

**IndusInd Bank Ltd**

**Vehicle Finance Division**

**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 extended to wholesale and retail customers, 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 to the following borrowers. Necessary FAQs, including Board approved related norms, may be referred in this regard:

- (i) **Category A** – Resolution of advances to Micro, Small and Medium Enterprises (MSMEs)
- (ii) **Category B** - Resolution of advances to individuals and small businesses as under :
  - a. Individuals availing personal loans
  - b. Individuals availing loans for business purposes (Non –MSME)
  - c. Small businesses (Non –MSME)

**FREQUENTLY 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 the loan(s) of individuals, Small Businesses and MSMEs that have been impacted due to the COVID-19 pandemic

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

**Category A - Resolution of advances to Micro, Small and Medium Enterprises (MSMEs) – Eligibility**

- a) The borrower should be classified as a MSME as on March 31, 2021 – proof of Udyam registration mandatory.
- b) The borrowing entity must be GST-registered on the date of implementation of the restructuring.
- c) If the entity is GST exempted, a declaration or CA certificate must be obtained
- d) The aggregate exposure, including non-fund based facilities, of all lending institutions to the borrower does not exceed ₹50 crore as on March 31, 2021.
- e) The borrower's account was a 'standard asset' (Non NPA) as on March 31, 2021.
- f) The borrower's account was not restructured in any of the earlier circulars

**Category B - Resolution of advances to individuals and small businesses - Eligibility**

- a) Individuals who have availed personal loans - Applicable to Loans for personal use (TW or Cars and affordable housing loans) as on 31<sup>st</sup> March 2021
- b) Loans to individuals for business purposes and to whom the lending institutions have aggregate exposure of not more than Rs.50 crore as on March 31, 2021
- c) Small businesses (Non MSMEs) 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.
- f) Re-restructure of borrowers restructured under 1.0 if the Moratorium or residual tenor for borrowers (restructured under Resolution Framework 1.0) up to 2 years, if such period approved is lower than 2 years

**3. Which CFD products/loans are eligible under this framework?**

- (i) Term loan on commercial vehicles and Construction equipment, small commercial vehicles
- (ii) Two wheeler, Car loans, affordable housing loans

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

The following types of loans are not covered within the purview of Resolution Framework 2.0

---

- (a) Borrowers whose total exposure is more than Rs 50 crores as on 31<sup>st</sup> March, 2021 in case of MSME's and Rs 50 crores in case of Individual and Small businesses
- (b) Farm credit/ Tractor loans
- (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. The term Financial service providers shall have the same meaning as in sub-section (17) of Section 3 of the Insolvency and Bankruptcy Act, 2016.
- (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) The customer has to be impacted financially by COVID-19 pandemic in the form of reduction/ loss of income or cash flows.
- (b) Only those accounts, which are on the bank's book as on 31<sup>st</sup> Mar 2021 will become eligible.
- (c) The reduction of income and its financial impact on the customer will be reviewed by the bank basis the documents / information provided by the customer. The bank will assess the viability of the customer to pay the restructured EMIs basis the documents provided, before granting the restructuring. Apart from the viability calculations, the repayment track record of the customer, credit bureau records, and the responses given by the customer while availing moratorium earlier will also be factored in the restructuring decision.

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

You may contact your nearest CFD branch/ CFD representative in the closest branch

### **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?**

- i. Board Resolution (in case of Companies) stating that the Company's operations are under stress on account of Covid-19. In case of other applicants, an undertaking, that unit's operations are under stress on account of COVID-19.
  - ii. Last 12 months GST returns along with GST Registration Certificate. If GST is not applicable/exempted, CA certificate to confirm the same along with CA certified sales figure for last 12 months. For individual borrowers where turnover less than exempt level declaration and 12 months bank statement to be taken
  - iii. Udhyaam Registration Certificate in case of MSME(s)
  - iv. In case of listed companies, the latest financials filed with Stock Exchanges to be submitted.
  - v. 12 months bank statement of primary banker including the period March to August
  - vi. Cash budget and projected financials for the period of loan.
-

- vii. Latest KYC of the entity and signature proof of co-applicant
- viii. Form26AS for AY 2020-21 and 2021-22
- ix. In case of Personal loans, Salary slips for the month of March 2021 and latest salary slip for last 2 months. A declaration of estimated salary/income immediately after the end of the desired restructuring period (Maximum 24 months).
- x. Letter of discharge from job (in case of job loss)
- xi. Any other document as advised by your Branch/Relationship Manager

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

The tenure of existing loans can be extended by maximum of 2 years from the original tenure. 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?**

The terms of restructuring, including revised facility structure, will also incorporate pricing, additional security/guarantees, payment of processing charges etc as per Bank's norms

**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/ CRILC as "Restructured". Restructuring has to be reported at a borrower level to the credit bureaus and hence all the facilities / loans of the borrower with the bank will be classified and reported as "Restructured" even if the borrower has taken restructuring for only one loan.

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

If you have already availed restructuring, you are not eligible for restructuring under this scheme 2.0. However, if you are a small business loan or individual availed restructuring under 1.0 but have not availed of the full benefit of 24 months tenor extension in the earlier scheme which ended on 31st Dec, the bank can evaluate and provide relief to the extent of overall tenor extension of 24 months.

**14. My loan was taken along with a co-borrower/s. Will all the co-borrowers of the original Loan agreement be required to sign the revised restructuring agreement?**

As per regulatory and legal requirements, all borrowers/co-borrowers of the original loan need to agree and sign on any changes in the loan structure including the restructuring agreement.

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

The bank will communicate the status of the restructuring request via text message or email on the registered phone number or email address.

**16. 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 must 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.