

**REPORT  
OF THE  
INTERNAL COMMITTEE  
ON  
CUSTOMER SERVICE**



**RESERVE BANK OF INDIA  
CENTRAL OFFICE  
BOMBAY**

**NOVEMBER 1992**



भारतीय रिज़र्व बैंक  
केन्द्रीय कार्यालय  
बंगई  
RESERVE BANK OF INDIA  
CENTRAL OFFICE  
BOMBAY

**LETTER OF SUBMISSION OF REPORT**

**November 30, 1992  
Agrahayana 9, 1914 (Saka)**

**Shri S.Venkitaramanan  
Governor  
Reserve Bank of India  
Bombay.**

**Dear Sir**

**The Internal Committee on Customer Service submits herewith its Report on Customer Service in Reserve Bank of India. A summary of the recommendations is also attached.**

  
**M.L.T. Fernandes  
Chairman**

## **SUMMARY OF RECOMMENDATIONS**

### **GOIPORIA COMMITTEE RECOMMENDATIONS**

1. Recommendations of the Goiporia Committee on Customer Service in banks considered relevant to the Reserve Bank by the Internal Committee have been listed at Annexe - G.

### **NITIE REPORT**

2. Such of those recommendations of National Institute for Training in Industrial Engineering (full report at Part-III) considered implementable in the Bank by the Committee have been included in Chapter - III of the report.

### **ISSUE DEPARTMENT**

3. To facilitate timely opening of exchange counters, a system of teller-wise box balance may be introduced.  
(Para 3.3)
4. For the above purpose attendance time of Class III staff may be made the same as that of Class IV staff and Officers.  
(Para 3.4)
5. Computerised attendance recording system may be introduced at offices after giving a trial at four NCCs at the metropolitan centres.  
(Para 3.5)

6. Exchange counters may be arranged into three broad groups -  
i) small coins; ii) rupee coins ; and iii) bank notes.  
(Para 3.6)
7. Efforts need be made to serve all customers standing in the queues at close of banking hours by adopting various measures like opening of additional counters, appeal to avoid last minute rush for depositing the challans, requesting government departments to stagger the salary payment work and deposit of salary cheques two days in advance.  
(Para 3.7)
8. Adjudication and remittance of value against claims through TLR covers be completed within a maximum period of 6 working days from the date of receipt.  
(Para 3.8)
9. Full powers to adjudicate defective notes (except power of rejection) may be delegated to Assistant Treasurer.  
(Para 3.10)
10. DCM to examine further liberalisation of Note Refund Rules.  
(Para 3.11)
11. Accounting work in the Claims Section of New Delhi, Calcutta and Madras may be computerised as has been done at Bombay Office.  
(Para 3.12)
12. Regional offices should draw a time bound program to clear the arrears in claims under Special Procedure and ensure that arrears are not builtup in future.  
(Para 3.13)

13. Entry of professional dealers to the Exchange Hall need to be regulated. Regional Offices to examine, depending on local conditions, whether some counter/s could be earmarked for them. (Para 3.16)
14. To check any unruly behaviour of professional dealers in the Exchange Hall, security staff should remain alert. (Para 3.18)
15. To meet the increasing demands for currency notes, emphasis should be on salvaging reissuables from the notes received from chests. (Para 3.19)
16. Program of coinisation of smaller denomination notes should be synchronised with the increasing use of coin counting/sorting machines. (Para 3.21)
17. Quality of high denomination notes (Rs.100/- and Rs.500/-) should be upgraded so that wear and tear are minimum and the notes last longer. (Para 3.23)
18. Storage capacity at chests should be increased. (Para 3.25)
19. Scheduled state/urban co-operative banks may also be allowed to maintain currency chests. (Para 3.27)

20. Since the chest branches are reluctant to meet the requirements of chest branches of other banks, RBI should monitor the balances at currency chests on a day-to-day basis and advise the surplus chests to supply funds to deficit chests on an urgent basis. (Para 3.28)
21. Remittances from chests should promptly be taken for preliminary counting so that representatives of currency chests accompanying the remittance are not detained longer than the time required for such counting. (Para 3.29)
22. Issue offices should constitute Task Forces to bring the reconciliation of chest accounts up-to-date. (Para 3.31)
23. Accounting of chest transactions to be computerised where it has not been done so far. (Para 3.32)
24. DCM should open a Computer Division to oversee the functioning of the computer cells at different issue offices and also connect all link branches of banks to the computer cells of issue offices. (Paras 3.33 and 3.34)
25. Note/coin counting/sorting machines should be introduced at issue offices and currency chests. (Para 3.35)

26. Exchange facility available at currency chest branches of banks should be given wide publicity so that the public gets the facility at the nearest designated bank branch. (Para 3.37)
27. DCM to examine the feasibility of payment of turnover commission to banks for exchange facility (including adjudication of notes). (Para 3.38)
28. RBI should initiate a publicity campaign on handling of currency notes to enhance the life of currency notes in circulation. (Para 3.39)
29. Audiovisual training material may be prepared to educate bank personnel (RBI as well as other banks) on what constitutes a defective note and how the same is to be adjudicated. (Para 3.40)

#### **PUBLIC ACCOUNTS DEPARTMENT**

30. To cope with the periodic rush for deposit of challans and salary payments to government departments, various measures need be taken such as opening of additional counters, requesting government departments to stagger salary payment work, appeal to public through media to avoid last minute rush. (Paras 3.42, 3.43 and 3.44)

31. Cash Register Machines should be installed to facilitate scrolling of challans at the counter and delivering the receipted challan by the Teller himself across the same counter to the depositor. (Para 3.47)
32. DGBA to pursue with government departments to standardise challan forms and reduce the number of copies of each challan to two. (Para 3.50)
33. Depositors of cheques with challans may have the option to get the receipted challan delivered by post. (Para 3.51)
34. A locked receptacle may be kept outside the Banking Hall in the Bank's premises to provide 24 hours cheque-challan deposit facility. (Para 3.52)
35. At metropolitan centres, PADs should be provided with PC-cum-Encoder machines so that encoding and outward scroll processing are simultaneous to enable PAD to present all its outward cheques in the same day's clearing. (Para 3.54)
36. Coverage of one way intercity clearing may be widened to include all RBI centres so that cheques drawn on metro centres are collected within 5/6 working days. (Para 3.55)



37. Dy.Manager/Jt.Manager/Manager should obtain status note from the Accounts Officer, PAD on a weekly basis to monitor whether receipt and payment scrolls were forwarded to government departments the following day. (Para 3.58)
38. PAD scrolls processing work should be put entirely on computer at places where it has been done only partially so that monthly statements are automatically generated at the end of the month. (Para 3.60)
39. Use of note counting machines at the payment counters. (Para 3.62)
40. Use of electronic display boards at the payment counters. (Para 3.63)
41. DGBA to pursue with CBDT to dispense with the system of ITRO advice. (Para 3.64)
42. Use of signature retrieval system by DAD, PDO and PAD. (Para 3.65)
43. Use of electronic clearing facility for salary payments by government departments and payment of telephone/electricity bills. (Para 3.67)
44. DGBA may examine whether the penalties imposed for delayed and incorrect reporting in respect of Central Government receipts could be extended to State Government receipts. (Para 3.68)

45. Railway authorities may be permitted to open accounts with larger number of branches of the same bank or even with other banks provided the banks undertake to follow the accounting discipline stipulated by RBI. (Para 3.72)
46. MICR clearing to be introduced at Ahmedabad, Bangalore, Hyderabad and Nagpur where MICR cheques are already in circulation. (Para 3.73)
47. Clearing House settlement work to be computerised at Jaipur, Patna, Guwahati and Bhubaneswar. (Para 3.74)
48. At MICR centres, NCC should co-ordinate with banks and introduce procedures so that clearing differences, if any, are reconciled quickly. (Para 3.75)
49. More and more commercially important centres to be connected in one-way intercity clearing. (Para 3.77)
50. Opening of satellite clearing houses in the suburbs of Bombay to reduce the load on the cheque processing system at the Clearing House. (Para 3.81)

## **DEPOSIT ACCOUNTS DEPARTMENT**

51. ALPMs in the current account sections of DADs may be operationalised initially at Bombay and thereafter at New Delhi, Calcutta, Madras, Hyderabad, Ahmedabad and Bangalore.

(Para 3.85)

52. Utilising the capability of Banknet, Electronic Fund Transfer System should be introduced allowing banks at the metropolitan centres to initiate transfer transactions in their accounts.

(Para 3.86)

53. Hotlines should be provided to all DADs. Telephone with STD facility should also be provided to all DADs. The Automex terminals should be adjacent to DAD.

(Paras 3.88, 3.89 and 3.90)

54. All inward TTs received by DADs upto at least one hour before the close of office hours should be accounted for on the same day.

(Para 3.91)

55. For expeditious processing of inward TTs standard Test Key verification software should be used.

(Para 3.91)

56. Request from banks for TT discount facility even after the close of banking hours may be considered favourably if the facility is requested for squaring up the debit balance. DBOD may also review the TT discount limit fixed for banks. (Para 3.92)
57. DGBA may examine the feasibility of providing banks a facility of netting clearing position at all RBI clearing centres to determine its overall liability. (Para 3.94)
58. Draft issuance work be computerised at Bombay, New Delhi, Calcutta and Madras. (Para 3.95)
59. Claims Section to place indents for issuance of drafts on a day to day basis instead of bunching and sending only once/twice a week. (Para 3.96)
60. DGBA should examine whether a part of the favourable balance in clearing can be allowed to be withdrawn before the time for return of cheques. (Para 3.101)
61. Even after introduction of inter-bank clearing financial institutions maintaining accounts with RBI should continue to be given the facility of pay-in-slip with RBI cheques provided they do not maintain current accounts with banks. (Para 3.102)

## **PUBLIC DEBT OFFICE**

62. DGBA may conduct a detailed study on various items of work in PDO to review whether the time prescribed in the PDO could be reduced. (Para 3.107)
63. Monthly work certificate submitted by the sectional heads of PDO should be carefully examined particularly, if it is a 'no arrears' certificate. (Para 3.109)
64. G.P.Note holders may be requested to convert G.P. Notes into stock certificates. (Para 3.110)
65. Payment of interest upto Rs.1,000/ on G.P.Notes may be made in cash at the Bank's counter if desired by the party on the day of presentation itself. (Para 3.111)
66. For prompt issuance of securities, Calcutta and Nagpur offices should expedite despatch of border forms after printing the legends. (Para 3.113)
67. Investor should have the option to get the securities by post so that he need not visit PDO only to take delivery of the same. (Para 3.115)

68. New scrip/securities should be delivered to investors in a plastic cover. (Para 3.116)
69. DGBA may pursue with CBDT to exempt interest paid on government securities from the statutory requirements of tax deduction at source (TDS). (Para 3.117)
70. DGBA may pursue with CBDT the question of rate of Tax deduction at source on the basis of the collecting bank's declaration about ownership of securities. (Para 3.118)
71. Electronic credit clearing facility should be utilised for payment of interest to investors based in the metropolitan centres. (Para 3.119)
72. Interest warrants and TDS certificate issue should be computerised at Bombay, New Delhi, Calcutta, Madras and Kanpur in the first phase, and subsequently, at other centres as well if the volume so warrants. (Para 3.120)
73. Stock certificate once issued can be made a permanent domicile of the issuing office. (Para 3.121)
74. Banks to be encouraged to open a separate SGL account for their customers holding government securities. (Para 3.122)

75. SGL Section of the PDOs at New Delhi, Calcutta, Madras and Kanpur should be computerised as has been done at Bombay. SGL account holders at Bombay may also be provided with electronic connectivity to PDO, Bombay so that they can get the statement electronically on on-line basis.

(Para 3.124)

76. SGL account holders who also maintain current accounts in DAD should be provided with simultaneous payment settlement facility at DAD along with transfer of securities between SGL accounts in PDO.

(Para 3.126)

77. After introduction of automated systems to print interest warrants and advices, the shut period should be reduced to just one day for stock certificates and SGL Accounts.

(Para 3.128)

#### **EXCHANGE CONTROL DEPARTMENT**

78. More and more items of work should be brought under the coverage of time bound disposal. Time schedule prescribed for ECD clearance of certain cases should be reduced further. Allotment of exporter's code number and P-Form approval should be across the counter till they are dispensed with.

(Para 3.129)

79. Booklets should be published on some major areas of Exchange Control in question-answer form. The booklets may also be in electronic media (floppy) so that updation is quicker.  
(Para 3.130 and 3.131)
80. ECD circulars should be made available by regional ECDs to the regional offices of banks as well. (Para 3.132)
81. Consultative Committees should be constituted at the regional levels. (Para 3.133)
82. The format of various exchange control forms should be periodically reviewed. (Para 3.134)
83. Urgent cases which are beyond the scope of authority delegated to regional office, but where policy directions from Central office are clear, matters may be disposed of at regional ECD level after consultation with Central ECD on hotline, and referred to Central Office for confirmation.  
(Para 3.136)
84. Enquiry counter and visitors' enclosure in the department to be manned by officers conversant with department's policy developments. (Para 3.138)



85. Providing more number of direct telephone lines so that customers can directly contact the dealing officials.

(Para 3.140)

86. All cases of unrealised export cases outstanding for more than 5 years and of value upto US\$ 10,000/- (or its equivalent in other currencies) may be summarily disposed of as a one time measure.

(Para 3.145)

87. More authority should be delegated from Central Office to regional offices and from regional offices to authorised dealers.

(Para 3.146 to 3.154)

88. ECD inspection machinery to be strengthened to enable it to take up any investigations quickly in addition to periodic inspections.

(Para 3.156)

89. Capsule training program/workshops may be held at BTC/SC/ZTC for ECD staff in a more intensive manner so that their present role and emerging role are properly explained.

(Para 3.160)

90. A comprehensive forex data base may be created in Central ECD.

(Para 3.163)

## **STAFF MATTERS**

91. Behavioral training programs to be organised. All Departmental training programs in ZTCs/SC to have a session on customer service. (Para 3.166)
92. Department of Administration to review periodicity for staff rotation so that staff in operational departments is not transferred too frequently. (Para 3.167)
93. Various schemes regarding reimbursement of tuition fees for computer training at recognised institutes should be made attractive. (Para 3.168)
94. Incentive schemes for best /Issue /PAD/DAD/PDO etc. should be introduced. (Para 3.169)

## **MISCELLANEOUS**

95. The Bank may engage experts and get the interior design and arrangements reviewed at all offices. (Para 3.170)

## **TECENOLGY UPGRADATION**

96. At centres where receipt and payment scroll preparation has already been computerised for clearing transactions, cash and transfer transactions should also be put on the computer. This would help generation of monthly statements automatically at the month ends. (Para 4.6)
97. Banknet should be upgraded and extended to link all DADs, PADs, DGBA , CAS Nagpur and IDMC, Bombay with banks so that customer banks can submit queries and initiate transactions using Banknet. (Para 4.8)
98. CAS, Nagpur computer facility should be upgraded to allow on-line query from important government departments and updation by agency banks. (Para 4.11)
99. Regional offices to be provided with additional photocopying machines to meet the increasing demands for reprographic aids. (Para 4.17)
100. Automex and Banknet to provide for acknowledgement from the eventual destination back to the source of a message. (Para 4.19)
101. A booklet to be published indicating the communication facilities available in the Bank. (Para 4.21)

## **MONITORING OF CUSTOMER SERVICE**

102. Department level customer service committees should be constituted and meetings held with customer groups once a quarter.  
(Para 5.3)
103. The branch level customer service committee should meet at quarterly intervals and review the working of the department level committees.  
(Para 5.4)
104. A Central Customer Service Committee should be constituted with an ED as its Chairman which should inter alia peruse the half-yearly reports from regional offices to submit a report to the Top Management.  
(Paras 5.6 and 5.7)
105. MSD to monitor the implementation of recommendations in this Report through the concerned Central Office departments.  
(Para 5.8)

## **CONTENTS**

<b>PART - I</b>		<b>PAGE</b>
Chapter I	- INTRODUCTION	1 - 10
Chapter II	- CUSTOMER PROFILE AND PERCEPTION OF RBI SERVICES	11 - 23
Chapter III	- OBSERVATIONS AND RECOMMENDATIONS	
	i) ISSUE DEPARTMENT	25 - 44
	ii) PUBLIC ACCOUNTS DEPARTMENT	45 - 66
	iii) DEPOSIT ACCOUNTS DEPARTMENT	67 - 76
	iv) PUBLIC DEBT OFFICE	77 - 90
	v) EXCHANGE CONTROL DEPARTMENT	91 - 106
	vi) STAFF MATTERS	107 - 109
	vii) MISCELLANEOUS	110 - 110
Chapter IV	TECHNOLOGY UPGRADATION AND COMPUTERISATION	111 - 120
Chapter V	MONITORING OF CUSTOMER SERVICE	121 - 124

**PART - II REPORT ON VISIT TO REGIONAL OFFICES**

<b>OFFICES</b>	<b>PAGE NOS.</b>
1. AHMEDABAD OFFICE	125 - 131
2. BOMBAY OFFICE	132 - 142
3. BYCULLA OFFICE	143 - 147
4. CALCUTTA OFFICE	148 - 156
5. KOCHI OFFICE	157 - 159
6. HYDERABAD OFFICE	160 - 164
7. KANPUR OFFICE	165 - 170
8. NEW DELHI OFFICE	171 - 177
9. THIRUVANANTHAPURAM OFFICE	178 - 182

<b>PART - III REPORT OF THE NATIONAL INSTITUTE FOR TRAINING IN INDUSTRIAL ENGINEERING (NITIE)</b>	183 - 208
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<b>PART - IV ANNEXES</b>	
ANNEXE - A DCM QUESTIONNAIRE	209 - 216
ANNEXE - B PAD QUESTIONNAIRE	217 - 218
ANNEXE - C DAD QUESTIONNAIRE	219 - 220
ANNEXE - D PDO QUESTIONNAIRE	221 - 222
ANNEXE - E ECD QUESTIONNAIRE	223 - 227
ANNEXE - F LIST OF CUSTOMERS THE COMMITTEE MET	228 - 236
ANNEXE - G RECOMMENDATIONS OF GOIPORIA COMMITTEE RECOMMENDATIONS (AS RELEVANT TO RBI)	237 - 242

## CHAPTER - I

### INTRODUCTION

#### BACKGROUND

The Committee on Customer Service in Banks appointed by the Reserve Bank of India under the Chairmanship of Shri M.N.Goiporia (the then Chairman of State Bank of India) in its report (December 1991) recommended, among others, that the Reserve Bank of India also may review its efficiency of operations including the need to upgrade the level of technology usage in areas relating to dealings with public. The Bank accepted the recommendation and constituted an Internal Committee on Customer Service with the following **terms of reference** :-

- i) to identify the areas in the Reserve Bank (including identification of technology upgradation areas) of customer service to the public;
- ii) to assess the level of satisfaction of customer services provided to the public especially in areas such as exchange of soiled/defective notes, exchange control approvals, servicing of holders of government securities, receipts/payments, including pension payments on behalf of government;

- iii) to recommend measures needed to improve operational efficiency, including technology upgradation;
- iv) to examine the exercise of powers and the level of services provided by authorised dealers in foreign exchange, and banks authorised to undertake government transactions and exchange of currency notes in respect of powers delegated to them by the Reserve Bank; and
- v) to suggest the machinery and methodology for periodic monitoring of efficient customer services in the identified areas.

1.2 The following are the members of the Committee:

1. **Shri M.L.T.Fernandes**, Executive Director  
Chairman
2. **Shri O.P.Sodhani**, Controller,  
Exchange Control Department Member  
(**Shri S.Balakrishnan**, Additional Controller  
was seconded by Shri Sodhani after the first meeting)
3. **Shri R.K.Choudhury**, Chief Officer  
Personnel Policy Department Member  
(Chief Manager , Department of Administration  
with effect from 20th October.1992)
4. **Shri B.K.Basu**, Chief Officer  
Department of Currency Management Member
5. **Shri S.S.Ranade**, Chief Inspector Member



6. **Shri V.B.Joshi**, Financial Controller  
 Department of Expenditure &  
 Budgetary Control Member
7. **Shri V.G.Athavale**, Chief Accountant,  
 Department of Government &  
 Bank Accounts Member
8. **Shri Y.M.Paranjpe**,  
 Manager, Bombay Member  
 (Shri P.R.Anantaraman acted as a Member  
 till 14th March 1992)
9. **Shri C.K.Bapiraju**, Adviser,  
 Management Services Department Member-Secretary  
 (nominated as member on 16th April  
 1992 and as Member-Secretary  
 with effect from 17th August 1992)
10. **Shri S.R.Mittal**, Director-in-Charge  
 National Clearing Cell Member Secretary  
 (upto 17th August 1992)

## **METHODOLOGY**

1.3 The Committee adopted a twofold strategy to assess customer service provided by the branches/offices of the Bank - first, by analysing the information from the regional offices collected through structured questionnaires and secondly, through discussions with various customer groups at nine region-

al offices of the Bank selected by the Committee for study visits on the basis of problem areas stated by the offices in their replies to the questionnaires.

#### **Questionnaires on Customer Service**

1.4 To prepare a draft questionnaire, Department of Govt. and Bank Accounts, Department of Currency Management and Exchange Control Department were requested to constitute Departmental Working Groups in their respective departments. The questionnaires circulated are attached as Annexes A to E. These groups were also involved in processing the information collected through the questionnaires and to prepare a status note on the existing level of customer service as well as the steps that could be considered to improve the same. Personnel Policy Department submitted a note on the restrictive practices followed at various offices. Inspection Department submitted a note on the observations made by it in inspection reports on various offices during the year 1991.

1.5 The Committee deliberated on the status notes submitted by these Departments and noticed that the Bank has been taking various measures from time to time to improve the level of customer service. The Inspection Department while appreciating the improvements effected at some centers has at the same time commented that there is scope for further improvement. Plans to

computerise certain activities have not been implemented as per schedule.

### **Visit to Regional Offices**

1.6 The Committee visited Ahmedabad, Bombay, Byculla, Calcutta, Kochi, Hyderabad, Kanpur, New Delhi and Thiruvananthapuram. Managers at these centers had organised meetings with a few government departments, banks, financial institutions, export promotion bodies, chambers of commerce and trading houses.

**The meetings were held customer group wise as under :**

- a) Govt. departments who are customers of Public Accounts Department (PAD); (except at Kochi)
- b) Banks and financial institutions who are the customers of Deposit Accounts Department (DAD) and Public Debt Office (PDO) and Issue Department; (except at Kochi ); and
- c) Banks, export promotion bodies, exporters, trading houses and chambers of commerce who deal with Exchange Control Department (ECD)

While inviting customers of Exchange Control Department a questionnaire had also been forwarded to them seeking their comments on the quality of service rendered by ECD and suggestions to improve the same. Banks, governments departments and financial

institutions were requested to express difficulties, if any, being faced by them in their day-to-day dealings with the Bank. Care was taken to ensure that the invitees were from the operating level and are in frequent touch with the Bank's staff in their dealings and also have some insight into the working of the Bank. A few senior level officials of the customer organisations were also invited at some centers to have a judicious mix of customers involved in policy making and as well as operational dealings. A list of customers the Committee met and had discussions with during study visits to regional offices is given at Annexe-F.

1.7 Discussions were also held with **department heads at the regional offices** during which the Committee sought their comments on the position stated by the customers on the level of customer services provided by the offices. The suggestions made by the department heads to improve the position were also discussed at length .

1.8 Meetings had also been organised at Ahmedabad, Calcutta, Hyderabad, Kanpur, New Delhi and Thiruvananthapuram with the local units of **officers' associations, employees' association and workers' union**. At Calcutta, the Committee also met the **representatives from All India RBI Employees' Association and RBI Workers' Federation**. The written presentation made by the **local units of Employees' Association at Calcutta and Kanpur,**

**Officers' Association at Ahmedabad and the Workers' Union at Ahmedabad** were also considered by the Committee. The Committee found the suggestions made by the associations/unions very useful in formulating its views.

1.9 Many of the suggestions made by the customer groups and department heads were in fact already receiving the attention of the respective Central Office departments. While examining these suggestions, the Committee had, therefore, the benefit of hearing the views of the respective departments. The study visits were also helpful in examining the methodology being followed at the regional offices to monitor the level of customer service. The Committee perused the minutes of the meetings at a few offices of the local customer service committees.

1.10 Some of the suggestions received by the Committee from the customer groups, department heads and the unions/associations were common across the groups and across the centers. The Committee agreed with some suggestions. A few suggestions made by some customer groups did not come within the scope of the Committee's study and they do not find place in the Report. The suggestions considered relevant and implementable have been grouped under various sections in Chapter-3 on the basis of functional departments through which the services are presently discharged.

1.11 Broad observations of the Committee on study visits to each regional office are given at Part II of the Report.

#### **Commissioning a Study through NITIE**

1.12 With a view to having the benefit of observations and suggestions of an external agency on customer service in the Bank, the National Institute of Industrial Engineering, (NITIE) Bombay was appointed by the Bank to assist the Committee. They conducted studies in the Bombay and Byculla offices. Their suggestions have been considered by the Committee while formulating its recommendations. A few suggestions made by NITIE had already been received by the Committee from Central Office departments, regional offices and various customer groups. A few suggestions like computerised attendance recording system , on-line connectivity to banks to computers in DAD ,generating receipted cash challan on computer like railway tickets etc. requires high degree of computer literacy in the Bank. Therefore, the Committee has accepted the suggestions to be implemented as soon as feasible. Some of short term solutions suggested by NITIE have been accepted by the Committee and they have been included in Chapter - 3 of this Report . A copy of the NITIE report is given at Part-III of the Report.

## **Recommendations of the Goiporia Committee**

1.13 The Committee studied the Report of the Goiporia Committee and identified the recommendations relevant to the Bank. They have been listed in Annexe-G. The Committee's views on some suggestions of the Goiporia Committee as under have been explained in detail under "Observations and Recommendations" :

- i) serving all customers in the Banking Hall at the close of banking hours ;
- ii) extending business hours for banking transactions excluding cash transactions;
- iii) introduction of note/coin-counting machines;
- iv) organising training programs in line with customer service orientation;
- v) periodic meetings to be held with customers;
- vi) government departments to be requested to stagger salary/pension payments;
- vii) time norms for specified business transactions to be displayed prominently in the Banking Hall;
- viii) publication of bilingual brochures and pamphlets containing customer useful information;
- ix) customer service audit;
- x) connecting more centres under National Clearing of inter-city cheques; etc.

## **ACKNOWLEDGEMENTS**

1.14 The Committee acknowledges and places on record its warm appreciation for the co-operation received from the Managers and Heads of Departments of various offices who interacted with

the Committee in the course of its visits to regional offices and also through replies to the questionnaires. The Committee is also thankful to NITIE for completion of their study in just a month's time. The report provided some useful inputs for the Committee. The Committee is particularly grateful to Shri S.Balakirshnan, Additional Controller for his valuable contribution.

1.15           The Committee also wishes to thank the secretarial team in MSD for its enthusiastic support. Special mention may be made of Smt. Grace Koshie, Dy.Adviser and Shri A.P.Hota, Assistant Adviser for their whole hearted and painstaking efforts in organising the meetings, sifting material and drafting the Report. The Committee also specially thanks Shri V.K.Barve, Stenographer for ungrudgingly assisting in the preparation of the Report.



## CHAPTER - II

### CUSTOMER PROFILE AND CUSTOMER PERCEPTION OF RESERVE BANK'S SERVICES

#### Services Provided by Reserve Bank of India

Reserve Bank of India is basically a regulatory organisation with responsibility to perform the role of the Central Bank of the country. The major functions discharged by the Bank and as defined under the Reserve Bank of India Act, 1934 and Banking Regulation Act, 1949 are as under :

a) To act as the sole note issuing authority and ensure that notes and coins in circulation are in good condition and an adequate supply of the same is maintained.

b) To develop a sound banking system and credit structure responsive to programs and policies formulated by government and to promote and sustain the growth of development institutions.

c) To act as banker to banks

d) To necessarily act as banker to the Central Government and, by agreement, to act as banker to state governments.

e) To ensure stability in the exchange value of the Rupee by exercising control over foreign exchange receipts and payments and international trade transactions.

f) To aid and advise banks and Government on important financial/economic issues.

### **Customers of Reserve Bank of India**

2.2 While discharging its functions Reserve Bank of India interacts with three broad categories of customers , viz., banks, government departments and the general public.

### **Banks**

2.3 Scheduled commercial and co-operative banks maintain current accounts with the Deposit Accounts Department (DAD) at various offices of Reserve Bank of India. Balances by scheduled banks are held to meet the statutory cash reserve ratio requirements. Banks also settle their interbank transactions arising out of clearing and money market operations through the reserve accounts (i.e. the Current Accounts). Several other transactions with Reserve Bank of India like receipt/repayment of loans taken from Reserve Bank, transfer of funds to branches at other centres / other banks/financial institutions, purchase and sale of Government securities from/to the Reserve Bank are settled through these Current Accounts. Banks also act as agents of the Reserve Bank in handling government transactions and turnover commission is paid to them by credit to these accounts.

2.4 Banks also deal with the Reserve Bank in the area of administration of the Banking Regulation Act, 1949. They also deal in foreign currency as per the authority delegated to them and seek exchange control approvals on behalf of their customers wherever necessary.

2.5 To facilitate transfer of funds from/to Reserve Bank and various commercial banks some financial institutions like IDBI, NABARD, DICGC, IFCI, NHB, EXIM BANK, SIBDI, DFHI, UTI, LIC, GIC and a few others maintain current accounts with Reserve Bank of India. Apart from receipt and payment functions on their behalf Reserve Bank also collects cheques (local and outstation) on their behalf. At centres where it has a Public Accounts Department/Deposit Accounts Department, the Bank manages the local clearing houses.

2.6 Thus banks and financial institutions act as the institutional customers of Reserve Bank of India although the Bank's relationship with them is one of a regulatory body vis-a-vis regulated entities.

