

Please refer below examples for calculation of penal charges and GST

Scenario 1: (Annual interest rate less than 16%): You have a loan with an EMI of INR 10,000 at 12% annual interest rate. You have missed the deadline for paying monthly EMI on the loan. As a result, EMI is now overdue for a month.

As per earlier methodology	<p>You will have to pay penal interest at a rate of 24% per annum (p.a.)</p> <p>You will have to pay = ((Total outstanding EMI /365) *30) * 24% p.a.</p> <p>= ((10,000/365) *30) *24% = INR 197</p>
As per revised methodology	<p>You will have to pay Interest on Overdue EMI @ 12% p.a. (A) + penal charges @ 8% p.a. (B) + GST on penal charge amount (C)</p> <p>You will have to pay: (A+B+C)</p> <p>A) Interest on Overdue EMI @ 12% p.a.=INR 10,000 x 12% for 30 Days = INR 99</p> <p>B) Penal charges @ 8% p.a. = INR 10,000 x 8% for 30 days = INR 66</p> <p>C) 18% GST on penal charge amount = INR 66 * 18% = INR 12</p> <p>Total = INR 99 + INR 66 + INR 12 = INR 176</p>

Scenario 2: (Annual interest rate greater than 16% p.a.): You have a loan with an EMI of INR 10,000 at 20% annual interest rate. You have missed the deadline for paying monthly EMI on loan. As a result, EMI is now overdue for a month.

As per earlier methodology	<p>You will have to pay penal Interest at a rate of 24% per annum (p.a.)</p> <p>You will have to pay = ((Total outstanding EMI /365) *30) * 24% p.a.</p> <p>= ((10,000/365) *30) *24% = INR 197</p>
As per revised methodology	<p>You will have to pay Interest on Overdue EMI @ 16% p.a. (A) + Penal Charges @ 8% p.a. (B) + GST on Penal Charge Amount (C) You will have to pay: (A+B+C)</p> <p>A) *Interest on Overdue EMI @ 16% p.a. = INR 10,000 x 16% for 30 Days = INR 132</p> <p>B) Penal Charges @ 8% = INR 10,000 x 8% p.a. for 30 days = INR 66</p> <p>C) 18% GST on penal charge amount = INR 66 * 18% = INR 12</p> <p>Total = INR 132 + INR 66 + INR 12 = INR 210</p>

*Interest on Overdue EMI @ 16% p.a.is taken to ensure capping of penal charges at 24%