

# Good Governance and Banking Ombudsman in India

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## Abstract

A systematic institutional set up for ensuring the accountability and fairness in the functioning of the state and its institutions is prerequisite for the good governance. Banking sector is a service oriented sector. It needs a well designed mechanism of Redressal to the grievances of the stakeholders to ensure the better service to the people and in turn to fetch the confidence and satisfaction of the people. In view of providing a systematic and well organized system of Redressal mechanism to the customers, the Reserve Bank of India notified BOS (Banking Ombudsman Scheme) on June 14, 1995 as per the provision of Section 35A of the Banking Regulation act, 1949. Good Governance is basically concerned with accountability, transparency, reliability, predictability, openness, efficiency and effectiveness of the system. Accountability is the major concern in the organization/institution. Accountability gives responsibility to the individuals and institutions for their decisions and actions to ensure the objectivity. The issues related to accountability verily could be seen in all sectors wherever the public delivery is concerned. In the existing system policy formulation and monitoring of its implementation is being performed by the same institution/organization which leaves the objectivity under question. In order to ensure the better functioning of the public delivery system it is aptly required that both the functions should not be performed by the same institutions/ organizations. Monitoring of implementation of the policies should necessarily be given to the unbiased and different institution. The present argument gives strength to the ombudsman institution which works as watchdog being an external institution. The study looks at to explore the role of the Banking Ombudsman as a promoter of good governance in Indian banking sector. In order to answer the question, the theory of Good Governance and its integral principle, Accountability are taken into account. The Banking Ombudsman in India acts as an external organization which allows customers of bank to give complaints against the deficiencies. However, the efficiency and effectiveness of the Banking Ombudsman depends on different variables such independence of the institution, defined jurisdiction, accessibility of the institution to the public, and its efficiency in its work. These all factors are taken into account in this study.

**Keywords:** Banking Ombudsman in India, Dispute resolution in banking sector, Good Governance

## Introduction

One of the drastic change could be seen across the globe in recent decades is that the administrative agencies have largely overtaken the powers of legislative authorities. It became powerful agency in society as public administration has been influencing life of people in deeper way.<sup>1</sup> However, the complex nature of administration, its diversification, and new trends of professionalization have created issues in terms of abuse and misuse of administrative power.<sup>2</sup> Moreover, sometime, it reached into the level where citizen's rights and freedom are violated. The existing legal and administrative means was understood as not enough to get free from these dramatic issues as it is more expensive and time consuming. The circumstances lead to the need of a grievance Redressal mechanism which is easy to access, independent and "soft control" in nature. Above all, the idea of democracy and rule of law will become meaningful only if there is a systematic mechanism for people to access the administrative agent.<sup>3</sup>

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And in special, it is a dare need of current world order where governments are withdrawing from various sectors which were traditionally monopolized by it and private sector entrepreneurs are coming forward to handle the same. Here, the change as it is obvious is that the traditional government monopolies of sectors which are of public concern are replaced by more vicious private monopolies.<sup>4</sup> It is quite natural that the interest of private entrepreneurs is to accumulate wealth as huge as possible. Hence, an adequate regulation or enforcement and mechanism for grievance Redressal of public are very much needed. Here it is the duty of government and other public authorities to put in place appropriate mechanism for regulation in a way which would address the concerns of citizens effectively and properly. Thus, ombudsman which was established in most of the countries in the world as a response for the very need enhances transparency in governments and stands as a good machinery for democratic accountability.<sup>5</sup>

### Ombudsman system in banking sector

Banking and finance are important part of human society in terms of channelizing resources available for sustaining trade and commerce. An efficient financial system could be found in a system where Consumer Protection, Financial Inclusion, Financial Education, and Financial Stability are taken into consideration.<sup>6</sup> In another word, the consumer protection is to be understood with two objectives such as protecting the consumer from negative economic decisions and empowering them to take informed decisions in a free market.

As it is verily seen in all financial service, the customer is considered as the targeted beneficiary and the central focus of financial services regulation. He or she would be able to transact smoothly with confidence only if they get an effective and fair protection regime. Of course it will pave the way for trust and respect for financial service providers.

