

## **Resolution Framework 2.0: Resolution of COVID-19 Related Stress of Individuals, Small Business & MSME's :**

The following policies are approved by the board of bank with regard to implementation of Resolution Framework 2.0 – Resolution of Covid-19 related stress of individuals and small business & Micro, Small & Medium Enterprises (MSME) as per RBI notification DOR.STR.REC.11/21.04.048/2021-22 & DOR.STR.REC.12/21.04.048/2021-22 dated 05.05.2021.

### **A) Scheme for finance to the existing taxi / Auto Rickshaw loans is as under:**

#### **1. ELIGIBILITY:**

1. The loan may be sanctioned to those borrowers whose account were Standard Accounts on 31.03.2021
2. Moratorium on the existing debt till 31.03.2023 or equivalent to unpaid installments on case to case basis, accordingly overall tenure to be extended with the number of months for which moratorium is provided.
3. Funding of the entire unpaid interest and other charges including insurance amount debited to the account.
4. Willful defaulters and those availed benefits in any other scheme are not eligible under this scheme.
5. Borrower should not have availed of any resolution in terms of resolution framework 1.0
6. In cases of loans of borrowers where resolution plans had been implemented in terms of the Resolution Framework – 1.0, and where the resolution plans had permitted no moratoria or moratoria of less than two years and / or extension of residual tenor by a period of less than two years, it is permitted to use this window to modify such plans only to the extent of increasing the period of moratorium / extension of residual tenor subject to the caps in Clause 5 above, and the consequent changes necessary in the terms of the loan for implementing such extension. 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. No funding of interest or other charges is permitted in this case.

#### **2) QUANTUM OF FINANCE**

- A) Maximum to the extent of unpaid interest and other charges debited to the account during the Moratorium period.

#### **3) MARGIN**

Existing : As per original sanction

Additional Loan: 15% of the loan amount by the applicant borrower.

#### **4) RATE OF INTEREST**

For existing loan : Existing ROI to continue

For Additional Loan : Rate of interest shall be 11.25 %.

The Bank has a right for upward/ downward revision of the ROI from time to time at its sole discretion.

#### **5) SHARE LINKAGE**

2.5% of the exposure (including the earlier finance)

#### **6) PROCESSING FEES/ documentation charges**

NIL / Actual documentation charges to be recovered.

## **7) MORATORIUM**

For Existing Loan: maximum - w.e.f.01.04.2021 upto 31.03.2023 or actual unpaid period of EMIs, whichever is lower.

## **8) REPAYMENT PERIOD**

For Existing Loan: The residual tenor of the loan shall be extended with the period of moratorium provided in the account.

Additional Loan: Maximum 36 Equated Monthly Installment including moratorium till the date of assessed residual life of the vehicle by BM and AGM

## **9) Conditions of implementation of Resolution Plan:**

The resolution plan shall be deemed to be implemented only if all of the following conditions are met:

1. All related documentation, including execution of necessary agreements between Bank and borrower are completed and collaterals provided, if any, are completed by the lenders concerned in consonance with the resolution plan being implemented;
2. The changes in the terms of conditions of the loans get duly reflected in the books of the Bank; and,

## **10) Disclosure and Credit Reporting**

The credit reporting by the Bank in respect of borrowers where the resolution plan is implemented under this window shall reflect the “restructured due to COVID-19” status of the account. The credit history of the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.

## **11) OTHER CONDITIONS**

- i. The quantum of additional loan shall be assessed and recommended by BM and Area Head. While assessing the additional finance, the recommending and sanctioning authority to keep into consideration the repayment capacity of the borrower and the residual age of the vehicle.
- ii. The loan shall be offered only to the vehicles with valid permit.
- iii. All other conditions of the policies in force for new and used vehicles.
- iv. BM/Area heads to closely monitor the accounts and inspection of vehicles be conducted on regular intervals.
- v. The borrowal accounts where the account is regular and vehicle is already on Road, no Moratorium or additional finance shall be allowed.
- vi. Asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between March 2, 2020 and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan. The asset classification benefit will be available only if the restructuring is done as per provisions of this circular.
- vii. Upon implementation of the restructuring plan, the bank shall keep provisions of 10 percent of the residual debt of the borrower.

