

GOVT. OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION No. 948

TO BE ANSWERED ON THE FEBRUARY 8, 2021/MAGHA 19,1942(SAKA)

“Online Lending Apps”

QUESTION

948. SHRIMATI SUPRIYA SULE, SHRI KOMATI REDDY VENKAT REDDY, SHRI HARISH DWIVEDI, SHRI KANUMURU RAGHU RAMAKRISHNA RAJU, DR. AMOL RAMSING KOLHE, SHRIMATI KANIMOZHI KARUNANIDHI, DR. SUBHASH RAMRAO BHAMRE, SHRI Y.S. AVINASH REDDY, SHRI SUNIL DATTATRAY TATKARE, SHRI KULDEEP RAI SHARMA, SHRI SUBBARAYAN K., SHRIMATI VANGA GEETHA VISWANATH, DR. DNV SENTHILKUMAR S., SHRI KOTHA PRABHAKAR REDDY Hon'ble MPs.

Will the Minister of FINANCE be pleased to state:

- (a) the number of registered companies providing online Apps-based loan in the country at present;
- (b) whether the Government has received any complaints against some online chit fund/lending Apps which are allegedly functioning in the absence of any clear regulatory guidelines, if so, the details thereof and the action taken against such Apps;
- (c) whether the Reserve Bank of India has also cautioned against such unauthorised digital lending platforms, if so, the details thereof along with the corrective steps taken/proposed to be taken in this regard;
- (d) whether the Government is aware that individual/ small business firms are falling prey to such lending platforms/Apps on promises of getting loans in hassle free quick manner whereas they are trapped to get instant loans at exceptionally high interest rates leading to the borrowers in some cases committing suicide after facing humiliation and harassment from the said lending Apps; and
- (e) if so, the details thereof along with the corrective steps taken/proposed to be taken by the Government to protect the public from such digital lending platforms?

ANSWER

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)
(SHRI ANURAG SINGH THAKUR)

- (a) It has been informed by the Ministry of Corporate Affairs that this data is not captured by them. However, the total number of active registered companies is 13,16,704 as on 01.02.2021.

(b) RBI has intimated that it has received complaint against 1509 digital lending applications. The bifurcation of the same is mentioned in the table below:

Subject	Total Complaints
Complaint against Registered NBFCs which are engaged in Digital Lending Platform	490
Complaint against Unregistered/ Unregulated Digital Loan applications	1019

The general Action taken by RBI upon receipt of complaint is mentioned below:

- i. In cases where the app is pertaining to any NBFC registered with RBI, such complaints are forwarded to NBFC Ombudsman/ Consumer Education and Protection Cell (CEP Cell) / Regional Office for resolution of customer grievance
- ii. In cases where the app is managed by a company not falling in the ambit of RBI, such complaints are taken up with concerned Registrar of Companies (RoC) in the State Level Coordination Committee.
- iii. In cases where no information is available regarding the lending institution, then the complainant is asked to forward a copy of his / her loan agreement with the lending institution and upon examination the matter is shared with Economic Offences Wing, of respective State Governments in the State Level Coordination Committee.

(c), (d) and (e) :

Following measures have been taken by RBI to address the concerns and risks emanating from the operations of such online platforms/apps:-

- (i) A circular dated June 24, 2020 was issued to banks/NBFCs reiterating them to adhere to Fair Practices Code and Outsourcing Guidelines in letter and spirit, applicable to them. The circular requires them to disclose names of digital lending platforms engaged as agents on the website as also platforms are required to disclose upfront the name of the lending institution/s on whose behalf they are interacting with customers.
- (ii) A press release was issued on December 23, 2020 cautioning the members of general public against unauthorized digital lending platforms/apps with an appeal to verify the antecedents of the service provider. The translation of the press release in vernacular languages has also been released in the local media across States.
- (iii) The matter has been taken up with the Chief Secretaries of the States requesting them to consider proactive intervention by the State law enforcement agencies as per applicable laws.
- (iv) Regional Directors of Regional Offices of the RBI are also in touch with the State Police.
- (v) A Working Group (WG) has been set up to study all aspects of digital lending activities in the regulated financial sector as well as by unregulated players so that an appropriate regulatory approach can be put in place.
