

The following are the policy guidelines adopted by Bank with regard to implementation of the Resolution Framework 2.0 as per the Board approved policy of the Bank. (Personal Loans and Small Business Loans).

RBI vide notification [DOR.STR.REC.11/21.04.048/2021-22](#) dated 05.05.2021 issued guidelines on Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses (other than MSME).

Resolution Framework 2.0: Resolution of COVID-19 stress for Individuals and Small Businesses (other than MSME)

<p>Eligibility and Applicability</p>	<p>The credit facility / investment exposure to the borrower shall be standard as at 31.03.2021.</p> <p>The following borrowers (standard as on 31.03.2021) shall be eligible for resolution plan under the Framework 2.0</p> <p>1. <u>Individual (Personal) Loans:</u></p> <p>The Resolution Framework 2.0 is applicable to Individuals who have availed Personal Loans from the Bank. Personal loans as defined in the Circular DBR.No.BP.BC.99/08.13.100 /2017-18 dated January 4, 2018 on “XBRL Returns - Harmonization of Banking Statistics”, which is as under;</p> <p>Personal loans refer to loans given to individuals and consist of</p> <ul style="list-style-type: none"> (a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.). <p>Consumer credit refers to the loans given to individuals, which consists of</p> <ul style="list-style-type: none"> (a) loans for consumer durables, (b) credit card receivables, (c) auto loans (other than loans for commercial use), (d) personal loans secured by gold, gold jewellery, immovable property, shares and bonds, etc., (other than for business / commercial purposes), (e) personal loans to professionals (excluding loans for business purposes), and (f) loans given for other consumptions purposes (e.g., social ceremonies, etc.).
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	<p>The Resolution Framework 2.0 is not applicable to loans against fixed deposits (including FCNR(B) and credit facilities sanctioned by the Bank to its own staff / personnel.</p> <p>2. <u>Individual Loans for business purposes:</u></p> <p>Individuals who have availed of loans and advances for business purposes and to whom the lending institutions have aggregate exposure of not more than Rs.25 crore as on March 31, 2021.</p> <p>Borrower having loan limits of Rs.5 Crore and above should submit a Certificate from Chartered Accountant duly certifying the exposure of the borrower from all lending institutions. The certificate shall contain Unique Document Identification Number (UDIN). Branches shall verify the authenticity of such certificate by logging on UDIN Portal and verify the UDI Number available in certificate.</p> <p>3. <u>Small Business Loans:</u></p> <p>Small businesses, including those engaged in retail and wholesale trade, other than those classified as Micro, Small and Medium enterprises as on March 31, 2021, and to whom the lending institutions have aggregate exposure of not more than Rs.25 Crore as on March 31, 2021.</p> <p>Borrower having loan limits of Rs.5 Crore and above should submit a Certificate from Chartered Accountant duly certifying the exposure of the borrower from all lending institutions. The certificate shall contain Unique Document Identification Number (UDIN).</p> <p>Loans to allied activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping, sericulture and loans given to farmer households. (as per Sl No 2 of RBI FAQ on Resolution Framework dated 12.12.2020)</p> <p>The eligible borrowers for resolution under this framework are those which having stress on account of Covid19 and were classified as standard, as at 31.03.2021.</p>
<p>Exposure not eligible under Resolution Framework 2.0</p>	<p>i. MSME borrowers (MSME borrowers up to Rs 25.00 Crores are covered under Resolution Framework 2.0 issued by RBI vide notification DOR.STR.REC.12/21.04.048/2021-22 dated 05.05.2021).</p> <p>ii. All the farm credit exposures of all lending institutions, including NBFCs, of the nature listed in Paragraph 6.1 of Master Direction of RBI FIDD.CO.Plan.1/04.09.01/2016-17 dated July 7, 2016 (as updated).</p>

