Consumer Education Monograph Series No. 19

Financial Services and Consumers

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Centre for Consumer Studies

INDIAN INSTITUTE OF PUBLIC ADMINISTRATION

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FOREWORD

In the era of global market financial services have increased manifold and now consumers have a choice to select the one that suits them. Consumers are very sensitive to victimization for any mis-informed financial product or may become victim of mis- advertisement for quick illusionary financial gains. The lack of awareness and information coupled with illusionary financial gains overnight need to be addressed for economic growth and its stability. Money is to be invested for optimum gains with an informed decision and at the same time, not to park it in an ideal investment resulting in erosion of its value.

The increased competition in the financial sector has also necessitated steps for protection of interests of consumers. The need for consumer protection arises from an imbalance of power, information and resources between consumers and their financial service providers. Lack of financial literacy has led to consumers being cheated resulting into huge financial loss. Financial education enables consumers to understand not only the features of the diverse products and services on offer but also the cost, risks and benefits of the products and services availed including precautions on the part of consumers so as to avoid losses.

Financial literacy is an essential pre-requisite for ensuring consumer protection. The low levels of transparency and the consequent inability of consumers in identifying and understanding the fine-print from a large volume of information leads to an information asymmetry between the financial intermediary and the consumer. In this context, financial education can greatly help the consumers to narrow this information divide. .

It is against this backdrop that the Centre for Consumer Studies, Indian Institute of Public Administration, New Delhi has brought out a monograph on "Financial Services and Consumer". I would like to thank the authors, Dr. MamtaPathania, Assistant Professor CCS/IIPA and Mr. S.K.Virmani, Project Manager, SCHKRMP, CCS/IIPA for bringing out this monograph in its present form.

The monograph highlights the investment alternatives available to the consumers, Do's and Don'ts as preventive measures and mechanism for complaint redressal system.I am sure the readers will find it of immense use as a guide for safe investments.

Suresh Misra

Place: New Delhi

Date: December 11, 2015

(Prof. Suresh Misra)

PREFACE

The nature and kind of financial services available to the consumers has increased manifolds. The globalisation and integration of the market has also given a boost both in the nature of services and also the choice that the consumer has. Even though the consumers are protected by various regulators, service regulations, laws and policies yet recent experiences have exposed the short comings and drawback in consumer protection.

A large section of Indian Consumers lack financial skills and literacy to manage their finances leading to their exploitation. Millions of consumers with small life-long savings are duped and cheated with no proper mechanism to recover their loss. Financial illiteracy permeates all levels of society and economic stratas. The nature of illiteracy and its manifestations may vary, but it gets reflected in the everyday financial choices that many of us make. The lack of basic knowledge about financial products and services coupled with human greed for quick gains and their risk-return framework is one common instance of financial illiteracy that is widely observed. Thus, appreciation of various aspects of financial literacy and how it impacts our lives holds the key to prudent financial planning and welfare maximization, both-at the individual level and for the society as a whole.

Financial literacy is an essential pre-requisite for ensuring consumer protection. The low levels of transparency and the consequent inability of consumers in identifying and understanding the fine-print from a large volume of information leads to an information asymmetry between the financial intermediary and the consumer. In this context, financial education can greatly help the consumers to narrow this information divide. Besides, knowledge about the existence of an effective grievance redress mechanism is essential for gaining the confidence of the unbanked population and overcoming apprehensions they may have about joining, what would appear to be a complex and unfriendly financial marketplace. The present monograph will help the readers to understand the intricacies of financial services. Even though the scope of financial services is unlimited the present monograph covers commonly used services in financial sector especially with reference to unorganized workforce.

We would like to thank Dr. T Chatterjee, Director, IIPA for the encouragement and support. We are also grateful to Prof. Suresh Misra, Chair Professor and Coordinator, CCS, IIPA, New Delhi for his continued support and guidance without which it would not have been possible to bring out this monograph. We are also thankful to the Department of Consumer Affairs, Government of India for their support. Thanks are also due to the Publication Division, IIPA especially Shri Anil K. Gupta for bringing out this publication in its present form.

Place: New Delhi **Mamta Pathania**

Dated: 09 December, 2015 **S.K Virmani**

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FINANCIAL SERVICES IN INDIA

Introduction

India has diversified financial service sectors. This sector is undergoing rapid expansion. Financial services in India has taken a giant leap from the days of standing in banks queues for several hours for opening a saving account or trying to get some fixed deposits (FD) done. The financial services have increased manifold and now consumers have the choice to select the one that suits them. There are several services like broking firms, investment services, financial consulting, evergreen national banks, numerous private banks, mutual funds, car and home loans, equity market and banking services which are many and offered by blue chip names of the industry. Most of the companies in financial segment offer taxation services, project consultancy services and services under a wide financial gamut.

For the development of any nation or economy, financial services play a key role and the growth of the financial sector largely depends upon the confidence of users/consumers in their fairness, transparency, accountability, responsiveness, accessibility and adaptability. The need for consumer protection arises from an imbalance of power, information and resources between consumers and their financial service providers. The extensive use of technology, innovative products and outsourcing of functions have enabled efficient conduct of various financial business by banks and other institutions providing greater access to consumers.

The increased competition in the financial sector has also necessitated steps for protection of interests of consumers. Lack of financial literacy has led to consumers being cheated resulting into huge financial loss. Ensuring financial literacy becomes even more important as a lot of fine points are not communicated intentionally to the consumer at the time of selling the product or service. Financial education enables consumers to understand not only the features of the diverse products and services on offer but also the cost, risks and benefits of the products and services availed including precautions on his part to protect himself from loss. To ensure that competition does not lead to unfair treatment of consumers, standards of service delivery and a uniform code of conduct of business and practices for dealing with

consumers in a fair manner should serve as a charter of rights of consumers. Most of the clauses stipulated in the agreement between financial entity and its consumers are biased, favoring the institution. Hence the requirement for consumers protection is ignored by design. Violation of any of these rights would entitle the consumer to relief, more so if he suffers a loss because of it. The mechanism to enforce the rights in the form of a speedy, effective and affordable manner of redressal of grievances would help in enhancing the confidence in the financial system that his interests would be protected.

According to Reserve Bank of India[1], while the number of frauds cases reported by Banks has decreased from 24,791 during 2009-10 to 13,293 in 2012-13, the amount involved in the frauds has increased from Rs. 2,038 crores to Rs. 8,646 crores. The report further said that the 65 percent of the total cases of frauds were technology related like internet, ATMs and other payment channels like credit cards, debit and prepaid cards.

Financial illiteracy permeates all levels of society and economic strata. The nature of illiteracy and its manifestations may vary, but it gets reflected in the everyday financial choices that many of us make. The lack of basic knowledge about financial products and services and their risk-return framework is one common instance of financial illiteracy that is widely observed. Thus, appreciation of various aspects of financial literacy and how it impacts our lives holds the key to prudent financial planning and welfare maximization, both- at the individual level and for the society as a whole. Financial literacy is an essential pre-requisite for ensuring consumer protection. The low levels of transparency and the consequent inability of consumers in identifying and understanding the fine-print from a large volume of information leads to an information asymmetry between the financial intermediary and the consumer. In this context, financial education can greatly help the consumers to narrow this information divide. Besides, knowledge about the existence of an effective grievance redress mechanism is essential for gaining the confidence of the unbanked population and overcoming apprehensions they may have about joining, what would appear to be a complex and unfriendly financial marketplace.

The global financial crisis highlighted the need for effective financial consumer protection measures as consumers face sophisticated and complex financial markets. The inadequacy of financial consumer protection measures and ways to improve upon them is a matter which is engaging the urgent attention of the Government and financial system regulators. In this context the time is ripe to instill a spark of consumer awakening among the various financial stakeholders like the financial institutions, regulators, Government

[1]How banks are becoming vulnerable to cyber frauds, http://www.thehindubusinessline.com/money-and-banking/how-banks-are-becoming-vulnerable-to-cyber-frauds/article7408257.ece

and consumer associations on financial consumer protection for evolving a framework for achieving better financial consumer protection.

Some of the recent induction in the financial services has been Pradhan Mantri Jan Dhan Yojna (PMJDY) wherein the procedure for opening an account in the banks has been simplified. Pardhan Mantri Suraksha Beema Yojna (PMSBY) for the age group of 18 to 70 and Pradhan Mantri Jeevan Jyoti Beema Yojna (PNJJBY) for the age group of 18 to 50 years have been launched in the Insurance sectors giving social security to all at a premium of Rs. 12/- per year and Rs. 330/- per year respectively. PMSBY covers an insurance of Rs. 2 lakhs in unfortunate death and disability of the insured in the event of an accident. PMJJBY covers risk of the life cover for Rs. 2 lakhs subject to payment of premium. Both schemes have a primary eligibility of having an account in the bank.

The sectors of financial services are being catered by industry in organized as well as unorganized sectors. The services includes but not limited to:

- Postal Financial Services
- Commercial Banking Services; both in public as well as private sector
- Non-Banking Financial Services by NBFCs
- Social Security Services like Insurance by companies both in public as well as private sector, of-late foreign companies have also entered into the business of insurance.
- Cooperative Banking Services
- Chit Funds, Kitty Parties
- Companies Deposit Schemes

As can be seen above, the financial services in India are being operated by operators both in organized and unorganized sectors. The example of unorganized operators is in Chit Fund, Kitty Parties commonly being operated by household women, local shopkeepers/traders, etc.

The financial services in India are primarily predominated by the banking industry with the commercial banks accounting for more than 60 percent of total assets held by the financial system. The published data[2] estimated the size of the banking assets in India to have reached US $ 1.4 trillion in financial year 2014 and is expected to touch US$ 28.5 trillion by FY 2025. The total market size of the insurance sector in India was US$ 66.4

[2]Market size, http://indiainbusiness.nic.in/newdesign/index.php?param= industryservices_landing/401/3

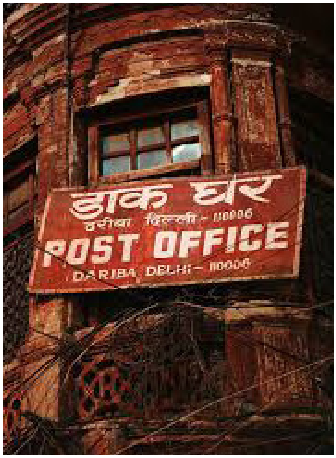
billion in FY 2013 and is expected to reach the US$ 350–400 billion mark by 2020.

The Commercial Banks and Post Offices have large amount of unclaimed money in PPF and Saving Banks accounts. The total amount of unclaimed deposits lying with all scheduled commercial banks for over a decade at the end of December 31, 2013 was Rs 5,124 crore[3]. The Finance Ministry has set up a committee under Reserve Bank of India (RBI) Deputy Governor, Mr. H.R Khan to examine unclaimed deposits lying in the popular Public Provident Fund and savings schemes of post office and banks. "The committee will suggest the procedure for bringing such unclaimed deposits to a common pool, and changes, if any, required to be made in the legal framework".

[3]Finance ministry sets up panel to examine unclaimed deposits in PPF, bank & post office saving schemes, http://articles.economictimes.indiatimes.com/2014-09-04/news/53563619_1_unclaimed-deposits-public-provident-fund-ppf

POSTAL FINANCIAL SERVICES

The financial services as offered by Post office include Savings and Postal Life Insurance (PLI) / Rural Postal Life Insurance (RPLI). The Post Office small saving schemes provides a secure, risk free and attractive investment option for the small investors and offers the savings products across its 155000 Post Offices. The Post Office savings bank is the oldest and by far the largest banking system in the country, serving the investment need of both urban and rural clientele. These services are offered as an agency service for the Ministry of Finance, Government of India. These services till now have been in the operation without having any saving bank accounts with the Post Offices. However, the recent order, dated 5th October, 2015 issued by Ministry of Communication and Information Technology mandated all the consumers who desire to handle any of the financial operation with Post offices to have a savings bank account mandatory. According to it any transaction either for investment or encashment has to be necessarily routed through saving bank accounts. Under the category of Post Office Savings Schemes, several products are on offer which serves various investment requirements of the customers. A glimpse of some of them is as presented below:



- **Post Office Savings Bank account (SB)**

It serves the need of regular deposits and withdrawals. Postal Department has started provisioning of ATM infrastructure as well as Internet Banking to the account holders. The deposits in Post Office Saving Bank a/c yield an interest at the rate of 4percent per annum. It requires a minimum balance to be maintained which at present is Rs. 50/- for non-cheque accounts and Rs. 500/- for cheque book facilities. The account can be transferred from one post office to any other post office. The account holders can get cheque books issued and ATM cards to operate their accounts. A minimum of one transaction of either deposits or withdrawal is essential in three financial years to keep active the account. The silent account can be reactivated by paying a nominal fee.

- **Five Years Recurring Deposit account (RD)**

It offers a monthly investment option with a handsome return at the end of five years with option to extend the account period. It can be opened with a minimum of Rs. 10/- per month with no limit of maximum amount. While the account can be opened during any day of the month, subsequent deposits can be made up to 15th day of next month if account is opened up to 15th of a calendar month and up to last working day of next month if account is opened between 16th day and last working day of a calendar month. If subsequent deposit is not made up to the prescribed day, a default fee is charged for each default. Default fee @ 5 paisa for every 5 rupee is charged. After 4 regular defaults, the account becomes discontinued and can be revived in two months but if the same is not revived within this period, no further deposits can be made. There is rebate on advance deposit of at least 6 installments. The account on maturity can be extended to another 5 years on year to year basis. In case of any need, the account holder can also withdraw once in a year upto 50 percent of the balance in the account as on date of withdrawal.

- **Post Office Monthly Income Scheme (MIS)**

It offers a fixed investment option for five years with monthly interest payment facility. The facility of withdrawing interest on monthly basis in cash has been withdrawn recently with compulsory transfer of monthly interest to saving bank account. The deposits are accepted in a multiple of Rs. 1,500/- with maximum amount of Rs. 4.5 Lakhs in case of single account and Rs. 9.0 Lakhs in case of joint accounts. The account can be prematurely encashed after one year with deduction from the deposits. The discount is 2percent if withdrawn before three years and is 1percent if withdrawn after three years.

- **15 years Public Provident Fund (PPF)**

It offers intermittent deposits subject to certain limits for a 15 year period coupled with income tax exemptions subject to certain conditions, on the investment. The account holder has to make a mandatory investment of minimum of Rs. 500/- per year with a maximum of Rs. 1,50,000 per year. The annual deposits can be made in lump-sum or maximum of 12 installments in a year. The account can be extended for a further period of 5 years and so on with or without deposits by requesting within one year of the maturity. The maturity proceeds are with tax free interest. The interest is compounded annually. The account cannot be attached by any court of law. Loan and withdrawal facilities are also available.

- **Post Office Time Deposit (TD)**

This is a fixed deposit option for periods ranging from one, two, three to five years with facility to draw yearly interest offered at compounded rates. With the recent order of Government of India, the interest calculated on quarterly basis is automatically credited to saving bank account on annual basis. The previous facility of withdrawing interest on cash basis annually has been withdrawn and the account can be opened with a minimum amount of Rs. 200/- with no limit of maximum amount. The deposits are renewable automatically on its maturity with the same period as specified in the initial deposits.

- **Senior Citizens Savings Scheme (SCSS)**

It offers fixed investment option for senior citizens for a period of five years, which can be extended. The minimum age for senior citizen is 60 years. However, any individual attaining superannuation or VRS of the age beyond 55 years can also open the account provided the retirement proceeds are invested within one month of the receipt of retirement benefits and the amount does not exceed the amount of retirement benefits. The interest amount is paid in quarterly installments on 31st March, 30th June, 30th September and 31st December. The account can be opened in multiples of Rs.1,000/- with a maximum limit of Rs. 15 Lakhs.

- **National Savings Certificates (NSC) (VIII)**

This refers to a fixed investment for 5 years on certificates of varied denominations. The certificates can be purchased in a minimum of Rs. 100/- with no maximum limits. Deposits qualify for tax rebate under sec 80C of Income Tax Act. The interest is compounded on six monthly basis and is taxable but deemed to be considered reinvested under sec 80C of IT Act. The certificates can be transferred from one person to another once from the date of issue till date of maturity. Pledging facility is also available for availing loan from banks.

- **National Savings certificates (IX)**

This is a fixed investment for a tenure of 10 years. The certificates can be purchased in a minimum of Rs. 100/- with no maximum limits. Deposits qualify for tax rebate under sec 80C of Income Tax Act. The interest is compounded on six monthly basis and is taxable but deemed to be considered reinvested under sec 80C of IT Act. The certificates can be transferred from one person to another once from the date of issue till date of maturity. Pledging facility is also available for availing loan from banks.

- **Kisan Vikas Patra**

The investment in Kisan Vikas Patra doubles in 100 months. A minimum of Rs. 1,000/- can be made with no limit on the maximum amount. Certificates can be transferred from one person to another and from one post office to another. The amount can be withdrawn after 30 months from the date of issuing of the Kisan Vikas Patras.

- **Sukanya Samriddhi Accounts**

In this a guardian can open the account in the name of the girl child and maximum two accounts can be opened in the name of two separate girl child. A minimum investment of Rs. 1,000/- in a year is specified with a maximum amount of Rs. 1,50,000/- in a financial year. The account can be opened up to 10 years from the date of the birth of the girl child. Partial withdrawal, maximum up to 50 percent of balance standing at the end of the preceding financial year can be taken after Account holder's attaining age of 18 years. The account can be closed after completion of 21 years. If the account is not closed after maturity, balance will continue to earn interest as specified for the scheme from time to time. Normal Premature closer is allowed after completion of 18 years provided that girl is married. In case the minimum amount of Rs 1000/- is not deposited in a financial year, the account will discontinue and can be revived with a penalty of Rs 50/- per year with minimum amount required for deposit for that year.

Post Office also offers Insurance product through Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI) schemes with low premium and high bonus.

- **Postal Life Insurance (PLI)**

Postal Life Insurance (PLI) was introduced on 1st February, 1884 with the express approval of the Secretary of State (for India) to Her Majesty, the Queen Empress of India. It was essentially a scheme of State Insurance mooted by the then Director General of Post Offices, Mr. F.R. Hogg in 1881 as a welfare scheme for the benefit of Postal employees and later extended to the employees of Telegraph department in 1888. In 1894, PLI extended insurance cover to female employees of P & T Department at a time when no other insurance company covered female lives. It is the oldest Life insurer in this country. In the beginning, the upper limit of life insurance was only Rs 4000/- which has now been increased to Rs 50 lacs (Rupees Fifty Lacs) and it will be effective as and when notified through a Gazette notification for all schemes combined - Endowment Assurance and Whole Life Assurance.

It now covers employees of Central and State Governments, Central and State Public Sector Undertakings, Universities, Government aided Educational institutions, Nationalized Banks, Local bodies, autonomous bodies, joint ventures having a minimum of 10 percent Government/ PSU stake, credit co-operative societies, etc. It also extends the facility of insurance to the officers and staff of the Defence services and Para-Military forces. Apart from single insurance policies, Postal Life Insurance also manages a Group Insurance scheme for the Extra Departmental Employees (Gramin Dak Sevaks) of the Department of Posts.PLI is an exempted insurer under Section 118 (c) of the Insurance Act of 1938. It is also exempted under

Section 44 (d) of LIC Act, 1956.

Postal Life Insurance

The Table below shows the number of policies in force and the value of the sum assured and also the corpus of the fund from the year 2007 to 2015.[4]

Postal Life Insurance (PLI)			
YEAR	**No. of Policies in force**	**Sum Assured (in Rs. Crore)**	**Corpus of Fund (in Rs. Crore)**
2007-2008	35,50,084	31,459.00	12,081.71
2008-2009	38,41,539	38,403.00	14,152.59
2009-2010	42,83,302	51,209.91	16,656.02
2010-2011	46,86,245	64,077.00	19,801.91
2011-2012	50,06,060	76,591.33	23,010.55
2012-2013	52,19,326	88,896.96	26,131.34
2013-2014	54,06,093	1,02,276.05	32,716.26
2014-2015	64,61,413	1,30,745.00	37,571.77

Facilities under PLI/RPLI

A Postal Life Insurance(PLI)/Rural Postal Life Insurance (RPLI) policy holder gets the following facilities:

- Change of nomination is also available in the postal life insurance policies.
- The insurant can take loan by pledging his/her policy to Heads of the Circle/Region on behalf of President of India, provided the policy has completed 3 years in case of Endowment Assurance and 4 years in case of Whole Life Assurance. The facility of assignment is also available.
- Assignment of Policy to any Financial Institution for taking loan.
- Revival of his/her lapsed policy. Policy lapses after 6 unpaid premiums if it remained in force for less than 3 years and after 12 unpaid premiums if it remained in force for more than 3 years.
- Issuance of duplicate policy Bond in case of the original Policy Bond is lost, burnt/torn/mutilated.
- Conversion from Whole Life Assurance to Endowment Assurance and from Endowment Assurance to other Endowment Assurance as per rules.

