

FAQ on COVID-19 Ex-Gratia to borrowers for difference in interest

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)”



About the Scheme

- ✓ Government to reimburse the difference between compound interest and simple interest for eligible customers for six month period (1.3.2020 to 31.8.2020) through lending institutions
- ✓ Which means eligible borrowers who opted for moratorium need to pay only simple interest for the said period
- ✓ The borrowers who did not opt for moratorium too will be benefitted by getting the difference of compound and simple interest as credit



Eligible Customers

- ✓ Customers having loan accounts with sanctioned limits and **outstanding amount of not exceeding Rs. 2 crore [aggregate of all facilities with lending institutions] as on 29.2.2020**
- ✓ Account should be **standard as on 29.2.2020**, i.e., loan should not be a Non-Performing Asset (NPA)
- ✓ The scheme is applicable **irrespective of moratorium**, i.e., whether the customer has fully availed or partially availed or not availed the moratorium



Period of Scheme

- ✓ The period considered for crediting of difference between compound interest and simple interest by lending institutions is **1.3.2020 to 31.8.2020**
- ✓ For accounts closed during the said period, the period for crediting would be from 1.3.2020 and restricted to the date of closure of such account



Mode of Calculation of Ex-gratia Amount

- ✓ **Loan outstanding amount:** The **outstanding loan amount as on 29.2.2020** will be considered on which the interest (simple as well as compound) will be calculated
- ✓ **Rate of Interest:** The **rate of interest considered would be as on 29.2.2020**, i.e., in case the rate of interest has changed thereafter, it shall not be considered for the purpose of this computation
- ✓ And **the compound interest will be calculated on monthly basis**
- ✓ Then **difference between the simple and compound interest** is calculated
- ✓ It is this difference between simple interest and compound interest that will be **reimbursed to customer loan account** as ex-gratia amount
- ✓ In case of eligible accounts closed during the period of scheme, the amount will be credited to savings/current account of customer as per customer relationship records



Last Date for Crediting the Customer Account

- ✓ Customer accounts will be credited with the ex-gratia amount on or before **5.11.2020**



Grievance Redressal Mechanism



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