

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3914
ANSWERED ON:17.08.2001
BANK LOAN DEFAULTERS
PRABHUNATH SINGH;RAGHUNATH JHA

Will the Minister of FINANCE be pleased to state:

- (a) the policy/guidelines of the RBI for sanctioning a loan for more than Rs.10,25,50 lakhs respectively by public sector banks and whether public sector banks has violated these guidelines/policy of the RBI while sanctioning the loans to these big corporate houses;
- (b) whether it is a fact that many of the big corporate houses in Gujarat State have borrowed heavily from the bank and financial institutions and are not repaying the loan amount and instead their cases have been referred to the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies Act (SICA) so that the recovery proceedings against them before Debt Recovery Tribunal (DRT) are stayed (
- (c) if so, the details thereof; and
- (d) the steps taken by the Government to check this tendency of big corporate houses?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

- (a): There are no specific policy/guidelines issued by RBI for sanctioning loan for more than Rs.10 lakhs, Rs.25 lakhs, Rs.50 lakhs to public sector banks. Policy for sanction of loans and advances are decided by the banks after due approval of their respective Boards for compliance by their branches/offices all over the country.
- (b) & (c): Board for Industrial and Financial Reconstruction (BIFR) has reported that as on 31.1.2001, 291 Sick Industrial Companies from the State of Gujarat were registered under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). While decision has been taken in respect of 191 cases, remaining 100 cases are at different stage of pendency.
- (d): There is a proposal under consideration of the Government to repeal SICA and to amend the companies Act, to include the provisions for setting up of National Tribunal which will have the jurisdiction and powers presently exercised by the Company Law Board under the Companies Act, 1956 and the power to consider rehabilitation and revival of companies - a mandate presently entrusted to BIFR/AAIFR under SICA as well as the powers for winding up of companies