

Title: **Shri Gurudas Dasgupta** called the attention of the Minister of Finance to the situation arising out of the huge non-performing assets in the banks due to default in payment of loans mainly by big borrowers and steps taken by the Government in this regard.

SHRI GURUDAS DASGUPTA (PANSKURA): Sir, I call the attention of the Minister of Finance to the following matter of urgent public importance and request that he may make a statement thereon:

"Situation arising out of the huge non-performing assets in the banks due to default in payment of loans mainly by big borrowers and steps taken by the Government in regard thereto."

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Mr. Speaker, Sir, the Government is aware about the incidence of non-performing assets of public sector banks and share of big borrowers in this. This has been a constant cause of concern for the Government, as high incidence of NPAs would curtail the availability of funds to the banks for effective deployment. At present, the level of non-performing assets of public sector banks as on March 2004 is 7.8 per cent of their gross advances. The Net NPA is below 3 per cent at present.

There are various factors, internal to a bank and external, to it which lead to an asset turning non-performing. The internal factors basically pertain to deficiency in credit appraisal and supervision, diversion of funds by the borrower and wilful default in repayment and inefficient management of the unit financed. The external factors on the other hand are : non-viability or sickness of the unit due

*Also Placed in Library, See No. LT 1984/2005.

to change in technology, demand pattern and other policies, non-completion of project due to cost, time overruns and other factors, such as non-availability of raw materials, labour problems, natural calamities, environmental factors such as pollution control, ecological damage and delay in disposal by courts/DRTs of suits filed by banks for recovery.

The performance of public sector banks has shown overall improvement in the last three years especially in the area of income, profits and the level of NPAs. The gross NPAs, which were Rs.56,473 crore as on March, 2002, came down to Rs.51,538 crore as on March, 2004. There has been a similar decline in the net NPAs also. The net NPAs came down from Rs.27,958 crore to Rs.18,860 crore for the same period. Accordingly, the percentage of Net NPAs to Net Advances also came down from 5.82 per cent to 3 per cent during the above period. Thus, there has been a consistent decline in the level of NPAs. This has been made possible by stringent measures adopted by the Government and the Reserve Bank of India with the help of the banks concerned. These include:-

Banks are effecting larger number of compromise settlements through the forum of Lok Adalats.

"The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002" has been enacted empowering Banks for speedy recovery of overdue loans. I may add, it was recently amended by this House.

A scheme of Corporate Debt Restructuring (CDR) for restructuring of corporate debts has been put in place.

The management Committee and the Board of Directors are periodically reviewing the top 300 NPA accounts and NPA accounts of Rs.1 crore and above respectively.

Banks have strengthened the risk management systems by putting in place institutional framework for identifying, monitoring and management of credit risk.

The seriousness and success of the Bank managements to recover thousands of crores of NPAs can be seen from the following :-

Total recoveries effected by Public Sector Banks (including write-offs) increased from Rs.18,730 crore on 31st March, 2003 to Rs.20,704 crore on 31st March, 2004.

As on 31st March, 2003, the public sector banks have settled 8.87 lakh NPA accounts involving

Rs.4,649 crore under the RBI's One-Time Settlement Scheme for NPAs up to Rs.5 crore.

Till September 30, 2004, the 27 Public Sector Banks have issued 70254 notices for an outstanding amount of Rs.21,988.74 crore and have recovered an amount of Rs.2,237.95 crore from 29301 cases filed under the Securitisation Act.

Out of 63131 cases (involving Rs.90,852.01 crore) filed by the commercial banks, DRTs have adjudicated 27373 cases (involving Rs.25,402.74 crore) resulting in a recovery of Rs.7,592.98 crore till 31st March, 2004.

Despite the aforementioned measures, the process of recovery has somewhat been eclipsed by the fact that the big industrial companies/borrowers have been the top defaulters to the Public Sector Banks. An amount of Rs.3,908 crore has been outstanding against ten top companies. Government is concerned on this and has clearly spelled out ways to tackle willful defaulters. The strengthening of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 after certain amendments has further tightened the grip over these defaulters. I would like to submit that in the next few months we are likely to recover more of our outstanding NPA through this legal reach.

