

One time Settlement

In Compliance to RBI Circular No. RBI/FIDD/2017-2018/56 Master Direction FIDD.MSME & NFS.12/06.02.31/2017-18, dated July 24, 2017 (Updated as on April 25, 2018) [Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector], the below mentioned OTS (One Time settlement scheme is implemented by Bandhan Bank.

One-Time Settlement (OTS) Scheme for NPAs of Micro, Small & Medium Enterprises (MSME) sector

Eligibility criteria

- All NPAs in the MSME sector, classified as doubtful or loss.
- Cases pending before Courts/Debt Recovery Tribunal (DRT)/Board for Industrial & Financial Reconstruction (BIFR) will also be eligible. However, after the money is realized, the same shall be informed to the respective Courts/DRTs/BIFR and accordingly the matter/case shall be disposed off against the borrower.
- Cases where the Bank has issued notice or taken action u/s 13(4) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI-2002) will be eligible.
- All eligible 'written-off' accounts will be covered under the scheme.
- NPA accounts where a court has decreed the case in Bank's favour will not be eligible.
- Cases of fraud, malfeasance and willful defaults will not be eligible.
- Central Government/State Government guaranteed accounts will not be considered under this scheme.

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Settlement formula

The settlement in the case of all applications will be determined as under

- The minimum amount that should be recovered would be 100 percent of the out-standing balance on the date of classification as doubtful asset. The outstanding balance would mean outstanding balance in the loan account as on date of NPA classification plus interest from date of NPA (substandard) to the date of doubtful asset classification minus any recoveries received in the account till date.
- The interest portion from the date of account becoming doubtful till the date of final settlement would be waived.

Payment of settlement amount

The Bank proposes following methodology for receipt of the settlement amount.

- The settlement amount arrived at would be preferably sought in one lump sum payment.
- If full amount is not paid in one lump sum, minimum 25% of the settlement amount should be paid in one lump sum within 15 days of approval to keep the settlement approval valid.
- The balance would have to be paid in 3 equal monthly installments, within 90 days,
- The settlement would become null and void and the Bank will resume its recovery proceedings, if the above terms are not fulfilled.

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