

# RBI withdraws mandate asking banks to disclose IL&FS exposure

**NCLAT's May 2 order allows banks to declare the account as NPA.**

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The Reserve Bank of



India (RBI) has withdrawn its circular asking banks and financial institutions to declare details of their exposure and provisions related to the Infrastructure Leasing & Financial Services (IL&FS), following an order from the National Company Law Appellate Tribunal (NCLT).

“In view of the NCLAT order dated May 2, 2019, in respect of Company Appeal (AT) No. 346 of 2018 and I.A. No. 1139 of 2019, the instructions contained in the above mentioned circular stand withdrawn,” RBI said in a notification on May 8.

On April 24, the banking regulator had asked banks and financial institutions to mention the total amount of exposure to IL&FS that had slipped into non-performing assets (NPAs), after NCLAT said the account was not to be treated as an NPA without its prior approval.

NCLAT's May 2 order allows banks to declare the account as NPA.

With a total debt of around Rs 94,000 crore, IL&FS defaults had triggered a liquidity crunch in the system, leaving other non-banking finance companies in dire need for funds.

First Published on May 8, 2019 10:20 pm

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