

Recovering a Tough Task

Mr. Jaimin Russel is a small Kirana Shop owner at Ahmedabad. He bought his Kirana Shop two years back in 2018 through a bank loan of 50lakh from Yes Bank. His EMI turns out to be Rs 35000 per month. Mr. Russel was doing well till the Pandemic hit him hard on financials. Because of Pandemic since March 2020 he found the demand to go down drastically as people shifted to online grocery purchase. Since then he is hardly able to meet his ends. He availed the loan moratorium benefit but since the same was till 31 Aug, 2020, he could still not pay the EMI till 31 Dec 2020. He is a very honest and hard worker individual and does not have any loan throughout his lifetime apart from the shop loan. He has got regular calls on missing emi and request to pay, but unfortunately he is unable to generate revenue and is defaulting. Negative thoughts such as suicide also came to his mind once but because of his family he could not take that step. He is also thinking of borrowing amount at a higher interest rate from a local Lender but is also scared that if he fails to pay him, he will be murdered. He is in dilemma

Questions:

1. As a credit analyst at Yes bank, use the norm of NPA categorization and determine the NPA category and the provisioning requirement which yes bank have to maintain for the said loan of Mr. Russel
2. As a credit analyst at Yes bank, assess the measures Yes Bank should take to deal with this NPA with proper justification

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