State Bank of India

REFERENCE BOOK
ON
STAFF LOANS AND ADVANCES
(UPDATED UPTO 01.06.2011)

COMPILED BY :

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&
INDUSTRIAL RELATIONS DEPARTMENT, CC, MUMBAI
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Particulars</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>INDIVIDUAL HOUSING LOAN SCHEME</td>
<td>1-36</td>
</tr>
<tr>
<td>1.1</td>
<td>Eligibility</td>
<td>1</td>
</tr>
<tr>
<td>1.2</td>
<td>Purpose Of The Loan</td>
<td>2</td>
</tr>
<tr>
<td>1.3</td>
<td>Terms &amp; Conditions Of Individual Housing Loan</td>
<td>3</td>
</tr>
<tr>
<td>1.4</td>
<td>Check List For Individual Housing Loan</td>
<td>3</td>
</tr>
<tr>
<td>1.5</td>
<td>Application For Loan</td>
<td>5</td>
</tr>
<tr>
<td>1.6</td>
<td>Sanctioning Of The Loan</td>
<td>5</td>
</tr>
<tr>
<td>1.7</td>
<td>Disbursement</td>
<td>5</td>
</tr>
<tr>
<td>1.8</td>
<td>Documents Required</td>
<td>7</td>
</tr>
<tr>
<td>1.9</td>
<td>Security</td>
<td>8</td>
</tr>
<tr>
<td>1.10</td>
<td>Scrutiny of Title Deeds</td>
<td>8</td>
</tr>
<tr>
<td>1.11</td>
<td>Urban Land (Ceiling &amp; Regulation) Act, 1976</td>
<td>9</td>
</tr>
<tr>
<td>1.12</td>
<td>Lease-Hold Land</td>
<td>9</td>
</tr>
<tr>
<td>1.13</td>
<td>Cases of Terrace Rights</td>
<td>11</td>
</tr>
<tr>
<td>1.14</td>
<td>Maintenance of Term Loan Account &amp; Accounting</td>
<td>12</td>
</tr>
<tr>
<td>1.15</td>
<td>Interest</td>
<td>12</td>
</tr>
<tr>
<td>1.16</td>
<td>Insurance</td>
<td>13</td>
</tr>
<tr>
<td>1.17</td>
<td>Noting of Lien</td>
<td>13</td>
</tr>
<tr>
<td>1.18</td>
<td>Loan for Acquiring Second House</td>
<td>14</td>
</tr>
<tr>
<td>1.19</td>
<td>Additional Housing Loan Under The Individual Housing Loan (IHL) Scheme</td>
<td>15</td>
</tr>
<tr>
<td>1.20</td>
<td>2nd Additional Housing Loan Under The Individual Housing Loan Scheme (IHLS)</td>
<td>16</td>
</tr>
<tr>
<td>1.21</td>
<td>Sanction Of Housing Loan After Attaining 55 Years Of Age</td>
<td>17</td>
</tr>
<tr>
<td>1.22</td>
<td>Takeover Of Housing Loans</td>
<td>19</td>
</tr>
<tr>
<td>1.23</td>
<td>Housing Loans To Staff Members Under Housing Loan Scheme For Public</td>
<td>20</td>
</tr>
<tr>
<td>1.24</td>
<td>Second Housing Loan Under Public Scheme At Commercial Rate Of Interest</td>
<td>20</td>
</tr>
<tr>
<td>1.25</td>
<td>Housing Loan At Commercial Rate For Acquiring/Construction Of A Second House With Family Members</td>
<td>21</td>
</tr>
<tr>
<td>1.26</td>
<td>Miscellaneous</td>
<td>23</td>
</tr>
<tr>
<td>1.27</td>
<td>Loans To Employees-Disciplinary Proceedings</td>
<td>31</td>
</tr>
<tr>
<td>1.28</td>
<td>Delegation Of Administrative/Financial Powers</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>List Of e-Circulars Issued</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>Application Form, Other Documents</td>
<td>37</td>
</tr>
<tr>
<td>Chapter</td>
<td>Particulars</td>
<td>Pages</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
<td>-------</td>
</tr>
<tr>
<td>2</td>
<td>VEHICLE LOAN</td>
<td>38-52</td>
</tr>
<tr>
<td>2.1</td>
<td>Loan For Purchase Of Car</td>
<td>38</td>
</tr>
<tr>
<td>2.2</td>
<td>Loan For Purchase Of Scooter / Motor Cycle</td>
<td>38</td>
</tr>
<tr>
<td>2.3</td>
<td>Application</td>
<td>40</td>
</tr>
<tr>
<td>2.4</td>
<td>Documentation</td>
<td>40</td>
</tr>
<tr>
<td>2.5</td>
<td>Insurance</td>
<td>40</td>
</tr>
<tr>
<td>2.6</td>
<td>Lien On Provident Fund</td>
<td>40</td>
</tr>
<tr>
<td>2.7</td>
<td>Misuse Of Conveyance Loan</td>
<td>40</td>
</tr>
<tr>
<td>2.8</td>
<td>Other Terms And Conditions</td>
<td>41</td>
</tr>
<tr>
<td>2.9</td>
<td>General</td>
<td>42</td>
</tr>
<tr>
<td>2.10</td>
<td>Demand Loans For Carrying Out Repairs To Cars Owned By Officers</td>
<td>43</td>
</tr>
<tr>
<td>2.11</td>
<td>Sanctioning Authority</td>
<td>43</td>
</tr>
<tr>
<td>2.12</td>
<td>Loan on Commercial Rate</td>
<td>43</td>
</tr>
<tr>
<td>2.13</td>
<td>List Of e-Circulars Issued</td>
<td>45</td>
</tr>
<tr>
<td>Ann. 2.1</td>
<td>Loan Application For Purchase Of Car / Motor Cycle/ Scooter/ Moped</td>
<td>46</td>
</tr>
<tr>
<td>Ann. 2.2</td>
<td>Form 'A'</td>
<td>48</td>
</tr>
<tr>
<td>Ann. 2.3</td>
<td>Form 'B'</td>
<td>50</td>
</tr>
<tr>
<td>Ann. 2.4</td>
<td>Letter of Authority Addressed to Trustees of Provident Fund To Be Obtained From The Employees</td>
<td>53</td>
</tr>
<tr>
<td>3</td>
<td>PERSONAL LOAN SCHEME</td>
<td>54-60</td>
</tr>
<tr>
<td>3.1</td>
<td>Objective</td>
<td>54</td>
</tr>
<tr>
<td>3.2</td>
<td>Purpose For Which The Loan May Be Sanctioned</td>
<td>54</td>
</tr>
<tr>
<td>3.3</td>
<td>Quantum Of Loan</td>
<td>54</td>
</tr>
<tr>
<td>3.4</td>
<td>Other Operational Guidelines</td>
<td>54</td>
</tr>
<tr>
<td>3.5</td>
<td>Security and Documentation</td>
<td>56</td>
</tr>
<tr>
<td>3.6</td>
<td>Release of Title Deeds on Closure of Housing Loan</td>
<td>57</td>
</tr>
<tr>
<td>3.7</td>
<td>Sanctioning Authority</td>
<td>58</td>
</tr>
<tr>
<td>3.8</td>
<td>Supervision And Follow-up</td>
<td>58</td>
</tr>
<tr>
<td>3.9</td>
<td>Loans To Employees-Disciplinary Proceedings</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Application Form And Other Documents</td>
<td>60</td>
</tr>
<tr>
<td>4</td>
<td>COMPUTER LOAN SCHEME</td>
<td>61-63</td>
</tr>
<tr>
<td>4.1</td>
<td>Eligibility</td>
<td>61</td>
</tr>
<tr>
<td>4.2</td>
<td>Type Of Facility</td>
<td>61</td>
</tr>
<tr>
<td>4.3</td>
<td>Amount Of Loan</td>
<td>61</td>
</tr>
<tr>
<td>4.4</td>
<td>Repayment</td>
<td>61</td>
</tr>
<tr>
<td>4.5</td>
<td>Security</td>
<td>62</td>
</tr>
<tr>
<td>Chapter</td>
<td>Particulars</td>
<td>Pages</td>
</tr>
<tr>
<td>---------</td>
<td>--------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>4.6</td>
<td>Rate Of Interest</td>
<td>62</td>
</tr>
<tr>
<td>4.7</td>
<td>Deduction</td>
<td>62</td>
</tr>
<tr>
<td>4.8</td>
<td>Documentation</td>
<td>62</td>
</tr>
<tr>
<td>4.9</td>
<td>Sanctioning Authority</td>
<td>62</td>
</tr>
<tr>
<td>4.10</td>
<td>Margin</td>
<td>62</td>
</tr>
<tr>
<td>Ann. 4.1</td>
<td>Application For Computer Loan</td>
<td>63</td>
</tr>
<tr>
<td>5</td>
<td>FESTIVAL ADVANCE</td>
<td>64-69</td>
</tr>
<tr>
<td>5.1</td>
<td>Introduction</td>
<td>64</td>
</tr>
<tr>
<td>5.2</td>
<td>Quantum Of Advance</td>
<td>64</td>
</tr>
<tr>
<td>5.3</td>
<td>Recovery</td>
<td>64</td>
</tr>
<tr>
<td>5.4</td>
<td>Disbursement</td>
<td>64</td>
</tr>
<tr>
<td>5.5</td>
<td>Documentation</td>
<td>65</td>
</tr>
<tr>
<td>5.6</td>
<td>Other Terms And Conditions</td>
<td>65</td>
</tr>
<tr>
<td>5.7</td>
<td>Sanctioning Authority</td>
<td>66</td>
</tr>
<tr>
<td>Ann. 5.1</td>
<td>Application Format For Festival Advance</td>
<td>67</td>
</tr>
<tr>
<td>Ann. 5.2</td>
<td>Statement of Festival Advance Granted to the Officers/ Employees</td>
<td>69</td>
</tr>
<tr>
<td>6</td>
<td>CONSUMER LOAN</td>
<td>70</td>
</tr>
<tr>
<td>7</td>
<td>SBI STUDENT LOAN &amp; SBI SCHOLAR LOAN TO WARDOS OF STAFF</td>
<td>71</td>
</tr>
<tr>
<td>8</td>
<td>LOANS / ADVANCES ON COMMERCIAL RATES</td>
<td>72</td>
</tr>
<tr>
<td>9</td>
<td>WAIVER OF INTEREST ON LOANS AND ADVANCES OF DECEASED EMPLOYEES</td>
<td>73</td>
</tr>
<tr>
<td>10</td>
<td>LOANS / ADVANCES TO PERMANENT PART-TIME / PERMANENT FULL-TIME MEDICAL OFFICERS</td>
<td>74</td>
</tr>
<tr>
<td>11</td>
<td>OTHER LOANS</td>
<td>75</td>
</tr>
<tr>
<td>12</td>
<td>AGRICULTURAL ADVANCES TO STAFF</td>
<td>86</td>
</tr>
<tr>
<td>13</td>
<td>COMMON IRREGULARITIES POINTED OUT BY INSPECTOIN &amp; AUDIT DEPARTMENT</td>
<td>87</td>
</tr>
</tbody>
</table>
LOANS AND ADVANCES TO STAFF

Loans & Advances are being provided under various schemes at concessional rate of interest and liberal terms & conditions to all the Permanent Staff members for meeting their financial needs such as Housing, Vehicle, Education of the Children & Personal needs etc., subject to the fulfillment of the eligibility criteria. The details of all these schemes are given in the following chapters:

1 INDIVIDUAL HOUSING LOAN SCHEME (IHLS)

1.1 ELIGIBILITY

Confirmed employees, who have completed 5 years’ uninterrupted service in the Bank, will be eligible for the loan. Five years of uninterrupted service in the Bank includes the probationary period but not temporary service, if any, put in by the employee. However, an ex-serviceman employee or an employee who was in confirmed service of a public sector bank or public sector financial institution or Reserve Bank of India or Central/State Government or an undertaking of Central/State Government, before joining the service of the Bank and had not availed of any housing loan from his previous employer will be eligible for housing loan if he has put in 5 years’ total service inclusive of service put in the above organisation(s) and is also a confirmed employee of the Bank with a minimum of 2 years’ total service (inclusive of period of probation but excluding temporary service).

Permanent part-time employees who are drawing scale wages i.e. 1/3rd or more and are members of the Provident Fund are also eligible. The rate of interest and repayment programme will be the same as in the case of all other employees. The maximum amount of the loan fixed under the scheme will, however be reduced proportionately in their case depending upon the proportionate wages they draw at the time of sanction of the loan. For example, maximum loan amount for a part-time employee in subordinate cadre drawing one third of scale wages will be one-third of Rs.800000/= i.e. Rs. 266667/=. Maximum loan amount for other part-time employees will be worked in a similar manner.

GRANTING OF IHLS WHERE THE PROPERTY IS IN THE NAME OF SPOUSE OF THE EMPLOYEE

(e-Circular No. CDO/P&HRD-IR/44/2005-06 Dated 28.10.2005)

The Executive Committee of the Central Board in its meeting held on 23rd August 2005 has approved sanction of housing loans under Individual
Housing Loan Scheme to staff even if the house/flat/apartment/plot is in the name of spouse only, subject to the fulfillment of under-noted additional terms and conditions:

A) The spouse of the employee will be a co-borrower.
B) The employee and his/her spouse will be jointly and severally liable for repayment of the loan with interest and other dues.
C) The spouse of the employee will mortgage the housing property to the Bank as security for the loan.

CARE : - Employees on Contract (For limited no of years less than 20) are not eligible for IHL.

1.2 PURPOSE OF THE LOAN

Home Loans will be granted to employees of the Bank individually for acquiring suitable housing accommodation for the bona-fide use of the employee and his/her family i.e. wife, husband, dependent children and dependent parents. Such loans can be availed of for the following purposes :-

(i) Acquisition of a house or flat or apartment, new or old (already built).
(ii) Acquisition of a site or a plot of land and construction of a house or flat or apartment thereon.
(iii) Construction of a house or flat or apartment on a site or plot of land already acquired.
(iv) Extension or renovation of a house or flat or apartment already acquired.
(v) Acquisition of an old house and renovation/extension thereof or acquisition of an old house, its demolition and reconstruction.
(vi) Conversion of hire-purchase into outright purchase of house/flat from State Housing Boards or similar Govt. Controlled bodies, the outright purchase of new ready built house or flat from Govt., semi-Govt. or local bodies, Housing Boards, Development Authorities etc., and from private parties.
(vii) Getting a plot under co-operative schemes and building a house, where title will vest in the official after the house is built.
(viii) Purchasing of house/flat under self financing housing scheme and co-operative Group Housing Societies.
(ix) Repayment of loan taken from bank/private source for house construction, even if the construction has already commenced.
(x) Constructing the residential portion alone of the building on a plot which is earmarked as a shop-cum-residential plot in a residential colony.
1.3 **TERMS & CONDITIONS OF INDIVIDUAL HOUSING LOAN:**

(e-Circular No. CDO/P&HRD-IR/64/2007-08 Dated 05.02.2008)

<table>
<thead>
<tr>
<th>Sub Staff</th>
<th>Clerical Staff</th>
<th>Supervising Staff (OJMGS-I to TEG-SS-II)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maximum quantum of loan</strong></td>
<td>90% of cost of Project or Rs.8.00 lacs whichever is lower</td>
<td>90% of cost of Project or Rs.12.00 lacs whichever is lower</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rate of Interest</th>
<th>6% p.a. (Simple)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>10% of project cost</td>
</tr>
</tbody>
</table>

**Repayment**

240 months commencing 24 months from date of disbursement of first instalment or 6 months after completion of project whichever is earlier. In case of ready build house/flat/tenement recovery will commence from the month following the month in which the advance is taken. (Principal in 168 equal monthly instalments and interest in 72 equal monthly instalments) (Instalments in the ratio of P:I=7:3)

**Primary Security**

EM of house

**Collateral Security**

Lien on PF to be noted

1.4 **CHECK LIST FOR INDIVIDUAL HOUSING LOAN**

i. Application form

ii. Certificate from Society / Builder

iii. Valuation report from government approved valuer.

iv. Memorandum of term loan agreement

v. Power of attorney in favour of the Bank for creating mortgage in favour of the Bank at a later date in case mortgage was not possible at the time of granting of the loan.

vi. Letter of authority for deduction from salary

vii. Letter of Authority to Trustees of Provident Fund / Gratuity Fund executed by the employee.

viii. Letter of Authority to Trustees of Provident Fund / Gratuity Fund executed by the nominees.

ix. Letter for marking lien on Provident Fund of the employee

x. Memorandum of deposit of title deeds.

xi. Confirmation of deposit of title deeds.

xii. Duly approved map or permission for construction from competent authority.
In case of joint ownership of property with spouse, the following documents may be obtained:

(a) Letter of consent and agreement to mortgage by spouse.
(b) Guarantee agreement to be executed by the spouse.

(Corporate Centre Letter No. PER/IR/3262 Dated 29.09.1994)

1.5 APPLICATION FOR LOAN

The employees desirous of getting the loan should have a definite proposal and will submit their applications on the prescribed form, in duplicate together with necessary documents/certificates prescribed therein to the Branch wherefrom they want to avail of the housing loan.

1.6 SANCTIONING OF THE LOAN

A. The following instructions should be followed while sanctioning the loan:

i. The advance should be granted to the employee by way of term loan.

ii. The Branch Manager will thoroughly scrutinize the application forms and the relative papers/certificates, undertakings, etc. when received from the eligible members of the staff and after satisfying that the employee’s proposal is in order in all respects, as detailed in the application form, recommend the proposal for sanction to the controlling authority. The controlling authority will also again verify all the particulars, papers, etc. and after satisfying that the proposal is in order in all respects, submit the proposal to the appropriate authority as per Delegation of Administrative/Financial Powers mentioned in Para 1.28 below.

iii. The sanction, thereafter, will be conveyed to the respective branch who should disburse the loans strictly on the terms and conditions as per scheme and stipulated by the sanctioning authority and after obtaining the necessary documents/agreements, etc.

iv. Loan should ordinarily be availed of from the branch situated at the place where the employee proposes to own flat/apartment/house/bungalow with the Bank’s finance. It would not be necessary for the employee to acquire house/flat/apartment at the place of posting but it must be for the bona-fide use of the employee and/or his/her family and should ordinarily be within 16 Kms. from an office of the bank. However the restriction of distance would not apply in cases where an employee already owns a house/flat/apartment or a site or plot of land and wants to avail of loan for renovation/extension of
the old house or flat or apartment or construction of a new house/flat/apartment.

v. The original amount of IHL, subsequent conversion to IHL if any, any additional housing loan (under IHL) will be less from the total maximum eligible amount of loan as per entitlement of category of staff, while calculating the eligible amount of additional housing loan (under IHL)

B. All the loans sanctioned by a designated authority will continue to be reported to next higher authority in the usual manner.

