



भारतीय रिजर्व बैंक
RESERVE BANK OF INDIA
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November 21, 2016

All Entities Regulated by the Reserve Bank of India

Madam / Dear Sir,

Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances

It has been represented to us that consequent upon withdrawal of the legal tender status of the existing ₹ 500 and ₹ 1,000 notes (SBN) small borrowers may need some more time to repay their loan dues. Taking these representations into consideration, it has been decided to provide an additional 60 days beyond what is applicable for the concerned regulated entity(RE) for recognition of a loan account as substandard in the following cases:

- (i) Running working capital accounts (OD/CC)/crop loans, with any bank, the sanctioned limit whereof is ₹ 1 crore or less;
- (ii) Term loans, whether business or personal, secured or otherwise, the original sanctioned amount whereof is ₹ 1 crore or less, on the books of any bank or any NBFC, including NBFC (MFI). This shall include housing loans and agriculture loans.

Note: The limits at (i) and (ii) above are mutually exclusive limits applicable to respective category of loans.

- (iii) Loans sanctioned by banks to NBFC (MFI), NBFCs, Housing Finance Companies, and PACs and by State Cooperative Banks to DCCBs.
- (iv) The above guidelines will also be applicable to loans extended by DCCBs.

2. The above dispensation will be subject to following conditions:

- (i) It applies to dues payable between November 1, 2016 and December 31, 2016. REs shall note to ensure that this is a short-term deferment of classification as substandard due to delay in payment of dues arising during the period specified above and does not result in restructuring of the loans.

(ii) Dues payable before November 1 and after December 31, 2016, will be covered by the extant instruction for the respective regulated entity with regard to recognition of NPAs.

(iii) The additional time given shall only apply to defer the classification of an existing standard asset as substandard and not for delaying the migration of an account across sub-categories of NPA.

3. All REs, including DCCBs, are advised to be guided by the above instructions.

Yours faithfully,

(S.S. Barik)
Chief General Manager-in-Charge