



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Reserve Bank of India (Small Finance Banks – Resolution of Stressed Assets) Amendment Directions, 2026

Please refer to [Reserve Bank of India \(Small Finance Banks – Resolution of Stressed Assets\) Directions, 2025](#) (hereinafter referred to as ‘the Directions’).

2. Reserve Bank had announced, as part of the [Statement on Developmental and Regulatory Policies dated June 08, 2023](#), to issue guidelines rationalising the extant prudential norms for implementation of resolution plans in respect of exposures affected by natural calamities, inter alia harmonising the regulatory instructions applicable to different Regulated Entities (REs). Subsequently, based on a comprehensive review of the existing regulatory instructions, including the scope, coverage and prudential requirements, draft Directions were issued for public comments.

3. On examination of the feedback received and in exercise of the powers conferred by the sections 21 and 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank of India (hereinafter called the Reserve Bank) in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

4. These Amendment Directions modify the Directions as under:

i. Paragraph 6 (3A) and 6 (8A) shall be inserted as below:

(3A) ‘date of invocation’ shall mean the date on which the borrower and the bank agree to proceed with a resolution plan under Chapter VI-A of these Directions through a documented arrangement, other than in case of deemed invocation as specified in paragraph 124N of these Directions.

(8A) ‘natural calamity’ shall mean an event recognized under the National Disaster Response Fund (NDRF) / State Disaster Response Fund (SDRF)

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हिंदी आसान हैं, इसका प्रयोग बड़ाइए

- ii. Paragraph 13A shall be inserted as under

13A. The board approved policy of the bank shall incorporate provisions for resolution as provided for under Chapter VI-A of these Directions, including the following:

- (1) the objective principles for the terms of relief to be granted to various borrower / loan categories.
- (2) the potential relief measures and the verifiable parameters for making such determination.
- (3) the delegation matrix for deciding and implementing relief measures (if any), including for restructuring, sanction of additional finance etc., with focus on the timely implementation of relief measures.

- iii. Part E of the Chapter VI – Special Cases of Restructuring shall be deleted.

- iv. A new chapter VI-A as under shall be inserted:

Chapter VI-A – Resolution of Accounts Impacted by Calamities

124A. The instructions contained in this Chapter shall be applicable to resolution of exposures of borrowers impacted by a natural calamity or, mutatis mutandis, exposures of borrowers impacted by external events such as riots / disturbances that result in loss to economic activity (hereinafter collectively referred to as 'calamity'), upon the declaration of such calamity by the Central / State Governments (in accordance with the framework placed by the concerned Government for this purpose).

124B. These instructions shall not apply to borrower accounts where relief measures have been already provided as on the effective date of these Amendment Directions, and such accounts shall continue to be guided by the existing prudential guidelines. However, any fresh resolution in such accounts under this Chapter, subsequent to the effective date, shall be as per the guidelines contained in this Chapter.

A. Role of State Level Bankers' Committee (SLBC) / Union Territory Level Bankers' Committee (UTLBC) / District Consultative Committee (DCC)

124C. Upon declaration of a calamity, if a larger part of the State / Union Territory (UT) has been affected, the SLBC / UTLBC convenor bank shall convene a special SLBC / UTLBC meeting within 15 days of such declaration.

124D. If the calamity has affected only a part of the State / UT, the convenor of the DCC of the affected district (s) shall convene the meeting within 15 days of such declaration, after due consultation with the SLBC / UTLBC convenor bank.

124E. In the special SLBC / UTLBC / DCC meeting, the position of the affected areas may be assessed in terms of the severity of the impact of the calamity on the economic activity and the need for any resolution measures by the REs. SLBC / UTLBC / DCC may also formulate the objective criteria for identifying impacted borrowers, and the extent of moratorium period required, if any.

124F. The decisions taken in the special SLBC / UTLBC meeting(s) as mentioned at paragraph 124E above, shall be conveyed by the SLBC convenor bank immediately to all SLBC / UTLBC members along with the minutes of the meeting. A copy of the same shall also be forwarded by the SLBC / UTLBC convenor bank to the respective Regional Office of Reserve Bank and the Non-Banking Financial Companies (NBFCs) / Urban Co-operative Banks (UCBs) operating in the area.

124G. The decisions taken in the special DCC meeting(s) shall be conveyed by the DCC convenor bank immediately to the DCC members and the SLBC / UTLBC along with the minutes of the meeting. A copy of the same shall also be forwarded by the DCC convenor bank to the respective Regional Office of Reserve Bank and the NBFCs / UCBs operating in the area.

124H. The decisions taken in the special SLBC / UTLBC / DCC meeting(s) shall be given adequate publicity by SLBCs / UTLBC / DCCs / banks through various methods such as brochures, banners, advertisement in newspapers, visits by field staff, and other suitable modes, for the benefit of affected borrowers.

