electronically.

12.3 Complaint Form

Further, a complaint form, along with the name of the Nodal Officer for complaint redressal, may be provided in the homepage of website of bank itself to facilitate complaint submission by customers. The complaint form should also indicate that the first point for redressal of complaints is the RRB itself and that complainants may approach the Banking Ombudsman only if the complaint is not resolved at the RRB level within a month. Similar information may be displayed in the boards put up in all the bank branches to indicate the name and address of the Banking Ombudsman. In addition, the name, address and telephone numbers of the Controlling Authority of the RRB to whom complaints can be addressed may also be given prominently.

12.4 Grievance Redressal Mechanism

RRBs should ensure that a suitable mechanism exists for receiving and addressing complaints from its customers / constituents with specific emphasis on resolving such complaints fairly and expeditiously regardless of source of the complaints.

RRBs are also advised to:

- (i) Ensure that the complaint registers are kept at prominent place in their branches which would make it possible for the customers to enter their complaints.
- (ii) Have a system of acknowledging the complaints, where the complaints are received through letters / forms.
- (iii) Fix a time frame for resolving the complaints received at different levels.
- (iv) Ensure that redressal of complaints relating to financial assistance to Priority Sector and Government's Poverty Alleviation Programmes also form part of the above process.
- (v) Prominently display at the branches, the names of the officials who can be contacted for redressal of complaints, together with their direct telephone number, fax number, complete address (not Post Box No.) and e-mail address, etc., for proper and timely contact by the customers and for enhancing the effectiveness of the redressal machinery.
- (vi) The names of the officials displayed at the branches who can be contacted for redressal of complaints should also include the name and other details of the concerned Nodal Officer appointed under the Banking Ombudsman Scheme, 2006.
- (vii) RRBs should display on their web-sites, the names and other details of the officials at their Head Office / Regional Offices who can be contacted for redressal of complaints including the names of the Nodal Officers / Principal Nodal Officers.
- (viii) Further, RRBs should also display on their web-sites, the names and other details of their Chairmen and also other Heads for various operations to enable their customers to approach them in case of need, if necessary.

RRBs are also required to disclose the brief details regarding the number of complaints along with their financial results. This statement should include all the complaints received at the Head Office / Controlling

Office level as also the complaints received at the branch level. However, where the complaints are redressed within the next working day, banks need not include the same in the statement of complaints. This is expected to serve as an incentive to the RRBs and their branches to redress the complaints within the next working day.

Where the complaints are not redressed within one month, the concerned branch / Regional Office should forward a copy of the same to the concerned Nodal Officer under the Banking Ombudsman Scheme and keep him updated regarding the status of the complaint. This would enable the Nodal Officer to deal with any reference received from the Banking Ombudsman regarding the complaint more effectively. Further, it is also necessary that the customer is made aware of his rights to approach the concerned Banking Ombudsman in case he is not satisfied with the bank's response. As such, in the final letter sent to the customer regarding redressal of the complaint, banks should indicate that the complainant can also approach the concerned Banking Ombudsman. The details of the concerned Banking Ombudsman should also be included in the letter.

RRBs should give wide publicity to the grievance redressal machinery through advertisements and also by placing them on their web sites.

12.4.1 Display of Names of Nodal Officers

With a view to making the Grievance Redressal Mechanism more effective, in addition to the instructions mentioned above, RRBs are further advised as under:

- i) Ensure that the Principal Nodal Officer appointed under the Banking Ombudsman Scheme is of a sufficiently senior level.
- ii) Contact details including name, complete address, telephone / fax number, email address, etc., of the Principal Nodal Officer needs to be prominently displayed in the portal of the bank preferably on the first page of the web-site so that the aggrieved customer can approach the bank with a sense of satisfaction that she / he has been attended at a senior level.
- iii) Grievance Redressal Mechanism (GRM) should be made simpler even if it is linked to call centre of customer care unit without customers facing hassles of proving identity, account details, etc.
- iv) Adequate and wider publicity are also required to be given by the respective financial services provider. The name and address of the Principal Nodal Officer may also be forwarded to the Chief General Manager, Customer Service Department, Reserve Bank of India, Central Office, 1st Floor, Amar Building, Sir P.M.Road, Mumbai-400 001 (e-mail).