No doubt, an effective customer protection framework should be having a robust and reliable redress mechanism. It has to ensure that all disputes and issues between service provider and customer are sorted out fairly with expediency. Nowadays, all political parties and governments which come in power uphold financial inclusion as their determined theme and agenda. It is because of the understanding of the dare need of removing inequality in society. A credible and effective grievance Redressal mechanism can deepen financial inclusion process in society. The basic agenda of financial inclusion process is to protect the interests and rights of the downtrodden and vulnerable sections of the society. It really calls for a system where the voices of these sections of society are heard. For effective implementation of the idea, the grievance resolution mechanism has to be with less cost and with less time.<sup>7</sup>

Hence, it is compulsory for each economy to have an

efficient ombudsman system in which there are measures for checks and balances to fight against maladministration and corruption. Moreover, being a part of public service it justifies the need for having a separate forum to handle the grievances of the same public. It is because they might have several concerns and grievances.

The logical reason behind forming up of the institution while there are other legal machineries such as courts and Tribunals is to avail the Redressal mechanism for common public including vulnerable section of society for them it is very difficult to approach other fora because of time issues and cost expensiveness, in a way which is speedy and less expensive in nature. Moreover it has to do some other characteristics too. Such as courts Banking Ombudsman stands for resolving issues between individuals. Unlike the courts, it enquires issues of consumer, provides comments and feedbacks from their experience to banks, financial institutions, governments for improving their service in future and to consumers for giving clarity about services. Moreover, unlike courts the ombudsman helps to avoid the burden of litigation through a friendly settlement of issues. It can rather be termed as a conciliatory approach.<sup>8</sup>

### Genesis of Banking Ombudsman in India

In India, banking sector was criticized constantly by press, public and by Public and Estimate committees of Parliament in 1960s and 70s because of poor and inadequate grievance Redressal mechanism. Reserve Bank of India (RBI) has been received many complaints from customers and forwarded to all concerned banks and the banks were told to come with their positions. The situations lead to the forming up of various commissions and committees to go into the issue and to come up with suitable suggestions.<sup>9</sup> Since 1972, banking commission under the leadership of Sri R G Saraiya<sup>10</sup> followed by that of R K Talwar<sup>11</sup> and finally Goiporia Committee report<sup>12</sup> had played an important role in calling attention of RBI towards improvement of customer service in banking sector. Taking into account the recommendations, though banks implemented new strategies, there was no a remarkable change in the quality of service for customer and they remained dissatisfied.<sup>13</sup>

The diverging move in this regard was the report of 'Narasimham 'Committee'<sup>14</sup> on "Banking and Financial Sector Reforms". That report verily checked this important issue and proposed introduction of "Banking Ombudsman Scheme 1995". It was indeed a need of time because of the changing circumstances of customer especially in the context of growing trend of liberalization and privatization in banking sector. Being understood the need Reserve Bank of India (RBI) accepted the recommendation and as part of the new banking policy Dr. C. Rangarajan, then Governor of Reserve Bank of India, announced on June 14, 1995 the new 'The Banking Ombudsman Scheme' under the Section 35A of Banking Regulation Act 1949.<sup>15</sup>

The scheme which seeks an establishment of a system of speedy and inexpensive Redressal of customer complaints has been so far revised four times. At present, there are seventeen banking ombudsman offices by which the scheme is administered all over the country including all states and union territories.

Keeping in view the importance of customer service in banking sector, Reserve Bank of India (RBI) has introduced the Banking Ombudsman Scheme (B O Scheme), quasi-judicial machinery which provides a credible, effective, inexpensive alternative to consumer dispute resolution mechanism in the banking sector. The newly introduced scheme is governed by the provision of Section 35A Banking Regulation Act; 1949. It aims at to provide an effective and speedy mechanism for all common people of the country. Under this scheme the people can lodge complaints against the deficiency of bank services. It does not bar in any way the existing legal systems available for customers of banks, so that the complaints can still be given in the consumer courts and in other local courts.

The presence of a separate institution for grievance Redressal, while there a system of consumer court is available, is logical and needed. It is because the ways in which both are dealing issues are deferent in character. The disputes between customer and bank in banking service basically gems from two kinds of issues, namely contractual and non-contractual. Normally, consumer courts deals with the deficiencies of services which gems from contractual duties and obligations. At the same time ombudsman institutions are empowered to deal with all possible kinds of deficiencies from the expected service performance of banks. Broadly pointing, the laws for consumer protection are directed towards such kinds of rules that are authoritative as per the law. On the other hand, the banking ombudsman scheme is oriented towards going beyond the same to deal with all concerns of customers by using the approaches of mediation and conciliation.<sup>16</sup>

The scheme, which came to existence at first in 14<sup>th</sup> June 1995, has been amended and modified further in the year of 2002, 2006, 2007 and 2009 as per the need of time with a focus on enhancing its coverage as per the nature of complaints and service offered by. The revised Banking Ombudsman Scheme, 2006 was notified by The Reserve Bank of India in 2005 and that came into existence from 1<sup>st</sup> of January 2006 onwards. While the scope and jurisdiction of ombudsman offices expanded in to new areas, this could be regarded as a paradigm shift in this regard.

