

**Collection and Dissemination of Information on  
cases of Wilful Default of Rs.25 lakhs and above**

DBOD.No.BC.DL.(W)12/20.16.002(1)98-99

February 20, 1999  
Phalguna 01, 1920 (S)

All Scheduled Commercial Banks

All notified All India Financial Institutions viz. IDBI, ICICI and IFCI

Dear Sirs,

Collection and Dissemination of Information on  
cases of Wilful Default of Rs.25 lakhs and above

Pursuant to the instructions of the Central Vigilance Commission for collection of information on wilful defaults of Rs.25 lakhs and above by RBI and dissemination to the reporting banks and FIs, a Scheme has been framed under which the banks and financial institutions viz., IDBI, IFCI and ICICI will be required to submit to us the details of the wilful defaulters.

2. The details of the scheme are given in the following paragraphs.

i) The scheme will come into force with effect from 1<sup>st</sup> April 1999. Accordingly, banks and FIS will report all cases of wilful defaults which occurred or are detected after 31<sup>st</sup> March 1999 on quarterly basis.

ii) The scheme will cover all non-performing borrowal accounts with outstandings (funded facilities and such non-funded facilities which are converted into funded facilities) aggregating Rs.25 lakhs and above.

iii) Wilful default will broadly cover the following:

- a) Deliberate non-payment of the dues despite adequate cash flow and good networth.
- b) Siphoning off of funds to the detriment of the defaulting unit.
- c) Assets financed have either not been purchased or have been sold and proceeds have been misutilised.
- d) Misrepresentation/falsification of records.
- e) Disposal/removal of securities without bank's knowledge.
- f) Fraudulent transactions by the borrower.

The identification of the wilful default should be made keeping in view the track record of the borrowers and should not be decided on the basis of isolated transactions/incidents. The default to be categorised as wilful must be intentional deliberate and calculated.

iv) The banks/FIs will form a Committee consisting of three GMs/DGMs or equivalent to GMs/DGMs for identifying the cases of wilful default.

v) The first return on wilful default will contain cases for the quarter 1<sup>st</sup> April to 30<sup>th</sup> June 1999. Returns for the subsequent quarters will contain fresh cases as well as those reported in the earlier returns but will exclude cases which have been regularised subsequently. Information on wilful default will be submitted on floppy diskettes, as per proforma given in Annexure, within a month from the quarter to which it relates. If there are no cases to report, a Nil statement should be submitted.

vi) Cases of wilful defaults at overseas branches will also be reported if such disclosure is permitted under the laws of the host country.

vii) The names of directors who are stakeholders only should be reported and the names of Professional Directors and Nominee Directors of FIs, Central/State Governments need not be reported.

viii) In case of consortium/multiple lending, banks and FIs will report wilful defaults to other participating/financing banks also.

ix) In the case of wilful defaulters, only the Board of Directors should consider any fresh limit/renewal/enhancement on merits of each case.

3. The above scheme is in addition to the Scheme of Disclosure of Information on Defaulting Borrowers of banks and FIs introduced in April 1994, vide our Circular DBOD.No.BC/CIS/47/20.16.002/94 dated 23 April 1994, under which banks and notified FIs are furnishing to us details of defaulters of Rs.1 crore and above classified as Doubtful or Loss and suit filed accounts as on 31 March and 30 September on floppy diskettes since March 1994 and in addition to publication of the list of borrowal accounts against which banks and FIs have filed suits for recovery of dues as on 31 March every year.

4. Please acknowledge receipt

Yours faithfully,

Sd/-

(Radhe Shyam)  
Addl. Chief General Manager  
Encl: Annexure

## Annexure

### FORMAT FOR REPORTING OF DATA ON WILFUL DEFAULT

Information should be furnished to the Reserve Bank of India in floppy diskette in format specified as below:

- a) Input media : 3.5" floppy disk only
- b) File characteristics ASCII or dbf file

The field-wise description of various items is as follows:

- 1. Serial Number 9(4) Unique number to be given to each of the records
- 2. Bank-branch name x(14) As in the case of Basic Statistical Return
- 3. Party's name x(45) The legal name
- 4. Registered address x(96) Registered office address
- 5. Amount outstanding 9(6) Total amount outstanding in Rs. lakhs
- 6. Names of directors x(336) To be divided into 14 sub-fields of 24 bytes each.
- 7. Status Suitfiled or non-suitfiled