

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
STARRED QUESTION NO-*88
ANSWERED ON- 27/07/2021

LOAN DEFAULTS IN PSBs

*88. SHRI BINOY VISWAM

Will the Minister of FINANCE be pleased to state:-

- (a) total amount of loans given by Public Sector Banks (PSBs) to private entities that have defaulted, details thereof for last three years, year-wise;
- (b) total number of wilful defaulters identified by PSBs and loans recovered during last three years;
- (c) whether Government has taken notice of the list of 2400 wilful defaulters made public by All India Bank Employees Association (AIBEA);
- (d) steps Government has taken to recover these loans;
- (e) how many/much of these loans have been forgone; and
- (f) whether Government has taken any legal action against these defaulters, if so, the details thereof?

ANSWER

THE FINANCE MINISTER

(SMT. NIRMALA SITHARAMAN)

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

Statement as referred to in reply to Rajya Sabha Starred Question no. *88 for answer on 27th July, 2021/ Sravana 5, 1943 (Saka) regarding "Loan defaults in PSBs" by SHRI BINOY VISWAM, Hon'ble Member of Parliament

(a) to (f): As per the instructions of the Reserve Bank of India (RBI), with effect from the financial year 2014-15, banks have been reporting credit information to RBI's Central Repository of Information on Large Credits (CRILC) on their borrowers having aggregate exposure of Rs. 5 crore and above. RBI has apprised that as per data reported by banks to CRILC, the total funded amount outstanding of borrowers whose sector code is 'private' and whose loans are classified as non-performing assets (NPA) in Public Sector Banks (PSBs), as on 31.3.2019, 31.3.2020 and 31.3.2021, is Rs. 5,73,202 crore, Rs. 4,92,632 crore and Rs. 4,02,015 crore respectively. RBI has further apprised that the total number of unique wilful defaulters reported by PSBs was 2,017 as on 31.3.2019, 2,208 as on 31.3.2020, and 2,494 as on 31.3.2021. As per RBI data on global operations, during the last three financial years, PSBs have effected recovery of Rs. 3,12,987 crore in NPAs and written-off loans.

In relation to wilful defaulters made public and steps taken to recover their loans, and legal action against them, as per RBI's Master Circular on Wilful Defaulters, dated 1.7.2015, details of suit-filed accounts of wilful defaulters having outstanding of more than Rs. 25 lakh are placed in the public domain on the websites of credit information companies that are registered with RBI, and banks are required to take steps to initiate the legal process, wherever warranted, against the borrowers/guarantors for recovery of dues. Further, they may also initiate criminal proceedings against wilful defaulters, wherever necessary. In line with these instructions, rather than forgo loans of wilful defaulters, banks initiate recovery process under various recovery mechanisms, such as filing of a suit in civil courts or in the Debts Recovery Tribunals, action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, filing of cases in the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, and through sale of NPAs.

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.

Thus, names of wilful defaulters made public under the said arrangements mandated by RBI and law are taken note of by the bank concerned itself, which takes steps to recover the loans and to initiate legal acting against such defaulters.

As per data reported by PSBs in respect of all wilful defaulters declared by them till 31.3.2021, including those declared prior to creation of CRILC as well as those involving aggregate exposure under Rs. 5 crore, 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 SARFAESI Act, 2002 and such action has been initiated in respect of a total of 8,351 instances of wilful defaults reported by PSBs.