#### **Government Departments**

2.7 Although the Reserve Bank's authority flows from the statutes, regulations and rules framed by the Government of India and the Bank is duty bound to handle Government transactions, the very nature of transactions make the government

departments look to the Bank for a variety of services. As per government regulations and schemes, the Bank accepts taxes from the public and makes payments to the public on behalf of the government either directly or through designated public sector banks. The Bank is required to forward a detailed statement of accounts in respect of the transactions put through. The challans through which the public deposits taxes and the instruments on the basis of which payments are effected are required to be forwarded to government departments. Customer service to government departments in this regard consists of expeditious collection and credit of clearing instruments, forwarding the challans, cheques, scrolls and statements of account on a day-to-day basis and building an efficient agency arrangement in conformity with the government's requirements.

2.8 A wing of the Central Office Department of Government and Bank Accounts (DGBA) maintains the position of net receipts and payments on behalf of the governments (both Central and State). This wing called the Central Accounts Section (CAS) and located at Nagpur reports the consolidated position of Central and state governments to them on a daily basis. The Ministry of Finance, and finance departments of state governments base their accounts on the reports sent by CAS.

### **General Public**

2.9 The public visit the Reserve Bank of India for

availing themselves of a variety of services from the Bank. Many customers visit the public counters of Issue Department for exchange of notes/coins and also to claim exchange against mutilated/defective notes. Many of the customers visiting the Exchange Hall are professional dealers in notes and coins. Although their business is not authorised by any agency, their activities have not been considered illegal.

2.10           The public also visit the banking counters of the Public Accounts Department to deposit several types of taxes payable to government and obtain payments to them from government.

2.11           Investors in government securities visit the Public Debt Office to subscribe to new loans, for renewal, consolidation, sub-division of government securities, change in the power of attorney, collect periodic interest warrants and to obtain repayment of matured loans.

2.12           The public also visits the Exchange Control Department (ECD) for exchange control approvals. With growing sophistication in trade and commerce, these customers could be categorised into different groups like exporters, importers, NRIs, students for higher education abroad, Indian companies with foreign collaborations, foreign companies operating/investing in India, etc. Requirements and expectations of each category of customers are different.

2.13 With such a wide and varied profile of the customers of the Bank, it is not easy to obtain a clear perception of their reaction of the services rendered by the Bank. The level, the degree and the type of interaction with RBI also differs from one customer group to another and from one centre to another. Whereas some visitors are casual, some have day-to-day interaction. Nonetheless and with a view to having an idea of their perception of the Bank's services, the strategy adopted by the Committee was as under :-

**Banks and Financial Institutions :**

2.14 The Committee had meetings with a few representative banks and financial institutions at eight centers viz. Ahmedabad, Bombay, Calcutta, Kochi, Hyderabad, Kanpur, Delhi and Thiruvananthapuram. Detailed feed back from SBI Main Branch, Bombay and Central Bank of India, Main Branch, Bombay has also been collected through National Institute for Training in Industrial Engineering (NITIE); the process consultant to the Committee.

**Government Departments :**

2.15 Meetings were also held with a few representative government departments at centers indicated at (a) above except Kochi.

## **General Public**

2.16                   The Committee talked to a few members of the public at the queues at the exchange counters, defective note counters, challan deposit counters, challan delivery counter and cash payment counters in the Exchange/Banking Halls of offices visited.

## **Customers' Perception of RBI's Services**

### **Banks**

2.17                   Although RBI is required to keep the daily statement of current account ready for delivery to each bank the following morning, at a few centers the statements are ready only on the next day afternoon. At Bombay the statements are delivered only after 1.00 P.M. the following day. All advices on other than direct transactions are not attached to the statement rendering it difficult for a bank to respond to such entries. For proper funds management, banks require the statements positively by next day morning.

2.18                   RBI closes its banking counters sharp at the normal closing time for bank business irrespective of the number of customers waiting in the queues in front of the counters. At

Bombay a great rush builds up at DAD counters between 2.30 to 3.00 PM for transfer/remittance of funds. Closing the counters sharp at 3.00 P.M. forces some banks to return without getting the service.

2.19 As per the Uniform Regulations and Rules for clearing houses, banks are not authorised to draw on their favorable balances till the expiry of the time for return schedule. Banks were unanimous in their views that the stipulation is highly restrictive although the same helps RBI managing the clearing house to cover its risks. RBI may adopt some other risk management techniques instead of blocking huge funds of banks and denying them the advantage of utilisation of the favourable balances.

2.20 Although banks carry out a multitude of agency functions on behalf of RBI, the turnover commission is not paid in time. For certain categories of work like adjudication of defective notes or exchange of notes and coins no commission is paid. Banks feel that the agency arrangements by RBI with them are not business driven.

2.21 In the area of foreign exchange management banks felt that changes are made too frequently causing thereby a lot of confusion. Certain changes are brought about so hastily that they are required to be modified every now and then. The language used in the circulars is sometimes ambiguous, and with a threat of penal action.



2.22 Bank Officials dealing with RBI on exchange control matters stated that information/statements are called too frequently. Statements of unrealised export proceeds are very bulky. Export cases 15 to 20 years old where export proceeds can no longer be realised are also reported to RBI because RBI is not willing to a waiver.

2.23 Banks at Ahmedabad and Hyderabad complained that the benefits of MICR technology has not been extended to them although they have put MICR cheques into use since the last two years. Many banks at Bangalore, Nagpur, Kanpur and Thiruvananthapuram have also issued MICR cheques since long. By not adhering to the time frame for MICRisation, RBI has caused avoidable wastage of costly MICR stationery.

2.24 Banks at Bombay, Calcutta and New Delhi stated that clearing differences in MICR clearing are piling up day by day. RBI's instruction to them to settle the clearing differences amongst themselves has created a state of uncertainty about reconciliation of clearing differences pertaining to the period prior to April 1991. Entries amounting to several crores of rupees are lying in the transit accounts. Since some banks are not satisfactorily responding, possibly RBI has to adopt an assertive role in this regard. A dedicated study may also be made so as to prevent clearing differences.

## **Government Departments**

2.25                There is an average delay of about 10 days in forwarding the receipt and payments scrolls along with challans and paid instruments. Ideally, they should be forwarded on the day following the day of transaction.

2.26                Collection of local clearing instruments and credit to government departments takes 3 to 5 days. Government departments feel that a period of 3 days (including the day of receipt) should be adequate. As regards outstation cheques the time taken to collect and credit is two weeks to three months - sometimes more. In the light of RBI's own instructions to banks to credit the proceeds of outstation instruments within 14 working days, RBI itself should pay interest if the collection of an outstation cheque was delayed beyond this period.

2.27                The monthly statements of accounts required to be sent by the PADs and CAS, Nagpur to government departments with the details of receipts and payments are not received in time. Mistakes in booking the entries are many. RBI personnel would have to be quite familiar with the government accounting procedures and practices.

2.28                A few government departments mentioned that the system of revenue collection through branches of public sector banks is not working satisfactorily. Some bank branches avoid the responsibility of handling government transactions and at some others, service is provided only to an account holder in

that specific bank/branch. They have also not been remitting proceeds to RBI on the very next day or within the stipulated period. Government departments desired that the Bank's inspection machinery should be strengthened. Public Accounts Department should have an Inspection Section with adequate number of inspecting officials.

2.29 Some government departments (Railways in particular) desired that RBI should not object to their choice of bank and branch to deposit their collections. RBI norms in this regard have forced them to opening accounts with branches which are not interested in maintaining their accounts.

#### **General Public**

2.30 Customers visiting the exchange counters/defective note counters are mainly professional dealers in notes and coins. Many of them are illiterate. Although they are satisfied with the existing service of RBI, they come in the way of RBI providing satisfactory service to genuine customers. Dealers monopolise counters by making persons employed by them queue at the counters in a cyclic way. As a result the genuine customers have to wait in the queues for a longer time. During study visits to public counters of Issue Department at various offices, the Committee was told that the time taken to obtain the exchange is between 15 to 30 minutes.

2.31 From the half-yearly statements of complaints re-

ceived from the regional offices, the Committee observed that complaints were mainly regarding delayed payment of interest and remittance of redemption proceeds . Delay in examining the power of attorney, issuance of new scrips, renewal/consolidation/sub-division of loans were some other areas where a few complaints had been received from provident funds, trusts and individual investors.

2.32 From the replies to the questionnaires sent by ECD , it was observed that personal follow-up is required with the concerned staff of ECD to expedite cases to obtain exchange control approvals. Some customers complained that requirements of the Bank to accord exchange control approval are indicated in instalments from time to time instead of at one go. Check lists have not been prepared for all categories of applications. Some customers are of the opinion that information brochures in various areas are either inadequate or have not been prepared as yet.

#### **General Perception of Customers on Miscellaneous Issues**

2.33 Customers of all categories (banks, government departments and the public) indicated that communication facilities available in the Bank are far from adequate. Because of non availability of direct telephone lines to customer oriented departments/division/section/desks, they find it difficult to contact the concerned officials over the telephone. Therefore,

on many occasions they are compelled to visit RBI offices only to seek some clarification which they could have easily obtained over the telephone.

2.34            **Behavioral Issues** - Banks and government departments stated that the RBI staff is mostly very helpful and they have no complaints to make. The staff at the counters use generally their name plates, remain present during the transaction hours, do not show any undue favour to any particular customer and are normally polite. The customers do not find any difficulty in meeting the dealing officials and appointments whenever sought are easily granted.

2.35            **Use of Technology** - Banks as well as government departments, however, expressed surprise at the central bank of the country which exhorted the banking industry to go in for greater use of information technology was itself handling transactions manually which should have been computerised long back.

## **CHAPTER - III**

### **OBSERVATIONS AND RECOMMENDATIONS**

The observations and recommendations of the Committee have been grouped under the following headings :

Issue Department	(para 3.2 to 3.40)
Public Accounts Department (PAD)	(para 3.41 to 3.82)
Deposit Accounts Department (DAD)	(para 3.83 to 3.103)
Public Debt Office (PDO)	(para 3.104 to 3.128)
Exchange Control Department (ECD)	(para 3.129 to 3.165)

Observations and recommendations relating to personnel nature have been grouped under "Staff Matters" ( paragraphs 3.166 to 3.169 ). Other observations and recommendations of general nature have been placed under "Miscellaneous" (paragraph 3.170 to 3.171).

## **ISSUE DEPARTMENT**

### **Opening of Exchange Counters**

3.2 Almost all the offices have reported that there is a delay of upto about 15 minutes in opening all the counters. The difficulties mentioned in this regard relate to heavy absenteeism and adequate time not being available to effect day-to-day promotions. Preparatory arrangements to draw box balance cash and distribute it also takes considerable time.

### **Teller-wise Box Balance**

3.3 A suggestion examined by the Committee relates to a system of teller-wise box-balance whereby the counter-wise predetermined cash may be kept ready on the previous working day in small steel boxes duly locked and the keys kept under the exclusive charge of the Tellers who will attend the respective counters on the following working day. The locked boxes could be retained for overnight custody either by the Officer-in-charge of Box Balance or the Treasurer in the day-to-day vault. The keys of the boxes will be deposited in the safe in Cash Department and will be handed over to the Tellers concerned the next working day. The Committee recommends that the suggestion may be implemented at centres where the primary reason for delay is the difficulty in expeditious distribution of cash to the tellers in

the morning. DCM and PPD may workout the details for implementation.

### **Attendance time for Class III Staff**

3.4 While the gap between the reporting time of Class I and IV staff and banking hours at present is a half hour, it is only 15 minutes in the case of Class III staff in whose case day-to-day promotions on account of absenteeism of ATs/Tellers and Coin-Note Examiners Gr.I need to be effected. The procedure generally takes time. Some offices have suggested that this problem could be resolved if the reporting time of the Class III staff is also made the same as that of Class I and IV staff. The Committee is of the opinion that implementation of the suggestion would help opening of public counters on time.

### **Computerised Attendance Recording System**

3.5 National Institute of Training in Industrial Engineering (NITIE) has made a suggestion that computerised attendance recording be introduced which would eliminate the need for Class III staff to come a half hour earlier and facilitate effecting promotions within the given time. The suggestion was examined by the Committee. The system would no doubt help on-line updation of information and generation of lists of absentees and possible lists of staff to be promoted for the day, but considering the amount of preparatory work that needs to be done, it is felt that the suggestion may be implemented in phases. To put such compute-



rised attendance recording system to test, it may initially be introduced at National Clearing Cells at the four metropolitan centres.

### **Exchange of Notes/Coins of any Denomination at any Counter**

3.6 During study visits it was noticed that the exchange counters for notes and coins at some offices are set up on the basis of denominations of notes and coins, and, therefore, they do not cater to the needs of the customers satisfactorily. Much to their inconvenience, a customer needing notes and coins of different denominations is required to stand in more than one queue for long. Therefore, it is suggested that the exchange counters may be divided into three broad groups - (i) small coins, (ii) rupee coins (including rupee one note and coins for rupee two and rupee five), and (iii) bank notes. At most of the offices this system has already been introduced for exchange of bank notes. But denomination-wise separate counters still exist for rupee notes, rupee coins and small coins. The Committee feels that rearrangement of counters on the above suggested line (in three groups) would lead to better customer service. Redesigning of storage arrangements for notes/coins of various denominations at counters should not be a difficult exercise. To speed up the work at the counters, precounted/weighed coins packed in polythene bags can be kept at the counters.

## **servicing Customers at Queues at close of Banking Hours**

3.7 Goiporia Committee on Customer Service in Banks has suggested servicing all customers in the queues at close of banking hours. The Committee examined the recommendation with reference to position in the Bank. It was noticed that during periods of seasonal rush for deposit of Income Tax / Sales Tax and dates for monthly salary payments to government departments the offices make special arrangements by converting a few existing counters to receipt/payment counters. Depending on the availability of resources and criticality of transactions, customers are also served beyond the usual banking hours. The Committee feels that with the implementation of suggestions made at paragraphs 3.42 to 3.47 the Bank would be able to serve customers better and within the banking hours.

## **Claims through TLR Covers - Time Frame for Adjudication of Notes and Remittance of Funds**

### **Time frame of six working days**

3.8 The time taken for settlement of claims received through TLR covers ranges from 15 days to two months. Although TLR covers at most of the offices are opened on the following day of their receipt, delay takes place mainly in adjudication of notes and dispatch of drafts/payment orders. It is recommended that TLR covers should be opened the same day of receipt and adjudicated promptly. If TLR covers are opened the same day and

adjudicated during the next 2/3 days and drafts/payment orders prepared the following working day of adjudication, **the entire cycle could be completed in six working days.** At smaller offices the time taken should be still less. Currency Officers may closely monitor this work through control reports from Claims Section on a daily basis to ensure completion of disposal of notes received under TLR parcels within a week from the date of their receipt. The present practice of bunching of work (in placing of indents for drafts on DAD and dispatch of drafts etc.) may be operationally convenient for Claims Section, but delays the payment. The work must be carried out on a day-to-day basis. To facilitate the prompt issue of drafts by DAD, Claims Section may send it the list with necessary particulars of beneficiaries on a day-to-day basis.

#### **Limit on the number of defective notes received at the counter**

3.9 Tenderers having more than 25 pieces of defective notes should be advised to use TLR facility instead of crowding the defective note counters.

#### **Additional power of adjudication to Assistant Treasurer**

3.10 Full powers to adjudicate defective notes (except the power of rejection) may be delegated to Assistant Treasurers. This would facilitate quick adjudication of notes at the defective note counters and also TLR cases in the Claims Section.

### **Liberalisation of Note Refund Rules**

3.11 As suggested by Goiporia Committee, DCM may also examine further liberalisation of the Note Refund Rules to the advantage of the general public.

### **Computerisation of Claims Section**

3.12 Experience of Claims Section of Bombay Office has shown that computerisation would help better house keeping of the Claims Section and preparation of advices to the depositors of TLR covers etc. The Committee feel that computerisation would also help other high volume centres like New Delhi , Calcutta and Madras. MSD may evaluate need for computerisation at these centres in greater detail.

### **Claims under Special Procedure**

3.13 Special procedure cases are awaiting adjudication at many offices for quite some time. Considering that an adequate number of senior officers is not available to join the Currency Officer to form a team for adjudication of notes under special procedure ,one office has already been allowed to form the team only with Grade B officers in addition to Currency Officer. Even then , at many offices the level of arrears is still high. The Committee feels that regional offices should draw a time bound

program to clear the arrears by constituting teams of officers, by drawing on officers from other departments and ensure that arrears are not built up thereafter.

### **Role of Professional Dealers in Exchange of Defective Notes**

#### **Regulating the Entry of Professional Dealers**

3.14 Professional dealers and their hirelings monopolise public counters for exchange of notes and coins and also the defective note counters. Since they queue up again and again in a cyclic way, when a genuine customer visits the exchange counter, he notices the queue to be very long. This discourages him from joining the queue and avail himself of the Bank's services. At some centres the dealers stand in front of RBI Offices and lure the public promising quicker service than available at RBI, although at a cost. As per the legal opinion obtained by the Bank, their activities are not considered illegal/cognisable offences.

3.15 The Committee is of the opinion that the problem of professional dealers has emanated as currency chest branches do not provide adequate exchange facilities to the public although permitted to do so and RBI does not have a wide reach to serve the public at mofussil centres. Moreover, adequate quantity of fresh notes are not available to replace the soiled notes in circulation. Therefore, till such time as the bank branches

provide a wider reach of the exchange facility it would be too optimistic to believe that the public would reduce dependence on professional dealers. The only option for the Bank would be to regulate their operations in the exchange hall.

### **Earmarking of Counters**

3.16 At some centres one exchange counter and one defective note counter are earmarked for professional dealers and their entry to other counters is restricted. The arrangement is working satisfactorily. Other offices may also examine adopting a similar practice after taking into consideration local conditions.

### **Mix of Fresh Notes and Reissuables**

3.17 Availability of fresh notes at RBI counters acts as an incentive to the professional dealers to crowd at the RBI counter instead of approaching the currency chest branches to exchange the defective notes. The Committee feels that discontinuance of supply of exchange value entirely in fresh notes and part exchange by reissuables may discourage them from crowding the RBI counters.

## **Security Arrangements in the Exchange Hall**

3.18 It is noticed that at the time of opening the banking hall there is a great rush at the gate to enter the banking hall and stand in the queues. This is mainly due to a large number of professional dealers waiting at the gate to enter the hall earlier than others and monopolise the counters. Due to unruly behavior by some of them, on some occasions, the queues get disturbed giving a poor impression of the state of commencement of business. The security staff should, therefore, take steps to ensure that the queues are formed and maintained in an orderly manner and no attempt is made by a dealer to behave discourteously towards other customers at the Bank's premises. Security officer's cabin in the Exchange/Banking Hall should also be located at a place that gives him a commanding view of entire hall from the cabin itself. During banking hours he should devote time to regulating queues and maintaining order in the banking hall. Administrative matters could be attended to by him before/after the banking hours.

## **Supply of Notes to Currency Chests**

### **Salvaging of reissuable notes**

3.19 The Issue Department has been facing difficulty in meeting the full requirements of chests for currency notes mainly owing to short supply of fresh notes from the currency note

presses. While the position would no doubt improve after commissioning the two new note printing presses at Salboni in West Bengal and Mysore in Karnataka and coinisation of smaller denomination notes, greater reliance till then will have to be placed on recycling reissuable notes. It is, therefore, essential for branches of banks and RBI offices to **salvage reissuables** from the notes received daily and remit only non-issuable notes to the Issue Offices of RBI. Issue offices should also pay more attention to salvaging the reissuables.

### **Increasing the Production Capacity at Existing Note Presses**

3.20 Shortage of fresh and high denomination notes (Rs.100/- and Rs.500/-) appears to be the primary reason for customers' dissatisfaction. Chest managers complained that lower denomination notes are dumped on them although they require only high denomination notes. The Committee feels that denomination-wise resource management requires to be made customer-responsive. Also, in view of the capital intensive nature of the Presses and the demand for currency, steps need to be taken to modernise and expand the machinery at the existing presses, especially Nashik, and ensure increased production ( by increasing the number of shifts and working days) to meet the indents placed on them by the Bank.



### **Pace of Coinisation to be Synchronised with Mechanisation**

3.21 The Chest managers were not very receptive to the Bank's decision to coinise Rs.1/., Rs.2/- and Rs.5/ notes. But if the same is a fait accompli, they felt RBI should take the lead in popularising the use of coin sorting and coin counting machines at the industry level. The pace of coinisation may be kept in tandem with the pace of mechanisation. RBI may also discuss the matter with banks before going in for large scale coinisation so that suitable storage arrangements are made at the currency chests.

### **Standardisation of Coins**

3.22 Coins should be standardised in weight and size so that their linkage with the telephone booths and several types of counting and vending machines is not hampered.

### **Upgradation of Quality of Notes**

3.23 The quality of high denomination notes (Rs.100/ and Rs.500) should be upgraded so that the notes last longer and wear and tear are minimum.

## **Adequate Supply of Currency Notes**

### **Opening of Currency Transit Centres**

3.24 Issue offices continue to receive complaints that the existing currency chest branches are not in a position to serve the needs of their area adequately due to limited storage space for notes and coins. Such centres should be identified in consultation with banks and early arrangements made to open more chests. The Committee was informed that the recommendation of Goiporia Committee on formation of a Currency Corporation could not be considered for implementation by the Bank because the suggestion did not have the necessary details. The implementation of the Nayak Committee recommendation to set up Currency Transit Centers would, however, take care of the problems referred to by the Goiporia Committee. Therefore, the implementation of Nayak Committee recommendation on introduction of CTC should not be delayed further. The CTCs would cut down avoidable movement of treasure to a great extent.

### **Larger Storage Capacity at Chests**

3.25 Currency chests at urban centres should be advised to create larger storage facilities to facilitate movement of currency from such centres to feeder chests.

### **Working of Command Area Arrangements**

3.26 It was also brought to the notice of the Committee that the command area concept for a chest introduced by the DCM has not been working satisfactorily as banks are reluctant to serve branches of other banks in the command area. Apart from allocating branches in the command area to a chest, the Issue Department should have periodic meetings with the zonal offices of concerned banks to oversee the smooth functioning of the system. Once currency chests meet the demands of bank branches locally, there will be overall improvement in the availability of notes and coins to the public. DCM may review the working of the Scheme and initiate corrective actions urgently.

### **Allowing Scheduled State/Urban Co-operative Banks to manage Currency Chests**

3.27 The Bank has already started allowing private sector scheduled commercial banks to open currency chests provided they fulfill the prescribed norms. This facility of maintaining currency chests may also be extended to scheduled state co-operative banks (with a three tier structure) and scheduled urban co-operative banks on a selective basis. This would reduce the strain on the existing currency chests at metropolitan/urban centres.

### **Day-to-day Monitoring of Balances at Chests**

3.28 Resource operation at Issue Offices requires the day-to-day monitoring of balances at the chests. Sometimes, Issue Offices advise the chest managers to approach other chest managers in the area to meet their needs for notes. Since currency chests of banks express reluctance to help other banks, the needy chests run from one chest to another. The Committee feels that the Issue Department may, in such cases, intervene immediately and issue instructions for diversion from one chest to another.

### **Detention of Chest Representatives Deputed to RBI**

3.29 Representatives of currency chests accompanying remittances to RBI are detained for long. The chests have to incur heavy expenditure on their halting allowances apart from non-availability of their services at the chest branches. The Committee recommends that the chest representatives may be detained at Issue Offices only upto the stage of preliminary verification. Once the preliminary verification is completed and the remittance taken into triple lock bins, the chest representative should hand-over his key to the designated local branch of his bank. Services of a representative from the local branch of the bank should be utilised during the detailed counting of remittance. This system introduced by SBI has been working satisfactorily. The DCM may take up this system for implementation by all concerned banks at all RBI Issue Offices.

## **Currency Chest Accounting - Simplification and Reconciliation of Discrepancies**

3.30 Reconciliation of chest/ depot accounts is in arrears from two months to 10 years. In some Issue Offices, the time gap between date of transaction at the chest/depot and date of receipt of chest slip is between two days and 15 days. Although there has been improvement after introduction of the system of penal interest being charged for delayed and wrong reporting, the position is still not satisfactory. There is delay in posting transactions reported in the consolidated statements in the respective chest account ledger ranging between one month and six months. In one office checking of entries in ledgers is in arrears since 1986. In some offices, the erroneous transactions reported in consolidated statements are not promptly reported back to the controlling offices.

### **Constituting Task Forces**

3.31 The Committee feels that reconciliation of chest/depot balances should be completed expeditiously under a time bound program (say, by June 1993) by constituting a Task Force at all offices having accumulated arrears. The Task Force should also bring up-to-date the work relating to :

- i) the posting of transactions from the consolidated statements into ledger accounts;
- ii) reconciliation of erroneous transactions with the controlling offices.

iii) at Issue Offices where reconciliation is pending for more than three years the inspection teams be first assigned task of getting the arrear reconciliation done during inspection by suspending routine inspection until this work is completed.

### **Computerisation of Chest Accounting**

3.32 Use of computer and communication technology appears absolutely necessary for efficient house-keeping of currency operations. Issue accounts at the Issue Offices at Ahemadabad, Byculla, Hyderabad, Kanpur , Madras, Nagpur and New Delhi have been computerised but no review has been done at these centres to ascertain whether the expected objectives have been achieved. Such a review should be conducted by DCM in consultation with MSD. The areas of work in Issue Department which could be further computerised should be identified. Steps to computerise the remaining issue offices and other identified areas should also be initiated.

### **Computer Communication between Issue Offices and Link Branches of Banks**

3.33 Simultaneously, it is necessary to explore the possibility of obtaining data from currency chests/Small Coin Depots under one Issue Circle in a floppy or tape from the controlling offices of the banks within the circle. The controlling offices

will have to organise the receipt of data from their chest branches through some faster mode of communication including computer network or Electronic Mail. All chests with a sizeable volume of transactions can be connected by NICNET to their link offices which in turn may be connected to the computer cells of RBI's Issue Department. A detailed study may be undertaken by MSD and representatives from DCM, DESACS and a few banks included in the team.

#### **DCM to Open Computer Division**

3.34 DCM may open a Computer Division and oversee the functioning of the computer cells at different Issue Offices. The proposed Computer Division at the DCM would be responsible for commissioning the network.

#### **Use of Note Counting Machines at Counters of Issue Offices and Currency Chests**

3.35 The Nayak Committee has recommended the provision of note counting machines to currency chests with predetermined minimum holding capacity. Suggestions have also been made to provide such machines at the banking halls so that the public could use the same to count notes received from Tellers. The Committee suggests large scale use of such note and coin sorting/counting machines.

## **Monitoring the Scheme of Exchange Facility through Currency Chest Branches**

### **Organising Training Programs on Adjudication of Notes**

3.36 Reserve Bank of India has delegated the authority to adjudicate defective notes to all bank branches with currency chests. Training programs are also being held at regular intervals to make the chest managers familiar with the note refund rules. They have also been advised to provide exchange facility to the public. But the Committee observed that there is a tendency on the part of some chest branches to avoid the responsibility of adjudication of defective notes and also in providing exchange facility to the public. This has indirectly led to the growth of professional dealers. The Committee feels that concerted efforts need to be made to provide the service to the public through the currency chest branch network.

### **Publicity on Exchange Facility at Bank Branches**

3.37 Public should be informed by RBI/IBA through the media the names of banks/branches at which exchange facilities are available so that they can exchange defective notes at the specified branches of banks. Banks should be advised that a notice board to this effect should be displayed in such branches. The concerned banks should also give publicity from time to time through the media of the facility for public information. On



a long term perspective, the Committee feels that the exchange/adjudication of soiled/defective notes should be carried out only through the currency chest branch network. Such an approach would lead to public awareness and compel the chest branches to serve the public better and thereby reduce the pressure on RBI counters.

#### **Introduction of Turnover Commission**

3.38 DCM may also examine the feasibility of payment of a turnover commission to banks so that they at least breakeven in taking up this additional item of work. In the larger interest of the public, it has to be ensured that banks provide the exchange facility as a part of their normal banking transactions even at the non-chest branches. Once the system of payment of turnover commission is introduced, banks would, in their own interest build the data base to claim the turnover commission from RBI. This data would be helpful for RBI to monitor the performance of banks in discharging the delegated authority.

#### **Publicity Campaign on Usage of Currency Notes**

##### **Publicity on 'DOs' and 'DONTs'**

3.39 RBI should , from time to time, publicise DOs and DONTs on handling currency notes. Because of improper handling of notes (like folding the notes, writing on the notes, multiple stitching

of note packets, storing notes in improper places, misuse of notes by using them as garlands, etc.) the life of a note gets reduced. The DOs and DONTs publicity should highlight these points. It should be a public awareness campaign to enhance the life of currency notes in circulation. The public may also be educated on 'how' and 'where' they can exchange defective/mutilated notes.

#### **Video on Adjudication of Defective Notes**

3.40 Audio visual training material may be got prepared to educate bank personnel (RBI as well as other banks) on what constitutes a defective note and how the same is to be adjudicated.

## **PUBLIC ACCOUNTS DEPARTMENT (PAD)**

### **Opening of cash receipt/payment counters**

3.41           The public counters for government receipts through cash challans do not require opening cash balance. Preparatory arrangements before their opening are minimum . Therefore, the existing time gap of 15 minutes between the office hours and business hours for staff in Class III and 30 minutes for Class IV and Class I is adequate to get these counters open as per time schedule fixed. Despite this, it was brought to the notice of the Committee that not even 50% of the cash receiving counters are open. Making the attendance time of Class III staff the same as that for Class IV and Class I staff as suggested at paragraph 3.4 would, the Committee feels, ease the position and ensure opening of all counters on time.

### **Preparatory work to cope with Seasonal Rush**

#### **Opening of Additional Counters**

3.42           During the seasonal rush for payment of Income-tax/Sales-tax and also during the last three days of a month for salary disbursement to government departments, PADs feel the need to open extra receipt/payment counters. At some offices additional receipt/payment counters are opened depending on the rush for receipts/payments by adjustment of exchange counters by

keeping the total number of public counters unchanged. Additional counters are also opened with leave reserve floating staff at some offices. Such arrangement could be done at other offices also.

