

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1475
ANSWERED ON:04.03.2011
RECOVERY OF LOANS QUESTION
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Will the Minister of FINANCE be pleased to state:

- (a) whether the private banks are not following the directions issued by the Reserve Bank of India (RBI) with regard to the recovery of loans as a result of which the people are suffering;
- (b) if so, the details thereof for the last three years;
- (c) the reasons for the banks not following the directions;
- (d) whether the Government do not take strict action against the banks according to the rules, as a result of which the private banks harass the people during recovery of loans; and
- (e) if so, the remedial steps taken by the Government in this regard?

Answer

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

(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 24th April, 2008, issued guidelines on 'recovery agents engaged by banks'. 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 others cases on account of actual loss suffered by the complainant. 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.

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.