

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:305

ANSWERED ON:14.12.2012

SANCTION OF HOME LOANS QUESTION

Saroj Shri Tufani; Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of FINANCE be pleased to state:

(a) whether the Government/ Reserve Bank of India (RBI) has received any complaints regarding delay in sanctioning of home loans to its customers by the public/ private sector banks;

(b) if so, the details thereof, bank-wise and the action taken by the Government/ RBI in this regard;

(c) whether the RBI has issued any guidelines/ instructions to the public/ private sector banks for sanction of home loans to the applicants within a fixed time frame;

(d) if so, the details thereof; and

(e) the other steps taken/ proposed to be taken by the Government to ensure timely and expeditious sanctioning of home loans by the banks to its customers?

Answer

The Minister of Finance (Shri P. Chidambaram)

(a) to (e): A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN LOK SABHA STARRED QUESTION NO. 305 FOR 14TH DECEMBER, 2012 REGARDING SANCTION OF HOME LOANS TABLED BY SHRI TUFANI SAROJ AND SHRI GM. SIDDESHWARA.

(a) to (e): RBI introduced the Banking Ombudsman Scheme (60S) for the banking sector to provide an expeditious and inexpensive forum to bank customers for resolution of complaints relating to deficiency in banking services provided by Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks. There are 15 offices of Banking Ombudsman spread across the country.

There are 27 grounds on which customers can approach the BO. Delays in sanction, disbursement or non-observance of prescribed time schedule for disposal of loan applications are valid grounds of complaint under the Scheme and they are clubbed under the head 'Loans & Advances' under the BOS for MIS purpose. Therefore, specific data on complaints regarding delay in sanctioning of home loans is not separately available. However, the bank-wise number of complaints pertaining to 'Loans and Advances' resolved by the Banking Ombudsmen during the year 2011-12 is at Annexure-I. The information is also available in public domain at www.rbi.org.in.

The Banking Codes and Standards Board of India (BCSBI) has released the Code of Bank's Commitment to Customers which sets minimum standards of banking practices for banks to follow when they are dealing with customers. It provides protection to customers and explains how banks are expected to deal with customers in their day-to-day operations. The Code contains a clause which deals with 'applications for loans and their processing'. Banks have been advised to strictly adhere to BCSBI Code. Non adherence to BCSBI Code by those banks which have subscribed to the BCSBI Code has been included in the grounds of complaint under the BOS.

RBI has also issued guidelines vide their circular dated May 5, 2003 and March 6, 2007 to banks on Fair Practices Code for Lenders. In terms of these guidelines the banks were advised to frame the Fair Practices Code applicable to all categories of loans irrespective of the amount of loan with the approval of their respective Board of Directors. The RBI guidelines states that loan applications should be disposed within reasonable period of time and should convey in writing, within stipulated time, the reasons which have led to the rejection of loan applications.

Department of Financial Services and Indian Bank Association (IBA) have also approved a Model Citizen Charter mentioning therein a definite time frame for disposal of Housing loans to be adopted by all PSBs/Private/Foreign Banks.