

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2521

ANSWERED ON:23.08.2013

COMPLAINTS AGAINST BANKS

Bhagat Shri Sudarshan;Pandurang Shri Munde Gopinathrao;Sinh Dr. Sanjay

Will the Minister of FINANCE be pleased to state:

- (a) whether the number or complaints against the functioning of public/private sector banks in the country has risen over the years;
- (b) if so, the details thereof including the number of complaints disposed of or pending during each of the last three years and the current year, bank-wise;
- (c) whether the Government has also received complaints against banks for their refusal to grant fresh loans to the farmers whose loans have been waived off;
- (d) if so, the details thereof along with the action taken against such banks/officials during the last three years and the current year, bank and State/UT-wise; and
- (e) the corrective measures taken by the Government to redress these complaints and to improve the functioning of the banking industry in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

a). & b). During 2012-13, the number of complaints received by the Offices of Banking Ombudsmen marginally declined to 75,184 compared to 77,514 and 76,644 complaints received during 2011-12 and 2010-11, respectively, as given below:-

S.No.	Year	Complaints Pending at July- June	Complaints during the beginning of the year	Complaints disposed of during the year	Total number of complaints during the year	Complaints pending at the end of the year	Complaints Disposal rate (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	2012-13	4643	70541	75184	69703	5481	92.7
2.	2011-12	4625	72889	77514	72871	4643	94
3.	2010-11	5370	71274	76644	72019	4625	93

c), d) & e). In view of the distress of farmers due to heavy debt burden, Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS)-2008 Guidelines issued by the Government on 28/05/2008 provided about granting of fresh agricultural loans to the farmers whose loans have been waived/relief provided under the Scheme. As against 188.26 lakh accounts for which ADWDRS Scheme was extended, fresh loans were given to 80.54 lakh farmers. However, a number of grievances were received by the Government which mainly related to (i) improper implementation of Scheme by banks; (ii) non- eligibility under debt waiver; and (iii) lack of clarity on the eligible amount of debt waiver/relief etc.

Based on the feedback during the exit conference with the Comptroller & Auditor General (CAG), the Department of Financial Services (DFS) advised Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) on 11.01.2013 for specific action with regard to observations which included recovery from ineligible beneficiaries, fixing of responsibility of bank officials as well as auditors and also determining criminal liability in case of tampering of records. Directions were also issued to ensure that Debt Waiver and Debt Relief certificates were issued by 20.02.2013. RBI had issued instructions on 14.01.2013 while NABARD issued them on 11.01.2013. The Government had also on 15.02.2013 directed all institutions to take immediate corrective action. As the audit findings are based on a sample of beneficiaries, institutions have been asked to verify cases of all beneficiaries. Institutions have also been advised to take action where criminal liability is observed. They have to submit Action Taken Report in format circulated before 5th day of every month.

A number of steps have also been taken by the RBI and the Government to resolve the complaints of customers expeditiously, generally within 30 days, by putting in place a robust grievance redressal system including resolution of grievances received through

the Centralized Public Grievance Redressal and Monitoring System (CPGRAMS) in all PSBs.

Banks are also required to follow the Banking Codes and Standards Board of India (BCSBI)'s Code of Banking Commitments to Customers and Code of commitment to Micro and Small Enterprises.

In order to improve customer service in banks, majority of recommendations of the Damodaran Committee have been implemented by the banks. A Working Group has also been constituted by the Reserve Bank of India to review and update the BO Scheme and also the changes in services and product delivery strategies of banks.

Incognito visits by RBI Officers are also conducted to bank branches to make independent assessment of the level of customer service provided by the Banks.