

COVID-19 Regulatory Package

In terms of RBI Notification DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020, to alleviate the impact of burden of servicing on account of COVID-19 pandemic, under COVID-19 Regulatory Package a further three months moratorium is granted to all type of terms loans on payment of all instalments falling due between June 1, 2020 and August 31, 2020. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by further three months after the moratorium period.

However, as the interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period, EMI on the Term Loan accounts shall undergo change and the revised EMI shall fall due from September, 2020 onwards till the revised extended repayment tenure of the loan. **(Borrowers who do not intend to avail the moratorium, shall inform their base branch immediately).**

In respect of working capital facilities sanctioned in the form of cash credit/overdraft, the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 upto August 31, 2020 ("deferment period") is deferred and the accumulated accrued interest shall be recovered immediately after the completion of this period. However, in terms of the aforesaid RBI Notification dated May 23, 2020, Bank has introduced 'Funded Interest Term Loan' Scheme [FITL] to facilitate payment of the accrued interest during the 'Deferment Period' (i.e. between March 1, 2020 to August 31, 2020) by 31st March, 2021 which shall be considered on case to case basis. Borrowers who intend to avail the facility may contact the Branch Manager of the respective base branch.

In respect of working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic modification in sanction terms as to the relaxations/concessions by way of –

- Recalculating 'Drawing Limit' by reducing the margin and/or
- By reassessing the working capital cycle

shall be considered, on case to case basis, as per merits in respect of such proposals received from the Borrowers / Units which are affected by COVID-19 fallout.

However, such relaxations / reliefs shall be available up to March 31, 2021.

FAQs

Below FAQs are prepared to clarify the possible queries and explain the impact of implementation of the aforesaid measures under COVID-19 Regulatory Package.

Q.1 – Why has RBI announced the relief package?

ANS.- Reserve Bank of India has announced certain regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses. It was felt that there may be a temporary disruption in the cash flows, and in some cases loss of income, for the businesses/ individuals and the present measures work to bring relief to those businesses / individuals.

Q.2 – What type of loan accounts are eligible to avail benefits under the COVID-19 Regulatory Package?

ANS : - All type of terms loans and cash credit/overdraft facilities are eligible which are Standard Assets as on 1st March, 2020.

Q. 3 - Whether the borrowers has to necessarily accept the package?

ANS : - The relief under the Regulatory package has been extended as per RBI Notification across the board to all the borrowers by extending repayment of term loan instalments (including interest) by further three months (overall six months) i.e. instalments falling during the deferment period i.e. March 1, 2020 to 31st August, 2020. However, **the Borrowers who do not intend to avail the moratorium, shall inform their base branch immediately.**

Q. 4 – Whether penal interest shall be charged on extended instalments/interest amount?

ANS: - No penal interest shall be charged during the permitted deferment period on the extended instalments/interest amount. However, overdues under the loan account towards instalment/interest due prior to 1st March, 2020 shall attract the penal interest as per Sanction stipulations.

Q.5 – Whether EMI/installment will be refixed on account of deferment of EMIs?

ANS: - YES. The deferred EMI/instalments along with accrued interest during this period will be repayable over the extended tenor loan (original term plus six months). Accordingly, EMI will be refixed.

Q.6 – What will be treatment of interest on the working capital facilities i.e. CC/TPO?

ANS : The recovery of interest applied in Cash Credit / TPO accounts during the deferment period i.e. March 1, 2020 to August 31, 2020 shall be recovered along with the interest being applied for the month of September, 2020 i.e. on 30th September, 2020. However, in terms of the aforesaid RBI Notification dated May 23, 2020, Bank has introduced 'Funded Interest Term Loan' Scheme [FITL] to facilitate payment of the accrued interest during the 'Deferment Period' (i.e. between March 1, 2020 to August 31, 2020) by 31st March, 2021 which shall be considered on case to case basis. Borrowers who intend to avail the facility may contact the Branch Manager of the respective base branch.