Ref. RFC/GBD/GEN-149/ 257   Date: 02.2014

P&G CIRCULAR
(LA No.: 622)

Reg.: **Flexi loan scheme for Good Borrowers.**

Attention is invited towards P&G Circular No. 1456 dated 06.12.2013 vide which the Flexi Loan Scheme for Good Borrowers was circulated.

As per the Flexi Loan Scheme for Good Borrowers the existing interest clause is as under:

> "Interest shall be charged as per prevailing rate of interest under the Scheme **OR** the prevailing rate of interest being charged in existing loan accounts **OR** the interest rate applicable in the loan accounts, which were squared up within last 3 months of submission of loan application, whichever is higher".

The matter regarding charging of higher rate of interest in Flexi Loan Scheme in the cases where the borrower has rapid the existing loan carrying higher rate pf interest within three months and approaching for loan under Flexi Loan Scheme was discussed in the Branch Managers Conference held on 24.01.2014, wherein it was proposed that the clause of rate of interest may be reviewed.

Accordingly the matter was discussed in the PC&CC meeting held on 28.01.2014 and to discourage prepayment it has been decided to modify the interest clause as under:-

> "Interest shall be charged as per prevailing rate of interest under the Scheme **OR** the prevailing rate of interest being charged in existing loan accounts **OR** the interest rate applicable in the loan accounts, which were squared up within last 3 months of submission of loan application by making prepayment, whichever is higher".

Necessary amendment may be incorporated at appropriate place in the interest clause of the Scheme.

Other provisions of the scheme shall continue to be followed as per the prevailing guidelines.

All concerned are advised to take a note of above and act accordingly.

(Yaduvendra Mathur)
Chairman & Managing Director

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