1.7 DISBURSEMENT

A. Disbursement will be co-related to the actual progress in the acquisition of the land / site, construction / repair / extension / renovation of the house / flat, etc., and wherever it is possible, disbursement of the loan will be made by means of the Banker’s cheque(s) drawn in favour of the parties to whom the employees want to make payment for the purpose of acquisition / construction / renovation / extension of house, etc. The requests from the employees for credit of the part / full loan amount in their account will normally not be accepted. However, where it is necessary to make cash payments for purchase of construction material, payment for labour, etc., the Bank may advance the amount direct to the employee to the extent of such need, in which case the employee will have to produce the receipts / vouchers for the Bank’s perusal immediately after the payment is made. The employees will submit to the Bank within a reasonable time satisfactory proof of the proper utilization of the amount of the loan for the stated purposes e.g. an architect’s certificate certifying the value of the work carried out, contractor’s bill, stamped receipts, sale agreements for land/house/flat, etc. If considered necessary, photographs showing progress of construction work also will be obtained from the employee at his/her own cost. These photographs will be such that they will show some portions of the neighboring properties also and they will be certified by a person whose certificate is acceptable to the Bank.

B. Before disbursing the loan amount or additional loan amount, branches will arrange for execution of the Term Loan Agreement with the employee. Branches will also obtain from the employees any other documents/certificates prescribed by the sanctioning authorities.

C. As soon as the instalments or full/part payment of loan are/is released, the amount should be paid by debit to Term Loan
Account opened in the name of the employee, by means of Banker’s Cheque(s) in favour of builders/contractors/creditors (from whom interim loan has been obtained by the employee if any)/sellers, as the case may be, in terms of the instructions stipulated by the sanctioning authority.

Clarification:

It is clarified that once the loans are sanctioned by the appropriate authority and the sanction is conveyed to the Branch, seeking approval / sanction by the branch at each stage of disbursement of the loans from the sanctioning authority is not necessary. In other words, branches on receipt of sanction of the housing loan proposal will arrange to disburse the loans strictly on the terms and conditions stipulated by the sanctioning authority and after obtaining the necessary documents / agreements, etc.

D. Cases where bulk purchase of building material is involved

(Corporate centre Letter No. PER:IR:CIR:4 Dated 03.02.1993)

As regards the disbursement of loans where the employees desire to avail of the economies of bulk purchases of building material viz. cement, steel, timber (required for the entire project), labour payments, etc., such requests can be considered subject to other provisions of the scheme, on the following stipulations:

i) On the basis of the estimates submitted by the employees for bulk purchase of construction materials, on proper verification of the estimates, payments may be made directly to the vendors through Banker’s cheque(s).

ii) The employees will bring their margins as per the housing proposals sanctioned in accordance with the provisions of Individual Housing Loan Scheme in the usual manner.

iii) To meet labour payments, amounts may be advanced direct to the employees to the extent of such need, in which case the employees will have to produce the receipts / vouchers for the Bank’s perusal immediately after the payment is made.

iv) The receipts / vouchers will be produced for the Bank’s perusal immediately after the payment is made.

v) Adequate storage facilities to store the construction material and security/safety arrangements will have to be made by the employees. Damages, if any, will be at their risk and responsibility.

vi) Unused stocks be reported/advised to the branch wherefrom the loan has been availed of and these are subject to verification by the Branch Manager/branch staff.
1.8 DOCUMENTS REQUIRED

A. It may not be possible for the employee to create mortgage of his property before disbursement of the loan due to non-transfer of property in his name due to various reasons. The loan in such circumstances can be disbursed if the following certificate/papers are produced by the employee and the mortgage may be created subsequently:

(i) Production of firm offer of a flat/apartment from the builder giving full details such as total carpet area, total cost, rate per sq. ft./sq. meter, location, etc.

(ii) Production of a certified copy/Photostat copy of the title clearance certificate in respect of the Vendor/Builder’s title to the property given by his Advocate/Solicitor. Non-encumbrance certificate is required to be produced for a period of 13 years in terms of Corporate Centre Letter No. CDO/IR/4149 Dated 08.10.1998. The expenses incurred in this regard would, however, not be reimbursable.

(iii) Production of a certificate from the Builder/Architect stating the stages of work yet to be completed together with the cost thereof and the share that the employees have to pay.

(iv) Undertaking from the employee that he will create mortgage to and in favour of the Bank as soon as the property is transferred in his name.

(v) Consent in writing authorizing the Bank to note a lien against employee’s provident fund balance (i.e. Bank’s contribution as well as employee’s contribution to the provident fund account) to the extent of the loan sanctioned will be taken from the employee borrower and his/her nominee(s) in accordance with the provisions of the Provident Fund Rules as under :-

(a) Letter of authority addressed to the Trustees of the Provident Fund to be obtained from the employee borrower at the time of sanction of the loan.

(b) Letter of authority addressed to the Trustees of the Provident Fund to be obtained from the nominee(s) of the employee for his/her Provident Fund.

The above letters of authority are to be obtained from all the employee borrowers.

B. The Term Loan Agreements and other documents to be executed by the employees for availing housing loan under Individual Housing Scheme are not required to be witnessed/attested.
1.9 **SECURITY**

The following security will be obtained for sanctioning/disbursing the loan:

i. Equitable mortgage of the land and building by deposit of title deeds to the property and a lien on the provident fund balance. This includes Bank’s as well as member’s contribution to his Provident Fund Account.

ii. The employee’s title to the property is clear, marketable and free from all encumbrances.

iii. In the case where equitable mortgage cannot be created, the amount of loan will be covered by any other suitable charge on the property and a lien on the account of the employee’s provident fund. The Bank may also require an employee in such cases to provide any further security acceptable to the Bank. Where the property/house/flat is already mortgaged to an outside agency, second charge cannot be accepted as security by the Bank for granting housing loans to the employees, if he intends to purchase such property/house/flat.

iv. In the case of ownership flat/house, it would be necessary for the employee to obtain a certificate from the society/builder stating that the society/builder has not raised any finance from Government or any other agency against the house/flat allotted to him/her and that they would not create any encumbrances on the flat/house allotted to him/her in future.

1.10 **SCRUTINY OF TITLE DEEDS**

1. **In case of property situated in a co-operative housing society or non-trading association and acquired by way of allotment from the society or association itself:**

   a) Certified true copy of Registration Certificate of Society/Association.
   b) Certified true copy of latest village Form No. 1 & 2 in the name of Society/ Association.
   c) Certified true copy of Building Permission and plan duly approved by Local Authority concerned.
   d) All original receipts for payment made to Society/ Association or authorized Builders, if any.
   e) Certified true copy of Resolution of the Society/Association regarding membership, allotment of houses, no dues, no loan and no objection for mortgage of the same to the Bank.
f) Original Share Certificate issued by the Society/ Association in the name of employee of the Bank.

2. **In case of property situated in a co-operative housing society or non-trading association and acquired by way of purchase from the member of the society or association:**

   All the material title deeds, documents, papers, evidences, and writings mentioned in para 1 above plus original, or in the absence thereof, certified true copy of Sale Deed, Original Receipt and certified true copy of Index - II issued by Sub-Registrar along with documentary evidence that the original Sale Deed after registration will be sent to Bank directly by Sub-Registrar concerned.

3. **When a house/tenement/flat is purchased which is neither in a cooperative housing society nor in a non-trading association:**

   The original, or in the absence thereof, certified true copy of Sale-Deed, Original Receipt and certified true copy of Index-II, issued by Sub-Registrar along with documentary evidence that the Original Sale Deed after registration will be sent to Bank directly by the Sub-Registrar concerned.

   In all cases of 3rd purchase, the Original Sale Deed entered into between the seller and the owner from whom he had purchased the property should also be obtained in addition to the documents mentioned in paragraphs 1, 2 and 3 above, as the case may be, for creating an equitable mortgage.

1.11 **URBAN LAND (CEILING & REGULATION) ACT, 1976**

   In case of vacant land within the ceiling limit in an urban agglomeration, sale is permitted subject to the exercise of first option in favour of the State Government concerned. Therefore, it has to be ensured that title of an employee in respect of land covered by ceiling law is clear from this point of view also before grant of loan in respect of housing project on such land.

1.12 **LEASE-HOLD LAND**

   **(A)** The housing loan for acquiring / flat / ready-build house and / or plot for construction of a house from Government / Semi-Government agency (lessor) like Housing boards, Development Authorities, etc. may be sanctioned by AGM (Admin) of Administrative Office / DGM of the Branches, provided the remaining period of current lease is not less than
20 years. While scrutinizing the aforesaid types of housing loan proposals and before sanctioning the loan, the sanctioning authorities will satisfy themselves about the following aspects of the case :-

(i) The lessee will get clear, valid and marketable title over the property for a period of not less than 20 years and that the loan shall be repaid (with interest) before expiry of the lease period, if necessary, by stepping up the repayment instalments.

(ii) There is no prohibition in the lease deed to mortgage the property and availing of loan there against.

(iii) Where permission of the lessor is required for doing any act by the lessee, such permission has been obtained by the lessee and it is in order.

(iv) Formalities as contemplated under the Indian Stamp Act & Registration Act have been complied with.

(v) All legal angles involved in the case have been examined carefully and thoroughly and Bank’s interest is fully protected.

(vi) In cases where remaining lease period is 20 to 22 years only, the repayment of the housing loan should commence positively (whether the housing projects is complete or not complete) on expiry of 24 months from date of release of 1st instalment of the housing loan.

(B) The housing loan proposals for construction of houses or acquiring / purchasing ready-build flats / houses on lease-hold lands / plot irrespective of the category of the vendors i.e. individuals / private agencies or the Government / Semi-Government agencies and where the lease period is less than 20 years but not less than 15 years may be considered by the Circle Chief General Managers subject to following conditions :-

i) Bank’s entire loan with interest should be recovered within the currency of the existing lease period.

ii) The accelerated repayment obligations should not become onerous.

iii) Repayment of the housing loan should commence positively (whether the housing projects is complete or not complete) on expiry of 24 months from date of release of 1st instalment of the housing loan.

(C) The Authority structure for sanction / administrative clearance in respect of housing loan proposals for acquiring housing projects on lease-hold lands under Individual
Housing Loan Scheme on the prescribed terms and conditions is as under:

<table>
<thead>
<tr>
<th></th>
<th>Where the housing project is on a lease-hold land and the vendor is a Government / Semi-Government agency and the period of lease is not less than 20 years.</th>
<th>AGM (Admin) of Administrative Office / DGM of the Branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>Where the housing project is on a lease-hold land, irrespective of the category of the vendor and the remaining lease period is not less than 15 years.</td>
<td>Circle Chief General Manager</td>
</tr>
<tr>
<td>(b)</td>
<td>Where the housing project is on a lease-hold land and the remaining lease period is less than 15 years, irrespective of the category of the vendor i.e. Government / Semi-Government agency or individuals / private agency.</td>
<td>Such cases should not generally be entertained. However, where denial of relaxation will cause hardships these may be referred to Corporate Centre alongwith Circle recommendations for Administrative clearance, in the format enclosed to Corporate Centre circular no PER/IR/CIR/64 Dated 17.07.1992. Sanction of the loan will, however, be accorded by the Sanctioning Authority in the usual manner.</td>
</tr>
</tbody>
</table>

All the loans sanctioned by a designated authority will continue to be reported to next higher authority in the usual manner.

1.13 CASES OF TERRACE RIGHTS

Where the property in the name of the employee consists of a terrace and individual right on the land surrounding and supporting the structure, the proposals for grant of housing loans to employees may be considered subject to the following terms and conditions besides usual terms and conditions stipulated under Individual Housing Loan Scheme:

i. The employee must have a co-ownership interest in the land (including right of support) while obtaining a transfer in his favour by way of sale, settlement, family partition, gift or lease, etc. duly registered with the Registrar of Assurances.
ii. The following clauses should invariably find a place in above sale deed, settlement, etc.
(a) Undivided share in the land or, if division is possible, such portion of land as divided.
(b) Permission to construct building [upper floor(s)] on the existing premises.
(c) Power to alienate and create mortgage of the property so constructed.

1.14 MAINTENANCE OF TERM LOAN ACCOUNT & ACCOUNTING

Before sanctioning the loan to an employee, branches will obtain from him an irrevocable letter of authority for deduction of instalments from salary/pension duly signed. This form should be kept attached to other documents. Where a loan is sanctioned/disbursed to an employee who is not serving at that branch, the sanctioning branch will complete the letter of authority obtained from the employee and a certified or Xerox copy thereof will be forwarded to the Branch/ Office where he is serving for necessary deductions from his salary towards repayment of loan. The Branch / Office, on receipt of letter of authority, will record the same for necessary compliance and recover without fail the amount as specified therein from the salary of the employee and credit the same to the employee’s Term Loan Account. Where the employee is transferred to another branch, certified copy of this letter of authority should be forwarded to that Branch for effecting recovery.

1.15 INTEREST

Loans under IHLS to all categories of staff will carry simple interest and it will be charged from the date of disbursement of the entire loan or the first instalment of loan when such loan is disbursed in instalments. The amount of interest will be calculated on the balance outstanding on the last day of each month at the prescribed rates.

RATE OF INTEREST ON EXISTING PRINCIPAL OUTSTANDING UPTO RS.1.10 LACS IN LOANS SANCTIONED AS PER PRE-REVISED IHLS:

(e-Circular No. CDO/P&HRD-IR/32/2008-09 Dated 25.06.2008)

In all existing housing loans sanctioned/disbursed under IHLS before the 5th of February, 2008, interest @5% p.a. (simple) will continue to be charged for the initial principal loan amount
outstanding upto Rs.1.10 lacs, till full and final repayment of such loan.

1.16 **INSURANCE**

An employee has to obtain an insurance policy at his own cost which would be adequate to cover the total cost of construction or at least the loan amount including interest. The policy will cover risk of loss by fire and earthquake and should be obtained in joint names of the employee and the Bank and retained by the employee. If the employee fails to do so, the Bank shall arrange for insurance of the property and recover the cost from employee’s account/salary. The Bank’s interest should be noted on the insurance policy and it should be verified annually to ensure that it is in force or certificate to that effect should be obtained from the employee and recorded.

1.17 **NOTING OF LIEN**

Branches will advise PPG Department at LHO or Central Accounts Office, Funds Department, Kolkata, as the case may be, after disbursing the loan to note a lien for the amount of the loan sanctioned against the employee’s and Bank’s contributions to Provident Fund Account.

**Cancellation of lien noted against Provident Fund**

(e-Circular no. CDO/P&HRD-IR/29/2009-10 Dt. 17.07.2009 and Corporate Centre Letter No. PER:IR:1216 Dated 03.06.1994)

While granting housing loans to staff, lien is noted on their Provident Fund balances, and is vacated on full liquidation of loan. For vacating the lien on retirement of the officials / employees, the authority which has initially sanctioned the housing loan will be the Competent Authority to vacate the lien on Provident Fund balances. However, in case the officials / employees request to extend the repayment after retirement upto 75 years of age (subject to maximum tenure being 20 years) then an undertaking must be obtained in writing from such employees / officers that the outstanding balance together with accrued interest will be recovered from the monthly pension payable to them before vacating the lien on Provident Fund balances.
1.18 LOAN FOR ACQUIRING A SECOND HOUSE:

(e-Circular No. : CDO/P&HRD-IR/32/2008-09 Dated 25.06.2008)

A. EMPLOYEES WHO HAD ACQUIRED ONE HOUSE BY AVAILING LOAN UNDER IHLS AND HAVE ALSO ACQUIRED OR PROPOSE TO ACQUIRE A SECOND HOUSE:

The employees who had acquired a house by raising loan under IHLS or a new/bigger house by raising additional loan under IHLS and have acquired or propose to acquire a second house, may also be allowed to avail the difference between maximum revised entitlement for their category and the limit of initial housing loan and/or additional housing loan for repairs/renovation/alteration/bigger house already availed under IHLS, to acquire a second house or to repay the borrowing on commercial rate either from the Bank or another bank/financial institution incurred to acquire a second house. All employees have been permitted to acquire upto maximum of two houses/flats within their overall entitlement for loan under IHLS during entire service in the Bank. The amount of loan under IHLS to acquire the second house shall be restricted to the lower of the followings:

(a) Entitlement as per revised IHLS, as reduced by original loan and/or additional HL under IHLS if availed earlier, irrespective of whether the earlier house is sold or not.

OR

(b) Amount outstanding, as on date of application, in the housing loan raised on commercial terms and conditions either from SBI or from other banks to acquire the second house.

B. LOAN IN CASES WHERE BOTH THE HUSBAND AND WIFE ARE WORKING:

If both the husband and wife are working in the Bank, as they have separate incomes and have higher combined repayment capacity, they should be allowed one joint loan under IHLS upto their combined entitlement for one house or two loans separately as per their individual entitlements. On the same lines, if one spouse is working with any other bank/institution/corporate etc. or Central/State department & their undertakings etc., both the husband and the wife will be eligible to raise concessionary housing
loans as per their individual entitlement from their respective employers.

C. **LOAN FOR REPAIR/RENOVATION/ALTERNATION OF THE HOUSE/ FLAT ACQUIRED WITHOUT BANK’S FINANCE:**

In cases where extension/alteration/renovation of the house/flat or apartment inherited or acquired by the employee from own resources is involved, the admissible amount of housing loan under IHLS is as under:

- 50 times the Basic pay or Rs. 10 lacs, whichever is less, in case of Officers
- 50 times the Basic Pay and Special Pay ranking for terminal benefits or Rs.6 lacs, whichever is less, in respect of Clerical Staff
- 50 times the Basic Pay and Special Pay ranking for terminal benefits or Rs.4 lacs, whichever is less, in respect of Sub. Staff.

