



दबावग्रस्त आस्ति प्रबंधन वर्टिकल, केंद्रीय कार्यालय, मुंबई

STRESSED ASSET MANAGEMENT VERTICAL, CENTRAL OFFICE, MUMBAI

OTS SCHEME FOR RESOLUTION OF DOUBTFUL & LOSS NPA LOAN ACCOUNTS WITH RUNNING LEDGER OUTSTANDING UPTO AND INCLUSIVE OF RS.5.00 CRORES)

ELIGIBILITY	ALL LOAN ACCOUNTS CLASSIFIED AS DOUBTFUL 2, DOUBTFUL 3 AND LOSS R/L OUTSTANDING UP TO AND INCLUSIVE OF Rs.5.00 CRORES AS ON 31.03.2021.
VALIDITY PERIOD	UP TO 30 th September 2022

The Scheme is non- discretionary and non-discriminatory

1.0 The scheme covers all NPA loan accounts classified as Doubtful 2, Doubtful 3 and Loss with running ledger outstanding up to and inclusive of Rs.5.00 crores as on 31.03.2021.

2.0 Details of Scheme are as under :

<u>OTS SCHEME FOR RESOLUTION OF DOUBTFUL(2&3) & LOSS NPA LOAN ACCOUNTS (OSDL-2021)</u> <u>(with R/L Outstanding up to and inclusive of Rs.5.00 crores as on 31.03.2021)</u>		
1.	Name of the Scheme	OTS Scheme for Doubtful (2 & 3) and Loss Assets (OSDL-2021)
2.	Validity	The scheme shall be operative till 30.09.2022
3.	Coverage/ Eligibility	<ul style="list-style-type: none"> ➤ The scheme covers all NPA loan accounts with running ledger balances up to and inclusive of Rs.5.00 crores classified as Doubtful (D2 & D3) and Loss Assets on or before 31.03.2021. In other words NPA accounts of 31.03.2019 or before will be eligible under the scheme. However, accounts which were directly classified as loss but were performing asset as on 31.03.2019 are not eligible under this scheme. ➤ In case of accounts where restructure has failed, the Balance in FITL & WCTL shall also be considered as a part of the total Running Ledger Balance.

