

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:893

ANSWERED ON:24.07.2015

Customer Grievances

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Will the Minister of FINANCE be pleased to state:

- (a) whether the number of grievances related to deficiency in customer service, opening of accounts, loan disbursement, ATM and plastic money have gone up significantly in recent years;
- (b) if so, the details of complaints received/registered against the banks and period of pendency relating to customer grievances during the last three years, bank-wise including State Bank of India;
- (c) whether the Government has issued instructions to Public Sector Banks (PSBs) to settle the cases in a time bound manner, if so, the details thereof along with the action taken against banks/officials responsible in this regard; and
- (d) the steps taken/being taken by the Government to improve customer grievances in PSBs?

Answer

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

(a) & (b): Yes, sir. There is a marginal increase in the grievances related to deficiency in customer service. Bank-wise details on disposal of customer grievances during the last three years are at Annex. The period of pendency of complaints with the banks differs as per nature of complaint. The complaints have to be resolved within a period of 60 days as per Department of Administrative Reforms & Public Grievances (DARPG) guidelines.

(c) & (d): The Central Government and Reserve Bank of India (RBI) have put in place adequate systems for prompt redressal of complaints / public grievances in Public Sector Banks (PSBs). 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 internal grievance redressal mechanism. The Grievance Redressal Mechanism was reviewed in quarterly meeting with Public Sector Banks (PSBs) held on 12.06.2015 by Hon'ble Finance Minister and instructions were issued on 13.07.2015 for compliance. 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 grievances received in the Department of Financial Services (DFS) are processed and forwarded through CPGRAMS (Centralized Public Grievance Redressal and Monitoring System) to concerned Banks for resolution / disposal, monitoring and periodically reviewed at senior level. The Portal is accessible at www.pgportal.gov.in.

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 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 given 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.

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