Credit Monitoring & Policy Department, Central Office

COVID 19 Regulatory Package

Based on the recent COVID -19 Regulatory Package announced by RBI vide their circular dated 27 March 2020, we have implemented the following relief measures to all eligible constituents:-

Allowing moratorium of 3 months on payment of instalments in Term Loans, which include (i) principal and / or interest components (ii) bullet repayments (iii) EMI (iv) credit card dues, falling due between 01 March 2020 and 31 May 2020. The repayment schedule for such loans as also the residual tenor will be shifted across the board by 3 months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

In respect of working capital facilities sanctioned in the form of Cash Credit / Overdraft (CC/OD) lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from 01 March 2020 up to 31 May 2020. The accumulated accrued interest shall be recovered immediately after the completion of this period.

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 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 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 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 above

The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting (CRILC) and reporting to Credit Information Companies (CICs) by the lending institutions.

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