



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



www.rbi.org.in

RBI/2023-24/102

DoR.MCS.REC.61/01.01.001/2023-24

December 29, 2023

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks, excluding Payments Banks)
All Primary (Urban) Co-operative Banks
All NBFCs (including HFCs) and
All India Financial Institutions (EXIM Bank, NABARD, NHB, SIDBI and NaBFID)

Madam / Dear Sir,

Fair Lending Practice - Penal Charges in Loan Accounts: Extension of Timeline for Implementation of Instructions

Reference is invited to [RBI circular DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023](#) on 'Fair Lending Practice - Penal Charges in Loan Accounts'.

2. In terms of paragraph 3 (viii) of the circular, the instructions were to come into effect from January 1, 2024. However, considering that certain clarifications and additional time has been sought by some regulated entities (REs) to reconfigure their internal systems and operationalize the circular, it has been decided to extend the timeline for implementation of the instructions by three months. Accordingly, REs shall ensure that the instructions are implemented in respect of all the fresh loans availed from April 1, 2024 onwards. In the case of existing loans, the switchover to new penal charges regime shall be ensured on the next review/ renewal date falling on or after April 1, 2024, but not later than June 30, 2024.

3. A set of [frequently asked questions \(FAQs\)](#) providing clarifications related to implementation of the circular will be uploaded in the FAQs section of the RBI website shortly.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

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बैंक हिंदी में पत्राचार का स्वागत करता है

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