

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5156  
ANSWERED ON:10.12.2010  
HARASSMENT BY BANKS IN RECOVERY OF LOANS  
Verma Shri Sajjan Singh

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

- (a) whether the Government has received complaints of some public and private sector banks and other private institutions for harassing their customers in recovery of loans during the last three years and the current financial year;
- (b) if so, the details thereof, State-wise and bank-wise; and
- (c) the remedial measures taken/being taken by the Government in this regard?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) and (b) : Reserve Bank of India (RBI) has reported that `Non observation of Reserve Bank guidelines on engagement of recovery agents by banks` has been incorporated in the Banking Ombudsman Scheme 2006 as other grounds of complaints with effect from February 03, 2009.

The details of the complaints received under the head `Direct Selling Agents & Recovery Agents` by the 15 Offices of Banking Ombudsman across the country are as follows ;

Year	No. of Complaints
2007-08	3128
2008-09	3018
2009-10	1609

During the current year 955 complaints have been received upto 31.10.2010. RBI has also reported that 120 complaints had been received by 15 Banking Ombudsman Offices in the year 2009-10 regarding non-observance of RBI guidelines on the engagement of recovery agents by private sector banks. However, the data-base of RBI does not generate state-wise and bank-wise details of harassment of customers in recovery of loans,

(c) : RBI has issued instructions to all the banks vide circular dated April 24, 2008, advising banks to follow the guidelines issued for engagement of recovery agents, methods to be followed by recovery agents, training to recovery agents, taking possession of property mortgaged/ hypothecated to banks. Banks were also advised that they, as principals, are responsible for the actions of their agents and they should ensure that agents engaged for recovery of their dues should strictly adhere to the guidelines and instructions, including the BCSBI Code, while engaged in the process of recovery of dues. Complaints received in the matter are dealt with by Banking Ombudsman as per extant instructions and as per provisions of the Banking Ombudsman Scheme and corrective action taken in all cases.