



## ANNEXURE -1

### Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises

1. This framework shall be applicable to MSMEs having loan limits up to Rs.25 crore, including accounts under consortium or Multiple Banking Arrangements.
2. Accounts with aggregate loan limits up to Rs.10 lakh identified as SMA-2, the account should be mandatorily examined for CAP (Corrective Action Plan) by the branch itself under the authority of the Branch Manager. The Branch Manager shall also examine the accounts reported as SMA-0 and SMA-1, if it is deemed necessary.
3. Before a loan account of a MSME turns into a Non Performing Asset, Banks/creditors are required to identify incipient stress in the account.
4. Micro, Small or Medium Enterprise may also voluntarily initiate proceedings if enterprise reasonably apprehends failure of its business or its inability or likely inability to pay debts and before the accumulated losses of the enterprise equals to half or more of its entire net worth during the previous accounting year, by making an application to the branch or directly to the committee.
5. The Committee for stressed MSMEs may explore various options under the guidelines to arrive at an early and feasible solution to preserve the economic value of the assets of MSMEs as well as the lenders' loans while allowing the enterprise to continue with its business.
6. The options under Corrective Action Plan (CAP) approved by the Committee for Stressed MSMEs may include: (i) Rectification - regularize the account so that the account does not slip into the Non-Performing Asset category, (ii) Restructuring the account if it is prima facie viable and (iii) Recovery - Once the first two options are not feasible, due recovery process may be resorted to.
7. During the period of operation of Corrective Action Plan (CAP), the enterprise can avail both secured and unsecured loans for its business operations, provided it is eligible for.
8. Techno-Economic viability of each account is to be decided by the concerned lender/s before considering restructuring as CAPs, for accounts with aggregate exposure of Rs.10 crore and above, the Committee should conduct a detailed Techno-Economic Viability study before finalising the CAP.
9. Restructuring cases shall be taken up by the Committee only in respect of assets reported as Standard, Special Mention Account or Sub-Standard by one or more lenders of the Committee. The Committee shall have the discretion to consider restructuring of the debt, where the debt is doubtful i.e., the account is Standard or Sub- Standard in the books of majority of creditors (by value).