

specific measures taken by government, *inter alia*, include enhancing level of investment for agriculture sector including irrigation projects, promoting Micro Small and Medium Enterprises (MSME) sector by way of higher allocation of funds, enhancing investment in the infrastructure sector focusing on Public Private Partnership and a number of legislative measures to develop the financial sector, etc.

Functioning of private banks

5008. SHRI KANWAR DEEP SINGH: Will the minister of FINANCE be pleased to state:

(a) whether Government has received any complaints regarding some private sector banks for arbitrarily realizing interest and various types of hidden charges on various loans from the borrowers;

(b) if so, the details thereof and the steps taken by the Government in this direction;

(c) whether Government has put in place any mechanism to monitor and control the functioning of private sector banks; and

(d) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (d) With effect from September, 1999, banks are being given freedom to fix reasonable charges for various services rendered by them. Based on the recommendations of a Working Group, RBI had advised all scheduled commercial banks to identify basic banking services on broad parameters and principles to be adopted and followed by banks for ensuring reasonableness in fixing charges for basic banking services. Besides, the Fair Practices Code for lenders evolved by the Banking Codes and Standards Board of India (BCSBI) are also required to be framed by banks duly approved by their respective boards. Banks are also required to inform its customers charges and fees for processing as well as "all-in-cost" etc. to enable the customers to compare the charges with other sources of finance.

Under the Banking Ombudsman Scheme of RBI, complaints pertaining to deficiencies in banking service provided by private sector banks are resolved and penalties imposed on banks and compensation given to customers subject to limits stipulated. Under various provisions of Banking Regulation Act, 1949 and RBI Act, 1934, RBI monitors and supervises private sector banks through inspections, on site surveillance as well as post inspection follow-up of compliance.