

COVID CIRCULAR

RBI

CIRCULAR DATE | 5 MAY 2021

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

Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)

Conditions: The borrower should be classified as a micro, small or medium enterprise as on March 31, 2021. The borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-registration. This shall be determined on the basis of exemption limit obtaining as on March 31, 2021. The aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower does not exceed ₹25 crore as on March 31, 2021. The borrower's account was a 'standard asset' as on March 31, 2021. The restructuring of the borrower account is invoked by September 30, 2021. The restructuring of the borrower account is implemented within 90 days from the date of invocation. Upon implementation of the restructuring plan, the lending institutions shall keep provision of 10 percent of the residual debt of the borrower.