Q64

Which of the following statements best describes the term 'Scheme for Sustainable Structuring of Stressed Assets (S4A)', recently seen in the news? (a) It is a procedure for considering ecological costs of developmental schemes formulated by the Government. (b) It is a scheme of RBI for reworking the financial structure of big corporate entities facing genuine difficulties. (c) It is a disinvestment plan of the Government regarding Central Public Sector Undertakings. (d) It is an important provision in 'The Insolvency and Bankruptcy Code' recently implemented by the Government. Official key: B.

UPSC Civil Services Prelims 2017 · General Studies · 2 marks · Current Affairs and GK

Current events, government schemes, miscellaneous GK - Prelims GS Paper I.

Explanation

(a)

This option reads S4A as an ecological-cost appraisal of government schemes. Sustainable Structuring of Stressed Assets is a banking resolution tool, not an environmental clearance procedure. This option is not the key.

(b) Official key

S4A was an RBI scheme (2016) to rework the financial structure of large stressed corporate accounts facing genuine difficulty, by separating sustainable and unsustainable debt. That description is the official key.

(c)

Disinvestment of CPSUs is a Department of Investment and Public Asset Management agenda, not S4A. This option is therefore wrong.

(d)

The Insolvency and Bankruptcy Code is a later, separate statutory insolvency process. S4A was an RBI prudential scheme, not a clause of IBC. This option is not the key.

Summary

Official key is (b). S4A (Scheme for Sustainable Structuring of Stressed Assets) was the Reserve Bank's 2016 tool for large corporate stressed loans. It allowed a sustainable debt to be serviced and the rest to be converted or recast. It is not an ecology test, not a disinvestment plan, and not a provision of the IBC. Only (b) matches the banking meaning.

Related possible facts

These can be asked in a future Prelims paper.

S4A year
Announced by RBI in June 2016

Threshold
Large accounts (then typically Rs 500 crore and above of aggregate exposure)

Sustainable debt
Portion assessed as serviceable from current cash flows

SDR / 5/25 / JLF
Other RBI stressed-asset tools of the same period

IBC 2016
Statutory insolvency code, distinct from S4A
