

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2488

ANSWERED ON:25.07.2014

LOAN RECOVERY AGENTS

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Will the Minister of FINANCE be pleased to state:

- (a) whether loan recovery agents of the Public and private sector banks and other financial institutions have been harassing their customers with regard to recovery of loans over a period of time despite Reserve Bank of India (RBI)/ Supreme Court guidelines;
- (b) if so, the details thereof during the last three years and the current year, bank-wise along with the action taken by the Government in this regard;
- (c) whether the Government/RBI has issued any guidelines for appointment of recovery agents;
- (d) if so, the details thereof along with the mechanism to enforce these guidelines; and
- (e) the corrective steps taken/being taken by the Government/RBI to protect the interest of the customers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) & (b): Banks, as principals, are responsible for the actions of their agents. Hence, banks have been advised to ensure that their agents engaged for recovery of their dues should strictly adhere to the guidelines and instructions issued by RBI, including the BCSBI Code, while engaged in the process of recovery of dues.

The details of complaints regarding loan recovery agents received against the Scheduled Commercial Banks (SCBs) by the Offices of the Banking Ombudsman during the last three years and the current year are as under:

Bank Group	2010-11	2011-12	2012-13	2013-14
Nationalised banks	58	58	41	28
SBI Group	62	87	56	40
Public Sector Banks	120	145	97	68
Private Sector Banks	916	215	188	164
Foreign Banks	658	83	45	38
Other Banks (RRBs, LABs)	12	8	21	25
Total	1706	451	351	295

Source: RBI - The year represents the period from 1st July to 30th June.

Bank wise details 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. 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.