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 Investor**s 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

1. https://indianexpress.com/article/explained/explained-rbi-two-initiatives-pm-narendra-modi-7619536/lite/
2. https://www.business-standard.com/article/finance/pm-modi-to-launch-rbi-s-retail-direct-and-integrated-ombudsman-schemes-121111101554_1.html
3. https://economictimes.indiatimes.com/wealth/personal-finance-news/how-the-new-one-nation-one-ombudsman-scheme-of-rbi-will-work/articleshow/87660828.cms

