

## Policy On Restructuring of MSME Loans

### Eligibility / Applicability:

- The provisions made in this framework shall be applicable to MSME accounts which are in default but are classified as “standard” as on 01.01.19 & continue to be classified as standard assets till the date of implementation of restructuring and having exposure up to Rs.25 crore, including accounts under consortium or multiple banking arrangement (MBA) without downgrade in asset classification.
- The borrowers entity is a GST registered as on the date of implementation of restructuring. (Exemptions to GST registration are as per SOP.)

### Identification of Stressed MSMEs :

- Identification of incipient stress in the account shall be done by creating three sub-categories under the Special Mention Account (SMA) category as given in the Table below:

SMA Sub-categories	Basis for classification
SMA-0	Principal or interest payment not overdue for more than 30 days but account showing signs of incipient stress
SMA-1	Principal or interest payment overdue between 31-60 days
SMA-2	Principal or interest payment overdue between 61-90 days
	Accounts under stress, availed RBI dispensation& classified as standard.

### Corrective Action Plan (CAP)

CAP shall be decided by the sanctioning authority of the loan as per the following directions

1. Rectification : Approving specific actions and timelines to regularise the accounts so that the account comes out of irregularity and this should be supported with identifiable cash flows. Need based additional finance can also be given to the borrower as a part of rectification.
2. Restructuring : Restructuring can be considered in case of accounts which are viable and the borrower is not a wilful defaulter i.e. no diversion of funds or frauds or malfeasance etc.
3. Recovery : If rectification or restructuring is not feasible, the committee may decide on the recovery process.