

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
LOK SABHA**

**UN-STARRED QUESTION NO. 921  
TO BE ANSWERED ON FRIDAY, FEBRUARY 08, 2019 / MAGHA 19, 1940(SAKA)**

**‘Restructuring of Loan for MSMEs’**

**921** : Shrimati Rakhatai Khadse :

Will the Minister of FINANCE be pleased to state :

- (a) whether the Government proposes to restructure loans for Micro, Small and Medium Enterprises (MSME) sector and asked Reserve Bank of India (RBI) to consider scheme for restructuring of stressed assets of MSME borrowers subject to necessary conditions ;
- (b) if so, the details thereof ;
- (c) whether the Government also proposes to extend the timeline for implementations of Basel III norms of capital adequacy; if so, the details thereof;
- (d) whether the RBI Board directed to set up an expert Committee to deliberate on economic capital framework; and
- (e) if so the details thereof ?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE

**(SHRI SHIV PRATAP SHUKLA)**

(a) and (b) : Reserve Bank of India (RBI) has recently permitted a one-time restructuring of existing loans to Micro, Small and Medium Enterprises (MSMEs) that are in default but are ‘standard’ as on January 01, 2019 without a downgrade in the asset classification. The scheme is available to MSMEs subject to certain conditions which, inter alia, include a cap of Rs.250 million on the aggregate exposure of banks and Non Banking Financial Companies (NBFCs) to the MSME etc. Banks / NBFCs can adopt this scheme through a policy in this regard approved by their Boards.

(c): RBI has issued instructions in January 2019 on ‘Basel III Capital Regulations-Review of transitional arrangements’, as per which it has deferred the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2019 to March 31, 2020.

(d) & (e) RBI has constituted an Expert Committee in December 2018 to review its extant Economic Capital Framework. The terms of reference of the Committee inter alia include, review of the status, need and justification of various provisions, reserves and buffers presently provided for by the RBI; review of global best practices followed by the central banks in making assessment and provisions for risks which central bank balance sheets are subject to, suggesting an adequate level of risk provisioning that the RBI needs to maintain, determining whether the RBI is holding provisions, reserves and buffers in surplus / deficit of the required level of such provisions, reserves and buffers, proposing a suitable profits

distribution policy taking into account all the likely situations of the RBI, treatment of surplus reserves, etc.

