



Indian Banks' Association

CORPORATE & INTERNATIONAL BANKING

No. C&I/CIR/2013-14/9307

29th April 2014

The Chief Executives of all Member Banks

Dear Sirs/Madam,

Framework for Revitalising Distressed Assets in the Economy

Reserve Bank of India (RBI) has formulated a 'Framework for Revitalising Distress Assets' in the economy and placed it on its website on 30th January 2014. RBI has further issued detailed guidelines in respect of the Joint Lenders' Forum (JLF) and the Corrective Action Plan (CAP) for operationalizing the Framework vide circular dated 26th February, 2014.

2. In terms of the Framework, RBI entrusted Indian Banks' Association (IBA) with the following tasks:-

- i) Drafting a Master JLF agreement between the all Lenders in respect of Special Mention Accounts (SMA) with an Aggregate Exposure (AE) exceeding ₹ 100 crores.
- ii) Constituting an Independent Evaluation Committee (IEC) to carry out evaluation of Techno-Economic Viability (TEV) study and the proposed restructured package for AE exceeding ₹ 500 crores.
- iii) Put a database on the IBA's website in respect of delinquent third party service providers such as Advocates, Chartered Accountants and Valuers reported by the lender banks.

3. We have to advise you that the task entrusted to IBA in terms of the Framework has since been completed as under:-

- i. The Master JLF agreement, which needs to be executed by all the lenders whether under a Consortium Arrangement or a Multiple Banking Arrangement or any other Lending Arrangement has been drafted. Format of the agreement is attached for your information and will also be available on the IBA's website.

- ii. It has been decided in consultation with RBI to constitute an Independent Evaluation Committee with membership from the professional institutes such as Institute of Chartered Accountants of India, Institute of Cost Accountant of India, Institute of Company Secretaries of India, Institution of Engineers (India) and Institute of Valuers. These institutions have consented to be associated with the IEC. We will place on IBA website the contact details and broad terms of engagement of these Institutional Members in the IEC to be constituted for SMA 2 with AE exceeding ₹ 500 crores.
 - iii. The Managing Committee of IBA has approved creation of a database of delinquent third party service providers such as Advocates, Chartered Accountants and Valuers. The database can be accessed by users with a login and password allotted to each bank. It has to be ensured that the detailed guidelines in this regards vide IBA circular no. LEGAL/CIR/9229 dated 10th April 2014 are meticulously followed.
4. To ensure that the proposed Framework is scrupulously implemented and to achieve its objective of resolution of Special Mention Accounts, it has been further decided, in consultation with RBI that:-
- I) The lending banks should nominate senior executives on JLF with adequate authority and mandate to expedite decision making in respect of stressed assets.
 - II) The timelines that have been laid down in respect of various steps to be taken by lenders and JLF is scrupulously followed and the JLF functions efficiently to expedite decisions.
 - III) The expenses relating to IEC will be recoverable from the borrower and IEC functioning will be monitored by the lender with the largest exposure.

Yours faithfully,



(Sangeet Shukla)
Senior Advisor

Encl: Master JLF Agreement

MASTER JOINT LENDERS FORUM AGREEMENT

THIS AGREEMENT is made at _____ on this __ day of __ 2014, by and between:

A _____ Bank a body corporate constituted by and under the Banking Companies, (Acquisition and transfer of undertakings) Act 1970/80 and having its Head Office at _____, and Zonal/Circle/Regional/ Branch Office amongst other places at _____ (hereinafter called "A Bank", which expression shall, unless it be repugnant to the subject+ or context thereof, include Its successors and assigns) of the FIRST PART.

AND

B _____ Bank, a body corporate constituted by and under the Banking Companies, (Acquisition and transfer of undertakings) Act 1970/80 and having its Head Office at _____, and Zonal/Circle/Regional/Branch Office amongst other places at _____ (hereinafter called "B Bank", which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the SECOND PART.

AND

C _____ Bank, a body corporate constituted by and under the Banking Companies, (Acquisition and transfer of undertakings) Act 1970/80 and having its Head Office at _____, and Zonal/Circle/Regional/Branch Office amongst other places at _____ (hereinafter called "C Bank", which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the THIRD PART.

AND

D _____ Bank, a body corporate constituted by and under the Banking Companies, (Acquisition and transfer of undertakings) Act 1970/80 and having its Head Office at _____ and Zonal/Circle/Regional/Branch Office amongst other places at _____ (hereinafter called "D Bank", which expression shall,



