

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5027

ANSWERED ON:31.03.2017

Refusal of Bank Loans

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government keeps data regarding the complaints against banks for refusing loans on the basis of reports received from the RBI and CIBIL;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) the manner in which strategy to address the problems faced by the people on the basis of such data is formulated by the Government; and
- (d) the remedial steps taken by the Government in this regard?

**Answer**

The Minister of State in the Ministry of Finance

(a) to (d): Reserve Bank of India (RBI) has informed that 18 Offices of Banking Ombudsmen situated across India, receive complaints with regard to Loans and Advances. In terms of Code of Bank's Commitment to Customer issued by Banking Code and Standards Board of India (BCSBI) and Fair Practices Code for lenders, banks are committed that they will communicate in writing, the reason(s) for rejection of loan application to applicant. Non-adherence to the provisions of the fair practice code for lenders and Code of Bank's Commitment to customer issued by BCSBI and adopted by the bank is a valid ground of complaint under Banking Ombudsman Scheme.

Further, RBI has informed that the management of loan sanctioning / recovery activity, in a bank is essentially an internal management function and each bank's Board is authorized to frame suitable policies. Banks have been advised to prepare a well-defined loan policy approved by their Board of Directors which should lay down exposure limits to individual/group borrowers, documentation standards, margin, security, sectoral exposure limits, delegation of powers, maturity and pricing policies, factors taken into consideration for deciding interest rates etc. Banks have to consider different loan proposals based on their commercial judgment and merits of each case keeping in view the loan policies approved by their Board of Directors.

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