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Personal Banking

Type of Products and Features

Assets – Auto Loan (Car/Two-Wheeler)

- Loan for purchase of car/Two-wheeler for personal use
- Also known as Vehicle Loan/Car Loan/Two-Wheeler Loan
- Provided to individuals, firms, companies, societies, trusts etc., for own use
- Loan for commercial purposes does not fall under this category
- Repayment capacity and past satisfactory track record, primary criteria
- Primary security – the vehicle to be purchased. Personal guarantee is preferred but it is not a must
- Banks aggressively engaged in developing the portfolio.

- All types of vehicles meant for personal use are covered – common, luxury, multi utility
- New as well as second-hand vehicle eligible
- Loan against existing cars also given
- Loan for transfer of loan taken from other banks also considered
- Hypothecation of the vehicle primary - Charge is registered with the RTO
- Guarantee preferred but not mandatory
- Loan amount 60% to 90%; normally 70-80%. If adequate collateral security available, even 100% considered
- Generally up to 3 times of annual salary for salaried individuals and 6 times of annual income in other cases
- Repayment period - 1 to 5 years
- Loan disbursed directly to the seller
- Repayment EMI
- Pre-payment subject to pre-payment charges

- Interest rates fixed as well as floating - discounts offered by manufacturers and dealers factored in interest rate
- Interest on the month end balance
- Loan repayment through PDC/direct debit/ECS (Debit)
- Spouse or close relative residing at the same place is accepted as a co-applicant.
- Existing customers /credit card holders/corporate salary account holders given better terms - loan amount, repayment schedule, interest rate, service charges, faster approval etc.
- NRIs considered for loan for use of vehicles by their relatives in India, with suitable domestic security

- Processing Fee - 0.5 to 1% of loan amount
- Prepayment of the loan - 2 to 5% of principal outstanding or Interest for unexpired period of the loan whichever is lower
- Late payment - 2% pm on overdues
- Cheque Swap Charges - Rs. 500/- per transaction
- Cheque return charges - Rs. 400/- per cheque return
- Amortisation Schedule/Statement of Account Charges - Rs. 200/-
- Prepayment Statement Charges - Rs. 100/- per statement
- Duplicate NOC Charges - Rs. 500/- per NOC
- NOC for conversion from Petrol to LPG/CNG - Rs. 500/- per NOC
- Revalidation of NOC Charges - Rs. 500/- per NOC
- NOC to convert from Private to Commercial Registration or vice versa - Rs. 2000/-

Category	Eligibility	Documents required
Salaried Individuals	<ul style="list-style-type: none"> Age: Min. 21 to 58 years (till loan repayment) Employment: Min. 2 years - 1 year in current employment Annual Income: Min. Rs 1,00,000 	<ul style="list-style-type: none"> Proof of Identity Income Proof Address Proof Bank Statement
Self Employed	<ul style="list-style-type: none"> Age: Min. 21 to 65 years (till loan repayment) Occupation: Min. 3 years Annual Income: Min. net profit Rs. 60000 pa 	<ul style="list-style-type: none"> Proof of Identity Income Address Proof Bank Statement
Proprietorship/Partnership Firms	<ul style="list-style-type: none"> Age of Proprietor/Partners - 21 - 60 years Income: Net profit Rs. 60000 pa Business Turnover: Min. Rs. 4.5 lacs 	<ul style="list-style-type: none"> Proof of Identity of the Proprietor/Partners Partnership deed Income Proof Address Proof Bank Statement
Companies	<ul style="list-style-type: none"> Income: Min. Net profit Rs. 60000 pa Business turnover: Rs. 4.5 lacs 	<ul style="list-style-type: none"> Proof of Identity of the Managing Director & other authorised officials Memorandum and Articles of Association Certificate of Incorporation and Commencement of Business (in case of public limited co.) Income Proof Address Proof Bank Statement
Societies and Trusts	<ul style="list-style-type: none"> Minimum and Maximum Age of the key functionaries: between 21 to 60 years Minimum Income: Net profit Rs. 60000 pa 	<ul style="list-style-type: none"> Registered Deeds Income Proof Identity proof of the key functionaries/trustees Proof of address

