

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

PRE-PAYMENT PENALTY ON HOME LOANS

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Reserve Bank of India (RBI) in its monetary policy, during 2012-13 has announced not to permit banks to levy foreclosure charges/pre-payment penalties on home loan on a floating interest rate basis.

Further, National Housing Bank (NHB) which regulates the Housing Finance Companies (HFCs) have advised them not to levy pre-payment charges on the borrowers where the housing loan is on floating interest rate basis. Further, NHB has also advised the HFCs not to levy any pre-closure charges even where the housing loan is on fixed interest rate basis and the loan is pre-closed by the borrowers out of his own sources.

This information was given by the Minister of State for Finance, Shri Namo Narain Meena in written reply to a question in Lok Sabha today.

DSM/SS/Hb