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Info Capsule

THE RESERVE BANK INTRODUCES OMBUDSMAN SCHEME FOR NON-BANKING FINANCIAL COMPANIES¹

As announced in the Monetary Policy Statement of February 7, 2018, the Reserve Bank of India (RBI) launched the Ombudsman Scheme for Non-Banking Financial Companies (NBFC) vide Notification dated February 23, 2018 for redressal of complaints against NBFCs registered with RBI under Section 45-IA of the RBI Act, 1934.

The Notification² reads as under:

1. "In exercise of the powers conferred by Section 45L of the Reserve Bank of India Act, 1934, the Reserve Bank of India (RBI) being satisfied that for the purpose of enabling it to promote conducive credit culture among the Non-Banking Financial Companies (NBFCs) and to regulate the credit system of the country to its advantage, it is necessary to provide for a system of Ombudsman for redressal of complaints against deficiency in services concerning deposits, loans and advances and other specified matters, hereby directs that the NBFCs, as defined in Section 45-I(f) of the Reserve Bank of India Act, 1934 and registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934 which (a) are authorized to accept deposits; or (b) have customer interface, with assets size of one billion rupees or above, as on the date of the audited balance sheet of the previous financial year, or of any such asset size as the RBI may prescribe, will come within the ambit, and should comply with the provisions of the Ombudsman Scheme for Non-Banking Financial Companies, 2018.
2. The Non-banking Financial Company - Infrastructure Finance Company (NBFC-IFC), Core Investment Company (CIC), Infrastructure Debt Fund - Non-banking Financial Company (IDF-NBFC) and an NBFC under liquidation, are excluded from the ambit of the Scheme.
3. To begin with, the Scheme will be operationalized for all deposit accepting NBFCs and based on the experience gained, the Scheme would be extended to include the remaining identified categories of NBFCs. It is initially being introduced at the four metro centers viz. Chennai, Kolkata, Mumbai and New Delhi for handling complaints from the respective zones, so as to cover the entire country. The area of jurisdiction of these offices is indicated in Annex 'I' of the Scheme.

¹ Available at: https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=43221

² Available at: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11220&Mode=0>

4. The Scheme shall come into effect and force from February 23, 2018.”

The Scheme will provide a cost-free and expeditious complaint redressal mechanism relating to deficiency in the services by NBFCs covered under the Scheme. The offices of the NBFC Ombudsmen will function at four metro centres viz. Chennai, Kolkata, Mumbai and New Delhi and will handle complaints of customers in the respective zones.

To begin with, the Scheme will cover all deposit-taking NBFCs. Based on the experience gained, the RBI would extend the scheme to cover NBFCs having asset size of Rs. One Billion and above with customer interface.

The Scheme provides for an Appellate mechanism under which the complainant/NBFC has the option to appeal against the decision of the Ombudsman before the Appellate Authority.

The complete Scheme is available on RBI's website at <https://rbidocs.rbi.org.in/rdocs/Content/PDFs/NBFC23022018.pdf>.

INDO-GERMAN MOU ON TECHNICAL COOPERATION UNDER SUSTAINABLE URBAN DEVELOPMENT PROGRAMME & SMART CITIES IN INDIA³

To develop & apply concepts for provision of Urban basic services & housing in Smart Cities

Technical cooperation to support approaches in integrated planning, affordable housing & basic services: Hardeep Puri

An Indo-German MOU has been signed for an “Implementation Agreement in Sustainable Urban Development and Smart Cities in India”. The objective of the programme is to develop and apply concepts for sustainable urban development about the provision of urban basic services and housing in selected cities and Smart Cities in India. The Agreement was signed between Ministry of Housing & Urban Affairs (MoHUA), Government of India and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, India on behalf of the Government of Federal Republic of Germany in the presence of Shri. Hardeep Singh Puri, Minister of State (IC) for Housing and Urban Affairs, Government of India and Dr. Martin Ney, the German Ambassador to India. The agreement was signed by Shri. Rajiv Ranjan Mishra, Additional Secretary, Ministry of Housing and Urban Affairs and Ms. Annette Röckel, Deputy Country Director and Ms. Tanja Feldmann, Cluster Coordinator, Sustainable Urban and Industrial Development, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH India.

Speaking after signing of the MOU, Shri Hardeep Puri said that the technical cooperation measure will support approaches for sustainable urban development in the area of integrated planning, provision of affordable housing and basic services with particular focus on water, waste water and solid waste management and mobility. The ‘Sustainable Urban Development Programme - Smart Cities in India’ project is supported by the German Federal Ministry for Economic Cooperation and Development (BMZ) and jointly implemented by the Ministry of Housing and Urban Affairs, Government of India and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The project support to Government of India will seek to achieve the set target of promoting sustainable urban development under the national urban missions/programmes such as Smart Cities Mission, linking with the Sustainable Development Goal No. 11 ‘Make cities inclusive, safe, resilient and sustainable’. The German contribution to the project is up to 8 million EUR. The project will continue for a duration of three years (starting from 2018 till December 2020).

MoHUA and GIZ will jointly work on implementing Government of India's missions, the optimisation of the national orientation framework and the dissemination of practice-proven approaches on sustainable urban development. Amongst others, focus is given to integrated planning approaches for the three Smart Cities with development of local innovations and pilot approaches pertaining to the provision of affordable housing and basic services within the three cities. Experiences and learnings from previous technical cooperation measures in the area of the provision of housing and sanitation as well as solid waste management will be integrated into the new project.

Team ICSI

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