Process Flow involves – Sourcing, Processing of application, documentation and disbursement of loan

Sourcing of business:

- Through branch network
- Through Direct Sales Channel
- Through tie-up with auto dealers

Processing of Application:

- Processing in specialised Retail Loan Centres in some banks
- At branches in other banks

Processing of application:

- Screening of the file containing details filled in the Application Form, proof of addresses, income, bank statement, processing fee cheque etc.
- Credit Appraisal -
 - Eligibility of the Applicant
 - Type of Loan
 - Amount of Loan
 - Security
 - Guarantee (if required)
 - Repayment Schedule
- Sanction of the completed Application Form & Issue of Sanction Letter

Documentation:

- Agreement creating hypothecation charge on the vehicle, with rights to banks to recover the loan/instalments and other dues and in the event of default, repossess and sell the vehicle ; and shortfall from the personal assets of the applicant/guarantor.
- Registration of hypothecation charge with the RTO
- Vehicle Insurance Policy to have assignment in favor of the bank

Disbursement of the Loan:

- Disbursement of loan directly to the seller of the vehicle – The bank first recovers the margin amount from the customer and includes it in the total amount payable (less advance paid, if any) to the seller.
- Registration of charge with RTO
- Assignment on the Insurance Policy

Periodic Review:

- To ensure timely action in case of overdues
- To take follow up action depending upon extent of delinquency
- Follow up thru phone call/written communication; simultaneously, review of security to re-ensure validity of powers for legal recourse

Adhoc Review/Revision of limit:

- In floating rate loan, increase in interest may require re-setting of the EMI
- Require to intimate the customer in advance
- At times, loan limit is raised instead of increasing EMI, particularly when the repayment capacity of the customer is fully stretched

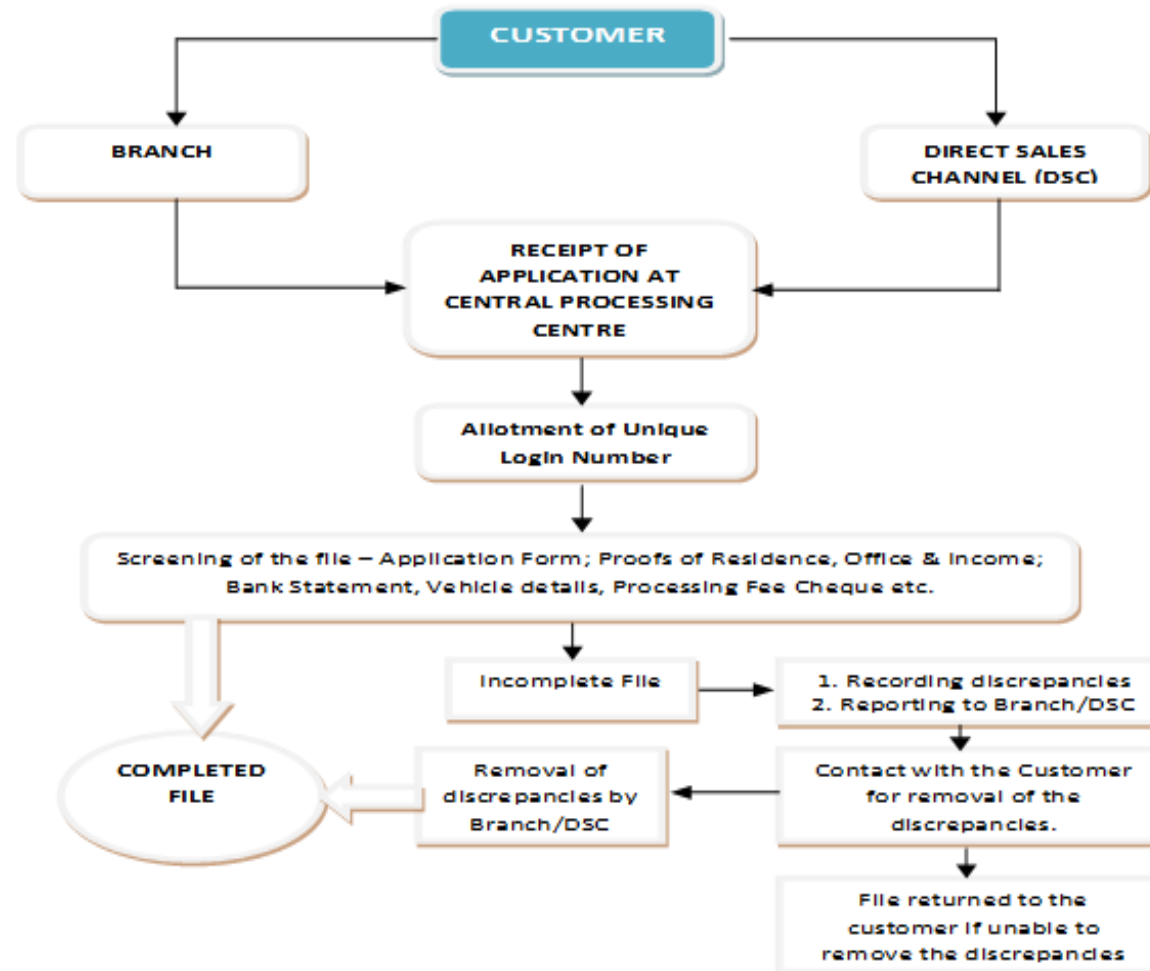
Prepayment of the loan:

