

COVID CIRCULAR

RBI

CIRCULAR DATE | 17 APRIL 2020

APPLICABLE TO

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks),

All Primary (Urban) Co-operative Banks/State Co-operative Banks/ District Central Co-operative Banks,

All-India Financial Institutions,

All Non-Banking Financial Companies (including Housing Finance Companies)

SUBJECT OF THE CIRCULAR

(i) Asset Classification under the Prudential norms on Income Recognition, Asset Classification (IRAC) As such, in line with the clarification provided by the Basel Committee on Banking Supervision, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the IRAC norms. Similarly in respect of working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), the Regulatory Package permitted the recovery of interest applied during the period from March 1, 2020 upto May 31, 2020 to be deferred ('deferment period'). Such deferment period, wherever granted in respect of all facilities classified as standard, including SMA, as on February 29, 2020, shall be excluded for the determination of out of order status.

(ii) Provisioning In respect of accounts in default but standard where provisions of paragraphs (2) and (3) above are applicable, and asset classification benefit is extended, lending institutions shall make general provisions of not less than 10 per cent of the total outstanding of such accounts, to be phased over two quarters as under: (i) Quarter ended March 31, 2020 – not less than 5 per cent
(ii) Quarter ending June 30, 2020 – not less than 5 per cent

FURTHER EXTENSION

"In respect of accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted in respect of term loans, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the IRAC norms. The asset classification for such accounts shall be determined on the basis of revised due dates and the revised repayment schedule.

(MAY 23, 2020)"