



## **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 2.0?**

All Retail Borrowers having stress on account of Covid-19 and classified as standard as on 31.03.2021 are eligible under the framework.

##### **2. What is the Resolution Plan (RP) 2.0 for personal loans?**

The resolution plan 2.0 consists of :

- Rescheduling payments of installments/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.

##### **3. What type of loans are eligible under the Resolution Plan (RP) 2.0 for Loan/ Advance Customers ?**

The Resolution Plan (RP) 2.0 is applicable to all individuals who have availed Personal loans, individuals who have availed loans and advances for Business purposes whose aggregate exposure is not more than Rs 25.00 Crores as on 31.03.2021, Small Business Loans ( Other than MSME) and their aggregate exposure not more than Rs. 25.00 Crores as on 31.03.2021 and Loans to allied activities, viz, dairy, fishery, animal husbandry, poultry, bee-keeping, sericulture and loans given to farmer households and having stress on account of COVID-19 and were classified as standard as on 31.03.2021.

##### **4. Which Type of borrowers is ineligible under the Resolution Plan (RP) 2.0?**

Loans against Deposits & other approved securities, Farm Credit, Loans to Primary Agricultural Credit Societies(PACS), Farmer's Service Societies(FSS) and Large-Sized Adivasi Multi-Purpose Societies (LAMPS) for on -lending to Agriculture, Exposure to Banks to Financial Service Providers, Exposure 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.

Further, borrowers who have availed any Resolution in terms of the Resolution Framework 1.0 are not eligible under RP 2.0, however extension of moratorium, residual tenor and re-assessment of working capital cycle can be permitted under this framework. Accounts which are not standard as at 31.03.2021 are not eligible.

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

- Borrowers having stress on account of Covid-19.
- Borrowal Accounts Classified as standard as on 31.03.2021.
- 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 after taking the self-declaration from the borrower.

**6. Which is the Reference Date for considering the Resolution Plan 2.0?**

The reference date for the outstanding amount of debt that may be considered for resolution shall be 31.03.2021.

**7. When is the due date for invoking the Resolution Plan 2.0?**

Resolution under this framework shall be invoked not later than 30.09.2021 and must be implemented within 90 days from the date of invocation

**8. Whether existing Rate of Interest will continue for the accounts identified under the Resolution Framework 2.0?**

Existing ROI will continue.

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%

**9. 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.

## **10. 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.

### **MSMEs**

#### **1. What is 'RESOLUTION FRAMEWORK 2.0' – RESOLUTION OF COVID-19 RELATED STRESS OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) as per RBI Circular dated 05.05.2021**

In view of the uncertainties created by the resurgence of the Covid-19 pandemic in India in recent weeks and to contain the economic fallout from Covid-19, RBI, vide notification dated 05.05.2021, has come up with 'Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro Small and Medium Enterprises (MSMEs)' wherein Restructuring under the scheme is extended over units that are classified as MSMEs as per the revised definition in terms of notification dated 26.06.2020 of MoMSME and that are standard asset as on 31.03.2021 with exposure upto Rs. 25 Cr., and restructuring of the borrower account is invoked by September 30, 2021.

#### **2. Who is eligible?**

- I. Borrower's account was a 'standard asset', as on March 31, 2021.
- II. The borrower should be classified as a Micro, Small or Medium Enterprises on March 31, 2021 in terms of the Gazette Notification S.O. 2119 E dated June 26, 2020 (as per HO Cir. 492/2020 dated 30.06.2020, issued in this regard).
- III. The borrowing entity is 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 31, 2021
- IV. If the borrower is not registered in the Udyam Registration portal, such registration shall be required to be completed before the date of implementation of the restructuring plan for the plan to be treated as implemented.
- V. The Borrower's account was not restructured in terms of the circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated 06.08.2020, DOR.No.BP.BC.34/21.04.048/2019-20 dated 11.02.2020 or DOR.No.BP.BC.18/21.04.048/2018-19 dated 01.01.2019

VI. The aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower does not exceed Rs.25 crore as on March 31, 2021.

### **3. What is the validity of the scheme?**

Restructuring of the borrower account is invoked by September 30, 2021. The restructuring of the borrower account is implemented within 90 days from the date of invocation.

### **4. What does invocation mean?**

The restructuring shall be treated as invoked when the lending institution and the borrower agree to proceed with the efforts towards finalizing restructuring plan to be implemented in respect of such borrower.

In respect of accounts of borrowers which were restructured in terms of the MSME restructuring circulars, as a one-time measure, need based early reassessment of the existing working capital limits may be considered, without the same being treated as restructuring, by September 30, 2021. RBI, vide their above mentioned notification dated 05.05.2021, has 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, in respect of accounts that have already been restructured in terms of the MSME Restructuring Circulars.

The early reassessment benefits may be imparted to the MSME borrowal accounts, subject to compliance of the following:

- The above measures shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from Covid-19.
- The decision with regard to above shall be taken by lending institutions by September 30, 2021.
- The reassessed sanctioned limit / drawing power shall be subject to review by the lending institution at least on a half yearly basis and the renewal / reassessment at least on an annual basis. The annual renewal/reassessment shall be expected to suitably modulate the limits as per the then-prevailing business conditions.
- The accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from Covid-19.”

**Salient features in respect of the early working capital re assessment and fixation of limits thereon**

### **1. Who is eligible?**

01. MSMEs that have obtained a valid 'Udyam Registration Certificate, are facing stress on account of the economic fallout from COVID-19, and have already been restructured in terms of the MSME Restructuring Circulars of RBI
02. Account should be 'standard' on the date of sanction and disbursement, for the re-assessed limits.

