

FAQs on COVID-19 Resolution Plan 2.0 - Personal Loan Segment

1. What is the purpose of this Resolution Framework?

The purpose of this Framework is to provide relief to individuals whose operations have been adversely affected by the Covid-19 pandemic and their debt burden becoming disproportionate relative to their cash flow generation abilities. These borrowers should not have availed benefit of restructuring under Resolution Plan 1.0

2. Who is eligible for restructuring under the framework?

All retail loan customers of bank whose income(s) have been affected on account of COVID whose accounts are in standard category as on 31.03.2021.

3. 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.

4. 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 due to COVID 19**”.

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.

5. 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. However, if contacted digitally, i.e., through SMS/WhatsApp, opt out option is available to customers.

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

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

7. 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.

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

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

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

For Salaried Persons/Pensioners:

- Salary Slip for March 2021, Current Month and Expected Income after Moratorium on declaration basis.

For Non-Salaried Persons:

- Bank statement for last 6 months
- Self-attested Profit loss statement as on March 2021,
- Expected Income after Moratorium on declaration basis.
- Income loss due to COVID to be taken on declaration basis or/ and if the customer or his family member has been affected with COVID and documentary evidence of infection/ hospitalization if any.

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

Maximum extension of the residual tenor of the loan by a period not more than two years on case-to-case basis with justification.

11. I have already availed Restructuring under Resolution Plan 1.0. Will this time, I am eligible to avail any benefit under this scheme?

No, you cannot avail all benefits under Resolution Framework 2.0, but are eligible for Convergence i.e. if the resolution plans had permitted no moratoria or moratoria of less than two years and / or extension of residual tenor by a period of less than two years, lending institutions are permitted to use this window to modify such plans only to the extent of increasing the period of moratorium / extension of residual tenor. The overall caps on moratorium and / or extension of residual tenor granted under Resolution Framework – 1.0 and this framework combined, shall be two years

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 invocation of Resolution plan?

Cut-off date for invocation of Resolution plan is 30-09-2021.

15. What is last date of implementation?

The resolution plan if invoked shall be implemented within 90 days of date of invocation.(31.12.2021)

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 31.03.2021.

17. 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. Restructuring exercise may be carried out on the basis of Acceptance of Letter & terms and conditions, wherever only reschedulement/ granting of moratorium is proposed in Resolution plan.

However, if additional funding , conversion in any other credit facility , relaxations in Overdraft facility etc. is involved, all related documents are to be provided / creation of security charge / perfection of securities to be completed within 90 days of invocation of the plan.

(Wherever required on case to case basis, 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.)

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

Yes, a separate agreement (wherever required) needs to be executed from the borrower.

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

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

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

No additional interest to be levied for loans sanctioned upto Rs.10 lacs. For loans sanctioned above 10 lacs, 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.

21. 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.

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

No pre-payment penalty.

23. 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.

24. My account was in standard category as on 31.03.2021, however after 01.04.2021 account was classified as NPA, whether I am eligible under Resolution Framework 2.0?

Accounts which were standard as on 31.03.2021 but subsequently slipped to NPA between 01.04.2021 and date of invocation are eligible for resolution under the Resolution Framework 2.0.

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. (Bank is also in process of developing a digital platform to enable customers to ascertain their eligibility and apply online. Validation of borrower will be by way of OTP which will be sent to his/her registered mobile no./email.)