

**GOVERNMENT OF INDIA  
MINISTRY OF HOME AFFAIRS**

**LOK SABHA  
UNSTARRED QUESTION NO. 1317**

**TO BE ANSWERED ON THE 18<sup>TH</sup> DECEMBER, 2018/ AGRAHAYANA 27, 1940  
(SAKA)**

**ISSUANCE OF LOOK-OUT NOTICES**

**1317. SHRIMATI MAUSAM NOOR:**

**Will the Minister of HOME AFFAIRS be pleased to state:**

**(a) whether the Government has recommended amendment of a circular of Ministry of Home Affairs which lists authorities who can request issuance of the look-out circular to the MHA, and permits the heads of public-sector banks to request issuing of look-out circulars against wilful defaulters from fleeing India;**

**(b) if so, the details thereof;**

**(c) whether the Government would further be considering the extension of such authority subject to extended scrutiny to the heads of listed private banks as delinquent borrowers are observed in private sector banks,**

**(d) if so, the details thereof;**

**(e) whether the Government, in consultation with banking sector is preparing to finalize the criteria for identifying potential wilful defaulters; and**

**(f) if so, the details thereof?**

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS  
(SHRI KIREN RIJIJU)**

**(a) & (b): Government has amended the Look-Out Circular (LOC) Guidelines. An LOC may now also be opened/originated after the approval of an officer not below the rank of Chairman/Managing Directors/Chief Executive of all Public Sector Banks.**

**(c) & (d): No such proposal is under consideration at present.**

**(e) & (f): The criteria for identifying wilful defaulters has been laid down by RBI. As per RBI Master Circular, updated 01/07/2015, a willful default would be deemed to have occurred if any of the following events is noted, viz, the unit has defaulted in meeting its payment/repayment obligations to the lender-**

**(i) even when it has the capacity to honour the said obligations;**

**(ii) has not utilized the finance from the lender for the specific purposes for which finance was availed of but has diverted the funds for other purposes;**

**(iii) has siphoned off the funds so that the funds have not been utilized for the specific purpose for which finance was availed of, nor are the funds available with the unit in the form of other assets; and**

**(iv) has also disposed off or removed the movable fixed assets or immovable property given for the purpose of securing a term loan without the knowledge of the bank/lender.**

**The circular further stipulates that identification of the wilful default should be made keeping in view the track record of the borrowers and should not be decided on the basis of isolated transactions/incidents. The default to be categorized as wilful must be intentional, deliberate and calculated.**