Investor Protection Education and Awareness

August 2022

The Associated Chambers of Commerce and Industry of India

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The Associated Chambers of Commerce and Industry of India

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Deepak Sood
Secretary General
ASSOCHAM

MESSAGE

Financial markets play an essential role in the economic development of a nation by providing resources required for the sustainable development of the economy. India is one of the fastest-growing wealth management markets in the world. With over US$ 3 trillion in market capitalization of Indian companies, the Indian financial markets have been witnessing increasing growth and are becoming more mature and modernized. At the same time, markets are also getting increasingly complex due to the emergence of new products, technology-enabled processes and increasing global integration.

Investor education is essential to support financial investor protection, enabling investors to identify risk factors and appropriately plan their investments. It is believed that an educated investor with fundamental knowledge has a competitive advantage and is a better player in the market. Therefore, investors need to empower themselves by enhancing their financial literacy and understanding of the financial products, concepts and necessary information.

A rapid increase in access to digital financial services requires a robust customer protection framework. Many issues, particularly of small investors, can be solved by educating the investors. As financial literacy and education are very low in India, government authorities like the Securities and Exchange Board of India (SEBI) and Investor Education and Protection Fund Authority (IEPFA) are taking various initiatives to enhance financial literacy across the nation.

ASSOCHAM has been organizing its annual conference to create awareness about financial markets among various investors. To take our initiatives forward, ASSOCHAM, jointly with Resurgent India, has prepared this report to highlight critical information on different aspects of investors' protection, education and awareness in India. We acknowledge the efforts made by Resurgent India and ASSOCHAM team in bringing out the study.

I hope this paper will be helpful to stakeholders and various kinds of investors who are investing in different financial instruments.

Deepak Sood

Jyoti Prakash Gadia
Managing Director
Resurgent India Limited

MESSAGE

India's financial markets are counted amongst the safest and the largest in the world. The country has surpassed several developed economies such as the UK and Canada to become the fifth most valuable stock market in the world.

There have been very few complaints to Indian stock exchanges in recent years, which could be attributed to a well-regulated market. Furthermore, as can be seen from their yearly reports, the banking ombudsman and IRDAI have resolved more than 90% of the complaints they receive each year. In like manner, SEBI's recently issued guidelines on Collective Investment Schemes will help address several systemic issues that impeded investments in these schemes in the past.

India's rapidly growing investor base, innovative products and digitization will, however, likely birth new, unforeseen challenges for regulators, investors and financial institutions in India. In an increasingly complex world of investments and tech-friendly market platforms, only a financially savvy consumer can make prudent financial decisions. Financial institutions, industry fora, and regulators must pull together to address the disparate needs of the sizeable population of India and speed up the process of financial inclusion and literacy. ASSOCHAM's conclave on Investor Protection, Education & Awareness will surely help stakeholders gain fresh perspectives and pave the way for furthering investor interests in India.

I wish ASSOCHAM the very best for the upcoming conference.

Jyoti Prakash Gadia

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A Brief Overview

India's efforts to promote long-term savings through financial markets are heavily centred on investor protection, particularly for retail investors. A combination of self-regulatory and legislative regulations make up the investor protection system now in place in India. The stock exchanges oversee self-regulated rules, while designated statutory authorities manage the statutory ones.

In several developing countries, basic rules regarding the make-up of the Board (including Independent Directors), ensuring quorum attendance, holding regular shareholder, board, and committee meetings, disclosing financial information on a regular basis, hiring external auditors, etc., are occasionally circumvented through legal loopholes. Reliable apparatuses for protecting investors, therefore, need to be in place to deal with crises, deception by institutions and intermediaries, culpability in cases of fraud, insider trading etc.