## **2. What is the Purpose of the loan?**

For build-up of Current Assets, payment of Statutory Dues, Wages/Salaries, Electricity Bills, Rent and other Operating/business expenses, mismatch in cash flows on account of lockdown enforced due to COVID 19 pandemic, etc., Borrower to clearly state the requirements in the application.

## **3. What is the Type of Facility to be given?**

Working Capital (Inventory/receivables based)

## **4. What is the Validity of the Scheme?**

Sanctions under this scheme may be extended on or before 30.09.2021.

## **AGRICULTURE LOAN**

### **1. What are the Criteria for the customers eligible under Resolution Framework 2.0?**

All Borrowers of Agricultural Allied Activities including Argo-based Industries having stress on account of Covid-19 and classified as standard as on 31.03.2021 are eligible under the Resolution Framework 2.0.

### **2. What is the Resolution Plan (RP) for Agricultural 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 Agriculture loans is eligible under the Resolution Plan (RP) for Loan/ Advance Customers?**

The Resolution Plan (RP) is applicable to all Agricultural Allied Activities including Agro-based Industries loans and Agri Ancillary units like Cold Storage, Rural Godown etc. Agricultural Allied Activities means Dairy, Poultry, Fisheries, Goatery etc. Though the borrowers availed any resolution in terms of Resolution Framework 1.0 are not eligible under Resolution Framework 2.0, but in case of borrowers where resolution

plan had been implemented in terms of the Resolution Framework 1.0, and where the resolution plan had permitted no moratorium or moratorium of less than 2 years and/or extension of residual tenor by period of less than 2 years, it is now permitted to modify the moratorium and extension of residual tenor upto a period of 2 years only. The overall caps on moratorium and/or extension of residual tenor granted under Resolution Framework 1.0 and this framework combine shall be 2 years.

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

- Borrowers having stress on account of Covid-19.
- Classified as standard with the Bank as on 31.03.2021.
- 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 31, 2021.

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

Resolution under this framework shall be invoked not later than September 30, 2021 and must be implemented within 90 days from the date of invocation.

#### **7. 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.

### **CARD HOLDERS**

#### **1. Who are eligible under Resolution Framework 2.0?**

Individual Credit Cardholders and Corporate Cardholders whose card dues are classified as Standard Assets as on March 31, 2021. Both Card dues in Credit card account including EMI and TOD in the operative account linked to the Credit Card on account of forced debit of card dues are eligible.

In case of Corporate Credit cards, the aggregate exposure to the entity form lending institutions shall not be more than Rs 25.00 Crores.

Resolution Framework 2.0 is governed by guidelines issued by RBI vide notification DOR.STR.REC.12/21.04.048/2021-22 dated 05.05.2021.

**2. What are the eligibility criteria for the above accounts?**

Credit Card Accounts shall be standard as at 31.03.2021.

The Resolution under the Framework shall be provided only to the Cardholders having stress on account of Covid-19.

**3. Whether Corporate Credit Cards are eligible under Resolution Framework 2.0?**

Yes, Corporate Credit Cards are eligible under the framework subject to complying other Resolution Framework 2.0 conditions by the entity (issued with Corporate Credit Card) as per the guidelines issued by Credit Policy Section/MSME Section applicable to the line of activity of the cardholder entity.

**4. What are the features of Resolution Framework 2.0?**

The resolution plans implemented under this window may inter alia include rescheduling of payments and granting of moratorium etc. based on an assessment of income streams of the borrower. However, compromise settlements are not permitted as a resolution plan for this purpose.

**5. What is Invocation date of Resolution Plan?**

The resolution process under this window shall be treated as invoked when the Bank and the Cardholder agree to proceed with the efforts towards finalizing a resolution plan to be implemented.

**6. What is the last date for Invocation and Implementation of Resolution Plan under the Framework?**

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.

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

The decision to invoke the resolution process under this window shall be taken by each lending institution having exposure to a Cardholder independent of invocation decisions taken by other lending institutions, if any, having exposure to the same Cardholder.

**8. Whether cardholder who had availed Resolution under Resolution framework 1.0 is eligible for resolution under Resolution frame work 2.0?**

Cardholders who have availed any resolution in terms of the Resolution Framework 1.0 (guidelines issued vide HO Cir 788/2020 dated 15.10.2020) are not eligible for Resolution under Resolution frame work 2.0 of RBI.

However, In case of Cardholders 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 up to a period of two years only under Resolution frame work 2.0. 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.

This can be permitted to Credit Card accounts which are fulfilling the criteria under proposed Resolution Framework 2.0 - The guidelines mentioned in SI No 1 to 4 under detailed guidelines in Annexure I regarding eligibility, invocation and implementation shall be applicable.

**9. Under Resolution Framework 1.0, Cardholder was provided moratorium and extension of tenor by 12 months. Can the borrower avail Resolution Framework 2.0?**

The Cardholder can avail only Extension of moratorium and residual tenor of loans through Resolution for a further period of 12 months. 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.

**10. Exposure of the borrower (Small Business) as at 31.03.2021 is Rs 30.00 Crores. Whether Corporate Credit card to this entity Is eligible under the Resolution Framework 2.0?**

No, exposure to Small Business segment above Rs 25.00 Crores is not eligible under the Framework.

-----  
----

**For any further clarification contact your Branch.**