


<p>कार्पोरेशन बैंक (सार्वजनिक क्षेत्र का अग्रणी बैंक) प्रधान कार्यालय, डा पे सं. 88 मंगलूर - 575 001</p>	 e-CIRCULAR	<p>Corporation Bank (A Premier Public Sector Bank) Head Office, PB No.88, Mangalore – 575 001</p>
<p>Credit Division [Credit Policy & Planning Section] Email : CPMS@corpbank.co.in</p>		
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TO ALL THE BRANCHES / OFFICES

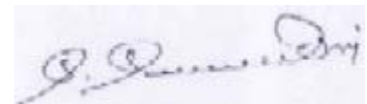
Subject : RECOVERY OF UPFRONT FEE/ PROCESSING CHARGES UNFAILINGLY

HIGHLIGHTS

Branches shall ensure To recover upfront fee and processing charges unfailingly. In respect of review/renewal, processing charges are invariably recovered on the anniversary due date of renewal.

1. A major portion of the seepage of income reported in various audits is on account of non-recovery/ delayed recovery of the prescribed processing charges either at the time of initial sanction or on the anniversary due date of review/renewal. On account of the time lag between occurrence of the seepage and its detection, recovery of the same becomes difficult due to various reasons.
2. In this regard, attention of branches/other offices is invited to various circulars issued reiterating the need for timely recovery of processing charges at the time of initial sanction and also on the anniversary due date of renewal of credit limits.
3. For the benefit of branches/other offices, we reiterate the extant guidelines on collection/ recovery of upfront/processing fee/charges.
 - The Credit Sanction Intimation shall invariably contain the details of upfront fee/processing charges at prevailing applicable rates.
 - The Credit Sanction Intimation shall also contain a clause that processing charges shall be recovered on the anniversary due date of renewal.
 - Applicable upfront/processing fee shall invariably be recovered as per the extant guidelines in vogue.
 - The processing charges for renewal at prevailing applicable rates shall be recovered **invariably on the due date of renewal itself, for the next one year, irrespective of whether the renewal is carried out or not.**

- In case, the credit appraisal note is put up after the due date of renewal, the amount of processing fee collected and date of collection shall invariably be mentioned at Section VIII of the appraisal note under Operational Experience.
 - At the time of collecting the processing charges prior to the actual renewal, it shall be informed to the borrower that mere collection of processing charges on the due date shall not be construed as regular renewal and all the applicable formalities such as submission of complete set of documents/papers for renewal shall have to be ensured for completing the process at the earliest.
 - In respect of delayed renewal, the Credit Sanction Intimation should contain "Effective from _____ [Actual due date for renewal] along with the due date for next renewal". In such cases, processing charges shall have to be collected for the broken period on pro-rata basis at the prevailing rate. The days in excess of completed months shall be treated as a full month and charges shall be collected accordingly. Further, the next renewal date shall be exactly one year later from the date of current extended date of renewal.
 - In the case of enhancement in the credit limits before the due date of renewal the proportionate processing charges is to be collected for the enhanced portion and for the regular limits for the extended period of next due date of renewal on account of the enhancement in the limits on a pro rata basis per completed month and part thereof.
 - Branches/Other offices shall ensure that upfront/processing fee is recovered immediately on sanction and on the anniversary due date for renewal and a confirmation as to the recovery of the same is invariably brought out in the appraisal note.
 - All the branches are advised to collect applicable service tax separately apart from collecting the processing charges / upfront fee at the stipulated / applicable rate.
4. Needless to mention that non-recovery of the processing charges is a drain on the profitability of the Bank. Further, in times of thinning interest spread, focus shall be on increasing the share of non-interest income and upfront fee/processing charges is one of the major sources.
5. All the branches and other offices are advised to note the above for strict adherence.
6. Further, any laxity in collecting the processing charges /upfront fee in time leading to seepage of income would be viewed seriously and would attract accountability.



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