

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 4246

TO BE ANSWERED ON THE 22ND MARCH 2021/ CHAITRA 1, 1943 (SAKA)

Compound Interest on Moratorium Amount

4246. DR. UMESH G. JADHAV:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received any complaint regarding charging interest on interest or compound interest on moratorium amount by certain finance companies including Magma Housing Finance Company; and
- (b) if so, the details thereof including the corrective steps taken/proposed to be taken by the Government in this regard?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) and (b): As per the Reserve Bank of India (RBI) circulars on COVID-19 Regulatory Package, interest continues to accrue on the outstanding portion of the term loans during the moratorium period in case of term loans, and in case of working capital facilities, lending institutions were permitted to defer the recovery of interest during the moratorium period. In view of the unprecedented and extreme COVID-19 situation, the Government announced *ex-gratia* relief by way of payment of difference between compound interest and simple interest, on the outstanding as on 29.2.2020, of eligible borrowers in the specified loan accounts, for the moratorium period, *i.e.* from 1.3.2020 to 31.8.2020.
