

NOTICE TO BORROWERS

Fair Lending Practice- Penal Charges in Loan Accounts (wef April 01, 2024)

(In compliance with RBI guidelines issued on August 18, 2023, December 29, 2023 and January 15, 2024)

Pursuant to the above RBI Guidelines, any penalty charged in case of default in repayment of principal and/or interest within due date and/or for non-compliance of material terms and conditions of the loan contract, will be treated as ‘**penal charges**’. These penal charges will not be levied as component of interest on the loan accounts and are to be paid separately with applicable GST and the same will not be compounded..

In view of the said guidelines, this is to notify all Borrowers that the penal charges, if any, levied in the loan account has to be paid by the borrower, within 7 days from the date of debit in the account and will form part of the total liability of the borrower to the Bank.

The details of various types of penal charges applicable for Retail Borrowers are as follows:

Terms & conditions	Penal Charges/ Rate (w.e.f. 01.04.2024) per annum
Overdue of Principal and Interest	2% on o/s balance for the period till payment.
Sanction Limit Expiry	2% on o/s balance for the period till limits are reviewed/renewed.
Delay in submission of stock and receivable statement	2% on o/s balance for the period till submission, wherever applicable.
Delay in submission of QIS/ FFR/ Quarterly statement	2% on o/s balance for the period till submission, wherever applicable.
Delay in submission of annual report	Within 6 months from closure of Financial Year : Nil <u>Above 6 Months</u> Sanction Limit upto Rs. 25 lakh : Nil Sanction Limit above Rs. 25 Lakh : 5000/- per quarter or part thereof.

Non-renewal of insurance policy or inadequate insurance cover	1	Within 30 days (from the due date)	NIL
	2	Beyond 30 days and upto 60 days (from the due date)	₹1000/-
	3	Beyond 60 days and upto 90 days (from the due date)	₹2000/-
	4	Beyond 90 days (from the due date)	₹4000/-
Non-compliance of sanction terms and conditions	Maximum 2% on daily average outstanding (o/s balance) for the period till complied.		
Event Of Default Trigger	2% on daily average outstanding (o/s balance) for the default period till compliance. (If stipulated in sanction terms)		

Please note:

- All the charges are exclusive of applicable taxes.
- These service charges are subject to changes as per bank's policy from time to time.
- All other contracted terms shall remain unchanged.