[4]PLI Statistics, http://www.postallifeinsurance.gov.in/static/PLICustStatistics.aspx

Various plans offered under Postal Life Insurance:

PLI offers 6 (Six) types of plans[5]:

1. Whole Life Assurance (SURAKSHA)
2. Convertible Whole Life Assurance (SUVIDHA)
3. Endowment Assurance (SANTOSH)
4. Anticipated Endowment Assurance (SUMANGAL)
5. Joint Life Assurance (YUGAL SURAKSHA)
6. Children Policy(BAL JEEVAN BIMA)

- **Whole Life Assurance**

This is a scheme where the assured amount with accrued bonus is payable to the assignee, nominee or the legal heir after death of the insurant or to the insurant himself/herself after attaining the age of 80 years. Minimum age at entry is 19 years and the maximum age at entry is 55 years. The minimum sum assured is Rs 20,000 and the maximum sum assured is Rs 50 lacs. The policy can be converted into an Endowment Assurance Policy after completion of one year and before 57 years of age of the insurant. Loan facility is also available after completion of four years and policy can also be surrendered after completion of three years. The policy is not eligible for bonus, if surrendered or assigned for loan before completion of 5 years. Proportionate bonus on the reduced sum assured is accrued if the policy is surrendered or assigned for loan.

- **Endowment Assurance**

Under this scheme, the proponent is given an assurance to the extent of the sum assured and accrued bonus till he/she attains the pre-determined age of maturity. In case of unexpected death of the insurant, the assignee, nominee or the legal heir is paid the full Sum Assured together with the accrued bonus. The minimum age at entry is 19 years and the maximum age at entry is 55 years. The minimum Sum Assured is Rs 20,000 and the maximum sum assured is Rs 50 lacs. Loan facility is also available and policy can also be surrendered after completion of three years. The policy is

[5]PLI- Insurance Plans, http://www.postallifeinsurance.gov.in/static/PLICustPlan.aspx

not eligible for bonus if surrendered or assigned for loan before completion of 5 years. Proportionate bonus on the reduced sum assured is accrued if the policy is surrendered or assigned for loan.

- **Convertible Whole Life Assurance**

The features of this scheme are more or less same as Endowment Assurance. Policy can be converted into Endowment Assurance after five years. Age on the date of conversion must not exceed 55 years. If option for conversion is not exercised within 6 years, the policy will be treated as Whole Life Assurance. Loan facility is available. The policy can also be surrendered after completion of three years. The policy is not eligible for bonus if surrendered or assigned for loan before completion of 5 years. Proportionate bonus on the reduced sum assured is accrued if the policy is surrendered or assigned for loan. The policy is not eligible for bonus if surrendered or assigned for loan before completion of 5 years. Proportionate bonus on the reduced sum assured is accrued if the policy is surrendered or assigned for loan.

- **Anticipated Endowment Assurance**

It is a Money Back Policy with maximum sum assured of Rs 50 lacs. It is best suited to those who need periodical returns. Survival benefit is paid to the insurant periodically. Two types of policies are available here - 15 years term and 20 years term. For the 15 years term policy, the benefits are paid after 6 years (20percent), 9 years (20 percent), 12 years (20 percent) and 15 years (40 percent and the accrued bonus). For the 20 years term policy, the benefits are paid after 8 years (20 percent), 12 years (20 percent), 16 years (20 percent) and 20 years (40 percent and the accrued bonus).Such payments are not taken into consideration in the event of unexpected death of the insurant and the full sum assured with accrued bonus is payable to the assignee or legal heir.

- **Joint Life Assurance**

It is a joint-life Endowment Assurance in which one of the spouses should be eligible for PLI policies. Life insurance coverage is provided to both the spouses to the extent of sum assured with accrued bonus with only one premium. All other features are same as an Endowment policy. All the above schemes have compulsory medical examination. For the non-medical policy of any category (except AEA and Joint Life Assurance for which Medical Examination is compulsory), the maximum sum assured is Rs 1 lac.

- **Limits of Sum Assured in Postal Life Insurance**

Any person who is eligible to the benefit of Post Office Life Insurance Fund under Rule 6, may effect an insurance-Whole Life Assurance, Endowment Assurance, Convertible Whole Assurance, Anticipated Endowment Assurance and Yugal Suraksha Policy or all of them on his life for a sum not less than Rs. 20,000 in each class but not more than an aggregate of Rs. Fifty Lac (Rs. 50,00,000/-) in respect of one class/all classes of insurance policy (s) taken together. The value of policy shall be taken in multiples of Rs. 10,000/- after minimum limit of Rs.20,000/- i.e. Rs. 20,000/, Rs.30,000/-, Rs. 50,000/- and so on.

Children Policy

The Department has also introduced Children Policy under PLI/RPLI, with effect from 20th January, 2006. The salient features of this scheme are as under:

- The Scheme is envisaged to provide Insurance cover to the children of PLI/RPLI policy holders.
- Maximum two children in family are eligible to take the children policy.
- Children between the age of 5 and 20 years are eligible and maximum sum assured is Rs 3 lakh or equivalent to the sum assured of the main policy holder whichever is less.
- The main policy holder should not have attained the age of 45 years.
- No premium is required to be paid on the children policy on the death of the main policy holder and full sum assured with the accrued bonus shall be paid to the child after the completion of the term of the children policy. On the death of the child/children, full sum assured with the accrued bonus shall be payable to the main policy holder.
- Main policy holder shall be responsible for payments for the Children Policy. No loan shall be admissible on Children Policy. However, the policy shall have facility for making it paid up provided the premia are paid continuously for 5 years.
- No Medical examination of the Child is necessary. However, the child should be healthy on the day of proposal and the risk shall start from the date of acceptance of proposal. The policy attracts bonus at the rate applicable to Endowment Policy.

Rural Postal Life Insurance (RPLI)

It came into being as a sequel to the recommendations of the Official Committee for Reforms in the Insurance Sector (Malhotra Committee). The Government accepted the recommendations of Malhotra Committee and allowed Postal Life Insurance to extend its coverage to the rural areas to transact life insurance business with effect from 24th March,1995, mainly because of the vast network of Post Offices in the rural areas and low cost of operations.

The prime objective of the scheme is to provide insurance cover to the rural public in general and to benefit weaker sections and women workers of rural areas in particular and also to spread insurance awareness among the rural population. As on 31st March, 2015, there are more than 23.51 million RPLI policies.

Rural Postal Life Insurance (RPLI)[6]

Rural Postal Life Insurance (RPLI)			
YEAR	**No. of Policies in Force**	**Sum Assured (in Rs. Crore)**	**Corpus of Fund (in Rs. Crore)**
2007-2008	61,67,928	41,846.09	3003.78
2008-2009	73,56,446	53,072.10	3994.36
2009-2010	99,25,103	59,572.59	5,524.69
2010-2011	1,22,03,345	66,132.23	6,607.79
2011-2012	1,35,47,355	69,754.17	9,141.43
2012-2013	1,46,64,650	75,154.06	11,388.20
2013-2014	1,50,14,314	79,466.46	13,352.01
2014-2015	2,35,14,055	1,05,204.79	14,968.67

Various plans offered under Rural Postal Life Insurance[7]:

1. Whole Life Assurance (GRAMA SURAKSHA)
2. Convertible Whole Life Assurance (GRAMA SUVIDHA)
3. Endowment Assurance (GRAMA SANTOSH)
4. Anticipated Endowment Assurance (GRAMA SUMANGAL)
5. Year RPLI (GRAM PRIYA)
6. Children Policy (BAL JEEVAN BIMA)

The salient features of the Whole Life, Endowment, Convertible Whole Life and Anticipated Endowment Schemes of RPLI are same as the corresponding schemes of PLI except that the minimum Sum Assured is Rs.10,000 and the maximum Sum Assured is Rs.10 lacs. The maximum age limit of entry is 55 years in case of Whole Life and Endowment Assurance but 45 years in case of other plans. All the schemes have compulsory medical examination. For the non-medical policies, the maximum limit of Sum Assured is Rs.25,000/-, and maximum age is 35 years. In case of Non-standard age proof for Rural PLI policies, the maximum age limit is 45 years.

[6] RPLI Statistics, http://www.postallifeinsurance.gov.in/static/RPLICustStatistics.aspx
[7] RPLI-Insurance Plans, http://www.postallifeinsurance.gov.in/static/RPLICustPlans.aspx

Benchmarks of Services

The following benchmarks of services are specified by the Postal Life Insurance/ Rural Postal Life Insurance:[8]

Issue of acceptance letter	15 days
Issue of policy bonds	15 days
Inter-Circle transfer of policies	10 days
Settlement of claims on maturity	30 days
Settlement of claims on death with nomination	30 days
Settlement of death claim involving investigation	90 days
Payment of paid-up value	30 days
Loan for policies	10 days
Changes of address	10 days
Change of nomination	10 days
Assignment	10 days
Issue of duplicate policy document	10 days
Revival of policy	15 days
Conversion of policy	15 days

Complaint Redressal System

The administrative Ministry for the Department of Post is the Ministry of Communication and Information Technology. The website of Department of Posts has the feature of submitting consumer grievances online. The grievances can also be taken up with the concerned post office. The contact details of grievance handling officials are required to be displayed in the post offices.

[8]Citizen Charter, http://www.postallifeinsurance.gov.in/static/RPLICustCitizenCharter.aspx and http://www.postallifeinsurance.gov.in/static/PLICustCitizenCharter.aspx

The following table shows the nature of complaints and the officer to be contacted. [9]

A. Initial Level for lodging Complaints

Sl. No.	Nature of complaints	Whom to Complain
1.	Any complaint on the services rendered and concerning behavior of employees of the Department of Posts.	Postmaster / In-charge of the Post Office where the transaction has taken place.
2.	Any complaint on the services rendered and concerning behavior of employees of the Department of Posts.	Senior Superintendent / Superintendent of Post Offices of the Division in whose jurisdiction the concerned Post Office falls.
3.	Any complaint on the services rendered and concerning behavior of employees of the Department of Posts.	The Post Master General of the Region in whose jurisdiction the concerned Post Office and Division falls.

B. If the complaint is still not settled, the complainant may approach the Chief Postmaster General of the respective Circle at the following address:

Name of the Circle	Address	E-mail ID, Telephone No. and Fax Number
Andhra Pradesh	Dak Sadan, Abidas, Hyderabad – 500001.	**cpmg_apr@indiapost.gov.in** 040-23463636(Tel), 24747282 (Fax)
Assam	4th Floor, Meghdoot Bhawan, Panbazar, Guwahati – 781001.	**cpmg_asm@indiapost.gov.in** 9435503177 (Tel), 2544838 (Fax)
Bihar	Patna GPO Complex, Patna – 800001.	**cpmg_bhr@indiapost.gov.in** Customer care centre/Complaints: 0612-2230082, 2220207 (Tel), 2225011 (Fax) Postal Life Insurance complaints: Toll free No.18003456107,0612-2236842
Chhattisgarh	Raipur – 492001.	**cpmg_chh@indiapost.gov.in** 0771-2233400 (Tel), 2233194 (Fax)
Delhi	Meghdoot Bhawan, Link Road, New Delhi – 110001.	**cpmg_del@indiapost.gov.in** 011-23620144 (Tel), 23627114 (Fax)

[9]http://www.indiapost.gov.in/PC_GuideLines.aspx

Gujarat	Khanpur, Ahmedabad – 380001.	**cpmg_guj@indiapost.gov.in** 079-25505424 (Tel), 25505275 (Fax)
Haryana	107, The Mall Road, Ambala Cant. – 133001.	**cpmg_hry@indiapost.gov.in** 0171-2603100 (Tel), 2603736 (Fax)
Himachal Pradesh	Kaithu, Shimla – 171009.	**cpmg_hpr@indiapost.gov.in** 0177-2629000 (Tel), 2620351 (Fax)
Jammu & Kashmir	GPO Complex, Residency Road, Srinagar – 190001.	**cpmg_jnk@indiapost.gov.in** Jammu: 0191-2542878 (Tel), 2561746 (Fax) Kashmir: 0194-2452528 (Tel), 2452036 (Fax)
Jharkhand	Doranda HO Complex, Ranchi – 834019.	**cpmg_jha@indiapost.gov.in** 0651-2482345 (Tel), 2480153 (Fax)
Karnataka	Beaulieu, Palace Road, Bengluru – 560001.	**cpmg_kar@indiapost.gov.in** 080-22392523 (Tel), 22202607(Fax)
Kerala (For Kerala and Lakshadeep)	Thiruvananthapuram – 695033.	**cpmg_ker@indiapost.gov.in** 0471-2308300 (Tel), 2306500 (Fax)
Madhya Pradesh	Bhopal – 462012.	**cpmg_mp@indiapost.gov.in** 0755-2550838 (Tel), 2556547 (Fax)
Maharashtra (For Goa, Maharshtra and Dadra & Nagar Haveli)	Mumbai GPO Building, 2nd Floor, Mumbai – 400001.	**cpmg_mah@indiapost.gov.in** 1800 228 030 (Toll Free), 22620829 (Fax)
North East (All North-Eastern States except Assam and Sikkim)	Shillong – 793001.	**cpmg_ne@indiapost.gov.in** 0364-2223800 (Tel), 2223034 (Fax)
Orissa	Bhubaneswar – 751001.	**cpmg_ori@indiapost.gov.in** 0674-2392000 (Tel), 2394790 (Fax)
Punjab (For Punjab and Chandigarh)	Sandesh Bhawan, Sector – 17/E, Chandigarh – 160017.	**cpmg_pun@indiapost.gov.in** 0172-2706700 (Tel), 2721670 (Fax)

Rajasthan	Sardar Patel Marg, Jaipur – 302007.	**cpmg_raj@indiapost.gov.in** 0141-2372020 (Tel), 2366151 (Fax)
Tamil Nadu (For Tamil Nadu and Pondicherry)	Anna Road, Chennai – 600002.	**cpmg_tn@indiapost.gov.in** 044-28520367 (Tel), 285221199 (Fax)
Uttar Pradesh	4, Hazratganj, Lucknow – 226001.	**cpmg_up@indiapost.gov.in** 0522-2622000 (Tel), 2616855 (Fax)
Uttarakhand	Dehradun – 248001.	**cpmg_utr@indiapost.gov.in** 0135-2658396 (Tel), 2650065 (Fax)
West Bengal (For West Bengal, Sikkim and Andaman & Nicobar Islands)	Yogayog Bhawan, P-36, C.R. Avenue, Kolkata – 700012.	**cpmg_wb@indiapost.gov.in** 033-22120070 (Tel), 22120811 (Fax)

C. If the complainant is dissatisfied with the action taken, he / she may approach the following Officers in the Postal Directorate, Dak Bhavan, New Delhi-110116 according to the nature of complaint:

Sl. No.	Nature of complaint	Designation and Address of the Officer	E-mail ID, Telephone No. and Fax Number
1.	Complaint on delayed delivery / non-delivery of Speed Post , Express Parcel, Business Parcel, Logistics Post, Non payment of COD amount and any other complaint related to premium products.	i) Public Grievance (PG) Division, Postal Directorate, New Delhi 110 001. ii) Dy. General Managr (BP) for EPP, LP, BP. iii) ADG (IM) for International Mail. iv) DDG (PG) for Registerred Letter / Parcel.	PG Division -011-23036397, Director(PG)-011-23096151, 011-23036814 for (i) & (ii) in Column 3. i) Dy.General Manager (SP) - 011-23096075 ii) Dy.General Manager (BP) - 011-23096075 iii) ADG (IM) - 011-23096112 iv) DDG (PG) - 011-23096087

2.	Complaints concerning Savings Bank or Savings Certificates or claims relating thereto.	Deputy Director General (FS). Dak Bhavan, Sansad Marg, New Delhi— 110116.	ddgfs@indiapost.gov.in &sbpgsection@gmail.com011-23096089 (Tel), 23096089(Fax)
3.	Complaints on non-delivery or delayed or wrong delivery of ordinary mail articles, delayed payment or non-payment of money order or Electronic Money Orders, non-delivery or delayed delivery or nonreceipt of acknowledgement of Registered articles, nondelivery or delayed delivery of Insured articles, Parcels, Packets, complaints on abstraction of contents of mails articles except articles mentioned under serial 1 ibid. Complaints on misbehavior by post office staff or any other complaint under miscellaneous category not covered under serial 1, 2, 4 and 5 of this table.	Deputy Director General (PG & QA), Dak Bhavan, Sansad Marg, New Delhi— 110116.	pgsectiondop@gmail.com011-23096087 (Tel), 23353883(Fax)
4.	All type of complaints concerning Postal Life Insurance or Rural Postal Life Insurance.	Chief General Manager (PLI), PLI Directorate, Chanakya Puri, New Delhi—110021.	cgmplidte@gmail.com011-24672461 (Tel), 26882838 (Fax)
5.	Pension matters of postal employees and matters relating to Gramin Dak Sevaks	Deputy Director General (Establishment), Dak Bhavan, Sansad Marg, New Delhi—110116.	011-23096098(Tel), 23096007(Fax)

In case the consumer does not find redressal to the complaint despite the escalation matrix as above, the consumer may take up the complaint with the Consumer Forum.

SOCIAL SECURITY SERVICES

India has a very basic social security system catering to a fairly small percentage of the country's workforce. Traditionally, Indians relied on their extended families for support in the event of illness or other misfortunes. However, due to migration, urbanization, and higher social mobility, family bonds are less tight and family units much smaller than they used to be. So far, neither the state nor private insurance companies have quite stepped up to fill this gap. There are two major social security plans in India, the Employees' Provident Fund Organization (EPFO)[10] and the Employees' State Insurance Corporation (ESIC).[11] The EPFO runs a provident fund, also known as a pension scheme, and an insurance scheme. All of these are supposed to grant EPFO members and their family's benefits for old age, disability, and support in case the primary breadwinner dies. The Employees' State Insurance Corporation (ESIC), on the other hand, covers low-earning employees providing them with basic healthcare and social security schemes.

Originally aimed at factory workers, the coverage is being gradually extended to include greater parts of the population, e.g. employees in hospitals or educational institutions. However, government enforcement strategies are not very efficient, and many employers who should be paying contributions for their staff fail to do so. Moreover, the "unorganized" sector, i.e. enterprises — mainly in agriculture — which are not legally covered by any form of social security, is disproportionately large. In 2014, 94 percent of India's labour force worked in the informal sector, which means around 370 million Indians, not to mention their dependents, was excluded from social security schemes.[12]

Some of the recent induction in the financial services has been Pradhan Mantri Jan Dhan Yojna wherein the procedure for opening an account in the banks has been simplified. Pardhan Mantri Suraksha Beema Yojna (PMSBY) for the age group of 18 to 70 and Pradhan Mantri Jeevan Jyoti Beema Yojna (PNJJBY) for the age group of 18 to 50 years have been launched in the

[10] http://www.epfindia.com/site_en/
[11] http://www.esic.nic.in/index.php
[12] http://www.internations.org/india-expats/guide/working-in-india-15315/insurance-and-social-security-in-india-2

Insurance sectors giving social security to all at a premium of Rs. 12/- per year and Rs. 330/- per year respectively. PMSBY covers an insurance of Rs. 2 lakhs in unfortunate death and disability of the insured in the event of an accident. PMJJBY covers risk of the life cover for Rs. 2 lakhs subject to payment of premium. Both schemes have a primary eligibility of having an account in the bank.

The services of Insurance and Pension scheme are being offered to any of the Indian citizen whether in organized or unorganized service industry by subscribing to their saving plans. The Insurance Industry is being operated both in PSU as well as private industry and is regulated by Insurance Regulatory and Development Authority (IRDA). IRDA has the following mission:[13]

- To bring about speedy and orderly growth of the insurance industry (including annuity and superannuation payments), for the benefit of the common man, and to provide long term funds for accelerating growth of the economy;
- To protect the interest of and secure fair treatment to policyholders;
- To set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates.
- To ensure speedy settlement of genuine claims, to prevent insurance frauds and other malpractices and put in place effective grievance redressal machinery.
- To promote fairness, transparency and orderly conduct in financial markets dealing with insurance and build a reliable management information system to enforce high standards of financial soundness amongst market players.
- To take action where such standards are inadequate or ineffectively enforced.
- To bring about optimum amount of self-regulation in day-to-day working of the industry consistent with the requirements of prudential regulation.