SHRI GURUDAS DASGUPTA : Mr. Speaker, Sir, I express my deep respect for admitting this Calling Attention on this matter of urgent public importance.

Sir, I refrain from making any statement, general statement or general comment, on the figures given by the hon. Finance Minister.

If I am frank, it will be too brutal. If I make a cosmetic remarks, that will go against my conscience. At the beginning, let me say that the hon. Minister must have his eyes to look at things; must have ears to hear; must have his judgement.

MR. SPEAKER: Come to the subject.

SHRI GURUDAS DASGUPTA : Let us believe that the hon. Minister is led by the statement of the officers.

MR. SPEAKER: Naturally, he has to. Come to the subject.

SHRI GURUDAS DASGUPTA : I have with me a copy of the list of defaulters with the magnitude and the names published by the All India Bank Employees Association. I shall seek your permission to lay it on the Table of the House.

MR. SPEAKER: That I will have to see first.

SHRI GURUDAS DASGUPTA : It is for you to decide. My information says that the hon. Minister has not been truthful.

MR. SPEAKER: You should say that he is not factually correct instead of that `word`.

SHRI GURUDAS DASGUPTA : He has not been accurate or has been devoid of material fact. I can give you more parliamentary expressions.

MR. SPEAKER: Let us debate it in a proper atmosphere.

SHRI GURUDAS DASGUPTA : In March, 1997, the total volume of NPA was Rs.47,000 crore, according to my assessment. According to my assessment today, NPA, as on March 31, 2004, was Rs.96,000 crore. Therefore, it is not correct to say that NPA has been reduced. It has, on the other hand, increased. On March 31, the total profit of the nationalised banks had been Rs.39,458 crore and the provision that the banks had made to meet the liability of NPA was Rs.14,353 crore. Nearly 36 per cent of the profit had to be set aside under which to which the liability arising out of the non-payment of dues by the borrowers. According to my information, every year, nearly Rs. 10,000 crores are being written off by the banks. Let the hon. Finance Minister look into papers and find out if my statement is true. My statement again, during the last 10 years, is that the horror is in written in the figures - horror is not in the statement. During the last 10 years, Rs.1,00,000 crores has been written off. What does it mean? It means that the corporate delinquency is sought to be cross-subsidised out of the profit of the banks. Surely, this is not the sign of propriety in the policy of the banking of the Government of India. Who are the defaulters? Let the country know as to who are the defaulters. 75 per cent of the poor farmers make their repayment or pay back the loan. 97 per cent of the retail traders pay back the loans. Cat must be out of the bag if I say

50 per cent of the corporates do not pay back the loans. This is the crux. They do not pay back the loan. This is the corporate delinquency, which is allowed to be cross-subsidised by the Ministry of Finance and the management of the nationalised banks.

Hon. Minister speaks of securitisation. May I humbly and respectfully say that this Act empowers the Government only to attach the propriety of the company but the delinquent borrowers are more intelligent than our Finance Ministers. They divert the money and make properties in their own names or in the names of their wives.

Since it is in the name of a company, this Act does not empower the Government to touch the property of the defaulted borrowers. I complimented you because I had been raising this issue for over decades. I had been raising this issue of default in the payment of loans for decades. I did it in the other House during the time of other Governments. I did it because it is a downright loot of the public money. Successive Governments have failed to contain the increasing process of corporate delinquency leading to mounting of non-payment of loans. The recovery, I claim, has been nominal; the punishment has been selective; enforcement of the law has been weak; and the courts set up to recover the loans have been a few. There have been large-scale vacancies. Therefore, I come to the conclusion, I come to the concrete conclusion that there is a lack of political will to realise the money of the default made by the big borrowers. Why is it so? It is because these big borrowers are often well-connected and are often patronised.

