



DEBT COUNSELLING

SANJAY AGARWAL

I am 29 and work with a multi-national company. I own two credit cards and have been carrying forward the balance by paying only half of it for two months. While one card company charged me an interest rate of 18 per cent, the other charged me 23 per cent. I would like to know why the two banks are charging me differently for the same?

It is the prerogative of each bank to decide the rate of interest it wants to charge the customers. Hence, the rates charged by different banks can be different.

I am 34 and have a credit card of a private bank. I want to know how do card companies/banks decide on the credit limit for a card holder? Is there a thumb rule they typically follow?

Credit policy for each credit granting institution is different and there is no thumb rule. However, a few things that would be seen by all card

issuers would be your income, profession, approximate expenses, credit history and score from the credit bureau, existing loans, your geographical location and so on.

I have not been able to repay seven monthly instalments for my home loan, due to a fund deficit. I have savings (worth ₹8 lakh) but I don't want to use these because my twin daughters will start their higher education from April 2013 and I will not be able to bridge the gap then. My home loan provider has sent five-six letters stating the consequences of not paying the money. I have been given time till Thursday (August 23) to get back to the bank. What should I do? Can I tell the bank to defer the repayment for a year, as my financial condition will improve by then? Please help me with some options.

You have no other option but to immediately clear all your dues against the housing loan since by now the loan would have been categorised as a non-performing asset in the books of the bank. The bank is now within its right to take any action under the law, including repossession of the house. For the higher education of your daughters, if you are falling short of funds you can always approach the same bank for an education loan or enhancement of the same housing loan, since by then your current loan would be regular.

The writer is Senior Vice-President and Group Head

- Retail Business Group & Technology Solutions

Group - at Arcll. The counselor's views expressed

here are his own