

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA  
UNSTARRED QUESTION NO: 1813  
TO BE ANSWERED ON THE 27<sup>th</sup> JULY, 2018 / SHRAVANA 05, 1940 (SAKA)

QUESTION  
SASHAKT PLAN

**1813: SHRIMATI POONAMBEN MAADAM:  
SHRIMATI VASANTH M.:  
DR. THOKCHOMMEINYA:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has accepted the recommendations of Sunil Mehta Committee report and announced a banks-led five pronged, comprehensive plan Sashakt for the resolution of stressed assets/Non Performing Assets with Public Sector Banks and if so, the details thereof;
- (b) whether the Government is likely to implement all the recommendations made by the Committee to deal with bad loans and if so, the details thereof and the timeline to implement thereon;
- (c) whether the said plan includes creation of one or more widely held asset management companies for loans above Rs. 500 crore, if so, the details thereof;
- (d) whether the plan does not involve regulatory forbearance or an immediate Government involvement, if so, the details thereof; and
- (e) the extent to which this plan is likely to impact the irregularities in the banking sector favourably

**ANSWER**

**To be answered by**

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI SHIV PRATAP SHUKLA)**

(a) to (e): As per bank inputs, banks had set up a committee on resolution of stressed assets, which has given its report suggesting a five-pronged approach for stressed assets resolution by the banking industry in the areas of SME resolution, bank-led resolution, AMC/AIF-led resolution (which envisages setting up of an asset management company for taking over from banks stressed assets with exposures above Rs. 500 crore, attracting institutional funding in stressed assets through Alternative Investment Funds (AIFs), and conducting operational turnaround thereof for creating value), resolution through the Insolvency and Bankruptcy Code, and an asset trading platform. Banks have initiated steps for taking forward the suggestions with due approvals for addressing the stressed asset situation.

As per bank inputs, the five approaches do not envisage immediate Government involvement. As regards regulatory dispensation, as per bank inputs, the report proposes seeking exemptions from the Securities and Exchange Board of India (SEBI) to allow AIF to hold more than 51% in listed securities and from making an open offer under SEBI's Takeover Code, and a special dispensation from the Reserve Bank of India for providing risk weightage based on credit rating of bonds held by AIF issued by a credit rating agency.

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