MR. SPEAKER: You tell about how to recover this money.

SHRI GURUDAS DASGUPTA : They take the loan, divert the fund and make the company sick. The company is made sick but the owners of the company become rich. They go to the bank and say that they are sick and they ask for a little more time. They want the concessional rate of interest. They want lengthening of the repayment time. After having done that, they engage good lawyers and get stay after stay. Prolonged litigation has become most lucrative for the delinquent borrowers. Where is the law to prevent it?

Hon. Minister speaks of the new law. I would like to know what are the provisions which will take care of the prolonged litigation to make it lucrative for the default and loot of the public money? The point is very concrete. According to my book, the total NPA is nearly Rs.96,084.14 crore. This is also another statement. This is according to this book. Kindly add Rs.1.00 lakh crore to it which has been written off during the last ten years.

Thirdly, there are two other components. The banking norm says that after an account is identified to be sick, from that day, interest rate is not calculated, not to speak of penal rate of interest. Therefore, the amount stands still. If we calculate the interest including the penal interest from the day the account is declared to be sick, then the loss caused to the bank is much more.

Then, he is speaking of one time concession. Big borrowers are given generous concessions and not the farmers. If you take into account the loss sustained by the banks because of the generous concession and add up these three components, – amount written off, failure of the bank to calculate the amount and the interest during the default period and the concessions given – according to me, the total loss to the banking industry, not notional but actual, is around Rs.3.00 lakh crore.

MR. SPEAKER: Thank you. Please conclude now.

SHRI GURUDAS DASGUPTA : Now, I come to the questions. Firstly, may I ask you, Mr. Finance Minister, as to why do you not allow this wilful default as a criminal offence?

Sir, he is saying, 'wilful default' Let us make a provision in the law, which will enable the Government to treat wilful default as a criminal offence....(*Interruptions*) I wish you give me more applause. I am coming to it.

MR. SPEAKER: I am sure, you are not doing it only for applause.

SHRI GURUDAS DASGUPTA: No, Sir. I am only saying that I am speaking for many; I am not speaking for myself. I am speaking for many.

MR. SPEAKER: But it does not mean that you will have much more time.

SHRI GURUDAS DASGUPTA: I do not know if I am speaking for the hon. Finance Minister.

THE MINISTER OF INFORMATION & BROADCASTING AND MINISTER OF CULTURE (SHRI S. JAIPAL REDDY): He is playing to the gallery....(*Interruptions*)

SHRI GURUDAS DASGUPTA : My gallery is there in the House also.

MR. SPEAKER: Very good.

SHRI GURUDAS DASGUPTA : I feel privileged.

Secondly, why the Government will not publish the list of the defaulters? When I am here publishing, why will the Government not publish? The point is, the Government makes a distinction between 'suit filed account' and 'not suit filed account', which means, the account under litigation is published, but the account not under litigation is not published. I seek to publish it.

I want the Government to make a statement here and now that those who have looted the money of the country will be put to shame. I do not know whether they will go to jail because the judicial system has its own limitations. But let the country put them to shame that this person has looted the money of the Government.

Thirdly, will the Minister of Finance agree to recommend to the Election Commission that those who have defaulted in the payment of bank money, should be debarred from contesting elections?

MR. SPEAKER: It should be the other way. They cannot make a law. The Government can make a law. It is for the Legislature to do it.

SHRI GURUDAS DASGUPTA: Sir, with your generosity, I say that in the other House, I had met the Minister of State for Finance at that time, in connection with those who have defaulted the money...(*Interruptions*)

MR. SPEAKER: You cannot refer to the other House. We are the House of the People.

SHRI GURUDAS DASGUPTA: I am saying the other House. Anyway, I want the list to be published.

Fourthly, I want special courts for the trial of these white collared crime, and the special courts should try the wilful defaulters within a stipulated time.

MR. SPEAKER: All right.

