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National Housing Bank considering penalty for switching loans in first 2 years

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By Shilpy Sinha, ET Bureau | Oct 26, 2015, 07:17 AM IST



National Housing Bank is considering allowing lenders to levy pre-payment penalty on housing loan customers who transfer the outstanding amount to another lender in the first two years of the loan tenure.

MUMBAI: The National Housing Bank is considering allowing lenders to levy pre-payment penalty on housing loan customers who transfer the outstanding amount to another lender in the first two years of the loan tenure, a dampener for borrowers wanting to make the most of falling interest rates.

Sriram Kalyanaraman, chairman of National Housing Bank, the regulator for housing finance companies (HFCs), believes that home loan 'shopping' could lead to risks building up in the system as banks and HFCs are vying for the same customers to expand their market share.

"I think there should be some form of lock-in for the customers in the initial days, say 18 to 24 months, before they are allowed to transfer loans," said Kalyanaraman. "Companies/HFCs/banks are trying to woo customers with lower interest rates, which is good for customers, but there could be a bubble due to everyone concentrating on the same segment and also topping up loans when they do balance transfer."

In October 2011, NHB had waived off prepayment penalty on money borrowed from housing finance companies on floating rate. So, borrowers could prepay the loan by borrowing from a bank or a nonbanking finance company while moving to lower interest rates.

The following year, the Reserve Bank of India barred banks from levying foreclosure charges, or pre-payment penalties, on home loans with floating interest rates. In 2014, the RBI asked banks not to levy pre-payment penalties or foreclosure charges on all floating rate term loans sanctioned to individual borrowers.

Other than housing, floating loan products include corporate, vehicle and personal loans. Earlier, banks were charging pre-payment penalty of up to 2 per cent of the outstanding loan amount.

Banks, HFCs and non-banking finance companies try to woo customers with lower interest rates. As loan demand from corporates is yet to pick up, lenders

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The housing loan market continues to be dominated by the five large groups — SBI Group, HDFC Group, LIC Housing Finance, ICICI Group and Axis Bank. Together they accounted for 60 per cent of the total housing credit in India on December 31, 2014. Since then, a number of new HFCs have emerged in niche segments like affordable housing and self-employed customer segments, growing at more than 50 per cent and slowly gaining market share, according to recent report by rating company Icra.

With competition intensifying, lenders have dropped rates after the recent policy action by the RBI. SBI had recently cut its base rate by 40 bps but raised spreads on home loans so borrowers can look for loans at 9.55 per cent. HDFC, which prices home loans over a retail prime lending rate, had reduced rates by 25 basis points to 9.65 per cent.

The RBI has cut the repo rate by 125 basis points since January this year, while banks have reduced base lending rates by 50 basis points.

The Icra report said the government's focus on affordable housing and favourable regulations could push overall housing credit growth to 20-22 per cent from financial year 2015-16.

READ MORE : [Sriram Kalyanaraman](#) | [National Housing Bank](#) | [Loan](#) | [LIC](#) | [housing finance companies](#) | [housing finance](#)

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GST rate structure finalised, panel fixes rates at 5%, 12%, 18% & 28%

PTI | Updated: Nov 03, 2016, 06.30 PM IST



Finance minister Arun Jaitley said about Rs 50,000 crore would be needed to compensate states for loss of revenue from rollout of GST.

NEW DELHI: A 4-tier GST tax structure of 5, 12, 18 and 28 per cent, with lower rates for essential items and the highest for luxury and de-merits goods that would also attract an additional cess, was decided by the all-powerful GST Council today.

With a view to keeping inflation under check, essential items including food, which presently constitute roughly half of the consumer inflation basket, will be taxed at zero rate.

The lowest rate of 5 per cent would be for common use items while there would be two standard rates of 12 and 18 per cent under the Goods and Services Tax (GST) regime targeted to be rolled out from April 1, 2017.

Announcing the decisions arrived at the first day of the two-day GST Council meeting, Finance Minister Arun Jaitley said highest tax slab will be applicable to items which are currently taxed at 30-31 per cent (excise duty plus VAT).

Luxury cars, tobacco and aerated drinks would also be levied with an additional cess on top of the highest tax rate.

The collection from this cess as well as that of the clean energy cess would create a revenue pool which would be used for compensating states for any loss of revenue during the first five years of implementation of GST.

The cess, he said, would be lapsable after five years.

Jaitley said about Rs 50,000 crore would be needed to compensate states for loss of revenue from rollout of GST, which is to subsume a host of central and state taxes like excise duty, service tax and VAT, in the first year.

The 4-tier tax structure agreed to has slight modification to the 6, 12, 18 and 26 per cent slab that were under discussion at the GST Council last month.

