

SECTION IV

**LOANS
TO
AWARD STAFF**

Transfer of Staff Loan A/cs :

In case of Transfer of staff: - Procedure – Amendments – PI Ref circular No: 99/91 Dt. 12.09.2005, 99/65 Dt. 21.07.05, HL A/c: 88/47 Dt. 29.06.94

CLEAN OVERDRAFT

	ELIGIBILITY:	Confirmed Part Time/ Full time employees of the bank		
	PURPOSE	Any bona fide purpose.		
	LIMIT	SERVICE 3 Yrs to 5.yrs 5 Yrs to 10 yrs 10Yrs.& above	CLERKS Rs.1,25,000 Rs.2,00,000 Rs.3,50,000	SUBSTAFF Rs.1,00,000 Rs.1,50,000 Rs.2,00,000
	INTREST	At Base Rate PRESENTLY 10.75 w.e.f .28.07.2011		
	MARGIN	NIL		
	REPAYMENT	Monthly interest to be recovered directly from Salary		
	NOTES	<p>(1) If employee avails P.F. Loan, the limit of OD will be reduced by the amount of P.F. Loan.</p> <p>(2) Total Deduction should not exceed 65 % of gross salary. national interest on the full amount of OD will be included in calculation of total deduction</p> <p>(3) In case where the staff Member has already availed Personal Over Draft facility and if desired by the employee 60% of the sanction limit will be continued to be treated as over draft facility and remaining 40% of the sanction limit to be converted as term loan to be repaid in 84 EQM or till the date of superannuation, whichever is earlier.</p>		

(HO: 95/129 Dt. 13.12.01 & HO/RMD/AR/2001-02/ 740 Dt.24.01.02),

In cases where the staff member has already availed Personal Overdraft facility:

If desired by the employee, 60% of the sanctioned limit will be continued to be treated as Overdraft facility and remaining 40% of the sanctioned limit to be converted as Term Loan to be repaid in equated monthly instalments;

In cases where the staff member HAS NOT AVAILED Personal Overdraft facility:

As and when the staff member applies for Personal Overdraft facility, 60% of the desired limit (subject to the eligibility) to be considered as Personal Overdraft and the remaining 40% of the desired limit to be considered as Term Loan to be repaid in equated monthly instalments;

Repayment schedule for such Term Loan (i.e. 40% of the sanctioned limit of Personal Overdraft) should be fixed in such a manner that the amount of Term Loan is paid off before the date of superannuation. Request of staff member for shorter repayment period can be considered by the sanctioning authority. In such cases, the concerned staff member may be permitted to avail the Term Loan facility again, only after closure of the Term Loan account as per the sanctioned repayment schedule;

However, while deciding the repayment schedule, it must be ensured that the total deductions from the salary of the concerned employee, including the deductions on account of the monthly interest / notional interest for the Overdraft facility together with the equated monthly installment for the Term Loan facility (converted portion of Overdraft limit) should not exceed 65% of gross monthly emoluments of the staff member

(REF NO: HOBC: 101/38 dated 02.07.2007 102/42 Dt. 12.06.28 and Administrative Circular No: 207-08/06 Dated 25.07.2007, 103/8 Dt. 15.04.09, 105/18 Dt.09.05.07, 105/87 Dt. 22.08.11)

Interest on Clean OD linked with Bank's Base Rate.

Staff Housing Loan:

A	ELIGIBILITY:	All confirmed employee who have put in minimum 2 years of full time continuous service in the Bank. In case of both husband & wife being in the service of the Bank, only one of them will be eligible for Staff Housing Loan according to his / her entitlement.	
	PURPOSE	Purchase of land for construction of house	Purchase of house/flat For expansion of house OR repairs.
C	LIMIT– Clerks Sub-Staff	90% of cost of house or Rs.35.00 Lac whichever is less. 90% of cost of house or Rs.20.00 Lac whichever is less	
D	INTREST	Up to Rs1.10 lac 5 % p. a. Simple Above Rs1.10 Lac 8 % p.a. Simple .	
E	MARGIN	10%	
F	REPAYMENT	Purchase/Acquisition of House:- Principal-225 Monthly Interest – 75 Monthly	Repairs / renovation :- Principal 90 Monthly Interest 30 Monthly
		Staff Members are allowed to repay the loan amount with interest thereon as per the original repayment schedule or till his attaining the age of 70 years (whichever is earlier) from the amount of pension payable to him.	

(Ref. Head Office Branch Circular. No.- 104/53 dated 31.07.2010 & Ref. B.C. No.- 108/193 dated 16.01.2015)HO: 86/121 Dt. 19.6.87 , 91/42 dt. 03.06.97, 91/11 dt. 17.09.97, 95/135 Dt. 26.12.01, 96/01 dt. 01.04.02, 96/21 Dt. 21.05.02, 99/117 Dt. 21.10.05. New Housing Loan: 104/53 Dt.31.07.2010, 104/42 Dt.08.07.10. For Operation Guidelines Cir Letter No: 2010-11/174 Dt. 30.10.2010, HOBC 104/104 Dt. 06.12.2010, HOBC 104/133 Dt. 24.01.2011)HO:HR:IR:VGK:353 Dt. 17-08-11.

