

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**LOK SABHA**

**UNSTARRED QUESTION NO.3044**

TO BE ANSWERED ON THE 5<sup>TH</sup> JANUARY 2018/ PAUSHA 15, 1939 (SAKA)

**Amendment in Banking Regulation Act**

**3044. SHRIMATI VANAROJA R.:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has outlined a broad plan to resolve stressed assets of lenders in the wake of the amendment of the Banking Regulation Act, if so, the details thereof;
- (b) whether the RBI is considering to constitute a panel comprised majorly of its independent board members to advise it in this matter, if so, the details thereof;
- (c) whether the RBI is working on a framework to facilitate the objective and consistent decision making process with regard to cases that may be determined for resolution under the Insolvency and Bankruptcy Code, 2016; and
- (d) if so, the details thereof?

**ANSWER**

The Minister of State in the Ministry of Finance  
(SHRI SHIV PRATAP SHUKLA)

(a): The Reserve Bank of India (RBI) has issued a Framework for Revitalised Distressed Assets in the Economy, which outlined a corrective action plan for incentivising early identification of problem accounts, timely restructuring of viable accounts, and taking prompt steps by lenders for recovery or sale of unviable accounts. Immediately upon promulgation of the Banking Regulation (Amendment) Ordinance, 2017, RBI issued directives bringing clarity that the corrective action plan could include flexible structuring for long-term project loans (5/25 scheme), Strategic Debt Restructuring and Sustainable Structuring of Stressed Assets for faster resolution of stressed assets. Suitable modifications were also made in RBI's guidelines on Joint Lending Forum to ensure fast decision-making.

(b) to (d): RBI has constituted an Internal Advisory Committee (IAC), comprising majorly of independent Board Members of RBI, to advise RBI in regard to cases that may be considered for reference for resolution under the Insolvency and Bankruptcy Code, 2016 (IBC). RBI has apprised that the IAC recommended for reference under IBC all accounts with fund, and non-fund based outstanding amount greater than Rs. 5,000 crore, with 60% or more classified as non-performing by banks as of March 31, 2016. In accordance with this recommendation, RBI has issued directions to certain banks referring 12 accounts, qualifying under the aforesaid criteria, to initiate the insolvency process under IBC.

As regards other non-performing accounts that do not qualify under the said criteria, the IAC recommended that banks should finalise a resolution plan within six months, and in cases where a viable resolution plan is not agreed upon within six months, banks should be required to file for insolvency proceedings under IBC. In accordance with this recommendation, RBI has issued directions to banks to resolve certain accounts within six months, failing which insolvency proceedings under IBC will need to be initiated.

\*\*\*\*\*