

गणराज्य भारत  
भारतीय वित्त मंत्रालय

**Government of India  
Ministry of Finance  
Department of Revenue**

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**LOK SABHA**

**UNSTARRED QUESTION NO. 3460**

( TO BE ANSWERED ON FRIDAY, MARCH 16, 2018

PHALGUNA 25, 1939-40 (SAKA)

**SURVEILLANCE ON LOAN DEFAULTERS**

**3460: SHRI GUTHA SUKENDER REDDY:**

Will the Minister of Finance be pleased to state:

- a) whether the Government has taken cognizance that the frequent evasion of loans in the light of PNB Scam and Rotomac Scam etc., taken by big business firms and persons in the country needs surveillance on those companies and persons and if so, the details thereof;
- (b) whether the Government has made any such list of persons and companies taken loans from banks and defaulting in periodic payments and if so, the details thereof;
- (c) whether the Government is putting any surveillance on their activities to obviate any future loan defaults and evading payments and the details thereof; and
- (d) the steps being taken by the Government to recover the money from defaulters?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE**

**(SHRI SHIV PRATAP SHUKLA)**

(a), (b) and (c): Government has asked Public Sector Banks (PSBs) to examine all accounts exceeding Rs. 50 crore, if classified as NPA, from the angle of possible fraud and in case an account turns NPA, to seek a report on the borrower from the Central Economic Intelligence Bureau.

RBI has created an online Central Repository of Information on Large Credits (CRILC), on which the banks are required to report the details of all large credits (above the threshold of Rs.5 crore). The CRILC database is accessible to all banks and helps them monitor the health of various borrowers in the banking system on whom a bank may have or may like to have credit exposure.

For deterrent action in respect of frauds and wilful defaulters, various measures are taken. Banks register FIRs in cases of loan frauds and classify the borrowers as wilful defaulters. Classification of a borrower as wilful defaulter debars him/her, and any company where he/she is on the Board, from taking fresh loans and accessing capital markets. Further, as per RBI's instructions on wilful defaulters, lenders may initiate criminal proceedings against wilful defaulters, wherever necessary.

RBI has taken a number of measures, which include the following:

- (i) a framework for dealing with loan frauds of Rs. 50 crore and above, under which banks classify potential fraud accounts as red-flagged accounts based on observation/evaluation of early warning signals, and take time bound action;
- (ii) an online searchable database of frauds reported by banks, in the form of Central Fraud Registry, as a tool of timely identification, control and mitigation of fraud risk and for carrying out due diligence during credit sanction process; and
- (iii) issuance of caution advices by RBI, detailing names of fraudsters and their *modus operandi*;

(d) A better ecosystem for recovery and resolution of stressed assets has been put in place through the Insolvency and Bankruptcy Code, amendments made to the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, establishment of six new Debts Recovery Tribunals, and issuance of a revised framework by RBI to enable transparent and time-bound resolution of high-value stressed accounts. Under the PSB Reforms Agenda announced by the Government in January 2018, for clean lending, banks are committed to ensure strict role segregation, online processing, clean consortium lending arrangements, Stressed Asset Management verticals for stringent recovery, and clean post-sanction follow-up for loans above Rs. 250 crore.

The Law Enforcement Agencies of Government such as CBI, Enforcement Directorate, CBDT, DRI have taken prompt action to freeze the bank accounts of such entities, and seize other assets. Also, attempts are made to use bilateral agreements to bring the defaulters to face trials for criminal acts in India.

Further, the Fugitive Economic Offenders Bill, 2018 has been introduced in Parliament to provide for measures to deter fugitive economic offenders from evading the process of law in India by staying outside the jurisdiction of Indian courts.

The Bill provides for attachment of the property of a fugitive economic offender; confiscation of the property of an individual declared as a fugitive economic offender resulting from proceeds of crime; confiscation of other property belonging to such offender in India and abroad, including benami property; and disentitlement of the fugitive economic offender from defending any civil claim.

The cases where the total value involved in such offences is Rupees 100 crore or more, will come under the purview of this Bill.

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