

LOK SABHA

SYNOPSIS OF DEBATES (Proceedings other than Questions & Answers)

Tuesday, July 31, 2018/Shravana 9, 1940 (Saka)

ANNOUNCEMENT BY THE SPEAKER

HON'BLE SPEAKER: Hon. Members, a function under the auspices of the Indian Parliamentary Group is being organized tomorrow at 6 p.m. in the Central Hall, Parliament House to confer Outstanding Parliamentarian Award. His Excellency, the Hon'ble President would confer the award. Hon'ble Vice-President and Chairman, Rajya Sabha along with Hon'ble Prime Minister would also grace the occasion and address the distinguished guests. I would request you all to attend the function and be a part of the joyous moment of the awardee Parliamentarians.

*MATTERS UNDER RULE 377

1. **DR. KIRIT P. SOLANKI** laid a statement regarding need to revise the pension of bank employees.

* Laid on the Table as directed by the Chair.

2. **SHRI PRAHLAD SINGH PATEL** laid a statement regarding provision of houses to differently-abled persons under Pradhan Mantri Awas Yojana.
3. **SHRI MANSHUKHBHAI DHANJIBHAI VASAVA** laid a statement regarding permanent teachers in Eklavya Model Residential School in Gujarat and additional Eklavya Model Residential Schools in Bharuch Parliamentary Constituency in Gujarat.
4. **SHRI NARANBHAI KACHHADIA** laid a statement regarding need to improve BSNL mobile and landline telephone service in Amreli Parliamentary Constituency, Gujarat.
5. **SHRI BODH SINGH BHAGAT** laid a statement regarding need to include names of people found eligible in Socio-Economic Caste Census, 2011 in Balaghat Parliamentary Constituency, Madhya Pradesh in official records.
6. **SHRIMATI RITI PATHAK** laid a statement regarding need to run Singrauli-Delhi train and Singrauli-Bhopal train on daily basis.
7. **KUMARI SHOBHA KARANDLAJE** laid a statement regarding price of coffee.
8. **SHRI BHAIRON PRASAD MISHRA** laid a statement regarding need to extend Chitrakoot-Kanpur Intercity Express upto Lucknow.

9. **COL. SONARAM CHOUDHARY** laid a statement regarding storage and management of rain water and inter-linking of rivers.
10. **SHRI HARI MANJHI** laid a statement regarding need to provide stoppage of Jan Shatabdi Express (Train No. 12365/12366) at Paharpur Railway Station in Gaya Parliamentary Constituency, Bihar.
11. **DR. KIRIT SOMAIYA** laid a statement regarding delay in issuance of NoC by Defence Ministry.
12. **SHRIMATI MALA RAJYALAKSHMI SHAH** laid a statement regarding need to develop National Highway No. 123 (507) from Herbertpur to Barkot as an all weather road.
13. **SHRIMATI MEENAKASHI LEKHI** laid a statement regarding setting up of Shariat court by AIMPLB.
14. **SHRI JANARDAN SINGH SIGRIWAL** laid a statement regarding setting up of cold storage facilities for agricultural produce in the rural areas of the country.
15. **SHRI PANKAJ CHAUDHARY** laid a statement regarding development of water bodies and makeover of dak bungalows in Sohagi Barwa Wildlife Sanctuary in Maharajganj district, Uttar Pradesh.
16. **PROF. CHINTAMANI MALVIYA** laid a statement regarding need to ameliorate the plight of stage artists.

17. **SHRI MULLAPPALLY RAMACHANDRAN** laid a statement regarding setting up of a unit of National Virology Institute in Kerala.
18. **SHRI B. N. CHANDRAPP**A laid a statement regarding simplification of referral system under the Central Government Health Scheme (CGHS).
19. **SHRI V. PANNEERSELVAM** laid a statement regarding privatization of Salem Steel Plant.
20. **SHRI A. ARUNMOZHITHEVAN** laid a statement regarding railway related issues of Cuddalore Parliamentary constituency of Tamil Nadu.
21. **DR. RATNA DE (NAG)** laid a statement regarding alleged sale of fake medicines.
22. **DR. MAMTAZ SANGHAMITA** laid a statement regarding citizenship issue in Assam.
23. **SHRI RAHUL SHEWALE** laid a statement regarding restrictions on high rise buildings near Santa Cruz Airport, Mumbai.
24. **DR. P. K. BIJU** laid a statement regarding re-framing of bank note refund rules by the Reserve Bank of India.
25. **SHRI KAUSHALENDRA KUMAR** laid a statement regarding release of funds under the Mahatma Gandhi National Rural Employment Guarantee Scheme in Bihar.

