



Circular Letter No. 01/2023

**READ AND CIRCULATE**

April 1, 2023

Dear Members,

**LIMITS UNDER STAFF CAR LOAN SCHEME ENHANCED!  
IMPROVEMENTS IN STAFF VEHICLE LOAN SCHEMES CLINCHED!**

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We have already communicated to our members vide our joint Circular Letter no. 11/2022 dated 31-12-2022 about our joint demand placed before the Management for enhancement of limit under staff car loan scheme and improvement in the existing Staff vehicle loan schemes. In response to our above demand, the Management invited us for a joint meeting on 12-01-2023 at Head Office.

Accordingly, a joint discussion took place on 12-01-2023 and supplementary discussions also took place later in the matter. Initiating the discussion, the leaders of both the Associations expressed their happiness about the record net profit of Rs. 826.49 Crore earned by the Bank during the period up to December 2022 in the midst of competitive market conditions and in this connection appreciated the important role played by our members at all levels and urged the Management to concede to our reasonable demands.

The Management while initiating the negotiation offered an increase in the quantum of car loan by 25% of existing loan limit. We, on our part, while not agreeing to the offer made by the Management, we reiterated that our demand for increase in quantum was reasonable and practical considering the steep increase in the cost of the vehicle and increased repaying capacity of our members consequent upon the 11th Bipartite settlement / 8th Joint note.

It was further deliberated in a threadbare manner and also pursued with the Management about our demands which are realistic and pragmatic. In response, the Management has finally agreed to increase in **staff car loan limits and also reduction in margin for new vehicles as demanded by us**. We are also happy to inform you that we have succeeded in negotiating many improvements in other parameters in the existing Staff vehicle loan facilities for the benefits of Officers and Award staffs such as **Award staffs members are now made eligible to avail 2-wheeler loan immediately on confirmation, increase in repayment period for Officers for availing 2-Wheeler Vehicle, reimbursement to the vehicle already purchased, conversion of vehicle loan availed under KBL**

**Car Finance / Easy Ride Scheme or with other Banks/FI, availing vehicle loan on Declaration basis in lieu of Driving License, if husband and wife are working in the Bank, both are made eligible to avail vehicle loan separately as per their individual eligibility etc. as demanded by us during the negotiation.**

**Further, we demanded for extending staff 2-wheeler loan facility to our Part Time Sweepers also. Initially, the Management did not respond positively. After much persuasion in the matter in supplementary discussion, finally, the Management has agreed to extend the facility to Part Time Sweepers also as applicable to Award staffs for the first time in the Bank.**

Regarding the reduction of rate of interest (ROI), the Management outrightly said that there is no scope for reduction in ROI in view of successive 5 times hike in Repo rate by 2.25% since May 2022 and its effect on cost of funds and lending rate and possibility of future hike in Repo rate etc. Here, the Management was rigid and did not agree to reduce the existing ROI of 7.25% (simple) at our joint meeting held on 12-01-2023. However, we disagreed with the stand of the Management and determined to further pursue the matter in the subsequent discussions. After our continuous persuasion in subsequent meetings, the Management reduced ROI by 0.25% and offered 7.00%(Simple). Not satisfied with the offer of the Management, we pursued matters further and had a Webex meeting with the Executive Director on 04-03-2023 at Head Office. During negotiation, the Executive Director has improved the earlier offer by reducing the ROI from 7.00% to 6.99% then 6.95% and then 6.90% and after much persuasion, finally Executive Director agreed for reduction in ROI and offered 6.75% (Simple). Considering the recent hike in Repo Rate and increasing trend of Repo rate in future, we thought that 6.75% (simple) is reasonable and pragmatic at prevailing condition and accepted the offer of the Management. **This positive gesture of the Management is to be appreciated and applauded by us as the total savings consequent to the reduction of interest from 7.25% to 6.75% will be very substantial. This reduction in ROI is also applicable to existing staff vehicle loan accounts.**

An understanding in the matter has been arrived at and MOUs have been signed on 01-04-2023. The improvements made in the schemes are briefly mentioned here below:

