

(c) RBI has issued Master Circular on “Frauds–Classification and reporting” *vide* RBI. DBS.CFMC.BC.No. 1/23.04.001/2015-16 dated July 01, 2015 containing all the details/aspects relating to frauds. On receipt of fraud reports from banks, various aspects related to the frauds are examined and concerned banks are advised to report the case to CBI/Police/SFIO, examine staff accountability, complete proceedings against the erring staff expeditiously, take steps to recover the amount involved in the fraud, claim insurance wherever applicable and streamline the system as also procedures so that frauds do not recur. To compress the time taken in detection of fraud, a new framework for handling loan frauds has been put in place. The framework stipulates continuous monitoring of loan accounts, time bound actions at each stage of loan’s life cycle and commencement of investigations on observing early warning signal in an account. Further the framework has also prohibited banks from extending bank finance to borrowers who have defaulted and also committed a fraud for five years from the date of full payment of the defrauded amount.

New legislation on bankruptcy laws

1997. SHRI AHMED PATEL: Will the Minister of FINANCE be pleased to state:

- (a) the name of insolvency laws are currently in force in India;
- (b) the agencies that are involved in fixing issues of bad loans under the existing insolvency laws;
- (c) the steps that are being taken to bring in a new legislation on bankruptcy in India;
- (d) whether this will result in conflict or overlap with existing legislation; and
- (e) the steps Government is taking in harmonising the bankruptcy framework in India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) Insolvency issues relating to registered firms are covered under Companies Act, 2013, Recovery of Debt Due to Banks and Financial Institutions Act, 1993 (RDDBFI), The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) and Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Insolvency of individuals is covered under The Presidency Towns Insolvency Act, 1909, and Provincial Insolvency Act, 1920.

(b) Debt Recovery Tribunal (DRT) under the RDDBFI Act, 1993; Board of Industrial and Financial Reconstruction (BIFR) under SICA, 1985 and their respective Appellate Tribunals deal with insolvency of corporates. There are also informal

mechanisms for debt restructuring available to banks by way of Reserve Bank of India (RBI) guidelines which include Corporate Debt Restructuring Guidelines, 2001 (CDR), the Joint Lenders' Forum Guidelines, 2013 (JLF) and Strategic Debt Restructuring Guidelines, 2015 (SDR).

(c) to (e) A Bill titled 'The Insolvency and Bankruptcy Code, 2015' has been introduced in the Lok Sabha on 21.12.2015 and referred to a Joint Committee of Parliament (JCP). The Code aims to consolidate the laws relating to insolvency of companies and limited liability entities (including limited liability partnerships and other entities with limited liability), unlimited liability partnerships and individuals, presently contained in a number of legislations, into a single legislation. Such consolidation will provide for greater clarity and facilitate the application of consistent and coherent provisions to different stakeholders affected by business failure or inability to pay debt. Necessary repeals/amendments to existing statutes are also proposed in the Code to harmonise the insolvency and bankruptcy framework in India.

New method to calculate GDP

1998. SHRI VAYALAR RAVI: Will the Minister of FINANCE be pleased to state:

(a) whether Government has noticed the doubts raised by some economists about the accuracy of the new method used by the Government to calculate the GDP and their suggestion to calculate and publish the GDP growth based on both the earlier method and new method simultaneously for the next five years so that the general public will get a correct picture of the current status of the economy compared to earlier years; and

(b) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) The new series on National Accounts Statistics was introduced after a comprehensive review of both the database and methodology employed in the estimation of various aggregates related to national income including GDP. Besides shifting the base year from 2004-05 to 2011-12, the series incorporated latest available data from surveys and Censuses, expanded coverage of activities, adopted improved procedures and to the extent possible, adhered to the latest recommendations of System of National Accounts, 2008. This was done under the guidance of the Advisory Committee on National Accounts Statistics.

The Government takes note of the concerns expressed by economists and data users and to clarify the doubts, a publication on changes in methodology and datasets in the new series was released, which is available on the website of the