

# FAQs on Moratorium by Reserve Bank of India

## 1. What is moratorium?

A moratorium implies that the customers can delay the payment of their monthly loan instalments for a limited period. The interest, at the applicable interest rate, shall continue to accrue on the outstanding portion of the loan during the moratorium period.

For e.g. If a moratorium till 31-05-2020 is granted by Muthoot Capital Services Limited, and a customer wishes to avail of this benefit, then his EMI which is originally due on 05-04-2020, will now be due on 05-06-2020. He thus gets two-month relaxation for the payment of his loan instalments.

## 2. What is the moratorium scheme announced by RBI to address financial stress caused by COVID-19?

As per RBI's circular dated 27-03-2020, lending institutions have been permitted to grant a repayment moratorium of three months, to its customers, between 01-03-2020 and 31-05-2020. Interest shall continue to accrue on the outstanding principal during the moratorium period. RBI has not granted a compulsory moratorium. It has only permitted the lenders to grant moratorium. Hence customers will have to opt for availing this benefit.

## 3. What is applicable term of the moratorium?

A moratorium of up to a maximum period of 3 months can be offered by Muthoot Capital Services Ltd. The lenders are permitted to grant moratorium for all instalments due between 01-03-2020 and 31-05-2020.

## 4. I have paid my EMI of 05-03-2020, can I avail moratorium for next three months?

No, you can avail only two month moratorium. Moratorium is approved only on instalments due till 31-05-2020, hence you can avail a benefit of two months only, i.e. 05-04-2020 must be paid on 05-06-2020. For EMIs due on 10<sup>th</sup> or 15<sup>th</sup> of the month, the amount due in April will be due on 10<sup>th</sup> or 15<sup>th</sup> of June.

## 5. Will my loan accrue interest during the moratorium period?

Yes, interest will get accrued on your loan during the moratorium period and it has to be paid separately.

## 6. Will I be charged penal interest during the moratorium period?

No. However the moratorium **should not be understood as a waiver** and hence interest will continue to accrue on the outstanding principal during the moratorium period.

## 7. What will be my term after the moratorium?

The residual term will be extended by the period of moratorium availed. The interest during moratorium period will be capitalized and recovered subsequently. The residual term will be increased. The **moratorium does not cancel or waive the repayment obligation for the 3 months but is a deferment of the same.**

**8. I have 3 months overdue EMI. Can I seek moratorium?**

You must clear the arrear before requesting for moratorium.

**9. How to opt for moratorium?**

You can send SMS “YES <Loan Number>” to 9289222525 from your registered mobile number to avail moratorium on or before 05:00 PM IST on 07-04-2020. Or you can send a mail to [mail@muthootcap.com](mailto:mail@muthootcap.com) with your loan number and registered mobile number on or before 05:00 PM IST on 07-04-2020.

**10. What happens if I do not send the SMS or the email as mentioned above?**

We will take it as a confirmation that you are not opting for moratorium and that you will continue to pay your EMIs on due date regularly. If so, we will present your EMI NACH and, if it is dishonoured for any reason, we will separately follow up with you.

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