

Resolution of Covid-19 related stress of Individuals and Small Business

(RBI Circular No. DOR.STR.REC.11/21.04.048/2021-22 dated 05.05.2021).

The resurgence of Covid-19 pandemic in India in the recent weeks and consequent lockdown/curfew etc to check the spread of the pandemic and restrict the second wave, may have substantial impact on recovery process and may result in hardships for the borrowers to service the loan instalments/interest on time. So it is necessary to alleviate the potential stress to individual borrowers and small businesses.

So it is necessary to give support to individual borrowers and small businesses by way of resolution of stressed loans and implementation of resolution plan for such accounts.

Salient features of the scheme:

1. Bank shall offer a limited window to individual borrowers and small businesses to implement resolution plan in respect of their credit exposures and implementation of viable resolution plan for eligible borrowers under this framework, only to the borrowers having stress on account of Covid-19.
2. **Eligible Borrowers**
 - i. Individual who have availed personal loans.
 - ii. Individual who have availed loans and advances for business purposed not exceeding 25 Crores.
 - iii. Small Business including those in retail and wholesale trade, other than those classified as MSME as on March 31, 2021 and to whose exposure limits does not exceed 25 Crores.
3. The borrowers should not have availed of any resolution in terms of the Resolution Framework 1.0.
4. The eligible borrowers shall submit application to the branch where he or she is enjoying credit facilities.
5. The Bank shall make the assessment of eligibility for resolution as per RBI circular and the Board approved policy and shall communicate the decision to the borrower within 30 days of receipt of the application.
6. The resolutions plans implementation may inter alia include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revision in working capital sanctions, granting of moratorium based on assessment of income streams of borrower.
7. No compromise settlement shall be permitted as a resolution plan for this purpose.
8. The Moratorium period, if granted, may be for a maximum period of 2 years and shall come into force immediately upon the implementation of resolution plan. The extension of the residual tenor of the loan facilities may also be granted to borrowers, with or without payment moratorium.
9. The last date for invocation of resolution permitted under this window is 30.09.2021.

The resolution plan shall be finalised and implemented within 90 days from the date of invocation of the resolution process under this window.

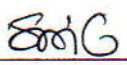
11. If a resolution plan is implemented in adherence to the provisions of this circular, the asset classification of borrowers' accounts classified as Standard may be retained as such upon implementation, whereas the borrowers accounts which may have slipped into NPA between invocation and implementation may be upgraded as Standard, as on the date of implementation of the resolution plan.
12. The subsequent asset classification for such exposures will be governed by the criteria laid out in the Master Circular-Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015 or other relevant instructions as applicable to specific category of lending institutions ("extant IRAC norms").
13. The Bank shall make provision from the date of implementation, which are higher of the provision held as per the extant IRAC norms immediately before implementation or 10 percent of the renegotiated debt exposure of the Bank post implementation (residual debt). Residual debt, for this purpose, will also include the portion of non-fund based facilities that may have devolved in fund-based facilities after the date of implementation.
14. Half of the above provisions may be written back upon the borrower paying at least 20 per cent of the residual debt without slipping into NPA post implementation of the plan, and the remaining half may be written back upon the borrower paying another 10 per cent of the residual debt without slipping into NPA subsequently.

Provided that in respect of exposures other than personal loans, the above provisions shall not be written back before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with longest period of moratorium.

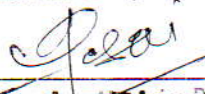
15. The provision required to be maintained under this window, to the extent not already reversed, shall be available for the provisioning requirements when any of the accounts, where a resolution plan had been implemented, is subsequently classified as NPA.

Bank shall make the required disclosures in its annual financial statements.

Recommended for approval to the Board of Directors at its meeting held on 31.05.2021


Manager (Credit)

For The Bicholim Urban Co-op. Bank Ltd.


Managing Director Acting

Approved in Board of Directors Meeting held on 31.05.2021

Bicholim-Goa
Date: 31.05.2021


Chairman