

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3939
ANSWERED ON:05.09.2012
LOSSES DUE TO CDR
Upadhyay Seema

Will the Minister of FINANCE be pleased to state:

- (a) whether losses to banks and financial institutions due to acceptance of Corporate Debt Restructuring (CDR) proposals of unscrupulous companies have been noticed by the Government recently;
- (b) if so, the details thereof and the corrective steps taken along with the amount lost from CDR during the last three years;
- (c) whether the Government proposes to modify/scrap the system of CDR or/and make the laws most stringent for corporate defaulters to check the misuse of system; and
- (d) if so, the details thereof?

Answer

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

(a) to (d): In order to facilitate restructuring of Corporate Debt of viable entities facing problems, a Corporate Debt Restructuring (CDR) mechanism exists to ensure timely and transparent restructuring for the benefit of all stake holders. CDR system has three tier structure including CDR Standing Forum and its Core Group, CDR Empowered Group and CDR Cell.

The CDR cases are considered by the appropriate Forum as per the guidelines laid down by Reserve Bank of India (RBI) in their Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

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.org.in. Recommendations of the Group, inter-alia, include tightening certain norms relating to Corporate Debt Restructuring mechanism.