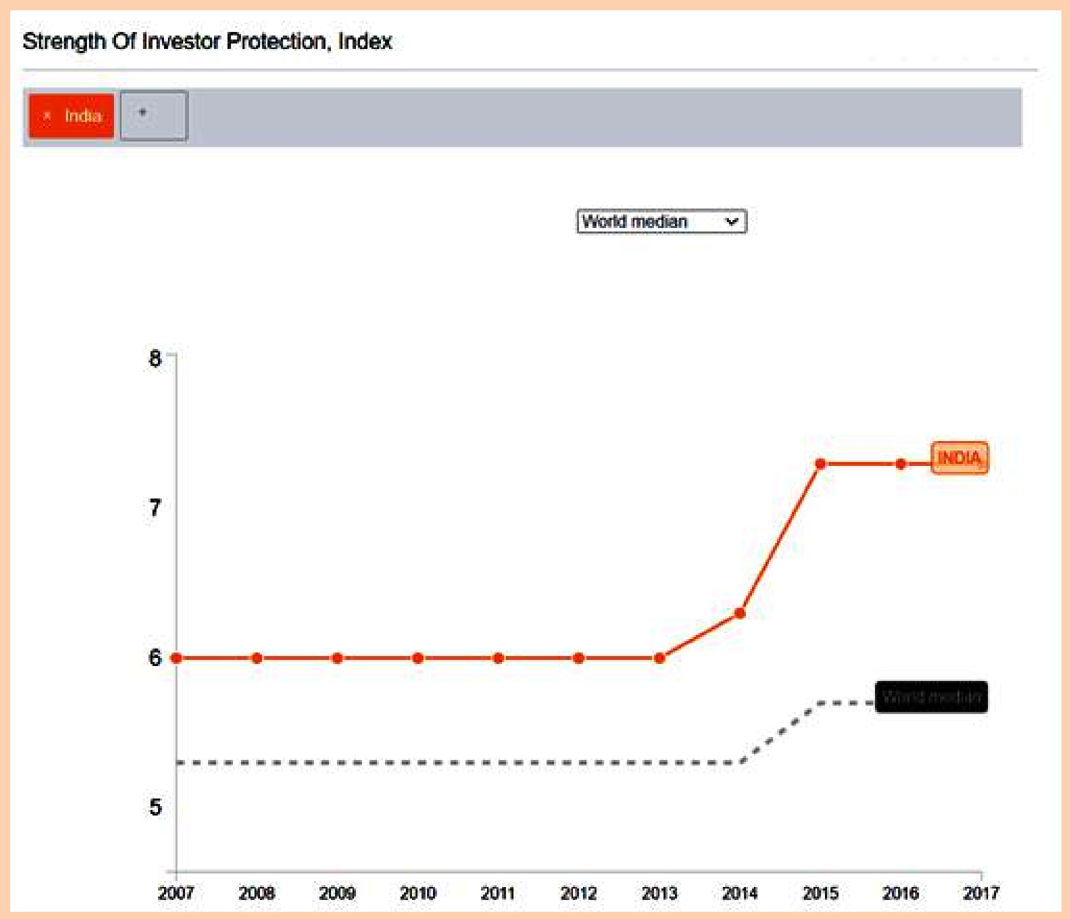
According to a survey, "physical infrastructure" and "currency regulations" are the largest barriers to the Indian market for global funds, while India's "top market attractions" include a developing consumer base, skilled labour, and investor protection. The Ministry of Corporate Affairs, the Reserve Bank of India (RBI), and the Securities and Exchange Board of India (SEBI) have introduced several measures to make investors aware of their rights in India.

Institutions	Funds
National Stock Exchange (NSE) Bombay Stock Exchange (BSE)	Investor Protection Funds
Ministry of Corporate Affairs (MCA)	Investor Education and Protection Fund (IEPF)
Reserve Bank of India (RBI)	Depositor Education and Awareness Fund (DEAF)
Securities and Exchange Board of India (SEBI)	Investor Education and Protection Fund (IEPF)

Mutual fund houses in India are required to earmark 0.02% of their assets for investor education and awareness initiatives.

71 per cent of adults in Norway, Sweden, and Denmark are financially literate, compared to 64 per cent in Australia, 66 per cent in Germany, and 52 per cent in France. In contrast, only 24 per cent of adults in India are financially literate.

Three indices—the extent of disclosure index, the extent of director liability index, and the ease of shareholder suit index—are averaged to create the **Strength of Investor Protection Index** compiled by the World Bank. Higher values on the index, which has a range from 1 to 10, indicate stronger investor protection. India was in the top 10% for "Strength of Investor Protection" in 2017 with an index value of 7.30. Singapore had the greatest indicator value among the chosen nations, at 8.30 Index, while Japan had the lowest indicator value, at 6.00 Index.



Source: World Bank

Investor Profiles

According to a SEBI survey, less than 10% of Indian households choose to invest in mutual funds or equities, while more than 95% prefer to keep their money in bank accounts. Life insurance was ranked as the second most favoured investment instrument in the survey, which was undertaken in both urban and rural sections of the country. Precious metals, post office savings, and real estate rounded out the top five. For urban households, mutual funds ranked sixth (9.7%), followed by equities (8.1%), pension plans, corporate deposits, and debentures.

However, the pandemic and the extraordinary measures it impelled saw an unparalleled increase in the number of investors in financial markets in India. According to SEBI, 1.3 crore investor accounts, or 70.01 per cent of all individual investors, and 28.54 per cent of the mutual fund industry's total assets under management (AUM), belong to people with incomes of up to Rs. 5 lakh. 1.65 crore investor accounts (89.29 per cent) and 47.2% of the industry AUM were held by people making up to Rs 10 lakh.

By contrast, as of October 31, 2021, there were just 1,35,691 investors whose annual income exceeded Rs. 1 crore. However, they owned 30.94% of the AUM of the mutual fund industry in India.

Shifting Trends in Age, Gender & Geographies

According to a survey carried out for the period 2017 to 2020, there has been a steady increase in the number of young investors (18 to 35 years) in mutual funds, from 66 per cent in 2017 to 70 per cent in 2020. Similar trends were observed for female investors, whose count rose from 9 to 19 per cent in the same period. The highest equity allocation among states came from regions like Jammu & Kashmir and Bihar; regular leaders like Gujarat and Maharashtra did not rank at the top. Increasing awareness about equities seems to have led to higher participation in mutual funds from the aforementioned states. On the other hand, moderation in equity allocation in regions like Gujarat and Maharashtra may be symptomatic of a maturing investor class.