### **Structural and functional frame work of Ombudsman in India**

The banking ombudsmen are appointed by the Reserve Bank of India for a period of three years as per the scheme.

The officers who are in the rank of Chief General Manager or General Manager are considered for the post. RBI depute secretariat for the office from its staffs. The location of the ombudsman offices are also decided by RBI. The scheme entitles banking ombudsman to handle the cases come under its jurisdiction and to conduct sitting if needed for the purpose of speedy grievance resolution.

The banking ombudsman scheme 1995 had covered only commercial banks and Primary Co-operative Banks that were working in India. In 2002, the scheme had further broadened the area of operation by including all scheduled commercial banks including Regional Rural Banks and state bank associate banks.

The Ombudsman Scheme verily clears about the ground on which complaints can be lodged against banks to the Ombudsman as follow.<sup>17</sup>

- Non-payment or inordinate delay in the payment or collection or issue of cheques, drafts, bills etc.
- Non-acceptance of small denomination notes and coins tendered for any purpose without sufficient cause.
- Non-payment or delay in payment of inward remittances.
- Non-adherence to prescribed working hours.
- Failure to provide or delay in providing a banking facility promised by a bank
- Delays, non-credit of proceeds to parties' accounts, non-payment of deposit or non-observance of the Reserve Bank directives.
- Complaints from Non-Resident Indians having accounts in India in relation to their remittances from abroad, deposits and other bank related matters.
- Refusal to open deposit accounts or forced closure of accounts without any valid reason.
- Levying of charges without adequate prior notice to the customer.
- Non-adherence by the bank or its subsidiaries to the instructions of Reserve Bank on ATM/Debit card operations or credit card operations.
- Non-disbursement or delay in disbursement of pension
- Refusal to accept or delay in accepting payment towards taxes, as required by Reserve Bank/Government.
- Refusal to close or delay in closing the accounts.
- Non-adherence to the fair practices code as adopted by the bank.
- Non-adherence to the provisions of the Code of Bank's Commitments to Customers issued by Banking Codes and Standards Board of India and as adopted by the bank.
- Non-observance of Reserve Bank guidelines on engagement of recovery agents by banks.
- A complaint on any of the aforesaid types alleging deficiency in banking service in respect of loans and advances may be filed with the Banking Ombudsman

having jurisdiction:

- Non-observance of Reserve Bank Directives on interest rates.
- Delays in sanction, disbursement or non-observance of prescribed time schedule for disposal of loan applications.
- Non-acceptance of application for loans without furnishing valid reasons to the applicant.
- Non-observance of any other direction or instruction of the RBI as may be specified by the RBI for this purpose from time to time.

In addition to these areas, the offices of Banking Ombudsman can also handle with any other issues that are directed by RBI timely.

Any customer who has a complaint against his bank in connection with service can lodge the complaint in the office of banking ombudsman that has jurisdiction over the area in which the bank branch located.<sup>18</sup> Here the complaints can be given in online through electronic media or through offline. The public have also convenience for lodging their complaints in the offices of RBI or in the offices of the Central Government. They will then forward the complaint to the offices of ombudsman for Redressal. The scheme allows a customer, if he or she is not happy with an award<sup>19</sup> of banking ombudsman, to approach Deputy Governor of RBI which is the appellate authority.<sup>20</sup>

### Banking Ombudsman and Good Governance

Both United Nations' General Assembly Resolution 63/169 and United Nations' General Assembly Resolution 65/207 highlight the role of ombudsman in "promoting good governance in public administrations, as well as improving their relations with citizens, and in strengthening the delivery of public services".<sup>21</sup>

The institution of Ombudsman determines whether the action taken by the public authority was unreasonable, oppressive, wrong, unjust, or discriminatory. It also determines whether the action was taken based on any mistake of law or of fact or based fully or partially on improper motives or irrelevant grounds. It also checks into the action whether it was a conduct for which reasons should be given but are not given.<sup>22</sup>

The whole provisions mentioned above categorically look into a common ground that can be shared with the idea of good governance. The idea of good governance includes rule of law, having an enforcement of unbiased democratic legal setup, and the idea that the governance and administrative actions should be in transparent way with participative manner of decision making, and the assumption that all administrative actions should be accountable to the public in a way by which they are well and comprehensively informed of it, and the administration

must act effectively, efficiently, legitimately for promotions of individual and collective rights and for public interest.

