

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3016
ANSWERED ON:15.03.2013
BANKS PROFIT AFTER IMPLEMENTATION OF CDR
Singh Shri Brij Bhushan Sharan

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government / Reserve Bank of India (RBI) has formulated / implemented any new guidelines governing the Corporate Debt Restructuring (CDR) in the country;
- (b) if so, the details thereof; and
- (c) the likely effect of these new guidelines on the net profit of the Public Sector Banks and also on the sick companies in the country?

Answer

The Minister of State in the Ministry of Finance (Shri Namu Narain Meena)

(a) to (c): Reserve Bank of India (RBI) has informed that they have issued draft Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions on 31.01.2013 to review the existing Prudential Guidelines on Restructuring of Advances for the comments of stakeholders. The draft prudential guidelines of RBI envisage higher provisioning requirement for restructured standard assets, profitability of banks in terms of profit available for distribution to shareholders may come down initially. However, in the long run it is likely to increase the resilience of banks' balance sheets and strengthen their financial position. Final guidelines will be issued by RBI after examination of comments received from stakeholders. The draft guidelines are available at RBI website www.rbi.org.in.