The share of "other cities" (those outside the top 110 cities) in the industry's AUM increased from 10.21% in June 2020 to 16.09% in the quarter that ended in September 2021, according to AMFI data. The share of the top 5 cities decreased from 63.88% to 55.97%.

India as an Investment Destination

Although China may currently be the greatest emerging market in the world, its neighbour to the southwest may eventually surpass it. India may overtake China as the greatest economy in the world due to its fast-expanding population; a young, educated, and expanding workforce in the nation should spur and sustain high growth. The workforce in the country is expanding more quickly than any other in the world.

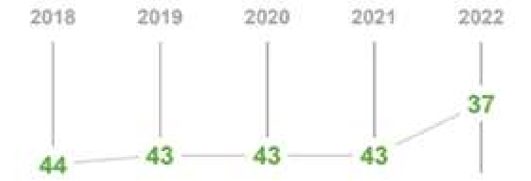
India has developed over time into one of the most rapidly expanding economies in the world and a desirable place for investments thanks to economic reforms and a sizable consumer base. Based on purchasing power parity, the nation is ranked third in the world (PPP).

India experienced the fastest growth among Asian economies, moving up six spots from 43 to 37 on the World Competitiveness Index created by the Institute for Management Development. The labour market, a crucial component of the business efficiency metric, rose from 15th to 6th place. China, on the other hand, dropped one position this year, reversing its strong rising trend of recent years, indicating a weak economic recovery made worse by its zero-COVID strategy.

India

Competitiveness Trends – Overall

OVERALL PERFORMANCE (63 countries)



CHALLENGES IN 2022

- Managing Trade disruptions and Energy security.
- Maintaining high GDP growth post COVID.
- Skill development and employment generation.
- Strategic disinvestment and asset monetization.
- Resource mobilization for infrastructure development.

BASIC FACTS

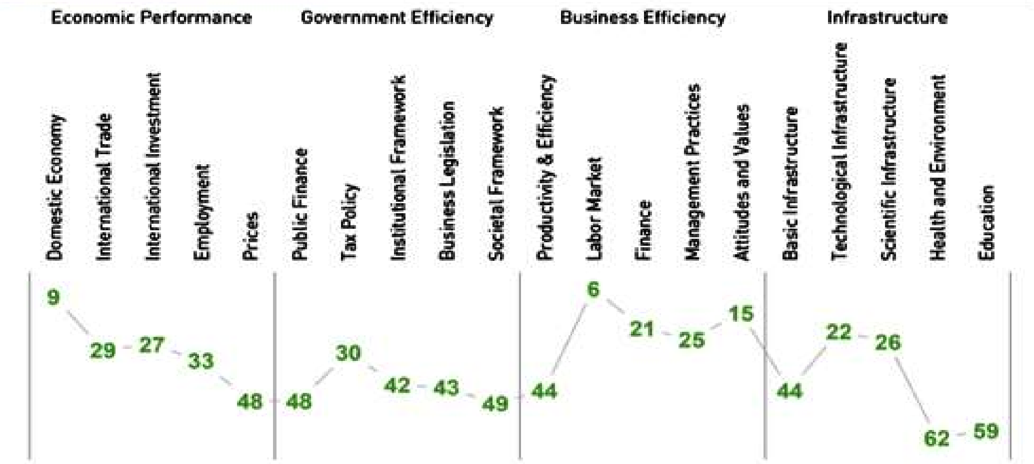
			Rank
Capital	New Delhi		
Land area (square km '000)	3,287	2021	
Exchange Rate (per $)	73.918	2021	
Population - market size (millions)	1,339.74	2021	02
Gross Domestic Product (GDP) (US$ billions)	3,140.6	2021	06
GDP (PPP) per capita (US$)	7,627	2021	62
Real GDP growth (%)	9.2	2021	09
Consumer price inflation (%)	5.52	2021	55
Unemployment rate (%)	8.04	2021	49
Labor force (millions)	605.24	2021	02
Current account balance (% of GDP)	-1.57	2021	42
Direct investment stocks inward ($bn)	480.3	2020	20
Direct investment flows inward (% of GDP)	2.45	2020	24

PROVIDED BY: National Productivity Council, New Delhi

Competitiveness Country

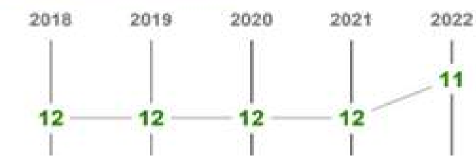
PROVIDED BY: National Productivity Council, New Delhi

COMPETITIVENESS LANDSCAPE

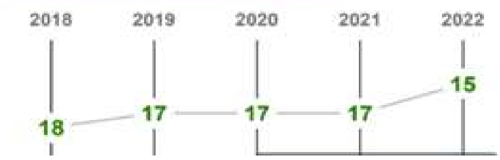


PEER GROUPS RANKINGS

ASIA - PACIFIC (14 countries)



POPULATIONS > 20 MILLION (27 countries)



Source: International Institute for Management Development. imd.org

A tech startup boom is sweeping the nation. The third-largest startup ecosystem in the world is quickly developing and is no longer dominated by imitative e-commerce businesses. Over $20 billion has been invested in tech businesses in the last three years. "India Stack," a collection of APIs providing governments, corporations, startups, and developers with a shared digital foundation on which they can build and provide presence-less, paperless, and cashless services, was created by government agencies and IT volunteers. For instance, banks and telecom firms can now open new accounts in five minutes without using a single paper document. Digital payments made using a free API (Unified Payment Interface) called UPI have now surpassed all credit card transactions.

