

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4790

ANSWERED ON:23.04.2010

RECOVERY OF LOANS

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Will the Minister of FINANCE be pleased to state:

- (a) whether inspite of the effective legal and institutional framework, the Scheduled Commercial Banks are facing difficulties in the recovery of loans particularly, from the big multinational companies and industrial houses;
- (b) if so, the details thereof alongwith number of such defaulters and amount outstanding against each one of them, bank-wise;
- (c) the steps taken / being taken by the Government to recover such outstanding loans alongwith progress made in this regard;
- (d) whether such outstanding loans of any defaulter have been waived / written off in the recent past;
- (e) if so, the details thereof, bank-wise;
- (f) whether the Credit information Bureau of India Limited (CIBIL) maintains a data-base of such defaulters; and
- (g) if so, whether the information is accessible from CIBIL website and if not, whether the Government proposes to make it available to the public free of cost?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (g): There is no specific report that the Scheduled Commercial Banks are facing difficulties in the recovery of loans particularly from the big multinational companies and industrial houses. Banks have, in fact, a menu of options to recover their Non-Performing Assets (NPAs) like compromise / One-Time Settlement, filing legal suits before civil courts / Debt Recovery Tribunals (DRTs), Lok Adalats, invoking the provision of SARFAESI Act, sale of NPAs to Securitisation Companies / Reconstruction Companies, other banks / Financial Institutions (FIs) / Non-Banking Financial Companies (NBFCs) etc. However, after examining / exhausting all the avenues of recovery, if banks feel that there is no scope of further recovery, they may, as a last resort, classify the account as a Loss Asset and make necessary provisions or may chose to write it off, in terms of their Board-approved Recovery policies.

The Reserve Bank of India (RBI) does not stipulate any guideline mandating the write off of un-recovered loans of individuals by the banks. Credit related matters have been deregulated by RBI, and banks are free to frame their own credit and recovery policies, with the approval of their Board of Directors. The Data Reporting System of RBI does not maintain the requisite data in the manner desired.

Pursuant to the then Finance Minister`s Budget Speech made in Parliament on 28th February 1994, in order to alert the banks and FIs and put them on guard against the defaulters to other lending institutions, the RBI has put in place scheme to collect details about borrowers of banks and FIs with outstanding aggregating Rs. 1 crore and above which are classified as `Doubtful` or `Loss` or where suits are filed, as on 31st March and 30th September each year. In February 1999, RBI had also introduced a scheme for collection and dissemination of information on cases of willful default of borrowers with outstanding balance of Rs.25 lakh and above. At present, RBI disseminates list of above-said non-suit filed `doubtful` and `loss` borrowal accounts of Rs. 1 crore and above on half-yearly basis (i.e. as on March 31 and September 30) to banks and FIs for their `confidential use`. The list of non-suit filed accounts of willful defaults of Rs.25 lakh and above is also disseminated on quarterly basis to banks and FIs for their `confidential use`. Section 45 E of the Reserve Bank of India Act, 1934 prohibits the Reserve Bank from disclosing `credit information` except in the manner provided therein.

Credit information Bureau of India Limited (CIBIL) is also placing the list of defaulters (suit-filed accounts) of Rs.1 crore and above and list of willful defaulters (suit-filed accounts) of Rs.25 lakh and above as on March 31, 2003 and onwards on its website (www.cibil.com) for confidential use by banks and FIs.