

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA  
STARRED QUESTION NO \*45  
TO BE ANSWERED ON THE 26<sup>TH</sup> FEBRUARY, 2016/ PHALGUNA 7, 1937 (SAKA)

QUESTION:  
DEBT RESTRUCTURING MECHANISM

\*45: SHRI VINCENT H. PALA

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken note of huge surge in the bad loan/Non-Performing Asset (NPA) in the recent past;
- (b) if so, the details of sectors, having high incidence of NPAs along with steps taken to contain them;
- (c) whether the Reserve Bank of India (RBI) is undertaking any new strategic debt restructuring mechanism by allowing banks to take over private companies that are unable to pay loan;
- (d) if so, the details thereof along with the estimated amount of debt pending with the various Central and State agencies; and
- (e) the details of companies under litigations/arbitrations with banks, Sector-wise?

ANSWER

FINANCE MINISTER  
(SHRI ARUN JAITLEY)

(a) to (e) : A Statement is laid on the Table of the House.

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**STATEMENT AS REFERRED TO IN REPLY TO PARAs (A) TO (E) OF LOK SABHA STARRED QUESTION NO. \*45 FOR ANSWER ON 26<sup>TH</sup> FEBRUARY, 2016 REGARDING DEBT RESTRUCTURING MECHANISM BY SHRI VINCENT H. PALA.**

(a) & (b): Non-Performing Assets have risen from 4.78% as on Dec 2014 to 5.91% as on Dec 2015 (provisional) in respect of Scheduled Commercial Banks (SCBs).

The sectors that have a high incidence of NPAs are mainly Infrastructure (Power, Roads etc.), Steel and Textiles. The Government has taken a slew of steps to revive growth in these sectors which inter-alia include:

- Revival of stalled projects in road sector through substitution of concessionaire even during construction period, permission for divestment of equity by concessionaire after two years from Commercial Operations Date (COD), premium recast by NHAI of 14-15 distressed road projects, award of new road sector projects under Hybrid Annuity Model, etc.
- Import duty on some articles increased, safeguard duty of 20% on hot rolled flat products was imposed to protect domestic industry. Further, a Minimum Import Price (MIP) has been imposed on steel products to shield steel makers from the onslaught of cheap imports.
- Ujwal Discom Assurance Yojana (UDAY) scheme launched to strengthen financial and operational cost of discoms. 75% of state discoms debt shall be taken over by state governments. For gas-based power projects, the government has started auctioning Re-gasified Liquefied Natural Gas (RLNG). E-auction of coal for power projects introduced.
- The Government has approved the “Amended Technology Upgradation Fund Scheme (ATUFS)” which is expected to give a boost to textiles sector and attract investment to the tune of Rs 1 lakh crore.

In order to check the growth of NPAs and reduce the bad debt burden, RBI has undertaken steps which include (i) Formation of Joint Lenders’ Forum (JLF) for revitalizing stressed assets in the system, (ii) Flexible Structuring for long term project loans to Infrastructure and Core industries, and (iii) Strategic Debt Restructuring (SDR) scheme.

(c) to (e) The concept of Strategic Debt Restructuring (SDR) has been introduced by the Reserve Bank of India (RBI) to help banks recover their loans by taking control of the distressed companies and effecting change in management after they are convinced about the viability of the company on change of ownership. The scheme aims to revive stressed companies and provide lenders with a way to initiate change of management in companies which fail to achieve the milestones prescribed in the critical conditions of the restructuring loan agreement. The scheme is the subsequent stage to restructuring exercise undertaken by lenders.

So far, 29 accounts amounting to Rs.31,759 crore approx. have been undertaken under SDR scheme by Public Sector Banks. Sector wise information is annexed.

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**ANNEX**

**Sector-wise SDR done by Public Sector Banks as on Dec 2015**

<b>Sector</b>	<b>No. of Companies</b>	<b>Amount (Rs in Crore)</b>
Steel	10	11,372.31
Textiles	3	5,256.25
Power	5	4,414.32
Construction	2	4,277.70
Chemicals & Pharma	2	1,468.16
Others	7	4,970.18
<b>Total</b>	<b>29</b>	<b>31,758.92</b>

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