

CIRCULAR TO ALL BRANCHES /OFFICES IN INDIA

Issued by Credit monitoring Department, Baroda Corporate Centre, Mumbai

Madam/Dear Sir,

Re: **COVID-19- Regulatory Package**

We refer to RBI circular no RBI/2019-20/186 DOR.NO.BP.BC.47/21.04.048/2019-20 dated 27th March, 2020 with respect to COVID-19-Regulatory Package announced by RBI 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.

1.0 Details of the guidelines are as under :

➤ **Rescheduling of Payments - Term Loans and Working Capital Facilities**

- (i) In respect of all term loans (including Demand Loans, Agricultural term loans, retail and crop loans), moratorium of three months be allowed on payment of all instalments¹ (Instalments will include the following payments falling due from March 1, 2020 to May 31, 2020: (i) principal and/or interest components; (ii) bullet repayments; (iii) Equated Monthly instalments . The repayment schedule for such loans as also the residual tenor, will be shifted across the board by three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.
- (ii) In respect of working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 upto May 31, 2020 ("deferment"). The accumulated accrued interest shall be recovered immediately after the completion of this period.

2.0 Easing of Working Capital Financing

In respect of working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, drawing power to be recalculated by reducing the margins and/or by reassessing the working capital cycle. This relief shall be available in respect of all such changes effected up to May 31, 2020 .and shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, 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.

Sanctioning authority is empowered to change need based drawing power by reducing margin and / or by reassessment of the working capital cycle on case to case basis, Product specific guidelines will be issued by respective verticals , please be guided accordingly.

3.0 Classification as Special Mention Account (SMA) and Non- Performing Asset (NPA)

(i) Since the moratorium/deferment/recalculation of the 'drawing power' is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under paragraph 2 of the Annex to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets)



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Directions, 2019 dated June 7, 2019 ("Prudential Framework"). Consequently, such a measure, by itself, shall not result in asset classification downgrade.

(ii) The asset classification of term loans which are granted relief as per paragraph 1(i) shall be determined on the basis of revised due dates and the revised repayment schedule. Similarly, working capital facilities where relief is provided as per paragraph 1(ii)above, the SMA and the out of order status shall be evaluated considering the application of accumulated interest immediately after the completion of the deferment period as well as the revised terms as permitted in terms of paragraph 2 above.

(iii) The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs).

- Wherever the exposure of a borrower is Rs. 5 crore or above as on March 1, 2020, the bank will develop an MIS on the reliefs provided to its borrowers which shall *inter alia* include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.
- The instructions of the RBI Circular dated 27.03.2020 come into force with immediate effect.

4.0 Branches to note following instructions:-

1. Endeavour to recover the overdue upto Dec 19 to prevent the account from slippage as of 31st March 2020
2. Bank will continue to honor the standing instructions unless withdrawn by the borrower. As the Borrower has the liberty to make payment as per existing repayment schedule if they so desire.
3. During this period auto debit facility will not be effective as the demand will not be raised in the account . Hence if the borrower desires to continue payment , should use other digital mode of Payments .
4. Branches should enter specific code (to be communicated separately) in Finacle for accounts where relief has been extended.

Please be guided accordingly.

Yours faithfully,

(Jaya Chakraborty De)
General Manager- CC
Credit Monitoring Department.