While the idea of good governance takes into account in Indian context, the generally said principles of good governance are to be focused towards attaining basic values of the state such as democracy, secularism, socialism, and so on.<sup>23</sup> Hence, the principles are to be directed to deepen our democracy, to free our politics from criminalization, to protect our politics from religions, to secure justice, to reduce socio economic inequalities, to protect the deprived sections of society and so on.

### Accountability and Ombudsman

Accountability is not only the integral part of good governance, but it is an essential prerequisite of it. The most important factor behind the failure of governance or behind absence of good governance is lack of institutional forum for raising public's voice against violation of rights, abuse of power, maladministration, corruption and favoritism in administration. The lack of checks and balance and absence of openness in connection with exercise of power and discretion of public authority also works behind the failure.

The idea of accountability is important because it can "ensure that political actions are predictable, non-arbitrary and procedurally fair, that decision makers are answerable for their decisions, and that rules and limits on the exercise of power are enforced".<sup>24</sup> According to Joseph Stiglitz, 'accountability requires that: 'people are given certain objectives; there is a reliable way of assessing whether they have met those objectives; and consequences exist for both the case in which they have done what they were supposed to do and the case in which they have not done so'.<sup>25</sup>

The definition of Stiglitz is more focused on how government ought to be. However, the definition given by Christopher Hood is more suited with this study. He says 'Control as the periodic checking and examination of the activities of public officials by external actors possessed of formal or constitutional authority to investigate, to grant quietus or to censure, and in some cases even to punish'.<sup>26</sup>

In short, Accountability can be defined as making institutions and individuals responsible and answerable for their decisions and actions. Though the accountability concern was there always in public administration, it got enhanced momentum in recent years. Here, it is primarily important to know how ombudsman is connected with accountability. The connection between both is verily clear in the definition of ombudsman given by Pillay, while he says about it as "a public body entrusted with the task of supervising the conduct of public administration in order to ensure its fairness and accountability".<sup>27</sup> The ombudsman works as an outside institution that can act as an accountability system in general.



In Indian banking sector, the Ombudsman is entrusted to ensure better accountability and improved services to their customers. The idea works primarily by allowing customers to lodge complaints against banks as it hasn't work as per the legal norms, and by investigating the conduct of banking governance, and by giving awards if not mutually settled the issue after sitting of both parties together, and by recommending changes of law, policy or practice while improper or illegal administration is uncovered through reporting to the Reserve Bank and to the public annually.<sup>28</sup> As a public control mechanism, ombudsman institutions can foster the activities of the public authorities through efforts at monitoring and uncovering deviations from broad socio-political ideals as well as indicate corrections.<sup>29</sup> By the way ombudsman can work as an agent of social change.

### Banking Ombudsman in India: An Analysis

The new ombudsman scheme had come into existence in January 2006. It has been about a decade that the scheme worked in. Now it is the time to look back into its practical realities and to assess whether the scheme has worked effectively or gone wrong. If there are deficiencies in the scheme, it is needed to look into possible ways to overcome the same. This study mainly looks into reviewing the working of the scheme in India as a tool of good governance. The success of banking ombudsman in promoting good governance is dependent on achievement of several factors. Reif and Frank Fowlie developed some factors of the same in their works.<sup>30</sup> The factors are: independence of the institution, defined jurisdiction and adequate power, accessibility of the institution to the common public, operational efficiency, accountability and transparency. Now, let's analyze each of these factors in detail.

#### Independence of the institution

It is crucial for effectiveness of the institution to maximize the independence of the institution from all kinds of external interference such as political or administrative in its functions. The institution is regarded as independent if it was given freedom in budget and in recruiting personnel, and if personnel are given long fixed term in appointment and given high fixed salary.

