

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:869

ANSWERED ON:27.02.2015

LOAN RECOVERY AGENTS

Sawant Shri Arvind Ganpat;Tumane Shri Krupal Balaji

Will the Minister of FINANCE be pleased to state:

- (a) whether instances of harassment of customers by the agents engaged by the public/private sector banks and other financial institutions for recovery of loans have come to the notice of the Government;
- (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 JAYANT SINHA)

(a): Yes, Sir.

(b): The details of complaints pertaining to Recovery Agents, institution/ bank-wise, handled by the Offices of the Banking Ombudsmen and disposed off during the last three years and current year are as per Annex.

(c) to (e): The Reserve Bank of India (RBI) has issued instructions, vide its Master Circular on Loans and Advances – Statutory and other restriction (updated on July 01, 2014) regarding 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.

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 guidelines on 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.

RBI has also issued guidelines to banks on Fair Practices Code for Lenders. In terms of these guidelines the banks were advised to frame the Fair Practices Code duly approved by their Board of Directors. The Code inter alia requires that in the matter of recovery of loans, the lenders should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.