

FAQ on Relief Package

- ❖ What is meant by moratorium?

Moratorium is a temporary postponement of payment of interest/ principal/ instalments (and is not a waiver of the amount payable by the customer to the Bank).

- ❖ What is the moratorium period granted by RBI?

The moratorium granted for repayment of instalment/ interest by RBI is for the period from 01st March 2020 to 31st May 2020. The moratorium therefore applies for interest/principal/instalments that are due from the customer to the Bank during the given period.

- ❖ Are all borrowers eligible for moratorium?

Borrowers who have availed term loans or working capital facilities (OD/CC limits) and whose accounts are in standard status as on 01st March 2020 are eligible for moratorium. To know about the eligibility, customers must reach out to the concerned Branch/ Relationship Manager. The Bank will also reach out to the customers through SMS and emails on this subject.

- ❖ What type of loans are eligible for moratorium?

Moratorium is available to all term loans coming under Business Loans, Agricultural loans and Retail loans (Education loan, Home loan, Car loan, Gold loan, Personal loan, Loan against property).

- ❖ Will interest be applied in the account during the moratorium period?

Yes. Interest will be applied in the account during the moratorium period. Such interest will be capitalized with the principal amount in the case of term loans. For OD/ CC facilities, the entire interest applied during the moratorium period will be repayable on 01st June 2020.

- ❖ Will a customer be eligible to avail the moratorium/ deferment of interest in case there are arrears/ overdues in the account as at the end of 29th February 2020?

Instalments / Interest pending for repayment till 29th February 2020 is not eligible for moratorium / deferment. However, borrower will be eligible for availing moratorium/ deferment for instalments and interest for the months of March, April and May 2020, if the account is in standard status as on 01st March 2020.

- ❖ Will the moratorium have an impact on borrower's credit rating?

No, availing the moratorium will not impact borrower's credit rating. On availing moratorium, the asset classification status of the account will be frozen during the moratorium period i.e., from 01st March 2020 to 31st May 2020. For example, if arrear/overdue in a term loan account is pending for 20 days as on 29/02/2020, the asset classification cycle will start further from 01st June 2020 only. i.e., the arrear will be treated as pending for 21 days on 01st June 2020.

- ❖ Understand that the borrower is not eligible for moratorium benefit, if the loan account was NPA as on 29th February 2020. What if the borrower repay required amount in April and keep it arrear free as at the end of 29th February 2020 and request for moratorium benefit?

If the borrower remit amount in the loan in April for making the loan arrear free as on 29th February 2020, he will be eligible for moratorium.

- ❖ Will the bank charge any penal interest during the moratorium period?

Bank will not charge any penal interest in the accounts covered under the moratorium for non-payment of interest / instalment during the moratorium period.

- ❖ Will the entire instalment/ interest during the moratorium period be due on 01st June 2020?

For term loans, repayment schedule for the account shall be shifted / tenor will be increased by three months. The revised instalment/ EMI to be remitted by the borrower after moratorium will be inclusive of the interest accrued during the moratorium period. In summary, this means, that the period of the loan will be extended by 3 months and the monthly payment will increase to the extent of interest levied during the moratorium period.

In case of Working Capital Facilities, interest shall continue to accrue on the outstanding portion of working capital facilities at the contracted rates. The accumulated interest shall become due on June 1, 2020 and shall be repaid immediately.

- ❖ If the borrower had already remitted the instalment/ interest in March 2020, can he request for reversal of the same?

If the borrower's account was standard as at the end of February 29, 2020, he can request for reversal of instalment or EMI remitted/ deducted, if any, after 1st March 2020. The amount so remitted will be refunded within a reasonable time.

- ❖ Can the borrower make repayment in his loan account during the Moratorium period?

It is a relief granted to the borrower due to disruption caused due to unprecedented outbreak of COVID-19. However, the borrower has the option to repay the loan during the moratorium period even if he has availed moratorium to reduce the interest burden.

- ❖ What shall the borrower do for availing moratorium in term loan or deferment of recovery of interest in working capital facility?

1. **Retail Loans:** Collection of instalment/ EMI will continue as per the existing terms.

Customers who want to avail the moratorium shall opt for the same by sending an SMS as per the format:

Send SMS to "8546995577" "OPT<space>IN <space><Last four digits of loan account number>" from your registered mobile no. Example: "OPT IN 1234".

Please be advised that emails sent earlier are being processed, and the Bank will respond shortly.

Eligible customers will be granted the moratorium.

2. **Business loans up to ₹ 5 Cr, Agriculture and Micro Loans (including Gold Loans):** Relief under the moratorium and deferment of interest in working capital

limits are extended to all loans in the above category. Bank is reaching out to customers through SMS.

If the customer wishes to opt out from the relief and continue with their existing payment schedule, shall respond to the said SMS.

Please be advised that emails sent earlier are being processed, and the Bank will respond shortly.

Eligible customers will be granted the moratorium.

3. **Business loans above ₹ 5 Cr:** Collection of instalment/ EMI will be continued as per the existing terms. If the borrower prefers to avail the moratorium, he has to reach out to the Relationship Manager of the Bank assigned to his account.

❖ If the borrower has more than one Loan account from the Bank, can he avail moratorium on all the loans?

Yes, the borrower can avail the moratorium on all the loans. Please do remember that interest will continue to accrue during the moratorium period on each of the loans separately.

❖ If the borrower has availed an education loan with a moratorium period, will he be entitled to the moratorium announced by RBI due to COVID 19?

No. Since the loan availed is already under a moratorium period, a further moratorium will not be applicable.

❖ Do the borrower need to submit fresh Standing Instructions or Auto Recovery or NACH after the moratorium period?

If the instalment amount increases, a fresh instruction will be required. The Bank will arrange to contact the borrower and collect the instrument as required after assessing the increase in the instalment amount.

❖ If the borrower has opted for moratorium of interest for the months of March, April and May 2020 in his working capital account, when will these amounts become due for payment?

The entire interest for the three months in Working Capital account would become due on 1st June 2020, ie after the expiry of 3 months moratorium. The account operation shall be within the available Drawing Power/ limit and the credit summations in the accounts shall be more than the interest applied during the moratorium period.

❖ Will the borrower be eligible for refund of the payment of instalments made in March 2020?

Instalments remitted in March 2020 pertaining to earlier months (viz. Feb, Jan, Dec etc) will not be refunded. Instalment pertaining to March 2020 will be refunded if he opt for moratorium and establish that the cash- flows have been impacted by the COVID19 pandemic.

- ❖ What is the process for availing standstill benefit for asset classification announced by the RBI on April 17, 2020?

The benefit of asset classification will be automatically extended to those customers who are already granted moratorium in their Term loan and working capital facilities.

- ❖ Will I be eligible for asset classification benefit announced by the RBI on April 17, 2020, as I had overdues / arrears in my account as on February 29, 2020?

You will be automatically eligible for the asset classification benefit, if you have already been granted moratorium. If not granted moratorium already, you will receive communication (SMS/ letter) from the Bank confirming extension of the benefit.

For further clarifications if any, you may reach out to your branch or Relationship Manager.