

47

**STANDING COMMITTEE ON FINANCE
(2021-22)**

SEVENTEENTH LOK SABHA

**MINISTRY OF FINANCE
(DEPARTMENTS OF ECONOMIC AFFAIRS, EXPENDITURE,
FINANCIAL SERVICES, PUBLIC ENTERPRISES AND
INVESTMENT & PUBLIC ASSET MANAGEMENT)**

[Action taken by the Government on the recommendations contained in Fortieth Report of the Standing Committee on Finance on 'Demands for Grants (2022-23)']

FORTY-SEVENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2022/ Sravana, 1944 (Saka)

FORTY-SEVENTH REPORT

STANDING COMMITTEE ON FINANCE
(2021-2022)

(SEVENTEENTH LOK SABHA)

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(DEPARTMENTS OF ECONOMIC AFFAIRS, EXPENDITURE,
FINANCIAL SERVICES, PUBLIC ENTERPRISES AND INVESTMENT & PUBLIC
ASSET MANAGEMENT)

*[Action taken by the Government on the recommendations contained in Fortieth
Report of the Standing Committee on Finance on 'Demands for Grants (2022-23)']*

Presented to Lok Sabha on 03.08.2022

Laid in Rajya Sabha on 03.08.2022



LOK SABHA SECRETARIAT
NEW DELHI

August, 2022/ Sravana, 1944 (Saka)

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE.....	(iii)
INTRODUCTION	(iv)
CHAPTER I Report	1
CHAPTER II* Recommendations/Observations which have been accepted by the Government	
CHAPTER III* Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	
CHAPTER IV* Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	
CHAPTER V* Recommendations/Observations in respect of which final reply of the Government is still awaited	

ANNEXURE

Minutes of the Sitting of the Committee held on 28 July, 2022

11

APPENDIX

Analysis of Action Taken by the Government on the Recommendations Contained in the Fortieth Report (Seventeenth Lok Sabha) of the Standing Committee on Finance on 'Demands for Grants (2022-23)' 13

* Not appended in the cyclostyled copy

COMPOSITION OF STANDING COMMITTEE ON FINANCE (2021-22)

Shri Jayant Sinha - Chairperson

MEMBERS

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Sukhbir Singh Badal
4. Shri Subhash Chandra Baheria
5. Shri Shrirang Appa Barne
6. Dr. Subhash Ramrao Bhamre
7. Smt. Sunita Duggal
8. Shri Gaurav Gogoi
9. Shri Sudheer Gupta
10. Shri Manoj Kotak
11. Shri Pinaki Misra
12. Shri Ravi Shankar Prasad
13. Prof. Sougata Ray
14. Shri P.V Midhun Reddy
15. Shri Gopal Shetty
16. Dr. (Prof.) Kirit Premjibhai Solanki
17. Shri Parvesh Sahib Singh
18. Shri Manish Tewari
19. Shri Bala Showry Vallabhaneni
20. Shri Rajesh Verma
21. *Vacant*

RAJYA SABHA

22. Shri Ahmad Ashfaque Karim
23. Shri Sushil Kumar Modi
24. *Vacant**
25. *Vacant***
26. Dr. Amar Patnaik
27. *Vacant[§]*
28. Dr. C.M. Ramesh
29. Shri G.V.L Narasimha Rao
30. Dr. Manmohan Singh
31. *Vacant[#]*

* Vacancy caused due to retirement of Shri A. Navaneethakrishnan, MP from Rajya Sabha w.e.f. 29.06.2022.

** Vacancy caused due to retirement of Shri Praful Patel, MP from Rajya Sabha w.e.f. 04.07.2022.

§ Vacancy caused due to retirement of Smt. Ambika Soni, MP from Rajya Sabha w.e.f. 04.07.2022.

Vacancy caused due to retirement of Shri Mahesh Poddar, MP from Rajya Sabha w.e.f. 07.07.2022.

