

FAQ

Q : Why RBI has announced the relief package?

A : Reserve Bank of India has announced certain regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of Covid-19 pandemic and to ensure the continuity of viable businesses. It was felt that there may be a temporary disruption in the Cash Flows, and in some cases loss of income, for the businesses/ individuals and the present measures work to bring relief to those businesses / individuals.

Q : Which are the facilities eligible for availing the benefits under the RBI Covid- 19 regulatory package and whether the facility is extended across the board to all borrowers?

A : All Term Loans (including Agricultural Term Loans, Retail, Crop Loans and Cash Credit/Overdraft are eligible to avail the benefits under the package. This is available to all such accounts, which are Standard Assets as on 1st March 2020. Further, to avoid unnecessary paperwork the facility has been extended across the board to all the borrowers by extending repayment of Term Loan instalments (includes interest) by 3 months. The original repayment period for Term Loans will get extended by 3 months e.g. a loan repayable in 60 instalments maturing on 1st March 2025 will mature on 1st June 2025.

Q : Are the EMIs going to be waived?

A : The EMIs are not going to be waived but only deferred or postponed. Customers can start paying EMIs after the moratorium period is over i.e. from 1st June onwards. The total repayment period will get extended.

Q : If I have more than one loan accounts, will all loan accounts be eligible to avail the relief?

A : Yes, all loan accounts as mentioned above will be eligible to avail the relief.

Q : What is meant by Moratorium?

A : Moratorium is temporary postponement of payment of EMIs/ Instalments due for the period between 1st March'20 & 31st May'20.

Q : Is rescheduling of payments applicable for all kinds of Terms Loans?

A : It is applicable for all Term Loans in all the Segments, irrespective of the Segment and the tenor of the Term Loans.

Q : Is rescheduling of Term Loans only for Principal amount or it also includes interest?

A : Rescheduling of Principal can be done for a period of three months falling due between March 1, 2020 and May 31, 2020. For example, where the last instalment of a Term Loan falls due for payment of on say 1st March 2020, it will become payable on 1st June 2020.

For EMI based Term Loans, it will be three EMIs falling due between 1st March 2020 and May 31st, 2020 and the tenor will be extended by three months and have to be repaid during the extended period.

For other Term Loans, it will be all the instalments and Interest falling due during the same period, irrespective of the tenor of payment i.e. Monthly, Quarterly, Half Yearly, Annually, Bullet Payment etc. For Term Loans, where the repayment has not commenced, the interest portion for three months alone needs to be reckoned.

Q : Whether Bank will stop recovery of EMIs/ Instalments automatically/ on its own?

A : No. Bank requires the consent of the borrower for this purpose

Q : Why was my account debited when the RBI has announced a moratorium?

A : Opting for the Moratorium is entirely the customers' choice. We understand that all our customers may not opt for the Moratorium given that there is an additional levy of interest payable under the terms of the Moratorium. If you wish to opt for the Moratorium, we would be happy to refund the EMI debited and register your Loan account under the Moratorium process. In that case, customer is required to submit request to the Base branch.

Q : What will be the treatment of interest on the Working Capital facilities?

A : The recovery of Interest applied to Cash Credit/Overdraft on 31st March, 30th April and 31st May 2020 is being 'deferred'. However, the accumulated accrued interest shall be recovered immediately after the completion of the moratorium period.

Q : What will be the impact of this relief by RBI on borrowers as far as reporting of default is concerned?

A : Any delay in payment leads to default and gets reported to Credit Bureaus. As a result of this relief package, the overdue payments post 1st March 2020 will not be reported to Credit Bureaus for three months. No penal interest or charges will be payable to the Banks.

Q : That means Businesses/ Individuals should necessarily take the benefit?

A : You may take the benefits under this package if there is a disruption in your cash flows or there is loss of income. However, you must take into account that the EMI of the loans, though not mandatorily payable immediately and gets postponed by 3 months, continues to accrue interest on compounding basis in your account which results as higher amount and

additional EMIs. It is advised, if someone has adequate cash flows and capacity to pay regular EMIs, he/she should continue to pay.

Q : Should I get upset if any Bank Staff or its collection agent approach me for repayment?

A : You should not get upset and tell Bank Staff/ Collection Agent that you want to avail the benefit being extended under regulatory package.

Q : In what other ways, businesses have been given relief

A : The businesses may request the Bank to re-assess their Working Capital requirements on account of disruption of their cash flows or elongation of Working Capital Cycle. Decision will be taken by the Bank branches on case-to-case basis based on the genuineness of the request.

Q : Will all these measures of RBI be treated as “restructuring”? What about the provisions applicable?

A : The measures stipulated by RBI under the March 27, 2020 circular on COVID 19 Regulatory Package will not be treated as “Restructuring” and hence will not result in asset classification downgrade. Accordingly, the enhanced provisions for Restructured Accounts will not apply.

Q : Whether Bank will refund the EMI already deducted for the month of March.

A : Bank will refund the EMI (of Retail loans) deducted through standing instruction /NACH/ECS for the month of March 2020 to May 2020 at the request of the customer made at Base Branch.

Q : Whether Bank will honour the Standing instructions in the account during this period.

A : Bank will continue to collect instalments as per the standing instructions unless stopped by the borrower. In case Borrower wants to avail moratorium period of 3 months, they must approach to the base Branch by way of letter or scan copy of letter by email to base branch as per Annexure - I for stopping of standing instructions.

Q : Whether Bank will honour the existing ECS, NACH mandate in the account during this period

A: Bank will continue to collect instalments as per the ECS, NACH mandate unless stopped by the borrower. In case borrower wants to avail moratorium period of 3 months, they must approach to the base Branch for stopping of NACH/ECS mandate

Q : Whether Bank is sending an OTP to customers for availing moratorium?

A : No, bank is not sending any sort of OTP for availing moratorium. All customers are requested to stay alert of any such fraud communication asking to share OTP.

Bank officials will never ask you to share OTP / PIN / password / account details. Please be guided by information shared in the above moratorium related FAQs.

APPLICATION FORM FOR

Deferment of Recovery of Instalment/EMI through NACH/ ECS/ SI

Branch Manager,
Baroda Gujarat Gramin Bank,
..... Branch

Dear Sir,

LOAN TYPE _____ (Housing Loan, Car Loan etc.)

Loan Account No : _____

In the Name of _____

Mode of Instalment _____ (ECS / NACH/ STANDING INSTRUCTION)

In view of the prevailing COVID-19 situation, as per RBI instructions on allowing 3 months' moratorium in payment of EMIs, I / We wish to defer recovery of instalment/ EMI in my/ our above Term Loan account till 31.05.2020.

I/ we understand that:

- a. The repayment duration of my loan will get extended by the above period of deferment.
- b. Interest will continue to accrue to my loan account during the period of deferment and this could result in increase in the amount/number of my EMIs.
- c. I also authorize you to recover the deferred instalments/ EMIs in future through ECS/NACH/SI.

Yours faithfully,

Signature of 1st Borrower

Mobile no.-

Date:

Place:

Signature of 2nd Borrower

Mobile no.-