

OTS SCHEME TO MICRO AND SMALL ENTERPRISES 2009 – 2010

Eligibility:

All NPAs in MSE sector (including services), classified as doubtful or loss on or before 30-09-2009, with Gross NPA balance Rs25 lakhs and below are eligible.

Cases pending before Courts and DRTs and decreed debts will be eligible subject to consent decree being obtained from Courts / DRTs.

Cases, where Bank has issued notice or taken action u / s 13(4) of SRFAESI Act, 2002, will also be eligible.

Cases of fraud, malfeasance and willful default are not eligible under the scheme.

Duration:

One year from 10-03-2010

Settlement Formula:

Category	Formula
Securities covering more than 150% of mirror ledger balance as on the date of NPA	<i>Mirror ledger balance as on the date of NPA plus SI @ 12% plus other charges, if any</i>
Securities covering more than 100% & up to 150% of mirror ledger balance as on the date of NPA	<i>Mirror ledger balance as on the date of NPA plus SI @ 10% plus other charges, if any</i>
Securities covering more than 50% & up to 100% of mirror ledger balance as on the date of NPA	<i>Mirror ledger balance as on the date of NPA plus SI @ 8% plus other charges, if any</i>
Securities covering up to 50% of mirror ledger balance as on the date of NPA	<i>Mirror ledger balance as on the date of NPA plus other charges</i>
Accounts with no securities	<i>Not less than the principal amount.</i>

Sanctioning Authority:

Committee of Executives

Payment:

The amount arrived should, preferably, be paid in one lump sum.

Eligible borrowers should deposit at least 10% of the compromise amount in a no lien deposit account to be adjusted immediately on communication of the OTS sanction to show their intent.

In cases where the eligible borrowers are not able to remit the compromise amount in one lump sum, at least 25% of the settlement amount should be remitted within one month from the date of sanction and the balance 75% should be remitted within three months of the sanction.

Conditions:

The OTS proposal should clearly define under which category of MSE the borrower becomes eligible.

The valuation for the properties should be done as per our prevailing procedure and should not have been more than a year old.
