

**REG: Relief measures on account of the fall-out of COVID 19 Pandemic –  
Regulatory Package**

In order to mitigate the burden of debt servicing brought about by disruptions on account of the fall-out of the COVID-19 pandemic, RBI vide notification RBI/2019-20/186 DOR.No.BP.BC.47/ 21.04.048/2019-20, has issued guidelines for permitting a Rescheduling of Payments in Term Loans and Working Capital Facilities by way of a moratorium of three months on payment of all installments falling due between March 1, 2020 and May 31,2020 and similarly deferment of recovery of interest applied on working capital accounts(CC/OD) in respect of interest applied during the period March 1,2020 and May 31,2020. The Policy has been adopted by the Board of our Bank with details as under:-

**1) Moratorium on All Term Loans:-**

Bank shall grant a moratorium of three months on payment of instalments (including principal, interest, bullet repayment, EMI) falling due between March 1, 2020 and May 31, 2020 in respect of all term loans.

The repayment schedule for such loans as also the residual tenor, will be shifted across the board by three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

Standing Instructions (SIM) will be deferred by the Bank upto May 31, 2020. However, if borrower is willing to pay the installment, the same to be recovered.

**2) Deferment of interest on Working Capital Facilities.:-**

In respect of working capital facilities sanctioned in the form of cash credit/overdraft, Bank shall defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 upto May 31, 2020. The accumulated accrued interest shall be recovered immediately after the completion of this period.

### **3) Easing of Working Capital Financing**

In respect of working capital facilities sanctioned in the form of cash credit/overdraft, to borrowers facing stress on account of fallout of COVID-19 pandemic, Bank will recalculate drawing power by reducing margins and/or by reassessing the working capital cycle. This relief shall be available in respect of all such changes effected up to May 31, 2020 and shall be contingent on the sanctioning authorities satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19.

Bank shall issue operational guidelines on the easing of working capital financing shortly.

### **4) Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)**

Since the moratorium/deferment/recalculation of the 'drawing power' is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty (as per Prudential Framework for Resolution of Stressed Assets of the borrower). Consequently, such a measure, by itself, shall not result in asset classification downgrade.

The asset classification of term loans which are granted relief as per paragraph 1 above shall be determined on the basis of revised due dates and the revised repayment schedule. Similarly, working capital facilities where relief is provided as per paragraph 2 above, the SMA and the out of order status shall be evaluated considering the application of accumulated interest immediately after the completion of the deferment period as well as the revised terms, as permitted in terms of paragraph 3 above.

Existing IRAC norms will be applicable after the expiry of special regulatory package timeline.

The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies(CICs) by the lending institutions. It has to be ensured that the above actions do not adversely impact the credit history of the beneficiaries.

### **Other Conditions**

- Wherever the exposure to a borrower is Rs.5 crore or above as on March 1, 2020, bank shall develop an MIS on the reliefs provided to its borrowers which shall inter alia include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.
- The instructions in this circular come into force with immediate effect.