

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3400  
ANSWERED ON:13.08.2010  
RECOVERY OF LOANS QUESTION  
Jagannath Dr. M.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has warned multinational banks against resorting to a 'Witch Hunt' against their clients for the payment recovery;
- (b) if so, the details thereof;
- (c) whether any punitive action has been taken against the errant Banks;
- (d) if so, the details thereof, Bank-wise; and
- (e) the measures taken / being taken to ensure strict implementation of the Government's guidelines in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (S.S.PALANIMANICKAM)

(a) to (e): To regulate the conduct of recovery agents engaged by banks and to protect the rights of the banks' customers, the Reserve Bank of India (RBI), on 24 April, 2008, issued guidelines on 'recovery agents engaged by banks'. These guidelines cover various operational issues concerning engagement of recovery agents by the banks, including the methods to be followed by them for recovery of dues, training for the recovery agents, procedure for taking possession of property mortgaged / hypothecated to the banks, etc. The banks have also been advised to strictly abide by the codes pertaining to collection of dues.

The bank customers aggrieved by the conduct of recovery agents can seek redressal of their grievances under the Banking Ombudsman Scheme, 2006. The Banking Ombudsman is empowered to pass an 'award' compensating the customer upto Rs. 1 lakh in the case of credit card related complaints and upto Rs. 10 lakh in the other cases on account of actual loss suffered by the complainant. RBI has reported that its 15 Banking Ombudsman Offices settled 29 complaints during the period July 01,2008 ` to June 30,2009 and 314 complaints during the period July 01,2009 to June 30,2010 regarding non-observance of RBI guidelines on engagement of recovery agents by banks.

Banks have been advised to ensure that the recovery agents are properly trained to handle with care and sensitivity, their responsibilities, in particular aspects like hours of calling, privacy of customer information, etc.