



Reserve Bank Of India (Commercial Banks – Income Recognition, Asset Classification And Provisioning) Amendment Directions, 2026

RBI has issued amendment directions on April 29, 2026, introducing a structured approach to address borrower stress arising due to natural calamities. These amendments strengthen regulatory clarity and prudential treatment for banks. Effective Date: July 1, 2026

A new Chapter VI-A has been introduced under the Resolution of Stressed Assets Directions, 2025, providing a dedicated framework for resolution of borrower accounts impacted by natural calamities duly notified under NDRF/SDRF.

Consequential amendments have been made to the Income Recognition, Asset Classification and Provisioning (IRACP) Directions to align prudential norms with the newly introduced Chapter VI-A framework.

Particulars	Classification	Provision	Interest Income
Resolution Plan implemented under Chapter VI-A Resolution of Accounts Impacted by Calamities	Standard Classification and if account become NPA between date of occurrence of the calamity and implementation of resolution plan then it shall be upgraded as “Standard”	<ol style="list-style-type: none"> 1. 5% extra provision to be made subject to a ceiling of 100%. 2. Extra provision made may be written back upon the borrower paying at least 20% of the outstanding debt without any default. 3. Other than term loan in case of Cash credit and non-fund upon completion of 1 year if no default during this period has occurred. 	Interest income will be booked on accrual basis.
Accounts which are restructured under chapter VI-A where a subsequent restructuring is necessitated	Standard Classification	<ol style="list-style-type: none"> 1. 5% extra provision to be made for every restricting subject to a ceiling of 100%. 2. Extra provision made may be written back upon the borrower paying at least 20% of the outstanding debt without any default. 1. 3. Other than term loan in case of Cash credit and non-fund upon completion of 1 year if no default during this period has occurred. 	Interest income will be booked on cash basis.



These amendments will provide relief to both banks and borrowers who are hit by the natural calamity and due to which their account has been restructured, or resolution plan has been implemented. Now their account will be classified as standard and not NPA like for other accounts which are restructured or resolution plan has been implemented, and income also can be booked on accrual basis.

Similar amendments are made by RBI for All India Financial Institutions, Non-Banking Financial Institutions, Regional Rural Bank, Rural Cooperative Banks, Urban Cooperative Banks, Local Area Banks and Small Finance Banks on the same date with same effective date.

Kindly refer to the link for the further details - [NT4579C1B0A545104BCCBA46043677BF0B63.PDF](#)