

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 2402

Answered on the December 18, 2023/Agrahayana 27, 1945 (Saka)

Personal Loan Application

2402. SHRIMATI APARUPA PODDAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government intends to regulate the Personal Loan applications, if so, the details thereof and if not, the reasons therefor;
- (b) the reason for not regulating personal loan applications till now;
- (c) the personal loans availed (in Rs.) from these applications in last 5 years, year-wise details;
- (d) whether the RBI has a 'white list' or a 'negative list' of registered loan apps;
- (e) if so, the details thereof; and
- (f) whether it is true that RBI guidelines for digital lending does not include the Non-Banking Financial Companies (NBFC) and if so, the reasons therefor?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a) to (f): As per Reserve Bank of India (RBI) guidelines on Fair Practices Code for lenders, banks and institutions are advised to adopt the broad guidelines and frame the fair practices code duly approved by their board of directors. Loan application in respect of all categories of loans including personal loans irrespective of the amount of loan sought by the borrower should be comprehensive. The broad guideline covers, *inter alia*, fairness and transparency in disclosing all information related to interest rate, fees, charges etc., devising a system of giving acknowledgement for receipt of all loan applications, clearly delineating the procedure for disposal of loan proposals, timelines for credit decisions, carry out necessary due diligence before arriving at credit decisions, loan appraisal and terms/conditions, timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction, disbursement of loans including changes in terms and conditions, post disbursement supervision, appropriate grievance redressal mechanism, etc.

As per sectoral deployment of bank credit published by RBI, the outstanding 'personal loans' of select 40 scheduled commercial banks, as on last reporting Friday of the month in the given last five financial years, is as under –

Rs in crore

Financial Year	Outstanding
FY2019	22,20,732
FY2020	25,53,649
FY2021	30,09,013
FY2022	33,86,982
FY2023	40,85,168

RBI has informed that it has shared the list of digital lending apps engaged by Regulated Entities (REs) with the Ministry of Electronics and Information Technology (MeitY), which in turn has shared the same with the app stores (Google and Apple) advising them to ensure that only these apps are available on their platforms.

Further, RBI has issued the guidelines on digital lending *vide* its circular dated September 02, 2022. The Guidelines mandate Regulated Entities (REs), which include banks and Non-Banking Financial Companies (NBFC) to ensure that the lending service providers (LSPs) engaged by them and the digital lending apps (DLAs) (either of the RE or of the LSP engaged by the RE) comply with the guidelines contained in the circular.