	<p>However, loans to allied activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping, sericulture and loans given to farmer households are eligible under the Framework.</p> <p>iii. Loans to Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi- Purpose Societies (LAMPS) for on-lending to agriculture.</p> <p>iv. Exposures of Banks to financial service providers.</p> <p>v. Exposures of Banks to Central and State Governments; Local Government bodies (eg. Municipal Corporations); and, body corporates established by an Act of Parliament or State Legislature.</p> <p>Further, the following accounts are also not eligible for Resolution under this framework</p> <p>Borrowers who have availed any resolution in terms of the Resolution Framework 1.0</p> <p>vi. However, extension of moratorium, residual tenor and re assessment of Working Capital cycle can be permitted under this Framework.</p> <p>vii. Accounts which are not standard as at 31.03.2021</p>
<p>Identification of Stress</p>	<p><u>1. Individual (Personal) Loans:</u></p> <p>In case of personal loans, identification of stress shall be based on the self-declaration (submitted by the borrower).</p> <p><u>2. Individual Loans for Business Purposes and Small Business Loans other than MSME (irrespective of constitution):</u></p> <p>The due diligence/ the process for identification of stress shall be followed by branches to establish the necessity of implementing a resolution plan in respect of Individual Loans to business purposes and small business loans (other than MSME).</p>
<p>Invocation of Resolution Plan</p>	<p>Resolution under this framework shall be provided only to the borrowers having stress on account of Covid-19.</p> <p>Resolution under the Framework shall be invoked not later than 30.09.2021 and resolution Plan shall be finalized and implemented within 90 days from the date of invocation of the resolution process.</p> <p>The resolution process under this window shall be treated as invoked when the Bank and the borrower agree to proceed with</p>

	<p>the efforts towards finalising a resolution plan to be implemented.</p> <p>In respect of applications received from the borrowers for invoking resolution process under this window, the assessment of eligibility for resolution as per the guidelines of the Framework shall be completed, and the decision on the application shall be communicated in writing to the applicant by the Bank within 30 days of receipt of such applications.</p> <p>The date of such communication by the Bank to the borrower agreeing to the Resolution Plan shall be treated as the date of invocation.</p> <p>The Bank can take decision to invoke the resolution process under this window independent of invocation decisions taken by other lending institutions, if any, having exposure to the same borrower.</p>
<p>Conditions of implementation of Resolution Plan</p>	<p>The resolution plan shall be deemed to be implemented only if all of the following conditions are met:</p> <ol style="list-style-type: none"> a. All related documentation, including execution of necessary agreements between Bank and borrower are completed and collaterals provided, if any, are completed by the lenders concerned in consonance with the resolution plan being implemented; b. The changes in the terms of conditions of the loans get duly reflected in the books of the Bank; and, c. Borrower is not in default with the Bank as per the revised terms.
<p>Features of Resolution Plan 2.0</p>	<p>1. <u>Individual (Personal) Loans:</u></p> <p>The resolution plans consists of the following:</p> <ul style="list-style-type: none"> • Rescheduling payments of instalments/EMIs of loans. 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 from the date of implementation of resolution plan. • In case additional facility (by conversion of any interest accrued, or to be accrued, into another credit facility) permitted as per resolution plan, then additional interest shall be charged for such additional facilities as under:

Type of Loan facility	Additional rate of interest
Housing Loan and Vehicle Loan	NIL
Other personal loans	0.50%

- The moratorium period, if granted, shall come into force immediately upon implementation of the resolution plan.
- The extension of the residual tenor of the loan facilities may also be granted with/without moratorium. In such cases, the overall cap on extension of residual tenor inclusive of moratorium period shall be maximum of two years.
- Under any Personal loan schemes of the Bank, if the total period of repayment or maximum age of the borrowers etc is getting breached due to Covid-19 moratorium already permitted under the existing RBI guidelines and / or reschedulement or moratorium now permitted under Resolution plan, the same will not be treated as breach of scheme guidelines. Respective sanctioning authorities permitting Resolution Plan under these guidelines can permit the same.

2. Individual Loans for Business Purposes and Small Business Loans other than MSME (irrespective of constitution):

The following scenarios shall be followed

a) Borrowers enjoying only Term Loan:

- Bank may allow extension of the residual tenor of the loan, with or without moratorium, by a period not more than two years. The moratorium period, if granted, shall come into force immediately upon implementation of the resolution plan under this framework.
- The extension of the residual tenor of the loan facilities may also be granted to borrowers, with or without payment moratorium. The overall cap on extension of residual tenor, inclusive of moratorium period if any permitted, shall be maximum of two years.
- Bank may also exercise option to reschedule repayment of Principal/Interest. With all the steps, repayment period can be extended upto a maximum of 2 years only.
- Fresh repayment schedule to be generated in case of all Term Loans where Resolution Plan is implemented under this framework.

b) Borrower enjoying only Working capital limits:

- In case conversion of any interest accrued, or to be accrued, in to another credit facility is permitted as per Resolution Plan, then additional interest of 1.00% p.a. shall be charged for such additional / conversion / new facilities. This additional ROI will be benchmarked to the prevailing ROI in respective account.
- Unpaid Interest upto invocation date, and interest accrued beyond RP invocation date/Future interest to be accrued on additional finance/deficit finance, for a maximum period of 6 months, may be converted into FITLs
- Moratorium of maximum 6 months may be factored for repayment of monthly installments of such FITLs However, monthly interest on such FITLs to be paid/recovered, as and when debited.
- Such FITLs to be repayable within a maximum period of 2 years, including moratorium period permitted, if any.

