

## Restructuring policy for Micro and Small Enterprises

Micro and Small Enterprises		Nature of concession as existing
1.	Interest on fresh and existing (renewed) working capital	Interest shall be reduced by 3 % for Micro sector and 2 % for other units subject to floor Base Rate
2.	Interest on existing Term Loan	ROI on Term Loan to be reduced by 3 % in case of Micro and 2 % in the case of other SMES subject to Floor Rate
3.	Interest on fresh Rehabilitation Term Loan (RTL). (For Small manufacturing units for start up expenses and margin for working capital).	1% over base rate or 1% below applicable rate whichever is lower as prescribed by SIDBI / NABARD where refinance is obtained, which ever is the least.
4.	Interest on Contingency Loan Assistance to meet escalations in capital expenditure under the rehabilitation scheme.	At the concessional rate allowed for working capital assistance.
5.	Relaxation in Margin Norms  FUND BASED LIMITS          NON FUND BASED LIMITS	Margin requirements on inventory/stock/receivables may be reduced upto 10% from the stipulated level on case-to-case basis wherever warranted. The reduced margin should not be less than 15% for stock and 20% for receivables.          Reduction in margin by 5% to 10% from the stipulated level in respect of Non Fund Based Limits such as LC/LG may be considered in deserving cases.

6.	Increasing the Working Capital limits due to stretched working capital cycle and reduced sales.	Adhoc limits may be sanctioned upto 30% of existing fund based limits based on merits and subject to availability of drawing power.  The adhoc loan will be repayable in a maximum of two years with a moratorium of 6 months during which only interest will have to be serviced.
7.	Financing for purchase of Gensets on soft terms, specialty in power deficit states.	Reduced margin of say 15% may be stipulated for purchased at Gensets by our SME units. Longer repayment periods from 3 to 5 years depending on their cash flow for purchase of Gensets by MSE units may be considered.
8.	Interest on Working Capital Term Loan(WCTL).	1% over base rate or 1% below applicable rate whichever is lower subject to a minimum of Base Rate.
9.	Interest on Funded Interest Term Loan (FITL).	NIL for a period of three years at the discretion of the bank.
10.	Repayment period for Funded Interest Term Loan.	To be repaid within 7 years
11.	Repayment period for Funded Term Loan (FTL).	The change is proposed only for Micro enterprises. The repayment period should not exceed 10 years from the date of restructuring. All other conditions remain unchanged.

12.	Repayment period for Working Capital Term Loan (WCTL).	Should not normally exceed 7 years from the date of restructuring and 15 years from the date of first disbursement of original loan. Staggered or ballooning repayment may also be permitted so that the instalments are aligned to cash flows.
13.	Waiver of Penal Interest	Waiver of Penal Interest from the date of account becoming NPA.
14.	Rephasing of existing Term Loan	7 years
15.	Approval from ECGC/CGTMSE wherever applicable	ECGC/CGTMSE should approve the package for such units covered under the scheme

**In respect of existing Term loans and Cash credit accounts facing stress due to the impact of higher interest rates, branches can consider an interim holiday period as desirable upto 12 months and in cases where the repayments are yet to commence, deserving cases be granted extension of holiday period by another 12 months.**

#### **PRUDENTIAL NORMS FOR REPHASED ACCOUNTS**

Asset classification and income recognition of accounts under Nursing and Rehabilitation will be made as per the extant prudential norms of RBI for restructured accounts.

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