

One Time Settlement Scheme for MSE Sector NPAs

In compliance with the directives of Reserve bank of India's "Master Directions - Lending to Micro, Small and Medium Enterprises (MSME) Sector" dated July 24, 2017, (Updated as on April 25, 2018), the Bank has put in place non-discretionary and non-discriminatory One-Time Settlement (OTS) Scheme for the recovery of NPAs under Micro & Small Enterprises (MSE) Sector, approved by the Board of Directors.

Eligibility:

As per RBI stipulations, the following come under the purview of MSE sector as of date. (The latest classification of MSE as per www.msme.gov.in will be considered from time to time for the purpose of determining eligibility under this scheme at any given time). Along with the OTS request, the borrower is required to submit a valid registration certificate establishing its status as an eligible MSE:

Type of Enterprise	Investment in Plant and Machinery/ Equipment	Annual Turnover (excluding Export Turnover)
(1)	(2)	(3)
Micro Enterprise	Investment in plant & machinery or equipment is not exceeding Rs 1.00 Crore	Annual turnover is not exceeding Rs. 5.00 Crores
Small Enterprise	Investment in plant & machinery or equipment is not exceeding Rs 10.00 Crores	Annual turnover is not exceeding Rs. 50.00 Crores

Scheme coverage:

- i. All suit filed cases including decreed cases where execution proceedings have not yet started are eligible under the scheme.
- ii. OTS approved earlier shall not be generally covered under the Scheme if part payment has been received and proposal is under implementation.
- iii. Cases of Wilful Default, fraud and malfeasance are not covered under the scheme.

Settlement Amount:

1. Following four factors will be taken into consideration while deciding the quantum of Settlement amount:-

- Principal Outstanding as on the date of NPA
- Asset Classification
- Value of available securities
- Assets attached through Debt Recovery Tribunals (DRT)/Courts.

2. OTS amount would be approved by the appropriate authority as per the Recovery Policy of the Bank.

Terms of Payment:

As far as possible, settlement amounts should be recovered in a lump-sum. Where the borrowers request to pay the settlement amounts in installments, a maximum time period of 3 months from the date of approval be allowed but, subject to upfront payment of at least 10% of compromise amount.

- Payment of settlement amount in installments will attract interest at prevalent 3 month MCLR Rate. Spread on MCLR will be approved by the sanctioning authority.
- The sanctioning authority will have authority to waive the interest for delayed payment if deemed fit and for the period for repayment.

Delegated Authority for Approval:

As per the Bank's Recovery Policy

Post Sanction Process:

- Sanction letter conveying the terms of sanction will be issued by the Bank and the said sanction letter is to be accepted by the borrower.
- The settlement amount is to be paid by the borrower as per sanction terms. In case of
 - any default in payment of settlement amount (if installment(s) is approved) OR
 - delay of more than 15 days in case of lump-sum payment,
The OTS approved will stand automatically cancelled and the amount paid, if any, will be adjusted against the total outstanding dues and the Borrower will be liable to pay the balance outstanding dues as per original terms of repayment.
- On payment of the entire settlement amount as per OTS approved, the borrower/guarantor will be discharged of all their liabilities and "No Dues Certificate" will be issued to the borrower for the said loan account.

Point of Contact for availing OTS: Borrower's lending Branch/ Relationship Manager

This policy at all times will remain subject to applicable RBI guidelines at the time of OTS. RBI guidelines will prevail over RBL policy.