

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UNSTARRED QUESTION NO-530
ANSWERED ON- 07/02/2023

DIGITAL LENDING GUIDELINES

530. SHRI NARAYANA KORAGAPPA

Will the Minister of FINANCE be pleased to state:-

- (a) the details of guidelines that RBI issues for digital lending; and
- (b) the manner in which the above guidelines help, to prevent payments through pass-through or pool account, which are the primary reason behind illegal loan apps?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) Reserve Bank of India (RBI) had constituted a working Group on digital lending including lending through online platforms and mobile apps to study all aspects of digital lending activities in the regulated financial sector as well as by unregulated players. Subsequently, RBI has issued regulatory guideline on digital lending *vide* circular dated 2.9.2022 aimed at firming up the regulatory framework for digital lending while enhancing customer protection and making the digital lending ecosystem safe and sound. RBI's regulatory framework is based on the principle that lending business can be carried out only by entities that are either regulated by it or entities permitted to do so under any other law. The guideline has been framed under various sub heads which covers, *inter alia*, loan disbursal, servicing and repayment, collection of fees, charges, etc, disclosures to borrowers, grievance redressal, assessing the borrower's creditworthiness, due diligence and other requirements with respect to loan service providers, collection, usage and sharing of data with third parties, storage of data, comprehensive privacy policy, technology standards, reporting to credit information companies, etc.

(b) As per RBI, the digital lending guideline mandate that RBI's Regulated Entities (RE) have to ensure that all loan disbursal, servicing and repayment shall be executed by the borrower directly in the RE's bank account without any pass-through account/ pool account of any third party. Further, the disbursements shall always be made into the bank account of the borrower except for disbursals covered exclusively under statutory or regulatory mandate (of RBI or of any other regulator), flow of money between REs for co-lending transactions and disbursals for specific end use, provided the loan is disbursed directly into the bank account of the end-beneficiary.
