

FAQs on COVID-19 related Monetary Measures

No#	Questions	Answers
A. Monetary Measures		
1	What are the objectives of the Monetary Measures?	The objectives of monetary measures are to provide credit and/or temporary debt relief to individuals and businesses who are facing financial difficulties because of the COVID-19 pandemic.
2	Who will provide the monetary measures?	All Financial Institutions (banks, insurance companies, NPPF), National CSI Development Bank and Microfinance Institutions (collectively known as Financial Service Providers) will provide the monetary measures.
3	What are the monetary measures being provided?	The deferment of loan repayments by 3 months for all loans with waiver of interest during the 3-months deferment period for only performing loans.
B. Deferment of Loan Repayment		
4	What is deferment of loan repayment?	Deferment of loan repayment is the postponement of your debt repayment obligations.
5	Who are eligible for deferment of loans?	All borrowers are eligible with the following exceptions: <ul style="list-style-type: none"> • Loans to government, loans to FIs and FIs' staff incentive loans. • Loans sanctioned/disbursed after 10 April 2020.
6	Are Overdraft loans eligible for this relief?	Yes, overdraft loans are eligible as long as these loans does not fall under the exception list (see question 5).
7	How long is the duration of deferment?	Duration of deferment is for a period of 3 months (April, May & June 2020).
8	Why is deferment being given for only 3 months?	All the monetary measures have been targeted for 3 months as an immediate and short-term relief measure. However, extension of deferment will be considered on a need basis following the assessment of evolving situation.

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9	Do I need to inform my FSP that I want to avail this relief measure (3-month deferment)?	No, all eligible loans will automatically qualify for the deferment. See question 5 to check if you are eligible.
10	How do I know if my loan has been deferred?	FSPs will provide the information through relevant communication channels.
11	Will my loan tenure increase with the deferment period?	You have an option to increase the loan tenure by the deferred period or pay higher subsequent installments.
12	What happens to my loan after the deferment period?	The repayment of loan will resume and interest will start accruing after the deferment period.
13	Do I have an option to continue paying my EMI during the deferment period?	Yes, you can continue paying your EMI and the detail on the modality and the benefits will be explained and clarified by your respective institutions. However, you will need to inform your FSP that you wish to continue paying the EMI.
14	Will I be liable to pay penal interest/late fee during the deferment period?	No, the penal interest/late fee will not be charged during the deferment period.
15	What happens to the status of the loans during/after the deferment? If I opt for deferment, will my credit status report with the Credit Information Bureau be adversely affected?	The status of the loans during/after the deferment period will remain in the same category as of 31 March 2020. The credit status report with the Credit Information Bureau will not be adversely affected by the deferment period.

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C. Interest Waiver		
16	Which type of loans are eligible for interest waiver?	<p>Loans (including overdraft/working capital/bullet) except Loans to Government, Loans to FIs and FIs staff incentive loans whose status is <i>performing</i> as of 29 February 2020 are eligible for interest waiver. The interest waiver is computed in the following manner:</p> <p>Term Loans:</p> <ul style="list-style-type: none"> • Sanctioned before April 2020, interest will be based on principal outstanding as on 31st March 2020 • Any new loans sanctioned from 1 to 10 April 2020, interest will be based on the sanctioned amount. • Any loans sanctioned after 10 April 2020 will not be eligible for interest waiver. <p>Overdraft loans and Loans under gestation period:</p> <ul style="list-style-type: none"> • For interest waiver from 1 to 10 April 2020, it will be based on actual outstanding balance. • Thereafter, the interest waiver shall be based on the outstanding balance as of 10 April 2020. • Any amount withdrawn after 10 April 2020 will not be eligible for interest waiver. <p>Performing loans are loans that are overdue by less than 91 days.</p>
17	Why performing loans as of 29 February 2020 are eligible for interest waiver?	<p>The impact of COVID-19 outbreak was felt since January 2020 and subsequent impact on the loan repayment capacity of affected individuals and businesses. This in turn led to majority of loans going into NPL by March 2020. Therefore, the cut-off date is set as of 29 February 2020 in order to protect those individuals and businesses.</p>
18	Will my deposit interest rate change due to interest waiver on loans?	<p>No, the interest on deposits will not be affected due to interest waiver on loans.</p>
D. Loans under Gestation Period		
19	What are loans under gestation period?	<p>Loans under gestation are those loans where the repayment has not yet started (e.g. projects that are still under construction).</p>

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20	What relief am I getting if my loan is under gestation?	Your gestation period will get extended by three months or in another words, your repayment date will be postponed by another 3 months.
21	What will happen to the interest during the extended gestation period?	The interest accrued on the <u>amount disbursed/outstanding</u> during the 3-month extended gestation period will be eligible for interest waiver.
22	Do I need to inform my FSP that I want to avail this relief measure (3-month deferment of gestation period with interest waiver)?	No, your loan will automatically qualify for the extension of gestation period with interest waiver. However, you will have to inform your FSP if you do not wish to avail this measure.
E. Term-based Soft Working Capital Facility (TSWCF)		
23	What is a term-based soft working capital facility?	A term-based soft working capital is a short-term financing provided at a concessional interest rate of 5%.
24	Which are the sectors eligible for term-based working capital?	The eligible sectors are Trade (wholesale distributors) and Tourism.
25	Why is WC provided only to trade & tourism related businesses at concessional rate? Why not others?	<p>I. For Wholesale Distributors: To procure essential commodities to ensure uninterrupted supply in the country;</p> <p>II. For Tourism: To meet operational expenses in particular to assist with payroll, rent and utilities expenses to retain employees.</p> <p>The immediate relief measure is provided to Trade (wholesale distributors) and Tourism related business. However, extension of working capital to others will be considered on a need basis following the assessment of evolving situation.</p>

No#	Questions	Answers
F. Loans for Cottage & Small Industries (CSIs)		
26	What loans are available for the CSIs under this relief measure?	<p>In order to help the Cottage and Small Industries, there are two types of loans available specifically for CSIs:</p> <ul style="list-style-type: none"> i. Microloans i.e. loans up to Nu.500,000 at an interest rate of 2% for a period of three months to promote RNR/agriculture and rural activities. ii. Working Capital loan to CSIs at an interest rate of 4% for a period of three months.
27	Who is eligible for this relief measure?	Borrowers with good credit standing as of 29 February 2020 in the CIB system shall be eligible for the facility.
28	From where can I avail loans for my CSI?	The loan can be availed from the National CSI Development Bank.

Note: If you have any questions about these monetary measures, please contact your FSPs first. If you still need more assistance, then please contact the following officials of RMA at hotline no#1255:

1. *Ugyen Choden, Chief Analyst, Department of Financial Regulation & Supervision; and*
2. *Sangay Dorji, Chief Analyst, Department of Financial Regulation & Supervision.*