



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA



RBI/2022-23/108

DOR.ORG.REC.65/21.04.158/2022-23

August 12, 2022

Madam/ Sir,

**Outsourcing of Financial Services - Responsibilities of regulated entities employing Recovery Agents**

The Reserve Bank of India has from time to time advised regulated entities (REs) that the ultimate responsibility for their outsourced activities vests with them and they are, therefore, responsible for the actions of their service providers including Recovery Agents (hereafter referred to as 'agents').

2. It has been observed that the agents employed by REs have been deviating from the extant instructions governing the outsourcing of financial services. In view of concerns arising from the activities of these agents, it is advised that the REs shall strictly ensure that they or their agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently<sup>1</sup> calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc.

<sup>1</sup> For example- calling repeatedly

3. The instructions contained in para 2 above shall supplement and be read in conjunction with the existing guidelines/directions issued by the Reserve Bank of India, as amended from time to time, including those tabulated in [Annex](#).

4. Any violation in this regard by REs will be viewed seriously.

### **Applicability**

5. This circular shall apply to the following REs:

- (a) All Commercial Banks (including Local Area Banks, Regional Rural Banks, and Small Finance Banks) excluding Payments Banks;
- (b) All All-India Financial Institutions (viz. Exim Bank, NABARD, NHB, SIDBI, and NaBFID);
- (c) All Non-Banking Financial Companies including Housing Finance Companies;
- (d) All Primary (Urban) Co-operative Banks, State Co-operative Banks, and District Central Co-operative Banks; and
- (e) All Asset Reconstruction Companies.

6. This circular shall not apply to microfinance loans covered under [‘Master Direction – Reserve Bank of India \(Regulatory Framework for Microfinance Loans\) Directions, 2022’](#), dated March 14, 2022.

Yours faithfully,

(Sunil T. S. Nair)

Chief General Manager

## Annex

### Existing Guidelines/Directions issued by the Reserve Bank of India referring to/governing the 'Outsourcing of Financial Services' and 'Recovery Agents'

Sl. No.	Circular No.	Date	Subject
1.	<a href="#">DBOD.Leg.No.BC.104/09.07.007/2002-03</a>	May 5, 2003	Guidelines on Fair Practices Code for Lenders
2.	<a href="#">DBOD.NO.BP.40/ 21.04.158/ 2006-07</a>	November 3, 2006	Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks
3.	<a href="#">DBOD.No.BL.BC.59/22.01.010/2006-2007</a>	February 21, 2007	Section 23 of Banking Regulation Act, 1949 - Doorstep Banking
4.	<a href="#">DBOD.NO.BP.64/21.04.158/ 2007-08</a>	March 03, 2008	Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks
5.	<a href="#">DBOD.No.Leg.BC.75/09.07.005/2007-08</a>	April 24, 2008	Mid-Term Review of the Annual Policy for the Year 2007-08 - Recovery Agents Engaged by Banks
6.	<a href="#">DBOD.No.BP.97/21.04.158/2008-09</a>	December 11, 2008	Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks
7.	<a href="#">DBS.CO.PPD.BC. 5 /11.01.005/2008-09</a>	April 22, 2009	Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks- Compliance Certificate
8.	<a href="#">DBOD.No.BAPD.BC.7/22.01.001/2014-15</a>	July 1, 2014	Section 23 of the Banking Regulation Act, 1949 - Master Circular on Branch Authorisation

9.	<a href="#">DBR.No.BP.BC.76/21.04.158/2014-15</a>	March 11, 2015	Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks
10.	<a href="#">DBR.No.Dir.BC.10/13.03.00/2015-16</a>	July 1, 2015	Master Circular - Loans and Advances - Statutory and Other Restrictions
11.	<a href="#">DBR.CO.RRB.BL.BC.No.17/31.01.002/2015-16</a>	July 1, 2015	Master Circular on Branch Licensing
12.	<a href="#">DNBR.PD.004/03.10.119/2016-17</a>	August 23, 2016	Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016
13.	<a href="#">DoR(NBFC).PD.003/03.10.119/2016-17</a>	August 25, 2016	Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016
14.	<a href="#">DNBR.PD.007/03.10.119/2016-17</a>	September 1, 2016	Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016
15.	<a href="#">DNBR.PD.008/03.10.119/2016-17</a>	September 1, 2016	Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
16.	<a href="#">DNBR.PD.009/03.10.119/2016-17</a>	September 2, 2016	Master Direction - Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016

17.	<a href="#">DNBR.(PD).090/03.10.124/2017-18</a>	October 4, 2017	Master Directions - Non-Banking Financial Company - Peer to Peer Lending Platform (Reserve Bank) Directions, 2017
18.	<a href="#">DNBR.PD.CC.No.090/03.10.001/2017-18</a>	November 9, 2017	Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs
19.	<a href="#">DOR(NBFC)(PD)CC.No.112/03.10.001/2019-20</a>	June 24, 2020	Loans Sourced by Banks and NBFCs over Digital Lending Platforms: Adherence to Fair Practices Code and Outsourcing Guidelines
20.	<a href="#">CEPD.CO.PR.D.Cir.No.01/13.01.013/2020-21</a>	January 27, 2021	Strengthening of Grievance Redress Mechanism in Banks
21.	<a href="#">DOR.FIN.HFC.CC.No.120/03.10.136/2020-21</a>	February 17, 2021	Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021
22.	<a href="#">DOR.ORG.REC.27/21.04.158/2021-22</a>	June 28, 2021	Guidelines for Managing Risk in Outsourcing of Financial Services by Co-operative Banks
23.	<a href="#">DOR.SIG.FIN.REC 1/26.03.001/2022-23</a>	April 1, 2022	Master Circular - Asset Reconstruction Companies
24.	<a href="#">DOR.ACC.REC.No.20/21.04.018/2022-23</a>	April 19, 2022	Disclosures in Financial Statements- Notes to Accounts of NBFCs
25.	<a href="#">DoR.AUT.REC.No.27/24.01.041/2022-23</a>	April 21, 2022	Master Direction - Credit Card and Debit Card - Issuance and Conduct Directions, 2022
26.	<a href="#">DOR.REG.No.45/19.51.052/2022-23</a>	June 8, 2022	Section 23 of the Banking Regulation Act, 1949 - Doorstep Banking