### **Staggering of Government Salary Payment**

3.43           The government departments should also be requested to stagger the salary payment work to three days so that the rush is distributed over a longer period. Most of the state governments have already spread the work over three days. But Central Government salary is paid only on the last working day. DGBA may continue in its efforts to persuade the Controller General of Accounts to agree to spread the salary payment work over three days as in the case of state governments.

### **Appeal to Public to Avoid Last Minute Rush**

3.44           As regards the rush for payment of income/sales tax publicity should be given in the local and vernacular newspapers to pay the taxes early to avoid last minute rush. Co-operation from the local chambers of commerce/trade bodies may also be sought so that they issue trade circulars to their constituents. Publicity may also be given in regard to branches of public sector banks authorised to receive tax payments.

### **Identifying Regular Customers Visiting During Late Hours**

3.45           The rush at public counters of PAD normally builds up at the closing time of the banking hours. Customers would therefore need to be educated to avoid coming at closing hours. Offices may identify those government departments which come at late hours and request them to come in good time so that the work at PAD is not adversely affected.

### **Requesting Government Departments to Deposit Salary Cheques Two Days in Advance**

3.46           At a few centers (Calcutta, Bombay and New Delhi) the number of cash cheques received on the previous day of salary payment is quite large. Since each instrument is required to be examined and posted in the Teller's register as well as the scroll in PAD it is suggested that the government departments may be advised to deposit the cheques two days in advance instead of only one day as at present. This will facilitate expeditious disbursement of cash.

### **Delivery of Receipted Challans - Simplification in Procedure**

#### **Introduction of Cash Register Machines**

3.47           Presently the cash challans received by tellers are countersigned by ATs before the customers' copies are segregated

and sent to the delivery counter. This procedure takes between 15 minutes to an hour. Many customers visit RBI a second time either later in the day or the following day to collect the receipted cash challans. With a view to reducing the wait time, the Committee recommends that Cash Register Machines should be introduced at the counter. While generating the 'Receipted Stamp' through the Cash Register Machine, audit trail of the transactions would also be stored/generated. This would help verifying whether the challan received by a Teller is accounted for in the government account. On introduction of such a system, receipted cash challans can be delivered straightaway by the Teller. There would not be any need to queue up once again before the challan delivery counter. **Such Cash Register Machines should be introduced on a priority basis at Bombay, New Delhi, Calcutta, Madras and such other PADs where the volume so warrants.**

### **Relocating the Delivery Counters**

3.48 With a view to expediting delivery of receipted cash challans, Offices were advised to relocate delivery counters. Offices which have not done so as yet, and where Cash Register Machines are not likely to be introduced in the near future may do so at the earliest.

### **Definite time frame for Delivery of Receipted Clearing Challan**

3.49 While receiving challans with cheques drawn on local banks, a tenderer is issued a token in which the expected

date of delivery of receipted challan is indicated. It was, however, noticed that at certain centers, the time schedule was not adhered to. Such receipted challans should be delivered on the working day following of day of realisation of the cheque proceeds. At Bombay, it should be on the fourth day (including the day of receipt of the challan) and at other centers, it should be on the 3rd day. After introduction of PC-cum-Encoder at Bombay PAD (as suggested in a subsequent paragraph in the Report, Bombay Office should also deliver the receipted clearing challan on the third day.

#### **Standardisation of Challan Forms**

3.50 Challans are of varying sizes. The Internal Committee on introduction of Cash Registers at PAD has already suggested standardisation of the challan forms. A Committee appointed by Bank on which a few government departments had also representatives examined this matter and suggested standardisation of challan forms. But it has not been possible to implement this in the absence of government's concurrence. Also, there is a need to reduce the number of counterfoils of challan from four to two i.e. one for the tenderer and the other for the government department. The Committee is of the view that the DGBA should vigorously pursue with the government both on standardisation of challan forms and the need to reduce the number of copies to two in stead of three/four as at present.

### **Customers to have Option to Receive Receipted Challan by Post**

3.51 Presently the receipted clearing challans are delivered to the tenderers on realisation of the proceeds of the cheques against the surrender of token issued at the time of receiving the challan. Therefore, the tenderer of a clearing challan is required to visit the RBI counter twice - once at the time of tendering the challan and a second time to take delivery of the receipted challan. If, however, a cheque challan was received by post, the receipted challan is sent to him by post. The Committee feels that the need for a customer to approach RBI once again can be avoided if he is given the option to receive the receipted challan by post with the responsibility of misplacement, if any, by the postal department on the tenderer himself. The tenderer, in such cases can attach a self-addressed stamped envelope along with the cheque-challan and drop the same in a receptacle earmarked for the purpose or deposit the same at the counter during the business hours.

### **24-Hours Cheque Challan Deposit Facility**

3.52 As a corollary to this suggestion, a tenderer of cheque challan may have also an option to deposit the cheque challan in locked receptacles to be kept outside the Banking Hall in the Bank's premises. This would provide 24 hours cheque-challan deposit facility to a tenderer.



## **Expeditious Collection of Local and Outstation Cheques**

### **Presentation of all local Cheques in Same Day's Clearing**

3.53 All the cheques received by PAD for collection and credit to government account should be presented in clearing the same day.

### **Supplying PC-cum-Encoder Machines to PADs at Metropolitan Centers**

3.54 At metropolitan centers, cheques are sent to clearing house for encoding as well as presentation in clearing. NCCs have prescribed their cut-off timings. This acts as a restriction on PAD to present all the cheques for the same day's clearing. The Committee recommends that PAD should discuss the matter with the Regional NCCs so as to arrange mutually convenient timings to ensure that PADs send their outward clearing cheques to the clearing house the same day. It would be advisable to provide PADs at four metropolitan places PC-cum-Encoder Machines so that while encoding the instruments clearing receipt scrolls are also simultaneously generated. If Reader attachments are provided to these PC-cum-Encoder machines, the drawee bank particulars can also be captured while encoding the cheques. **Such arrangements would provide operational flexibility to PAD for sending all the outward instruments duly encoded to NCC for the same day's clearing.**

### **All RBI Centers to be Connected to Intercity Clearing**

3.55            RBI offices at metropolitan centers are in a position to collect the proceeds of instruments drawn on other metropolitan centers within 5/6 days. Ahmedabad, Bangalore, Hyderabad and Nagpur Offices are also in a position to collect the proceeds of cheques drawn on metropolitan centers through one way inter-city clearing in 5/6 days. Recently, Kanpur has been connected to New Delhi and Thiruvananthapuram to Madras and Bombay. Attempts should be made to connect the remaining offices to all the four metropolitan centers in one way intercity clearing so that cheques drawn on the metropolitan centres are collected and credited to government accounts at the earliest.

### **Collection of Cheques Drawn on Non-RBI centers**

3.56            The instruments drawn on centers where RBI does not have an office are collected through the local offices of the drawee banks and collection of such instruments takes anywhere between 2 weeks to 2 months. Until the extension of the National Clearing of intercity cheques to all important centers, the solution lies in vigorous follow-up and close monitoring by regional offices with banks delaying remittance of the collected proceeds.

### **Banks to Remit the Collected Proceeds with RBI Cheques**

3.57 Banks are observed to issue a banker's cheque to RBI in respect of the collection proceeds which has to be sent for local clearing - thereby the receipt of proceeds and credit to government account gets delayed by a further period of three days. Local offices may, therefore, advise banks to issue a RBI cheque in respect of all such proceeds payable on a day.

### **Forwarding of Challans to Government Departments**

#### **Submission of Challans on a day-to-day basis**

3.58 Receipt and payment scrolls with the relative challans/cheques are essential documents through which government departments reconcile their figures. The delay in receipt of the scrolls by government departments is a complaint prone area. There is a gap of upto 15 days in forwarding the daily scrolls. During study visits government departments stated that this area of work has not received the attention it deserves from the PADs. **The Committee feels that the challans can very well be sent on a day-to-day basis as a part of daily routine if its importance is explained to all concerned.** The Manager/Joint Manager should ensure that the PAD work certificates reflecting the position in important areas are put up to them on a weekly basis.

### **Forwarding of Income-Tax Challans**

3.59 There is, however, a special problem in forwarding Income-tax challans the following day. The Income-tax challans are of unwieldy sizes and have to be cut before tagging them with the receipt scrolls. Moreover, one copy has to be sent to Income-tax Department for assessment purposes and the other to Zonal Accounts Office of CBDT for accounting purposes. Delay by one more day during the rush period can be appreciated. Therefore, DGBA may take up the matter with CBDT explaining that forwarding the challans and scrolls to two divisions of CBDT should not be insisted upon.

### **Computerisation of Receipt and Payment Section Work**

3.60 PAD scrolls processing has been computerised at a few centers (Bombay, New Delhi, Madras, Kanpur, Hyderabad, Bangalore and Ahmedabad). But the formats of different statements generated by the centers are not uniform. At Bombay, the names of tax depositors are written manually after the clearing scrolls are generated on the computer system. Cash and transfer scrolls continue to be prepared manually. At Madras the cash and transfer transactions are also recorded on the computer and all the scrolls (cash/clearing and transfer) are generated on the computer. Similar procedure should be adopted at other three centers where the scroll processing has been partially computerised. Once all transactions (cash, clearing and transfer) are compute-

rised, all monthly statements can be generated on the system at the month end automatically.

### **Defining Heavy Payment Counters**

3.61 Under the existing procedure, heavy payments counters function under the supervision of an A.T. Since the term 'heavy payment' has not been defined, the maximum amount per token paid at the counters other than heavy payment counter differs from center to center. At one center, amounts upto Rs.2.00 lakh are paid at the counter and amounts above Rs.2.00 lakh are paid at the heavy payments counter. It was noticed that there was unusual pressure on the heavy payments counter whereas at other counters there was hardly any work. Each Manager should examine the position at his office. The Committee recommends that the Managers should be empowered by DGBA/DCM to decide the minimum limit for heavy payments in his office from time to time.

### **Use of Note Counting Machines at the payment counters**

3.62 Government departments/banks taking cash payments from RBI counters should be given reasonable opportunity to verify the cash. It is recommended that note counting machines be installed, to start with, at the payment counters. Since reissuable notes are also issued at the counters the note counting machines so installed should be capable of counting the reissuable notes as well.

### **Use of Electronic display boards at the payment counters**

3.63           Number of the cash counter where payment is to be made is normally indicated on a paper token at the time of issuing the metal token. At some centres by usage customers by looking at the metal token number know at which counter number the payment would be effected. The customer is required to wait in front of the counter till his turn comes (called by the Teller after ringing the bell). This method is not only inefficient but shows the Bank's inability to keep pace with developing technology. At some offices electronic display boards have been installed but they are either not used or are not functioning. The Committee recommends that electronic boards may be installed above the payment counters at offices which have not yet done so to indicate the token number scheduled for payment at the counter to facilitate payments and for customers' convenience; wherever electronic display boards have been installed they should be made operational and used.

### **Advising Central Board of Direct Taxes to do away with the system of issuing ITRO advices**

3.64           The Income Tax Department issues the Income-tax refund order (ITRO) advice along with the ITRO to the beneficiaries for instruments upto Rs.999/-. These advices are required to be sent to the paying banks through the collecting banks. The customer deposits the ITRO as well as the ITRO advice with the collecting bank which in turn forwards the advice to the paying

bank. Since these advices are in non-MICR format they are required to be sent separately at the MICR centers. The experience of PADs of Byculla, New Delhi, Calcutta and Madras is that a large number of ITROs are returned unpaid as the relative advices were not received. In case of ITROs above Rs.1,000/-, ITRO advices are sent to RBI. Sometimes it is noticed that the advices are not received when the customers make presentation and the customers are put to inconvenience as the ITROs are returned unpaid for want of advice. The Committee considers that the ITROs should be adequate to verify the authenticity of payment instruments and recommends that advices against each and every instrument need not be issued. The system of issuing advices may be dispensed with. The precautions usually taken by government departments while issuing government cheques would be applicable to issue of ITRO refunds as well. DGBA may pursue the matter with Ministry of Finance.

### **Use of Signature Retrieval System**

3.65           Signature Retrieval System facilitates expeditious verification of signatures of drawing and disbursing officials. This system introduced at Byculla offices may be extended to all offices. It was noticed that at offices where these machines have been provided are not in full use. Terminals should be provided to concerned officers in PAD, DAD and PDOs to access the system. Managers may take initiative in this regard.

3.66           The time available for officers to verify signatures on clearing instruments is limited as they report for work at the normal office timings which has resulted in the required detailed scrutiny not being conducted. As at metropolitan NCCs inward cheques are available early morning for processing, the concerned offices may consider staggering the timings of passing officials to afford them adequate time to process the instruments as is being done by commercial banks.

#### **Use of Electronic Clearing Facility for Salary Payments by Government Departments**

3.67           During interaction with Government departments a few Government departments like Northern Railway, Delhi and Government of West Bengal (Finance Department) showed interest in making use of electronic credit clearing facility recently launched on pilot basis at Madras whereby a sponsoring bank gives to the NCC a magnetic tape/disk containing a number of credits to accounts in several branches of different banks and the clearing system is used to deliver printed lists bank-wise and branch-wise. This facilitates quick credits to accounts with minimal additional work at the banks and reduces an equivalent number of cheques in the clearing system. In a similar manner direct debit facilities (subject to an upper limit) can also be given to certain customers such as Telephone Authorities for quick collection of telephone bills. The Committee feels that a Government department availing itself of this facility would not only help the Government departments but also reduce a great deal of burden



on RBI. DGBA may be involved in the credit clearing project from the beginning itself so that the requirements from the Government angle are taken care of while finalising the scheme.

### **Monitoring Government Transactions in Public Sector Banks**

#### **Strengthening of Inspection Cell of PAD**

3.68 A few Government departments whose transactions are handled both by RBI and public sector banks reported that the public sector banks have not shown the desired enthusiasm in handling their work. They have not created adequate infrastructure to receive and pay on behalf of government departments and do not report the transactions to RBI on a day-to-day basis. On many occasions the collections received on behalf of government departments such as Income-tax receipts remain with the banks for quite some time. For delayed and incorrect reporting in respect of Central Government transactions, a penalty is imposed. DGBA may examine whether on the same lines penalty may be imposed on banks for delayed and incorrect reporting in respect of collections on behalf of state governments. All relevant aspects should be inspected by the officers in the Inspection Cell of PAD and also follow them up for compliance. The Committee recommends that the Inspection Cells of PADs should be adequately manned who should inter alia examine this aspect and the services of officers in the Inspection Cells should not be utilised for other work unless otherwise free.

### **Pension Payment through Commercial Banks Only**

3.69            There is still a rush for payment of pensions at certain RBI offices even though the work has been delegated to the public sector banks. Accounts Officers of such offices reported that many pensioners continue to draw cash from RBI because they get new currency notes and find RBI services better than at other banks. The Committee recommends that DGBA may continue its efforts to make them draw pension at branches of commercial banks near their residence so that this work is carried out fully by banks.

### **Expeditious Payment of Turnover Commission**

3.70            A few banks stated that the turnover commission for handling Government transactions is not paid in time by the PADs. Delay in reimbursing the pension amount (by credit to their account in DAD) was also reported by a few banks. The Committee recommends that the Joint/Deputy Managers of the Offices may periodically look into the matter through monthly work certificates to avoid such complaints.

### **Payment of Pension only through Bank Accounts**

3.71            It was noticed that some Government departments send Pension Bills to RBI instead of issuing cheques to pensioners. Payment on the basis of the bills (which are of unwieldy

sizes) is cumbersome. It is suggested that all pension disbursing authorities may use only pension cheques. DGBA should continue with its efforts to persuade the concerned state governments to arrange to pay pensions through bank accounts of the pensioners.

**Railways to be allowed to open accounts with more number of public sector bank branches**

3.72 During study visits to regional offices, the Railway authorities at almost all centres complained that the arrangements to deposit station earnings and effect payments through the bank branches specified by RBI are not working satisfactorily. At many places, the designated branches are far off from the station. Whereas such stipulation has been made for accounting simplicity, there are operational difficulties at the field level. Some of the designated branches were also reported to be not keen to handle government work. The Committee is of the opinion that the Railway authorities should be allowed to open accounts with more number of bank branches, provided the concerned banks are willing to follow the accounting discipline prescribed by RBI. DGBA may, in consultation with Railway authorities work out the details.

## **Management of Clearing Houses**

### **Introduction of MICR Clearing At More Centers**

3.73 Presently Reserve Bank manages 14 clearing houses of which clearing houses at four centers i.e. Bombay, New Delhi, Calcutta and Madras are fully computerised. At six centers viz. Ahmedabad, Bangalore, Hyderabad, Kanpur, Nagpur and Thiruvananthapuram, the settlement based on input statements is computerised. Full computerisation with MICR clearing at metropolitan centers has reduced the sorting and listing work at banks considerably. Banks at Ahmedabad and Hyderabad suggested that the benefit of MICR clearing should be extended to their centers also. MICR cheques have been introduced by banks at Ahmedabad, Bangalore, Hyderabad and Nagpur but MICR clearing has not yet been introduced. The Committee recommends that MICR cheque processing at these four centers be introduced early and at the other centers in due course at the rate of three new centres a year.

### **Computerisation of Clearing House Settlement at Jaipur, Guwahati, Patna and Bhubaneswar**

3.74 Clearing House settlement work at only 4 RBI centers remain to be computerised. Computerisation would help expeditious settlement of figures and banks would be benefited by way of better funds management. The Committee recommends that the settlement work may be computerised early.

## **Reconciliation of Clearing Differences in MICR Clearing**

3:75            Although banks at metropolitan centers are satisfied with the services offered by the clearing houses, a few suggestions emerged which require detailed scrutiny by the regional offices of NCC. Member Banks reported that a large number of entries of clearing differences are outstanding. They can be reconciled only with the active assistance of NCC. The Committee recommends that the issue of all unreconciled clearing differences should be examined in great detail by the NCC. Since the entries are outstanding for a considerable time NCCs should exhort the banks to adhere to the reporting discipline and take corrective measures. Central NCC may monitor the progress periodically. A study should also be commissioned to suggest steps so that the scope for clearing differences is eliminated altogether.

## **Periodic Meetings of the Clearing House**

3.76            During study visits it came to the notice of the Committee that meetings of the Standing Committee of the Clearing House are not organised regularly. A lot of issues can be thrashed out (particularly on reconciliation of clearing differences) if meetings are held regularly. The Committee suggests that the Standing Committee of the Clearing House should meet at least once in a quarter. General body should meet at least once

in    six    months.

### **Connecting all RBI Centers to National Clearing of Intercity Cheques**

3.77 Introduction of intercity clearing through the national clearing mechanism has led to expeditious clearing of intercity cheques. Presently Ahmedabad, Banglaore, Hyderabad, Nagpur and Baroda are connected with all the major centers in one way clearing apart from the four metropolitan centers connected to each other in two-way clearing. Attempts should be made to inter-connect all RBI centers through national clearing mechanism so that proceeds are collected within 4/5 days and the benefits passed on to government.

### **Introduction of Electronic Credit Clearing**

3.78 The Bombay clearing house faces special problems due to an unusually high volume of cheques required to be processed. The situation worsens when it reopens after two or more continuous holidays. On peak days the cheque volume reaches 1 million. A few banks suggested early introduction of electronic credit clearing for low volume instruments like dividend/interest warrants and refund orders. The scheme may initially cover beneficiaries at metropolitan centers and thereafter be extended to more and more centers in due course. This would also eliminate the cases of clearing differences which are piling up day by day. It would also facilitate building a full scale Electronic Funds Transfer system in the country.

### **Introduction of High Value Clearing at Additional Centers**

3.79 High value clearing now in operation at four metropolitan centers provides same day credit and 2nd day withdrawal. Similar clearing may be introduced at larger centers such as Ahmedabad, Bangalore, and Hyderabad and Kanpur after detailed discussion with the member banks of the local clearing houses.

### **Inter-bank Clearing on EFT Payments through Banknet**

3.80 Banknet has already been introduced at seven centers and most of banks have got Banknet nodes. It is time that electronic inter-bank clearing is held at each of these centers with the Banknet node at DAD receiving and processing all credit transfer messages. In due course, the coverage of the Inter-bank clearing may be at National level with the settlement made at Bombay - the prime money market centre in the country.

### **Satellite Clearing at Bombay Suburban Centres**

3.81 Since the volume of cheques at Bombay is unusually high and is increasing at the rate of 17 per cent per year, the existing infrastructure cannot keep pace with the demands from banks in future. The clearing system is under considerable strain. NCC may explore the feasibility of having satellite clearings at suburban centers instead of centralising the entire load on the clearing system at Nariman Point. Banks with

a sizable volume of inward cheques may also be advised to sort their inward instruments at their end.

### **Data Processing for Input Statement based Clearings at Bombay**

3.82 At Bombay the member banks of the Clearing House exchange their documents for the input statement based clearings at Amar Building ; but data processing thereof takes place at NCC premises at Nariman Point. Since there is substantial loss of time in transporting the statements , and there is an urgency to work out the settlement figures early, the Committee feels that data processing may as well be done at the Amar building premises as it used to be done about two years ago. It would also facilitate early dispatch of vouchers to DAD ( or transfer of data through LAN direct to DAD's ALPMs when ALPMs are operationalised).



## **DEPOSIT ACCOUNTS DEPARTMENT (DAD)**

### **Operationalisation of ALPMs at all DADs**

3.83 Current Accounts Section of DAD maintains the principal and subsidiary accounts of scheduled banks and deposit accounts of a number of financial institutions having financial dealings with the Bank. Since the balances held with the Bank are utilised by these banks for a variety of money market operations in addition to meeting statutory obligations, the house keeping efficiency of DAD has a direct bearing on the working of the account holders. To facilitate them in managing their funds properly, DADs are required to furnish the Statement of Account giving the details of credit and debit transactions effected at RBI next day morning. The time frame is normally adhered to by all the offices except Bombay where the statements are delivered only in the afternoon. At centers other than Bombay, banks collect the same at about 12.00 noon.

3.84 Along with the Statement of Account, the Bank is also required to send an advice, on each transaction effected. Banks at almost all the centers the Committee visited, stated that the compliance in this regard was far from satisfactory especially in regard to transactions originated at the RBI by departments other than DAD. The advices are sent two/three days

late or not sent at all. Banks find it difficult to respond such entries and reconcile the account.

3.85 Mechanical aids presently being used by the offices are minimal. Ledger posting machines are used at Bombay, New Delhi and Madras. They are electromechanical equipments with very little memory. Ledger cards are prepared by using these machines. But wear and tear of these machines is very high and full details of transactions can not be printed. Memory is also lost once it is powered off. Therefore, the Committee suggests that Advance Ledger Posting Machines (ALPMs) now planned by the Bank may be installed and operationalised early. The Committee was informed that trial run at Madras has been held up due to some problem with the software vendor. **Since software vendor is willing to provide support at Bombay, ALPMS may be operationalised at Bombay initially. In the next phase, New Delhi, Calcutta, Madras, Hyderabad, Ahmedabad and Bangalore may be taken up. Attempts should be made to install ALPMs at all these DADs by December, 1993.**

#### **On-line Transaction Facility by DAD to Account holders**

3.86 The concept of on-line connectivity widely introduced appears to be the most ideal condition for customer service. Banks, with their computer systems connected to DAD systems through leased/PSTN lines may be allowed to initiate transactions debit their accounts and credit the accounts of

some other account holder/s with RBI. Banknet would be one mode of communication but not the only one. Banks may, dial up to DAD and leave the message on the electronic mail. DAD, after proper security check would initiate the transaction and confirm having acted on the message. In case of message through Banknet, the message would be redirected through a program from the Banknet node to the ALPM for automatic posting. DGBA may, in consultation with DESACS and MSD work out the modalities of implementation. The project may be commissioned initially at Bombay to be extended in due course to other centers. Once the project succeeds at the local levels, a network could be developed with the facility to transfer funds from any RBI center to another. In due course banks and other account holders can be given the facility of initiating transactions at the national level covering all DADs.

#### **Use of Communication Aids**

3.87 DADs at the 7 centers connected to Banknet should have Banknet nodes exclusively for their use. It should be located very close to the Current Account Section. In Phase II of Banknet Project, when more centers would be brought under the network's coverage, DADs at the new centers may also be provided with Banknet nodes. This would help linking of all DADs as suggested at paragraph 3.3.2 earlier.

3.88 Hotline and direct STD facility should be provided to all DADs where it has still not been provided. This may be taken as a priority communication assignment and got done urgently.

3.89 All sections of DAD should be provided with internal telephone extensions.

3.90 Presently Automex which connects all RBI offices has been working satisfactorily. An Automex terminal should, therefore, be installed at each DAD. Template facility should be developed in Automex so that certain routine messages (particularly the remittance messages) are sent in standard format in addition to free format messages.

### **Telegraphic Transfer**

#### **Cutoff Time for Accounting on the Same Day**

3.91 There is a general demand from banks that the time for receipt of outward TTs be extended by one hour beyond banking hours and that all inward TTs be processed on the day of receipt. The Committee observed that offices have stipulated cut-off time for processing inward TTs. It is one hour before the close of business at most of the offices. Since the banking hours at Bombay close at 3.00 P.M. and Bombay issues most of its

outward messages at about 2.45 to 3.00 P.M., the receiving offices get the messages from Bombay only at about 4.30 P.M. It becomes difficult for them to account for these messages the same day. Now that various communication aids are available, banks were inquiring whether the advantages of advanced communication aids could not be passed on to them. The Committee is of the view that

(i) DADs should transmit TTs in suitable instalments during the day so as to avoid bunching and ensuring receipt by other offices in good time.

(ii) All inward TTs received by the DADs upto at least one hour before the close of office should be accounted for on the same day.

(iii) To facilitate expeditious processing of inward TTs, Standard Test Key verification software already available in the market could be introduced.

(iv) DADs may use Banknet/Automex to send the advices through the specified templates. At destination centers Banknet nodes could be interfaced with ALPMs to facilitate generation of all vouchers and other internal reports.

### **TT Discount Facility**

3.92 In order to square up a debit balance at close of

business, banks at times, request DADs to provide them TT discount facility after the banking hours. Normally such requests are favourably considered. But since banks are not very sure whether their request would be considered, they arrange funds from the inter-bank market. The Committee is of the view that in such cases, DAD should extend necessary help to banks.

3.93 A suggestion was also received indicating that the present TT discount limits fixed for banks at various DADs are not adequate to take care of the emergency need for funds by the banks. This may be reviewed by DBOD.

#### **Netting of Clearing Settlements at four Metropolitan Centers**

3.94 DADs at the four metropolitan centers are now well connected (by Banknet, Automex, Telex, Fax and hot lines) and new services like netting of clearing settlements at four centers has become feasible. Banks may like to have their clearing settlement account at only one center. Such a system, in due course, would lead to National Settlement of clearing operations. The need for remittance of funds from one center to another would also be minimised. DGBA in consultation with NCC may finalise the modalities for implementation.

## **Issuance of Bank Drafts**

3.95 DADs issue drafts to government departments and financial institutions. Drafts are also issued, on the indents of Claims Section of Issue Department. It is noticed that preparation of a draft takes a half hour to four hours and often delivered on the following day. The Committee recommends that drafts should be issued within a half hour and on the same day. Where drafts cannot be issued manually on the same day owing to the volume, computerised issue of drafts on continuous stationery is recommended. It would generate drafts on continuous stationery and by the end of the day should generate control reports, advices and vouchers. Initially, draft issuance work may be computerised at Bombay, New Delhi, Calcutta and Madras Offices.

## **Requisition of Draft by Claims Section on Daily Basis**

3.96 Bunching of requisitions for drafts by the Claims Section of Issue Department dislocates the work at DAD. On some occasions DAD refuses to prepare the draft the same day. The Committee recommends that Issue Department may send the requisition for drafts immediately after adjudication of notes and should not resort to bunching. DAD should also prepare the

drafts and send the same to Issue Department the same day.

### **Issuance of Drafts by Byculla Office**

3.97           It was brought to the notice of the Committee that it takes 3 or more days for Byculla Office to issue drafts to the indenting government departments. The delay is due to Byculla Office having to place a requisition with Bombay Office for preparation of drafts although DGBA has already allowed Byculla Office to issue drafts direct to be accounted for in the Bombay Office. (other offices would not, however, be able to issue drafts payable at Byculla Office). Byculla Office should implement early the facility extended to it by DGBA.

### **Payment of Cash**

3.98           Payment of cash cheques other than heavy payments should be made within a half hour. It was reported that some DADs do not allow cash withdrawal by account holders more than once a day. Although account holders should be requested to plan their cash requirements carefully, requests for drawal of cash a second time in special circumstances should be considered favourably.

3.99           Signature retrieval systems have been installed at some DADs. They should be put to optimum use. This facili-



ty should be extended to all DADs where the volume so warrants.

### **Withdrawal from Favourable Clearing Balance**

3.100           Majority of banks have been suggesting drawal of the favourable balance in presentation clearing without waiting for the return clearing. Since the percentage of returns is nominal to their outward, some banks have suggested that only a certain portion of the clearing towards returns was (say the average value of the return of a particular bank during last six months) may only be blocked. Another suggestion was that banks may be asked to have mutual accommodation agreements with authorisation given to RBI to debit a particular bank to wipe out the debit balance of the accommodated bank. This would protect the Bank from the credit risk of releasing funds before the return clearing and would put the onus of responsibility on the accommodating bank.

