

COVID CIRCULAR

RBI

CIRCULAR DATE | 27 MARCH 2020

APPLICABLE TO

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks),

All Primary (Urban) Co-operative Banks/State Co-operative Banks/ District Central Co-operative Banks,

All-India Financial Institutions,

All Non-Banking Financial Companies (including Housing Finance Companies)

SUBJECT OF THE CIRCULAR**(i) Rescheduling of Payments – Term Loans and Working Capital Facilities**

In respect of all term loans (including agricultural term loans, retail and crop loans), all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies) (“lending institutions”) are permitted to grant a moratorium of three months on payment of all instalments¹ falling due between March 1, 2020 and May 31, 2020.

FURTHER EXTENSION

Extend the moratorium by another three months i.e. from June 1, 2020 to August 31, 2020 on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans).

(MAY 23, 2020)**(ii) 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, lending institutions may recalculate the ‘drawing power’ 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. "

Wherever the exposure of a lending institution to a borrower is Rs.5 crore or above as on March 1, 2020, the bank shall 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.

FURTHER EXTENSION

Recalculate the 'drawing power' by reducing the margins till August 31, 2020.

(MAY 23, 2020)