

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2042

ANSWERED ON:08.03.2013

**WILFUL DEFAULTERS**

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the banks in the country publish the names and photographs of the loans defaulters;
- (b) if so, the details thereof including the companies having loan amount of more than rupees 10 crores and whose names/photographs have been published;
- (c) whether the Public Sector Banks (PSBs) have prepared any list of wilful defaulters who have not repaid the loans;
- (d) if so, the details thereof, bank-wise and State/UT-wise during the last three years and the current year;
- (e) the details of the criteria adopted/laid down by banks to declare a borrower as wilful defaulter;
- (f) the total amount of unpaid outstanding loan against such defaulters as on date, bank-wise; and
- (g) the steps taken/being taken by the Government to recover outstanding loan amount from such wilful defaulters?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): The banks in some cases publish photograph of wilful defaulters/defaulters with dues above a cut-off point set by them. The clause permitting the bank to publish the photograph is included in the loan documents/agreement with the borrower and as such is a contractual provision permitting the banks to take such an action. The decision for publication is taken by the banks after taking into consideration reasons for default and is avoided where reasons are genuine. The decision for publication is taken at appropriate level in the banks and after giving a registered 'acknowledgement due' notice to the defaulter/guarantor of the bank's decision to publish photograph unless they regularize the account within a stipulated time. Reasonable time is also given to the borrower to regularize the account.

The details of the companies whose names/photographs have been published in the newspapers are not collated by the Reserve Bank of India (RBI).

(c) to (f): A 'wilful default' would be deemed to have occurred if the unit has defaulted in meeting its payment / repayment obligations to the lender when the unit has:

# the capacity to honour the said obligations;

# has diverted the funds for other purpose;

# not utilized/ siphoned off the finance from the lender for the specific purposes for which finance was availed of, nor the funds are available with the unit in the form of other assets,

# disposed off or removed the movable fixed assets or immovable property given by him or it for the purpose of securing a term loan without the knowledge of the lender.

RBI disseminates a list of non-suit filed 'doubtful' and 'loss' borrowal accounts of Rs. 1 crore and above on half-yearly basis and the list of non-suit filed accounts of wilful defaults of Rs.25 lakh and above on quarterly basis to banks and financial institutions for their confidential use. Further, Section 45E of the RBI Act, 1934, the Acts establishing public sector banks and the Public Financial Institutions (Obligation as to Fidelity and Secrecy) Act, 1983, provide for obligation of a bank or financial institution to maintain secrecy about the affairs of its constituents and disclosure or publication of any credit information is permissible in accordance with the practice and usage customary among bankers or as required under any other law.

(g): A copy of list of wilful defaulters, (non-suit filed accounts) and list of wilful defaulters (suit filed accounts) are forwarded to Securities & Exchange Board of India (SEBI) by RBI and CIBIL respectively, in order to prevent them to access the capital markets. No additional facilities are to be granted by any bank / FI to the listed wilful defaulters. The legal process, wherever warranted, against

the borrowers / guarantors and foreclosure of recovery of dues should be initiated expeditiously by the banks. The lenders may also initiate criminal proceedings against wilful defaulters, wherever necessary.

Other legal options available to banks for resolution of NPAs/recovery of loans are action under Securitisation and Reconstructions of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002), recourse to Debt Recovery Tribunals (DRTs) and Lok Adalats.