As far as good governance is concerned, another important concern is independence of the ombudsman institution. While we compare the system of appointment of ombudsman with other countries in the world, our system of appointment is not very lucid. The appointment is verily and fully done by Reserve Bank of India from its own employees. For ensuring the objective of ombudsman scheme this has to be checked. It is better to have an independent counsel under Reserve Bank of India including representatives of customers and banks for appointment purpose. Moreover, any qualified person who has had experience practically

in handling complaints from customer, having in depth knowledge in banking laws should be considered for the post. However, it is very much important to note that the institution is completely free from interference of political parties and banks.

As far as budget is concerned, there is freedom for banking ombudsmen in India. The ombudsman can spend money for the needs. However, the selection of staffs is being done by RBI directly. The ombudsman has no sole authority to select the needed staffs for his office. This has to be checked for giving full independence for the ombudsman.

In India the banking ombudsman have a high fixed salary and a fixed tenure of three years which can be renewed further. However, the researcher observed that the ombudsmen being a part of RBI personnel do not want to get reappointment, but want to get transfer to high positions. The office of the ombudsman has to be treated as a separate institution from RBI to gain confidence and trust of customers as it is an external independent institution.

#### Defined jurisdiction and adequate power

The institution is to be given defined jurisdiction and adequate powers to avoid clash and conflict with other state bodies. Giving some legal back up to the banking ombudsman in India, would create more positive result in this regard. If the banking ombudsman is given legal power of an ordinary court, most importantly, the powers of contempt, the system can work more effectively. Moreover, to instill confidence in public about the scheme, the Reserve Bank of India has to ensure timely that the awards given by ombudsman are implemented by the concerned banks.

In states like Kerala, the jurisdiction of banking ombudsman has to be expanded to cooperative banks also as well, as it is a state where a lot of co-operative banks are working.

#### Accessibility of the institution to the public

Another important factor for the effectiveness of the institution is to have among common public proper awareness about the scheme and its functions. Here, availability local offices, regional or local personnel, procedures are matters. So, all these must be organized in a manner by which common public can simply assess it. The basic hindrance in accessing the institution is the lack of awareness about the institution among public.<sup>31</sup> The banking ombudsman offices have been verily working with effort to reach in to all public in order to increase awareness on banking ombudsman scheme and its grievance resolution system. Different ways were used for advertisement such as print and electronic media, personal interaction with customers through outreach programs and so on. Moreover, to catch the attention of rural people, advertisement campaigns were done through

regional languages. But still the less increase in complaint calls to concentrate on the same more effectively.

In order to make it more effective, each branches of banks has to have an information system to give clarity to customers about the scheme, its practicalities, and its advantages than approaching other legal forum. Remuneration based on performance to the banking ombudsman officials can be another move in this regard. Another important need is to have more regional offices for banking ombudsman at local areas for improving accessibility to the rural poor.

As part of awareness building on the scheme, the southern state Andhra Pradesh and Telangana included in their school syllabus lessons on banking ombudsman scheme for 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> classes from the academic year 2014-14 and 2014-15 respectively. This can be widely done all over India.

Annual Conference of Banking Ombudsmen in 2011 decided to conduct Town-Hall Events by each office of banking ombudsman in two tier cities within its jurisdiction. But, what practically done was two or three events only annually under each offices. But to reach the message in to public one or two public events are not enough. The institute has to design more programs for the same.

### Operational efficiency

The operational efficiency of banking ombudsman offices for the last 10 years is being analyzed here by understanding the data compiled from the annual reports of banking ombudsman.

Table 1 show that there has been generally a big growth in the number of complaints filed against banks in the office

**Table 1.No. of complaints received during the years by office of Banking Ombudsman<sup>32</sup>**

Year	No. of complaints	% change in current year over the previous year
2005-2006	31,732	200%
2006-2007	38,638	22%
2007-2008	47,887	24%
2008-2009	69117	44%
2009-2010	79,266	15%
2010-2011	71,274	(-)11%
2011-2012	72889	2%
2012-2013	70541	-3%
2013-2014	76573	8.55%
2014-2015	85131	11.18
2015-2016	102894	20.87%

of banking ombudsman. But, in 2010-2011 and in 2012-2013 there has been a decrease in the complaints from previous years. However, the general tendency of growth in complaints indicates that the system gets familiarized by more public in each year. Year based analysis indicates that the highest growth rate has been recorded in 2005-06 which is an increase of 200%, followed by 2008-09 which is of 44%. This huge growth is attributed to the reality that the new banking ombudsman scheme came in existence in 2006. The scheme was further amended by including

the facility related to internet banking and so on in 2008-09 and that might have impacted in the increase of the number in the same year. However, the table shows that in 2010-2011 and 2012-2013 there is decrease in the number of complaints from the previous year. In last three years there has been recorded an increase again that reached in the last year, 2015-2016 in to 20.87% which can be regarded as a seminal increase. In a nutshell, the increase in complaints generally in each year indicates that the customers' grievance also increased.

