

Banking Ombudsman Scheme 1995

Report

(1998-99 To 2001-02)

(RBI Logo)

Reserve Bank of India
Rural Planning and Credit Department
Central Office
Mumbai

Review of The Banking Ombudsman Scheme, 1995 (1998-99 to 2001-02)

INTRODUCTION

The Banking Ombudsman Scheme, 1995 was notified by RBI on June 14, 1995 in terms of the powers conferred on the Bank by Section 35A of the Banking Regulation Act, 1949 (10 of 1949) to provide for a system of redressal of grievances against banks.

The Scheme seeks to establish a system of expeditious and inexpensive resolution of customer complaints. Any person whose grievance against a bank is not resolved to his satisfaction by that bank within a period of two months can approach the Banking Ombudsman if his complaint pertains to any of the matters specified in the Scheme. Banking Ombudsmen have been authorized to look into complaints concerning (a) deficiency in banking service; (b) sanction of loans and advances insofar as they relate to non-observance of the Reserve Bank directives on interest rates, delay in sanction or non-observance of prescribed time schedule for disposal of loan applications or non-observance of any other directions or instructions of the Reserve Bank as may be specified for this purpose, from time to time and (c) such other matters as may be specified by the Reserve Bank.

The Scheme envisages expeditious and satisfactory disposal of customer complaints in a time bound manner. For this purpose, the Banking Ombudsman first endeavours to promote a settlement between the parties. Where no settlement is reached, the Banking Ombudsman makes a recommendation which, when accepted by both parties, is binding on them. In case the recommendation made by the Banking Ombudsman is not accepted by either of the parties, the Banking Ombudsman proceeds to make an award.

SCOPE OF THE SCHEME

The Scheme is applicable to all commercial banks having business in India (except Regional Rural Banks) and scheduled primary cooperative banks.

OPERATIONALISATION

Since the Banking Ombudsman Scheme was operationalised, the Reserve Bank of India has appointed Banking Ombudsmen at 15 centres all over the country.

PERFORMANCE

A review of the performance of the Scheme for the period ended March 31, 1999 to March 31, 2002 is detailed below. The report covers progress in disposal of complaints and expenditure incurred in administering the Scheme.

Complaints Received

As against 6062 complaints received during the period 1998-99 (April-March), the number of complaints received during 1999-2000, 2000-01 and 2001-02 stood at 4994, 5803 and 5907 respectively. As compared to the complaints received during 1998-99, there is a decrease of 2.5% during 2001-02. Average complaints per year per office decreased marginally from 404 to 394 during the above period.

Period	No. of Offices of Banking Ombudsman	No. of complaints received during the year	Average No. of complaints per office
1998-99	15	6062	404.1
1999-2000	15	4994	332.9
2000-01	15	5803	386.9
2001-02	15	5907	393.8

Analysis of complaints received (subject-wise)

Particulars	1998-99	1999-2000	2000-01	2001-02
Deposit Accounts	1830	1687	1617	1662
Loans and Advances	1904	1844	1930	1982
Delay in collection of cheques/bills	1198	943	999	1062
Non-issue of duplicate drafts	198	138	170	130
Miscellaneous	2334	2188	2262	2186
Total	7464* (1402)	6800* (1806)	6978* (1175)	7022* (1115)

*No. of complaints includes previous year's pending complaints as indicated in brackets.

Besides the miscellaneous complaints, the maximum number of complaints dealt with during the period under review pertained to deficiency in servicing of loans and advances followed by deposit accounts and delay in collection of cheques/bills, etc.