SECRETARIAT

1. Shri Siddharth Mahajan - Joint Secretary
2. Shri Ramkumar Suryanarayanan - Director
3. Shri Kulmohan Singh Arora - Additional Director
4. Ms. Yugma Malik - Committee Officer

INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Forty-seventh Report on action taken by Government on the Observations / Recommendations contained in the Fortieth Report of the Committee (Seventeenth Lok Sabha) on Demands for Grants (2022-23) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management).

2. The Fortieth Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 22 March, 2022. The Action Taken Notes on the Recommendations were received from Department of Economic Affairs on behalf of Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management on 22 June, 2022.

3. The Committee considered and adopted this Report at their sitting held on 28 July 2022.

4. An analysis of the action taken by the Government on the recommendations contained in the Fortieth Report of the Committee is given in the Appendix.

5. For facility of reference, the observations / recommendations of the Committee have been printed in bold in the body of the Report.

NEW DELHI
28 July, 2022
6 Sravana, 1944 (Saka)

SHRI JAYANT SINHA,
Chairperson,
Standing Committee on Finance

REPORT

CHAPTER – I

This Report of the Standing Committee on Finance deals with action taken by Government on the recommendations/observations contained in their 40th Report (Seventeenth Lok Sabha) on Demands for Grants (2022-23) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management) which was presented to Lok Sabha / Laid in Rajya Sabha on 22nd March, 2022.

2. The Action Taken Notes on behalf of Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management were received from Departments of Economic Affairs on 22nd June, 2022. The Action Taken Notes have been received from the Government in respect of all the 13 recommendations contained in the Report. The replies have been analyzed and categorized as follows:

- (i) Recommendations/Observations that have been accepted by the Government:

Recommendation Nos. 1, 2,4, 5, 6, 8, 9,10,11,12 and 13

(Total - 11)
(Chapter- II)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Recommendation Nos. 3 and 7

(Total - 02)
(Chapter- III)

- (iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee:

(Total NIL)
(Chapter- IV)

- (iv) Recommendations/Observations in respect of which final replies by the Government are still awaited:

(Total NIL)
(Chapter- V)

3. The Committee will now deal with and comment upon the action taken by the Government on some of their recommendations.

Recommendation (Serial No. 6)

4. The Committee note the sharp jump of 35.4% in capex to fund various infrastructure projects in 2022-23 i.e the Government is to invest Rs. 7.50 lakh crore as capital expenditure next fiscal year, a sharp increase from Rs.5.54 lakh crore in the current year. The Committee understand that the intention for this ramping up of public capital spending in addition to giving an immediate boost and support to the economy is also to subsequently help crowd in private sector investments, which are currently subdued. The Committee hope that the allocated fund be productively, efficiently and adequately utilised and the set target of Rs.7.50 lakh crore be fully achieved. The Committee believe that this spending push towards capex will not only generate employment in various sectors such as construction, infrastructure, steel, cement etc. but if it is supplemented with continued and more vigorous support to our Micro, Small and Medium Enterprises (MSMEs) and startups, it holds the capability to act as a booster for the economy by being a significant source of job creation and thus driving up consumption which can further lead the economy into a virtuous growth cycle.

5. In their action taken reply, the Ministry of Finance has furnished the following written submission:

“Capital investment holds the key to sustained economic revival by creating more employment opportunities, enhanced demand for manufactured inputs from industries etc. Increase in public investments lead towards virtuous cycle of growth. Enhanced capital expenditure is critical in re-vitalizing the economy post-pandemic due to its multiplier effect. Accordingly, in BE 2022-23, the outlay for capital expenditure has been stepped up to Rs. 7.50 lakh cr. The major sectors for this capital expenditure are as under:

