

## **One-Time Settlement (OTS) Scheme of NPAs for Micro & Small Enterprises (MSE) sector**

### **Eligibility criteria**

- All NPAs in the MSE sector, classified as doubtful or loss as per Income Recognition Asset Classification norms on or before March 31, 2009 with outstanding balance upto Rs. 50 million at March 31, 2009.
- Cases pending before Courts/Debt Recovery Tribunal (DRT)/Board for Industrial & Financial Reconstruction (BIFR) will also be eligible. However, after the money is realized, the same shall be informed to the respective Courts/DRTs/BIFR and accordingly the matter/case shall be disposed off against the borrower.
- Cases where the Bank has issued notice or taken action u/s 13(4) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI-2002) will be eligible.
- All eligible 'written-off' accounts will be covered under the scheme.
- NPA accounts where a court has decreed the case in Bank's favour will not be eligible.
- Cases of fraud, malfeasance and willful defaults will not be eligible.
- Central Government/State Government guaranteed accounts will not be considered under this scheme.

### **Important dates**

The Bank proposes to make this scheme operational as detailed below:

- Last date of receipt of application (Cut-off date): Applications for OTS shall be received under the scheme till the close of business on April 30, 2010.
- Last date for processing applications: Applications received from the eligible borrowers shall be processed and conveyed to the borrower latest by May 31, 2010.
- Last date for final payments: Last date for final payment of the amount of settlement as per approval will be September 30, 2010.

### **Settlement formula**

The settlement in the case of all applications will be determined as under:

- The minimum amount that should be recovered would be 100 percent of the outstanding balance on the date of classification as doubtful asset. The outstanding balance would mean outstanding balance in the loan account as on date of NPA classification plus unapplied interest from date of NPA (substandard) to the date of doubtful asset classification minus any recoveries received in the account till date.
- The interest portion from the date of account becoming doubtful till the date of final settlement would be waived completely.

- Unrealised interest in the NPA account from date of NPA till date of its doubtful classification will have to be paid under the settlement. Unrealised interest will be calculated based on the last contracted interest rate without any penal interest.

### **Payment of settlement amount**

The Bank proposes following methodology for receipt of the settlement amount.

- The settlement amount arrived at would be preferably sought in one lump sum payment
- If full amount is not paid in one lump sum, minimum 25% of the settlement amount would be payable in one lump sum before June 30, 2010 to keep the settlement approval valid. The balance would have to be paid in 3 equal monthly installments, not later than September 30, 2010. If full and final payment as per OTS offer is not paid by September 30, 2010, the settlement would become null and void and the Bank will resume its recovery proceedings.

### **Other terms and conditions**

- In case of loans which were secured by readily realisable collateral security, the minimum settlement amount would be the realisable value of securities or as per the settlement criteria as defined above, whichever is higher. Readily realisable security for this purpose would include bank deposits, NSCs, Kisan Vikas Patras, share certificates, gold ornaments, etc. which can be realized by the Bank immediately. Readily realisable securities will not include mortgage of properties and other illiquid assets/securities.
- However, where the value of such securities are less than the minimum amount prescribed under the scheme, the value of such securities would be netted to arrive at the amount payable by the borrower. A no dues certificate (NDC) will be issued by the Bank only after proceeds of such securities along with the remaining balance amount is realized.
- The ICICI-OTS-MSE-2010 guidelines would be implemented in a non-discretionary manner.
- 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 the dues prior to the settlement along with future interest thereon.
- No deviations from the above settlement guidelines for any borrower would be permitted in respect of accounts covered under the ICICI-OTS-MSE-2010.