

FinMin to seek special treatment for IL&FS loans

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6 MF SCHEMES UNDER ICRA WATCH

Mumbai: Credit ratings firm ICRA has put six mutual fund schemes under ratings watch with negative implications based on their exposure to IL&FS Special Purpose Vehicles. Though the said SPVs may be solvent with cash flows, they had sought to interpret an NCLAT order to stop payment towards future obligations. The MF schemes are UTI Banking and PSU Debt Fund, UTI Bond Fund and UTI Dynamic Bond Fund, HDFC Short Term Debt Fund, HDFC Banking and PSU Debt Fund, Aditya Birla Sun Life Short Term Opportunities Fund.

AFTER the Reserve Bank of India (RBI) refused to allow banks to defer provisioning for IL&FS-related loans, lenders have now approached the Finance Ministry's department of financial services to exert pressure on the central bank.

"The IL&FS crisis needs some time to resolve. The bankers want some special provision for the loans' repayment. However, RBI is reluctant to do so. Bankers now want the government to negotiate with the RBI," an official at DFS told this paper.

According to the official, the government will soon approach the RBI seeking a special dispensation for deferment of provisioning requirements for loans extended to some IL&FS group firms amid ongoing efforts to monetise assets of the crisis-hit group.

Sources also say that efforts to monetise certain assets of IL&FS are progressing and the group is expected to come out of the woods over the next four to five months. The ministry has agreed to bankers' demands and is expected to approach the RBI on the issue soon.

On Tuesday, the ministry reviewed the progress made resolving problems thrown up by the sprawling group's defaults last year. IL&FS group companies are estimated to have outstanding loans of about ₹60,000 crore with banks and financial institutions, while total debt is over ₹91,000 crore. Thirty eight per cent of the total debt is from the roads business, 15 per cent from power, 21 per cent from financing business and 17 per cent is of the parent company. The NCLAT is set to hear the IL&FS moratorium case on January 28.

So far, Allahabad Bank has disclosed exposure of ₹1,225 crore to IL&FS Group, Central Bank of India ₹1,400 crore, United Bank Of India ₹980 crore, and UCO Bank ₹1,300 crore, among others.