

CIRCULAR NO. 87 /2021

DATE : 02.11.2021

TO,
ALL MEMBERS

IHL AND OTHER STAFF LOANS

ELIGIBILITY CRITERIA: EXCLUSION OF NPS DEDUCTION

We reproduce hereunder the text of the **AISBOF Circular No. 87** dated 02.11.2021, the contents of which are self-explicit.

With warm greetings,

(Ajit Kumar Mishra)
GENERAL SECRETARY

OUR UNITY : ZINDABAD-ZINDABAD
S.B.I.O.A. : ZINDABAD-ZINDABAD

TEXT

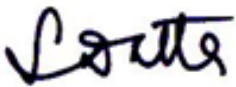
IHL AND OTHER STAFF LOANS

ELIGIBILITY CRITERIA: EXCLUSION OF NPS DEDUCTION

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,



(Soumya Datta)
General Secretary

No.6524/41/21

01.11.2021

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

Dear Sir,

IHL AND OTHER STAFF LOANS

ELIGIBILITY CRITERIA: EXCLUSION OF NPS DEDUCTION

We draw your kind attention to e-Circular No. CDO/P&HRD-IR/93/2020-21 Dt. 17.03.2021 in connection with review and modifications of IHL scheme (copy enclosed). In consonance with the extant Circular instructions, the officers who joined the Bank after 01.04.2010 are required to contribute 10% of their basic pay towards pension fund through 'NPS' and due to this, the net take-home salary will be less to that extent. As the contribution towards NPS is shown as a statutory deduction while calculating the EMI/NMI ratio of 60:40 (the total deductions should not exceed 60% of Gross Emoluments), the loan eligibility gets reduced considerably.

2. We are of the considered opinion that the 'NPS' amount should be excluded from the total deductions like Additional PF contribution by the employee, Insurance Premium, Instalment of RD Account, Welfare Fund of Society, Festival Advance etc.

3. Here, we give one example of staff home loan eligibility, in both ways, considering and not considering 'NPS' amount in total deductions.

Earnings	Rs.	Deductions	Rs.
Basic Pay	55,880	Emp. PF Contribution	5,588
DA	18,242	Professional Tax	200
HRA	5,029	Income Tax*	4,690*
CCA	1,400	Association Subscription	200
Learning All.	600	Contributory Pension Fund (NPS)	7,141
Special All.	9,164		
Total	90,315	Total	17,819
		Take Home Pay	72,496

*The amount will be less after claiming IT rebate on HL interest

In the above case, the home loan eligible amount for tenure of 30 years is:

a) considering **NPS** amount in total deductions: Eligible IHL amount – Rs.87 lakh

b) not considering **NPS** amount in total deductions: Eligible IHL amount-Rs.104 lakh (approx.).

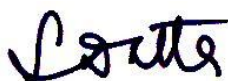
4. Sir, the bank has undergone a demographic metamorphosis and a large section of our officers have joined post 2010, who will be carrying forward the great legacy of our esteemed institution in the future. By revisiting the present eligibility criteria, these new officers would be immensely benefited to own their 'dream home', which would go a long way to motivate them to strive harder to foster the growth and development of our beloved institution.

5. In the above backdrop, we would request your good office to kindly revisit the extant eligibility criteria and exclude the contribution towards NPS as an item of deduction while computing the loan eligibility.

With best regards,

'Stay Safe, Stay Healthy'

Yours sincerely,



(Soumya Datta)
General Secretary