

# **FREQUENTLY ASKED QUESTIONS (FAQs)**

## **Moratorium on repayment of Microfinance Loan Instalments**

**1. What are the relief measure announced by RBI due to Covid-19?**

Among other measures, RBI has permitted NBFC-MFI to allow up to 3 Months moratorium to its borrowers on all their loan Instalments (both Principal and interest) falling due between 1-Mar- 2020 and 31-May-2020.

**2. What is Moratorium?**

Moratorium refers to postponement of repayment of loan instalments, (both principal and interest) for a particular period of time.

**3. Who all will get this Moratorium benefit (eligible borrowers)?**

The Company has decided to extend the Moratorium benefits to all borrowers whose status is not NPA as at 29.02.2020 on all their instalments (both principal and interest) falling due between 1<sup>st</sup> March and 31<sup>st</sup> May 2020.

**4. Is Moratorium a waiver of my instalment?**

**No.**

This is only a deferment of your instalments. Borrower need to repay the deferred instalments along with accrued interest as per the revised repayment schedule after the moratorium period.

**5. What will happen after moratorium is completed?**

Borrower need to start paying their instalments as per the revised repayment schedule

**6. From which date is the moratorium applicable (Moratorium Commencement date)?**

Moratorium will commence from 1<sup>st</sup> March 2020, however those borrowers who have already paid their instalments after 1<sup>st</sup> March 2020, their effective date for commencement of moratorium will be from the date of payment of their last instalment in March 2020.

**7. Moratorium ending date and Moratorium period**

Moratorium will end on 31<sup>st</sup> of May 2020 or such other early date as may be opted by the borrower, the period between Moratorium Commencement date and Moratorium ending date is Moratorium period.

**8. Whether I will get 3 months' moratorium?**

**Yes.**

If you have not paid your instalments for the month of March you will get a moratorium for 3 months (March, April and May) however if you have already paid your instalments for March your moratorium will start from that payment day onwards till 31<sup>st</sup> May, hence the effective moratorium is less than 3 months.

**9. Do I need to pay any fees for availing Moratorium?**

**No.**

No fees to be paid for availing Moratorium benefits. However simple interest (at contracted rate) will continue to accrue during to moratorium period.

**10. Should I submit request for granting moratorium on my Instalments?**

**No.**

Being a socially responsible NBFC-MFI and keeping in view the customer convenience, we have decided to extent the benefit of moratorium to all eligible customers across the board and the borrower has the choice of availing it any day up to 31<sup>st</sup> of May 2020. In case any borrower wants to avail it for a shorter period (any day before 31<sup>st</sup> of May 2020) may intimate the same to the company representative when they reach out to you as part of their routine relationship calls or visits. As interest continue to charge during the moratorium period, borrowers may use this facility judiciously.

**11. What if my cash flow is not impacted and I want to resume my instalment payment before 31<sup>st</sup> May?**

As mentioned above borrower is free to choose not have moratorium up to 31<sup>st</sup> of May 2020 and accordingly restart their instalment any time before 31<sup>st</sup> of May 2020

**12. What happens to interest on my loan outstanding during moratorium?**

Simple interest shall continue to accrue (at contracted rate) during the moratorium period, on the outstanding portion of the loan and will be added in the loan amount outstanding at the end of the moratorium period for calculating the revised instalment and will be collected as per the revised repayment schedule.

**13. Whether my loan maturity period (last instalment date) will extend?**

**Yes.**

Your loan maturity period will extend to the extent of moratorium period, if you have availed a 3 months' moratorium the maturity period will extend to 3 months and if the effective moratorium you have availed is 2 and half months' maturity period also will extend to 2 and half months.

**14. Whether there will be any change in the remaining number of instalment I need to pay?**

**No.**

The total number of instalments and the remaining number of instalment to pay and instalment paying frequency (weekly/fortnightly/monthly) will remain as it is.

**15. Whether there will be a change in my instalment amount?**

**Yes.**

The instalment amount will be marginally higher than the current instalment because of the add back of the interest component accrued during the moratorium to the remaining instalments.

**16. Do I have to pay all the pending Instalment in one go after the moratorium period or only in instalments?**

**No.**

Need not pay all instalment in one go. You need to pay only in instalments in the group meetings as per the revised repayment schedule.

**17. Will the non-payment of Instalments during this period affect my credit score?**

**No.**

Non-payment of Instalment originally falling due during the Moratorium period will not affect the credit score, as there will not be any demand for instalments during the moratorium period.

**18. Is the benefit of moratorium applicable for overdue Instalments as well?**

**No.**

Moratorium is applicable only for instalments falling due between 1<sup>st</sup> March 2020 to 31<sup>st</sup> May 2020. Overdue instalments (instalments which are due prior to 1<sup>st</sup> of March 2020) if not paid will lead to slippage of accounts to NPA and there by affect the credit score.

**19. Because of Moratorium what will be changes to me as a borrower?**

- The maturity period of your loan will extend to the extent of the moratorium period
- You need not pay your instalment till the end of the moratorium period
- Existing interest rate for the loan will apply during moratorium period as well
- There will not be any change in the total number of instalments you need to pay
- There will be revision in your instalment amount post moratorium to adjust the interest during moratorium
- Revised Loan card capturing the revised instalments will be issued

xxxxendofthedocumentxxxx