

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2503
ANSWERED ON:25.07.2014
WILFUL DEFAULTERS
Udhayakumar Shri M.

Will the Minister of FINANCE be pleased to state:

- (a) whether the public sector banks (PSBs) have prepared any list of willful defaulters or borrowers who have not repaid the bank loan;
- (b) if so, the details thereof, bank-wise including the number of such defaulters during the last three years and the current year, bank-wise;
- (c) whether any criteria adopted/laid down by banks to declare a borrower as wilful defaulter;
- (d) if so, the details thereof along with the total amount of unpaid loan outstanding against such defaulters as on date, bank-wise; and
- (e) the steps taken/being taken by the Government to recover the outstanding loan amount from such wilful defaulters?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) & (b): Yes, Sir. The Bank-wise detail of willful defaulters (Non-suit filed accounts of Rs. 25 lakhs and above) during the last three years and as on 31st December, 2013 is as per annex.

(c) & (d): RBI vide its Master Circular on willful defaulters DBOD. No. CID.BC.3/20.16.003/2014 - 15 dated on July 1, 2014 has laid down the criteria to declare a borrower as willful defaulters.

A `wilful default` would be deemed to have occurred if any of the following events is noted:

The unit has defaulted in meeting its payment / repayment obligations to the lender even when it has the capacity to honour the said obligations; has not utilised the finance from the lender for the specific purposes for which finance was availed of but has diverted the funds for other purposes; has siphoned off the funds so that the funds have not been utilised for the specific purpose for which finance was availed of nor are the funds available with the unit in the form of other assets; has also 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 bank/lender.

The total amount of unpaid loan outstanding against such defaulters as on 31st Dec, 2013 is Rs.10,108 crore. Bank-wise details of such defaulters as on December, 2013 is as per annex.

(e): As per RBI Master Circular on wilful defaulters, action including punitive action is initiated against such willful defaulters. In order to prevent the access to the capital markets by the wilful defaulters, a copy of the list of willful defaulters (non-suit filed accounts) and list of willful defaulters (suit filed accounts) are forwarded to SEBI by RBI and Credit Information Bureau (India) Ltd. (CIBIL) respectively.

No additional facilities to be granted by any Bank/ Financial Institutions (FI) to the listed willful defaulters. In addition, the entrepreneurs/promoters of companies where Banks/FIs have identified siphoning/diversion of funds, misrepresentation, falsification of account and fraudulent transactions is to be debarred from institutional finance from the scheduled commercial banks. The legal process, wherever warranted, against the borrowers/guarantors and foreclosure of recovery of dues should be initiated expeditiously. The lenders may initiate criminal proceedings against willful defaulters.