Pension plans provide financial security and stability during old age when people don't have a regular source of income. Retirement plan ensures that people live with pride and without compromising on their standard of living during advancing years. Pension scheme gives an opportunity to invest and accumulate savings and get lump sum amount as regular income

[13] https://www.irda.gov.in/ADMINCMS/cms/NormalData_Layout.aspx?page=PageNo1332&mid=1.9

through annuity plan on retirement. According to United Nations Population Division World's life expectancy is expected to reach 75 years by 2050 from present level of 65 years. The better health and sanitation conditions in India have increased the life span. As a result number of post-retirement years increases. Thus, rising cost of living, inflation and life expectancy make retirement planning essential part of today's life. To provide social security to more citizens the Government of India has started the National Pension System.[14]

[14] http://india.gov.in/spotlight/national-pension-system-retirement-plan-all

I. Insurance

The insurance sector is contributing to the financial services in the following:

- Life Insurance
- General Insurance
- Motor Vehicle Insurance
- Travels Insurance
- Health Policies and many others like fire, theft, shipment, etc.

The insurance sector is also predominantly operated by operators in public sector as well as private sector. The insurance industry is being regulated by the Insurance Regulatory and Development Authority (IRDA). The consumer redressal system in insurance sector is as mentioned below:

- The insurance sector has various benchmark of service as defined by IRDA.
- Within the company, the consumer takes up the complaint with the concerned branch office of the insurance company. Non-resolving of complaints by the branch office, the consumer is required to take up the complaint with the regional/zonal office or head office.
- If the complaint is not getting resolved by the company, the consumer is required to take up his complaint with the insurance ombudsman.
- While the individual insurance company has also a complaint redressal system on their website, the consumer can also lodge a complaint through online complaint system of IRDA wherein the complaint is electronically transferred to the respective company.
- The consumer can also file a complaint with a Consumer Forum.

The insurance is a subject matter of solicitation. However in actual, the insurance business is being carried out by agents/brokers. The agents are being advised by the companies to market the product to their known contacts. One of the problems being faced by the industry is aggressive marketing by agents without disclosing the worthiness of the policies to suit the consumers need. In most of the cases the consumer is asked to sign a blank form which is normally filled by the agent and there is more chance of furnishing crucial information wrongly or hiding material information. In fact the consumer is being advised to hide some crucial information like smoking, drinking or any other health information in order to reduce the premium amount. There have been instances where the consumers have been paying premium in cash through the agents but the agents have not been depositing the amount with the insurance company in time. Some of the anti-company activities are also carried out by the consumers like false claims to replace the tyres of the vehicle or lodging a false complaint with the police station for theft of the vehicle or spare parts, etc. Anti-consumer practices by the companies also exist like rejection of claim on flimsy ground. The consumers are being lured with high promises of returns and using terms like “guaranteed saving plans”, etc. In such a scenario what should a consumer do? Here are certain frequently occurring problems and few do’s and don’ts which if adhered to can save consumers from exploitation.

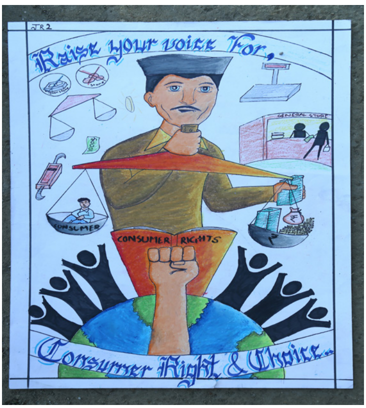
Frequently Occurring Problems (FOPs)

- Request for change of the address of the policy holder not incorporated.
- Request for nomination/change in nomination/Assignment not effected.
- Non-receipt/Delayed receipt of Policy Document.
- Policy Document not as per proposal. Non-acceptance of policy terms.
- Delay in release of maturity proceeds.
- Delay in receipt of claim.
- Insurance-Claim rejected on the pretext of Pre-existing diseases.
- Delay in settlement of theft claim.

Do’s and Dont’s

When you buy a Policy

- Fill the proposal form yourself correctly and truthfully, it is the basis of the insurance contract.



- Do not leave any column blank, do not sign a blank proposal form.
- You will be responsible for any information in this document as it bears your signature. Disclose “all material information” about the risk you want to cover.
- Select the term of the policy as per your needs.
- Select the amount of premium you can afford to pay.

- Choose between Single Premium or Regular Premium.
- Choose your premium paying frequency such as annual, half-yearly, quarterly or monthly.
- Opt for electronic payment of your premium (ECS) for your convenience, safety and records.
- Ensure to register nomination under your policy. Fill the nominee's name correctly.

After you submit the Proposal Form

- Once the proposal is submitted, you should hear from the insurance company in 15 days.
- If not, take up the matter in writing.
- If any additional documents are asked for, comply immediately.
- Once the proposal is accepted by the insurance company, the policy bond should reach you within a reasonable amount of time if not, contact the insurance company for it.
- When policy bond is received, check it and be sure that the policy is the one that you wanted.
- Go through all the policy conditions and be sure that these are the same that were explained to you by the intermediary/ insurance company official at the time of sale.
- In case of doubts, contact the intermediary/ insurance company official immediately for clarification.
- If necessary contact the insurance company directly.

Maintaining the Policy

- Pay your premium regularly on the due dates/ within the grace period.
- Do not wait for a premium notice. It is only a courtesy. It is your duty to pay the premium to avoid lapsation or other penalties.
- Do not wait for your intermediary or anyone to pick up your cheque. Make your own arrangement for paying the premium on time.
- If there is a change of address, please intimate the insurance company immediately.

Nomination

After the policy is issued, you can change the nomination by:

- Filling a notice of change of nomination and sending it to the insurance company for them to register it in their records.

- If the nominee is a minor, appoint an appointee to receive any claim paid while the nominee is still a minor.
- Get the appointee to sign in the endorsement showing consent to act as an appointee.

If your Policy lapses

If you fail to pay the premium in time, your policy may lapse. Contact the insurance company for reviving it.

If you lose your Policy

- Report it to the insurance company immediately.
- Get a duplicate policy by complying with the formalities.
- The duplicate policy confers the same rights as the original policy bond.

At the time of a claim

- Comply with all the requirements of the insurance company.
- Whenever required, you should help the insurer in a prosecution or for recovery of claims which the insurer has against third parties.

You have the right to

- Cancel the policy within 15 days from the date of receipt of the policy document. If you disagree to any of the terms or conditions in the policy you can.

You can :

- Return the policy stating the reasons for objection.
  - A proportionate risk premium for the period on cover and the expenses incurred by the insurer on medical examination and stamp duty charges will be deducted.
  - If it is a unit linked insurance policy (ULIP) in addition, the insurer can repurchase the units at the price on the cancellation date.

The Procedure for making an Insurance Claim

(a) Life Insurance Policy[15]

(1) Death Claim

1. Claim intimation may be sent to the insurance company as soon as possible on death of the insured person. This could be done by the

[15] How To Make a Claim-Life, http://www.policyholder.gov.in/How_To_Make_a_Claim_Life.aspx#

assignee of nominee under the policy or by any close relative or the agent who handle the policy.

2. The claim intimation should contain information like the date, place and cause of death. The insurance agent has the duty to help the life assured's family / assignee to deal with the insurance company to comply with the formalities for a claim.

3. The insurance company will respond to this intimation and will ask for the following documents:
   - Filled-up claim form (provided by the insurance company)
   - Certificate of death
   - Policy documents
   - Deeds of assignments/ re-assignments if any
   - Legal evidence of title, if any policy is not assigned or nominated
   - Form of discharge executed and witnessed

II. Maturity Claim

Where a life insurance policy is maturing, the insurance company will normally send intimation to the policyholder along with a discharge voucher at least two to three months in advance of the date of maturity giving details like the maturity amount payable. The policyholder is required to sign the discharge voucher – which is like a receipt - have his signature witnessed and send it back to the insurance company along with the original policy bond to enable it to make the payment. If the policy has been assigned in favour of any other person or entity like a housing loan company- the claim amount will be paid only to the assignee who will give the discharge.

(b). Health Insurance Policy[16]

The claim under Health insurance policy can be made in two ways:

1. **On a Cashless basis**: For a claim on cashless basis, the policy holder is required to undergo treatment only at a network hospital of the Third Party Administrator (TPA) who is servicing the policy. The policy holder is required to seek authorization for availing the treatment on a cashless basis as per procedures laid down and in the prescribed form.

2. **A Reimbursement Claim:** In this one should read the clause relating to claims in the policy documents as soon as the same is received so as to ensure that one understand the procedure and the documents required for making a claim on reimbursement basis. When a claim arises, the policy

[16]How To Make a Claim – Health, http://www.policyholder.gov.in/How_To_Make_a_Claim__Health.aspx

holder should inform the insurance company as per procedures required. After hospitalization, one needs to ensure obtaining and keeping ready documents such as claim form, discharge summary, prescriptions and bills that are required to be submitted for a claim.

(c). Motor Insurance Policy[17]

A claim under a motor insurance policy could be:

- For personal injury or property damage related to someone else. This person is called a third party in this context or
- For damage to your own, insured, vehicle. This is called an own damage claim and the policy holder who is having comprehensive policy is eligible for claim under this head.

(i) Third Party Claim

In a third party claim, where one's vehicle is involved, it is important to ensure that the accident is reported immediately to the police as well as to the insurance company. On the other hand, if one is a victim of the loss from somebody else's vehicle, he/she must obtain the insurance details of that vehicle and make intimation to the insurer of that vehicle.

(ii) Own Damage Claim

In the event of an own damage claim, that is, where vehicle of the policy holder is damaged due to an accident, the policy holder must immediately inform the police and the insurance company, to enable them to send a surveyor to evaluate the loss. One should not attempt to move the vehicle from the accident spot without the permission of police and the insurance company. The vehicle should be removed for repair only after getting permission from the police and Insurance Company. If any policy provides for cashless service, which means the policy holder is not required to pay upfront for covered damages, the insurance company will pay the workshop directly. In either of these situations, the policy holder is required to intimate the insurance company immediately.

(iii) Theft Claim

As soon as the insured vehicle is stolen, the policy holder should inform the insurance company immediately. In addition the Transport Department must also be kept informed. One should collect all the required documents and submit them along with the requisite claim from duly filled in, to the insurance company. There may be certain specific documents requirements

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[17] How To Make a Claim – Motor, http://www.policyholder.gov.in/How_To_Make_a_Claim__Motor.aspx

for specific types of claims. For instance in respect of a theft claim, there is a special requirement that one should surrender the vehicle keys to the insurance company.

(d) Property Insurance[18]

There could be several types of policies that cover property and the property itself could be stationery - like a building, or moving around – like your household goods being transported. The policy holder is advised to get familiarize with the documents required for a claim as well as the procedures to be followed. Whether or not a claim arises one must follow the various dos and don’ts in respect of property for the duration of the policy. These dos and don’ts are termed warranties and conditions in the policy document. In general losses and damages, including those due to theft, fire and flood need to be intimated to the relevant authorities such as the police, the fire brigade and so on. It is important to ensure that the insurance company is intimated to enable them to send a surveyor for surveying and assessing the loss.

(e) Travel Insurance[19]

A travel insurance policy is generally a package policy that includes different types of covers like hospitalization, personal accident, loss/damage to baggage, loss of passport and so on. The procedure and documents required for a claim would vary from cover to cover. All of them would be mentioned in the policy documents. For ease of procedure and convenience, insurers normally attach the claim from with the policy documents. This will contain the list of documents required in case of claim and also the contact details including phone numbers of the claims administrators either in the destination country to which the policy holder is travelling or in another country that is designated to receive and process your claim intimation. Since this is package policy with various covers and procedures it is very important that the policy holder familiarizes himself with the procedures and documentation in case of a claim.

Complaint Redressal in Insurance Sector

Insurance Regulatory Development Authority (IRDA) has mandated all insurance companies to have an effective grievance handling system which needs to be specified in their policy document. Based on the grievance handling system in Insurance sector:

1. The consumer in case of any complaint is advised to write his complaint by letter/email to the concerned insurance company. All

[18]How to Make a Claim – Property, http://www.policyholder.gov.in/How_To_Make_a_Claim__Property.aspx

[19]How To Make a Claim – Travel, http://www.policyholder.gov.in/How_To_Make_a_Claim__Travel.aspx

the insurance companies are required to provide contact details of their Grievance Redressal Officer on the policy documents, web-site etc. The complaint may be submitted in written form and the acknowledgement obtained. The complaint is required to be redressed within 15 days of the receipt of the complaint.

2. In case of no response within 15 days or un-satisfactory response,the consumer is advised to escalate the complaint through IRDA grievance Redressal cell through their toll free number 155255 or through email complaints@irda.gov.in or through Integrated Grievance Management System (IGMS) of IRDA deployed at www.igms.irda.gov.in . IRDA normally forwards the complaint to the concerned insurance company. The complaint if being sent by letter or fax, may be sent to Consumer Affairs Department.

Insurance Regulatory and Development Authority

3-5-817/818, United India Towers, 9th floor Hyderguda,

Basheerbagh, Hyderabad – 500029, Fax no. 040-66789768

The Complaint registration process through IGMS involves the following two simple steps:

Step 1 : Register yourself by entering your details

Step 2 : Register your complaint and view its status

3. In case the consumer still does not get any response within 30 days of the complaint or gets un-satisfactory response, he/she may approach Insurance Ombudsman as per stipulated jurisdiction. The award of Insurance Ombudsman is to be complied by Insurance Company within 15 days. However, the Insurance Ombudsman cannot take cases where the value of claims exceeds Rs. 20 lakhs. The Ombudsman shall pass an award within three months of receipts of the complaint and the award is binding on the insurance company. The time limitation for filing a complaint with Insurance Ombudsman is one year from the date of which either the insurer is responded or should have responded after receipt of the complaint.

In case the consumer still feels aggrieved from the awards of Insurance Ombudsman, the consumer can file a case with District Consumer Forum or if the value of claim exceeds Rs. 20 Lakhs, the consumer can file a case with State Consumer Redressal Commission.

Following are the benchmark as specified by IRDA to be followed by Insurance Companies to deal effectively with various types of complaints/ services:

Sl.No.	Service	Maximum Time
I.	**General- Life Insurance/ General Insurance**	
1	Processing of proposal and Communication of decisions including requirements/issue of Policy/Cancellations	15 Days
2	Obtaining copy of the Proposal	30 Days
3	Post policy issue service requests concerning mistakes/ Refund of proposal deposit and also Non-Claim related service requests	10 Days
4	Acknowledging a Grievance	3 Days
5	Resolving a Grievance	15 days
II.	**Life Insurance**	
1	Surrender Value/Annuity / Pension processing	10 Days
2	Maturity claim / Survival Benefit / Penal interest not paid	15 Days
3	Raising claim requirements after lodging the Claim	15 Days
4	Death Claim settlement without Investigation requirement	30 days
5	Death Claim settlement / Repudiation with Investigation requirement	6 months
III.	**General Insurance**	
1	Survey report submission	30 Days
2	Insurer seeking addendum report	15 Days
3	Offer of Settlement/ Rejection of Claim after receiving first/ addendum survey report	30 Days

II. National Pension Scheme

National Pension System[20] is being administered, implemented and regulated by Pension Fund Regulatory and Development Authority (PFRDA)[21]-

[20] National Pension System, http://india.gov.in/spotlight/national-pension-system-retirement-plan-all
[21] http://pfrda.org.in/

The Authority was established by an Act of Parliament on 10th October, 2003 to develop and regulate pension sector in the country. The National Pension System (NPS) was launched on 1st January, 2004 with the objective of providing retirement income to all the citizens. NPS aims to institute pension reforms and to inculcate the habit of saving for retirement amongst the citizens.

Initially, NPS was introduced for the new government recruits (except armed forces). With effect from 1st May, 2009, NPS has been provided for all citizens of the country including the unorganised sector workers on voluntary basis.

Additionally, to encourage people from the unorganised sector to voluntarily save for their retirement the Central Government launched a co-contributory pension scheme, 'Swavalamban Scheme in the Union Budget of 2010-11. Under Swavalamban Scheme, the government will contribute a sum of Rs.1,000 to each eligible NPS subscriber who contributes a minimum of Rs.1,000 and maximum Rs.12,000 per annum. This scheme is presently applicable up to F.Y.2016-17.

Besides the NPS, some mutual funds and insurance companies also offer Pension plan or retirement plan, which are not under the jurisdiction of PFRDA. Apart from this the normal retirement plan options include EPFO, Retirement gratuity, etc. which are offered by employers to their workers and employees. National Pension System (NPS) is a voluntary, defined contribution retirement savings scheme designed to enable the subscribers to make optimum decisions regarding their future through systematic savings during their working life. NPS seeks to inculcate the habit of saving for retirement amongst the citizens. It is an attempt towards finding a sustainable solution to the problem of providing adequate retirement income to every citizen of India. At the time of normal exit from NPS, the subscribers may use the accumulated pension wealth under the scheme to purchase a life annuity from a PFRDA empanelled life insurance company apart from withdrawing a part of the accumulated pension wealth as lump-sum, if they choose so.

Any citizen of India, whether resident or non-resident who are aged between 18 – 60 years as on the date of submission of his/her application can join the scheme. The citizens can join NPS either as individuals or as an employee-employer group(s) (corporate) subject to submission of all required information and Know your customer (KYC) documentation. The scheme does not permit contribution after attaining 60 years of age. NPS is distributed through authorized entities called Points of Presence (POP's) and almost all the banks (both private and public sector) are enrolled to act as Point of Presence (POP) under NPS apart from several other financial institutions. To invest in NPS, you will be required to open a NPS account through the Point of Presence (POP) and who will assist the subscriber in opening the account including the filling up of necessary forms, providing the information about NPS and any other relevant information in this regard.

Subscriber can check the status by accessing CRA website: https://cra-nsdl.com/CRA/ by using the 17 digit receipt number provided by POP-SP or the acknowledgement number allotted by CRA-FC at the time of submission of application forms by POP-SP. Once the PRAN is generated, an email alert as well as a SMS alert will be sent to the registered email ID and mobile number of the subscriber.

The following are the most prominent features of the retirement account under NPS:

- Every individual subscriber is issued a Permanent Retirement Account Number (**PRAN**) card and has a 12 digit unique number. In case of the card being lost or stolen, the same can be reprinted with additional charges.
- Under NPS account, two sub-accounts – Tier I & II are provided. Tier I account is mandatory and the subscriber has option to opt for Tier II account opening and operation.

The following are the salient features of these sub-accounts:

Tier-I account: This is a non-withdrawable retirement account which can be withdrawn only upon meeting the exit conditions prescribed under NPS.

Tier-II account: This is a voluntary savings facility available as an add-on to any Tier-1 account holder. Subscribers will be free to withdraw their savings from this account whenever they wish.

NPS account can be operated from anywhere in the country irrespective of individual employment and location/geography. Subscribers can shift from one sector to another like Private to Government or vice versa or Private to Corporate and vice versa. Hence a private citizen can move to Central Government, State Government etc with the same Account. Also subscriber can shift within sector like from one POP to another POP and from one POP-SP to another POP-SP. Likewise an employee who leaves the employment to become a self-employed can continue with his individual contributions. If he enters re-employment he may continue to contribute and his employer may also contribute and so on. The subscriber can contribute to NPS from any of the POP/ POP-SP despite not being registered with them and from anywhere in India. One has to contribute a minimum annual contribution of Rs.6000/- for his Tier I account in a financial year and if not contributed the account will be frozen. In order to unfreeze the account, the customer has to pay the total of minimum contributions for the period of freeze, the minimum contribution for the year in which the account is reactivated and a penalty of Rs.100/-. In order to unfreeze an account the subscriber has to approach the Point of Presence (POP) and pay the required amounts. The following table provides the complete information on the minimum contribution requirements:

Minimum Contribution Requirements[22]

For All citizens model	Tier I	Tier II
Minimum Contribution at the time of account opening	Rs. 500	Rs. 1000
Minimum amount per contribution	Rs. 500	Rs. 250
Minimum total contribution in the year	Rs. 6000	Rs. 2000
Minimum frequency of contributions	1 per year	1 per year

In the unfortunate event of death of the subscriber, the entire accumulated pension wealth (100 percent) would be paid to the nominee / legal heir of the subscriber and there would not be any purchase of annuity/monthly pension. The subscriber wishing to exit from NPS has to submit a withdrawal application form to the concerned POP along with the documents specified for withdrawal of the benefits and the POP in turn would authenticate the documents and forwards them to CRA M/s NSDL. CRA in turn would register your claim and forward you the necessary application form along with the procedure to be followed and documents that need to be submitted. Once the documents are received, CRA processes the application and settles the account.

[22]How much does a subscriber need to contribute? ,https://www.npscra.nsdl.co.in/all-faq-contribution.php

Grievance Handling System

The subscriber can raise grievance through any of the modes mentioned below:

- **Call Centre/Interactive Voice Response System (IVR)**

The Subscriber can contact the CRA call center at toll free telephone number 1-800-222080 and register the grievance by using T-PIN.

- **Dedicated Call Center Executives**

Physical forms direct to CRA.The Subscriber may submit the grievance in a prescribed format to the POP – SP who would forward it to CRA Central Grievance Management System (CGMS). Subscriber can directly send form to CRA.

