



One Time Settlement Scheme for MSME

Particulars	Guidelines
General	In terms of RBI's "Master Circular - Lending to Micro, Small and Medium Enterprises (MSME) Sector", Bank has in place a Board approved policy and shall follow a merit based non-discretionary, one-time settlement policy for recovery of NPAs under MSME sector. All settlement proposals/offers shall be examined by the Bank's delegated authority based on facts and merits of each case.
Coverage	Will cover all non-performing assets (MSME units) inclusive of technically written offs as at the end of previous month.
Up-front payment	Entire OTS amount to be repaid in one lumpsum. However, in deserving cases OTS proposals may be considered with up-front payment of 25% and balance in instalments, while proposals with up-front payment of less than 25% may also be considered by Bank on merits of each proposal.
Repayment terms	Normally compromise sum is to be repaid in bullet payment, else with 25% up-front payment and balance as per settlement terms.
Source of payment	The borrowers have to provide a written statement about source of settlement amount. The statement thus provided would be examined critically before official acceptance of the compromise proposal.
Timeline for payment in OTS	Within 3 months from date of settlement
Non-compliance of settlement terms	In case of default in payment of settled dues and non-compliance of other terms of settlement, the Bank would reserve the right to withdraw the relief and concessions and revert to recover the dues prior to the settlement along with future interest thereon.