

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 3803
ANSWERED ON MONDAY, MARCH 16, 2026/PHALGUNA 25, 1947 (SAKA)

Growing Menace of Illegal Loan Apps

3803. DR. MOHAMMAD JAWED:
SHRI G LAKSHMINARAYANA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware of the growing menace of illegal and unregulated loan apps operating in the country and offering loans through unauthorised digital platforms, if so, the details thereof;

(b) the steps taken by the Government to identify, block and take action against such illegal loan apps, including coordination with RBI, law enforcement agencies, app stores and digital intermediaries to protect citizens from harassment and fraud;

(c) the existing legal and regulatory provisions to penalise such entities;

(d) whether the Government has any data estimating the amount of money cheated or extorted through illegal loan apps, if so, the details thereof; and

(e) the number of cases registered and actions taken against illegal loan apps during the last five years, year-wise?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (c): The Government has been constantly engaging with the Reserve Bank of India (RBI) and other concerned Regulators/stakeholders to curb the growing menace of illegal and unregulated loan apps operating in the country. RBI has issued regulatory guidelines on digital lending, 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.

Ministry of Electronics and Information Technology (MeitY) issues directions for blocking of information, including illegal 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.

Further, the Government and RBI have been taking up various initiatives from time to time to identify, block and take action against such illegal loan apps. These inter-alia, include:

(i) RBI has operationalized a directory 'Digital Lending Apps (DLAs)' on its website with effect from 01.07.2025, consisting of all DLAs deployed by REs of RBI. The directory aims to aid the customers in verifying the claim of a Digital Lending Apps (DLA's) association with a RE.

(ii) Proactively engaging with the major internet intermediaries and messaging platforms to review the operations of unauthorized loan apps. The digital intermediaries have also been instructed to strengthen their Appstore onboarding process and post-deployment testing by instituting continuous behavioral-analytics for digital lending apps.

(iii) Indian Cyber Crime Coordination Centre (I4C), Ministry of Home Affairs (MHA) has been proactively analysing the digital lending apps. In order to facilitate the citizens to report cyber incidents including illegal loan apps, MHA has launched a National Cybercrime Reporting Portal (www.cybercrime.gov.in) as well as a National Cybercrime Helpline number "1930".

(iv) The banks through the public facing platform 'SACHET' portal and the inter-regulatory State Level Coordination Committee (SLCC) facilitate the citizens for lodging of any complaints against specific entity related to deposit/ collection of money illegally.

(v) RBI and banks have been taking up awareness campaigns through short SMS, radio campaign, publicity on prevention of 'cyber-crime', including illegal loan apps. Further, RBI has been conducting electronic-banking awareness and training (e-BAAT) programmes which focus on awareness about frauds and risk mitigation.

(d)&(e): 'Police' and 'Public Order' are State subjects as per the Seventh Schedule of the Constitution of India. The States/UTs are primarily responsible for the prevention, detection, investigation and prosecution of crimes including cyber-crime through their Law Enforcement Agencies (LEAs). The Central Government supplements the initiatives of the States/UTs through advisories and financial assistance under various schemes for capacity building of LEAs.
