

an>

Title: Introduction of Insolvency and Bankruptcy Code (Second Amendment) Bill, 2018.

THE MINISTER OF RAILWAYS, MINISTER OF COAL, MINISTER OF FINANCE AND MINISTER OF CORPORATE AFFAIRS (SHRI PIYUSH GOYAL): Madam, I rise to move for leave to introduce a Bill further to amend the Insolvency and Bankruptcy Code, 2016.

HON. SPEAKER: Motion moved:

“That leave be granted to introduce a Bill further to amend the Insolvency and Bankruptcy Code, 2016.”

SHRI BHARTRUHARI MAHTAB (CUTTACK): Madam, I stand here to oppose the introduction of this amendment to Insolvency and Bankruptcy Code (Second Amendment) Bill. A month or so ago, Bhushan Steel was sold to Tata Steel and 65 per cent of the loan was recovered and 35 per cent was written off. Steel sector is booming now and nobody asks a question as to who is responsible for 35 per cent loss or haircut.

Alok Industries, a textile company whose bidding was only about Rs.50 million, of which lenders should get around Rs.47 million. Alok Industries owes banks around Rs.296 million. Can one believe that a company worth Rs.296 million is being sold at Rs.50 million? The State Bank of India, Corporation Bank, UCO Bank, Bank of Maharashtra, LIC, Allahabad Bank, Union Bank, Dena Bank, Oriental Bank of Commerce and United Bank of India plus Axis Bank are the lenders, who have taken a

massive haircut of almost 84 per cent. All this has happened because of the complicity of this Government. There was only one bidder, which was a strange consortium of Reliance Industries Ltd. and JM Financial Asset Reconstruction Company. RIL has enough money of its own, while JM cannot run a textile mill. Why they have got together is a mystery. The foul bidder offered Rs.50 million of which the lenders would get about Rs.47 million.

The Committee of Creditors (COC) in last April could not gather enough votes to act on the resolution plan and here the crux of the problem lies and that is the reason why an Ordinance came into force. The proposal got 70 per cent of the votes when 75 per cent were needed. That is the prevalent law today. Now, the Government stepped in and an Ordinance amending the IBC lowered the minimum vote needed for passing a resolution plan to 66 per cent from 75 per cent.

While going through this thick Bill, in Clause 25, Section 33, subsection (ii) of the principal Act, after the words 'decision of the Committee of Creditors' the words 'approved by not less than 66 per cent of voting share' shall be inserted.

This is the amendment to which I am opposed. In clause 25 of the Explanatory Note, the Bill seeks to amend Section 33 of the Code to provide a reduced threshold from 75 per cent of voting share for obtaining the approval of the Committee of Creditors for making an application to the adjudicating authority to pass a liquidation order. Even that is the reason why I say that this is nothing but a fixed match. Bad loan resolution

is becoming deep rooted nexus between the bankers, auditors and promoters, which is undermining serious recovery.

Alok Industries is a glaring example. Should the law be bent like this? Should we be the party to this law, this loot? It stinks. This is a clear case of crony capitalism and loot of public money. It is bad in law. Anything that is against public good is bad in law. I oppose its introduction. Here is a case where just to help one industry, an Ordinance is being brought by this Government. Now, an Amendment Bill is being introduced.

Mr. Minister is a good friend of mine. He still continues to be a good friend of mine. I hope, good sense will prevail and he will impress. Whatever may be the constraints, whatever may be the pressure, at least the Government should stand up and do away with this type of crony capitalism and should stop the loot of money.

... (*Interruptions*)

HON. SPEAKER: Only Minister's statement will go on record and nothing else.

