

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 4670

TO BE ANSWERED ON THE 23rd MARCH 2018 / CHAITRA 2, 1940 (SAKA)

NBFCs

4670. DR. K. GOPAL

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has asked Non Banking Finance Companies (NBFCs) to ensure that no coercive action is taken against borrowers during recovery of loans by their agents, if so, the details thereof;
- (b) whether the RBI has informed to them that their senior management will be responsible for breach of norms, if so, the details thereof;
- (c) whether the norms are also the part of the directions issued by the RBI on managing risks and code of conduct in outsourcing of financial services by NBFCs; and
- (d) if so, the details thereof?

ANSWER

The Minister of State in the Ministry of Finance
(SHRISHIV PRATAP SHUKLA)

(a): As per inputs received from the Reserve Bank of India (RBI), in terms of RBI guidelines, Non-Banking Financial Companies (NBFCs) have been advised not to use coercive action against borrowers during recovery of loans by their agents, and to ensure that NBFCs staff are trained to deal with customers in an appropriate manner.

(b) to (d): RBI has apprised that guidelines on recovery are part of fair practices code prescribed for NBFCs. Guidelines issued to NBFCs on "Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs" cover, *inter alia*, norms for outsourcing of recovery of loans. Further, RBI has advised NBFCs that NBFCs including their Board and senior management, would be responsible for the actions of their service-provider, including recovery agents. In addition, RBI has asked NBFCs to ensure that recovery agents are properly trained to handle their responsibilities with care and sensitivity, and that NBFCs and their agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts.
