

Violation of Rules of BIFR by Banks

4720. SHRI C. RAMACHANDRAIAH : Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state :

- (a) the number of sick companies under rehabilitation;
- (b) what steps are being taken to revive potential sick companies as per the rehabilitation schemes sanctioned by BIFR;
- (c) whether Government are aware that M/s. Sri Rayalaseema Paper Mills Limited was taken over by a promoter as per the schemes sanctioned by BIFR;
- (d) whether Government are aware that the banks have not obeyed the order of BIFR resulting in closure of the company; and
- (e) what steps are proposed to be taken by Government to direct the concerned banks to strictly follow the orders of BIFR in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) : (a) Board for Industrial and Financial Reconstruction (BIFR) has reported that there are 228 sick companies under rehabilitation as on 31st March 2003.

(b) Rehabilitation Schemes are sanctioned for the revival of sick companies by various measures provided under Section 18 of the SICA 1985, which include restructuring of the Capital, infusion of fresh funds by the promoters, change of management, relief and concessions by Banks/FIs etc

(c) to (c) BIFR had sanctioned two revival schemes for the company envisaging take over of it by the new promoters. The Schemes failed as the promoters backed out. Subsequently, BIFR sanctioned a revival scheme on 2-8-1999. One of the consortium banks expressed inability to extend finance to the company as it had entered into an OTS with it. The Bank filed an appeal to Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the order of BIFR. The Company approached the High Court of A.P. with a request to stay the proceedings at AAIFR on the grounds that the appeal is barred by limitation period. The matter is now *sub-judice*.