

# RESOLUTION OF STRESSED ASSETS

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Ministry of Finance

## Resolution of Stressed Assets

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On 12.2.2018, Reserve Bank of India (RBI) issued a circular on Resolution of Stressed Assets — Revised Framework. RBI has informed that Supreme Court, vide its order dated 2.4.2019, held the said circular as non-est, necessitating issue of a revised circular for expeditious and effective resolution of stressed assets. RBI has further informed that against this background, RBI on 7.6.2019 has issued “Prudential Framework for Resolution of Stressed Assets” for early resolution of stressed assets in a transparent and time-bound manner, giving complete discretion to lenders with regard to design and implementation of resolution plans, while providing for disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings, and making mandatory the signing of an inter-creditor agreement, providing for majority decision-making by all lenders.

As per inputs received from Indian Banks’ Association (IBA), the Prudential Framework issued by RBI vide the circular dated 7.6.2019 has made signing of inter-creditor agreement mandatory before working out the resolution proposal for a particular stressed account and, in this connection, IBA has drafted an inter-creditor agreement and circulated the same among its member banks to facilitate the resolution process. IBA has further apprised that this draft agreement is not with reference to any particular sector, including the power sector.

A number of steps have been taken by the Government to help revive stalled projects. A project monitoring group has been set up and is working as an institutional mechanism to resolve a variety of issues, including fast-tracking of approvals. Till 1.1.2019, more than 3,191 issues raised in the PMG portal pertaining to 725 projects with anticipated investment of Rs. 29.88 lakh crore had been resolved, and 513 inter-ministerial meetings and 247 meetings with Chief Secretaries of States had been held for resolution of related issues/clearances. Further, inter-ministerial groups were constituted by the nodal ministries concerned for the shipping, textile, power, telecommunications, renewable energy and MSMEs sectors to examine systemic issues affecting viability and repayment capacity of the sectors.

This was stated by Shri Anurag Thakur, Minister of State for Finance & Corporate Affairs in a written reply to a question in Lok Sabha today.

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DSM/RM/PD

**END**

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