

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:66

ANSWERED ON:22.02.2013

LOAN RECOVERY AGENTS

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government/Reserve Bank of India (RBI) has taken note of some public/private sector banks and other financial institutions harassing their customers in regard to the recovery of loans;
- (b) if so, the details thereof during each of the last three years and the current year, institution/bank-wise;
- (c) whether the Government/RBI has issued any guidelines in this regard;
- (d) if so, the details thereof; and
- (e) the other corrective steps taken/being taken by the Government/RBI to protect the interests of the customers and for effective compliance of these guidelines?

Answer

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

(a) & (b): The details 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 2009-10 2010-11 2011-12 2012-13 (July -Jan)

SBI & Associates 306 62 87 44

Nationalised banks 351 58 58 29

Private Sector Banks 669 928 223 111

Foreign Banks 228 658 83 38

Total 1554 1706 451 222

Disposed 1461 1604 428 182

Source : RBI

The year represents the period from 01st July to 30th June.

(c to e) 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. Further, 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.