

OTS Scheme for NPA in MSME sector: (M-2 and M-3)

A. OTS scheme for Doubtful assets in MSME sector - (M-2)

Accounts eligible under the Scheme:

- All NPA accounts including written off accounts in MSME category under Doubtful asset in respect of Micro, Small and Medium Enterprises (Manufacturing as well as services) as defined in the MSMED Act, 2006
- Accounts under Consortium or Multiple Banking arrangements will also be eligible to be covered under the proposed Scheme subject to approval by 75% of the lenders by value.

Settlement amount:

While arriving at settlement amount, the value of security available should be the basic criteria. Accordingly, the OTS amount in respect of NPAs in Doubtful category would be calculated in **non – discretionary and non – discriminatory manner** as under:

Sr. No.	Particulars
	I. OTS for NPAs in Doubtful category
A	<p>Distress Sale Value:</p> <p>75% of the Realizable value of all available securities (Immovable/ movable) to be treated as “Distress Sale value”.</p> <p>(Two independent valuations are to be done and 75% of higher valuation should be taken.)</p>
B	<p>Minimum Expected Recovery amount :</p>
(i)	Total dues to be calculated as per existing recovery policy of the bank and interest is to be calculated from the date of cessation of interest till the date of crystallization of OTS (i.e. up to the last date of preceding month when the OTS proposal is submitted)
(ii)	Less: Cash Recovery i.e. Cash recovery and amount of appropriation of liquid securities, after the date of NPA till the date of crystallization of OTS (i.e. upto the last date of preceding month when the OTS proposal is submitted)
C	<p>Minimum Expected Recovery amount under OTS amount : OTS amount would be higher of the two amounts as worked out at A and B.</p>

B. OTS scheme for Doubtful assets in MSME sector- (M-3)

Accounts eligible under the Scheme:

- All NPA accounts including written off accounts in MSME category under Loss asset in respect of Micro, Small and Medium Enterprises (Manufacturing as well as services) as defined in the MSMED Act, 2006.
- Accounts under Consortium or Multiple Banking arrangements will also be eligible to be covered under the proposed Scheme subject to approval by 75% of the lenders by value.

Settlement amount:

While arriving at settlement amount, the value of security available should be the basic criteria. Accordingly, the OTS amount in respect of NPAs in Loss category would be calculated in **non – discretionary and non – discriminatory manner** as under:

Sr. No.	Particulars
	II. OTS for NPAs in Loss category
A	Distress Sale Value: 75% of the Realizable value of all available securities (Immovable/ movable) to be treated as “Distress Sale value” (Two independent valuations are to be done and 75% of realizable value of higher valuation should be taken.)
B	Minimum Expected Recovery amount under OTS amount: OTS amount shall be the distress sale value i.e. 75% of realizable value of higher of the two valuations.

Note: If any Borrower desires to opt for other OTS models of the Bank rather than said OTS models, the same is allowed.