India overtook Saudi Arabia, Canada, and the UK to become the fifth most valuable stock market. The US currently has the largest market in the world, estimated at $47.32 trillion, followed by China ($11.52 trillion), Japan ($6 trillion), and Hong Kong ($5.55 trillion).

The bond market in India has been plagued by problems such as a small investment base, regulation-driven demand for government securities, insufficient participation from foreign investors, sparse secondary market trading, private placement as the preferred method of issuance, financial firms dominating issuances, and a lack of issuances with ratings lower than AA for decades.

Among the biggest buyers of debt in the markets are pension and insurance firms. However, they need to invest the majority of their money in government securities and are subject to very strict regulations in India. They are required to keep bonds with a rating of AA or above for the remaining funds. Over the past ten years, mutual funds have grown to be a significant investor in the debt markets, but investors' lack of risk appetite limits them to short-term (less than five-year) and high-quality bonds (AA and above).

Taking Stock of the Current Scenario

Recent years have seen a modest number of complaints to Indian stock exchanges, which is ascribed to a well-functioning ecosystem and a highly regulated market.

SEBI has made available material for investor education in 12 languages aimed at providing basic information, in brief, about the securities market. Besides the stock market regulator, several investor awareness programs are run every year by industry forums like AMFI and institutions such as BSE, NSE, NSDL and CDSL.

National Strategy for Financial Inclusion

The Reserve Bank of India (RBI) released the National Strategy for Financial Inclusion 2019-2024 on January 10, 2020. It sets forth the vision and objectives of financial inclusion policies in India. The strategy was prepared by the RBI with inputs from the central government and financial sector regulators (Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India and Pension Fund Regulatory and Development Authority of India).

The strategy aims to provide access to formal financial services in an affordable manner, broadening & deepening financial inclusion and promoting **financial literacy & consumer protection.**

Financial Literacy and Awareness

As it becomes increasingly clear that only informed customers will be able to make sound financial decisions, financial literacy continues to garner attention on a global scale. Financial education empowers a consumer with the aptitude to select the best products and the knowledge of the available mechanisms for grievance redressal. The focus is currently on raising financial literacy among many vulnerable sections of society, such as women, youth, children, the elderly, small business owners, etc., who need support. Concept literacy and process literacy have been combined to create a variety of scientific tools and design methodologies. As more people begin to use digital modes of transactions, the importance of financial literacy in the world of digital financial services has grown.

Consumer Protection

Customer protection and grievance redressal have grown to become fundamental pillars for advancing sustainable financial inclusion as new entrants to the financial system are likely to be more vulnerable. A rapid increase in access to digital financial services calls for a robust customer protection framework. Some of the measures undertaken include increased market monitoring, the creation of strong enforcement machinery to redress customer grievances and improved coordination between the financial sector supervisors, particularly relating to cross-product and cross-market issues.

The National Centre for Financial Education (NCFE) has been set up by the **four financial sector regulators** as a Section 8 (Not for Profit) company to promote Financial Education across India for all sections of the population as per the National Strategy for Financial Education (NSFE). NCFE undertakes financial education campaigns across the country.

Centre for Financial Literacy (CFL) project. The CFL project was conceptualised by the RBI in 2017 as an innovative and participatory approach to financial literacy at the Block level involving select banks and NGOs. Initially set up in 100 blocks on a pilot basis, the project is now being scaled up across the country to every block in a phased manner. Going forward, the project is envisaged to change the paradigm of financial inclusion and education by ensuring greater involvement and receptibility of the community on the demand side.

National Strategy for Financial Education (NSFE 2020–2025) Vision, Strategic Objectives and 5C approach. The NSFE (2020–2025) has set an ambitious vision of creating a financially aware and empowered India. It focuses on various aspects of financial education across banking, insurance, pension and investments, envisaging a greater role for financial (both banks and non-banks) and educational institutions.

Investing in investor education in India

In order to reach out to the various target groups [school children, teachers, young adults, women, new entrants at workplace/ entrepreneurs (MSMEs), senior citizens, Divyang persons, illiterate people, etc.], innovative techniques and digital modes of delivery including targeted modules for specific categories of customers have been envisaged. The responsible use of digital financial services and raising knowledge about complaint redress measures have received due attention. Keeping in view the importance of evidence-based policymaking, evaluation methods to assess progress in financial education have also been identified as one of the strategic objectives. The strategy includes a '5 Cs' approach for dissemination of financial education through emphasis on the development of relevant Content (including Curriculum in schools, colleges and training establishments); Capacity of the intermediaries who provide financial services and education; leveraging the positive effect of Community-led model for financial literacy through appropriate Communication Strategy; and, enhancing Collaboration among various stakeholders.

