



RBI/2020-21/17

DOR.No.BP.BC/4/21.04.048/2020-21

August 6, 2020

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks)

All Primary (Urban) Co-operative Banks/State Co-operative Banks/ District Central Co-operative Banks

All All-India Financial Institutions

All Non-Banking Financial Companies

Dear Sir/ Madam,

Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

Please refer to the [circular DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020](#) on the subject.

2. In view of the continued need to support the viable MSME entities on account of the fallout of Covid19 and to align these guidelines with the Resolution Framework for COVID 19 – related Stress announced for other advances, it has been decided to extend the scheme permitted in terms of the aforesaid circular. Accordingly, existing loans to MSMEs classified as 'standard' may be restructured without a downgrade in the asset classification, subject to the following conditions:

- i. The aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower does not exceed ₹25 crore as on March 1, 2020.
- ii. The borrower's account was a 'standard asset' as on March 1, 2020.
- iii. The restructuring of the borrower account is implemented by March 31, 2021.
- iv. The borrowing entity is 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, 2020.

- v. Asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between March 2, 2020 and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan. The asset classification benefit will be available only if the restructuring is done as per provisions of this circular.
 - vi. As hitherto, for accounts restructured under these guidelines, banks shall maintain additional provision of 5% over and above the provision already held by them.
3. All other instructions specified in the [circular dated February 11, 2020](#) shall remain applicable.

Yours faithfully,

(Saurav Sinha)
Chief General Manager-in-Charge