Evaluating the Corporate Debt Restructuring process

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28 August 2014

Dateline

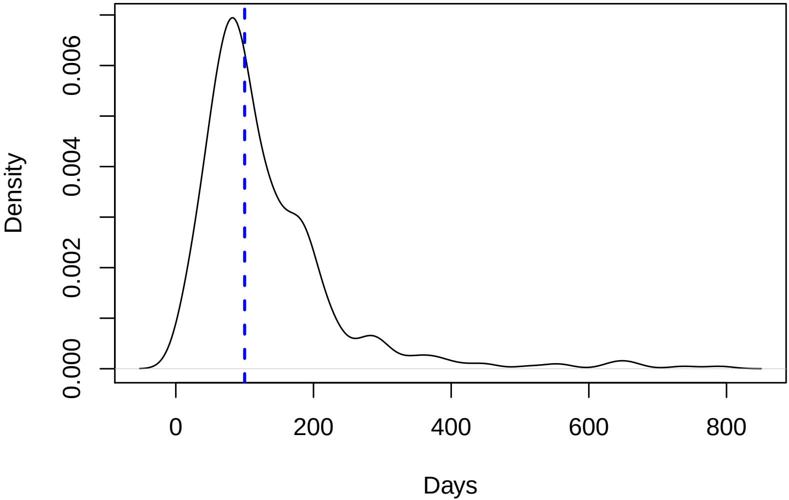
- 2001: Informal process to resolve corporate insolvency for banks.
- Multi-creditor restructuring.
- 2008: Guidelines for both institutional and non-institutional restructuring. Augmented in 2012 and 2013.
- Firms with outstanding debt of INR 100 million or more.
- Mechanisms available: lowering interest on principal, increasing repayment period.
  Creditors make the choice to re-finance or not.
- Exit from CDR can be voluntary or at the end of the restructuring period.

Data: status

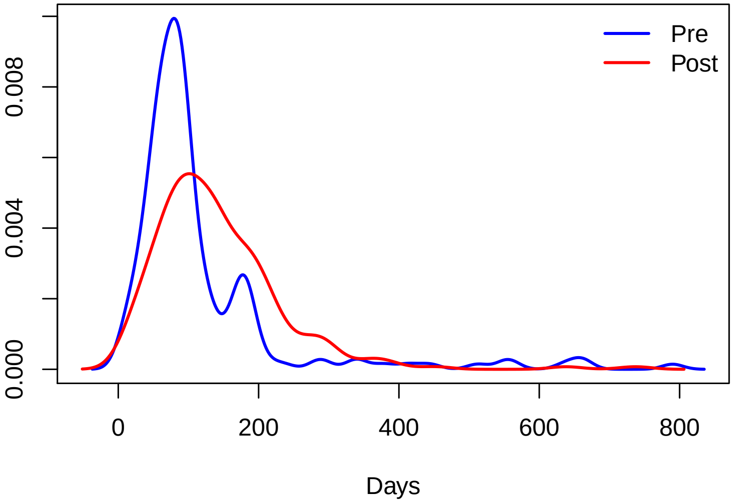
- As at June, 2013,
  - 549 cases referred to the CDR cell of which
  - 415 received approvals.
    The aggregate debt outstanding of these 415 firms is approximately Rs. 2.5 trillion.
  - Of these, so far:

	Total	Pre-2008	Post-2008
Exited:	58	57	1
Withdrawn:	70	53	177
Live:	247	59	188

Data: time to decision



Data: time to decision before and after 2008



Data suggests that

- CDR cases are accumulating, and
- resolution seems to be slowing down.
- What are the issues hampering the process?