

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4591
ANSWERED ON:23.04.2010
SUBJECT: SIMPLIFICATION OF LOANS PROCEDURE
Chowdhury Shri Adhir Ranjan;Sugavanam Shri E.G.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to simplify the procedures for raising loans including home loans;
- (b) if so, the details thereof and if not, the reasons therefor; and
- (c) the time by which the same likely to be implemented?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a)to(c): Indian Banks` Association (IBA) had circulated a standardized loan application form to all Member Banks for use by all borrowers in the MSE sector irrespective of the loan amount. However, for loans beyond Rs.25 lakh it was suggested that banks might obtain additional information from the borrower, as deemed necessary.

Reserve Bank of India (RBI) has informed that the instructions issued by them inter alia, provide that Banks and financial institutions should devise a system of giving acknowledgement for receipt of all loan applications. Time frame within which loan application up to Rs.2 lakhs will be disposed of should also be indicated in acknowledgement of such applications. Further Banks/ financial institutions should verify the loan applications within a reasonable period of time. If additional details/ documents are required, they should intimate the borrowers immediately.