Bank-group-wise

Bank group	1998-99	1999-2000	2000-01	2001-02
Nationalised Banks	4063	3857	3657	3609
SBI Group	2337	1960	2175	2112
Private Sector Banks	390	417	531	629
Foreign Banks	219	198	147	254
Scheduled Primary Co-op. Banks	82	131	122	55
Others	373	237	346	363
Total	7464	6800	6978	7022

Centre-wise

For the year ended March 31, 2002 the maximum number of complaints were received at Jaipur (1021). Other offices of the Banking Ombudsman, which received more than the average number of complaints of 394, were New Delhi (624), Thiruvananthapuram (545), Kolkata (506), Chandigarh (466) and Hyderabad (406). As in the past, majority of complaints during the period emanated from metropolitan and urban centers. Very few complaints were received from rural and semi-urban areas. In order to popularize the Scheme among the rural and semi-urban population, campaigns have been organized by the Offices of Banking Ombudsman apart from inserting advertisements in the local newspapers. The Banking Ombudsmen are also interacting with the Chambers of Commerce and Industry and Bank Managers' Club, etc.

Disposal of Complaints

Particulars	1998-99	1999-2000	2000-01	2001-02
Complaints received	7464*	6800*	6978*	7022*
Of which not maintainable	3317	2614	2732	2404
Complaints maintainable	4147	4186	4246	4618
Disposed of	2807	2484	3131	3511
Pending	1340	1702	1115	1107
Of the pending complaints, those pending for more than 2 months	775	998	589	624

*Includes previous year's pending complaints.

The average number of complaints disposed of per office stood at 187, 166, 209 and 234 for the years ended March 31, 1999, 2000, 2001 and 2002 respectively and showed an increasing trend.

AWARDS ISSUED

During the period under review (i.e. 1998-99 to 2001-02), 262 awards were issued which formed 2.2% of the total 11933 maintainable complaints disposed of. Office-wise details of the awards issued are furnished hereunder :

Awards issued during the last four years (1998-99 to 2001-02)

Sr. No.	Centres	1998-99	1999-2000	2000-01	2001-02
1	Ahmedabad	-	1	4	3
2	Bangalore	7	6	3	7
3	Bhubaneswar	-	2	1	3
4	Bhopal	2	3	-	-
5	Kolkata	2	14	16	15
6	Chennai	8	10	9	-
7	Chandigarh	0	0	1	2
8	Guwahati	-	2	2	-
9	Hyderabad	14	9	2	-
10	Jaipur	4	1	3	4
11	Kanpur	28	20	8	5
12	Patna	23	-	-	-
13	Mumbai	2	1	1	2
14	New Delhi	2	3	2	3
15	Thiruvananthapuram	-	2	-	-
	Total awards	92	74	52	44
	Awards not implemented by banks	49	34	27	16
	% of disposal of complaints by issue of awards to total maintainable complaints disposed of	3.28	2.98	1.66	1.25
	% of disposal of complaints by mediation/reconciliation/recommendation to total maintainable complaints disposed of	96.72	97.02	98.34	98.75

EXPENDITURE

In consonance with Clause 14(2) of the Scheme, expenditure is incurred by the Banking Ombudsman under a system of annual budget approved by the Reserve Bank of India. The details of expenditure (Capital and Revenue) incurred during the period under review are indicated below.

(In Rupees)

Period	Capital expenditure	Revenue expenditure	Total
1.4.1998 to 31.3.1999	19,57,865	5,10,97,103	5,30,54,968
1.4.1999 to 31.3.2000	28,49,649	5,86,90,225	6,15,39,874
1.4.2000 to 31.3.2001	54,63,858	6,44,52,697	6,99,16,555
1.4.2001 to 31.3.2002	32,77,949	5,58,79,181	5,91,57,130

As provided in the Scheme, the amount spent is being recovered from participating banks in proportion to the working funds of these banks as at the end of the preceding financial year.

REVIEW OF THE SCHEME

As per the recommendations of the Informal Group constituted by Reserve Bank to improve upon the effectiveness of the Scheme, the Banking Ombudsman Scheme, 1995 was reviewed. The revised Banking Ombudsman Scheme 2002 has been notified and came into effect on 14th June 2002. The new Scheme will cover all the regional rural banks in addition to all commercial banks and scheduled primary co-operative banks. The B.O. Scheme 2002 additionally provides for the institution of a "Review Authority" to review the Ombudsman's Award. A bank against whom an Award has been passed, may with the approval of the chief executive, file an application to the Deputy Governor-in-charge of Rural Planning and Credit Department of Reserve Bank of India to seek a review of the Award. The bank can request for such a review only when the Award appears to be patently in conflict with the Bank's instructions and/or the law and practice relating to banking.

