



eCircular

# SyndicateBank

Head Office: Manipal – 576 119 [Karnataka]

PERSONNEL DEPARTMENT  
STAFF WELFARE DIVISION

Circular No. 226/98/BC/PD/66/SWD/PIWS

Date : 07/11/1998

PERMANENT UTILITY

## SANCTION OF VARIOUS TYPES OF LOANS TO STAFF MEMBERS -DELEGATION OF SANCTIONING POWERS TO BRANCHES

Reference is drawn to the above subject. At present all staff loans are being sanctioned by D.Ms/A.G.Ms of R.Os and C.Ms/A.G.Ms in respect of VLBs and ELBs. In order to enable our operational D.Ms/A.G.Ms (R.O.s) to concentrate more on the developmental work it has been decided to delegate the powers of sanctioning various types of staff loans to branches except housing loan additional HL (at PLR) and HL to staff members as per the scheme applicable to public with effect from 01/01/1999.

Presently staff members are eligible for following types of loans:

- 1.Housing loan (HL)
- 2.Additional Housing loan(AHL)
- 3.Vehicle loan {2 Wheelers - OSL(V)}
- 4.Vehicle loan {4 Wheelers - OSL(V)}
- 5.Furniture loan (OSL)
- 6.Demand loan (DL)
- 7.Secured loans (against NSCs/LIPs - OSL/SOD)
- 8.Jewel loan (JL)
- 9.Housing loan to staff under Bank's housing loan scheme for Public.

At present all these loans (except JL) are being sanctioned by the Executives headed by the respective ROs/VLBs/ELBs.

The details of each loan scheme (except Sr.Nos: 1,2,8 & 9) and also terms and conditions governing such loans are furnished in the annexures to this Circular. (Annexure: 1 to 8) for ready reference/guidance of the branches/Sanctioning Authorities.

### GENERAL:

1.It is the responsibility of the branch Managers/C.Ms/AGMs to ensure that loan installments are deducted from the salaries of the concerned staff members regularly. (Refer Enclosure-3)

2.Branch Managers/CMs/AGMs should not allow debit balance in SB account and overdrawals in SOD account for payment of loan installments/ quarterly interest under any circumstances.

3.Branches are advised to submit a overdue staff loan statement (As per Format in Enclosure-3) to their ROs on quarterly basis within 15 days of the quarter end unfailingly. VLBs/ELBs should also submit the statement to Zonal Offices.

4.R.Os should review the overdue statements of staff loans and submit consolidated statement along with copy of review note to ZOs within 30 days of the quarter end.

5.ZOs should submit the consolidated statement along with copy of review note to HO:SWD:SLS on quarterly basis within 45 days of the quarter unfailingly.

6.Sanction of Demand loans to staff members before completion of 12 months of availment of earlier DL should be referred to HO:SWD :SLS only for sanction except where zones are headed by GMs in which case the respective GM shall sanction such loans as per the existing norms stated vide our Cir.No:14/98/BC dated 15.01.98.

7.Further, in order to reduce the paper work and procedural rigidity in respect of DLs and OSL (on NSCs/LIPs), it has been decided to release the loan amount against declaration from the staff members in lieu of specific release. However, sanctioning authorities should ensure that the staff loan amount should be utilised for the specific purpose. for which it was released and proper verification of end use of the loan should also be ensured. In respect of staff vehicle/furniture loans, the same are to be released specifically as is being done hitherto.

8.ROs are requested to transfer the existing loan files of staff members to the concerned branches for further servicing at their end. (except housing loan files)

9.Sanction of loan facility to Managers/Head of the branch should be referred to concerned R.Os/Z.Os as the case may be.

10.For any clarification on the existing norms/guidelines referred in the staff loan scheme, branches/VLBs/ELBs may seek advise from Regional Office/Zonal Office in the matter.

The Branches/Sanctioning Authorities should strictly adhere to the norms prescribed under the various staff loan schemes. It may also be noted that deterrent action will be initiated if deviation from norms are observed while sanctioning staff loans under staff loan scheme. Sanctioning Authorities are requested to take note of the above guidelines and act accordingly.

LEFIV:YRTXE:YRUML  
CHECKWORD

(L. B. REDDY)

GENERAL MANAGER (ACL)

## ANNEXURE I

### SCHEME FOR GRANT OF DEMAND LOANS TO EMPLOYEES (BOTH WORKMEN AND OFFICERS)

**1. Eligibility:** All confirmed employees (officers and workmen including part time employees on scale wages) are eligible for a demand loan. However for sanctioning loans to employees under suspension and/or who are charge sheeted the guidelines given in our Cir.No:0083/PD/SLS/SLS-6/GEN dated 13/04/94 shall be followed.(Enclosure - 1)

**2. Eligible Quantum:** Maximum quantum of a DL is equivalent to 10 months salary of the concerned employee calculated at the rate of one month salary per year of completed service, subject to the overall sub-ceilings as stipulated below:

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Approved purpose  
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- 1.Marriage of self/ children and sisters whether dependent or not (sister means direct sister)
- 2.Construction/purchase of house
- 3.Repairs/renovation of existing house

## 4. Medical treatment :

a) of self, spouse, wholly dependent children and parents

b) In case of serious ailments which needs hospitalisation, if the quantum of loan exceeds Rs.60,000/- (to be sanctioned by HO:SLS only)

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Ceiling on the quantum of loan  
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upto eligible quantum

upto eligible quantum OR estimated cost of construction/ purchase of house whichever is less.

upto eligible quantum OR estimated cost of repairs/ renovation OR Rs.60,000/-, whichever is less.

upto eligible quantum, OR estimated expenditure, OR Rs.60,000/-, whichever is less.

upto eligible quantum, OR estimated expenditure which- ever is less.

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Approved purpose  
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5.a) Ceremonies like performing Satyanarayan Pooja, Mundan, etc. and similar functions in the case of other communities

b) Other ceremonies like Thread Ceremony/obsequies in case of Hindus or other important religious ceremonies applicable to other religion similar to the nature of thread ceremony/obsequies

## 6. Higher education of children

7. Purchase of consumer durables including furniture items and domestic appliances such as Washing Machine, Refrigerator, Computer/computer dairies/ Air-conditioners.

