

**IndusInd Bank Ltd**

**Resolution Plan for Micro Finance and all other eligible Borrowers (including borrowers under various Business Correspondent arrangements)**

**Frequently Asked Questions (FAQs) on  
RESTRUCTURING RESOLUTION FRAMEWORK 2.0 FOR COVID-19 RELATED STRESS**

Reserve Bank of India (RBI) vide circular reference no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August, 2020, captioned Resolution Framework for COVID-19-related Stress, had allowed one-time window for restructuring of advances eligible borrowers, subject to compliance of certain conditions as stipulated in the aforementioned guideline. Further, RBI has also extended the window of one-time restructuring of advances given to MSME sector upto 31st March, 2021, vide circular reference no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated 6th August, 2020.

In view of the uncertainties created by the resurgence of the Covid-19 pandemic in India in the recent weeks, RBI has extended the Restructuring framework and has issued the following necessary guidelines towards Resolution Framework 2.0:

- **Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses** issued vide circular no. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 and RBI/2021-22/46 DOR.STR.REC.20/21.04.048/2021-22 dated June 4, 2021
- **Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)** issued vide circular no. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 and RBI/2021-22/47 DOR.STR.REC.20/21.04.048/2021-22 dated June 4, 2021

Restructuring Resolution Framework 2.0 is applicable for Micro Finance and all other eligible Borrowers (including borrowers under various Business Correspondent arrangements) in terms of Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses.

Detailed FAQs, including Board approved related norms, may be referred in this regard:

**FREQUENT ASKED QUESTIONS (FAQs)**

**1. What is the purpose of this Resolution Framework?**

RBI has provided a framework to Banks and Lending institutions for implementation of resolution plans for addressing the economic fallout due to the COVID-19 pandemic which has led to significant financial stress for customers. Basis the framework and regulatory guidelines, a policy has been framed and approved by the Board of Directors for the restructuring of Micro Finance and all other eligible Borrowers (including borrowers under various Business Correspondent arrangements) that have been impacted due to the COVID-19 pandemic.

**2. Who are eligible for Resolution Framework 2.0?**

The following borrowers shall be eligible for restructuring/resolution under Resolution Framework 2.0:

- a) Personal loans sanctioned to individual borrowers by lending institutions. Personal loans', for the purpose of this circular shall have the same meaning as defined in the Circular DBR.No.BP.BC.99/08.13.100/2017-18 dated January 4, 2018 on "XBRL Returns – Harmonization of Banking Statistics".

Personal loan as per the definition will include the following:

- a. Consumer Credit\*
- b. Education loans
- c. Loans given for creation/ enhancement of immovable assets ((e.g., housing, etc.)
- d. Loans given for investment in financial assets (shares, debentures, etc.).

\*Consumer Credit here would **include** the following:

- i. Loans for consumer durables,
- ii. Credit card receivables,
- iii. Auto loans (other than loans for commercial use),
- iv. Personal loans secured by gold, gold jewellery, immovable property, fixed deposits (including FCNR(B)), shares and bonds, etc., (other than for business/commercial purposes),
- v. Personal loans to professionals (excluding loans for business purposes), and
- vi. Loans given for other consumptions purposes (e.g., social ceremonies, etc.)

- b) Individuals who have availed of loans and advances for business purposes and to whom the lending institutions have aggregate exposure of not more than Rs.25 crore as on March 31, 2021.
- c) Small businesses, including those engaged in retail and wholesale trade, other than those classified as micro, small and medium enterprises as on March 31, 2021, and to whom the lending institutions have aggregate exposure of not more than Rs.50 crore as on March 31, 2021.
- d) Individuals or Small businesses should not have availed of any resolution in terms of the Resolution Framework – 1.0
- e) The Borrower was classified as Standard (up to 90 DPD) by the lending institution as on March 31, 2021.
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**3. Which products/loans are eligible under this framework?**

- a) All Income Generating loans offered to customers managed by BFIL (Includes all MFI loans except Fully Utilized loans, Two wheelers)
- b) All other borrowers - includes personal loans to individuals, Loans to Bharat Super shop merchants (BSS) and Bharat Money Stores (BMS) for working capital and not categorized as MSME

**4. Which are the Loans not covered under this Framework of RBI?**

The following are excluded from Restructuring/Resolution 2.0 framework:

- a) Credit facilities provided by lending institutions to their own personnel/staff shall not be eligible for resolution under this framework.
- b) Farm credit as listed in Paragraph 6.1 of Master Direction FIDD.CO.Plan.1/04.09.01/2016-17 dated July 7, 2016 (as updated) or other relevant instructions as applicable to specific category of lending institutions and subsequent FAQs issued by RBI.
- c) Loans to Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi- Purpose Societies (LAMPS) for on-lending to agriculture.
- d) Exposures of lending institutions to financial service providers.
- e) Exposures of lending institutions to Central and State Governments; Local Government bodies (eg. Municipal Corporations); and, body corporates established by an Act of Parliament or State Legislature.

