

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6731
ANSWERED ON:10.05.2002
CORPORATE DEBT RESTRUCTURING FORUM
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) whether as per the guidelines of RBI only `Standard` assets can be referred to the Corporate Debt Restructuring (CDR) forum; :
- (b) if so, the definition of Standard assets according to RBI ;
- (c) in what manner will this definition help companies which require debt restructuring ;
- (d) the number of such cases which have been referred to the CDR Standing Forum for settlement of debt since its inception; and
- (e) the other steps RBI taking to simplify the whole process of Corporate Debt Restructuring ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH)

- (a) As per guidelines issued by Reserve Bank of India (RBI), both Standard and Sub- standard asset can be referred to the Corporate Debt Restructuring (CDR) forum.
- (b) Standard asset does not carry more than normal risk attached to the business. Such an asset is not a non-performing asset (NPA). An NPA is defined as a credit facility in respect of which the interest and/or instalments of principal has remained overdue for 180 days.
- (c) This will ensure a timely and transparent mechanism for restructuring of the corporate debts of viable entities facing problems, outside the purview of BIFR, DRT and other legal proceedings, for the benefit of all concerned. In particular, the CDR framework aims at preserving viable corporate that are affected by certain internal and external factors and minimize the losses to the creditors and other stakeholders through an orderly and co-ordinated restructuring programme.
- (d) As on 30th April, 2002, sixteen cases have been referred to CDR System since its inception.
- (e) As per the announcement of Finance Minister in the Union Budget 2002-2003, RBI has constituted a high level group under the Chairmanship of Deputy Governor, RBI to review the operation of the CDR Scheme, to identify the operational difficulties and to suggest measures to make the operation of Scheme more efficient.