



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.



- 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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