- **Web Based Interface**

The Subscriber may register the grievance at the website www.npscra.nsdl.co.in with the use of the I-pin allotted at the time of opening a Permanent Retirement Account.

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY (REDRESSAL OF SUBSCRIBER GRIEVANCE) REGULATIONS, 2015

Section 6 of Pension Fund Regulatory And Development Authority (Redressal Of Subscriber Grievance) Regulations, 2015[23] *Specify turnaround time for redressal of grievances of the subscribers.*

***6.* Turnaround times for grievance redressal.-**

(1) An acknowledgement shall be sent to the complainant within three working days of the receipt of the grievance by the concerned entity so identified for the purpose. The acknowledgement shall contain the name and designation and contact details of the officer who shall be dealing with the grievance received.

(2) The complainant shall be provided with a unique grievance number for future reference for every grievance registered. The grievance redressal proceedings of the complaint shall be deemed to have commenced on the first date of receipt of the grievance by an intermediary

(3) In case the complaint received does not pertain to the intermediary to which the same has been lodged, the complaint shall be transferred to the concerned intermediary within three working days, under intimation to the complainant.

[23]Regulations, Pension Fund Regulatory and Development Authority (Redressal of Subscriber Grievance) Regulations, 2015, http://pfrda.org.in//MyAuth/Admin/showimg.cshtml?ID=665

(4) Where the intermediaries under National Pension System or any other pension scheme regulated by Authority has resolved the complaint, within three working days, it may communicate the resolution along with the acknowledgement to the complainant.

(5) Every grievance shall be disposed off within a period of thirty days of its receipt and a final reply shall be sent to the complainant, containing details of resolution or rejection of the complaint, with reasons thereof recorded in writing.

(6) The intermediary under National Pension System or any other pension scheme regulated by Authority, while disposing off the complaint, shall inform the complainant the manner in which he or she may pursue the complaint, if dissatisfied with such resolution or rejection, as the case may be.

(7) If the complainant is not satisfied with the redressal of his grievances or if it has not been resolved by the intermediary by the end of thirty days of the filing of the complaint, he may escalate the grievance to the National Pension System Trust in accordance with the provisions contained in regulation 10. If the grievance remains unresolved after its receipt at the National Pension System Trust, on the expiry of a period of thirty days from the receipt thereof, the complainant may file a representation with the Ombudsman to be appointed by the Authority under these regulations for redressal of the grievances of the complainant, within such period as has been specified for the purpose: Provided that provisions of this sub-regulation, shall not apply where the complaint is directly in relation to a grievance against the National Pension System Trust and no ot her intermediary: Provided further that where the complaint is directly against the National Pension System Trust and no other intermediary, the National Pension Trust shall resolve the grievance of the subscriber in the manner and within the period specified under this regulation [except under sub-regulation (7)] and if the grievance remains unresolved, the complainant may file an appeal with the Ombudsman to be appointed by the Authority under these regulations for redressal of the grievances of the complainant, within such period as has been specified for the purpose.

(8) Any intermediary under the National Pension System and any other pension scheme regulated by the Authority is required to maintain records of each complaint received by it and the measures taken by it for its redressal

(9) The intermediary under the National Pension System and other pension scheme regulated by the Authority is also required to submit periodic reports to the National Pension System Trust or Authority as may be specified from time to time.

(10) Any failure on the part of intermediary under National Pension System or any other pension scheme to follow the above-mentioned procedures and time-frames shall involve such penalties or other actions as may be imposed or taken by the Authority in accordance with the provisions of the Act, in addition to any compensation that maybe required to be paid to the subscriber by such intermediary.

Section 10 of Pension Fund Regulatory and Development Authority (Redressal of Subscriber Grievance) Regulations, 2015 Deals with Escalation of Subscriber's Grievance to National Pension System Trust.

10. Escalation of Grievance to National Pension System Trust

(1) Any subscriber whose grievance has not been resolved within thirty days from the date of receipt of the grievance by the intermediary, or who is not satisfied with the resolution provided by any intermediary under the National Pension System (other than National Pension System Trust) shall register a grievance with the National Pension System Trust, against such intermediary. The National Pension System Trust shall follow up the grievance with the concerned intermediary for redressal of the subscriber grievance. The National Pension System Trust shall call for the resolution of the subscriber grievance and respond to the subscriber within thirty days from the date of receipt of the grievance under this sub-regulation, about the resolution of the grievances.

(2) The subscriber whose grievance has not been resolve d by the intermediary within thirty days from the date of submission of the grievance to the National Pension System Trust , or who is not satisfied with the resolution provided by the National Pension System Trust shall prefer an appeal to the Ombudsman against the concerned intermediary or entity.

(3) Nothing contained in sub-regulation (1) shall apply to a grievance which is directly against the National Pension System Trust, and it shall be resolved by the National Pension System Trust in accordance with the provisions of regulation 6.

Section 22 of Pension Fund Regulatory and Development Authority (Redressal of Subscriber Grievance) Regulations, 2015 Deals with Filing of Complaint with Ombudsman

22. Filing of appeal with Ombudsman

(1) An appeal may be filed with the Ombudsman under these regulations where-

(a) by a complainant whose grievance has not been resolved within thirty days from the escalation of the grievance by filing a representation with the National Pension System Trust under regulation 10; or

(b) *by a complainant, where a complaint has been made directly against the National Pension System Trust and no other intermediary and the same remains unresolved within the specified period of thirty days; or*

(c) *by a complainant, in relation to a complaint against any other pension scheme regulated by the Authority, whose grievance remains unresolved for a period of thirty days from the filing of his complaint against such pension scheme; The complainant may, himself or through an authorised representative (not being a legal practitioner) file an appeal with the Ombudsman within whose jurisdiction the branch office or head office or registered office of an intermediary under the National Pension System or of any other pension scheme regulated under the Act, is located. Provided that if the Authority has not notified any Ombudsman for a particular locality or territorial jurisdiction, the complainant may request the Ombudsman located at the Head Office of the Authority for forwarding his appeal to the Ombudsman of competent jurisdiction.*

(2) *The appeal shall be in writing duly signed by the complainant or his authorised representative (not being a legal practitioner) in the Form specified in the Schedule to these regulations and supported by documents, if any.*

(3) *No appeal to the Ombudsman shall lie -*

(a) *unless the complainant had, before making an appeal to the Ombudsman concerned, made a written complaint to the concerned entity (viz. intermediary or entity under National Pension System or any other pension scheme regulated by the Authority) named in the complaint and the concerned entity has rejected the complaint or the complainant has not received any reply within a period of thirty days after the concerned entity received his complaint or the complainant is not satisfied with the reply given to him by the concerned entity and thereafter the grievance has been escalated by making a representation to the National Pension System Trust and the complainant has not received any reply or where the complaint has been made*

directly against the National Pension System Trust and no other intermediary , and remains unresolved within the specified period of thirty days, or is not satisfied with the reply given to him as the case may be;

(b) unless the appeal is made within forty-five days from the date of receipt of response of the National Pension System Trust under regulation 10 or under regulation 6, as the case may be, or within next forty-five days, following the date of expiry of thirty days from the date of filing a representation or complaint with the National Pension System Trust, as the case may be, and no reply having been received to such representation or complaint: Provided that the Ombudsman may entertain any appeal beyond the specified time limit for filing of appeal, for sufficient cause or reasons thereof provided by the complainant. The Ombudsman may reject any appeal where he feels that such delay is not justifiable, for reasons to be recorded in writing;

(c) if the appeal is in respect of the same subject-matter which was settled through the office of the Authority or Ombudsman concerned in any previous proceedings, whether or not received from the same complainant or along with any one or more or other complainants or any one or more of the parties concerned with the subject-matter;

(d) if the appeal pertains to the same subject-matter for which any proceedings before the Authority or any court, tribunal or any other forum is pending or a decree or award or a final order has already been passed by any such competent authority, court, tribunal, or forum;

(e) if the appeal is in respect of or pertaining to a matter for which action has been taken by the Authority under section 30 of the Act or under any other regulations made under the Act.

(4) The Ombudsman may dismiss in limine an appeal on any of the grounds specified under sub-regulation (3) or when such appeal is frivolous in his opinion.

COMMERCIAL BANKING SERVICES

The banking industry is predominantly managed by commercial banks both in public as well as private sector. The commercial banks accept deposits and provide security and convenience to their consumer. The commercial banks also offer a consumer for safe keeping of their money as well as precious metals through provisioning of lockers. The banking transactions can be handled with the cheques, debit cards and credit cards as well as online transactions. The mobile banking has also come up providing ease of banking transactions. The ease of convenience is that they can withdraw the money anywhere through ATM. They can deposit the money in their accounts through centralized baking system. With the increasing use of IT applications and automated process, there is an increase in the cases of frauds and cheating. There have been cases wherein the consumer having ATM card in his wallet, the transaction takes place in other city/ country many thousands of kilometers away. The cases have also been reported where the credit cards have been used thousands of kilometers away of the physical presence of the credit card holder.

The industry is lacking with the systems of handling such issues. Besides there is also increase in fraudulent transactions through telephonic calls informing the account holder of blocking of his ATM card and taking security information on the pretext of reactivating/enabling the card. Usually such cases remain unresolved. Either of the two stakeholders i.e. the consumer or the banker are at a loss. The Economic Offence wing needs to be strengthened to handle such cases of fraudulent transactions immediately. The economic offence wing generally is reluctant to register complaints of fraudulent transactions. Such laxity on the part of Economic Offence wing has encouraged fraudsters of even now sending SMS's from their registered IDs. The registering authority for issue of ID for sending SMS is TRAI. TRAI has got the complete details of the company. Timely action is the essence of curtailing fraudulent business.

The industry is regulated by Reserve Bank of India. The consumer redressal system in the banking industry is; (i) the consumer at a first level should approach his base bank branch with a complaint. The banks have escalation matrix like branch managers, regional manager, zonal office, head office, etc.

(ii) in case a consumer do not find any redressal or unsatisfactorily redressal he/she can approach Banking Ombudsman. Finding unsatisfactorily redressal from the Banking Ombudsman or no redressal the consumer can file a complaint with a consumer forum.

As per latest directives of RBI in May 2015, Banks are also required to provide an additional channel of Internal Ombudsman before the consumer opt to approach Banking Ombudsman for redressal of grievances. The Internal Ombudsman would be designated as Chief Customer Service Officer (CCSO).

Anti-Consumer Practices

1. **Unethical charging by banks for SMS alert charges:** RBI notification no. RBI/2013-14/381 DBOD. No. Dir. BC. 67/13.10.00/2013-14 dated 26th November, 2013 directed banks to charge SMS alert charges on actual usage basis. However, the banks are charging on a fixed charges ranging from Rs. 15 to Rs. 30 per quarter irrespective of the fact whether there has been any transaction carries out by the account holder or not. Deduction of Rs. 15/- per quarter from the account is equivalent to some 150 SMSes in a quarter that means 50 transactions per month or in other words two transactions per day. UCO Bank is the exception as they are charging only Rs. 0.12 per SMS or per transaction. One of the consumer activist has shared information received under RTI Act which that State Bank of India alone has collected an amount of more than Rs. 400 Crores in a year under this head. The total estimates in the banking industry could be anywhere Rs. 3,000 Crores to Rs. 5,000 Crores.

2. **Restriction of free transactions through ATMs of own banks as well as of other banks.** RBI under pressure of IBA has restricted the free ATM transactions to five in own bank ATMs and three in other banks ATM. The ATM technology has reduced the cost of man power in the banking industry and the banks have been taking the shelter of increase in cost, security of ATMs and payment to other banks in case the ATM card holder transact in other banks ATM. Payment to other banks for transactions in other banks ATM more or less does not add to the cost as those banks will also be receiving the payments from other banks for the transactions in their bank ATMs thus neutralizing the effect. It affects only those banks which do not have proper infrastructure of ATMs and the consumer is not expected to be burdened with inadequate infrastructure of banks. The Reserve Bank of India has not been able to

address the problems arising out of;

(i) Non-availability of cash in ATM

(ii) ATM machines being defective and non-working

(iii) Non-availability of ATM even in the prominent locations.

RBI moved ahead without considering the above points as the consumer is being compelled to pay for transactions done in other bank ATMs due to the factors attributed to Bank's inefficiency.

It has come to the notice while the banks are charging annual maintenance charges for ATM, certain banks have been charging for replacement of defective ATM cards.

Frequently Occurring Problems (FOPs)

The frequently occurring problems in various commercial banking services are as mentioned below:

Banking

- Request for change of Nomination not effected
- Non-disclosure of hidden charges
- Not giving acknowledgement of cheque deposit
- Bouncing of cheque despite balance in account
- Delay in clearance of cheques
- Delay in crediting / remittance of maturity proceeds
- Overcharging for lockers
- Loss of cheques in clearing
- Non-issue of lockers
- Excess charging of service charges
- Refusal to make demand Drafts
- Banking-Unsolicited communication

Credit Cards

- Excess billing / billing disputes
- Charging of Interest and penalty
- Excess charging of interest and penalty
- Threatening calls by recovery agents / Cards Issuer
- Non-blocking of Card on request

- Lack of safety in issuing and delivery of credit cards / Pin Number
- Enhancement of credit limits without customer's request
- Disclosure of customer's confidential information
- Non-compliance of customers instructions
- Non-receipt of billing statement
- Issue of cards / add-on cards without customer request
- Insurance policy given without consent

Banking :Loan

- Non-issue of NOC on repayment of loan
- Delay in sanction of loan despite documents
- Levy of wrong interest
- Refusal of loan sanction without any reason
- Issue of insurance policy without consent
- Unsolicited communication

Banking: ATM

- Unauthorised withdrawals
- Non receipt of pin no. / delivery to wrong person
- Non working machine
- Discrepancy in amount dispensed
- Account debited but Money not dispensed
- Money not received on usage of card
- Double Amount debited in one transaction
- Receipt of Counterfeit currency

Do's and Don'ts in Banking, Debit and Credit Cards

The following do's and don'ts are essential for secured financial transactions:

- Always remember the PIN of your ATM Card. Neither disclose such numbers to anyone nor write it on any piece of paper or card.
- Check the ATM before transacting. Do not use ATM if something suspicious is noticed.
- Please avoid banking at Cyber Café. Any transaction like fund transfer, bills payment, ticket booking at Cyber Café is highly unsecured.

- Change your password and PIN number at intervals.
- Do not respond to any email seeking sensitive information or advising for updating account information. Delete all such mails. Banks do not ask such information at all.
- In case, the money is debited but not dispensed from ATM, a written complaint to your bank irrespective of which bank's ATM you have transacted is submitted immediately. Banks are required to refund such amount within 7 days of receipt of your complaint else Banks are required to pay penalty at the rate of Rs.100/- per day for the period beyond 7 days.
- The cheques of local clearing are to be credited to the account either on the same day or the next working day.
- All the Banks are required to display on the notice board/web-site about the charges applicable for various services, interest etc.
- In case you are using credit card, it is advised that you don't exceed your repayment capacity and also ensure that 100 percent payment as per credit card statement is paid before due date of payment as otherwise the credit card issuers are charging heavy penalty of non-payment/partial payment. Bank states in every month statement about the minimum amount payable which usually is around 5 percent of the total amount payable. Even if you have paid minimum amount payable, the credit card issuers are charging the interest for the balance 95 percent as well as on subsequent purchases.

- While the customer has an option to drop cheque in the "cheque drop boxes", the banks are mandated to receive the cheque in person and acknowledge the same if the customer desires so.
- Please ensure that post dated cheques issued in advance as EMI or loan repayment do not get bounce due to insufficient balances else heavy penalty charges are payable.
- In case you have any complaint pertaining to the services of the bank, please do not sit quietly. Submit your complaint in writing to the concerned bank branch and take acknowledgement.

- If you are not satisfied with the redressal to your complaint or you do not get any response from the bank within 30 days, the customer has an option of complaining to Banking Ombudsman of the area, the contact details of which are displayed in all the branches of any bank.
- Do not share the details of your account even if someone is pretending to be an employee of the bank.
- Register your mobile number with your online banking system and ATM and Credit Card as the Banks are sending SMSs as and when any transaction takes place.
- Do not become prey to fraudulent callers if someone advise you to surrender old card for replacement with new card of higher credit limit.
- Banks are not required to impose any value added service like insurance for loans etc. without customer's consent.
- Ensure that merchant does not note 16 digit number of credit card while shopping.
- Use your own pen while writing on the cheque as the scamesters are using "Magic Pens" which can be easily erased with the heat.

Credit/Debit Card Users

- Verify credit card statements. Regularly. Retain all the transactional slips till the statement is received and verified.
- Sign on the back side of your credit / debit card.
- Memorize 3 digit CVV Number written on the back side of the credit card. It is a confidential number that is required to be entered into on-line transaction. Erase/ hide it after you remember CVV Number.

- Activate mobile alert service on your credit / debit card.
- Update card issuers with all your latest mobile/telephone number, email ids, residential address.
- Take acknowledgement from card issuer in case you wish to cancel the card.

- Never provide photo copy of both side of card to any one including bank staff.
- When withdrawing from ATM, ensure that no other person is nearby even if he is a security card or a bank employee
- In case the card is lost/ misplaced, immediately intimate the same to card issuers for deactivating and take reference number of your request.
- Do not take help from anyone during cash withdrawal from ATM.
- Never share the details of credit card on phone, email.
- Do not retain too many cards in your wallets.
- Note down all details of the credit card such as its number, date of expiry, customer care number.
- Transact with credit card only on secured web-site. The URL of secured web sites starts from https://
- Banks do not seek any information pertaining to cards through email or phone. Do not respond to such requests received through email.
- Do not provide any details of cards to any website for registration despite declaring that they will not use such data.
- Register and use security features such as one time password, mobile alerts etc. for any online transactions as provided by Banks.
- Do subscribe to insurance for credit/ debit card as provided by Banks for its unauthorized use.
- Update all antivirus application on your computer.
- Try to avoid any transaction on your credit card/debit card at cyber café or public places. In case you have no other option but to use card at such places, change your password, PIN immediately.
- Change your password/PIN at intervals.
- Do not write your password or PIN at any place.

NON-BANKING FINANCIAL SERVICES

Non-Banking Financial Services are extended by Non-Banking Financial Companies (NBFCs) registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares /stocks/ bonds/ debentures/ securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non-banking institution which is a company and has principal business of receiving deposits under any scheme or arrangement in one lump sum or in instalments by way of contributions or in any other manner, is also a non-banking financial company (Residuary non-banking company).

Difference between NBFC and Commercial Banks[24]

NBFCs lend and make investments and hence their activities are akin to that of banks. The differences between the two are:

(i) NBFC cannot accept demand deposits;

(ii) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself;

(iii) deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

In terms of Section 45-IA of the RBI Act, 1934[25], no Non-banking Financial company can commence or carry on business of a non-banking financial institution without

(a) Obtaining a certificate of registration from the Bank and without having a Net Owned Funds of Rs. 25 lakhs (Rs two crore since April 1999). However, in terms of the powers given to the Bank to obviate dual

[24] A. Definitions, https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92

[25] https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/RBIA1934170510.pdf

regulation, certain categories of NBFCs which are regulated by other regulators are exempted from the requirement of registration with RBI viz. Venture Capital Fund/Merchant Banking companies/Stock broking companies registered with SEBI, Insurance Company holding a valid Certificate of Registration issued by IRDA, Nidhi companies as notified under Section 620A of the Companies Act, 1956, Chit companies as defined in clause

(b) of Section 2 of the Chit Funds Act, 1982,Housing Finance Companies regulated by National Housing Bank, Stock Exchange or a Mutual Benefit company.

The Reserve Bank of India is entrusted with the responsibility of regulating and supervising the Non-Banking Financial Companies by virtue of powers vested in Chapter III B of the Reserve Bank of India Act, 1934. The regulatory and supervisory objective is to:

(a) ensure healthy growth of the financial companies;

(b) ensure that these companies function as a part of the financial system within the policy framework, in such a manner that their existence and functioning do not lead to systemic aberrations; and that

(c) the quality of surveillance and supervision exercised by the Bank over the NBFCs is sustained by keeping pace with the developments that take place in this sector of the financial system.

Anti-Consumer Practices

1. Zero Percent Interest Financing Scheme

The NBFCs have been announcing their schemes of financing the purchase of providing services at 0percent interest rate. Such schemes are usually available throughout the year. RBI prohibits commercial banks advertising 0percent interest scheme as there is no practicable concept of 0 percent interest but has not issued any directives to NBFCs. NBFCs have been even announcing purchase of high value vehicles for as many as 3 years instalments on a 0percent interest. In a misery shopping it has been noticed that there is an indirect interest of 10-15percent per year built up into the price. The consumers are under the illusion of buying the product in instalments feeling that there is no change in the prices whether to buy the product on upfront payment basis or deferred payment basis. So there is a hidden charging of the money from consumers pocket by adapting to unethical business practices.

