

ASA International India Microfinance Limited (AIIML)



Moratorium Policy



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Introduction

In view of the sudden and unprecedented outbreak of COVID-19 in China during the month of December, 2019 subsequently spreading to the other countries including India and causing a complete lockdown of the economy. This had a devastating effect on the Base of Pyramid affecting their livelihood activity thereby income. As a responsible organization ASAI India took immediate measure to ensure safety of staff and its clients to prevent and control the spread in lines with the guidelines of WHO and Indian Government. ASAI India also took measures through its CSR to spread knowledge and promote hygiene measures. To ensure that the clients are not overburdened, also declared repayment holidays from 1st March, 2020.

Subsequently as a measure to combat the challenge imposed by the current scenario, Reserve Bank of India at the press conference dated 27th March, 2020 followed by the Press release on Statement on Developmental and Regulatory Policies announced the measures and reliefs to the FIs, Banks and NBFC (including MFIs).

This Statement sets out various developmental and regulatory policies that directly address the stress in financial conditions caused by COVID-19. They consist of: (i) expanding liquidity in the system sizeably to ensure that financial markets and institutions are able to function normally in the face of COVID-related dislocations; (ii) reinforcing monetary transmission so that bank credit flows on easier terms are sustained to those who have been affected by the pandemic; (iii) easing financial stress caused by COVID-19 disruptions by relaxing repayment pressures and improving access to working capital; and (iv) improving the functioning of markets in view of the high volatility experienced with the onset and spread of the pandemic.

The policy initiatives in this section should be read in conjunction with the MPC's decision on monetary policy actions and stance in its resolution.

In view of the above policy and keeping in view the advisory and guidance note issued by MFIN in this regard and with reference to Para 5 dealing with moratorium on Term loan wherein Micro-financial institutions among other NBFCs, Banks and FIs are permitted to allow a moratorium of three months upto 31.05.2020 on payment of installment in respect of all term loans outstanding as on March 01, 2020.

Accordingly, the repayment schedule and all subsequent due dates, as also the residual tenor for such loans, may be shifted across the board by three months as per the regulatory guidelines and directives provided by the RBI / Government.

The Board of Directors of ASA International India Microfinance Limited (henceforth referred as ASAI India) believes that in lines with its mission and values, it is a primary responsibility of the ASAI India to extend its help to its borrowers and the society at large in this difficult time, and operate in a most transparent and ethical manner. It will provide an option to its clients to avail moratorium in lines with the RBI guidance and directives. This option will be by default. Since this option will result in stretching the tenure and charging interest for the enhanced period, it is expected that some clients may not avail this moratorium. In such case ASAI India will seek such options in writing from clients and will provide avenues of repayment either in the digital mode or collection through cash at branches or at a common location convenient to clients.



The policy in relation to our client's loan shall be as follows:

- a) All Loans outstanding as on 1st March 2020 shall be by default be on moratorium wef 1st March 2020 till 31st August.
- b) The tenure of loan shall be stretched for period of moratorium allowed.
- c) The interest and principal will be collected from 1st June 2020 on days pre-fixed for the group for clients on moratorium.
- d) Clients not willing to seek moratorium, will be provided facilities for repayments with the repayment holidays due to shutdown either
 - i) stretched at the end or
 - ii) higher equal instalment at the option of clients.

However interest charge will be based on accrual and on reducing balance for the tenure of repayment.

The above terms and conditions will be subject to change to accordingly adjust the repayment cycles owing to any further moratorium extended by RBI.

For the securitization and Assignment Transactions , the company shall approach the assignees/ Trustees, seeking approval to provide moratorium to the customers, the period of would be determined by the investor or the buyer of the pool. If the recovery is received during the moratorium period,, payment will be released to the assignees/trustees.

Thus in accordance with good corporate practices, ASAI India having a good liquidity position, has already honoured its payment commitments till April 02, 2020 and will be meeting the DA and securitization collections already made from clients.

ASA India shall seek the moratorium from its lenders as permitted from Reserve Bank of India with effect from 1st March 2020, with a request to treat the payment already made after 1st March 2020 as advance instalment. Accordingly, the repayment schedules and subsequent due dates as also the tenor for such loans may be shifted across the board for a period of three months starting 1st March 2020. Or more in accordance with the regulatory / Government guidelines

By this Policy, it is further clarified that the moratorium to be offered to its Borrowers is to enable them to tide over the economic fallout from COVID-19 and the same will not be anyway considered as loan waiver and shall not waive any outstanding interest due by its clients.

It has already been notified by RBI vide notification number RBI/2019-20/186 dated March 27, 2020 on COVID-19 – Regulatory Package, that the rescheduling of payments, including interest, will not qualify as default for the purposes of supervisory reporting and report to Credit Information Companies (CICs) by the lending institutions. Also, CICs will ensure that the actions taken by the lending institutions pursuant to the announcements by RBI, do not adversely impact the credit history of the beneficiaries.

It shall be responsibility of the Key Managerial Personnel to supervise the situation and monitor the field level activities to understand the ground level scenario.



It shall be the responsibility of the Operations Department to help and co-operate with the clients and show them the spirit of togetherness in this challenging and tough situation.

In pursuing its mission “to reduce poverty and improve the quality of life of the economically challenged people of the society through the provision of qualitative and responsive microfinance services in an innovative and sustainable way”, ASAI India, its Board and its employees stand together to support and retain the trust of its clients even in this sudden and adverse scenario.

The Board has adopted this policy which includes the following Guidelines to assist in the exercise their responsibilities. This Policy reflects the evolving functions of the Board and developing trends of best practices and regulatory compliance.

Laws & Regulations

ASA India shall operate in compliance with this framework provided by Reserve Bank of India.

Governance Level	Broad Responsibility	Responsibility Level
Level 1	Strategic Supervision	Board of Directors
Level 2	Executive Management	Key Managerial Personnel 1.MD 2.CFO 3.CS
Level 3	Implementation Stage	1.Chief Operations Officer with other colleagues of the department 2. CTO