3.101           This issue had been examined by DGBA in March 1992, and member banks have been permitted to draw on their favourable balance in the clearing to be utilised for meeting the adverse clearing of another bank. This meets with the requirements of banks to some extent. But considering that this request was commonly made by banks at all centers, the Committee feels that **DGBA may review the position to examine whether a part of the favourable clearing balance could be allowed to be withdrawn.**

### **Pay-in-Slip Facility to Financial Institutions**

3.102 At seven centers (four metros, Hyderabad, Bangalore and Ahmedabad) where inter-bank clearing has been introduced, the facility of lodging RBI cheques with the pay-in slip for transfer to other banks has been withdrawn. Whereas withdrawal of this facility to member banks of the clearing house is in order, the Committee is of the view that facility to deposit cheques with RBI drawn in their favour should continue to be available to financial institutions like who are not direct members of the Clearing House and which do not have current accounts with banks.

### **Non-cash Transactions beyond the Banking Hours**

3.103 Goiporia Committee has recommended that banks may extend banking hours which do not involve cash transactions uptill one hour before the close of working hours. In the Reserve Bank also there is scope to provide better customer service by providing this facility in areas such as delivery of receipted challans, receipt of cheque challans, acceptance of government security scrips for payment of interest. The Committee recommends that DGBA, DCM and ECD may identify the areas where the suggestion can be applied and advise the offices.

## **PUBLIC DEBT OFFICE (PDO)**

3.104           The services rendered by Public Debt Office (at 15 centers of RBI) mainly consist of issuance of loans, periodic interest payment and repayment after maturity. During the currency of a loan (issued in the form of scrip or stock certificate or Subsidiary General Ledger entry) requests for consolidation, sub-division, enfacement are many which are processed as per time schedule prescribed in PDO Manual. Simplification of procedure is an on going activity and several recommendations made by the Iyer Committee on Revision of Public Debt Act and Rules have been implemented. A few other recommendations are still under consideration by the Bank and the government and their implementation would improve the quality of service considerably.

3.105           A beginning has already been made on the implementation of the Saraf Committee recommendations on mechanisation of PDO. Computerisation of SGL Section of PDO, Bombay is nearing completion. The Committee suggests full implementation of the Saraf Committee recommendations in about a year's time.

### **Time Schedule for various activities**

3.106           Time schedule prescribed in PDO Manual for attending to various activities is as under :

Nature of transactions	Maximum period allowed
i) Local PDO securities lodged for drawal of interest	4 clear working days
ii) Renewal, consolidation, sub-division.	6 clear working days without interest and two additional working days when interest is due.
iii) Enfacement	2 clear working days in case of local notes without interest
	5 clear working days with interest.
	4 clear working days for renumbering case without interest.
iv) Repayment	7 clear working days in case of promissory notes with interest.
	4 clear working days in case of stock certificate where interest is not due.

- |  |   |
|--|---|
| v) Local securities for credit to Subsidiary General Ledger Account. | 2 clear working days without interest.  |
| vi) Issue of scrip by debit the Subsidiary General Ledger Account.   | 2 clear working days (without enfacement).  |
| vii) Certification of registry of sale power.                        | 1 clear working day.  |
| viii) Registration of Documents                                      | 1 clear working day for death certificates, Powers of Attorney in printed form, Certificates of Identity and other documents issued in standard forms; and<br>2 clear working days for Memorandum and Articles of Association or other lengthy documents. |
| ix) Issue of New Loan Scrip  | 7 clear working days provided the border forms have been received by the Public Debt Office.  |

3.107            The Committee feels that **there is scope for reduction in the time prescribed for some activities such as interest**

payment on local PDO securities and repayment of matured promissory notes. DGBA may conduct a detailed study in this regard.

3.108 Heavy arrear of work should be brought to the notice of the Accounts Officer. Joint Managers/Managers should be kept informed of the likely delay, if any, immediately so that suitable action is promptly initiated. The Manager/Joint Manager should have periodic meetings with officers of P.D.O. to organise work in a manner so as to **complete the work as per schedule**. Staff may be diverted from different Sections/Departments to meet seasonal pressure of work.

3.109 The monthly work certificates submitted by the Sectional heads need be carefully examined . Submission of "No Arrears" certificate in a perfunctory manner without actually verifying the level of arrears should be viewed with concern.

#### **G.P. Notes**

#### **Conversion of G.P. Notes to Stock Certificates/SGL Account**

3.110 Unlike stock certificates, G.P. notes are required to be presented for payment of interest at the specified office of PDO/treasury. The Iyer Committee has suggested that in the overall interest of the investing community and the Bank, the securities in the form of G.P. Notes may be progressively con-

verted into stock certificates and SGL accounts and in future, government securities may be issued only in the form of stocks. DGBA may vigorously follow up with G.P. Note holders and request them to convert the GP Notes into stock certificates at the earliest.

### **Prompt Interest Payment on G.P.Note**

3.111 Payment of interest upto Rs.1,000/- on G.P. notes may be made in cash at the Bank's counters if so desired by the party and if the interest amount exceeds Rs.1,000/-, the payment may be made by issue of an interest warrant. Since the number of individual G.P.N. holders is very small and if there was no change in ownership since the last interest payment, it should be possible to complete the transaction within two hours so that G.P. Note holder is not required to visit the Bank on another day. This could be done by prioratisation of this work within the P.D.O. during payment of half yearly interest, if necessary, by providing separate counters with dedicated staff.

### **Issuance of Securities Against New Loan Applications**

#### **Receipt of Application Forms**

3.112 As suggested by the Committee on Computerisation of

Public Debt Management (Saraf Committee) a separate counter may be opened at the D.A.D. instead of the P.D.O. as at present for receiving new loan applications, This counter may be managed jointly by staff from D.A.D. and P.D.O. D.A.D. staff will accept applications, give receipt (which is pre-printed forming a part of the application), undertake the work of collection of the cheques and handover the applications including maturing securities to P.D.O. staff for scrutiny and processing of the applications. It would expedite completion of work of processing and accounting of new loans as also issue of the scrips to the investors.

#### **Supply of Border forms**

3.113 One of the reasons for delay in issuance of securities is the delay on the part of RBI, Calcutta and Nagpur to send the border forms with the legends printed on it. The delay occurs also due to indent of exact number of border forms needed for each issue based on the number of investors and nature of security (or Stock Certificate) desired. The Committee is of the view that DGBA, CDD should periodically monitor the stock position of blank border forms especially when a new type of loan/scheme is introduced to place timely indents with the Security Press. The Calcutta and Nagpur Offices should gear up their machinery so as to respond to the requirements of offices without delay to supply offices with legend printed blank forms.



### **Credit Advice from CAS, Nagpur**

3.114 Non-receipt or delayed receipt of advices from CAS, Nagpur confirming credit to government account is yet another reason for delay in issue of scrips for new loans. Regional Offices should vigorously follow-up with CAS, Nagpur. Now that Nagpur Office is well connected to all the regional offices by Banknet, Automex and FAX networks, there should not be any delay in sending the advices.

### **Option to get the Scrip by Mail**

3.115 Presently, an applicant is required to visit the P.D.O. to take delivery of the scrip. For better customer service, facility should also be available to an investor, if he so desires to get them through mail (registered post) so that there would be no need for him to visit the Bank to take delivery of the certificate/scrip.

### **Use of Plastic Envelopes to Deliver Scrips**

3.116 When new scrips/securities which are high value documents are issued over the counter, they may be delivered in a plastic envelope as is being done by banks while issuing fixed deposit receipts, travellers' cheques/gift cheques.

## **Interest Payment**

### **Exemption from TDS**

3.117           The Bank's suggestion to exempt interest paid on government securities from the statutory requirement of tax deduction at source (TDS) is being examined by CBDT. It should be vigorously followed up by DGBA.

### **Collecting Bank's Declaration to be taken as Correct**

3.118           The Iyer Committee had recommended that in the case of securities tendered by banks on behalf of constituents, collecting bank's declaration about ownership of the securities should be accepted. The rate of tax deducted at source should be correctly determined on the basis of ownership i.e. individual, corporate body etc. to avoid their having to approach tax authorities for refund of excess deduction. The recommendation is under consideration of CBDT. The Committee recommends that DGBA should vigorously pursue with CBDT.

### **Electronic Clearing Facility**

3.119           Electronic credit clearing facility now available at the four metropolitan centers may be utilised for payment of

interest warrants to the beneficiaries at the metropolitan cities. Instead of preparing and mailing interest warrants, the account number and name of the bank/branch may be ascertained from the security holder who do not have current account with RBI for direct credit to his bank account with the net amount of interest and an advice to that effect mailed together with TDS certificate, if any. On the value date, the concerned bank's account would be credited by RBI with an equivalent amount. This procedure will ensure that interest is paid to investors on the due date/s. An individual investor could also have the option of receiving interest by interest warrant.

### **Computerisation of Interest Warrant Preparation**

3.120 During study visits, the impression given to the Committee by banks was that interest warrants are not issued promptly. Complaints have also been received indicating clerical errors in interest warrants issued such as incorrect name/date/amounts in figures/words. Certain offices have also indicated in their replies to the Committee's questionnaire that there is a delay of about one to two weeks particularly during the rush period. The Committee is of the view that computers could be used to generate interest warrants and TDS certificates. This may be implemented at Bombay, New Delhi, Calcutta, Madras and Kanpur in the first phase and subsequently at other centres if the volume so warrants. Software is already available at DESACS which uses the same to generate C.I. Bond interest warrants on a half yearly basis.

## **Permanent Domicile for Stock Certificate Holders**

3.121 Introduction of the concept of permanent domicile of a certificate would lead to improved house-keeping. Stock certificate once issued can be made a permanent domicile of the issuing office until it is cancelled by credit to SGL Account. The security holder may, however, be extended the facility of effecting changes in the mailing address, change of bank accounts, transfer, consolidation, sub-division etc.

## **SGL Account Facility**

### **Popularising SGL Account Facility**

3.122 Banks and financial institutions have the facility of SGL accounts for their own holdings in government securities with the local PDOs. This facility has also been extended to provident funds, trusts, stock exchange brokers, etc. The Bank has also presently given banks the facility to have a separate SGL account for their customers holding government securities. Some banks have opened such accounts. Banks should be encouraged to make proper use of this account. This would help eventual shift to book debt system for all transactions in government securities.

### **Timely Preparation of Statements**

3.123 Presently, after every SGL transaction at PDO, advices are issued to the affected account holders. If these are not collected by the holders over the counter, they are sent by post on the following day or thereafter. There are reports that the advices do not reach the holders in time. Half-yearly statements of SGL transactions as on 30th June/31st December are required to be sent to account holders for confirmation. There is some delay in sending these statements as well. DGBA should fix a time limit within which such statement should be sent by PDO.

### **Computerisation of SGL Section**

3.124 Since the number of account holders as well as the number of loan accounts have increased over the years, at major centers even the monthly balancing of ledgers (bank-wise and loan-wise) gets delayed under the manual process. In order to avoid these house-keeping problems and also with a view to providing periodic statements or whenever asked for by account holders in time, the Saraf Committee has suggested use of PC-based computer systems. Implementation of the suggestion has since commenced. At PDO, Bombay, the SGL transfer transactions have been computerised. The account holders are now provided with :-

- i) Transaction Advice  
(debit/credit after every transaction) ;

- ii) Weekly statement of balances to banks and financial institutions; and
- iii) Quarterly Statement of Balances to other account holders (to show the balance in each loan)

Once the system stabilises these advices can be given electronically to banks connected to Banknet and the banks which have the infrastructure can dial PDO computer to enquire the balance in their SGL Account. SGL account sections of New Delhi, Calcutta, Madras and Kanpur Offices may also be similarly computerised by June 1993. SGL Sections of other PDOs may be computerised in phases if the volume so warrants.

3.125 SGL Account holders are not prompt in confirming the balances held in SGL Accounts. While in the case of banks, the good offices of nominee directors may be sought, in other cases, the matter may be vigorously pursued with the parties at higher levels/their auditors.

#### **Cash Settlement at DAD for SGL Transactions in PDO**

3.126 Presently transfer of securities through SGL accounts and settlement of the corresponding cash transactions are independent operations. The need to synchronise the two at the Reserve Bank of India for SGL account holders having accounts

at DAD may be considered by DGBA as a new service that can be given to banks and financial institutions. Operation on SGL accounts in PDO and the current accounts at DAD can be made simultaneous. At Bombay SGL Section of PDO has been computerised. ALPMs are also being installed at DAD. Both should be linked, so that with the minimum of data entry work, the operations at DAD and at PDO can be simultaneous. Similar facilities for Registry of Govt. Securities and simultaneous operation on the current accounts of the reserve account holders are given by a few central banks (viz. Reserve Bank of Australia and Bank of France).

#### **Supplying Statements through DAD Counter**

3.127            Sending SGL advices/statements to account holders continues to be a major problem in providing efficient customer service. At Bombay Chairmen/top executives have been advised to arrange to collect the advices over the counter on the same day. At other centers, the advice could be delivered through the DAD counter along with the Daily Statement of Account. For other SGL account holders, it may be sent by FAX, E-Mail, Courier, post as per the choice of the account holder.

## Shut Period

3.128           At present, PDOs observe a shut period of one month in respect of stock certificates and of one week in respect of SGL Account before the due date of interest payment for balancing and preparation of warrants. For offices with a lower volume of work, the shut period could be reduced to one week. Major PDOs like Bombay, New Delhi, Calcutta where the volume of interest warrants to be issued and the associated work is voluminous, it may not be possible to reduce the shut period. But in view of the Committee's recommendation to use automated systems to print interest warrants and advices, ( paragraph 3.120) as well as use of Electronic Credit Clearing for willing investors (paragraph 3.119), it is possible to reduce the shut period to just one day uniformly at all centres.



## EXCHANGE CONTROL DEPARTMENT

### Time bound disposal of cases received by ECD

3.129 ECD has specified the disposal time for cases/applications relating to travel, export, import and other important areas : viz., engagement of foreign technicians, remittance of royalty, technical know-how fee, gift remittance, NRI investment etc. This is by and large being adhered to. The Committee feels that there is further scope to reduce the processing time. Accordingly, it suggests the following reduced time for disposal of certain cases:

Activity	Existing period	Recommended period
1. Allotment of exporters code number	1 day	Same day (across the counter)
2. Release of exchange for studies abroad	3 days	2 days
3. Technical training/study tour	3 days	2 days
4. Registration of agency agreement	3 days	2 days
5. Export of defective goods for repair and reimport	3 days	2 days

6. Issue of money changers license renewal/fresh cases	4 days	2 days
7. Release of exchange for visit beyond 45 days	-	1 day
8. Personal remittance	-	1 day
9. P Form approval	-	Across the counter
10. Temporary licenses for extension counter at sea ports	-	1 day
11. Purchase of vehicles for overseas offices	4 days	2 days
12. GR approval for export of construction equipment on re-importation basis in respect of project exports	4 days	2 days
13. Exchange Control approval for collaboration agreement	5 days	4 days

- |   |        |        |
|---|--------|--------|
| 14. Issue of shares to foreign<br>collaboration | 5 days | 4 days |
| 15. Acceptance of deposits by<br>FERA companies | 5 days | 4 days |

(Proposals are under consideration for dispensing with the activities mentioned at item 1 and 9 above.)

### **Publication of Booklets**

3.130           RBI has already published a few booklets on some of the areas of Exchange Control. Recently a booklet has been published on facilities available to NRIs in question-answer form. Similar booklets on other areas may also be published. These booklets may be made available at all regional offices of ECD (at a price). Banks can indent required number of copies and supply the same to all branch functionaries in the foreign exchange departments and through them to the general public even at remote locations.

3.131           It may not be possible to publish updated booklets too frequently on various aspects of foreign exchange mechanism. Therefore, training and other materials may be prepared on **electronic media (floppy)**. Updation on floppies would be easier. Such floppies can be made available to all training centers of all banks. FEDAI may be requested to organise this work in consultation with Central ECD and few banks.

### **Arrangements to send ECD Circulars**

3.132 Non-receipt/delayed receipt of RBI circulars by the forex branches of banks is a persistent problem. It is recommended that Central ECD may FAX the circulars to Regional ECDs from where the zonal, regional offices of banks can obtain copies if they so like, to be in readiness to receive the administrative circulars from their own Head Offices. Authorised Dealers may, however, have to gear up their machinery to send circulars to their foreign exchange branches promptly.

### **Consultative Committee at Regional level**

3.133 Consultative Committees comprising Officers of RBI, ADs, customers and their representative bodies should be set up at all regional offices of ECD. The Committee should meet at least once in 3 months to take stock of the problems, if any, faced by bank/branches and the customers. Such a structure would facilitate periodic interaction among different customer segments.

### **Periodic Review of the Format of Application Forms**

3.134 The format of application forms for various purposes should be reviewed more frequently, say annually, with a

view to deleting items which have become irrelevant and incorporating new items required in view of emerging changes in instructions/operations. This will avoid regional ECDs and ADs raising queries piecemeal. Many cases can be disposed of promptly if the applications are verified prima facie with reference to the check list while receiving the applications.

**Cases other than Policy Matters to be disposed of at Regional ECD level.**

3.135           Several powers have been delegated in the recent past to regional offices. The regional head should satisfy himself that a decision cannot be taken locally before making a reference to Central Office. Where references are made, Central Office should also act promptly and communicate the decision through fax, telex, automex, hotline, etc. Each and every section of Regional ECDs should **keep the head of the department informed of the cases requiring Central ECD clearance** on a daily basis.

3.136           At times, in urgent cases, where the head of Regional ECD is aware of the policy considerations that guide Central Office, he may in consultation with Central Office on hot line **take the decision and report the case by letter to Central Office for confirmation.**

3.137                Sometimes customers of banks directly approach Central Office without contacting the Regional Office. This is avoidable. The customer's perception that the case cannot be handled by Regional Offices needs to be changed. Sometimes, customers make enquiries on exchange control matters with Central Office through the bankers' branch/link office at Bombay although the information can very well be given by local ECD regional office. The Committee is of the opinion that **the services available at the Regional Offices need to be well publicised.** The Regional head should make use of the opportunities available like the quarterly consultative committee meetings proposed and workshops/seminars of trade bodies, chambers of commerce etc. to make them aware of the services available locally. User-customer interaction should be more frequent helping both in understanding each other's problems.

### **Enquiry Counter**

3.138                The enquiry counter and the visitor's enclosure in the Department should be manned by staff and officers well conversant with the department's policies and requirements. Application forms and publications should be available at the enquiry counter itself preferably at the entrance of the building. The time schedule for disposal of various cases should be prominently displayed on a board. The visiting hours, the contact persons on different work areas and their telephone numbers may also be displayed prominently.

3.139            Although it may not be possible to have full fledged enquiry counter exclusively for ECD at smaller offices, it is desirable to entrust the work of enquiry and public relations services to the department itself instead of clubbing it with the enquiry counter at the entrance of the building. The Committee is of the view that enquiry service is very important for departments like ECD. Therefore, officers with good knowledge of the working of the department with PR quality may be posted at the enquiry counter.

#### **Telephone Facilities**

3.140            There should be more number of direct telephones (STD barred) in the department depending on its size so that customers can directly contact the dealing officials. This would, to some extent, obviate the need for their visiting ECD only to seek some clarification. One direct telephone should invariably be given at the enquiry counter.

3.141            Like the 3 digit railway/airlines enquiry numbers, it may be examined whether some standard number can be obtained from telephone authorities for foreign exchange enquiries. Such 3 digit telephone number may be the same at all the centers where RBI has a regional office of ECD.

### **Across the Counter Services**

3.142           The Committee is of the view that the Exporter Code Number can be given as an across the counter service. The desk officer receiving the application should scrutinise the application and if found in order, straightaway allot the number.

3.143           ECD may also examine the feasibility of any other items of work like approval of J Form, students abroad coming on temporary visit to India, sundry remittances allowed by Regional Offices, etc. being brought under the ambit of across the counter services.

3.144           Ministry of Finance approved cases need to be dealt with promptly.

### **Unrealised Export Cases Outstanding for more than 5 years to be disposed of**

3.145           During interaction with banks, trade bodies, and exporters it was pointed out that Authorised Dealers send reminders to exporters at periodic intervals regarding very old cases of exports where the export proceeds have not been realised as yet. Quite a large number of cases are as old as 10 to 15 years and the relative records are no longer available with the



exporters. Banks also report annually with quarterly amendments these outstanding cases in a routine manner to regional ECDs. Preparation of the statements takes a very long time for the banks. It also takes away a substantial time at RBI to peruse the report. The Committee recommends that all cases outstanding for more than 5 years valuing upto US\$ 10,000 (or its equivalent in other currencies) each may be summarily written off as one time measure. As regards other cases Regional Offices may be authorised to write off where they are satisfied that there are no chances of recovery of dues and reasonable efforts made for realisation by exporters have failed. Central Office may only be informed in this regard.

#### **Delegation of Authority from Central ECD to Regional Offices**

3.146 With a view to speeding up disposal of cases, and in the context of fast liberalisation being pursued by RBI, the Committee is of the view that there should not be any monetary limits for regional ECDs which are headed by officers in Grade D and above. All cases except those having a bearing on policy/interpretations of policy should be handled by Regional Offices without referring to Central Office. Whenever there is any delegation of power to ADs majority of clarifications sought should be disposed of at the regional office.

3.147 After the expiry of the statutory period of 6 months for realisation of export proceeds, ADs may be granted

powers to grant extension of time upto 3 months. Regional Offices of ECD may be authorised to grant further extension upto 3 months automatically and also for further period in case circumstances justify such extension. These cases need not be referred to Central Office.

3.148 For reduction in the invoice value of exports, Regional Offices may be granted powers to allow reduction upto any limit.

3.149 The limits currently in force for waiving GR/GP form formalities for dispatch of articles (gifts, publicity material, office equipment, material for trade exhibitions/fairs abroad) may be reviewed to grant full power to Regional Offices and enhanced powers to ADs.

3.150 The present practice of consulting export promotion councils (for reduction in invoice value) and export inspection agencies (settlement of claims) may be continued. But where the reductions are say upto 20% of export value, ECD may examine feasibility of dispensing with this requirement. Consulting Export Promotion Councils tend to delay the disposal of cases especially since they merely recommend the cases without adducing any specific reasons.

3.151 Authorised Dealers may be permitted to remit for import payments beyond 6 months from the date of shipment provid-

ed no interest liability is involved. ADs can exercise such powers upto 2 years. All other cases may be disposed of by Regional Offices without referring to Central Office.

3.152 NRI investment on repatriation basis in shares/immovable property upto say Rs.10 lakh may be delegated to Regional Offices. All cases of investment on non-repatriation basis should be fully delegated to Regional Offices.

3.153 Deferred payment exports of less than one year not involving EXIM bank financing and export of non-engineering goods on elongated credit terms (upto 1 year) may be allowed by Regional Offices.

**Delegation of Authority from Regional Office to Authorised Dealers**

3.154 Areas that can be considered for further delegation from the Regional Office to Authorised Dealers by placing some value limit or by enhancing the limit are as under :

- a) FTS/NTS release of exchange against tickets issued abroad and also NTS facility to visit Bangalesh/ Pakistan by land route.
- b) Remittance on closure of Q.A.22 (I) account if the credit to such account is only out of inward remittance

in foreign exchange.

- c) Surrender of exchange by travellers returning to India beyond 90 days.
- d) Certificate in connection with export of gift parcels to regular constituents (Rs.25,000/).
- e) G.R./P.P. form waiver for dispatch of articles not involving foreign exchange.
- f) Short extension upto 30 days for realisation of export proceeds.
- g) Delayed remittance (upto one year) on account of imports.
- h) Advance remittance for imports (other than books) US\$ 2,000/. ( The present limit is US\$ 1,000/)
- i) Where track record is satisfactory, the facility of part remittance may be extended to importers.

The Committee felt that the authorised dealers would be able to exercise powers properly and RBI intervention is not required.

### **Infrastructure at Banks to handle Foreign Exchange Work**

3.155           The RBI needs to have close co-ordination with banks to create adequate machinery to serve customers. FEDAI should coordinate with ADs for development of standard practices

on the lines of IBA. Banks also have to gear up their internal inspection/audit machinery with a view to plugging loopholes.

3.156           The Committee is of the view that ECD inspection machinery should be strengthened to take up investigations quickly, if need be, in addition to periodic inspection.

3.157           As the economy opens up further, there would be larger volume of international trade than hitherto. The existing infrastructure of banks would have to be strengthened. The banks may have to set up separate foreign exchange service branches in important cities/towns which will provide guidance to their constituents. They have to prepare suitable check lists, brochures etc. to inform constituents of the facilities available and documents required to facilitate proper handling of cases.

### **Changing Scenario in Foreign Exchange Management**

3.158           During the last one year developments of a significant nature have taken place in Exchange Control Department. They include liberalisation of control measures, delegation of powers to ADs and partial convertibility of rupee. These trends are indicative of further liberalisation to FERA. A large part of retail banking which used to be handled by the Department through its Regional Offices is now being handled by banks under

the delegated authority. These developments cast on RBI the responsibility to develop a sound information system and equip itself with staff of high caliber who understand their jobs thoroughly and who can guide authorised dealers on various issues in shortest possible time.

**Management of Change - Need for Adequate Number of Trained Personnel**

3.159 As the Department has to render specialised services for managing the change in the Department, the core personnel of ECD may not be transferred out of the Department unless it is absolutely necessary. It is likely that the stabilisation process would be over by December 1993.

3.160 Capsule training programmes or workshops may be held at BTC/SC/ZTC for ECD staff in a more intensive manner and their present role and the emerging role properly explained.

3.161 During the interactions with ECD customers and their representative bodies during visits to regional offices, the Committee felt that staff of foreign exchange departments of banks are not fully aware of the changes brought about under LERMS and other recent circulars issued by ECD. FEDAI in co-ordination with regional offices of ECD may be requested to hold workshops on ECD matters with updated material for officers of commercial banks. Authorised dealers may hold workshops at state

capitals and commercially important centers for their constituents dealing in export-import trade. Trade bodies, Export Promotion councils, Chambers of Commerce etc. may also be requested to hold training programmes on exchange control liberalisation for their members and business community. Since changes are taking place fast and on a continuing basis, workshops/trainings should also be a on-going activity at least during the transition period.

3.162                Since further liberalisation in Exchange Control like full convertibility of rupee is imminent, management of change effectively would be a challenging task. For this ECD staff would have to be actively involved with the functioning of the Foreign Exchange Departments of banks. A suitable scheme of exchange of personnel between RBI and Authorised dealers may be drawn.

### **Creating a Comprehensive FOREX Data-base**

3.163                With growing liberalisation and introduction of market forces in foreign exchange management, ECD would have to build a correspondingly dynamic forex data-base. Since decisions would be largely based on information received by the Department, information processing would be critical in future policy formulation and monitoring and also for implementation of existing policies. Central ECD's computer Division has already taken

initiative to connect all Regional Offices with its mini-computer. The plan should be executed early. Steps should also be taken to establish connectivity with the head/Central Offices of banks so that data can be picked up directly from the constituent bank's computer.

3.164           Forex service branches (to be opened) and Foreign Exchange/Overseas Branches of banks at all important centers may be connected electronically through the existing public/private networks available so that messages/circular instructions could percolate faster to field level branches through the broadcast/training services to be made available by the computer division.

3.165           Computer Division of ECD may also be given the added responsibility of developing computer aided training material in consultation with FEDAI and a few banks.



## **STAFF MATTERS**

### **Behavioral Training Program**

3.166            Apart from the timeliness and processing speed, the factor that determines the quality of customer service is the behavioral approach to a customer by the staff providing the service. 'Service with a Smile' helpful approach requires a high degree of involvement and dedication on the part of the staff interacting with the customer. This can be achieved (although a slow process), by motivating and orienting the staff by exposing them to service-intensive environments or organisations. Deputing them to workshops/seminars where case studies of exemplary customer service are discussed/explained is also another method of orienting them. The Committee feels that the Staff Training College and the Zonal Training Centers may organise behavioral training programs that would be relevant to improved customer services. Transactional Analysis (TA) Courses may also be organised for staff working in the operational departments. All departmental training programs conducted by Zonal Training Centers should have a session on customer service and TA. National Institute of Training in Industrial Engineering (NITIE) conducts training programs on customer service for various trading and service organisations which have been well received by the participating organisations. The Training Division may consider exposing staff to such programs.

### **Periodicity of Inter-departmental Transfers - Need for Review**

3.167 During study visits departmental heads mentioned that Officers in Grade 'A' and 'B', particularly in operational departments, are transferred too frequently. The average period of stay of officers in Grade 'A'/'B' in a department is two years. As regards clerical staff, offices have been following a broadly satisfactory method of inter-departmental transfer. The Committee, suggests that a minimum period should be 3 years for officers in Grade 'A' and 'B'. Department of Administration may examine the issue further and issue a comprehensive guidelines to regional offices.

### **Reorientation of Staff on use of Computers**

3.168 Bank has introduced computerisation in different work areas. The Committee observed that the lead time to procure a computer system and get it operational is very long owing to delays in development of application software, modules, non-involvement of user staff in development of the programs and non-availability of programmers and trained operational staff. Moreover, the computer systems in different departments are not optimally utilised. In Chapter 4 the Committee has suggested computerisation of a few important work areas which would have an immediate impact on the quality of customer service by the Bank. But considering that the implementation of the suggestion would

largely depend on the co-operation and attitude of the employees, the Committee suggests that the Bank should widely publicise among its staff the advantages of computerisation with all facts and figures. Greater transparency in this regard would help employees appreciate the Bank's point of view. Their apprehensions about retrenchment need to be allayed by spelling out the Bank's approach in very clear terms. Various schemes for reimbursement of tuition fees for computer training at recognised institutes should be made attractive. Such staff trained in computer related subjects should be deployed to work on computers.

#### **Introduction of Incentive Scheme**

3.169 A proper system of rewards and punishment should be introduced. Performance standards for a group/section/department may be worked out and on the basis of these standards, a scheme should be formulated for cash awards to the best Issue Office/the best PAD/DAD/PDO, the best ECD and best section within a department etc. The concerned Central Office department may adjudge with assistance from the Inspection Department/Regional Audit Cells.

