The Chairman
All Regional Rural Banks

Dear Sir,

**Misuse of Banking Channels - Issue and Payment of Demand Drafts for Rs. 50,000/- and above**

Please refer to our circular RPCD.No.NB.BC.124/RRB.16/90-91 dated May 29, 1991 in terms of which demand drafts, mail transfers, telegraphic transfers and travellers cheques for Rs.50,000/- and above should be issued by banks only by debit to the customer's account or against cheques or other instruments tendered by the purchaser and not against cash payment.

2. It has been brought to our notice that some banks have recently issued demand drafts of Rs. 50,000/- and above on deposit of cash and not against debit to the customer's account or against cheques or other instruments tendered by the customer.

3. In the current scenario where the integrity of the financial system in general and the banking channels in particular is of paramount importance, breach of these guidelines is a matter of serious regulatory concern in view of the wide ranging ramifications.
4. In the above context, we reiterate that the instructions conveyed vide our circular dated May 29, 1991 referred to above may be strictly complied with by banks. Any violation of these instructions will be viewed seriously.

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager