

Circular No.454-2015-BC-PD-59-SWD

Date: 06-11-2015

PERMANENT UTILITY

**CLEAN OVERDRAFT/DEMAND LOAN FACILITY TO STAFF MEMBERS –
ENHANCEMENT/ MODIFICATION IN LIMIT, REDUCTION IN THE RATE OF INTEREST
ETC.**

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We are pleased to inform that the Board of Directors in the meeting held on 20.10.2015 has approved certain changes in the Staff ODC/DL facility. Under the amended provisions, the maximum limit of ODC/DL is increased and the rate of interest is reduced, the salient features of which are given below and the details are furnished in the **Annexure I**.

- 1. Enhanced Limits and eligibility:** All the confirmed employees who have completed 5 years of service in the Bank are eligible to avail the enhanced ODC/DL facility. All such confirmed employees who have not completed five years of service, are eligible for only DL at the rate one month's gross salary for each completed year of service. The maximum amount of ODC/DL is as under.

Cadre	Enhanced limits
Executives	₹9.00 lakhs
Officers	₹7.00 lakhs
Clerical staff	₹5.00 lakhs
Sub-ordinate staff	₹2.50 lakhs

- 2. Rate of Interest:** The rate of interest to be charged will be Base Rate w.e.f. 01.11.2015.
- 3. Option to avail ODC or DL:** Employees who have completed 5 years of service and are eligible to avail ODC can opt for either ODC or DL but not both.

As a onetime measure, all eligible employees are now permitted to avail the enhanced limits in cancellation of existing limit, if any, irrespective of the tenure of the existing ODC limit.

We are also pleased to inform that the rate of interest on Secured Loan/Overdraft against LIC Policy/NSCs extended to Staff members is reduced to Base Rate w.e.f. 01.11.2015 as against Base Rate plus 1% conveyed vide our circular No. 061-2011-BC-PD-11-SWD dated 25.02.2011.

All other guidelines shall continue as detailed in the earlier circulars.

Clarification required, if any, on this circular may be sought from **STAFF WELFARE DIVISION, PERSONNEL DEPARTMENT** at Head Office, Manipal, through respective R.O. as per extant guidelines.

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(GOPINATH T IYER)
GENERAL MANAGER (P)

ANNEXURE - 1**ENHANCED ODC/DL FACILITY TO STAFF**

1. Eligibility	All confirmed Officers/Workmen employees who have completed 5 years of service in the Bank.
2. Purpose	To meet genuine needs of the employees and shall not be used for speculative purposes.
3. Quantum	At the rate of one and half months' gross salary for those who have completed five years of service (For Officers: BP+DA+FPP+PQP+ Special Allowance and for Workmen: BP+DA+PQP+FPP+ Graduation pay + Special Pay/ Allowance of permanent nature) for each completed year of service subject to maximum of 15 months' gross salary or the following whichever is least: Executives : ₹9.00 lakhs Officers : ₹7.00 lakhs Clerks : ₹5.00 lakhs Sub-staff : ₹2.50 lakhs
4. Rate of interest	Base Rate (presently 9.70% p.a.)
5. Cut back	Deduction towards all loans (including interest portion wherever EMI is stipulated), EPF (excluding additional EPF), EPF loan instalment, Income Tax, Professional Tax and other statutory deductions including recovery as per orders of a competent court and as per demand notice from a co-operative credit/thrift society, if any, shall not exceed 60% of gross salary. (Take home salary should not be less than 40% of salary). It is clarified that gross salary for the purpose of deciding the limit of 60% on cut back would be Basic Pay, dearness allowance, special pay allowance, City Compensatory Allowance, House Rent allowance, Project Area allowance and other allowances which are admissible to an employee regularly and not on temporary basis.
6. Enhancement/ Renewal/ Repayment	The ODC limit shall be valid for 2 years and be renewed thereafter. Enhancement of limit on account of annual increment, promotion, etc. will be considered only at the time of renewal of the existing limit. DL should be repaid in not more than 60 EMIs. Under no circumstances repayment period will be extended beyond the date of superannuation. No fresh/renewal of DL will be considered until completion of 12 months of repayments in the earlier loan.
7. Sanctioning Authority	1. For staff members working in the Branches, respective Branch Head. 2. For staff including Executives in Administrative Offices, the Heads of the Branch who disburses their salary. 3. For Branch Heads (Small/Medium/Large/VLB/ELB), CM or AGM in RO designated by the respective AGM/GM. (However Sanctioning authority shall not sanction ODC/DL facility to self but shall submit application to the next higher authority for sanction).

GENERAL TERMS AND CONDITIONS:

1. Period of service shall mean number of years of completed service (excluding the period of LOP/UAA) as on the date of applying for ODC/DL facility. Period of service includes both the training and probationary periods. (In case of ex-servicemen their previous service in the ratio of 4:1 can be clubbed to the actual service in the Bank for reckoning the eligibility).
2. Hitherto employees as and when they complete 5 years of service and become eligible for ODC, can avail only the ODC facility and no DLs shall be admissible which is now modified and the employees can opt either for DL or ODC but not both. However, the confirmed employees who have not completed 5 years of service are eligible for only DL at the rate of one month's gross salary for each completed year of service.
3. The tenure of the ODC facility shall be two years and got renewed thereafter. There will be no enhancement in the limit during the period of two years on account of promotion, increase in pay due to annual increment etc. or any other reason except on account of Industry level Wage settlement. Such enhancement if applied for will be prospective. The facility shall be reviewed at annual intervals. The account shall not be allowed to slip to NPA for non-renewal of the limits.
4. The Employees/Officers placed under suspension, issued with charge sheet for gross misconduct/major penalty proceedings are not eligible for fresh/enhanced ODC/DL till the conclusion of the disciplinary action. The sanctioning authority shall obtain clearance from the I R Cell at the respective RO/HO, as the case may be, before sanctioning the facility.
5. The sanctioned limit shall stand frozen at the level outstanding as on the date an employee is placed under suspension. The subsistence allowance shall be credited to ODC account only, and interest on ODC shall be recovered every month. Operation can be allowed in this OD account upto the frozen limit. In case ODC becomes due for renewal during suspension period, the same has to be renewed so that the account will not be slipped into NPA.
6. The General Manager (P) may direct the exclusion of an employee from being eligible for the ODC/DL or recall of facility/freezing of limit, as the case may be, in any case where extension/continuation of the facility is found untenable on account of the conduct of the employee, such as habitual unauthorised absence with consequent loss of pay and allowances, default in repayment of dues to Co-operative Credit/Thrift Societies, Banks/Financial Institutions/Credit Card Companies etc.
7. It will be mandatory for the employees concerned to get their salary and other benefits payable to them by the Bank credited only to the clean overdraft account. Branch Manager shall not allow exceeding in the employees' ODC a/c at any point of time. Employees have to maintain sufficient balance in their ODC account to service the monthly interest due on the ODC account and all other liabilities. Any violation in this regard will be viewed seriously including review of the continuation of said facility besides imposition of penal interest.
8. The employee shall execute an undertaking:
 - a) That he/she will not utilise the money for speculative activities.
 - b) That he/she shall close the liability existing on the date of cessation from the services of the Bank whether on superannuation or otherwise and authorise the Bank to adjust his/her dues from the terminal benefits and other monies payable to him/her. The proforma letter of undertaking is given in **Annexure-2**, which on execution shall be retained with the loan documents.

