

**Table: Inflation**

Period	WPI inflation (%)	CPI (NS) inflation (%)
2012-13	7.35	10.21
2013-14	5.98	9.49
Apr-14	5.55	8.59
May-14	6.18	8.28
Jun-14	5.66	7.46
Jul-14	5.41	7.96
Aug-14	3.85	7.73
Sep-14	2.38	6.46
Oct-14	1.77*	5.52
Nov-14	0.00*	4.38*

\* Provisional data.

(c) and (d) Reserve Bank of India, in its fifth bi-monthly monetary policy statement announced on 2nd December 2014 indicated that if current inflation momentum and changes in inflationary expectations continue, along with encouraging fiscal developments, a change in the monetary policy stance is likely early next year, including outside the policy review cycle.

#### **Wilful defaulters of bank loan**

3376. SHRI NARENDRA BUDANIA:

SHRI MAJEED MEMON:

Will the Minister of FINANCE be pleased to state:

(a) whether wilful defaulter tag is now a powerful weapon in the hands of banks to resolve bad loans;

(b) the number of wilful defaulters so far declared by the banks; and

(c) apart from the fact that it shuts our access to credit within the Indian financial system for a borrower the details of other methods available to creditors for resolving distressed assets?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) To address the concerns expressed over the persistence of willful default

in the financial system, the Reserve Bank of India (RBI) introduced Master Circular on Wilful Defaulters (updated on July 1, 2014), allowing sharing of the information on suit filed cases (suit filed cases of wilful default of ₹ 25 lakh and above and suit filed cases of default of ₹ 1 crore and above) on the websites of the four Credit Information Companies; viz. (i) Experian Credit Information Company of India Private Limited, (ii) Equifax Credit Information Services Private Limited, (iii) High Mark Credit Information Services Private Limited and (iv) Credit Information Bureau (India) Limited (CIBIL).

In order to prevent the access to the capital markets by the wilful defaulters, a copy of the list of willful defaulters (non-suit filed accounts) and list of willful defaulters (suit filed accounts) are forwarded to SEBI by RBI and Credit Information Bureau (India) Ltd. (CIBIL) respectively.

No additional facilities are granted by any Bank/ Financial Institutions (FI) to the listed willful defaulters. In addition, the entrepreneurs/promoters of companies where Banks/FIs have identified siphoning/diversion of funds, misrepresentation, falsification of account and fraudulent transactions are debarred from institutional finance from the scheduled commercial banks. The legal process, wherever warranted, against the borrowers/guarantors and foreclosure of recovery of dues is initiated expeditiously. The lenders may also initiate criminal proceedings against willful defaulters.

(b) A total of 1600 willful defaulters (Non-Suit Filed Accounts) of ₹ 25 lakh and above as on 31.03.2014 have been declared by the banks.

(c) Other methods available to creditors for resolving distressed assets, are: RBI guidelines stipulate a Board approved loan policy, loan recovery policy, information sharing for sanction of fresh loans/ad-hoc loans/renewal of loans to new or existing borrowers, a robust mechanism for early detection of signs of distress, prompt restructuring in the case of all viable accounts, taking recourse to legal mechanisms like SARFAESI Act, 2002, DRTs and Lok Adalats.

RBI has issued instructions to the Banks to review slippages in asset classification in the borrowal accounts with outstanding ₹5 crore and above by the Board of Directors of the bank and review NPA accounts which have registered recoveries of ₹1 crore and above.

The Government has advised PSBs to constitute a Board level Committee for monitoring of NPAs and recovery.

The Reserve Bank of India on January 30, 2014 released a comprehensive

‘Framework for Revitalising Distressed Assets in the Economy’. The Framework outlines a corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts.

### **Implementation of recommendations of FSLRC**

3377. SHRIMATI AMBIKA SONI:

DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) the status of large number of recommendations made by Financial Sector Legislative Reforms Commission (FSLRC);
- (b) the recommendations of FSLRC that are proposed to be implemented immediately;
- (c) whether any regulatory mechanism is proposed to settle disputes in the sector, to take care of consumer interest and to prevent any form of aberrations; and
- (d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) The financial sector regulatory authorities, namely the Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority, Pension Fund Regulatory and Development Authority and Forward Markets Commission are voluntarily implementing the non-legislative governance enhancing aspects of the FSLRC recommendations for consumer protection and for greater transparency in the functioning of these authorities within the existing legal framework.

As part of legislative aspects of the recommendations, the Government has set up Task Forces for laying down the roadmap for upgrading the existing Securities Appellate Tribunal to Financial Sector Appellate Tribunal and for establishing new agencies namely, Resolution Corporation, Public Debt Management Agency and Financial Data Management Centre on 30th September 2014.

(c) and (d) Yes Sir, the FSLRC has recommended creating a new statutory body namely, the Financial Redress Agency (FRA) to settle grievances of consumers for all financial services. FRA would feature a low-cost, technology enabled process through which complaints of consumers against financial firms would be heard, and remedies awarded.