



CURRENT AFFAIRS



Argasia Education PVT. Ltd. (GST NO.-09AAPCAI478E1ZH)
Address: Basement C59 Noida, opposite to Priyagold Building gate, Sector 02,
Pocket I, Noida, Uttar Pradesh, 201301, CONTACT NO:-8448440231

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Instant loan apps

Why in the news?



- Recently, Wan Chenghua, 32 years old Chinese national was arrested by the Chandigarh police, along with 20 others. It was reported to Chandigarh police that through instant mobile applications these accused were blackmailing and extorting money from people.
- As per the official of the Chandigarh cyber cell, the racket of luring people to take easy instant loans by mobile applications and then extorting money from them was stimulated by the COVID-19 pandemic.

How do these instant loan mobile applications provide you with loans?

- These mobile applications came up with the idea of providing small amounts of easy loans but at very high-interest rates varying from 15 % to 20%.
- These easy loan applications do not follow the inflexible procedures followed by the banks before providing the loans, such as the verification of consumers.

- A person, who is looking for some accessible loan applications, has to fill out an online form, after downloading the application.
- After that, the person has to provide permission to the applications to access the contacts, photos, videos and other digital content present on the mobile phone.
- Many applications give the loan amount after deducting the interest from the principal amount, but some applications recover the interest on, a weekly or daily basis.
- When loans to the customers are issued from the app, they divide the customers into a different list of categories,
- Based on the due dates.
- On a due date, it is called the D-0 bucket, after the due dates from day 1 to 2, it comes under the S1 bucket: from day 4 to 10, it comes under the S2 bucket, and from day 11 to 30, it is the S3 bucket.
- They treat their customers depending upon which bucket they fall into.
- Abusive calls and threatening calls to a family member is their way to recover money.

The legality of these apps

According to the head of Central Detective Training School (CDTS) in Chandigarh,

- Almost 90% of these kinds of mobile applications are not legally approved.
- The Reserve Bank of India has no control over these.
- These kinds of applications open the doors of extortion for borrowers.
- The app handlers get access to the digital content of the borrowers through the applications.
- The moment when the debtor fails to return the money due to high interest, the app handlers morph their picture, and blackmail to defame the debtor.
- It was reported that these apps are often put up by Chinese firms, and the callers used to trap the debtors are usually Indian.
- Some of these unauthorised apps are Cash Mama, Loan Zone, Dhana Dhan Loan, Cash Up, Cash bus, Mera Loan, Hey Fish, Monkey cash, Cash Elephant, Water Elephant, QuickCash, Kissht, LoanCloud, InstaRupee Loan, Flash Rupee-Cash Loan, Mastermelon Cashtrain, GetRupee, ePay Loan, Panda iCredit, EasyLoan, RupeeClick, OCash, Cashmap, Snapit, RapidRupee, ReadyCash, Loan Bazaar, Loanbro, Cash Post, Rupeeego, Cash Port, RsRush, Pro Fortune Bag, Rupee Loan, Robocash, CashTM, Udhaar Loan, Credit Free.

When does it start?

- The trend of getting easy loans and extorting was started during the period of the COVID -19 pandemic and continued.
- In a survey, it was found that 58% of citizens of India, who used an instant loan app in the last 2 years were charged 25% interest.
- Around, 150 complaints of extortion and blackmailing by instant loan mobile apps have been filed, in Chandigarh only.
- Two Chinese nationals, along with 115 Nepali nationals, were arrested in Nepal for their involvement in running an online fraud loan scheme that targeted Indians, back in February this year,

The action was taken by Government:

- In June 2022, the Governor of the Reserve bank of India, Shaktikanta Das, alerted the Indian public about non-registered digital money lending apps, and hence if people have complaints related to such entities, then they must have to lodge police complaints.
- However, if RBI receives complaints against any registered Digital Platform, Then RBI will take action against them,
- The governor also stated that it will set some guidelines against digital money lending apps.
- In order to protect the people's data, The RBI has a portal 'Cyber Boost ' - which has information, which can help citizens verify lending companies.
- RBI has also guaranteed that law enforcement agencies are taking action, and requested citizens to file complaints against these unregistered apps that provide easy loans on the digital platform.
- Also asked the citizens to borrow loans from RBI registered digital lending apps only



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