

ALL INDIA KARNATAKA BANK EMPLOYEES' ASSOCIATION (REGD.)



(Affiliated to A.I.B.E.A.)

AND

KARNATAKA BANK OFFICERS' ORGANISATION (REGD.)

(Affiliated to A.I.B.O.A.)



Circular Letter No. 09/2022

READ AND CIRCULATE

17.10.2022

Dear Members,

STAFF HOUSING LOANS LIMIT AND CLEAN LOAN LIMIT STANDS ENHANCED!

REALISE YOUR DESIRE TO OWN A HAPPY HOME AT YOUR PLACE OF CHOICE!

A DIWALI BONANZA – CONGRATULATIONS!

* * * * *

Members were already informed vide our Joint Circular No. 08/2022 dated 30-07-2022 about our demands placed with the Management for enhancement of **LIMIT UNDER STAFF HOUSING LOAN, ADDITIONAL HOUSING LOAN, 2nd HOUSING LOAN AND CLEAN LOAN SCHEMES** for Officers and Award staffs. In response to our demands, the Management invited us for a joint discussion vide their letter no. HO.HR&IR/AIKBEA & KBOO/1696/2022-23 dated 13-09-2022 in the matter on 15-09-2022 at Head Office.

Accordingly a joint discussion took place on 15-09-2022 and supplementary discussions also took place subsequently in the matter. The Management while initiating the negotiation offered an increase in the quantum of loan by 50% of existing housing loan limits. While disagreeing for the same, we reiterated that our demand for increase in quantum was reasonable and practical considering the steep increase in the land and construction cost. The issue was further deliberated and pursued by us convincingly. In response, the Management has agreed for increase in staff housing loan limits as demanded by us.

Thereafter, we have taken up the issue of reduction in rate of interest (ROI). Here we urged the Management that the existing slab of 5% simple interest of Rs.3.10 lakh and Rs.3.70 lakh for Officers and Award staffs respectively should be enhanced further and ROI in higher slab substantially. The Management has informed us that in view of the current trend of increasing ROI, they are not in favour of reduction in ROI and proposed for floating ROI. While rejecting the proposal of floating rate offered by the Management, we argued that the cost of fund of the bank has substantially reduced since last settlement and the benefits of the same have to be passed on to staff members in the existing fixed rate concept. We urged the Management to increase the existing slab of 5% simple interest to Rs.13 lakh and reduction in ROI on subsequent slab from existing 7.50% simple to at least 6.50% simple. The Management has agreed to increase the 5% interest slab to Rs.10 lakh. We further pursued the matter with our arguments for reduction in the ROI in the higher slab. At this juncture, the Management has offered 7.14% and stuck to their stand. We continued our efforts by arguing that staff members cannot be denied the benefits of lower cost of funds of the Bank. After much discussion, finally, the Management has agreed to reduce the interest to 7.00% interest for the limit above Rs.10 lakh. **Comrades, this reduction of interest by 0.50% in higher slab and increase in limit of 5% simple interest slab results in a substantial reduction of interest amount of Rs.57,250/-, Rs.37,750/- and Rs.29,250/- per year for Officers, Clerks and Sub-Staffs respectively.**

Further, we demanded for extending staff housing loan facility to our Part Time Sweepers also. Initially, the Management not responded positively. **After much persuasion in the matter, finally, the Management has agreed to extend the facility to Part Time Sweepers for the first time in the Bank.**

Further, after much discussion, the repayment period of staff housing loans also been extended for the first time till the age of 70 years or 360 months whichever is less as proposed by us.

We are also happy to inform you that we have succeeded in bringing many **improvements in other parameters in the housing loan schemes for the benefits of Officers and Award staffs.** An understanding in the matter has been arrived at and MOUs have been signed on 13-10-2022. **The improvements made in the schemes are briefly mentioned here below:**

1. STAFF HOUSING LOAN

❖ Loan Limit

Officers	Clerks	Sub-staff	PTS/PTSS *
Rs. 90 Lakh	Rs. 54 Lakh	Rs. 37 Lakh	Pro-rata basis of Sub-Staff limit (as per their scale of pay)

* The staff housing loan facility is now extended also to PTS/PTSS members on pro-rata basis.

❖ Rate of Interest

(i) Up to Rs.10,00,000/- : 5.00% p. a. (Simple)

(ii) Above Rs.10,00,000/- : 7.00% p. a. (Simple)

The reduced rate of interest for the existing housing loans will be effective from **01-10-2022.**

❖ Repayment Period:

360 months (Principal 270 months and Interest 90 month - 3:1 Ratio)

Repayment period may be extended on request till the age of 70 years or 360 months whichever is less.

