

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
STARRED QUESTION NO. *87

ANSWERED ON MONDAY, 10TH FEBRUARY, 2025 / MAGHA 21, 1946 (SAKA)

LIST OF WILFUL DEFAULTERS

***87. PROF. SOUGATA RAY:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India prepared the list of wilful defaulters, failing to repay bank loans despite having the means to do so;
- (b) if so, the details thereof;
- (c) whether a wilful default happens when the borrower has not utilized the finance from the lender for the specific purpose for which finance was availed or has the funds diverted for other purposes or siphoned off the funds or disposed of or removed the movable fixed assets or immovable property without the knowledge of the bank;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government to ensure the recovery of loans from such defaulters?

ANSWER

FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (e): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) in respect of Lok Sabha Starred Question No. *87 for reply on 10.02.2025 regarding List of Wilful Defaulters asked by Prof. Sougata Ray.

(a) to (e): RBI, *vide* Master Direction on Treatment of Wilful Defaulters and Large Defaulters, has advised lenders to submit the list of wilful defaulters to all Credit Information Companies (CICs) on a monthly basis, and CICs are required to display the same on their respective websites. The details of the same are available on and can be accessed at the following URL of CICs, registered with and regulated by RBI:

- (i) suit.cibil.com,
- (ii) suit.experian.in,
- (iii) equifax.co.in, and
- (iv) Crifhighmark.com

It is stated in the aforesaid Master Direction that a wilful default by a borrower occurs when the borrower defaults in meeting payment/repayment obligations to the lender and any one or more of the following features are noticed:

- (a) the borrower has the capacity to honour the said obligations;
- (b) the borrower has diverted the funds availed under the credit facility from lender;
- (c) the borrower has siphoned off the funds availed under the credit facility from lender;
- (d) the borrower has disposed of immovable or movable assets provided for the purpose of securing the credit facility without the approval of the lender; and
- (e) the borrower or the promoter has failed in its commitment to the lender to infuse equity despite having the ability to infuse the equity, although the lender has provided loans or certain concessions to the borrower based on this commitment and other covenants and conditions.

Banks initiate recovery actions in NPA accounts, including those pertaining to willful defaulters, under the various recovery mechanisms available, such as, filing of suits in civil courts or in Debt Recovery Tribunals, action under the Securitisation and Reconstruction of Financial Assets and Enforcement of security Interest (SARFAESI) Act, filing of cases in the National Company Law Tribunal under the Insolvency and Bankruptcy Code, through negotiated settlements/ compromise, and through sale of non-performing assets.

Further, comprehensive measures have been taken to deter wilful default and to recover NPAs, including those pertaining to wilful defaulters. Such measures include, *inter alia*, the following:

- (i) Change in credit culture has been effected, with IBC fundamentally changing the creditor-borrower relationship, taking away control of the defaulting company from promoters, and debarring wilful defaulters from the resolution process.
- (ii) The SARFAESI Act and The Recovery of Debt and Bankruptcy Act have been amended to make it more effective.
- (iii) Wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, and their unit is debarred from floating new ventures for five years. Further,

wilful defaulters and companies with wilful defaulters as promoters/directors have been debarred from accessing capital markets to raise funds.

- (iv) As per RBI's Master Direction on Treatment of Wilful Defaulters and Large Defaulters, banks may initiate criminal proceedings against wilful defaulters in eligible cases.
- (v) For effective action against fugitive offenders, including wilful defaulters, the Fugitive Economic Offenders Act, 2018 has been enacted which provides for attachment and confiscation of property of fugitive offenders and has disentitled them from defending any civil claim.
