

**CANARA BANK
RECOVERIES SECTION
RECOVERY WING :: HO :: BANGALORE**

**SUB : SCHEME FOR ONE TIME SETTLEMENT OF DOUBTFUL & LOSS ASSETS
WITH TOTAL DUES OF Rs.50.00 LACS AND BELOW IN MICRO AND SMALL
ENTERPRISES (M&SE) SECTOR**

Synopsis

- The Scheme will cover all existing **NPA accounts** in M&SE sector which **were** outstanding as **Doubtful & Loss assets** on 31.03.2009 (including where action has been initiated under SARFAESI Act, cases pending before Courts/DRTs subject to obtaining consent decree in such cases and also decreed accounts) **with total dues of Rs.50.00 lacs and below** as on the date of settlement.
- Separate settlement formula envisaged for accounts classified as Doubtful and Loss assets.
- The accounts already closed / settled need not be re-opened
- The Last date for receipt of applications from the eligible borrowers will be as at the close of business on 25/03/2010.

SETTLEMENT FORMULA:

((A) DOUBTFUL ASSETS	SETTLEMENT AMOUNT
Total dues of Rs.5.00 lacs and below	<ol style="list-style-type: none"> 1. Where realizable value of security is sufficient to cover the total dues - - 100% of book liability OR 70% of the total dues, whichever is higher. 2. Where realizable value of security is not sufficient to cover the total dues - - 80% of the Book liability OR 60% of the total dues, whichever is higher.
Total dues of above Rs.5.00 lacs and below Rs.50.00 lacs	<ol style="list-style-type: none"> 1. Where realizable value of security alone is sufficient to cover the total dues - - 100% of book liability + unapplied interest at 11% compounded monthly 2. Where realizable value of security + networth (put together) is sufficient to cover the total dues - - 100% of book liability + unapplied interest at 9% simple 3. Where realizable value of security + networth (put together) is 50 % and above but less than 100 % of the total dues- - 100% of book liability + unapplied interest at 7% simple 4. Where realizable value of security + networth (put

together) is less than 50 % of the total dues-
- 100% of book liability

(B) LOSS ASSETS	SETTLEMENT AMOUNT
1) Total dues up to Rs.2.00 lacs	25% of the <i>total dues</i>
2) Total dues above Rs.2 lacs and upto Rs.5.00 lacs	50 % of the <i>total dues</i>
3) Total dues above Rs.5.00 lacs and upto Rs.25.00 lacs	60 % of the <i>total dues</i> or 60 % of Net worth which ever is higher. *
4) Total dues above Rs.25.00 lacs and upto Rs.50.00 lacs	70 % of the <i>total dues</i> or 70 % of Net worth which ever is higher. *

* In respect of accounts with *total dues* of above Rs 5.00 lacs, (under 3 & 4 above) where the borrowers/guarantors are having sufficient net worth, the recovery shall be to the extent of 60% / 70% respectively of the net worth arrived by the branch Or the above mentioned percentage of total dues (60% / 70%) whichever is higher, with a maximum of book liability along with U.A. Int. of 6 % p.a.(Simple).

PAYMENT CONDITIONS:

- ✓ The amount of settlement arrived at as above, should be paid preferably in one lump sum, immediately on receipt of sanction.
- ✓ In deserving cases where borrowers are unable to pay the entire amount in one lump sum, Bank may consider recovering 25% of the amount of settlement upfront at the time of sanction, and the balance amount of 75% should be recovered within a period of 3 months from the date of sanction. Request for further time of 3 months can be permitted subject to recovering interest @ BPLR (S) from the date of sanction till the date of final payment.

GENERAL:

- The above guidelines for settlement are non-discretionary and non-discriminatory and cover only *Micro & Small Enterprises (M&SE Sector)* borrowal accounts.
- The Scheme will not cover cases of wilful default, fraud and malfeasance.
- The above guidelines come into force with immediate effect and are valid till 25/03/2010.
- Subsidy, DICGC/ECGC/ CGMSE claims etc., wherever available, to the extent of appropriation shall be over and above the OTS amount.
- Wherever borrowers have filed cases against the bank/made counter claim, settlement under the Scheme shall be subject to withdrawal of the case/counter claim.

- OTS proposals submitted by the parties under M&SE Sector which are not in accordance with the guidelines of this Scheme, such proposals shall be entertained as per the Bank's Loan Recovery Policy/ or under the special OTS scheme for small loans.