Securities Market

Securities markets in India are amongst the best from a security standpoint. Though there have been system outages in the past few years they are not uncommon even in countries like the USA. India did not have to contend with scams and major systemic failures in the past several years, and foreign portfolio investors are now among the largest investors in India. SEBI is seen as a proactive and pro-investor market regulator. India outpaced countries like the USA in introducing T+1 rolling settlement for equities, heeding the global craving for shorter settlement cycles and allowing investors quicker access to their funds. The market regulator also recently introduced a 100 per cent upfront margin to restrict overleveraging.

Aside from SEBI, Investor Protection Funds are managed by both the NSE and the BSE. They are funded by member contributions as well as a portion of the listing fees and security deposits that are collected by the exchanges. Businesses need to transfer dividends, matured deposits, and share application money left unclaimed by shareholders for seven years to the Investor Education and Protection Fund, which is managed by the Ministry of Corporate Affairs. In order to raise investor awareness, SEBI also oversees an Investor Protection and Education Fund, which is funded by both its own resources and donations from the centre and the states. Creating investor protection and education funds has the dual goals of raising investor awareness and defending them against fraud. For instance, SEBI may use IPEF to compensate investors for any losses brought on by irregularities in the capital markets.

Gold

The current state of the market for gold in India, which has numerous regulators, representative associations, and markets, limits the growth of its market in the country. Merging powers vested in regulatory and functional authorities may, however, speed up the development and operation of gold markets in the country. A Bullion Exchange for Gold, as suggested by the Niti Aayog, can offer a comprehensive ecosystem for the financial products on gold and the physical deliveries. Though a regulatory framework is necessary for consumer protection it is important to ensure that the framework is an enabling one and that stipulated standards do not restrict the growth of the industry by making it difficult to do business.

Insurance

The number of complaints regarding misselling made to private life insurers has reduced from 47,503 in 2017–18 to 35,178 in 2019–20, according to an Irdai report. In addition, there are now fewer complaints against misselling for every 10,000 insurance plans sold. Private life insurers' complaints about misselling were broken down by channel, and the analysis shows that banks and broker channels received the majority of these complaints. Irdai has taken a number of steps, while insurers have changed the incentives offered to intermediaries for the sale of policies and have developed mechanisms wherein they call their clients to better explain the policy.

The regulator has also established more avenues to receive complaints against insurers in an effort to speed up the complaint redressal system. The Irdai Grievance Call Centre (IGCC) accepts complaints by email and a toll-free number, registers them, and informs complainants of the progress of their cases. In addition, Irdai has implemented the Integrated Grievance Management System (IGMS), an industry-wide grievance repository that allows Irdai to keep track of how insurance companies are handling grievances. The IGMS is an online system for grievance management that serves as both a portal for online grievance registration and tracking complaints online. According to an annual report, life insurance firms settled 98.26% of the complaints in 2019–20.

Insurance is, however, quite often missold according to experts. Most of the time, consumers are unaware that their returns are being overstated. Insurance salespeople promote products that promise high annual returns, although the XIRR (real rate of return) is often very low.

Real Estate and RERA

Even while a fully reformed Indian real estate market may be improbable, the government has implemented several helpful regulations that have undeniably caused the sector to experience noticeable and transformative changes. Most homebuyers are wary of drawn-out litigation, therefore RERA, which offers an efficient redress mechanism, has been well-received as a convenient and affordable forum. It is reassuring to discover that there has been a decrease in some of the frequent complaints, such as delivery delays, deceptive marketing, improper charges for additional areas, etc.

However, there are a number of areas where we could do better. Model sale agreements are often not upheld, put into practice, or adhered to in letter and spirit. Developers still have their own, sometimes biased, versions. Furthermore, a number of project categories are still excluded from the purview of RERA.

Government Initiatives

In 2016, the government of India established the Investor Education and Protection Fund Authority under the provisions of section 125 of the Companies Act, 2013. The Authority is entrusted with the responsibility of administration of the Investor Education Protection Fund (IEPF), making refunds of shares, unclaimed dividends, matured deposits/debentures etc. to investors and promoting awareness among investors

The IEPF is to be utilized for the following purposes.

- The refund in respect of unclaimed dividends, matured deposits, matured debentures, the application money due for refund and interest thereon.
- Promoting investor education, awareness and protection.
- Distribution of any disgorged amount among eligible and identifiable applicants for shares or debentures, shareholders, debenture-holders or depositors who have suffered losses due to erroneous or fraudulent acts by any person, in accordance with the orders made by the Court which had ordered disgorgement.
- Reimbursement of legal expenses incurred in pursuing class action suits under sections 37 and 245 by members, debenture-holders or depositors as may be, sanctioned by the Tribunal.
- Any other purpose incidental thereto, in accordance with such rules as may be prescribed: Provided that the person whose amounts referred to in clauses (a) to (d) of sub-section (2) of section 205C transferred to Investor Education and Protection Fund, after the expiry of the period of seven years as per provisions of the Companies Act, 1956, shall be entitled to get a refund out of the Fund in respect of such claims.