**B) Scheme for finance to the existing Individual loans and Small business Loans (Vehicle Loans/Housing Loans/ other Personal Loans & Small Business Loans including SOD) is as under:**

**1. ELIGIBILITY:**

1. The loan may be sanctioned to those borrowers whose account were Standard Accounts on 31.03.2021
2. Moratorium on the existing debt till 31.03.2023 or equivalent to unpaid installments on case to case basis, accordingly overall tenure to be extended with the number of months for which moratorium is provided.
3. Funding of the entire unpaid interest and other charges including insurance amount debited to the account.
4. Willful defaulters and those availed benefits in any other scheme are not eligible under this scheme.
5. Borrower should not have availed of any resolution in terms of resolution framework 1.0
6. The Resolution Framework 2.0 is not applicable to loans against fixed deposits (including FCNR(B) and credit facilities sanctioned by the Bank to its own staff / personnel.
7. Borrower having loan limits of Rs.5 Crore and above should submit a Certificate from Chartered Accountant duly certifying the exposure of the borrower from all lending institutions. The certificate shall contain Unique Document Identification Number (UDIN). Branches shall verify the authenticity of such certificate by logging on UDIN Portal and verify the UDI Number available in certificate.
8. Borrower having loan limits of Rs.5 Crore and above should submit a Certificate from Chartered Accountant duly certifying the exposure of the borrower from all lending institutions. The certificate shall contain Unique Document Identification Number (UDIN).
9. In cases of loans of borrowers where resolution plans had been implemented in terms of the Resolution Framework – 1.0, and where the resolution plans had permitted no moratoria or moratoria of less than two years and / or extension of residual tenor by a period of less than two years, it is permitted to use this window to modify such plans only to the extent of increasing the period of moratorium / extension of residual tenor subject to the caps in Clause 5 above, and the consequent changes necessary in the terms of the loan for implementing such extension. 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. No funding of interest or other charges is permitted in this case.

**2) QUANTUM OF FINANCE**

- C) Term Loans and SOD: Maximum to the extent of unpaid interest debited to the account during the Moratorium period. FITL for the purpose shall be opened and upon debit of interest in TL account on monthly basis during moratorium period, the similar amount in FITL shall be raised and TL account shall be credited. No funds shall be released to the borrower by way of additional funding or otherwise.
- D) Working capital Loans : Additional finance to the extent maximum of 20% of existing limits shall be allowed subject to viability of the business as assessed by the Bank.
- E) For working capital business Loans against Mortgage of property other than SOD loans: additional loans shall be given against the existing property subject to availability of residual value of the property or by reducing margins on existing and fresh loans. The viability of the business shall be assessed on case to case basis.

### **3) MARGIN**

I) TL/ SOD Existing : As per original sanction

II) Existing and Additional working capital Loan: a) For first Two years--> Minimum 20% of the total assets financed for working capital (Book debts and stocks etc.) on case to case basis for a period of Two year. Thereafter the margin would be as per original sanctioned terms of existing sanction or as appraised and sanctioned by the bank on case to case basis at the time of renewal.

b) For working capital business Loans against Mortgage of property other than SOD loans: additional loans shall be given against the existing property subject to availability of residual value of the property or by reducing margins on existing and fresh loans. The viability of the business shall be assessed on case to case basis.

### **4) RATE OF INTEREST**

For existing loan : Existing ROI to continue

For Additional Loan : Rate of interest shall be as per existing loan.

The Bank has a right for upward/ downward revision of the ROI from time to time at its sole discretion.

### **5) SHARE LINKAGE**

2.5% of the exposure (including the earlier finance)

### **6) PROCESSING FEES/ documentation charges**

NIL / Actual documentation charges to be recovered.

### **7) MORATORIUM**

**For Existing Term Loan/ SOD:** maximum - w.e.f.01.04.2021 upto 31.03.2023 or actual unpaid period of EMIs, whichever is lower.

**For FITL :** Moratorium on principal repayment upto 31-03-23, however interest to be paid on monthly basis as and when levied.

### **8) REPAYMENT PERIOD**

For Existing Term Loan /SOD Loan: The residual tenor of the loan shall be extended with the period of moratorium provided in the account. Interest shall be paid in the account by raising the FITL account with the amount equivalent to the interest debited in the TL account.

FITL: Maximum 36 Equated Monthly Installment after moratorium of 24 months (total 60 months).

Working capital loans (existing and additional): Renewal on annual basis, interest to be paid as and when levied in the account.

