



One Time Settlement Scheme of NPAs For Micro, Small & Medium Enterprises (MSME) Sector

In terms of RBI's "Master Circular - Lending to Micro, Small and Medium Enterprises (MSME) Sector", RPCD.SME & NFS.BC.No.9/06.02.31/2010-11, dated 1st July 2010 & reinforced vide RBI's Master Direction FIDD.MSME & NFS.12/06.02.31/2017-18 dated 24th July 2017, the Bank has put in place Non-Discretionary One-Time Settlement Scheme for the recovery of NPAs under MSE Sector as a part of Board Approved 'Recovery Policy'.

Eligibility criteria

- All NPAs in the MSME sector
- While considering compromise settlement in NPA accounts, the following concessions could be considered as possible sacrifice by the bank considering each and every individual case:-
 - i. Outstanding period as NPA
 - ii. Present financial position;
 - iii. Availability/non-availability of tangible security, their value, enforceability, and opportunity cost of funds.
- Will cover Suit filed/ decreed debts, Certificate cases etc & cases pending before Courts / DRTs / BIFRs /CDR Subject to obtaining consent decree from the Courts / DRTs / BIFR etc.
- The borrowers have to provide a written statement about source of settlement amount. The statement thus provided would be examined critically before official acceptance of the compromise proposal.
- At the time of One Time Settlement negotiation when OTS amount is proposed to be paid in instalments seriousness and preparedness of the borrower to honor OTS commitments shall be considered.
- Entire OTS amount is to be repaid in one lump sum. However, in deserving cases OTS proposals may be considered with down payment of 25% and balance in installments.
- At the time of One Time Settlement negotiation when OTS amount is proposed to be paid in instalments seriousness and preparedness of the borrower to honor OTS commitments shall be considered.
- If the borrowers fail to meet the OTS commitment all concessions will be withdrawn and the bank will proceed with legal process for recovery of Dues

Settlement formula

The settlement in the case of all applications will be calculated as per Bench mark score card after verifying the securities, net worth of borrowers/guarantors, position of documentation



etc. Based on benchmark sum, the compromise amount under OTS module will be determined.

Eligible borrowers, who want to avail OTS scheme, can approach the nearest branch for more information and to apply for the same.
