

**GOVERNMENT OF INDIA  
FINANCE AND COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:625  
ANSWERED ON:21.02.2003  
DOUBTFUL LOANS  
AMBATI BRAHMANAIAH

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

- (a) whether Reserve Bank of India has allowed lenders to restructuring big loans which can be classified as `doubtful loans`;
- (b) if so, the guidelines issued in this regard;
- (c) whether there is potential for some banks to misuse this provision;
- (d) whether this policy is likely to affect loans already under BIFR jurisdiction;
- (e) if so, the details thereof; and
- (f) the impact of this new policy on units referred to BIFR?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBAADSUL):

- (a) and (b) Reserve Bank of India (RBI) has issued a revised scheme of Corporate DebRestructuring (CDR) on 5th February, 2003 to provide for timely and transparent mechanism for restructuring corporate debt of viable corporate entities, affected by internal or external factors, outside the purview, of BIFR, DRT and other legal proceedings.
- (c) No. Sir. Adequate safeguards have been put in place to ensure that the guidelines in the scheme are not misused.
- (d) to (f) As per the CDR guidelines BIFR cases would not be eligible for restructuring under the CDR system. However, large value BIFR cases may be considered for restructuring under the CDR system if specifically recommended by the CDR Core Group. The Core Group may recommend exceptional BIFR cases on a case-to-case basis for consideration under the CDR system subject to the lending institutions completing all the formalities in seeking the approval from BIFR before implementing the package.