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[Governor of RBI needs to clarify..](#)

Posted on May 7th, 2011

by [naavi](#) in [All News](#)

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This is an open letter to the Governor of Reserve Bank of India under copy to the Chairman of Punjab National Bank on behalf of all the Depositors of Punjab National Bank in Tamil Nadu in particular and locations outside Delhi in general.

The Citizens of the country need a categorical answer from both the CEO of Punjab National Bank and the Banking regulator of the country for the issue raised herein and we hope it would come-forth expeditiously through an appropriate public forum such as a media release.

I would request the traditional media to take note of this requisition and follow up until the issue is clarified.

To

The Governor of Reserve Bank of India

Mumbai

CC: The Managing Director

Punjab National Bank, New Delhi

Dear Sir

We have recently come across that in a dispute between two depositors of Punjab National Bank who have accounts with the T.Nagar, branch of Punjab National Bank in Chennai that the Bank has taken the contention that the dispute can be resolved only through Courts in the jurisdiction of Delhi.

In this context, we would like to seek the following clarifications from RBI.

1. The T.Nagar branch of Punjab National Bank has been conducting business under a license issued by Reserve Bank of India. We believe that the license is specific for opening the branch within a geographical jurisdiction called "T.Nagar" in Chennai. If so, the intention is that the Branch is primarily expected to provide Banking service (If the banking business can be called a "service") to the residents of T.nagar, Chennai. Though persons outside the area are not barred from opening accounts, the fact that the license is meant for the service of the specified area cannot be disputed.

Kindly clarify if the branch licensing policy of commercial banks is driven by the assessment of the banking needs of the population in a given location or not.

2. In the event the RBI branch licensing policy is only concerned with providing a platform for exploiting business opportunities in a given area and not meant for service to the given area, please explain why RBI allows opening of Bank branches in rural and semi urban locations where the commercial business potential is below break even level and why RBI does not force a branch closure in all locations where the break even business is not achieved within a reasonable period of say 3 years.

3. Please also clarify if it is not the policy of the Government of India that Banks particularly those which are called "Public Sector Banks" in which the Indian public have a stake that Banking services are considered as "Essential Services" for the economy of the region and are maintained with "Service" to the community as an important consideration of licensing.

4. In the event the branch licensing policy is in deed a tool of providing economic service to the community in a given location then is it not considered that the service should be structured in a manner that is fair to the citizens residing in the specified licensing zone?

5. In the light of the above, is it not considered fair that if Punjab National Bank has been licensed to open a branch in Raja Street, T.Nagar, Chennai, Tamil Nadu, and if a resident of T Nagar opens an account, and a dispute arises thereafter between the customer and the Bank, such dispute should be settled in the place of residence of the customer and the lincensed branch?

6. Is Punjab National Bank licensed to raise deposits and commercial benefits from Chennaiites but Chennaiites have to run to Delhi to settle their disputes if any ?

7. Does RBI consider this fair, ethical, legal?

8. If such a proposition of the bank is permitted by RBI, does it indicate that RBI is fulfilling its duty to the public as a regulator of the Indian banking system as enshrined in the RBI act and other constitutional obligations expected of a Central Bank of the country?

9. Is the Ministry of Finance aware that a Bank can be licensed to open a branch in a geographical location with a liberty that the Bank can exploit the citizens of the location but not redress their grievances except in Delhi?

10. Is the RBI aware of and endorsing the fact that in such cases the cost of dispute resolution for the customers is being increased since they need to carry on the dispute resolution litigation in Delhi?

11. Does RBI appreciate that a Bank maintains a battery of legal professionals across every location in the country at public and shareholder's expense and carry on a litigation in any place where as a customer of the bank being an individual located in a specific place near a branch of the bank with whom he transacts and is

tied up with his other job or vocation or business does not have the resources in time and money to run to Delhi whenever a dispute arises and therefore it is a principle of natural justice that disputes if any has to be resolved at the place a branch is licensed to operate and exploit business?

12. In case a bank offers Internet Banking facilities to a customer who has opened an account at a branch, is it not part of the RBI guidelines of Internet banking that internet banking is only considered as an extension of traditional banking and s rights as a customer/consumer of the traditional banking stands extended to the internet banking ?

13. In the event it is considered that deciding the jurisdiction of dispute as “Delhi” irrespective of the location of the branch is a right given to Punjab national bank, is it not necessary for Punjab National Bank to notify every customer of the Bank with a registered address outside Delhi through a registered letter that “Any dispute that may arise between you and the Bank are subject to the jurisdiction of Courts in Delhi only and you shall not have a right to invoke any judicial proceedings at your location.

14. If PNB has not taken steps to notify all its customers individually about this jurisdictional clause, will RBI now issue a mandamus to Punjab National Bank that they shall within the next fortnight issue such notice to all its customers and also give an option for them to close their accounts including fixed deposits without any penalty?

15. In the event RBI does not act in the interest of the citizens of India who unfortunately have opened accounts with a public sector bank such as Punjab national Bank, will it not be a dereliction of duty of RBI as a Banking regulator of the country?

Yours faithfully

Na.Vijayashankar

Netizen Activist

37, 20th main, B S K Stage I, Bangalore 560050

I am confident that these issues have not been brought to your attention earlier and hence might have escaped your notice. However, now that this issue has been brought to your notice, I am hopeful that you would clarify in public that appropriate action would be undertaken to redress the serious grievance which all the depositors of PNB have realized now.

In the meantime, I request all depositor customers of Punjab national bank anywhere in the country other than Delhi to write a letter to the Chairman of Punjab National Bank at the following address

Mr K.R.Kamat, Chairman and Managing Director, Punjab National Bank, No 7, Bhikhaji Cama Place, New Delhi, 110607

stating interalia as follows.

“Dear Sir

I am a customer of your Bank at branch. Please clarify if any dispute arises between me and the Bank, is it necessary for me to resolve the dispute only through a Court in Delhi and not in my place”

Yours faithfully

.....

The Customers may also raise a similar query with the local branch of Punjab National Bank where they maintain accounts.

If Customers are not satisfied with the answers they may receive or if the Bank remains silent, the customers may consider withdrawing their accounts since the Bank does not appear to be sensitive to the customer's problems and is only interested in benefitting out of the accounts.

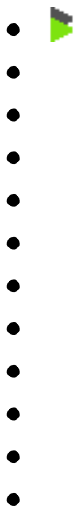
In case customers of Punjab National Bank in any location and in particular, Chennai would like to organize themselves into action groups for consolidated action, Naavi.org, Cyber Crime Disputes and Resolution Center of Naavi would be able to provide guidance. Naavi may be contacted through e-mail at naavi@vsnl.com.

Naavi

(Na.Vijayashankar)

Netizen Activist and founder of www.naavi.org

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Ramanathan V said,

in May 8th, 2011 at 8:17 am

Hi,

For any dispute we can raise it with the bank and if not resolved then the local RBI ombudsman can help.

Regards

V.Ramanathan

naavi said,
in May 8th, 2011 at 10:34 am

What if the dispute goes beyond the Banking ombudsman and has to be settled in a judicial forum?

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Investigator William Cobra Staubs, Bill comes through when others do not.

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