



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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All Scheduled Commercial Banks
(Excluding RRBs)
All-India Term-Lending and Refinancing Institutions
(Exim Bank, NABARD, NHB and SIDBI)

Dear Sir / Madam

Non-Cooperative Borrowers

Please refer to our [circular DBOD.BP.BC.No.97/21.04.132/2013-14 dated February 26, 2014](#) on 'Framework for Revitalising Distressed Assets in the Economy - Guidelines on Joint Lenders' Forum (JLF) and Corrective Action Plan (CAP)' which inter-alia, provides for specific prudential measures and reporting requirements in respect of Non-Cooperative Borrowers. The definition of a Non-Cooperative Borrower as contained therein is hereby modified to read as under:

A non-cooperative borrower is one who does not engage constructively with his lender by defaulting in timely repayment of dues while having ability to pay, thwarting lenders' efforts for recovery of their dues by not providing necessary information sought, denying access to assets financed / collateral securities, obstructing sale of securities, etc. In effect, a non-cooperative borrower is a defaulter who deliberately stone walls legitimate efforts of the lenders to recover their dues.

2. In this connection, we advise that banks/FIs should take the following measures in classifying/declassifying a borrower as non-cooperative borrower and reporting information on such borrowers to Central Repository of Information on Large Credits (CRILC):

- a) The cut off limit for classifying borrowers as non-cooperative would be those borrowers having aggregate fund-based and non-fund based facilities of Rs.50

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हिन्दी आसान है, इसका प्रयोग बढ़ाइये

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million from the concerned bank/FI. A non-cooperative borrower in case of a company will include, besides the company, its promoters and directors (excluding independent directors and directors nominated by the Government and the lending institutions). In case of business enterprises (other than companies), non-cooperative borrowers would include persons who are in-charge and responsible for the management of the affairs of the business enterprise.

- b) It would be imperative on the part of the banks / FIs to put in place a transparent mechanism for classifying borrowers as non-cooperative. A solitary or isolated instance should not be the basis for such classification. The decision to classify the borrower as non-cooperative borrower should be entrusted to a Committee of higher functionaries headed by an Executive Director and consisting of two other senior officers of the rank of General Managers/ Deputy General Managers as decided by the Board of the concerned bank/FI.
- c) If the Committee concludes that the borrower is non-cooperative, it shall issue a Show Cause Notice to the concerned borrower (and the promoter/whole-time directors in case of companies) and call for his submission and after considering his submission issue an order recording the borrower to be non-cooperative and the reasons for the same. An opportunity should be given to the borrower for a personal hearing if the Committee feels such an opportunity is necessary.
- d) The order of the Committee should be reviewed by another Committee headed by the Chairman / CEO and MD and consisting, in addition, of two independent directors of the Bank/FI and the order shall become final only after it is confirmed by the said Review Committee.
- e) Banks/FIs will be required to report information on their non-cooperative borrowers to CRILC under CRILC-Main (Quarterly Submission) return as advised vide [circular DBS.OSMOS.No.14703/33.01.001/2013-14 dated May 22, 2014](#) on 'Reporting to Central Repository of Information on Large Credits (CRILC)'. As mentioned in this circular, the quarterly CRILC Main report is required to be submitted within 21 days from the close of the relevant quarter.
- f) Boards of banks/FIs should review on a half-yearly basis the status of non-cooperative borrowers for deciding whether their names can be declassified

as evidenced by their return to credit discipline and cooperative dealings. Removal of names from the list of non-cooperative borrowers should be separately reported under CRILC with adequate reasoning/rationale for such removal.

- g) If any particular entity as mentioned in (a) above is reported as non-cooperative, any fresh exposure to such a borrower will by implication entail greater risk necessitating higher provisioning. Banks/FIs will therefore be required to make higher provisioning as applicable to substandard assets in respect of new loans sanctioned to such borrowers as also new loans sanctioned to any other company that has on its board of directors any of the whole time directors/promoters of a non-cooperative borrowing company or any firm in which such a non-cooperative borrower is in charge of management of the affairs. However, for the purpose of asset classification and income recognition, the new loans would be treated as standard assets. This supersedes the instructions contained at paragraph 8.1(b) of the aforementioned circular dated February 26, 2014.
- h) It is reiterated that as the CRILC data is collected under the provisions of the RBI Act, non-adherence to reporting instructions attracts penal provisions under the Act.

Yours faithfully

(A.K. Pandey)
Chief General Manager