## **MISCELLANEOUS**

### **Furniture**

3.170           The public counters and seating arrangements for those manning the counters at some offices is far from satisfactory. While at some offices two level counters have been introduced at most offices this is yet to be done. The height of the chair, design of the drawers for keeping cash, lighting and ventilation in counters have a direct bearing on productivity of the counter staff. For departments like ECD, PAD, DAD, PDO at some bigger offices (Bombay, New Delhi, Calcutta), the space available behind the counters is inadequate. Space does not permit providing a guest chair to all officers of these departments. The Committee feels that ergonomically designed furniture system with sitting comforts would have a significant impact on the productivity of the counter staff. The Bank may engage experts in the line and review the furniture arrangements at all offices including the Central Office.

### **Model Note Examination Section**

3.171           The model note examination section at Byculla Office was seen by the Committee. The staff working in the section was found satisfied with the arrangements. The Committee suggests that Note Examination Sections at other offices may be provided the same decor and design.

## CHAPTER - IV

### TECHNOLOGY UPGRADATION - COMPUTERISATION OF CUSTOMER RELATED AREAS OF OPERATION

#### Need for Technology Upgradation

4.1 During meetings with customers of the Bank at various centres, many customers desired computerisation of operations in RBI as a significant step towards improved customer service. Many of the customers themselves have computerised their accounts and operations. Therefore, they are fully conversant with the benefits that accrue due to computerisation in RBI's departments directly interfacing with customers.

4.2 The problems faced by the customers (as expressed at the meetings) which can be tackled by availing of information technology are -

- delay in receipt of statements of account (DAD)
- delay in effecting inter-city remittances (DAD)
- delay in obtaining receipted challans (PAD)
- delay in clearing local cheques tendered with  
challans (PAD)

- Delay in sending receipt and payment scrolls to government departments (PAD)
- delays in local cheque clearing operations at non-MICR centres (NCC)
- receipts and payments booked under wrong accounting heads (PAD)
- delays in calculation and payment of interest on Government securities (PDO)
- delay in issue of advices on transfer of securities in SGL accounts (PDO)
- delay in conveying balances of SGL accounts (PDO)
- extended shut period for payment of interest on SGL accounts (PDO)
- delay in receipt of vouchers from NCC and delay in closing DAD's books. (NCC)
- narration in statement of accounts is illegible (DAD)
- delay in sending monthly statements to government departments (PAD)
- outstation collections outstanding for a long time (PAD)
- no details given in current account statements (DAD)
- delays in sending interest warrants/advices on government loans to account holders of stock certificates (PDO)
- delay in in-land communication of SWIFT messages (MSD)

**Reserve Bank's experience in the use of information technology**

4.3 RBI is not new to information technology. Starting from 1968, computers have been used in the Bank for statistical analysis. However, widespread use has started only after 1982. Some highlights in the customer related areas are :

1. Computerisation of CAS, Nagpur
2. MICR cheque clearing operations in the four large metropolitan centres and input statement based clearing at six other important centres.
3. Ledger posting machines at some DADs
4. Computer System of DESACS to process interest warrants of 7% Capital Investment Bonds.
5. Membership of SWIFT
6. Introduction of Banknet for intercity, inter-bank messages.
7. Computerisation of chest accounting at a few Issue Offices.
8. Computerisation of accounting and MIS work in Claims Section at Bombay Office.
9. Computerisation of SGL accounting work at Bombay, PDO.

4.4 Modern information technology offers the following facilities relevant to customer service in RBI :

- High Speed computers with large storage facilities and with tools for rapid simultaneous access to information contained therein by several users.
- Inter-connection of computers for rapid exchange of data -  
LANs for interconnection within one campus  
WANs for nationwide networking of computers or LANs
- Security systems for limiting access to only authorised users to facilitate correction of errors, to recover from unscheduled stoppages and to protect data from disasters.
- Storage and access of images (such as signatures)
- Connecting to other systems (e.g. output of information from a computer can be delivered as a fax image, a telex message or as data on the customers's computer)

#### **Areas of operation suggested for computerisation**

Considering the problems areas in customer service and internal operations, together with the existing level of



use of information technology in the Bank and the capabilities of information technology, the Committee recommends the following:

4.5 DADs at Bombay, New Delhi Calcutta, Madras, Hyderabad, Bangalore and Ahmedabad Offices should be supplied with Advance Ledger Posting Machines (ALPMs) so that the Current Account Sections at these offices are enabled to close the books promptly and issue statement of accounts indicating up-to-date balance in the accounts.

4.6 The entire receipt and payment scroll processing should be handled on cash register machines / computers at Bombay, New Delhi, Calcutta, Madras, Hyderabad, Bangalore, Ahmedabad, Kanpur and Thiruvananthapuram. Presently, only the clearing transactions are scrolled on the computer. Computerisation would be meaningful only when cash and transfer scrolls are also generated on the computer so that the entire government transactions in PAD are accumulated for each day and day-end and month-end reports are generated automatically.

4.7 SGL Section at Bombay, Delhi, Calcutta. Madras and Kanpur offices should be computerised. PDO computerisation at these centres should be extended to scrips and stocks also. Half yearly interest payment should be computerised at all PDOs including voucher preparation, advice to customers and income tax deduction..

4.8 Banknet should be upgraded and extended to all DADs, PAD, PDOs, DGBA, CAS, Nagpur and IDMC, Bombay. Customer banks and financial institutions should also be enabled to submit the queries and initiate transactions from the Banknet nodes at their end after due authorisation from RBI.

4.9 MICR cheque clearing operations should be extended to cover Ahmedabad, Bangalore and Hyderabad straightaway and other important centres at the rate three a year. State Bank of India should be advised to introduce MICR clearing at Pune and Baroda.

4.10 Since a significant volume of cheques is processed at Bombay, another clearing house or a set of satellite clearing houses at the suburban centres may be set up.

4.11 CAS Nagpur computer facility should be upgraded to allow on-line access for update from the agency banks, and on-line enquiries from important government departments and customers such as railways, posts, defence and telecommunication departments, directly from their respective offices (with due security).

4.12 Signature Retrieval Systems already installed at some offices should be put to optimum use. Software limitation, if any, should be tackled and more of advance Signature Retrieval System should be used at offices wherever the volume so warrants.

4.13 Computerisation of Chest Accounting would lead to better management of currency notes and issuance of instructions for supply of notes to the deficit chests. The success of Currency Transit Centre would largely depend on mechanical handling of notes and use of computers.

4.14 The expansion of Banknet to cover all cities where RBI has banking offices, will enable RBI to offer electronic funds transfer facilities on a truly national scale, diverting much of the cheque based transfers into electronic transfers. This will have the triple advantage of speeding up money transfer, economy of operations and reducing errors and the consequent need for reconciliation.

4.15 Areas for computerisation as indicated at paragraphs above (4.5 to 4.15) would require high degree of planning and co-ordination between the regional offices, MSD and the Central Office departments of the respective operational departments at the regional offices. The Committee feels that installation of computers in each and every operational department may not be required in all offices unless the volume of work so warrants. At smaller offices, the Computer Cell of one department can meet the processing requirements of some other departments. Moreover, there are operational linkages between PAD, DAD and PDO. There can be one computer system for all these three departments with terminals placed at strategic locations. The configuration of

the computer system may also differ from centre to centre. While implementing the suggestions, MSD may study office-wise requirements of computers.

4.16 Personnel (officers and staff) already trained in computer related subjects may be identified and further trained in the application area so that the recommendations made by the Committee are implemented early. The Bank may encourage more of its employees to undergo training in computer related subjects by incentives in order to have a large pool of personnel with such skills for future use and also to spread awareness in this area.

#### **Use of Reprographic Aids**

4.17 All Offices and Central Office departments have been provided with photocopying machines. They have been quite useful and have been put to maximum use. They have now become an essential and indispensable part of a department's working. Most regional offices have been provided with only one photocopying machine. It would be appropriate to provide an additional machine as a back up to meet the increasing demands on reprographic aids.

#### **Use of Automex, Fax, Telex, Hotline etc.**

4.18 All the offices are now connected by Automex, Hotline and Fax in addition to telex machines and direct telephone

lines. Communication technology is gradually becoming a part of the day-to-day functioning of the Bank. Considering the same, the number of automex terminals, fax machines, direct telephone lines appears inadequate. Many regional offices have indicated that non-availability of adequate number of hotlines and automex terminals is a big handicap in communicating with the Central Office departments. Since the marginal cost is not very high it would be appropriate to provide the facility. Hotline, automex and public telephone direct lines should be provided to all DADs, PADs and PDOs . Adequate number of internal telephone lines should also be provided so that communication within the department/ office is made faster.

4.19 The Committee also observed that the members of staff as well as the officers of various departments (in the Central Office as well as at the regional offices) are not fully familiar with the communication facilities available in the Bank. The Automex system is highly underutilised. One of the reasons indicated by some offices for not utilising Automex for transmitting TT messages was that the Automex system does not have the facility of acknowledgement from the destination terminal. Acknowledgement only from the destination node is misleading. Therefore, the offices continue to issue letters on letter heads for almost all inter-office communication which is costly and time consuming at different levels. The Committee feels that Automex is a dedicated system of RBI and should be

put to maximum use upgrading the system suitably. Template facility as in Banknet may also be created to simplify preparation of messages.

4.20 The facilities available on EPABX systems are not fully known to the staff and therefore not fully utilised. It would be worthwhile to demonstrate the to the staff facilities available for better appreciation and utilisation.

4.21 The Committee recommends that the Bank may publish a **booklet indicating the communication facilities available** so that the resources could be optimally utilised.

4.22 The Committee feels that adoption of information technology as indicated above can lead to an all round improvement in customer service, improved control over operations, and provide for handling a substantial growth in the volume and range of services offered to customers.

## CHAPTER - V

### METHODOLOGY AND MACHINERY TO MONITOR EFFICIENT CUSTOMER SERVICE

#### Present Arrangements

5.1 Presently the mechanism to monitor customer service by the Bank consists of :-

a) a system of complaints disposal and monitoring mechanism explained at para 11.115 of General Administration Manual which inter-alia includes.

- i) half-yearly report in pen carbon scroll format to MSD, Central Office under the signature of the Manager/Head of Central Office Department indicating the list of complaints received/action taken thereon and the time within which they were disposed of;
- ii) Customer Service Committee at regional offices ( with the heads of Departments as its members) meeting at periodic intervals and the copies of minutes of the meetings forwarded to MSD, Central Office; and

b) QAPR team examining the customer service aspects during their study visits to regional offices.

c) Teams of the Inspection Department assessing the level of customer service while inspecting a regional office.

### **Improvements in the Existing Machinery**

5.2 The Committee observed that customer service meetings at departmental/office level are not regularly held at various centres. The existing mechanism is inadequate and requires the following improvements:-

#### **Department Level Customer Service Committee**

5.3 Since each operational department at regional offices caters to a distinct group of customers, department level customer service committees (i.e at PAD, DAD, PDO, Issue Department and ECD ) should be constituted in addition to the existing branch level committee. The local manager may decide the modalities of constituting the committees ( membership size, membership criterion etc.). The committees should meet once a quarter.



### **Branch Level Customer Service Committee**

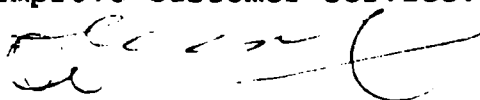
5.4           The branch level Customer Service Committee at regional offices should be rejuvenated and they should meet at least once a quarter and inter alia consider the reports of department-wise committees. The minutes of the branch level committee meetings should be forwarded as usual to MSD along with the half-yearly report on complaints.

### **Central Office Level Customer Service Committee**

5.5           A Central Customer Service Committee with the concerned central office departmental heads as members should be constituted under an ED with its secretariat in MSD . This Committee should meet at half-yearly intervals to deliberate on the half-yearly reports received from the regional offices. The Central Committee may submit a half yearly report to the Top Management with a macro level analysis of complaints received and the level of customer service in the Bank.

5.6 The Central Committee should visit each office once in two years to meet representatives of customers ( banks, financial institutions, government departments, exporters/importers - their bodies, the public in the exchange/banking hall) , representatives of the staff to assess the level of customer service within the Bank and the exercise of delegated powers by the Bank and report to the Top Management on each office visited. The MSD should follow up with the concerned offices for compliance.

5.7 MSD should follow up with the concerned Central Office departments in regard to action on the recommendations of the Committee and through half yearly reports monitor action taken by the regional offices/ Central Office departments to improve customer service.



V.G. Athavale  
Member



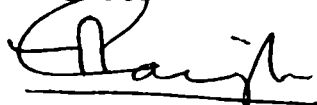
B.K. Basu  
Member



R.K. Choudhury  
Member




V.B. Joshi  
Member



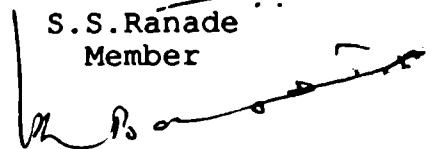
Y.M. Paranjpe  
Member



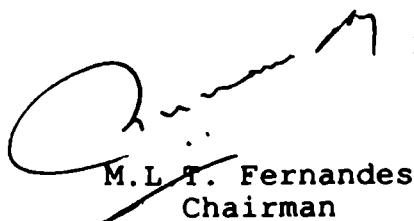
S.S. Ranade  
Member



O.P. Sodhani  
Member



C.K. Bapiraju  
Member-Secretary



M.L.T. Fernandes  
Chairman

**Bombay,**  
30th November 1992

**PART - II**

**REPORT ON VISIT TO REGIONAL OFFICES**

**VISIT TO AHMEDABAD OFFICE ON JULY 3, 1992**

The Committee comprising ED(F), Chairman, S/Shri R.K.Choudhury, S.S.Ranade, C.K.Bapiraju, S. Balakrishnan and S.R.Mittal visited Ahmedabad Office on 3rd July 1992.

Ahmedabad Office had organised meetings with :

- i) banks and financial institutions who are the customers of DAD, PDO and Issue Department;
- ii) Government Departments who are customers of PAD;
- iii) trade bodies, chambers of commerce, banks and exporters who are customers of ECD .

(The customers whom the Committee met are listed at Annexe - F)

Meeting were also held with :

- i) the Heads of various Departments of Ahmedabad Office; and
- ii) Local units of - Workers' Union, Employees' Association and Officers' Associations

(The local units of Workers' Union, Employees' Association and RBI Officers' Association submitted memoranda to the Committee expressing their views on some areas of customer service by the local office).

**Customers' perception of RBI's service and suggestions for improvement**

**Issue Department**

2. There is an acute shortage of fresh notes and notes of higher denominations at the chests under Ahmedabad Issue Circle. Also, the chests do not have adequate reissuable notes or currency notes of desired denominations. Customers requiring heavy cash are not willing to take small denomination notes. They are also not willing to accept Rs.1/-, Rs.2/- and Rs.5/- coins. Banks with surplus notes in their chests are not willing to release their surplus to other needy banks, presumably to take care of their own future requirements .

Steps suggested by customers were :-

- a) Supply of more notes (reissuable / fresh) of all denominations;
- b) Opening of more currency chests by allowing state co-operative bank and scheduled urban co-operative banks to open currency chests;
- c) arranging remittances to deficit chests on a priority basis.

3. To keep the public informed of availability of exchange facility at the currency chest branches by displaying prominently in the Banking Hall a list of such branches in the city of Ahmedabad .

## **Deposit Accounts Department**

4. Although banks have been getting their daily Statements of Accounts the next morning, in the absence of details of transactions in the Statements banks find it difficult to reconcile their accounts.

5. Inward TTs received at the local D.A.D after 3.30 P.M. are not accounted for on the same day .

6. Gujarat has three stock exchanges , at Ahmedabad, Baroda and Rajkot, and the investing public being very large, the number of cheques passing through Ahmedabad Bankers' Clearing House has gone up substantially. The volume at present is around 1,90,000 cheques per day. Bank of Baroda receives around 60,000 cheques per day during the peak period in March- April and September-October. Processing them manually takes a very long time. RBI should introduce MICR technology at the Ahmedabad clearing house. High Value Clearing may also be introduced at Ahmedabad so that banks can provide 'same day credit - next day withdrawal' facility for cheques above the value of Rs. 1 lakh to their customers.

7. Almost all the banks present at the meeting (State Bank of India, Bank of Baroda, Canara Bank, Gujarat State Co-operative Bank, Kalapur Commercial Co-operative Bank), wanted the favour-

able balance in the 1st clearing to be allowed to be drawn on the same day by earmarking a certain percentage to the average value of return clearing of the concerned bank. Since introduction of the same day return clearing arrangement, banks are allowed to make use of the funds only in a limited way and for limited purpose. The funds practically get immobilised for a day.

8. Banks are not allowed to draw cash more than once a day. Therefore, in case of emergency, they have to run around/ approach other banks to meet their requirements.

#### **Public Accounts Department**

9. Ahmedabad is a low volume centre from PAD angle. The department handles only Central Government accounts . All the 4 Government Departments which attended the meeting expressed their satisfaction with RBI's services. Cash cheques are paid within a half hour, clearing cheques are credited on the 3rd day, scrolls are sent on a day-to-day basis and reconciliation of figures reported by RBI is up-to-date. The only suggestion made was that for the purpose of residual March Accounting by ZAO, CBDT, the cut off date for reporting of transaction by the nodal branch should be at least one day earlier than the cut off date for receipt of figures at CAS Nagpur. This year, a few transactions reported to have been sent by the Nodal branch at Nagpur on the last date had not been included in the March Account. In this

connection, it was suggested that DGBA should follow-up with CBDT the following

a) the system of issuing ITRO Advice to the customers for ITROs below Rs.1,000/- should be dispensed with.

b) Income tax offices issuing ITROs having many specimen signatures should be forwarded promptly.

c) When a new ITRO book is issued, details of ITRO numbers should be advised immediately to the PAD.

### **Public Debt Office**

10. Except for call money, no other money market instrument is active in Ahmedabad. Therefore, the volume of transactions at local PDO is very low. Banks and brokers present at the meeting expressed satisfaction about the services rendered by the office. Cases of interest payment, renewal, transfer, consolidation etc. are disposed of within the prescribed schedule. However, some of the suggestions made were :

i) SGL Accounting and Interest Warrant preparation work should be computerised. This would facilitate balancing of books and sending the warrants in time.

ii) the securities should be delivered to customers in plastic jackets as in the case of gift cheques by banks. It is logical that securities worth crores of rupees should be delivered with proper packaging.



## **Exchange Control Department**

11. Five representatives each of trade bodies, bankers, public sector companies and private sector companies attended the meeting. They pointed out that there is a great information gap between the RBI and the bank branches where foreign exchange business is carried out. The suggestions emerged for tackling this problem have been given at the following paragraphs.

12. Orientation workshops on LERMS should be organised at Ahmedabad. RBI and FEDAI could provide the necessary support in explaining the changes made in foreign exchange business. FEDAI can also supply booklets activity-wise.

13. Banks should be encouraged to open specialised branches/division to deal with foreign exchange business. Banks may also consider developing a specialised cadre of officers since more such officers would be required as the country moves towards full convertibility of rupee and the economy opened up to international markets.

14. Banks to be encouraged to make use of SWIFT facilities by having leased line connectivity with their Bombay SWIFT centres. (RBI is already pursuing with Department of Telecommunications for PSTN/Telex connectivity).

15. IBA be requested to organise seminars/workshops/ expos

etc. at periodic intervals.

16. Enquiry counter of ECD should be further strengthened by placing a well informed officer on the seat. He should be provided with direct telephone facility with extensions to various sections of ECD.

17. Allotment of Importer and Exporter Code Number should be centralised at Reserve Bank of India. This will eliminate the need to go to Controller of Imports and Exports for Importer Code Number and once again to RBI for allotment of Exporter Code Number.

18. Circulars relating to changes in Foreign Exchange regulations be made available to regional offices of ECD on the day a press release is issued which in turn should arrange to send copies of it to the Zonal/Regional offices of banks to reduce the time lag. (It is desirable that banks improve their communication systems so as to ensure delivery of copies of ECD circulars to all branches within 2 days of the issuance of a circular by RBI).

## **VISIT TO BOMBAY OFFICE ON JUNE 18,1992**

Bombay Office handles a substantially larger volume of work compared to any other Regional Office/Branch of RBI. With a view to studying the special problems of a high volume centre the Committee visited Bombay Office on June 18,1992. The Study Group was led by ED(Fernandes). Bombay Office had arranged meetings with a few Government Departments, banks and financial institutions (list given at Annexe - F). A meeting was also held with the Heads of Departments to seek their views on the level of customer service and the steps to be taken to improve the same.

### **Level of customer service at Bombay Office as perceived by the customers**

#### **Banks and Financial Institutions**

2. Presently the daily Statements of Accounts are given by DAD only at 1.30 P.M. Till December 1990, they used to be given in the morning itself. Besides, the Statements of Account contain errors/incomplete particulars on many occasions. The advices sent subsequently also do not contain the necessary details.

3. TT outward messages are not accepted after 3.00 P.M. All inward messages received by DAD are also not accounted for on

the same day. Banks requested whether in view of the faster communications now available, value dating could be modified to the advantage of banks and financial institutions and all inward TTs accounted for on the same day.

4. The representative of Industrial Development Bank of India (IDBI) stated that pay-in-slip facility to locally credit funds to other financial institutions/ banks has recently be withdrawn. Since financial institutions are not members of the clearing house, such restriction should not be imposed on them.

5. IDBI receives cheques in settlement of call money market transactions only after 2.30 - 3.00 P.M. But DAD closes its cheque receiving counters sharp at the close of banking hours. A request was made by IDBI whether RBI could provide cheque deposit facility (a non-cash transaction) till one hour after the close of banking hours.

6. Salary disbursing units of RBI send their salary advices separately. Since the banks process RBI salary advices on priority basis RBI should help them by sending a consolidated advice instead of each salary disbursing unit sending separate advices.

7. Bank of America stated that SGL statements pertaining to their bank are sent by post inspite of courier being appointed by them.

8. Number of unreconciled clearing differences in MICR clearing are going up. NCC should devise ways and means to reduce the cases of clearing differences. NCC advising the banks to settle the old clearing differences by exchange of payable lists has not solved the problem. NCC may conduct a Reconciliation exercise with adequate number of personnel to help the banks in retrieving the information from the backup data.

9. Bank of America complained that letters written to DAD are not being replied to. Even after repeated follow-up, only telephonic replies are given. It is expected that RBI would give written replies to written queries.

10. The practice of having to obtain a visitor's entry pass by regular visitors is an irritant . Since some bank representatives visit RBI almost daily, it was suggested whether non-security gate pass could be issued which would remain valid for about 6 months.

11. Currency chests only within the city of Bombay are under the jurisdiction of Bombay Office. Therefore, the problem of resource management and remittance of notes etc. are comparatively less, and the supply of currency notes to these chests is manageable. However a few banks felt that currency notes of higher denomination (Rs.100/- and Rs.500/-) are not available in adequate quantity from RBI. Bulk payment to large organisations becomes very difficult. Since coins are also being given by RBI to banks along with notes, banks in turn give their customers

coins against their wishes and there is a general resentment against acceptance of coins and lower denomination notes.

12. When notes remitted are taken for counting by RBI at the Note Examination Section, banks are debited for the defective notes. Central Bank of India was of the opinion that such notes should be adjudicated by RBI on the same day. This would avoid accounting problem at their end.

13. State Bank of India was of the opinion that Note Refund Rules should be liberalised. Defective notes adjudicated by banks should be audited promptly so that irregularity, if any, is detected in good time .

#### **Government Departments**

14. The representative of Western Railway pointed out that restriction by RBI on the choice of bank where funds collected are to be deposited has created difficulties. If the choice is given to the Railways, they would possibly open the accounts with a bank branch very close to the station instead of the branch of a bank specified by RBI. This would be administratively convenient to them.

15. Time taken for collection and credit to Government Accounts of local cheques deposited by Government Departments is about 4 to 5 days. Govt. Departments felt that the benefit of MICR clearing of 2nd/3rd day credit has not been passed on to

them.

16. Income tax Department Zonal Accounts Office complained that Receipt and Payment Scrolls are sent late. There is a delay of about 10 days. As on 18th June 1992, receipt scrolls upto 5th June 1992 only have been received by them.

17. In the case of direct tax collection for 1991-92, there was some problem regarding accounting of March collections by the public sector banks. Some remittances made by public sector banks on the last date (i.e. 25th April 1992) were not accounted for by CAS Nagpur. It was suggested that there should be a gap of one day between the cut off date for reporting by public sector banks to CAS, Nagpur and accounting thereof by CAS, Nagpur.

18. The monthly statement of account to the Pay and Accounts Offices of different Central Government Departments is sent late by 5 to 6 days. It should be sent positively by 5th of the following month.

19. The practice of bunching, in forwarding the challans to Government Departments, should be avoided.

20. The representative of Road Transport Corporation stated that the Department deposits about 70,000 bank drafts per quarter for collection. Due to erroneous encoding, sometimes the instru-

ments are returned unpaid. RBI should take the responsibility of re-encoding them and re-present them in Clearing instead of returning them to it as unpaid instruments.

21. Collection of outstation cheques drawn on non-RBI centres takes 4 to 6 weeks for collection and credit. RBI should look into it and arrange a faster mode of collection and credit to Government Departments.

#### **Meeting with Heads of Departments**

22. The following suggestions made by the Heads of Departments were considered appropriate by the Committee for improving customer service by Bombay Office :

i) Operationalisation of ALPMs in DAD which will take care of banks' complaints regarding delayed delivery of Daily Statement of Account and unreadable entries;

ii) Introduction of Cash Register Machines at PAD/ Banking Cash Counters which will facilitate delivery of the receipted cash challan by the cash receiving teller himself ;

iii) Streamlining of flow of vouchers from NCC so that they reach DAD early to facilitate their posting in Current Account Section same day . NCC may send the voucher data through Banknet



to the Banknet port at DAD from where the data would be further directed to the proposed ALPMs and posted in the respective bank's accounts automatically ;

iv) Installation of PC-cum-Encoder machines in the Clearing Section of PAD so that cheques and challans are processed in PAD on the same day and the cheques presented the same day for clearing ;

v) Computerisation of all sections of PDO ;

vi) Ensuring the availability of Automex and Banknet lines throughout the day (Presently the Banknet lines are hardly available and DAD is not in a position to make any effective use of it) ;

vii) Upgradation of software for signature retrieval system;

viii) Installation of a few PCs in PAD and shifting back the scroll processing work from the NCC premises at Nariman Point to PAD premises so that the challans need not move out of the Department ; and

ix) Clear guidelines from DGBA regarding value dating of TT messages. Presently, banks are not very sure whether their TT messages are responded on the same day.

x) Clearing the backlog in adjudication of the special

procedure cases lying in the Issue Department by creating a Task Force by suitably drawing officers from other departments.

xi) Electronic display boards to be installed above the payment counters of PAD/DAD ;

xii) More sophisticated note counting machines to be installed which would have the ability to count the re-issuable/soiled notes ; and

xiii) Constituting a task force to bring the chest accounting work of Bombay Issue circle up to date.

xiv) To cope with the seasonal rush for payment of income tax , advance planning for deployment of staff to be made.

xv) The Remittance Section to avoid bunching of outward TT messages to other centres . Banknet, Automex , Fax and Hotline should be optimally utilised and messages sent to other centres on a continuous basis so that the destination centres receive the messages early and responded to them on the same day.

xvi) Use of computer for generating vouchers and drafts on continuous stationery ; Issue Department may also send the requisition for drafts on daily basis instead of bunching the same. Government Departments requiring drafts in bulk quantity may also place the requisition in the early hours so that they are ready

by 4.00 P.M.

### **ECD Customers**

23. Since Regional ECD is under the direct control of Central ECD, a meeting with ECD customers was organised by Central ECD separately on 14-7-1992. ED(F) chaired the meeting. Apart from Shri S.Balakrishnan, seconded to the Committee, Shri K.N.Bhargava and Shri B.K.Pal - both Additional Controllers of Central ECD - attended the meeting. FEDAI Chairman was a special invitee.

24. Some of the suggestions which emerged at the meeting and considered relevant by the Committee are as under:

i) The representative from Bombay Chamber of Commerce stated that the level of awareness at the level of branch functionaries of commercial banks is far from satisfactory. They receive guidelines/instructions from their controlling offices very late. RBI should develop a sound machinery for faster flow of information from RBI to the banks' head offices and from there to the operating level. FEDAI can also open a service channel/window to supply copies of RBI press releases/circulars etc. to its constituents. FEDAI may also initiate steps to develop computer aided training packages in various areas of exchange management.

ii) FEDAI should organise more workshops and seminars with up-to-date information on the implications of LERMS and the delegation of authority to Authorised Dealers under the same. Chambers of Commerce, Export bodies and export promotion councils can also organise EXPOs and seminars. RBI should provide needed guidance in this regard.

iii) There is a need to constitute a Grievance Cell at RBI Central Office to look into the grievances of the public/export bodies/banks etc. on exchange management.

iv) The language used in various circulars and letters issued by ECD requires to be softened. A group of customers felt that the threat of penal action in case of non-compliance need not be reiterated in the letters again and again.

v) The information system at banks as well as at RBI needs improvement. On many occasions, reminders are issued although the requirements have already been complied with. Although export proceeds have already been realised, they remain outstanding for a very long period in the records of banks and RBI . It was suggested that cases where the value of export proceeds is insignificant and are outstanding for a long time, should be written off.

vi) Banks do not follow a uniform rate for charging the customer for opening letters of credit. It varies from Rs.50/

to Rs.300/-. Some customers suggested that RBI should prescribe the rate. ( The Committee felt that FEDAI could appropriately examine the matter.)

vii) RBI may also consider the feasibility of preparing dossiers on star trading houses which would be accessible to all ECDs and banks. The work of building the initial data base can be given to an agent. Management and subsequent updation may be done under the control of RBI. This will eliminate the need for calling several returns/data from the trading houses again and again.

