

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 1196

TO BE ANSWERED ON THE 19TH SEPTEMBER 2020/BHADRAPADA 28, 1942 (SAKA)

Moratorium on EMIs

1196. SHRI P.K. KUNHALIKUTTY:

SHRI BALUBHAU ALIAS SURESH NARAYAN DHANORKAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the Government has announced moratorium on EMIs on account of financial constraints due to pandemic covid19;
- (b) if so, whether the Government proposes to consider waiver of interest on EMIs for the period of moratorium and if so, the details thereof including the instructions given to the banks in this regard along with the number of persons benefitted therefrom;
- (c) the status of the changes in the loan schemes provided by the banks now since the moratorium period on EMIs has exhausted; and
- (d) whether the Non-Banking Financial Companies (NBFCs) also have changes in their loan schemes and if so, the details thereof?

ANSWER

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

(a): Reserve Bank of India (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 (including equated monthly instalments, or EMIs) falling due between 1.3.2020 and 31.8.2020, in respect of all term loans outstanding as on 1.3.2020.

(b) to (d): To provide relief to borrowers impacted by stress due to COVID-19 pandemic, RBI has issued circulars dated 6.8.2020 on Resolution Framework which provides a window under the Prudential Framework to enable lending institutions including NBFCs to implement a resolution plan in respect of eligible personal loans, while classifying them as standard. With regard to persons benefitted thereunder, the said framework envisages invocation of resolution by 31.12.2020 for availing of the benefits of the Resolution Framework, and implementation within 90 days of the invocation in the case of personal loans. The framework enables lending institutions including NBFCs to provide customised relief to eligible borrowers with personal, Micro, Small and Medium Enterprise (MSME) and corporate loan accounts through grant of various concessions, as per their Board-approved loan policies in the form of changes in the terms of the loan, which may include, *inter alia*, —

- (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;
- (v) Extension of the residual tenor of the loan, with or without moratorium, by up to two years;
- (vi) Rescheduling of repayment; and
- (vii) Sanction of additional loan.
