यूको बैंक UCO BANK

सम्मान आपके विश्वास का HONOURS YOUR TRUST
(Government of India Undertaking)

CHO/OSD/15 /2013-14 Dated: 03.05.2013

Circular to All Branches and Offices in India

Subject: Advances against deposits to members of Ex-staff- Continuation of existing guidelines.

Background:

We are receiving frequent queries from both the branches as well as Ex-Staff members regarding the existing status of the permissibility of concession on advances against deposits to the members of Ex-staff.

Existing rules of the Bank on the issue:

a) In terms of HO Circular IUB/130/79 dated 21.06.1979, Bank was allowing advances to the members of staff against their deposit at an interest rate above the deposit rate with a margin of 10%.

b) Subsequently in 1989 through circular no, CHO/PMG/02/89 dated 09.02.1989 it was decided that from the date of circular, loans should be sanctioned to members of staff against their fixed deposit, recurring deposit, Kuber Yojna etc. at the same rate of interest which is being paid on the deposit and the margin would be reduced from 10% to 5% .

c) Thereafter, Head Office vide circular no. CHO/PMG/22/94 dated 21.07.1994 modified the provisions of circular dated 09.02.1989 and enlarged the scope of concession in interest rate and margin for an advance upto 3 lacs against the Term Deposits maintained in their names to the following categories of persons:

i) Members of the Bank's staff on permanent employment
ii) Retired members of the Bank's staff
iii) Spouse of a deceased member or spouse of a deceased retired member of the Bank's staff.

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On examination it is found that the provisions as stipulated in the circular CHO/PMG/22 /1994 21.07.1994 were never withdrawn or superseded by any subsequent circular. Hence, we are appending hereunder the existing provisions with revision in "nature of facility."

1. Margin and Quantum of advance - 95% of the amount of Term Deposit up to maximum limit of Rs. 3.00 lacs.

2. Interest on advance to be charged at the same rate as it is payable on term Deposit.

3. Nature of Deposit-Fixed deposits, including KY/CFD and Recurring Deposit.

4. Eligible members-

   a) Serving and retired members of staff (retired under superannuation/Voluntary Retirement Scheme/Voluntary Retirement/ Compulsory Retirement).

   b) Spouse of the above category of staff and spouse of above deceased staff. The Employees who have resigned, or were dismissed/terminated from the Bank's service are not eligible for the benefits of the scheme.

   Nature of facility:

      i) Demand Loan.

      ii) Overdraft limit/Cash Credit facility-

   (a) Overdraft limit/ Cash credit facility may be allowed to above (a)&(b) category of staff for special purposes, like recurring payments of electricity bill, telephone bill, children's education fees, expense due to unforeseen circumstances etc,.

   (b) The above facility should not be granted to ex-staff members for undertaking any kind of business activity.

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In case of CC limits branches should ensure that no business transaction is permitted in such accounts. For this purpose, the member concerned will give an undertaking in writing that the amount of advance availed under the Overdraft limit/Cash Credit facility will be used for personal purposes only. In case the transactions observed are of the nature of business transaction, Branch should treat the same as advance to the general public against their term deposit and interest will be charged accordingly.

Further, if members of staff want to avail advance amount against their term deposits beyond the stipulated limit of Rs. 3.00 lacs, or want to increase the limit beyond Rs. 3.00 lacs, or want to have another advance against their own fixed deposit in addition to existing advance of Rs. 3.00 lacs, the additional loan/ limit is to be treated as general loan against deposits as applicable to general public. No concessions are to be extended to such additional limits beyond Rs 3.00 lakhs.

Branches and offices are to make a careful note of the above.

(C. Srinivasa Swamy)
Deputy General Manager