

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO-120

ANSWERED ON MONDAY, NOVEMBER 25, 2024/AGRAHAYANA 4, 1946 (SAKA)

LOAN SETTLEMENT OF WEALTHY INDIVIDUALS

120. SHRI MANICKAM TAGORE B

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government allowed the settlement of wealthy individual 49,000 crore debt towards for just 455 crore, which is only 0.92% of the total debt owed to the banks;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether such settlements represent a case of crony capitalism, where large corporations and wealthy individuals are treated leniently while common citizens and small businesses are burdened with high-interest loans and penalties;
- (d) whether the Government or any official was directly involved in facilitating the above settlement and if so, the steps taken by the Government to protect public interest in this matter; and
- (e) whether the Government treat ordinary loan defaulters differently than big corporates and if so, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (e): Sought information pertain to corporate insolvency resolution process (CIRP) of a corporate debtor (CD), wherein creditors had submitted aggregated claims of Rs. 49,668 crore, however, claims amounting to Rs. 47,251 crore was admitted by the adjudicating authority, out of which claims of Rs. 41,397 crore pertained to financial creditors. As per the order dated 19.12.2023 of the National Company Law Tribunal (NCLT), Mumbai, out of the total admitted claims of financial creditors, the direct lending to the CD was Rs. 182.20 crores (0.44% of total debt) only. The balance amounts were admitted on the basis of corporate guarantees and other similar/ third party obligations related to three group companies of the CD. These obligations are also part of the admitted claims in CIRPs of these group companies. Out of these, CIRPs of two group companies are still under process and insolvency resolution proceedings for personal guarantor(s) of this group are also underway in the National Company Law Tribunal. Further, as per the approved resolution plan, liquidation value of the CD was Rs. 428.59 crore and aggregate amount realisable to creditors was Rs. 455.92 crore.

Once the CIRP application is admitted by the NCLT, the CD is resolved through a transparent and market-driven process, wherein resolution plans are submitted by prospective resolution applicants. Committee of Creditors within its commercial wisdom assesses the feasibility and viability of the resolution plan, which is then approved by the NCLT. Further, the realisation by creditors through CIRP is dependent on quality of assets at the time of its resolution.

Further, as per the provisions of the Insolvency and Bankruptcy Code, CIRP application in the NCLT is filed against a CD if the minimum amount of default is Rs. 1 crore, and similar process for resolution is followed in all such cases.