... (*Interruptions*)... *

SHRI PIYUSH GOYAL: Madam Speaker, as this august House is aware, when the Insolvency and Bankruptcy Code was introduced, the country's banking sector was going through a serious crisis. All of us are very much aware where the genesis of that crisis lies. When we took over this Government in May, 2014 and the hon. Prime Minister spoke on Friday, when this august House had resoundingly rejected the No Confidence

Motion also against this Government, about the dire financial stress that the Indian banking system was faced with because of indiscriminate and absolutely baseless lending that happened during the period 2008 to 2014 where the banking system gave money to promoters who had no business to get loans in the first place. ... (*Interruptions*) When we took over this Government, the stress in the banking sector, including the stressed assets and the NPAs, was humongous ... (*Interruptions*) and was because of the bad lending prior to 2014. ... (*Interruptions*) The cases that the hon. Member is referring to are also loans which have been given during that period and then subsequently restructured and have continued to be evergreen because of which the banking system was in dire straits. ... (*Interruptions*) In this situation, ... (*Interruptions*)

माननीय अध्यक्ष : आपने लोन थोड़े दिया है? He is talking about the banks. यह बैंकों का लोन है, आप ऐसे क्यों खड़े होते हैं?

...(व्यवधान)

श्री पीयूष गोयल : अध्यक्ष महोदया, अगर ये इतनी आवाज उस समय किए होते, जब ये लोन दिए जा रहे थे तो यह समस्या आज देश के सामने नहीं होती।

इस समस्या की जड़ में एक दूसरा पहलू था, पहले पुरानी सरकार के समय में डीआरटीज, सरफेसी, डीआईएफआर लोन को रिकवर करने के कानून थे, वह कमजोर था, बैंक आज तक बड़े लोगों से लोन रिकवर नहीं कर पाया। छोटे लोगों को नोटिस जाता था। कोई आदमी छोटा लोन ले तो बैंक उसके पीछे पड़ता था कि लोन वापस करो। बड़े व्यक्ति को लोन मिलने के बाद वह सोचता था कि यह मेरा अधिकार है, मुझे पैसा मिल गया, अब पैसा वापस लेने की जिम्मेदारी बैंक की है। कोई बड़े आदमी की संपत्ति कभी जब्त नहीं की गई, कोई बड़े आदमी की संपत्ति

या फैक्ट्री कभी वापस नहीं ली गई। उसकी पूरी जिम्मेदारी कांग्रेस सरकार की है। ऐसी परिस्थिति में आईबीसी का कानून लाया गया। ... (व्यवधान)।

HON. SPEAKER: Only Minister's statement will go on record.

...(Interruptions) ... *

श्री पीयूष गोयल : जब आईबीसी का कानून आया, तब कई माननीय सांसद ने कुछ विषय रेज किए थे, जैसे होम बायर्स का क्या होगा, अगर कुछ लोने देने वाले बैंक अड़चन पैदा करते हैं, रिजॉल्यूशन नहीं हो पाता है जिसके कारण कंपनियां बंद हो जाती हैं।

जॉब लॉसिस होते हैं और लिक्विडेशन वैल्यु, स्वाभाविक है कि आईबीसी से कम होती है यानी आईबीसी के रिजाल्युशन में जो वैल्यु मिलती है उससे भी कम वैल्यु मिलती है। इन सब समस्याओं को देखते हुए, सदन में चर्चा के दौरान माननीय वित्त मंत्री जी ने घोषणा की थी कि एक कमेटी बैठेगी, जिसमें सरकारी अफसर, आरबीआई के अफसर, इंडीपेंडेंट एक्सपर्ट्स और लॉयर्स होंगे और सब मिलकर कानून को स्टडी करके सरकार के समक्ष सुझाव रखेंगे। ... (व्यवधान) उन सुझावों के हिसाब से ये अमेंडमेंट्स लाए गए हैं। ये सभी अमेंडमेंट्स प्रॉस्पेक्टिव हैं, इसमें कोई रिट्रोस्पेक्टिव अमेंडमेंट नहीं है। अगर कोई भी इस प्रकार का बेबुनियाद आरोप लगाया जाएगा तो वह पूरी तरह से बेबुनियाद है, कोई भी कानून किसी को सूट करने के लिए नहीं लाया गया है। ये सभी प्रॉस्पेक्टिव हैं रिट्रोस्पेक्टिव नहीं हैं। ... (व्यवधान)

HON. SPEAKER: The question is:

“That leave be granted to introduce a Bill further to amend the Insolvency and Bankruptcy Code, 2016. ”

The motion was adopted.

SHRI PIYUSH GOYAL: I introduce the Bill.