

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. †1134

TO BE ANSWERED ON THE 26TH JULY 2021/ SRAVANA 4, 1943 (SAKA)

Adjustment of Bank Interest

†1134. SHRI LALLU SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the banks have initiated the process to adjust the interest collected during the Corona period from borrowers and Non-Banking Finance Companies;
- (b) if so, the details thereof;
- (c) whether the Government has received complaints from borrowers in this regard; and
- (d) if so, the details thereof along with the action taken thereon?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a) to (d): Reserve Bank of India (RBI) has issued the circular 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated 7.4.2021 wherein all lending institutions were required to put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, *i.e.* 1.3.2020 to 31.8.2020 in conformity with the judgement by Hon'ble Supreme Court in the matter of Small Scale Industrial Manufacturers Association vs Union of India & Others. Lending institutions were also advised by RBI to disclose the aggregate amount to be refunded /adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ending 31.3.2021. Further, RBI has informed that they have not received complaints from borrowers regarding the process of adjusting the 'interest on interest' collected during the pandemic.
