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Bankruptcy code to help unlock unproductive capital: Yes Bank

By PTI | Updated: Mar 02, 2016, 03.01 PM IST

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NEW DELHI: A strong and robust bankruptcy code will give a fillip to the government's reform process for the banking industry as it will help in unlocking the unproductive capital stuck in the economy, [Yes Bank](#) head [Rana Kapoor](#) has said.

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"With regard to the banking industry, institutionalising a strong and robust bankruptcy code will provide further support to the government's reform measures by unlocking the unproductive capital stuck in the economy," Rana Kapoor, Managing Director and Chief Executive Officer of Yes Bank told PTI in an interview.

"The bankruptcy code will also offer exit routes to the investors, helping channel the capital to more productive sectors of the economy," Kapoor said.

To promote ease of doing business and spur economic activities, a government-appointed panel had last year suggested a modern bankruptcy law to deal within 180 days the insolvency cases that may arise on account of business failures or economic downturns.

The draft legislation prepared by the panel also proposes early identification of financial distress so that steps could be taken to revive the ailing company.

Kapoor added that Indradhanush programme for public sector banks is definitely a shot-in-the-arm for banking industry.

"For improving PSU Banks, the Indradhanush program is definitely a shot-in-the-arm for the sector and needs to be supplemented by progressive reduction in the government stake in some of the PSU Banks as well as PSUs in other sectors," he said.

"I also believe that Reserve Bank can provide further policy stimulus by a rate cut of about 50-75 basis points in 2016," Kapoor added.

Finance Minister [Arun Jaitley](#) in his Budget speech had said the government will continue with the ongoing reform process.

Jaitley said the government will ensure passage of Constitutional amendments to enable the implementation of the Goods and Service Tax, the passage of Insolvency and Bankruptcy Law and other important reform measures pending before Parliament.

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