- Prepayment of loan through own resources
- Prepayment of loan by transfer of loan to another bank
- Prepayment attracts pre-payment penalty
- Penalty generally 1-2 percent of the loan outstanding

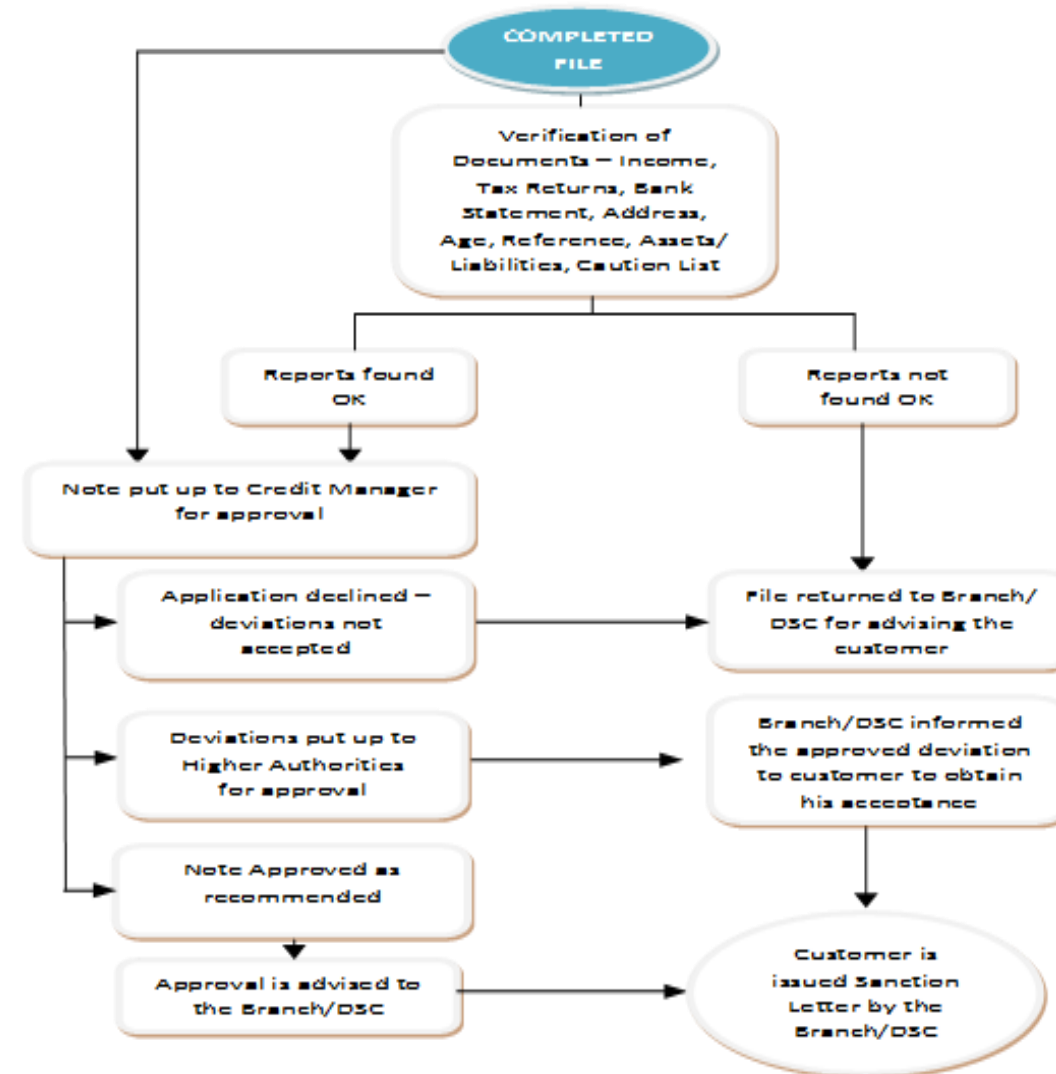
- Bank may resort to foreclosure if:
- The repayment is not as per agreed schedule;
- There is erosion in the value of the vehicle due to accident or any other reason
- The bonafide of the customer is found doubtful;
- The customer's death
- The events have turned out to be in contravention of the agreed terms of loan;
- Professionals/agencies engaged by banks to initiate action
- Court orders obtained to re-possess the vehicle
- RBI guidelines for training to recovery staff/agents at approved institutions as per defined syllabus
- Banks have right to proceed against the borrower and the guarantor to recover the dues from their personal assets to meet the shortfall beyond the sale proceeds of the hypothecated vehicle

