

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO-2163
ANSWERED ON 8TH AUGUST, 2023 / SRAVANA 17, 1945 (SAKA)

**CONSULTATION ON COMPROMISED SETTLEMENT FOR
WILFUL DEFAULTERS**

2163. SHRI MALLIKARJUN KHARGE

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Reserve Bank of India has published the latest "Framework for compromise settlements and technical write-offs" and if so, the details thereof;
- (b) whether such wilful defaulter or company can get fresh loans after 12 months of executing a compromise settlement, if so, the reasons therefor;
- (c) whether the Ministry's opinion on the matter was sought and if so, the details thereof; and
- (d) the details of the total number of wilful defaulters and the amount owed as on date in Scheduled Commercial Banks and Cooperative Banks, bank-wise?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (d): With a view to provide further impetus to resolution of stressed assets in the system as well as to rationalise and harmonise the instructions across all regulated entities, (REs), the Reserve bank of India (RBI), as regulator of banks and non-banking financial companies, *vide* circular dated 8.6.2023, has issued a comprehensive regulatory framework governing compromise settlements and technical write-offs covering all the regulated entities. The Department of Financial services has not been consulted in the matter. Salient features of the aforesaid framework, include, *inter alia*, the following:

- (i) REs are required to put in place a Board-approved policy for technical write-offs as well as for undertaking compromise settlements with the borrowers.
- (ii) The power to sanction/approve compromise settlements and technical write-offs rests with an authority at least one level higher than the authority vested with power to sanction the credit/ investment exposure.
- (iii) All cases of compromise settlement involving borrowers classified as fraud or wilful defaulter requires approval of the Board in all cases.
- (iv) Cooling period, as determined by the respective Board approved policies before the REs can assume fresh exposures to such borrowers, has been introduced.
- (v) Wherever REs had commenced recovery proceedings under a judicial forum and is pending, any settlement arrived at with the borrower shall be subject to obtaining a consent decree from the concerned judicial authorities.

(vi) The objective of undertaking compromise settlement should be to maximise the possible recovery from a distressed borrower at minimum expense, in the best interest of the RE.

Wilful defaulters cannot get a fresh loan after 12 months of executing a compromise settlement. The cooling period of 12 months has been introduced as a general prescription for normal cases of compromise settlements, without prejudice to the penal measures applicable in respect of borrowers classified as wilful defaulter or fraud, as per the RBI's Master Circular on Wilful Defaulters dated 1.7.2015, and the Master Directions on Fraud dated 1.7.2016.

Scheduled Commercial Banks (SCBs) and Urban Cooperative Banks (UCBs), having asset size of Rs. 500 crore or above, report certain credit information of all borrowers having aggregate exposure of Rs. 5 crore and above to the Central Repository of Information on Large Credits (CRILC). Bank-wise details of wilful defaulters in respect of SCBs and UCBs, as reported in CRILC, are at Annex-1 and Annex-2 respectively.

Rajya Sabha Unstarred question no. 2163, regarding Consultation on compromised settlement for wilful defaulters

Details of wilful defaulters in Scheduled Commercial Banks as on 31.3.2023

Amounts in crore Rs.

Bank Name	Number	Amount owed
American Express Banking Corporation	1	5
AU Small Finance Bank Limited	1	9
Axis Bank Limited	21	1,135
Bank of Baroda	460	23,016
Bank of India	218	15,176
Bank of Maharashtra	152	6,079
Bank of Nova Scotia	1	-
Canara Bank	222	15,135
Central Bank of India	88	6,737
Citibank N.A.	1	18
City Union Bank Limited	1	17
CSB Bank Limited	44	164
DBS Bank India Limited	6	176
Federal Bank Limited	46	560
HDFC Bank Limited	6	17
ICICI Bank Limited	30	2,264
IDBI Bank Limited	74	4,722
IDFC First Bank Limited	2	58
Indian Bank	129	10,517
Indian Overseas Bank	125	11,213
Karnataka Bank Limited	24	412
Karur Vysya Bank Limited	21	469
Kotak Mahindra Bank Limited	14	374
Punjab and Sind Bank	29	816
Punjab National Bank	479	30,845
RBL Bank Limited	5	50
South Indian Bank Limited	12	528
Standard Chartered Bank	14	117
State Bank of India	995	27,849
The Dhanalakshmi Bank Limited	6	321
UCO Bank	101	9,125
Union Bank of India	451	29,558
Unity Small Finance Bank Limited	28	2,623
Woori Bank	1	8
Yes Bank Limited	9	2,110

Source: RBI

Rajya Sabha Unstarred question no. 2163, regarding Consultation on compromised settlement for wilful defaulters

Details of wilful defaulters in Urban Cooperative Banks, as on 31.3.2023

Amounts in crore Rs.

Bank	Number	Amount owed
Abhyudaya Co-operative Bank Limited, Mumbai	2	39
Almora Urban Co-operative Bank Limited	4	15
Bombay Mercantile Co-operative Bank Limited	2	14
Citizen Credit Co-operative Bank Limited, Mumbai	2	14
Cosmos Co-operative Bank Limited	1	38
Greater Bombay Co-operative Bank Limited	4	29
Janata Sahakari Bank Limited, Pune	15	170
NKGSB Co-operative Bank Limited, Mumbai	2	27
Nutan Nagarik Sahakari Bank Limited, Ahmedabad	2	10
Rajkot Nagrik Sahakari Bank Limited	2	10
Saraswat Co-operative Bank Limited, Bombay	2	178
Surat Peoples Co-operative Bank Limited	1	26
Suvarnayug Sahakari Bank Limited, Pune	1	6

Source: RBI
