

HIFSL Policy on RBI circular dated 27th Mar 2020 on Moratorium

The outburst of COVID-19 pandemic is a global calamity and has an unprecedented impact on economic life requiring all Governments and Regulators to ensure financial stability and enable the borrowers some relief in the form of interest holiday or EMI holiday or postponement of the loan maturities.

Keeping this in mind, RBI vide its circular no. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 on “COVID-19 – Regulatory Package” had announced certain regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic to ensure the continuity of viable business. (<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11835&Mode=0>)

Salient features of the circular

1. Rescheduling of Payments – Term Loans and Working Capital Facilities

a. Term Loans - NBFCs are permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. The repayment schedule for such loans as also the residual tenor will be shifted across the board by three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

b. Working Capital – NBFCs are permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 up to May 31, 2020 (“deferral”). The accumulated accrued interest shall be recovered immediately after the completion of this period.

2. Easing of Working Capital Financing sanctioned: NBFCs may recalculate the ‘drawing power’ by reducing the margins and/or by reassessing the working capital cycle. This relief shall be available in respect of all such changes effected up to May 31, 2020 and shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19.

HIFSL’s Policy on Granting Relief under the Circular

In line with the RBI guidelines, HSBC Investdirect Financial Services India Limited (HIFSL) shall offer below measures:

- All loan facilities existing as on 01st March, 2020 shall be eligible for the moratorium scheme, subject to request by the customer and subsequent approval by HIFSL.
- No penal charges shall be levied on any loans or interest payments eligible during the moratorium.
- The existing loan documents including KYC, legal agreements etc. shall remain valid for the moratorium period as-well-as the extended period of the loan.

- Principal and interest moratoriums for 3 months are proposed for term loans and interest deferment until 31 May 2020 are proposed for Line of Credit (LOCs).
- Interest will be levied on the loans and interest which are granted moratorium as per the rate of interest applicable to the original loan.

For more information, please get in touch with your HIFSL Relationship Manager.