



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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May 5, 2017

The Chairman and Managing Director/Chief Executive Officer  
All Scheduled Commercial Banks  
(Excluding Local Area Banks and Regional Rural Banks)

Madam/Dear Sir,

### **Timelines for Stressed Assets Resolution**

Please refer to the [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)” and subsequent circulars/amendments in this regard.

2. The Framework aims at early identification of stressed assets and timely implementation of a corrective action plan (CAP) to preserve the economic value of stressed assets. In order to ensure that the CAP is finalised and formulated in an expeditious manner, the Framework specifies various timelines within which lenders have to decide and implement the CAP. The Framework also contains disincentives, in the form of asset classification and accelerated provisioning where lenders fail to adhere to the provisions of the Framework. Despite this, delays have been observed in finalising and implementation of the CAP, leading to delays in resolution of stressed assets in the banking system.

3. It is hereby clarified that the CAP can also include resolution by way of Flexible Structuring of Project Loans, Change in Ownership under Strategic Debt Restructuring, Scheme for Sustainable Structuring of Stressed Assets (S4A), etc.

4. In this context, it is reiterated that lenders must scrupulously adhere to the timelines prescribed in the Framework for finalising and implementing the CAP. To facilitate timely decision making, it has been decided that, henceforth, the decisions agreed upon by a minimum of 60 percent of creditors by value and 50 percent of creditors by number in the JLF would be considered as the basis for deciding the CAP, and will be binding on all lenders, subject to the exit (by substitution) option available in the Framework. Lenders shall ensure that their representatives in the JLF are equipped with appropriate mandates, and that decisions taken at the JLF are implemented by the lenders within the timelines.

5. It shall be noted that

- (i) the stand of the participating banks while voting on the final proposal before the JLF shall be unambiguous and unconditional;
- (ii) any bank which does not support the majority decision on the CAP may exit subject to substitution within the stipulated time line, failing which it shall abide the decision of the JLF;
- (iii) the bank shall implement the JLF decision without any additional conditionalities; and
- (iv) the Boards shall empower their executives to implement the JLF decision without requiring further approval from the Board.

6. Any non-adherence to these instructions and timelines specified under the Framework shall attract monetary penalties on the concerned banks under the provisions of the Banking Regulation Act 1949.

7. This circular is issued in exercise of the powers conferred by Sections 21, 35A and 35AB of the Banking Regulation Act, 1949.

Yours faithfully,

(Rajinder Kumar)  
Chief General Manager