Modification Considering loan for Extension/ Enlargement / Repairs / Renovation of house / flat during the currency of Staff Housing Loan

Officer: Rs. 9.00 lakhs
Clerks: Rs. 6.00 lakhs
Sub staffs Rs. 3.00 lakhs

(Ref. B.C. No.- 108/193 dated 16.01.2015)

Housing Loan at the time of retirement

Staff Members are allowed to repay the loan amount with interest thereon as per the original repayment schedule or till his attaining the age of 70 years (whichever is earlier) from the amount payable to him. **This has come into effect from 12.01.2015 i.e. the date of approval by the Bank's Board.**

(Ref. Head Office Branch Circular No.- 108/193 dated 16.01.2015)

Provident Fund Loan : (subject to the sanctioned limit available to cover)

A	ELIGIBILITY:	All confirmed employee
B	PURPOSE	1. Medical, religious function, higher studies. 2. Self marriage/dependent marriage
C	LIMIT	1. 3 B.P. + Allow. Ranking for PF – For other Purpose 2. Six B.P. + Allow. Ranking for PF—For Marriage
D	INTREST	As applicable to PF –Rate decided by HO.

E	MARGIN	NIL
F	REPAYMENT	1. 24.Months – For other Purpose 2. 48.Months – For Marriage Purpose
G	NOTES	No fresh Loan until Previous loan is closed and stipulated period of previous loan is completed

(HO: 96/134 DT. 1.1.03./ 91/146 Dt. 21.11.97)

Vehicle Loan

Eligibility Criteria	i) For Four Wheelers: Confirmed employees with five years of satisfactory service
	ii) For Two Wheelers: Confirmed employee with two years of satisfactory service
Quantum of Loan	For purchase of four wheelers- Motor Car, Jeep, Maruti Van fitted with Petrol, Diesel, CNG Engine - -80% of cost of vehicle or Rs.7.50 lacs, whichever is less
	For Two Wheelers- -90% of the cost of vehicle or Rs.80,000/- whichever is less
Rate of Interest	<u>Who joined prior to 18.09.1989</u> Interest Free up to Rs. 25000/- 8.5% Simple above Rs.25000/- up to Rs.80000/- At Base Rate (Simple) above Rs.80000/-
	<u>Who joined on or after 18.09.1989</u> For Four Wheelers 8.5% (Simple) for limit up to Rs.80,000/- and @Base Rate (simple) for limit above Rs.80,000/-
	For Two Wheelers 8.5% (simple) for limit upto Rs.80,000/-
Repayment Period	For Four Wheelers Repayable in 200 monthly instalments in the ratio of 3:2 i.e. principal in 120 instalments and interest in 80 instalments
	For two wheelers Repayable in 84 monthly instalments in the ratio of 5:1 i.e. principal in 70 instalments and interest in 14 instalments Staff Members are allowed to repay the loan amount with interest thereon as per the original repayment schedule or till his attaining the age of 65 years (whichever is earlier)
Margin	15% Minimum
It is also allowed to the staff members to avail Staff Vehicle Loan for purchase of one four wheeler and one two wheeler simultaneously.	

(Ref. No. Head Office Branch Circular No. 107/99 dated 05.09.2013),

107/176 dated 09.12.2013 and 108/198 dated 27.01.2015

Staff Members can avail loan under Star Autofin Scheme for bridging the gap between the cost of the vehicle and staff vehicle loan as per eligibility.

(Ref. No. :HEAD OFFICE IOM NO.-HO:P:IR:VGK:874:SL-20 dated 18th October, 2006)

If an employee repay vehicle loan prior to stipulated period then surplus proceeds will be utilized for purchase of new vehicle. If loan a/c is closed in normal course no need to utilize proceeds of earlier vehicle. Eligibility for purchase of fuel efficient / better vehicle only after 4 yrs of earlier loan.

(Ref. No. - Head Office Branch Circular No.: 96/150 dated 18.02.03)

Bank's Board in its meeting held on 24.03.2012 had approved extension of Vehicle Loan to newly recruited staff members who have completed minimum 6 months of satisfactory service, on same terms and conditions as applicable to members of the public. However, no processing charge will be applicable for staff members. As per extant delegation of powers, the authority for sanctioning of these loans rest with SZLCC at Zonal Office.

