

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 194**

TO BE ANSWERED ON THE 15th September 2020/ Bhadrapada 24, 1942 (SAKA)  
**Restrictions on Loan Transfer**

194. SHRI T.G. VENKATESH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the attention of Government is drawn to the matter of moratorium facility offered by the government due to covid-19 conditions;
- (b) if so, the details thereof;
- (c) whether to avail moratorium on EMIs, the borrower has to pay the interest for the period of moratorium availed;
- (d) if so, what is the benefit of moratorium to the borrower;
- (e) whether he would be denied from balance transfer to other bank, if a borrower availed moratorium;
- (f) in the above circumstances, what benefit would a borrower get by moratorium; and
- (g) the remedial measures provided by Government in this regard?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(SHRI ANURAG SINGH THAKUR)

(a) to (g): RBI, *vide* circulars dated 27.3.2020 and 23.5.2020 on COVID-19 Regulatory Package, permitted all lending institutions to grant a moratorium of six months on payment of all instalments falling due between 1.3.2020 and 31.8.2020, in respect of all term loans outstanding as on 1.3.2020.

The borrower gets the following benefits as a result of the moratorium:

- (i) The loan account does not get classified as non-performing asset (NPA) despite non-payment of dues.
- (ii) Borrower's credit history, as maintained by Credit Information Companies, is not adversely impacted as a result of the moratorium.

With regard to payment of interest,—

- (1) As per the said circulars, the repayment schedule of the loans for which borrowers avail of moratorium as also the residual tenor of such loans is shifted across the board and interest continues to accrue on the outstanding portion of the term loan during the moratorium period; and
- (2) *Vide* RBI's subsequent two circulars dated 6.8.2020, lending institutions have been permitted to grant concessions to eligible borrowers (regardless of whether they have availed of the moratorium) for COVID-19-related stress in personal, Micro, Small and Medium Enterprise (MSME) and corporate loans by implementing individual resolution plans in respect of eligible loans having stress on account of the COVID-19 pandemic, and to restructure MSMEs with exposure of up to Rs. 25 crore, enabling resolution of COVID-19-related stress and customised relief to individual borrowers through grant of various concessions in terms of, *inter alia*, the following:
  - (i) Alteration in the rate of interest;
  - (ii) Sacrifice by the lending institution on the amount payable to it as interest;
  - (iii) Waiver of penal interest;
  - (iv) Conversion of accumulated interest into a fresh loan with a deferred payment schedule.

With regard to denial of balance transfer to another bank to a borrower who has availed of moratorium, RBI has apprised that its aforesaid circulars do not contain any such condition. Thus, the borrowers availing of moratorium is not denied balance transfer to another bank and, as such, part (g) of the question does not arise.

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