

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4007
ANSWERED ON:26.08.2011
FUNCTIONING OF BUSINESS CORRESPONDENTS
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Will the Minister of FINANCE be pleased to state:

- (a) whether State Bank of India (SBI) has taken initiatives to keep close tabs on the functioning of business correspondents who accept deposits and process withdrawal for customers in poorly banked areas;
- (b) if so, the details thereof;
- (c) whether business correspondents have been found to be indulging in malpractices;
- (d) if so, the details thereof; and
- (e) the corrective steps taken/being taken by the Government in this direction?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) and (b) :- State Bank of India has formulated instructions/ guidelines in line with Reserve Bank of India (RBI)/Government directives for engagement of Business Correspondents(BCs). Necessary instructions have been put in place by the Bank to supervise and monitor the activities of BCs.

(c) to (e) :- The Reserve Bank of India has issued guidelines to all Commercial Banks to adopt measures for Customer Protection, Redressal of Grievances and Customer Education while engaging the services of Business Correspondents, inter-alia, advising banks that:

- i. The retail outlet/sub-agent of the BC should be personally introduced to the members of public by the bank officials
- ii. The products and processes should be approved by the banks.
- iii. Each retail outlet/sub-agent may be required to post a signage indicating their status as service providers for the bank as also disclose the name of the BC, the telephone number of the base branch/controlling office of the bank and the Banking Ombudsman and the fees for all services available at the outlet.
- iv. The charges for offering various services should be indicated in a brochure and made available at the retail outlets/with the sub-agents.
- v. As a measure of social audit, there could be periodic block level meetings where members of public are invited along with the BCs operating in the area as also the linked branch managers to express their difficulties and to obtain feedback.