



FREQUENTLY ASKED QUESTIONS (FAQ)

Resolution Framework for Loans/ Advances due to COVID-19-related Stress

PERSONAL LOANS

1. What are the Criteria for the customers eligible under Resolution Plan?

All Retail Borrowers having stress on account of Covid-19 and classified as standard, but not in default for more than 30 days with the Bank as on March 1, 2020 are eligible under the framework

2. What is the Resolution Plan (RP) for personal loans?

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 moratorium, based on an assessment of income streams of the borrower, subject to a maximum of two years.

3. What type of loans are eligible under the Resolution Plan (RP) for Loan/ Advance Customers?

The Resolution Plan (RP) is applicable to all personal loans, with some exceptions.

4. What type of Borrowers are eligible under the Resolution Framework?

- Borrowers having stress on account of Covid-19.
- Classified as standard, but not in default for more than 30 days with the Bank as on March 1, 2020.
- Accounts should continue to be classified as standard till the date of invocation of resolution under this framework.
- The due diligence/ the process for identification of stress to be followed by the branches/ offices to establish the necessity of implementing a resolution plan

5. Which is the Reference Date for considering the Resolution Plan?

The reference date for the outstanding amount of debt that may be considered for resolution shall be March 1, 2020.

6. When is the due date for invoking the Resolution Plan?

Resolution under this framework shall be invoked not later than December 31, 2020 and must be implemented within 90 days from the date of invocation

7. Whether processing / other charges are applicable for the borrowers opted for the Resolution Plan?

0.1% of the outstanding loan amount eligible for resolution subject to minimum Rs. 1000/- and Maximum Rs. 10000/-. All other applicable charges to be collected as per extant guidelines.

8. Whether any additional securities to be provided for availing the facility under the Resolution Plan?

Existing securities shall continue to be extended for the restructured facilities.

MID CORPORATE CREDIT

1. To whom Resolution framework for COVID – 19 related stress is applicable.

The framework shall be applicable to eligible borrowers – corporate persons or otherwise, subject to certain conditions.

2. Which borrower accounts are eligible for resolution under this frame work?

Only those borrower accounts shall be eligible for resolution under this framework which were classified as standard, but not in default for more than 30 days with any lending institution as on March 1, 2020. Further the accounts should continue to remain standard till the date of invocation.

3. How the resolution process will be treated if the borrower has exposure with multiple lending institutions?

If there are multiple lending institutions with exposure to the borrower, the resolution process shall be treated as invoked in respect of any borrower if lending institutions representing 75 per cent by value of the total outstanding credit facilities (fund based as well non fund based) and not less than 60 per cent of lending institutions by number agree to invoke the same.

4. What is the last date to invoke the resolution under this frame work?

Resolution under this frame work may be invoked not later than December 31, 2020 and must be implemented within 180 days from the date of invocation.

5. When will the Resolution process be treated as lapsed?

In cases where the resolution process has been invoked but lending institutions representing not less than 75 per cent by value of the total outstanding credit facilities (fund based as well non-fund based) and not less than 60 per cent of lending institutions by number, do not sign the ICA within 30 days from the invocation, the invocation will be treated as lapsed. In respect of such borrowers, the resolution process cannot be invoked again under this framework.

6. What is the timeline for signing ICA?

30 days from the date of invocation (last date is 31/12/2020). If ICA is not signed within the stipulated time the invocation will be automatically lapsed. In respect of such borrowers, the resolution process cannot be invoked again under this framework.

7. Adherence to the timelines.

If any of the above timelines are breached at any point, the resolution process ceases to apply immediately in respect of the borrower concerned. Any resolution plan implemented in breach of the above stipulated timelines shall be fully governed by the Prudential Framework, or the relevant instructions as applicable to specific category of lending institutions where the Prudential Framework is not applicable, as if the resolution process was never invoked under this framework.

MICRO, SMALL AND MEDIUM ENTERPRISE CREDIT

“Distressed Asset Fund - Subordinated Debt for Stressed MSMEs (DAF-SDSM)”

1. What is Distressed Asset Fund - Subordinated Debt for Stressed MSMEs?

The “Distressed Asset Fund - Subordinated Debt for Stressed MSMEs” is a scheme framed by Ministry of MSME, GOI under which credit facility would be provided to the Promoters of the stressed MSMEs for infusing the same as equity/quasi equity/ sub-debt in the unit

2. What will be the eligibility criteria for MSMEs to avail the benefit of the Scheme?

All MSME borrower / entities who are stressed viz. SMA2 and N P A accounts and are eligible for restructuring (as per RBI guidelines) and are commercially viable as per the assessment of the lending institutions subject to MSMEs whose accounts have been standard as on 31.03.2018 and have been in regular operations, either as standard accounts, or as NPA accounts during financial year 2018-19 and financial year 2019-20 are eligible under the Scheme. The Scheme is valid for MSME units which are stressed viz. SMA2 and NPA accounts as on 30-04-2020.

