

Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises (MSMEs) - Policy of the Bank

The Bank has adopted the framework for Revival and Rehabilitation of Micro, Small & Medium Enterprises (MSMEs). In terms of the policy the bank will identify the MSME units which are under stress i.e. the loan accounts which are classified as SMA2 accounts and will decide on Corrective Action Plan (CAP) to help that such units come out of the stress.

This policy is applicable for MSME units enjoying aggregate credit limits up to Rs.25 Crore, from the banking system.

A Branch level Committee has been constituted for this purpose which will deal with the accounts where the credit limits sanctioned is upto Rs.10 lakh and where such accounts are classified as SMA 2 accounts. The Regional Office Level Committee will look into the MSME accounts with sanctioned credit limits of above Rs.10 lakh and classified as SMA 2 accounts.

While the bank itself shall take up the CAP by reviewing such accounts, the MSME borrowers shall also apply with the bank for Revival and Rehabilitation of their units under the framework.

The units identified for the purpose of CAP will be issued notice to represent their views within 5 days from the date of identification of the account or representation to the Committee. The unit has to respond within 15 days of receipt of such notice. Otherwise the CAP will be decided ex-parte.

The CAP will be decided within 20 days for credit limits upto Rs.10 crore and within 30 days for the amount exceeding Rs.10 Crore from the date of identification of the account as SMA 2 by the bank or representation from the borrower. In cases where aggregate of credit limits sanctioned to a borrower is Rs.10 Crore and above and the loan accounts are identified as SMA 2 accounts, a Techno Economic Viability Study shall be carried out if the proposed CAP involves restructuring

The CAP shall be for rectification, restructuring or recovery. If the CAP is for rectification the same will be implemented within 30 days and in case CAP is for restructuring, the same will be completed within 90 days. If the CAP is for recovery it will be implemented immediately.