All the terms and conditions for grant of housing loan under IHLS including creation of a mortgage, margin, 60% deduction clause, repayment terms etc. shall be applicable in such cases.

1.19 **ADDITIONAL HOUSING LOAN UNDER THE INDIVIDUAL HOUSING LOAN (IHL) SCHEME**

(a) Additional Housing Loan under the Individual Housing Loan (IHL) scheme for staff, for purchasing a bigger house or for repair, renovation or alterations in existing house, will now be available after 5 years @ 6% p.a. (simple).

(b) The process of sale of old house and purchase of new/bigger house has to be completed within 9 months. The GM(NW) has been authorized to condone delay upto 24 months and the Circle CGM may condone delay beyond 24 months but upto a maximum of 36 months on merits of each case. In exceptionally genuine cases, the Deputy Managing Director & Corporate Development Officer may condone delay upto a maximum of 60 months.

(c) As at present, the employees will continue to be eligible for additional Housing Loan on commercial rate to meet their additional requirements, in case the amount permissible under IHLS is not sufficient to complete the project. Employees who are not eligible under Individual Housing Loan Scheme for any reason, like for acquisition of a second house, can raise home loan on commercial terms under public housing loan scheme. Interest rate on such housing loan raised by the employees on commercial terms are
being circulated time to time. This rate will also be applicable to loans raised by employees, singly or jointly with a family member, under public scheme on commercial terms and conditions.

1.20 **INDIVIDUAL HOUSING LOAN SCHEME (IHLS) FOR EMPLOYEES 2nd ADDITIONAL HOUSING LOAN**

(e-Circular No. : CDO/P&HRD-IR/95/2008–09 Dated 09.02.2009)

2nd additional housing loan equivalent to the amount of difference between the housing loan including additional housing loan already availed and revised entitlement may be allowed to the employees under individual housing loan scheme for repair/renovation/alteration and to carry out additional construction in their existing houses subject to fulfillment of among others the following:-

(i) The amount of loan in such cases will be limited to the amount of difference between the loans (original housing loan + additional housing loan) already availed under individual housing loan scheme and present entitlement or 90% of the project cost whichever is lower.

(ii) The facility of 2nd additional housing loan will be available only once during the service and 5 years after availing the first additional housing loan.

(iii) This additional housing loan facility will be governed by the terms and conditions of the existing Individual Housing Loan scheme.

(iv) Wherever additional construction is involved in the existing house, it should be bigger by at least 120 sq ft and should have at least one more room than the existing house/flat. However, this condition will not be applicable in case of repairs/renovation/alteration etc. The copy of permission obtained for additional construction from the appropriate authority should be submitted along with the proposal. The plan and estimate for repair/renovation/alteration/additional construction should be prepared/certified by the Architect /competent Authority as in case of a fresh loan.

1.21 **SANCTION OF HOUSING LOAN AFTER ATTAINING 55 YEARS OF AGE AND FACILITY OF REPAYMENT OF LOAN AFTER RETIREMENT**

Employees who have attained the age of 55 years may avail the benefit of revised housing loan scheme of 2008 before their retirement, subject to following conditions:

(a) The employee should be able to acquire/complete construction of the house well before his retirement from the Bank’s service and repayment should commence when the employee is in Bank’s service. However, a maximum period of 6 months from the date of retirement may be allowed for commencing of repayment in deserving cases by the sanctioning authority in case of delay in completion of the project.

(b) Normally, an employee is required to repay all his debts to the Bank at the time of retirement. However, with a view to facilitate repayment of housing loan after retirement, the sanctioning authority of housing loan may permit an employee to continue the repayment after retirement upto 75 years of age subject to maximum tenure of loan being 20 years. In such case, the borrower employee should be specifically advised that the repayment schedule will be reviewed at the specific request of the employee at the time of his retirement commensurate with his monthly income vis-à-vis repayment obligation towards the housing loan(s). As the pension is paid to our employee primarily for subsistence, it will be stipulated that total amount of monthly housing loan instalment(s) inclusive of existing instalment towards existing housing loan already availed under Cooperative Housing Scheme/Individual Housing Loan Scheme, if any should not exceed 60% of the employee’s pension and D.A. thereon plus 1/12th of other regular annual income such as rental income/interest/dividend income declared in the previous year’s I.T. Return. In cases where repayment burden exceeds 60% of the employee’s monthly income as calculated above, the sanctioning authority may stipulate that employee should collaterally secure the loan by depositing an appropriate amount out of his terminal dues with the Bank in term deposits, at the highest rate of interest available at the time of making such deposits, so that the monthly interest on TDR is adequate to take care of the loan instalment exceeding the aforesaid 60% portion of the monthly income.

Alternatively, the employee may clear a portion of loan from his terminal dues to conform to the aforesaid stipulation. A suitable irrevocable letter of undertaking agreeing to the revised repayment schedule should be obtained from the employee and retained with loan documents.
The above guidelines/provisions will also apply to cases where the employees apply for housing loan for enlarging the existing house including construction of additional floor(s) in the same house or acquiring a bigger accommodation under Additional Housing Loan Scheme.


(c) In case of non-pensioners also, efforts should be made to reschedule the repayment programme so that the loan is repaid by the time an employee attains the age of 75 years. However, whether the loan is repaid by 75 years or before, in all the cases of non-pensioners adequate deposit in the long term deposits with the Bank should be obtained which would earn interest at least equal to the loan instalment.

(d) In case of death, the legal heir(s) can be permitted to continue the loan and make repayment as per the instalments agreed with the deceased employee. But in all such cases, the legal heir(s) should be asked to make a satisfactory arrangement by which the instalments are repaid at regular intervals. In this connection, since family pension payable to the widow is for sustenance and no savings can be expected there-from, proposals for making deductions for payment of the monthly installments of the housing loan granted to the deceased from family pension should not be accepted. In such cases the legal heir(s) can be asked to either adequate deposit in the long term deposits with the Bank which will earn interest at least equal to the loan instalment and incase where such deposit is not possible surety of 2 persons who could be our employees should be obtained in addition to an alternative arrangement ensuring regular payment of instalments.

(e) In exceptional circumstances, where the employees find it difficult to adjust the outstanding on the date of retirement, request for continuance of the loan may be considered by charging commercial rate of interest from the date of retirement, after obtaining appropriate documents.

(CC circular No.PER/IR/CIR/79 dated 23.01.1995)

The facility of repayment of housing loan beyond retirement should not be allowed to employees seeking voluntary retirement even after 30 years of service or 30 years of pension-able service before reaching the superannuation age.
However, employees retired on medical grounds in such cases the facility of repayment of housing loans at the existing concessional rate of interest beyond retirement may be allowed, subject to Medical Board.

(CC circular No.CDO/IR/CIR/45 dated 17.10.1996)

In the event of any other form of cessation of service of an employee, outstanding loan amount must be repaid at the time of the cessation of service failing which penal interest should be charged.

(Corporate Centre Letter No. : PER/IR/CIR/79 Dated 23.01.1995)

However, as per Government guidelines provision for extension of repayment after retirement on superannuation till 75 years of age will not be available to officers / employees who joined the bank on or after 01.01.1991 and they will have to repay all the loans before retirement from the banks service.

(CC circular No.PER/IR/CIR/97 dated 15.12.1992)

1.22 **TAKEOVER OF HOUSING LOANS**

Housing loans availed of by the eligible employees from other financial institutions can be taken over by the Bank subject to the following conditions:

1. The employee shall write a letter to the financial institution (FI) requesting them to deliver the title deeds and / or to send the same to SBI on receipt of their dues from SBI, with a copy to SBI.

2. FI shall confirm to SBI the above through a letter with a copy to the employee, as also that the loan was being serviced regularly and no EMIs were in default.

3. Such takeovers of loans from other financial institutions will require disbursement / release of loan amount prior to creating a mortgage charge in our favour. An agreement to mortgage should, therefore, be taken as is being done in the existing Staff Housing Loan Scheme.
4. The Bank should take over only the remaining portion of the loan and the repayment period should coincide with the remaining maturity of loan with FIs, subject to the ceiling of 20 years.

5. The switch-over should be permitted only where it is really cost effective to the employee in view of the pre-payment penalty charges of FIs and the loading of interest payments in the earlier periods.

1.23 HOUSING LOANS TO STAFF MEMBERS UNDER HOUSING LOAN SCHEME FOR PUBLIC

(Corporate centre Letter No.CDO:IR:SPL:386 dated 08.01.2005)

A staff member, who is not yet eligible under the individual Housing Scheme, due to his service being less than minimum length of service required, can be granted housing loan under the scheme for public, subject to his being eligible for loan under that scheme.

1.24 SECOND HOUSING LOAN UNDER PUBLIC SCHEME AT COMMERCIAL RATE OF INTEREST

(Corporate Centre Letter No.CDO:IR:SPL:444 Dated 01.02.2006)

Keeping in view the genuine needs of the members of the staff, it has been decided to permit staff members to avail of a second housing loan under public scheme at commercial rate of interest, without liquidating the housing loan sanctioned at concessionary rate of interest under Individual Housing Loan Scheme for staff subject to the following conditions. This would, however, be allowed subject to the following guidelines:

i) The total deductions from the salary on account of all borrowings from the Bank as well as other sources and statutory deductions like Provident Fund, Income Tax etc. (including the instalment towards the proposed loan) should not exceed 60% of gross emoluments.

ii) The instalment for the loan under Housing Loan Scheme for public will be recovered from the salary under check off scheme alongwith instalment under IHLS, outstanding if any, i.e., instalments towards both the loans have to be recovered from the salary simultaneously.

iii) All other terms and conditions of the Housing Loan Scheme as applicable for public viz. margin, quantum of loan, repayment
norms etc. and the conditions stipulated for staff viz. eligibility, discretionary powers at the time of disbursement shall be adhered to meticulously.

1.25 **HOUSING LOAN AT COMMERCIAL RATE FOR ACQUIRING / CONSTRUCTION OF A SECOND HOUSE WITH FAMILY MEMBERS**

(i) The family member, who is joint owner of the proposed property will be co-borrower. He/she should preferably have his/her salary account at the branch from where the housing loan is proposed to be availed and check off facility for his share of instalment should be available. If, however, it is not possible/feasible to have the salary account at the branch, the family member shall provide sufficient number of post dated cheques drawn on the local Bank where his/her salary is credited.

(ii) The instalments of the proposed loan will be shared in ratio of income of the joint owners of the housing property. The total deductions from the salary of the employee, after adding his/her share of instalment towards repayment, will not exceed 60% of his/her gross emoluments. While the stipulation that maximum deductions should not exceed 60% of gross emoluments is proposed to be retained, it has been decided to make the following changes for the purpose of calculation of 60% deductions. Any regular income from other sources like interest on deposits, dividend income, income or rental income from existing house as declared by the employee in the last Income Tax Return may also be added to the gross monthly emoluments of the employee to calculate the percentage of deductions. A copy of the latest acknowledged copy of Income Tax Return evidencing such income should be kept alongwith the loan documents. To elaborate, monthly average of such declared annual income from other sources (divided by 12) may be added to monthly emoluments to arrive at gross monthly income and percentage of deductions be worked out thereafter. The total monthly deductions should not exceed 60% of the gross monthly income of the employee as calculated above.

(e-Circular No. : CDO/P&HRD-IR/30/2008-09 Dated 25.06.2008)

(iii) The lien on PF balance of the employee for the amount of the loan will not be noted, irrespective of whether the loan is in single name of employee or jointly with the family members, as the mortgage of the house to be acquired/constructed alone will be sufficient to secure Bank’s loan as in case of the public.
(iv) It will, however, be ensured that at least one of the housing loan is repaid in the residual service period of the staff member or at the time of his/her retirement, the Loan to Value (LTV) Ratio for both the loans i.e. the loan under Individual Housing Loan scheme and the loan on commercial terms under public scheme, is less than 15%.

(e-Circular No. CDO/P&HRD-IR/48/2007-08 Dated 28.11.2007)

RATE OF INTEREST

Rate of interest on housing loan sanctioned to staff on commercial terms are benchmarked against SBAR in BPLR system and with effect from 12.05.2011, interest is being charged as per e-Circular No. : CDO/P&HRD-IR/18/2011-12 Dated 11.05.2012. Now it has been decided to sanction housing loan on commercial terms to staff on Base Rate System of interest rates with effect from 06.06.2011, instead of present linkage with SBAR.

The new product codes are as under:

<table>
<thead>
<tr>
<th>Product code</th>
<th>Facility</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6259-2024</td>
<td>TL</td>
<td>BR-STAFF HL COMM. UPTO 30 LACS</td>
</tr>
<tr>
<td>6259-2025</td>
<td>TL</td>
<td>BR-STAFF HL COMM. ABOVE 30 LACS</td>
</tr>
<tr>
<td>6059-2024</td>
<td>OD</td>
<td>BR-STAFF MAXGAIN HL COMM. UPTO 30 LACS</td>
</tr>
<tr>
<td>6059-2025</td>
<td>OD</td>
<td>BR-STAFF MAXGAIN HL COMM. ABOVE 30 LACS</td>
</tr>
</tbody>
</table>

As regards pricing, it has been decided that all such loans be priced as under linked to current base rate.

(Base Rate=9.25%)

<table>
<thead>
<tr>
<th>Amount of Housing loan on comm. terms to staff</th>
<th>Linkage with Base Rate for all tenure</th>
<th>Effective rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPTO 30 LACS</td>
<td>At par with Base Rate i.e. 9.25% p.a.</td>
<td>9.25% p.a.</td>
</tr>
<tr>
<td>ABOVE 30 LACS</td>
<td>0.50% above Base Rate i.e. 9.25% p.a.</td>
<td>9.75% p.a.</td>
</tr>
</tbody>
</table>

(e-Circular No. :CDO/P&HRD-IR/27/2011-12 Dated 01.06.2011)
1.26 MISCELLANEOUS

(i) CEILING OF 60% FOR MAX. DEDUCTION FROM TOTAL EMOLUMENTS:

(e-Circular No. : CDO/P&HRD-IR/32/2008-09 Dated 25.06.2008)

While the stipulation that maximum deductions should not exceed 60% of gross emoluments is proposed to be retained, it has been decided to make the following changes for the purpose of calculation of 60% deductions. Any regular income from other sources like interest on deposits, dividend income, income or rental income from existing house as declared by the employee in the last Income Tax Return may also be added to the gross monthly emoluments of the employee to calculate the percentage of deductions. A copy of the latest acknowledged copy of Income Tax Return evidencing such income should be kept alongwith the loan documents. To elaborate, monthly average of such declared annual income from other sources (divided by 12) may be added to monthly emoluments to arrive at gross monthly income and percentage of deductions be worked out thereafter. The total monthly deductions should not exceed 60% of the gross monthly income of the employee as calculated above. The above method of calculation of 60% deductions will be applicable only to housing loans under IHLS. For all loans other than housing loan under IHLS, calculation of 60% deductions will be as per extant instruction.

(iii) TURN AROUND TIME (TAT)

(e-Circular No. CDO/P&HRD-IR/32/2008-09 Dated 25.06.2008)

Further, it has been decided to fix the turn around time (TAT) for sanction of individual housing loans to staff by the sanctioning authority as 1 week from the date of receipt of complete proposal. This stipulation be monitored by concerned HR Section at respective Administrative Offices at quarterly intervals and confirmation in this regard will be sent to Head Office in 1st week of following month.

(iv) CAN THE LAND/HOUSE BE PURCHASED FROM RELATIVES?

The loans under the Scheme will not be made available for purchase of land / house, from a near relative. For this purpose, near relative will mean spouse, parents, children, brothers, sisters, mother-in-law and father-in-law.
(v) **CAN OLD PROPERTIES BE PURCHASED?**

Old properties can be purchased by the employees, provided they obtain valuation certificates from Government approved valuer.

(vi) **TIME LIMIT FOR UTILISATION OF ADVANCE IN CASE OF PURCHASE OF LAND**

Deal for purchase of land should be completed and the sale deed should be produced within six months, failing which the amount should be refunded in lump sum.

(vii) **LOANS TO EMPLOYEES WHO HAVE BEEN PROMOTED TO HIGHER GRADE SUBSEQUENT TO SANCTION OF LOANS**


An employee, on his promotion in officer grade, may be permitted to avail of housing loan up to entitlement of the grade/scale to which he is promoted for repayment of outside borrowings from sources like LIC Housing Finance, Staff Co-operative Credit Societies etc. and/or loan from our Bank at commercial rate of interest. The benefit may be extended from the date of such request or promotion, whichever is later. The loan will be repaid in 240 months as per original repayment schedule by suitably stepping up the amount of the instalment.

Documentation: An application and supplementary agreement as per Annexure II & III enclosed to Corporate centre Letter No. CDO:IR:CIR:28 Dared 11.09.2003 should be obtained. In case the loan is being sanctioned for repayment of approved outside borrowing from other institutions, the mortgage should be extended to cover the outstanding being taken over by recording a supplementary recital in the books of the Bank.

(viii) **AVAILING OF THE LOANS OUTSIDE THE CIRCLE**

In case an employee serving in a circle wants to construct/purchase a house in a town/place in another circle, he may do so, provided the necessary application of the employee is forwarded by his controller to the Branch concerned in another Circle where he wants to avail of the loan and the same procedure of sanction of loan is followed.
(ix) LAPSE OF LOAN ACCOUNT

If the loan amount sanctioned remains unutilized at the end of 2 years’ period, it will automatically lapse in respect of all categories of staff unless an extension in the time limit has been granted by the Bank in the meantime.

(x) REPAYING THE LOAN IN A SHORTER PERIOD AND RELEASE OF TITLE DEEDS

The employee (including an employee who ceases to be in service as a result of retirement, death or resignation or otherwise), if he so desires, may after obtaining the prior written permission from the controlling authority elect to repay the loan in a shorter period (i.e. any time before 20 years) in which case the title deeds can be released to him after the loan amount along with the interest thereon is fully recovered subject to the legal feasibility of such release and without affecting the Bank’s interest. After the title deeds are released, the employee can freely use the property. No penal interest will be charged for accelerated repayment of the loan amount.

(xi) STAMP DUTY / REGISTRATION CHARGES AS PART OF PROJECT COST

Expenses which an employee has to incur on stamp duty and registration charges may also be treated as a part of project cost like other costs for the purpose of computing the quantum of housing loan that an employee will be eligible.

(xii) BORROWING FROM OUTSIDE SOURCES

Considering that the maximum amount of loan that can be sanctioned to various categories of staff may prove inadequate in some cases vis-à-vis the rise in the cost of construction, it has been decided to permit raising of additional finance from outsides sources subject to the following conditions:-

(i) Loans should be raised only from a Government/Semi-Government/Public Sector Organisation /Housing Development Finance Corporation. As such organizations generally give loans for construction of houses by creating pari passu charge on the house, this may be permitted.

(ii) Total quantum of loan from such organizations should not exceed 60% of the loan taken from the Bank. This should be so because it has been stipulated in our housing loan schemes that the cost of
the house should not normally exceed twice the amount of Bank’s loan. Such a ceiling is expected to keep the total loan liability within the repaying capacity of the employees.

(iii) The Housing Boards/Corporations normally do not give loans exceeding 70% of the value of the property. In computing the value of the property, the Board/Corporation would obviously exclude the loan taken from the Bank. Therefore, while taking loan from the Housing Board/Corporation, not only the ceiling fixed by the Bank, namely 60% of the Bank’s loan, should be adhered to but it should be ensured that the loan amount from the Housing Board/Corporation is within 70% of the value of the property excluding the Bank’s loan.

(iv) Employees will make their own arrangement for repaying the outside loan and the repayment programme of the Bank’s loan will not be altered on account of the outside loan.

(v) The sanctioning authority will examine each case on merits and ensure that the employee’s repayment obligations are not onerous and are within his capacity.

(vi) The Housing Boards/Corporations normally insist on their loans being repaid before an employee retires from the organisation in which he is serving. In case the Bank’s loan continues after retirement of an employee, it would be desirable if the employee liquidates the outside loan so that the house remains mortgaged solely with the Bank. This is to avoid any complication in the disposal of the property in case of need after an employee has retired. If, however, the employee wants the loan of the Housing Board/Corporation to continue and the latter agrees to it, with a view to avoiding any disputes, it is considered desirable to ask the employee, whether pensioner or otherwise, to deposit adequate amount in the Bank’s long term deposits which will yield enough interest to cover the Bank’s repayment instalments.

(vii) The deductions on account of repayment of the loans thus raised from the external sources also should be reckoned for the purpose of calculating the maximum permissible percentage of 60% stipulated for deductions from the salary of an employee.

(xiii) **PENALTIES IN CASE OF DELAY IN REPAYMENT**

As the recovery of loan is made from the salary of employees, it should be ensured that under no circumstances, the instalments due fall in arrears. A note in Establishment Register should be
made for this purpose. In case of transfer of an employee to another branch/office, the recovery to be made should be promptly advised on the Last Pay Certificate.

In case the repayment instalments are not paid in due time (except in cases where the due time for repayment has been extended by the Bank), penal interest will be charged @ 1.5% over the Base Rate on the overdue instalments. In other cases of default for which a penal interest has to be levied, the penal interest at the aforesaid rate will be recovered on the loan amount outstanding from the date the irregularity/default occurred/ was committed till the date of rectification thereof.

The houses not completed within 1-1/2 years of the date of release of 1st housing loan instalment or where construction of a new house / flat / apartment by a Government agency is involved, 36 months after the date of disbursement of first instalment (except in cases where the Bank has agreed to the extension of the period of 1-1/2 years / 3 years), interest at Base Rate will be charged on the outstanding loan from the expiry of 1-1/2 years from the date of disbursement of the 1st housing loan instalment till such time as the houses are completed.

Any breach of the terms and conditions stipulated by the Bank or any misuse of the loan facility will constitute a misconduct and in addition to any action as stated above, the employee will be liable for disciplinary action in terms of his service rules.

(xiv) CONTROL RETURNS

In terms of the Scheme of Delegation of Financial Powers, functionaries authorised to sanction individual housing loan shall submit the monthly Control Return to their next higher authority.

(xv) NOTING ON SERVICE SHEETS

The Branch Managers/controlling authorities after sanctioning the loans to the employees should make a suitable note about the sanction of housing loan on their service sheets. This would facilitate easy reference about the availing of the housing facility by our employees in the event of their retiring/resigning or otherwise ceasing to be in the Bank’s service.
EXEMPTION UNDER INCOME TAX ACT 1961 : -

1. Under Section 71 read with Section 24(i)(vi) of the Income Tax Act, the employees who have availed housing loans are eligible for deduction in respect of amount of interest payable on borrowed capital from which the property has been acquired under “any other head of income” and that such deductions are restricted for the same assessment year.

2. As the interest accrued is credited in the interest account periodically, no part thereof is recovered for the first 168 months and the accumulated interest is recovered in 72 equal monthly instalments after the principal amount has been fully recovered. As such the position is that although interest has accrued in respect of the period of the financial year, the same is not actually paid.

The branches should, therefore, issue a certificate in the following manner to employees to enable them to get the deduction of amount of interest on borrowed capital :

CERTIFICATE

“A housing loan of Rs. ______________ has been made to Shri/Smt./ Kum ____________________________ and interest @ _____% is payable thereon. Under the loan arrangement, monthly recoveries are made, such recoveries being in the first instance appropriated towards principal, and interest accrued on the reducing balance is credited in the Bank’s interest account periodically. Actual recovery of the aggregate interest accrued is made in instalments after the principal has been fully paid. Accordingly, Rs._________ has become payable on the loan in respect of assessment year ______________.”

EXTENSION IN TIME LIMIT FOR COMPLETION OF HOUSING PROJECTS BY EMPLOYEES

1. Extension in time limit for commencement of repayment of loan where the housing project is not completed within 36 months in case of construction of new house by a Govt. Institution/Semi-Govt. agency and 24 months in all other cases extension in time limit may be granted by the appropriate authority i.e. DGM (Branch/O&C) for one year in each instance and upto a total of 3 years excluding the
cushion period after release of the first instalment and cases requiring extensions in time for more than 3 years are required to be referred to GM.

2. The procedure to be followed in this connection is as follows:-

(i) On completion of the cushion period, the cases where the construction of houses is still incomplete and on receipt of the employee’s request in time for extension, even in cases where the extension request is for more than one year, the appropriate authority may permit extension in time only for one year in the first instance.

(ii) If the house is still incomplete within the extended period, the employee will have to apply for further extension and the appropriate authority may grant such extension again for one year only. Such extensions may be granted for a maximum period of 3 years on 3 instances.

(iii) Such cases where the extension in time limit is to be granted beyond 3 years’ period excluding the cushion period, may be put up to the appropriate authority, who will have full authority in this area.

3. In all cases where extension in time limit for completion of the project is to be granted, it should be ensured that :-

(i) Bank’s entire loan together with interest is repaid within 20 years from the date of expiry of 24 months from the date of disbursement of the first instalment of loan by suitably stepping up the repayment instalments.

(ii) The accelerated repayment obligations do not become onerous.

(xviii) SPECIAL POINTS TO BE NOTED IN CASE OF SALE OF EXISTING HOUSE AND PURCHASE OF NEW ONE

(Corporate Centre Letter No. PER:IR:6208 Dated 15.03.1994)

1. The employee should sell his house / flat at prevailing market rate to the satisfaction of the Bank.

2. The Bank after satisfying itself about the genuineness of the case and ensuring that there is no profit motive, may permit the member employee to sell his flat and sanction the loan to have a bigger house / flat.

3. When the existing house is sold and new one is purchased, these should be almost simultaneous transactions and in no case the gap between the sale and purchase should extend beyond 9 months.
4. The cases, where the existing house is sold and new one is to be constructed may also be considered for granting additional housing loans provided employee completes the construction within 9 months from the date of sale of the house, on fulfillment of other terms and conditions laid down in the scheme.

5. When an employee wishes to purchase a bigger house or a house in a better location by disposing of the existing one, he should liquidate the outstanding in existing loan account alongwith up-to-date interest. In such an event, the maximum additional loan amount would be increased to the extent of outstanding amount repaid and the recovery for this part of loan together with interest, if any, would be in the same manner as it would have been under the old loan.

6. The sale proceeds of the existing house / flat together with the funds made available to the employee by way of additional housing loan must be utilized in full for acquiring a new house / flat.

7. Maximum amount of additional loan will be the difference between the present maximum loan entitlement of the employee and the amount of the existing loan sanctioned initially.

8. In this connection, it is observed that in such cases, while granting permission for disposal of existing house / flat the firm proposal for the new house to be purchased is not generally being obtained at the time of granting permission. The houses are being sold after obtaining the permission but the gap between sale and purchase, which is to be maintained at maximum 9 months, is not strictly adhered to. In this regard, it is clarified as under :-

i. When the employee applies for permission for disposal of the existing house and purchase of a new one, firm proposal for purchase of the new house should be obtained simultaneously.

ii. It should be ensured that the entire sale proceeds of the existing house are utilized for purchase / construction of the new house / flat.

iii. If the construction is not completed within 9 months, interest as on clean overdrafts will be charged.

iv. In exceptional circumstances, however, where the sanctioning authority on examination of the circumstances attached to each case comes to the conclusion that there are no defaults / delays attributable to the employee and he is not in a position to complete the construction within 9 months from the date of sanction of the loan, requests for extension in time may be considered by the competent authority.
1.27 LOANS TO EMPLOYEES-DISCIPLINARY CASES

(A) In the absence of any provision in the Housing Loan Scheme prohibiting grant of loans to the employees who have been awarded punishment or against whom disciplinary proceedings are going on, it would not be appropriate to deny this facility indiscriminately to all the employees falling in the aforesaid category. Only if the charges against them are such that there is a possibility of their not remaining in the Bank's service on conclusion of the disciplinary proceedings, it would be in order to keep their Loan applications pending till the conclusion of the disciplinary proceedings.

(B) Ordinarily officers under suspension or against whom major disciplinary proceedings have been initiated, where there is a reasonable chance of dismissal would not be eligible for housing advance. The competent authority, depending upon the gravity of the case, may sanction advance to such officers including those under suspension. Such officers will be required to furnish surety of 2 permanent officers of the Bank. An employee who is not granted the loan on this account and as a result raises it from some other approved and verifiable sources, should be granted the loan on conclusion of the disciplinary proceedings if he continues in service.

(C) House Building advance to officers against whom disciplinary proceedings or charges of minor norms have been initiated but are not placed under suspension, can be sanctioned treating them on par with those against whom no disciplinary proceedings is / are initiated or pending. In other words, no collateral security by way of sureties from 2 permanent officers / employees of the Bank will be insisted.

(D) These instructions would also be applicable in respect of officers against whom disciplinary cases have been concluded but CBI / Court Cases are pending. The disciplinary authority will take a view in such cases, depending upon the gravity of allegations / charges being examined by CBI / Court Cases.

For sanctioning housing loan it will suffice if the sanctioning authority is satisfied that there is no vigilance case / disciplinary action pending or contemplated against the official as on date as per records available with him / controller. It will not be necessary to call for a general clearance from all the offices where he had served earlier. Specific clearance from any particular office may, however, be called for if there is reason to suspect involvement of the official in any particular case.

(Corporate Centre Letter No. CDO/PM/1424/CIR/88 Dated 31.03.2000)
### DELEGATION OF ADMINISTRATIVE/FINANCIAL POWERS
#### INDIVIDUAL HOUSING LOAN SCHEME


<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Area</th>
<th>Proposed Authority Structure</th>
</tr>
</thead>
</table>
| **I**  | Sanction of housing loan and additional housing loan to officers/employees | If the housing loan is to be availed at:  
| | |  
| | i. Branches headed by DGM | i. AGM(A&A)/ AGM (COO) (where the position is not headed by Scale V, the DGM of the Branch may designate another AGM for the purpose)  
| | ii. Branches headed by AGM | ii. AGM of the Branch  
| | iii. Branches upto scale IV | iii. Respective AGM (Administration) |
| **II** | Grant of administrative clearance on the basis of project cost in relation to Bank's loan | Where the total cost of the housing project exceeds 3.5 times the Bank's loan:  
| | | GMs of the Network where the loan is to be availed of  
| | | Where the total cost of the housing project exceeds 2 times the Bank’s loan but does not exceed 3.5 times – administrative clearance will be given by authorities based on the relative sanctioning authority, as under:-  
| | | If the loan sanctioning authority is  
| | | AGMs at branches of scale V incumbencies and AGM (Administration) for branches in scale I to IV incumbencies | The Administrative clearance will be given by DGM (O&C) of Network of the Branch from where the loan is to be availed of  
| | | AGM (A&A)/AGM (COO) of DGM incumbency branches | DGM of the Branches |
### III

<table>
<thead>
<tr>
<th><strong>Extension in time limit for commencement of repayment of loan where the housing project is not completed within 36 months in case of construction of new house by a Govt. Institution/Semi-Govt. agency and 18 months in all other cases.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For DGM incumbency branches</strong></td>
</tr>
<tr>
<td><strong>Other branches</strong> (Scale I to V)</td>
</tr>
</tbody>
</table>

### IV

**Disposal of existing flat/house:-**

- Grant of administrative clearance

| **Same authority empowered to sanction the housing loan.** |

### V

**Grant of administrative clearance for disposal of existing flat/house and availment of additional housing loan.**

- *(a) In respect of DGM incumbency branches :- DGM of the branch*
- *(b) In all other cases i.e. for Scale I to V incumbency branches:- DGM (O&C)*

- If the process of sale of the old flat/house and purchase of a new flat/extension to existing house is not completed within 9 months, GM(NW) is authorised to condone delay upto 24 months.

- Beyond 24 months but upto a maximum of 36 months on merits of each case:
  - **Chief General Manager of the Circle.**

- Beyond 36 months but upto a maximum of 60 months in exceptionally genuine cases:
  - **Deputy Managing Director & Corporate Development Officer.**

- **N.B.** : Thus a total period of 5 years may be made available for completing the process of sale and purchase of house.
  - *(vide e-Circular No.CDO/P&HRD-IR/64/2007-08 dated 05.02.2008)*
<table>
<thead>
<tr>
<th>VI</th>
<th>Sanction of loans to employees/officers beyond 55 years of age</th>
<th>DGM (O&amp;C)/DGM (BRANCH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VII</td>
<td>Waiver of the condition that the house/flat to be acquired with additional housing loan should be bigger by 120 sq.ft.</td>
<td>DGM (O&amp;C)/DGM (BRANCH)</td>
</tr>
</tbody>
</table>

Notes: (i) In respect of the employees at all administrative offices, MCG, SAMG, CAG Branches, Colleges, SBLCs, Processing Centres, LCPCs etc. and also the employees on deputation to other institutions (SBI Caps, GOI, IBA etc.), the applications complete in all respects should be forwarded to the Branch where the loan is to be availed of by the respective Head of Department/ Establishment/ Institution with the required particulars duly certified for sanction by the appropriate authority. The fund angle clearance in such cases will be issued by the loan sanctioning Authority.
# LIST OF e-CIRCULARS ISSUED

<table>
<thead>
<tr>
<th>S.NO.</th>
<th>e-CIRCULAR NO.</th>
<th>DATED</th>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CDO/P&amp;HRD-IR/27/2011-12</td>
<td>01.06.2011</td>
<td>HL ON COM TERMS- INTRODUCTION OF BASE RATE</td>
</tr>
<tr>
<td>2</td>
<td>CDO/P&amp;HRD-IR/29/2009-10</td>
<td>17.07.2009</td>
<td>IHL SANCTION AFTER 55 YEARS</td>
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<tr>
<td>3</td>
<td>CDO/P&amp;HRD-IR/15/2009-10</td>
<td>03.06.2009</td>
<td>IHL CONVERSION OF PERSONAL LOAN</td>
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<tr>
<td>4</td>
<td>CDO/P&amp;HRD-IR/99/2008-09</td>
<td>14.02.2009</td>
<td>WAIVER OF INTEREST ON LOANS OF DECEASED EMPLOYEE</td>
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<tr>
<td>5</td>
<td>CDO/P&amp;HRD-IR/95/2008-09</td>
<td>09.02.2009</td>
<td>IHL 2nd ADDITIONAL HOUSING LOAN</td>
</tr>
<tr>
<td>6</td>
<td>CDO/P&amp;HRD-IR/66/2008-09</td>
<td>20.10.2008</td>
<td>DELEGATION OF ADMINIST. POWERS</td>
</tr>
<tr>
<td>7</td>
<td>CDO/P&amp;HRD-IR/61/2008-09</td>
<td>20.09.2008</td>
<td>CONVERSION OF COMM.H/L TO IHL &amp; SANCTION OF ADDL.H/L</td>
</tr>
<tr>
<td>8</td>
<td>CDO/P&amp;HRD-IR/59/2008-09</td>
<td>12.09.2008</td>
<td>REPAYMENT AFTER RETIREMENT</td>
</tr>
<tr>
<td>9</td>
<td>CDO/P&amp;HRD-IR/50/2008-09</td>
<td>28.08.2008</td>
<td>CONVERSION OF COMM.H/L TO IHL &amp; SANCTION OF ADDL.H/L</td>
</tr>
<tr>
<td>10</td>
<td>CDO/P&amp;HRD-IR/32/2008-09</td>
<td>25.06.2008</td>
<td>IHL MODIFICATION IN THE SCHEME</td>
</tr>
<tr>
<td>11</td>
<td>CDO/P&amp;HRD-IR/30/2008-09</td>
<td>25.06.2008</td>
<td>H/L AT COMM. RATE FOR SECOND HOUSE</td>
</tr>
<tr>
<td>12</td>
<td>CDO/P&amp;HRD-IR/77/2007-08</td>
<td>31.03.2008</td>
<td>H/L ON COMM.RATE</td>
</tr>
<tr>
<td>13</td>
<td>CDO/P&amp;HRD-IR/64/2007-08</td>
<td>05.02.2008</td>
<td>IHL SCHEME FOR STAFF</td>
</tr>
<tr>
<td>14</td>
<td>CDO/P&amp;HRD-IR/48/2007-08</td>
<td>28.11.2007</td>
<td>H/L AT COMM. RATE FOR SECOND HOUSE</td>
</tr>
<tr>
<td>15</td>
<td>CDO/P&amp;HRD-IR/05/2007-08</td>
<td>07.05.2007</td>
<td>PERMISSIBLE PERCENTAGE OF DEDUCTION IN CASE OF STAFF LOANS</td>
</tr>
<tr>
<td>16</td>
<td>CDO/P&amp;HRD-IR/72/2006-07</td>
<td>01.03.2007</td>
<td>COVERAGE OF SBI LIFE INSURANCE</td>
</tr>
<tr>
<td>17</td>
<td>CDO/P&amp;HRD-IR/44/2005-06</td>
<td>28.10.2005</td>
<td>IHL-PROPERTY IN THE NAME OF SPOUSE</td>
</tr>
<tr>
<td>18</td>
<td>CDO/P&amp;HRD-IR/43/2005-06</td>
<td>27.09.2005</td>
<td>ADDL.HL AT COMM.RATE MODIFICATION</td>
</tr>
</tbody>
</table>
Housing loan application form under Individual Housing Loan scheme is available in state bank times.

STATE BANK TIMES>UTILITIES>FORMS>LOAN APPLICATION>MORE LOAN APPLICATION
2. VEHICLE LOAN

2.1 LOAN FOR PURCHASE OF CAR


(A) Supervising Staff

All confirmed officers will be eligible for vehicle loan for purchase of car.

(B) Clerical Staff

All confirmed employees in clerical cadre with aggregate 5 years service will be eligible for car loan.

TERMS & CONDITIONS OF CAR LOAN:

<table>
<thead>
<tr>
<th></th>
<th>Clerical Staff</th>
<th>Supervising Staff (OJMGS-I to TEG-SS-II)</th>
<th>Managing Directors</th>
<th>Chairman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum quantum of loan</td>
<td>Rs. 4.50 lacs</td>
<td>Rs. 7.00 lacs</td>
<td>Rs. 10.00 lacs</td>
<td>Rs. 15.00 lacs</td>
</tr>
<tr>
<td>Rate of Interest</td>
<td></td>
<td>7% p.a. (Simple)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Margin</td>
<td></td>
<td></td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>Repayment</td>
<td>Repayment period for a Car Loan will be 180 months (P:I=2.75:1). Principal to be recovered in 132 monthly instalments and interest in 48 subsequent monthly instalments. The repayment shall commence from the month following the month in which disbursement of loan is made.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Security</td>
<td>Hyp. of vehicle &amp; Bank’s charge with RTA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collateral Security</td>
<td>Lien on PF to be noted</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.2 LOAN FOR PURCHASE OF SCOOTER / MOTOR CYCLE/ MOPED

ELIGIBILITY: -

(A) SUPERVISING STAFF
All confirmed officers will be eligible for vehicle loan for purchase of Scooter / Motor Cycle.

(B) CLERICAL STAFF

1. All confirmed employees in clerical cadre with aggregate 3 years service will be eligible for Scooter / Motor Cycle loan.

2. Where an employee has been promoted to the clerical cadre from the subordinate cadre, his service in the previous cadre will be taken into consideration for the above purpose.

3. In case of ex-servicemen employees, minimum 3 years confirmed service including that spent in defense forces, provided the ex-serviceman concerned has completed one year confirmed service in the Bank.

(C) SUBORDINATE STAFF

Permanent full-time employees with minimum 5 years confirmed service are eligible for Scooter / Motor-Cycle / Moped loan.

TERMS & CONDITIONS OF SCOOTER / MOTOR-CYCLE / MOPED LOAN:

<table>
<thead>
<tr>
<th>Type of Vehicle</th>
<th>Subordinate Staff</th>
<th>Clerical Staff</th>
<th>Supervising Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Scooter/</td>
<td>Scooter/</td>
<td>Scooter/</td>
</tr>
<tr>
<td></td>
<td>Motor Cycle/</td>
<td>Motor Cycle</td>
<td>Motor Cycle</td>
</tr>
<tr>
<td></td>
<td>Moped</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum quantum of loan</td>
<td>Rs.60,000/-</td>
<td>Rs.60,000/-</td>
<td>90% of cost of vehicle</td>
</tr>
<tr>
<td>Rate of Interest</td>
<td></td>
<td>7% p.a. (Simple)</td>
<td></td>
</tr>
<tr>
<td>Margin</td>
<td></td>
<td>10% of project cost</td>
<td></td>
</tr>
<tr>
<td>Repayment</td>
<td>Loan together with interest thereon shall be repayable in not more than 84 monthly instalments. The loan will be recovered in the ratio of 5:1 towards principal and interest respectively. Accordingly, the principal will be recovered in 70 monthly instalments and thereafter, interest will be recovered in 14 monthly instalments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Security</td>
<td>Hyp. of vehicle &amp; Bank’s charge with RTA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collateral Security</td>
<td>Lien on PF to be noted</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.3 APPLICATION
An application for loan may be submitted by an eligible employee on the prescribed form and the appropriate authority will sanction it by way of demand loan after being satisfied with the genuineness and need thereof.

2.4 DOCUMENTATION

1. Application for loan,
2. Demand letter/Allotment letter/Invoice/Cash receipt,
3. Demand Promissory Note (COS 229) and Demand Promissory Note Delivery Letter (COS 230),
4. An Agreement on Form A to be obtained on a non-judicial stamp paper,
5. Letter of Hypothecation on Form B to be obtained on a non-judicial stamp paper,

2.5 INSURANCE

The vehicles should be comprehensively insured with the Bank’s interest clause from the date of purchase of the vehicle. The policy should be taken by the employee in his name.

2.6 LIEN ON PROVIDENT FUND

Lien on Provident Fund of the employee concerned shall continue to be noted as usual and Central Accounts Office advised accordingly. For this purpose, a copy of the undertaking obtained from the employee concerned may also be sent to Central Accounts Office for their information and record.

2.7 MISUSE OF CONVEYANCE LOAN

If an employee misuse the loan / facility in any manner, he will be deemed to have committed an act of gross misconduct and will be liable to be proceeded against departmentally in terms of the rules governing his service.

2.8 OTHER TERMS AND CONDITIONS
(a) A clerical employee or an officer may avail loan for both a 2-wheeler and a car, but the aggregate of both limits sanctioned should be within the loan limit fixed for a car.

(b) As there is ongoing improvement in technology, employees will be allowed to raise car loan for replacement of the vehicle five years after the date of raising the first loan, whether for new or used vehicle, after liquidating the first loan along with interest in full.

(c) **Treatment of one time road tax as part of cost of vehicle**

The amount of road tax (payable as a lump sum) may be included for computing the quantum of loan to be sanctioned to eligible employees for purchase of new vehicles.

(d) **Purchase of Jeep by eligible officers**

Loans for purchase of Jeeps in terrains where these are suited for personal transport viz. North Eastern States, hilly regions, etc. may be considered on the terms and conditions prescribed in the scheme. However, while sanctioning the loans to Supervising Staff for purchase of Jeeps, it must be clarified in each case that Jeeps purchased out of conveyance loan have to be used strictly for personal purposes. Any misuse of the facility for commercial purposes will render the concerned official liable for major disciplinary proceedings.

(e) **Purchase of Three-Wheelers**

It is generally unlikely that an employee would apply for loan for purchase of a three-wheeler vehicle. However, if it happens in a rare case, the eligible employee (in Officers’ and Clerical cadres only) can be granted loan on same terms and conditions as applicable to two-wheeler power driven vehicles, subject to the Bank being satisfied about the genuine need for said vehicle and provided the vehicle is used only for personal purposes and the Regional Transport Authority makes a stipulation in the relative license to the effect that the vehicle will be used for personal purpose only. It should be borne in mind that in case of eligible officers, reimbursement of conveyance expenses will be only on the basis of a two-wheeler vehicle.

2.9 **GENERAL**
1. An employee should not dispose of the vehicle during the period the Bank's loan is outstanding.

2. Wherever a Car/Scooter/Motor Cycle/Moped is purchased by an employee with the Bank's financial assistance and is hypothecated to the Bank, the interest of the Bank should be got registered with the concerned Regional Transport Authority as in the case of advances to Transport Operators. The registration charges, if any, for registering the interest of the Bank should be borne by the employee.

3. After disbursement of the loan, the employee should produce as soon as possible, the Registration Book indicating that the vehicle is in his name and / or stands transferred to his name.

4. While sanctioning a loan for purchase of a second hand vehicle, the original cost or market price thereof, whichever is lower, will be taken as the basis for arriving at the quantum of advance. In case of doubt, the value of the vehicle may be got assessed by an approved valuer.

5. The stipulation that the total borrowings of an employee should not exceed an amount which involves repayment by monthly instalment of a sum equal to 60% of his gross emoluments will also be applicable to the loans made under this scheme.

6. Conveyance loans should not be granted to employees for purchase of vehicles from near relatives.

7. Purchase of the vehicle should be made within one month from the date of withdrawal of advance.

8. For arriving at quantum of loan to be granted to eligible employees for purchase of Car, Scooter etc. the cost of vehicle inclusive of all taxes including amount of road tax (payable as a lump sum) and accessories is taken into account.

9. No employee will be permitted to avail himself of a fresh loan for two-wheeler within 4 years of disbursement of the earlier loan for two-wheeler. Before granting such loan the earlier loan should have been fully liquidated. The stipulation of 4 years applies in the case of both new and old vehicles.

10. Where the Car or Scooter / Motor Cycle/Moped purchased by an employee under the scheme for grant of conveyance loan is either stolen or suffers irreparable damage leading to settlement of a "total
loss” claim by the insurer, the Chief General Manager may waive the stipulation of five years (in case of car) or four years (in case of Scooter / Motor Cycle/Moped) provided the entire surplus proceedings of the insurance claim after liquidating the earlier loan is brought as margin towards the cost of the Car/Scooter/Motor Cycle/Moped proposed to be purchased.

2.10 DEMAND LOANS FOR CARRYING OUT REPAIRS TO CARS OWNED BY OFFICERS

Officers who own Cars purchased with or without Bank’s finance may be sanctioned loans upto a maximum of Rs.10,000/- for carrying out major repairs to their Cars once in every five years subject to the following terms and conditions :-

i) The amount of advance will be 80% of the cost of repairs or Rs.10,000/- whichever is less.

ii) Simple interest @ 8.5% p.a. shall be charged on the amount of advance.

iii) The advance alongwith interest thereon would be repayable in 36 months.

iv) The Official will have to produce evidence of expenditure incurred by submitting cash memos / garage receipts within six weeks after availing the loans.

2.11 SANCTIONING AUTHORITY

As per Scheme Of Delegation Of Financial Powers, 2008 Current as on 30.09.2009

2.12 GRANT OF LOAN TO OFFICERS / EMPLOYEES ON COMMERCIAL RATES

i) ECCB has approved that the officers / employees in our bank may be permitted to avail of loan for purchase of car or two wheeler on the terms and conditions applicable to general public subject to condition that total deductions from salary including repayment of proposed loan do not exceed 60% of gross emoluments. The processing fee for the vehicle loan will be waived for the staff. (Corporate Centre Letter No CDO:IR:CIR:68 Dated 02.12.2003)

ii) The officers / employees in our bank may be permitted to avail of conveyance loan for purchase of car or two wheeler on the terms and
conditions applicable to general public while the concessional loan is outstanding subject to the following terms and conditions:

a) The total deductions from salary on account of all borrowing from the Bank (including repayment of proposed loan) as well as from other sources except festival advance and statutory deductions like Provident Fund, Income Tax etc should not exceed 60% of gross emoluments.

b) The instalments for the loan under conveyance loan applicable to general public will be recovered from the salary under check off scheme along with instalments under concessional conveyance loan outstanding if any. In other words instalments towards both the loans have to be recovered from the salary simultaneously.

c) All other terms and conditions of the conveyance loan scheme as applicable for public viz. margin, quantum of loan, repayment norms, rate of interest, discretionary powers etc. shall be adhered to meticulously and lien will also be noted on the Provident Fund account of the employee.


d) The sanctioning authority will be the same as in case of sanction of loan to public.
<table>
<thead>
<tr>
<th>S.NO.</th>
<th>e-CIRCULAR NO.</th>
<th>DATED</th>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CDO/P&amp;HRD-IR/66/2007-08</td>
<td>06.02.2008</td>
<td>CAR LOAN SCHEME</td>
</tr>
<tr>
<td>2</td>
<td>CDO/P&amp;HRD-IR/75/2007-08</td>
<td>27.03.2008</td>
<td>VEHICLE LOAN FOR 2-WHEELERS</td>
</tr>
<tr>
<td>3</td>
<td>CDO/P&amp;HRD-IR/53/2008-09</td>
<td>02.09.2008</td>
<td>CAR LOAN SCHEME-MODIFICATION</td>
</tr>
<tr>
<td>4</td>
<td>CDO/P&amp;HRD-IR/68/2008-09</td>
<td>25.10.2008</td>
<td>VEHICLE LOAN FOR 2-WHEELERS-MODIFICATION</td>
</tr>
</tbody>
</table>
ANNEXURES

Annexure 2.1

Loan Application for purchase of Car / Motor Cycle / Scooter / Moped

1. Name and designation of employee :

2. Date of permanent appointment :

3. Date of confirmation :

4. Full particulars of vehicle proposed to be purchased.
   a) Make
   b) Model
   c) Price of the vehicle proposed to be purchased  Rs....... 

5. Amount of loan applied for  Rs. .............

6. Existing borrowings from the Bank and outside sources :

<table>
<thead>
<tr>
<th>Source</th>
<th>Purpose</th>
<th>Amount</th>
<th>Repayment Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>instalment &amp; intt. to be shown</td>
</tr>
</tbody>
</table>

7. 
   a) Basic Salary  Rs............
   D.A.  Rs............
   Other Allowances  Rs............
   Gross emoluments  Rs............

   b) Percentage of total deductions on account of repayment of loans mentioned in item 7 above (including the loan applied for) to the gross emoluments :

8. Particulars of loan availed of in the past for the purchase of car/motor cycle/ scooter/ moped/bicycle.
a) Date of sanction
b) Amount sanctioned
c) Purpose
d) Present outstanding
e) If liquidated in full, the date of closing the account
f) Particulars of vehicle:

<table>
<thead>
<tr>
<th>Make of vehicle</th>
<th>Date of purchase</th>
<th>Approx. market value</th>
<th>Date of sale</th>
<th>If already sold, amount of proceeds</th>
</tr>
</thead>
</table>

9. Certified that:
   a) I have satisfied myself thoroughly regarding the condition of the vehicle proposed to be purchased by me. It is in good running condition (applicable in case of purchase of old vehicle).
   b) The particulars as stated above are correct to the best of my knowledge and belief.

(Signature of employee)

DEPARTMENTAL HEAD’S RECOMMENDATION

(Signature of the departmental head)
Form ‘A’
(To be stamped as an agreement )

Annexure 2.2

AN AGREEMENT made this ......................day of .................................
Two thousand and........................ between ................................................ of
State Bank of India (hereinafter called “the Borrower” which expression
shall include his legal representatives and assignees) of the one part and
the State Bank of India (hereinafter called “the Bank”) of the other part.

WHEREAS the borrower has applied to the Bank for a loan of
Rs.................... for the purchase of................. and the Bank has agreed
to lend the said amount to the borrower on the terms and conditions
hereinafter contained.

NOW IT IS HEREBY AGREED between the parties hereto that in
consideration of the sum of Rs............. paid by the Bank to the borrower (the
receipt of which the borrower hereby acknowledges), the borrower hereby
agrees with the Bank as follows :-

1. That the borrower will pay to the Bank the said sum of Rs........... by
instalments of Rs.................... each on the last day of every month together
with interest on the said sum of Rs............. or such part thereof as shall for
the time being remain due and owing to the Bank at the rate of ...........% per
annum by monthly deductions from his salary and the Borrower hereby
authorizes the Bank to make such deductions.

2. That within one month from the date of these presents, the Borrower shall
expend the full amount of the said loan in the purchase of ............... and if
the actual price paid for the said ............... be less than the amount of the said
loan then the borrower shall repay to the Bank forthwith the difference
between the amount of the said loan and the actual price paid for the said
..............

3. That immediately upon the purchase of the said ........ the Borrower shall
execute a document (in the form submitted by the Bank) hypothecating the
said ........ as security for the amount lent to Borrower with interest as
aforesaid.

4. That if the ........ is not purchased and hypothecated as aforesaid within
one month from the date of these presents or if the borrower within that
period becomes insolvent or quits the service of the Bank or dies, then in
every such case the whole amount of the loan and interest as aforesaid
shall immediately become due and payable.

IN WITNESS whereof the Borrower has hereunto set his hand the day and
year first above written.
For and on behalf of
State Bank of India
Branch Manager/Chief Manager

Date : ______________ (Signature of employee)

Place : ______________

(* Please write here the name of vehicle i.e. Car / Motor Cycle / Scooter/ Moped as the case may be.)
Annexure 2.3

FORM ‘B’

(TO BE STAMPED AS AN AGREEMENT)

THE STATE BANK OF INDIA,

WHEREAS the undersigned .......... of State Bank of India (hereinafter called “the Borrower”) applied for and obtained from the State Bank of India (hereinafter referred to as “the Bank”) a loan of Rs............. to purchase a .......... on the terms and conditions set forth in the Agreement dated the .......... day of .......... and made between the Borrower of the one part and the Bank of the other part.

AND WHEREAS by the said Agreement dated the .......... day of ................. it was inter-alia agreed that immediately upon the purchase of the above vehicle the Borrower shall execute a document (in the form submitted by the Bank) hypothecating the above vehicle as security for the amount lent to the Borrower with interest as therein mentioned.

AND WHEREAS the borrower has purchased with or partly with the amount of the said loan a .......... particulars whereof are set out in the schedule hereunder written.

AND WHEREAS the Bank has called upon the Borrower to hypothecate the above vehicle in the manner hereinafter appearing.