12.5 Review of grievances redressal machinery

RRBs should critically examine on an on-going basis as to how Grievances Redressal Machinery is working and whether the same has been found to be effective in achieving improvement in customer service in different areas.

RRBs should identify areas in which the number of complaints is large or on the increase and consider constituting special squads to look into complaints on the spot in branches against which there are frequent complaints.

RRBs may consider shifting the managers/officers of branches having large number of complaints to other branches/regional offices/departments at Head Offices where contacts with public may be relatively infrequent.

At larger branches and at such of the branches where there are a large number of complaints, the RRBs may consider appointing Public Relations Officers / Liaison Officers for looking into/mitigating the complaints/grievances of customers expeditiously.

The RRBs may arrange to include one or two sessions on customer service, public relations etc., in training programmes conducted in their training establishments.

In cases where the contention of the complainant has not been accepted, a complete reply should be given to him to the extent possible.

Grievances / complaints relating to congestion in the banking premises should be examined by the RRB's internal inspectors/auditors on a continuing basis and action taken for augmentation of space, whenever necessary, keeping in view the availability of larger accommodation in the same locality at a reasonable rent and other commercial considerations.

13. Erroneous Debits arising on fraudulent or other transactions

13.1 Vigilance by banks

RRBs have been advised to adhere to the guidelines and procedures for opening and operating deposit accounts to safeguard against unscrupulous persons opening accounts mainly to use them as conduit for fraudulently encashing payment instruments. However, in view of receipt of continuous complaints of fraudulent encashment by unscrupulous persons opening deposit accounts in the name/s similar to already

established concern/s resulting in erroneous and unwanted debit of drawers' accounts, RRBs should remain vigilant to avoid such lapses and issue necessary instructions to the branches / staff.

13.2 Compensating the customer

Besides in cases of the above kind, RRBs also do not restore funds promptly to customers even in bona-fide cases but defer action till completion of either departmental action or police interrogation. Therefore, (i) In case of any fraud, if the branch is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the branch should at once acknowledge its liability and pay the just claim; (ii) in cases where RRBs are at fault, they should compensate customers without demur; and (iii) in cases where neither the RRB is at fault nor the customer is at fault but the fault lies elsewhere in the system, then also the RRBs should compensate the customers (up to a limit) as part of a Board approved customer relations policy.

14. Extension of Safe Deposit Locker / Safe Custody Article Facility

The Committee on Procedures and Performance Audit on Public Services (CPPAPS) had made some recommendations for easy operation of lockers. The following guidelines may be adhered to in this regard.

14.1 Allotment of Lockers

14.1.1 Linking of Allotment of Lockers to placement of Fixed Deposits

The Committee on Procedures and Performance Audit of Public Services (CPPAPS) observed that linking the lockers facility with placement of fixed or any other deposit beyond what is specifically permitted is a restrictive practice and should be prohibited forthwith. RBI concurs with the Committee's observations and RRBs are advised to refrain from such restrictive practices.

14.1.2 Fixed Deposit as Security for Lockers

RRBs may face situations where the locker-hirer neither operates the locker nor pays rent. To ensure prompt payment of locker rent, RRBs may at the time of allotment, obtain a Fixed Deposit which would cover 3 years rent and the charges for breaking open the locker in case of an eventuality. However, RRBs should not insist on such Fixed Deposit from the existing locker-hirers.

14.1.3 Wait List of Lockers

Branches should maintain a wait list for the purpose of allotment of lockers and ensure transparency in allotment of lockers. All applications received for allotment of locker should be acknowledged and given a wait list number.

14.1.4 Providing a copy of the agreement

RRBs should give a copy of the agreement regarding operation of the locker to the locker-hirer at the time of allotment of the locker.

14.2 Security aspects relating to Safe Deposit Lockers

14.2.1 Operations of Safe Deposit Vaults/Lockers

RRBs should exercise due care and necessary precaution for the protection of the lockers provided to the customer. RRBs should review the systems in force for operation of safe deposit vaults / locker at their branches on an on-going basis and take necessary steps. The security procedures should be well-documented and the concerned staff should be properly trained in the procedure. The internal auditors should ensure that the procedures are strictly adhered to.