8. Purchase of Site/Plot in the name of the Employee for bonafide construction of the house.

9. To meet the shortfall in cost after meeting the margin money under vehicle loan schemes

Demand Loan can be sanctioned for more than one purpose at a time. In such cases, the amount of the loan would be upto the cumulative total of sub-ceilings prescribed for different purposes within the maximum eligible quantum. Whenever a fresh Demand Loan is sanctioned in cancellation of earlier Demand Loan, the net outflow shall not exceed the sub-ceiling fixed for specific purpose. The purpose "House construction/repairs/ renovation" include digging of well, construction of compound wall/stair case/water tank and purchase of pump set for lifting water to the overhead tank. The house owned by the parents/spouse may also be repaired/renovated under Demand Loan Scheme provided the employee actually stays in the said house and has not availed housing loan from the Bank. However the owner of the house or other legal heirs of owner if owner is not living, shall join the loan papers as sureties/co-obligants.

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Ceiling on the quantum of loan  
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Outflow may be upto eligible quantum, or three months salary OR estimate expenditure whichever is less.

Outflow may be upto eligible quantum, OR three months salary whichever is less.

upto eligible quantum, OR the amount of College fees, Hostel fees, Study tour expenses, cost of books/study materials prescribed for the course whichever is less.

upto eligible quantum, OR cost of the items to be purchased, OR Rs.60,000/-, whichever is less.

upto eligible quantum, OR cost of acquisition of Site/Plot, whichever is less.

upto eligible quantum, OR the short fall in cost whichever is less.

Rate of Interest: With effect from 01/05/1997 interest rate is linked to PLR in force from time to time.

PLR(inclusive of tax levy) w.e.f 01/05/1997 is as under.

01.05.1997 01.11.1997 21.01.1998 04.05.1998 01.07.1998 01.09.1998 ..  
14.28% 13.26% 14.28% 14.03% 13.26% 13.77% ..

The above rates being floating PLRs, the same are to be revised as and when PLR changes with tax levy.

Penal rate of interest at 19.25% p.a. shall be charged on the overdue portion till it is regularised, except in a case covered by para 5 of Cir.No:94/94/BC dtd.20/04/94.

Repayment: To be repaid not more than 60 EMIs inclusive of interest. Under no circumstances repayment period will be extended beyond the date of superannuation. Interest shall be charged at the commercial rate applicable to general customer from the date an employee ceases to be in service of the Bank for any reason.

Cut back The total cut back from monthly salary comprising the installments in respect of demand loan (excluding the interest portion of equated monthly installments), EPF loan and conveyance loan shall not exceed 40% of gross salary. Where, however housing loan installment is involved, the total cut back shall not exceed 50% of gross salary. No other income will be taken into account. Salary for the purpose of grant of Demand Loan means Basic Pay, Dearness allowance, Special allowance, CCA, excluding, HRA, Project Area allowance, Deputation allowance and any other allowances unless otherwise specifically spelt out.

Sanctioning Authority: Competent authority to sanction Demand Loans is Chief Managers/Asst. Gen. Managers of VLBs/ELBs and Branch Managers in respect of other Branches concerned. The Branch Manager/Chief Manager/Asst. Gen. Manager shall send their loan proposals to the ROs/ZOs for sanction. However Demand Loans before 12 months shall be forwarded to Head Office/Zonal Offices headed by GMs for sanction as stipulated in Cir.No.14/98/BC.

#### **GENERAL:**

01. Employees who joined Bank's service after 01/04/94 are not eligible to avail demand loan under the existing demand loan scheme for buying consumer durables and for meeting expenditure on religious/social obligations. They may avail demand loan for such purposes only under "New Demand Loan Scheme". (Details of this scheme is furnished in the Annexure 2.)

02. No fresh Demand Loan will be considered until completion of 12 months of repayments in the earlier loan in the normal course. In exceptional circumstances like marriage, medical treatment, higher education of children, thread ceremony, obsequies in case of Hindus or similar ceremonies in case of other religions staff members may forward such applications to HO:SLS for sanction through respective Branch/VLBs/ELBS as the case may be, duly recommended. Whenever Zones are headed by General Managers they shall sanction such loans and as such branches coming under their jurisdiction may forward the application with recommendation to them for sanction. Further a processing charge of Rs.100/- shall be recovered on demand loan sanctioned to staff members before 24 months of availment of DL.

03. In case of fresh loans sanctioned in cancellation of existing loan, monthly installments will start from the salary of the month during which loan is disbursed. Staff loans are compulsorily to be repaid by way of deductions from their salary/subsistence allowance. If the employees are on leave on loss of pay, the installments shall be paid by them during the said period in cash. If for any reason the stipulated installment is not deducted by the branch, the employee shall take immediate steps to get the same deducted from his salary, since he is primarily responsible to repay the loan as undertaken. As per prevailing norms Festival Advance also shall not be sanctioned unless the

employees first clear overdue portion, if any, of loans/credit facilities under different staff loan schemes. In the matter of overdue loans/liabilities of our staff members our branches/offices may be guided by HO Circular no.73/93/CYC/CPFMD dated 08/07/93 & 94/94/BC dated 20/04/94. Under no circumstances repayment periods will be extended beyond the date of superannuation. Interest shall be charged at the commercial rate applicable to general customers from the date an employee ceases to be in service of the Bank for any reason.

04. In case fresh loan is sanctioned and released between 1st and 15th day of the month, the installment shall start from the salary of the month in which it is disbursed and in other cases from the salary of the immediate succeeding month.

05. The loan should be need based and not for speculative purposes. Disbursing/sanctioning Authorities should take adequate care while disbursing loans and they should ensure proper verification of the end use of the loan. A declaration as per specimen (Enclosure no: 2) is to be obtained from the employees concerned in lieu of specific release before releasing the loan and to be kept along with the loan papers.

06. As per prevailing norms no loan will be considered unless employees' other direct and indirect liabilities with the Bank are regular.

