



8th May 2026

RBI Introduces Structured Calamity Resolution Framework for AIFIs

The Reserve Bank of India has issued the *Reserve Bank of India (All India Financial Institutions – Resolution of Stressed Assets) Amendment Directions, 2026* on April 29, 2026, amending the 2025 Directions. Issued under Section 45L of the Reserve Bank of India Act, 1934, the amendments implement the policy announced in the Statement on Developmental and Regulatory Policies dated June 08, 2023, to rationalise prudential norms for accounts affected by natural calamities and harmonise relief measures across Regulated Entities. The Amendment Directions introduce a dedicated Chapter VI-A governing resolution of borrower accounts impacted by calamities and similar external events, along with new definitions, policy requirements, timelines, and reporting obligations for All India Financial Institutions (“AIFIs”).

Analysis

- The Amendment Directions introduce the definitions of “date of invocation” and “natural calamity”, with the latter aligned to events recognised under the National Disaster Response Fund (“NDRF”) and State Disaster Response Fund (“SDRF”) frameworks.
- A new Paragraph 12A requires AIFIs to incorporate detailed calamity-related resolution mechanisms in their board-approved policies, including objective eligibility criteria, relief measures, implementation standards, and delegation frameworks.
- A dedicated Chapter VI-A has been inserted to govern resolution of accounts impacted by calamities and analogous external events such as riots or disturbances officially declared by the Central or State Government.
- The framework applies only to “Standard” accounts with not more than 30 days overdue status at the time of the calamity, ensuring relief is limited to viable borrowers impacted by external events.
- Special institutional mechanisms have been prescribed through SLBC / UTLBC / DCC, including mandatory meetings within 15 days of calamity declaration to assess impact, determine relief measures, and coordinate implementation.
- The framework prescribes strict timelines — invocation within 45 days of calamity declaration and implementation within 135 days, with limited extension flexibility subject to RBI approval.



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- AIFIs may also undertake “deemed invocation” of resolution plans without borrower requests, while borrowers retain the right to opt out during implementation.
- Permissible relief measures include repayment rescheduling, conversion of interest into funded facilities, additional finance, and alignment with insurance proceeds and government relief schemes.
- Enhanced reporting obligations have been introduced, including mandatory upload of calamity notifications on RBI’s CIMS portal and half-yearly reporting by AIFIs, including NIL reporting where applicable.
- AIFIs will need to strengthen internal governance, monitoring, and reporting systems to ensure timely identification of eligible borrowers, implementation of relief measures, inter-agency coordination, and compliance with revised reporting timelines.
- The framework is expected to increase operational and compliance responsibilities while creating a more structured, predictable, and uniform calamity-response mechanism across regulated entities.
- **Key Takeaways**
 - Insertion of dedicated Chapter VI-A for calamity-related resolution of stressed accounts
 - New Paragraph 12A mandating calamity-resolution frameworks in board-approved policies
 - Relief restricted to standard accounts with ≤30 days overdue status
 - 45-day invocation timeline and 135-day implementation timeline introduced
 - Provision for deemed invocation and borrower opt-out flexibility
 - Enhanced reporting obligations through RBI’s CIMS portal
 - Alignment with government relief and insurance mechanisms
 - Effective date: July 1, 2026
- The notification is attached herein.

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Reserve Bank of India (All India Financial Institutions – Responsible Business Conduct) Amendment Directions, 2026

The Reserve Bank of India has issued the *Reserve Bank of India (All India Financial Institutions – Responsible Business Conduct) Amendment Directions, 2026* on April 29, 2026, pursuant to the *Reserve Bank of India (All India Financial Institutions – Resolution of Stressed Assets) Amendment Directions, 2026* issued on the same date. Exercising powers under Section 45L of the Reserve Bank of India Act, 1934, RBI has introduced a new provision under Chapter IV (Miscellaneous Instructions) establishing a framework for relief measures by All India Financial Institutions (“AIFIs”) in areas affected by declared calamities.

Analysis

- A new Part B titled “Measures in case of declaration of calamity” has been inserted under Chapter IV of the Directions.
- New Paragraph 33A permits AIFIs to extend discretionary relief measures, including waiver or reduction of fees and charges, to customers located in officially declared calamity-affected areas for a maximum period of one year.
- The framework provides flexibility to AIFIs in determining the nature and scope of relief measures based on institutional assessment and operational considerations.
- The amendment reflects RBI’s policy objective of strengthening responsible business conduct and customer protection during external distress events such as natural calamities.
- AIFIs will need to establish internal policies and operational systems for identifying eligible customers, implementing relief measures, and ensuring consistent application across affected geographies.
- The framework complements existing stressed asset resolution mechanisms by focusing on immediate financial relief rather than long-term restructuring.
- **Key Takeaways**
 - Insertion of a new provision (Paragraph 33A) under Chapter IV for calamity-related relief measures
 - AIFIs permitted to waive or reduce fees and charges for affected customers



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- Applicability limited to areas where a calamity has been officially declared
- Relief measures are discretionary and valid for a maximum period of one year
- Issued under Section 45L of the Reserve Bank of India Act, 1934
- The amendment shall come into force with effect from July 1, 2026.
- Requires AIFIs to establish internal frameworks for implementation and monitoring

➤ The notification is attached herein.

