

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-1230
ANSWERED ON-19.09.2020

Bank Guarantors

1230. SHRI MANICKAM TAGORE B.:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is true that the Government has asked the banks to moot action against personal guarantors of corporate debtors that have defaulted on loans;
- (b) if so, the details thereof;
- (c) whether it is also true that the banks have been asked to set up IT system to collate data regarding personal guarantors to corporate debtors in all such cases for the requisite follow-up and consequential action; and
- (d) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) to (d): In the context of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 empowering creditors to file insolvency application against personal guarantors to corporate debtors before the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016, the Department of Financial Services had issued as advisory dated 26.8.2020 to Public Sector Banks that they may consider putting in place a mechanism for monitoring the cases which may require initiation of individual insolvency process before NCLT against personal guarantors to corporate debtors, and that they may also consider setting up an information technology system to collate data regarding personal guarantors to corporate debtors for requisite follow-up and consequential action.
