

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2809
ANSWERED ON:29.08.2012
CORPORATE DEBT RESTRUCTURING PROCESS QUESTION
Jeyadural Shri S. R.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has studied the Corporate Debt Restructuring Process followed by the Public Sector Banks;
- (b) if so, the details thereof;
- (c) whether the Corporate Debt Restructuring cases are on the rise in the country;
- (d) if so, the details thereof;
- (e) the reasons therefor; and
- (f) the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): Corporate Debt Restructuring (CDR) process has been reviewed from time to time and the Reserve Bank of India (RBI) has issued detailed guidelines on the subject vide circular DBOD.BP.BC.No.37/21.04.132/2008-09 dated August 27, 2008 on 'Prudential guidelines on restructuring of advances by banks.

(c) & (d): Yes, Sir. The CDR cases have risen as would be seen from the following data:

Year	No. of cases referred to CDR	Amount (Rs. Crore)
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2009-10	31	20175
2010-11	49	22614
2011-12	87	65335

(e): No particular reason can be attributed to the rise in the number of cases for restructuring. It may be due to general economic slowdown during the last couple of years. It has also been observed that regulatory forbearance available on restructuring of advances has made the banks and borrowers to restructure the accounts even at the slight worsening of economic conditions.

(f): In the wake of a rise in the number of cases of restructuring, RBI had constituted a Working Group to review the existing prudential guidelines on restructuring of advances by banks/financial institutions. The Working Group has submitted its report and the same is available on RBI's website www.rbi.orq.in. Recommendations of the Group, inter-alia, include tightening certain norms relating to CDR mechanism.