

Moratorium Policy

In light of the COVID-19 outbreak in India, Reserve Bank of India ("RBI") vide its circular No. RBI/2019-2020/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March 2020 has permitted all the Commercial Banks, NBFCs and other lending institutions to grant a moratorium of three months on payment of instalments in respect of all term loans (including agricultural term loans, retail and crop loans), falling due between 1st March, 2020 and 31st May, 2020. RBI has also directed that the total tenure of the loans be shifted across the board by three months after the moratorium period.

Further, the circular states that the Lending Institutions shall frame Board Approved Policies for providing the aforesaid moratorium to all the eligible borrowers.

Yunus Social Business Fund Bengaluru (YSBFB) is categorised as a NBFC-ND-NSI (Non - Systemically Important Non-deposit taking NBFC) Loan Company. Accordingly, the following Moratorium Policy has been adopted by the Board.

In compliance with the said RBI circular, the moratorium implementation plan for the eligible borrowers in such COVID-19 pandemic situation are as below:

1. Moratorium for payment of installments:

As recommended by RBI, YSBFB shall provide a moratorium period of 3 months on payment of all instalments / interests due on Loan from YSBFB to the eligible borrowers falling between 1st March 2020 and 31st May 2020.

2. Eligibility for grant of Moratorium:

YSBFB shall follow the below factors before deciding the grant of moratorium to any of the Borrowers:

- a. Revenue Disruption: If the business operates in certain sectors which will be heavily disrupted during the lockdown imposed by the Government of India, such as education, waste management, e-mobility;
- b. Liquidity: If the business has less than 3 months' cash runway to cover operational expenditures;
- c. Access to Other Capital: If business cannot avail of other capital (loans / equity) for sustaining operations;
- d. Impact Focus: If the business relies on suppliers / customers who are from the low-income segment (BPL).

The Borrowers who qualify for availing of moratorium after considering the above factors shall be termed as 'Eligible Borrowers'.

3. Providing new repayment schedule with increased tenure of Loans:

The existing repayment schedule of the eligible borrowers shall be modified, and a new repayment schedule/Loan card shall be provided to such borrowers which will reflect the moratorium provided and the extended tenure of repayment. The eligible Borrowers shall be duly informed about the moratorium and revised repayment schedule in advance.

4. Collection of Accrued Interest:

The amount of Accrued Interest shall be collected in monthly instalments at the beginning of the collection period after the moratorium ends. However, such amount shall not be in addition to the revised monthly EMIs to be collected but the dues of current month shall be deferred to the next months until the accrued interests have been received first. This amortisation of accrued interest into the new repayment schedule would ensure reduction of burden on the eligible borrowers after the moratorium period and will help in their business recovery.

5. No adverse impact on Credit History of the Borrowers:

As advised by RBI, the rescheduling of payments including interest, shall not qualify as default for the purposes of reporting to the Credit Information Companies by YSBFB. There shall be no adversary impact on the credit history of the eligible borrowers for non-repayment during the allowed moratorium period.

6. Asset Classification:

The assets of the eligible borrowers shall be determined on the basis of revised due date and the revised repayment schedule. The non-payment of interests and principal amounts during the moratorium period shall not affect the asset classification of such borrowers.