

THREE-MONTH MORATORIUM ON EMIS OF ALL TERM LOANS

With a view to ease the financial stress caused by COVID-19 disruptions and to help borrowers tide over the liquidity issues due to the pandemic, Reserve Bank of India (RBI) instructed all banks and other financial institutions to provide a moratorium of three months for all Term Loan Equated Monthly Instalments (EMIs) which are due for payment between 1 March and 31 May 2020.

As per the RBI circular effective from 27 March 2020, the moratorium will be on the entire EMI i.e. interest as well as principal repayment on all term loans including all kinds of retail loans such as vehicle loan, home loan, and personal loan, agricultural term loans as well as crop loans. Credit card dues will also be eligible for the moratorium. However, interest will continue to accrue on the outstanding portion of the term loans during the moratorium period. In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 upto May 31, 2020. The accumulated accrued interest will be recovered immediately after the completion of this period.

Though banks and other lending institutions are yet to come up with their respective implementation framework of moratorium relief measures as advised by RBI, it is expected that eligible beneficiaries would be given option to continue paying the EMI if one wishes so.

The rescheduling of payments under the moratorium will not be considered as a default for the purposes of credit rating/history of the beneficiaries.

[For any further clarifications or assistance, get in touch with us.](#)

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