07. Loans beyond the eligibility mentioned above will not be considered under any circumstances.

08. At any point of time no employee shall have more than one Demand Loan outstanding.

09. When a fresh Demand Loan is sanctioned in cancellation of earlier Demand Loan, the net outflow shall not exceed the quantum fixed for specific purpose.

10. In the case of Ex-Servicemen each block of 4 years of service in defence will be treated as One year service in the Bank for determining the eligibility.

11. In terms of existing guidelines issued to the sanctioning authorities no advance/loan is to be granted to officer employees who do not submit within the stipulated time their annual property returns as on 31st March immediately preceding the date of application for loan/advance. Sanctioning Authorities may obtain along with loan application a Xerox copy of the acknowledgement held by the officers issued by the competent authority.

12. No loan is to be granted to employees on unauthorised absence/extra-ordinary leave on loss of pay.

13. If any irregularities as mentioned in HO: Circular no.93/93/BC under conveyance loan facility availed by the employees, are persisting no Demand Loan shall be granted to him/her until the said irregularities are set right.

14. Demand Loans sanctioned to our employees under this scheme are at the sole discretion of the Bank and Bank may modify/withdraw the scheme or interest rate structure at any time depending upon the funds position, cost of funds, Govt./IBA guidelines and other relevant factors. The sanctioning authorities may exercise their discretion whether or not to consider loan proposals of our staff members having regard to their past records as clearly spelt out in para no.7 of HO: circular no.94/94/BC dated 20/04/94.

**Reference Circulars: 277/94/BC, 233/95/BC, 14/98/BC and 96/98/BC.**

#### **ANNEXURE 2:**

**"NEW DEMAND LOAN SCHEME" TO BOTH WORKMEN AND OFFICERS WHO JOINED THE BANK AFTER 31.03.94 - FOR BUYING CONSUMABLE DURABLES AND MEETING EXPENDITURE ON RELIGIOUS/SOCIAL OBLIGATIONS:**

**Eligibility:** Minimum 3 years of confirmed service in the Bank.

**Purpose:** For meeting cost of consumer durables or for meeting expenses on marriage of self/children/dependent sister etc. or other religious/social obligations.

**Maximum amount of loan:**

i.Rs.15,000/- or 90% of the cost of consumer durable, i.e. T.V., Refrigerator, Washing Machine, VCR/VCP to be purchased, whichever is less, or

ii.Rs.15,000/- or 90% of cost of meeting expenditure on marriage of self/daughter/son/dependent sister, whichever is less. or

iii.Rs.15,000/- or 90% of cost of meeting expenditure on any other social/religious obligations, whichever is less.

**Rate of Interest:** With effect from 01/05/1997 interest rate is linked to PLR in force from time to time.

PLR(inclusive of tax levy) w.e.f 01/05/97 is as under.

01.05.1997 01.11.1997 21.01.1998 04.05.1998 01.07.1998 01.09.1998 ..  
14.28% 13.26% 14.28% 14.03% 13.26% 13.77% ..

The above rates being floating PLR, the same are to be revised as and when PLR changes with tax levy.

Penal rate of interest at 19.25% p.a. shall be charged on the overdue portion till it is regularised except in a case covered by para 5 of our Cir.No:94/94/BC dated 24/04/1994.

**REPAYMENT:** The loan together with interest thereon, shall be compulsorily repayable by way of deduction from salary/ subsistence allowance in not more than 60 EMIs. Under no circumstances repayment period will be extended beyond the date of superannuation.

**Cut back:** i. Deduction from salary towards all types of loan including housing, conveyance etc. shall not exceed 50% of the take home pay. Take home pay for this purpose would mean gross salary minus deductions on account of EPF at the minimum rate, Income-tax and other tax liabilities.

ii.Loan may be availed either for purchase of consumer durable or for meeting expenditure on marriage/social obligations at a time. Second or subsequent loans may be sanctioned only after last instalment for the earlier loan including interest has been covered.

**Sanctioning Authority:** Competent authority to sanction "New Demand Loans" are Chief Managers/Asst. Gen. Managers of VLBs/ELBs and Branch Managers in respect of other Branches concerned. The Branch Manager/Chief Manager/Asst. Gen. Manager shall send their loan proposals to the ROs/ZOs for sanction.

**ADMINISTRATIVE GUIDELINES:**

01.Employees who joined the Bank before 01/04/1994 and who are adversely affected by the provisions of "New Demand Loan scheme" are permitted to avail the loan under existing Demand Loan Scheme of the Bank. However, the Employees who joined the Bank after 31/03/1994 shall be covered only by the "New Demand Loan Scheme" for buying consumer durables and meeting expenditure on religious/social obligations.

02.At any point of time no employee shall have more than one Demand Loan outstanding. In other words, no loan can be availed under New Demand Loan Scheme when a loan availed under existing demand loan scheme is outstanding.

03.Disbursing Authorities should take adequate care while disbursing loans and they should ensure proper verification of the end use of the loan . The loan should be need based and not for speculative purpose. A declaration as per specimen (Enclosure no: 2) is to be obtained in lieu of specific release from the employees concerned and to be kept with the loan papers.

04.No loan shall be considered unless the employees' other direct and indirect liabilities with the Bank are regular.

05.If for any reason the stipulated installments are not deducted by the branch, the employee shall take immediate steps to get the same deducted from his salary, since he is primarily responsible to repay the loan as undertaken.

06.In the matter of overdue loans/liabilities of our staff members our branches/offices may be guided by HO Circular no.73/93/CYC/CPFMD dated 08/07/93 (Enclosure:3) & 94/94/BC dated 20/04/94.

07.If the employees are on leave on loss of pay/unauthorised absence, the installments shall be paid by them during the said period in cash.

08.Interest shall be charged at the commercial rate applicable to general customers from the date an employee ceases to be in service of the Bank for any reason.

09.Gross salary means Basic Pay, Special allowance, Dearness allowance, CCA, excluding, HRA, Project Area allowance, Deputation allowance and any other allowances unless otherwise specifically spelt out.

10.No advance/loan is to be granted to officer employees who do not submit within the stipulated time their annual property returns as on 31st March immediately preceding the date of application for loan/advance.

