

Debt Restructuring Mechanism for MSMEs

1. One-time settlement formula for NPA account with Real Balance up to Rs.10.00 lakhs in MSME loans which has thumb rule method in deriving the One Time Settlement (OTS) benchmark Amount. It is pertinent to mention that 90% of NPA accounts under MSME sector are having balance outstanding upto Rs 10 lacs which falls under the preview of this formula.
2. For cases of above 10 Lac to Rs.100 Lac, the OTS Amount is derived based on NPV of available.
3. Besides above the bank has settlement formula of NPA accounts (including MSME accounts) having Real Balance above Rs 100 lacs based on NPV of available security and Net-worth of the borrower.
4. The publicity of the OTS Policy is made by organising weekly/ monthly recovery camps in which approach is adopted to reach out to all borrowers and convince them to come forward for recovery of all dues/ OTS. Besides this Online OTS module has been implemented for settlement of NPA accounts with Real balance upto Rs 100.00 lacs and link has been provided on Banks' website.