



भारत रिज़र्व बैंक

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मई 6,

अध्यक्ष

इंडियन बैंक्स एसोसिएशन (IBA)

6 वीं मंजिल, केंद्र 1 भवन

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कफ परेड

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महोदय,

**COVID19 Regulatory Package - Asset Classification and Provisioning - Clarification**

Please refer to your letter No. C&I-I/RBI/covid19/2019-20 dated April 22, 2020 addressed to the Deputy Governor.

2. In this connection, we advise that as per the circular dated April 17, 2020 on asset classification and provisioning, 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. Similarly, in respect of working capital facilities sanctioned in the form of CC/OD, the 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. It is reiterated that the asset classification benefit as above shall be extended only to accounts where moratorium / deferment has been granted in terms of the circular dated March 27, 2020.

3. Further, in terms of para 5 of the Circular, in respect of accounts in default but standard where moratorium / deferment has been granted, 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 under the IRAC norms. However, as IBA has sought clarification on the instructions contained in para 5 of the aforesaid circular we advise as under in respect of accounts classified as SMA as on February

29, 2020 to which moratorium/deferment has been granted under the circular dated March 27, 2020:

(i) The requirement of general provisions of 10 per cent shall not be applicable to accounts classified as NPA, i.e. accounts which were classified as SMA as on February 29, 2020 and slipped to NPA without availing of asset classification benefit.

(ii) If such a term loan account was classified as SMA as on February 29, 2020 and if on account of payment of some or all instalments before May 31, 2020 the account would have remained SMA, or better, as on June 1, 2020 without taking the asset classification benefit in terms of circular dated April 17, 2020; or, if such a CC/OD account was classified as SMA as on February 29, 2020, and if the outstanding balance had been brought within the limit or drawing power, whichever is lower, before May 31, 2020, such that the account remained in SMA, or better, as on June 1, 2020, then no general provisions as required by the circular dated April 17, 2020 will have to be made. The SMA classification in respect of all such accounts as on June 1, 2020 would be reset based on the number of instalments paid.

(iii) In all other cases where no instalments have been paid or some instalments have been paid but which may not be enough to keep the account as SMA as on June 1, 2020 and asset classification benefit has been taken, general provisions will have to be made in line with the instructions in Paragraph 5 of the circular dated April 17, 2020.

सादर,

Sd/-

(सौरभ सिन्हा)

प्रभारी मुख्य महाप्रबंधक