

One Time Settlement Scheme

One-Time Settlement/ Compromise Settlement Scheme for Non Performing Assets of Micro, Small & Medium Enterprises (MSME) Sector

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 June 11, 2024) [Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector], the bank has implemented the below mentioned One-time settlement/Compromise Settlement scheme.

Compromise settlement for this purpose shall refer to any negotiated arrangement with the borrower to fully¹ settle the claims of the Bank against the borrower in cash; it may entail some sacrifice of the amount due from the borrower on the part of the Bank with corresponding waiver of claims of the Bank against the borrower to that extent.

Eligibility criteria

- All Non Performing Assets (NPAs) in the MSME sector, classified as doubtful or loss. However, if there are any genuine reasons, compromise settlement can be done in case of a sub-standard account also.
- Any other criteria as deemed fit by the bank and the regulator from time to time.

Settlement Methodologies

- All settlement proposals shall be examined by the Bank considering realizable value & marketability of securities charged (both prime and collateral securities) to the Bank, in case of secured loan
- Aggregate means of borrowers / guarantors in repaying the loan facility
- NPA ageing
- Legal position of the Bank.
- Detailed justification provided by the borrower

All settlement proposal/offers shall be examined by the Bank's delegated authority based on facts and merits of each case.

¹ Any arrangement involving part settlement with the borrower shall fall under the definition of restructuring, as defined in the **Prudential Framework** and shall be governed by the provisions applicable thereto.

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Payment of settlement amount

The Settlements, as far as possible, should be one lump sum payment but in case of non-availability of Cash flows, the Settlement amount can be paid over a period in tranches subject to below;

- Minimum 25% of the settlement amount should be paid in one lumpsum within 15 days of approval from the Bank.
- The balance settlement amount shall have to be paid in 3 equal monthly installments, within 90 days from the date of approval.
- Payment of settlement amount in installments will attract interest as decided by the Bank.

Please note, the settlement would become null and void and the Bank will resume its recovery proceedings, if the settlement terms & conditions are not fulfilled.

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