## **VISIT TO BYCULLA OFFICE ON JUNE 25, 1992**

The Committee visited Byculla Office on 25th June 1992. The arrangements to extend customer service at Issue and Banking counters were studied. The members also had detailed discussions with a few Government Departments and banks which have dealings with RBI, Byculla. Shri M.L.T. Fernandes, Chairman and members S/Shri R.K. Choudhury, B.K. Basu, Y.M. Paranjpe, S. Balakrishnan, M.K. Bandhopadhyaya and S.R. Mittal comprised the team.

### **Customer perception of the service provided by Byculla Office and suggestions for improvement**

2. The office had arranged discussions with the representatives of Western Railway, Greater Bombay Milk Supply Scheme and State Transport Corporation.

#### **Western Railway**

3. Average deposits and withdrawals of Western Railway with Byculla Office are around Rs.20 crore and Rs.10 crore respectively per month. Day-to-day cash tendered is accepted by Byculla Office under guarantee procedure instead of being counted on the same day. Detailed counting cash deposited is taken up at the convenience of Byculla Office. There is a delay ranging between a week and 15 days in the counting of guarantee notes which at times, exceeds even a month. It was stated that

cash worth Rs.7.79 crores was lying under guarantee for more than 10 days with Byculla Office. Their proposal to open an account with any of the bank branches near the railway stations where they have annual receipts of Rs.1.15 crore(ceiling limit fixed by DGBA) or more has not been accepted by RBI (DGBA) for reasons of accounting problems which causes inconvenience. The Committee felt that the solution lies in greater co-ordination between the Railway authorities and the Currency Officer/ Treasurer of Byculla Office.

4. Western Railway representatives mentioned that the time taken by Byculla Office to credit the proceeds of local clearing cheques tendered by them is about 6 days. Normally, it should not take more than 3 days. Similarly, the time taken for collection of outstation cheques is between 15 days to 2 months. ( The Committee felt that if Byculla Office encodes its outward local clearing cheques and directly presents them in the MICR Clearing instead of routing through Bombay Office it may help the customers of Byculla Office. For collection of outstation cheques as well, Byculla Office may deal with other ROs/branches/agencies direct instead of totally depending on the Bombay Office to follow-up. Accounting details may be worked out by DGBA).

#### **Greater Bombay Milk Supply Scheme**

5. The representatives mentioned that cash in most cases is received by Byculla Office under guarantee and the notes re-

ceived as long ago as November 1991 were still to be counted.

6. Byculla Office does not observe the principle of first-come-first-served while accepting heavy cash deposits. (Byculla Office explained that receipts have to be matched with available manpower, but cash was not refused on any day.)

7. It takes 2/3 days' time to get a bank draft from RBI, Byculla Office. The delay is due to the fact that such drafts are issued by RBI, Main Office on the basis of indents placed with it by Byculla Office. (DGBA has already allowed Byculla Office to issue drafts direct to be accounted for in the Bombay Office. Byculla Office should implement early the facility extended to it by DGBA).

#### **Maharashtra State Transport Corporation.**

8. The representatives mentioned that their cash receipts at 220 bus depots in Bombay during a day are stored by them overnight and deposited with RBI the next morning. They felt that Byculla Office should arrange to receive cash for a second time at about 2.00 P.M. ( may be under guarantee procedure), atleast during September-October and May-June, when their collections are very heavy so that the cash to be held overnight is minimised. They also requested that guidance be given to their cashiers to detect forged currency notes.



## **Banks**

9. Byculla Office had arranged meetings with three Chest Managers of SBI, ( Pune, Ojhar, Nasik).The problems stated were as under :

i) There are five currency chests in Pune. However, Reserve Bank supplies a very small quantity of fresh notes.

ii) The representatives of SBI, Nasik and Ojhar mentioned that the supply of currency notes is so poor that on occasions they display a board that payments of more than Rs.5,000/- or Rs.10,000/- would not be made without prior notice. This has caused an adverse impact on the reputation of SBI. Even though there may be some exaggeration in the statement, the Committee felt that the situation calls for a review by Byculla Office urgently.

iii) While Reserve Bank insists that the currency chests should accept small coins, customers of banks do not accept coins. During the grape season in Pune, Nasik and Ojhar, there is a heavy demand for cash and arrangement should be made to make available remittances to their chests. ( Since shortage of currency notes is likely to continue for sometime , it is essential for the Issue Office to identify surplus chests and arrange diversion of currency notes from them to deficit areas.)

iv) The recent amendment to Note Refund Rules requires the currency chest to send adjudicated defective and mutilated notes above Rs.10/- to the Reserve Bank. These notes are in such a bad shape that their transportation itself leads to further mutilation.

v) The Potdars going with the remittances to RBI Issue Office are retained for over 3 months whereas the actual work of counting the remittance may not take beyond 10/15 days. This results in avoidable wastage of human resources. (The Committee pointed out that the possible solution would lie in the main branch of the concerned bank in Bombay taking delivery of these currency notes under triple lock.)

## VISIT TO CALCUTTA OFFICE ON JULY 17, 1992

The Committee visited Calcutta Office on July 17, 1992. The study group led by Shri M.L.T.Fernandes included S/Shri R.K.Choudhury, B.K.Basu, V.G.Athavale, V.B.Joshi, C.K.Bapiraju, and S.R.Mittal. Calcutta Office had arranged meetings with various customer groups (List given at Annexe -F), Heads of departments of RBI, Calcutta and representatives of Unions and Associations. Problem areas in customer service and suggestions for improvement indicated during these meetings are as under :

### **Public Accounts Department, Deposit Accounts Department and Public Debt Office**

2. Presently TT discounting facility is given by RBI Calcutta only upto the close of banking hours (i.e. 2.00 P.M.) Standard Chartered Bank, State Bank of India and a few other banks requested that this facility be made available for one more hour on week days (i.e. upto 3.00 P.M.). (The facility is normally extended to banks to take care of adverse clearing as a special case).

3. SBI suggested that RBI which is managing the Clearing House should initiate a vigorous drive for reconciliation of clearing differences in MICR clearing.

4. SBI pointed out that the statements of accounts received from DAD do not provide full details of the transactions. Since they are hand written, sometimes the figures and narrations are not legible. Therefore, there is an urgent need for DAD Current Account section to be Computerised. This would also enable some of the banks to take the details of transactions in their accounts on floppy. They would also like to have their balance position given on Banknet.

5. Standard Chartered Bank stated that RBI's objection to their using RBI cheque for payment of income tax/customs duties etc. has put them in a difficult position. Income-tax/customs authorities are insisting on payment by RBI cheques whereas RBI is not allowing the same. (The Committee felt that the spirit of recent guidelines of RBI on the use of RBI cheques may be appreciated by banks).

6. United Bank of India mentioned that it has several items of unreconciled entries in the books of DAD and it has failed in obtaining the details thereof.

7. Standard Chartered Bank pointed out that there is delay on the part of RBI, PDO in sending interest warrants to it. Warrants are sometimes delivered 2 months after their preparation by PDO. The Income-tax deduction certificate should be in prescribed format and sent to it in time.

8. The representative from the Directorate of Sales Tax, Government of West Bengal stated that the nationalised banks authorised to collect sales tax have not been reporting the collection figures promptly to RBI. Pointing out that one bank delayed remittances by about a month, (the representative was not willing to disclose the name of the bank) he requested that RBI should ensure that the collections are remitted to RBI the next day itself and that PAD's inspection machinery should be fully geared for the purpose.

9. The representatives of Eastern Railway pointed out that they are not happy with the performance of State Bank of India in handling their accounts. Although they have been permitted to deposit collections at several branches of SBI, SBI is not willing to extend the required service and RBI, on the other hand, is not allowing them to open accounts with other banks. (It was explained that the issue is being examined by a Committee appointed by the Railway Board and it would be appropriate to wait for their recommendation). As regards cash withdrawal and exchange of defective notes, the representative of Eastern Railway stated that defective notes of value as high as Rs.60 to Rs.70 lakh are lying in their vaults. As SBI is not willing to provide exchange facility, he requested RBI to provide the facility. Manager Calcutta advised the Eastern Railway authorities to approach Currency Officer with necessary details.

10. The representatives of Finance Department and Pay and Ac-

counts Office, Government of West Bengal suggested that the receipt and payment scrolls should be sent the next day itself. Presently, there is a time lag of 15 days. The Pay and Accounts Officer suggested that the time taken by RBI for encashment of cheques should be reduced. (It was stated by RBI local officials that on the salary payment days spread over 3 days, RBI receives about 4000 cash cheques per day although the cash drawing officials are hardly 100 to 150 as Government Departments presently issue one cheque for every salary bill of every Government employee favouring the Pay and Accounts Officer. Instead, if only one cheque is used for every department, payment can be effected very easily by RBI and the departments could arrange for cash payment at their end. Pending modification in the procedure they should deposit the cheques 2 days in advance instead of only one day at present so that payment is effected in the early hours of the date of payment. Feasibility of credit of the accounts of employees' through electronic clearing by NCC may also be examined.)

11. The representative of the General Post Office requested that the date on the cheque can also be indicated in the payment scroll. (Manager, Calcutta stated that as the work is computerised, only the information captured by the computer is indicated in the scroll. Improvements would be made in due course.)

## **Issue Department**

12. The representatives of currency chests accompanying the remittances complained that they are detained for long, and that RBI should ensure strict adherence to the schedule for note examination. It was suggested that banks should depute a staff member from a Calcutta branch to represent the bank while the notes from outstation chests are examined, which would obviate the need for the staff of remote chest branches being detained for unusually long periods.

13. Currency chests should be supplied with more fresh notes.

14. RBI should immediately adjudicate the defective notes received from chests.

15. RBI should take a liberal view of the delayed reporting of withdrawal from currency chests at least for branches at remote locations. (The Committee clarified that exceptional cases are considered favourably and banks could approach the Currency Officer).

## **Exchange Control Department**

16. A representative of a trading house complained that export proceeds remitted by overseas buyers remitted through SWIFT are credited to the exporter's account only after 5 to 6 days. RBI may intervene in the matter. (It was explained by the Committee

that delay is due to the fact that so far only Bombay is connected to SWIFT. RBI is pursuing with Department of Telecommunications for getting PSTN/telex connectivity to other centres as well).

17. Extension of time to collect export proceeds should be given by the Regional office of the ECD. ADs may also be given authority to grant extension of time upto 3 months. This would avoid protracted correspondence with RBI.

18. Regional Offices may be authorised to write off non-realised export proceeds in cases where they are satisfied that there are no chances of recovery of dues and exporters have made reasonable efforts for realisation. Since the process for receiving the letters from the High Commissioners/Legal advisers based abroad for small value of export proceeds is cumbersome and not viable, such amounts may be written off.

19. There is difficulty in getting ECD circulars in time in view of multi-tier structure in banks. SBI requested whether copies of ECD circulars could be made available on demand from the Enquiry Counter of ECD.

20. SBI Main Branch is the only bank branch in the Eastern Region handling NRI investment. Manager of NRI Division requested whether local RBI could provide on a weekly basis a copy of the list of companies in which NRIs can invest (which is being updated by RBI Central Office on a weekly basis.)



## **Meeting with Heads of Departments**

21. Nearly 27,000 interest warrants are prepared on an yearly basis by the PDO. The volume fluctuates between 835 in February and 10,000 in November. There is a clear case to use a computer to generate interest warrants as well as relative Tax Deduction Certificates.

22. Inward TTs from Bombay reach very late. On many occasions they are posted on the following day. For convenience of Calcutta Office, other offices should send the TTs latest by 3.30 P.M. Offices should also avoid bunching of TTs at the fag-end of the day.

23. ALPMs should be introduced in DAD so that the banks can get computerised Daily Statement of Accounts as well complete details of transactions.

24. Government of West Bengal has been requested by Calcutta Office to do away with the system of issuing salary cheques against every salary bill. Central Office may intervene and request Secretary, Government of West Bengal to look into the matter.

25. PAD should encode the outward cheques in the Department

itself instead of sending them to NCC for encoding. This would help PAD in presenting all their cheques in the same day's clearing.

26. In Calcutta payments of Rs.2 lakh and more are made at heavy payment counters. This leads to heavy load of work at heavy payment counters and very less work at other counters. 'Heavy Payment' should be clearly defined by the DGBA. Necessary guidelines may be issued to regional offices so that the issue is settled locally. This would help distribution of load between ordinary payment counters and heavy payment counters.

27. Training the customers is as much important as training the in house personnel. Meetings should be organised by local Manager with different customer groups at periodic intervals to take note of their difficulties as well as explain the difficulties of the Bank.

28. Manpower requirements of PAD, DAD and PDO should be assessed considering the present volume of work. Adhoc arrangements should be reviewed to provide better customer service.

(Local unit of Employees' Association gave a written memorandum to the Committee emphasising this suggestion).

29. Proper infrastructure should be available to treat customers with courtesy. Visitor's rooms should be made at every service intensive department like PAD, PDO, DAD, ECD and Cash Department. At least one guest chair should be provided to every officer.

30. Visiting card facility to be given to all Officers.

31. Incentive schemes should be introduced to motivate officers and the staff to devote more attention to issues relating to customer service.

32. Time schedule as per PDO Manual may be strictly adhered to. Joint Manager should review the performance of the department on a weekly basis.

33. Entry of professional dealers into the exchange hall should be stopped. Alternatively, they should be asked to stand in separate queues. Genuine customers should be given preference.

## STUDY VISIT TO KOCHI OFFICE ON AUGUST 29,1992

The Committee visited Kochi sub-office on August 29,1992 to study the regional variation ,if any, in the working of the Exchange Control Department and special problems with the ECD customers in the wake of implementation of LERMS. The Study Group was headed by Shri M.L.T.Fernandes, Executive Director and included S/Shri R.K.Choudhury, B.K. Basu, Y.M. Paranjpe, and C.K. Bapiraju.

2. Kochi Office had arranged meetings with a few customers, Export Promotion Councils, banks and Chambers of Commerce. An office bearer of a Non-resident Indian organisation was also present (List given at Annexe -F). The following suggestions were made :

3. ECD circulars (known as AD Circulars) may be made available by local ECD to the Regional Offices of all banks.

4. The branches dealing with foreign exchange find it difficult to expeditiously dispose of foreign currency notes. A suggestion was made as to whether RBI could receive these currency notes on a day-to-day basis and arrange for their disposal for all the banks.

5. A large number of export outstanding cases are lying with banks. Many of these cases are 10/15 years old and there is no likelihood of their realisation. This had made the export follow-up a stupendous task. Reports running into hundreds of pages are sent to RBI in a routine manner. It was suggested that as a one-time measure, cases outstanding for more than 10 years may be written off irrespective of the value . The cases outstanding for 5 to 10 years with export value of less than US\$ 10,000/ may also be written off as a one-time-measure. This would simplify the work of the ADs as well as RBI to a great extent and attention can be devoted to the residual cases.

6. RBI may examine the feasibility of developing a clearing mechanism for collection of Dollar Drafts within the country.

7. Delegation of ECD work from Central ECD to regional ECD and from regional ECD to authorised dealers should be reviewed once in six months.

8. Banks as well as the exporters felt that changes in the LERMS are made too frequently. This is causing a lot of confusion. Changes may be considered in a consolidated manner once in three months. Moreover, changes may be made effective from a prospective date so that banks get adequate time to prepare and switch over to the new systems and procedures.

9. RBI should organise seminars/workshops at frequent inter-

vals. These seminars may also serve as open forums for ECD customers to express their grievances.

10. Foreign exchange business should be recognised by banks as a specialised job and attempt should be made to post well trained staff in the foreign exchange divisions of banks. To meet the growing training needs of banks, RBI may also develop computer aided training packages.

11. The liberalisation in the rigid exchange control regime also requires a high degree of attitudinal changes in the staff working in ECD of RBI and forex branches of banks. The training programs on Foreign Exchange Management may highlight these aspects as well.

## **VISIT TO HYDERABAD OFFICE ON AUGUST 27, 1992**

Hyderabad Office was selected for study visit with a view to finding out typical problems in medium sized offices and also to study some of the problems reported by the office through replies to the questionnaires. The Study Group was headed by Shri M.L.T.Fernandes, Executive Director and included S/Shri R.K.Choudhury, B.K. Basu, Y.M.Paranjpe, and C.K.Bapiraju.

2. Hyderabad Office had arranged meetings with a few Government Departments, banks, financial institutions, chambers of commerce, export promotion council and exporters (list given at Annexe - F). Meetings were also held with the heads of the department of Hyderabad Office and local units of Employees' Association, Workers' Union and Officers' Associations.

### **Level of Customer Service as perceived by customers**

3. Banks and financial institutions expressed that DAD keeps the daily statement of account ready for delivery by the next morning, but the detailed advices are ready for delivery only after 2/3 days.

4. Hyderabad Office takes into account all inward TT messages received upto 4.30 P.M. on the same day. However, some messages

particularly from Bombay reach late and they are accounted for only on the following day. Banks and financial institutions felt that the workload at DAD Hyderabad being low, all inward TT messages may be accounted for on the same day.

5 Although the bank branches at Hyderabad have been using MICR cheques for the last 3 years, the benefits of new technology have not been made available to the banks at Hyderabad.

6. Most of the government departments receive the daily scrolls and monthly statement of accounts as per schedule. Only one Govt. Department namely, General Post Office, Hyderabad stated that there are a few unreconciled transactions; scrolls are not received on a day-to-day basis.

7. Chest managers of State Bank of India and State Bank of Hyderabad mentioned that there is some scarcity of Rs. 50/ and Rs. 100/ denomination notes, but the position is under control. Unlike at other issue circles, there is no demand for Rs.500/ notes at the bank branches under Hyderabad issue circle. The Issue office of RBI Hyderabad arranges remittance from the surplus chests promptly as soon as any request is made. The depot managers, however, stated that a huge quantity of coins has been remitted to the Small Coin Depots although the customers are not interested in lifting the same.

8. Almost all the customers waiting at the exchange counters and the defective note counters were professional dealers. On enquiry, some of them said that the average wait time at the ex-



change counter is 15 minutes and at the defective notes counters 20 minutes.

9. Andhra Bank and Canara Bank stated that even after the introduction of LERMS a number of cases are referred to by local ECD to Central ECD. They felt that the powers delegated to regional offices are still not adequate.

10. Computerisation of chest accounting at Issue Department has helped banks get a feedback from RBI promptly on mistakes if any committed by them in preparing the chest slips/consolidated statement at the Link Office. Chest accounting upto 31st July 1992 had been completed as on 25th August 1992.

#### **Suggestions for improvements in customer service**

11. To facilitate timely opening of public counters the attendance time of Class III staff of Issue Department should be made the same as for Class I and Class IV staff. A system of Teller-wise hand balance may also be worked out at the Central Office after fully examining its implications from security angle.

12. Advance Ledger Posting Machines (ALPMs) may be introduced at DAD so that banks could be given computerised statement of accounts.

13. Since most of the banks have already issued MICR

cheques, mechanised clearing with sorting facility may be started by RBI without further delay.

14. Professional dealers of currency notes should be allowed entry into the exchange hall only between specified hours, say, between 12.00 noon and 2.00 p.m.

15. Not more than 25 pieces of defective notes should be received for adjudication from a single customer at the public counter. Lots numbering above 25 pieces should be received only at the TLR counters. The local office should create one/two additional teams of officers by drawing on other departments for a temporary period to clear the entire backlog in adjudication of defective notes received under TLR and under Special Procedure.

16. RBI may receive defective notes lying with the Railways and P&T Departments as a very special case. While making bulk payments at the end of the month RBI may, as far as possible, also provide fresh notes in the desired denominations.

17. RBI may hold meetings with different customer groups at periodic intervals. For ECD customers workshops/seminars could be organised in consultation with FEDAI and IBA.

18. The Training Division may design suitable training programs focused on behavioral aspects in providing customer service by the Bank. It should be on a continuing basis and all categories of staff posted in customer related departments should be deput-

ed to these training programs.

19. Monthly D.O. letters from Heads of Departments to Central Office should contain a paragraph on customer service related issues .

20. Andhra Pradesh Chamber of Commerce pointed out that the time taken for realisation of foreign drafts is around 3 weeks. RBI may evolve a system of collection of foreign drafts through a specialised agency as is being done for collection of inter-city instruments through National Clearing Cell.

21. The representative of currency chest should not be detained at RBI Issue Office for a longer duration than originally envisaged at the time of remittance. Alternatively, RBI may evolve a scheme by which the chest representatives can withdraw by handing over to a staff member from the local branch of the concerned bank to represent the chest for detailed counting.

## **VISIT TO KANPUR OFFICE ON JULY 8, 1992**

The Committee visited Kanpur Office on July 8, 1992. The Group was headed by Shri M.L.T.Fernandes, Executive Director and included S/Shri R.K.Choudhury, S.Balakrishnan, V.G.Athavale, B.K.Basu, C.K.Bapiraju and S.R.Mittal. Kanpur Office had arranged meetings with a few government departments, banks, financial institutions and trading bodies engaged in foreign exchange and export business. (List of invitees given at Annexe - F). Meetings were also held with the heads of departments of Kanpur Office, Officers Associations, Employees Association and Workers' Union to seek their views on the level of customer service and the steps to be taken to improve the same. The problem areas indicated by the customers and identified by the heads of departments are as under :

### **Deposit Accounts Department and Public Debt Office**

2. Although the Daily Statements of Accounts are given the next day morning, the statements do not provide details of the entries passed at RBI. Banks suggested that advices containing details should invariably be sent alongwith the Statement of Account. The Current Account Section of DAD may also be computerised and the computerised statement should show complete details of transactions.

3. IDBI reported that clearance of the outstation cheques drawn on centres even within Uttar Pradesh takes about 3 weeks to 3 months. RBI should look into it and monitor the status of outstandings with more vigor than at present. The existing mechanism of sending fortnightly reminders is not adequate. Telephonic reminders to the collecting agents would have an added impact.

4. A few banks complained that the attitude of SBI does not appear helpful to banks in providing facilities under the Remittance Facilities Scheme. Since SBI provides the facilities under RBI's Scheme, RBI may impress on SBI to look into the matter. DGBA may study the working of the Scheme and take remedial steps considering this aspect.

5. Banks complained that the inward TTs received by DAD after 3.00 P.M. are not accounted for on the same day. (The Committee felt that all inward TTs received upto one hour prior to closing of the Department can be accounted for on the same day.)

6. RBI, DAD does not have a direct telephone. Banks are unable to contact DAD because the board lines are hardly available. (There is an urgent need for a direct telephone line, a hotline extension and an Automex terminal in the Department.)

## Public Accounts Department

7. Although there have been noticeable improvements in the services provided by PAD during the last 6 months, there is scope for further improvement. The representatives of Income-Tax Department requested that challans should be sent to them by the next morning. Presently there is a gap of 2 to 3 days. They also pointed out that mistakes in the nature of totaling errors, challans not being in the same order as entered in the scroll, etc., are many.

8. At times, credits are given to wrong account heads. The frequency of such mistakes was more in the Assignment Accounts.

9. The monthly statements are sent 7 to 10 days late. It should be positively sent by 5th of the following month.

10. Railways have not been given the facility of depositing cash under guarantee. Therefore, on certain occasions their representative has to go back with full or partial amount of cash, not accepted by the Bank.

11. The receipts at railway stations are deposited with designated commercial banks. But commercial banks refuse to accept coins beyond a certain limit. The representative of Railways requested whether RBI could accept the coins at least once a week. (The Currency Officer look into the matter.)

12. Collection of outstation cheques deposited by Government Departments takes an unusually long time. RBI should arrange to credit Government accounts within 15 days, if not less.

13. Banks are not reimbursed promptly by RBI for the pension payments made by them.

14. It was reported that a system of day-to-day monitoring of work of all the sections in the Department has contributed to overall efficiency of the Department. However, there is a need for educating customers. The Government Departments should report the discrepancy in the scrolls, if any, promptly instead of reporting after 5 to 6 months. Efforts need be made to fully computerise the Receipt and Payment section work so that Government Departments are provided with the computer generated scrolls for cash, clearing and transfer transactions. Monthly statements can also be generated at the month end and sent in time.

15. It was suggested that Income-tax Department should do away with the system of issuing advices to the ITRO beneficiaries. They may send the same to the respective drawee banks direct, if the suggestion to do away with the advice cannot be agreed to.

16. For providing better service to pensioners the Treasury Offices should do away with the system of sending the pension bills. Instead they should issue pension cheques.

## **Issue Department**

17. Chest branches do not get supply of fresh notes from the RBI. The remittance should consist of a mix of fresh notes and reissuable notes. Remittances of only reissuable notes should be avoided.

18. The chest representatives of banks accompanying the remittances to RBI should be released early. RBI should take up the counting of notes of a bank on a continuing basis.

19. Defective notes, if any in the chest remittances should be adjudicated by RBI on the same day.

20. State Bank of India suggested that RBI's stipulations on penal provision for delayed reporting of withdrawal from the chests is very harsh. It is not possible to collect the data from all chests in a State like Uttar Pradesh within 7 days. Many chests are at remote locations and communication facilities are still not satisfactory. They are totally dependent on postal communication for statements from a number of chests. (Currency Officer may examine the position and seek guidance from DGBA.)

## **Exchange Control Department**

21. Standard Chartered Bank reported that there are a large number of cases where export proceeds have not been realised for years. The amounts are very small. They may be allowed



to write off more than 5 year old cases so that follow-up for these cases is obviated.

22. Moradabad happens to be a centre with a large export business. Exporters are many. But due to problem of communications, the exporters are denied the facilities now extended under LERMS. RBI, jointly with State Bank of India may organise seminars/workshops in such potential areas.

23. For interpretation of circulars issued by Central ECD, banks do not get an immediate response from the Regional ECD. It was also reported that all such cases are referred by Regional Office to the Central ECD which causes delays. There is a need to hold workshops at regular intervals at Kanpur in the presence of senior officials from Central ECD.

## **VISIT TO NEW DELHI OFFICE ON JULY 7,1992**

The Committee visited New Delhi Office on July 7,1992. The Group was led by ED(F) and included S/Shri R.K.Choudhury, B.K.Basu, S.Balakrishnan, V.G.Athavale, C.K.Bapiraju, The Manager, New Delhi Office had organised meetings with a few banks, government departments, export promotion bodies, chambers of commerce (FICCI and ASSOCHAM), financial institutions and trading organisations. (The list of invitees given at Annexe - F).

Various issues/suggestions emerged during the meetings are as under:

### **Deposit Accounts Department and Public Debt Office**

2. Presently the settlement arising out of customers' investments are not allowed to be routed through inter-bank clearing. State Bank of India suggested that investments made on behalf of customers often lead to inter-bank settlement. Therefore, there is a need to allow such transactions to be routed through inter-bank clearing, by clearly indicating the name of non-bank beneficiary on the instrument. (DGBA/DBOD may consider this suggestion by studying the pattern of inter-bank call money market and types of instruments normally put through in inter-bank clearing.)

3. The jurisdiction for clearing of high value cheques should be increased. This should be periodically reviewed in the Standing Committee/General Body of the local Clearing House.

4. MSD may examine proper utilisation and feasibility of connecting the Banknet through satellite. Terrestrial lines are not reliable. Only after minimum uptime level of 95% is assured, the banks would be able to put live transactions on the network.

5. In order to take care of the special problem of 'weekly off' on different days in different areas (a peculiarity in New Delhi), some banks suggested that uniform weekly off on 'Sunday' would facilitate clearing operations. Weekly off on different days synchronising with the weekly off of the market need not be insisted on the banks. The option to keep the branches open / closed on market weekly off should be left to the individual banks. RBI may take up the matter with New Delhi Administration.

6. On many occasions accounts of banks are debited at RBI, but the corresponding advices giving the details of debit are not forwarded. The statement of accounts also does not give any details except for simple narration like 'transfer' or 'clearing adjustment'. It would be appropriate if the advices are given along with the daily statement of accounts.

## **Issue Department**

7. Although RBI's efforts in popularising coins in the wake of coinisation of Re.1/- Rs.2/- and Rs.5/- notes was appreciated by the banks , the same should not be dumped on the banks against their will. Presently, coins in gunny bags are occupying huge space in the vaults of different bank branches. (Banks would have to create infrastructure for storing/sorting/ counting of coins. The process of coinisation should take these factors into account.)

8. Bundles of notes received from RBI sometimes contain 5 to 6 stitches. Since 100% counting is carried at RBI and bundles are prepared thereafter, the banks expressed surprise on so many stitches in the notes packets received from RBI.

9. More and more banks should be allowed to open currency chests. Currency Officer should impress on the chest managers with surplus notes, to help the chests in deficit.

10. RBI should start periodic publicity campaigns by indicating DOs and DONTs about handling notes. Display of notes by garlanding people with notes should be considered an offense. Various methods of extending the life of notes should be shown through TVs and press advertisements.

11. Grindlays Bank wanted special allocation of fresh notes for use on their ATMs.

**Public Accounts Department and National Clearing Cell**

12. Punjab National Bank and Punjab and Sind Bank pointed out that they are not being reimbursed in time by RBI offices for the pension payments made by them. Payment of turnover commission also takes a lot of time. It should be possible for PAD to examine the claim on the same day or the next day.

13. National Clearing Cell should receive MICR cheques upto 8.00 p.m. instead of 7.30 p.m. as at present so that banks with large number of branches can present all their cheques on the same day. Banks should also be allowed to present their outward cheques in more than one lot.

14. The representative of Ministry of Finance stated that the scrolls are not sent to them in time. There is a time lag of 15 to 20 days.

15. RBI offices should take due care to forward all the paid instruments and the vouchers along with payment scrolls. On many occasions, the vouchers are not attached. It becomes very difficult on the part of Ministry of Finance to reconcile only with reference to the entries in the payment scroll. Sometimes scrolls carry totaling mistakes, carry-forward mistakes or carry

a figure different from what is indicated in the instrument/  
challan.

16. The representative from Northern Railway said that RBI should be liberal in granting permission to open accounts with banks other than State Bank of India to remit collections. It will be administratively convenient for the Railways if the choice of bank branch is left to them provided the bank agrees to furnish the accounts in time to RBI.

17. Northern Railways wanted to utilise the facility of Guarantee Deposit. (They were not aware that such a facility was available.)