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Admission of Claim by Resolution Professional Does Not Extend Limitation, Holds Supreme Court

The Supreme Court has held that admission of a creditor's claim by an Interim Resolution Professional (IRP) or Resolution Professional (RP) does not amount to acknowledgment of debt under Section 18 of the Limitation Act, 1963, and therefore cannot furnish a fresh period of limitation for initiating proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC). A Bench of Justices Pamidighantam Sri Narasimha and Alok Aradhe set aside the judgment of the National Company Law Appellate Tribunal (NCLAT), which had held that admission of a creditor's claim during an earlier CIRP constituted acknowledgment of liability and revived limitation.

The Court clarified that the role of the Resolution Professional is purely administrative. It observed that an RP has no adjudicatory powers and is only required to receive, verify, and collate claims as part of the statutory duties under Section 18 of the IBC.

In a significant observation, the Court held:

“Admission of a claim by the RP is merely an administrative or clerical act performed in discharge of statutory duties. It only signifies entry of a claim and is akin to a mere reference or recital of debt. Such admission does not amount to acknowledgment of liability under Section 18 of the Limitation Act.”

While reaching this conclusion, the Court relied upon its earlier decisions in *Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta & Ors.* (2020) and *Prabhakaran & Ors. v. M. Azhagiri Pillai* (2006).



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Background of the Dispute

The appeals were filed by Shankar Khandelwal, erstwhile director of Shrinathji Business Ventures Pvt. Ltd. and Sanwariyaji Business Ventures Pvt. Ltd., challenging the NCLAT's decision affirming admission of insolvency proceedings initiated by Omkara Asset Reconstruction Pvt. Ltd. The dispute arose from two loan facilities advanced by Diwan Housing Finance Corporation Ltd. (DHFL) in September 2014. One facility was for ₹12 crore, of which ₹11.50 crore was disbursed, while the other was for ₹11 crore, of which ₹9.50 crore was disbursed. Following default by the borrowers, the loan accounts were classified as non-performing assets (NPA) on December 6, 2016. Subsequently, DHFL itself entered CIRP, and its resolution plan was approved in favour of Piramal Capital and Housing Finance Ltd. The subject loans were later assigned to Omkara Asset Reconstruction Pvt. Ltd.

Meanwhile, the corporate debtor underwent a separate CIRP initiated by a third party. During those proceedings, Piramal lodged its claim in respect of the loans. The Resolution Professional admitted the claim on May 2, 2022, and later updated it on February 21, 2024. That CIRP was ultimately set aside.

Thereafter, Omkara filed fresh Section 7 applications on September 23, 2024, explicitly stating December 6, 2016 as the date of default.

Proceedings Before NCLT and NCLAT

Before the NCLT and NCLAT, the principal defence raised by the appellants was limitation.

The appellants argued that applications under Section 7 of the IBC are governed by Article 137 of the Limitation Act, which prescribes a three-year limitation period. According to them, limitation commenced in December 2016 and expired in 2019. Even after excluding periods during which limitation remained suspended, including the Covid-19 extension granted by the Supreme Court, the applications filed in 2024 were beyond time.

The creditor, however, contended that admission of its claim during the earlier CIRP amounted to acknowledgment of debt, thereby extending limitation and giving rise to a fresh period for filing Section 7 applications.

Accepting this contention, the NCLAT held that once CIRP is admitted, Sections 17 and 18 of the IBC vest control and management of the corporate debtor in the Resolution Professional. It further relied on Section 25 of the IBC, which obligates the RP to maintain and update the list of claims.



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On that basis, the NCLAT concluded that admission of a claim by the Resolution Professional constituted admission of liability by the corporate debtor itself.

The appellate tribunal held that the admission of the claim on May 2, 2022, and its subsequent update on February 21, 2024, provided fresh starting points of limitation. Consequently, it held that the CIRP applications filed in September, November, and December 2024 were within limitation and dismissed the appeals.

Supreme Court's Analysis

Reversing the NCLAT, the Supreme Court reiterated that the right to apply under Section 7 accrues on the date of default. In the present case, that date was December 6, 2016, when the accounts were classified as NPA.

The Court then undertook a detailed computation of limitation after excluding the following periods:

- December 3, 2019 to June 7, 2021 being the period during which DHFL was undergoing CIRP;
- March 15, 2020 to February 28, 2022, along with an additional 90 days from March 1, 2022 being the period excluded pursuant to the Supreme Court's suo motu Covid-19 limitation orders;
- December 23, 2021 to July 29, 2024 being the period during which the earlier CIRP of the corporate debtor remained in force and a statutory moratorium operated.