26. **SHRI DUSHYANT CHAUTALA** laid a statement regarding upgradation of ESIC hospital in Hisar Parliamentary Constituency, Haryana.
27. **ADV. JOICE GEORGE** laid a statement regarding construction of Angaali-Erumali Sabari Rail Project in Kerala.
28. **SHRI N.K. PREMACHANDRAN** laid a statement regarding constituting committee under ICCR.

STATUTORY RESOLUTION

Re: Disapproval of Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018 (No. 6 of 2018)

And

THE INSOLVENCY AND BANKRUPTCY CODE (SECOND AMENDMENT) BILL, 2018

SHRI N.K. PREMACHANDRAN moved that this House disapproves of the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018 (No. 6 of 2018) promulgated by the President on 6th June, 2018.

THE MINISTER OF RAILWAYS, MINISTER OF COAL, MINISTER OF FINANCE AND MINISTER OF CORPORATE AFFAIRS (SHRI PIYUSH GOYAL) *moving the motion for consideration of the Bill, said:* Earlier,

efforts were made to recover the banks' money through various Acts like SARFAESI Act, BIFR, Sick Industrial Undertaking Act, DRT etc. But money could not be recovered for many years. When assets were seized or auctioned to recover that money, their value became so low to the extent that even after 6 or 8 years, only 15-20 per cent of the money could be recovered. All over the world, there is a time bound solution for insolvency. This Bill has been brought to ensure how the banks should take action, how assets should be auctioned and how maximum money is recovered by the banks. Of all the cases of recovery, which have been resolved through NCLT, 55 per cent of the claim amount has been recovered by the banks directly. The most important thing is that this has saved the jobs of thousands of people because companies have been saved from closure. While passing this Bill in this House, hon. Finance Minister, Arun Jaitley ji had said that the Government was committed to make this law even more stronger on the basis of the experiences gained during its implementation. In continuation of that, today we have brought the amendments in the Bill through this amendment, an effort has been made to resolve the problems faced by the MSME sector in particular. Earlier, people used to think that the personal guarantee will not remain valid if a company goes into insolvency. But, through this amendment, we have ensured that the proceedings against the persons who have given personal guarantee will continue to face action. Some concessions have been given to the

MSME sector. Provisions have also been made to protect the home buyers. Also, if any person buys NPAs or distressed assets as a financial investor, then he will not be considered disqualified to buy other assets.

DR. KIRIT SOMAIYA *initiating said:* India is a growth story and there is no doubt about it. Housing loan has made the maximum contribution in this growth story and in the total loans. Under it, loan is disbursed with transparency and its repayment is also made in a transparent manner. It is also a way to deal with non-recoverable loans. We tried to resolve the problem of NPAs through BIFR. But after looking at the results of BIFR, we found that it has failed miserably. The second solution that was tried was to go for liquidation. We all are well aware of the liquidation situation. The liquidator keeps on sitting for 10 years or more and the company assets keep lying idle. That is why we have already said that we are bringing a new law according to which we invite bids through open transparent bidding, where resolution professionals and NCLAT take the final call. As far as Bhushan Steel is concerned, the TATA will start this in six months. This will increase the production also. Similarly, in the case of ESSAR Steel which has been lying closed since 10 years, the promoter himself wants to buy it today through the back door in the bidding. In this connection, I will only say that they should stop politicization and think from the view point of country's economic policy. We have brought a good proposal through this amendment Bill. The