**1. STAFF 4-WHEELER LOAN**

<b>PARTICULARS</b>	<b>OFFICERS</b>	<b>CLERKS</b>	<b>SUB-STAFFS</b>
<b>LIMIT</b>	<b>Rs.12.00 Lakhs</b> (Old Limit - Rs. 8 lakhs)	<b>Rs.9.00 Lakhs</b> (Old Limit – Rs. 6 lakhs)	<b>Rs.8.00 Lakhs</b> (Old Limit – Rs. 6 lakhs)
<b>MARGIN</b>	<b>5 % for New Vehicle</b> 20% for old Vehicle	<b>5 % for New Vehicle</b> 20% for old Vehicle	<b>5 % for New Vehicle</b> 20% for old Vehicle

2. **MARGIN for 2-WHEELER LOAN**  
5 % for New Vehicle and 20% for old Vehicle.
3. **RATE OF INTEREST for 4-WHEELER LOAN and 2- WHEELER LOAN**  
6.75 % p.a. (Simple) [ Existing 7.25% (Simple) ].

The reduced rate of interest is also applicable for the existing vehicle loans w.e.f. 01-04-2023.

**IMPROVEMENT IN OTHER PARAMETERS UNDER STAFF VEHICLE LOAN SCHEME:**

4. **ELIGIBILITY TO AVAIL 2 -WHEELER LOAN BY AWARD STAFFS:**  
All Confirmed Award staff including Part time Sweepers are eligible.
5. **REPAYMENT PERIOD: 2-WHEELER LOAN for OFFICERS:**  
The entire loan shall be repaid in **84 months i.e., 68 months for principal and 16 months for interest (4:1 ratio)**. If the remaining service is less than the maximum period (84 months), the repayment period will be fixed for the remaining period in the ratio of 4:1 for principal and interest repayment.
6. **Reimbursement** shall be permitted for **new vehicles** within **3 months from the date of Tax invoice** and in the case of **used vehicle**, within **3 months from date of purchase agreement**.
7. There should be a gap of 36 months from the date of avilment of one loan to that of subsequent loan. However, **in the case of theft of vehicle and in case of vehicle which is declared as total loss due to Accident and Natural calamities**, Officers / Award Staffs can avail the new loan after clearing their dues under existing vehicle loan without complying the above said stipulation.
8. The Officers / Award Staff who have availed vehicle loan under KBL Car Finance Scheme, KBL Easy Ride Scheme and Vehicle loan availed with other Banks/FI can convert their loan under staff vehicle scheme if eligible as per scheme.
9. The Officer / Award Staff has to submit a copy of the valid driving license. **In the absence of a valid driving license, an undertaking letter shall be obtained from the Officer / Award Staff to the effect that the vehicle purchased will be driven by the persons having valid driving license.**
10. **In case both the husband and wife are employees of our Bank, they can avail vehicle loan facilities separately as per their individual eligibility.**

All other prevailing terms and conditions will remain unaltered. **The above revisions shall come into effect from 01-04-2023.**

Comrades, by this settlement the quantum of Four-Wheeler Vehicle Loan is increased by 50%, Margin is reduced by 5%, Interest is reduced by 0.50% and taking into account of improvement in other parameters, the Staff Vehicle Loan schemes becomes very attractive and altogether beneficial to our members and it is a matter of great satisfaction to all of us. We are confident that our members at all levels will be very happy to enjoy and reap the benefits of this wonderful settlement. **Comrades, all this success and benefits is possible because of the invisible organisational strength of Twin Banners i.e., “AIKBEA and KBOO”, fluttering aloft and alert under the banner of “AIBEA and AIBOA” in our Bank. Congratulations to one and all!**

We are also sure that these benefits will further enthuse and motivate all our members to work hard and contribute to the best of their capacity to steer our dear Institution to greater heights. **Comrades, the positive gesture exhibited by the Management in the Joint Meeting ending in a happy note is to be appreciated and acknowledged. We convey our sincere thanks to the Managing Director and also to the Executive Director for acceding to our just demands.**

With warm regards,

Yours comradely,



**(Paneendra K G)**  
General Secretary, AIKBEA



**(Suresha Hegde S)**  
General Secretary, KBOO

AII INDIA KARNATAKA BANK EMPLOYEES' ASSOCIATION	...	...	...	ZINDABAD
KARNATAKA BANK OFFICERS' ORGANISATION	...	...	...	ZINDABAD
OFFICERS - WORKMEN UNITY	...	...	...	ZINDABAD