



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 21, 2023

Draft Master Direction on Treatment of Wilful Defaulters and Large Defaulters

The Reserve Bank had introduced a scheme for handling wilful defaulters, effective from April 1, 1999. These guidelines were subsequently consolidated into the [Master Circular on Wilful Defaulters](#), last updated on July 1, 2015.

2. The instructions on wilful defaulters have been revised after a review of the extant instructions and consideration of various judgments/ orders from the Hon'ble Supreme Court and Hon'ble High Courts, as well as representations/ suggestions received from banks and other stakeholders. The revised instructions contained in the '[Draft Master Direction – Treatment of Wilful Defaulters and Large Defaulters](#)' have been published today by the Reserve Bank of India on its website for comments from stakeholders and members of the public.

3. The draft Master Direction expands the scope for Regulated Entities which can classify borrowers as wilful defaulters, broadens the definition of wilful default, refines the identification process and mandates a review and finalisation on wilful default aspects within six months of an account being classified as a non-performing asset. It also addresses the treatment of wilful default loans sold to Assets Reconstruction Companies and their status under the Insolvency and Bankruptcy Code.

4. Comments/ feedback from Regulated Entities and other stakeholders may be submitted by October 31, 2023, through [email](#) with the subject line 'Feedback on Master Direction – Treatment of Wilful Defaulters and Large Defaulters.' The final Master Direction will be issued by the Reserve Bank after considering the feedback received.

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(Shweta Sharma)
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