NOW THEREFORE the Borrower hereby hypothecates by way of specific charge all that the above vehicle particulars whereof are set forth in the schedule hereto including all fixed, unfixed and movable apparatus, fittings, fixtures, appurtenance, tools and spare parts belonging thereto (hereinafter collectively referred to as “the said vehicle”) and IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:

1. That the Borrower will repay to the Bank the said sum of Rs................. in 70/132* equal monthly instalments of Rs........each, on the salary day of each month commencing from the month following the month in which the loan amount is disbursed and also simple interest at the rate of .......% per annum calculated on the aforesaid principal sum or the reduced balance thereof as the case may be that would remain due for the afore-said period in equal monthly instalments spread over for a period of 14/48* months, commencing from the expiry of the aforesaid period of 70/132* months, the first such instalment to be paid on the month following the month in which
the principal amount of loan has been paid in full or payable as aforesaid. The Borrower hereby authorizes the Bank to make such monthly deductions aforesaid from his/her salary.

2. The Borrower shall keep the vehicle insured against third party risks as defined under the Motor Vehicles Act, 1988. Further, the Borrower shall as and when required by the Bank, insure the said vehicle against loss or damage by fire, theft or accident with an Insurance Company to be approved by the Bank to the extent of their full market value and shall produce to the Bank from time to time relevant policy or policies for its inspection and also proper evidence to the satisfaction of the Bank that the Insurance Company concerned has noticed that the Bank is interested in such Policy or Policies.

* Delete whichever is not applicable.

3. In the event of the said vehicle being lost or could not be found out or its value is diminished due to theft, accident, riot, fire or any other reason whatsoever the Borrower shall on demand forthwith repay to the Bank the loan or the balance of the loan outstanding on the date together with interest at the agreed rate.

4. The Borrower shall give a letter of authority in favour of the Bank to claim provident fund accumulation standing to his credit from the Trustees of Provident Fund.

5. The Borrower shall keep the said vehicle in good working order, repair and condition (fair and reasonable wear and tear expected) and shall be bound to and shall replace by suitable articles of similar kinds and equal value all such parts thereof as shall become broken, lost or worn out and shall non-alter, take down or remove any part or parts of the said vehicle without the consent of the Bank in writing. In the event of the Borrower replacing any machine, engine part, fixture and fittings of the said vehicle constituting the security hereby created or any parts thereof during the currency of this security with new or other machine, engine parts, fixture and fittings or part thereof such new or other machine, engine parts, fitting or parts thereof (which shall be deemed to be included in the expression the vehicle used in these presents) shall forthwith on its or their being brought into or upon the said vehicle become hypothecated and charged by way of specific charge in favour of the Bank to secure repayment to the Bank of the monies hereby intended to be secured.

6. The Borrower shall permit all persons deputed by the Bank at all reasonable times to have access to the said vehicle and / or the garage or place where the said vehicle may be parked for the purpose of viewing and examining the state and condition of the said vehicle.
7. If any of the said instalments of principal and interest shall not be paid or recovered in manner aforesaid within ten days from the due dates of payment thereof or if the borrower shall commit any breach of any of the terms and conditions herein contained or if the Borrower shall during the continuance of the security hereby created cease to be in the employment of either by reason of death or otherwise or if the borrower shall sell or pledge or part with the property in / or possession of the said vehicle or if the borrower shall be adjudicated insolvent or shall make any composition or agreement with his creditors or if any proceedings in execution of any decree or judgment shall be taken against the Borrower then in any of such case the whole of the amount then remaining due and owing to the Bank with interest as aforesaid shall forthwith become payable AND on happening of any of such events as aforesaid or if any circumstances shall occur which in the judgment of the Chief General Manager for the time being of the Local Head Office of the Bank is prejudicial to or is likely to prejudice or imperil the security hereby created it shall be lawful for the Bank (without prejudice to the Bank's rights and remedies by suit or otherwise) at the risk and expense of the Borrower to take possession of the said vehicle and either remain in possession thereof without removing the same or else remove / appoint Receivers of and/or sell the same either by public auction or by private contract as the Bank may think fit and the Bank shall be entitled to retain out of the net sale proceeds of such sale the amount then remaining due to the Bank for principal and interest as aforesaid and all costs, charges, expenses and payments properly incurred or made in maintaining, defending or realizing the Bank's rights hereunder and the Bank shall pay over the surplus if any to the Borrower, his executors or administrators.

8. The Borrower hereby declares that there are no encumbrances at the present subsisting on the said vehicle or any part thereof and that the same is at present the absolute property of the Borrower and the Borrower hereby undertakes that he will not so long as any money shall remain due or outstanding on the security of these presents create or permit to be created any mortgage, charge, pledge or encumbrance on the said vehicle without the previous written consent of the Bank.

THE SCHEDULE ABOVE REFERRED TO

<table>
<thead>
<tr>
<th>Descriptions of Vehicle</th>
<th>Maker's Name</th>
<th>No. of cylinders</th>
<th>Engine No.</th>
<th>Chassis No.</th>
<th>Cost price Rs.</th>
</tr>
</thead>
</table>

IN WITNESS WHEREOF THE BORROWER has hereunto set his hand this ............ day of ............ two thousand and..................

Place :
Date :

(Signature of the employee)
Annexure 2.4

Letter of authority addressed to Trustees of Provident Fund to be obtained from the employee

(To be executed by the employee)

Place:....................

Date :....................

To
The Trustees
State Bank of India Provident Fund / Gratuity Fund

Dear Sir,

I hereby irrevocably authorise you to hand over to State Bank of India the cheque/draft for entire amount which is payable to me under the State Bank of India Employees Provident Fund Rules/Gratuity Fund Rules (in force for the time being) immediately after the same has become payable. Such payment shall be a valid discharge to you for the amount so paid and the same shall be binding on me and my heirs, executors and administrators and estate.

If any further application, letter or a receipt is required from me to authorise or enable you to hand over such cheque / draft and effect payment as aforesaid, I shall sign the same after being informed thereof by you or by the Bank. In the event of my failure, neglect, omission, inability or refusal to do so for any reason or cause whatsoever, I hereby irrevocably authorise State Bank of India acting through any of its officers, to sign any such application or letter receipt or discharge or any other letter or writing required by the Trustees and the same shall be valid and binding on me and shall be a valid authorization receipt and discharge to the Trustees in the same manner as if I had myself signed the same.

Yours faithfully,

(Employee)

Copy to :

STATE BANK OF INDIA,

______________ BRANCH.
3. PERSONAL LOAN SCHEME

3.1 OBJECTIVE:

To discourage borrowings by staff members from sources other than State Bank of India and other public financial institutions.

3.2 PURPOSE FOR WHICH THE LOAN MAY BE SANCTIONED:

For any bona-fide need of officers/employees which is not speculative in nature.

3.3 QUANTUM OF LOAN:

(e-CIRCULAR NO CDO/P&HRD-IR/65/2007-2008 Dated 06.02.2008)

The Central Board of Directors in its meeting dated 24.01.2008 has approved revision in the Personal Loan Scheme as under:

<table>
<thead>
<tr>
<th>Length of Service in years (only confirmed permanent employees who are members of Bank’s PF)</th>
<th>OJMGs-I to OSMGS-V</th>
<th>TEGS VI &amp; VII</th>
<th>TEG SS I &amp; II</th>
<th>MDs</th>
<th>Chairman</th>
</tr>
</thead>
<tbody>
<tr>
<td>= or &gt; 3 but &lt; 5</td>
<td>= or &gt; 5 but &lt;10</td>
<td>= or &gt; 10</td>
<td>= or &gt; 10</td>
<td>= or &gt; 10</td>
<td>= or &gt; 10</td>
</tr>
<tr>
<td>Quantum of Loan (Rs. In lacs):</td>
<td>1.50</td>
<td>4.00</td>
<td>7.00</td>
<td>9.00</td>
<td>12.00</td>
</tr>
<tr>
<td>Rate of Interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) 8% p.a. (monthly compounded) for Overdraft component. and/or</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) 8% p.a. (simple) for the Demand Loan component under fixed repayment.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.4 OTHER OPERATIONAL GUIDELINES:

The following other operational guidelines relating to the Personal Loan Scheme have also been approved:

(a) With a view to inculcating financial discipline as also to reduce employees’ loan liability towards superannuating, it has been decided to give an option to the employees to avail the Personal Loan as a combination of Overdraft (OD) and Demand Loan (DL)
subject to a maximum of 50% of the revised Personal Loan limit as Demand Loan under fixed repayment schedule.

(b) To encourage our employees to opt for fixed repayment plan, a simple interest @ 8% p.a. will be charged for the Demand Loan component of the Personal Loan.

(c) The Demand Loan shall be recovered in monthly instalments spread over 84 months in the ratio of 5:1, i.e. 70 monthly instalments for principal and 14 monthly instalments for interest, commencing from the month following the month in which disbursement of D/L is made. After liquidation of Demand Loan, the employee can again avail the facility as per his/her eligibility. However, an employee will not be allowed to have more than two demand loan accounts at any given time. In case of Overdraft, the interest applied monthly will be recovered from the salary every month as at present.

(d) Employees may retain the existing sanctioned OD limit and avail the enhanced component in the form of Demand Loan, as per their convenience and repaying capacity. In this case, a fresh application for Personal Loan (D/L component) may be submitted separately for sanction by the competent authority.

(e) It has been decided to waive requirement for extension of EM of the house charged under H/L to Personal Loans. However, lien on the PF balance of employee will be noted. The unencumbered balance in PF (both Bank’s and employee’s share) must be equal to or more than the Personal Loan limit as per the last PF statement of the employee.

(f) For calculating the unencumbered balance in PF account for noting lien on account of Personal Loan, lien to the extent of Housing Loan and Car/Vehicle Loan for 2-wheeler may not be reckoned as housing loans are primarily secured by way of EM of the house and Car/Vehicle Loan for 2-wheeler are primarily secured by way of hypothecation of vehicle.

(e-CIRCULAR NO.CDO/P&HRD-IR/31/2008-09 DATED 25.06.2008)

(g) Both the existing Consumer Loan schemes, which have lost their relevance due to low limits, are withdrawn. Any outstanding in the existing Consumer Loan a/c will have to be necessarily liquidated either from enhancement in personal loan limit or from own sources. Those employees who do not want enhancement in Personal Loan limit may, however, be allowed to continue with the
existing Consumer Loan A/c. But new Consumer Loan accounts will not be opened.

(h) The rationalization in interest rates will be effective immediately to all new Personal Loans and to the existing loans with effect from 01.02.2008.

(i) Employees who intend to avail of the Personal Loan for the revised limit, may get the loan sanctioned as a fresh case. Enhanced Overdraft limit may be allowed in the existing account. The two components of Personal Loan i.e. CA/Overdraft and/or Demand Loan, as required by the employee, may be mentioned separately in the Personal Loan Application appropriately and sanction recorded accordingly by the competent authority. Documentation will, however, be separate for CA/OD and D/L accounts.

(j) Total deductions should not exceed 60% of the gross emoluments.

3.5 SECURITY AND DOCUMENTATION :-

(i) Application form, (including an undertaking that the loan will not be utilized for investment in shares or equities etc. for speculative purposes and authorizing credit of salary and allowances to overdraft account).

(ii) D.P. Note.

(iii) D.P. Note delivery letter.

(iv) Arrangement/Sanction letter containing the terms and conditions duly acknowledged by the employee.

(v) Lien against Bank’s and member’s contribution to the Provident Fund. Letters addressed to the Trustees of the Provident Fund/Gratuity Fund of the Bank by the employee and nominee of the employee should be obtained for appropriating the Bank’s and member’s contributions to Provident Fund, Gratuity payable and amount of leave encashment on the lines of Performa enclosed and retained with the documents. The letter for marking lien should be sent to the PPG Department immediately after disbursement.

(vi) A declaration/undertaking from the employee (incorporated in application form) should be obtained stating that :-

(a) he/she has understood all the terms and conditions of Personal Loan Scheme and shall abide by the same failing which he/she will render himself/herself liable to repay the entire loan plus interest and will be ineligible for further facility under this Scheme or any other staff loan schemes.

(b) he/she has no external borrowings other than those for which specific written approval has been obtained from the Bank.
(c) he/she shall not avail of any loan from sources outside the State Bank of India including loans from co-operative societies and shall also not issue any letter of authority for recovery of dues and interest to an external agency as well as credit society without the written prior permission of the Bank. Approval in such cases will be given by an authority, as per details given below :-

<table>
<thead>
<tr>
<th>Offices/employees posted at</th>
<th>Approving Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Branches upto Scale V incumbency</td>
<td>AGM(Admin)</td>
</tr>
<tr>
<td>2. Regional Office/Local Head Office</td>
<td>AGM(Admin)/ GM&amp;CDO as applicable</td>
</tr>
<tr>
<td>3. Corporate Centre/Central Office</td>
<td></td>
</tr>
<tr>
<td>establishments</td>
<td></td>
</tr>
<tr>
<td>(i) Corporate Centre at Mumbai</td>
<td></td>
</tr>
<tr>
<td>(a) State Bank Bhavan</td>
<td>GM (CS)</td>
</tr>
<tr>
<td>(b) Offices at Belapur</td>
<td>GM (AB&amp;R)</td>
</tr>
<tr>
<td>(ii) Colleges/Institutes</td>
<td>Principal/Director</td>
</tr>
<tr>
<td>(iii) I&amp;MA at Hyderabad</td>
<td>CGM (I&amp;MA) or CGM (Credit Audit)</td>
</tr>
<tr>
<td>(including GMs, DGMs on mobile duty)</td>
<td>as applicable</td>
</tr>
<tr>
<td>(iv) ZIOs &amp; mobile duty</td>
<td>GM (Inspection) at ZIO</td>
</tr>
<tr>
<td>(v) CAO, Kolkata</td>
<td>GM (CAO)</td>
</tr>
<tr>
<td>(vi) FD, Kolkata</td>
<td>GM (FD)</td>
</tr>
</tbody>
</table>

NOTE :- The controllers of departments/offices as well as CGMs in-charge of various establishments will obtain permission from their controlling authority.

3.6 RELEASE OF TITLE DEEDS ON CLOSURE OF HOUSING LOAN


On closure of Housing Loan account where extension of charge on housing property is noted if the balance in Provident Fund account is sufficient and free from any lien to cover the maximum amount of Personal Loan that can be availed by an employee under the scheme, the title deeds of the housing property may be released to him/her without insisting on liquidation of outstanding balance in Personal Loan account after ensuring that lien is marked on the Provident Fund for the eligible amount and that all other documents/letters/formalities etc. are obtained/completed and kept on record as laid down under the scheme.
3.7 SANCTIONING AUTHORITY

<table>
<thead>
<tr>
<th>SANCTION OF PERSONAL LOAN</th>
<th>EXISTING</th>
<th>REVISED</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) For all award staff and officers MMGS-III</td>
<td>Concerned controller in respect of branches up to SMGS-IV incumbency and AGM or above in respect of other branches. In case of administrative offices, AGM(OAD) or any officer not below the rank of SMGS-V designated for the purpose by an officer of the rank of DGM or above.</td>
<td>i) CM(A)/Branch Manager not below the rank of SMGS-IV</td>
</tr>
<tr>
<td>ii) For officers SMGS-IV &amp; V at branches</td>
<td></td>
<td>ii) Regional Managers</td>
</tr>
<tr>
<td>iii) For officers SMGS IV &amp; V at CPCs / Admn. Offices except AGM(A)</td>
<td></td>
<td>iii) AGM(A)</td>
</tr>
<tr>
<td>iv) For AGM(A)</td>
<td></td>
<td>iv) DGM &amp;CDO</td>
</tr>
</tbody>
</table>

In case of administrative offices, AGM (Office Administration) or any other officer in SMGS V and above designated for the purpose by officer in the rank of DGM or above.

3.8 SUPERVISION AND FOLLOW-UP:

General Instructions:

(i) The loan will be granted provided, total deductions from salary after deducting instalments for various loans as permissible/approved by the Bank, Provident Fund (excluding the extra contribution made by the member), Income Tax and other statutory deductions do not exceed 60% of gross salary. In other words, carry home pay of an employee under no circumstances be less than 40% of gross emoluments. However, only deductions towards repayment of loans and statutory deductions like P.F., Income Tax should be reckoned for arriving at 60% limit. Deductions towards savings, such as insurance premium, RD accounts, savings/welfare fund of society, extra deduction towards Provident Fund etc. should be excluded for the purpose. Festival advance is by way of salary advance and therefore instalment towards repayment thereof should not be reckoned for computing 60% deductions.

(ii) It should be ensured that the overdraft account is regular and not overdrawn for any reason at all times. For this purpose, the salary and allowances should be credited to the overdraft account and the
drawings allowed in such a way that at no point of time the account is overdrawn. Though no specific repayment programme for repayment of principal loan amount is being insisted upon, officers and employees are advised to fix repayment programme so that entire loan is repaid by the time he/she retires. It is, however, mandatory that interest whenever applied is fully serviced and the account kept regular at all times. Also, the overdraft account should be reviewed at annual intervals and any serious irregularity should be rectified under advice to the controlling authority. The entire outstanding should be recovered when the employee ceases to be in service, for any reason whatsoever.

(iii) The employee will be eligible for enhancement in the existing limit as and when his eligibility on the basis of length of service changes.

(iv) The overdraft should not be used for any investment in shares or equities etc. for speculative purpose and in case of any misuse, the official/workmen staff will render himself liable to repay the entire loan plus interest, if any, and ineligible for further facility under this Scheme or any other staff loan schemes and also attract appropriate disciplinary action as may be decided by the Bank. The applicant will furnish an undertaking to this effect at the time of applying for the loan. Wherever necessary, it shall be open for the Bank to insist on documentary proof evidencing the utilization of the loan for the purpose declared in the application form.

(v) With the transfer of the employee/officer, the loan account should be transferred to the branch concerned. In case of transfer to an administrative office, the account should be transferred to the branch linked to that office for the purpose of salary payment.

(vi) The employee will have the option to continue with the existing facilities already availed and not avail overdraft facility, but once overdraft facility is availed, all existing staff loans (including the personal loan already availed) other than housing loan, vehicle loan, festival advance, consumer loan (old scheme), gold loan and loan against funded securities like TDR, NSC, LIC policy, Magnums, relief loan and loan against P.F. will cease to be available and should be closed while availing of the overdraft.

