

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO-876**  
ANSWERED ON- 09/02/2021

**NON-AVAILING OF CREDIT FACILITY BY COMPANIES DUE TO THEIR  
NPAs**

876. SHRI RAJEEV CHANDRASEKHAR

Will the Minister of FINANCE be pleased to state:-

- (a) whether Government is aware of the fact that several companies including MSMEs are currently not able to avail credit because their loans have become non-performing assets (NPAs);
- (b) whether Government or RBI has commissioned any study to evaluate as to how many of these companies are viable, have good management and have defaulted only due to normal business issues and not malfeasance;
- (c) if so, the details thereof; and
- (d) if not, whether Government would consider such a study?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) to (d): Default in loan repayment and turning of loan accounts into NPAs is due to a variety of factors. Government and RBI, from time to time, based on an ongoing assessment and evaluation of such factors, formulate appropriate policy and regulatory responses in the interest of the economy, achievement of macroeconomic goals and securing financial stability. As part of this, Government and RBI have taken a number of measures to enable companies including MSMEs that are viable and are in default, including those whose account have become NPA, to avail of credit. These include, *inter alia*, the following:

- (i) In the context of the pandemic, RBI has provided a framework for lenders to implement resolution plans in respect of eligible loans to corporates and micro, small and medium enterprises (MSMEs), including those that were in default up to 30 days as on 1.3.2020, to enable lending institutions to offer customised relief to borrowers in the form of restructuring, without downgrading the loan as an NPA. Such restructuring may entail the grant of various concessions to the borrower in terms of altering the total amount to be repaid, instalment amounts and the rate of interest, extending moratorium and/or the residual periods of repayment, waiving penal interest and charges, converting the accumulated

interest into a fresh loan with a deferred payment schedule, and sanction of additional loan.

- (ii) To facilitate restructuring of stressed micro, small and medium enterprises (MSMEs),—
  - (1) RBI introduced a scheme for restructuring loan accounts in default but classified as standard assets as on 1.1.2019 of GST-registered and GST-registration-exempt MSMEs, with exposure of up to Rs. 25 crore, without downgrading their asset classification;
  - (2) RBI extended the said scheme for loan accounts in default but classified as standard assets as on 1.1.2020;
  - (3) In the context of the pandemic, RBI has further extended the said scheme for loan accounts in default but classified as standard assets as on 1.3.2020, for restructuring up to 31.3.2021.
- (iii) To assist corporates which might face default owing to the pandemic, initiation of corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016 in case of default arising on or after 25.3.2020 has been suspended for till 24.3.2021.
- (iv) To enable promoters of stressed MSME units, including those whose accounts have become non-performing assets (NPAs), to access credit for infusing the same as equity/quasi equity/sub-debt in the unit, Government has launched the Credit Guarantee Scheme for Subordinate Debt.
- (v) To enable MSME corporate debtors in default to also have the benefit of resolution plans from their promoters, unlike the promoters of other corporate debtors, such promoters have been made eligible under the Insolvency and Bankruptcy Code, 2016 (“the Code”) to submit resolution plans for their company undergoing the insolvency process under the Code.
- (vi) To enable corporate debtors undergoing insolvency proceedings under the Code to access interim finance during such proceedings and to get any additional finance that may form part of the approved resolution plan, RBI, under its Prudential Framework on resolution of stressed assets, has permitted interim finance to be treated as standard asset during the insolvency resolution process and any additional finance approved under the resolution plan to be treated as standard asset during the monitoring period.
- (vii) To enable funding for projects that have been declared as NPAs or are pending insolvency proceedings under the Code, a Special Window for Completion of Affordable and Mid-Income Housing (“SWAMIH”) investment fund has been created for providing funding for the completion of stressed affordable and middle-income housing projects.

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