



Syndicate Bank

Head Office: Manipal - 576 104 (Karnataka)

Organisation & Methods Division

Circular No. 218-2009-BC-RMD-38

Date: 30-09-2009

PERMANENT UTILITY

- 1) **INTEREST RATE ON DEMAND LOANS AND VEHICLE LOANS TO PIGMY AGENTS**
- 2) **OVERDRAFT AGAINST PIGMY DEPOSITS**

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1) Interest rate on Demand Loans and Vehicle Loans to Pigmy Agents:

Attention of the branches/offices is invited to circulars No.132-2002-BC dated 01-08-2002, No.063-2008-BC dated 06-03-2008 and No.098-2009-BC dated 23-04-2009, wherein details of Demand and Vehicle Loan schemes for Pigmy Agents of the Bank are furnished.

During the Pigmy Meets conducted by various ROs, several suggestions from Pigmy Agents have been received for reduction of interest rate on DL and vehicle loans, modification in ODD against Pigmy Deposits etc.

After careful examination, it has been decided to reduce the rate of interest on Demand and Vehicle loans to Pigmy Agents, and make it at par with rates applicable to general public, **for existing as well as fresh advances, with immediate effect, as under:**

	Existing	Revised
1) Demand Loan	PLR + 2%	PLR + 1.25%
2) Vehicle Loan – 2 wheeler	PLR	No Change (PLR)
3) Vehicle Loan – 4 wheelers	PLR + 2%	PLR

2) Overdraft against Pigmy Deposits:

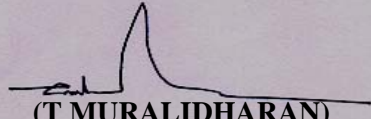
Attention of branches/offices is invited to Manual of Instructions, Volume-II, Chapter - X, wherein details of advances on Term Deposits and Pigmy Deposits are furnished.

As per extant guidelines, LD/ODD can be arranged against Pigmy deposits. However, ODD is renewed once in two years or on the date of maturity of the deposit, whichever is earlier. In the case of LD, additional LD is extended whenever party requests for the same against increase in his Pigmy Deposit balance. During the Pigmy Meets conducted recently, it is suggested that ODD against Pigmy Deposits should be permitted with permission to increase the limit on increase in Pigmy Deposit balances.

Hence, branches are permitted to consider ODD against PD to be **renewed yearly** and increase the limit on account of increase in Pigmy Deposit balances **on a quarterly basis**, subject to borrower's request and obtention of necessary documentation. It shall be ensured that margin is maintained at 25% and regular contribution is made by the depositor. **No deviations shall be permitted by any authority.**

Clarifications required, if any, about this circular, may be sought from **CREDIT POLICY AND PROCEDURES DIVISION - RISK MANAGEMENT DEPARTMENT** at Corporate Office, Bangalore, through respective ROs as per extant guidelines.

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(T MURALIDHARAN)
GENERAL MANAGER