

## **One Time Settlement / Compromise Settlement Scheme**

Compromise/ settlement refers to a negotiated settlement where a borrower offers to pay, and the Bank agrees to accept in full and final settlement of its dues an amount less than the total amount due to them under the relative loan contract. This settlement invariably involves a certain sacrifice by way of writing off and/or waiver of a portion of its dues on a one-time basis.

The Bank recognizes that it is not possible to lay down precise guidelines which can be followed uniformly in case of all compromise offers as each offer is unique in the context of circumstances, necessitating its consideration as a recovery option.

The Bank, however, lays down the following principles which are to be kept in view while considering compromise offers:

- Bank shall take up a compromise settlement / OTS proposal for consideration once the account turns NPA as per the delegation of power.
- Any compromise shall be a negotiated settlement under which Suryoday shall endeavour to recover its dues to the maximum extent possible, with minimum sacrifice. However, it is recognised that amicable settlements are possible only in a win-win situation and sacrifice is a part of settlement.
- The latest status of the activity of the borrowing entity which seeks a compromise shall be taken into reckoning during the course of negotiation.
- At the time of One Time Settlement negotiation when OTS amount is proposed to be paid in instalments seriousness and preparedness of the borrower to honour OTS commitments shall be looked into.
- In case of non-receipt of the committed compromise amount as per the terms of the settlement, the recovery proceedings already initiated before the settlement shall be continued forthwith.
- One Time Settlement (OTS) for JLG Borrowers:

The Bank will offer OTS option to deserving customers to enhance the recovery from delinquent microfinance borrowers. The Bank shall take the following safeguards to ensure the OTS facility gives the desired outcome and is not misused by borrowers/collection team members of the Bank/recovery agencies:

- i) Only those borrowers who meet the following conditions will be considered for OTS:
  - a. Customers whose business activity has been affected because of reasons beyond their control or those who have suffered medical exigencies.

b. Borrowers who are not paying to any of the lenders (to be verified from Credit Bureau reports) or those which are only with Suryoday and not paying will be considered.

c. Wilful defaulters and fraudulent customers will not be considered for OTS.

The compromise settlements with the borrowers under the above framework shall be without prejudice to the provisions of any other statute in force. Where the Bank has commenced recovery proceedings under a judicial forum and the same is pending before such judicial forum, any settlement arrived at with the borrower shall be subject to obtaining a consent decree from the concerned judicial authorities.

The compromise settlements and technical write-offs shall be without prejudice to any mutually agreed contractual provisions between the Bank and the borrower relating to future contingent realizations or recovery by the Bank subject to such claims not being recognised in any manner on the balance sheet of the Bank at the time of the settlement or subsequently till actual realization of such receivables. Any such claims recognised on the balance sheet of the Bank shall render the arrangement to be treated as restructuring.