

FAQ ON RBI RELIEF PACKAGE ON COVID – PUNJAB & SIND BANK

Q : Why RBI has announced the relief package?

A : Reserve Bank of India has announced certain regulatory measures 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. It was felt that there may be a temporary disruption in the Cash Flows, and in some cases loss of income, for the businesses/ individuals and the present measures work to bring relief to those businesses / individuals.

Q : Which are the facilities eligible for availing the benefits under the RBI Covid- 19 regulatory package and whether the facility is extended across the board to all borrowers?

A : All Term Loans (including Agricultural Term Loans, Retail, Crop Loans and Cash Credit/Overdraft are eligible to avail the benefits under the package. This is available to all such accounts, which are Standard Assets as on 1st March 2020. Further, to avoid unnecessary paperwork the facility has been extended across the board to all the borrowers by extending repayment of Term Loan instalments (includes interest) by 3 months. The original repayment period for Term Loans will get extended by 3 months e.g. a loan repayable in 60 instalments maturing on 1st March 2025 will mature on 1st June 2025.

Q : Is rescheduling of payments applicable for all kinds of Terms Loans (Housing, Auto, Education, Personal, business, LAP, Agriculture etc.) ?

A :YES, It is applicable for all Term Loans .

Q : What will be the treatment of interest on the Working Capital facilities?

A : The recovery of Interest applied to Cash Credit/Overdraft on 31st March, 30th April and 31st May 2020 is being 'deferred'. However, the accumulated accrued interest becomes payable immediately after the completion of the moratorium period.

Q : What will be the impact of this relief by RBI on borrowers as far as reporting of default is concerned?

A : Any delay in payment leads to default and gets reported to Credit Bureaus. For business loans of Rs. 5 Crores and above, the Banks report the overdue position to RBI also through CRILC. As a result of this relief package, the deferred instalments post 1st March 2020 will not be reported to Credit Bureaus/ CRILC for three months. No penal interest or charges will be payable to the Banks

Q : What will be the impact of interest on deferred payments in term loan?

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A : You have to pay the interest for the deferred period.

Q : In what other ways, businesses have been given relief

A : The customer may contact his base branch to re-assess their Working Capital requirements on account of disruption of their cash flows or elongation of Working Capital Cycle

Q : Will all these measures of RBI be treated as “restructuring”? What about the provisions applicable?

A : The measures stipulated by RBI under the March 27, 2020 circular on COVID 19 Regulatory Package will not be treated as “Restructuring” and hence will not result in asset classification downgrade.

Q : Whether Bank will honour the Standing instructions, ECS, NACH Mandate existing in the account during this period.

A : No, Bank will not continue to collect instalments as per the standing instructions & also though existing NACH mandate unless stopped by the borrower. Bank will send SMS to the borrower. In case you want to continue for the payment of EMI, please contact your base branch for the same.

Q : Whether Bank will refund the EMI already deducted for the month of March.

A : Bank will refund the EMI deducted through standing instruction /NACH/ECS for the month of March 2020 to May 2020 at the request of the customer made at Base Branch.