



Amendment On Willful Defaulters – 2026

In line with strengthening credit discipline and aligning with updated asset classification norms, the RBI has issued amendments to the “Commercial Banks – Treatment of Wilful Defaulters and Large Defaulters Directions.”

Effective Date - Applicable from April 1, 2027

Applicability - Applies to all commercial banks dealing with identification and classification of wilful defaulters.

Revised Timeline for Classification

- If wilful default is observed during preliminary screening, banks must complete the classification process within 6 months.
- Timeline starts from the date the account is classified as NPA as per the updated prudential norms.

Alignment with New Directions - Amendment is in line with the Asset Classification, Provisioning and Income Recognition Directions, 2026.

This amendment focuses on ensuring timely identification of wilful defaulters, enhancing transparency and accountability and strengthening banking system discipline.

Kindly refer to the official RBI circular for further details. [Reserve Bank of India \(Commercial Banks – Treatment of Wilful Defaulters and Large Defaulters\) - Amendment Directions, 2026.](#)