11.No loan is granted to employees who are under suspension or on unauthorised absence/extraordinary leave on loss of pay. The employees are charge sheeted for gross misconduct/gross negligence involving financial loss to the Bank (charges which if proved, entail imposition of Major Penalty like Dismissal/Removal, etc.) are also not eligible for a loan till the conclusion of Disciplinary Proceedings. Sanctioning Authorities may refer HO circular no.0083/PD:SLS-6/GEN dated 13.04.94 in the matter of sanctioning credit facilities to charge sheeted employees.

12.Bank may modify/withdraw the scheme or interest rate structure at any time depending upon the funds position, cost of funds, Govt./IBA guidelines and other relevant factors. The sanctioning authorities may exercise their discretion whether or not to consider loan proposals of our staff members having regard to their past records as clearly spelt out in para no.7 of HO: circular no.94/94/BC dated 20/04/94.

**Reference circular: 278/94/BC/PD/73/SWD dated 23/11/94.**

### **ANNEXURE 3:**

#### **OVERDRAFT/OSL FACILITY AGAINST THE SECURITY OF "LIFE INSURANCE POLICIES" AND "NATIONAL SAVINGS CERTIFICATE" TO BOTH WORKMEN AND OFFICERS.**

**Eligibility:** All confirmed employees (both officers and workmen) including permanent Part time employees on scale wages are eligible for fully Secured Overdraft Facility against NSCs/LIPs. Gross salary for the purpose of determining the eligibility means Basic Pay, Dearness allowance, CCA, and Special allowance, but excluding, HRA, Deputation allowance, Project Area allowance, or any other allowances unless otherwise specifically spelt out. In the case of Ex-Servicemen each block of four years of service in Defence will be treated as one year service in the Bank for determining the eligibility of OD/OSL Limits.

**Quantum of Limit:** Upto 10 months gross salary at the rate of one month salary for each year of completed service. This is however subject to the credit policy of the Bank from time to time.

#### **Approved Purposes:**

To meet the expenses of recurring nature for:

- i.Medical treatment of self, spouse, wholly dependent parents and children.

- ii.Children's higher education
- iii.Any other specific genuine credit requirements of the employee

Single overdraft limit can be sanctioned for more than one purpose at a time. The limit, however, shall not exceed the eligibility. At any point of time, no employee shall have more than one Overdraft account. Overdraft facility shall not be utilised for investment purposes in stock exchange securities under any circumstances.

**Currency of the Limit:** The OD limit once sanctioned shall be valid for a period of one year only and can be renewed if requested for by the employee for a further period of one year if the sanctioning authority is satisfied about the utilisation of the limit for the purposes for which the OD facility was sanctioned. No enhancement shall be considered unless the earlier OD completes 12 months. If the OD is not closed or necessary requirements are not submitted by the employees to facilitate its renewal before the expiry date, the rate of interest is to be stepped up to the level as applicable to overdue Overdraft accounts of general customers till the irregularities are set right. No overdrawals beyond the sanctioned limit shall be allowed. Necessary margin shall be maintained by the employee at the end of each quarter for debiting periodical interest.

**Securities:** National Savings Certificates/Life Insurance Policies standing in the sole name of the Employee or jointly with his/her spouse. If the spouse is a joint holder of the Certificates/Life Insurance Policies, he/she shall join the loan papers as Surety/Co-obligant. All the precautions and procedures applicable to general customers in the matter of acceptance of NSCs/LIPs and their assignment as security for Bank borrowings shall be observed. A margin of 10% against the face value of NSCs and 25% on surrender value of LIC policies shall always be maintained. Securities in which minors/third parties other than spouse are mentioned as holders/joint holders are not acceptable.

Rate of Interest: With effect from 01/05/1997 interest rate is linked to PLR in force from time to time.

PLR(inclusive of tax levy) w.e.f 01/05/97 is as under.

01.05.1997	01.11.1997	01.01.1998	04.05.1998	01.07.1998	01.09.1998	..
14.28%	13.26%	14.28%	14.03%	13.26%	13.77%	..

The above rates being floating PLR the same are to be revised as and when PLR changes with tax levy.

Overdue rate of interest for non-compliance of the terms and condition shall be charged as applicable to general customers.

If the OD is not cleared in full by the employees before their date of resignation/ dismissal, the interest shall be charged as applicable to general customers.

However, in case of death/retirement of employees, the normal rate mentioned above may continue for a period of 3 months from the date of death/retirement or till the terminal benefits are disbursed by the Bank, whichever is earlier and if the dues are not settled within this period, interest as applicable to general customers shall be charged.

**Sanctioning Authority:** Competent authority to sanction Secured Overdraft/OSL facility to our employees under this scheme are Chief Managers/Asst. Gen. Managers of VLBs/ELBs and Branch Managers in respect of other Branches concerned. The Branch Manager/Chief Manager/Asst. Gen. Manager shall send their loan proposals to their ROs/ZOs for sanction.

#### **GENERAL:**

01.SOD/OSL can be considered separately provided the total limit should not exceed 10 months gross salary. Sanction/Enhancement of SOD/OSL be considered only after completion of 12 months from the date of original sanction/enhancement of SOD/OSL.

02.Substitution of existing NSCs are permissible only after lodgement of fresh NSCs.

03.NSCs standing in the name of employees or NSCs in the joint name of his/her spouse can be accepted as security, provided the name of the employee should be registered as first name in the certificate. However, NSCs in the individual name of the spouse of the employee can not be considered for sanction of SOD/OSL to the employee.

04.SOD/OSL facility under this scheme shall not be sanctioned when the employee is on loss of pay or unauthorised leave.

05.Sanctioning/ Disbursing Authorities should take adequate care while disbursing loans, and they should ensure proper verification of the end use of the loan. The loan should be need based and not for speculative purpose. A declaration/ undertaking letter in lieu of specific release as per specimen (Enclosure no: 2) is to be obtained from the employees concerned and to be kept with the loan papers.

06.As per prevailing norms no loan will be considered unless employees' other direct and indirect liabilities with the Bank are regular.