Approach:

IEPF Authority has undertaken a proactive approach to achieve its mandate of promoting investor education, awareness and protection. The Authority has taken a 360-degree approach to sensitize stakeholders including household investors, professionals, etc. across the country through direct investor awareness programmes, media campaigns and engaging with other stakeholders with the common goal.

Awareness Programmes:

In the urban and semi-urban areas, the Authority organizes investor awareness programmes in association with the Institute of charted Accountants of India, Institute of Cost Accountants of India and Institute of Company Secretaries of India, through their chapters or through the resource persons engaged for the purpose.

In the rural areas, the programmes are organised in collaboration with CSC e-governance Services Private Limited through the Common Service Centres (CSCs) located in villages. The CSC e-governance has more than 2,00,000 CSCs registered with them serving the rural areas of the country, which are functioning as delivery points for Government and Public Services. These programmes focus on the basics of investing, capital markets, savings, household budget, etc.

Development of IEC materials:

Multilingual Information, Education and Communication booklets and films have been developed for creating awareness. Fresh IEC materials are being developed through the Indian Institute of Corporate Affairs.

Joint Awareness Campaign:

A Joint Awareness campaign has been launched in association with the Reserve Bank of India, Securities and Exchange Board of India & Department of Consumer Affairs. Efforts are being made to involve Gram Panchayats in investor awareness programmes and to include these programmes as an agenda for State Level Coordination Committees.

The following table provides a snapshot of the performance of IEPF.

S. No.	Particulars	2016-17	2017-18	2018-19
1	Number of Claims disposed	18	623	1,037
2	Amount Refunded to claimants (Rs. in lakh)	47.4	72.9	177.7
3	Number of Shares Refunded to claimants	Nil	Nil	5,00,771
4	Number of Investor Awareness Programmes (IAPs) conducted	2,171	5,876	27,639
Source: Press Information bureau				

Initiatives by SEBI

The Securities and Exchange Board of India (SEBI) was founded with the primary goal of safeguarding the interests of securities investors. Four elements make up SEBI's investor protection approach.

First, build the capacity of investors through education and awareness to enable an investor to take informed investment decisions. SEBI endeavours to ensure that the investor learns to invest, that is, he obtains and uses the information required for investing, evaluates various investment options to suit his specific goals, ascertains his rights and obligations in a particular investment, deals through registered intermediaries, takes necessary precautions, seeks help in case of any grievance, etc. SEBI has been organizing investor education and awareness workshops directly, and through investor associations and market participants, and has been encouraging market participants to organize similar programmes. It maintains an updated, comprehensive website for the education of investors. It publishes various kinds of cautions through media. It responds to the queries of investors through telephone, e-mails, letters, and in person for those who visit the SEBI office.

Second, make available every detail relevant for investment in the public domain. SEBI has adopted a disclosure-based regulatory regime. Under this framework, issuers and intermediaries disclose relevant details about themselves, the products, the market and the regulations so that the investor can take informed investment decisions based on such disclosures. SEBI has prescribed and monitored various initial and continuous disclosures.

Third, ensure that the market has systems and practices which make transactions safe. SEBI has taken various measures such as a screen-based trading system, dematerialization of securities, T+2 rolling settlement, and framed various regulations to regulate intermediaries, issue and trading of securities, corporate restructuring, etc. to protect the interests of investors in securities. It also ensures that only the fit and proper persons are allowed to operate in the market, every participant has an incentive to comply with the prescribed standards, and the miscreant is awarded exemplary punishment.

Fourth, facilitate redressal of investor grievances. SEBI has a comprehensive mechanism to facilitate redressal of investor grievances against intermediaries and listed companies. It follows up with the companies and intermediaries who do not redress investors' grievances, by sending reminders to them and having meetings with them. It takes appropriate enforcement actions as provided under the law (including the launch of adjudication, prosecution proceedings, and directions) where progress in the redressal of investor grievances is not satisfactory. It has set up a comprehensive arbitration mechanism in stock exchanges and depositories for resolving disputes among investors. The stock exchanges have investor protection funds to compensate investors when a broker is declared a defaulter. Depository indemnifies investors for loss due to negligence of depository or depository participant.

Roadmap & Suggestions for Investor Education

Disparate requirements and the enormous size of India's population call for a joint effort on the part of financial institutions, industry fora and regulators to achieve the goals set out by the National Centre for Financial Education (NCFE).

The following additional measures may help raise awareness among investors and speed up the process of financial inclusion.

1) Concentrate on schools and colleges, giving young students basic financial education.
2) Leverage innovative technological tools to make financial education programmes effective and scalable.
3) Form partnerships with a larger group of national and international institutions, regulators and other stakeholders to reach shared goals faster.
4) Prioritize last-mile delivery.

Because the typical rural/semi-urban consumer would not be prepared to sacrifice his or her day's pay to visit a financial service provider or attend an investor awareness program, it is crucial that the distance and time required to get there do not serve as a deterrent.

