

## **FAQs for Commercial Advances:**

### **1. Who are eligible?**

All Commercial advances both Retail and Wholesale.

### **2. What types of facilities will be eligible for relief?**

The relief will be applicable to credit facilities both Working capital and Term Loan.

Working Capital facilities include Cash Credit/Overdraft

### **3. What type of relief is available?**

#### In case of Term Loan:

The repayment schedule of term loans will shift by three months i.e. from March 1, 2020 till May 31, 2020. Deferment period further extended from June 2020 to August 2020 for principal and interest repayment.

and the tenor of the term loan will be commensurately extended for principal repayment.

#### In case of Working capital

- Deferment of interest for three months i.e. from March 1, 2020 till May 31, 2020. Deferment is further extended from 1, June 2020 to August 31, 2020.
- Reduction in margin for calculating drawing power
- Reassessment of WC Cycle
- In case of payment of accumulated interest on CC to be paid as follows:

- ✓ 10% of the accumulated amount of interest every month from September 2020 to December 2020.

- ✓ 20% of the accumulated amount of interest every month from January 2020 to March 2020.

Above relief will be granted with proper justification for example wherein WC cycle is impacted by the pandemic, cancellation/deferment of orders, shutdown of unit, non-availability of manpower/ transportation, elongated debtors realisation, payment of salaries and wages, payment of statutory dues etc.

**4. How the relief/ moratorium can be obtained?**

The relief/ moratorium is optional, hence if required customer will need to specifically communicate willingness for availing of Moratorium and postponement of payments falling due for payment between the period beginning from Mar 01 until May 31, 2020 which is further extended until August 31, 2020 by a specific e-mail communication from their registered e-mail address to their home branch/ SMEs/ Zonal offices.

**5. Till what time the concession as regards to reduction in margin for calculating drawing power will be valid?**

The concession in reduction in margin will be valid up to 31st March 2021. After such period the margin will be reverted to pre-relief margin stipulated by the Bank.

**6. When the unpaid interest on term loan and working capital limit is to be paid?**

In case of Term Loan

In case of term loans availed by commercial borrowers where repayment is not by way of EMI

The repayment schedule for such loans as also the residual tenor, will be shifted by 6 months after the moratorium period i.e. 31st August 2020. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

Recovery of adjusted/ additional interest during moratorium period of 6 months i.e from March 1 2020 till August 31 2020 will be in next 7 months in equated monthly installments starting from September 2020 upto March 2021.

- In case of foreclosure of Term loan facility, the entire outstanding balance along with the adjusted/ additional interest would be recovered from the borrower.

In case of Working capital:

The accumulated accrued interest shall be recovered by converting the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan (FITL) which shall be repayable not later than March 31, 2021.

**7. Whether penal interest will be charged on unpaid interest portion?**

No penal interest will be levied on unpaid interest portion during moratorium/ deferment, however if the customer fails to pay the accumulated accrued interest on due dates as specified i.e after completion of moratorium period, penal interest will be charged.

**8. Whether interest on unpaid interest portion will be charged?**

Yes

**9. Whether credit history will be adversely impacted?**

No, the revised schedule of payment of instalments and interest will not be considered as a default. This will not adversely impact the credit score or history of the borrowers.

**10. Whether deferment will be treated as restructuring/ down gradation in asset classification?**

As the bank is granting the moratorium or deferment or recalculation of drawing power facility only after obtaining proper justification from customer who is affected by COVID-19 pandemic, hence it would not

lead to reclassification of asset or asset classification downgrade. As this relief will not be considered as a concession or change in terms of loan agreements.

**11. If instalment of March is already paid, whether it will be reversed?**

Yes, if the need for deferment of interest and/ or instalment is justified the instalment already paid for the month of March can be reversed.

**12. Whom to contact for further Queries?**

Respective Branch Manager/ SME head/ Zonal Incharge can be contacted in case of further queries.

----- **END** -----