

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4757
ANSWERED ON:04.05.2012
BAILOUT OF COMPANIES QUESTION
Muttemwar Shri Vilas Baburao

Will the Minister of FINANCE be pleased to state:

- (a) the norms followed by banks with regard to extending the facility of bailout to companies;
- (b) whether a large number of companies in the private sector have sought loan bailouts from banks and financial institutions;
- (c) if so, the details thereof alongwith the amount of loan taken by them and still outstanding company-wise, Public Sector banks (PSB)-wise; and
- (d) the response of the Government / PSBs thereto?

Answer

The Minister of State in the Ministry of Finance (Shri Np.mo Narain Meena)

(a) In terms of Reserve Bank of India (RBI) guidelines, banks try to assist companies in distress through several mechanisms, including restructuring, compromises or One Time Settlements (OTS) etc., with the borrowers. RBI has prescribed guidelines on restructuring of loan accounts applicable to different types of borrowers. The objective of the Corporate Debt Restructuring (CDR) framework is to ensure a timely and transparent mechanism for restructuring of the corporate debts of viable corporate entities affected by internal or external factors, outside the purview of Board for Industrial and Financial Reconstruction (BIFR), Debt Recovery Tribunal (DRT) and other legal proceedings, for the benefit of all concerned.

(b) to (d) The companies not doing well in business approach the lenders for bail out such as OTS/CDR etc.. The lenders entertain their request as per the extent guidelines on the subject. Companies in distress keep approaching the lenders at certain point of time for bailout. The details of total advances - retail and non-retail, Public Sector Banks (PSBs) wise, are given in Annex. The companies having exposure as in the Annex when in distress can approach PSBs for bailout as per extent guidelines.