Investor Protection Laws in India

Investor Protection is a widely used term encompassing various measures intended to protect the interest of investors from malpractices of companies, financial institutions, brokers, builders, etc. Investor interests in India are safeguarded by a variety of laws and regulatory bodies. Regulatory authorities include the Ombudsman for banks, SEBI for security-related issues and RERA for real state among others.

Banks

Criminal charges may be brought against those who commit fraud in banking transactions under the country's criminal law, the Indian Penal Code, 1860.

In 2006, the Government of India decided to establish the Banking Ombudsman, a quasi-judicial organisation, in order to make it easier to settle complaints from bank customers. The Banking Ombudsman Scheme was first implemented in 1995 and updated in 2002. The current programme replaced the 2002 Banking Ombudsman Program and the Banking Ombudsman Scheme 2006 (As revised till July 1, 2017) is now in effect.

A peek into the performance of the Ombudsman reveals that ombudsmen have disposed of over 90% of cases every year.

Complaints Disposal

Year	Handled	Diposed	Carried forward	% of disposal
2009-10	88699	83335	5364	94.0
2010-11	76638	72020	4618	94.0
2011-12	77507	72885	4622	94.0
2012-13	75183	69704	5479	92.7
2013-14	82052	78745	3307	96.0
2014-15	88438	84660	3778	95.7
2015-16	106672	101148	5524	94.8
2016-17	136511	125296	11215	91.8
2017-18	174805	168623	6182	96.5
2018-19	202083	199014	3069	98.5

Source: Researchgate.net

The Deposit Insurance and Credit Guarantee Corporation (DICGC)

All commercial banks including branches of foreign banks functioning in India, local area banks and regional rural banks are insured by the DICGC.

Cooperative Banks: All State, Central and Primary cooperative banks, also called urban cooperative banks, functioning in States / Union Territories which have amended the local Cooperative Societies Act empowering the Reserve Bank of India (RBI) to order the Registrar of Cooperative Societies of the State / Union Territory to wind up a cooperative bank or to supersede its committee of management and requiring the Registrar not to take any action regarding winding up, amalgamation or reconstruction of a co-operative bank without prior sanction in writing from the RBI are covered under the Deposit Insurance Scheme. At present all co-operative banks are covered by the DICGC.

Primary cooperative societies are not insured by the DICGC.

DICGC insures the following:

- The DICGC insures all deposits such as savings, fixed, current, recurring, etc. deposits except the following types of deposits
- Deposits of foreign Governments;
- Deposits of Central/State Governments;
- Inter-bank deposits;
- Deposits of the State Land Development Banks with the State co-operative bank;
- Any amount due on account of any deposit received outside India.
- Any amount, which has been specifically exempted by the corporation with the previous approval of the Reserve Bank of India.

Each depositor in a bank is insured up to a maximum of ₽ 5,00,000 (Rupees Five Lakhs) for both principal and interest amount held by him in the same right and same capacity as on the date of liquidation/cancellation of the bank's licence or the date on which the scheme of amalgamation/merger/reconstruction comes into force.

NBFCs

The Ombudsman Scheme for Non-Banking Financial Companies, 2018

The Reserve Bank of India has introduced an Ombudsman Scheme for customers of Non-Banking Financial Companies (NBFCs). The Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the Scheme), is an expeditious and cost-free apex level mechanism for the resolution of complaints of customers of NBFCs, relating to certain services rendered by NBFCs. The Scheme is being introduced under Section 45 L of the Reserve Bank of India Act, 1934, with effect from February 23, 2018.

The NBFC Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against NBFCs for deficiency in certain services covered under the grounds of complaint specified under Clause 8 of the Scheme.

To date, four NBFC Ombudsman have been appointed with their offices located in Chennai, Kolkata, New Delhi and Mumbai. 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 authorised 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, are covered under the Scheme. The Scheme initially covers NBFCs authorized to accept deposits and would be gradually extended to cover other identified NBFCs."

Securities Market

The term "security" is defined in Section 2(h) of the Security Control Regulation Act, 1956, and covers the following.

- Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
- derivatives;
- units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- units or any other such instrument issued to the investors under any mutual fund scheme;
- Government securities;
- such other instruments as may be declared by the Central Government to be securities;
- and rights or interest in securities.

The Securities and Exchange Board of India (SEBI), which is owned by the Indian government's Ministry of Finance, oversees the country's securities and commodity markets. It was created on 12 April 1988 as an executive body, and on 30 January 1992, the SEBI Act, 1992, granted it statutory authority.

The Securities and Exchange Board of India's Preamble states that its core responsibilities are – to protect the interests of investors in securities and to promote the development of; to regulate the securities market and for matters connected therewith or incidental thereto."

In SEBI, three powers—quasi-legislative, quasi-judicial, and quasi-executive—are consolidated into one body. As a legislative body, it creates regulations; as an executive body, it carries out enforcement actions and investigations; and as a judicial body, it issues judgments and orders.

Some of SEBI's many duties and authority are listed below.