SHRI GURUDAS DASGUPTA: Then, again, Sir—

MR. SPEAKER: No, you have to conclude now. You have already taken more than 20 minutes.

SHRI GURUDAS DASGUPTA: I am saying that the private property of the people who have defaulted, should be confiscated and even the group companies and the family members should be debarred from getting the bank loans. I say with anguish -- I am concluding, Sir -- and my anguish is that we have nearly 40 per cent of our people living below poverty line. We have the high incidence of poverty, we have no creation of jobs, and it can be all attributed to lack of funds. When the country is going through a period of agonizing poverty and unemployment, should the Government allow loot of the bank money and allow the evasion of taxes?...(*Interruptions*)

MR. SPEAKER: At no point of time they should do that.

SHRI GURUDAS DASGUPTA : Therefore, Sir, I appeal to the Government. It is my last appeal. I appeal to my friend not to use his linguistic bombards but to tell us in concrete terms his Action Plan. We want an Action Plan to take care of the wilful defaulters, most of whom are big borrowers, most of whom are associated with corridors of power in Delhi and in States. Thank you.

MR. SPEAKER: I think, the Minister was bombarded!

...(*Interruptions*)

MR. SPEAKER: Now, Shri Hannan Mollah. You may please ask only one question, without any preface, please.

SHRI HANNAN MOLLAH (ULUBERIA): Sir, there is not much preface. Our party defines the character of

the Indian Government that it is a bourgeois, landlord Government led by big bourgeoisie and they are ruling the roost as this issue also shows.

MR. SPEAKER: Very well. Now, put the question.

(Interruptions)

SHRI HANNAN MOLLAH: Sir, firstly I would request the hon. Minister to reply to this question. What is the amount of money written off?

MR. SPEAKER: He said it.

SHRI HANNAN MOLLAH: The Minister should say that.

Secondly, I would like to say that we have got ten top names of the defaulters from the reply of the hon. Minister. Out of that, we know one Company's name.

MR. SPEAKER: No. No. Do not give the names.

SHRI HANNAN MOLLAH: Their names are found everywhere, in all Banks and financial institutions as defaulters. They are loitering around the corridor; they are collecting money to contest elections; they have become leaders of the people. Who are they to do all these things? They are looting.

MR. SPEAKER: What is your question?

SHRI HANNAN MOLLAH: May I know whether these people are spared as they have political connections, high political connections?

MR. SPEAKER: Okay. Now, Shri Chandrappan. Please put only one question. We have taken a lot of time on this.

SHRI C.K. CHANDRAPPAN (TRICHUR): I would like to know from the hon. Minister whether there is any legal difficulty in publishing the names of the defaulters about whom Shri Dasgupta has mentioned? He mentioned about the huge number of defaulters. May I know whether there is any legal difficulty in publishing their names and placing it on the Table of the House?

MR. SPEAKER: You have put a question. Now, Shri Shailendra Kumar.

श्री शैलेन्द्र कुमार (चायल) : अध्यक्ष जी, मैं आपके माध्यम से माननीय वित्त मंत्री जी से कहना चाहता हूँ कि अगर एक गरीब आदमी ऋण नहीं चुका पाता है तो उसे आरसी इश्यू हो जाती है लेकिन देश में बड़े-बड़े उद्योगपति हैं, जिन्होंने बैंकों से ऋण लेकर दूसरा उद्योग लगा लिया है लेकिन ऋण नहीं दिया है। सरकार उनके ऊपर सख्ती बरते और उनकी चल-अचल सम्पत्ति बेचकर पैसे की अदायगी होनी चाहिए।

MR. SPEAKER: Now, the hon. Minister. No more time will be allowed for you. I am sorry. You are making the same point. That is not fair. That is not the way.

...(Interruptions)

MR. SPEAKER: Please do not misuse the opportunity that I have given to you.

