

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2844
ANSWERED ON:19.12.2003
WILFUL DEFAULTERS OF BANK LOANS
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India has asked banks/financial institutions to form a committee, consisting of three general managers/deputy general managers, for identifying cases of wilful default;
- (b) if so, whether in order to impart more objectivity in identifying cases of wilful default, decision to classify the borrowers as wilful defaulter, in future, may be entrusted to a committee of higher functionaries;
- (c) if so, to what extent banks and financial institutions have implemented this decision; and
- (d) to what extent it has been helpful?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) As per RBI earlier instructions issued on February 20, 1999 Banks/Financial Institutions (FIs) were required to form a committee consisting of three General Managers/Deputy General Managers for identifying cases of Wilful default. The instructions were modified on July 29, 2003 and Banks and specified FIs were advised to entrust the decisions to classify the borrower as wilful defaulter in future to a committee of higher functionaries headed by the Executive Director and consisting of two GMs/DGMs as decided by the concerned Bank/FIs.

(c) and (d) Banks/FIs are implementing the above instructions as the same is intended towards collective and unbiased decisions at a sufficiently high level in the matter of identifying wilful defaulters.