Government is not going for its nationalization but the Government is saying that other good companies should come forward and restart it. The Government will try to protect and run the companies lying closed and provide new jobs. Along with this, I welcome the Government's move to bring relief to the housing sector through this amendment. Even the home buyers are being treated as creditors. In addition to this, I would like to say about forensic audit that 20-50 companies are nearing their resolution. I would also urge that we will have to ask the bankers too if the bankers have any accountability in regard to forensic audit. This issue has also been discussed in the Finance Committee to go in for resolution. I want to make a suggestion regarding holding company and subsidiary company. If guarantee has been given by the holding company, action must be taken against that company. As far as the cross border insolvency is concerned i.e. Amtech or any other company, how will we solve this issue, we have to think over it. There is a confusing situation in regard to inter-regulator. As far as RBI, SEBI or delisting is concerned, we will have to make some corrections in future also. You have brought solutions around Rs. 2 lakh crore, I am confident that you will get success.

SHRI M. VEERAPPA MOILY: The hon. Minister gave the contours of not only the amendments sought but also with regard to the entire Code. But what is not intended as the main objective is the recovery. The second question is should the resolution process be changed to open bidding. The idea is ease of

doing business. But, is this helping us to facilitate ease of doing business? Rather, this kind of an arrangement is making the business difficult. This is a question on which we require total clarification. It should be transparent and open. Should the High Court be excluded from the appeal process? Why should it be excluded? There should be checks and balances at every stage. You have brought the amendment through Ordinance. When you are bringing a law of this kind, you need to define it properly with absolute clarity. The democracy is meant for such people who need protection. Are operational creditors protected? That is also in doubt. Then what happens to companies with overseas assets? There is no answer for that. We also find that banks are increasingly resorting to IBC and NCLT. They are not taking any efforts on their own for recovery. They cannot afford to do it also because their decision making power itself is questioned by various agencies of this Government. Their autonomy is threatened. Even the State Investigating Officers are also investigating. The NCLT has become an easy instrument now. We need to work on this in a holistic way. This Code was not referred to none of the Standing Committees. We used to refer all Bills to the Standing Committee on Finance. That is why people say that in the present state the Insolvency Code is frustrating. It does not help business and it does not help investment. Think in the interest of the country. Think of investment and think of future. Home buyers are considered partially and not fully. That is why, this

requires to be referred to the Standing Committee. Have faith in democracy and the Committee system. The amendments are half-baked. They are targeted to help only a few people and what about the allottees who are suffering? There is no safeguard at all for them. There should be a faster NPA resolution, but there is no action on this by this Government. Their solution is only NCLT. But NCLT has become the mechanism to siphon off the treasury of the Government. Hence we will have to be extra careful in this regard. In addition to that, the Reserve Bank of India needs to be empowered as a regulator so as to actions may be taken against erring banking institutions. The bad loans are more than 12 per cent today and there is no mechanism to address this issue, except asking the banks not to lend. I think the Bill is of no consequence. It will not serve the purpose. An amount of Rs.81000 crore has already been waived off after this Government came to power. But the Government is not prepared to give even a pie to farmers. This will further strengthen their hands for lending adequately or more to these corporate bodies. So, we are against those bad corporate bodies who are out to siphon off the funds of banks and running away from this country. The Government is not in a position to execute even the present law, but wants an additional law. I again insist that this Bill may be referred to the Standing Committee.

DR. P. VENUGOPAL: This Bill seeks to replace the Ordinance promulgated by the Government on 6th June, 2018. It seems to me that this

Government has a fetish for issuing Ordinances. Even the IBC (First Amendment) Bill, 2018 also replaced the Ordinance promulgated by the Government on 23rd November, 2017. The Government could have easily waited for the Monsoon Session to bring in the Bill which is intended to give effect to the recommendations of the Insolvency Law Committee. It is a matter of serious concern that in one of the resolution cases concluded under IBC, banks have taken a huge 83 per cent haircut on the sale of Alok Industries bagged by the Reliance Industries-JM Financials ARC combine for just Rs.5000 crore. The Ordinance issued by the Government just 14 days before the date when the CoC of Alok Industries was scheduled to meet to approve the resolution plan submitted by Reliance has built up a perception that the Government is working for the benefit of some corporates. It is very apparent that IBC was amended in such a haste with the objective to allow Reliance to take over Alok Industries, and in the process, the banks took a massive haircut of 83 per cent. I would urge upon the hon. Minister that in the name of NPA cleanup, the Government should not promote crony capitalism. Under the Bill the homebuyers are now classified as financial creditors. But if the resolution fails and the company goes into liquidation, the amended law does not state whether homebuyers being unsecured creditors will get as much claim on assets of the company as secured financial creditors. Moreover, this will also enable homebuyers to have an insolvency professional as their representatives in

