

Rising bad debts: PSBs add 1,186 more to wilful defaulters' list in 27 months

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Default amount rises to ₹1.28 lakh crore as on June 30

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Public sector banks have declared more than 1,100 debtors as 'wilful defaulters' during March 2016 to June 2018. In value terms, this is a 67 per cent increase during the period.

RBI's circular defines a loan taker as a wilful defaulter on four grounds — default even if there is capacity to repay, default even if there is capacity to repay but diverted the fund, default even if there is capacity to repay and siphoned off the money, or default even if there is capacity to repay and also disposed off guarantees without the knowledge of the bank / lender.

All banks report about wilful defaulters to credit information companies so that the identified ones cannot take loan from other lenders.

Growing numbers

As on	Number of wilful defaulters	Amount (₹ cr)
March 31, 2016	8,315	76,730
March 31, 2017	8,915	92,379
March 31, 2018	9,331	1,22,017
June 30, 2018	9,501	1,28,179

Source: Lok Sabha

According to the latest figures presented in Parliament, the number of wilful defaulters for 21 PSBs has increased to 9,501 on June 30, 2018, from 8,315 on March 31, 2016. It means an addition of 1,186 wilful defaulters in 27 months which also saw total amount involved go up to ₹1.28 lakh crore as on June 30, from ₹76,730 crore on March 31, 2016.

A more closer look of data show that 170 loan accounts were added to the list of wilful defaulter during first three months (April-June) of the current fiscal and amount involved increased by over ₹6,000 crore.

Stringent norms

Sources in the banking industry said that more and more stringent norms for asset quality review has helped in identifying the wilful defaulters. “Most of the cases are related to pre-2014 loans which were being serviced on one ground or other ground despite evidences of intentional non-payment or diversion and even money getting siphoned off,” a senior bank official said while adding that now things have changed and that is why the numbers have gone up.

Another banker hoped that with increasing number of legal suits, stronger focus of recovery drive, strict control over new fund dispersal and passage of the Fugitive Economic Offender Bill will help in bringing down number of wilful defaulters.

To deter wilful defaulters, as per RBI’s instructions, they are not sanctioned any additional facilities by banks or financial institutions, their unit is debarred from floating new ventures for five years, and lenders may initiate criminal proceedings against them, wherever necessary. As reported by PSBs, as on June 30, 2,348 FIRs have been registered against wilful defaulters, 8,994 suits have been filed for recovery from them, and action has been initiated under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) in respect of 7,471 cases.

According to data reported by PSBs, over the last three financial years, and the first quarter of the current financial year, an amount of ₹1.61 lakh crore has been recovered through the recovery mechanism.

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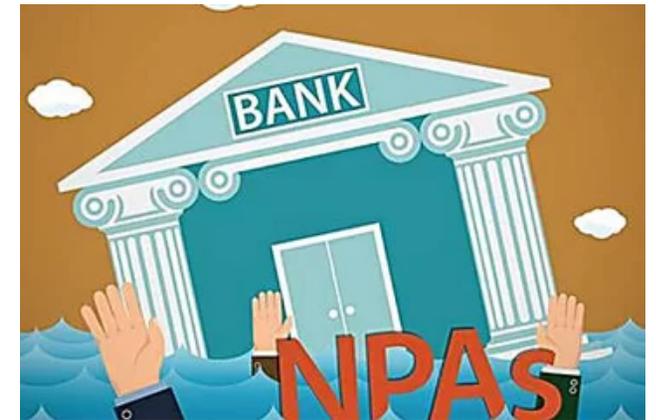
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