

## UPSC

Q.1

For better digital lending, Reserve bank of India must arm itself with necessary technology and technical expertise to track lending applications. Examine (200 Words)

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"Out dated will be ousted", In the era, one must be updated to stay in the field. And economic activity is no exception. For any economic activity, one needs capital which is mostly in form of loan.

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In digital era, Retail lending is growing in the past seven years thanks to the trinity J-A-M Jan Dhan - ADHAAR - MOBILE. But the demand of only 10% is met.

Out of 1100 only 600 lending apps are legitimate (nearly 50%). This prompted the RBI to regulate the lending app. Because of the growing fintech, RBI working group came up with many suggestions.

- \* Borrowers and lenders must be registered with bureau.
- \* Write off - must be auditable with ethical artificial intelligence.
- \* All of the transaction must be through the bank account.
- \* All the data about the lender & borrower, their transaction must be in public domain.

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\* Due to security the data must be stored within the boundary of nation because of the issue related to big data.

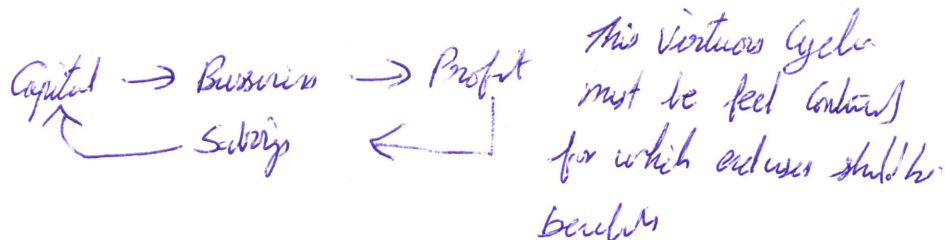
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\* The fee ~~and~~ calculated of Annual percentage rate and must cover cost incurred for that reason. This may prevent various leading

\* Interest rate must be calculated on the basis of ~~own~~ actual number of days of payment and not on prepayment period rate of interest

\* Co-erective means of recollection of loan payment are employed in any official location. Hence the parcel is split out each word.

\* RBI and its work group usually consist of economist, Central state government representatives. It should also focus on employing foreign employees for implementing the above. It should allocate its budget for purchase, installation & maintenance of electronics.



Any thing which cannot stay with time will be gone with the wind. Hence RBI must stay updated with the penetration of electronic & digital media. RBI must exploit all resources, means to Regulate all means of lending for the welfare of the economy

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