

EMI Moratorium

RBI issued a policy statement on 27th March, 2020, announcing certain regulatory measures to mitigate the debt-servicing burden on borrowers in view of the disruptions brought out by the current situation. As a follow up, RBI issued a circular DOR.No.BP.BC.47/21.04.048/2019-20, dated 27th March, 2020, detailing the instalment moratorium guidelines. Further, RBI issued a circular OR.No.BP.BC.71/21.04.048/2019-20 dated 23rd May, 2020 in which it permitted to extend moratorium for another 3 months i.e. for the period 1st June to 31st Aug 2020. This document attempts to provide clarity regarding the moratorium benefit by answering some Frequently Asked Questions (FAQs).

Frequently Asked Questions (FAQs) on EMI Moratorium

1. What is the EMI moratorium provided for loans under COVID 19 regulatory package?

In a moratorium, your EMIs will be deferred. This means that during the moratorium period, no payment has to be made by the customer to SNFL. Interest on the EMIs will keep accruing for the customer during this period and will be payable after the moratorium period with the deferred installments. In the 2nd round of moratorium, all instalments falling due in June, July and August will also be deferred by 3 months. So in total, moratorium covers 6 months period, i.e., from 1st March to 31st August, 2020.

2. Who is eligible for moratorium?

All eligible borrowers of SNFL.

3. Is moratorium a waiver of EMIs?

No, a moratorium is not waiver of EMIs. Customers will need to pay the entire principal with interest back to SNFL. Customers just have the option of not paying during the moratorium period.

4. What is the benefit of availing the moratorium?

During this difficult period, cash flows of some customers have been affected and they might not have enough capital available to pay their EMIs. Such customers should avail this moratorium. If a customer has sufficient cash flow to meet his needs and service the EMIs also, should pay his EMI regularly to avoid the accruing interest charges.

5. Would interest be charged in the moratorium period?

Yes, interest will be charged at the contractual interest rate on outstanding amount.

6. Is the moratorium mandatory for all customers?

No, customers can pay the EMIs regularly on due dates basis which no interest will be charged to the customer and the contract will be governed as per originally agreed terms.

7. If a customer avails moratorium, then will it impact credit score?

No, it will not impact the credit score of the customer. As per the released regulation, the rescheduling of payments will not qualify as a default in customer's credit bureau report.

8. If a customer has overdue on EMIs before start of moratorium period, will that attract penal charges?

Yes. The moratorium is provided for EMIs due in the moratorium period. Any

overdue for EMIs which were due before moratorium period will attract penal charges and no relaxation is given on that. However, for the EMIs due in the moratorium period, no penal charges will be charged and repayment will be modified as per the communication sent out to customer.

9. Customer's repayment mode is Cash but nobody collected it from customer on due date. Why did this happen and what to do?

Because of lockdown, containment zones/ sealed areas might affect operations of SNFL Branches. In such a case, after restrictions are lifted, customer can visit SNFL branch office or can ask the representative to come for collection. No penal charges will be levied if payment is done.

10. Can a customer avail moratorium for multiple loans?

Yes, the customer can avail moratorium for all eligible loans.

11. How exactly will customer's repayment schedule change?

Customer's tenure of loan will get extended by the no. of months moratorium is availed. For example: If a customer takes 3 months moratorium now, then the tenure will get extended by three months and customer will pay his regular EMI amount in those weeks/months. Plus, the customer will also need to pay the interest which gets accrued due to the moratorium.

12. If the customer wishes to make the payment in moratorium period, how can he do it?

All Customers can deposit cash in branches or pay it to SNFL representative in person.

13. Customer wants to avail moratorium only for one month. Is that possible?

Moratorium is either provided for full period or not provided. Customers cannot opt for availing the moratorium partially. However, if customers wish, they can make payments during the moratorium period as well.

14. Customer who took a loan in April & May 2020, is he eligible for moratorium for period June - Aug?

No, as per RBI circular moratorium is not available to such customers.

15. If a customer has availed moratorium in the period March -May then does he have to apply again for moratorium?

No, the moratorium will be automatically extended for such customers

16. If a customer was in NPA as on 31.3.2020 and has repaid his installments afterwards, can such customer apply moratorium now?

No, such a customer cannot avail moratorium now as he/ she was originally ineligible for moratorium.
