

Draft Reserve Bank of India (Asset Reconstruction Companies – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025

DRAFT FOR COMMENTS

RBI/2025-26/--

DO.R.FIN.REC.No./ 00-00-000/2025-26

XX, 2025

Reserve Bank of India (Asset Reconstruction Companies – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025

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Introduction

The directions aim to put in place a system to disseminate credit information about wilful defaulters for cautioning lenders to ensure that further institutional finance is not made available to them.

Accordingly, in exercise of the powers conferred by Section 12 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; and Section 11 of the Credit Information Companies (Regulation) Act, 2005, the Reserve Bank, being satisfied that it is necessary and expedient in public interest to do so, hereby, issues these Directions hereinafter specified.

Chapter I - Preliminary

1. Short title and commencement

- (1) These directions shall be called the Reserve Bank of India (Asset Reconstruction Companies – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025.
- (2) These directions shall come into force with immediate effect.

2. Applicability

- (1) These Directions shall be applicable to Asset Reconstruction Companies (herein after collectively referred to as 'ARCs' and individually as an 'ARC').
- (2) The restrictions on further financial accommodation to wilful defaulters and provisions regarding large defaulters contained in these Directions, shall apply to all entities regulated by the Reserve Bank, irrespective of whether they fall within the definition of 'lender' as provided in these Directions or not.

3. Definitions

- (1) The definitions contained in the Reserve Bank of India (Non-Banking Financial Companies – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025 shall apply, *mutatis mutandis*, to an ARC.
- (2) Transfer of a loan shall mean a transfer undertaken in terms of the Reserve Bank of India (Non-Banking Financial Companies – Transfer and Distribution of

Credit Risk) Directions, 2025 and hence, the terms “*transfer*”, “*transferor*” and “*transferee*” shall have the same meaning assigned therein.

- (3) All other expressions, unless defined herein, shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1934 or the Credit Information Companies (Regulation) Act, 2005, or the Companies Act, 2013, or any statutory modification or re-enactment thereto or other regulations issued by the Reserve Bank of India or the Glossary of Terms published by Reserve Bank or as used in commercial parlance, as the case may be.

Chapter II - Reporting of Wilful Defaulters and Large Defaulters

4. Reporting and Dissemination of Credit Information on Large Defaulters

(1) An ARC shall submit information in [Annex I](#) to all credit information companies (CICs) in respect of the large defaulters at monthly intervals:

- (i) a list of suit filed accounts of large defaulters; and
- (ii) a list of non-suit filed accounts of large defaulters whose account has been classified as doubtful or loss (in accordance with the instructions issued by the Reserve Bank from time to time).

(2) For calculating the threshold of ₹1 crore, the unapplied interest, if any, shall also be included. In the case of suit-filed accounts, the threshold shall relate to the amount for which the suits have been filed.

5. Reporting and Dissemination of Credit Information on Wilful Defaulters

(1) An ARC to which the account has been transferred shall submit at monthly intervals, information in [Annex II](#) to all credit information companies in respect of the wilful defaulters:

- (i) a list of wilful defaulters (LWD) in respect of suit filed accounts
- (ii) a LWD in respect of non-suit filed accounts

(2) The ARC to which the account has been transferred shall inform all credit information companies the removal of the name of the wilful defaulter from the LWD, promptly and not later than thirty days, from the date when the outstanding amount falls below the threshold of ₹25 lakh or as notified by Reserve Bank of India from time to time, subject to Paragraph 6(2).

6. Treatment of compromise settlements

(1) Any account included in LWD, where an ARC has entered into a compromise settlement with the borrower, shall be removed from the LWD only when the borrower has fully paid the compromise amount.

(2) Till such time as only part payment is made, name of the borrower shall not be removed from the LWD even if the outstanding amount becomes less than the threshold of ₹25 lakh or as notified by Reserve Bank of India from time to time.

(3) The compromise settlement with the wilful defaulter shall be in terms of the board approved policy of the ARC. Such policy shall include guidelines on staff accountability examination, reporting of the compromise/ settlement to the board, higher upfront payment if any, etc. The compromise settlement shall be without prejudice to the continuation of criminal proceedings against the wilful defaulter.

(4) In cases where an ARC decides to cancel a compromise settlement due to non-adherence to the terms of the settlement and revises the amount payable by the borrower, the reporting shall be with reference to the revised amount.

7. Treatment of defaulted loans transferred

(1) An ARC to which a loan, in which wilful default has been observed, has been transferred shall be responsible for reporting it in the LWD to the credit information companies post such transfer.

