

# Info Capsule

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## RBI RELEASES GUIDELINES ON RESTRUCTURING OF ADVANCES TO MSMEs<sup>1</sup>

Micro, Small and Medium Enterprises (MSMEs) form an important component of the Indian economy and contribute significantly to the country's GDP, exports, industrial output, employment generation, etc. Considering the importance of MSMEs in the Indian economy, it is considered necessary at this juncture to take certain measures for creating an enabling environment for the sector.

The issue of restructuring of MSME accounts was discussed in the meeting of the Central Board of RBI on November 19, 2018. The matter was also discussed during RBI's recent interactions with the banks and other stakeholders.

The above issue has been examined in RBI and a view has been taken to facilitate meaningful restructuring of MSME accounts that have become stressed. RBI has decided to permit a one-time restructuring of existing loans to MSMEs that are in default but 'standard' as on January 1, 2019, without an asset classification downgrade. Detailed Circular in this regard is available at <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11445&Mode=0>

To be eligible for the scheme, the aggregate exposure, including non-fund based facilities of banks and NBFCs, to a borrower should not exceed Rs. 250 million as on January 1, 2019. The restructuring has to be implemented by March 31, 2020. A provision of 5% in addition to the provisions already held, shall be made in respect of accounts restructured under this scheme. Each bank/NBFC should formulate a policy for this scheme with Board approval which shall, inter alia, include framework for viability assessment of the stressed accounts and regular monitoring of the restructured accounts.

## RESERVE BANK OF INDIA INVITES COMMENTS ON AUTHORISATION OF NEW RETAIL PAYMENT SYSTEMS<sup>2</sup>

The Reserve Bank has placed on its website a policy paper on Authorisation of New Retail Payment Systems for public comments. The Policy Paper in detail could be accessed at <https://rbi.org.in/scripts/PublicationReportDetails.aspx?UrlPage=&ID=918>

In the Statement on Developmental and Regulatory Policies released with the Second Bi-monthly Monetary Policy Statement 2018-19, the Reserve Bank had announced that it would encourage more players to participate in and promote pan-India payment platforms and would bring out a policy paper for public consultation by September 30, 2018. The objective was to minimise the concentration

<sup>1</sup> Available at: [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=45879](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=45879)

<sup>2</sup> Available at: [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=46066](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=46066)

risk in the retail payments market, from a financial stability perspective and to give a fillip to innovation and competition.

The Reserve Bank invites comments on the policy paper from all stakeholders and members of public by February 20, 2019. The comments may be sent by post to the Chief General Manager, Department of Payment and Settlement Systems, Reserve Bank of India, Central Office, 14th Floor, Shahid Bhagat Singh Marg, Mumbai-400001, or by email at **[dpssfeedback@rbi.org.in](mailto:dpssfeedback@rbi.org.in)**

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