

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

STARRED QUESTION NO:455
ANSWERED ON:20.12.2002
WILFUL DEFAULTERS
AMBATI BRAHMANAIAH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the RBI has examined the report of the working Group headed by S.S. Kohli on wilful defaulters;
- (b) if so, the details of the recommendations made in the report; and
- (c) the reaction of the Government thereto?

Answer

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH):

(a) Yes, Sir.

(b) Major recommendations of the Working Group headed by Shri S.S. Kohli cover definition of wilful default, siphoning of funds, diversion of funds, measures for ensuring 'end use of funds', penal measures against wilful defaulters and fixation of liabilities of the auditors.

(c) The recommendations of the Working Group have been examined by the Reserve Bank of India (RBI) in consultation with the Government. Accordingly, RBI have issued a circular to all scheduled commercial banks and notified all-India financial institutions of 30th May, 2002 advising them for implementation of these recommendations.