

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:301  
ANSWERED ON:14.12.2012  
RECOVERY OF BANK LOANS  
Mahtab Shri Bhartruhari

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

- (a) the details of the complaints received by the Government against the scheduled commercial banks and other financial institutions for harassing their customers in regard to the recovery of loans during each of the last three years and the current year, bank/institution-wise;
- (b) whether any guidelines/instructions have been issued by the Reserve Bank of India (RBI) on recovery of loans including engagement of recovery agents by the banks;
- (c) if so, the details thereof;
- (d) whether the RBI and the Supreme Court have taken a serious note of the harassment of the customers by the recovery agents engaged by the banks, if so, the details thereof; and
- (e) the other corrective steps taken/being taken by the Government/RBI to address the issue?

**Answer**

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT AS REFERRED TO IN REPLY TO PARAS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 301 FOR 14th DECEMBER, 2012/ AGRAHAYANA 23, 1934 (SAKA) REGARDING RECOVERY OF BANK LOANS

(a): The details of number of complaints regarding Direct Selling Agents/Recovery Agents received against the Scheduled Commercial Banks (SCBs) by the Offices of the Banking Ombudsman and disposed off during the last three years are as under:

Bank Group      Received during the years

	2009-10	2010-11	2011-12	2012-13
		(July 2012-		
		Nov.2012)		

SBI & Associates	306	52	87	27
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Nationalised banks	351	58	54	21
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Private Sector Banks	669	928	223	72
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Foreign Banks	228	658	83	29
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Total	1554	1696	447	149
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Disposed	1429	1659	416	116
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The year represents the period from 01st July to 30th June.

(b) & (c): The Reserve Bank of India (RBI) has issued instructions, vide its Master Circular dated July 01, 2011, on recovery of loans including vehicle loans and engagement and training of recovery agents, methods to be followed by them, as well as for avoiding adoption of uncivilized, unlawful and questionable behaviour of recovery agents during the process of recovery, as banks are responsible for the acts of their agents. These are applicable to all Scheduled Commercial Banks, Regional Rural Banks and even Primary Cooperative Banks. Such complaints are reviewed by RBI on a case to case basis. In order to mitigate the problems faced by the customers, banks and their agents are also required to follow the 'Code of Bank's Commitment to Customers' issued by the Banking Codes and Standards Board of India (BCSBI) and Fair Practice Code for the Lenders.

(d) & (e): In two different cases in the years 2007 and 2008, the Hon'ble Supreme Court had observed that the country is governed by the rule of law and the recovery of loans or seizure of vehicles could be done only through legal means and banks have vicarious liability for the actions on behalf of their agents. Banks are, therefore, required to rely on legal remedies available under the relevant statutes while enforcing security interests without intervention of the Courts of law.

Pursuant to the observation of the Hon'ble Supreme Court, non-observance of RBI guidelines on engagement of recovery agents by banks has been incorporated in the Banking Ombudsman Scheme as a ground of complaint with effect from February 03,2009.