3. I was running a business and my account turned into NPA due to certain reasons. However, my unit is not running now and it is closed. Am I eligible under the scheme?

No. For availing this sub-debt, the unit must be in running condition and operational.

4. What is the maximum sub-debt amount eligible under the Scheme?

Under the Scheme, Promoter(s) of the MSME unit will be given credit facility equal to 15 % of his/her stake in the MSME entity (equity plus debt) or Rs 75 lakh whichever is lower as per last audited Balance Sheet.

5. Whether any margin money is required to be brought in by the promoters for availing the sub-debt facility?

Yes. The promoters are required to bring in 10% of the sub-debt amount as collateral.

6. What will be the security on credit facility extended under the Scheme?

The credit extended under the scheme will rank second charge on all the existing assets.

7. What would be the tenor of loans provided under DAF-SDSM?

The tenor of sub-debt facility provided under DAF-SDSM shall be as per the repayment schedule defined by the Bank, subject to a maximum tenor of 10 years.

8. Is there any moratorium period prescribed under DAF-SDSM?

Yes. There can be a moratorium of 7 years (maximum) on the payment of principal. Till the 7th year, only interest will be paid. While the interest on the credit facility provided under the scheme would be required to be serviced regularly (monthly), the principal shall be repaid within a maximum of 3 years after completion of moratorium.

9. What is the Credit Guarantee Scheme for Subordinate Debt (CGSSD)?

Credit facility extended under DAF-SDSM will be covered under Credit Guarantee Scheme for Subordinate Debt (CGSSD) operated by Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE).

10. Will any guarantee fee be charged under the Scheme?

Yes. 1.50% per annum on the guaranteed amount on outstanding basis, to be borne by the borrower.

“ONE TIME RE-STRUCTURE SCHEMES(OTR) “ TO MSME LOANS

1. What is OTR for MSME as per RBI Circular dated 06.08.2020?

In view of the continued need to support the viable MSME entities on account of the fallout of COVID-19, RBI vide their notification dated 06.08.2020 has extended One Time Restructuring(OTR) scheme to MSME loans under Standard asset category as at 01.03.2020 with exposure upto Rs.25 Crores, to be implemented by 31.03.2021., without any downgrade in the asset classification.

2. Who is eligible?

Borrower’s account should be a Standard asset as at 01.03.2020. The aggregate exposure, including Non-Fund based facilities, of Banks and NBFCs to the borrower should not exceed Rs.25 Crores as on March 1, 2020. The borrower entity should be GST-Registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-Registration. This shall be determined on the basis of exemption limit obtained as on March 1, 2020

3. What is the validity of the scheme?

Restructuring of the borrower account has to be implemented by March 31, 2021.

4. I am not having GST - Whether OTR will be considered?

The borrower entity should be GST-Registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-Registration. This shall be determined on the basis of exemption limit obtained as on March 1, 2020.

5. What are the benefits of restructuring?

Based on the Techno-Economic viability of the unit, Restructuring process normally involves modification of terms of the advance which would generally include among others alteration of repayment period, Rephasing/ Rescheduling the repayment in case of an outstanding term loan with or without change in balance repayment period/installments, Rescheduling the payment of interest outstanding, Fresh Finance, if envisaged as per restructuring plan etc.

LARGE CORPORATE CREDIT

1. Are MSME units eligible under the scheme?

MSME units with aggregate exposure of Above Rs 25.00 crore to all lending institutions are only eligible.

2. What are other ineligible corporate Credit categories?

Lending Institutions to financials Service Providers, Lending institutions to Central and State governments, Local government Bodies, Body corporates established by act of Parliament and Housing Finance Companies.

3. Are all accounts irrespective of asset classification eligible for resolution under this scheme?

Accounts classified as Standard, and not in default for more than 30 days as on 01.03.2020 are eligible

4. Whom to approach for availing relief under the package.

Concerned branch if dealing exclusively with our Bank, or respective branches of various Banks if dealing with more than banks under consortium/MBA.

5. What is the timeline for approaching the Banks?

The resolution under this frame work is to be invoked not later than 31.12.2020. Hence borrowers have to approach the lenders sufficiently early so as to enable them to take a decision and frame the resolution package.

6. What are the features of the resolution package?

- a. Extension of residual tenor of the credit facilities by a period of not more than two years, with or without moratorium.
- b. Sanction of additional credit facilities if found necessary to address financial stress.
- c. Conversion of a portion of the debt into equity or other marketable, non-convertible debt securities.

7. What shall be the asset classification after resolution restructuring?

If resolution plan is implemented within the provision of this facility, Standard asset accounts shall be retained as such, after implementation. A standard asset which subsequently slip to NPA between invocation and implementation can be upgraded as standard, as on the date of implementation of package. Additional finance granted will be classified as standard asset till implementation regardless of actual performance during interim.

(FOR ANY OTHER DETAILS/CLARIFICATIONS, PLEASE CONTACT NEAREST BRANCH/OFFICE)