



## Indian Banks' Association

Corporate & International Banking  
(Stressed Assets)  
C&I-III/IRAC/14.12/2021-22

30<sup>th</sup> December, 2021

**To: All the Chief Executives of the Member Banks / Financial Institutions**

Dear Sir,

Sub: Clarifications/guidance provided by RBI on Prudential norms on IRACP

1. With a view to ensure uniformity in implementation of IRACP norms, RBI vide Circular dated 12<sup>th</sup> November 2021 (ref No. RBI/ 20212022/ 125/ DOR .STR. REC. 68/21 . 04.048/2021-22) provided clarifications and instructions on certain aspects referred in the Master Circular dated 1<sup>st</sup> October 2021.
2. In terms of clarifications provided vide Circular dated 12<sup>th</sup> November,2021, with regard to 'Specification of due date/repayment date' , lending institutions are required to interalia , include examples of SMA/NPA classification dates , in the loan agreements . it is also stated that, In case of fresh loans, this requirement must be complied with not later than December 31, 2021.Lending institutions have also been advised to ensure compliance to the instructions on Consumer Education , at the earliest but not later than March 31, 2022.
3. RBI vide letter dated 14<sup>th</sup> December,2021 suggested that IBA may engage with its member institutions as well as other lending institutions through their representative bodies to deliberate and If considered necessary decide through mutual agreement, some common template on issues like illustrative examples of SMA / NPA Classifications, issues to be covered under consumer education literature, FAQs to achieve a smooth implementation of guidelines across lending institutions. Accordingly, with the approval of MC, IBA has formed a committee of lending institutions which deliberated on the subject and made certain recommendations relating to the concepts and illustrative examples to bring about common understanding regarding the implementation of the guidelines in a harmonized manner.
4. Further, IBA's Standing Committee on Stressed Assets finalized the said committee's recommendations for communicating to lending institutions. Accordingly, the committee suggested that lending institutions may also adopt and obtain, as a part of loan agreements, a separate letter from the borrower/s in the format as furnished in the annexure. It is to be noted that the example quoted in the letter are illustrative and not exhaustive in nature and relate to common scenarios. As such, the IRACP norms and clarifications provided by RBI will prevail for implementation from time to time.
5. Lending institutions in the nature of NBFCs may adopt the illustrative examples by considering the relevant overdue periods as prescribed by RBI for NBFCs Sector. Also, the asset classification norms of Agricultural advances which are based on Crop Season will be as hitherto.
6. Lending institutions may adopt & utilize the same accordingly.

Yours faithfully,

**Gopal Murli Bhagat**  
**Dy. Chief Executive**

Encl: a/a