

CUSTOMER AWARENESS LITERATURE ON LOAN REPAYMENT & LOAN DEFAULT : FAQs

Sl. No.	FAQ	REPLY
1	What is Loan Default?	Loan Default occurs when loan is not repaid Promptly/Regularly
2	What happens if repayment is delayed?	If a Loan is repaid regularly, it is classified as a "PERFORMING ACCOUNT " and if there is a delay in repayment , it is classified as a "SPECIAL MENTION ACCOUNT " or a "NON PERFORMING ASSET " .
3	What does it mean?	(i) It means the PRINCIPAL and INTEREST gets accumulated as Arrears in the Loan Account. (ii) Arrears less than 90 DAYS is categorized as 'SPECIAL MENTION ACCOUNT" or "SMA" (iii) Arrears equal to or beyond 90 days will turn the loan account into "NON PERFORMING ACCOUNT" or "NPA"
4	What happens if loan accounts become "SMA" or "NPA"?	Various recovery process will be initiated like : (i) Reminders through SMS/phone call/letter/personal visit by Bank Official or agents, appointed by the Bank. (ii) If account is NPA, Issue of legal notices and suit filing (iii) If account is NPA, and no response to the above action of Bank, take possession and subsequently proceed to realize the value of security that is hypothecated and/or mortgaged to Bank.
5	How does it affect the borrower?	(i) Credit score of the borrower is downgraded (ii) If loan amount is more than Rs.5 crores, details of defaulter gets reported to RBI periodically through "CRILC" portal (CRILC is a repository of information on borrowers available on a public platform)
6	What are the advantages of repaying bank loans regularly?	(I) Enhanced Financial credibility (ii) "MOST DESIRABLE CUSTOMER" status (iii) Competitive rates of interest
7	How should one maintain a good credit history?	(i) Apply for loan quantum that is need based (ii) Do not divert funds from the purpose for which it is taken (iii) Be sure about the repayment capacity (iv) Never miss even a single EMI

Hope this is helpful in dispelling any fears / myths/misconceptions that you had. Make us your PARTNERS for your LIFE'S MOST IMPORTANT AMBITIONS. Remember "TOGETHER WE CAN "