

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO-1341
ANSWERED ON 1st AUGUST, 2023 / SRAVANA 10, 1945 (SAKA)

REGULATION OF PREDATORY LENDING APPLICATIONS

1341# SMT. PHULO DEVI NETAM

Will the Minister of FINANCE be pleased to state:-

- (a) the steps Government has taken to check the proliferation of predatory loan applications in the country;
- (b) whether Government has made efforts to collate a list of predatory lending apps, State-wise;
- (c) whether Government has received any comments or suggestions from the stakeholders, any States or Governmental departments and Ministries on the regulation of predatory lending apps; and
- (d) the steps Government has taken to identify and provide relief to the victims of such predatory loan apps?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (d): In order to check the spread of unauthorised loan apps and to ensure orderly growth of digital lending ecosystem, various steps have been taken which include, *inter alia*, the following:

(i) Government has issued the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 under Information Technology (IT) Act, 2000. The said Rules provides for removal of such apps, which are considered unlawful under the extant law, through play store/App store (intermediaries) as and when requested by an appropriate government or its authorized agency.

(ii) Ministry of Electronics & Information Technology (MeitY) has asked respective intermediary (App Stores) to host only the loan apps figuring in the RBI-furnished list and on their app stores.

(iii) Reserve Bank of India (RBI), *vide* press release dated 23.12.2020, had cautioned the general public not to fall prey to growing number of unauthorised digital lending platforms/Mobile Apps on promises of getting loans in quick and hassle-free manner and also to verify the antecedents of the company/ firm offering loans online or through mobile apps.

(iv) RBI has launched various public awareness programme against cyber-crimes, including through unauthorised loan apps, like electronic-banking awareness and training (e-

BAAT), Consumer Education and Protection Department (CEPD), Nation-wide Intensive Awareness Programme (NIAP). RBI has also been conducting Financial Literacy Week (FLW) and Banks has been advised to conduct special camps through Financial Literacy Centres (FLCs) and rural branches.

A Working Group (WG) on digital lending including lending through online platforms and mobile apps was constituted on 13.1.2021 by the RBI to study all aspects of digital lending activities in the regulated financial sector as well as by unregulated players. Taking into account the inputs received on the recommendations of WG from diverse set of stakeholders including banks, NBFCs, industry associations, law firms, government agencies, individuals etc., RBI has issued regulatory guideline on digital lending *vide* its circular dated 2.9.2022 to support orderly growth of credit delivery through digital lending methods while mitigating the regulatory concerns.

Further, to provide relief to the victims, various redressal mechanisms have been made available which include, *inter alia*, the following:

- (i) *Vide* RBI guidelines on digital lending, Regulated Entities (REs) have been mandated to disclose upfront all-inclusive cost of digital loans, penal interest/charges levied, if any, on an annualized basis to the borrower in the Key Fact Statement (KFS). Also, REs have been mandated to ensure that any fees, charges, etc., payable to Lending Service Providers (LSPs) are paid directly by them and to ensure that they and the LSPs engaged by them have a suitable grievance redressal mechanism like details of grievance redressal officers, the facility of lodging complaint etc.
- (ii) Under RBI-Integrated Ombudsman Scheme (RB-IOS), 2021, a grievance redressal mechanism has been established for lodging complaints of customers of REs involving deficiency in service and for getting relief by way of compensation for any loss suffered by the complainant.
- (iii) Sachet, a portal has been established by RBI under State Level Coordination Committee mechanism for registering online complaints against illegal activities of the unauthorised entities by public.
- (iv) The National Cybercrime Reporting Portal (NCRP) under Indian Cybercrime Coordination Centre (I4C) has been established for reporting of all types of Cybercrime from anywhere. Also, National Helpline number 1930 is made available to public to report cyber financial frauds.
