

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5261

ANSWERED ON:24.04.2015

COMPLAINTS AGAINST BANKS

Bhabhor Shri Jasvantsinh Sumanbhai; Giluwa Shri Laxman; Mondal Shri Sunil Kumar; Pandey Shri Ravindra Kumar; Singh Shri Pashupati Nath

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received complaints against banks alleging irregularities, violation of prevention of money laundering act/malpractices deficiencies in services and harassment of their customers including those related to sanctioning of loans particularly the agricultural loan;
- (b) if so, the details thereof including the number of such complaints registered during each of the last three years, State/UT-wise;
- (c) the details of action taken on such complaints against banks, State/UT-wise;
- (d) the mechanism put in place by the Government/Reserve Bank of India (RBI) to monitor the functioning of Bank and to check irregularities/malpractices therein; and
- (e) the remedial steps taken/being taken by the Government to redress these complaints and improve the efficiency of the banks including those in rural areas of the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a to e): The Central Government and Reserve Bank of India(RBI) have put in place adequate systems for redressal of public grievances relating to banks. One of the key priorities of the Government is the protection of interest of customers and provisions of improved quality of customer services in Banks. Instructions / guidelines have been issued to PSBs from time to time to ensure prompt and effective redressal of public grievances and strengthening of grievance redressal machinery.

To bring customer centricity in the provision of banking services, the RBI has also issued guidelines for customer protection, improved customer care and expeditious disposal of grievances.

The Public Sector Banks (PSBs) have their own internal three tier public grievance system for speedy redressal of grievances so that escalation of complaints to ombudsman / regulatory level is kept to the barest minimum.

In case the complainants are not fully satisfied with the redressal / disposal of complaints, they may approach the concerned Banking Ombudsman for settlement of their grievances through mediation and passing of awards in a time frame. The contact and other relevant details / information regarding grievance redressal are available in the website links of PSBs and RBI.

The grievances received in the Department of Financial Services (DFS) are processed and forwarded through CPGRAMS (Centralized Public Grievance Redress and Monitoring System) to concerned Banks for resolution / disposal, monitored and periodically reviewed. The Portal is accessible at www.pgportal.gov.in.

The total number of complaints received in DFS through CPGRAMS during the last three years is given below: -

Year	number of complaints received
2012-2013	7509
2013-2014	9237
2014-2015	11953

The Government has reiterated the following specific instructions / guidelines from time to time to the PSBs for speedy disposal of grievances: -

i) Public grievance to be acknowledged within 3 days of receipt and to be resolved / disposed promptly.

ii) Every grievance has to be dealt in fair and just manner, and to be disposed within a maximum time limit of 60 days under intimation to the petitioner as per DARPG guidelines. In case of delay in disposal/rejection of a grievance, a reasoned reply be furnished to the complainant invariably.

iii) Ensure regular monitoring, periodic review and analysis of grievances at senior level to identify grievance prone areas for remedial action and systemic changes to reduce the incidence of grievances substantially.

iv) Focus attention to strengthen internal institutional mechanism of grievance redressal, sensitize functionaries handling grievances and citizens' feedback.

v) Ensure prompt redressal of service related grievances of employees including pension related grievances of civil, defence and para military pensioners.

vi) The task of public grievance redressal be treated at par with core functions of the organization and inordinate delay in disposal of grievances may be viewed seriously for punitive action.

vii) The name, address, contact numbers and email of the chief grievance redressal officer be displayed on the notice board as well as on the website for information of customers.

The Reserve Bank of India (RBI) has informed that the Banking Ombudsman Scheme for the banking sector that was introduced in 1995 provides an expeditious and inexpensive forum to bank customers for resolution of their 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. As on date, there are 27 grounds of deficiencies in banking services on which customers can approach the Banking Ombudsman. RBI operates the Scheme free of cost, so as to make it common people oriented. The Scheme is applicable to all banking transactions taking place within the country, including internet transactions. The complainants can file their complaints in any form, including online submission through the RBI Website. Both the complainants and banks can appeal to the Appellate Authority against the orders issued by Banking Ombudsman under the Scheme.

All the complaints related to Loans and Advances are clubbed under one common head "Loans and Advances". As such data of complaints related to Agriculture Loans is not separately maintained.

The Statement of complaints received by the offices of Banking Ombudsman regarding "Loans and Advances" against banks during the last three years and the current year, Office - wise is given as under: -

BO Name	2012-13	2013-14	2014-15
Ahmedabad	187	314	134
Bangalore	328	505	277
Bhubaneswar	182	137	89
Bhopal	349	396	177
Kolkata	434	233	151
Chennai	1136	1924	783
Chandigarh	158	78	51
Guwahati	127	35	21
Hyderabad	217	187	103
Jaipur	582	435	213
Kanpur	900	370	248
Patna	164	114	105
Mumbai	368	405	213
New Delhi	547	224	61
Thiruvananthapuram	317	298	321
Total	5996	5655	2947

These complaints were resolved as per the provisions of the Banking Ombudsman Scheme.

The following steps have been taken by RBI to improve the efficiency of the banks:

I. RBI supervises banks through Annual Financial Inspection (AFI) or undertakes risk based supervision under its supervisory framework. The bank's compliance with various guidelines of RBI are examined on a sample basis.

II. RBI also has a process of penalising banks on violations observed in this regard, as and when required.

III. Each bank is expected to constantly review the efficacy of its internal control system.

IV. **BANKING CODES AND STANDARDS BOARD OF INDIA (BCSBI):-** RBI has set up the Banking Codes and Standards Board of India (BCSBI) as an autonomous body, adopting the stance of a Self-Regulatory Organization in the larger interest of improving the quality of customer service by the Indian banking system. Banks register themselves with BCSBI as its member and provide services as per the agreed Standards and Codes. BCSBI, in turn, monitors and assesses the compliance with the Codes and Standards which the banks have agreed to implement. While the Banking Ombudsman Scheme takes care of individual complaints, BCSBI focuses on the systemic issues. BCSBI has evolved 'Code of Commitment to Bank Customers' and the 'Code of Commitment to Micro and Small Enterprises' that cater to the protection of interests of individuals and very small business entities. BCSBI monitors and assesses the compliance with the codes and standards. The BCSBI presently has 130 banks as members.

V. **FAIR PRACTICES CODE FOR LENDERS:** RBI has issued guidelines to banks on Fair Practices Code for Lenders. In terms of these guidelines the banks have been advised to frame the Fair Practices Code duly approved by their Board of Directors. The Guidelines inter alia contain the following provisions:

(i) In the matter of recovery of loans, the lenders should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc

(ii) Terms and conditions and other caveats governing credit facilities given by banks/ financial institutions arrived at after negotiation by lending institution and the borrower should be reduced in writing and duly certified by the authorised official. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement should be furnished to the borrower.

(iii) Lenders should ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction. Lenders should give notice of any change in the terms and conditions including interest rates, service charges etc. Lenders should also ensure that changes in interest rates and charges are effected only prospectively.

In case any employee is found involved in any impropriety, disciplinary action is taken as per the extant rules.