		<ul style="list-style-type: none"> ➤ In case of outstanding LC/BG, Letter of Comfort or any other outstanding Non-Fund Based limits, 100% (110% in case of ILC) margin in the form of Term Deposit Receipt (TDR) shall be ensured on any such contingent liability, before entertaining compromise settlement proposal. This TDR shall be released only after expiry of LC/BG etc. or adjusted against devolvement / invocation as the case may be. ➤ Waiver of unapplied interest in all eligible accounts. ➤ Cases pending before Courts/DRTs will also be eligible. However, consent terms with default clause will have to be filed before the Presiding Officer of Court/DRT for obtaining consent decree. ➤ Cases, where Bank has issued notice u/s 13(2) or taken action u/s 13(4) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESIA-2002) will also be eligible. ➤ The NPA accounts under housing loans and Mortgage Loans are also eligible subject to failure of e-Auction for sale of mortgaged property/ies at least three times and filing of suit. In respect of incomplete Housing projects, the stipulation of e-Auction is waived and valuation will be as per the consideration mentioned in the Sale Agreement. ➤ Loan accounts sanctioned under Consortium or Multiple Banking Arrangement are also eligible under the Scheme. ➤ Loan accounts referred for Revenue Recovery action under State Recovery Laws will also be eligible, subject to requisite charges, if any payable shall be recovered separately and remitted to the State Authorities. ➤ Legal expenses, Insurance Charges, charges of Revenue Authority (Recovery Certificate filed Accounts) and all other debited/recorded expenses incurred by the Bank are to be recovered in full over and above the OTS amount. However, Dummy Ledger interest/ Simple interest / Recovered interest is not required to be added to the book outstanding for the purpose of calculation of OTS amount. ➤ NCLT Cases, under sole banking or where banks have a minimum 90% voting share and also banks have initiated Corporate
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		<p>Insolvency Resolution Process (CIRP) and where Expression of Interest (EOI) has not yet been issued, may also be covered provided the borrower comes forward with a settlement offer as per OTS Scheme.</p> <ul style="list-style-type: none"> ➤ Non NCLT Units under liquidation are also eligible. ➤ CGTMSE claim settled accounts including the accounts where claims have lapsed/ not submitted are also eligible. ➤ The residual balance in Loan Accounts against gold/LIC policies/NSCs/KVP/ Term deposits of the Bank after adjustment of available securities are also eligible to be covered under the scheme. ➤ Farmers who settle their accounts under the scheme are again eligible for fresh financing subject to eligibility norms for lending to agriculture as per the extant guidelines of loan policy. ➤ In case a borrower has more than one account or group accounts and running ledger outstanding, individually or collectively is below Rs.5.00 crores, can be considered under this scheme if, <ul style="list-style-type: none"> • All accounts are eligible under the scheme individually • All accounts must be settled simultaneously. • Further release of security or no dues certificate will not be allowed until all accounts are settled and adjusted. • Settlement amount to be calculated individually account wise as per available securities and calculations are also to be made for total exposure vis a vis total available securities and higher of the two to be considered for settlement. ➤ In case a borrower is having multiple accounts and all accounts are individually eligible under the scheme but the running ledger sum of all the accounts are above Rs.5.00 crores than same can be considered under this scheme if <ul style="list-style-type: none"> • All accounts are eligible under the scheme individually. • All accounts must be settled simultaneously. • Further release of security or no dues certificate will not be allowed until all accounts are settled and adjusted. • Settlement amount to be calculated individually account wise as per available securities and calculations are also to be made for total exposure vis a vis total available securities and higher of the two to be considered for settlement.
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4.	EXCLUSIONS	<ul style="list-style-type: none"> ➤ Loan against Gold/LIC Policies /NSCs/KVPs and Term Deposit of our Bank. However, Scheme will cover gold loans, loan against deposits/LIC Policies/NSCs/KVPs, where security has already been disposed off and account is still having debit balance. ➤ Staff accounts and staff related accounts where staff is first borrower, co-borrower or guarantor, is in service/alive and terminal benefits are yet to be appropriated. However, staff loans/staff related loans where terminal benefits have already been appropriated and concerned staff ceases to be in service of the bank or expired will be eligible under the scheme. ➤ Central Govt. /state Govt. guaranteed borrowal accounts will not be eligible under this scheme. ➤ “Compromise settlement Cases” where repayment has already commenced as per the agreed terms are not eligible. However, cases of failed compromise settlement where the amount is not received within the stipulated period can be considered afresh. ➤ Units under rehabilitation/restructuring cases are not be eligible. However, units where rehabilitation/restructuring has failed are eligible. ➤ Loan accounts reported as Fraud & willful Default are not eligible. ➤ In case of a borrower is having more than one account and one account is eligible under the scheme and other account is having running ledger outstanding of more than Rs. 5 crore then all the accounts should be settled under the modular approach as per provisions of Recovery Management Policy 2021-22 and no account should be considered under this scheme. 								
5.	Concessions and settlement amount.	<ul style="list-style-type: none"> ➤ Unrealized interest is waived. ➤ Eligible Loan accounts with running ledger outstanding up to Rs.25.00 lakhs: <ul style="list-style-type: none"> a. Where the loan account is not covered by collateral security or having collateral security of agricultural land only. <table border="1" data-bbox="548 1381 1477 1766" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 45%;">Running ledger Outstanding</th> <th style="width: 55%;">OTS amount proposed on running ledger balance</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: center; vertical-align: middle;">Up to 10 Lac</td> <td>25 % of running ledger as on date of settlement</td> </tr> <tr> <td>15 % of running ledger as on date of settlement if borrower is dead.</td> </tr> <tr> <td rowspan="2" style="text-align: center; vertical-align: middle;">Above Rs.10.00 lac to Rs.25.00 lac</td> <td>30 % of running ledger as on date of settlement</td> </tr> <tr> <td>20 % of running ledger as on date of settlement if borrower is dead.</td> </tr> </tbody> </table> 	Running ledger Outstanding	OTS amount proposed on running ledger balance	Up to 10 Lac	25 % of running ledger as on date of settlement	15 % of running ledger as on date of settlement if borrower is dead.	Above Rs.10.00 lac to Rs.25.00 lac	30 % of running ledger as on date of settlement	20 % of running ledger as on date of settlement if borrower is dead.
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b. Where the account is covered by securities (Primary/collateral)

Security Coverage	OTS amount proposed on running ledger balance	
	Up to Rs.10.00 lac	Above Rs.10.00 lac to Rs.25.00 lac
Below 10%	25%	30%
Above 10%-30%	30%	35%
Above 30%-50%	45%	45%
Above 50%-75%	60%	60%
Above 75%-100%	75%	75%
Above 100%	100%	100%

other than agriculture land.