(2) An ARC, which is a transferee in case of a loan in which wilful default has been observed, shall continue to report the account as a wilful defaulter until the balance remaining to be recovered in their account plus the amount written off by the transferor falls below the threshold of ₹25 lakh or as notified by Reserve Bank of India from time to time, subject to the provisions contained in Paragraph 6.

8. Treatment of accounts where resolution is done under Insolvency and Bankruptcy Code (IBC)/ resolution framework guidelines issued by the Reserve Bank

(1) In case an account which is included in LWD and has subsequently undergone liquidation or where the resolution [either under IBC or under the resolution framework Directions issued by the Reserve Bank] results in a change in the management and control of the entity / business enterprise, the name of such a borrower or guarantor who were classified as wilful defaulter [which includes in case of a company, its promoters and the director (s), and in case of entity (other than companies), persons who are in charge and responsible for the management of the affairs of the entity], shall be removed from the LWD after implementation of the resolution plan under IBC or the resolution framework Directions issued by the Reserve Bank.

9. Responsibility for Correct Reporting

- (1) The responsibility for reporting correct information and also ensuring the accuracy of facts and figures rests with the reporting ARC.
- (2) An ARC, while furnishing information to credit information companies, shall ensure the accuracy of the particulars of the directors, and wherever possible, by cross-checking with the database maintained by the Registrar of Companies.

10. Reporting of Guarantors

- (1) An ARC shall report to credit information companies the details of guarantors who have failed to honour the commitments thereunder when invoked, as large defaulters / wilful defaulters, as the case may be. The details shall be reported as per [Annex I](#) and [II](#).

Chapter III - Repeal and Other Provisions

11. Repeal and saving

- (1) With the issue of these Directions, the existing directions, instructions, and guidelines relating Treatment of Wilful Defaulters and Large Defaulters as applicable to Asset Reconstruction Companies stand repealed, as communicated vide notification dated XX, 2025. The directions, instructions and guidelines already repealed vide any of the directions, instructions, and guidelines listed in the above notification shall continue to remain repealed.
- (2) Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions.

12. Application of other laws not barred

- (1) The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations, or directions, for the time being in force.

13. Interpretations

- (1) For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the Reserve Bank may, if it considers necessary, issue necessary clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the Reserve Bank shall be final and binding.

Annex I - Format for submission of List of Large Defaulters of ₹1 crore and above (suit- filed and non-suit filed accounts) to all CICs on monthly basis.

Field	Field Name	Type	Max Field Length	Description	Remarks
1.	Reporting Cycle	Alpha Numeric	5	Month for which the data is reported	The reporting cycle data for month of January 2024, should be filled as 'JAN24'
2.	Member ID	Alpha Numeric	10	The field is required to include Reporting Member Code as assigned by CICs.	Contains ID of the member reporting the data
3.	Member Name	Character	200	Name of the member	Must contain the name of the member who is reporting the data.
4.	Member Branch	Character	30	Branch name of the member	Name of the branch should be fed.
5.	STATE	Character	35	Name of state	Name of state in which branch is situated.
6.	Borrower Name	Alpha Numeric	1000	Minimum length of the Name should be 2 characters for individual borrowers and 4 characters for non-individual.	The legal name of the borrower to be reported.
7.	Borrower PAN	Alpha Numeric	10	Must be 10 characters. The first five characters must be letters, followed by four numbers, and followed by a letter.	Permanent Account Number (PAN) as defined by the Income Tax Department
8.	Borrower Address	Alpha Numeric	1000	Permanent Address / Registered address of the borrower	
9.	Outstanding Amount	Numeric	8	Should be a Numeric Value	Outstanding amount in ₹ lakh (rounded- off)

