

SPECIAL PROVISION FOR FREEZING OF INTERESTS & PENAL INTEREST
(CLAUSE 18-A)

Save as otherwise expressly provided by or under existing existing provisions concerning interest, this provision of freezing of interest and Penal Interest shall apply only to the loan accounts in whose case the Corporation under the terms and conditions after taking over the possession of the asset purchased with the loan amount has auctioned successfully. It shall be becoming enforceable right from the day of auction.

SPECIAL PROVISION FOR REMISSION OF PENAL INTEREST IN ONE TIME SETTLEMENT CASES.

Almost all the financial institutions have made necessary provision regarding remission of penal interest in their loan regulations which stipulates that the penal interest may be waived off in the cases of one time settlement of loan account by the loanee. This provision is reported to have fetched good results as the loanee, in order to avail himself, of the concession of remission of penal interest under the aforesaid provision, likes to settle his loan accounts in one go. The lender as well as the borrower shall be benefited equally because of the above provision. Whereas on the one hand the financial institution gets the repayment of loan in one time, the borrower gets the relief from the payment of penal interest. The following provision maybe incorporated as 18 (iii) in the existing loans regulation of the corporation.

- (a) This concession of the remission of penal interest may be given once in a year for two to three months preferably from January to March or may Period to be decided by Default Review Committee, to the beneficiaries who come forward to make one time payment of outstanding amount due against them and settle their account. The quantum of amount of penal interest to be considered for remission may be decided by the Managing Director depending upon the Default amount and on the merit of each case. The following procedure may be laid down.

(Signature)
Sharma

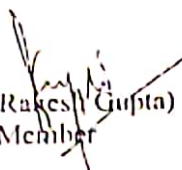
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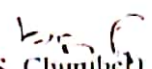
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- (b) This concession will be available to all the beneficiaries who settles his loan account in one time. Waving off upto 100% of the penal interest can be considered in such cases.
- (c) This concession shall also be available to the beneficiaries who after defaulting a minimum of three installment comes forward to settle the loan account upto the date of application. 50% of the penal interest shall be considered for remission by transfer to "Suspense Account" Subject to the condition that the beneficiary will give an undertaking in writing ^{not} to default the future repayment of loan. In case the beneficiary again defaults on the repayment, the penal interest so remitted shall and shall become recoverable from the beneficiary.


(Kaur Singh)
Convener & Secretary


(Rakesh Gupta)
Member


(S.K. Sharma)
Member


(B.S. Chumber)
Member

Amended as on dated 13.07.2021

Default Amt	Time Period within which Loan could be settled under One Time settlement Scheme
<p>Upto Rs. 1.00 Lakh</p>	<p>03 months</p> <p>Loanee may deposit the amount either lumpsum or in any number of Installments within given 03 months as a one-time opportunity. However, Penal interest will be waived off as follows:</p> <p>100% Penal Interest be waived off if the Loanee repays the default amount lumpsum within 01 month.</p> <p>80% Penal Interest be waived off if the Loanee repays the default amount within 01 month in any number of installments.</p> <p>70% Penal Interest be waived off if the Loanee repays the default amount within 02 months in any number of installments.</p> <p>60% Penal Interest be waived off if the Loanee repays the default amount within 03 months in any number of installments.</p>
<p>More than Rs.1.00 lakh to Rs.2.00 lakh</p>	<p>04 months</p> <p>Loanee may deposit the amount either lumpsum or in any number of Installments within given 04 months. However, Penal interest will be waived off as follows:</p> <p>100% Penal Interest be waived off if the Loanee repays the default amount lumpsum within 01 month.</p> <p>80% Penal interest be waived off if the Loanee repays the default amount within 02 months in any number of installments.</p> <p>70% Penal Interest be waived off if the Loanee repays the default amount within 03 months in any number of installments</p> <p>60% Penal Interest be waived off if the Loanee repays the default amount within 04 months in any number of installments.</p>
<p>More than Rs.2.00 lakhs</p>	<p>06 months</p> <p>Loanee may deposit the amount either lumpsum or in any number of Installments within given 06 months. However, Penal interest will be waived off as follows:</p> <p>100% Penal Interest be waived off if the Loanee repays the default amount lumpsum within 01 month</p> <p>80% Penal Interest be waived off if the Loanee repays the default amount within 03 months in any number of installments</p> <p>70% Penal Interest be waived off if the Loanee repays the default amount within 04 months in any number of installments 60% Penal Interest be waived off if the Loanee repays the default amount within 06 months in any number of installments.</p>