

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4438

ANSWERED ON:20.08.2010

BANKING OMBUDSMAN

Mishra Shri Govind Prasad;Tomar Shri Narendra Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether certain changes have been made in the qualifications for appointment to the post of banking ombudsman;
- (b) if so, the details thereof;
- (c) whether appointment of senior bank officers to the post of banking ombudsman constitutes conflict of interests; and
- (d) if so, the manner to which the Government has tackle the situation?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) and (b): Reserve Bank of India (RBI) has informed that there is no change in the qualification for appointment to the post of Banking Ombudsman, in Banking Ombudsman Scheme 2006, since it was notified on December 26, 2005. As per the Notification, the Reserve Bank may appoint one or more of its officers in the rank of Chief General Manager or General Manager to be known as Banking Ombudsman to carry out the functions entrusted to them by or under the Scheme.

(c) and (d) - There is no conflict of interest in the appointment of senior Bank officers of RBI to the post of Banking Ombudsman. Neither the Departments of RBI nor the top management has any role in the decision making process in the Office of the Banking Ombudsman. RBI's role is restricted to issuance of guidelines on the efficient running of the Scheme. Banking Ombudsman shall be guided by the evidence placed before them by the parties, Banking Codes and Standards Board of India (BCSBI) Code, the principles of banking law and practice, directions, instructions and guidelines issued by the RBI from time to time and such other factors, which in their opinion are necessary in the interest of justice. The Appellate Authority (AA) is the Deputy Governor in charge of Customer Service Department of RBI. Appeals against the decision of Banking Ombudsman are examined from all angles - regulatory, supervisory, BCSBI, etc. and the decision of the AA is arrived after taking into account the views of the complainant, the bank and the Banking Ombudsman. Thus, the judicial and appellate authorities are kept distinct and separate.