

## **THE GOA URBAN COOPERATIVE BANK LTD.**

### **Policy on restructuring of Advances to Micro, Small and Medium Enterprises (MSME Sector) under Resolution Framework-2.0**

The Bank, at Present, is having a policy on Restructuring of Advances formulated earlier in September, 2020 in accordance with the guidelines issued by Reserve Bank of India under Resolution Framework-1.0 to support MSME Enterprises that have become stressed due to COVID-19 Pandemic.

Now, we have received RBI Circular no RBI/2021-22/32 DOR. STR. REC.12/21.04.048/2021-22 dated 05/05/2021 under Resolution Framework -2.0 in respect of restructuring of Advances to MSME borrowers which are stressed due to COVID-19 Pandemic.

### **Eligibility Criteria for restructuring of MSME Advances under Resolution Framework-2.0:**

(i) The borrower should be classified as a micro, small or medium enterprise as on 31 March, 2021.

(ii) The borrowing entity should be 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 1, 2021.

(iii) The aggregate exposure, including non-fund based facilities, of Bank to the borrower does not exceed ₹25 crore as on March 1, 2021.

(iv) The borrower's account was classified as '**Standard Asset**' as on March 31, 2021.

(v) The borrower's account was not restructured in terms of the circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 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 i.e. under Resolution Framework-1.0.

(vi) In respect of the earlier restructured MSME accounts, the Banks are permitted, as 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 regards to the same shall be taken by the Bank by September 30, 2021. The reassessed sanctioned limit/drawing

power shall be subject to review at least on half yearly basis & the renewal/reassessment at least on an annual basis by the Bank.

(vii) The restructuring of the borrower account is invoked by September 30, 2021.

(viii) The restructuring of the borrower account is implemented within 90 days from the date of invocation.

(ix) 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.

(x) The account which may have slipped into NPA Category between 01/04/2021 and the date of implementation, may be upgraded as '**Standard Asset**' as on the date of implementation of the restructuring plan.

(xi) Upon implementation of the restructuring plan, The bank shall keep provision of 10 % of the residual debt of the borrower.

(xii)The restructuring would follow a receipt of a request to that effect from the borrowing units. The borrower has to justify that the restructuring is necessitated on account of the economic fallout from COVID-19.

(xiii) Such restructured account shall be subject to supervisory review with regard to their justifiability on account of the economic fallout from COVID-19 & has to be monitored by the concerned Branch Manager.

The Bank retains the right to resolve/remove difficulties in the course of this process to be in accordance with RBI circular dated 05/05/2021.

This Policy on restructuring of Micro, Small and Medium Enterprises (MSME Sector) is placed before the Board of Directors for noting & approval of the said Scheme for execution.

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