- RBI guidelines for income recognition, assets classification and provisioning – if due for more than 90 days, the loan is deemed as NPA and categorised as “sub-standard” category.
- If the default period increases to one year, the loan is shifted to “doubtful” category.
- If any Loan is considered unrecoverable for any reason, the same is categorised under “loss”.
- Banks have to make provisions based on the category of NPA, period of default and availability of security.
- If categorised as “NPA”, the entire amount of unrecovered interest to be reversed and application of interest to cease

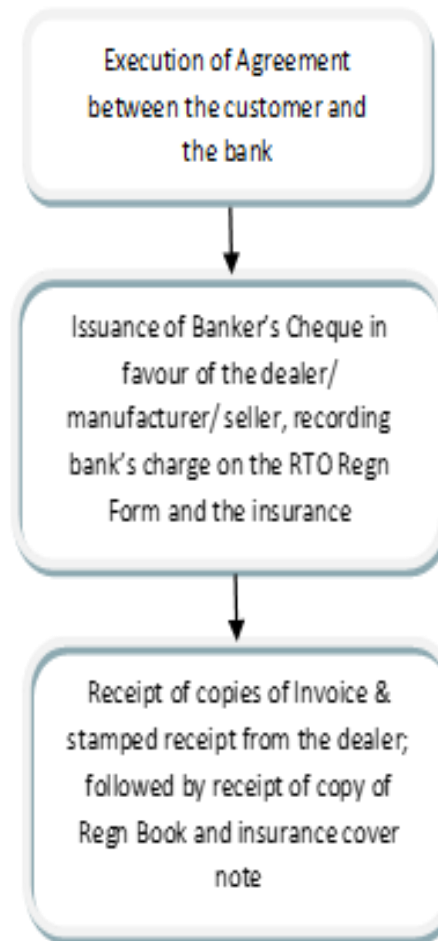
I. Process Flow Chart - Loan Origination, Processing, Approval & Disbursement



PROCESSING OF COMPLETED FILE



DOCUMENTATION AND DISBURSEMENT





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