

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO-2137**  
**ANSWERED ON 8<sup>TH</sup> AUGUST, 2023 / SRAVANA 17, 1945 (SAKA)**

**UNFAIR LOAN RECOVERY PRACTICES**

2137. DR. AMEE YAJNIK  
SMT. PHULO DEVI NETAM

Will the Minister of FINANCE be pleased to state:-

(a) whether Government is aware of the increasing unethical debt collection practices by various debt recovery companies by selling mortgaged properties below the guidance value of borrowers/guarantors in violation of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act); and

(b) if so, the steps taken by Government to check unethical debt collection practices by financial institutions, banks and private NBFCs, despite RBI regulations prohibiting coercion?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) and (b): As per inputs received from Public Sector Banks, several steps have been taken to ensure ethical debt collection practices. Banks conduct auction of the properties through online portals, as per their board approved policy framed under the guidance of fair practices code issued by Reserve Bank of India, and applicable laws and regulations of the SARFAESI Act, 2002. Banks also issue public auction notices of properties in two newspapers, *i.e.* in English and in Vernacular local language. Further, multiple valuations are obtained from empaneled/registered valuers to calculate reserve price of auction and the same is fixed with the approval of competent authority.

Further, RBI as a part of its supervisory assessment, reviews adherence to its guidelines, and non-compliance observed are taken-up with banks for rectification apart from initiating supervisory/enforcement action, as deemed fit.

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