

To ALL FIDC Members

Dear Sirs,

The RBI has announced as part of its COVID – 19 relief package, a permission to all banks to allow moratorium on all term loans and a deferral of working capital interest payment till May 31, 2020. Banks have been permitted to take a case -to-case call on whether to allow such a relief to their customers or not. There have been several press reports which suggest that such a relief is not available to NBFCs.

The purpose of this advisory to clarify to all members as follows:

- There is nothing in the RBI guidelines to suggest that NBFCs are not eligible for this relief
- Our Chairman and other senior Managing Committee members have spoken to many bank MDs and CEOs and have been told that banks would consider applications for moratorium on a case-by-case basis on merit.
- There is still some confusion with regard to deferral of interest on working capital (cash credit etc.) facilities, but the position on term loans is clear
- Press reports stating otherwise appear erroneous and we would advise the members caution while being guided by such reports.

FIDC would advise its member NBFCs that those which are desirous of obtaining the moratorium, may apply to their banks giving full details of their present and expected cash flow position and other particulars that banks may require.

In case any member's application is rejected in spite of it being meritorious, members may approach the FIDC Director General for assistance. FIDC has been over the past few weeks, strongly advocated the interests of NBFCs and has made several representations to the Government and regulators wherever thought fit. FIDC would continue to work tirelessly for the long term growth and well being of NBFCs.