2. Free Insurance Policy

NBFCs have been announcing the schemes especially in the case of motor vehicles offering free insurance scheme for as many as 3 years. The basic concept of insurance policy is payment of insurance premium as under Insurance Act. Therefore the payment of insurance premium is the precondition for an insurance cover. Hence free insurance schemes are illusionary and therefore the buyer is forced to buy the insurance policy of a insurance company preferred by the seller of vehicles. This is not only an unethical business practice but also restricting the buyer to exercise his consumer rights to choose and also to forego any no claim bonus in case he/ she intend to utilized his previous insurance policy.

An experience shared by one of consumer activists in his article based on a misery shopping of Chevrolet car is quoted below:[26]

“Chevrolet has come out with an advertisement in The Times of India dtd. 27/11/2014 for their “Beat” model (This was not the only advertisement for the same model but several similar advertisements for short period with the same benefits appeared during the next three to four months)

The Company offered following benefits through the advertisement:

1. Insurance @ Re.1/- for 3 years (benefits upto Rs. 47,000/-) plus
2. Accessories worth Rs. 20,000/- plus
3. Cash benefits Rs. 10,000/- plus
4. Loyalty Bonus Rs. 20,000/- plus
5. Corporate Offer Rs. 3,000/-

It states in bold box *“Total Benefits Rs.1,00,000/-”*

1. This special offer was valid for 4 days only from 27th November to 30th November 2014. The question is why a hefty offers and discounts of Rs. 1,00,000 is applicable only for 4 days. Is it that the cost of the vehicle will be increased by Rs. 1,00,000/- after 4 days and any rationale behind such increase or the limited time period of 4 days is to attract the customer and put a psychological pressure to take hasty decision without any proper market survey and analysis.

[26]http://skvirmani-jagograhak.blogspot.in/2014/12/whether-chevrolet-adapting-to-unfair.html

2. The advertisement offer of benefits of Rs.1,00,000/- includes discounts/ benefits namely:

    (a) Cash benefits of Rs. 10,000/- . However, on inquiry it was revealed that the said discount is applicable if you are having any make any model car and the perspective buyer need to produce a copy of RC and insurance. The said advertisement does not state anything like that. In a layman language cash benefit is termed as benefit given in the cash and there is no rider attached to the scheme in the advertisement. Therefore the total benefits offered as Rs. 1,00,000/- in the advertisements stands reduced by Rs. 10,000/- for those who are the first timer in purchase of vehicle.

    (b) The said advertisement offers Accessories worth Rs. 20,000/- . Since the high end model does not require any accessories, no discount of Rs.20,000/- is offered in the high end model. Therefore the total benefits of Rs.1,00,000/- stands reduced by Rs.20,000/-. On discussion, the dealer offered at best the "mats". I can't believe the cost of mats is Rs. 20,000/-.

    (c) Loyalty bonus of Rs.20,000/- is offered only if you have an existing vehicle of their make and produce a copy of RC and insurance. Therefore the benefits to non-company customers gets reduced by another Rs. 20,000/- and the last but the most important among all proving to be not only the misleading but also unfair trade practice is:

    (d) Insurance at Re 1/- for 3 years (benefits up to Rs.47,000/-). The insurance is applicable if and only if the premium is paid. Payment of the premium is the pre-requisite to cover any risk. The advertisement states benefit upto Rs.47,000/- which means the company is paying premium from their side. Now the question comes whether the company is paying the premium from their margins or it is being charged from the customer by building up the price by the premium and then misleading the consumer as if there is no premium or the premium is just Re.1/-. The following points would be more relevant:

        (i) If the premium is paid out of the margins, it leads to believe that the company is having sufficient margins. When the company is prepared to pay premium to the insurance company, the company should offer that much cash discount as well if the consumer wants to purchase the vehicle without insurance. This is just a concept of fair trading. Now either the consumer is being misleaded or unfair trade practice is being resorted to by the company. Both way it is misleading for the consumers. Misleading in the sense that the consumers if being offered free insurance otherwise it is unfair trade practice in the sense that consumer is being denied of his right to choose or get benefit of No Claim Bonus assuming that the insurance is free and no money is being charged which will ultimately prove to be misleading. Hence this is unfair trade practice through the means of misleading.

(ii) As a consumer having enough awareness to discuss on the deal, the company offered two prices: One with free insurance for three years having price of Rs. 4,70,845/- and for vehicle without insurance with a price of Rs. 4,40,916/- This price is when we are comparing exactly the same model without any change of the product i.e apple to apple comparison. Now, the question arises as to why two prices and why such a difference. When the insurance benefit has been shown as Rs. 47,000/- then why only a difference of Rs.30,000/- between the two vehicles i.e. one with insurance and another without insurance. The theory of two prices is proving to be that the prices of the products are build up with the premium and is offered as free that means misleading the consumer. Then when the benefit arising out of the offer of free insurance is Rs. 47,000/- then why only a difference of Rs. 30,000/- or so as against Rs. 47,000/-

(iii) The dealer on further probing stated that they have two set of prices one with insurance and one without insurance. This again proves that such offers are with an intention of misleading the consumers by charging the price but offering as free. Due to lack of awareness and intent of unfair trade practices also being resorted to by the companies, the consumers having no claim bonus (NCB) will have to forego as he has been mislead that it is free.

(iv) The dealer also stated having no tie up with PSU insurers that means there is some element of duping the consumer by misleading means and the private insurers being favoured for some obvious gains.

Foregoing article proves that the advertised benefits of Rs. 1,00,000/- stands reduced by Rs. 67,000/- for those consumers who do not have any existing car of any make plus who do not have existing Chevrolet car and who wish to claim No Claim Bonus from their existing insurance policies plus they intend to buy high end models. The last but not the least where this difference of Rs. 67,000/- is going?”

COMPANY DEPOSITS

The deposit placed by investors with companies for a fixed term carrying a prescribed rate of interest is called Company Fixed Deposit[27]. Financial institutions and Non-Banking Finance Companies (NBFCs) also accept such deposits. Deposits thus mobilised are governed by the Companies Act under Section 58A. These deposits are unsecured, i.e., if the company defaults, the investor cannot sell the documents to recover his capital, thus making them a risky investment option. Company Fixed Deposit always offers interest which is 2-3 percent higher than Bank Deposit rate. Even by offering higher rate of interest to the investors, the companies save on their expenditure towards payment of interest as the commercial banks charge higher rate of interest on the money loaned to the companies.

Company Fixed Deposits can be accepted by a Manufacturing Company having duration from 6 months to 3 years. Non-Banking Finance Company can accept deposit from 1 year to 5 years period. A Housing Finance Company can accept deposit from 1 year to 7 years. Interest is paid to the investors on monthly/quarterly/half yearly/yearly or on maturity basis as per terms of the offer in their prospectus and is sent either through cheque or ECS facility.

Governance of Companies Deposit Schemes

Section 58A of Companies Act 1956[28] deals with the governance of companies deposit schemes

Deposits are not to be invited without issuing an advertisement. It clearly says that,

(1) The Central Government may, in consultation with the Reserve Bank of India, prescribe the limits up to which, the manner in which and the conditions subject to which deposits may be invited or accepted by a company either from the public or from its members.

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[27]What is a Company Deposit?, http://www.moneycontrol.com/fixed-income/company-deposits/

[28]Central Government Act, Section 58A in The Companies Act, 1956, http://indiankanoon.org/doc/1922097 and http://www.mca.gov.in/Ministry/pdf/Companies_Act_1956_13jun2011.pdf

(2) No company shall invite, or allow any other person to invite or cause to be invited on its behalf, any deposit unless-

(a) such deposit is invited or is caused to be invited in accordance with the rules made under sub- section (1), and

(b) an advertisement, including therein a statement showing the financial position of the company, has been issued by the company in such form and in such manner as may be prescribed.

(3) (a) Every deposit accepted by a company at any time before the commencement of the Companies (Amendment) Act, 1974 , (41 of 1974). in accordance with the directions made by the Reserve Bank of India under Chapter IIIB of the Reserve Bank of India Act, 1934, (2 of 1934) shall, unless renewed in accordance with clause (b), be repaid in accordance with the terms and conditions of such deposit.]

(b) No deposit referred to in clause (a) shall be renewed by the company after the expiry of the term thereof unless the deposit is such that it could have been accepted if the rules made under sub- section (1) were in force at the time when the deposit was initially accepted by the company.

(c) Where, before the commencement of the Companies (Amendment) Act, 1974 (41 of 1974), any deposit was received by a company in contravention any direction made under Chapter IIIB of the Reserve Bank of India Act, 1934 (2 of 1934), repayment of such deposit shall be made in full on or before the 1st day of April, 1975 and such repayment shall be without prejudice to any action that may be taken under the Reserve bank of India Act, 1934 for the acceptance of such deposit in contravention of such direction.

(3A) Every deposit accepted by a company after the commencement of the Companies (Amendment) Act, 1988 , shall, unless renewed in accordance with the rules made under subsection (1), be repaid in accordance with the terms and conditions of such deposit.]

(4) Where any deposit is accepted by a company after the commencement of the Companies (Amendment) Act, 1974 (41 of 1974), in contravention of the rules made under sub- section (1), repayment of such deposit shall be made by the company within thirty days from the date of acceptance of such deposit or within such further time, not exceeding thirty days, as the Central Government may, on sufficient cause being shown by the company, allow.

(5) Where a company omits or fails to make repayment of a deposit in accordance with the provisions of clause (c) of sub- section (3), or in the case of a deposit referred to in sub- section (4), within the time specified

in that sub- section,-

(a) the company shall be punishable with fine which shall not be less than twice the amount in relation to which the repayment of the deposit has not been made, and out of the fine, if realised, an amount equal to the amount in relation to which the repayment of deposit has not been made, shall be paid by the Court, trying the offence, to the person to whom repayment of the deposit was to be made, and on such payment, the liability of the company to make repayment of the deposit shall, to the extent of the amount paid by the Court, stand discharged;

(b) every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to five years and shall also be liable to fine.

(6) Where a company accepts or invites, or allows or causes any other person to accept or invite on its behalf, any deposit in excess of the limits prescribed under sub- section (1) or in contravention of the manner or condition prescribed under that sub- section or in contravention of the provisions of subsection (2), as the case may be,-

(a) the company shall be punishable,-

(i) where such contravention relates to the acceptance of any deposit, with fine which shall not be less than an amount equal to the amount of the deposit so accepted,

(ii) where such contravention relates to the invitation of any deposit, with fine which may extend to one lakh rupees but shall not be less than five thousand rupees;

(b) every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to five years and shall also be liable to fine.

(7) (a) Nothing contained in this section shall apply to,--

(i) a banking company, or

(ii) such other company as the Central Government may, after consultation with the Reserve Bank of India, specify in this behalf.

(b) Except the provisions relating to advertisement contained in clause (b) of sub- section (2), nothing in this section shall apply to such clauses of financial companies as the Central Government may after consultation with the Reserve Bank of India, specify in this behalf.

(8) The Central Government may, if it considers it necessary for avoiding any hardship or for any other just and sufficient reason by order issued either prospectively or retrospectively from a date not earlier than the

commencement of the Companies (Amendment) Act, 1974 (41 of 1974), grant extension of time to a company or class of companies to comply with, or exempt any company or class of companies from, all or any of the provisions of this section either generally or for any specified period subject to such conditions as may be specified in the order: Provided that no order under this sub- section shall be issued in relation to a class of companies except after consultation with the Reserve Bank of India.]

(9) Where a company has failed to repay any deposit or part thereof in accordance with the terms and conditions of such deposit, the Company Law Board may, if it is satisfied, either on its own motion or on the application of the depositor, that it is necessary so to do to safeguard the interests of the company, the depositors or in the public interest, direct, by order, the company to make repayment of such deposit or part thereof forthwith or within such time and subject to such conditions as may be specified in the order: Provided that the Company Law Board may, before making any order under this sub- section, give a reasonable opportunity of being heard to the company and the other persons interested in the matter.

(10) Whoever fails to comply with any order made by the Company Law Board under sub- section (9) shall be punishable with imprisonment which may extend to three years and shall also be liable to a fine of not less than rupees fifty for every day during which such noncompliance continues.]

Which companies can accept Deposit?

Companies registered under Companies Act 1956 can accept deposits such as:

» Manufacturing Companies

» Non-Banking Finance Companies

» Housing Finance Companies

» Financial Institutions

» Government Companies

How to choose a good company deposit scheme?[29]

The investors are advised to study in detail the company's advertisement for inviting public to invest in their fixed deposit scheme before making blind investments. Many companies offer lucrative rate of interest just to

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[29]How to choose a good company deposit scheme?, http://www.moneycontrol.com/glossary/company-fixed-deposits/how-to-choose-a-good-company-deposit-scheme_3960.html

attract the investors to make deposits. In case of company deposit schemes one should:

- Ignore the unrated Company Deposit Schemes. It is advised; ignore deposit schemes of little known manufacturing companies. For NBFC's, RBI has made it mandatory to have an 'A' rating to be eligible to accept public deposits, one should go further and look at only AA or AAA schemes.
- Within a given rating grade, choose the company with a better reputation.
- Once you decide on a company, next choose the schemes which have given a better return. Unless you need income regularly, you should prefer cumulative to regular income option since the interest earned automatically gets reinvested at the same coupon rate giving upon better yields. It also gives you a lump-sum amount at one go.
- It is better to make shorter deposit of around 1 year to 3 years. This way you not only can keep a watch on the company's rating and servicing but can also plan to have your money back in case of emergency.
- Check on the servicing standards of the company. One should not oblige companies that care little about investor services like promptly sending interest warrants or the principal cheque.
- Involve your reputed Financial Planner / Investment Advisor for advice in all your transactions. Do not bypass and invest directly just to earn an extra incentive.
- For investors living in outstation city, check whether the company accepts outstation cheques and makes payment through at par cheques.

Avoiding companies to invest in Fixed Deposits where:

» Companies which offer interest higher than 15 percent.

» Companies which are not paying regular dividends to the shareholder.

» Companies whose Balance Sheet shows losses.

» Companies which are below investment grade (A or under) rating.

Up to what limits can a company accept deposit?

A Non-Banking Non-Finance Company(Manufacturing Company) can accept deposit subject to following limits.

» Up to 10 percent of aggregate of paid-up share capital and free reserves if the deposits are from shareholders or guaranteed by directors.

- » Otherwise up to 25percent of aggregate of paid-up share capital and free reserves.

A Non-Banking Finance Company can accept deposits up to following limits:

- » Equipment Leasing Company can accept four times of its net owned fund.
- » Loan or Investment Company can accept deposit upto one and half time of its net owned funds.

The companies Act, 2013[30] came into force on 29th August 2013. The provisions of Act apply to:

(*a*) companies incorporated under this Act or under any previous company law;

(*b*) insurance companies, except in so far as the said provisions are inconsistent with the provisions of the Insurance Act, 1938 or the Insurance Regulatory and Development Authority Act, 1999;

(*c*) banking companies, except in so far as the said provisions are inconsistent with the provisions of the Banking Regulation Act, 1949;

(*d*) companies engaged in the generation or supply of electricity, except in so far as the said provisions are inconsistent with the provisions of the Electricity Act, 2003;

(*e*) any other company governed by any special Act for the time being in force, except in so far as the said provisions are inconsistent with the provisions of such special Act; and

(*f*) such body corporate, incorporated by any Act for the time being in force, as the Central Government may, by notification, specify in this behalf, subject to such exceptions, modifications or adaptation, as may be specified in the notification.

Section 63(2)(c) of The Companies Act 2013 stipulates that "No company shall capitalise its profits or reserves for the purpose of issuing fully paid-up bonus shares under sub-section (1), unless— it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it;

Section 70 (1) (c) prevents companies to purchase its own shares or other specified securities directly or indirectly if a default, is made by the company, in the repayment of deposits accepted either before or after the commencement of this Act, interest payment thereon,

[30]http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf

Section 73 of The Companies Act, 2013 deals with acceptance of deposits by the companies.

73. (1) On and after the commencement of this Act, no company shall invite, accept or renew deposits under this Act from the public except in a manner provided under this Chapter: Provided that nothing in this sub-section shall apply to a banking company and nonbanking financial company as defined in the Reserve Bank of India Act, 1934 and to such other company as the Central Government may, after consultation with the Reserve Bank of India, specify in this behalf.

(*2*) A company may, subject to the passing of a resolution in general meeting and subject to such rules as may be prescribed in consultation with the Reserve Bank of India, accept deposits from its members on such terms and conditions, including the provision of security, if any, or for the repayment of such deposits with interest, as may be agreed upon between the company and its members, subject to the fulfilment of the following conditions, namely:

(*a*) issuance of a circular to its members including therein a statement showing the financial position of the company, the credit rating obtained, the total number of depositors and the amount due towards deposits in respect of any previous deposits accepted by the company and such other particulars in such form and in such manner as may be prescribed;

(*b*) filing a copy of the circular along with such statement with the Registrar within thirty days before the date of issue of the circular;

(*c*) depositing such sum which shall not be less than fifteen per cent. of the amount of its deposits maturing during a financial year and the financial year next following, and kept in a scheduled bank in a separate bank account to be called as deposit repayment reserve account;

(*d*) providing such deposit insurance in such manner and to such extent as may be prescribed;

(*e*) certifying that the company has not committed any default in the repayment of deposits accepted either before or after the commencement of this Act or payment of interest on such deposits; and

(*f*) providing security, if any for the due repayment of the amount of deposit or the interest thereon including the creation of such charge on the property or assets of the company:

Provided that in case where a company does not secure the deposits or secures such deposits partially, then, the deposits shall be termed as "unsecured deposits"and shall be so quoted in every circular, form, advertisement or in any document related to invitation or acceptance of deposits.

(3) Every deposit accepted by a company under sub-section (*2*) shall be repaid with interest in accordance with the terms and conditions of the agreement referred to in that sub-section.

(4) Where a company fails to repay the deposit or part thereof or any interest thereon under sub-section (*3*), the depositor concerned may apply to the Tribunal for an order directing the company to pay the sum due or for any loss or damage incurred by him as a esult of such non-payment and for such other orders as the Tribunal may deem fit.

(5) The deposit repayment reserve account referred to in clause (*c*) of sub-section (*2*) shall not be used by the company for any purpose other than repayment of deposits.

Section 74(2) of The Companies Act, 2013 deals with extension of time for repayment of deposits accepted before commencement of The Companies Act, 2013

With a view to allow relief to companies facing difficulties in repayment of deposits, provisions of Section 74(2) & (3) of the Act have been brought into force with effect from 6th June, 2014 and the Company Law Board (CLB) has been allowed to exercise the powers to allow further time to companies for repayment of deposits/interest in certain cases.

74. (1) Where in respect of any deposit accepted by a company before the commencement of this Act, the amount of such deposit or part thereof or any interest due thereon remains unpaid on such commencement or becomes due at any time thereafter, the company shall—

(*a*) file, within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar a statement of all the deposits accepted by the company and sums remaining unpaid on such amount with the interest payable thereon along with the arrangements made for such repayment, notwithstanding anything contained in any other law for the time being in force or under the terms and conditions subject to which the deposit was accepted or any scheme framed under any law; and

(*b*) repay within one year from such commencement or from the date on which such payments are due, whichever is earlier.

(*2*) The Tribunal may on an application made by the company, after considering the financial condition of the company, the amount of deposit or part thereof and the interest payable thereon and such other matters, allow further time as considered reasonable to the company to repay the deposit.

(*3*) If a company fails to repay the deposit or part thereof or any interest thereon within the time specified in sub-section (*1*) or such further time as may be allowed by the Tribunal under sub-section (*2*), the company shall, in addition to the payment of the amount of deposit or part thereof and the interest due, be punishable with fine which shall not be less than one crore rupees but which may extend to ten crore rupees and every officer of the company who is in default shall be punishable with imprisonment which may extend to seven years or with fine which shall not be less than twenty-five lakh rupees but which may extend to two crore rupees, or with both.

Acceptance of Deposits under New Companies Act, 2013 [31]

The Companies Act, 2013 (2013 Act) was assented by the President of India on 29 August 2013 and published in the Official Gazette on 30 August 2013. The New Act is expected to facilitate more business-friendly corporate regulations, improve corporate governance norms, enhance accountability on the part of corporate and auditors, raise levels of transparency and protect interests of investors, particularly small investors.

Companies need more and more funds for expanding their business activities due to competitive business environment, which led them to borrow funds from banks and financial institutions. However sourcing of funds puts the Company under management & control of those financial institutions. The alternative sources of finance available for the Companies are equity and preference shares, debentures and other debt securities etc. This induced companies to call for deposits from the public. Such deposits are unsecured debts and neither management control nor the formalities of charge on assets are putting any hindrances for availing of such amount. After the commencement of present Act of 2013, or more correctly, on issue of Notification by government of India making Section 73 effective; no company shall invite, accept or renew deposits from the public except in a manner provided under Chapter V of the Act. This prohibition does not apply to a banking Company, a non – banking financial Company as well as any other class of Company as specified by the Central government. The Central government may specify any Company after consultation with the Reserve Bank of India.

