

RBI Retail Direct Scheme and the Integrated Ombudsman Scheme

Why in news?

Prime Minister Narendra Modi has recently launched two customer-centric initiatives of the RBI — the RBI Retail Direct Scheme and the Integrated Ombudsman Scheme.

What is RBI Retail Direct Scheme?

- The scheme allows retail investors to buy and sell government securities (G-Sec) online, both in the primary and secondary markets.
- The retail investors can now invest in G-Secs by opening a gilt securities account called **Retail Direct Gilt (RDG) Account** with the RBI.
- Only one bid per security is permitted and payment to the aggregator/receiving office can be made through using the net-banking or UPI facility from the linked bank account.
- Registered investors can access the secondary market transaction link on the online portal to buy or sell government securities through NDS-OM.
- For buying of government bonds, payment can be made by transfer of funds to the designated account of CCIL (Clearing Corporation of India NDS-OM).

*A "**Gilt Account**" means an account opened and maintained for holding Government securities. Instead of money, the account is debited or credited with treasury bills or government securities.*

***Retail Investors** are non-professional investors who buy and sell securities or funds that contain a basket of securities such as mutual funds and exchange traded funds (ETFs).*

What is RBI Integrated Ombudsman Scheme?

Ombudsman is an appellate body where customers can escalate complaints if the financial institution fails to address the complaint

within 30 days. The banking ombudsman scheme was launched in 1995.

- The integrated ombudsman scheme amalgamates 3 ombudsman scheme of RBI - banking ombudsman scheme of 2006, ombudsman scheme for NBFCs of 2018 and ombudsman scheme of digital transactions of 2019.
- It is based on “**One Nation-One Ombudsman**” with one portal, one email, and one address for the customers to lodge their complaints.
- The new scheme also includes non-scheduled primary co-operative banks with a deposit size of Rs 50 crore and above.
- The responsibility of representing the Regulated Entity and furnishing information in respect of complaints filed by customers would be that of the Principal Nodal Officer in the rank of a General Manager in a Public Sector Bank or equivalent.
- It will improve the grievance redress mechanism for resolving customer complaints against RBI’s regulated entities.
- **RBI’s Executive Director-in charge of Consumer Education and Protection Department** would be the Appellate Authority under the integrated scheme.
- Customers will be able to file complaints, submit documents, track status, and give feedback through a single email address.
- There will be a multilingual toll-free number that will provide all relevant information on grievance redress.
- It will be cost-free for customers of banks and members of the public.

What are the importance of these schemes?

- The schemes were launched at a time when rising inflation adds pressure on the RBI to lift rates.
- Tighter monetary policy is likely to weaken the demand for bonds and this slew of measures aim to ease the financial sector.
- These people centric initiatives will be a major structural reform that will deepen the financial inclusion.
- RBI data shows that with increased awareness, digital penetration and financial inclusion, there was a steep rise in the number of complaints against various regulated entities.
- The retail participation will see higher participation of retail investors which would imply better and wider understanding of the market.

References

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