07.No representation for sanction of SOD/OSL facility beyond eligibility shall be entertained.

08.The facility shall be sanctioned for availment at the Branch where the concerned employee is working and drawing the salary, which shall be credited to the respective SOD account only. Whenever the employee who has availed the overdraft facility is transferred to "another Branch" the account shall be transferred to transferee Branch as done in the case of other staff loans. In case the employee is transferred to administrative office overdraft account shall be transferred to the Branch where his/her salary is credited.

09.A processing charge of Rs.100/- shall be recovered on SOD/OSL sanctioned to staff members before 24 months of earlier availment of SOD/OSL.

Attention of Sanctioning Authorities is also drawn to HO Cir.No: 0083/PD/SLS-6/GEN dated 13.04.94 in the matter of sanction of credit facilities to chargesheeted employees.

**(Refer Circulars: 0083/PD/SLS-6/Gen dtd.13/04/94, 275/94/BC, 212/97/BC, 45/98/BC)**

#### **ANNEXURE-4:**

#### **CONVEYANCE LOAN SCHEME FOR OFFICERS:**

##### **I.PURCHASE OF TWO WHEELERS:**

**Eligibility:** All confirmed Officers of the Bank, who have completed 3 years of service including under probation.

**Maximum Limit:** Rs.30,000/- or 90% of the cost of vehicle whichever is less.

**Rate of Interest:** 7.5% p.a.(simple) for loan upto Rs.15,000/- and Bank rate or 12% p.a. (simple) whichever is higher for loan beyond Rs.15,000/- + interest tax levy.

**Repayment:** The loan together with interest thereon shall be repayable in not more than 84 equal monthly instalments. Principal is to be repaid in 70 monthly installments and accrued interest in not more than 14 equal monthly installments thereafter. When the concerned officer has less than 84 months service before retirement the loan shall be repaid/recovered in the ratio of 5:1 towards principal and interest respectively.

##### **II. PURCHASE OF MOTOR CAR: (3 or 4 wheelers)**

**Eligibility:** All officers drawing basic pay not less than Rs 6210/= p.m are eligible to avail this facility. However physically handicapped officer drawing a basic pay less than Rs 6210/p.m shall be eligible for loan for purchase of special motor car marketed by Maruti Udyog Ltd. provided he has completed 5 years of continuous service in the Bank.

**Maximum Limit:** Rs 1.60,000/-or 80% of the cost of motor car whichever is less.

**RATE OF INTEREST:** 8.5% p.a (simple) for loan upto Rs.80,000/= and Bank Rate or 12 % (simple) whichever is higher for loan beyond Rs 80,000/= + interest tax levy.

**Repayment:** The loan together with interest thereon shall be repayable in not more than 200 equal monthly installments. Principal is to be repaid in 120 monthly installments and accrued interest in not more than 80 equal monthly installments thereafter. When the concerned officer is having less than 200 months of service before retirement, the loan will be repaid/ recovered in ratio 3: 2

**Cut Back:** 50 % or 60% of gross salary if housing loan and additional housing loan installments are involved. 40 % in other cases.

**Cost of Vehicle:** In the case of new vehicle the invoice price should be considered as the cost of the vehicle. In the case of second hand vehicle, the purchase price or the price certified through a valuation report acceptable to the Bank whichever is lower should be considered as the cost of vehicle for the purpose of loan.

Spares and accessories that are normally necessary, for the vehicle can be included in the invoice value for the purpose of arriving at the " cost" of vehicle.

In case of second hand vehicle (2/3/4 wheeler) a fitness certificate from the valuer should also be obtained. Age of the vehicle should not be more than 10 years old as on the date of arranging the loan provided comprehensive insurance is available for the vehicle during the currency of the loan.

Subsequent loan: Subsequent vehicle loan can be granted only after (i) existing vehicle loan under this scheme is closed in full and (ii) at least three years are completed from the date of first availment.

For release of loan amount under conveyance loan scheme for booking three or four wheelers norms are prescribed in Cir. No: 206/97/BC/PD/SWD dated 22.10.1997.

#### **LOANS TO REPAIR OF VEHICLE: (4 wheeler)**

An officer who owns a motor car registered in his/her name purchased from out of conveyance loan or otherwise, may be granted loan upto a maximum of Rs.5000/- once in a block of 5 years for the purpose of carrying out repairs to vehicle against hypothecation of the vehicle, provided the officer is otherwise eligible. The loan shall carry interest at the rate of 8.5% per annum (simple) + tax levy shall be repaid in not more than 84 monthly installments.

#### **CONVEYANCE LOANS TO RDOs/ADOs/MARKETING MANAGERS:**

Eligibility: Vehicle loan upto 90% of cost of two wheelers may be sanctioned to them as per guidelines laid down in our Cir.No: 234/94/BC/PD/58/SWD dated 01.10.94.

#### **GENERAL CONDITIONS:**

a.The officer should not own a vehicle at the time of arranging the loan.

b.There is no bar on husband and wife (both being officers) availing vehicle loan individually.

c.The vehicle should be hypothecated to the bank and should be registered with the Regional Transport Office by noting Bank's lien in RC book within 30 days from the date of advance in case of second hand vehicle and 30 days from the delivery of the vehicle in case of new vehicle.

In case officers are not co-operating in registering the vehicle in his name/noting Bank's lien in RC book within the prescribed time as above, the matter should be referred to Zonal Office for initiating the disciplinary action against the officer concerned in accordance with Cir.No:93/93/BC.

d.It is obligatory on the part of officer loanee to take full comprehensive insurance for the vehicle with Bank interest clause.

e.The loan amount should be disbursed specifically for the purpose applied for.

f. In the event of the death of the officer employee, legal heirs of the deceased shall repay the loan within 3 months from the date of death of the officer employee or disbursement of terminal benefits due to the employee whichever is earlier.

If the officer who availed vehicle loan resigns/retires/ removed/dismissed from the service, he shall close the loan at the time of retirement/removal/dismissal or resignation. If the loan is not closed the rate of interest applicable to the general public will apply for such loans from the date of retirement/resignation/ removal/dismissal.

g. The officer should maintain the vehicle in good running condition. A declaration once in a year shall be submitted by the concerned officer that the vehicle is in good and road worthy condition in the 1st week of January every year, where the loan is availed for the purchase of car/four wheeler/three wheeler.

