

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2407
ANSWERED ON:25.07.2014
COMPLAINTS AGAINST BANKS
Tadas Shri Ramdas Chandrabhanji

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken any step to check irregularities in banking activities in rural areas;
- (b) if so, the details thereof;
- (c) whether the Government has received any complaint against the public, private sector and Regional Rural banks for sanctioning of loans particularly agricultural loans in the country;
- (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 including Bihar; and
- (e) the corrective measures taken or proposed to be taken by the Government to redress these complaints and to improve functioning of the banks in the country?

Answer

The Minister of State in the Ministry of Finance (Smt. Nirmla Sitharaman)

(a) and (b):- A number of steps have been taken and systems have been introduced to ensure sound banking system and to check irregularities in the banking activities including in the rural areas, as per the provisions of various Acts/Rules/Guidelines. The details of some of these are given below :

i. Supervision of banks under Banking Regulation Act, 1949 (BR Act,1949). ii. Statutory Audit of banks as per the provisions of BR Act, 1949 iii. Setting up of Audit Committee in banks iv. Strengthening the Internal Checks & Control System and setting up of Vigilance Cell, Risk Management Committee, Investment Committee, etc., in banks v. Banking Ombudsman Scheme, as a part of Grievance Redressal Mechanism, introduced by Reserve Bank of India (RBI).

(c) to (e) : Whenever any complaint/grievance against banks are received by the Government, the same are sent to the concerned authority/banks for appropriate remedial action. The banks have well laid out systems and procedures for various banking activities. Any deviations thereof are dealt with accordingly. Moreover, bank branches are subject to regular inspections/audit by internal as well as external auditors on a periodical basis. Any observation/deviation are dealt with for appropriate remedial action.