(vii) All loans sanctioned under this scheme should be reported to the next higher authority for control purpose in the usual manner. For the purpose of review of the scheme a half yearly return should be submitted to the Controlling Office.
LOANS TO EMPLOYEES-DISCIPLINARY CASES :

(Corporate centre Letter No. CDO:IR:CIR: Dated 03.10.2002)

**Officers / Employees placed under suspension or against whom major penalty proceedings have been initiated**

Ordinarily officers / employee under suspension or against whom major penalty disciplinary proceedings are initiated, where there is a reasonable chance of dismissal would not be eligible for Personal Loan. However, competent authority, depending upon the gravity of the case, may sanction advance Personal Loan to an officer / employee against whom disciplinary proceedings are pending subject to the conditions that officer / employee furnishes collateral security in the form of sureties from 2 permanent officers / employees of the Bank. An officer / employee who is not granted the loan on this account and as a result raises it from some other approved and verifiable sources, should be granted the loan on conclusion of the disciplinary proceedings, if he continues in service.

**Officers / Employees against whom disciplinary proceedings on charges of minor nature have been initiated and are not placed under suspension**

Personal Loan to such category of officers / employees can be sanctioned treating them on par with those against whom no disciplinary proceedings are initiated or pending. In other words, no collateral security by way of sureties from 2 permanent officers / employees of the Bank will be insisted.

**Personal loan application form is available in State Bank times**

STATE BANK TIMES>UTILITIES>FORMS>LOAN APPLICATION>MORE LOAN APPLICATION
4. COMPUTER LOAN SCHEME

Computer Loan scheme has been launched to enable all categories of employees of the Bank to purchase a Personal Computer or a Laptop for use at home by them and their family members.

Details of the Scheme are as follows:

4.1 Eligibility : All permanent employees with 2 years of service including probation period.

4.2 Type of facility : Demand Loan

4.3 Amount of Loan : Upto a maximum of Rs.40,000/-

The sanctioning authority shall sanction the required loan amount based on the quotation and will be responsible, along with the employee, for end-use of the loan amount. Any useful computer peripherals like UPS, printer, modem etc. may also be financed within the overall permissible limit of Rs.40,000/-. Employees intending to purchase a PC/Laptop with higher configuration, may contribute the extra costs over Rs.40,000/- out of their own resources, but payment for the entire cost will be made by the Bank direct to the vendor.

4.4 Repayment : (i) In monthly installments spread over 36 months (Min.) to 60 months (Max.) beginning from the month subsequent to disbursement of the loan by way of deduction from salary. Total number of monthly instalments will be fixed in the ratio of 5:1 for recovery of principal and interest respectively.

(ii) The employee will have the option to choose the number of monthly installments within the range of 36 to 60 months.

(iii) For employee retiring in less than 36 months, the number/amount of monthly installments should be suitably adjusted so as to ensure liquidation of the entire loan outstanding before the employee retires.
(iv) In case of cessation of service, the outstanding loan will be recovered from the terminal benefits.

4.5 **Security**: Hypothecation of the PC/Laptop/ hardware purchased.

4.6 **Rate of Interest**: @ 5% p.a. (simple)

4.7 **Deduction**: Total deductions, including the monthly instalment of this loan, should not exceed 60% of gross salary.

4.8 **Documentation**: DP Note, DP Note delivery letter & hypothecation agreement.

4.9 **Sanctioning Authority**: As per Scheme Of Delegation Of Financial Powers, 2008 Current as on 30.09.2009

4.10 **Margin**: Nil

Clarification: the Computer Loan applications received from the staff will be duly processed and sanctioned by the Branch Manager/Head of the Department, as the case may be, before being migrated to the RACPC for documentation, disbursement and maintenance of the accounts.

The eligible employees, who want to avail of the loan to purchase a PC/Laptop should submit the application (Annexure 4.1) given below alongwith quotation from the vendor who should be reputed/reliable.

Second loan for replacement of the PC / Laptop will be available five years after disbursement of the first loan and on liquidation of the first loan.

Annexure 4.1

The Branch manager

Application For Computer Loan

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Name Of Employee :</td>
</tr>
<tr>
<td>2</td>
<td>Date Of Appointment / Length Of Service :</td>
</tr>
<tr>
<td>3</td>
<td>Designation :</td>
</tr>
<tr>
<td>4</td>
<td>Branch / Office of Posting :</td>
</tr>
<tr>
<td>5</td>
<td>Date Of Birth :</td>
</tr>
<tr>
<td>6</td>
<td>Provident Fund No. :</td>
</tr>
<tr>
<td>7</td>
<td>Gross Emoluments :</td>
</tr>
<tr>
<td>8</td>
<td>Total deductions (Including Deduction On Account of Proposed Loan :</td>
</tr>
<tr>
<td>9</td>
<td>Total Deductions (8) As a Percentage of Gross Emoluments (7) :</td>
</tr>
<tr>
<td>10</td>
<td>Price Of PC / Laptop (Attach Quotation) :</td>
</tr>
<tr>
<td>11</td>
<td>Amount Of Loan Requested :</td>
</tr>
<tr>
<td>12</td>
<td>No. of monthly instalments To Repay The Loan</td>
</tr>
<tr>
<td>13</td>
<td>Make Of PC / Laptop</td>
</tr>
<tr>
<td>14</td>
<td>Name &amp; Address Of Vendor</td>
</tr>
</tbody>
</table>

Certified that I am availing the computer loan for the first time / I have not availed of a computer loan from the Bank during the last five years and that the amount of loan will be used for the purchase of PC / Laptop as detailed above.

PLACE:_____________ (SIGNATURE OF EMPLOYEE)
DATE :_____________

RESIDENTIAL ADDRESS:____________________
5. FESTIVAL ADVANCE

5.1. INTRODUCTION

1. Conceptually, Festival Advance is treated as salary advance and it is, therefore, interest free. Festival Advance may be granted once in a year to the members of staff, on application, on terms and conditions laid down below.

2. All officials (including POs and TOs) and permanent confirmed employees (including part time employees drawing not less than 1/3rd salary) are eligible for sanction of Festival Advance.

5.2. QUANTUM OF ADVANCE

Executive Committee of the Central Board in its meeting held on 20th November 2008 has approved enhancement in the maximum limit of Festival Advance for all categories of staff. Accordingly, all categories of staff are allowed to avail Festival Advance once in a calendar year equal to one month gross salary. The gross salary means all the emoluments payable for leave encashment while availing LFC/HTC by an employee for the month during which the availing of the Festival Advance. However, the maximum eligible amount of Festival Advance may be kept upto completed thousands of rupees for accounting excellence. To illustrate, if an employee is drawing a gross salary of Rs. 34,685/- he will be eligible for Festival Advance of Rs.34,000/-(e-CIRCULAR NO. CDO/P& HRD-IR/77/2008-2009 DATED 21.11.2008)

5.3. RECOVERY

1. In ten equal instalments, beginning from the salary paid in the month following that in which the festival falls.

2. The advance will be interest-free, and will be granted for any festival of employee’s choice.

5.4. DISBURSEMENT

1. The advance will be disbursed in one lump sum on application (Annexure 5.1) by debit to Demand Loan Account.
2. A subsidiary register should be maintained to record advances granted to individual employees and the monthly recoveries made from the salary and allowances payable to them. Immediately after the festival for which the advance was granted is over, branches should submit statement (Annexure 5.2) detailing the advance granted, to their controlling authority.

5.5 DOCUMENTATION

1. Considering the fact that the obtention of the Demand Promissory Note and the Demand Promissory Note Take Delivery Letter do not serve any purpose in case of these advances, it has been decided to dispense with them.

2. The application for the Festival Advance has been modified as per Annexure 5.1 incorporating the necessary clauses and undertakings as well as the authority to deduct instalments from the salary payments and such other sums that may be due to them.

3. The sanctioned application forms, based on which the loans are granted, will be retained in serial order in a special file by the official authorised to keep such loan documents and produced / made available for verification of Inspecting Officials / Statutory Auditors.

4. In the case of Administrative Offices (like CO, LHO, AOs, etc.) and in cases where the sanctioning office and the office / branch where the advance is availed of and loan account is maintained are different (e.g. AGMs sanctioning advance of Branch Managers whose loan accounts will be maintained at the branches), this application form will be submitted by the employee in duplicate and the controller / sanctioning authority, after sanctioning the advance, will forward a copy duly sanctioned to the branch / office concerned where, on the strength of this sanctioned application, the advance will be disbursed and relative loan account will be opened and maintained. There will be no need for any other documentation at the disbursing office.

5.6 OTHER TERMS AND CONDITIONS

1. The advance will be disbursed not before one month from date of the festival.

2. The advance may be availed of by an employee only once during a calendar year. The next advance may be granted after the previous advance has been repaid in full as per original schedule. In other words, it may not be necessary to insist that the next advance will be granted only after one year from disbursement of the previous advance.
3. An employee, who avails himself of an advance during a year on account of a festival falling in the succeeding year, will not be eligible to be granted any other festival advance during the year in which the festival falls. For example, if an employee avails himself of a Festival Advance during December 2010 on account of a festival which falls in January 2011, he would not be eligible to avail himself of another Festival Advance for a festival falling in the year 2011.

4. Festival Advance may be sanctioned (As per table-S-1,S-2 of scheme of delegation of financial powers updated as on 30.09.2009) without having relation to 60% limit placed on recoveries. In other words, even if the deduction exceeds 60% of gross salary, Festival Advance may be sanctioned as the same is a short term advance deductible from salary. (Corporate centre Circular No. CDO:IR:CIR:63 Dated 21.11.2003)

5. Part-time permanent employees, drawing not less than 1/3rd scale wages, will also be eligible to avail themselves of the advance in proportion to the part salary drawn, provided they have not availed themselves of the facility from their other employers.

6. Temporary employees and employees under suspension are not eligible for the facility.

5.7 **SANCTIONING AUTHORITY**

Annexure 5.1

Format For Application For Festival Advance

The ___________________                                      Book No.......... Sr.No.........

State Bank of India,                                         Through __________________Dept.

______________________                                        Date : _____________

APPLICATION FOR FESTIVAL ADVANCE

Name of the Employee :  Employee No. :
Designation :  Grade/Scale :
Department/Section :  Intercom No. :
Gross Salary :  Date of Appointment :
Basic Pay : Rs.  Bank Account No. :
Special Pay : Rs
PQP : Rs
D.A. : Rs
SCA : Rs
HRA/Notional HRA : Rs
CCA : Rs
Others, if any : Rs

___________________________________________________

Total : Rs _______ Say Rs._________(in completed
         Thousands )

Dear Sir,

I shall be glad if you will kindly sanction me, in terms of the extant instructions, a
festival advance of Rs._________ for ________________________________
festival which falls on ________________ (date).

2. I hereby authorise the Bank to recover the amount of advance in ten monthly
instalments from the salary and allowances payable to me, commencing from the
month following the month in which the festival falls. In case this could not be
recovered from my salary and allowances, the same may be recovered from
such other sums that may be due to me from the Bank.
3. I undertake to abide by the rules and regulations governing the sanction of advance.

4. I confirm that I have not availed of this facility during the current year and that there are no outstanding of any festival advance taken by me earlier.

5. I confirm that the assets and liability statement for the year ______________ has already been submitted by me on ______________ at ______________ office.

Yours faithfully,

(Signature)

FOR OFFICE USE
SANCTIONED Rs.__________

A.G.M./C.M./B.M.
Annexure 5.2

Statement of Festival Advance granted to the officers/employees

For Officers / Clerical / Subordinate staff separately

<table>
<thead>
<tr>
<th>S No</th>
<th>Name of the employee/officer</th>
<th>Designation</th>
<th>Amount of festival advance made available</th>
<th>Name of festival</th>
<th>Date last availed</th>
<th>Whether instalments due on the previous festival advance have recovered in full and if so the date of liquidation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

State Bank of India,

____________________BRANCH

Date : (Sanctioning Authority)
6. CONSUMER LOAN

Consumer Loan Scheme has been withdrawn by the bank vide e-Circular No. CDO/P&HRD-IR/65/2007–08 dated 06.02.08 after revision of the Personal Loan Scheme.
7. **SBI STUDENT LOAN & SBI SCHOLAR LOAN TO WARDS OF STAFF**

SBI student loan & SBI Scholar loan to staff members/their wards will be sanctioned on the same terms and conditions applicable to public with following relaxation:

- **Rate of interest**: 8% w.e.f 01.07.2009
  - Interest rate concession of 0.50% offered to girl students in terms of the direction of the Ministry of Finance, Govt of India will continue to be available as hitherto. However, the incentive of 1% reduction in rates for regular servicing of interest during the moratorium period as available hitherto will not be available to the wards of staff w.e.f. 01.07.2009 due to reduction in rates significantly.

- **Repayment period**: 10 years after moratorium

- **Margin**:
  - Upto Rs.4 lacs – : Nil
  - Above Rs.4 lacs – : 5%

- **Product code for “Scholar loan to wards of staff”**: 6250-4012
- **Product Code for “Student loan to wards of staff”**: 6250-4013

Interest Rate for both the products will be 8.00% p.a. with effect from 01.07.2009. Branches should use Increment/decrement option for effecting 0.5% concession to girl students in all the eligible existing accounts as well as in new accounts.

*(e-Circular No. :CDO/P&HRD-IR/20/2009-10 Dated 23.06.2009)*

**Other Terms And Conditions**:

- i) The sanctioning authority will be the same as in case of sanction of loan to public.
- ii) No prior administrative clearance is necessary for members of staff seeking loan under the scheme.
- iii) The stipulation that total deductions should not exceed 60% of total emoluments of the employee is withdrawn.
- iv) No tangible collateral security / TPG or lien on PF balance is to be taken for educational loans upto Rs.4 lacs sanctioned to wards / children of our staff. For loans above Rs.4 lacs, employees should be required to provide sufficient tangible collateral security / TPG as applicable to public.
v) A mandate for deduction of the instalments due from the salary / pension of the employee should be obtained in all cases.

vi) Application and other documents will be the same as in case of public.

(e-Circular No. NBG/PBUCITPL-EDULO/A/36/2007-08 Dated 22.09.2007)

8. **LOANS / ADVANCES ON COMMERCIAL RATES**

(Corporate Centre Letter Nos. CDO:IR:SPL:386 dated 08.01.05 & CDO:IR:SPL:483 Dated 14.03.05)

The employees of our Bank can also be extended Housing Loan, Vehicle Loan, Personal Loan and Education Loan for their wards on commercial rates as per schemes made available by the Bank to public. These facilities are subject to following terms and conditions:-

(i) Maximum deductions on account of repayment of all borrowings from the Bank and other sources including deductions on account of the proposed loan from salary should be restricted to 60% of the gross emoluments.

(e-Circular No.:CDO/P&HRD-IR/5/2007-08 DT 7.5.2007)

The total deductions from the salary of the employee, after adding his/her share of instalment towards repayment, will not exceed 60% of his/her gross emoluments. While the stipulation that maximum deductions should not exceed 60% of gross emoluments is proposed to be retained, it has been decided to make the following changes for the purpose of calculation of 60% deductions. Any regular income from other sources like interest on deposits, dividend income, income or rental income from existing house as declared by the employee in the last Income Tax Return may also be added to the gross monthly emoluments of the employee to calculate the percentage of deductions. A copy of the latest acknowledged copy of Income Tax Return evidencing such income should be kept alongwith the loan documents. To elaborate, monthly average of such declared annual income from other sources (divided by 12) may be added to monthly emoluments to arrive at gross monthly income and percentage of deductions be worked out thereafter. The total monthly deductions should not exceed 60% of the gross monthly income of the employee as calculated above.

(e-Circular No. : CDO/P&HRD-IR/30/2008-09 Dated 25.06.2008)
(ii) Interest application will be on compounding basis with monthly rest as in the case of public.

(iii) Other terms and conditions of the relevant schemes for public will be applicable.
9. **WAIVER OF INTEREST ON LOANS OF DECEASED EMPLOYEES**

The liabilities of deceased employees towards the Bank are normally liquidated from the proceeds of terminal benefits payable to the nominee/legal heirs. The settlement of claims relating to terminal benefits of a deceased employee takes 2/3 months. Interest payable in such loan accounts after the death of an employee may not be a huge sum. It has therefore been decided by the CHRC in its meeting dated 27.01.2009 that interest on loan accounts of a deceased employee may be waived for the period from the date of death of the employee to date of closure of loan accounts, subject to the following:

(i) There should not be any delay in settlement of terminal benefits for reasons attributable to the concerned nominee/legal heir.

(ii) There should not be any legal dispute among the nominee(s)/counter claim for terminal benefits of the deceased employee.

(iii) Loan accounts in the name of the deceased employee should get liquidated within 3 months from the date of death of the employee out of his terminal dues or otherwise.

(iv) The amount of interest applied on loan accounts from the date of death of the employee till the liquidation of loan may be reversed manually by debit to interest account which will be authorised by the Branch Manager.

(v) The provision of such gesture may be advised to the spouse/nominee of the employee in the condolence letter with a request to submit the required papers in time so as to get the benefit of waiver of interest.

(vi) The above provision will be available in respect of housing loan under individual housing loan scheme, conveyance loan, personal loan, computer loan and relief loan for natural calamities. However, this provision will not be applicable if the housing loan is allowed to continue for repayment to be made by legal heirs after the death of the employee.

The above welfare measure comes into force with effect from 27.01.2009 i.e. the date of approval by the CHRC.

(e-Circular no. CDO/P&HRD-IR/99/2008-09 Dated 14.02.2009)
10. **LOANS AND ADVANCES TO PERMANENT FULL-TIME / PERMANENT PART-TIME MEDICAL OFFICERS**

*AS PER UNIFORM TERMS AND CONDITIONS OF SERVICE (UTCS)*

The Medical Officers may be considered eligible for the following loan and advances:

a) Festival Advance on the same lines as for a general officer.

b) Housing, Conveyance and Personal Loans as applicable to other officers in the Bank on the same terms and conditions with the provision that when they retire from Bank’s service or for any other reason leave the Bank’s service, the entire outstanding shall have to be liquidated.
11. **OTHER LOANS**

(i) **LOANS AGAINST NSC & OTHER SPECIFIED SECURITIES**

*Loans against National Savings Certificates*

(i) A margin of 15% of the total of the face value of the NSC and accrued interest thereon in respect of VIII series.

