राष्ट्रीय आवास बैंक
NATIONAL HOUSING BANK

By e-mail

HO/DOS/DAK/2026/05489
July 24, 2026

To
Managing Director & Chief Executive Officer
All Registered Housing Finance Companies

Madam/Sir,

Advisory with respect to compliance with Reserve Bank of India (RBI) circular on Fair Practices Code for Lenders - Charging of Interest dated April 29, 2024

Reference is drawn to RBI's circular on Fair Practices Code for Lenders - Charging of Interest dated April 29, 2024 wherein it has been stated that "*during the course of the onsite examination of Regulated Entities (REs) for the period ended March 31, 2023, the Reserve Bank came across instances of lenders resorting to certain unfair practices in charging of interest including Charging of interest from the date of sanction of loan or date of execution of loan agreement and not from the date of actual disbursement of the funds to the customer. Similarly, in the case of loans being disbursed by cheque, instances were observed where interest was charged from the date of the cheque whereas the cheque was handed over to the customer several days later*".

2. In this regard, it has been observed during the supervisory inspections of Housing Finance Companies (HFCs) carried out by National Housing Bank (NHB) that HFCs are not maintaining proper audit trial of cheque/demand draft handover to the borrower while charging interest to the borrower from the date of handover. Further, it has also been observed that the Supervised Entities (SEs) are cancelling the payment instrument (cheque, demand draft etc.) after certain time-period but are reporting such loans and advances in the returns submitted to NHB as well as in the quarterly and annual financial statements prepared by the company.

3. The HFCs are hereby advised to maintain record of proof of cheque/demand draft handover by seeking the acknowledgement of the borrower along with details of payment instrument on cheque remittance letter/disbursement advise of the issuing bank. Further, any payment instrument subsequently cancelled by the HFC upto the date of finalization of the financial statement should not be reported as loan and advances in the returns submitted to NHB as well as in the quarterly and annual financial statements prepared by the company.

Yours faithfully,

(Ranjan Kumar Barun)
General Manager
Department of Supervision

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पर्यवेक्षण विभाग

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