FITLs will carry additional ROI @1% per annum over and above the prevailing/sanctioned ROI for the underlying facilities.

Revision in Working Capital Sanctions:

- In respect of fund based working capital facilities, reduction in margin of stock & Book debts can be permitted. However, the ultimate margin in respect of stock should not go below 10% and in respect of book debts, it should not go below 15% in any case.
- Government Receivables (State/Central/Govt Depts./PSUs) upto 270 days (in exceptional cases, upto 300 days) may be treated as Current Assets and also may be reckoned for arriving the eligible Drawing Power.
- Such working capital margins shall be restored to the original levels by March 31, 2022
- Any Irregular portion in the existing facilities may be converted into WCTL which shall be repayable in maximum period of 2 years from the date of implementation.

Borrowers enjoying both Term Loan as well as Working Capital facilities:

The respective guidelines applicable to Term Loan and Working Capital, as detailed above, will be applicable.

	<p>Compromise settlements are not covered under this Framework.</p> <p>Resolution plan implemented should be viable and backed by future income/ cash flow of the borrower. Bank shall peruse & satisfy about viability of the Resolution Plan.</p> <p>Conversion of debt to equity:</p> <ul style="list-style-type: none"> The resolution plan may also provide for conversion of a portion of the debt into equity or other marketable, non-convertible debt securities issued by the borrower, wherever applicable as per the extant guidelines of the Bank.
<p>Additional Financing (Working Capital)</p>	<ul style="list-style-type: none"> Bank may consider need based additional WC funding in the form of OCC/OBDD/WCDL between the date of Invocation and Implementation. The additional finance requirements may be assessed based on cash budget system/MPBF system, as the case may be. In case additional facility including conversion of any interest accrued, or to be accrued, in to another credit facility is permitted as per Resolution Plan, then additional interest of 1.00% p.a. shall be charged for such additional / conversion / new facilities. This additional ROI will be benchmarked to the prevailing ROI in respective account. <p>Additional finance in the form of OCC/OBDD/WCDL shall be co-terminus with the tenability of the regular/sanctioned working capital facilities. This additional finance will also be subject to review/renewal as per extant guidelines.</p>
<p>Extension of moratorium and residual tenor of loans where Resolution Framework 1.0 implemented</p>	<ul style="list-style-type: none"> In case of borrowers where resolution plan had been implemented in terms of the Resolution Framework - 1.0, and where the resolution plan had availed no moratorium or moratorium of less than two years and / or extension of residual tenor by a period of less than two years, it is now permitted to modify the moratorium and extension of residual tenor upto a period of two years only. The overall caps on moratorium and / or extension of residual tenor granted under Resolution Framework - 1.0 and this framework combined, shall be maximum of two years. However, the same can be permitted to accounts which are fulfilling the criteria under Resolution Framework 2.0. <p>The guidelines regarding eligibility, invocation and implementation shall be applicable.</p>