➤ For NPAs with outstanding above Rs.25.00 lac up to and including Rs.5.00 crore :

IRAC/Asset Classification NPA as on 31.03.2019		OTS amount proposed by the Bank	
		*Secured portion of Running ledger outstanding	Unsecured portion of Running ledger outstanding
Doubtful-2 (D2)	Above Rs.25.00 lac & up to Rs.5.00 crore.	75%	50%
Doubtful-3 (D3)	Above Rs.25.00 lac & up to Rs.5.00 crore.	70%	50%
Loss (L)	Above Rs.25.00 lac & up to Rs.5.00 crore.	70%	40%

		<ul style="list-style-type: none"> ➤ In case of security coverage of 100% and above (other than the Agricultural properties), minimum amount to be recovered is running ledger balance. ➤ The securities include both primary and collateral securities (collateral security comprising plant and machinery and immovable properties) Financial securities, if any, to be adjusted to the loan liability before arriving at the eligible OTS amount.
10	Modalities for the payment of OTS amount	<ul style="list-style-type: none"> ➤ The borrower must deposit 5% of the OTS amount, as arrived as per the settlement formula at the time of submission of OTS application. The upfront amount paid shall not be credited to the loan account and shall be held in a separate “No lien account”. Until and unless the upfront amount is deposited, OTS proposal of the borrower shall not be processed. In the event of rejection of the OTS application, the upfront amount paid by the borrower shall be refunded without any interest within three months from the date of submission of the OTS proposal / application. ➤ The OTS sanctioned by the Competent Authority shall be valid for maximum period of 90 days from the date of acceptance of the terms and conditions of OTS by the borrower. ➤ The balance 95% of the OTS amount shall be paid without any interest, within three months from the date of communicating the terms and conditions of OTS by the Branch to the borrower.
12	ECGC/CGTMSE claim settled accounts	<p>Normally claim received in ECGC accounts to be kept in separate accounts. However in accounts where ECGC claim amount is credited. Then while at arriving the running ledger outstanding for settlement amount, ECGC claim settled amount credited to the account to be added back in the current running ledger outstanding. Similar approach to be followed in accounts where CGTMSE claim amount is credited to the loan account or subsidy credited to the loan accounts is to be refunded to the Government or Its agencies.</p>
16	Other General Conditions	<ul style="list-style-type: none"> ➤ Other direct and indirect liabilities of the borrower, if any, shall be closed before considering OTS. ➤ Settlement under the scheme can be entered with guarantors also. ➤ Security available if any, In the accounts including security of agriculture land will be released only after entire settlement amount is paid. ➤ Guarantors of the loans will not be discharged till the entire settlement amount is paid. ➤ Legal cases for recovery will not be withdrawn till the entire

		<p>settlement amount is paid.</p> <ul style="list-style-type: none"> ➤ RO to ensure that staff accountability has been examined as per extant norms .If the same was not completed earlier, It should be ensured while sanctioning the proposal. ➤ Wherever borrowers have filed cases /claims against the bank, they have to withdraw all the cases filed against bank including third party cases before settlement is implemented.
17	Important points	<ul style="list-style-type: none"> ➤ Proposals under the scheme to be sanctioned in online mode. ➤ All eligible accounts will be auto populated in the system and as such only those accounts eligible as per scheme guidelines will be sanctioned. ➤ Branches have to ensure that basic recovery process like issuance of legal notices to borrowers/guarantors, initiation of Recovery steps under SARFAESIA including application for physical possession before DM/CMM in eligible accounts (except in case of agricultural loans) have been explored before sanctioning/recommending the proposal and has to be certified by the Branch. The person confirming having ensured that all requisite steps have been completed should give his name and employee number. ➤ There will be tick box in the system and system will process the proposal after the box is ticked. ➤ Proposal to be processed only after receipt of minimum of 5% of the OTS amount upfront. Remaining 95% to be deposited by the borrower within 3 months of conveying approval under the scheme failing which the OTS will be cancelled.