

Frequently Asked Question (FAQs) regarding Covid-19 relief package

Q: Why is the relief package announced?

A: The relief measures are announced to mitigate the burden of debt servicing brought about by disruptions on account of Covid-19 pandemic and to ensure the continuity of viable businesses. It was felt that there may be a temporary disruption in the Cash Flows, and in some cases loss of income, for the businesses/ individuals and the present measures work to bring relief to those businesses / individuals.

Q: Which are the facilities eligible for availing the benefits under the package and whether the facility is extended across the board to all borrowers?

A: All Term Loans (including Retail) and Cash Credit/Overdraft are eligible to avail the benefits under the package. This is available to all such accounts, which are Standard Assets as on 1st March 2020. Further, to avoid unnecessary paperwork the facility has been extended across the board to all the borrowers by extending repayment of Term Loan installments (includes interest) by 3 months. The original repayment period for Term Loans will get extended by 3 months e.g. a loan repayable in 60 installments maturing on 1st March 2025 will mature on 1st June 2025.

Q: Is rescheduling of Term Loans only for Principal amount or it also includes interest?

A: Rescheduling of Principal can be done for a period of three months falling due between March 1, 2020 and May 31, 2020. For example, where the last installment of a Term Loan falls due for payment of say 1st March 2020, it will become payable on 1st June 2020.

For EMI based Term Loans, it will be three EMIs falling due between 1st March 2020 and May 31st, 2020 and the tenor will be extended by three months and have to be repaid during the extended period.

For other Term Loans, it will be all the installments and Interest falling due during the same period, irrespective of the tenor of payment i.e. Monthly, Quarterly, Half Yearly, Annually, Bullet Payment etc. For Term Loans, where the repayment has not commenced, the interest portion for three months alone needs to be reckoned.

Q: What will be the treatment of interest on the Working Capital facilities?

A: The recovery of Interest to be applied to Cash Credit/Overdraft on 31st March, 30th April and 31st May 2020 is being 'deferred'. However, the accumulated accrued interest shall be applied immediately after the completion of the moratorium period.

Q: That means Businesses/ Individuals should necessarily take the benefit?

A: You may take the benefits under this package if there is a disruption in your cash flows or there is loss of income. However, you must take into account that the EMI of the loans, though not mandatorily payable immediately and gets postponed by 3 months, continues to accrue interest on compounding basis in your account which results as higher amount and additional EMIs. It is advised, if someone has adequate cash flows and capacity to pay regular EMIs, he/she should continue to pay.

Q: Whether Bank will refund the EMI already deducted for the month of March.

A : Bank will adjust the EMI (of Retail loans) already deducted by the system from 01.3.2020 to 30.03.2020 towards repayment obligation falling due from 01.06.2020 at the request of the customer made at Base Branch.

Q: Whether Bank will honour the Standing instructions in the account during this period.

A: Bank will continue to collect installments as per the standing instructions unless stopped by the borrower. In case Borrower wants to avail moratorium period of 3 months, they must approach to the base Branch by way of Mail or letter for stopping of standing instructions.

Q: Do I have to pay the interest / installment due upto 29.02.2020?

A: As per the provisions of regulatory relief, the account classified as Standard as on February 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the bank from the number of past dues for the purpose of asset classification. However, borrower has liberty to make payment as per existing schedule if they so desire. It may be please be noted that bank will keep on charging interest of the moratorium period.

Q: Whether there is any provision of additional credit line for the borrowers impacted by COVID-19 pandemic?

A: To support the liquidity position of the borrower companies banking with us, whose operations are adversely impacted by COVID-19, Bank of Baroda has introduced a Fund Based Working Capital in the nature of Short Term Loan Scheme/Demand Loan (One Time) for a period of 24 months. Borrower companies are advised to contact their base branch for further details of Emergency Credit Line (Baroda Covid Credit Line).