...(Interruptions)

श्री शैलेन्द्र कुमार: लगता है कि बैंकों का जो भी धन है वह देश के बड़े लोगों के लिए है छोटे लोगों के लिए नहीं है। जिन बड़े लोगों ने बकाया नहीं दिया है, उन बकायादारों की सम्पत्ति से उसकी अदायगी की जाए और ऐसे लोगों की सूची भी जारी की जाए।

MR. SPEAKER: I will not allow it to be recorded. You are repeating the same thing. Shri Rupchand Pal, please put a specific question.

SHRI RUPCHAND PAL (HOOGHLY): I have a specific question to ask. The Indian Banks' Association has recently drawn the attention of the Government to an anomalous situation – that is, DRT and the latest amendment say that the banks cannot go for simultaneous action under SARFAESI Act and DRTA. They have to withdraw from DRTA, if they have to take action under the other. The attention of the Government has been drawn to this Act. The latest amendment to Section 19 of the Act is standing in the way and the time is consumed in the process. DRT has informed from the very beginning that there is want of judges and want of infrastructure. So, the latest amendment is standing in the way and the Government must do something to help the IBA to recover the NPAs and loans.

MR. SPEAKER: It is a good question! Now, the hon. Minister.

SHRI P. CHIDAMBARAM: I thought I spoke rather in a simple language. I will try to simplify my language even more and I am learning from Shri Jaipal Reddy Garu to speak in a simpler language.

I think that one must appreciate the progress made in recovery of NPAs. I would have liked hon. Members to have a word of praise for our banks; and as I said in my statement, the gross NPAs have come down from a high of 13.98 per cent in 2000 to 7.8 per cent in March 2004, almost by one-half.

Likewise, net NPAs have come down from 7.42 per cent in March 2000 to a shade below 3 per cent in March 2004. There has been a reduction of almost 60 per cent. Even in absolute terms, the net NPA in the banking system, which was Rs.26,187 crore in March 2000, has come down to Rs.18,860 crore in March 2004. I think, recognising that there is improvement in the recovery of loans in the banking system, we must continue to address the difficulties. We must continue to address the constraints which slow down the recovery.

Sir, there is a general impression that some sectors are more prone to NPAs and some others are less prone to NPAs. Well, that may be broadly correct. I think it is necessary to set the record straight. By the end of March 2004, the percentage of net NPAs to total advances in agriculture was 8.4 per cent. I have always maintained that agriculture is a good sector to lend. One of the reasons why last year, as soon as this Government took over, the first major policy announcement was that we will double the credit to the agriculture sector. We will lend more because according to me farmers are among the best borrowers and the best re-payers.

The net NPA of SSIs is among the highest, which is 15.16 per cent. For others, which includes the big borrowers, NPA is 8.17 per cent. The non-priority sector, which also includes big borrowers, the NPA is 8.4 per cent. Therefore, broadly we are dealing with three different kinds of problems. Although the net NPA of the people who borrow large amounts, as a proportion appears to be on the decline, since the amounts they borrow are large, the total amount which is outstanding in their names is large because the proportion of borrowing is large.

Then we have farmers, who are good borrowers yet adequate credit is not given to them. We will have to see more credit is given even while keeping the NPA at the same level.

There is a third category, SSIs, which I am afraid are more prone to default because of the competitive environment in which they have to function. So, I do not think there is one size that fits all answer. One has to have a different response to the big borrowers and big industries; a different response to the small and medium enterprises and a different response to the farmers.

I think the thrust of the questions that have been put to me today is about the big borrowers who have got large amounts of defaults against their names. I have said that their net NPAs are in the region of about 8.4-8.5 per cent and we need to address those problems. We have amended the Securitization Act. When that Bill was discussed here, I pointed out, because the Bill was under challenge in the Supreme Court effectively for ten months, that remedy was not availed. That is behind us now. You were kind enough to pass the amendment. The Bill has been amended. More cases are now being filed and I am confident that speed will pick up now in implementing the Securitization Act.

