

Revision in Schedule of Penal Charges



Consumer Finance Division

Dear Customer,

We sincerely thank you for being associated with the Bank. The Reserve Bank of India ('RBI') issued circulars dated August 18, 2023 and December 29, 2023 on Fair Lending practice – Penal charges in Loan accounts ('Circulars'). The Circulars permits the regulated entities viz. banks and financial institutions to levy penal charges (instead of penal interest) for non-compliance of the material terms and conditions of certain credit facilities by the obligor. The regulated entities have been advised by RBI to implement the instructions contained in the Circulars for new credit facilities from April 1, 2024 and for existing loans by an effective date (as decided by the Regulated Entity) not later than June 30, 2024.

As per the RBI Circulars, there shall be no capitalisation of penal charges. For instance, the Borrower's EMI payment for the month of April is ₹1,000 at 10% interest rate. As per erstwhile regime, if he defaults in making a timely EMI payment, it results in an additional interest payment of 36% per annum (or 3% per month) over and above the interest component (at 10% of the principal amount) already payable for that month. Henceforth the, 'penal interest' as above (at 3% p.m. in the example) will be replaced with a penal charge (plus GST) for the delay days. Loan ROI will be applicable and charged till the rate of actual remittance & realisation of dues. Accordingly, the Bank has revised the applicable Schedule of Charges (SoC) and Material Terms and Conditions which would govern the loan deal and its conduct over the entire loan period.

Material Terms and Conditions:

The following shall be the material terms and conditions which are to be noted for strict adherence/compliance with respect to loans availed from the Bank.

1. Payment of the loan dues/installments charges on the scheduled dates without any delay or default.
2. Provide/deliver to the Bank and ensure that the Bank receives:
 - i) Original Invoice with hypothecation in favour of the Bank



- ii) Insurance policy (duly renewed)
 - iii) Tax Paid Receipt (Motor vehicles tax or any other statutory levies as applicable)
 - iv) Permit / License and Renewals etc.
 - v) Registration Certificate (RC) with Hypothecation/endorsement in favour of the Bank
 - vi) URC / UAC issued by Government/Nodal Dept. (applicable for MSME/MSE)
 - vii) Proof of Security creation over the asset and collateral properties (MODT / ROC /CERSAI)
 - viii) Installation Certificate of the machinery / equipment
3. Repayment mandate to be provided to the Bank for honoring all the loan installments and other dues.
 4. Repayment mandate to be duly honoured as and when presented by the Bank for recovering the loan dues.
 5. Bank account from which the repayment mandate has been issued is "operative" for the entire loan tenure.
 6. Asset/vehicle is used for authorized purposes only.
 7. Provide documents/proofs as and when requested by the Bank within the stipulated time for any audit/other requirements of the Bank.
 8. Loan amount should not be classified as NPA/SMA/RFA/FRAUD.

In the event of failure or non-compliance with any of the aforementioned terms and conditions, the Bank shall be entitled to levy penal charges as mentioned in the Schedule hereunder.

DETAILS OF PENAL CHARGES

The Bank shall be entitled to levy Penal Charges at the rate/charge mentioned in schedule below in the event of any delay/default or failure to comply/adhere to the above terms & conditions:

Sl. No.	Details **	Penal Charges
1	Penal Charges for Financial Overdues:	Penal Charge % on no. of days overdue
	Medium & Heavy Commercial Vehicle	2.00% per month
	Construction Equipment	2.00% per month
	Light Commercial Vehicle	2.00% per month
	Small Commercial Vehicle	1.50% per month
	Passenger Car	2.00% per month
	Two Wheeler - Normal Bike, High End / High Street Bike	1.00% per month
	Tractor/Harvester Vehicle & Agricultural Implement	1.50% per month
	Affordable Housing Loan	2.00% per month
2	Non-submission of Invoice	₹ 300/- per month or part thereof for delays post invoicing of over 90 days
3	Non-submission of latest Insurance policy (duly renewed) / per year of renewal & during entire loan tenure (with proper insured name, hypothecation endorsement and adequate Insured's Declared Value and Comprehensive Insurance coverage without major exclusions.	₹ 300/- per month or part thereof for delays post invoicing of over 90 days



4	Non-Payment of applicable Motor Vehicle Tax (on time leading to issues at RTA)	₹ 500/- per month or part thereof for delays over 90 days from due date
5	Non-renewal of vehicle permit	₹ 500/- per month or part thereof for delays over 90 days from due date
6	Non-submission of RC with Hypothecation / Name transfer duly effected	₹ 300/- per month or part thereof for delays post invoicing of over 90 days
7	Non-submission of Udyam Registration certificate – for MSME/MSE segment only	₹ 500/- per month or part thereof for delays over 30 days from loan date
8	a. ROC/CERSAI not done within time lines	₹ 5000/- per month or part thereof for delays over 30 days + all penalties levied by ROC to be borne by customer additionally
	b. Non-submission of property collateral documents/MOTD if stipulated	₹ 5000/- per month or part thereof for delays over 60 days
9	Non-submission of installation certificate for equipment/machinery	₹ 5000/- per month or part thereof for delays after 60 days from Loan date or installation completion date whichever is later
10	Repayment Dishonour/Rejection Charges / Unregistered Repayment mandate, if any	
	a. For Passenger Car, Light Medium & Heavy Commercial Vehicle & Construction Equipment, Tractor/Harvester Vehicle & Agricultural Implement, Affordable Housing Loan	₹ 750/- per instance
	b. For Small, Commercial Vehicle and Two Wheeler - (Including Normal Bike, High End/High Street Bike)	₹ 400/- per instance
11	If no NACH/SI mandate is issued for EMI repayments	₹ 300/- per month
12	Closure of bank account from which repayment instruments / ACH has been issued (without intimation)\$	₹ 500/- per month
13	Non Payment of Property Tax - For Affordable Housing Loan	₹ 500/- per month or part thereof of delay over 90 days from due date

* Goods and Service Tax (GST) are applicable and at rates as prevalent from time to time.

Denotes maximum percentage/maximum amount.

Please visit the nearest branch for further details or you may contact us over email: reach4loan@indusind.com

Thanking you once again.

Warm regards,

**Team - Customer Support Services
Consumer Finance Division
IndusInd Bank Limited**