After excluding these periods, the Court found that only three days of limitation remained as on July 29, 2024. Consequently, limitation expired on August 1, 2024. Since the fresh Section 7 application was filed only on September 23, 2024, the Court held it to be barred by limitation.

Admission of Claim Is Not Acknowledgment of Debt

On the core issue, the Supreme Court explained that a valid acknowledgment under Section 18 of the Limitation Act requires:

- a conscious and unequivocal admission of a subsisting liability;
- such admission must be made by the debtor or an authorised person;
- and it must be made **before expiry of the limitation period.**

The Court held that admission of a claim by an RP does not satisfy these requirements. According to the Court, the RP's function under Section 18 of the IBC is confined to receiving and collating claims, and does not involve adjudication of rights or admission of liability on behalf of the corporate debtor. The Court further noted that even assuming such admission could amount to acknowledgment, it would still not extend limitation in



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the present case because the claim was admitted on May 2, 2022, well after expiry of the original three-year limitation period counted from December 6, 2016.

Conclusion

Allowing the appeals, the Supreme Court held that the Section 7 applications filed by Omkara Asset Reconstruction Pvt. Ltd. were barred by limitation.

The ruling settles that admission of a claim by a Resolution Professional is merely an administrative act and cannot be treated as acknowledgment of debt capable of extending limitation under Section 18 of the Limitation Act.

Case No. – C.A. No. 13158–13159 of 2025
Case Title – *Shankar Khandelwal v. Omkara Asset Reconstruction Pvt. Ltd.*

Jurisdictional Objection Rejected by Arbitrator Cannot Be Independently Challenged Under Sections 34 or 37: Supreme Court

The Supreme Court has held that when an arbitral tribunal rejects a plea challenging its jurisdiction under Section 16 of the Arbitration and Conciliation Act, 1996, such an order cannot be independently challenged under Sections 34 or 37 of the Act. The aggrieved party must wait until the arbitral proceedings conclude and can then raise the issue while challenging the final award.

A Bench of Justice Sanjay Kumar and Justice K. Vinod Chandran clarified that the statutory scheme of the Arbitration Act does not permit immediate judicial intervention against an order by which the arbitral tribunal rejects a jurisdictional objection. The Court observed that there is no remedy available to a party aggrieved by an order under Section 16 rejecting a plea of lack of jurisdiction except to await the conclusion of the arbitral proceedings and thereafter raise the issue in proceedings under Section 34 against the final award.

The dispute arose when the respondent challenged the jurisdiction of the arbitral tribunal. The arbitrator rejected the objection on the ground of limitation. Aggrieved by that decision, the respondent approached the District Judge by filing an application under Section 34 of the Arbitration Act. The District Judge dismissed the application on merits. The respondent then carried the matter in appeal under Section 37 before the Delhi High Court. The High Court allowed the appeal and accepted the respondent's challenge to the tribunal's jurisdiction on merits. This order was then challenged before the Supreme Court.



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Allowing the appeal, the Supreme Court set aside the High Court's judgment.

In the judgment authored by Justice Sanjay Kumar, the Court held that although the District Judge ultimately dismissed the respondent's challenge, both the District Judge and the High Court committed a jurisdictional error in entertaining the matter itself.

The Court emphasised that Section 16 of the Arbitration Act expressly recognises the principle of kompetenz-kompetenz, under which the arbitral tribunal has the authority to rule on its own jurisdiction, including objections relating to the existence or validity of the arbitration agreement. According to the Court, once the arbitral tribunal rejected the plea challenging jurisdiction, no independent challenge lay either under Section 34 or under Section 37 at that stage. The Supreme Court observed that the respondent was not entitled to file an application under Section 34 against the arbitrator's order dated 19 May 2023 rejecting the plea of lack of jurisdiction. Since such an application itself was not maintainable, the question of entertaining an appeal under Section 37 against the decision rendered thereon did not arise.

The Court held that the Delhi High Court fell into error in overlooking this statutory limitation and in deciding the appeal on merits.

In effect, the Supreme Court ruled that both the District Judge and the High Court erred in examining the challenge to the arbitrator's jurisdiction before the arbitral proceedings had concluded.

While allowing the appeal, the Court clarified that the respondent would not be left without remedy. It held that the respondent would be at liberty to challenge the validity of the arbitrator's order dated 19 May 2023 only after the final award is passed, and if circumstances so require, by filing an application under Section 34 of the Arbitration Act.

The ruling reiterates the legislative intent of minimal judicial interference during the pendency of arbitral proceedings and reinforces the autonomy of arbitral tribunals in deciding questions relating to their own jurisdiction.

Cause Title: *M/s. MCM Worldwide Private Limited v. M/s. Construction Industry Development Council*
Case No.: *SLP (C) No. 33075 of 2025*



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