9. In case the liability under ODC/DL continues beyond one month from the date of his/her cessation from service or settlement of his/her terminal benefits whichever is earlier, the same shall be treated as clean loan facility as applicable to general public and interest at applicable rate plus penal rate at 2% shall be charged on the said ODC/DL a/c.
10. Service charges, documentation charges, ledger folio charges, cheque book charges etc. are to be levied as per the extant guidelines in force.
11. Employees who have not completed mortgage formalities in respect of HL availed, within the prescribed period, shall not be eligible for the facility until they fulfill the requirements.
12. Documentation:
ODC:
 - a) ASD-1 & ASD-2
 - b) Undertaking/authority letter as per Annexure-2.
 - c) Undertaking letter as per Annexure-3
DL:
 - a) ASD-3 and OF 1904 (R) (OG -28 A & B combined).
 - b) Undertaking/authority letter as per Annexure-2.
 - c) Undertaking letter as per Annexure-3
13. Sanctioning/extending of the ODC/DL facility is at the discretion of the Bank and the management reserves the right to withdraw the scheme/facility, modify the rules/conditions/modalities governing the facility, at any time, without assigning any reason.

ANNEXURE- 2

UNDERTAKING LETTER

I, Sri/Smt..... Aged years, son/daughter/wife of Sri/Smt working as at Syndicate BankBranch/Office, Employee No.....do hereby irrevocably authorise the Trustees of Syndicate Bank Employees' Provident Fund, Syndicate Bank Gratuity Fund and Syndicate Bank (Employees') Pension Fund to pay the proceeds of my Provident Fund (self and Bank's contribution)/Gratuity/Pension and commutation of pension on my cessation from the services of the Bank either on superannuation or on any other reason, by crediting the same to my SB/ODC account maintained at any of the branches of Syndicate Bank. Such payment is a valid discharge to the Trustees of Syndicate Bank Employees' Provident Fund, Syndicate Bank Gratuity Fund and Syndicate Bank (Employees') Pension Fund and I will not raise any dispute against them in this regard at a future date. Such payment is binding upon me, my legal heirs/nominees/executors, administrator/estates.

In the event of change of nomination/executors etc., I will not alter the above undertaking and the trustees are fully discharged by acting on my undertaking as above.

Place:

Date :

SIGNATURE OF THE EMPLOYEE

I, Sri/Smt. aged years, working as at SyndicateBank Branch/Office, Employee No..... do hereby place on record that I have authorised Syndicate Bank Employees' Provident Fund Trust, Syndicate Bank (Employees') Pension Fund and Syndicate Bank Gratuity Fund Trust to pay my terminal benefits as and when they become due for payment to SyndicateBank for credit of my SB/ODC Account maintained at any of the Branches of SyndicateBank.

I hereby authorise SyndicateBank to appropriate such amount lying in SB/ODC account towards my various direct/indirect liabilities including Clean OD facility which I owe to the Bank.

I also authorise the Bank to credit my monthly salary/subsistence pay or other monies payable to me, to the Clean OD account till the same is cleared/fully closed.

I undertake that I will utilise the entire amount of Clean OD for my genuine needs only and not for any speculative activities.

The said authorisation is irrevocable and binding on me/my legal heirs/administrators/nominees/estates etc. I will not change/amend the above authorisation in future for whatsoever reason till the liabilities are fully cleared and closed.

Place:

Date :

SIGNATURE OF THE EMPLOYEE



ANNEXURE-3**UNDERTAKING LETTER TO BE OBTAINED FROM THE STAFF
WHILE APPLYING/AVAILING FOR/OFF LOANS**

Place:

Date :

The Branch/Senior/Chief Manager

.....Branch

Dear Sir,

Sub: Availing ODC /DL

I am aware of the directions of the Board of Directors to adhere strictly to the cut back stipulations on account of the loans/relevant other deductions from salary. The present cut back from my salary is within 60% of my gross salary. I hereby undertake that the cut back on account of the prescribed deductions will be kept within the above 60% limit in future also while availing any other loan including EPF loan.

In case I fail to abide by this undertaking, I am aware that I will not be entitled to any further loans under the staff loan scheme including Housing Loan scheme until such time cut back falls within the prescribed limit.

Yours faithfully,

SIGNATURE OF THE EMPLOYEE

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