### **9) Conditions of implementation of Resolution Plan:**

The resolution plan shall be deemed to be implemented only if all of the following conditions are met:

3. All related documentation, including execution of necessary agreements between Bank and borrower are completed and collaterals provided, if any, are completed by the lenders concerned in consonance with the resolution plan being implemented;
4. The changes in the terms of conditions of the loans get duly reflected in the books of the Bank; and,

### **10) Disclosure and Credit Reporting**

The credit reporting by the Bank in respect of borrowers where the resolution plan is implemented under this window shall reflect the “restructured due to COVID-19” status of the account. The credit history of the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.

### **11) OTHER CONDITIONS**

- viii. The quantum of additional loan shall be assessed and recommended by BM and Area Head. While assessing the additional finance, the recommending and sanctioning authority to keep into consideration the viability of the account and repayment capacity of the borrower as well available securities and margins.
- ix. BM/Area heads to closely monitor the accounts and inspection of units/ assets financed / collateral securities to be conducted on regular intervals.
- x. Asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between April 1, 2021 and date of implementation may be upgraded as ‘standard asset’, as on the date of implementation of the restructuring plan. The asset classification benefit will be available only if the restructuring is done as per provisions of this circular.
- xi. Upon implementation of the restructuring plan, the bank shall keep provisions of 10 percent of the residual debt of the borrower.

## **C) Scheme for finance to the existing Business Enterprises under MSME is as under:**

### **1) ELIGIBILITY:**

1. Loan may be sanctioned to those borrowers whose account were Standard Account as on 31.03.2021
2. Moratorium on the existing Term Loans till 31.03.2023 on case to case basis, accordingly overall tenure to be extended with the number of months for which moratorium is provided.
3. Funding of the entire unpaid interest and other charges including insurance amount debited to the account in Term Loans.
4. Additional finance for running of the unit as per laid down criterion for assessment of MPBF with relaxations in financial ratios and margins on case to case basis and on the sole discretion of the bank after satisfying that the borrower has stress due to Covid.
5. The Resolution Framework 2.0 is not applicable to loans against fixed deposits (including FCNR(B) and credit facilities sanctioned by the Bank to its own staff / personnel.
6. Borrower having loan limits of Rs.5 Crore and above should submit a Certificate from Chartered Accountant duly certifying the exposure of the borrower from all lending institutions. The certificate shall contain Unique Document Identification Number (UDIN). Branches shall verify the authenticity of such certificate by logging on UDIN Portal and verify the UDI Number available in certificate.
7. Borrower having loan limits of Rs.5 Crore and above should submit a Certificate from Chartered Accountant duly certifying the exposure of the borrower from all lending institutions. The certificate shall contain Unique Document Identification Number (UDIN).

### **2) QUANTUM OF FINANCE**

**For TL :** FITL to be created Maximum upto interest debited in the account which remain unpaid w.e.f. 01.04.21 to 31.03.23. No other charges to be funded. No Fresh TL to be proposed. The amount of FITL shall be created on monthly basis equivalent to the amount of interest debited in TL account, which will be debited to FITL account and will be credited to TL account. No amount to be released to the borrower from FITL or TL account except undisbursed TL, if any.

**For Working Capital:** Additional finance is Maximum upto 20% of the existing working capital facility subject to availability of collateral security and compliance of other financial parameters detailed hereunder. NO FITL to be given.

Further, at the specific request of the borrower and assessment by the Bank, part of existing and proposed Working capital (maximum upto 60 % of the total exposure) may be converted to WCTL on similar Terms and conditions as for WC.

### **3) MARGIN**

TL : As per existing terms

Working Capital : a) For first year ->Minimum 20% of the total assets financed for working capital (Book debts and stocks etc.) on case to case basis for a period of one year

b) For Second year ->Minimum 25% of the total assets financed for working capital (Book debts and stocks etc.) on case to case basis for a period of one year.

c) Thereafter the margin would be as per original sanctioned terms of existing sanction or as appraised and sanctioned by the bank on case to case basis at the time of renewal.

WCTL : Margins as above. Amount of WCTL to be reduced/ adjusted on annual basis according to the margins. Interest on WCTL to be paid on monthly basis as and when levied.

#### **4) RATE OF INTEREST**

For all the existing & Additional loans / Fresh WCTL : Existing ROI to continue  
The Bank has a right for upward/ downward revision of the ROI from time to time at its sole discretion. Further;

**Term Loan** : The interest shall be levied and recovered on monthly basis by debiting the FITL and crediting the TL account.