the proceedings. My second point is that in a big relief to MSME sector, a new Section 240 A has been inserted in the Code. It is good that the Government has realised that MSMEs form the backbone of the Indian economy in terms of employment generation and economic growth. The Bill has closed the loophole which was being exploited by unscrupulous guarantors by amending the sub-Section 3 of Section 14 by stating that moratorium under 14(1) would not apply to guarantors of the Corporate Debtor. This amendment basically gives effect to the suggestion of the ILC on this issue. Moreover, I would like to know what would happen if the resolution applicant fails to get regulatory approvals within the specified time frame. At the same time, I would urge upon the hon. Minister to reconsider the provision of waiving away the requirement of shareholders approval as it might have adverse impact on the rights of minority shareholders. It is very strange that the Government proposes to put the matters under IBBI beyond the jurisdiction of courts.

PROF. SAUGATA ROY: This Bill seeks to replace the Ordinance which was promulgated on June 6, 2018. Yesterday, there was a big victory for the Opposition in this country against this Government, as the Government is going to withdraw the Financial Resolution and Deposit Insurance Bill. I do not know why, the Government wants to bring in so many changes in the Bill which is only two years old. One best thing in this Bill is that a relief has been given to home buyers.

Now, they will be the part of the financial creditors and will be able to claim as creditors and they may get the money back. But the weakness of the Bill is that it establishes the rights of the rich over the ordinary people because the unsecured creditors will be finished with this Bill. Besides, this bill seeks to create a monopoly. Tata's are buying up Bhushan Steel which means two or three steel companies like Tata and Jindal will gobble up all the steel industry. This cartelization will take place in the steel industry through this Insolvency and Bankruptcy Code. The other good point about this Bill is that for the first time, it covers the MSMEs. The Central Government may modify or remove other provisions in the Code while applying them to MSMEs because normally there would not be many buyers for the MSMEs. So, unless some concessions are given to these MSMEs, which employ a large number of people, they will just be left closed. So, this inclusion of MSMEs is a good step in this Bill. We are in the worst crisis as there are, in total, 963 wilful defaulters who together owe Rs.1,10,000 crore to the banks. Now, the Reserve Bank has stepped in and asked certain banks that they should not expand nor lend at all. What will banks do, if they do not lend? So, the moot question is, whether the IBC is the solution? Let us see Bhushan Steel where the loan outstanding referred to NCLT was Rs.56000 crore. The Tatas have taken over that company for Rs.35200 crore. Thus the banks have lost Rs.21000 crore. There are a number of such examples. The Alok

Industries owes to the banks Rs.30000 crore but Reliance has taken it over just for Rs.5000 crore. The banks sacrificed Rs.25000 crore and the haircut in this case is 83 per cent. Thus, it is just for the sake of Reliance that the Government brought in an Ordinance. At the same time, the Insolvency and Bankruptcy Code is not a panacea. It is not a cure for all ills of the banking system. The Insolvency and Bankruptcy Code provides that within 180 days corporate insolvency would be resolved but in the case of Essar Steel, it has crossed 270 days. So, I would urge the Minister that, it is putting the hard earned money of depositors at risk and putting the future of country's economy at risk. I would like this law to succeed because as an Indian, I cannot afford to see our banking industry collapsing.

