

## AIR Spotlight - State of Economy and Customer-Centric Initiatives of RBI

AIR Spotlight is an insightful program featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation. In this article, the topic of discussion is the state of the Indian economy and RBI's recent initiatives.

### Participants:

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### Context:

Prime Minister Narendra Modi launched two customer-centric initiatives of the [Reserve Bank of India](#). The initiatives will be discussed in detail in this article.

### Introduction:

The two initiatives are discussed below:

#### (I) Retail Direct Scheme:

- A large amount of savings of the middle class is in the form of small saving instruments such as public provident funds, post office savings instruments, and other certificates issued by the Government of India.
- These types of savings help the middle class to maintain their long-term financial security.
- RBI Retail Direct Scheme allows retail investors to buy and sell government securities (G-sec) online both in the primary and secondary markets.
- According to details provided by RBI, these small investors can now invest in G-Secs by opening a gilt securities account with the RBI. The account opened will be called **Retail Direct Gilt (RDG) Account**.

### Advantages:

#### Risk-free avenue:

- This initiative will attract people from the lower-income groups to invest in these securities because they want risk free avenue.
- The risk was less in the earlier instruments such as PPF, etc. as well but there were a lot of inconsistencies involved.

### **Provide long-term investment:**

- In the earlier small saving instruments, a person cannot invest beyond the period of 15 years and the amount of investment was also limited.
- In the retail direct scheme, there are no such limits.

### **Managed by RBI:**

- The scheme will be managed and monitored by the Reserve Bank of India (RBI) hence, the securities will be like the bank papers.
- It will also smoothen out the management of the monetary policy that is an associated benefit with the initiative.

### **(2) Integrated Ombudsman Scheme:**

- Since 2015, the government has started the process of formalization of the economy that means to bring more and more people to do cash transactions through the banking system.
- It started with [Jan-Dhan Yojana](#), then, large-scale insurance schemes like Jan-Aarogya Yojana, GST, etc. The bank lies in the heart of all these schemes. It means that the banking sector of India includes the entire adult population including the poorest section of the society as well.
- The data on the UPI transactions show that the transactions on UPI have crossed 100 billion in October 2021. All these transactions are taking place through the medium of banks.
- These transactions also involve some issues and complaints and those complaints will be taken care of by the office of the Ombudsman.
- The Scheme adopts the ‘**One Nation One Ombudsman**’ approach by making the RBI Ombudsman mechanism jurisdiction neutral.
- The Scheme integrates the existing three Ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006 (ii) the Ombudsman scheme for non-banking financial companies, 2018, and (iii) the Ombudsman scheme for digital transactions, 2019.

### **Features of the scheme:**

- It will no longer be necessary for a complainant to identify under which scheme he/she should file a complaint with the Ombudsman.
- The Scheme defines ‘deficiency in service’ as a ground for filing a complaint, with a specified list of exclusions. Therefore, the complaints would no longer be rejected simply on account of “not covered under the grounds listed in the scheme”.
- The Scheme has done away with the jurisdiction of each ombudsman office.
- A Centralised Receipt and Processing Centre has been set up at RBI, Chandigarh for receipt and initial processing of physical and email complaints in any language.

- The responsibility of representing the Regulated Entity and furnishing information in respect of complaints filed by customers against the Regulated Entity would be that of the Principal Nodal Officer in the rank of a General Manager in a Public Sector Bank or equivalent.
- The Regulated Entity 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.
- The redressal will continue to be cost-free for customers of banks and members of the public.

### Way Forward:

- In the recent past, investment in government securities has considerably increased and it is expected that these initiatives will further increase the investment as these initiatives provide choices to the people to safely invest their money.
  - The government has introduced a slew of reforms including the [Emergency Credit Line Guarantee Scheme](#), Production Linked Incentive Scheme to promote manufacturing, and other schemes as well. The latest link in this reform cycle is the initiatives by the RBI.
  - These schemes will help in including more and more people in the formal sector. The challenges will be there such as the major challenge right now is the rise in prices in the commodity sector but at the same time, the scheme is also opening up the possibilities of investment.
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