

**FAQs for Restructuring of Individuals and Small Business Advances up to Rs 25.00 Crores**

1.	What is the purpose of this Resolution Framework 2.0 ?
	<p>The purpose of this Framework is to provide relief to individuals and small businesses whose operations have been adversely affected by the Covid-19 pandemic and their debt burden becoming disproportionate relative to their cash flow generation abilities. Such borrowers should not have availed benefit of restructuring under Resolution Plan 1.0.</p> <p>The resolution plans implemented under this window may inter alia include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, granting of moratorium etc. based on an assessment of income streams of the borrower. However, compromise settlements are not permitted as a resolution plan for this purpose.</p>
2	What are the eligibility conditions for my unit to qualify for relief under the Framework?
	<ul style="list-style-type: none"> <li>i. Individuals who have availed of loans and advances for business purposes and to whom the lending institutions have aggregate exposure of not more than Rs.25 crore as on March 31, 2021.</li> <li>ii. Small businesses, including those engaged in retail and wholesale trade, other <b>than those classified as micro, small and medium enterprises (MSMEs)</b> as on March 31, 2021, and to whom the lending institutions have aggregate exposure of not more than Rs.25 crore as on March 31, 2021.</li> <li>iii. Loans to allied activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping, sericulture and loans given to farmer households. (As per SI No 2 of RBI FAQ on Resolution Framework dated 12.12.2020)</li> <li><b>iv. The credit facilities / investment exposure to the borrower was classified as “Standard’ by the lending institution as on March 31, 2021</b></li> <li><b>v. Borrowers not having UAN registration and availing business loans</b> (aggregate exposure of not more than Rs.25 crore from lending institutions) may avail benefit under RP 2.0. Borrower should not be classified as MSME under MSME Act.</li> <li>vi. Borrower should not have availed Restructuring under Resolution Plan 1.0 (RBI announcement 06.08.2020/07.09.2020)</li> </ul>
3	Borrower has availed Restructuring under Resolution Plan 1.0 (RBI 06.08.2020 /PNB IRMD L & A 172/2020 & 180/2020 circular).Will he be eligible to avail any benefit under this scheme?
	No, he cannot avail all benefits under Resolution Framework 2.0, but he is eligible for Convergence i.e if the resolution plans had permitted no moratorium or moratorium of less than two years and / or extension of residual tenor by a period of less than two

	<p>years, banks are permitted to use this window to modify such plans only to the extent of increasing the period of moratorium / extension of residual tenor. The overall caps on moratorium and / or extension of residual tenor granted under Resolution Framework – 1.0 and this framework combined, shall be two years.</p> <p>He can also avail relaxations in working capital assessment as per banks extant guidelines</p>
4	<p>What is the last date to apply for relief under the Framework?</p>
	<p>The last date of invocation of plan is <b>30.09.2021</b> for availing the benefit under Resolution Framework 1.0 &amp; 2.0.</p> <p>The resolution plan if invoked shall be implemented within 90 days of date of invocation.</p>
5	<p>Will the status of account reflect as restructured in Credit Information Reports (CIRs)</p>
	<p>The credit reporting by the bank in respect of borrowers where the resolution plan is implemented under RP 2.0 shall reflect the “<b>restructured due to COVID-19</b>” status of the account. The credit history of the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.</p>
6	<p>What shall be the documentation/formalities required?</p>
	<ol style="list-style-type: none"> <li>i. Restructuring exercise may be carried out on the basis of Acceptance of Letter &amp; terms and conditions, wherever only reschedulement/ granting of moratorium is proposed in Resolution plan as per Bank’s extant guidelines.</li> <li>ii. If additional funding, conversion in any other credit facility, relaxations in working capital assessment is involved, all related documents are to be obtained / creation of security charge / perfection of securities to be completed as per banks extant guidelines.</li> <li>iii. The facility will be offered to the borrowers on the basis of eligibility and as well as stress in business due to COVID. Customer shall have an option to opt out from the said facility.</li> <li>iv. The due diligence/ the process for identification of stress shall be followed by branches to establish the necessity of implementing a resolution plan in respect of Individual Loans to business purposes and small business loans (other than MSME).</li> <li>v. Right of recompense shall be stipulated in the relief package.</li> <li>vi. Date of invocation shall be invariably mentioned in the sanctioned letter.</li> <li>vii. Implementation to be completed within 90 days from date of invocation of plan The resolution plan shall be deemed to be implemented only if all of the following conditions are met: <ol style="list-style-type: none"> <li>a. All related documentation, including execution of necessary agreements between Bank and borrower are completed and collaterals provided, if any, are completed by the lenders concerned in consonance with the resolution plan</li> </ol> </li> </ol>

	<p>being implemented;</p> <p>b. The changes in the terms of conditions of the loans get duly reflected in the books of the Bank; and,</p> <p>c. Borrower is not in default with the Bank as per the revised terms.</p>
7	If additional loan facilities are sanctioned by the Bank, whether any capital has to be infused by the promoters?
	Minimum Promoter's Contribution (capital infusion) of 15 % of the additional loan facilities sanctioned has to be brought in.
8	Will any Processing Fee need to be paid?
	Yes , Processing fee/ Upfront fee for granting relief package @0.25% of the additional finance is to be recovered.
9	Will there be any change in pricing of the loans?
	<p>1. No additional rate of interest shall be charged for loans having sanctioned limits upto Rs 1 crore as on 31.03.2021.</p> <p>2. For loans above Rs 1 crore, as per bank's extant guidelines for Restructuring.</p>
10	What are the ratios prescribed and other parameters?
	Future cash flow projections in the resolution plans shall be considered to arrive at the specified ratios for exposures above Rs 10 lacs.

**Please contact base Branch for further details.**