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# Loan recast: Government seeks 80 more days for lenders

BY SIDHARTHA GANGULY, TNN | SEP 17, 2018, 11.43 AM IST

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The government has asked the Reserve [Bank of India](#) (RBI) to provide at least another 80 days to lenders to help them restructure loans to the tune of Rs 1.7 lakh crore as the regulator had itself failed to deliver on its guidelines.

The RBI's controversial February 12 circular did away with several loan restructuring schemes and set a 180-days deadline for loan resolutions, after which all cases were to be referred to the [National Company Law Tribunal](#) (NCLT) under the Insolvency & Bankruptcy Code (IBC). It had also mandated that for all loans of Rs 100 crore or more, where a resolution plan was being worked out or a management change was planned, an independent credit evaluation of the debt was needed by rating agencies authorised by RBI. For loans above Rs 500 crore, two independent credit evaluations have been prescribed.

It was only on May 21 that the RBI provided a list of the "authorised" credit rating agencies, government sources said, adding that the bank regulator has been asked to provide more time to allow lenders to work out resolution plans. While the [finance](#) ministry has backed the overall intention of the RBI's directive, it has concerns over some of the issues that have been provided for, including provisioning by banks even for a day's default. The central bank has largely ignored the concerns so far. The 180-days loan recast deadline had ended in late August.

"Many of the borrowers have shown interest in repaying the loans as they fear losing control of their companies under the tightened insolvency law. Since some of the gaps had to be filled, it is only fair to provide a breather for a few days. It will not be an indefinite extension of the deadline," a source told TOI.

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Another source in the government said that it made sense for the regulator to show some flexibility, while ensuring that its guidelines or legal provisions were not diluted.



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Although the Supreme Court has now put the insolvency proceedings against loan defaulters from sectors as diverse as power, sugar and textiles on hold. Bankers fear that the resolution process will come to a halt for two months.

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