

02:08 PM 07 NOV MARKET STATS ▼	SENSEX 27,522 ▲ 247.54	NIFTY 50 8,519 ▲ 85.30	GOLD (MCX) (Rs/10g.) 30,245 ▼ -312.00	USD/INR 66.75 ▲ 0.04	CREATE PORTFOLIO	Download ET MARKETS APP	CHOOSE LANGUAGE ENG
--	----------------------------------	----------------------------------	---	--------------------------------	-------------------------	--------------------------------	------------------------

Reserve Bank of India to meet top bankers on classifying bad loans

By [Saikat Das](#) & [Atmadip Ray](#), ET Bureau | Updated: Oct 22, 2016, 12:57 AM IST

[Post a Comment](#)

KOLKATA/MUMBAI: The Reserve Bank of India will meet top bank executives on Monday as it finalises operational details related to relaxations in the way banks can classify restructured stressed loans.

Senior members of the department of financial services will be present at the meeting, said three persons aware of the matter. RBI deputy governors SS Mundra and NS Vishwanathan will also attend, they said.

The exercise will be in line with the latest monetary policy announcement in which the sector regulator said banks need not classify the sustainable part of restructured debt as bad loans, which means they won't have to set aside money as provisions to that extent, thus shoring up earnings.

RBI had introduced the scheme for sustainable structuring of stressed assets (S4A) in June that involved splitting loans into sustainable and unsustainable portions. Banks have lobbied for easier asset classification rules to make the scheme more effective.

The scheme is meant for large loans where projects are up and running and provides an opportunity for reworking the financial structure of entities facing genuine difficulties and requiring coordinated intervention.

Easing the S4A scheme may include reviewing 5/25 norms, future tenure of loans and amortisation timelines of 8-12 quarters at least, a top public sector bank executive said, requesting anonymity.

Top bankers said smoothening of the S4A rules would pave the way for easier resolution of stressed assets and provide relief to the banking system. Total stressed assets, restructured debt plus non-performing assets, in Indian banks were at 11.5 per cent of outstanding loans worth Rs 75 lakh crore at the end of March.

This proportion was 14.5 per cent for public sector banks. Under S4A, banks convert unsustainable debt into equity or equity related instruments. On the one hand, the debt burden of the borrower is reduced as is the promoter's stake.

The idea is that banks benefit if the company can be revived besides giving borrowers a second chance. RBI has said it will release detailed guidelines by October end.

Stay on top of business news with The Economic Times App. [Download it Now!](#)

Live Market	News	Portfolio	Mobile	Live TV	Newsletter	Commodities	Speed	QnA	Blogs	Alerts	RSS
Other Times Group news sites Times of India इकनॉमिक टाइम्स छंदीनोमिड टाइम्स Mumbai Mirror Times Now Indiatimes नकभारत टाइम्स महाराष्ट्र टाइम्स ವಿಜಯ ಕರ್ನಾಟಕ Lifehacker Gizmodo Eisamay IGN India NavGujarat Samay	Living and entertainment Timescity iDiva Zoom Luxpresso Gaana Happytrips Cricbuzz Get Smartapp Networking itimes MensXP.com	Hot on the Web Festival Guide 2016 Gold Rate Google expected to unveil Pixel smartphones US Elections 2016 Live: India's surgical strikes on PoK RBI Rate Cut RBI Monetary Policy	Services ads2book Gadgetsnow Free Business Listings Simplymarry Astrospeak Timesjobs Magicbricks Zigwheels Timesdeal dineout Filmpop Remit2India Gaana Greetzap Techradar Alivear Google Play								