

## **FICCI comments on the Banking Regulation (Amendment) Ordinance, 2017**

**NEW DELHI, 5 May 2017:** FICCI welcomes the steps taken by the Government and the Reserve Bank of India to address the issue of rising NPAs which have plagued the banking sector thereby hampering its ability to extend credit for investments needed for creating jobs and supporting entrepreneurship in the economy.

The Banking Regulation (Amendment) Ordinance, 2017 passed by the Cabinet and promulgated by the office of President of India is a major step forward towards resolving the NPA menace in a time bound manner. Though the details of the steps the government and RBI would be taking post this ordinance are awaited, there are indications that RBI could constitute an oversight committee to advice banks on resolution of stressed assets. This should provide the much needed comfort to the bankers in taking some firm decisions without the fear of being investigated at a later stage by some of the state authorities.

**While welcoming the Ordinance Dr. A. Didar Singh, Secretary General, FICCI said,** “FICCI is fully supportive of the efforts of the government and has always maintained that in all cases where there is a clear indication of wilful default or malfeasance, the law of the land should prevail and firm action should be taken. However, it is also important to note that in many cases, the projects do get affected on account of changes in the policy environment, unforeseen global developments, or even slow pace of clearances. In all such cases where fundamentals of business models are secure, there is a need to take steps for quick revival of projects with support from the concerned management”.

FICCI hopes that due consideration will be given to such cases and the nodal ministries of the government will look into some of the larger policy decisions that need to be acted on for imparting strength to the growth of the sectors where NPAs may have seen a quantum jump because of systemic factors.

**FICCI MEDIA DIVISION**