(ii) The loan will bear interest as applicable from time-to-time and interest must be paid when due in order to ensure compliance of income recognition rules.

(iii) Since advance against NSC are self liquidating on maturity, no repayment programmes need be fixed but in order to classify these loans as “Standard Assets” the monthly repayment programmes from the salary of the borrower employees will be so fixed that it will take care of recovery of monthly interest regularly.

(iv) The sanctioning authority will satisfy itself that the purpose of loan is to meet genuine individual/family requirement of the employee.

(v) The amount of loan outstanding (principal) should be liquidated on redemption of the matured value of the NSC pledged to the Bank from the concerned post office. However, in case an employee prefers to repay the principal, including interest, prior to maturity of the relative NSC(s), he may be given the option to do so.

(vi) National Savings Certificate VIII issue are covered under “specified security” in terms of section 61(d)(I) of State Bank of India General regulations.

(vii) The VI and VII issues of NSC have been discontinued with effect from April 1989 and VIII issue has been introduced with effect from May 8, 1989.

*Loans against Indira Vikas Patra (IVP)*

Indira Vikas Patra have since been discontinued.

*Loans against Kisan Vikas Patra (KVP)*

(1) The Government of India have introduced Kisan Vikas Patras with effect from 1st April 1988.

The salient features of the Partras are as under:-
(i) The certificates are available in all Post Offices in the denominations of Rs.1000, 5000 and 10000.

(ii) These can be purchased by:-

(a) an adult for himself or on behalf of a minor or by a minor

(b) jointly by two adults

(c) a Trust

(iii) The certificate cannot be en-cashed before maturity.

(2) Advance against Kisan Vikas Patras may be granted or our usual terms subject to following conditions:-

(i) The advance can be granted against the Patras after considering the purpose as also the rate of interest applicable on all such advances as per guidelines issued by RBI from time-to-time.

(ii) The patras can be treated as main security.

(iii) The extant instructions regarding the grant of advances against the security of National Savings Certificates would be applicable, mutates mutandis, in case of Kisan Vikas Patras also.

(iv) Margin : The purchase value of certificates shall be taken into consideration for granting advance. In order to avoid confusion, and also audit irregularities, a uniform margin may be maintained on the advances as under for members of staff: 15% margin should be maintained on the purchase value of Patras. However, the advance will be subject to suitable repayment programme.

(3) Kisan Vikas Patras are issued by the Government itself and would be covered under Clause (a) of Section 20 of Indian Trusts Act, 1982. As such, these should be treated as trustee security. In view of this, Kisan Vikas Patras are covered under Para (d)(i) of regulation 61 of the State Bank of India General Regulations.

**Retention of Security in case of transfer of employee**

The loan accounts of staff members, availed against the security of NSC etc. are transferred from one branch to other branch, on the employees’ transfer. In case of Demand Loan Account, the account and National
Savings Certificates pledged as security may be retained at the original pledged branch, even after transfer of the employee. The branch where the employee is transferred may credit the repayment instalments regularly to the pledged branch till the outstanding in the account is adjusted. But in case of overdraft account, in as much as deposits/withdrawals are permitted within the drawing power available, the account may be transferred to the branch where the employee is transferred to enable him to operate his account. However, National Savings Certificates may be retained at original pledged branch. For the purpose of audit, Branch’s Certificate/Memorandum of Security may be issued to the transferee branch.

(ii) **GOLD LOANS**

Demand loans against security of gold ornaments / specially minted gold coins sold by banks can be granted to members of staff for the following purposes:-

(a) Medical expenses.

(b) Expenses incurred/to be incurred in purchasing land/building or construction of a house.

(c) Educational expenses of dependent children for study in India or abroad, and

(d) Marriage of sole dependents.

**Application and Documents**

(i) Application as per Annexure-I.

(ii) D.P.Note.

(iii) D.P.Note Delivery letter

(iv) A/c opening-cum-delivery letter (RF-43) as per Annexure-III. The opening sentence in the Gold Loan Application Form-cum-Take Delivery Letter (RF 43) / Gold Loan Account Opening-cum-Delivery Letter (COS 323 R) has been amended as under to indicate the amount of loan required by the applicant.

“Please take delivery of the following gold ornaments and grant me/us loan of Rs.......... (Rupees .............................) against the security thereof.

**Recovery**

(a) Loans for medical/educational expenses/marriage of sole dependents :
(i) Demand Loans granted to members of staff (all categories) for the above purposes against security of gold ornaments are repayable in a maximum of 60 monthly instalments (inclusive of interest).

(ii) As circumstances differ from person to person, and if it is not possible to repay the gold loan taken by employees for marriage which was to be repayable in 60 instalments sanctioning authority may consider each case on merits for extension in repayment.

(iii) It should be ensured that relative D.P. Notes are renewed well in advance before the expiry of the initial period of 36 months.

(b) Loans for housing purpose:

Gold loans sanctioned for housing purposes may be recovered in 100 monthly instalments (inclusive of interest) on under noted conditions:

(i) It must be ensured that the monthly instalments and the periodical interest are recovered directly from the salary and allowances payable to such employees.

(ii) The documents are kept alive by reviving the same as per extant instructions.

(iii) Sources of finance for completion of the housing projects be scrutinized properly and if there be a need then only request for sanction of gold loans for housing purposes be accorded to.

(iv) The total repayment obligations in all respect against the gross salary of the employee should not become onerous, in other words, must not exceed 60% of the gross emoluments excluding the statutory deductions viz. Provident Fund, Income Tax, LIC Premium and Professional Tax.

(v) In the event of employees retiring before completion of the repayment period, it should be ensured that the resultant repayment burden on pension, if entitled for payment of pension from the Bank, will not be onerous. In the event of non-fulfillment of this condition, the employees will have to liquidate the outstanding at the time of their retirement out of the terminal dues payable to them.

(c) Gold Loans granted to the members of staff (all categories) for purposes other than those mentioned above, are repayable in a maximum of 36 monthly instalments (inclusive of interest).
**Quantum of advance**

(i) As per the gold prices fixed every month by the concerned circle for 18/22/24 carat gold.

(ii) Further, due care should be exercised while assessing the gold ornaments to find out purity of the metal at the time of sanction of loans.

**Security**

Pledge of gold ornaments / specially minted gold coins sold by banks.

**Other items**

(a) Specific purpose for the loan should be stated in the application.

(b) The loan should be sanctioned only to meet bona-fide personal needs of the employees.

(c) Authority who has sanctioned/recommended sanction of the loan should invariably verify and satisfy himself that the loan amount has been actually utilized by the employees concerned for the purpose for which it is sanctioned. Cases involving diversion/misuse of such funds, if any, should promptly be reported to the controlling authority concerned with full particulars for necessary action.

(d) Gold loans will be sanctioned, provided deductions from salary in respect of unsecured loans etc. do not exceed 60% of the gross salary. However, gold loans for the purpose of house building for which housing loan is also availed, need not be taken into account for determining 60% deduction from salary.

(e) Gold loans will be sanctioned to the employees against whom disciplinary proceedings are initiated / pending even if he / she is likely to be terminated.

(f) At present simple interest is charged only on housing, vehicle loans. In respect of all other loans including gold loan, interest has to be compounded monthly as hitherto.

(iii) **Loan against Surrender value of LIC / SBI Life Policies**

Loan against surrender value of LIC / SBI Life Policies may be granted to staff equivalent to 95% of surrender value of the policies.
(iv) **Rate of interest**

Interest rate will be applicable as per instructions issued by Personal Loans Deptt. of Personal Banking Business Unit at Corporate Centre from time to time. Presently interest rate is applicable as per rate contained in e-Circular No. NBG/PBU/PL-PERLOANS/6/2011-12 Dated 11.05.2011.
ANNEXURE-I

APPLICATION FOR AN ADVANCE AGAINST SPECIFIED SECURITY

To,
The Branch Manager,
STATE BANK OF INDIA,

Dear Sir

Proposal No. :

Applicant’s Name :
Designation :
Department :
Confirmed Service .................. Years ............... Months
Salary and allowances :
Basic Pay Rs.
Allowances Rs.
Gross emoluments Rs.

Particulars of deductions from salary :
(i) Provident Fund contribution: Rs.
(ii) Housing Loan : Rs.
(iii) Festival Advance : Rs.
(iv) Insurance premium : Rs.
(v) Income Tax : Rs.

Total : Rs.

Amount of loan required : Rs.
(Rupees .................................................................)

Nature of loan : Demand Loan / Overdraft
Purpose of loan :
Security : Specified / Unspecified

(i) L.I.C. / SBI LIFE POLICIES :

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Policy No.</th>
<th>Date of Maturity</th>
<th>Sum Assured Rs.</th>
<th>Surrender Value Rs.</th>
<th>Advance Value Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(ii) BANK’S TERM DEPOSIT RECEIPTS :

<table>
<thead>
<tr>
<th>T.D.R. Nos.</th>
<th>Date of Issue</th>
<th>Due Date</th>
<th>Period</th>
<th>Rate of Interest</th>
<th>Face Value Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2.</td>
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<tr>
<td>3.</td>
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<tr>
<td>4.</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
### NATIONAL SAVINGS CERTIFICATES / KISAN VIKAS PATRAS:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Certificate No.</th>
<th>Date of Issue</th>
<th>Due Date</th>
<th>Face Value Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>4.</td>
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</tr>
</tbody>
</table>

Branch at which the loan is to be availed of:

Monthly proposed repayment:

Rate of Interest:

Renewal /New Application etc.:

C.D.A/c No:  

Particulars of Other Liabilities:

With Bank:

Type of Loan:

1. Vehicle Loan
2. Gold Loan
3. Demand Loan
4. Others

Principal amount:

Monthly Instalment:

I have submitted the statement of Assets & Liabilities for the Year ending .............. (In case of officers only)

Applicant’s Signature

RECOMMENDED FOR SANCTION OF A DEMAND LOAN / OVERDRAFT LIMIT OF RS..........................

RECOMMENDING AUTHORITY

SANCTIONED A DEMAND LOAN / OVERDRAFT LIMIT OF RS.................

STATE BANK OF INDIA

SANCTIONING AUTHORITY

Branch/Office

SANCTION NO: .................  DATE: .................
APPLICATION FOR GOLD LOAN TO STAFF

To
The Branch Manager
State Bank of India

Place:
Date:

Dear Sir,

Application for Loan against security of Gold Ornaments / specially minted gold coins sold by banks

1. Name of officer/employee
2. Designation
3. Total length of service
4. Substantive salary Rs.
total salary Rs.
take home salary Rs.
5. Loan amount required
6. Purpose for which the advance is required
7. Description of ornaments (give details of ornaments)
   Gold/net weight of the ornaments
   Carat of ornaments
   Market value
   Advance value
8. Repayment arrangements
9. Particulars of gold loans availed earlier (date of sanction/renewal) which are outstanding at present:
   Amount borrowed | Monthly instalment | Balance outstanding as on date
   |
10. Particulars of other advance availed and the monthly deductions thereof:
    S.No. | Nature of loan | Amount borrowed | Monthly deductions | Balance outstanding as on
    |

I hereby confirm that the ornaments mentioned above are my own property and do not form part as ‘STRIDHAN’.

Signature of the applicant
ANNEXURE-G-II

Proposal for Demand Loan to members of staff against Gold Ornaments / specially minted gold coins sold by banks

1. Name of the employee with designation:
2. Total confirmed service: .............. years ...........

   Months
3. Branch/department where working:
4. Provident Fund Index No.:
5. Substantive salary with D.A.:
6. Nature of advance:
7. Amount of advance:
8. Security (give details of ornaments):
9. Advance value ............ per gram:
10. Rate of interest:
11. Renewal/New application:
12. Purpose:
13. Mode of repayment: Monthly instalments of Rs.......... Each

   from ...... 20.... from salary

I have satisfied myself about the genuineness of the request made by the applicant. I recommend the proposal for sanction.

 ............. Branch

Date : BRANCH MANAGER


Sanctioned Rs......................... (Rupees ....................................)

 ............. Branch

Date : SANCTIONING

AUTHORITY
GOLD LOAN APPLICATION-CUM-TAKE DELIVERY LETTER

State Bank of India  
………..…… Branch

Please take delivery of the following gold ornaments / specially minted gold coins sold by banks and grant me / us loan of Rs. …………… (Rupees ……………………………..) against the security thereof.

<table>
<thead>
<tr>
<th>Full Name (Block letters)</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description of ornaments</th>
<th>For office use only</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross Weight (gms)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total                     |                     |

On payment of full dues of the Bank please deliver the ornaments to *

* to be specified only in case of joint Accounts with suitable option viz. either of us or survivor, both of us or survivor etc.

Certified that the gross and net weight of gold ornaments, their valuation rate and advance value as given above have been verified by me and are correct.

Cash Officer

DECLARATION(S)

I/We certify that the above ornament(s) is/are my/our bona-fide property and no other person has any claim against them.

With reference to sub-Rule (LA) of Rule 126 D of the Defense of India (Fourth Amendment) gold articles and /or ornaments.

I/We hereby certify that in respect of the gold articles and /or ornaments pledged by me/us with the bank no declaration is required to be made.

Signature of the applicants

A.  
B.  
C.  

I know the above applicant(s) personally.

Signature of introducer  
A/c No.(if any)

Name and address of the introducer

(Photographs of illiterate applicants to be affixed on reverse of RF 43)
12. AGRICULTURAL ADVANCES TO STAFF

1. The Bank has been receiving requests from the employees, most of them belonging to rural/semi-urban areas, that they may be permitted to avail agricultural advances from other financial institutions. Considering the interest of overall productivity of land, it would be inequitable to deny financial assistance for cultivating land holdings only because one of the co-owners happens to be our employee. Insofar as agricultural advances are concerned, these may be considered for the other co-owners and should not be declined merely because one of the employees happens to be co-owner. In such cases, the Bank’s employee being a co-owner may be permitted to be a guarantor on the same terms and conditions as are applicable to any outsider. Further, the following conditions should be complied with:

i) The employee would not engage himself in such a manner as to interfere with the proper discharge of his duties in the Bank.

ii) The other co-owners or at least some of them are major and can independently carry out the agricultural operations without the assistance of the Bank’s employee.

iii) The employee’s guarantee would be acceptable only on the basis of his/her financial status.

iv) Such an advance need not be conducted at the branch where the employee is posted.

v) In every case, prior clearance from the Controlling Authority would be necessary. He should satisfy himself that there are other members of the family who will carry out agricultural operations and do not depend for this purpose on Bank’s employee / officer.

2. The above procedure would also obviate issuance of ‘No Objection Certificate’ to our employees for obtaining loans from other financial institutions.
13. COMMON IRREGULARITIES POINTED OUT BY INSPECTION & AUDIT DEPARTMENT

VEHICLE LOAN

1. Inspection Reports/Verification Audit reports of branches show that the conduct of staff advances is improper due to non-observance of various instructions; some of these instructions are as under:

a) Bank’s lien is not noted towards the Bank’s contribution in the Provident Fund Account of the employee. A confirmation letter from the Provident Fund Department that a lien has been noted is not obtained and kept attached to the documents.

b) Bank’s interest in the vehicle is not registered with the Zonal Transport Authority concerned.

c) No entry is made in the Registration Certificate evidencing the transfer of the vehicle in the name of the employee and the Bank as Hypothecatee.

d) The vehicle is not comprehensively insured in the employee’s name and Bank’s interest as hypothecatee is not registered with the Insurance Company. Even if insured, the insurance policy number, etc. is also not entered in loan account in CBS.

e) Description, make, year of manufacture, number of the vehicle, etc., are not noted in letter of hypothecation (Form B (Annexure 4.3)).

f) In case when the employee is transferred, loan account and connected loan documents are not transferred to the Branch to which the employee has been transferred.

g) Stamped receipts evidencing payment of purchase price of the vehicle, etc., are not enclosed to the documents.

h) Physical verification of vehicle at prescribed intervals is not invariably conducted by the Branch Manager/Head of the Department as the case may be and where such verifications are carried out, suitable certificates are not sent to the branch where the loan account is maintained.

i) The present instructions are that if the vehicle is not purchased and hypothecated within one month from the date of execution of the Agreement viz. Form - A (Annexure 2.2), the whole amount of the
loan and interest as per the agreement shall immediately become due and payable. However, it is observed that this is not being strictly implemented.

j) In case of second hand vehicles, a valuation certificate is not held alongwith documents.

**FESTIVAL ADVANCE**

i) Festival advance account is closed by paying cash and fresh festival advance is disbursed on the same day.

ii) Festival advance is disbursed twice during a calendar year.

**O.D. AGAINST NSC**

i) 5 % margin is allowed on advances against NSC instead of 15%. Sometimes no margin is stipulated.

ii) D.P. is not reduced after removing NSC from the securities pledged.

**HOUSING LOAN**

i) Documents obtained are incomplete i.e. correct particulars are not filled in, not stamped, etc. In case of additional loans, supplementary agreements are not obtained.

ii) Title deeds are not obtained. Disbursements started with an undertaking from the borrower that they would deposit the title deeds. After a considerable period also, title deeds are not deposited. Advocates’ opinions are also not obtained.

iii) Equitable Mortgage (EM) not created. In some cases, recital in the equitable mortgage register is not witnessed by Bank Officials. In some cases extension of EM is not created.

iv) Sale deed in favour of employees not executed by Staff Cooperative Housing Society and hence equitable mortgage is not created.
v) Some flats are not registered in the name of the employees and, therefore, no EM is created.

vi) In some cases, title deeds are in joint names but EM is created by only one person.

vii) Insurance cover is either not taken or it is for a lesser amount.

viii) Insurance premium is debited to loan account instead of premium being paid by the employees concerned direct.

ix) Full disbursement not availed leaving behind a small amount obviously to postpone the recovery.

x) Documents are not kept at one place and also not kept in order.

xi) In some cases, recovery starts from beyond the stipulated 24 months, but there is no approval from appropriate authority.

2. Branch Managers/Departmental heads while disbursing the advances granted to employees should carefully follow the above instructions.