

**One-time debt recast**

1026. SHRI SUSHIL KUMAR GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Finance Minister held a review meeting with heads of banks and NBFCs recently for smooth and speedy implementation of the one-time debt recast for resolution of COVID-19 related stress in bank loans;

(b) whether it is also a fact that the Reserve Bank of India last month permitted one-time restructuring of both corporate and retail loans without getting classified as a non-performing asset; and

(c) if so, the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) Yes, Sir. A review meeting with the heads of Scheduled Commercial Banks and NBFCs was held on 3.9.2020 to review their state of preparedness for implementation of the loans resolution framework for COVID-19 related stress. During the review meeting lenders were requested that post lifting of the moratorium on loan repayments, support to borrowers is maintained to tide over the COVID-19 related stress and lenders must expedite putting in place Board-approved policy for resolution, identifying eligible borrowers and reaching out to them along with quick implementation of a sustained resolution plan by lenders for revival of every viable business.

(b) and (c) Reserve Bank of India, *vide* circular dated 6.8.2020 on Resolution Framework provided a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible personal loans and corporate exposures without change in ownership, without classifying them as a non-performing asset. Resolution plans under the aforementioned framework may involve restructuring, in which the lending institution may grant various concessions to the borrower in terms of:—

- (i) sanctioning additional loan;
- (ii) converting accumulated interest into a fresh loan with a deferred payment schedule;
- (iii) alteration in the rate of interest;
- (iv) sacrifice by the lending institution on the amount payable to it as interest;

- (v) extension of the residual tenor of the loan, with or without moratorium, by up to two years;
- (vi) waiving penal interest and charges; and
- (vii) rescheduling repayment.

### **Borrowing of money to meet GST revenue shortfall**

1027. SHRI SUSHIL KUMAR GUPTA: Will the Minister of FINANCE be pleased to state

- (a) whether the Ministry has received any suggestion urging to consider that the Central Government borrows money and compensates States to meet Goods and Services Tax (GST) revenue shortfall, instead of asking States to do so;
- (b) if so, the details in this regard; and
- (c) if not, whether Government will consider this suggestion now?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (c) As per provision in Sections 7, 8 & 10 of the GST (Compensation to States) April 2017, the issue of pending GST compensation and future course of action to meet the GST compensation shortfall has been discussed in 41st GST Council meeting on 27.08.2020 in the light of the opinion given by Ld. Attorney General of India, wherein States were given two options to meet their GST compensation shortfall for current FY from market borrowing. However, some States/UTs have suggested Central Government to borrow money from market and compensate States to meet GST revenue shortfall. In this regard, it is submitted that Central Government continues to remain engaged with the States who have not given either of the options.

The details of the two borrowings options were communicated to the States by the Department of Expenditure as under:-

#### **Option 1**

- (i) The shortfall arising out of GST implementation (calculated at ₹ 97,000 crores approximately) will be borrowed by States through issue of debt under a Special Window coordinated by the Ministry of Finance.