

239, Vidhan Bhavan Marg, Nariman Point, Mumbai - 400 021

STAFF CIRCULAR NO.7133

Date: 27th March, 2020

To All Branches / Offices

AMALGAMATION OF BANKS - HARMONISATION OF STAFF LOANS
CONVEYANCE LOAN TO AWARD STAFF

Consequent to the Amalgamation of Andhra Bank & Corporation Bank into Union Bank of India, various loans provided to Award Staff and Officers in all the three Banks have been harmonized. After due deliberations, the Board has approved the harmonized Loans and Advances for Award Staff and Officers in the Amalgamated Entity.

The salient features of the scheme of "Conveyance loan for Award Staff", effective from the date of Amalgamation, are as under:

- 1 **Eligibility and quantum of loan for purchase of motor car, shall be as under :**
 - 1.1 All confirmed workmen having 3 years' satisfactory service shall be eligible for the loan for purchase of motor car.

The services rendered by Ex-Servicemen in Defence Forces will be taken into account for the purpose of qualifying service necessary as above, to avail of loan for purchase of motor car.
 - 1.2 In case of non-subordinate staff, the maximum amount of loan for purchase of motor car shall be 90% of the cost of the motor car or Rs.8.50 lacs, whichever is lower.

In case of subordinate staff, the maximum amount of loan for purchase of motor car shall be 90% of the cost of the motor car or Rs.5.00 lacs, whichever is lower.
- 2 **Eligibility and quantum of loan for purchase of other conveyance i.e. Motor Cycle/ Scooter:**
 - 2.1 All confirmed Workmen of the Bank having satisfactory service of 2 years shall be eligible for loan for purchase of any other conveyance.
 - 2.2 In case of non-subordinate staff, the maximum amount of loan for purchase of motor cycle/ scooter shall be 90% of the cost of the



vehicle or Rs.1,00,000/- whichever is lower.

In case of subordinate staff, the maximum amount of loan for purchase of motor cycle/ scooter shall be 90% of the cost of the vehicle or Rs. 80,000/- whichever is lower.

Award Staff Employees are allowed to avail both four-wheeler and two-wheeler loans simultaneously/separately to the extent of limit prescribed for each type of vehicle

~~Period of 4 years should lapse for availment of second/subsequent loan for same type/ category of vehicle i.e. one two-wheeler to next two-wheeler loan and one four wheeler loan to next four-wheeler loan separately.~~

3 **Loan for repair of Motor Car :**

No loan for repairs of Motor Car is allowed.

4 **Rate of Interest :**

The loan shall carry interest at the rate of 6.5% p.a. (simple)

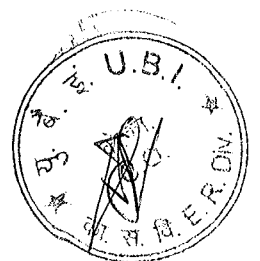
5 **Repayment of Loan :**

- 5.1 Loan, together with interest thereon, shall be repayable in not more than 200 monthly instalments, in the case of motor car and in not more than 84 monthly instalments in the case of loan for purchase of any other conveyance.

The recovery of loan will be effected in the following manner:

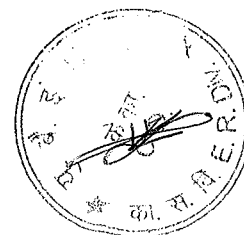
- The principal and interest amount of loan for purchase of motor car which is repayable in 200 monthly instalments, will be recovered in the proportion of 7:3 period. In other words, the principal loan amount will be first recovered in 140 months and interest accrued thereon will be recovered thereafter in the next 60 months.
- In case of loan for purchase of conveyance other than motor car, recovery will be made in 84 monthly instalments in the ratio of 5:1 towards principal and interest respectively. In other words, the principal loan amount will be first recovered in 70 months and interest accrued thereon will be recovered thereafter in the next 14 months.

- 5.2 Instalments towards the recovery of loan shall be adjusted first for recovery of principal amount. Once the principal amount is adjusted, no interest will be charged thereafter.



