



**Bharat Co-operative
Bank (Mumbai) Ltd**
MULTI-STATE SCHEDULED BANK

FREQUENTLY ASKED QUESTIONS (FAQ) RELATED TO COVID -19 REGULATORY PACKAGE

1. What is the COVID-19 Moratorium Scheme?

The Reserve Bank of India (RBI) has issued COVID-19 -Regulatory Package notification, dated March 27, 2020. In accordance with the notification, a moratorium of up to three months was offered on payment of all instalments (including principal and interest) of all Term Loans falling due between March 01, 2020 and May 31, 2020, including interest deferment to cash credit or overdraft facility. Further RBI vide its notification dated 23.05.2020 have extended the moratorium for further three months from June 1, 2020 to August 31, 2020.

Interest shall continue to accrue on the outstanding amount of the term loans during the moratorium period. The Repayment Schedule for such loans as also the Residual loan tenor will be shifted across the board by period of 6 months from the original expiry date.

2. Which are the facilities eligible for availing the benefits under the RBI COVID -19 regulatory package?

All term Loans (including agricultural term loans, retail, Crop loans) and Cash credit/ Overdraft are eligible to avail the benefits under the package. This is available to all such accounts, which are Standard Assets as on 1st March 2020.

Further, to avoid unnecessary paperwork the facility has been extended across the board to all the borrowers by extending repayment of term loan instalments (including interest) falling due between March 01, 2020 and August 31, 2020.

3. If my Loan A/c is in Overdue as on February 29, 2020. Whether the same needs to be cleared/ repaid?

Yes. Entire Overdue as on February 29, 2020 will have to be cleared and any delay in repayment of the same shall be reported to the Credit Bureau/CICs.

4. How will my Instalment/Equated Monthly Instalment (EMI) be adjusted if they are deferred till August 31st?

- The Instalment/ EMI for Term loan accounts would be deferred till August 31, 2020. The interest would continue to accrue on the outstanding amount during the said period.
- The Instalment/EMI on your loan would start from September 2020. Interest accrued during the moratorium period will be added to the principal outstanding after the moratorium period in case of EMI Accounts. Consequently, the tenor of the loan will be extended and the Monthly EMI shall also increase.
- For non EMI based loans, the repayment schedule for the term loan shall have a parallel shift of all instalments by a period of up to six months. Interest accrued during the moratorium period will be added to the principal outstanding after Moratorium period and the Installment amount shall increase for the balance tenor.

*(Customers to approach the Branches to know the details of Revised EMI/ Installment amount after Moratorium period)

However the Bank encourages the Borrowers with adequate funds and cash flows to continue to pay the instalments to avoid additional interest and elongation of the tenor.

5. In case of Working Capital limits, will I be charged interest for my utilized amount during the moratorium period?

For working capital limits, the monthly interest will not be debited/applied to the CC/OD Accounts till August 31, 2020. However, during the moratorium period, the interest would continue to accrue on the utilized amount.

The accumulated interest for the deferment period upto August 31,2020 shall be converted into Funded Interest Term Loan(FITL) which shall be repayable not later than March 31,2021.

- 6. If I avail the moratorium, we understand as per RBI guidelines that interest will continue to accrue. Will this not lead to reduction of our available CC/OD limit as the interest will get debited into the utilised amount and therefore consume the limit?**

Though the Bank will continue to accrue interest on CC /OD Account during the moratorium period, it will not be debited to your CC or OD account till the end of the moratorium period. Therefore, you can continue to utilise your CC/OD Account without any reduction in Limit on account of interest accrued during the moratorium period.

- The accumulated interest for the deferment period upto August 31,2020 shall be converted into Funded Interest Term Loan(FITL) which shall be repayable not later than March 31,2021.

- 7. I have already paid the Instalment/ EMI for March 2020, can I get refund of this Instalment/EMI?**

You can request the bank for reversal of Instalment/EMI paid in March 2020 justifying with reasons the impact on your cashflow due to COVID 19 and the same shall be refunded only on case to case basis.

- 8. Can I still make my Instalment/EMI payment in the Loan Account if I wish to ?**

Yes. The same may be treated as Advance Instalment Payments and will be adjusted against future instalments. Your Interest burden will stand reduced to the extent of payment made by you towards the Principal amount.

- 9. Will a payment of Instalment/EMI during the moratorium period be considered as prepayment?**

No. It will not be considered as prepayment and there will not be any prepayment penalty on the same.

- 10. Will my EMI amount change after the moratorium period?**

Yes. EMI amount and the tenor of the loan shall increase after the moratorium period.

- 11. Will I be charged penal charges or penal interest for availing the moratorium benefit?**

No. The Bank will not charge any penal charges or penal interest for availing the moratorium benefit during the moratorium period.

12. Will my credit rating/CIBIL reporting be affected if I avail the moratorium benefits?

No. However any defaults/ overdues prior to March 01, 2020 will continue to be reported to credit rating agencies.

13. If my loan disbursement is to be done in April 2020, then would I be eligible for moratorium?

Yes. If your Instalment/EMI falls due on or before 31st August 2020 but only in cases where the Loan is sanctioned prior to Lockdown i.e. 22.03.2020.

14. My loan is overdue because the principal / interest for earlier months is unpaid. Will I get standstill benefit for my account so that it does not get classified as Non-performing account (NPA)?

The moratorium benefit for the principal and interest as per RBI guidelines is only eligible for dues falling between March 01, 2020 and August 31, 2020, and not for overdues outstanding prior to March 01, 2020.

All overdues prior to March 01, 2020 shall continue to attract the IRAC guidelines as applicable. Hence, you are requested to clear your outstanding dues or default pertaining to the period prior to March 01, 2020, for which the extant IRAC and provisioning norms shall apply.

15. Do fresh Auto Debit / Post Dated Cheque's / NACH mandates have to be submitted for the increase in tenor?

Yes. Since the EMI/ Installment amount & the Residual tenor of such loans will be shifted across the board after the referred moratorium period, in such cases customer may have to submit a fresh NACH mandate to cover the EMI/ Installment amount for the balance tenor.

16. If the Customer has already availed moratorium for an Educational Loan, can the tenure get extended on account of the COVID Regulation?

No. Since the repayment for such customers will start in future and the moratorium is for customers whose repayment (interest or EMI) is active in the period March 01, 2020 to August 31, 2020. However where the Repayment has already commenced customer can avail Moratorium for the period from March 2020 to August 2020.

Borrowers/Customers with adequate funds and cash flows can continue to pay the instalments within the due date to avoid additional interest and elongation of the tenure since the moratorium is a deferment of a payment due and not waiver of interest.

The above FAQs refer to the broad guidelines that the Bank shall follow with respect to implementing COVID-19 regulatory package.

The Bank reserves the discretion to take decisions or amend any of the above, in line with its policy and RBI guidelines.