**FITL**: The interest shall be levied and recovered on monthly basis from the borrower

**Working capital / WCTL** : The interest shall be levied and recovered on monthly basis from the borrower

#### **5) SHARE LINKAGE**

2.5% of the total exposure (including the earlier finance)

#### **6) PROCESSING FEES/ DOCUMENTATION CHARGES**

For Loans upto Rs.25 lakh :Rs 1000 plus applicable GST and Actual documentation charges.

For Loans beyond Rs.25 lakh and upto Rs.100 lakh :Rs 2000 plus applicable GST and Actual documentation charges.

For Loans beyond Rs.100 lakh :Rs 5000 plus applicable GST and Actual documentation charges.

#### **7) MORATORIUM**

**For Existing Term Loan**: maximum - w.e.f.01.04.2021 upto 31.03.2023 or actual unpaid period of EMIs, whichever is lower. No additional TL to be given under the scheme.

**FITL** : A moratorium of 24 months from the date of disbursement. Interest on FITL to be paid on monthly basis as and when levied from the date of disbursement.

**For Existing and additional Working Capital Loans/ WCTL**: Since allowed in shape of working capital loan therefore no moratorium allowed for payment of interest etc.

#### **8) REPAYMENT:**

**For Existing Term Loan**: The residual tenor of the loan shall be extended with the period of moratorium provided in the account.

**FITL** : To be paid in 36 monthly installments after a moratorium of 24 months or maximum upto residual period of TL, whichever is lower. Interest on FITL to be paid on monthly basis as and when levied from the date of disbursement.

**Existing & Additional working capital Loan/WCTL:** Both existing and additional working capital loans are subject to renewal annually. The existing limits to be renewed along with the assessment of additional finance and thereafter on annual basis.

**WCTL:** To be repaid in 36 months from the date of disbursement. Interest on WCTL to be paid on monthly basis as and when levied from the date of disbursement.

**9) OTHER CONDITIONS:**

- i. The quantum of additional loan shall be assessed and recommended by BM and Area Head. While assessing the additional finance, the recommending and sanctioning authority to keep into consideration the repayment capacity of the borrower / unit.
- ii. All other conditions of the policies in force for MSME.

**9) Conditions of implementation of Resolution Plan:**

The resolution plan shall be deemed to be implemented only if all of the following conditions are met:

5. All related documentation, including execution of necessary agreements between Bank and borrower are completed and collaterals provided, if any, are completed by the lenders concerned in consonance with the resolution plan being implemented;
6. The changes in the terms of conditions of the loans get duly reflected in the books of the Bank; and,

**10) Disclosure and Credit Reporting**

The credit reporting by the Bank in respect of borrowers where the resolution plan is implemented under this window shall reflect the “restructured due to COVID-19” status of the account. The credit history of the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.

**11) DISCRETIONARY LENDING POWERS:**

SANCTION BY: Respective sanctioning authorities as per circulars in force.

**OTHER IMPORTANT CONDITIONS FOR MSME**

Restructuring conditions as per RBI Guidelines:-

- i. The aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower does not exceed ₹25 crore as on March 31, 2021.
- ii. The borrower’s account was a ‘standard asset’ as on March 31, 2021.
- 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 2 from GST-registration. This shall be determined on the basis of exemption limit obtaining as on March 31, 2021.
- iv. Asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between April 1, 2021 and date of implementation may be upgraded as



'standard asset', as on the date of implementation of the restructuring plan. The asset classification benefit will be available only if the restructuring is done as per provisions of this circular.

- v. The borrower's account was not restructured in terms of the circulars DOR.No.BP.BC/4/21.04.048/20-21 dated August 06, 2020, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020, or DBR.No.Bp.BC.18/21.04.048/2018-19 dated January 1 2019 (collectively referred to as MSME restructuring circulars)
- vi. The restructuring of the borrower account is invoked by September 30, 2021. For this purpose, the restructuring shall be treated as invoked when the bank and the borrower agree to proceed with the efforts towards finalizing a restructuring plan to be implemented in respect of such borrower. The decisions on applications received by the bank from their customers for invoking restructuring under this facility shall be communicated in writing to the applicant by the bank within 30 days of receipt of such applications. The decision to invoke the restructuring under this facility shall be taken by each bank having exposure to a borrower independent of invocation decisions taken by other lending institutions, if any, having exposure to the same borrower.
- vii. 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.
- viii. Upon implementation of the restructuring plan, the bank shall keep provisions of 10 percent of the residual debt of the borrower.

Kindly contact base branch for further details.