1. SEBI is fully autonomous and has the power to control and develop a stable securities market. To accomplish this, it may make its own rules.
2. It registers and regulates stock brokers, sub-brokers, share transfer agents, bankers to an issue, etc.
3. It prohibits fraudulent and unfair trade practices relating to securities markets.
4. It promotes investor education and training of intermediaries of securities markets.
5. When hearing a case, the SEBI Board has the same authority as a civil court does under the Code of Civil Procedure, 1908 (Act No. 5 of 1908)

SEBI Complaints Redress System (SCORES)

SCORES is an online platform designed to help investors lodge their complaints pertaining to the securities market online with SEBI against listed companies and SEBI registered intermediaries. All complaints received by SEBI against listed companies and SEBI registered intermediaries are dealt with through SCORES.

Complaints that come under the purview of SEBI: Complaints arising out of issues that are covered under SEBI Act, Securities Contract Regulation Act, Depositories Act and rules and regulations made there under and relevant provisions of Companies Act, 2013.

Real Estate

The Real Estate (Regulation and Development) Act, a law enacted by the Indian Parliament in 2016, intends to safeguard homeowners and encourage more investment in the real estate industry.

In order to regulate the real estate industry, the Act establishes a Real Estate Regulatory Authority (RERA) in each state. RERA also serves as an adjudicating body for quick resolution of disputes.

According to the Real Estate (Regulation and Development) Act, every builder is required to register their project with RERA, which oversees the construction process and has the authority to penalise erring builders. Every investor has the right to file a complaint with RERA for redressal of his grievances.

Insurance

The laws that govern the insurance industry are as follows.

1) The Insurance Act, 1938 2) The Life Insurance Corporation Act, 1956 3) Marine Insurance Act, 1963 4) General Insurance Business (Nationalization) Act, 1972 5) Insurance Regulatory and Development Authority (IRDA) Act, 1999. The majority of the terms of the insurance contract are governed by the Indian Contract Act of 1872.

Insurance Ombudsman

A Government of India Notification of November 11, 1998 established the institution of Insurance Ombudsman with the aim of expediting the resolution of insured customers' grievances and easing their difficulties in doing so. The protection of policyholders' interests and the development of their trust in the system depend greatly on this institution.

Currently, there are 17 Ombudsman centres located in Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kochi, Kolkata, Lucknow, Mumbai, Noida, Pune, and Patna

Collective Investment Schemes

A collective investment scheme (CIS) pools individual investors' funds to invest in a certain asset type. Investors do not have day-to-day control over the management and operation of such scheme or arrangement. Over the decades, fly-by-night operators and Ponzi schemes have marred Collective Investment Scheme (CIS) in India. To address the systemic issues, SEBI has recently announced a new set of guidelines for collective investment schemes.

The net worth requirements and track record specifications for entities managing such plans have been enhanced by the regulator. Each Collective Investment Scheme must have at least 20 investors and a minimum subscription of Rs. 20 crore.

According to SEBI, CIS won't be available for subscription for longer than 15 days. However, if the CIMC issues a public notice before 15 days have passed, the scheme may remain open for subscription for a maximum of an additional 15 days. The maximum period currently is 90 days.

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About ASSOCHAM

The Knowledge Architect of Corporate India

The Associated Chambers of Commerce & Industry of India (ASSOCHAM) is the country's oldest apex chamber. It brings in actionable insights to strengthen the Indian ecosystem, leveraging its network of more than 4,50,000 members, of which MSMEs represent a large segment. With a strong presence in states, and key cities globally, ASSOCHAM also has more than 400 associations, federations, and regional chambers in its fold.

Aligned with the vision of creating a New India, ASSOCHAM works as a conduit between the industry and the Government. The Chamber is an agile and forward-looking institution, leading various initiatives to enhance the global competitiveness of the Indian industry, while strengthening the domestic ecosystem.

With more than 100 national and regional sector councils, ASSOCHAM is an impactful representative of the Indian industry. These Councils are led by well-known industry leaders, academicians, economists and independent professionals. The Chamber focuses on aligning critical needs and interests of the industry with the growth aspirations of the nation.

ASSOCHAM is driving four strategic priorities – Sustainability, Empowerment, Entrepreneurship and Digitisation. The Chamber believes that affirmative action in these areas would help drive an inclusive and sustainable socio-economic growth for the country.

ASSOCHAM is working hand in hand with the government, regulators, and national and international think tanks to contribute to the policy making process and share vital feedback on implementation of decisions of far-reaching consequences. In line with its focus on being future-ready, the Chamber is building a strong network of knowledge architects. Thus, ASSOCHAM is all set to redefine the dynamics of growth and development in the technology-driven 'Knowledge-Based Economy. The Chamber aims to empower stakeholders in the Indian economy by inculcating knowledge that will be the catalyst of growth in the dynamic global environment.

The Chamber also supports civil society through citizenship programmes, to drive inclusive development. ASSOCHAM's member network leads initiatives in various segments such as empowerment, healthcare, education and skilling, hygiene, affirmative action, road safety, livelihood, life skills, sustainability, to name a few.

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