14.2.2 Customer due diligence for allotment of lockers / Measures relating to lockers which have remained unoperated

RRBs should be aware of the risks involved in renting safe deposit lockers. In this connection, banks should take following measures:

- (i) RRBs should carry out customer due diligence for both new and existing customers at least to the levels prescribed for customers classified as medium risk. If the customer is classified in a higher risk category, customer due diligence as per KYC norms applicable to such higher risk category should be carried out.
- (ii) Where the lockers have remained unoperated for more than three years for medium risk category or one year for a higher risk category, RRBs should immediately contact the locker-hirer and advise him to either operate the locker or surrender it. This exercise should be carried out even if the locker hirer is paying the rent regularly. Further, RRBs should ask the locker hirer to give in writing, the reasons why he / she did not operate the locker. In case the locker-hirer has some genuine reasons as in the case of NRIs or persons who are out of town due to a transferable job etc., RRBs may allow the locker hirer to continue with the locker. In case the locker-hirer does not respond nor operate the locker, RRBs should consider opening the lockers after giving due notice to him. In this context, RRBs should incorporate a clause in the locker agreement that in case the locker remains unoperated for more than one year, the RRB would have the right to cancel the allotment of the locker and open the locker, even if the rent is paid regularly.
- (iii) RRBs should have clear procedure drawn up in consultation with their legal advisers for breaking open the lockers and taking stock of inventory.

14.3 Embossing identification code

RRBs should ensure that identification Code of the bank / branch is embossed on all the locker keys with a view to facilitate Authorities in identifying the ownership of the locker keys.

15. Nomination Facility

15.1 Legal Provisions

15.1.1 Provisions in the Banking Regulation Act, 1949

The Banking Regulation Act, 1949 was amended by Banking Laws (Amendment) Act, 1983 by introducing new Sections 45ZA to 45ZF, which provide, inter alia, for the following matters:

- a. To enable a banking company to make payment to the nominee of a deceased depositor, the amount standing to the credit of the depositor.
- b. To enable a banking company to return the articles left by a deceased person in its safe custody to his nominee, after making an inventory of the articles in the manner directed by the Reserve Bank.
- c. To enable a banking company to release the contents of a safety locker to the nominee of the hirer of such locker, in the event of the death of the hirer, after making an inventory of the contents of the safety locker in the manner directed by the Reserve Bank.

15.1.2 The Banking Companies (Nomination) Rules, 1985

Since such nomination has to be made in the prescribed manner, the Central Government framed, in consultation with the Reserve Bank of India, the Banking Companies (Nomination) Rules, 1985. These Rules, together with the provision of new Sections 45ZA to 45ZF of the Banking Regulation Act, 1949 regarding nomination facilities were brought into force with effect from 1985.

The Banking Companies (Nomination) Rules, 1985 which are self-explanatory, provide for:-

- (i) Nomination Forms for deposit accounts, articles kept in safe custody and contents of safety lockers;
- (ii) Forms for cancellation and variation of the nominations;
- (iii) Registration of Nominations and cancellation and variation of nominations; and
- (iv) Matters related to the above.

15.1.3 Nomination facilities in respect of safe deposit locker / safe custody articles

(i) Nomination facilities are available only in the case of individual depositors and not in respect of persons jointly depositing articles for safe custody.

(ii) Sections 45ZC to 45ZF of the Banking Regulation Act, 1949 provide for nomination and release of contents of safety lockers / safe custody article to the nominee and protection against notice of claims of other persons. Banks should be guided by the provisions of Sections 45 ZC to 45 ZF of the Banking Regulation Act, 1949 and the Banking Companies (Nomination) Rules, 1985 and the relevant provisions of Indian Contract Act and Indian Succession Act.

(iii) In the matter of returning articles left in safe custody by the deceased depositor to the nominee or allowing the nominee/s to have access to the locker and permitting him/them to remove the contents of the locker, the Reserve Bank of India, in pursuance of Sections 45ZC (3) and 45ZE (4) of the Banking Regulation Act, 1949 has specified the formats for the purpose.

(iv) In order to ensure that the amount of deposits, articles left in safe custody and contents of lockers are returned to the genuine nominee, as also to verify the proof of death, RRBs may devise their own claim formats or follow the procedure, if any, suggested by the Indian Banks' Association for the purpose.

(v) Section 45ZE of the Banking Regulation Act, 1949 does not preclude a minor from being a nominee for obtaining delivery of the contents of a locker. However, the responsibility of the banks in such cases is to ensure that when the contents of a locker were sought to be removed on behalf of the minor nominee, the articles were handed over to a person who, in law, was competent to receive the articles on behalf of the minor.

