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भारतीय रिज़र्व बैंक
Reserve Bank of India
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Please quote in reply
Ref:DBS(H)No. 78 /01.06.026 /2008-09

November 5, 2008

The Additional Commissioner of Income Tax
Range - 16,
6th floor
Aayakar Bhawan
Hyderabad

Dear Sir,

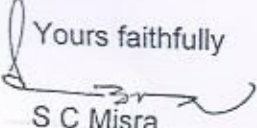
Margadarsi Financiers (MF) – Alleged violation of KYC norms by some banks

Please refer to your letter No. Addl.CIT/R-16/2007-08 dated May 1, 2008 on the above subject. From a random scrutiny undertaken by us in some of the city branches of Axis Bank Ltd, ICICI Bank Ltd and IDBI Bank Ltd and Andhra Bank we are of the opinion that these banks have not adhered to the extant guidelines issued by RBI on the issue of DDs/ POs by banks. Regarding other banks, as the names of branches were not indicated in your letter, the scrutiny was not undertaken.

2. Further, it has been observed by us that the banks have not adhered to the instruction of not accepting cash above Rs.50000/- for issue of DDs/POs. These banks have also split the amount tendered to less than Rs.50000/- for issue of DDs/ POs even as they received more than Rs.50000/- from a single applicant.

3. We are examining the findings on the basis of the scrutiny reports for taking up the irregularities with the concerned banks.

Yours faithfully


S C Misra,
General Manager