Indian Banks’ Association

CORPORATE & INTERNATIONAL BANKING

No. C&I/Cir/2015-16/1611
April 10, 2015

To

The Chief Executives of All Member Banks

Dear Sirs/Madam

Central Repository of Information on Large Credits (CRILC)
Framework for Revitalising Distressed Assets in the Economy

Reserve Bank of India (RBI) in the ‘Framework for Revitalising Distressed Assets in the Economy’ issued on January 30, 2014 introduced a reporting mechanism to create a ‘Central Repository of Information on Large Credits (CRILC)’ database. The CRILC reporting was operationalized in April 2014 with the first reporting for the quarter ended June 30, 2014. CRILC requires banks to report information on their exposures to their borrowing entities exceeding Rs.5 crores. After operationalization of CRILC mechanism, RBI received a large number of suggestions and feedback from the reporting entities concerning the data reporting and its dissemination. IBA also made recommendations to RBI on the issues faced in CRILC reporting.

2. With the backdrop of the issues raised by various stakeholders, a meeting was convened by RBI on April 6, 2015 with representatives of IBA and select banks. RBI made a presentation on the persistent issues/deficiencies in CRILC reporting by banks. The issues faced by RBI in CRILC reporting are summarized as follows:

A) Issues relating to delay in data Submission

Reporting Requirement: 21 days from close of relevant quarter
- Non submission within the time line. Delays of up to six weeks observed.
- Submission within 21 days but with incomplete data.
- Substantial discrepancy in the provisional and revised data.

B) Issues relating to Quality of Reporting

- Incomplete reporting - all eligible exposures not included.
- Reporting with wrong asset classifications.
- Huge variations in the data reporting between two quarters.
• Incorrect reporting of qualitative data e.g. industry code, rating etc.
• Reporting of actual amounts instead of in lacs of rupees.
• Reporting of exempted exposure e.g. inter-bank exposure, exposure to NABARD, NHB etc.
• Care not exercised in reporting fraud/willful defaulters. Inconsistencies noticed in fraud and willful default reportings under CRILC and other reporting system.

C) Issues relating to SMA-2 reporting

• Delay in reporting.
• Erroneous reporting and subsequent revision.
• Reporting exposure below Rs.5 crore.
• Repeated reporting even when the earlier SMA-2 status has not changed.

D) Issues relating to Reporting of JLFs

• Non-reporting of JLF formation.
• Multiple reporting of the same JLF- only the convener bank to report.
• Reporting requirement - immediately on convening the first meeting.

E) Certain operational issues

• Switch over to Automated Data Submission (ADF). With effect from April 1, 2015, banks should not share Automated Data Flow (ADF) data with the vendors. RBI has provided a site for banks, which need support for ADF reporting system.
• Not keeping track of information flow from OSMOS.
• Inadequate IT hardware / software support.

3. As recommended by banks and IBA, following changes are being considered by RBI in the CRILC Reporting and Data Dissemination:

   a. Authorizing banks to make following changes in their CRILC reports-

   • Change in status of SMA-2 borrowers
   • Subsequent developments after formation of JLFs
   • Change in status of a Non-cooperative Borrower
   • SMA status of restructured accounts
   • Asset classification of additional facility to restructured accounts
   • ‘CIN’ of corporate borrowers
   • Replace 3 digit industry code with 5 digit industry code
   • ‘External Rating’ input to be menu driven

   \[\text{Signature}\]
b. Enable banks to view the following information on CRILC platform-

- Information on Non-cooperative Borrowers
- Facility-wise exposures including current account balance of borrowers in consolidated form.

RBI is expected to issue necessary instructions in this regard shortly.

4. During the meeting, RBI expressed their concerns on the quality of CRILC and ADF reporting and indicated that continuing defaults on this count may result in penal action by them against the errant banks. RBI also indicated that a Nodal Officer will be available in the Department of Banking Supervision to guide banks in respect of bank-specific issues in CRILC and ADF reporting. RBI’s observations have been shared with the Managing Committee of the Association, which directed that these be communicated to the member banks.

5. Member banks are requested to take note of RBI’s concerns on CRILC and ADF reporting and initiate corrective measures.

Yours faithfully,

(Sangeet Shukla)
Senior Advisor