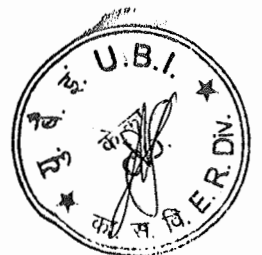
6 **Repayment tenure in case of staff conveyance loan is extended beyond retirement date of the employee and upto the age of 70 years:**

- 6.1 Employees are permitted to avail staff conveyance loan with repayment period beyond the age of retirement. An employee has to avail this loan before the date of his/her superannuation with repayment period upto the age of 70 years or the repayment period as stipulated for the respective two wheeler / four wheeler loan, whichever is earlier. Retiring employees should submit applications for Conveyance loan preferably thirty days prior to their retirement. No request for granting Staff Conveyance loan shall be entertained after the date of retirement.
- 6.2 Sanctioning Authority while sanctioning the loans with repayment beyond the age of retirement, should be satisfied with regard to the income (pension, regular income from other sources etc.) of the concerned employee;
- 6.3 In case of employee with less number of years of service than the stipulated repayment period, the repayment period shall be extended up to 70 years of age (including VRS Cases) provided, the employee should provide deposit equal to the outstanding loan amount from his terminal benefits or where the retiring employee owns a house acquired by availing Staff Housing Loans, the same shall be held as continuing security towards conveyance loan till its repayment.
- 6.4 If the employee ceases to be in Bank's services, after availing the staff conveyance loan with repayment tenure beyond the superannuation age, due to Resignation or due to Removal/Compulsory Retirement/Dismissal or any other reason, he/she will not be allowed to continue the staff conveyance loan and has to adjust the entire loan;
- 6.5 The above extended repayment upto the age of 70 years is applicable to new loans sanctioned after the effective date of amalgamation and is not applicable to the existing loans.
- 6.6 Award Staff who had availed vehicle loan under the loan scheme available for Public (eg. Union Miles in Union Bank of India or any other Conveyance Loan Scheme of Andhra Bank & Corporation Bank for general public), conversion of such loans to Staff Conveyance Loan is allowed after the concerned employee becomes eligible for Staff Conveyance Loan under the scheme, subject to fulfilment of eligibility criteria of the scheme



Other terms and conditions

- 7.1 The loan may be granted for purchase of second hand vehicle of not more than 10 years old in case of motor cars and 5 years in case of other vehicles (i.e. Motor Cycle/ Scooter) provided, loanee satisfies the sanctioning authority about the fitness and valuation of vehicle by producing a fitness certificate from a qualified Automobile Engineer and Valuation certificate from an approved Surveyor. The margin in respect of second hand vehicles would be 20% under the Scheme.
- 7.2 In case of conveyance loans sanctioned with repayment period upto or before the date of retirement of an employee, the outstanding balance in loan amount with interest thereon at the time of retirement of the loanee workmen, shall be recovered from the terminal benefits or any other amount due to him/his nominee. If the aforesaid amount falls short of the outstanding in the loan account with interest thereon, his legal heirs shall be liable to make good the shortfall, in the event of death of the loanee workmen.
- 7.3 The vehicle will be hypothecated to the Bank and will be registered with Regional Transport Office to that effect, till the loan amount is repaid in full with interest.
- 7.4 It is obligatory on the part of the loanee Workman to take full comprehensive insurance of the vehicle with "Bank Clause".
- 7.5 The loanee Workman shall not sell or part with the vehicle without prior permission of the Sanctioning Authority.
- 7.6 Payment will be made directly to the supplier / dealer / vendor of the vehicle and staff should acquire the vehicle, maximum within one month from the disbursement of advance.
- 7.7 Before consideration of an application for purchase of same type/ category vehicle for second or subsequent time, the loan taken earlier, together with interest thereon should be fully liquidated. Example: If an employee has already availed staff conveyance loan for two wheeler and wishes to purchase another two wheeler through staff conveyance loan, he/ she must first liquidate the earlier loan together with interest thereon.
- 7.8 Where a Workman sells his vehicle purchased with Bank's loan and applies for a fresh loan for purchase of another vehicle of the same type/ category, apart from fully liquidating the old loan, the surplus sale proceeds must be applied towards purchase of the new vehicle.
- 7.9 If a Workman repays the conveyance loan granted to him in the normal course and then applies for a fresh loan for another vehicle of the same type/ category, it will not be necessary for him to utilise sale proceeds of the earlier vehicle for purchasing new vehicle.