18. RBI takes 6 to 7 days to collect local clearing instruments and credit to government account. Attempts should be made to credit the Government Account positively on the 3rd/4th day, depending on the 'weekly off' position of the drawee branch.

19. Number of account heads of Government Departments being very large, cases of entries being posted in wrong account heads and even despatch of scrolls to wrong Pay & Accounts Offices are many. RBI will have to ensure utmost accuracy in this regard.

20. Northern Railway showed interest in availing itself of the electronic clearing facility being contemplated by

RBI, for salary payments to about 10,000 staff in the city of Delhi.

### **Exchange Control Department**

21. On many occasions trading companies engaged in export business are required to go to Bombay to follow-up cases forwarded by New Delhi, ECD to Central ECD. Follow-up work should be done by Regional ECD.

22. ECD circulars should be given by the Regional ECD whenever a bank/export promotion council/chamber of commerce requests for them. It should be available at the enquiry counter of ECD itself. (It was suggested by the Committee that such service can be provided by FEDAI or FIEO and RBI would extend necessary help. Copies of all circulars/press releases could be given to this service window.)

23. Whenever a query is made by a bank on interpretation of a circular, Regional ECD should give the reply after obtaining telephonic clarifications from Central ECD, if reference to Central Office is required. The practice of obtaining written clarifications from the Central Office even on apparently simple issues by the Regional Office takes a lot of time.

24. Trading houses mentioned that even by 1.30 p.m. many bank branches do not quote the rates for sale and purchase of

foreign currency. RBI should ensure that banks carry out RBI instructions and provide efficient customer service.

25. Instructions/circulars issued by RBI should avoid using archaic language like 'Notwithstanding.....' etc. It should be user-friendly. The circulars should clearly indicate the contact person for further clarification, if any.

26. In line behind the spirit of LERMS, there should be greater delegation of work to ADs so that foreign exchange facilities are available to as many people as possible.

27. Banks have a tendency to pass on the losses incurred by them in dealing operations to their customers on flimsy grounds. FEDAI/RBI may issue detailed guidelines to banks in this regard.



## **VISIT TO THIRUVANTHAPURAM OFFICE ON AUGUST 28, 1992**

The Committee visited Thiruvananthapuram Office on August 28, 1992. The Group was led by Shri M.L.T.Fernandes, Executive Director and included S/Shri R.K.Choudhury, B.K. Basu, Y.M.Paranjpe, and C.K. Bapiraju.

2. The primary reason for selecting Thiruvananthapuram Office was to study the problems peculiar to small/low volume offices of the Bank and also to examine some of the problems reported by them in the replies to the questionnaires.

3. Thiruvananthapuram Office had organised meetings with a few government departments, banks, financial institutions and managers of currency chest branches (List given at Annexe - F). Meetings were also organised with heads of the department of Thiruvananthapuram office and officers' associations, employees' association and workers' union.

### **Level of Customer Service as perceived by customers and suggestions for improvement**

#### **Deposit Accounts Department, Public Accounts Department and Public Debt Office**

4. A few Government Departments stated that the daily Receipt

and Payment Scrolls are received by them on a day-to-day basis but, on occasions, the scrolls bear several mistakes causing avoidable correspondence with PAD. RBI should ensure accuracy of the scrolls.

5. Railway authorities requested that dislocation, if any, in the clearing house and delay in credit to government account should be promptly reported to them. Since Railways release the auctioned items only after the proceeds of clearing instruments are realised, PAD may indicate the reason for delay on the Receipt scroll whenever delay occurs in crediting the proceeds to Govt. Account.

6. State Bank of India and State Bank of Travancore delay in affording credit to State Government account by days. State Government requested the RBI to impress on these two banks to initiate the remedial steps.

7. DAD sends the Daily Statement of Accounts on the following day at about 3.00 P.M although DADs at other centres with larger volume of transactions are in a position to deliver in the morning itself.

8. A few banks complained that their outward TT messages requesting transfer of funds to other centres are accounted for at the destination centres only after 5/6 days. A few instances were cited indicating delays of more than 10 days for TT transfer messages to DAD, Bombay. (Thiruvananthapuram Office explained

that destination acknowledgement of the messages sent through Automex is not received. The Committee observed that MSD may get Automex suitability modified to obtain destination acknowledgement of delivery).

9. Banks stated that they have no difficulty in getting the statement of accounts, interest warrants etc. from PDO.

### **Issue Department**

10. Union Bank stated that its chest branches have been overburdened with coins. Since customers are not willing to lift coins and coin bags occupy a large space in their vaults, the bank requested whether RBI could lift the coins back to the Issue Office vault from the coin depots of Union Bank of India.

11. State Bank of Travancore suggested that in view of the coinisation program initiated by RBI, coins sorting and counting machines should be made available by RBI to all small coin depots. Banks themselves may not introduce these machines on cost considerations. (It was explained that the banks managing the Depots would have to reckon it as a part of the depot management cost.)

12. Bank of Baroda complained that the chest branches of State Bank of Travancore have imposed a lot of restrictions on other bank branches for deposit/withdrawal of cash. RBI may intervene

in the matter and monitor the working of the Linkage Scheme more closely.

13. Since a lot of counterfeit currency notes are in circulation in Kerala, banks enquired whether RBI could issue detailed guidelines for the benefit of the staff working in various bank branches under the Issue Office of RBI, Thiruvananthapuram.

#### **Observations on visit to Banking/Exchange hall**

14. The Enquiry Counter was located in one corner of the Banking Hall. It may be carved out right at the entrance of the Banking Hall.

15. The receipted challan delivery counter was located far away from the challan receipts counter. The delivery counter needs to be relocated close to the receipts counter.

16. The exchange counters for small coins were each dedicated to coins of specified denominations . There was no queue in front of any of these coin counters indicating thereby that the demand for service is not very high .

17. The wait period for exchange of notes in any counter was hardly 15 minutes.

18 The wait period for deposit of cash or encashment of cheque was about 20 minutes.

19 Heads of Departments pointed out that the communication infrastructure in the Office is far from satisfactory. The Hotline was lying inoperative for quite some time. The Automex connection was also reported to be not very reliable.

20. A suggestion was made to hold meetings with different customers groups once in three months . The Heads of the Departments also felt the need to hold local Customer Service Committee meetings once in six months if not earlier.

**PART - III**

**REPORT OF NATIONAL INSTITUTE FOR  
TRAINING IN INDUSTRIAL ENGINEERING  
(NITIE)**

## **CHAPTER 1**

### **INTRODUCTION**

Reserve Bank of India is carrying out the functions of planning, implementation and monitoring of nation's fiscal and economic policies since independence. In this capacity it has an advisory role to the Government of India. The role was taken over from erstwhile Imperial Bank of India, and Controller of Currency after independence. In addition, the Reserve Bank of India also performs certain retail banking functions on behalf of the Government of India. The major clients of Reserve Bank of India are Merchant Banks, Financial Institutions etc. In addition there is a large areas of interface between the general public and the bank's employees and officials.

Keeping the needs and expectations of the clients and general public in mind, the Reserve Bank of India's authorities desired to assess the status of customer service in various departments and suggest improvements so that the future needs and expectations could be fulfilled in a more planned manner. Keeping the above objectives in mind, NITIE was contacted to undertake the assignment on customer service.

NITIE team comprising of Prof.V. Sundaram, Prof. M.V. Narayanan, Prof. J.S. Lamba and Mrs. R.D. Chikhalkar had a series of discussions with Mr M.L.T. Fernandes, Executive Director, Mr S.P.Mittal, Director Incharge MSD, Mrs Grace Koshie, Mr A.P. Hota

and other senior officials who are part of the customer service committee of RBI.

During these meetings the following objectives were identified:

- i) to identify the areas in the Reserve Bank of India (including identification of technology upgradation areas) of customer service to the public;
- ii) to assess the level of satisfaction of customer services provided to the public especially in areas such as exchange of soiled/defective notes, exchange control approvals, servicing of holders of government securities, receipts/payments, including pension payments on behalf of government;
- iii) to recommend measures needed to improve operational efficiency, including technology upgradation;
- iv) to examine the exercise of powers and the level of services provided by authorised dealers in foreign exchange and banks authorised to undertake government transactions and exchange of currency notes in respect of powers delegated<sup>n</sup> to them by the Reserve Bank of India;
- v) to suggest the machinery and methodology for periodic monitoring of efficient customer services in the identified areas;
- vi) timely opening of exchange counters considering the office



timings of the three categories of staff and the various items of preparatory work required to be completed before opening of the counters at the commencement of banking hours; the reasons for delays in opening counters for service and measures to overcome them. The long term solutions for day-to-day promotions from clerical staff to tellers, and tellers to ATs may be examined in this connection;

- vii) instead of having dedicated counters to undertake exchange of notes/coins of specific denominations, whether cash counters for exchange of notes/coins could provide exchange facilities for notes/coins of all denominations at a single counter to avoid customers having to access different counters;
- viii) how to control the operations of private money changers on exchange counters to ensure access of these counters to general public;
- ix) Prompt issue in respect of
  - a) current account statements and advices on each transactions to banks
  - b) SGL account transactions
  - c) receipted challans in respect of
    - i) cash
    - ii) clearing cheques/drafts.

- x) whether the time schedule prescribed for different items of work in PDO like (renewal, sub-division, maturity repayment, examination of the power of attorney etc. could be reduced further;
- xi) need to upgrade the tools and technologies including computerisation of various items of work at the counters (exchange and public), issue of drafts and interest warrants where the volume of work so warrants and inhouse work in PAD, DAD and PDO to extend efficient service to customers. RBI officials also emphasised the urgency of the study and desired that the study should be conducted in 4 to 6 weeks.

### **Methodology**

The team visited all the concerned departments, namely Issue Dept, Public Dept Office, DAD, BGDO, ECD, and Byculla office and held detailed discussions with the Managers, Departmental Heads, and other senior officials in each department. Various procedures followed currently, documents maintained by each department, the flow of papers and informations within the department and inter department were studied. Wherever the general public and clients of RBI were affected, discussions/interviews were conducted to get their point of view. On the spot observations during the operation of various counters was carried out and an indepth questionnaire was circulated to the clients for their views. The observations obtained by above methods and suggested remedial measures for these observations are mentioned in subsequent chapter.

## CHAPTER II

### OBSERVATIONS AND RECOMMENDATIONS

Study and findings related to Customer Service will be discussed in detail under the following five areas:

1. Issue/Cash Department
2. Public Debt Office (PDO)
3. Deposit Accounts Department (DAD)
4. Public Accounts Department (PAD)
5. Exchange Control Department (ECD)

#### **Issue/Cash Department**

The department carries out the functions of currency management in the form of receipt, accounting, sorting, exchange and destruction of soiled and defective notes and payment to the customers.

The customers that patronise the department are of the following categories:

- (a) Banks/Government Departments' Representatives for drawing/depositing the cash.
- (b) General Public for

- (i) Exchange of currency
- (ii) Exchange of soiled/defective notes
- (iii) Obtaining coins of various denominations

1. Except for a few counters relating to exchange of soiled notes and issue of new currency notes, the queue length both at Bombay main office and Byculla office was not found to be unmanageable. Even the queue at the soiled notes counter was seldom found to exceed 3 persons and average waiting time did not exceed 15 minutes or so. However, it was found that in majority of cases, it was unofficial money changers who were depositing the soiled notes and in rare cases, the general public took advantage of the facility. Similarly at the new/lower denomination notes counter particularly counters where Rs.2/- notes were issued, significant queue length was observed. The persons in queue primarily comprised of regular exchangers of money and they, after being serviced once at the counter, again joined the queue at the tail. The cycle was observed to be in operation throughout the banking hours. The counters which issued the coins in bulk as well as in retail did not have queue at all. The tellers at these counters were found to be free most of the time. The following suggestions are offered for consideration:

2. There are number of counters without any customer. Statistics of average queue length and average number of customer serviced on day to day basis should be maintained. These statistics maintained over a period of time would help

in assessing the service requirements function wise and would help in allocating right proportion of counters based on customer queue length. The same statistics would also help in operating minimum number of counters especially when the availability of personnel becomes low due to absenteeism etc. The statistics would also provide the data regarding seasonality variations of customers on various counters. Thus the counter allocation could also be varied as per the identified seasonal variations. These measures would facilitate in minimising the queue length thereby providing better service to customers.

3. It was observed that whenever the counters were issuing used notes, the queue length was insignificant. Thus it appears that the incentive for professional dealers rejoining the queue again and again is not there. The practice of issuing used currency notes at the RBI counters would discourage the professionals who keep on joining the queue in cyclic form and thus the problem would come down in magnitude. Alternatively, to restrict the customers in joining the queue repeatedly, some identification mark could be planted on them. This would ensure that they come to counter only once. As a gesture of service, the customers entire needs in the term of an optimum mix of new and recirculated notes and coins could be met.
4. From the discussions/papers given to the team it was apparent that RBI does not want to encourage professional

dealers in notes/coins. To achieve this aim, the system of exchange of soiled/defective notes as well as the exchange of denomination of currency should be decentralised to the nominated banks. The system has been in vogue for quite sometime but due to lack of commercial viability in the form of banks having to block their capital and deploy additional manpower to service the customers, it has not been accepted wholeheartedly by the commercial banks. To make the system commercially viable the banks could be given handling incentive for soiled and defective notes. In addition, there is a need for training of commercial bank staff in handling of soiled and defective notes. This training should be as an ongoing process based on the wastage rates of manpower. In addition the training should also be imparted to other departments who handle bank cash like railways, P&T & MTNL. These organisations should be encouraged to pack reusable and soiled/defective notes separately to avoid duplication.

5. Currently separate counters for each denomination of coins with suitable coins weighing machines are set up. It is possible to service the customer for all denominations from one counter, and since the queue length is not at all significant, a few counters could be reduced. In addition, the counters for bank issue and retail issue of coins can be combined.
6. To further speed up the process, precounted/weighed coins packed and sealed in polythene bags could be kept ready at the counter.

7. The box balance left in the evening should be adequate for opening counters on the next morning. Whenever box balance comes below acceptable level, Assistant Treasurer should ensure that the cash is replenished before the end of the day so that adequate currencies are available right at the time of the opening the counters. If this practice is adopted, the delay in opening of counters in the morning can be overcome. If required more boxes can be planned in the main office based on the counter load.
8. Administration of strict discipline for attendance in the counter area with suitable reward and punishment could prove to be a useful approach. Persons with more daily promotions could be given priority when they are considered for regular promotion. Also people who report 15 minutes late could be sent back if there are no suitable positions available where they could be deployed.
9. Daily promotions and allocations of personnel to the various counters take considerable amount of time. This at times delays the opening of counters. This could be minimised by installing computerised attendance system with built in allocation model. In this case, the employees while entering at the gate pass the barcoded electronically sensitive card through a system installed near the gate. The system would take care of the time the employee entered the premises, his muster attendance and, if programmed suitably would make daily promotions and print such list at the predetermined

time or on as and when required basis.

10. It was observed that the actual quality of notes in circulation which are used by general public is far below the accepted norms which the Reserve Bank of India considers necessary for re-circulation. If general public becomes aware of this fact as also easy accessibility to get their notes exchanged, the population of customers for notes exchange would increase.
11. In order to facilitate a proper and right handling of notes general awareness has to be created in the public with the help of TV media. Also steps should be taken to ban preparation of garlands and other decorative pieces from currency notes. The practice of writing/signing on notes by bank employees/general public should also be discouraged. In addition, RBI and banks should device a better method of stappling the bundles of notes. The present system of stappling also contributes to reduced life of currency as after 2/3 such attempts, the note develops large sized notes and becomes unusable.
12. Popularisation of the use of credit cards would also help in reduction of the need for currency in circulation. The users and member establishments should be given suitable incentives for popularising the use of this mode of currency. The charges levied by banks towards issue of credit cards should be discouraged. The expenditure thus incurred on issue and



servicing of credit cards would get compensated indirectly by the expenses which would be saved from the currency management.

13. General awareness in the public should be created so that they insist for exchange of currency at the local banks. As on date, the effect of de-centralisation has not been very effective. As suggested the general publicity be given regarding the availability of such services so that customer pressure also builds up on the local banks to render the service. These banks could be offered suitable incentive keeping in view the cost of rendering such a service. This aspect alone would go a long way in improving the customer service as individuals for small amount need not incur the expenditure of commuting as well as spend the time for commuting to change the currency. This alone has given encouragement to the self appointed money changers who are charging very high commissions for these services.
14. Acceptance of mutilated notes involves certain amount of risk to the staff who handle these. This risk is also one of the major factors which is coming in the way of effective de-centralisation of the service. It is suggested that an arrangement with insurance companies could be explored to insure the staff who carry out these jobs against the risk of inadvertent decision. This would ensure that the staff is not penalised for any unintentional wrong decision. Alternatively they may be given waiver upto a specified monetary limit on annual basis. .

15. In the long run the quality of notes specially high denomination ones should be upgraded to enhance the life of currency.
16. The coins in circulation are of different weights and sizes. With the plan of coinisation of currency upto Rs.5/- this problem if not given due attention would get magnified tremendously. It is suggested that the coins of various denominations should be standardised in size and weight and non-standard weight/size coins should be withdrawn. The policy of standardisation should be taken on long term basis and should not undergo frequent changes as it has impact on a large number of other systems like MTNL telephone booths and other machines operated with the coins.
17. The machines for sorting and counting of coins and notes should be introduced at the earliest. The note sorting and counting machines should be capable of segregating the soiled notes also. This mechanisation would facilitate in enhancing the efficiency of the department.
18. There are four stages involved while giving a cash receipt. Teller accepts the cash and does necessary recording, peons stamp the cash receipt, clerk writes and the officer signs. This process takes 30 to 45 minutes or at times even more. Teller does not sign the challan as his position is supposed to be low and not as responsible. Assistant Treasurer who signs the cash receipts holds a responsible position but does not physically handle the cash. In actual fact the

teller takes more responsibility than treasurer as teller is responsible and accountable for the money received by him. It is, therefore, suggested that signing allowance could be introduced and tellers are encouraged to sign. Writing of the amount on government receipts like income tax and sales tax can be done away with and the teller should initial against the amount already written by the customer instead of re-writing.

Suitable mechanical contraption can be provided so that the stamping can be done by operating a foot pedal by the teller itself instead of a peon having to do it as separate stage.

In view of the above suggestions it should be possible for the teller to handle any cash challan by himself instead of passing through the currently followed four stages. This should not increase the teller's load but instead will reduce the time needed for delivery of cash receipt. Also, the customer would be able to receive the cash receipt at the same counter, thus the issue of token and standing in one more queue would get eliminated.

19. The automation of challans is also possible and should be implemented to enhance the speed of operation. This would require the following:

(a) Preferably standardisation of all types of challans and thereafter printing the challans on continuous stationary.

- (b) A computer with terminals available with teller and treasurer along with a printer with the treasurer. The printer should be fitted with the challan forms on continuous stationary.
- (c) The customer would fill in single copy of a form which would be a replica of the challan and handover to cashier along with the cash.
- (d) The cashier should enter the relevant details on the terminal, receive the cash and give instructions for the challan to be printed on the printer located at the treasurer's desk.
- (e) The treasurer should detach the challan from the printer, sign it and hand over to the customer.

In this way, 4 to 6 tellers can be serviced by one treasurer. Since the tellers and treasurer would be located on the adjacent counters, there would not be additional delay. The system would also facilitate tellerwise, department/collection head wise summary at the end of the business hours thus facilitating the cash handling by tellers and sending scrolls, challans to the concerned departments as well as giving credit to them in their accounts instantaneously.

- 20. The customers who hand in the payment by cheque have to visit once again to collect the receipted copy of challan. This wastes almost one day of the customers, which otherwise could

be used in more productive manner. It is suggested that at the time of receiving the challan and cheque customers should be asked to give option whether they would like the challan to be sent to them by post. In case they opt for this, the RBI should despatch the challan by post. This would facilitate in reduced queue of the challan delivery counter and save the time and money of customers.

21. It was observed that out station cheques do take considerably longer time at the Byculla branch. It was not possible to get the details of time taken at every stage of the out station cheques and clearance in respect of Byculla office. But one of the stages in the process is that the instrument received at Byculla Office is sent to main office by Registered Post. We suggest use of Courier in place of Registered Post as this would atleast reduce 3 days each way. In addition, the norms for outstation cheques followed by nationalised banks should be followed by RBI Branches too.
21. Just like notes in bundle of hundreds, even the boxes should be of modular type so that by seeing the number of boxes the concerned person who handles the cash would know what is the cash denomination and contents in the box.
23. Note and coin sorting and counting machines would help considerably in the Issue Counter as well as in the note examination areas. These could also be purchased by other nationalised banks to enhance their efficiency.

24. Counter infrastructure like chair, table, required currency counting aid and such other things could be ergonomically designed to reduce the effects of prolonged sitting of staff and make them little more comfortable and fatigue free.
25. It is suggested that all the Nationalised Banks should be allowed to collect these challans and customers should be told to pay it in the bank where he has an account so that these transactions are of a transfer nature. Hence receipt can be immediately handed over to the customer with a minimum processing. Banks could be paid a certain service charges for rendering this service. This would definitely improve the customer service and also reduce considerable load on RBI.

#### **Public Debt Office (PDO)**

Seven percent capital investment bond transactions have been computerised at Byculla office. Currently the computerisation does not cover interest computations. Software package to handle most of the work related to transfer, splitting, consolidation, interest computation on line basis should be developed and the PDO office should be fully automated.

Most of the work involved in Public Debt Office involves a number of processing stages. For example government promissory note renewal, process involves 22 stages (15 stages related to clerical level and 7 stages related to officer level). It is a recognised fact, that more the number of stages the more would

be the time required for the processing because paper moves normally in bunches from one stage to another and it waits at each stage before processing. The amount of processing time would be very insignificant portion of the amount of waiting time. If speed is to be added the number of stages would have to come down.

Therefore, it is suggested that not only for GPM but all manual processing for the work handled by the PDO be computerised, and number of stages be drastically reduced. It could be brought down to 3 stages (2 clerical and one officer level). These two clerks and one officer become a service channel or a unit, could be created from the existing staff. A number of such service channels should be working concurrently. By this process it should be possible to bring down our current norms which are of one week or more for various types of processing.

Partial computerisation has taken place in the Subsidiary General Ledger A/c. The existing channel involves the following stages:

Receiving counters, power section, computer processing and advice despatch. Current computerisation does not include the time consuming interest computations. Power block which is a facility for signature check and legal authentication is also a bottleneck area. It is suggested that on line terminal access should be provided to all the dealing officials to the power block. Computerisation should become so comprehensive so that it is capable of dealing with the current transactions and giving on line advice.

### **Public Accounts Department (PAD)**

A number of changes can be brought to streamline customer service. These are extension of non cash transaction time (transactions close one hour before closing of office). Both the receipt and delivery counters which are currently at a different places could be moved to the same place.

### **Deposit Accounts Department (DAD)**

Computerisation is currently at hand in this department which handles about 450 accounts and about 579 loans are live. Computerisation should be extended so that it is comprehensive to deal with all transaction and is able to give on line advice.

Detailed discussions regarding telegraphic transfer which was an area of concern were held. There are three modes of communication ie. telex, STD and hot line. Rarely all the three go out of action. The system could be made more time responsive by using electronic auto coding and decoding devices.

The customers also expressed concern about the delay in receiving the daily statement of account. The current Automatic Ledger Posting Machines were installed about a decade ago. These



machines due to inbuilt limitations cannot give the complete details of the transaction as well as cannot handle the quantum of work in the department. This results in the delay. The customers should be able to get the details on real time basis. To begin with the department should be computerised. This would enable the persons to cope up with the quantum of work and print out the statements by evening so that these could be issued to customers early next day. In the long run, the terminals should be provided in the customer's office through network so that customers get the real time information.

#### **Exchange Control Department (ECD)**

The department at Bombay office is spread over a number of floors. The first floor of this office is fairly well laid out. Each service area is separately identified and the people are appropriately positioned. This floor could serve as a model for the other floors of ECD. Some of the infrastructure facilities like more number of telephone connections and better service area toilets, etc. are required to add further good working environment of this floor office.

A questionnaire to elicit data from customers was designed on the service level. On analysis of the data thus collected, the following recommendations are offered:

1. A subject-wise informative brochure should be prepared and issued to the customers on demand. The brochure should spell out the current procedures, documents required and other details comprehensively. It should also mention the time norms and the name and telephone number of the dealing officer.
2. A detailed assessment should be done regarding the documents which are to be submitted with each type of sanction. There seems to be a need for reducing the number of documents which are required by RBI.
3. The adherence to time norms spelt by the department should be a matter of rule rather than exception.
4. The customer should be requested to mention his telephone number and in case of minor doubts/observations the clarifications could be taken telephonically or customer could be advised to send the requisite document at the earliest to speed up the processing.
5. The time norms for various services should be displayed prominently in the concerned area.
6. There seems to be a requirement of increased delegation of powers to Regional Offices and authorised dealers in the following areas:
  - a) Discounting of invoice of the export consignments.
  - b) Reimport of material not sold abroad.

- c) Permission to file suit against the foreign importers.
7. The older cases which are pending since 1968 for minor observations need to be viewed more pragmatically and if necessary should be closed. This would save the effort of RBI officials as well as the authorised dealers who would be able to do more meaningful work.
8. Due to lack of Rupee - Rouble parity rate, the banks were facing considerable difficulty. The rates should be fixed at the earliest.
9. The cases of recovery from Eastern Block countries and Nigeria should be taken up at the Government level and the exporters should not be penalised for delay in the receipts. The exporters were suffering tremendously on this account.

### **Clearing Operations**

The banks desired that the following additional measures should be instituted to make the clearance of cheques more effective:

- a) The banks should be given branch wise month-wise rejection rate. This would enable them to reduce it further.
- b) The details of direct debits should be given to the banks so that they would identify the reasons of such debits.

- c) To facilitate reconciliation, the banks should be given the day-wise sorted details. This would enable the banks to reconcile easily.
- d) At a future date, RBI could explore the feasibility of setting up a separate clearance house for refund orders, dividend and interest warrants. The quantum of these instruments was found to be increasing phenomenally. In addition these instruments are generally of low value and at times inferior quality of paper is used which increases the rejection.
- e) The cheques issued by RBI should be accepted across the counter or alternatively at the inter bank clearance. The insistence that there should be brought in the NCC seems to be avoidable.

#### **Miscellaneous Suggestions**

1. There seems to be a requirement of issue of detailed guidelines for credit card operations and a central machinery for monitoring it is also felt necessary.
2. The banks desired that a certificate giving the balance in their account on half yearly basis should be issued by RBI. This was a mandatory requirement for them from the auditor's point of view.
3. The banks expressed that RBI at times was not able to meet

their cash requirements and the banks were instead asked to contact other currency chests. This aspect was causing considerable dissatisfaction to the banks. The possibility of meeting the cash requirements of the banks should be explored and as far as possible the requirements should be met. Refusal should be an exception and such refusals should be monitored at the appropriate level and causes should be investigated so that timely remedial measures for the future could be initiated.

4. Circulars are issued by RBI offices after considerable delay. Sometimes the customers come to know the contents of the circular through Press. An effective mailing list should be maintained and the circulars should be mailed with utmost speed preferably through FAX.
5. The wordings of the circulars are such that at times it is not in an easily interpretable at the level of officers which have to understand and act on the circulars guidelines. Therefore the circulars should be faxed to clients bank and should be drafted in an easily understandable language leading to no communication gap.
6. It was also observed that over a period of time in some of the departments the employees have evolved certain work output norms without any scientific basis/justification and stick to them. The tendency should be curbed. In case the norms are to be evolved, these should be done after a scientific work study and method study by the experts.

## **CHAPTER III**

### **CONCLUSIONS**

The concept of customer service emphasises on exceeding the expectations of the customers, meeting the needs and expectation is taken as a normal business responsibility. The customer service should also address itself to improving productivity, reducing costs and toning up efficiency.

The above concept can be fulfilled by gearing up systems and procedures, making the organisation customer orientated and responsive and improving skills and productivity of the work force.

Due to technological advancements in the computers, and communication systems the time gap has been compressed tremendously and effective and timely information have become the key factors for customer service in banking industry.

The enhanced customer service level would require technological upgradation, upgradation of skills of all levels of workforce and effective feedback system. The systems and procedures should be

given periodic review in the changing scenario and suitable steps should be taken to modify them in the light of the technological changes. There also seems to be a need of effective delegation of powers in the banks hierarchy, to the regional offices and to the authorised dealers.

The general awareness in the public needs to be brought so that the services which are to be provided by various agencies are demanded as a matter of right by the users.

With the economic liberalisation and major industrial expansion in the pipeline, the RBI has to gear up its system to meet the future. This will enable the organisation to play a lead role in the national and international economic scene. Implementation of the recommendations given in this study would be an important step in that direction.

#### **ACKNOWLEDGEMENT**

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**QUESTIONNAIRE ON CUSTOMER SERVICE**

**DEPARTMENT OF CURRENCY MANAGEMENT**

**I) Resource Jurisdiction**

- a) Whether present jurisdiction of your office is considered to be
  - i) Too big and unwieldy;
  - ii) Average;
  - iii) Too small;
- b) If the answer to (a) (i) is in affirmative what are your proposals to reduce it by reallocation of currency chests/SCDs to other Issue Circle?
- c) If the answer to (a) (iii) above is in affirmative whether it would be possible to take over a few currency chests and small coin depots from other Issue Circle?

**II) Establishment of currency chests and small coin deposits**

In order to provide better exchange facilities to the public at large and to enable proper funds management, it is necessary that a fairly adequate network of currency chests and small coin depots is functioning in the Issue Circle. In this context, please state whether :

- a) the currency chests and SCDs are in a position to serve the branches of banks not maintaining currency chest with particular reference to "Linkage Scheme"?
- b) the geographical coverage served by each currency chest/SCD is adequate? and

- c) there is a scope for establishing more currency chests and SCDs in Issue Circle?

