

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
LOK SABHA  
UNSTARRED QUESTION NO-3623  
ANSWERED ON-15.07.2019

NEW SCHEME FOR CORPORATE DEBT RESTRUCTURING

3623.

SHRIBHARTRUHARMAHTAB    SHRIRAHULRAMESHSHEWALE  
SHRIM.K.RAGHAVAN            SHRIMATISANGEETAKUMARISINGHDEO  
SHRIN.K.PREMACHANDRAN    SHRIP.R. NATARAJAN

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes a new scheme for corporate debt restructuring to deal with the genuine and wilful defaulters separately, if so, the details and the salient features thereof along with the time by which this scheme is likely to be implemented;
- (b) whether the Government has ascertained the impact of such scheme on the Non-Performing Assets (NPAs) of the banks, if so, the details thereof and if not, the reasons therefor along with the likely benefits of such scheme to the banks;
- (c) whether the Government proposes to write off the dues of corporates, if so, the details thereof, corporate and bank-wise;
- (d) whether the Government has executed or proposes to execute any inter-creditor agreement aimed to help the debt defaulters, if so, the details thereof; and
- (e) the details of the above Rs. 10,000 crore corporate loans released by various nationalised banks, the security obtained against such loans and the details of the corporate defaulters of above Rs. 100 crore during each of the last four years, corporate and bank-wise along with the steps taken/proposed to be taken by the Government to recover the amount from such defaulters?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI ANURAG SINGH THAKUR)

(a) The Government had introduced legislation to amend the Insolvency and Bankruptcy Code, 2016, which was incorporated as section 29A in the Code, making wilful defaulters ineligible to submit a resolution plan (which may include, *inter-alia*, corporate debt restructuring) under the insolvency resolution process under the Code. Further, as per Reserve Bank of India (RBI) instructions, wilful defaulters are not sanctioned any additional facilities by banks or financial institutions.

Defaulters other than wilful defaulters and certain other categories of ineligible persons, are eligible to submit a resolution plan under the insolvency resolution process under the Code upon meeting certain conditions specified in section 29A. Further, regulated lenders are required to put in place Board-approved policies for resolution of stressed assets in terms of RBI's circular dated 7.6.2019 on "Prudential Framework for Resolution of Stressed Assets". As per RBI's instructions, banks are also required to have a loan recovery policy, which may cover, *inter-alia*, negotiated settlements of NPAs.

(b) Does not arise.

(c) No, sir.

(d) No, sir.

(e) RBI has furnished the following details of unique borrowers of Public Sector Banks (PSBs) in their global operations for the last four financial years, with funded amount outstanding of more than Rs. 10,000 crore:

<b>Financial year</b>	<b>Unique number of borrowers</b>
2015-16	37
2016-17	34
2017-18	37
2018-19 (provisional data)	48

Further, as per RBI's inputs, details of NPA borrowers of PSBs with gross NPA outstanding of more than Rs. 100 crore are as under:

<b>Financial year</b>	<b>Unique number of borrowers</b>
2015-16	661
2016-17	696
2017-18	792
2018-19 (provisional data)	739

RBI has informed that under the provisions of section 45E of the Reserve Bank of India Act, 1934, it is prohibited from disclosing credit information and bank/borrower-wise data from the Central Repository of Information on Large Credits. Section 45E provides that credit information submitted by a bank shall be treated as confidential and not be published or otherwise disclosed.

Comprehensive measures have been taken to expedite and enable recovery from NPA accounts, including NPA accounts of above Rs. 100 crore. These include, *inter-alia*, the following—

- (1) The Insolvency and Bankruptcy Code, 2016 (IBC) has been enacted, which has provided for taking over the management of the affairs of the corporate debtor at the outset of the corporate insolvency resolution process. Coupled with debarment of wilful defaulters and persons associated with NPA accounts from the resolution process, this has effected a fundamental change in the creditor-debtor relationship.

- (2) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been amended to make it more effective, with provision for three months' imprisonment in case the borrower does not provide asset details, as well as a provision for the lender to get possession of mortgaged property within 30 days.
- (3) Suits for recovery of dues are also filed by banks before DRTs. Six new DRTs have been established to expedite recovery.
- (4) Under the PSB Reforms Agenda, PSBs have created Stressed Asset Management Verticals to focus attention on recovery, segregated monitoring from sanctioning roles in high-value loans, and entrusted monitoring of loan accounts of above Rs. 250 crore to specialised monitoring agencies for clean and effective monitoring, and created online end-to-end One-Time Settlement platforms for timely and better realisation.

Enabled by the above steps, as per RBI data on global operations (provisional data for the financial year ending March 2019), PSBs have recovered Rs. 3,09,568 crore over the last four financial years, including record recovery of Rs. 1,21,076 crore during the financial year (FY) 2018-19 (provisional data as reported by RBI on 2.7.2019).

*Note: Figures cited above for PSBs for FY 2018-19 exclude those for IDBI Bank Limited, which was recategorised as a private sector bank by RBI with effect from 21.1.2019.*

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