

## 4. Loan Repayment Questions

### 1. What are the different repayment options available for loans?

ICICI Bank offers several repayment options, including:

- **EMI (Equated Monthly Instalment):** Fixed monthly payment combining principal and interest.
- **Step-Up Repayment:** Start with lower EMIs that increase over time, suitable for those expecting income growth.
- **Step-Down Repayment:** Start with higher EMIs that decrease over time, ideal for those nearing retirement.
- **Flexible Loan Instalment Plan (FLIP):** EMI structure changes based on the borrower's expected income changes, such as retirement.
- **Lump-Sum Repayment:** Pay off the entire outstanding loan amount in one go before tenure ends.
- **Balloon Repayment:** Make a large payment as the last instalment, with smaller EMIs initially.
- **Pre-EMI:** Pay only interest on the disbursed amount until the full loan is disbursed, then start regular EMIs.
- **EMI Under Construction:** Begin EMI payments on a partly disbursed home loan for under-construction properties.

### 2. How do I calculate my EMI (Equated Monthly Installment) for a loan?

Your EMI is calculated using the formula:

$$EMI = \frac{P \times R \times (1 + R)^N}{(1 + R)^N - 1}$$

where P = principal, R = monthly interest rate, and N = number of months. ICICI Bank provides online EMI calculators to help you estimate your monthly payments.

**3. Can I change my EMI payment date or frequency during the loan tenure?**

ICICI Bank may allow you to change your EMI payment date, subject to their policy and approval. Changing the frequency (e.g., from monthly to bi-weekly) is generally not standard but can be discussed with the bank.

**4. How is my EMI divided between principal and interest?**

Each EMI consists of both principal and interest components. In the initial period, a larger portion goes towards interest, and as the loan progresses, the principal component increases.

**5. What happens if I miss a loan repayment? Are there late fees or penalties?**

Missing an EMI can result in late payment charges, additional interest, and a negative impact on your credit score. The bank will notify you of overdue payments and may levy penalties as per the loan agreement.

**6. Can I pay off my loan early? What are the benefits and penalties of doing so?**

Yes, you can prepay your loan either partially or in full. Benefits include saving on interest and closing the loan sooner. However, some loans may have prepayment or foreclosure charges, so check your agreement for details.

**7. Is there a penalty for prepaying my loan or making partial payments?**

ICICI Bank may charge a prepayment or foreclosure fee, especially for fixed-rate loans. For floating-rate home loans, there are generally no prepayment penalties for individuals. Always review your loan terms for specific charges.

**8. How do you calculate the impact of an early repayment on my loan tenure and interest?**

When you make a prepayment, the outstanding principal reduces, which lowers the interest for the remaining tenure. You can choose to either reduce your EMI amount or shorten your loan tenure, both leading to overall interest savings.

**9. What options do I have if I am unable to make an EMI payment due to financial hardship?**

If you're facing financial hardship, contact ICICI Bank immediately. Options may include restructuring your loan, extending the tenure, or granting a temporary moratorium. It's important to communicate early to avoid penalties and credit score impact.

**10. Can I reduce my EMI amount if I can't afford it, and if so, how does that affect the loan tenure?**

You may request to reduce your EMI by extending the loan tenure. While this lowers your monthly outgo, it increases the total interest paid over the loan period.

**11. Can I skip an EMI payment? What would be the consequences?**

Skipping an EMI without prior arrangement can lead to penalties, increased interest, and a negative impact on your credit history. Always inform the bank in advance if you're unable to pay.

**12. Is there a grace period for making EMI payments?**

ICICI Bank may provide a short grace period for EMI payments, but

this is subject to the loan agreement. Payments made after the grace period may attract late fees.

**13. How do I request a loan restructuring or rescheduling in case of financial difficulties?**

Contact ICICI Bank's customer service or visit your branch to explain your situation. The bank will assess your case and may offer options like restructuring the loan, extending the tenure, or providing a temporary moratorium, depending on your eligibility and circumstances.