The structure to agreed is a compromise to accommodate demand for highest tax rate of 40 per cent by states like Kerala.

While the Centre proposed to levy a 4 per cent GST on gold, a final decision was put off, Jaitley said.

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PTI | Updated: Nov 03, 2016, 04.48 PM IST



KOLKATA: The Coal Mines Provident Fund Organisation (CMPFO) has said it has developed a [mobile application](#) to enable its [members](#) view [PF balance](#) and functions.

"A Mobile App has been developed by CMPFO on which CMPF members can view their PF balance, claim status and grievance status. The existing Web Portal of CMPF had been given a facelift with improved facilities for viewing their claim status, [account](#) status, downloading self-certified life certificate format and status of grievance," CMPFO commissioner B Panda said in a statement.

CMPFO has been urged to focus on the issues of computerisation of CMPF, financial status of pension fund, seeding of Aadhaar card number.

He said coal secretary Anil Swarup in a review meeting has urged the CMPFO to keep focus on the issues of computerisation of CMPF, financial status of pension fund, seeding of Aadhaar card number.

The organisation said after seeding of Aadhaar with CMPF account number and direct transfer of pension benefits to the pensioners, the present system of collection of life certificates through 14 nationalised banks will be dispensed with and the service charges to the tune of Rs 26 crore a year to the banks will be saved, which is more than one fourth of the annual administrative expenditure of CMPFO.

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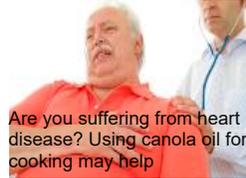
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Widening tax base, prevent avoidable disputes: CBDT

PTI | Updated: Nov 03, 2016, 12:35 PM IST



NEW DELHI: In fresh directives, the CBDT has asked the taxman to take steps for widening the existing tax base, prevent avoidable disputes and ensure that the honest taxpayer is "facilitated" while stressing that tax evasion cases are handled without fear.

"The officers and officials engaged in such actions must demonstrate objective, honest and fair conduct," CBDT Chairman wrote to his officials.

In his first communication to the field formations of the [Income Tax](#) department after taking over, new [Central Board of Direct Taxes](#) Chairman [Sushil Chandra](#) has spelled out a seven-point priority list for the department, entrusted to enforce direct tax laws in the country.

While stating that the guiding principle for the taxman should be to "facilitate honest tax payers while focusing upon effective enforcement in a fair, transparent and objective manner", the new CBDT boss who took over on November 1 added that "every possible step" should be taken to achieve the revenue collection targets and even exceed them.

Chandra asked the department to take help of their technical databases and use them to widen the tax base adding instances related to "intrusive" action of search and seizure by the taxman should be done in a fair and honest manner.

"Dedicated efforts must be made for widening of tax base.field formations must ensure that intrusive actions are based upon credible information of large scale tax evasion, keeping in view most effective utilisation of available resources.

"The officers and officials engaged in such actions must demonstrate objective, honest and fair conduct. They need to respect valuable rights of the tax payers while firmly discharging their duties, without fear," he wrote to his officials.

Talking about tax disputes, Chandra said the board will be "proactive" on this issue.

"Disposal of appeals by Commissioner of Income Tax (Appeals) needs to be expedited and due attention paid to appeals pending at other forums. It is equally important to take steps to prevent avoidable disputes. CBDT would proactively issue required clarifications on the issues flagged to it," he said.

He also asked the tax department officials to "ensure quick grievance redressal" and analyse the "most common reasons" for the occurrence of taxpayer complaints and take steps to prevent them.

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Tata AIA Life announce Revive for reinstating lapsed policies

PTI | Updated: Nov 03, 2016, 09.54 AM IST



MUMBAI: Private life insurer Tata AIA Life Insurance today announced the launch of 'Revive', an initiative to reinstate lapsed insurance policies.

As part of the scheme, customers will be given waivers on health certificate and interest for selected lapsed policies, the company said in a release.

The offer will be valid till November 30, 2016, it added.

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"Revival of life insurance policy is like extending a helping hand for policyholders to safeguard their families financially along with the benefit of no additional premium cost. It is an opportunity for all those who were unable to pay their premium on the due date," Tata AIA Life Chief Operating Officer Amitabh Verma said.

Tata AIA Life, through the Revive initiative, will reinstate lapsed policies with premium due from January 1, 2012, with the subject to terms and conditions of the offer.

The offer will be valid till November 30, 2016, it added.

Tata AIA Life Insurance Company (Tata AIA Life) is a joint venture company formed by Tata Sons and AIA Group (AIA), whose subsidiaries (collectively AIA or the Group) comprise the largest independent publicly listed pan-Asian life insurance group.

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