Sr. No.	Min/Dept./Sectors	Capital outlay in BE 2022-23	
		Amount (Rs. cr.)	%
1	Road Transport & Highways	1,87,744	25%
2	Railways	1,37,100	18%
3	Defence Capital	1,52,370	20%
4	Telecom	54,150	7%
5	Special Assistance as Loan to States for Capital Expenditure	1,00,000	13%
6	Housing and Urban Affairs (Metros)	27,341	4%
7	Atomic Energy	14,283	2%
8	Others	77,258	10%
	Total	7,50,246	100%

This investment taken together with the provision made for creation of capital assets through Grants-in-Aid to States, the 'Effective Capital Expenditure' of Central Government is estimated at Rs. 10.68 lakh crore in 2022-23, which will be about 4.1% of GDP. This will hopefully set forth a multiplier effect in the economy on growth and employments, besides helping in creation of national assets.

2. Govt has been working towards fast-tracking of capital expenditure. Last year, Finance Minister took review meetings of major infrastructure Ministries/ Departments on Capital Expenditure plans and suggested measures to expedite infrastructure investment, which are provided below :-

i. Ministries to front-load their capital expenditure to achieve more than their CAPEX targets and efforts need to be complemented by the Public Sector Enterprises.

ii. Ministries to actively work on getting projects funded through innovative structuring and financing and provide all support to private sector for enhancing infrastructure spending, including exploring Public Private Partnership mode for viable projects.

iii. Ministries to push expenditure on large important projects to ensure that the achievement is commensurate with timelines and to take up regular reviews of sector-specific projects with State Governments for effective implementation of the same.

3. *Regular review meetings by line Ministries and Cabinet Secretariat have been undertaken. Also M/o Finance conducts regular review meetings with concerned line ministries to expedite implementation of projects and rectify bottlenecks, if any. It will also monitor progress of capital expenditure and implementation of projects under National Infrastructure Pipeline (NIP) on regular basis and encourage infra ministries to front-load capital expenditure by fast-tracking implementation of infrastructure projects.*

4. *Through all these mechanisms, M/o Finance will be able to push forward infra spending and achieve capex of over 100% of the BE similar to FY 2021-22.*

6. The Committee note the measures being undertaken towards fast-tracking of capital expenditure such as front loading of capital expenditure by Ministries, funding of projects through innovative structuring and financing, support to private sector for enhancing infrastructure spending, expenditure push on large important projects etc. The Committee would like to emphasise the importance of these measures being actually realized as per their set timelines. Further, the Committee desire that regular follow-up and reviews be undertaken, and glitches, if any, be ironed out at both inter-ministerial and state level so as to efficiently achieve the capex target.

Recommendation (Serial No. 12)

7. The Committee note that the Government has proposed setting up 75 Digital Banking Units (DBUs) in 75 districts across India through Scheduled Commercial Banks in an attempt at a major push towards the growth of digital economy. DBUs have the potential to open up the rural market for service providers besides providing a boost to credit flow, as they would be cheaper to establish and provide better customer experience aided by technology. The Committee further note the announcement that hundred percent of 1.5 lakh post offices will come on the core banking system enabling financial inclusion and access to accounts through net banking, mobile banking, ATMs and will also provide online transfer of funds between post office accounts and bank accounts

which will enable interoperability and enhance financial inclusion. The Committee take note of these steps towards enhancing the digital infrastructure and financial inclusion but recommend these to be supplemented with adequate awareness programmes so that the citizens don't fall prey to the rising number of online frauds, and they are safeguarded from unauthorised electronic banking transactions. Whenever such digital frauds are reported by the victims, the onus for prompt redressal should be on the concerned bank/financial institution and the customer should not be left in the lurch running from pillar to post for grievance redressal. The Banking ombudsman under the aegis of RBI should play a pro-active and customer-friendly role in this regard.

