

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1896
ANSWERED ON:09.03.2001
MISUSE OF FUNDS TAKEN BY COMPANIES FROM BANKS
PRABHUNATH SINGH;RAMSHETH THAKUR

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government are aware that large number of listed companies have misused funds taken from banks and Financial Institutions;
- (b) if so, the details thereof;
- (c) the reasons for which the Government are not revealing the names of such companies, who have misused the funds of banks and financial institutions; and
- (d) the details of funds misused by these companies?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (d): Reserve Bank of India (RBI) collects and disseminates information about borrowers with outstandings aggregating RS.1 crore and above classified as `doubtful` or `loss` and also borrowers against whom suits have been filed. Besides from, February, 1999, RBI has introduced a scheme for collection and dissemination of information on cases of wilful default of borrowers with outstanding balance of Rs.25 lacs and above. RBI data base does not generate information about misuse of fund taken by companies from banks and financial institutions. As on 31st March, 2000, defaulters of RS.1 crore and above are in 7332 accounts aggregating Rs.43373 crore with banks and in 2332 accounts aggregating RS.15288 crores with financial institutions. As on 30th June, 2000 wilful defaulters of Rs.25 lacs and above` are in 865 accounts aggregating RS.2763 crore with banks and in 46 accounts aggregating Rs 864 crores with financial institutions. Under the existing provisions of banking laws, disclosure of names of borrowers of banks and financial institutions is not permissible. However, there is no prohibition on disclosure of names of defaulters against whom suits have been filed. RBI has, therefore, published as on 31st March, 2000 the details of suits filed by banks and financial institutions in respect of defaulters of Rs.1 crore and above and wilful defaulters of RS.25 lacs and above and the same is available on website <http://www.rblorg.in>.