

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UNSTARRED QUESTION NO-195
ANSWERED ON- 20/07/2021

DISCLOSURE OF WILFUL LOAN DEFAULTERS

195. DR. KIRODI LAL MEENA

Will the Minister of FINANCE be pleased to state:-

- (a) whether a show cause notice has been issued to the Reserve Bank of India by Central Information Commission (CIC) under the category of bad debts;
- (b) if so, the reasons for not disclosing the list of wilful defaulters;
- (c) whether Government intends to implement Section 7 of Reserve Bank of India Act, 1934 instead of the above mentioned deliberation;
- (d) if not, the manner in which Government would ensure the disclosure of the list of wilful defaulters keeping in view the bad state of banking sector in the country; and
- (e) the action taken against the banks' loan defaulters so far?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (e): Reserve Bank of India (RBI) has apprised that the Central Information Commission (CIC), *vide* its order dated 2.11.2018, in the matter of Sandeep Singh Jadoun vs. PIO, DGEAT, directed RBI to disclose the bad debt details of defaulters and to collect such information from the banks in due course to update from time to time the voluntary disclosures made by RBI as a practice under clause (b) of sub-section (1) of section 4 of the Right to Information Act, 2005. RBI has further apprised that since November 2019, it has started disclosing information on wilful defaulters under the said Act, as per information available in its Central Repository of Information on Large Credits database, and that, in addition, lists of suit-filed wilful defaulters of Rs. 25 lakh and above and of suit-filed defaulters of Rs. 1 crore and above stand disclosed in the public domain on the websites of credit information companies. RBI has also apprised that information in respect of non-suit-filed wilful defaulters is confidential in nature and is exempt from disclosure under section 45E of the Reserve Bank of India Act, 1934.

Suits for recovery are filed by banks against loan defaulters and, as per data reported by public sector banks (PSBs), till 31.3.2021, such suits had been filed in respect of a total of 10,857 instances of wilful defaults reported by these banks. Further, in cases involving secured assets, banks take action for possession of assets and subsequent auction of the same under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and such action has been initiated in respect of a total of 8,351 instances of wilful defaults reported by PSBs.

Moreover, to deter wilful defaulters, as per RBI's instructions, wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, and their unit is debarred from floating new ventures for five years. Further, *vide* Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2016, wilful defaulters and companies with wilful defaulters as promoters/directors have been debarred from accessing capital markets to raise funds. In addition, the Insolvency and Bankruptcy Code, 2016 has debarred wilful defaulters from participating in the insolvency resolution process.

Additionally, for effective action against wilful defaulters fleeing Indian jurisdiction, the Fugitive Economic Offenders Act, 2018 has been enacted to provide for attachment and confiscation of property of fugitive offenders and has disentitled them from defending any civil claim. Heads of PSBs have also been empowered to request for issue of Look Out Circulars.