Governing Laws

Sections 73 to 76 (both inclusive) read with the Companies (Acceptance

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[31] Acceptance of new deposits under companies Act, 2013, http://www.caclubindia.com/articles/acceptance-of-deposits-under-new-companies-act-2013-19390.asp

of Deposits) Rules, 2013 regulate the invitation, acceptance and repayment of deposits by Companies.

Important definitions As per the Act,

Deposit: Pursuant to Section 2 (31) "deposit" includes any receipt of money by way of deposit or loan or in any other form by a Company, but does not include such categories of amount as may be prescribed in consultation with the Reserve Bank of India. Further the definition of Deposit must be read with Rule 2(b) of Companies (Acceptance of Deposits) Rules, 2013.

Depositor: Pursuant to Rule 2 (c) of Companies (Acceptance of Deposits) Rules, 2013(draft) Depositor means-

Any member of the Company who has made a deposit with the Company in accordance with sub-section (2) of Section 73 of the Act,

or

Any person who has made a deposit with a public Company in accordance with Section 76 of the Act.

Eligible Company :Pursuant to Rule 2 (d) of Companies (Acceptance of Deposits) Rules, 2013(draft) **"**Eligible Company**"** means a public Company as referred to in subsection (1) of Section 76, having a net worth of not less than one hundred Crore rupees or a turnover of not less than five hundred Crore rupees and which has obtained the prior consent of the Company in general meeting by means of a special resolution and also filed the said resolution with the Registrar of companies and where applicable, with the Reserve Bank of India before making any invitation to the Public for acceptance of Deposits;

Trustee Pursuant to Rule 2 (e) of Companies (Acceptance of Deposits) Rules, 2013(draft) Trustee means Trustee as defined in Section 3 of the Indian Trusts Act, 1882.

Highlights in brief

1. The provisions of the Sections shall not apply to (i) a banking Company and (ii) a non-banking financial Company (as defined in the Reserve Bank of India Act, 1934) registered with the Reserve Bank of India.
2. As per Section 74, any deposit accepted prior to new act and interest due thereon if remains unpaid or becomes due at any time on or after commencement of the new Act, then-file, within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar a statement of all the deposits accepted by the Company and sums remaining unpaid on such amount with the interest payable there on along with the arrangements made for

such repayment, and

- Repay within one year from such commencement or from the date on which such payments are due, whichever is earlier Or {section 74 (1) (b)}
- Make an application to the Tribunal from allowing further time to the Company to repay the deposit.

3. However as per Rule 30, the provisions of Section 74(1) (b) of the Act shall be deemed to have been complied, if the Company has had already accepted or invited deposit under the relevant provisions of the Old Act and rules made there under and has been repaying such deposits and interest there on timely as per the terms and conditions of the Contract. But the provisions of the New Act shall be applicable immediately if the Company fails to repay the deposit and interest due there on timely.
4. Before any invitation to public for acceptance of deposit take prior consent of the shareholder through a general meeting by means of a **special resolution** and also file the said resolution with the Registrar of Companies and where applicable, with the Reserve Bank of India.

Limits of acceptance of Deposit[32]

(a) Acceptance/renewal of deposit by Company (other than Eligible Company) in pursuance to Section 73 (2) of Companies Act 2013:-

From the members shall not exceed 25 percent of the aggregate of the paid-up share capital and free reserves of the Company. The 25percent limit is to be computed considering such deposits together with the amount of other deposits outstanding as on the date of acceptance or renewal of such deposits.

(b) Acceptance/renewal of deposit by Eligible Company in pursuance to Section 76.

- From the members shall not exceed 10 percent of the aggregate of the paid-up share capital and free reserves of the Company. The 10 percent limit is to be computed considering such deposits together with the amount outstanding from the Public on date of acceptance or renewal of such deposits.
- From the public shall not exceed 25 percent of the aggregate of the paid-up share capital and free reserves of the Company. The 25 percent limit is to be computed considering such deposits together with the amount outstanding from the Public on date of acceptance or renewal of such deposits.

[32]Limits of acceptance of deposits, http://www.caclubindia.com/articles/acceptance-of-deposits-under-new-companies-act-2013-19390.asp

(c) Acceptance/renewal of deposits by the Government Company in pursuance to Section 76 of Companies Act 2013.

From the Public shall not exceed 35 percent of the aggregate of the paid-up share capital and free reserves of the Company. The 35 percent limit is to be computed considering such deposits together with the amount outstanding from the Public on date of acceptance or renewal of such deposits.

Interest and brokerage on deposit

1. Interest on deposit and payment of brokerage to authorized person shall not exceed the maximum rate prescribed by the Reserve Bank of India.
2. If at any time the Depositor request for repayment after expiry of a period of six months from the date of deposit but before the maturity period, the rate of interest payable by the Company on such deposit shall be reduced by one percent from the contracted rate.
3. Where a Company permits a depositor to renew his deposit, before the expiry of the contract period, for availing of a higher rate of interest, the Company shall pay interest to such depositor at the higher rate if such deposit is renewed in accordance with the other provisions of these rules and for a period longer than the unexpired period of the deposit.
4. A penal rate of interest of eighteen percent per annum shall be payable for the overdue period in case of deposits, whether secured or unsecured, matured and claimed but remaining unpaid.
5. Only the authorized person will solicit deposits on behalf of the Company and will be entitled to the brokerage.

Form and particulars of advertisements/circulars[33]

Deposits shall be accepted by issue of Circulars/Advertisements

1. Every Company (including Eligible Company) intending to invite deposit from its members shall issue a circular to all its members by registered post with acknowledgement due or speed post or by electronic mode or publish the circular in the form of an advertisement in Form No. 1(English and Vernacular).
2. Every Eligible Company intending to invite deposits from public shall issue an advertisement in Form No. 1(English and Vernacular).
3. Every Company inviting deposits from the public shall upload a copy of the circular on its website, if any.

[33] Form and particulars of advertisements/circulars, http://www.caclubindia.com/articles/acceptance-of-deposits-under-new-companies-act-2013-19390.asp

4. Before issue of Circular/Form of Advertisement the same should be issued on the authority and in the name of the Board of directors of the Company. In other words the draft Circular/Form of Advertisement should be approved by Board and must be signed by majority of the directors of the Company.
5. At least 30 days before issue of Circular/Form of Advertisement, deliver a copy of Circular/Form of Advertisement approved by Board to the Registrar of Companies for registration.
6. The Circulars/Form of Advertisement shall be valid until the expiry of six months from the date of closure of the financial year in which it is issued or until the date on which the financial statement is laid before the Company in general meeting or, where the annual general meeting form any year has not been held, the latest day on which that meeting should have been held in accordance with the provisions of the Act, whichever is earlier.
7. Effective date of issue of circular shall be the date of dispatch of the circular but not from the date of Advertisement in newspaper.
8. No alternation in the term and conditions of deposit/deposit insurance/deposit trust deed shall be allowed after advertisement/ circular is issued and deposits are accepted.

Form of application for deposits and deposit receipt to Depositor

– Deposit to be accepted only in the prescribed form.

– The application shall contain a declaration from the depositor to the effect that the deposit is not being made out of any money borrowed by him from any other person.

– A depositor may, at any time, make a nomination.

– Deposit receipt shall be issued in the prescribed format and shall be signed by an officer duly authorized by Board, within a period of two weeks from the date of receipt of money or realization of cheques.

Deposit insurance

– At least 30 days before issue of Circular/Form of Advertisement enter into a contract providing for deposit insurance to cover both principle and interest thereon.

– If the deposit amount is less than Rs.25000/- the insurance coverage will be full amount of deposit amount and if the deposit amount is more than Rs.25000/- then minimum coverage is not less than Rs.25000/-

- As deposit can be accepted/ matured at regular intervals, the total deposit insurance coverage shall be updated from time to time.
- The Insurance premium shall be borne by the Company.
- Fresh insurance coverage to be taken if at any time terms and conditions of the deposit insurance contact which makes the insurance cover ineffective.

Creation of Security

- Company inviting secured deposits shall provide for security by way of a charge on these assets as referred to in Schedule III of the Act excluding intangible assets of the Company and the market value of assets charged must be assessed by a registered values.
- The security (not being in the nature of pledge) for deposits shall be created in favor of a trustee for the deposit holders on specific moveable and immovable property of the Company.

Appointment of Deposit Trustees

- Before issue of Circular/Form of Advertisement, appoint one or more deposit trustees for creating security for the deposits.
- The Company shall execute a deposit trust deed in From No. 2 at least 7 days before issuing the circular or circular in the form of advertisement.
- The Circular/Form of Advertisement should contain a statement that the Deposit Trustee(s) have given their consent to act as Deposit Trustee.
- The Deposit trustee(s) shall not be removed from office after the issue of circular or advertisement and before the expiry of his term except with the consent of all the directors present at a meeting of the board.

Maintenance of liquid assets and creation of Deposit Repayment Reserve Account

- Every Company to create a deposit repayment reserve account and deposit a sum not less than 15percent of the deposit amount matured during the current financial year with any schedule bank. The amount deposited shall not at any time fall below fifteen percent of the amount of deposits maturing until the current financial year and the next financial year.

– The amount deposited in deposit repayment reserve account shall not be utilized for any purpose other than for the repayment of deposits:

Registers /Returns of deposits

– Make entries in the register (information to be entered as per rules) within seven days from the date of issuance of the deposit receipt and such entries shall be authenticated by a director or secretary of the Company or by any other officer authorized by the Board for this purpose.

– The registers shall be preserved in good order for a period of not less than eight years from the financial year in which the latest entry is made in the register.

– File deposit return in Form No. 3 by furnished information contained therein as on 31st day of March duly audited by auditors before 30th June every year

Punishment for Contravention

Noncompliance of provisions, the Company and every officer of the Company who is in default or such other person shall be punishable with fine which may extend to Rs.10000/- and where the contravention is continuing one, with a further fine which may extend to Rs.1000/- for every day after the first day during which the contravention continues.

Check list for secretarial compliance for acceptance of deposits as per Companies Act 2013[34] :

1. Board to decide the acceptance of deposit and authorize for issue on notice for holding general meeting of obtaining approval of the shareholder.
2. Hold the general Meeting and obtain approval of the shareholder by means of a special resolution**.**
3. File the said resolution with ROC/RBI as the applicable.
4. Hold Board meeting and obtain the approval of the draft Circular/ Form of Advertisement from the Board and ensure that the draft Circular/Form of Advertisement must be signed by majority of the directors of the Company.

[34]Check list for secretarial compliance for acceptance of deposits as per Companies Act 2013, http://www.caclubindia.com/articles/acceptance-of-deposits-under-new-companies-act-2013-19390.asp

The Board should also note the following:

- Name of the authorized person, who will solicit deposits on behalf of the Company and rate of brokerage for the services.
- Authorize nominated officer for furnishing deposit receipts.
- Compliance of provision of Deposit insurance.
- Compliance of provision of Creation of security deposit for secured deposit.
- Compliance of provision of Deposit Trustee.

5. Deliver a copy of Circular/Form of Advertisement approved by the Board with the Registrar of Companies for registration.
6. Before issue of Circular/Form of Advertisement, appoint one or more Deposit trustees for creation security for the Secured deposits if any;
7. Execute a Deposit trust deed in Form No. 2 at least 7 days before issuing the circular or circular in the form of advertisement.
8. Enter into a contract providing for deposit insurance at least thirty days before the issue of circular or advertisement with Insurance Company.
9. Obtain the rating (including its net worth, liquidity and ability to pay its deposits on due date) from a recognized credit rating agency for informing the public the rating given to the Company.
10. Issue Circular/Form of advertisement after 30 days from the date of delivery of a copy of Circular /Form of Advertisement with the ROC.
11. The Circular can be issued to members by registered post with acknowledgement due or speed pot or by electronic mode or publish the circular in the form of an advertisement in From No. 1(English and Vernacular).
12. Upload a copy of the circular on the Company's website, if any.
13. Ensure that no alternation in the term and conditions of deposit/ deposit insurance/deposit trust deed shall be allowed after advertisement/circular is issued and deposits are accepted.
14. Issue deposit receipt in the prescribed format and under the signature of officer duly authorized by Board, within a period of two weeks from the date of receipt of money or realization of cheques.
15. Make entries in the register (information to be entered as per rules) within seven days from the date of issuance of the deposit receipt

and such entries shall be authenticated by a director of secretary of the Company or by any other officer authorized by the Board.

16. File deposit return in Form No. 3 by furnishing information contained therein as on 31st day of March duly audited by auditors before 30th June every year.

CHIT FUNDS & KITTY PARTIES

A chit fund [35]is a kind of savings scheme practiced in India. A chit fund company is a company that manages, conducts, or supervises a chit scheme as defined in Section of the Chit Funds Act, 1982. According to Section 2(b) of the Chit Fund Act, 1982:

"Chit means a transaction whether called chit, chit fund, chitty, kuree or by any other name by or under which a person enters into an agreement with a specified number of persons that every one of them shall subscribe a certain sum of money (or a certain quantity of grain instead) by way of periodical installments over a definite period and that each such subscriber shall, in his turn, as determined by lot or by auction or by tender or in such other manner as may be specified in the chit agreement, be entitled to the prize amount".

Such chit fund schemes may be conducted by organised financial institutions, or may be unorganised schemes conducted between friends or relatives. In some variations of chit funds, the savings are for a specific purpose. Chit funds operate different ways, and there are also many fraudulent tactics practiced by private firms. The basic necessity of conducting a 'Chitty' is a group needy people called subscribers. The foreman—the company or person conducting the chitty—brings these people together and conducts the chitty. The foreman is also responsible for collecting the money from subscribers, presiding over the auctions, and keeping subscriber records. He is compensated by a fixed amount (generally 5 percent of gross chitty amount) monthly for his efforts. Other than that, the foreman has no specific privileges; he is just a chitty subscriber. A simple formula depicts the pattern of the chitty:

Monthly Subscription × Duration in Months = Gross Amount

For Example 5,000* 20 =1,00,000/- Where 5000 is the maximum monthly contribution needed from a subscriber, 20 is the duration of the chitty in months and 1,00,000 is the maximum sum assured. The duration also equals the number of subscribers, as there must be (not more or less) one subscriber to receive the prize money every month.

[35]Chit Fund, https://en.wikipedia.org/wiki/Chit_fund#cite_note-1

The chitty starts on an announced date, every subscriber come together for the auction/lot. As per Kerala Chit Act, the minimum prize money of an auction is limited to 70 percent of the gross sum assured that is 70,000 in the above example. When there are more than one person willing to take this minimum sum, lot are conducted and the ‘Lucky subscriber’ get the prize money for the month. If there is no person willing to take the minimum sum, then a reverse auction is conducted where subscribers open-bid for lower amounts; that is from 1, 00,000 >> 99,000 >> 98,000, and so on. The person bidding lowest sum get bid amount. In both the cases the auction discount, that is the difference between the gross sum and auction amount, is equally distributed among subscribers or is deducted from their monthly premium. For example if the auction is settled on a sum of 90,000, then the auction discount of 10,000 (1,00,000 - 90,000) is divided by 20 (the total number of subscribers) and everyone gets a discount of 500. The same practice is repeated every month and every subscriber gets a chance of receiving some money.

Chit funds in India are governed by various state or central laws. Organised chit fund schemes are required to register with the Registrar or Firms, Societies and Chits.

- Union Government - Chit Funds Act 1982 (Except the State of Jammu and Kashmir)
- Kerala: Kerala Chitties Act 1975
- Tamil Nadu: Tamil Nadu Chit Funds Act, 1961
- Karnataka: The Chit Funds (Karnataka) Rules, 1983
- Andhra Pradesh: The Andhra Pradesh Chit Funds Act, 1971
- New Delhi: The Chit Funds Act,1982 and Delhi Chit Funds Rules, 2007
- Maharashtra: Maharashtra Chit Fund Act 1975

In North India, a common type of chit fund uses small paper slips with each member’s name, gathered in a box. When all members are at a monthly or weekly meeting, the one in charge—in front of the other members—picks a slip from the box. The member so selected gets that day’s collection. Afterwards, the name of that person's slip is discarded. Thereafter, he comes to the meetings and pays his share, but his name isn’t selected again.

Some chit funds are conducted as a savings scheme for a specific purpose. An example is the Deepavali sweets fund, which has a specific end date about a week before Deepavali. Neighbourhood ladies pool their savings each week. They use this fund to buy and prepare sweets in bulk just before the Deepavali festival, and they distribute sweets to all members.

Preparation of Deepavali sweets may be a time consuming and costly activity for individuals. Such a chit reduces costs, and relieves members from extra work in a busy festival season. Nowadays, such special purpose chits are conducted by jewellery shops, kitchenware shops, etc. to promote their products. With the advent of ecommerce in India, Chit funds have also started going online. Online chit funds conduct auctions online and subscribers can pay their monthly dues and receive prize amount online through online transactions including electronic fund transfers. Each member has an online account to manage their chit funds.

Kitty Parties

A Kitty Party has been defined in Oxford Dictionary[36] as "a regular social meeting of a group of women, held at either a member's house or a restaurant, where each person gives an amount of money and one is chosen to receive the whole sum" A Kitty Party in India is a party usually organised by women. Of-course this system has now spread to men as well as couples. The "kitty party" as it is commonly called, is an informal savings group popular among Indian women. The group has certain fixed number of members decided in the beginning with an amount to be contributed by each member. The amount so contributed depends upon kitty to kitty and there is no debar on the number of members of the group or number of groups or the amount kept for contribution. The group members are known to each other. The disbursement of the money so collected every month could be either on a lottery basis or on auction wherein the members bid for the discount they are prepared to accept the kitty. Usually such parties are held once in a month and last for the months as that of number of members. However, if members wish they can induct a new member midway also. The new member has to contribute the money counted from the beginning. Amount so collected from the new member is paid to those members who have won the previous draw or lottery. Kitty refers to the amount collected at the party. Each member contributes a certain sum of money every month and the mount to be contributed each month is pre-decided in the beginning. It can be for any amount. Mostly the disbursement to the members is on draw/ lottery basis. The kitty is handed over to one member of the group selected on draw basis every month. The member is selected based on draw of names. The first month kitty includes

[36] Kitty Party, http://www.oxforddictionaries.com/definition/learner/kitty-party

name of all members. The successful member's name is taken out of the slips for next month draw. An illustration to the kitty party is given below:

Number of members: 20

Amount of Contribution by each member: Rs. 5,000/-

Total amount of kitty: Rs. 1, 00,000/-

In the beginning, slips of all 20 members are made out, name drawn and whosoever gets lucky, the member will be paid Rs.1,00,000/- While the name of the member succeeding in the draw will be deleted in the next month, but the members will continue to pay the subscription money till all 20 members draw is over. So, in the next month draw, slips for remaining 19 members would be made and draw shall be held among 19 members and the member who won in the subsequent draw will be paid Rs. 1,00,000/- and so on till the last person i.e 20^{th} person is paid.

It is usually held at a specified time each month, by a specific group of women. Every member of the group has to host a party at least once. The hosting of the food/snacks could be either at house or some restaurant depending upon the wish and convenience of the hosting member. The hosting member organises food and other logistics, and the party is usually a gossiping place for women as well as playing some games, sharing the news, information. The party is held usually on working days preferably during the noon time on a monthly basis before their children come back from the schools. It can be for any amount. There could be a possibility of financial losses in a case where any member or the organiser belong to a rented accommodation and the amount in the kitty is so high that the member is tempted to run away after the member has taken the money to avoid further payment from the next months onwards or may be any of the member dies during the period of kitty. In such a scenario the loss is equally divided among the remaining members. Since such transactions are going on in an informal manner without being protected by any law of the land, there is no possibility of recovery of the amount or complaining to the law enforcing agencies.

HIGHLIGHTS OF RELEVANT ACTS IN FINANCIAL SERVICES

Chit Funds Act, 1982[37]

Section 2(b) of the Chit Fund Act, 1982 defines a chit as under:-

> "Chit means a transaction whether called chit, chit fund, chitty, kuri or by any other name by or under which a person enters into an agreement with a specified number of persons that every one of them shall subscribe a certain sum of money (or a certain quantity of grain instead) by way of periodical installments over a definite period and that each such subscriber shall, in his turn, as determined by lot or by auction or by tender or in such other manner as may be specified in the chit agreement, be entitled to the prize amount.

Explanation: - A transaction is not a chit within the meaning of this clause, if in such transaction,-

(i) some alone, but not all, of the subscribers get the prize amount without any liability to pay future subscriptions; or

(ii) all the subscribers get the chit amount by turns with a liability to pay future subscriptions."