7.10 The amount of fresh loan will be restricted to ceiling provided for in the scheme for grant of loan for conveyance or the estimated cost of the vehicle, whichever is lower, subject to further adjustment of sale proceeds of the earlier vehicle, wherever applicable. However, requisite margin is to be ensured.

8 **COMPETENT AUTHORITY:**

The Competent Authorities in respect of sanction of loan for purchase of motor car and other conveyance will be informed in due course of time.

9 Workman deciding to avail the loan shall apply in the prescribed form annexed hereto, to the Sanctioning Authority and produce documents and evidence, as deemed necessary by the Bank.

10 If the loan amount is misutilised or if it is found that the amount of sale proceeds of the vehicle is misrepresented/ misappropriated or not deposited with the Bank within the prescribed time as determined by the Sanctioning Authority while availing second conveyance loan or any rule regarding grant of such loan is violated, the Workman concerned shall be liable for disciplinary action. Besides this, the Bank shall have right to charge commercial rate of interest on the amount outstanding in the loan account.

11 Normally, no Workman of the Bank will be allowed any concessional loan if the total deductions, of any nature, from the salary exceeds or is likely to exceed 65% and resultant take-home pay is reduced to less than 35% of the total emoluments. 35% of take-home pay means 'take-home pay' as on the date of application of Conveyance Loan after taking into consideration likely instalment of car/scooter loan for which the loan is sought.

12 The Management will have full right to alter the terms and conditions of grant of such loan. Further, the loan under this category, shall be granted, entirely at the discretion of the Management.

The General Manager (HR) shall be the Competent Authority for issuing any clarifications with regard to the Scheme.


General Manager (HR)







UNION BANK OF INDIA

**APPLICATION FOR LOAN FOR PURCHASE OF MOTOR CAR/ VEHICLE (NEW/
SECOND HAND)**

TO BE FILLED IN BY APPLICANT

1. Name in full
2. Employee No. :
3. Designation :
4. Branch/ Dept. :
5. Date of Joining :
6. Date of promotion as an Officer :
7. Date of Birth :
8. Present Salary Particulars :

Basic Pay	+	D.A.	+	Spl. Allow.	+	CCA	+	FPA	+	HRA	=	Gross Earnings	-	Total deductions	Net Salary

Deductions *	P.F. Loan	Other Loans	Housing Loan	Festival Advance	Income Tax	Credit Society

9. (a) Whether availed Overdraft Facility : Yes/ No
(b) IF yes, limit : Rs.
10. (a) Whether Housing Loan availed : Yes/ No
(b) IF yes, Amt & Date : Rs.
11. % of Net Salary to Gross Salary (Min 65%) :
12. Reason for which loan required :
13. Particulars of Motor Car/ Vehicle : Make Model
& Yr of Model Est.Cost
Proposed to be purchased & Evidence
Enclosed
14. Fitness Certificate enclosed : Yes/No
15. (a) Loan for Conveyance is availed of earlier: Yes/No
(b) If yes, amount and date of availment and
Balance outstanding
16. Reasons for applying for a fresh loan :
17. No of Conveyance Loan availed so far :
(For award Staff)

18. Whether Bank's prior permission to sale :
the Motor Car/vehicle obtained.

If yes, quote No. and date of sanction Memo.

19. (a) Amount realized by way of sale proceeds of :
the conveyance purchased with loan from the
Bank

(b) Whether sale proceeds deposited in full with :
the Bank.

It is agreed that the amount of loan or any part thereof together with interest thereon, which is outstanding or due by me to the Bank, shall be deducted from the salary becoming due or payable to me. On my cessation in the Bank's service, the Bank will be entitled to recover the said loan or any part thereof together with interest thereon, in priority to any other debt of mine, from my superannuation benefits i.e. Gratuity & Provident Fund, Pension or any other amount due to me/ my nominee. If the aforesaid amount falls short of the amount outstanding in the Loan Account, I shall be personally liable and my legal heirs shall be liable to make good the shortfall.

I confirm that the statements made above are true to my knowledge and belief.

Date of Application :

Applicant

Signature of the

We have certified the correctness of the particulars furnished above	FOR USE OF BRANCH ONLY Amount of last conveyance loan availed and date Rs. _____ Date _____ Balance O/s in the Loan A/c Principle Amt. _____ Accrued Int. _____
FOR UNION BANK OF INDIA BRANCH MANAGER (STAMP/SEAL OF THE BRANCH)	