Questions were asked about or comments were made about generous concessions granted to certain industrial houses and the machinery of debt restructuring. Here I wish to take a minute to explain the purpose of debt restructuring. Banking is a business. It is like any other business. In every business there will be a cycle where there will be losses in some years and there will be profits in other years.

Hopefully, the profitable years would be more than the loss making years. Even in one business, a part of the business may make losses and another part of the business may make profit. To assume -- as I think some hon. Members are assuming -- that every rupee lent must be recovered is, I am afraid, a rather simplistic assumption. As I have said in my Statement, there are external factors which will cause a business to make losses. For example, in the last two, not the last year, but the three years previous, all steel companies were making losses. So, the steel industry went into a dive. Tatas made losses; ESSAR made losses; and SAIL made losses. I am sure many of those companies -- and I know some of those companies -- did not service their loans. Now, in such a case, if the banks do not take a sympathetic attitude and they simply go after the steel companies and say that you have not serviced your loan therefore we will attach your property and we are going to sell your property, what would happen to employment? What would happen to production of steel? Now, because the banks held the

hands of steel companies during that period, last year all steel companies have turned around. They are making good profits now and they are giving dividends. They are paying taxes. So to assume that every rupee lent will come back and not a single rupee will be defaulted, with great respect and in my respectful submission, does not reflect a proper understanding of banking which is a business. In banking also, some parts of banking or some parts of the loans will turn sour in a competitive economy. It happens even in non-competitive economy. It will happen in a competitive economy.

Therefore, the CDR is an instrument devised where there is no wilful default. CDR is an instrument devised in order to help industry to tide over a crisis, continue production, maintain employment, turn around the corner, and then pay back over a re-scheduled period. Now we can look at aspects of the CDR but to condemn the whole approach of CDR, I submit with great respect to hon. Members was wrong. Banking is as much a business as any other business.

Let me come to the specific questions. The specific question was that Rs.10,000 crore is written off every year. Now I do not know where hon. Member gets those figures.

SHRI GURUDAS DASGUPTA : I am ready to tell you that.

SHRI P. CHIDAMBARAM: Let me tell you my figures. As regards public sector banks including the State Bank group, the total amount of recoveries in FY 2004 is Rs.20704 crore, out of which – and I will explain this in a moment – recovery through compromise and write off is Rs.11308 crore which means cash recovery was Rs.9396 crore. That is the first aspect which I want to emphasise. The cash recovery is Rs.9396 crore. Now presumably, the hon. Members are looking at this figure of Rs.11308 crore and saying that it is a write off. It is both compromise and write off. In a write off, I admit, a portion of the outstanding is written off. It is usually the penal interest and the funded interest. Then there is another part which is mainly compromise and the word 'compromise' means you are re-scheduling it over a period of time and once the industry turns around, a part of this Rs.11308 crore will indeed be recovered over the next few years.

SHRI GURUDAS DASGUPTA: I am speaking of one time settlement.

SHRI P. CHIDAMBARAM: Even in one time settlement, a part is written off and a part is re-scheduled. Both together is called one time settlement. Mostly one time settlements are for small borrowers who have borrowed Rs.20 lakh or Rs.15 lakh or Rs.18 lakh. When their business has gone into losses and they cannot run the business any more, they come and say that they will pay upfront 60 per cent so please write it off. Now banks are entitled to make a judgement.

MR. SPEAKER: I did it as Chairman of WBIDC.

SHRI P. CHIDAMBARAM: It is quite right. Sir, you will recall in 1996-97, the United Front Government advised banks to appoint a Committee headed by a retired judge of the High Court in order to decide whether the OTS should be given in any case. I think most of the banks have got such committees headed by a retired judge.

It may be, in one or two cases, one can have a difference of opinion. One could say that in this case you should have done an OTS and in this case you should not have done an OTS. But please remember that as Government I cannot second guess every decision taken by every bank. If there is any *malafide* action by any bank management or any bank committee, please bring it to my notice. But one must trust the judgement of the bank management and the committees which advise the bank managements which are invariably headed by a retired judge of the High Court.