Table 2. Receipt of Complaints of Banking Ombudsman Offices<sup>33</sup>

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2013-14	2014-15	2015-16	% to total In 2015-16
Ahmadabad	2107	2855	3732	4149	5190	4590	4588	4965	5909	5.74%
Bengaluru	2406	2975	3255	3854	3470	3486	4101	4610	5119	4.98%
Bhopal	2731	3402	3375	3873	5210	5953	4907	5451	5748	5.59%
Bhubaneswar	689	998	1159	1219	1124	1826	1498	2448	3050	2.96%
Chandigarh	2006	2331	2634	3234	3559	3521	3162	3131	4571	4.44%
Chennai	2387	4545	10381	12727	7668	6614	8775	8285	8645	8.40%
Guwahati	170	282	455	528	584	708	770	1054	1328	1.29%
Hyderabad	2767	2843	3961	5622	5012	5167	4477	4366	5910	5.74%
Jaipur	2976	3369	3688	4560	3512	4209	4104	4088	4664	4.53%
Kanpur	4321	5340	7776	7832	8319	9633	8389	8818	9621	9.35%
Kolkata	2011	2815	3671	5326	5192	4838	4698	5277	4846	4.71%
Mumbai	5525	6070	9631	10058	7566	7905	9965	10446	12333	11.99%
New Delhi	5481	6742	10473	12045	10508	9180	11045	14712	22554	21.92%
Patna	1481	1480	2110	1707	2283	2718	3253	4456	5003	4.86%
Thiruvananthauram	1580	1840	2816	2532	2077	2541	2841	3024	3593	3.49%

Table 2 shows the number of complaints received in each banking ombudsman offices in India. The offices of banking ombudsman in New Delhi and Mumbai received the largest number of complaints throughout the years. In 2015-16, 21.92% and 11.99% of the total complaints received in New Delhi and Mumbai offices respectively. As per the study report conducted by Reserve Bank of India, the reasons for spurt in the complaints in office of banking ombudsman in Delhi are due to rapid growth because of construction boom, rapid growth of IT, education and health sectors and that has increasingly lead to migration from other areas.

Moreover, the region is an area where high growth was seen in banking as there are a lot of bank branches, ATMs and bank business. Moreover, the relatively high literacy of the region also helped to get awareness about the scheme among banking customers. Similarly the online availability of complaint lodging and availability of cheap and fast internet connection during last years has increased the complaints.<sup>34</sup> Chennai and Kanpur follows New Delhi and Mumbai in increased number of complaints in each year. At the same time Guwahati witnessed the very less number in complaints throughout the years from 2006 to 2016.

Table 3. Redressal of Complaints during Last 11 Years<sup>35</sup>

	Complaints pending at the beginning of the Year	Complaints Received during the Year	Complaints handled	Complaints Disposed	Pending at the end of the year
2006-07	6128	38638	44766	37661	7105(16%)
2007-08	7105	47887	54992	49100	5892 (10.7%)
2008-09	5892	69117	75009	65576	9433(12.6%)
2009-10	9433	79266	88699	83335	5,364(6.1%)
2010-11	5364	71274	76638	72021	4617 (6%)
2011-12	4618	72889	77506	72864	4642 (6%)
2012-13	4642	70541	75183	69704	5479 (7%)
2013-14	5479	76573	82052	78745	3307(4%)
2014-15	3307	85131	88438	84660	3778 (4%)
2015-16	3778	102894	106672	101148	5524 (5%)

Table 3 shows the efficiency of working of banking ombudsman institution in terms of handling the complaints. In the economic years of 2006-07, 84% of complaints

were disposed and that is the very less percentage of the disposed throughout the years. The table shows that there is decrease in the following each year in the pending

complaints at the end of the year except in 2008-09 and 2012-13. There can be seen a slight increase from its previous year. In the same way, it increased again in last year from 4% to 5%. However, the decrease in percentage of pending complaint generally in each year indicates that

the offices of banking ombudsman has a tendency to increase its efficiency of working. It is to be noted because the number of pending complaints decreased while there is increase in number of complaints in each year.

