

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**

**UNSTARRED QUESTION NO.1961**

To be answered on the March 13, 2023/Phalgun 22,1944 (Saka)

**Service Charges by Banks**

1961. SHRI VISHNU DATT SHARMA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is cognisant of the Non-observance of Fair Practices Code (FPC) and Violation of RBI Directives by banks, especially private banks, by charging exorbitant and unfair fees/charges/penalties on their various financial services;
- (b) if so, whether the Government has instituted any study or research and action plan on this issue, if so, the details thereof;
- (c) whether complaint disposal rate by banking ombudsman has been efficient enough; and
- (d) if so, the details thereof and if not, the reasons therefor?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(DR. BHAGWAT KARAD)

(a) to (d): Reserve Bank of India (RBI) has informed that service charges have been deregulated for Scheduled Commercial Banks (SCBs). As per extant guidelines of RBI, banks may fix charges as per their Board approved policies while ensuring that the charges are reasonable and not out of line with the average cost of providing these services. Also, on the basis of the recommendations of the Working Group on Lenders' Liability Laws constituted by the Government, RBI has advised all SCBs to adopt the guidelines and frame the Fair Practices Code duly approved by their Board of Directors including *inter-alia* appropriate grievance redressal mechanism within the organization to resolve customer grievances involving deficiency in service.

Further, RBI has integrated its three erstwhile Ombudsman Scheme *viz.* (i) the Banking Ombudsman Scheme, 2006, (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018 and (iii) the Ombudsman Scheme for Digital Transactions, 2019, into one Scheme- 'Reserve Bank - Integrated Ombudsman Scheme, 2021' (RB-IOs, 2021). RB-IOs 2021 provides for cost-free redressal of customer complaints involving deficiency in services rendered by entities regulated by RBI, if not resolved to the satisfaction of the customers or not replied to within a period of 30 days by the regulated entity.

As per information received from RBI, the complaint disposal rate at the Offices of RBI Ombudsman (ORBIO) has improved from 92.52% during 2019-20 (July to June) to 97.97% during 2021-22 (April to March).

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