All terms and conditions not explicitly mentioned herein, such as mode of charging security, verification of security, insurance as in the case of similar advances to customers and as mentioned in the manuals/circulars are applicable.

h. The officer is not eligible for any allowances/subsidy for maintaining the vehicle. He has to maintain the vehicle himself. The vehicle shall not be used for commercial purposes or hired out.

i. Competent authority to sanction vehicle loans (2/3/4 wheelers & for repairs) are Chief Managers/Asst. Gen. Managers of VLBs/ELBs and Branch Managers in respect of other Branches concerned. The Branch Manager/Chief Manager/Asst. Gen. Manager shall send their loan proposals to the ROs/ZOs for sanction.

j. Loans/accounts shall be transferred to the branches where the officers are transferred. In the case of officers transferred to administrative offices, loan account shall be transferred to the branches where their salaries are credited.

k. There is no bar on transfers by sale of vehicles between husband and wife etc., but the purchasers should be employees of the Bank.

l. Officers provided with Bank vehicles shall be granted loans for purchase of conveyance under the Scheme.

m. When the officer is applying for four wheeler loan, he may retain two wheeler with him provided the two wheeler loan is closed in full before availing the four wheeler loan.

**(Reference Circulars: 192/87/BC, 7/90/BC, 234/94/BC, 155/97/BC & 206/97/BC)**

## ANNEXURE-5

### CONVEYANCE LOAN SCHEME FOR AWARD STAFF:

**Eligibility:** Workmen employees drawing pay of Rs.2370/- p.m. and above as per VI Bipartite Settlement. 'Pay' for the purpose of conveyance loan shall include basic pay, special pay, stagnation increment and special allowance as admissible under the Bipartite Settlement.

**Maximum Limit:** Rs.30,000/- or 90% of the cost of vehicle whichever is less.

**Rate of Interest:** 7.5% p.a.(simple) for loan upto Rs.15,000/- and Bank rate or 12% p.a.(simple) whichever is higher for loan beyond Rs.15,000/- + interest tax levy.

**Repayment:** The loan together with interest thereon shall be repayable in not more than 84 equal monthly installments. Principal is to be repaid in 70 monthly installments and accrued interest in not more than 14 equal monthly installments thereafter. Where the workman concerned has less than 84 months service before retirement, the loan shall be repaid/recovered in the ratio of 5:1 towards principal and interest respectively.

**Cut Back:** 50 % or 60% of the salary if housing loan and additional housing loan installments are involved and 40% in other cases.

**Type of vehicle:** Two wheeler of any make scooter/moped/motor- cycle and 3 wheeler in case of orthopaedically handicapped employees. The vehicle may be either new or old. In the case of old vehicle the vehicle should not be more than 10 years old as on the date of arranging loan.

**Cost of vehicle:** In case of new vehicle, the invoice price should be considered as the cost of the vehicle. In the case of second hand vehicles, the purchase price or the price certified through a valuation report acceptable to the Bank whichever is lower should be considered as the cost of vehicle for the purpose of loan.

Spares and accessories that are normally necessary for the vehicle can be included in the invoice value for the purpose of arriving at the "cost" of vehicle.

In case of second hand vehicle a fitness certificate from the valuer should also be obtained. Age of the vehicle should not be more than 10 years old.

**Subsequent loan:** Subsequent vehicle loan can be granted only after (i) existing vehicle loan under this scheme is closed in full and (ii) at least completed 3 years from the date of first availment.

**GENERAL CONDITIONS:**

a.The workmen should not own any motorised two or three wheelers, as the case may be, at the time of arranging the loan.

b.There is no bar on both husband and wife (both being workmen) availing vehicle loan individually.

c.The vehicle should be hypothicated to the bank and should be registered with the Regional Transport Office by noting Bank's lien in RC book within 30 days from the date of advance in case of second hand vehicle and 30 days from the delivery of the vehicle in case of new vehicle.

In case employees are not co-operating in registering the vehicle in his name/noting Bank's lien in RC book within the prescribed time as above, the matter should be referred to Zonal Office for initiating the disciplinary action against the workmen concerned in accordance with Cir.No:93/93/BC.

d.It is obligatory on the part of employee to take comprehensive insurance for the vehicle with Bank clause.

e.The loan amount should be disbursed specifically for the purpose applied for.

f.In the event of the death of the workmen employee, legal heirs of the deceased shall repay the loan within 3 months from the date of death of the workmen employee.

If the workmen who availed vehicle loan resigns or retires from the service, he shall close the loan on or before the date of retirement/resignation. If the loan is not closed on the date of retirement/resignation the rate of interest applicable to the public will apply for such loans from the date of retirement/resignation.

g.The workmen should maintain the vehicle in good running condition. A declaration once in a year shall be submitted by the concerned workmen in the 1st week of January, that the vehicle is in good and road worthy condition, to the branch where from the loan is availed.

h.All terms and conditions not explicitly mentioned herein, such as mode of charging security, verification of security, insurance, documentations etc., as mentioned in the manuals/circulars are applicable.

i.The workmen is not eligible for any allowances/subsidy for maintaining the vehicle. He has to maintain the vehicle himself. The vehicle shall not be used for commercial purposes or hired out.

j.Competent authority to sanction vehicle loans is branch Manager and Chief Managers/Asst. Gen. Managers of VLBs/ELBs concerned.

k.Loans/accounts shall be transferred to the branches where the workmen are transferred. In the case of workmen staff transferred to administrative offices, loan account shall be transferred to the branches where their salaries are credited.

l.The employees concerned shall ensure compliance of the provisions of the Motor Vehicle Act in force in their respective places.

**(Reference Circulars: 335/89/BC & 154/97/BC.)**

## ANNEXURE-6

### CONVEYANCE LOAN SCHEME FOR SUB-ORDINATE STAFF

**Eligibility:** Those employees in the sub-ordinate staff cadre and permanent part-time employees on scale wages on pro-rata basis, who have completed 5 years of continuous service shall be eligible for loan to purchase of a Moped.

