

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3055
ANSWERED ON:22.03.2002
CAG Observation
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) whether RBI has recently directed banks to include the names of Government directors, institutional directors while reporting on the defaulting borrower companies;
- (b) if so, the reasons for RBI changing the earlier rules in this matter; Defaulting Borrowing Companies.
- (c) whether official directors will also bear personal responsibility for defaulting loans; and
- (d) if not, the purpose of making public their names while listing defaulting companies?

Answer

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

- (a) and (b) Yes, Sir. The decision is based on the need for disclosure and transparency.
- (c) and (d) Nominee director being representatives of the institutions/organisations are not at par with promoter directors in respect of default of loans availed by the companies from banks as they are not involved in day to-day management of the company. The disclosure of all the names of directors is based on need for transparency and corporate Governance: