



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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May 5, 2026

Prudential Norms on Specified Non-financial Assets (SNFA) Directions

Regulated entities (REs) are, in normal course, not expected to come into possession of non-financial assets in lieu of their regular lending operations. However, in exceptional cases, where the exposures become non-performing and legal or contractual remedies have been invoked, REs may, as part of recovery strategy, acquire ownership of an immovable asset furnished as collateral security. A controlled and timely disposal of such asset, on an arm's-length basis, may enable the RE to maximise net recoveries while ensuring transparency and prudence in the recovery process.

2. To provide clarity on prudential treatment of such assets, (hereinafter called as 'Specified Non-financial Assets' (SNFAs)), the Reserve Bank of India (RBI) has today issued the draft '[Prudential Norms on Specified Non-financial Assets Directions](#)' for public comments.

3. The following salient features have been incorporated in the draft Directions:

- i. Only exposures classified as non-performing, in respect of which other recovery options have been explored and assessed to be unviable, shall be eligible for extinguishment in terms of these Directions.
- ii. REs may acquire SNFAs in lieu of full or partial extinguishment of their claims against the borrower.
- iii. In cases involving partial extinguishment of claims, the residual exposure shall be treated as restructured and shall be subject to the applicable prudential requirements.
- iv. The SNFAs shall be recorded and carried at the lower of the Net Book Value (NBV) of the extinguished exposure or the distress sale value of the SNFA.
- v. At each subsequent reporting date, SNFA shall be carried at the lower of last available distress sale value or the revised NBV, which shall be net of notional provisions, had the exposure continued on the books of the RE.
- vi. With a view to ensuring timely disposal of such SNFAs, a maximum holding period of seven years has been prescribed.

- vii. To mitigate moral hazard, REs shall be prohibited from selling the SNFA back to the borrower or to any related party of the borrower.
- viii. REs shall be required to disclose the stock of SNFAs held by them in their balance sheet.

4. The comments on the draft guidelines are invited from public / stakeholders by May 26, 2026. The comments / feedback may be submitted through the link under the '[Connect2Regulate](#)' Section available on the Reserve Bank's website. Comments may alternatively be forwarded to The Chief General Manager, Credit Risk Group, Department of Regulation, Central Office, Reserve Bank of India, 12th / 13th Floor, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001 or by [email](#).

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