❖ Holiday period:

- Maximum **24 months** for construction of **house/flat.**
- Maximum **3 months** for purchase of **ready built house/flat.**

❖ Maximum loan amount for purchase of site is **increased to 50% of the loan limit or 90% of the site purchase cost,** whichever is lower.

❖ Staff members are now eligible to avail loan even if site is in the name of **his / her spouse, parents or jointly held with them.**

❖ Staff members are now eligible to purchase and register the house property jointly with his or her spouse.

❖ The above revisions shall come into effect from **18.10.2022.**

2. STAFF ADDITIONAL HOUSING LOAN

➤ Loan Limit

Officers	Clerks	Sub-staff
Rs. 30 Lakh	Rs. 20 Lakh	Rs. 13 Lakh

➤ **Rate of Interest : 7.00% p. a. (Simple)**

The reduced rate of interest for the existing housing loans will be effective from **01-10-2022.**

- **Repayment Period:**
360 months (Principal 270 months and Interest 90 month - 3:1 Ratio)
Repayment period may be extended on request till the age of 70 years or 360 months whichever is less.
- **Now, staff members are made eligible to avail additional housing loan facility 2 times (within the limit) in their entire service.**
- **Now, staff members who have availed 2nd Housing loan are made eligible to avail additional housing loan facility once in their entire service.**
- **Now, the staff members who have availed loan under KBL Home Comfort scheme, are also eligible to avail this facility for the purpose of clearing the same.**
- The above revisions shall come into effect from **18.10.2022.**

3. STAFF SECOND HOUSING LOAN

❁ **Loan Limit**

Category	Limit
Officers, Clerks and Sub-staffs	The quantum of 2 nd Housing loan shall be the difference between the revised staff housing loan limit of Rs.90.00 Lakh, Rs.54.00 lakhs and Rs.37.00 lakhs for Officers, Clerks and Sub-staff respectively and the limit already availed by the incumbent under the previous housing loan scheme including the amount availed under additional housing loan scheme (if any)

❁ **Rate of Interest: 7.00% p. a. (Simple)**

The revised rate of interest for the existing housing loans will be effective from **01-10-2022.**

❁ **Repayment Period:**

360 months (Principal 270 months and Interest 90 month - 3:1 Ratio)

Repayment period may be extended on request till the age of 70 years or 360 months whichever is less.

❁ **Holiday period:**

- Maximum **24 months** for construction of **house/flat.**
- Maximum **3 months** for purchase of **ready built house/flat.**

❁ Maximum loan amount for purchase of site is **increased to 50% of the loan limit or 90% of the site purchase cost**, whichever is lower.

❁ Staff members are now eligible to avail loan even if site is in the name of **his / her spouse, parents or jointly held with them.**

❁ Staff members are now eligible to purchase and register the house property **jointly with his or her spouse.**

❁ The above revisions shall come into effect from **18.10.2022.**

4. STAFF CLEAN LOAN

● **Loan Limit**

Category	Limit
Officers	Eligibility: a) Confirmed service: Rs. 3,00,000/- * b] After completion of 5 years' of service including probationary period will be eligible for an additional loan of Rs.4,50,000/- (Total Rs.3,00,000/- + Rs.4,50,000/- = Rs.7,50,000/-)

Clerks	Eligibility: a) Confirmed service: Rs.2,00,000/- * b] After completion of 5 years' of service including probationary period will be eligible for an additional loan of Rs.3,40,000/- (Total Rs.2,00,000/- + Rs.3,40,000/- = Rs.5,40,000/-)
Sub-Staff	Eligibility: a) Confirmed service: Rs.1,30,000/- * b] After completion of 5 years' of service including probationary period will be eligible for an additional loan of Rs.1,70,000/- (Total Rs.1,30,000/- + Rs.1,70,000/- = Rs.3,00,000/-)
For PTS/PTSS	Eligibility: On pro-rata basis of sub-staff limit

* Now, the staff members can avail the clean loan facility on confirmation

- **Rate of Interest: 7.50% p. a.**

- **Repayment Period:**

The loan shall be repayable in 144 Equal Monthly Installments along with monthly interest.

If the remaining service is less than the maximum period (144 months), the installment shall be calculated for the full period (144 months) and the outstanding balance at the time of retirement shall be recovered out of terminal benefits.

- The above revisions shall come into effect from **18.10.2022.**

Comrades, the joint discussions were held in a cordial atmosphere and we go on record to appreciate the positive approach adopted by the Management throughout the discussions and finally we could arrived at an amicable settlement with lot of improvements in the above schemes.

We are confident that our members at all levels will be very happy to enjoy and reap the benefits of this wonderful settlement. 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 the greater heights.

With 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