NABARD Act, 1981[38]

As per section 2 (d) of the NABARD Act, "central co-operative bank" means the principal co-operative society in a district in a state, the primarily object of which is the financing of other co-operative societies in that district.

As per section 2(u) of the NABARD Act, "state co-operative bank" means the principal co-operative society in a state, the primary object of which is the financing of other co-operative societies in the state.

National Housing Bank Act, 1987[39]

Section 2(d) of the National Housing Bank Act, 1987 defines a "housing finance institution" as under:

> "Housing finance institution includes every institution, whether incorporated or not, which primarily transacts or has as one of

[37] http://indiankanoon.org/doc/194827648/
[38] https://www.nabard.org/pdf/Nabard_Act_1612.pdf
[39] http://www.nhb.org.in/Regulation/National_Housing_Bank_Act.php

its principal objects, the transacting of the business of providing finance for housing, whether directly or indirectly."

Banking Regulation Act, 1949[40]

As per Section 5(c) of the Banking Regulation Act, 1949 a "Banking Company" means any company which transacts the business of banking in India.

Explanation: Any company which is engaged in the manufacture of goods or carries on any trade and which accepts the deposits of money from public merely for the purpose of financing its business as such manufacturer or trader shall not be deemed to transact the business of banking within the meaning of this clause."

As per Section 5(b) of the Banking Regulation Act, 1949 , "banking" means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise.

As per Section 5(d) of the Banking Regulation Act, 1949 , "company" means any company as defined in Section 3 of the Companies Act, 1956 and includes a foreign company within the meaning of Section 591 of that Act.

As per section 51 of the Banking Regulation Act, 1949 , certain provisions of the Banking Regulation Act are also applicable to the State Bank of India , any corresponding new bank, a regional rural bank and any subsidiary bank. "Corresponding new bank" has been defined under clause(ee)of section 2 of the DICGC Act to mean a corresponding new bank constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 or 1980.

Deposit Insurance and Credit Guarantee Corporation Act, 1961[41]

As per Section 2(dd) of the DICGC Act, "cooperative bank" means a State co-operative bank, a Central co-operative bank and a primary co-operative bank.

As per Section 2(q) of the DICGC Act , "Central co-operative bank" and "State co-operative bank" shall have the meanings, respectively, assigned to them in the National bank for Agriculture and Rural Development Bank Act, 1981(NABARD Act).

[40] https://www.rbi.org.in/scripts/OccasionalPublications.aspx?head=Banking%20 Regulation%20Act

[41]` http://www.dicgc.org.in/english/pdf/dicgc_act.pdf

Reserve Bank of India Act, 1934[42]

Section 45-I (c) of the RBI Act, defines financial institution as under:

"Financial Institution" means any non-banking institution which carries on as its business or part of its business any of the following activities, namely:-

(i) the financing, whether by way of making loans or advances or otherwise, of any activity other than its own;

(ii) the acquisition of shares, stock, bonds, debentures or securities issued by a government or local authority or other marketable securities of a like nature;

(iii) letting or delivering of any goods to a hirer under a hire-purchase agreement as defined in clause (c) of section 2 of the Hire-Purchase Act, 1972;

(iv) the carrying on of any class of insurance business;

(v) managing, conducting or supervising, as foreman, agent or in any other capacity, of chits or kuries as defined in any law which is for the time being in force in any State, or any business, which is similar thereto;

(vi) collecting, for any purpose or under any scheme or arrangement by whatever name called, monies in lump sum or otherwise, by way of subscriptions or by sale of units, or other instruments or in any other manner and awarding prizes or gifts, whether in cash or kind, or disbursing monies in any other way, to persons from whom monies are collected or to any other person.

But does not include any institution, which carries on as its principal business,-

(a) agricultural operations; or

(aa) industrial activity; or;

(b) the purchase or sale of any goods (other than securities) or the providing of any services; or

(c) the purchase, construction or sale, of immovable property, so however, that no portion of the income of the institution is derive from the financing of purchases, constructions or sales of immovable property by other persons;

As per Section 45-I(f) of the RBI act, "non-banking financial company" means:-

(i) a financial institution which is a company;

[42] https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/RBIA1934170510.pdf

(ii) a non banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;

(iii) such other non-banking institution or class of such institutions, as the bank may, with the previous approval of the Central Government and by notification in the Official Gazette, specify."

Securities and Exchange Board of India Act, 1992[43]

Provisions relating to registration, under section 12 of the SEBI Act, are reproduced below:

"12. REGISTRATION OF STOCK-BROKERS, SUB-BROKERS, SHARE TRANSFER AGENTS, ETC.

(1) No stock-broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act.

Provided that a person buying or selling securities or otherwise dealing with the securities market as a stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market immediately before the establishment of the Board for which no registration certificate was necessary prior to such establishment, may continue to do so for a period of three months from such establishment or, if he has made an application for such registration within the said period of three months, till the disposal of such application.

Provided further that any certificate of registration, obtained immediately before the commencement of the Securities Laws (Amendment) Act, 1995, shall be deemed to have been obtained from the Board in accordance with the regulations providing for such registration.

(1A) No depository, participant, custodian of securities, foreign institutional investor, credit rating agency, or any other intermediary associated with the securities market as the Board may by notification in this behalf specify, shall buy or sell or deal in securities except under and in

[43]http://www.sebi.gov.in/cms/sebi_data/attachdocs/1379572440984.pdf

accordance with the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act:

Provided that a person buying or selling securities or otherwise dealing with the securities market as a depository, (participant) custodian of securities, foreign institutional investor or credit rating agency immediately before the commencement of the Securities Laws (Amendment) Act, 1995, for which no certificate of registration was required prior to such commencement, may continue to buy or sell securities or otherwise deal with the securities market until such time regulations are made under clause (d) of sub-section (2) of section 30.

(1B) No person shall sponsor or cause to be sponsored or carry on or caused to be carried on any venture capital funds or collective investment scheme including mutual funds, unless he obtains a certificate of registration from the Board in accordance with the regulations:

Provided that any person sponsoring or causing to be sponsored, carrying or causing to be carried on any venture capital funds or collective investment scheme operating in the securities market immediately before the commencement of the Securities Laws (Amendment) Act, 1995, for which no certificate of registration was required prior to such commencement may continue to operate till such time regulations are made under clause (d) of sub-section (2) of section 30."

Explanation - For the removal of doubts, it is hereby declared that, for the purposes of this section, a collective investment scheme or mutual fund shall not include any unit linked insurance policy or scrips or any such instrument or unit, by whatever name called, which provides a component of investment besides the component of insurance issued by an insurer.

2. Every application for registration shall be in such manner and on payment of such fees as may be determined by regulations.
3. The Board may, by order, suspend or cancel a certificate of registration in such manner as may be determined by regulations: provided that no order under this sub-section shall be made unless the person concerned has been given a reasonable opportunity of being heard.

Overview of FIU-IND[44]

Financial Intelligence Unit – India (FIU-IND) was set by the Government of India vide O.M. dated 18th November 2004 as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions.

[44]Overview of FIU-IND, http://fiuindia.gov.in/about-overview.htm

FIU-IND is also responsible for coordinating and strengthening efforts of national and international intelligence, investigation and enforcement agencies in pursuing the global efforts against money laundering and related crimes. FIU-IND is an independent body reporting directly to the Economic Intelligence Council (EIC) headed by the Finance Minister.

The main function of FIU-IND is to receive cash/suspicious transaction reports, analyse them and, as appropriate, disseminate valuable financial information to intelligence/enforcement agencies and regulatory authorities . The functions of FIU-IND are:

Collection of Information: Act as the central reception point for receiving Cash Transaction reports (CTRs), Cross Border Wire Transfer Reports (CBWTRs), Reports on Purchase or Sale of Immovable Property (IPRs) and Suspicious Transaction Reports (STRs) from various reporting entities.

Analysis of Information: Analyze received information in order to uncover patterns of transactions suggesting suspicion of money laundering and related crimes.

Sharing of Information: Share information with national intelligence/ law enforcement agencies, national regulatory authorities and foreign Financial Intelligence Units.

Act as Central Repository: Establish and maintain national data base on cash transactions and suspicious transactions on the basis of reports received from reporting entities.

Coordination: Coordinate and strengthen collection and sharing of financial intelligence through an effective national, regional and global network to combat money laundering and related crimes.

Research and Analysis: Monitor and identify strategic key areas on money laundering trends, typologies and developments.

Annexure: B

Public Grievances Redressal Mechanism[45]

Financial Services

1. All the Public Sector Banks (PSBs), Financial Institutions (FIs) and Public Sector Insurance Companies (PSIC) policies and mechanisms for redressal of public grievances/customer complaints through their Customer Department. For prompt redressal of public grievances, petitioners are advised to first approach the organizations for resolution of their grievances (3-tier complaint resolution system – Branch Manager – Zonal Manager – GM Customer Service).

2. In case the complainants are not fully satisfied with the redressal / disposal of complaints, they may approach concerned Banking Ombudsman and Insurance Ombudsman for settlement of their grievances through med passing of awards in a time frame. The contact and other relevant details / information regarding grievance red available in the website links of PSBs/FIs, PSICs, RBI, IRDA and PFRDA are given below.

3. The grievances received in the Department online or by post / manually in the Department are process forwarded through CPGRAMS (Centralized Public Grievance Redress and Monitoring System) to an organization for resolution/disposal, monitored and periodically reviewed. As per guidelines/instructions of D maximum time limit of resolution of a grievance is 60 days. The portal is accessible at www.pgportal.gov.in.

The contact details and information on grievance redressal of public sector agencies are available in the website links given below:

S.No	Public Sector Banks/ RBI	Link
1	Allahabad bank	https://www.allahabadbank.in/english/Customer_Care.aspx
2	Andhra Bank	http://andhrabank.in/english/sustomerservice.aspx
3	Bank of Baroda	http://www.bankofbaroda.com/redressal_comps.aspx
4	Bank of India	http://www.bankofindia.co.in/english/GrievaneForm_pg.aspx
5	Bank of Maharashtra	http://www.bankofmaharshtra.in/NoidaOfficer.aspx
6	Canara Bank	http://canarabank.com/English/scrpts/FooComplaints.aspx

[45]Public Grievance Redressal Mechanism, http://financialservices.gov.in/grievancespsb.asp

7	Central Bank of India	http://www.centralbankofindia.co.in/site/MainSite.aspx?status=1&menu_id=15
8	Corporation Bank	http://www.corpbank.com/node/59196
9	Dena Bank	http://www.denabank.com/viewsection.jsp?lang=0&id=0,8,34
10	Indian Bank	http://www.indian-bank.com/CustCompMenu.php
11	Indian Overseas Bank	http://www.iob.in/customers_corner.aspx
12	Oriental Bank of Commerce	https://www.obcindia.co.in/obcnew/site/inner.aspx?staus=2&menu_id=
13	Punjab National Bank	https://www.pnbindia.in/En/ui/Cusomer-Care.aspx
14	Punjab & Sind Bank	https://www.psbindia.com/recomp.php
15	Syndicate Bank	http://ww.syndicatebank.in/scrpts/CustomerCare.aspx
16	United Bank of India	http://www.unitedbankofindia.com/uploads/ChiefGrievanceRedressalof
17	Union Bank of India	http://www.unionbankofindia.co.in/Grievances_Redressal.aspx
18	UCO Bank	https://www.ucobank.com/about-us/sustomer-grievance-policies.aspx
19	Vijaya Bank	https://vijayabank.com/Help-Desk/Complaints-and-Grievances
20	State Bank of India	http://www.sbi.co.in/portal/webcustomer-care/customer-care
21	State Bank of Bikaner and Jaipur	https://www.sbbjbank.com/Policies/cgtd_NodalOfficerListAll.pdf
22	State Bank of Hyderabad	http://www.sbhyd.com/tools-resources/customer-rights/customer-grievances/
23	State Bank of Mysore	http://www.statebankofmysore.co.in/complaint-feedback.html
24	State Bank of Patiala	http://www.sbp.co.in/customer_complaints.aspx
25	State Bank of Travancore	http://www.statebankoftravancore.com/portal/public-grievances
26	IDBI Bank	http://www.idbi.com/cusomer-care-centre.aspx
27	Bhartya Mahila Bank	http://www.bmb.co.in/customer-care
28	Reserve Bank of India	http://www.rbi.org.in/commonman/English/Scripts/AganinstBank.aspx
29	RBI (Banking Ombudsman)	http://www.rbi.org.in/commonman/English/scripts/AgainstBank.aspx

S.No.	Financial Institutions	Link
1	Small Industries Development Bank Of India Ltd.(SIDBI)	http://sidbi.in/?q=customer-care
2	National Housing Bank(NHB)	http://www.nhb.org.in/grievance-redressal-system/grievance-redressal-system.php
3	National Bank for Agriculture and Rural Development (NABARD)	https://www.nabard.org/english/fedbackform.aspx
4	Industrial Finance Corporation of India(IFCI)	http://ifciltd.com

S No.	Public Sector Insurance Companies / IRDA / PFRDA	Link
1	Life Insurance Corporation of India	http://www.licindia.in/grievances.html
2	New India Assurance Company	http://www.newindia.co.in/content.aspx?pageid=73
3	National Insurance Company	https://nationalinsuranceindia.nic.com.in/portal/page/portal/corporate/home/grievance
4	The Oriental Insurance Co. Ltd.	http://www;orientalinsurance.org.in/contact-oriental-insurance-company.jsp
5	United India Insurance Company	https://uiic.co.in/customercare/grievance
6	Agriculture Insurance Company	http://www.aicofindia.com/AICEng/pages/grievance_home.aspx
7	IRDA (Insurance Regulatory and Development Authority of India)	http://ww.policyholder.gov.in/inegrated_griveance_managment
8	PFRDA(Pension Fund Regulatory and Development Authority)	http://pfrda.org.in/index1./cshtml?lsid=177

5. The details of Nodal Director of Public Grievances (JS Level) in the Department of Financial Services given as under:

Economic Adviser
Department of Financial Service
3rd Floor, Jeevan Deep Building
Sansad Marg, New Delhi-110001
Tel: 011-23745128

Postal Life Insurance[46]

Directorate of Postal Life Insurance Chanakyapuri P.O. Complex, 1st Floor, New Delhi – 110 021. **Toll Free Number: 18001805232 Email ID :** pli.dte@gmail.com

Circles

Andhra Pradesh	O/o CPMG, A.P. Circle, Dak Sadan, Abids, Hyderabad 500 001.	1800-11-5699, 040-23463606	ddmpliapco[at] gmail[dot]com
APS Directorate	C/o 56 APO	1800-11-5699, 26140257	jdpli[at] armypost[dot] nic[dot]in
Assam	O/o CPMG, Assam Circle, Meghdoot Bhawan, Guwahati 781 001.	1800-34-5305, 0361-2547385	pli_assam[at] yahoo[dot] co[dot]in
Bihar	O/o CPMG, Bihar Circle, GPO Complex, Patna 800 001.	1800-34-56107, 0612-2225020	admplipatna[at] gmail[dot]com
Chhattishgarh	O/o CPMG, Chhattishgarh Circle, Raipur 492 001.	1800-23-31614, 0771-2236388	ddmpli[dot] raipur[at] gmail[dot]com
Delhi	O/o CPMG, Delhi Circle, Meghdoot Bhawan, Link Road, New Delhi-110016	1800-11-5232, 011-23620831	admplidl[at] indiapost[dot] gov[dot]in
Gujarat	O/o CPMG, Gujarat Circle, Khanpur, Ahmedabad 380 001	1800-233-55232, 079-22866806	pligujarat[at] rediffmail[dot] com
Himachal Pradesh	O/o CPMG, H.P. Circle, Kaithu, Shimla 171 009.	1800-180-8047, 0177-2629005	ddmplihp[at] gmail[dot]com
Haryana	O/o CPMG,Haryana Circle, 107, The Mall, Ambala 133 001.	1800-180-1373, 0171-2603537	ddmpli_dop[at] rediffmail[dot] com
J & K	O/o CPMG, J & K Circle, Meghdoot Bhawan, Jewel Chowk, Jammu Tawi 180 001.	1800-180-7046, 0191-2543585	jkddmpli8[at] gmail[dot]com
Jharkhand	O/o CPMG, Jharkhand Circle, Ranchi 834 002	1800-345-6058, 0651-2480112	jhddmpli[at] gmail[dot]com
Karnataka	O/o CPMG, Karnataka Circle, Palace Road, Bengaluru 560001	1800-425-0232, 080-22862223	ddmplibg[at] gmail[dot]com

[46]http://www.postallifeinsurance.gov.in/Static/ContactUs.aspx

Kerala	O/o CPMG, Kerala Circle, Thiruvanathapuram 695 003	1800-233-2074, 0471-2303005	ddmpli.keralapost[at]gmail[dot]com
Madhya Pradesh	O/o CPMG, M.P. Circle Dak Bhawan, Hoshangabad Road Bhopal 462 012	1800-233-2074, 0755-2550603	ddmplicobhopal[at]gmail[dot]com
Maharashtra	O/o CPMG, Maharashtra Circle, GPO Building, Mumbai 400 001	1800-22-5232, 022-22624470/1689	mahapli[at]india post[dot]gov[dot]in
North-East	O/o CPMG, N.E. Circle, Shillong 793 001	1800-345-3656, 0364-2226430	ddmne[at]hotmail[dot]com
Orissa	O/o CPMG, Orissa Circle, Vidhan Sabha Chowk, Bhubaneswar 751 001	1800-345-6550, 0674-2390003	ddmplior[at]gmail[dot]com
Punjab	O/o CPMG, Punjab Circle, GPO Bldg., Chandigarh 160 017	1800-180-2105, 0172-2702231	ddmplichd[at]rediffmail[dot]com
Rajasthan	O/o CPMG, Rajasthan Circle, Sardar Patel Marg, Jaipur 302 007	1800-180-6655, 0141-2379212	pliraj[at]rediffmail[dot]com
Tamil Nadu	O/o CPMG, Tamil Nadu Circle, Anna Road, Chennai 600 002	1800-425-6334, 044-28520308	ddmplitn[at]gmail[dot]com
Uttarakhand	O/o CPMG, Uttarakhand Circle, Dehradun 248 001	1800-180-4196, 0135-2652226	ddmpli.dehradun[at]gmail[dot]com
Uttar Pradesh	O/o CPMG, U.P. Circle, 4, Hazratganj, Lucknow 226 001	1800-180-5456, 0522-2613126	ddmpliup[at]rediffmail[dot]com
West Bengal	O/o CPMG, West Bengal Circle, Yogayog Bhawan, Kolkata 700 012	1800-345-5655, 033-22120710	ddmlikol[at]rediffmail[dot]com

Banking Ombudsman[47]

S.N	Area of operation	Address	Telephone no	Fax no	Email Id
1	**Andaman and Nicobar Islands**	C/o Reserve Bank of India, Fort Glacis, Chennai 600 001	(044) - 2539 9170 / 25395964 /25399158	044-25395488	bochennai@rbi.org.in
2	**Andhra Pradesh**	C/o Reserve Bank of India 6-1-56, Secretariat Road Saifabad, Hyderabad-500 004	(040) - 23210013/ 23243970	040-23210014	bohyderabad@rbi.org.in
3	**Arunachal Pradesh**	C/o Reserve Bank of India Station Road, Pan Bazar Guwahati-781 001	(0361)-2542556/ 2540445	0361-2540445	boguwahati@rbi.org.in
4	**Assam**	C/o Reserve Bank of India Station Road, Pan Bazar Guwahati-781 001	(0361)-2542556/ 2540445	0361-2540445	boguwahati@rbi.org.in
5	**Bihar**	C/o Reserve Bank of India, Patna-800 001	(0612) -2322569/ 2323734	0612-2320407	bopatna@rbi.org.in
6	**Chattisgarh**	C/o Reserve Bank of India Hoshangabad Road, Post Box No.32, Bhopal-462 011	(0755) - 2573772/ 2573776	0755-2573779	bobhopal@rbi.org.in
7	**Daman and Diu**	C/o Reserve Bank of India La Gajjar Chambers, Ashram Road, Ahmedabad-380 009	(079) - 26582357/ 26586718 / 2657 5807	079-26583325	bogujarat@rbi.org.in
8	**Delhi**	C/o Reserve Bank of India, Sansad marg, New Delhi - 110001	(011) - 23730632 / 23730633/ 23766130 / 23766131	011-23725218/ 23725219	bonewdelhi@rbi.org.in
9	**Districts of Ghaziabad and Gautam Budh Nagar of Uttar Pradesh**	C/o Reserve Bank of India, Sansad marg, New Delhi - 110001	(011) - 23730632 / 23730633 / 23766130 / 23766131	011-23725218/ 23725219	bonewdelhi@rbi.org.in

