

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA

STARRED QUESTION NO: *80

TO BE ANSWERED ON THE 18th DECEMBER, 2018/AGRAHAYANA 27, 1940 (SAKA)

QUESTION

RECOVERY OF BANK DUES FROM WILFUL DEFAULTERS

***80: SHRI VIVEK K. TANKHA:**

Will the Minister of FINANCE be pleased to state:

- a) whether it is a fact that as per Credit Information Bureau (India) Limited (CIBIL) data, Public Sector Banks have reported wilful defaults to the tune of
 93,357 crores involving 7,564 borrowers as of September, 2017;
- b) if so, the details of all such wilful defaulters having exposure of more than
 100 crores; and
- c) the details of the efforts being made by Government to realise or recover the said bank dues and the actions taken against such wilful defaulters?

ANSWER

FINANCE MINISTER
(SHRI ARUN JAITLEY)

(a) to (c): A statement is laid on the Table of the House.

Statement as referred to in reply to paragraphs (a) to (c) of Rajya Sabha Starred Question No. *80 for answer on 18th December, 2018/Agrahayana 27, 1940 (Saka) regarding “Recovery of bank dues from wilful defaulters”, by SHRI VIVEK K. TANKHA, Hon’ble Member of Parliament

(a) to (c): Reserve Bank of India (RBI) has apprised that, as per data reported by Public Sector Banks (PSBs) for September 2017 quarter, as on 7.12.2018, there were 7,562 borrowers with suit-filed wilful defaults, with amount outstanding of Rs. 93,355.32 crore. With regard to wilful defaulters having exposure of Rs. 100 crore and above, RBI has apprised that there were 185 borrowers in the suit-filed wilful defaulters category with total exposure of Rs. 42,978.78 crore, as on quarter ending September 2017.

RBI has also apprised that the list of suit-filed defaulters of Rs. 1 crore and above and the list of suit-filed wilful defaulters of Rs. 25 lakh and above are available in public domain on the websites of Credit Information Companies (CICs). RBI has also apprised that the list of non-suit filed defaulters of Rs. 1 crore and above and non-suit filed wilful defaulters of Rs. 25 lakh and above is confidential in nature and is exempted from disclosure under section 45E of the Reserve Bank of India Act, 1934. Further, RBI, *vide* circular dated 27.6.2014, has advised all banks / financial institutions to submit the said list to all CICs directly and not to RBI from December 2014 onwards.

RBI has further apprised that, in a pending case, it has submitted to Supreme Court a list of defaulters above Rs. 500 crore in a sealed cover claiming that the said information is confidential and requested that it may not be revealed to the public. The matter is under the consideration of Supreme Court.

RBI has also apprised that a lending institution can consider publication of the photographs of only those borrowers who have been declared as wilful defaulters following the mechanism set out in RBI instructions, for which the lending institutions shall formulate a policy with the approval of their Board of Directors which clearly sets out the criteria based on which the decision to publish the photographs of a person covered in paragraph above will be taken by them so that the approach is neither discriminatory nor inconsistent.

With a view to deter wilful defaulters and help realise repayment from them, a number of steps have been taken by the Government and the banks. As per RBI’s instructions, wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, their unit is debarred from floating new ventures for five years, and lenders may initiate criminal proceedings against them, wherever necessary. As per data reported by PSBs, till 30.9.2018, 2,571 FIRs have been

registered against wilful defaulters, 9,363 suits have been filed for recovery from them, and action has been initiated under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 in respect of 7,616 cases of wilful defaulters. Further, as per Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, wilful defaulters and companies with wilful defaulters as promoters/directors are debarred from accessing capital markets to raise funds. In addition, the Insolvency and Bankruptcy Code, 2016 has been amended to debar wilful defaulters from participating in the insolvency resolution process.

Fugitive Economic Offenders Act, 2018 has been enacted to provide for attachment of property of a fugitive economic offender, confiscation of his property and disentitle him from defending any civil claim. Government has also advised PSBs to obtain certified copy of the passport of the promoters/directors and other authorised signatories of companies availing loan facilities of more than Rs. 50 crore. Further, for enforcement of auditing standards and ensuring the quality of audits, Government has initiated establishment of National Financial Reporting Authority as an independent regulator.

RBI Master Circular on Wilful Defaulters, dated 1.7.2015, addressed to banks, provides that legal process wherever warranted against the borrowers / guarantors and foreclosure for recovery of dues should be initiated expeditiously and, further, that the lenders may initiate criminal proceedings against wilful defaulters, wherever necessary. Government has also asked PSBs to examine all accounts exceeding Rs. 50 crore, if classified as Non-Performing Asset (NPA), from the angle of possible fraud and in case an account turns NPA, to seek a report on the borrower from the Central Economic Intelligence Bureau, a nodal agency for economic intelligence mandated to ensure interaction and coordination among all the concerned agencies in the area of economic offences.