8. In their action taken reply, the Ministry of Finance has furnished the following written submission:

“With regard to the recommendation of the committee on the onus for prompt redressal to be on the concerned bank/financial Institution RBI vide its circular dated 6.7.2017 has laid down guidelines on limiting the liability of customers in unauthorised electronic banking transactions stating that the burden of proving customer liability in case of unauthorised electronic banking transactions shall lie on the bank, the guidelines, inter-alia, provide as under:

(i) Zero Liability: A customer need not bear any loss if the deficiency is on the part of the bank and in cases where the fault lies neither with the bank nor with the customer but lies elsewhere in the system and the customer notifies the bank within three working days of receiving the communication about the unauthorised transaction.

(ii) Limited Liability:

(a) Where the loss is due to the customer's negligence, the customer has to bear the entire loss until he reports the unauthorised transaction to the bank; and

(b) Where the fault lies neither with the customer nor with the bank and lies elsewhere in the system and the customer reports between four to seven working days of the unauthorised transaction, the maximum liability of the customer ranges from ₹5,000 to ₹25,000 depending on the type of account/instrument.

(iii) *Liability as per Board approved policy: If the unauthorised transaction is reported beyond seven working days the customer liability shall be determined as per the Bank's Board approved policy*

(iv) *Banks have also been advised by RBI that on being notified by the customer within seven days, the bank shall credit the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer.*

(v) *Further, banks shall ensure that a complaint is resolved and liability of the customer, if any, established within such time, as may be specified in the Bank's Board approved policy, but not exceeding 90 days and the customer is compensated as given above.*

With regard to the Banking Ombudsman RBI vide its circular dated 12.11.2021, on the Reserve Bank - Integrated Ombudsman Scheme (RB-IOS), 2021 has integrated the existing three Ombudsman schemes of RBI. 'One Nation One Ombudsman' approach has been adopted by making the RBI Ombudsman mechanism jurisdiction neutral which will provide cost-free redress of customer complaints involving 'deficiency in services' including the unauthorized electronic fund transfer rendered by entities regulated by RBI, if not resolved to the satisfaction of the customers or not replied within a period of 30 days by the Regulated Entity (RE). Salient features of the said scheme include, inter alia, the following.

- (i) *It will no longer be necessary for a complainant to identify under which scheme he/she should file complaint with the Ombudsman.*
- (ii) *The Scheme defines 'deficiency in service' as the ground for filing a complaint, therefore, the complaints will no longer be rejected simply on account of not being covered under the grounds listed in the scheme.*
- (iii) *There is no limit on the amount in a dispute that can be brought before the Ombudsman for which the Ombudsman can pass an Award. However, for any consequential loss suffered by the complainant, the Ombudsman shall have the power to provide a compensation up to ₹20 lakhs, in addition to, up to ₹1*

lakh for the loss of the complainant's time, expenses incurred and for harassment/mental anguish suffered by the complainant.

- (iv) *The Scheme has done away with the jurisdiction of each ombudsman office.*
- (v) *The complaints under the Scheme made online shall be registered on the Complaint Management System (CMS) portal (<https://cms.rbi.org.in>). While a Centralized Receipt and Processing Centre has been set up at RBI, Chandigarh for receipt and initial processing of physical and email complaints in any language.*
- (vi) *The responsibility of representing the RE and furnishing information in respect of complaints filed by customers against the RE would be that of the Principal Nodal Officer in the rank of a General Manager in a Public Sector Bank or equivalent.*
- (vii) *The RE will not have the right to appeal in cases where an Award is issued by the Ombudsman against it for not furnishing satisfactory and timely information/documents.*
- (viii) *The Executive Director-in charge of Consumer Education and Protection Department of RBI will be the Appellate Authority under the Scheme.*

