

# Big relief for borrowers on loan moratorium, Cabinet sanctions Rs 973 crore

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New Delhi: The Union Cabinet chaired by Prime Minister Shri Narendra Modi has approved the payment of ex-gratia amount of Rs. 973.74 crore pertaining to remaining claims submitted by Lending Institutions (LIs) under Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020).

By granting ex-gratia payment of difference between compound interest and simple interest during the six month moratorium period to distressed/vulnerable category of borrowers, irrespective of whether the borrower had availed of moratorium or not, the scheme would equitably help small borrowers bear the stress on account of the pandemic and get back on their feet, said an official release.

In the context of the COVID-19 pandemic, "Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020)" was approved by the Cabinet in October, 2020, envisaging therein an outlay of Rs. 5,500 crore. Following category of borrowers were eligible for ex-gratia payment under the scheme:

- MSME loans up to Rs. 2 crore
- Education loans up to Rs. 2 crore
- Housing loans up to Rs. 2 crore
- Consumer durable loans up to Rs. 2 crore
- Credit card dues up to Rs. 2 crore
- Auto loans up to Rs. 2 crore
- Personal loans to professionals up to Rs. 2 crore
- Consumption loans up to Rs. 2 crore

Budget allocation of Rs. 5,500 crore was made for the scheme in FY 2020-2021. Whole amount of Rs. 5,500 crore, as approved by the Cabinet, has been disbursed to SBI, the nodal agency under the scheme, for consequent reimbursement to lending institutions.

The estimated amount of Rs. 5,500 crore was arrived at by extrapolating the share of SBI and Scheduled Commercial Banks for the aforementioned category of loans. It was also apprised to the Cabinet that the actual amount would be known once individual lending institutions submit their pre-audited account-wise claims.