

ADDENDUM TO POLICY FOR IMPLEMENTATION OF Resolution Framework 2.0 – Resolution of Covid-19

Addendum to Policy for Re-structuring of Advances to MSME borrower under COVID 19 vide circular dated May 5, 2021 and bearing no RBI/2021 -22/32 DOR.STR. REC.12/21.04.048/2021-22 issued by the Reserve Bank of India (RBI) (“Resolution Framework 2.0 – Resolution of Covid-19 related stress”) Pursuant to RBI press release dated Jun 04, 2021

Objective:

Resolution Framework 2.0 – Resolution of Covid-19 related stress approved pursuant to RBI Circular RBI/2021 -22/32 DOR.STR. REC.12/21.04.048/2021-22, on “COVID-19. The present proposal is an addendum to the above Board policy to enhance maximum aggregate exposure to MSMEs as well as non-MSME small businesses, and loans to individuals for business purposes.

Background:

RBI, vide press release dated Jun 04, 2021 has issued further guidelines and clarifications on Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)”. The highlights of the above circular are as below:

1. The Resolution Framework 2.0 announced by the RBI on May 5, 2021 stipulates a maximum aggregate exposure of ₹25 crore for considering resolution of COVID-19 related stress of MSMEs as well as non-MSME small businesses, and loans to individuals for business purposes.
2. To enhance the exposure threshold to ₹50 crore for MSMEs as well as non-MSME small businesses, and loans to individuals for business purposes.
3. The above categories of borrowers with aggregate exposure of not more than ₹50 crore as on March 31, 2021, and which have not been restructured earlier under any of the specified restructuring frameworks, shall be eligible to be considered for resolution under Resolution Framework 2.0.
- 3) All other conditions shall remain the same

This policy “Resolution Framework 2.0 – Resolution of Covid-19 related stress” stands amended, modified, supplemented to ensure compliance with the applicable laws.