**Table 4. Bank Group-wise Complaints Received during last 10 Years<sup>36</sup>**

Bank group	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Nationalized Banks	10543 (30%)	12033 (26%)	14,974 (22%)	19,092 (25%)	20,417 (29%)	22326 (31%)	21609 (31%)	24391 (32%)	28891 (34%)	35447 (35%)
SBI and Associates	11,117 (33%)	13,532 (29%)	18,167 (26%)	22,832 (30%)	22,307 (31%)	25848 (35%)	23134 (33%)	24367 (32%)	26529 (31%)	29585 (29%)
Private Sector Banks	9,036 (23%)	14,077 (29%)	21,982 (32%)	22,553 (28%)	17122 (24%)	15090 (21%)	15653 (22%)	17030 (22%)	19773 (23%)	26931 (26%)
Foreign Banks	3,803 (11%)	6,126 (13%)	11,700 (17%)	11,450 (15%)	7081 (10%)	5068 (7%)	4859 (7%)	5016 (6.5%)	3406 (4%)	3413 (3%)
RRBs/ Scheduled Primary Others	313 (1%)	295 (1%)	302 (1%)	183 (-)	1130 (2%)	1439 (2%)	1489 (2%)	1590 (2%)	1966 (2%)	2293 (2%)
	536 (2%)	826 (2%)	846 (1%)	785 (1%)	3217 (4%)	3118 (4%)	3797 (5%)	4179 (5.5%)	4566 (6%)	5225 (5%)

Table 4 shows the complaints received by the offices of banking ombudsman against different bank groups. The table shows that the majority of the complaints received are against the Nationalized Banks and against the State Bank of India and Associates. It is quite normal to have more complaint against the Nationalized Banks as it covers almost half percentage of total bank branches in India.<sup>37</sup> On the other hand, the increased number of complaints against the State Bank of India and Associates is more than its percentage of branches. According to branch bank statistics, there are only 20.14% branches are of the State Bank of India and its Associates.<sup>38</sup> But the complaints here against the same are about 30% in almost all years from 2006 to 2016. Private sector banks follow the above two in the percentage of complaints received against; it also has more number of complaints while we consider the number of its branches in all over the country. The table shows that the complaints received against Private sector banks are always more than one time bigger than its percentage of branches. As per branch bank statistics, only 11.13% of the total bank branches in India are of Private Sector Banks.<sup>39</sup> Foreign Banks and Regional Rural Banks/Scheduled Primary Banks follow the above three in number of complaints. While we analyze the number of complaints each bank group wise, the number of complaints against Nationalized Banks, though it has reduced in 2008-09 into 22%, later on it has an increasing tendency each following years and it reached in 35% in 2015-16. However, the complaints against The State Bank of India and its Associates has recorded a zigzagging tendency as it increases and decreases in years. The table shows an interesting fact that the complaints against Regional Rural Banks/Scheduled Primary Banks increases each year and that shows that the scheme of

banking ombudsman is being penetrated to rural village areas too. Another fascinating fact that the table shows is the complaints against foreign banks, though it has increased in 2008-09 into 17%, it started to decrease then gradually and reached in 3% in 2015-16.

### Accountability and transparency

Accountability of the institution is important for its effective function. The reporting requirement to higher authority (in the case of banking ombudsman, it is Reserve Bank of India) make the institute accountable. These reports should be widely distributed to common public, by which the working of the institute becomes more transparent.

### Conclusion

Banking ombudsman offices are providing an important platform for grievance redressal of common public against irrelevant or illegal actions of their banks. This institution works as an external accountability mechanism. It is different from a legal court in its way of dealing with complainants. It further seeks into a conciliatory way of making solutions for issues. Indeed, this character gives the institution an image of positivity and creativity. It does not seek for advocate or legal agent for initiation of the process. It is the reason by which this institution is regarded as poor friendly and people oriented.

Because of the less awareness of the institution a sizable number of Indian populations are unable to avail the services of banking Ombudsman. However, the offices of the Ombudsman have started articulating the public to make use of this institution to ensure better delivery system.



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