SHRI BHARTRUHARI MAHTAB: This is an important amendment in the Insolvency and Bankruptcy Code Bill. The gazette notification was issued on 6th June, 2018. It is the day when a decision was taken by the Government to support one specific company. I am mentioning about clause no. 25 relating to Section 33 of the principal Act. There was a Secretary-level committee. I would like to understand whether they suggested an amendment to Section 33. I find it strange that this Ordinance was brought in such a hurry. Section 29A of the Insolvency and Bankruptcy Code was incorporated in the original Act through an Ordinance in November, 2017. Again, another amendment has come. This will ensure that the corporates that have already bought a distressed asset are not

prohibited from bidding for more such assets. This Bill, most importantly, treats the homebuyers as financial creditors giving them a better say in the resolution plan of developers. The objection that I have is to the provision of the lowering of the voting threshold for various important decisions of the Committee of Creditors to 66 per cent, and to 51 per cent for routine decisions. The IBC is one of the most important structural reforms of the past four years. This law provides a mechanism and forum that is quick in resolving or liquidating failing businesses. Time limit is crucial in this law. From the moment an insolvency case is admitted, it has only 270 days for the distressed firm to be restructured or be sold off to a new owner, or else liquidation is automatically triggered on the terminal day. This amendment to IBC is to prevent promoters or related parties from getting back control of their firm at a distressed value. It is high time the IBC was strengthened. On 23rd November, 2017, by an Ordinance, Section 29(a) was inserted after Section 29 of the principal Act. The purpose of this amendment was to restrict people who with their misconduct contributed to default of company. However, the element of misconduct is conspicuously absent in Section 29(a). There are some questions that beg answers. This amendment may restrict relief proposed for MSMEs. It is estimated that bad loan average recovery will only be 10-15 per cent even if IBC comes into force. The bad loan resolution does nothing to break the nexus between

the Public Sector Banks and promoters. Adequate measures need to be taken to go into the issue of loot of public money.

SHRI VINAYAK BHAURAO RAUT: Amendments in the law are necessary for improving the functioning of financial institutions and for the benefit of the people. There was a news that approximately Rs83000 crores had been recovered after approval of the Cabinet to this law. This is the great success of this Bill. There are, mainly, two types of persons who take loans from the financial institutions. The first are those who take loan for their business whereas the others are dishonest persons who take huge loans and apply for liquidation. This Bill will certainly restrict such persons. Today, NPA has become a humongous problem. Be it the NPA of national bank, State Bank or cooperative credit society, whichever becomes NPA, it is very difficult to recover the amount from them. Cooperative credit society accounts for huge NPA and we do have laws in place for its recovery. However, it is not employed in a proper manner. People need a good house to live in and to translate their dreams they go for booking by managing funds by raising loans from various sources. After booking they have to be in wait for years together and they do not get their home. This Bill is going to be a huge relief to those caught in imbroglio. This is the greatest truth. This is a new system. There is a need to create a new category of the personnel like insolvency and resolution professionals to be inducted on the job to perform

requisite function. More and more people have to be deployed to work in this system in order that common people may be benefitted. Once again, I support the Bill and conclude my speech.

SHRI JAYADEV GALLA: The main thrust of the Bill is to provide relief to homebuyers as the amendment proposes to give them the status of financial creditors which helps them to represent in the Committee of Creditors and also make them an integral part of the decision-making process. But, the Bill is silent on whether the allottees are secured or unsecured financial creditors. I would request the Finance Minister to please clarify this. Moreover, I would like to know from the hon. Minister whether the amendment relating to homebuyers is prospective or retrospective. This has also to be made clear. The Insolvency Law Committee headed by the Secretary, Ministry of Corporate Affairs, had submitted its Report in March, 2018 and gave some nine key recommendations. I would like to know from the hon. Minister whether all the nine recommendations have been incorporated in the Bill. If you look at Section 234 and 235 of the Code closely, they do not provide any comprehensive framework for cross-border insolvency matters. There is a need to have a framework for cross-border insolvency. Clause 37 of the Bill which aims to amend Section 240 by inserting a new Section 240A says that Section 29A of the Code does not apply to MSMEs. It is welcome. But, Clause 3 says that every notification issued shall be laid on the Table of both the

Houses of Parliament and if both the Houses make any modification to the notification, the notification would accordingly be modified as agreed upon by both the Houses of Parliament.

I have every apprehension about this. We demand that special category status should be accorded to Andhra Pradesh.

