



**STATE BANK OF INDIA OFFICERS' ASSOCIATION
(HYDERABAD CIRCLE)**

(Registered Under Trade Unions Act 1926:No.3396 A.P.)
(Affiliated to All India State Bank Officers' Federation)
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Circular No.35

10th July, 2020

STAFF CONVEYANCE LOAN SCHEME
REVISION IN LIMIT AND OTHER TERMS AND CONDITIONS OF LOAN

We reproduce Circular No.98 dated 7th July, 2020 issued by All India Bank Officers' Federation, the contents of which are self explanatory.

(B.SUKKAI AH)
GENERAL SECRETARY

We have sent a communication to the Dy. Managing Director (HR) & Corporate Development Officer, State Bank of India, on the captioned subject.

A copy is enclosed for information.

Yours comradely,
Sd/-
(Soumya Datta)
General Secretary

No. 6527/52/20

Date: 07/07/2020

The Deputy Managing Director (HR) & CDO,
State Bank of India,
Corporate Centre,
Madame Cama Road,
Mumbai – 400 021.

Dear Sir,

STAFF CONVEYANCE LOAN SCHEME
REVISION IN LIMIT AND OTHER TERMS AND CONDITIONS OF LOAN

You are aware that the existing Conveyance Loan limits were last revised 4 years back vide Bank's e-Circular No: CDO/P&HRD-IR/22/ 2016-17 dated 18th May 2016. Since then, massive changes have taken place in the automobile industry in regard to specification, fuel efficiency, upgradation of technology, pollution control (introduction of BS VI compliant model car) with strict compliance of regulatory and government guidelines which has eventually pushed up the prices of cars significantly. As a result, it has become difficult for the staff to purchase a new generation car of his/her choice within the loan amount available under the staff car loan scheme.

2. In terms of the extant provisions, an officer is entitled to avail car loan for a two- wheeler and a car or maximum of two cars and two 2-wheelers, but within the aggregate stipulated limit of Rs 10 lakh fixed for officers up to TEGS II.

3. The bank has been continuously striving for improvement in the terms and conditions of Car Loan to Public to make it more customers friendly in terms of rate of interest, nil margin, flexible eligibility, longer repayment periods, increased quantum of loan and other soft terms to make the product hassle free. With all these modifications from time to time the product has undoubtedly become the best in the industry which eventually helped the bank to become *numero uno* in car loan segment in the country.

4. Sir, it is pertinent to point out that the terms and conditions for Conveyance Loan to Staff have not been changed/ modified over the past few years to keep pace with the changes in the economy and the automobile industry. There is a need to make the product as friendly to the intending borrower, an officer of the Bank, as the car loan scheme to public.

5. With every passing year new, upgraded and fuel efficient BS VI standard compliant better quality cars with improved safety features of domestic and foreign make are available in the market at affordable prices which are superior to the existing models. At the same time, customers are blessed with the option of choosing the convenience and safety features of their choice. Our staff-members, who have already exhausted their loan limit with one /two cars of old model with BS IV or lower version, and who can afford to purchase the latest and the best model car with an attractive option for buy back facility of old cars offered by car dealers are not in a position to avail the latest, safest and improved version of cars available in the market due to certain stringent provisions in the Staff Car Loan scheme.

6. With a view to resolve this problem, we suggest that the officers should be allowed to purchase a new, latest and upgraded model car of his/ her choice on availing staff car loan from the bank, if the net cost of the car falls within the maximum permissible loan limit. If not, the officer has to bear the extra amount beyond the available limit and the existing car loan account has to be liquidated before a fresh car loan account is opened.

7. Secondly, we provide loan to the extent of 100 per cent of “on road price” for our salary package customers, housing loan customers etc., where as for the staff car loan it is only 90%. We, therefore, are of the considered view that 100 per cent finance should also be provided to our staff as staff loans are fully secured and risk free. EMI/NMI ratio may also be suitably revised for employees drawing higher salary package in view of the present salary structure and impending salary hike.

8. In the above backdrop, we suggest the following modifications in the scheme to make the terms & conditions as flexible as that for the public Car Loan Scheme:

	Existing	Proposed
	Maximum Quantum of Loan for Car Supervising JMGS-I to TEGSS-II Rs.10.00 Lakh	Maximum Quantum of Loan for Car JMGS I – SMGS V : Rs.20 Lakh TEGS VI – TEGSS II : Rs.30 Lakh
	Margin : 10%	Margin : NIL
	Maximum quantum of loan for Two Wheelers: For confirmed officers: 90% of cost of two wheeler within the overall limit of Rs.10.00 Lakh up to TEGSS-II For officers not yet confirmed: 90% of cost of two wheeler subject to a ceiling of Rs.1,00,000/-	Maximum quantum of loan for Two Wheelers : For confirmed officers: Cost of the two wheeler within the overall limit of car loan up to TEGSS-II For officers not yet confirmed: 90% of cost of two wheeler subject to a ceiling of Rs.1,50,000/-
	EMI/NMI Ratio 60/40	EMI/NMI Ratio Officers having Gross Salary up to 80000/- : 60/40 Gross Salary above 80000/- : 70/30

In view of the foregoing, we request your good office to take an utilitarian approach and revise the loan limits, true to bank's tradition to extend comfort and provide facility to staff members. Our esteemed organisation has always shown a genuine concern for the officers' wellbeing and to meet their needs and aspirations. A favourable consideration of our aforesaid suggestions will eventually benefit the staff immensely.

We are proud of the fact that the staff members are working fearlessly during this unprecedented situation caused by the COVID 19 pandemic, even risking their own life and that of their family members from getting contaminated while working in the branch.

The other operational guidelines pertaining to staff Conveyance Loan Scheme may remain unchanged.

'Stay Safe, Stay Healthy'

With regards,

Yours sincerely,

Sd/-

(Soumya Datta)
General Secretary