

Moratorium on Loans Repayment in wake of COVID-19 disruption

The ongoing COVID-19 crisis has not only created a worldwide health emergency but has also stressed the financial situation of many individuals and businesses alike. While the government has announced various relief packages, the Reserve Bank of India (RBI) has also announced relief measures for customers who are repaying loans of any kind, to tide over their financial difficulty in servicing the debts.

Accordingly, vide their circular **RBI/2019-20/186 & Statement on Developmental and Regulatory Policies dated March 27, 2020**, RBI has permitted banks and financial institutions to provide a moratorium for all payments (both principal & interest) due between March 01, 2020 and May 31, 2020.

NCBL extends deferment of payment to all our Borrowers, except to those who communicate to us that they prefer to continue the payment as per their regular payment schedule.

The Q & A below will help you understand this moratorium / payment rescheduling better.

1. What is the moratorium scheme announced by the Reserve Bank of India to address financial stress caused by COVID-19?

As per RBI's circular dated March 27, 2020, NCBL and other lending institutions have been permitted to grant a repayment moratorium of upto three months for their monthly instalments between March 01, 2020 and May 31, 2020 including PreMonthly Interest Instalment (EMI) and Monthly Instalment (MI). Hence, all loans that were disbursed on or before February 29, 2020 will only be eligible for the moratorium. RBI has not granted a compulsory moratorium. It has only permitted lenders to grant moratorium.

2. Is NCBL going to offer a moratorium?

Moratorium offered by NCBL implies that a customer can defer the payment of their monthly instalments both EMI (only interest component) and MI (interest plus principal component) for a limited period of three months between March 01, 2020 & May 31, 2020. The interest, at the applicable interest rate, shall continue to accrue on the outstanding portion of the loan during the moratorium period as this is NOT a waiver.

3. Will it apply to my loan?

Yes. NCBL will extend the moratorium to all borrowers from being regular as on March 01, 2020

4. How will the moratorium work? How will it impact my account?

Interest will continue to accrue during the moratorium period and will get added to the principal for repayment. This will lead to increase in the balance term of the loan.

5. What happens if I have already paid the March EMI ?

In case you have already paid your EMI for the month of March 2020, then this moratorium will be applicable to you for the instalments payable in April 2020 and May 2020.

6. Can I continue to pay the EMI and NOT avail the moratorium offered by NCBL?

Yes you can continue to pay regular EMI and not avail the moratorium and continue as per your existing repayment schedule.

We request you to kindly confirm that you wish to Opt Out of the moratorium by email to advance.ao@ncbl.org.in

7. At what rate will I be charged interest during the moratorium period?

The interest will be charged as per the applicable interest rate on your loan.

8. Do I need to give any stop payment instruction to my bank to stop instalment payments for the remaining months of April and May 2020?

No. There is no need to give any stop payment instruction to your bank to stop the instalment payments for the months of April and May 2020. NCBL will simply not present the ACH Mandate to your bank for realisation of the instalments for the EMI during this moratorium period.

9. When do I need to restart the payment?

For all those who are availing moratorium, payments will re-commence from June 2020. No separate intimation will be given for the same.

10. Will the rescheduling of the payment for these three months qualify as default and affect my credit score?

Non-payment of instalments for the months of March, April and May 2020 will not result in reporting of default to the credit bureaus and thereby not impact your credit score.

11. Does this mean that I will have to pay 3 instalments in one go in June 2020?

No. As mentioned above, the interest accrued during the moratorium will be added to the principal outstanding and will be spread over the revised repayment schedule.

12. Will there be any other change (other than the change in repayment schedule due to the moratorium) in the terms and conditions of the loan agreement for those availing the moratorium?

No. As this moratorium is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19 as per RBI guidelines, the same will not be treated as concession or change in terms and conditions of loan agreements.

13. Can you avail the moratorium once you have Opted Out?

No. Once you have Opted Out of the moratorium you will have to continue to pay your instalments (EMI as the case maybe) as per the existing repayment schedule.

14. If I have multiple loan accounts at NCBL do I have to apply for each one separately?

Yes, you will have to request the moratorium option for each account separately.