



MSME DEPARTMENT-CENTRAL OFFICE

CO/MSME/2020-21/43

Date:24/05/2021

ALL BRANCHES AND OFFICES

REG: Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)

Ref: Instruction Circular No.2005 dated 25.01.2019
Revised policy –Instruction Circular No. 2217 dated 03.12.2019
Instruction Circular No.2611 dated 23.03.2021

In terms of RBI Guidelines RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 our bank approved Policy on Restructuring of MSME Stressed advances up to Rs.25 cr vide board agenda No. BM/686/2018-19/12 VOL IV/07 dated 18.01.2019. Further it was amended in terms of RBI circular DOR.No.BP.BC.34/21.04.048/2019-20 dated 11/02/2020. Due to Covid 19 pandemic, the restructuring facility was extended till 31.03.2021 vide RBI notification DOR.No.BP.BC/4/21.04.048/2020-21dated 06/08/2020.

In view of the uncertainties created by the resurgence of the Covid-19 pandemic in India in the recent weeks, RBI vide its circular no. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated 05.05.2021has allowed to extend the facility for restructuring. Further our Board vide agenda No.BM/724/2021-22/01/VOL2/2.05 dated 21.05.2021 has also approved the same guidelines.

Conditions for allowing Extension of facility for restructuring of existing loans without downgrade in the asset classification are as under:

No.	Eligibility Criteria
1.	The borrower should be classified as a micro, small or medium enterprise as on March 31, 2021 in terms of the Gazette Notification S.O. 2119 (E) dated June 26, 2020.
2.	The borrowing entity is GST -registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST -registration. This shall be determined on the basis of exemption limit obtaining as on March 31, 2021.
3.	The aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower does not exceed Rs.25 crore as on March 31, 2021.
4.	The borrower's account was a 'standard asset' as on March 31, 2021.
5.	The borrower's account was not restructured in terms of the circulars DOR.No.BP.BC/4/21.04.048/2020-21dated August 6, 2020; DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 ; or DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 (collectively referred to as MSME restructuring circulars).
6.	The restructuring of the borrower account is invoked by September 30, 2021. For this purpose, the restructuring shall be treated as invoked when the lending

	institution and the borrower agree to proceed with the efforts towards finalising a restructuring plan to be implemented in respect of such borrower. The decisions on applications received by the lending institutions from their customers for invoking restructuring under this facility shall be communicated in writing to the applicant by the lending institutions within 30 days of receipt of such applications. The decision to invoke the restructuring under this facility shall be taken by each lending institution having exposure to a borrower independent of invocation decisions taken by other lending institutions, if any, having exposure to the same borrower.
7	The restructuring of the borrower account is implemented within 90 days from the date of invocation.
8	If the borrower is not registered in the Udyam Registration portal, such registration shall be required to be completed before the date of implementation of the restructuring plan for the plan to be treated as implemented.
9	Upon implementation of the restructuring plan, the lending institutions shall keep provision of 10 per cent of the residual debt of the borrower.
10	All other instructions specified in the circular DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 shall remain applicable.

- In respect of restructuring plans implemented, asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between April 1, 2021 and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan.
- **Working Capital Support:**
In respect of accounts of borrowers which were restructured in terms of the MSME restructuring circulars, lending institutions are permitted, as a one-time measure, to review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring. The decision with regard to above shall be taken by September 30, 2021. The reassessed sanctioned limit / drawing power shall be subject to review at least on a half yearly basis and the renewal / reassessment at least on an annual basis. The annual renewal/reassessment shall be expected to suitably modulate the limits as per the then prevailing business conditions.
- The above measures shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from Covid-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from Covid-19.

Branches and offices are advised to adhere to the above guidelines.

Asha kotasthane
Deputy General Manager
MSME Lending&Fintech