

# Insolvency crisis: Bankers to meet IBBI officials, say cannot share loan information with IU

By: [Shayan Ghosh](#) | Mumbai | Published: December 13, 2017 6:11 AM



Though the government has set up an IU and appointed National E-Governance Services (NESL) to act as an IU, bankers have not yet started sharing any information with the utility, citing client confidentiality. (Reuters)

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Senior bankers will meet officials of the Insolvency and Bankruptcy Board of India (IBBI), including its chairman MS Sahoo, on December 14 to express their discomfort over sharing loan agreements and other confidential client-related documents with the information utility (IU) set up under the Insolvency and Bankruptcy Code (IBC), sources told FE. Though the government has set up an IU and appointed National E-Governance Services (NESL) to act as an IU, bankers have not yet started sharing any information with the utility, citing client confidentiality. “Banks have informed IBBI that without Reserve Bank of India’s (RBI) permission, we would not be able to share the information,” a banker said.

However, Section 215(2) of the IBC stipulates that financial creditors are required to share information with an IU. Another source privy to the discussion said the meeting on December 14 is being arranged by NESL to arrive at a settlement on this issue and would be held at the headquarters of the Indian Banks' Association here.

Sahoo could not be reached for comment despite repeated attempts. The primary role of NESL is to serve as a repository of legal evidence holding information pertaining to any debt or claim as submitted by the financial or operational creditor and verified and authenticated by the other parties to the debt, according to its website. It added that NESL's role is to facilitate time-bound resolution by providing verified information, which does not require further authentication, to the adjudicating authorities.

As per the IBC, the role of IUs will be to collate and disseminate financial information related to debtors. The utility will act as a digital database of financial information of the borrower.

The sharing of information assumes importance, as banks have been referring several cases to the National Company Law Tribunal (NCLT) following the RBI's directive. Apart from the 12 cases listed by the RBI, banks have referred some cases without any push from the central bank. Meanwhile, all cases but one listed by the RBI have been admitted to the NCLT and are under the 180-day moratorium ordered by the bankruptcy court. The RBI had on June 13 asked banks to refer a dozen troubled companies — with a combined debt of close to Rs 2.4 lakh crore — to the NCLT, following several failed attempts at loan recovery.

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