SHRI KONDA VISHWESHWAR REDDY: For the economic growth and for attracting foreign investments, ease of doing business is important. But, equally important is the ease of resolving insolvency. As per Doing Business Index-2016, released by World Bank, India is among the lowest. At 136th rank, we are the worst nation in terms of insolvency ranking. We are, by and large, honest people. But, in many situations, our law treats the honest people in the same way we deal with fraudsters, including in this case. Let us also clearly understand one more thing that not all bankruptcy cases are cases of fraudsters. There are many hardworking and honest businessmen who go bankrupt. So, we have to be very clear. These insolvency laws are not only meant for nailing the fraudsters, but it is also meant for protecting the honest businessmen, who because of reasons beyond their control, go bankrupt. That is why we have such contradicting views. The Code defines financial creditors to protect the real estate home buyers. But, I would like to note one point, if a builder has about 200 buyers for flats, all of them together will have one representative. If that one representative colludes, then this

is a problem. Yes, they can complain and replace the representatives. But, sometimes it is too late. The threshold for CoC is the most contentious point which is about 76 to 66 per cent. In some cases, it is beneficial to have 66 per cent and harmful to have 76 per cent. We have to look at it from case to case. As per the changes proposed in the Bill, there is only one point protecting the honest businessmen, i.e. regarding MSME. Another important point is regarding the definition of wilful defaulter. There is no mention of over-invoicing and under-invoicing in the Bill. These cannot be proven easily. We need laws to protect the honest defaulters and this Bill does not fully address it.

SHRI P. KARUNAKARAN: I appreciate the Government because it has taken a decision to withdraw the FRDI Bill. The urgency of this Ordinance is questionable. What is the objective of promulgation of this Ordinance? It was not for reasons of any social demand, or an economic demand or an administrative demand. But this was promulgated for reason for one person. The Code provides for a time-bound process for resolving insolvency in companies and among individuals. The Ordinance clarifies that an allottee under a real estate project will be considered a financial creditor. An allottee includes any person to whom a plot, apartment or building has been allotted, sold or transferred by a promoter. I do agree that there are a few beneficiaries that is with regard to the MSME or the home buyers. The Code specifies that all decision of the Committee of the

Creditors be taken by a majority of at least 75 per cent of the financial creditors. What is the reason for reducing the voting share from 75 per cent to 51 per cent and in some cases from 75 per cent to 66 per cent? I strongly oppose this Bill and also the untimely Ordinance that the Government has issued.

SHRIMATI BUTTA RENUKA: I welcome the amendments to the Code which are meant to further improve the efficiency and effectiveness of the resolution process. Insolvency and bankruptcy laws of our country have been the major bone of contention for many investors mainly because of the multiple number of laws and the time taken for the resolution of disputes. This makes recovery of debt a cumbersome process. This Bill will enable quick and prompt action to be taken in the early stages of debt default by a firm. So, these amendments are welcome initiatives for creditors, investors and debtors alike. I would like to express my concern with regard to the appeal process provided in the Bill. The appeal process could be restructured to allow the appeals from the National Company Law Tribunal and the Debt Recovery Tribunal or even from the Appellate Tribunals to the High Courts and finally to the Supreme Court.

SHRI SUBHASH CHANDRA BAHERIA: The Insolvency and Bankruptcy Code was enforced in 2016. The Code has brought about a number of welcome changes. This is the second amendment introduced in the Code. Through this amendment the persons who book their houses have been granted the

status of financial creditors. I would like to request the Minister that they should be accorded the status of priority creditors.

SHRI PREM SINGH CHANDUMAJRA: I stand to support this Bill. But I would like to ask the hon. Minister as to what he has been doing with regard to the persons who have carried out frauds or facilitated frauds. Further, he should explain as to the permanent mechanism which he has put in place to ensure that this situation do not recur. Finally, I wish that he extends a helping hand to the farmers. There should be either one-time settlement programme for the farmers or their cases should be disposed of through Lok Adalats.

SHRI JAI PRAKASH NARAYAN YADAV: The Insolvency and Bankruptcy Code (Amendment) Bill has been introduced in the House. This Bill has not been introduced keeping in view the interests of the poor, dalits or farmers. It favours the big industrial houses. We wish to ensure that the poor and the farmers get themselves rid of debt. I would like to say that strict penal action should be taken against the builders who have not built the houses.