[47]List of Banking Ombudsman,http://www.consumeradvice.in/ServiceProvicer/Banking_Ombudsman.pdf

10	**Gujarat**	C/o Reserve Bank of India La Gajjar Chambers, Ashram Road, Ahmedabad-380 009	(079) - 26582357/ 26586718 / 2657 5807	079-26583325	bogujarat@rbi.org.in
11	**Goa**	C/o Reserve Bank of India Garment House, 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai-00 018	(022)-24924607/ 24960893/ 2493 3358	022-24960912	bomumbai@rbi.org.in
12	**Haryana (except the districts of Ambala , Yamuna Nagar and Panchkula)**	C/o Reserve Bank of India, Sansad marg, New Delhi - 110001	(011) - 23730632 / 23730633 / 23766130 / 23766131	011-23725218/ 23725219	bonewdelhi@rbi.org.in
13	**Himachal Pradesh**	C/o Reserve Bank of India 4th Floor, Sector 17, Central Vista Chandigarh – 160 017	(0172)-272 1109/ 2721011/ 2784261	0172-2721880	bochandigarh@rbi.org.in
14	**Jammu & Kashmir**	C/o Reserve Bank of India, Sansad marg, New Delhi - 110001	(011) - 23730632 / 23730633 / 23766130 / 23766131	011-23725218/ 23725219	bonewdelhi@rbi.org.in
15	**Jharkhand**	C/o Reserve Bank of India, Patna-800 001	(0612) -2322569/ 2323734	0612-2320407	bopatna@rbi.org.in
16	**Karnataka**	C/o Reserve Bank of India 10/3/8, Nrupathunga Road Bangalore-560 001	(080) - 22210771/ 22275629	080-22244047	bobangalore@rbi.org.in
17	**Kerala and Union Territory of Lakshadweep**	C/o Reserve Bank of India Bakery Junction Thiruvananthapuram-695033	(0471)-2326852 / 2332723/ 2323959	0471-2321625	bothiruvananthapuram@rbi.org.in
18	**Madhya Pradesh**	C/o Reserve Bank of India Hoshangabad Road, Post Box No.32, Bhopal-462 011	(0755) - 2573772/ 2573776	0755-2573779	bobhopal@rbi.org.in

19	**Maharashtra**	C/o Reserve Bank of India Garment House, 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai-400 018	(022)-24924607/ 24960893/ 2493 3358	022-24960912	bomumbai@rbi.org.in
20	**Manipur**	C/o Reserve Bank of India Station Road, Pan Bazar Guwahati-781 001	(0361)-2542556/ 2540445	0361-2540445	boguwahati@rbi.org.in
21	**Meghalaya**	C/o Reserve Bank of India Station Road, Pan Bazar Guwahati-781 001	(0361)-2542556/ 2540445	0361-2540445	boguwahati@rbi.org.in
22	**Mizoram**	C/o Reserve Bank of India Station Road, Pan Bazar Guwahati-781 001	(0361)-2542556/ 2540445	0361-2540445	boguwahati@rbi.org.in
23	**Nagaland**	C/o Reserve Bank of India Station Road, Pan Bazar Guwahati-781 001	(0361)-2542556/ 2540445	0361-2540445	boguwahati@rbi.org.in
24	**Odisha**	C/o Reserve Bank of India Pt. Jawaharlal Nehru Marg Bhubaneswar-751 001	(0674) - 2396207/ 2396008	0674-2393906	bobhubane swar@ rbi.org.in
25	**Punjab**	C/o Reserve Bank of India 4th Floor, Sector 17, Central Vista Chandigarh – 160 017	(0172)-272 1109/ 2721011/ 2784261	0172-2721880	bochandigarh @ rbi.org.in
26	**Rajasthan**	C/o Reserve Bank of India, 4th floor Rambagh Circle, Tonk Road Jaipur-302 052	(0141) -5107973/ 5101331	0141-2562220	bojaipur@ rbi.org.in
27	**Sikkim**	C/o Reserve Bank of India 15, Nethaji Subhas Road Kolkata-700 001	(033)2230-4982	033-22305899	bokolkata@ rbi.org.in

28	**Tamil Nadu**	C/o Reserve Bank of India, Fort Glacis, Chennai 600 001	(044) - 2539 9170 / 25395964 /25399158	044-25395488	bochennai@ rbi.org.in
29	**The districts of Ghaziabad and Gautam Budh Nagar of Uttar Pradesh**	C/o Reserve Bank of India, Sansad marg, New Delhi - 110001	(011) - 23730632 / 23730633 / 23766130 / 23766131	011-23725218/ 23725219	bonewdelhi@ rbi.org.in
30	**Tripura**	C/o Reserve Bank of India Station Road, Pan Bazar Guwahati- 781 001	(0361)-2542556/ 2540445	0361-2540445	boguwahati@ rbi.org.in
31	**Union Territories of Dadra Nagar Haveli**	C/o Reserve Bank of India La Gajjar Chambers, Ashram Road, Ahmedabad-380 009	(079) - 26582357/ 26586718 / 2657 5807	079-26583325	bogujarat@ rbi.org.in
32	**Union Territories of Puducherry (except Mahe Region)**	C/o Reserve Bank of India, Fort Glacis, Chennai 600 001	(044) - 2539 9170 / 25395964 /25399158	044-25395488	bochennai@ rbi.org.in
33	**Union Territory of Chandigarh and Panchkula, Yamuna Nagar and Ambala Districts of Haryana.**	C/o Reserve Bank of India 4th Floor, Sector 17, Central Vista Chandigarh – 160 017	(0172)-272109/ 2721011/ 2784261	0172-2721880	bochandigarh@ rbi.org.in
34	**Union Territory of Lakshadweep**	C/o Reserve Bank of India Bakery Junction Thiruvanantha-puram-695033	(0471)-2326852 / 2332723/ 2323959	0471-2321625	bothiruvanantha puram @ rbi.org.in
35	**Union Territory of Puducherry (only Mahe Region).**	C/o Reserve Bank of India Bakery Junction Thiruvanantha-puram-695033	(0471)-2326852 / 2332723/ 2323959	0471-2321625	bothiruvanantha puram@ rbi.org.in
36	**Uttar Pradesh (excluding Districts of Ghaziabad and Gautam Budh Nagar)**	C/o Reserve Bank of India M.G. Road, Post Box No.82 Kanpur-208 001	(0512) - 2306278/ 2306330	0512-2305938	bokanpur@ rbi.org.in

37	**Uttaranchal**	C/o Reserve Bank of India M.G. Road, Post Box No.82 Kanpur-208 001	(0512) - 2306278/ 2306330	0512-2305938	bokanpur@ rbi. org.in
38	**West Bengal**	C/o Reserve Bank of India 15, Nethaji Subhas Road, Kolkata-700 001	(033)2230-4982	033-22305899	bokolkata@ rbi. org.in

Insurance Ombudsman[48]

S. No	Areas of Jurisdiction	Address	Telephone no	Fax no	Email Id
1	**Gujarat**	Insurance Ombudsman, Office of the Insurance Ombudsman, 2nd Floor, Ambica House, Nr. C.U. Shah College, Ashram Road, AHMEDABAD-380 014.	079-27546840	079-27546142	ins.omb@rediffmail.com
2	**UT of Dadra & Nagar Haveli**	Insurance Ombudsman, Office of the Insurance Ombudsman, 2nd Floor, Ambica House, Nr. C.U. Shah College, Ashram Road, AHMEDABAD-380 014.	079-27546840	079-27546142	ins.omb@rediffmail.com
3	**Daman and Diu**	Insurance Ombudsman, Office of the Insurance Ombudsman, 2nd Floor, Ambica House, Nr. C.U. Shah College, Ashram Road, AHMEDABAD-380 014.	079-27546840	079-27546142	ins.omb@rediffmail.com
4	**Madhya Pradesh**	Insurance Ombudsman, Office of the Insurance Ombudsman, Janak Vihar Complex, 2nd Floor, 6, Malviya Nagar, Opp Airtel, Near New Market, BHOPAL (M.P.)-462 023.	0755-2769203	0755-2769203	bimalokpalbhopal@airtelmail.in
5	**Chhattisgarh**	Insurance Ombudsman, Office of the Insurance Ombudsman, Janak Vihar Complex, 2nd Floor, 6, Malviya Nagar, Opp. Airtel, Near New Market, BHOPAL (M.P.)-462 023.	0755-2769203	0755-2769203	bimalokpalbhopal@airtelmail.in
6	**Orissa**	Insurance Ombudsman, Office of the Insurance Ombudsman, 62, Forest Park, BHUBANESHWAR-751 009.	0674-2596455	0674-2596429	ioobbsr@dataone.in

[48]List of Insurance Ombudsman, http://www.consumeradvice.in/ServiceProvicer/Insurance_Ombudsman.pdf

7	**Punjab**	Insurance Ombudsman, Office of the Insurance Ombudsman, S.C.O. No.101-103, 2nd Floor, Batra Building. Sector 17-D, CHANDIGARH-160 017.	0172-2706468	0172-2708274	ombchd@yahoo.co.in
8	**Haryana**	Insurance Ombudsman, Office of the Insurance Ombudsman, S.C.O. No.101-103, 2nd Floor, Batra Building. Sector 17-D, CHANDIGARH-160 017.	0172-2706468	0172-2708274	ombchd@yahoo.co.in
9	**Himachal Pradesh**	Insurance Ombudsman, Office of the Insurance Ombudsman, S.C.O. No.101-103, 2nd Floor, Batra Building. Sector 17-D, CHANDIGARH-160 017.	0172-2706468	0172-2708274	ombchd@yahoo.co.in
10	**Jammu & Kashmir**	Insurance Ombudsman, Office of the Insurance Ombudsman, S.C.O. No.101-103, 2nd Floor, Batra Building. Sector 17-D, CHANDIGARH-160 017.	0172-2706468	0172-2708274	ombchd@yahoo.co.in
11	**UT of Chandigarh**	Insurance Ombudsman, Office of the Insurance Ombudsman, S.C.O. No.101-103, 2nd Floor, Batra Building. Sector 17-D, CHANDIGARH-160 017.	0172-2706468	0172-2708274	ombchd@yahoo.co.in
12	**Tamil Nadu**	Insurance Ombudsman, Office of the Insurance Ombudsman, Fathima Akhtar Court, 4th Floor, 453 (old 312), Anna Salai, Teynampet, CHENNAI-600 018.	044-24333668 /5284	044-24333664	chennaiinsuranceombudsman@gmail.com
13	**UT–Pondicherry Town and Karaikal (which are part of UT of Pondicherry)**	Insurance Ombudsman, Office of the Insurance Ombudsman, Fathima Akhtar Court, 4th Floor, 453 (old 312), Anna Salai, Teynampet, CHENNAI-600 018.	044-24333668 /5284	044-24333664	chennaiinsuranceombudsman@gmail.com
14	**Delhi**	Insurance Ombudsman, Office of the Insurance Ombudsman, 2/2 A, Universal Insurance Bldg., Asaf Ali Road, NEW DELHI-110 002.	011-23239633	011-23230858	iobdelraj@rediffmail.com

15	**Rajasthan**	Insurance Ombudsman, Office of the Insurance Ombudsman, 2/2 A, Universal Insurance Bldg., Asaf Ali Road, NEW DELHI-110 002.	011-23239633	011-23230858	iobdelraj@rediffmail.com
16	**Assam**	Insurance Ombudsman, Office of the Insurance Ombudsman, "Jeevan Nivesh", 5th Floor, Near Panbazar Overbridge, S.S. Road, GUWAHATI-781 001 (ASSAM).	0361-2132204/5	0361-2732937	ombudsmanghy@rediffmail.com
17	**Meghalaya**	Insurance Ombudsman, Office of the Insurance Ombudsman, "Jeevan Nivesh", 5th Floor, Near Panbazar Overbridge, S.S. Road, GUWAHATI-781 001 (ASSAM).	0361-2132204/5	0361-2732937	ombudsmanghy@rediffmail.com
18	**Manipur**	Insurance Ombudsman, Office of the Insurance Ombudsman, "Jeevan Nivesh", 5th Floor, Near Panbazar Overbridge, S.S. Road, GUWAHATI-781 001 (ASSAM).	0361-2132204/5	0361-2732937	ombudsmanghy@rediffmail.com
19	**Arunachal Pradesh**	Insurance Ombudsman, Office of the Insurance Ombudsman, "Jeevan Nivesh", 5th Floor, Near Panbazar Overbridge, S.S. Road, GUWAHATI-781 001 (ASSAM).	0361-2132204/5	0361-2732937	ombudsmanghy@rediffmail.com
20	**Mizoram**	Insurance Ombudsman, Office of the Insurance Ombudsman, "Jeevan Nivesh", 5th Floor, Near Panbazar Overbridge, S.S. Road, GUWAHATI-781 001 (ASSAM).	0361-2132204/5	0361-2732937	ombudsmanghy@rediffmail.com
21	**Tripura**	Insurance Ombudsman, Office of the Insurance Ombudsman, "Jeevan Nivesh", 5th Floor, Near Panbazar Overbridge, S.S. Road, GUWAHATI-781 001 (ASSAM).	0361-2132204/5	0361-2732937	ombudsmanghy@rediffmail.com

22	**Nagaland**	Insurance Ombudsman, Office of the Insurance Ombudsman, "Jeevan Nivesh", 5th Floor, Near Panbazar Overbridge, S.S. Road, GUWAHATI-781 001 (ASSAM).	0361-2132204/5	0361-2732937	ombudsmanghy@rediffmail.com
23	**Andhra Pradesh**	Insurance Ombudsman, Office of the Insurance Ombudsman, 6-2-46,1stFloor,MoinCourt, A.C.Guards,Lakdi-Ka-Pool, HYDERABAD-500 004.	040-65504123	040-23376599	bima lokapal. hyderabad @gbic. co.in
24	**Karnataka**	Insurance Ombudsman, Office of the Insurance Ombudsman, 6-2-46,1stFloor,MoinCourt, A.C.Guards,Lakdi-Ka-Pool, HYDERABAD-500 004.	040-65504123	040-23376599	insombudhyd@gmail.com, bima lokapal.hyderabad @ gbic.co.in
25	**UT of Yanam – a part of the UT of Pondicherry**	Insurance Ombudsman, Office of the Insurance Ombudsman, 6-2-46,1stFloor,MoinCourt, A.C.Guards,Lakdi-Ka-Pool, HYDERABAD-500 004.	040-65504123	040-23376599	insombudhyd@gmail.com, bima lokapal.hyderabad @ gbic.co.in
26	**Uttar Pradesh**	Insurance Ombudsman, Office of the Insurance Ombudsman, Jeevan Bhawan, Phase-2, 6th Floor, Nawal Kishore Road, Hazaratganj, Lucknow - 226 001.	0522 -2231331	0522-2231310	insombudsman@rediffmail.com
27	**Uttaranchal**	Insurance Ombudsman, Office of the Insurance Ombudsman, Jeevan Bhawan, Phase-2, 6th Floor, Nawal Kishore Road, Hazaratganj, Lucknow - 226 001.	0522 -2231331	0522-2231310	insombudsman@rediffmail.com
28	**Maharashtra**	Insurance Ombudsman, Office of the Insurance Ombudsman, S.V. Road, Santacruz(W), MUMBAI-400 054.	022-26106928	022-26106052	ombudsman mumbai@gmail.com
29	**Goa**	Insurance Ombudsman, Office of the Insurance Ombudsman, S.V. Road, Santacruz(W), MUMBAI-400 054.	022-26106928	022-26106052	ombudsman mumbai@gmail.com

30	**Kerala**	Insurance Ombudsman, Office of the Insurance Ombudsman, 2nd Floor, CC 27/2603, ulinat Bldg., Opp. Cochin Shipyard, M.G. Road, ERNAKULAM-682 015.	0484-2358759	0484-2359336	iokochi@asianetindia.com
31	**UT of (a) Lakshadweep**	Insurance Ombudsman, Office of the Insurance Ombudsman, 2nd Floor, CC 27/2603, Pulinat Bldg., Opp. Cochin Shipyard, M.G. Road, ERNAKULAM-682 015.	0484-2358759	0484-2359336	iokochi@asianetindia.com
32	**(b) Mahe – a part of UT of Pondicherry**	Insurance Ombudsman, Office of the Insurance Ombudsman, 2nd Floor, CC 27/2603, Pulinat Bldg., Opp. Cochin Shipyard, M.G. Road, ERNAKULAM-682 015.	0484-2358759	0484-2359336	iokochi@asianetindia.com
33	**West Bengal**	Insurance Ombudsman, Office of the Insurance Ombudsman, 4th Floor, Hindusthan Bldg. Annexe, 4, C.R.Avenue, Kolkatta – 700 072.	033 22124346/ (40)	033 22124341	iombsbpa@bsnl.in
34	**Bihar**	Insurance Ombudsman, Office of the Insurance Ombudsman, 4th Floor, Hindusthan Bldg. Annexe, 4, C.R.Avenue, Kolkatta – 700 072.	033 22124346/ (40)	033 22124341	iombsbpa@bsnl.in
35	**Jharkhand**	Insurance Ombudsman, Office of the Insurance Ombudsman, 4th Floor, Hindusthan Bldg. Annexe, 4, C.R.Avenue, Kolkatta – 700 072.	033 22124346/ (40)	033 22124341	iombsbpa@bsnl.in
36	**UT of Andeman & Nicobar Islands**	Insurance Ombudsman, Office of the Insurance Ombudsman, 4th Floor, Hindusthan Bldg. Annexe, 4, C.R.Avenue, Kolkatta – 700 072.	033 22124346/ (40)	033 22124341	iombsbpa@bsnl.in
37	**Sikkim**	Insurance Ombudsman, Office of the Insurance Ombudsman, 4th Floor, Hindusthan Bldg. Annexe, 4, C.R.Avenue, Kolkatta – 700 072.	033 22124346/ (40)	033 22124341	iombsbpa@bsnl.in

Regulatory Authorities

Sl. No	Name	Office Addres	Address	Tel No.	Fax No	Email
1	Reserve Bank of India	Head Office	Central Office Building, Shahid Bhagat Singh Marg Road, Fort, Mumbai, Maharastra - 400001	022-22621602		
2	Insurance Regulatory and Development Authority	Head Office	Parisrama Bhavan, Basheer Bagh Hyderabad, Telangana - 500004	040-23381100	040-66823334	
3	Insurance Regulatory and Development Authority	Delhi Office	Gate no. 3, Jeevan Tara Building, First Floor Sansad Marg ,New Delhi -110001	011- 2344 4400	011-23747650	
4	Insurance Regulatory and Development Authority	Mumbai Office	Royal Insurance Building 12, J. Tata Road, Ground Floor Mumbai 400 020. Near Churchgate)	022-22898623		
5	Ministry of Finance	Head Office	Ministry of Finance , Department Of Financial Services, 3rd floor Jeevan Deep Building, Sansad Marg, New Delhi - 110001			
6	Pension Fund Regulatory and Development Authority	Head Office	Plot No. 6 , ICDR Building, Vasant Kunj Institutional Area,Phase - II, Vasant Kunj, New Delhi-110070	011-26897948/ 49		

7	SEBI	Head Office	SEBI Bhavan,plot No. C4-A,G-Block, Bandra Kurla Complex Bandra (E), Mumbai - 400051	022-26449000, 40459000	022-26449019-22	sebi@sebi.gov.in
8	Postal Life Insurance	Head Office	Directorate Of Postal Life Insurance , Chanakyapuri P.O. Complex, 1st floor New Delhi - 110021	1800-180-5232		pli.dte@gmail.com
9	Employees Provident Fund Organization	Head Office	Bhavishya Nidhi Bhawan, 14, Bhikaji Cama Place, New Delhi-110 066			
10	Ministry of Labour and Employment		Shram Shakti Bhawan	Rafi Marg, New Delhi-110001	011-23710265	secy-labour@nic.in

INDIAN INSTITUTE OF PUBLIC ADMINISTRATION

The Indian Institute of Public Administration, established as an autonomous body under the Registration of Societies Act, was inaugurated on March 29, 1954 by Shri Jawaharlal Nehru who was also the first President of the Society. The basic purpose of establishing this Institute was to undertake such academic activities as would enhance the leadership qualities and managerial capabilities of the executives in the government and other public service organization. The activities of the Institute are organized in four inter-related areas of Research, Training, Advisory and Consultancy Services and Dissemination of Information.

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The Centre seeks to network with national and international agencies and interface with other stakeholders by serving as a bridging "think tank" with an intensive advocacy role. The Centre provides a forum for creating dialogue among policy-makers, service-providers, representatives of various business establishments and their associations, professional bodies/ associations, civil society organizations, educational/research institutions, economic and social development organizations as well as leading NGOs.

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New Delhi—110002

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Email: ccs.iipa@gmail.com

Website: www.consumereducation.in