



RE Loans- Moratorium/ EMI Deferment Policy- 2020

Subject	Moratorium
<p>Background</p>	<p>To address the stress in financial sector caused by COVID-19, several measures have been taken by the RBI with a notification titled COVID 19 – Regulatory package (RBI Notification: RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 and RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 dated 27 March 2020 and 23 May 2020).</p> <p>This document proposes implementation of measures that includes moratorium/ EMI deferment policy on term loans, unlisted NCDs to mitigate the burden of debt-servicing on financial stressed borrowers caused due to disruptions on account of COVID-19 pandemic.</p>
<p>Policy/ Process</p>	<p>1. Strategy</p> <p>The Moratorium will work through following changes in the existing loan account of borrower:</p> <ol style="list-style-type: none"> a. Extension of payment of installments falling due between March 2020 till August 2020 and defer the due date(s) of all installments payable by borrower for 6 months b. Tenure of the loan availed by borrower will also increase up to six months c. Interest shall continue to accrue on the outstanding loan amount during the moratorium period and borrower shall be liable to pay the same as per the revised payment schedule. <p>2. Screening Criteria</p> <p>Customers satisfying following criteria will be eligible for moratorium on loan:</p> <ol style="list-style-type: none"> 1. Any loan disbursed before 1st Mar 2020 with EMI's falling from March 2020 to August 2020 is eligible for the Moratorium. 2. Account must not have been Written-off or Settled 3. Account Status to be Current or Delinquent (Matured/ Cancelled/ Closed/ Written-off cases to be excluded) <p>3. Process</p> <ol style="list-style-type: none"> 1. Customer communication to be sent asking whether Moratorium approval is being availed or not 2. Once the consent is received from borrower electronically or by other means, loan account to be separately flagged and unpaid installments falling due between March 2020 till August 2020 will be extended to September 2020. 3. Tenor of the loans will also get extended up to another three months over the original tenor with interest or fees, as applicable on the deferred period to be recovered from borrower. 4. Revised repayment schedule to be shared through email other means of communication for customers who have accepted Moratorium.

	<p>4. Write-off Policy</p> <p>As per RBI guidelines, since the moratorium/ deferment of loans is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same will not be treated as change in terms and conditions of loan agreement due to financial difficulty of the borrower. Hence, such a measure, in itself, shall not result in asset classification deterioration.</p> <p>5. MIS, Tracking & Reporting</p> <ol style="list-style-type: none"> 1. The Moratorium portfolio will be tracked separately by bucket, covering number of Loans and the Outstanding Balances. 2. Delinquency and NPA% will be tracked by vintage across Months on Books after Moratorium is granted. 3. The rescheduling of payments, including interest / fee on Moratorium will not qualify as a default and will be reported to Credit Information Companies (CICs) accordingly.
Applicability	Real Estate Borrowers, Corporate borrowers including individual large LAP loans, LAS loans
Proposed Implementation Date	March'2020
Other Points	<ol style="list-style-type: none"> 1) Listed NCDs if approved for moratorium by RBI under Covid-19 Regulatory package will be governed under this policy 2) Any further extension of moratorium by RBI under Covid-19 Regulatory package will also be governed under this policy.