SHRI KAUSHALENDRA KUMAR: Some hon. Members have the apprehension that this Bill the favour a select few. This is not true. This amendment has been introduced because the big builders used to collect money and promise that they will build and transfer houses but they did not fulfil their

promise even after a long period of five or ten years. I support this Bill. I would like to suggest that some banks have connived with the fraudsters and these banks should also be punished.

SHRI JAGDAMBIKA PAL: The Insolvency and Bankruptcy Code has helped our country in reducing the burden of the non-performing assets. This amendment is intended to provide relief to home buyers by recognising their status as a financial creditors and making them an integral part of the decision making process. This Bill will have a great impact on all the cities of the country and this day will be a historic day for the home buyers. For certain key decisions, this threshold limit has been reduced to 66 per cent. This is a progressive step. I believe that when this House passes this Amendment Bill, then lakhs of home buyers who were demonstrating in Noida, Greater Noida and Delhi and had uncertain future, would see a ray of hope.

SHRI DUSHYANT CHAUTALA: According to the provision of this Bill, financial creditors can file an appeal in the NCLT. But as on 31st January 2018, as many as 9073 cases are pending in the NCLT. With inclusion of the real estate through this Bill, thousands of more cases will be referred to the NCLT. The NCLT has 22 members and only 10 special courts. The government will not be able to ensure justice to the owner of the properties in 5-7 years time period. Even with the passage of this Bill, the government will not be able to give the desired

relief to the financial creditors but the owners of the companies will be real beneficiaries. I would request you to include those in the definition of financial creditors who want refund of their money and not those who want their home. If those who want home are put in the financial creditors list then they will neither get the interest nor their principal amount. Thousands of flats are being constructed along the Dwarka Expressway and in Gurugram but most of the companies have taken the full amount from the allottees but have not yet constructed the flats leave alone giving the possession to them. The threshold limit of CoC has been brought down from 75 per cent to 66 per cent which is a welcome step but it should be reduced to 51 per cent.

SHRI RAJESH RANJAN: This is good that laws are amended frequently. Provisions are made in the law for big industrial houses but no provision is made for small and cottage industries. There is no provision in this Bill for the small traders who face dire situations owing to political uncertainty, geographical and social causes and global markets. The government has not made any provision for the farmers in this Bill. We have never witnessed a big industrialist or capitalist or leader or big mafia going to jail for not repaying the debt to the banks. There is a need to make stringent provisions for the real estate sector. The route of ordinance should not be adopted to give benefits to the industrialists rather it should be used to give help and relief to the people belonging to SCs/STs and dalits.

SHRI SHARAD TRIPATHI: Our government inherited 9 lakh crore rupees NPA in legacy from the previous government. When it was reviewed, it was found that during the period from the year 2008 to 2014, such companies were given huge loans which did not have much existence on the ground. When the government decided to bring this Bill, about 300 companies have approached the banks for the one time settlement of their outstanding loans. The NCLT has received about 300 applications which are being examined in a transparent manner. Our government has resolved the debt issue pertaining to 7 companies. Our government has ensured repayment of loans by confiscating the assets of the housing company in a transparent manner.

SHRI ADHIR RANJAN CHOWDHURY: I would simply refer to two issues. Firstly, the first list of 12 large corporate defaulters owe banks around Rs. 2.7 trillion. Out of this, only Rs. 1.28 trillion is estimated to be recoverable, which means on an average the country's banks are taking a haircut of 52 per cent on the first list of over-indebted corporates. This is not fair and it will hit our banks hard. Secondly, the Finance Minister's decision to have a new fast-track debt resolution programme for public sector banks may undermine the IBC process to resolve NPAs. I am simply referring to the rationale for classifying allottees as financial creditors. The Minister may elaborate on this issue. The Committee of financial creditors may choose to resolve the debtor company and liquidate the debtor assets

to repay loans. It does not specify whether they would be treated as secured or unsecured creditors. Therefore, their position in the order of priority is not clear.

Hon. Minister should also tell about the performance of the IBC administration.

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SNEHLATA SHRIVASTAVA
Secretary General

**Supplement covering rest of the proceedings is being issued separately.

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NOTE: It is the verbatim Debates of the Lok Sabha and not the Synopsis that should be considered authoritative.

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