

Shree Warana Sahakari Bank Ltd. Warananagar.
Taluka: Panhala, District: Kolhapur.

Policy on various charges to be levied for the FY 2025-2026.

[01] Introduction:

Banks are rendering various services to its customers. Naturally banks, therefore, have to incur expenses to render the services. In view of the same RBI allows banks to recover the charges from its customers. However, RBI expects that [i] levying of such charges should not be arbitrary [ii] there should be uniformity, consistency and transparency while levying the charges.

[02] Objects of the Policy:

The first and main objective of the policy is to have defined internal guidelines to levy the charges for various services rendered to the customers. The second objective is to ensure that RBI guidelines are followed in letter and spirit and to have properly defined scope for audit / inspection.

[03] Present guidelines from RBI :- RBI has issued a master circular for UCBs on Customer Service bearing reference number RBI/2015-16/61; DCBR. CO. BPD. (PCB). MC. No.15/ 12.05.001/2015-16 dated 01-07-2015, Wherein RBI has guidelines about service charges to be levied. In RBI circular it is advised that - *Banks have the freedom to prescribe service charges with the approval of their Boards. However, while fixing service charges, for various types of services like charges for cheque collection, etc., they should ensure that they are reasonable and are not out of line with the average cost of providing these services. Banks should also take care to ensure that customers with low volume of activities are not penalized.*

[04] Necessity to levy the charges: There is cut throat competition among the banks for business acquisition. During initial years after liberalization and de-regulation policies of RBI, there was no competition to co-operative sector from nationalised banks and private sector banks. But as the years have passed now there is strong competition among nationalised and private sector banks to grab the business of co-operative banks. Simultaneously the market forces have substantial impact on net interest margin because during last decade interest rates on deposits and advances have reduced drastically. Moreover, spread between these two types

of interest rates has narrowed. At the same time overheads for banks have increased coupled with continuously increasing expenses towards information technology. This all has resulted in shrinking of bottom lines. Naturally banks have to turn towards alternative sources of income eg commission, fee based income, charges levied etc.

[05] Reasonability of charges to be levied: While arriving at the exact amount of charges to be levied bank has to take into consideration following factors – [i] actual expenses incurred while rendering services to its customers [ii] to take into consideration various facets of such expenses eg technology cost, human cost, cost of materials, cost of vendors whose help has been taken to render the services etc. [iii] In some cases bodies, like RBI, NPCI issue guidelines about charges to be levied eg ATM transactions, RTGS/NEFT [iv] Our banks charges must be parallel to charges levied by other banks. In some cases, our actual expenses may be higher but we cannot go beyond certain level as compared to peer pressure. [v] Nature and psyche of our clientele base [vi] Bank has to also take care and ensure that customers with low volume of activities are not penalised. [vii] No discrimination is made among same type or same class of customers is made.

If these factors are not looked into, naturally there is fear of losing the clients or bank will have to face wrath of the customers in one or other form. We, therefore have taken care to rationalize our charges.

[06] Display of charges to be levied:-- A chart of different types of charges applicable to customers shall be conspicuously displayed at branch level in the customer area. Such chart shall also be placed on bank's website. Staff members shall be properly and adequately made aware about the charges being levied. For this purpose, circulars shall be issued from time to time. Topic about the same shall be incorporated in the training programmes.

[07] Waiver of charges and modifications in the charges: Authorities from CEO and above (Committees of the Board or Board of Directors) shall have right to partially and fully waive the charges in deserving cases. However, this authority shall be used judiciously and sparingly. If any campaign or scheme is designed to canvass more business, bank may reduce or waive service charges for a particular loan product, for a particular period. Such concessions shall be allowed only after due /prior approval of appropriate authority.

[08] List of areas, items, services where charges are to be levied: An illustrative list of areas, services, items where service charges are to be levied is as under :

[a] Loan processing charges: Bank has designed number of loan schemes taking into consideration needs to the customers, in general and in particular. Bank will charge different charges for different loan products. Bank may adopt different methods to levy charges e.g. it may be certain percentage of loan amount sanctioned, or fixed amount of charges for different slabs of loan amounts sanctioned. **However, it will be ensured that methodology to levy the charges for a particular type of loan product or particular class of customers or particular type of services rendered shall be uniform.**

[a] Dormant Charges

[b] Loan fore-closure or pre-closure charges

[c] Visit charges

[d] Service charges to issue bank guarantee, Letter of Credit, Solvency Certificate etc

[e] Cheque book charges. Bank may issue certain number of cheques free of charge.

[f] Cash counting charges

[g] Cheque return charges. –RBI circular has given a list of reasons where cheques are returned without fault of account holder / customer. In such cases no charges shall be levied.

[h] folio charges

[i] duplicate pass-book charges, duplicate account statement charges, charges to issue account statement of a period older than 2 years

[j] SMS charges

[k] ATM transaction Charges -- certain number of ATM transactions will be free as per guidelines of the regulators

[l] Account closure charges for savings, current etc.

[m] Cheque collection charges

[n] RTGS/NEFT charges -- as per guidelines of the regulators

[o] Demand Draft / Pay-order issuance charges, cancellation charges, duplicate DD issuance charges.

[p] No-dues certificate charges, signature verification charges, confidential report charges, CERSAI registration charges, CIBIL report charges, bank's charge vacation charges,

[q] cheque stop payment charges

[r] credit appraisal charges, charges for conversion from floating to fixed rates of interest and/or vice-versa

[s] legal search report charges.

- [T] In Operative Charges
- [U] Minimum Balance Charges
- [V] Penal charges on overdue.

This is not an exhaustive or complete list. There may be additions or deletions to this list.

[09] GST on charges : -- At present all charges shall be exclusive of GST that is an amount of charges plus GST shall be recovered or debited. In case when charges are to be refunded, amount of GST can not be refunded but only charges shall be recovered. In case of change in the software being used, bank may levy charges inclusive of GST. Some of the accountholders/customers may be having their GST numbers, GST registration. In such cases they need to specifically inform the bank so that required details of their GST numbers shall be entered while filing returns of GST.

[10] Frequency to levy charges : At bank's discretion periodicity to levy the charges may be one-time, quarterly, half-yearly, yearly or incidental, depending upon nature of activity or services being rendered.

[11] Repeal and savings :-This policy is prepared for the financial year 2025-2026 and same shall be effective /operative till the new policy is approved. This policy is approved by Hon Board of Directors in its meeting dated 03/05/2025.

Shree Warana Sahakari Bank Ltd;



Rajesh P Sardal
Chief Executive Officer