

Working Group on Lenders' Liability Laws

December 19, 2002

The Government of India had constituted a Working Group to study Lenders' Liability Laws of other countries and their implications on the borrowers, lenders, regulators and other stakeholders and to make recommendations regarding legislative proposals suitable for Indian conditions. The Group submitted its report in October 2002. After considering the *pros and cons* of the issue, the Group has recommended that for the time being a Fair Practices Code may be framed by the Reserve Bank of India for observance by banks and Financial Institutions.

After discussing with select banks and Financial Institutions and getting the recommendations of the Working Group examined by an internal group, draft guidelines on the subject to be issued to banks and financial institutions have been formulated by the Reserve Bank. These guidelines are being released today for public comments. Any comments, suggestions etc., may be forwarded to Shri M.R. Srinivasan, Chief General Manager-in-Charge, Reserve Bank of India, Department of Banking Operations and Development, Central Office, Centre 1, Post Box No.6089, Cuffe Parade, Colaba, Mumbai-400 005 or e-mail to mrsrinivasan@rbi.org.in so as to reach him latest by December 31, 2002.

P. V. Sadanandan
Manager

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