



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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**Draft Reserve Bank of India (Prudential Norms on Specified Non-financial
Assets (SNFA)) Directions, 2026**

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I. Introduction

Regulated Entities (REs) generally do not transact in immovable assets as part of their core business operations, other than in exceptional cases where they acquire such immovable assets in satisfaction of their claims on the borrower. In this context, specific reference is made to Section 9 of the Banking Regulation (BR) Act 1949, which prohibits banks from holding such non-banking assets (NBAs) beyond a specified period.

In order to provide clarity on the prudential treatment of such specified non-financial assets including NBAs, acquired by a RE through various mechanisms, it has been decided to issue prudential norms applicable in such cases.

II. Short Title and Commencement

1. These Directions shall be called the Reserve Bank of India (Prudential Norms on Specified Non-financial Assets (SNFA)) Directions, 2026.
2. These Directions shall come into force with effect from..... In respect of any SNFA outstanding in the books of a RE as of the effective date ('**Legacy SNFAs**'), compliance with the these Directions shall be achieved latest by one year from the effective date.

III. Applicability

3. These Directions shall be applicable to the following entities, hereinafter individually referred to as RE and collectively as REs, as the context may require:
 - a) All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks but excluding Payments Banks)
 - b) All Primary (Urban) Co-operative Banks/State Co-operative Banks/ Central Co-operative Banks
 - c) All All-India Financial Institutions
 - d) All Non-Banking Financial Companies (including Housing Finance Companies)
4. These Directions are issued in exercise of the powers conferred by the Section 21 of the Banking Regulation Act, 1949 read with Section 56 and Section 35A of the Act *ibid*; Chapter IIIB of the Reserve Bank of India Act, 1934; Sections 30A of the

National Housing Bank Act, 1987, read with Section 31A and Section 6 of the Act
ibid.

5. These Directions shall cover all SNFAs including those acquired through bilateral acquisitions or through Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.

IV. Definitions

6. '*Specified Non-financial asset*' (SNFA) means an immovable asset acquired by a RE in satisfaction or part satisfaction of its claims on the borrower, including non-banking assets (NBAs) acquired in terms of the relevant provisions of the Banking Regulation Act, 1949.

Explanation 1: An asset shall be deemed to have been acquired only if the title of the asset is transferred in the name of the RE, and the RE is in a clear position to deal with the asset on its own.

Explanation 2: Acquisition shall result in proportionate extinguishment of the exposure in lieu of which the SNFA is being acquired.

V. General Guidelines

7. A RE's policy shall incorporate suitable clauses for acquisition of an SNFA and disposal thereof. Such provisions shall specify *inter-alia* the limit on SNFAs as a share of total assets, eligibility criteria, delegation matrix, recovery efforts to be explored before acquisition and maximum period for disposal, subject to statutory requirements.
8. SNFA shall be acquired only in cases where a RE's exposures to a borrower is classified as non-performing, and where other means of recovery have been explored and deemed unviable.
9. SNFA may be acquired from the borrower against full or partial extinguishment of the RE's exposure on a non-recourse basis.
10. Partial extinguishment of exposure shall be treated as restructuring and the residual exposure to the borrower shall attract the prudential treatment applicable to restructuring as contained in Reserve Bank of India (Resolution of Stressed Assets) Directions, 2025, consolidated RE wise and issued on November 28, 2025 (as updated from time to time).

VI. Valuation

11. Upon acquisition, SNFA shall be recorded in the balance sheet at the lower of the net book value (NBV) of the extinguished exposure or the distress sale value of the SNFA arrived by at least two independent external valuers.

Explanation: In case of partial extinguishment, the NBV of the extinguished exposure shall be calculated on a proportionate basis.

12. Post-acquisition, SNFA shall be revalued at least once every two years on distress sale basis, duly factoring in the reasons for failure to dispose of the asset earlier. Valuation gains, if any, shall be ignored and any diminution in value shall be recognised in profit and loss statement immediately.

13. At each subsequent reporting date, the SNFA shall be carried on the balance sheet at the lower of the last available distress sale value, or the revised NBV.

Explanation 1: Revised NBV of the SNFA shall be the value of extinguished exposure, net of the notional provisions applicable had the exposure continued on the books of the RE.

Explanation 2: In case of partial extinguishment, the revised NBV of the SNFA shall be the extinguished fraction of the NBV of the original exposure, as calculated in terms of Explanation 1.

VII. Other Conditions

14. Any accrued but unrealised interest and / or charges from the extinguished exposure pertaining to periods prior to acquisition of an SNFA, shall not be recognised as income upon acquisition of the SNFA. Where such income has been recognised in respect of a legacy SNFA, it shall be reversed through Profit and Loss account, latest by one year from the effective date, to the extent remaining unrealised as on that date.
15. Any expense incurred towards upkeep of an SNFA shall be accounted for in the income statement in the financial year in which it is incurred. Similarly, any income received from an SNFA shall be recognised in the income statement as 'non-interest / other income', in the financial year in which it is realised.

VIII. Disposal of SNFAs

16. A RE shall make demonstrable efforts to dispose of the SNFA at the earliest through a public auction. For the purpose of public auction, a RE shall adhere with the principles of auction enshrined in the SARFAESI Act, 2002.
17. The SNFA shall not be sold back to the borrower or its related parties. Related parties shall have the same meaning as defined in the Insolvency and Bankruptcy Code, 2016. This restriction on sale back to borrower or its related parties shall continue to be adhered to, even in cases where the SNFA has ceased to be an SNFA in terms of paragraph 18 or 19 below.
18. In case of failure to dispose of an SNFA within the maximum period of disposal as envisaged in the RE's policy, subject to a maximum period of seven years or before the carrying value as determined at paragraph 13 above becomes zero, whichever is earlier, the SNFA shall be deemed as being employed for the RE's own use for the purpose of these Directions.
19. A SNFA put to the RE's own use shall cease to be classified as an SNFA from the date of being put to use and shall be recorded under the accounting head 'Fixed assets' or under any other relevant accounting head.

IX. Disclosure Requirements

20. SNFAs shall not be included in the total stock of residual exposure / Gross NPA / Net NPA / Stressed exposures / Provisioning Coverage Ratio. The same shall be disclosed under the relevant accounting head in the balance sheet of the RE, such as 'non-banking assets acquired in satisfaction of claims' or 'Specified Non-Financial Assets' or 'Other Assets', in accordance to the applicable regulations and accounting standards.
21. A RE shall report the details of the SNFAs as per the formats provided in the [Annex](#), in CIMS portal.

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Annex**Table 1: Stock Position of SNFAs**

(₹ In Crore)

	Total SNFAs as on the B/S date	SNFAs of age 0 – 3 years	SNFAs of age 3 – 5 years	SNFAs of age 5 – 7 years
Total Value of the SNFAs				
No. of SNFAs				

Note: Banks shall use the term NBAs in their disclosure

Table 2: Movement of SNFAs

	Particulars	Amount (₹ In Crore)	Number
1.	Total SNFAs at the beginning of the year		
2.	SNFAs acquired during the year		
3.	SNFAs disposed of during the year		
4.	SNFAs put to own use during the year		
5.	Total SNFAs at the end of the year (1 + 2 – 3 – 4)		

Note: Banks shall use the term NBAs in their disclosure