



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RPCD.SME & NFS. BC. No. 19 /06.02.31/ 2011-12

September 12, 2011

The Chairman/Managing Director/
Chief Executive Officer

All Scheduled Commercial Banks
(excluding Regional Rural Banks)

Madam/Dear Sir,

Guidelines for Rehabilitation of Sick SME Units

Please refer to paragraph 5 of Annexure – I of our [circular RPCD. NO. PLNFS.BC.57/06.04.01/2001-2002 dated January 16, 2002](#) on captioned subject. Norms for grant of reliefs and concessions by banks to potentially viable sick SSI units for rehabilitation as furnished in [Appendix-II](#) of the above circular were recently re-examined. It was observed that all the banks have migrated to the Base Rate regime with effect from July 1, 2010 and references to PLR/BPLR are no more meaningful.

2. As per extant guidelines on interest rates, banks are not allowed to lend below Base Rate. However, in terms of para 2.3.1.3 of [Master Circular DBOD.No.Dir.BC. 5 /13.03.00/2011-12 dated July 1, 2011](#) on 'Interest Rates on Advances', in case of Restructured loans if some of the WCTL, FITL, etc. need to be granted below the Base Rate for the purposes of viability and there are recompense etc. clauses, such lending by Scheduled Commercial Banks will not be construed to be a violation of the Base Rate guidelines.

3. Further, vide [RPCD Circular SME&NFS. BC.No.102/06.04.01/2008-09 dated May 04, 2009](#), all Scheduled Commercial Banks have been advised to put in place their own Restructuring/ Rehabilitation policy for revival of viable/potentially viable sick units/enterprises duly approved by the Board of Directors.

4. Considering the above developments, the Relief and Concessions to viable/potentially viable sick units under rehabilitation prescribed in Appendix – II of our circular dated January 16, 2002 stand withdrawn.

5. Banks are advised to put in place their own Board approved Restructuring/ Rehabilitation policy for revival of viable/potentially viable sick MSE units/enterprises.

6. Please acknowledge receipt.

Yours faithfully

(C.D. Srinivasan)
Chief General Manager