**Maximum Limit:** Rs.14,000/- or 90% of the cost of vehicle whichever is less.

**Rate of Interest:** The loan will carry simple interest of 7.5% p.a. + interest tax levy.

**Repayment:** The loan together with interest thereon shall be repayable in not more than 84 equal monthly installments. Principal is to be repaid in 70 monthly installments and accrued interest in not more than 14 equal monthly installments thereafter. Where the sub-ordinate staff has less than 84 months service before retirement, the loan shall be repaid/recovered in the ratio of 5:1 towards principal and interest respectively.

**Cut Back:** 50 % or 60% of the salary, if housing loan and additional housing loan installments are involved and 40% in other cases.

**Cost of vehicle:** In case of new vehicle, the invoice price should be considered as the cost of the vehicle. In the case of second hand vehicles, the purchase price or the price certified through a valuation report acceptable to the Bank whichever is lower should be considered as the cost of vehicle for the purpose of loan.

Spares and accessories that are normally necessary for the vehicle can be included in the invoice value for the purpose of arriving at the "cost" of vehicle.

In case of second hand vehicle a fitness certificate from the valuer should also be obtained. Age of the vehicle should be not more than 10 years old.

**Subsequent loan:** Subsequent vehicle loan can be granted only after (i) existing vehicle loan under this scheme is closed in full and (ii) at least completed 3 years from the date of first availment.

#### GENERAL CONDITIONS:

a.The sub-ordinate staff should not own any motorised two or three wheelers, as the case may be, at the time of arranging the loan.

b.There is no bar on husband and wife (both being workmen) availing vehicle loan individually.

c.The vehicle should be hypothecated to the bank and should be registered with the Regional Transport Office by noting Bank's lien in RC book within 30 days from the date of advance in case of second hand vehicle and 30 days from the delivery of the vehicle in case of new vehicle.

In case employees are not co-operating in registering the vehicle in his name/noting Bank's lien in RC book within the prescribed time as above, the matter should be referred to Zonal Office for initiating the disciplinary action against the sub-ordinate staff concerned in accordance with Cir.No:93/93/BC.

d.It is obligatory on the part of employee to take comprehensive insurance for the vehicle with Bank clause.

e.The loan amount should be disbursed specifically for the purpose applied for.

f.In the event of the death of the employee, legal heirs of the deceased shall repay the loan within 3 months from the date of death of the employee.

If he/she who availed vehicle loan resigns from the service, he/she shall close the loan at the time of retirement or resignation. If the loan is not closed on the date of retirement/resignation the rate of interest applicable to the public will apply for such loans from the date of retirement/resignation.

g.The employee should maintain the vehicle in good running condition. A declaration once in a year shall be submitted by the concerned employee in the 1st week of January, that the vehicle is in good and road worthy condition, to the branch where from the loan is availed.

h.All terms and conditions not explicitly mentioned herein, such as mode of charging security, verification of security, insurance, documentations etc., as mentioned in the manuals/circulars are applicable.

i.The employee is not eligible for any allowances/subsidy for maintaining the vehicle. He has to maintain the vehicle himself. The vehicle shall not be used for commercial purposes or hired out.

j.Competent authority to sanction vehicle loans is Branch Manager and Chief Managers/Asst. Gen. Managers of VLBs/ELBs concerned.

k.Loans/accounts shall be transferred to the branches where the employees are transferred. In the case of employees transferred to administrative offices, loan accounts shall be transferred to the branches where their salaries are credited.

l.The employees concerned shall ensure compliance of the provisions of the Motor Vehicle Act in force in their respective place.

**(Reference Circulars: 335/89/BC & 162/97/BC.)**

#### **ANNEXURE-7**

#### **SANCTIONING OF FOUR WHEELERS NEW/SECOND HAND VEHICLE LOAN TO EMPLOYEES IN THE CLERICAL CADRE**

**a)Eligibility:** Employees in the clerical cadre who have completed 10 years of service in the Bank and should have 10 years of remaining service with no disciplinary action pending against them.

**b)Quantum of loan and margin:** Rs.1.50 lakhs or 80% cost of the car whichever is less.

**c)Rate of Interest:** Floating PLR + tax levy with quarterly compounding.

**d)Repayment:** The loan together with the interest thereon shall be repayable in 84 equated monthly instalments.

**e)Cut back:** The employee should be 40% of gross salary, as take home salary after deducting instalments for various loans, including deduction towards proposed loan against motor car to be applied for and provident fund, income tax and other statutory deductions.

**f.Sanctioning Authority:** Competent authority to sanction this loan is Branch Manager/Chief Manager/Asst. General Manager of VLBs/ELBs concerned.

#### **GENERAL CONDITIONS:**

i)The loan may be granted for purchase of second hand vehicle of not more than 10 years old as on the date of purchase of the motor car, provided the employee satisfies the sanctioning authority about the fitness and valuation of the vehicle by producing a fitness certificate from a qualified automobile engineer and a valuation certificate from an approved valuer.

ii)The employee should give an undertaking in writing to the effect that in case he/she resigns/retires or ceases to be in service, he or his/her legal heirs will repay the balance outstanding in lump sum immediately on his/her cessation from service. If the loan is not so closed, the rate of interest as applicable at the relevant time to such loans granted to the general public will be charged from the date of cessation of the employee from service.

iii)An employee may be granted a second loan for purchase of motor car again after a lapse of 5 years from the date of first availment, provided the first car loan outstanding is closed. The employee is eligible for two such loans during his entire service in the Bank.

iv)Those who have availed two wheeler loan under Banks' concessional conveyance loan scheme are also eligible to avail this facility.

v)The vehicle should be used by the employee or his/her dependent family members.

vi)All direct/indirect liabilities should be regular.

vii)All other terms and conditions with regard to security, valuation of the vehicle, documentation, release of loan, insurance etc. shall be same as are applicable to loan against motor vehicles to general public.

viii)Bank may modify/withdraw the scheme or interest rate structure at any time depending upon the funds position, cost of funds, Govt./IBA guidelines and other relevant factors. The sanctioning authorities may exercise their discretion whether or not to consider loan proposals of our staff members having regard to their past records as clearly spelt out in Para No.7 of HO Circular No.94/94/BC dtd 20.04.1994.