B. Implementation of Resolution Plan by the banks

124I. Where the SLBC / UTLBC / DCC, as the case may be, recommends extending relief measures to the impacted borrowers, banks may implement

resolution plans in respect of such borrowers in terms of the provisions of this Chapter.

(a) Eligibility

124J. Those borrowers shall be eligible for resolution under this Chapter whose accounts are classified as 'Standard', but which are not in default for more than 30 days with the bank in respect of any of their facilities, as on the date of occurrence of the calamity.

Explanation: In case no specific date of occurrence is ascertainable in respect of a calamity, the date of declaration of such calamity by the Central / State Governments shall be treated as the date of occurrence.

124K. Borrowers whose loan accounts do not fulfil the required eligibility conditions for resolution under this Chapter may continue to be considered for resolution under other provisions of these Directions.

124L. The provisions of this Chapter shall not apply to the refinance portfolio of a bank.

(b) Invocation and Implementation

124M. Resolution under this Chapter shall be invoked no later than 45 days from the date of the declaration of calamity and shall be implemented within 135 days from the date of the declaration.

124N. A bank need not wait for receipt of a formal request from a borrower and may decide to *suo moto* implement a resolution plan for the impacted borrowers consequent to the recommendation of SLBC / UTLBC / DCC, as mentioned in paragraph 124E of these Directions. The resolution in such cases shall be deemed to have been invoked from the said date.

Provided that, in such cases of deemed invocation, a bank shall communicate the same to the borrower, and shall also make available the option for the borrower to opt out of the resolution plan at any point till the end of 135 days from the date of declaration of calamity.

124O. In exceptional cases, where neither deemed invocation is possible, nor is the bank able to complete the invocation formalities within the afore-mentioned

period of 45 days, the SLBC / UTLBC / DCC convenor may approach the respective Regional Director / Officer-in-Charge of Reserve Bank for a one-time extension of 30 days for invocation. The request shall detail the reasons for not completing the exercise within the stipulated timeframe. Such requests may be considered by the Regional Director / Officer-in-Charge of Reserve Bank based on the merits of each case.

(c) Nature of Resolution Plan

124P. The resolution plan to be implemented by a bank, taking into account *inter alia* the recommendation of the SLBC / UTLBC / DCC, may include rescheduling of payments; conversion of any interest accrued or to be accrued into another credit facility, etc. based on an assessment of the viability prospects of the borrower, etc.

124Q. The resolution plan may also include proposal for sanction of additional finance to address the financial stress of the borrower, subject to due assessment of the viability prospects of the borrower.

D. Ancillary Measures

124R. While restructuring various types of loans in an area affected by a calamity, banks may also take into account the insurance proceeds, if any, receivable from insurance companies in respect of those loans. The insurance proceeds upon receipt shall be adjusted towards the 'restructured accounts' in cases where fresh loans have been granted to the borrower. However, a bank may consider restructuring and sanctioning fresh loans without waiting for the actual receipt of the claim.

124S. Interest Subvention / Prompt Repayment Incentive benefits as notified by the Government from time to time shall be made available to the eligible categories of borrowers without any exception.

124T. While extending the relief measures under this Chapter, a bank shall ensure that the relief measures already provided / being provided by Gol / States are duly factored in.

124U. For agricultural loans, where land is taken as security, certificate issued by the Revenue Department officials, in the absence of original title record, shall be

accepted for financing to farmers who have lost proof of their title such as title deed or registration certificate issued to registered share-croppers. In the areas covered by the Sixth Schedule of the Constitution, whereby the land is owned by the community, certificate issued by community authorities shall be accepted.

D. Reporting Requirements

124V. The SLBC / UTLBC convenor shall upload the notification(s) issued by State / District Authorities on declaration of a calamity for which relief measures were implemented by SLBC / UTLBC / DCC / banks, on the CIMS portal, within 15 days of the special SLBC / UTLBC / DCC convened for extending relief measures.

124W. Banks shall upload the data on relief on a half-yearly basis within 30 days from the end of the half-year (September 30th and March 31st of every year) on the CIMS portal.

124X. In case no relief measures are extended, a 'NIL' statement shall be uploaded by the bank.

5. Consequential amendments have also been made vide following:

- i. [Reserve Bank of India \(Small Finance Banks – Credit Risk Management\) Second Amendment Directions, 2026 dated April 29, 2026.](#)
- ii. [Reserve Bank of India \(Small Finance Banks – Income Recognition, Asset Classification and Provisioning\) Amendment Directions, 2026 dated April 29, 2026.](#)
- iii. [Reserve Bank of India \(Small Finance Banks – Responsible Business Conduct\) Amendment Directions, 2026 dated April 29, 2026.](#)

6. The above amendments shall come into force with effect from July 1, 2026.

(Vaibhav Chaturvedi)
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