Sir, the next point was about the action taken against promoters or directors or their property. In many cases, promoters and directors offer, what is called, a personal guarantee. If personal guarantees are given, then certainly action is taken against the promoters. If they pledge their personal property, usually they pledge their shares, action is taken against those shares. But the company is a legal entity. If there is no personal guarantee and if there is no security offered of their personal property, then obviously neither can action be taken against their private property nor can action be taken against their personal property. Invariably, in most of these cases, there is either a Non-alienation agreement of shares or there is a pledge of shares. When this security is available, action is taken against these securities also.

A question was asked: Is there a section which preserves confidentiality? Now, this Section is in the RBI Act and the Section is Section 45 (E). Let me read this section.

"Any credit information contained in any statement submitted by a banking company under

Section 45 (C) or furnished to the bank by a banking company under Section 45 (D) shall be treated as confidential and shall not, except for the purpose of Chapter IIIA, be published or otherwise disclosed."

There are exceptions. This section was introduced as part of Chapter IIIA in Act 35 of 1962. This Section was there in the RBI Act. There are similar sections in most Central Bank laws. The exception is in case of suit filed actions – where a suit is filed for recovery. That list is published and that list is indeed available, as I am sure, it is available to anyone and it is also available on the website.

SHRI GURUDAS DASGUPTA: That is the precise point. Why cannot this Act be amended? That is why this book has been published.

SHRI P. CHIDAMBARAM: We can discuss this point.

SHRI GURUDAS DASGUPTA: We have been discussing this point for decades. You had been the Finance Minister earlier also. Government is avoiding this point that this particular provision should be amended...*(Interruptions)* In case of the wilful defaulters...*(Interruptions)*

SHRI BASU DEB ACHARIA (BANKURA): There should be transparency.

SHRI P. CHIDAMBARAM: In case of willful defaulters, in my view, there is no difficulty. There should be no difficulty in disclosing once an action is taken. But until action is taken, when the matter is still under discussion between the borrower and the bank, I think, there is a lot to be said for moderation and restraint in disclosing the name. It is because it could affect the market perception of a company; it could affect the company's market prices; it could affect the shareholder's confidence and it could affect a number of things about the company. Once action is taken, once suit is filed, the name is published. The answer to this problem is to quicken the process of recovery and quicken the process of filing the suit. That is the reason why I came up with the amendment of the SARAFESI Act. Now that we have amended this Act, where action has been taken, in every case where action has been taken, the name will be published and is indeed being published.

SHRI GURUDAS DASGUPTA: That means the Government does not want to publish the names.

SHRI P. CHIDAMBARAM: Sir, my friend is drawing his own conclusions.

MR. SPEAKER: Conclusion is not a question. You need not worry about that.

SHRI P. CHIDAMBARAM: All I am trying to say is that this Section is in the Statute Book since 1962.

Sir, the hon. Member has asked that one can go under one Act and cannot go under another Act. That is not my reading of the Section. In fact, our reading of the Section is that after the amendment, they can now go under the SARAFESI Act if they find that the DRT procedure is dilatory. I would explain the difference. DRT is an individual action by a bank.

SARFAESI is an action where 75 per cent of the lenders have collectively decided to take action. If an individual bank has filed an action on the DRT and then later 75 per cent of the lenders have collectively decided to take action, then obviously you cannot allow the individual banks action to proceed separately because the collective action of the bankers will be affected. If the bank is part of the collective action where 75 per cent of the lenders have decided to go to the SARFAESI, then obviously the individual bank which went to the DRT will have to withdraw it. Otherwise, recovery by the collective of the banks will indeed be affected. But the bank can say that it is not willing to join and if 75 per cent is not achieved, then you cannot act on the SARFAESI. This is the reason. If you decide to go on the SARFAESI by applying 75 per cent rule, then the individual bank has to withdraw it.

