

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO:3856
ANSWERED ON THE MONDAY, 24 MARCH, 2025/ 3 CHAITRA, 1947 (SAKA)

BANNING UNLAWFUL LENDERS

3856. SHRI G KUMAR NAIK:

Will the Minister of FINANCE be pleased to state:

- (a) the measures taken by the Government to curb the rise of unlawful lenders and unregulated digital lending platforms that exploit vulnerable borrowers;
- (b) whether the Government maintains the data on cases reported against illegal lending apps and loan sharks during the last five years and if so, the details thereof;
- (c) the details of legal protections are in place for borrowers facing threats, harassment or coercion from illegal lenders, particularly in rural and low-income communities;
- (d) the number of illegal digital lending Apps which have been banned or removed from App Stores in the country along with the criteria used for their removal; and
- (e) whether the Government is considering to introduce new Bills or amendments in existing laws to impose strict penalties on individuals and entities operating unlawful lending schemes?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (d): The Government has been constantly engaging with the Reserve Bank of India (RBI) and other concerned Regulators/stakeholders to curb the operations of unregulated digital lending platforms in the country. RBI issued regulatory guidelines on digital lending vide circular dated 02.09.2022, which aims at enhancing customer protection and making digital lending ecosystem safe and sound. These guidelines also have detailed provision regarding recovery, data privacy, and customer grievance redressal mechanisms which are mandatory for the Regulated Entities (REs), the Lending Service Providers (LSPs) engaged by them and the Digital Lending Apps (DLAs). RBI has further issued the “Framework for Self-Regulatory Organisation(s) in the FinTech Sector” (SRO-FT framework) on 30.05.2024 for establishing and enforcing regulatory standards, promoting ethical conduct, ensuring market integrity, resolving disputes, and fostering transparency and accountability among its members.

Further, Ministry of Electronics and Information Technology (MeitY) issues directions for blocking of information, including fraudulent loan apps under Section 69A of Information Technology (IT) Act, 2000 after following the due process as provided in the Information Technology (Procedure and Safeguards for Blocking for Access of Information by Public) Rules, 2009.

To address the emerging harms in the cyberspace like misinformation & deep fakes, unregulated lending platforms and betting apps, etc., MeitY has issued two advisories on 26.12.2023 and 15.03.2024 respectively which reinstated the obligations of the intermediaries under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (“IT Rules, 2021”).

(e): To curb unregulated lending activities and to protect the interest of consumers, RBI had constituted a Working Group on Digital Lending which suggested a set of measures, inter-alia including introducing legislation for banning of unregulated lending.
