

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:794
ANSWERED ON:27.02.2015
WILFUL DEFAULTERS
Mahajan Smt. Poonam

Will the Minister of FINANCE be pleased to state:

- (a) whether Securities Exchange Board of India (SEBI) initiated any proposal to impose restrictions on wilful defaulters from accessing/raising funds from the Capital Markets;
- (b) if so, (he details thereof;
- (c) the measures adopted by the Government to protect the interests of stakeholders associated With wilful defaulters; and
- (d) the timeframe by which SBBI's proposal is expected to be implemented by the Government?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIJAYANT SINHA)

(a) and (b): Yes. Madam. The Securities and Exchange Board of India (SEBI). in its Board meeting held on November 19, 2014, has approved a proposal to review the policy in respect of restricting an issuer company / its promoter / directors, categorized as wilful defaulter, from raising capital after going through the public consultation process.

(c):The existing regulatory framework under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 protects the interests of stakeholders associated with wilful defaults by laying down conditions which debar an issuer company of convertible debt instruments from making a public issue or rights issue.

(d): The process of implementation involves preparation of discussion paper, hosting the discussion paper on SEBI website for public comments, analysis of public comments, approval of regulations by the SEBI Board and notification thereof, as such, no specific time can be indicated.

However, it may be noted that pursuant to the approval of the SEBI Board, a discussion paper seeking public comments has been uploaded on SEBI website on January 5, 2015.