

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UNSTARRED QUESTION NO-549
ANSWERED ON- 07/02/2023

ILLEGAL LOAN APPS

549. SHRI SYED NASIR HUSSAIN
DR. AMEE YAJNIK

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Ministry has already approved the whitelists of Loan Apps;
- (b) if so, the total number of such applications accepted and rejected;
- (c) the remedies for rejected Apps in such circumstances; and
- (d) the manner in which Government is addressing the issues of money laundering through illegal Loan Apps?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (d): Reserve Bank of India (RBI) has furnished the list of Digital Lending Apps (DLAs) being used by Regulated Entities (REs) of RBI to the Ministry of Electronics & Information Technology (MeitY), which in turn, has shared the list with respective intermediary (App Stores) and requested them to ensure that only the apps figuring in the list are hosted on their app stores.

RBI has issued master circular on Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards/Combating Financing of Terrorism (CFT)/Obligation of banks and financial institutions under Prevention of Money Laundering Act (PMLA), 2002. Under this circular, banks and financial institutions have been advised to follow certain customer identification procedure for opening of accounts and monitoring of transactions of suspicious nature to avoid its misuse for money laundering and reporting the same to appropriate authority. Further, RBI has issued digital lending guidelines dated 2.9.2022 which advises measures including, *inter alia*, due diligence of Loan Service Providers (LSPs), direct disbursement of loan from bank account of lender to bank account of the borrower without any pass-through/pool or third-party account to avoid layering, publishing of the list of DLAs, LSPs engaged by REs and details of activities to avoid anonymity.

The Directorate of Enforcement (ED) has been entrusted to curb money laundering under the provisions of PML Act, 2002. ED has initiated investigation under PMLA in several cases where the proceeds of crime has been generated and acquired by accused persons/entities through illegal loan apps. In these cases, as on date, proceeds of crime of Rs. 2116 crore (approx) has been identified, out of which proceeds of crime amounting to Rs. 859.15 crore have been attached / seized / freezed under the provisions of PMLA. Further, assets amounting to Rs. 289.28 crores have been seized under section 37A of Foreign Exchange Management Act, 1999.