(Ref. No. - Head Office Branch Circular No.: 107/60 dated 01.07.2013)

Loan/OD against Nsc.:

A.	ELIGIBILITY	All staff
B.	PURPOSE	Domestic.
C.	LIMIT	R3.LAC MAXI.(Principal plus Interest up last F.Y.)
D	INTREST	3.25 % Below BPLR – presently 11.75 % (w.e.f. 28.07.2011)
E	MARGIN	UP TO 1 LAC NIL. ABOVE :R1 LAC – 10 %
F	REPAYMENT	Principal on the date of maturity or in instalments
G	NOTES	Loan amount above R50000/- , NSc should be transferred in the Bank's name.
(HO: 83/323 Dt. 09.01.90, 88/171 Dt. 23.01.95, 96/149 Dt. 18.02.03 and 99/25 Dt. 16.05.05.) 103/12 dt.17.04.2009, 100/96 Dt. 11.09.06 , 101/18 Dt. 09.05.07)		

Scheme for extending financial assistance to the staff members who have suffered loss on account of natural calamities such as heavy rains, storm, flood, earthquake, drought etc..

	Eligibility	Employees who are working in the Branches / Offices operating in the areas affected by natural calamities or who are residing in such affected areas. The financial assistance may be granted on the basis of application-cum-self declaration (specimen enclosed).
	Identification of the Affected areas	The areas affected by natural calamities will be determined on the basis of the relevant notification issued by the respective State Governments.
	Quantum of Loan	Officers - Rs. 50,000/- Clerks - Rs. 40,000/- Sub-Staff - Rs. 30,000/-
	Rate of Interest	6 % p.a. (Simple)

	Repayment Period	Principal amount repayable in 48 equal monthly instalments and thereafter interest amount to be recovered in 12 equal monthly instalments. However, the repayment schedule should not be extended beyond the month of retirement of the concerned employee. Repayment to commence from the succeeding month of first disbursement.
	Maximum permissible Deductions (including the proposed financial assistance)	65% of the gross emoluments of the concerned employee.
	Security Documents	(a) An application-Cum-Declaration (b) Demand Promissory Note (c) Continuing Security Letter (d) Letter of Instalment (e) Authority letter addressed to Trustees of PF/Gratuity (L496) (f) Authority Letter addressed to the Trustees of PF/Gratuity signed by the nominees (L497)
	Sanctioning Authority	Designated Senior Manager / Chief Manager posted at Zonal Office/Head Office
	Other conditions	i) Early repayment is permitted. ii) Eligible employee may avail the benefit on subsequent occasions even before closure of such existing loan account. However, the limit available would be to the extent of difference between his present eligibility and outstanding amount in the existing loan account (principal loan account).

(Ref. NO- Head Office Branch Circular No.- 103/14 Dated 18.04.2009 & Branch Circular No. 107 / 119 dated 30.09.2013)

Non Repayable withdrawal from P.F :

NRWPF : (For marriage & medical treatment)

NRWPF may also be permitted to all confirmed employees having completed 10 years of service for following purposes

- (1) For illness of the employee or a member of his family
- (2) For marriages, funerals or ceremonies, which by the relation of the employee

it is incumbent upon him to perform

Not exceeding 6 month's Basic Pay and other allowances ranking to PF or 50% of accumulated balance of own contribution + voluntary contribution or with in the following maximum monetary ceiling :

Officer	: Rs.4,50,000/-
Clerk	: Rs.3,00,000/-
Sub-staff	: Rs.1,80,000/-

(REF NO: HOBC: 109/48 dated 21.05.2015)

B. Non refundable withdrawal from P.F.:

A. Eligibility : All confirmed employee

B. Purpose : Housing purpose
C. Limit : 1/2 of the amount of employee's portion.
D. Notes : HO: 91/124 Dt. 09.10.97. 82/253 Dt. 2.11.1988.

Extension of Staff Loan facilities to the Clerical and Subordinate staff whose services are not confirmed but have completed probation period

The Bank has been recruiting a very large number of Clerical and Subordinate Cadre as per its requirement.

02. As per the extant guidelines, they remain on probation for six months. However, their confirmation in the Bank's services is subject to completion of essential requirements e.g. receipt of Police Verification Report from various district or State Police Authorities, Verification of Caste Certificate, submission of Monthly Progress reports etc. some of which are dependent on various outside agencies like police authorities, previous employers etc. In view of this, sometimes it becomes difficult to complete all such requirements during the period of probation. Though they complete their probation period as stipulated their confirmation is kept on hold till the completion of requirements.

03. We would like to clarify here that probationary Award Staff after completion of the period of six months service are deemed to have been confirmed, though the confirmation letter may not be issued for want of some documents / certificates as detailed above. In view of the above, all Award Staff members, after completion of minimum period required for confirmation becomes eligible for all the facilities applicable to confirmed staff as per their entitlement and stipulation of the Schemes.

4. Please note that in case any disciplinary action is contemplated / initiated / pending against the Award Staff as also if the probation period is extended on account of unsatisfactory performance / attendance and availment of leave in excess of prescribed limit, the Bank will not extend any loan facility to him / her. Needless to add that sanctioning of staff loan facility does not construe as confirmation in the Bank's services which would be subject to completion of all stipulated requirement.

5. You may please bring the contents of this Circular to the notice of all staff members working in your Branch / office.

Sd/-
(Charan Singh)
General Manager (HR)

(REF. NO: HOBC NO.- 108/206 dated 12.02.2015)