**(Refer Cir.No.163/98/BC/PD/45/SWD/11.8.1998)**

## **ANNEXURE-8**

### **FURNITURE LOAN SCHEME FOR OFFICERS**

**Quantum of Loan:** Rs.12,000/- to be availed only once in service.

**Rate of interest:** 13.26% (inclusive of levy).

**Repayment:** 84 EMI (inclusive of interest)

**Eligibility:**

i.Officers eligible and provided with unfurnished quarters at places designated from time to time.

ii.Officers eligible for furnished quarters but provided with unfurnished quarters at their option or otherwise.

iii.Officers eligible for quarters but who have not availed of the same.

**(For other terms & conditions of this scheme please refer to Cir.Nos. 290/83/BC, 323/84/BC, 194/86/BC.)**

**ENCLOSURE: 1**

**SYNDICATE BANK  
PERSONNEL DEPARTMENT  
STAFF LOAN SECTION : HO : MANIPAL.**

Ref. No:0083/PD/SLS/SLS-6/GEN

Date:13.04.1994.

The D.G.M./D.M./Chief Manager,  
.....

**Sub: Staff Loan Scheme - Sanction of Loans to our staff members who are charge-sheeted/suspended - Clarification - Regarding**

Reference is invited to the above subject.

Some of our offices/branches have sought clarification on the matter of sanctioning of loans under the various Staff Loan Schemes, to our staff members(both officer employees and the workmen employees) who are chargesheeted/suspended. In this regard, the following clarificatory guidelines are issued, for the information and guidance of sanctioning authorities:-

i.In the case of a staff member who has been charge-sheeted for gross misconduct, like riotous/disorderly conduct, assault, gross negligence, misappropriation of funds, etc. involving loss to the Bank, no loans of whatever nature shall be considered/sanctioned to the staff member, if such charges, when proved, are likely to culminate in major penalty, like dismissal/removal of the staff member.

ii.On the other hand, in the case of a staff member who has been facing such charges for misconducts as are not likely to involve financial loss to the Bank, staff loans can be considered/sanctioned/released to such a staff member, if such charges, when proved, may culminate in minor penalty, like warning, censure, stoppage of increment etc. All other Staff Loan Rules shall remain unchanged.

Our offices/branches are advised to take note of the above guidelines, for their guidance.

Sd/-  
**GENERAL MANAGER**

/TRUE COPY/

**ENCLOSURE: 2**

**DECLARATION/UNDERTAKING LETTER**

I ..... working as ..... at present do hereby solemnly declare that I require a Demand Loan/OSL(on NSC/LIP) of Rs..... for the purpose of.....and confirm that the said purpose/s is/are not speculative but strictly need based. I hereby undertake to utilise the loan amount for the said purpose solely,and produce necessary stamped receipt to ensure the end use. In the event the information is found false or incorrect/incomplete or the amount if misutilised the bank is free to take such action as per rules of the Bank. I hereby agree to abide by the rules of the Bank in force from time to time.

Signature of the Employee  
Place : Name :  
Date : Emp.No:

=====

**ENCLOSURE: 3**

**SYNDICATE BANK  
CREDIT DEPARTMENT  
CREDIT POLICY FORMULATION & MONITORING DIVISION  
HEAD OFFICE : MANIPAL**

Cir. No: 73/93/CYC/CPFMD

Date : 08.07.1993

To:  
All Branches/Offices

**Sub: Statement of overdue staff loans.**

It is observed from ADV 79 statement that in a number of branches there are overdues under staff loans. In order to enable the controlling offices to conduct review of the overdue staff loans it has been decided to introduce a monthly statement on overdue staff loans and advances. Branches are advised to submit a statement of overdue staff loans and advances as per the enclosed format every month commencing from June 1993, to the Divisional Offices in duplicate within a week (VLBs/ELBs shall submit the statement to ZOs). Divisional Offices shall review the submit consolidated statement alongwith copy of review note to the Zonal Offices every month commencing from June 1993 within 15 days from the month end.

Zonal Offices shall submit consolidated statement alongwith copy of review note to HO:CPFMD on monthly basis commencing from June 1993 within 21 days from the due date. However, data for the month of June 1993 to be submitted by 25.07.1993.

Recovery of loan installments: It is the responsibility of the Branch Manager to ensure that loan installments are deducted from the salary of the concerned staff members. If loan and SOD accounts of staff member become overdue on account of failure of the Branches in recovering the loans installments/quarterly interest explanation shall be called for from the concerned Branch Managers/Officer responsible for the lapse by the Divisional Offices under copy to Z.O. If the explanation submitted by the Branch Managers/Officers is not satisfactory accountability shall be fixed on them by the Zonal Offices in terms of Cir.No.2/89/CYC /CPFMD dated 24.02.1989. Branch Managers should not allow debit balance in SB and overdrawals in SOD account for payment of loan installments/quarterly interest under any circumstances.

SOD (NSC) account of staff members: It is observed that in a number of Branches, the SOD (NSC) accounts of the staff members have been allowed to exceed the sanctioned/permissible limit by debit of quarterly interest without deducting the same from their SB account to which their salary is being credited. Branches are advised to obtain, if not already obtained, necessary authority letter from the concerned staff members for recovery of interest on their SOD account from their SB account to which their salary is being credited. Wherever salary is being credited to SOD account withdrawal shall not be allowed in excess of the sanctioned/permissible limit.

Debit balance in SB: In some cases Branches were advised to debit the long pending sundry advances to SB account of the concerned staff member by allowing debit balance so that when salary of the employee is credited the debit balance automatically stands recovered. It is observed that some of the Branches have not credited the salary to the SB account of the employee which is in debit. Instead they have credited the salary to another SB account opened by the employee thereby allowing the debit balance to continue without recovery. This is not in order. Branches are



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Place :

Date :

Prepared by

Asst. Manager

Manager