

FAQs on COVID-19 Resolution Plan - Personal Loan Segment (Customers)

1. Who is eligible for restructuring under the framework?

All term loan customers of bank whose income have been effected on account of COVID whose accounts are in standard category as on 01.03.2020 or having irregularity upto 30 days

2. Is it mandatory for the borrower to avail the resolution plan?

No, It is not mandatory for the borrower to avail the benefit but purely optional.

3. Will opting for the restructuring package have an impact on my credit bureau report

As per regulatory guidelines, your loan/ credit facility will be reported to the credit bureau as **“Restructured”**.

Please note that as per regulatory guidelines, restructuring has to be reported at a borrower level to the credit bureau and hence all the facilities/ loans of the borrower with the bank will be classified and reported as “Restructures” even if the borrower has taken restructuring for only one loan.

4. Do I need to give consent even if I don't wish to avail the benefit of this scheme?

No, action required in that case.

5. How my credit information will be impacted if I avail the facility under the said framework?

The resolution plan will lead to reporting of restructured status by Banks to Credit information companies.

6. Will my loan EMI remains the same or get increased?

The EMI may differ from the present one depending upon the moratorium period and repayment schedule proposed.

7. If not to avail the resolution plan, how I can get benefit without adversely affecting my repayment capacity, burden of increased EMIs, CIC reports etc.

For EMI based, it has been provided as under:

- EMI falling due during 01.03.2020 to 31.08.2020 shall be shifted across the board to 01.09.2020 onwards.

- Interest accrued during moratorium will be capitalized and shall be added to outstanding balance.
- EMI will remain unchanged and the residual tenor of the loan shall be extended by 6 months.
- The excess balance shall be recovered in last installment.
- However, you have the option to repay the same earlier i.e. after 31.08.20 along with restart of installments or with higher EMI amount during residual tenor.

8. Who are eligible to avail the loan under the resolution plan?

Following Retail Loan customers are eligible:

- a) Housing Loans (all variants)
- b) Education Loans
- c) Vehicle loans (other than loans for commercial use)
- d) All variants of Personal Loan.
- e) Other Retail Loans.

9. Do I need to prove that the income is affected?

Yes, customer needs to submit proofs regarding decline in income and the cash flows for future repayments

10. How the assessment will be worked upon if a customer has been affected by COVID related stress?

In case of salaried:

- Salary certificates/ slips for pre and post COVID period. (i.e. Feb 2020) and current salary slip to be obtained.
- Statement of account in which salary/ pension is credited.
- Any letter received from the employer/ any other supporting documents for financial stress indication (if any).
- Letter of termination/discharge from job (in case of job loss)

In case of self employed/business:

- Latest GST returns/ other financial statements wherever applicable for pre and post covid period.
- Sales/ income details for current and previous financial year.
- Account statements for business accounts if the account/s are maintained with other lenders.
- Any other supporting documents for financial stress indication (if any).

- An undertaking (self declaration) needs to be obtained from the self-employed professionals/ businessmen declaring that their business is affected by COVID-19. (where supporting documents in the shape of GST returns/ Bank statement is not available).

11. What is the maximum permissible extension of residual repayment period?

Maximum extension of the residual tenor of the loan, with or without payment moratorium, by a period not more than two years on case to case basis with justification.

12. Is rescheduling of term loans only for principal or it also includes interest?

The resolution plans may inter alia include rescheduling of payments, conversion of any interest accrued, or to be accrued, into another credit facility, or, granting of moratorium, based on an assessment of income streams of the borrower, subject to a maximum of two years.

13. Do my EMIs during moratorium be waived?

No; EMIs will only be deferred and the repayment will start on completion of moratorium period with the option to start the repayment at any time before.

14. What is last date (cutoff) date for implementation of Resolution plan?

As it takes 7-10 working days to process the application after submission in the branch, last date to submit application in the branch will be 15.12.2020.

15. What is date of Invocation?

The date on which both the borrower and lender agree to proceed with the resolution plan under this framework. The date of invocation cannot be later than 31.12.2020.

16. What will be the reference date for the outstanding amount that may be considered for resolution?

The reference date for the outstanding amount of debt that may be considered for resolution shall be 01.03.2020.

17. What happens if the account becomes NPA between Date of Invocation and implementation?

Account needs to be standard as on Date of Invocation. Account becoming NPA post date of invocation will continue to be eligible for the framework. Upon plan implementation the account will be reclassified as Standard.

18. Whether separate application form is required from the borrower?

Yes, Application in the prescribed format (having undertaking that they have been affected by COVID-19) along with documentary proof to be obtained from the borrower.

19. Whether separate agreement is required to be executed by the borrower?

Yes, a separate agreement needs to be executed from the borrower.

20. Whether separate processing/ Service charge to be charged from the borrower?

No additional processing/ service charge is to be charged from the borrower.

21. Whether any additional Rate of interest is to be charged from the borrower?

Yes, additional rate of interest of 0.25% p.a. over and above the current ROI for the remaining tenure of the loan (till closure of loan account) will be charged.

22. Whether customer who has availed the facility under the said framework can pre pay the loan?

Customers have the option to pre- pay the loan.

23. Is there any pre-payment penalty under the said framework?

No pre-payment penalty.

24. If I have more than one loan accounts, will all loan accounts be eligible to avail the relief.

Yes, all loan accounts as mentioned above are eligible for this relief.

25. Where the customer can submit his/her application for availing the facility?

Customers shall have the option to apply for relief under the package by visiting their home branches.