

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO.122

To be answered on the 18th July 2022/ Ashadha 27, 1944 (Saka)

Digital Lending Platforms

122. SHRIMATI APARAJITA SARANGI:

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 violation;
- (c) the details of the number of victims, persons or firms, who have fallen prey to malpractices of such digital lending platforms;
- (d) whether the Government has identified types of malpractices adopted by the digital lending platforms;
- (e) if so, details thereof and the corrective measures taken by the Government in this regard; and
- (f) 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?

ANSWER

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

(a) to (f): 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 complainant upto Rs 20 lakh, in addition to, upto 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 unauthorised digital lending platforms/Mobile Apps and a mechanism to handle specific references on unauthorised 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 31.3.2022, 7,813 complaints have been received against banks and NBFCs pertaining to digital lending application/apps and against recovery agents/ harassment by recovery agents under the Integrated Ombudsman Scheme of RBI.

RBI has 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. The thrust of the report has been on enhancing customer protection and making the digital lending ecosystem safe and sound while encouraging innovation. As per findings of this report, majority of the complaints pertain to lending apps promoted by entities not regulated by the RBI such as companies other than NBFCs, unincorporated bodies and individuals. Major concerns raised in such complaints were issues of exorbitant interest and charges levied by digital lending apps, and harassment of customers for loan repayments. Further, *vide* press release dated 23.12.2020, RBI had cautioned the general public not to fall prey to unscrupulous activities of unauthorised digital lending platforms/Mobile Apps and verify the antecedents of the company/ firm offering such loans. RBI has also issued advisories to State Governments to keep a check on unauthorised digital lending platforms/Mobile Apps through their respective law enforcement agencies.

Further, as per information provided by the Ministry of Electronics and Information Technology (MeitY), to have an Open, Safe & Trusted and Accountable Internet, Government has notified the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 under the Information Technology (IT) Act, 2000. The said Rules provides for removal of such apps, if an app is considered unlawful under the extant law, through playstore/appstore (intermediaries) as and when requested by an appropriate government or its authorised agency.