The Hon'ble Finance Minister in her budget speech announced setting up of the 75 Digital Banking Units (DBUs) in 75 districts of the country to commemorate the 75 years of independence of the country (Azadi ka Amrit Mahotsav). In pursuance to the budget announcement a 'Committee for establishment of DBUs' was set-up by RBI to outline a roadmap for establishment of DBUs. The Committee after necessary consultations and deliberations gave its recommendations on different aspects of DBU viz., the digital banking unit model, facilities to be offered in DBUs, monitoring of functioning of DBUs, cyber security and other IT related aspects, role of DBU in the spread of digital banking awareness, etc. Based on the recommendations of the Committee, the guidelines on 'Establishment of Digital Banking Units' have been finalized and issued vide RBI circular dated 7.4.2022. The circular inter alia requires the DBUs to create awareness among their customers by offering hands on customer education on safe digital banking practices and customer grievance redressal

mechanism. The services offered by DBUs will be covered under the scope of the Reserve Bank - Integrated Ombudsman Scheme, 2021 and the customers can approach the Complaint Management System (CMS) portal for grievance redressal.

RBI has further informed that the DBUs will primarily help in creating awareness and lessening the hesitation among customers towards availing digital financial services along with deepening of the digital financial inclusion in the country. The primary objective of the drive is to catalyze adoption of digital banking. It will promote better accessibility, affordability, convenience providing a fillip to digital financial inclusion. As a part of promoting cyber security awareness, it is mentioned that a DBU Bank will take following measures for increasing the awareness and imparting cyber education to the customers:

- (i) Educate the Customers visiting the DBU not to share sensitive details of their accounts & Cards, login credentials, PIN etc. to unknown persons by displaying Banners in DBU and messages through Mobile Apps, WhatsApp, SMS and Email etc.
- (ii) Conduct Cyber Security awareness on phishing, hacking, spoofing, smishing, Denial of Service attack etc. may be spread through electronic media in vernacular language. Customer will be made aware for Do's and Don'ts when they visit the Digital Banking unit- DBU.
- (iii) Cyber Security Video on DBU ATM screens or on the video wall installed in DBU lounge
- (iv) Random quiz in DBUs on cyber security awareness.
- (v) Guidance on customer grievance redressal procedures on digital frauds.

The initiatives undertaken by RBI and Offices of RBI Ombudsmen regarding creation of customer awareness inter alia include the following:

- (i) RBI has formulated a detailed framework for financial education with a focus on customer protection. The implementation of the framework is underway, including the intensified/ focused awareness campaign set for 2022-23 regarding safe banking practices/ grievance redress avenues of RBI etc. Further, the content for

enhancing financial awareness and safe banking practices, have been taken up for inclusion in the education curriculum of school students in coordination with the National Centre for Financial Education.

- (ii) RBI has taken various initiatives for creating customer awareness with respect to digital transactions such as:*
- (a) Making customer aware of RBI instructions on frauds in electronic banking transactions by having a re-run of the campaigns on its regulations limiting the liability of customers in fraudulent electronic banking transactions;*
 - (b) Making customer aware of the RB-IOS as an integrated ombudsman scheme for all the customers of digital financial services offered by entities regulated by RBI (bank as well as non-bank payment system participants);*
 - (c) A multi-media campaign on Reserve Bank – Integrated Ombudsman Scheme (RB-IOS), 2021 is being carried out at Pan-India level;*
 - (d) Campaigns on Safe Digital Banking focusing on UPI frauds and AEPS are also being carried out.*

All these campaigns are aired on Doordarshan and All India Radio, and in other national/local dailies to help in reaching the rural areas. These campaigns also form a part of the popular TV series “Kaun Banega Crorepati”, which is widely watched by public in rural areas.

- (iii) Awareness generation activities at pan India level were launched on 15.3.2022, on the World Consumer Rights Day. An “Ombudsman speak” programme was conducted around the country, where Ombudsman from 22 offices spoke in multi-media channels regarding RBI’s Ombudsman Scheme and other awareness related issues, in local and vernacular languages.*
- (iv) Ombudsman offices carry out Town-hall meetings and Awareness programmes on various issues including digital and online frauds related aspects in the areas under their jurisdiction, including the rural areas.*
- (v) Various awareness messages related to safe digital banking in the form of tickers/scrolls are being hosted on the RBI website and RBI’s CMS webpage which is the online portal for filing of complaints lodged under the RB-IOS, 2021.*

(vi) RBI has advised all authorized payment systems operators and participants (banks and non-banks) to undertake targeted multi-lingual campaigns by way of SMSs, advertisements in print and visual media, etc., to educate their users on safe and secure use of digital payments.”