(vi) As regards lockers hired jointly, on the death of any one of the joint hirers, the contents of the locker are only allowed to be removed jointly by the nominees and the survivor(s) after an inventory was taken in the prescribed manner. In such a case, after such removal preceded by an inventory, the nominee and surviving hirer(s) may still keep the entire contents with the same bank, if they so desire, by entering into a fresh contract of hiring a locker.

15.2 Separate nomination for savings bank account and pension account

Nomination facility is available for Savings Bank Account opened for credit of pension. Banking Companies (Nomination) Rules, 1985 are distinct from the Arrears of Pension (Nomination) Rules, 1983 and nomination exercised by the pensioner under the latter rules for receipt of arrears of pension will not be valid for the purpose of deposit accounts held by the pensioners with banks for which a separate nomination is necessary in terms of the Banking Companies (Nomination) Rules, 1985 in case a pensioner desires to avail of nomination facility.

15.3 Nomination Facility – Certain Clarifications

15.3.1 Nomination facility in respect of deposits

(i) Nomination facility is intended for individuals including a sole proprietary concern.

(ii) Rules stipulate that nomination shall be made only in favour of individuals. As such, a nominee cannot be an Association, Trust, Society or any other Organisation or any office-bearer thereof in his official capacity. In view thereof any nomination other than in favour of an individual will not be valid.

(iii) There cannot be more than one nominee in respect of a joint deposit account.

(iv) Banks may allow variation/cancellation of a subsisting nomination by all the surviving depositor(s) acting together. This is also applicable to deposits having operating instructions "either or survivor".

(v) In the case of a joint deposit account the nominee's right arises only after the death of all the depositors.

(vi) Witness in Nomination Forms: The Banking Companies (Nomination) Rules, 1985 have been framed in exercise of powers conferred by Section 52 read with Sections 45ZA, 45ZC and 45ZE of the Banking Regulation Act, 1949. In this connection, we clarify that for the various Forms (DA1, DA2 and DA3 for Bank Deposits, Forms SC1, SC2 and SC3 for Articles left in Safe Custody, Forms SL1, SL1A, SL2, SL3 and SL3A for Safety Lockers) prescribed under Banking Companies (Nomination) Rules, 1985 only Thumb-impression(s) shall be attested by two witnesses. Signatures of the account holders need not be attested by witnesses.

(vii) Nomination in case of Joint Deposit Accounts: It is understood that sometimes the customers opening joint accounts with or without "Either or Survivor" mandate, are dissuaded from exercising the nomination

facility. It is clarified that nomination facility is available for joint deposit accounts also. Banks are, therefore, advised to ensure that their branches offer nomination facility to all deposit accounts including joint accounts opened by the customers.

16. Access to the safe deposit lockers / Return of safe custody articles to Survivor(s) / Nominee(s) / Legal heir(s)

For dealing with the requests from the nominee(s) of the deceased locker-hirer / depositors of the safe-custody articles (where such a nomination had been made) or by the survivor(s) of the deceased (where the locker / safe custody article was accessible under the survivorship clause), for access to the contents of the locker / safe custody article on the death of a locker hirer / depositor of the article, the banks are advised to adopt generally the foregoing approach, *mutatis mutandis*, as indicated for the deposit accounts. Detailed guidelines in this regard are, however, as follows:

16.1 Access to the safe deposit lockers / return of safe custody articles (with survivor/nominee clause)

16.1.1 If the sole locker hirer nominates a person, banks should give to such nominee access of the locker and liberty to remove the contents of the locker in the event of the death of the sole locker hirer. In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirer(s) nominates person(s), in the event of death of any of the locker hirers, the bank should give access of the locker and the liberty to remove the contents jointly to the survivor(s) and the nominee(s). In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given over to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship clause, banks should follow the mandate in the event of the death of one or more of the locker-hirers.

