

NSIC Moratorium Scheme on Loan Repayment under ‘Raw Material Assistance Scheme against BG’ in wake of COVID-19

1. Reserve Bank of India (RBI) vide notification no. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27.03.2020 released the detailed instructions w.r.t. “COVID-19–Regulatory Package”. Wherein, RBI has announced certain regulatory measures to mitigate the burden of debt servicing / risk of disruptions in its servicing on account of COVID-19 pandemic and to ensure the continuity of viable businesses. Such measures may bring relief to those businesses / individuals where there may be a temporary disruption in the cash flows and in some cases loss of income.
2. In terms of above notification, RBI has permitted all public as well as private sector lenders, All-India Financial Institutions, Non-Banking Finance Companies (including Housing Finance Companies)(“**lending institutions**”) to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. Further, it is stated that interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period. The moratorium is for the instalments (including payments for principal and/or interest components, bullet repayments, Equated Monthly instalments, credit card dues) which fall between 01.03.2020 and 31.05.2020. As per RBI notification, the rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs) by the lending institutions.
3. In line with the above directions of RBI, moratorium scheme has been released by the Corporation. This scheme is providing an option for the moratorium on loan repayment to its customers availing the facilities under the scheme of “**Raw Material Assistance against BGs**”. MSMEs who are facing problem in repayment of their outstanding dues under the scheme due to disruption in their cash flows or loss of income will be provided an opportunity to avail this moratorium option.
4. The **details of the scheme** are as under:
 - i. All MSMEs, who have availed the facilities under the scheme of “**Raw Material Assistance against BG**” (working capital credit facility) prior to 01.03.2020, are eligible for the moratorium.
 - ii. MSME, wish to opt to avail moratorium of three months in respect of outstanding(s) falling due for payment from 01.03.2020 till 31.05.2020, shall confirm this on email to the respective Branch, from where it had availed the assistance (This option is to be requested on the letterhead of the unit in the prescribed format as per **Annexure-‘A’** attached).
 - iii. MSME availing the option under the scheme have to ensure that in all cases BGs are valid and/or kept valid by renewing them wherever required. The MSME unit (borrower) should also furnish the proof of renewal of the BG for record by e-mail or any other form.
 - iv. Interest on the loans shall continue to accrue on the outstanding dues for the period of moratorium at the already agreed rate & terms & conditions.
 - v. MSME shall be required to pay the total outstanding dues including interest after 31.5.2020, in view of the prevailing situation.
5. Clarification, if any, may be obtained from the concerned branch/ office



Annexure-‘A’
(to be obtained on unit’s letter head)

Application for availing option for the COVID-19 Moratorium on Loan Repayment under the Scheme of “Raw Material Assistance against BGs”

The National Small Industries Corporation Limited,
Branch Office
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Dear Sir,

Subject.: Raw Material Assistance availed from NSIC

I/We have availed the facilities under the scheme of “**Raw Material Assistance against BG**” (RMA as working capital credit facility) prior to 01.03.2020 from the Corporation.

Due to recent Coronavirus outbreak, I/We confirm that my/our cash flow has been temporarily affected. Hence, I/we wish to opt for availing moratorium of three months in respect of outstanding(s) falling due for payment from 01.03.2020 till 31.05.2020.

I/We understand that this application for moratorium is subject to the Corporation’s sole and absolute discretion to approve or decline the same. I/We may be granted a moratorium to defer the loan repayment falling due for payment from 01.03.2020 till 31.05.2020, in line with RBI’s guidelines. Upon expiry of the moratorium period, I/We shall continue payment of my/our loan repayment until full and final settlement of the outstanding dues.

I/We hereby agree to the moratorium terms and also to agree to follow the terms & conditions according to my/our Agreement already executed. I hereby declare that I/We are not bankrupt.

I/We hereby undertake that in all cases BGs are valid and/or shall be kept valid by renewing them wherever required. I/We also furnish the proof of renewal of the BG(s) for record by e-mail or any other form.

I/We shall pay the total outstanding dues including interest till the date of payment. In case, I/We fail to make the payment after all persistent efforts, Corporation is free to invoke the BG(s) and take any other action as per the agreed terms & conditions.

Thanking you.

Yours Sincerely,

Signature(s) of Authorized Official
(Name)