

Press Releases

RBI Rejects Study Group Suggestion of Charges on Paper Based Transactions

May 4, 2007

The Reserve Bank of India has decided not to accept Study Group's recommendation of levying a charge for paper based transactions. It may be recalled that an Internal Study Group on Migration from Paper Based Funds Movement to Electronic Funds Transfer had, among other suggestions, recommended levying a charge for paper based transactions to be borne by the bank customers in a bid to encourage them to move to safer and speedier electronic funds transfer. Incidentally, it may be noted that the Reserve Bank had not accepted similar suggestion received twice in the past.

The Reserve Bank has further clarified that the recommendations of any study group - internal or external - constituted by the Reserve Bank, are purely recommendatory in nature and do not reflect the views of the Reserve Bank. These reports are placed in the public domain for comments/suggestions.

The Reserve Bank continues to receive comments in respect of other suggestions made by the Study Group which are under consideration.

Customers can now Appeal against the Banking Ombudsman's Decision

May 24, 2007

Bank customers can now appeal against the decision of the Banking Ombudsman where he has rejected the customer's

complaint relating to matters falling within the grounds of complaints specified under the scheme. The Reserve Bank has amended the Banking Ombudsman Scheme, 2006 to enable the customers to appeal against the Banking Ombudsman's decision. The amendments are available on the RBI website. Before the scheme was amended, the bank customers could appeal only against the awards given by the Banking Ombudsman. The appellate authority for the Banking Ombudsman Scheme is the Deputy Governor of Reserve Bank.

It may be recalled that in the Annual Policy for 2007-2008, the Reserve Bank had announced that based on customer feedback, it would amend the Banking Ombudsman Scheme, 2006 to extend the appeal option also to the decisions of the Banking Ombudsman.

Originally introduced in 1995, the Banking Ombudsman Scheme enables speedy and cost effective resolution of complaints of bank customers relating to deficiency in bank services. The Scheme now covers all Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks. The customers can also now complain to the Banking Ombudsman against deficiency in almost any banking services, including credit cards, after exhausting the channel available with the bank concerned for resolving their complaints. The Reserve Bank has appointed 15 Banking Ombudsmen who are located mostly in State Capitals under the Scheme. The Banking Ombudsman tries to resolve the complaint through conciliation or mediation and even passes an award if it is not resolved through such settlement.

Ways and Means Advances to the Government of India for the Financial Year 2007-2008

May 24, 2007

It has been decided in consultation with the Government of India that the following arrangements will be in force for the fiscal year 2007-08.

The limit for WMA will be Rs.20,000 crore for the first half of the year (April to September) and Rs. 6,000 crore for the second half of the year (October to March). When 75 per cent of the limit of WMA is utilised by Government, the Reserve Bank may trigger fresh floatation of market loans.

The Reserve Bank would retain the flexibility to revise the limits at any time, in consultation with the Government of India, taking into consideration the transitional issues and prevailing circumstances.

The interest rate on WMA/overdraft will be as under:

a) Ways and Means Advances	Repo Rate
b) Overdraft	Two percent above the Repo Rate

The minimum balance required to be maintained by the Government of India with the Reserve Bank will not be less than Rs.100 crore on Fridays, on the date of closure of Government of India's financial year and on June 30, *i.e.* closure of the annual accounts of the Reserve Bank and not less than Rs.10 crore on other days.

As per the provisions of the Agreement dated March 26, 1997 between the Government of India and the Reserve Bank, overdrafts beyond ten consecutive working days will not be allowed.