

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2507

ANSWERED ON:25.07.2014

LEGISLATION ON FUNCTIONING OF MONEY LENDERS

Lokhande Shri Sadashiv Kisan; Ram Mohan Naidu Shri Kinjarapu

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any survey/study to percentage of loans taken by the farmers from the private money lenders;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government/Reserve Bank of India (RBI) had recommended any legislation to regulate the functioning of the private money lenders in the country and aimed at bailing out the debt ridden farmers and saving them from clutches of the private money lenders;
- (d) if so, the details thereof along with the salient features of the said legislation; and
- (e) the action taken/being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance (Smt. Nirmala Sitharaman)

(a) & (b) : The National Sample Survey Organisation (NSSO) decennially conducts the All India Debt and Investment Surveys(AIDIS) wherein the information pertaining to the share of loans taken from moneylenders is collected. The current AIDIS is going on and the results/findings thereof are yet to be published. According to the last AIDIS, whose results are published is for the year 2002, the share of money-lenders, which stood at 69.7% in 1951, has decreased to 26.8% in 2002.

(c) to (e) : Reserve Bank of India (RBI) has informed that it had constituted a Technical Group in May 2006 under the Chairmanship of Shri S. C. Gupta, the then Legal Adviser- in-Charge, to review the efficacy of the existing legislative framework that governs money lending as also the enforcement machinery in different States and to propose model legislation for adoption by the States. The Technical Group constituted to review Legislation on Money Lending submitted its report in June 2007, which contained model legislation for consideration by States. The report was placed on RBI website for comments and later copies of the report were forwarded to the Central Government, all State Governments and administration of Union Territories(UTs) for adoption of Model Legislation recommended by the Technical Group and to Review Legislations on Money Lending by the State Governments/UTs. The Technical Group had, inter alia, recommended a model legislation, alongwith some modifications in the existing legislation such as simple and hassle free procedure for registration of money lenders, providing flexibility of adjusting the rates of interest in accordance with market realities, requirement of maintaining proper accounts, empowering regulatory authorities to inspect books of accounts etc.