### **III. Resource Management**

- a) Whether the funds supplied by Central Office are adequate to meet the demand from the Circle?
- b) If the answer to (a) above is in the negative how the requirements of funds are met?
- c) Whether any attempt has been made to identify surplus and deficit chests?
- d) whether diversion of funds from the surplus chest/s to the deficit chest/s is arranged frequently ?
- e) Whether the balances of the currency chests, particularly, the needy ones, are replenished at half-yearly intervals?
- f) Whether the storage capacity in the currency chests/SCDs has been reviewed and the banks advised to augment the same?
- g)
  - i) No.of chests where removal has not been made beyond six months/one years/2 years,
  - ii) Whether notes in chests are segregated into issuable and non/issuable,
  - iii) What is the longest period for which guarantee notes are retained by you currently?
- h) Whether any complaint on account of non-supply of funds on time and/or non/removal of soiled notes accumulation are received from currency chests/SCD?
- i) If the answer to (h) above is in the affirmative whether they are disposed of within a reasonable time by initiating necessary action?

- j) What is the average time taken for preliminary verification of remittances received from currency chests?
- k) What is the average detention period of chest representative for
  - i) preliminary verification
  - ii) detailed examination of remittances
- l) Does the "Fast Track" system for examination of soiled notes result in inconvenience and additional expenditure to currency chests?
- m) If answer to (l) above is in the affirmative, what alternative ways and means could be suggested to tide over the problem?

#### **IV Accounts**

- a) Time lag between the date of transaction and the date of receipt of consolidated statement from the controlling offices of the chests concerned.
- b) Time lag between the date of transaction taken place at currency chests/SCD, and the receipt of relative chest slips/depot slips.
- c) In case of delayed receipt of chest slips/depot slips, whether the concerned chest officers/depot officers are advised promptly?
- d) Whether chronic cases of non/receipt of currency chest/depot slips are taken up with the controlling office of chest concerned?
- e) What is the time lag between the date of receipt of consolidated statement and posting of transaction reported therein in the respective chest account ledger?

What is the time lag between posting of the

transaction as at (e) and the verification/checking by (i) Clerk Gr.I and (ii) Staff Officer Gr.'A'

- f) Whether the erroneous transactions reported in the consolidated statement are promptly reported to the controlling office concerned;
- g) What is the time lag between the date of reporting on erroneous transaction to the Controlling Office/s and the rectification thereof by them.
- h) What is the time lag between the date of receipt of balance confirmation letter and issuance of confirmation advice.
- i) Whether the chest account/depot account are reconciled every month, if not, the period of delay and reasons for delay.
- j) Whether the mechanisation of Issue Accounts could be introduced? If so,
  - i) what is the infrastructure available for the purpose and is it sufficient?
  - ii) What in your opinion, is an ideal infrastructure for the purpose?
  - iii) Is the Staff Association willing to the introduction of mechanisation of Issue Accounts? If not, what steps could be taken to bring them around to accept mechanisation?
  - iv) If computerisation is already completed, what are the specific improvements, if any, noticed thereafter.

## **V. Exchange Counters**

The Inspection Department has observed that Exchange Counters at offices are not opening in time. This has adversely affected customer service. In this connection please answer the following :

- a) Do you think the existing time gap of 15 minutes between the commencement of office hours and banking hours is adequate for making preparatory arrangements for commencing working at the counter?

If not, what advantages/difficulties do you foresee in advancing the working hours of the office by half-an hour instead of 15 minutes as at present?

- b) Do you serve all the customers standing in the queue at the time of close of banking hours?

If not, on an average how many customers remain unserved at the time of closing the counters?

- c) Whether uninterrupted service is rendered throughout the banking hours or some of the counters remain closed on account of lunch recess?

If some of the counters remain closed for lunch recess, what arrangements do you suggest for providing uninterrupted service?

- d) Whether the work of one counter is transferred to another counter which results in inconvenience to the customers?

- e) Does the existing arrangement for exchange counters on the basis of denomination of notes/coins to be exchanged, cater to the needs of the customers satisfactorily?

Alternatively, do you think categorisation of counters into three broad groups for - i) small coins; ii) Rupee coins and iii) Notes and also a few flexible counters could help providing better customer service?

- f) Are there separate counters for exchange of defective notes tendered by -

- i) dealers;
- ii) other than dealers

To provide better customer service to (ii) above i.e. other than dealers, what specific steps do you suggest?

g) what is the average time taken for disposing of a tender? Could it be reduced? If so, how?

h) Are any complaints being received from the public regarding discriminatory treatment in issue of notes?

i) What arrangements are made for exchange facility to staff members?

Do these arrangements interfere with the customer service to public?

j) Whether electronic weighing scales are being used for dispensing coins?

Whether the customers make use of the weighing scales for verification?

k) Whether the note counting machines placed in the Banking Hall are made use of by public/banks/ Government Departments?

Are you facing any problems in this regard? If so, specify.

Whether infrastructural arrangements have been made for making use of note counting machine?

Do you have any suggestions for making effective use of these machines?

l) Whether any table with essential stationery like gum tapes/gum, paper etc., are provided in the Banking Hall for use by the public?

## **VI. Claims Section**

a) Whether TLR Covers and covers/parcels received through post are opened and notes adjudicated on the same/ next day of receipt?

b) Would it be possible to indicate a definite time frame for adjudicating the notes received under TLR and make

the payment by cash on the schedule date? What are your suggestions for a suitable time schedule? Do you have any other specific suggestions in the matter?

- c) What is the present average time lag between the date of adjudication and date of remittance of exchange value to the claimants?

To what extent payment for notes under TLR by cash on the schedule date would reduce the time lag?

- d) What is the normal time taken for disposing of the cases under special procedure?

In case of delays beyond 15 days, what are the reasons?

- e) How many bank branches are reported (either by complaints from public or by chest inspection reports) not to have been extending or extending the exchange facility only in a restrictive way?

What action do you suggest for making the delegation in this regard really meaningful?

- f) Do you consider if necessary that the existing Reserve Bank of India (Note Refund) Rules should be simplified further? If so, how? What are your specific views?

## **VII. Note Examination Section**

- a) Are there restrictions as to the quantity or number of days in a week prescribed for acceptance of local tenders? If so, give details and the reasons therefor.

- b) Whether the notes received under the Guarantee are paid back against payment of cheques to the tenderers concerned? If not, what are the reasons therefor.

- c) It would be of all round convenience to all concerned if currency chests are established at the

local public sector banks tendering notes against guarantee. Please furnish your views on this.

**VIII. General**

- a) At what periodicity do Manager/Currency Officer/Treasurer pay visit to the Banking Hall?
- b) Whether a complaint book/box is placed in the Banking Hall at a prominent place with pen/pencil and loose sheets of paper?
- c) Whether the staff manning the counters have been supplied with their names plates? If so, whether the same are displayed at the counters/on person?
- d) On heavy receipts/payment days-
  - i) What are the major constraints faced?
  - ii) What are the remedial measures being taken?
  - iii) What further solutions are suggested?
- e) Whether a board indicating that the Manager shall entertain complaints in person at a fixed time on a particular day in a week is displayed in the Banking Hall? Alternatively, whether a board indicating that any person having any complaint against the Bank's staff can contact the Manager/Currency Officer is displayed in the Banking Hall?
- f) Whether proper arrangements for maintaining queue/law and order are made with the help of security staff? If not, what is your suggestion?



QUESTIONNAIRE ON CUSTOMER SERVICE

PUBLIC ACCOUNTS DEPARTMENT

1. (a) Whether the cheques received by Public Accounts Department are presented in clearing on the same day? If not, what is the cut-off time?
  - (b) How many days does it take to credit the Government Account? (Take the day of receipt of challan as Day-1)
  - (c) Are the Government Accounts credited on the day the fate of the cheques are known (i.e. on the expiry of return schedule) or do you observe any cushioning?
  - (d) Number of days taken for delivery of receipted clearing challan.
2. Are all the counters opened in time? If not, what is the average delay in opening the counters?
  3. What is the average time taken from the time of tender of the cash over the counter till receipted cash challan is delivered to the customer?
  4. (a) Are the delivery counters located very close to the cash receipt counter? If not, any scope for re-arrangement of counters? (Please give explanatory remarks, if necessary).
  - (b) What steps do you suggest for "across the counter service" for delivery of receipted cash challans as available at cash receiving counters of telephone/electricity authorities?
5. (a) Are the scrolls being despatched to government departments on a day-to-day basis? If not, at what periodicity? Is bunching of scrolls resorted to?

- (b) What steps do you suggest for sending the receipt and payment scrolls on a day-to-day basis?
  - (c) Are the monthly statements of government departments sent in time? What is the delay if any? Do you think that computerisation of receipt and payment scrolling with automatic generation of monthly statements at the month end would help to reduce delays?
  - (d) What is the average delay in issuing "non/payment certificate" or "certificate of credit"? Do you think that computerisation of receipt and payment work would help disposal of cases on a day-to-day basis?
6. Is the Signature Retrieval System (if any) working satisfactorily?
7. Number of occasions Clearing House had been disrupted during last two years
- 1990-91
- 1991-92
8. Suggestions, if any, for improving the service.

**QUESTIONNAIRE ON CUSTOMER SERVICE**

**DEPOSIT ACCOUNTS DEPARTMENT**

1. (a) Whether the statement of accounts of banks and financial institutions are kept ready next day morning for delivery to their representatives?
  - (b) If not, by what time the statements are ready for delivery and when the banks take delivery of the same?
  - (c) How do you plan to ensure that the statements are delivered by next day morning? Do you think that mechanisation/use of Banknet can expedite the delivery/provision of the statement?
  - (d) For dispatch of these statements, have you received requests for sending them by
    - (i) FAX
    - (ii) E-Mail
    - (iii) Banknet
2. Whether daily balance position statement is sent to Department of Banking Operations & Development/Rural Planning & Credit Department/Urban Banks Department in time?
3. Time taken for encashment of cash cheques tendered by banks/financial institutions.
4. (a) Time upto which telex/telegrams in connection with telegraphic transfers received are taken into account before closure of books.
  - (b) Do you have a Banknet node at Deposit Accounts Department? If yes, do you make use of the network? If so, for what purpose?

- (c) Is the Telex/Banknet Room adjacent to DAD?
  - (d) What communication aids do you require to improve the operational efficiency of your T.T.Section?
  - (e) Do you think computerisation of inwards T.T.s is required so that test key verification and voucher preparation is automatic?
5. (a) Time taken for issue of drafts.
    - (b) Are you satisfied with the time taken for preparation of drafts? For better customer service, do you suggest computerisation (as in a few banks) covering both the printing of DDs as well as the preparation of relevant advices/ vouchers?
  6. (a) Are drafts indented by Claims Section of Issue Department issued on the same date?
    - (b) What advantages or difficulties do you foresee if Claims Section of Issue Department is authorised to issue the drafts directly?
  7. Are the indents for issue of drafts received from Issue Department daily or any specific number of days have been fixed for submission of indents?
  8. Is the Signature Retrieval System (if installed) working properly?
  9. Suggestions, if any, for improving the customer service.

**ANNEXE - D**

**QUESTIONNAIRE ON CUSTOMER SERVICE**

**PUBLIC DEBT OFFICE**

1. Is the time schedule for various activities such as interest payment, sub-division, consolidation, credit to SGL Account etc. being observed? (Indicate the average delays (if any) in adhering to the time schedule prescribed activity-wise).
2. Are securities against new loan applications issued promptly? If so, please indicate the average delays and the reasons therefor.
3. Has a complain Box been provided near PDO?
4. No. of complaints received during the last three years, year-wise.
5. At what level are the complaints disposed off?
6. (a) Do you send the SGL statements to SGL Account holders in time? If not, what is the average delay and reasons therefor.  
  
(b) What is the delay, if any, in (i) preparation of transaction-wise advice and half yearly statements, and (ii) despatch of the statements to account holders?  
  
(c) What are your suggestions for timely preparation and despatch of SGL statements?  
  
(d) What problems do you envisage for sending the SGL statements on monthly/fortnightly/weekly basis instead of on a half yearly basis? Do you think computerisation of SGL accounting would be necessary for the purpose.  
  
(e) For despatch of SGL statements have you received

requests for sending the statements by

(i) FAX (ii) Banknet (iii) E-Mail

(f) Indicate the position

(i) Number of SGL holders having/desiring to get the statements by FAX connection.

(ii) Number of holders having computers.

(iii) Number of holders having Banknet nodes.

(g) Instead of issuance of interest warrants do you think crediting the bank accounts of the beneficiaries at MICR centers directly through clearing house mechanism would be convenient to the Bank? What difficulties do you foresee?

(h) Are Income/tax deduction certificates issued promptly? What is the average delay, if any? What steps do you suggest for reducing the time lag?

(i) At present, PDOs observe a shut period of one month before the due date of interest payment on the stock certificates for balancing and preparation of warrants. Would it be possible to reduce the shut period to just one week? What are the difficulties? What steps do you suggest to reduce the shut period?

**QUESTIONNAIRE ON CUSTOMER SERVICE**

**EXCHANGE CONTROL DEPARTMENT**

**A. Exports**

1. Do you experience any delay in obtaining Exporter's Code number from RBI?
2. Please comment on the present procedure of getting RBI prior sanction for extension of time limit for repatriation of export proceeds.
3. Under the LERMS RBI has granted powers to banks to remit agency commission, settle quality claims etc. Are these adequate to avoid reference being made to RBI?
4. Exporters have been allowed to settle reduction in invoice value upto 10%. Is this relaxation sufficient to finalise export deals?
5. Do you have any suggestions regarding the present procedure for allowing export of free replacement articles?
6. Do you experience any problem in reimporting goods earlier exported?
7. Please comment on the present procedure for dispatching commercial samples, publicity material etc. where GR waiving is given by RBI. Have you any suggestions to offer?
8. RBI release foreign exchange for setting up o/s offices/representatives to cover initial and recurring expenses thereof. Do you feel such release to be adequate, if not, why so?
9. Please comment on the existing procedure for bidding for o/s construction/consultancy contracts and turn key projects. Do you have any suggestions to eliminate delays and to delegate powers to banks in disposing of the cases?

10. Do you have any comments on the facility granted to service o/s consultancy contracts and arrange for repatriation of net surplus to India?

11. Do you experience any difficulty in closure of export cases (total write off) where there are no chances of realisation of proceeds? Are you satisfied on the processing of such applications in the RBI?

12. What are the bottlenecks you have to face in realising export proceeds? What kind of co-operation you expect from the Government/RBI or other connected agencies for recoveries?

13. Please indicate specific problems you encounter regarding the LERMS and the dual rates being applied for.

14. RBI has recently relaxed the procedure for booking forward contracts/cancellation thereof. Do you have any suggestions to minimise exchange loss arising out of extension/cancellation of contracts?

#### **B. Foreign/NRI investment**

15. Foreign equity investment upto 51% is permitted under the automatic clearance procedure in Appendix III industries. Do you feel that this is sufficient to attract external investment in India?

16. Do you have any suggestions to expand the Appendix III list to make the investment opportunities better?

17. Do you feel that total relaxation in this regard is desirable?

18. Have you any specific suggestions to eliminate Government intervention in foreign investment schemes?

19. Do you have any suggestions for delegating more powers to Regional Offices/banks. If so, in what specific area?



20. In area like payment of royalty, technical know how fee etc. do you feel that existing parameters are restrictive? What are your suggestions to revise them? Please also comment on the existing procedure laid down for remittances of royalty, technical fee etc.

21. Powers have been delegated to Regional Offices of ECD/Authorised Dealers for engagement of foreign technicians. Please comment whether the procedure is adequate for smooth operations.

### **C. Travel and Other areas**

22. Banks have been authorised to release exchange for travel abroad for export promotion/business visits, conferences/seminars, study tour, training etc. on specified scales.

Are these considered adequate? If not, please suggest modifications.

23. Permits for various purposes are issued by RBI and are valid for remittance through a particular bank. Do you feel that choice of banks be left to the permit holder so as to obtain better rate for remittance?

24. While remitting funds against import of goods do you experience any difficulty because of Exchange Control regulations? If so, specify.

25. Importers have been allowed to raise foreign currency loans (suppliers credit/buyer's credit, line of credit through Development Financial Institutions etc.) of short duration. Do you find the procedure acceptable? If not, please indicate your observations thereof.

26. Resident companies are permitted to undertake merchandising transactions acting as intermediary between the supplier and buyer situated in foreign countries. Do you experience any problem in concluding such contracts? If so, what are the specific issues to be resolved.

### **D. General**

27. Do you get prompt attention when calling on ECD Office of the RBI? How many times do you approach the department in a month?

28. Do you find the application forms simple and easy to fill up?
29. Are you given check-list to facilitate completion of application form?
30. Do you get easy access to the officials?
31. Do you experience any delay in the issue of permits/approval letters? If so, to what extent?
32. Do you get prompt response to letters written by you to the Department?
33. Are you satisfied with the type of reply being given/language of the communication?
34. Do you feel harassed by the official/staff while discussing cases with them?
35. Do you find the staff knowledgeable and reacting positively to the problem?
36. Is there any communication gap in the present system between you as the customer and the Bank's dealing officials? If so, your suggestion/s in this regard.
37. Whether you are satisfied with various infrastructural facilities provided like seating arrangement, drinking water, lift etc.
38. Whether the disposal of completed application form is as per the time schedule displayed on the Notice Board?
39. Is the telephone service adequate? Do you experience delay in getting contact with the dealing officials?
40. In your opinion what are the finer positive aspects of service noticed while dealing with the department?
41. Do you have any specific suggestions to serve you better? If so, in which areas?

42. From your practical experience please indicate one specific sample of good service and a bad one.

43. If you were to evaluate the performance in terms of so many marks out of 10, how much will you give with reference to the performance in say travel, export and foreign investment sections.

44. Do you feel that banks are able to discharge their delegated powers adequately? Are their staff equipped and well informed to handle your problem?

45. What is the image of the department in your view?

**LIST OF CUSTOMERS TO WHOM THE COMMITTEE MET DURING  
STUDY VISITS TO REGIONAL OFFICES**

**MEETING AT BOMBAY REGIONAL OFFICE ON JUNE 18, 1992**

**Government Department**

1. Income Tax Department
2. Central Railway
3. Western Railway
4. Department of Customs
5. Department of Police, Govt. of Maharashtra
6. Road Transport Office, Govt. of Maharashtra

**Banks**

1. Bank of Baroda
2. Canara Bank
3. Indian Overseas Bank
4. Hongkong Bank
5. Central Bank of India
6. Maharashtra State Co-op Bank Ltd.
7. The Bank of Madras Ltd.
8. State Bank of Bikaner & Jaipur

**Financial institutions**

1. Industrial Development Bank of India

**Export bodies, trading house, export promotion councils,  
Chambers of Commerce etc.**

(Meeting organised by central ECD on 14-7-92)

1. Foreign Exchange Dealers Association of India (FEDAI)
2. Federation of Indian Chambers of Commerce & Industry (FICCI)
3. Federation of Indian Export Organisations (FIEO)
4. Bombay Chamber of Commerce
5. State Bank of India
6. Punjab National Bank
7. Central Bank of India

**MEETING AT BYCULLA OFFICE ON JUNE 25, 1992**

**Government Department**

1. Western Railway
2. Regional Transport Authority, Greater Bombay
3. Greater Bombay Milk Scheme
4. Post Office (Dadar and Byculla)

**Banks**

1. State Bank India  
(Managers of the chest branches at Pune, Ojhar, and Nasik)
2. Maharashtra State Co-op Bank Ltd.  
(Manager of chest branch at Pune)

**MEETING AT AHMEDABAD OFFICE ON JULY 3, 1992**

**Government Department**

1. Central Board of Direct Taxes  
(Zonal Accounts Office)
2. Ahmedabad Telecom
3. Central administrative Tribunal
4. General Post Office
5. Optical Fibre Cable Project

**Banks**

1. Bank of Baroda
2. State Bank of India
3. Dena Bank
4. Kalupur Commercial Co-op Bank Ltd.
5. Gujarat State Co-op Credit Bank Ltd.
6. Canara Bank
7. State Bank of Saurashtra

**Financial institutions /brokers**

1. Arvind Kachole,  
Broker, Relief Bond

**Chambers of Commerce**

1. Gujarat Chamber of Commerce

**MEETING AT NEW DELHI OFFICE ON JULY 7, 1992**

**Government Department**

1. Northern Railway
2. CDA, New Delhi
3. Director of Accounts (Postal)
4. PAO, Ministry of Finance, DEA
5. PAO (NDZ), CPWD
6. PAO (XIII), Delhi Administration

**Banks**

1. Punjab National Bank
2. State Bank of Patiala
3. Uco Bank
4. ANZ Grindlays Bank Plc
5. State Bank of India
6. Indian Overseas Bank

**Financial institutions**

1. Industrial Finance Corporation of India

**Export bodies, trading house, export promotion councils,  
Chambers of Commerce etc.**

1. Federation of Indian Chambers of Commerce & Industry (FICCI)
2. Associated Chambers of Commerce (ASSOCHEM)
3. Federation of Industrial Export Organisation (FEIO)

**MEETING AT KANPUR OFFICE ON JULY 8, 1992**

**Government Departments**

1. Central Board of Direct Taxes, Zonal Accounts Office
2. Northern Railway
3. Central Defence Accounts (Factories)
4. GPO, Kanpur

**Banks**

1. State Bank of India
2. Bank of Baroda
3. Bank of India
4. Canara Bank
5. Uttar Pradesh State Co-operative Bank
6. Standard Chartered Bank Plc.

**Financial Institutions**

1. Industrial Development Bank of India (IDBI)
2. Export Credit & Guarantee Corporation (ECGC)

**MEETING AT CALCUTTA OFFICE ON JULY 17, 1992**

**Government Department**

1. South Eastern Railway
2. Central Board of Direct Taxes, Zonal Accounts Office
3. Government of West Bengal, Finance Department
4. Government of West Bengal, Sales Tax Department



5. Government of West Bengal, Director of Treasuries
6. Government of West Bengal, Public Vehicles Department
7. Calcutta Telephones
8. General Post Office, Calcutta
9. Eastern Railway

**Banks**

1. State Bank of India
2. United Bank of India
3. UCO Bank
4. Bank of India
5. ANZ Grindlays Bank Plc.
6. Standard Chartered Bank Plc.
7. Allahabad Bank
8. Canara Bank

**Financial Institutions**

1. Industrial Development Bank of India (IDBI)
2. Unit Trust of India (UTI)

**Chambers of Commerce/trade bodies**

1. Bengal Chamber of Commerce & Industry
2. Confederation of Indian Industry (Eastern Region)
3. Federation of Indian Export Organisation (FIEO) -  
Eastern Region
4. Jute Manufacturing Development Council

### **Export Organisations**

1. Dunlop India Ltd.
2. Brooke Bond India Ltd.
3. Tinsplate Corporation of India Ltd.
4. Britannia Industries Ltd.

### **MEETING AT HYDERABAD OFFICE ON AUGUST 27, 1992**

#### **Government Department**

1. Government of Andhra Pradesh, Finance Department
2. General Post Office, Hyderabad
3. Telecom, Hyderabad
4. Office of Accountant General - Andhra Pradesh
5. CDA, Pension, Secunderabad

#### **Banks**

1. Andhra Bank
2. State Bank of India
3. State Bank of Hyderabad
4. Canara Bank
5. Syndicate Bank
6. Central Bank of India
7. The Vysya Bank Ltd.

#### **Chambers of Commerce**

1. A.P. Chamber of Commerce & Industry

**Export bodies/travel agents**

1. Thomas Cook (I) Ltd.
2. Sita World Travels
3. ITC Ltd.
4. DCL Polyesters Ltd.

**MEETING AT THIRUVANANTHAPURAM OFFICE ON AUGUST 28, 1992****Government Department**

1. Government of Kerala, Finance Department
2. Central Board of Direct Taxes
3. Government of India, Passport Office
4. Southern Railway
5. General Post Office, Tiruvananthapuram
6. Telecom, Tiruvananthapuram

**Banks**

1. Union Bank of India
2. Bank of Baroda
3. State Bank of India
4. Canara Bank
5. State Bank of Travancore
6. Federal Bank
7. Kerala State Co-operative Bank

**Financial Institutions**

1. National Bank for Agriculture & Rural Development (NABARD)
2. Kerala Financial Corporation

**MEETING AT KOCHI OFFICE ON AUGUST 29, 1992****Trade bodies/export-import organisations**

1. Spices Board, Cochin
2. MPEDA, Cochin

**Banks**

1. The Federal Bank Ltd.
2. The Needungadi Bank Ltd.
3. The South Indian Bank Ltd.
4. The Catholic Syrian Bank Ltd.
5. State Bank of Travancore
6. State Bank of India

**ANNEXE - G**

**GOIPORIA COMMITTEE ON CUSTOMER SERVICE -**

**SUMMARY OF RECOMMENDATIONS**

**(AS APPLICABLE TO RESERVE BANK OF INDIA)**

1. All the customers who enter the banking hall before the close of business hours should be attended to. (Para 4.2)

2. Banks may extend business hours for all banking transactions except cash, uptill one hour before close of the working hours. (Para 4.3)

3. It may be ensured that no counter remains unattended during the business hours and uninterrupted service is rendered to the customers. (Para 4.4)

4. All branches, except very small branches, should have 'Enquiry' or 'May I help you?' counter, either exclusively or combined with other duties, located near the entry point of the banking hall. (Para 4.5)

5. Cash handling by bank branches and functioning of currency chests (for relocating cash from excess to deficit centres) should be actively monitored by the Reserve Bank of India. (Para 4.8)

6. Formation of an extensive 'Currency Corporation of India' may be considered. (Para 4.9)

7. Service relating to exchange of mutilated and soiled notes may be made more customer-friendly by proper training of employees on the one hand and liberalisation of Note Refund Rules on the other. (Para 4.10)

8. Notes/coins counting machines may be introduced wherever volume of work so warrants. (Para 4.11)

9. For safeguarding currency notes from early soiling, these may be packed with paper seal/band. (Para 4.12)

10. Issuance of statements of accounts and updating of pass books with correct and legible particulars should attract banks' attention. (Para 4.17)

11. Stationery with pre/demarcated folds/flaps may be used for statements of accounts. (Para 4.19)

12. Trilingual brochures and pamphlets should be actively promoted, containing myriad customer-useful information. (Para 4.26)

13. Single-window concept may be introduced for issuance of drafts, authorising employee at the counter to sign drafts upto Rs.5,000/- which are pre/countersigned by another authorised signatory. (Para 4.29)

14. Dishonoured instruments may be returned/despached to the customer within 24 hours. (Para 4.36)

15. Clearing houses may be set up at centres having ten or more banks; lead bank of the district may manage such clearing house. More centres may be covered by National Clearing. (Para 4.41)

16. Each employee may wear on his person an identity badge, displaying photograph and name thereon. (Para 4.52)

17. Training programmes should be in line with customer service orientation. (Para 4.54)

18. Quality circles may be encouraged. (Para 4.59)

19. Employees' unions and officers' associations should be invited to be with the management to radiate spirit of customer service towards one and all of the banks' employees. (Para 4.62)

20. At metro and urban centres work may be automated and modern techniques of working may be adopted, where necessary in consultation with the Unions. (Para 4.63)

21. Customers' transactions, especially transfer of funds, may be attended to, by putting to effective use BANKNET, S.W.I.F.T.. Remote Area Business Message Network (RABMN), etc. (Para 4.64)

22. Banks should subject themselves to customer service audit covering grassroots levels as well as macro level. (Para 4.66)

23. Complaint book with perforated copies in each set may be introduced, so designed as to instantly provide an acknowledgment to the customer and an intimation to the controlling office. (Para 4.67)

24. Branch level Customer Service Committees should be rejuvenated. (Para 4.68)

25. Periodical meetings should be held with customers and their representative bodies. (Para 4.69)

26. Quarterly Customer Relational Programmes to interact with different cross-sections of customers should be utilised for identifying action points to upgrade the customer service. (Para 4.70)

27. Inspectors/auditors should give due importance in their reports to customer service aspects, such as efficacy of complaints handling and grievance redressal machinery. (Para 4.71)

28. Special attention may be bestowed on complaint prone areas and special task forces may be constituted to bring up branches in such areas. (Para 4.74)



28. Public relation oriented officers may be posted to complaint prone branches with a view to converting these into good customer service units. (Para 4.75)

29. While more employees may be brought in the customer service circle by training, by being recognised by reward and by being shown out as examples in customer service culture, deliberate recalcitrance and disregard of customer service spirit should be taken note of in concerned employee's service records besides taking other action. (Para 4.76)

30. Senior officials from controlling offices may give priority to customer service aspects during their branch visits, cross-checking actual atmosphere with a copy of the customer service report. (Para 4.77)

31. Restricted holidays, on Government pattern, may be introduced in banks also, to provide more working days. The number of holidays in a year including restricted holidays should not be more than 15 days in any state. (Para 4.80)

32. Customer education programmes, wherein banks' employees should also be involved, may consist of advertisements, informative literature, interfaces, seminars, etc., with a view to making the customer empathetical to banks' limitations and predicaments and appreciative of banks' efforts to improve customer service. (Para 4.86)

33. Banks should review and improve upon the existing security system in branches so as to instill confidence amongst the employees and the public. (Para 4.88)

34. Government departments should consider staggering of salary/pension payments to reduce congestion in bank branches on specific days. (Para 4.89)

35. Banks should arrange for pay telephones in large branches. (Para 4.90)

36. 'Pass Word' system may be evolved to facilitate customers to get answers to routine queries over the phone thus reducing customers' visits. (Para 4.91)

37. Best branches from customer service point of view should be rewarded by annual awards/running shield. (Para 4.93)

38. Government should consider issuing cheques instead of passing pay orders on the bills for payment to persons/bodies. (Para 4.94)

39. Time norms for specialised business transactions should be displayed predominantly in the banking hall. (Para 4.96)

40. The Reserve Bank of India may consider reviewing its functioning and upgradation of its systems to improve the standards of customer service. (Para 4.97)