16.1.2 However, banks should take the following precautions before handing over the contents:

(a) Banks should exercise due care and caution in establishing the identity of the survivor(s) / nominee(s) and the fact of death of the locker hirer by obtaining appropriate documentary evidence;

(b) Banks should make diligent effort to find out if there is any order from a competent court restraining the bank from giving access to the locker of the deceased; and

(c) Banks should make it clear to the survivor(s) / nominee(s) that access to locker / safe custody articles is given to them only as a trustee of the legal heirs of the deceased locker hirer i.e., such access given to him shall not affect the right or claim which any person may have against the survivor(s) / nominee(s) to whom the access is given. Similar procedure should be followed for return of articles placed in the safe custody of the bank. Banks should note that the facility of nomination is not available in case of deposit of safe custody articles by more than one person.

16.1.3 Banks should note that since the access given to the survivor(s) / nominee(s), subject to the foregoing conditions, would constitute a full discharge of the bank's liability, insistence on production of legal representation is superfluous and unwarranted and only serves to cause entirely avoidable inconvenience to the survivor(s) / nominee(s) and would, therefore, invite serious supervisory disapproval. In such case, therefore, while giving access to the survivor(s) / nominee(s) of the deceased locker hirer / depositor of the safe custody articles, the banks should desist from insisting on production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee(s).

16.2 Access to the safe deposit lockers / return of safe custody articles (without survivor/nominee clause)

There is an imperative need to avoid inconvenience and undue hardship to legal heir(s) of the locker hirer(s). In case where the deceased locker hirer had not made any nomination or where the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause, banks are advised to adopt a customer-friendly procedure drawn up in consultation with their legal advisers for giving access to legal heir(s) / legal representative of the deceased locker hirer.

Similar procedure should be followed for the articles under safe custody of the bank.

16.3 Preparing Inventory

16.3.1 RRBs should prepare an inventory before returning articles left in safe custody / before permitting removal of the contents of a safe deposit locker as specified in Notification DBOD No. Leg. BC. 38 / C-233 A-83 dated March 29, 1985. The inventory shall be in the appropriate Forms set out as enclosed to the above notification or as near thereto as circumstances require. A copy of the above Notification is shown as **Annex III** of this Circular.

16.3.2 RRBs are not required to open sealed/closed packets left with them for safe custody or found in locker while releasing them to the nominee(s) and surviving locker hirers / depositor of safe custody article.

16.3.3. Further, in case the nominee(s) / survivor(s) / legal heir(s) wishes to continue with the locker, banks may enter into a fresh contract with nominee(s) / survivor(s) / legal heir(s) and also adhere to KYC norms in respect of the nominee(s) / legal heir(s).

17. Transfer of account from one branch to another

17.1 Instructions of a customer for transfer of his account to another office should be carried out immediately on receipt of, and in accordance with, his instructions. It should be ensured that along with the balance of the account, the relative account opening form, specimen signatures, standing instructions, etc., or the master sheets wherever obtained, are also simultaneously transferred, under advice to the customer.

17.2 The account transfer form with the enclosures may be handed over to the customer in a sealed cover if he so desires for delivery at the transferee office / branch. However, the transferee office should also be separately supplied with a copy of the account transfer letter.

17.3 When an office receives an enquiry from a customer regarding the receipt of his account on transfer from another office it should take up the matter with the transferor office by electronic means, in case it has not received the balance of the account and/or other related papers even after a reasonable transit time.

18. Switching banks by customers

RRBs should ensure that depositors dissatisfied with customer service have the facility to switch banks and thwarting depositors from such switches would invite serious adverse action.

19. Co-ordination with officers of Central Board of Direct Taxes

There is a need for greater co-ordination between the income-tax department and the banking system. As such RRBs should extend necessary help/co-ordination to tax officials whenever required. Further, RRBs will have to view with serious concern cases where their staff connive/assist in any manner with offences punishable under the Income Tax Act. In such cases in addition to the normal criminal action, such staff member should also be proceeded against departmentally.

20. Declaration of Holiday under the Negotiable Instruments Act, 1881

In terms of Section 25 of the Negotiable Instruments Act, 1881, the expression "public holiday" includes Sunday and any other day declared by the Central Government by notification in the Official Gazette to be a public holiday. However, this power has been delegated by the Central Government to State Governments vide the Government of India, Ministry of Home Affairs' Notification No. 20-25-56-Pub-I dated 8 June, 1957. While delegating the power to declare public holidays within concerned States under Section 25 of the Negotiable Instruments Act, 1881, the Central Government has stipulated that the delegation is subject to the condition that the Central Government may itself exercise the said function, should it deem fit to do so. This implies that when Central Government itself has notified a day as "public holiday" under Section 25 of the Negotiable Instruments Act, 1881, there is no need for banks to wait for the State Government notification.

