

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**  
**UNSTARRED QUESTION NO. 2169**

TO BE ANSWERED ON THE 2<sup>ND</sup> AUGUST 2021/ SRAVANA 11, 1943 (SAKA)

**Charged by Banks and NBFCs**

2169. SHRI MANOJ TIWARI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of the fact that banks and NBFCs are charging more EMIs than actual in the name of moratorium period relaxation;
- (b) if so, the details of such cases;
- (c) the reasons for charging more EMIs than actual; and
- (d) the details of its worse impact on Home loan and other loan sector in near future?

**ANSWER**

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

(a) to (d): The Reserve Bank of India (RBI) has apprised that to mitigate the debt servicing burden on account of the COVID-19 pandemic and to ensure continuity of viable businesses, it had permitted banks and non-banking financial companies (NBFCs), *vide* circulars dated 27.3.2020 and 23.5.2020, to grant a moratorium of six months on repayment of term loan instalments {which may include, among other modes, repayment by way of equated monthly instalments (EMIs)} falling due between 1.3.2020 and 31.8.2020, during which interest was to continue to accrue, and the repayment schedule and residual tenor for loans in which moratorium was availed of were to be shifted across the board. RBI has further apprised that the manner of recovery of this accrued interest during the moratorium period was left to the banks and NBFCs concerned.

Hon'ble Supreme Court of India, *vide* its judgement dated 23.3.2021, has directed that 'interest on interest' charged to borrowers during the moratorium period should be refunded/adjusted against the impending payments, and RBI has issued a circular dated 7.4.2021 advising, *inter alia*, banks and NBFCs to take necessary steps to implement the said direction.

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