9. The Committee take note of the efforts being undertaken by RBI on limiting the liability of customers in unauthorized electronic banking transactions and the guidelines framed for the Digital Banking Units (DBUs) to create awareness among customers on safe digital banking practices. The Committee would however reiterate that the hapless customer should not be made to suffer and forced to run from pillar to post for redressal. The onus in this regard should thus clearly lie with the concerned bank to compensate the customer straightway pending further investigation in the matter by various agencies.

New Delhi;
28 July 2022
06 Sravana, 1944 (Saka)

SHRI JAYANT SINHA,
Chairperson,
Standing Committee on Finance

Minutes of the Twenty-Second sitting of the Standing Committee on Finance
(2021-22) The Committee sat on Thursday, the 28th July, 2022 from 1500hrs. to
1715 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Shri Jayant Sinha – Chairperson

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Shrirang Appa Barne
4. Smt. Sunita Duggal
5. Shri Manoj Kotak
6. Shri Pinaki Misra
7. Shri Gopal Shetty
8. Dr. (Prof.) Kirit Premjibhai Solanki
9. Shri Manish Tewari
10. Shri Rajesh Verma

RAJYA SABHA

11. Shri Ahmad Ashfaque Karim
12. Shri Sushil Kumar Modi
13. Dr. Amar Patnaik
14. Dr. C.M. Ramesh

SECRETARIAT

- | | | | |
|----|------------------------------|---|---------------------|
| 1. | Shri Siddharth Mahajan | - | Joint Secretary |
| 2. | Shri Ramkumar Suryanarayanan | - | Director |
| 3. | Shri Kulmohan Singh Arora | - | Additional Director |

PART I

2. XX XX XX XX XX XX
 XX XX XX XX XX XX.

(The witnesses then withdrew)

PART II

3. Thereafter, the Committee took up the following draft reports for consideration and adoption:

- (i) Draft Action Taken Report on the recommendations contained in Fortieth Report on Demands for Grants (2022-23) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Investment & Public Asset Management and Public Enterprises).
- (ii) Draft Action Taken Report on the recommendations contained in Forty-First Report on Demands for Grants (2022-23) of the Ministry of Finance (Department of Revenue).
- (iii) Draft Action Taken Report on the recommendations contained in Forty-Second Report on Demands for Grants (2022-23) of the Ministry of Corporate Affairs.
- (iv) Draft Action Taken Report on the recommendations contained in Forty-Third Report on Demands for Grants (2022-23) of the Ministry of Planning.
- (v) Draft Action Taken Report on the recommendations contained in Forty-Fourth Report on Demands for Grants (2022-23) of the Ministry of Statistics and Programme Implementation.

After some deliberations, the Committee adopted the above draft Reports and authorised the Chairperson to finalise them and present the Reports to the Parliament.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

APPENDIX

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FORTIETH REPORT OF THE STANDING COMMITTEE ON FINANCE (SEVENTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2022-23) OF THE MINISTRY OF FINANCE (DEPARTMENT OF ECONOMIC AFFAIRS, EXPENDITURE, FINANCIAL SERVICES, PUBLIC ENTERPRISES & INVESTMENT AND PUBLIC ASSET MANAGEMENT).

	Total	% of total
(i) Total number of Recommendations	13	
(ii) Recommendations/Observations which have been accepted by the Government (vide Recommendation Nos. 1,2,4,5,6,8, 9,10,11,12 & 13)	11	84.62%
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies (vide Recommendation Nos. 3 & 7)	02	15.38%
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	NIL	--
(v) Recommendations/Observations in respect of which final reply of the Government are still awaited	NIL	--