21. Miscellaneous

21.1 Sunday banking

In predominantly residential areas RRBs may keep their branches open for business on Sundays by suitably adjusting the holidays.

RRBs should keep rural branches open on weekly market day.

21.2 Accepting standing instructions of customers

Standing instructions should be freely accepted on all current and savings bank accounts. The scope of standing instructions service should be enlarged to include payments on account of taxes, rents, bills, school / college fees, licences, etc.

21.3 Clean Overdrafts for small amounts

Clean overdrafts for small amounts may be permitted at the discretion of branch manager to customers whose dealings have been satisfactory. RRBs may work out schemes in this regard.

21.4 Rounding off of transactions

All transactions, including payment of interest on deposits/charging of interest on advances, should be rounded off to the nearest rupee i.e., fractions of 50 paise and above shall be rounded off to the next higher

rupee and fraction of less than 50 paise shall be ignored. Issue prices of cash certificates should also be rounded off in the same manner. However, RRBs should ensure that cheques/drafts issued by clients containing fractions of a rupee are not rejected or dishonoured by them.

22. Various Working Groups / Committees on Customer Service in Banks - Implementation of the Recommendations

In order to keep a watch on the progress achieved by the bank in the implementation of the recommendations of various working groups/Committees on customer service, RRBs may examine the recommendations which have relevance in the present day banking and continue to implement them. RRBs may consider submitting periodically to their Customer Service Committee of the Board a progress report on the steps/ measures taken in that regard.

23. Code of Bank's Commitment to Customers

RRBs should follow various provisions of the Code of Bank's Commitment to Customers, implementation of which is monitored by the Banking Codes and Standards Board of India (BCSBI)

Format of Comprehensive Notice Board

(Updated up to _____)

A. Customer Service Information

- (i) We have separately displayed the key interest rates on deposits & forex rates in the branch
- (ii) Nomination facility is available on all deposit accounts, articles in safe custody and safe deposit vaults.
- (iii) We exchange soiled notes and mutilated notes.
- (iv) We accept / exchange coins of all denominations.
- (v) If a banknote tendered here is found to be counterfeit, we will issue an acknowledgement to the tenderer after stamping the note.
- (vi) Please refer to our cheque collection policy for the applicable timeframes for collection of local and outstation cheques.
- (vii) For satisfactory accounts, we offer immediate credit of outstation cheque up to ₹ _____ (Please refer cheque collection policy).
- (viii) Bank's BPLR (Benchmark Prime Lending Rate) & its effective date.

B. Service Charges

Sl. No	Types of Account	Minimum Balance Requirement (₹)	Charges for Non-maintenance thereof (₹)
1.	Saving Account		
2.	No-Frills Account		

C. Grievance Redressal

- (i) If you have any grievances / complaints, please approach :
- (ii) If your complaint is unresolved at the branch level, you may approach our Regional / Zonal Manager at : (Address)
- (iii) If you are not satisfied with our grievance redressal, you may approach the Banking Ombudsman at: (Name, address, telephone numbers and email address should be given)

D. Other Services provided – as applicable.

- i) We accept direct tax collection. (Please quote PAN / TAN on Challan. Do not drop the Challans in the Drop Boxes).
- ii) We open Public Provident Fund accounts.
- iii) The Senior Citizens Savings Scheme, 2004 is operated here.
- iv) Prime Minister's Rozgar Yojana / other schemes sponsored by Government of India and State Government are operated here (if operated by the bank).
- v) We offer SSI loans / products.
- vi) We issue Kisan Credit Cards.
- vii) We open 'Basic Savings Bank Deposit Accounts'.
- viii) Donations for PM's relief fund are accepted here.

E. Information Available in Booklet Form (Please approach 'MAY I HELP YOU' Counter)

- (i) All the items mentioned in (A) to (D) above.
- (ii) The Citizen's Charter for Currency Exchange facilities.
- (iii) Time norms for common transactions.
- (iv) Design and security features of all the bank notes.
- (v) Policy documents relating to Cheque Collection, Grievance Redressal Mechanism, Security repossession and Compensation.
- (vi) The complete service charges, including services rendered free of charge.