**5. How will I know, if the borrower is eligible for the resolution framework 2.0?**

Pls refer FAQ 2, 3 and 4

- a) Individuals and small business borrowers whose aggregate exposure of not more than Rs.50 crore as on March 31, 2021 and MSME with aggregate exposure not more than Rs 50 cr as on March 31, 2021
- b) Customers classified as Standard by the lending institution as on March 31, 2021.
- c) Cash flows impacting repayment capacity on an ongoing basis due to full or partial lockdown, curfew on account of Covid – 19.
- d) Even though regular, Customers have expressed difficulty in maintaining consistency of their repayments due to Covid – 19.

**6. How to apply for relief under the above Framework?**

You may contact your nearest BFIL branch/ representative in the closest branch.

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**7. What is the time period of making an application for restructuring?**

All the application for restructuring/resolution within this framework has to be made on or before 30<sup>th</sup> September 2021.

**8. What documents do I need to provide along with the application for being considered for the relief under this Framework?**

Loans offered to Microfinance and all other borrowers eligible under this resolution framework are small ticket loans and the documentation required to facilitate restructure will be a signed application form from the eligible borrower either in physical or digital format

**9. What are the reliefs/relaxations available under the framework?**

The restructuring plan will be subject to two-year period on the overall cap on extension of residual tenor, inclusive of moratorium period if any. This may exceed the normal tenure given in the product parameters. The relief/relaxations would be assessed on a case to case basis subject to compliance with RBI and internal norms.

**10. Will there be any processing fees or charges if I restructure my loan?**

The bank may levy a fee for the restructuring of existing loan accounts. The applicable charges will be payable upfront.

**11. What shall be the terms of restructuring?**

In terms of RBI guidelines, the resolution plans implemented under this window may inter alia include

- a) rescheduling of payments,
- b) conversion of any interest accrued or to be accrued into another credit facility,
- c) revisions in working capital sanctions,
- d) granting of moratorium etc.  
based on an assessment of income streams of the borrower.

The benefit of the scheme is only one time. Multiple time restructuring is not allowed under the scheme. In line with RBI guidelines, the Bank may offer any or all the following relaxations.

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- a) Reduction of Instalments by extending tenor
  - b) Additional loan can be considered subject to two-year period on the overall cap on extension of residual tenor, inclusive of moratorium period if any as decided on case to case basis
  - c) The restructured loan provided shall be with a moratorium of 6 months on the Principal and Interest
  - d) Conversion of any interest accrued or to be accrued including the interest capitalization (overdue interest) into another credit facility
  - e) Combination of repayment moratorium and tenure extension with EWI revision
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Based on the above restructuring/resolution plans, necessary changes in the systems shall be carried out.

**12. Will opting for the restructuring package have an impact on my credit bureau report?**

As per regulatory guidelines, your loan/credit facility will be reported to the credit bureau as “Restructured due to COVID-19”. 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.

**13. I have already availed of restructuring. Can I avail this once again?**

Borrower accounts should not have availed of any resolution in terms of the Resolution Framework – 1.0 subject to the special exemption mentioned at Clause 22 of RBI guidelines with respect to “Convergence of the norms for loans resolved previously.”

Provided further that the credit facilities / investment exposure to the borrower was classified as Standard by the lending institution as on March 31, 2021.

Any resolution plan implemented outside the norm/guidelines stipulated under RBI’s Resolution2.0 framework shall be fully governed by the Prudential Framework for Resolution of Stressed Assets issued on June 7, 2019 (“Prudential Framework”), or the relevant instructions as applicable to specific category of lending institutions where the Prudential Framework is not applicable.

**14. How will I get the approval and communication for acceptance?**

The bank will communicate the status of the restructuring request over a physical visit or a recorded line or via SMSs on registered mobile number.

**15. What are the timelines for Resolution under the framework?**

- a) The restructuring of the borrower account should be invoked by September 30, 2021
  - b) The decision regarding restructuring will be communicated to the borrower within 30 days of receipt of application
  - c) The restructuring of the borrower account to be implemented within 90 days from the date of invocation.
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