The Banking Ombudsman has also been authorised to function as an Arbitrator on references to him of disputes either between banks and their customers or between two banks. The value of the subject matter of individual disputes under arbitration will not exceed Rs. Ten lakhs.

Names and addresses of Banking Ombudsmen as on February 02, 2003

Name and address of Banking Ombudsman	Area of operation	Telephone/Fax No.
Shri Prabhu Dayal C/o Reserve Bank of India La Gajjar Chambers Ashram Road, Ahmedabad-380 001	Gujarat, Union Territories of Dadra and Nagar Haveli, Daman and Diu	Tel.No.6582357 6586718 Fax No.079-6583325
Shri S.K. Mukerji C/o Reserve Bank of India 10/3/8, Nrupathunga Road Bangalore-560 001	Karnataka	Tel.No.2210771/2275629 Fax No.080-2244047
Shri N. Gopalan C/o Reserve Bank of India Hoshangabad Road, Post Box No.32 Bhopal-462 011	Madhya Pradesh & Chhatisgarh	Tel.No. 573772/573776 Fax No. 0755-573779
Shri M.V.S.Chalapathi Rao C/o Reserve Bank of India Pt. Jawaharlal Nehru Marg Bhubaneswar-751 001	Orissa	Tel.No. 418007/418008 Fax No. 0674-418006
Shri Dipak Rudra C/o Reserve Bank of India 15, Netaji Subhas Road Calcutta-700 001	West Bengal and Sikkim	Tel.No. 2206222/2205580 Fax No.033-2205899
C/o Reserve Bank of India New Office Building Sector-17, Central Vista Chandigarh-160 017	Himachal Pradesh, Punjab and Union Territory of Chandigarh	Tel.No. 771849/721011 Fax No. 0172-721880

Shri S. Krishnamurthy Kuralagam Building (3 rd Floor) Esplanade, N.S.C.Bose Road Chennai-600 108	Tamil Nadu, Union Territories of Pondicherry and Andaman and Nikobar Islands	Tel.No.5341645/5341619 Fax No. 044-5341607
Shri H.W.T. Syiem C/o Reserve Bank of India Station Road, Pan Bazar Guwahati-781 001	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura	Tel.No. 542556/540445 Fax No. 0361-540445
Shri P. R. Gopala Rao C/o Reserve Bank of India 6-1-56, Secretariat Road, Saifabad Hyderabad-500 004	Andhra Pradesh	Tel.No. 3210013/3243970 Fax No. 040-3210014
Shri S. L. Parmar Reserve Bank of India Ram Bagh Circle, Tonk Road, Post Box No.12, Jaipur-302004	Rajasthan	Tel.No.570357/570392 Fax No.0141-562220
Shri D.T. Pai C/o Reserve Bank of India M.G.Road, Post Box No.82 Kanpur-208 001	Uttar Pradesh excluding District of Ghaziabad & Uttaranchal	Tel.No.306330/306278 Fax No.0512-305938
Shri S.G. Kale C/o Reserve Bank of India Garment House, Ground Floor Dr. Annie Besant Road, Worli Mumbai-400 018	Maharashtra and Goa	Tel.No.24924607/ 24960893 Fax No.022-24960912
Shri M.P. Bezbaruah Jeevan Bharati Building, Tower No.1 7 th Floor, 124, Connaught Circus New Delhi-110 011	Delhi, Haryana, Jammu & Kashmir and Ghaziabad district of Uttar Pradesh	Tel.No.3710882/3725219 Fax No.011-3725218
Dr. A.B. Prasad 'Biscomaun Towers', 2 nd Floor, West Gandhi Maidan Patna-800 001	Bihar and Jharkhand	Tel.No. 665529/665742 Fax No.0612-661907
Shri G.R. Sundaravadivel C/o Reserve Bank of India Bakery Junction Thiruvananthapuram-695 033	Kerala and Union Territory of Lakshadweep	Tel.No.332723/329676 Fax No.0471-321625