



The Parwanoo Urban Co-Operative Bank Ltd.
4-A Sector 1 - Parwanoo-173220 Distt. Solan (H.P.)



PUCBL: 2024:

Dated: 19-06-2024

**Chief Manager/ Senior Manager/Managers/Incumbent In-charge,
All Branches**

**Sub: BANK'S POLICY ON FAIR LENDING PRACTICE-PENAL CHARGES ON
LOAN ACCOUNTS**

As per latest RBI guidelines, our Bank has formulated the captioned policy on penal charges levied on all loan accounts with the sole objective to inculcate the habit of financial discipline amongst the borrowers to abide by the terms & conditions of the loan agreement.

Salient features of the policy are as under:

For all loans sanctioned on or after 1st April, 2024, only penal charges (not in the form of penal interest) to be recovered from the borrowers who do not adhere to financial discipline e.g. non-submission of stock statements / financial data (wherever applicable) or in case of default with regard to regular servicing of interest / payment of EMI's etc.

Penal charges as applicable to different category of borrowers are as under:

(i) Home Loans / Topup Loans: 0.75% on overdue amount for the period the account remains overdue;

(ii) SME & other priority sector advances:

1% on overdue amount for the period the account remains overdue;

(iii) Other Loans (including lap loans)

(A) 1.50% on the overdue amount and for the period the account remains overdue.

(B) 0.25% on the outstanding amount for non-compliance of other terms & conditions of loan agreement e.g Non submission of stock statements / Financial data (wherever applicable)





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The Branch Heads / customers may visit the website of the Bank to view the said policy, already displayed.

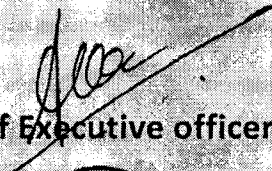
Other Instructions:

For new loans sanctioned (on or after 1st April, 2024)

(a) All branches to obtain acknowledgment of the borrower(s) in this regard on a copy of loan sanction letter handed over to them and kept on Bank's record;

(b) For existing borrowers, SMS in this regard be sent and acknowledgment be obtained on their visit to the branches, without fail as a documentary evidence of having appraised them of the new **Penal Charges Regime**, introduced by the Bank in the light of RBI directions.

Please ensure compliance of the above instructions.


Chief Executive officer