10.	Suit Status	Numeric	2	Valid Values 01 - Suit filed – Non-Suit Filed	Indicates whether suit has been filed or not.
11.	Asset Classification	Character	5	Valid Values For Non-Suit Filed Accounts. 'DOUBT' for doubtful accounts. 'LOSS' for loss accounts. For Suit Filed Accounts 'DOUBT' for doubtful accounts. 'LOSS' for loss accounts. 'SUBST' for substandard accounts. 'STD' for standard accounts.	Asset classification
12.	Asset Classification Date	Alpha Numeric	5	Month in which the account was Classified as 'DOUBT'/LOSS/ SUBSTD/STD' in The format 'mmmyy' where mmm stand for the first 3 characters of the month. The date of classification 'march 2000' should be filled up as 'MAR00'.	Indicates the date of asset classification
13.	Other Member	Character	1000	The names may be fed in abbreviated form e.g., BOB for Bank of Baroda, SBI for State Bank of India etc.	The names of other lenders from whom the borrower has availed credit facility should be indicated.
14.	Director/ Promoter Name	Character	1000	Minimum length of name should be 2 characters	Name of Director/Promoter.
15.	Director/ Promoter DIN	Alpha Numeric	8	DIN Number length should be 8	DIN of the Director/ Promoter.
16.	Director/ Promoter PAN	Alpha Numeric	10	Must be a minimum of 10 characters. The first five characters must be letters, followed by four numbers, and followed by a letter.	PAN of the Director/Promoter.

17.	Guarantor Name	Character	1000	Minimum length of name should be 2 characters	Full name of the Guarantor should be indicated.
18.	Guarantor CIN	Alpha numeric	21	Corporate identification number of guarantor entity	Only in case of legal entities
19.	Guarantor PAN	Alpha Numeric	10	Must be a minimum of 10 characters. The first five characters must be letters, followed by four numbers, and followed by a letter.	In case of individual /legal entities

NOTE:

- Reporting structure of the data would be row level, which would enable members/lenders to report multiple directors and guarantors of the borrower.
- A director other than whole-time director, including an independent director/nominee director shall not be included.
- In case of Government undertakings, instead of giving names of Chairman/Director, etc., a legend 'Govt. of _____ undertaking' should be mentioned.
- Separate files for suit filed and non-suit filed accounts shall be submitted.

Annex II - Format for submission of data on cases of wilful default (suit-filed and non-suit filed accounts) to all CICs on a monthly basis.

Field	Field Name	Type	Max Field Length	Description	Remarks
1.	Reporting Cycle	Alpha Numeric	5	Month for which the data is reported	The reporting cycle data for month of January 2024, should be filled as 'JAN24'.
2.	Member ID	Alpha Numeric	10	The field is required to include Reporting Member Code as assigned by CICs.	Contains ID of the member reporting the data.
3.	Member Name	Character	200	Name of member	Must contain the name of the member who is reporting the data.
4.	Member Branch	Character	30	Branch name of the member	Name of the branch of the member to be fed.
5.	STATE	Character	35	Name of state	Name of state in which member branch is situated.
6.	Borrower Name	Alpha Numeric	1000	Minimum length of the Name should be 2 characters for individual borrowers and 4 characters for non-individual.	The legal name of the borrower to be reported.
7.	Borrower PAN	Alpha Numeric	10	Must be 10 characters. The first five characters must be letters, followed by four numbers, and followed by a letter.	Permanent Account Number (PAN) as defined by the Income Tax Department
8.	Borrower Address	Alpha Numeric	1000	Permanent Address / Registered address of the borrower	
9.	Outstanding Amount	Numeric	8	Should be a Numeric Value	Outstanding amount in ₹lakh (Rounded off)

10.	Suit Status	Numeric	02	Valid Values 01 - Suit filed 02 – Non-Suit Filed	Indicates whether suit has been filed or not.
11.	Other Member	Character	1000	The names may be fed in abbreviated form e.g., BOB for Bank of Baroda, SBI for State Bank of India etc.	The names of other lenders from whom the borrower has availed credit facility should be indicated.
12.	Director/ Promoter Name	Character	1000	Minimum length of name should be 2 characters.	Full name of Director/ Promoter should be indicated.
13.	Director/ Promoter DIN	Alpha Numeric	8	DIN Number length should be 8	8-digit Director/ Promoter Identification Number of the Director.
14.	Director/ Promoter PAN	Alpha Numeric	10	Must be 10 characters. The first five characters must be letters, followed by four numbers, and followed by a letter.	PAN of the Director /Promoter.
15.	Guarantor Name	Character	1000	Minimum length of name should be 2 characters	Full name of guarantor
16.	Guarantor CIN	Alpha Numeric	21	Corporate identification number of guarantor entity	Only in case of legal entities
18.	Guarantor PAN	Alpha Numeric	10	Permanent account number	In case of individual / legal entities

NOTE:

- Reporting structure of the data would be row level, which would enable members/ lenders to report multiple directors and guarantors of the borrower.
- The data / information should be submitted through Secure File Transfer Protocol (SFTP).
- Separate files for suit filed and non-suit filed accounts shall be submitted.