

GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
(DEPARTMENT OF COMMERCE)

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 2887**  
**TO BE ANSWERED ON 21<sup>st</sup> MARCH, 2018**

**GRANT OF LOAN AGAINST FORGED DOCUMENTS BY PEC LIMITED**

2887. DR. K.V.P. RAMACHANDRA RAO:

Will the Minister of **COMMERCE & INDUSTRY** be pleased to state:

- (a) whether it is a fact that the Project Equipment Corporation (PEC) Ltd. has granted a huge loan against forged land documents pledging entire village in Ranga Reddy district of Telangana, if so, the details thereof;
- (b) what are the primary duties of PEC and how the PEC is sanctioning huge amounts of loan without verifying the authenticity of documents; and
- (c) whether Government has any control over the PEC and how Government is planning to recover the loan?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY  
(SHRI C. R. CHAUDHARY)

- (a) No, Sir. PEC Limited has not granted any loan against forged land documents. However, in one of the business transactions, security was provided by one of the business associates by mortgaging property against previous outstanding dues caused due to non-fulfilment of export contracts of Iron Ore from Goa. The mortgage covers village land in Ranga Reddy (East) district of Telangana. The party had provided the Title deeds, due diligence report and valuation certificate. PEC had also registered mortgage property in favour of PEC with Sub Registrar of Ranga Reddy (East) district. The title of the land mortgaged has recently been revealed to be defective.
- (b) PEC was created in 1971 with a mandate to handle the canalised business of railway equipment, engineering equipment and turnkey projects. In the post liberalisation period, with de-canalization of commodities PEC changed its course of business by adopting different business models and diversified into other areas like international trade (import and export) of industrial raw material, agro commodities, etc. PEC performs the business in association with private parties or Public Sector Undertakings on back to back Associate ship Agreement basis after taking due diligence. PEC at present has stopped financing for trade.

- (c) PEC is a Central Public Sector Undertaking under the administrative control of Ministry of Commerce and Industry and works with functional autonomy. The Board of PEC, at present, have two Government Directors. The Department of Commerce signs a MoU with the PEC every year and the performance of the CPSE is reviewed against the MoU targets. Department of Commerce has directed PEC to make all efforts to expedite recovery of outstanding from the defaulters. PEC Limited has taken appropriate civil and criminal action to recover the outstanding from the party including filing cases under 138 Negotiable Instruments Act and reference to CBI.

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