



03 January 2019

**Circular No.121 / MSME No.13 /2018-19**

**To: Members of the Committee  
All Members**

**Re : MSME:- RBI releases guidelines on restructuring  
of advances to MSMEs**

**Dear Sir,**

As you are aware, Micro, Small and Medium Enterprises (MSMEs) form an important component of the Indian economy and contribute significantly to the country's GDP, exports, industrial output, employment generation, etc. Considering the importance of MSMEs in the Indian economy, government has considered necessary at this juncture to take certain measures for creating an enabling environment for the sector.

**The above issue has been examined in RBI and a view has been taken to facilitate meaningful restructuring of MSME accounts that have become stressed.**

The **Reserve Bank of India** has issued Notification vide reference no RBI/2018-19/100DBR.No.BP.BC.18/21.04.048/2018-19 dated 01/01/2019 titled "**Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances**". This notification is in continuation of earlier RBI circulars DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018 and DBR.No.BP.BC.108/21.04.048/2017-18 dated June 6, 2018 for relief to MSME's.

The important points of the above said RBI notification are as follows:

- **RBI has decided to permit a one-time restructuring of existing loans to MSMEs that are in default but 'standard' as on January 1, 2019, without an asset classification downgrade.**
- **To be eligible for the scheme, the aggregate exposure, including non-fund based facilities of banks and NBFCs, to a borrower should not exceed Rs.250 crores as on January 1, 2019.**
- **The restructuring has to be implemented by March 31, 2020.**

- ***A provision of 5% in addition to the provisions already held, shall be made in respect of accounts restructured under this scheme.***
- ***Each bank/NBFC should formulate a policy for this scheme with Board approval which shall, inter alia, include framework for viability assessment of the stressed accounts and regular monitoring of the restructured accounts.***

Member-exporters (specially MSME's) are advised to take note of this initiative by the government and if applicable, may pursue with their banks. For further details, members may refer to the above said notification using below link-

**<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11445&Mode=0>**

The above is for your information and necessary action.

Thanking you,

Yours faithfully,



**(M. C. Das)**

Dy. Director General