

TRENDING# M Karunanidhi NRC Assam Ind vs Eng Narendra Modi

Home » Business

Lenders take NCLT route to clear bad-loan pile



Money

SHARE

f t G+ in

WRITTEN BY



Manju AB

About 19 cases have been filed with the National Company Law Tribunal (NCLT) under the newly-formed Insolvency and Bankruptcy Code 2016, the new mechanism set up for speedier resolutions.

The tribunal has been set up under the Insolvency and Bankruptcy Board of India (IBBI).

So far, ICICI Bank is the only lender which has filed for resolution of its debt to Innoventive Industries Ltd with the NCLT. Other banks like State Bank of India (SBI), Canara Bank and Punjab National Bank are also in the process of identifying cases to be listed with the NCLT.

Arundhati Bhattacharya, chairman, SBI, said, "It is not yet fully operational. It will pick up. If implemented well, it will make resolutions far more successful and transparent. It is absolutely the need of the hour."

Hyderabad-based VNR Infrastructure, which has a debt of Rs 1,000 crore, is one such company that has filed for a resolution with NCLT where the resolution process is going with the appointment of a resolution professional.

Jain said, "The creditors have approved the resolution and now the turnaround strategy is in place. Resolution professional will invite for a resolutions plan from the company or creditors or from outside to see the best possible outcome for the company."

Once the company files with the NCLT, the management of the company is taken over by a resolution professional who could be a chartered account, a company secretary or advocate who will run it till it turns around. The resolution period is for 180 days which can be extended by another 90 days.

Under the NCLT, the first right is with the secured creditors and the employees, then with the corporate creditors like the suppliers, etc, and the third is with company and shareholders.

"The company also has the right to be compensated if dues with the banks and other creditors are settled," added Jain.

Banks are taking all routes possible to resolve and recover the growing debt on their balance-sheets after the government asked them to show cash flows on their books from their stockpile of bad loans so that they can recapitalise them.

"Our performance in recovery and resolutions will be closely monitored for recapitalisation, so banks are having their own recovery teams who are trying to recover the bad debt. The in-house recovery teams of banks are seizing and selling off assets of defaulters of Rs 10 crore and above," finance minister Arun Jaitley said in a written submission to the Lok Sabha on Friday.


Punjab National Bank (PNB) has seized 39 properties involving Rs 9,325.83 crore till December 2016. The seizures of properties by PNB are nearly three times higher than seizures by SBI, which took 266 properties involving Rs 3,183.70 crore into possession during the same period, Jaitley added the reply.

SBI Arun Jaitley ICICI Bank Arundhati Bhattacharya India Business Report Canara Bank Punjab National Bank

State Bank of India Devendra Jain PNB National Company Law Tribunal Insolvency and Bankruptcy Code 2016

Insolvency and Bankruptcy Board of India



<http://dnai.in/eas6>

Entertainment Must Reads