

**RECOVERIES SECTION
RECOVERY WING
HO :: BANGALORE – 560 002**

**SUB : SPECIAL SCHEME FOR ONE TIME SETTLEMENT OF DOUBTFUL & LOSS
ASSETS IN MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) SECTOR**

Synopsis

- a) The Scheme will cover ***Doubtful & Loss Assets*** in MSME sector which are outstanding as on 31.12.2011 **with total dues of Rs.100.00 lacs and below** as on the date of settlement. However, accounts should have been in NPA for atleast one year.
- b) The accounts already closed / settled will not be re-opened.
- c) The Scheme will not, however, cover cases of wilful default, fraud and malfeasance.
- d) The last date for submission of application by the eligible borrowers under this scheme shall be 31.12.2012.

As per directions of Ministry of Finance, Special Scheme has been formulated in respect of NPA accounts in Micro, Small and Medium Enterprises (MSME) sector. The salient features of the Scheme are as under:

1. Coverage:

- a. The Scheme will cover ***Doubtful & Loss Assets*** in MSME sector which are outstanding in the books of the Bank as on 31.12.2011 **with total dues of Rs.100.00 lacs and below** as on the date of settlement. However, accounts should have been in NPA for atleast one year.
- b. The Scheme will cover all eligible accounts including accounts where action has been initiated under SARFAESI Act, RR act, cases pending before Courts/DRTs subject to obtaining consent decree wherever applicable and also decreed accounts & Legal Action Waived accounts.
- c. The Scheme will not, however, cover cases of wilful default, fraud and malfeasance.
- d. Accounts already closed / settled are not eligible.
- e. In respect of group concerns, other accounts of the party/group / other personal loans in the name of the proprietor/partners/directors etc, have to be settled simultaneously.
- f. The last date for submission of application by the eligible borrowers under this scheme shall be 31.12.2012.

2. Settlement Formula:

Doubtful Assets:

Security / Net worth	Total dues up to Rs.10.00 lacs	Total dues above Rs.10.00 lacs up to Rs.100.00 lacs
Where realizable value of security alone is sufficient to cover the dues.	85% of the total dues.	85% of the total dues.
Where realizable value of security + net worth put together is sufficient to cover the total dues.	70% of the total dues.	70% of the total dues.
Where realizable value of security + net worth put together is not sufficient to cover the total dues.	50% of the total dues.	60% of the total dues.

Ps: The decision of the bank on the valuation / realizable value of securities, Net Worth of borrower / guarantors is final.

Loss Assets:

Total dues up to Rs.10.00 lacs	Total dues above Rs.10.00 lacs up to Rs.100.00 lacs
50% of the total dues.	60% of the total dues or 60% of net worth whichever is higher.

Ps: The classification of accounts Doubtful / Loss is as appearing in the books of the bank.

3. Payment Conditions:

- The amount of settlement arrived at as above, should be paid in one lump sum, immediately on receipt of sanction.
- In deserving cases where borrowers are unable to pay the entire OTS amount in one lump sum, Bank may consider recovering 25% of the amount of settlement upfront at the time of sanction, and the balance amount of 75% should be recovered paid within a period of 3 months from the date of sanction of OTS. However, if the parties request for further time, another 3 months time will be permitted subject to payment of interest @ Base Rate (S) from the date of sanction of OTS till the date of final payment.

4. General:

- a. The above guidelines for settlement are non-discretionary and non-discriminatory, and cover only *MSME Sector* borrowal accounts under Doubtful & Loss category which are outstanding as on 31-12-2011.
- b. OTS permitted is subject to consent / approval from ECGC /DICGC / CGMSE wherever applicable.
- c. The above scheme come into force with immediate effect and is valid till 31/12/2012. Branches / Circles to dispose the applications within two months from the date of receipt of application under the scheme.
- d. In respect of suit filed non decreed accounts – OTS is subject to obtaining Consent Decree from the concerned parties and branch to take suitable steps for withdrawal of suit on receipt of the entire OTS amount. In case of decreed accounts, on receipt of entire OTS amount, steps are to be taken for closure of case. Refund of court fee, if any, eligible/claimed has to be credited to Commission Account and this amount should be over and above the OTS amount.
- e. Subsidy, DICGC/ECGC/ CGMSE claims etc., wherever available, to the extent of appropriation shall be over and above the OTS amount.
- f. Wherever borrowers have filed cases against the bank/made counter claim, settlement under the Scheme shall be subject to withdrawal of the case/counter claim.