<p>Working capital support for small businesses where resolution plans were implemented previously</p>	<ul style="list-style-type: none"> In case of Individuals who have availed credit facilities for business purposes and Small businesses including those engaged in retail and wholesale trade, other than those classified as MSME where resolution plans had been implemented in terms of the Resolution Framework - 1.0, it is now permitted, as a one-time measure, to review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring. The decision with regard to above shall be taken by September 30, 2021, with the margins and working capital limits being restored to the levels as per the resolution plan implemented under Resolution Framework - 1.0, by March 31, 2022.
<p>Viability of Resolution Plan</p>	<p>Viability of the Resolution Plan shall be established as under in case of individual loans for business purposes and Small business loans:</p> <p>Exposure upto Rs.10 lakhs in case of individual loans for business purposes and Small business loans:</p> <p>Branch will establish the viability and permit the restructuring using the application and process note based on viability.</p> <p>Exposure above Rs.10 Lakhs upto Rs.5 Crore in case of individual loans for business purposes and Small business loans:</p> <p>The viability study shall be based on report given by the practicing Chartered Accountants along with UDIN, experienced in conducting such viability studies or through PAC/ PAG/ Technical Field Officers of our Bank.</p> <p>Exposure above Rs 5.00 Crores in case of individual loans for business purposes and Small business loans:</p> <p>In case of the Resolution Framework falling up to the delegated powers of Circle Office, the Viability study shall be conducted by the Project Appraisal Cell of Circle office.</p> <p>In case of the Resolution Framework falling under the delegated powers Head Office, the viability study shall be conducted by Project Appraisal Group, H.O.</p>
<p>Rate of Interest</p>	<p>1. Personal Loans:</p> <p>Existing ROI will continue.</p> <p>In case additional facility (by conversion of any interest accrued, or to be accrued, into another credit facility) permitted as per</p>

	<p>resolution plan, then additional interest shall be charged for such additional facilities as under:</p> <table border="1" data-bbox="485 277 1273 483"> <thead> <tr> <th data-bbox="485 277 879 360">Type of Loan facility</th> <th data-bbox="879 277 1273 360">Additional rate of interest</th> </tr> </thead> <tbody> <tr> <td data-bbox="485 360 879 443">Housing Loan and Vehicle Loan</td> <td data-bbox="879 360 1273 443">NIL</td> </tr> <tr> <td data-bbox="485 443 879 483">Other personal loans</td> <td data-bbox="879 443 1273 483">0.50%</td> </tr> </tbody> </table> <p>2. Individual Loans to Business purposes and Small Business Loans:</p> <p>Existing ROI will continue.</p> <p>However, in case conversion of any interest accrued, or to be accrued, in to another credit facility permitted as per Resolution Plan, then additional interest of 1.00% p.a. shall be charged for such additional / conversion / new facilities. This additional ROI will be benchmarked to the prevailing ROI in respective account.</p>	Type of Loan facility	Additional rate of interest	Housing Loan and Vehicle Loan	NIL	Other personal loans	0.50%
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<p>Processing Charges</p>	<p>1. Personal Loans: 0.1% of the outstanding loan amount eligible for resolution subject to minimum Rs. 1000/- and Maximum Rs. 10000/-.</p> <p>All other applicable charges to be collected as per extant guidelines.</p> <p>2. Individual Loans to Business purposes and Small Business Loans: The following charges shall be collected.</p> <p>a. Processing Charges 0.25% of the restructured liability shall be collected.</p> <p>b. Documentation charges/Mortgage Charges shall be collected as per the extant guidelines.</p> <p>No other charges are stipulated other than the above</p>						
<p>Security</p>	<p>1. Personal Loans: Existing securities shall continue to be extended for the restructured facilities.</p> <p>2. Individual Loans to Business purposes and Small Business Loans: Existing securities shall continue.</p> <p>Any additional security is taken /added, the same shall be available for entire facilities.</p> <p>Promoters' personal guarantee should be obtained in all cases of restructuring and corporate guarantee cannot be accepted as a substitute for personal guarantee. However, corporate</p>						

	<p>guarantee can be accepted in those cases where the promoters of a company are not individuals but other corporate bodies or where the individual promoters cannot be clearly identified.</p>
<p>Disclosure and Credit Reporting</p>	<ul style="list-style-type: none"> The credit reporting by the Bank in respect of borrowers where the resolution plan is implemented under this window (other than reassessment of Working Capital Limits as detailed in Sl No 9) shall reflect the “restructured due to COVID-19” status of the account. The credit history of the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.
<p>Other Guidelines</p>	<ul style="list-style-type: none"> ‘Right of Recompense’ clause should be incorporated in the sanction letter and other documents to the effect that when such enterprises turn the corner and restructuring is successfully completed, the sacrifices undertaken should be recouped from the enterprise out of their future profits / cash accruals. The upper limit of Recompense shall be limited to waivers and the sacrifice. The customer should pay the Recompense amount within two years of payment of last installment of restructured loan if not earlier when the cash surplus is found to be in excess of the projection. Any resolution plan implemented in breach of the proposed guidelines of Resolution Framework 2.0 shall be fully governed by the prudential framework of RBI which is communicated vide HO Cir 99/2020.

Please contact base Branch for further details.
