

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
**LOK SABHA**  
**UNSTARRED QUESTION NO- 817**  
ANSWERED ON- 12/12/2022

**DIGITAL LENDING PLATFORMS**

817. SHRI VINCENT H. PALA

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government has taken measures to address the grievances relating to aggressive digital lending by various platforms;
- (b) if so, the details thereof and penalties introduced for violations;
- (c) the details of the number of victims, persons, or firms, who have fallen prey to malpractices of digital lending platforms;
- (d) whether the Government has identified types of malpractices adopted by the digital lending platforms and if so, the details thereof and the corrective measures taken by the Government in this regard; and
- (e) whether the Government has mandated digital lending platforms to follow guidelines to increase transparency in their transactions and loan approval process and if so, the details thereof and if not, the reasons therefor?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (e): Reserve Bank of India (RBI) has introduced “The Reserve Bank-Integrated Ombudsman Scheme, 2021” wherein complaints against Banks and Non-Banking Financial Companies (NBFCs) regarding digital lending can be lodged. Under the said scheme, the Ombudsman shall have power to pass an award for any consequential loss suffered by complainants up to Rs. 20 lakh, in addition, up to Rs. 1 lakh for the loss of the complainant’s time, expenses incurred and for harassment/mental anguish suffered by the complainant. Further, the Department of Supervision, RBI has been designated as the nodal department for dealing with complaints against unauthorized digital lending platform/Mobile Apps and a mechanism to handle specific references on unauthorized digital lending platforms/Mobile Apps has been laid down. Also, RBI has established a portal named as “Sachet” under State Level Coordination Committee mechanism for registering complaints by public. On Sachet portal, complaints against lending apps promoted by entities not regulated by RBI are sent to concerned Registrar of companies for Ministry of Corporate Affairs registered entities, and to Economic Offences Wing of complainant’s State for unincorporated bodies and individuals.

As per RBI, during the period 1.4.2021 to 30.11.2022, 12903 complaints have been received against banks and NBFCs pertaining to digital lending applications/apps and against recovery agents/harassment by recovery agents under the Integrated Ombudsman Scheme of RBI.

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. As per findings of this report, majority of complaints pertain to lending apps promoted by entities not regulated by RBI such as companies other than NBFCs, unincorporated bodies and individuals. Major concerns identified in the report pertain to issues of mis-selling, breach of data privacy, charging of exorbitant interest rates, intrusive method of recovery, lack of transparency and lack of grievance redressal mechanism.

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. RBI has also issued advisories to State Government to keep a check on unauthorized digital lending platforms/Mobile Apps through their respective law enforcement agencies.

Further, RBI has issued guidelines on digital lending on September 02, 2022 aimed at firming up the regulatory framework for digital lending to all lenders including banks to support orderly growth of credit delivery through digital lending while enhancing customer protection and making the digital lending ecosystem safe and sound. Further, 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.

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