SHRI RUPCHAND PAL: I seek your indulgence. The Standing Committee on Finance has submitted a Report which is a public document. And we have quoted what the Finance Ministry has to say about the position taken by the IBA. The IBA has written that, in this particular situation, simultaneous action cannot be taken and this is delaying the process because they have to withdraw the case from the DRT. Meanwhile, time lag is there. This is the position taken. Evidence has come to the knowledge of the Standing Committee and we have incorporated it as part of the public document.

MR. SPEAKER: This is what he has said.

SHRI GURUDAS DASGUPTA: I have asked categorically about special court? What about that?

SHRI P. CHIDAMBARAM: I will come to that. Sir, you are an eminent lawyer and you will appreciate that.

SHRI GURUDAS DASGUPTA: Now, he is the Speaker of the House.

SHRI P. CHIDAMBARAM: I know it. I said that he will appreciate it. If an individual lender has gone to the DRT, then that is the right of an individual lender. SARFAESI Act does not recognise action by an individual lender. It recognises action when 75 per cent of the lenders collectively decide that they will act collectively, recover collectively and share the recovery collectively. That Act was passed by Parliament and 75 per cent lenders decision binds all lenders. Therefore, when 75 per cent of the lenders have decided to take action in order to protect their collective interest, obviously an individual lender who went there, without regard to the other lenders, must withdraw his action. Otherwise, the collective security and collective action of the lenders as on the lenders collection will be jeopardised. That is why we say that if you decide collectively, you have to withdraw the DRT action. But if you do not decide collectively, then you can always say, "I am sorry, we will not agree to join this collective action. We will not contribute to the 75 per cent majority." So, you cannot take action under SARFAESI. Obviously, the individual action will proceed. Therefore, this is a choice that you have to make. And if you make a choice in favour of collective action, then obviously the individual action cannot proceed independently.

SHRI RUPCHAND PAL: The Government's position is not being accepted by the IBA.

SHRI P. CHIDAMBARAM: This is my understanding. I will advise the IBA on my understanding of the law. So, that answers the question.

The other question is about the electoral disqualification and special courts. I shall certainly consider these two suggestions. But obviously, I have to consider it in consultation with the concerned Ministries and I will certainly consider these suggestions.

On the question of whether we are sparing anyone for their political connection, I cannot speak for anything that happened in the last five years. I can only speak for what has been happening for the last ten months. I have not spared anyone for any political connection. I think every borrower and every bank knows that none can come to me or anyone and ask to be spared on the ground of political connection. In fact, the criticism is that we are not sympathetic to anyone. We have explained the legal action of DRT and SARFAESI. I think we should continue it.

The hon. Member had very harsh words about recovery. I agree that recovery can be better and punishment can be made more deterrent. But now that we have amended the SARFAESI Act, the NPAs are coming down. I will ensure that we will make recovery better and punishment more deterrent.

SHRI GURUDAS DASGUPTA: Will you disagree with the figures that I have given? I am ready to stand any inquiry. I say that NPAs have increased and not declined....(*Interruptions*)

MR. SPEAKER: Shri Gurudas Dasgupta, you cannot go on like this. You are giving one figure and the Minister is giving another figure.

...(*Interruptions*)

SHRI GURUDAS DASGUPTA: I am contesting his basic point. NPAs are increasing, not declining. ...(*Interruptions*)

MR. SPEAKER: How is it to be resolved here?

MR. P. CHIDAMBARAM: ...(*Interruptions*) He is entitled to tell me how the figures given by me are wrong. But I am confident of the figures given to me. ...(*Interruptions*)

MR. SPEAKER: This cannot be resolved here. If you think that it is not correct, there are methods open to deal with it.

SHRI GURUDAS DASGUPTA: Can I place this book on the Table of the House?

MR. SPEAKER: I will have to consider that.

SHRI P. CHIDAMBARAM: You will have to consider that in the light of the law.

MR. SPEAKER: Yes, certainly, I will have to consider that. I am not immediately permitting him to do that. I will have to look into that.

