

CIRCULAR NO. 96 /2021

DATE : 04.12.2021

TO,  
ALL MEMBERS

**INDIVIDUAL HOUSING LOANS TO STAFF**  
**REVIEW OF THE SCHEMES: MODIFICATIONS/IMPROVEMENT**

We reproduce hereunder the text of the **AISBOF Circular No. 96** dated 04.12.2021, 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

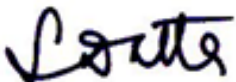
TEXT

**INDIVIDUAL HOUSING LOANS TO STAFF**  
**REVIEW OF THE SCHEMES: MODIFICATIONS/IMPROVEMENT**

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**

The Deputy Managing Director (HR) &  
Corporate Development Officer  
State Bank of India,  
Madame Cama Road  
Mumbai - 400 021

Dear Sir,

**INDIVIDUAL HOUSING LOANS TO STAFF**  
**REVIEW OF THE SCHEMES: MODIFICATIONS/IMPROVEMENT**

At the outset, we sincerely appreciate the management for taking many a avant garde initiatives in HR Policies including individual housing loans to staff which amply demonstrate bank's concern and welfare perspective for its employees upholding the Bank's acclaimed standards of employee benefits. In fact, there has been paradigm shift in terms of people's choice, preference for premium flats, zest for iconic flats, modern internal decoration which sharply pushed up the cost of flat particularly at metro cities and other urban locations.

2.While time to time modifications in the IHL scheme by the bank have effectively addressed the needs and aspirations for a dream house/flat of the officers' fraternity, yet certain further modifications/improvement needs to be put in place to sufficiently take care of the financial needs for purchasing a dream flat and also in the terms and conditions of the scheme as appended below for your kind perusal and necessary consideration.

- i. The expenses for interior decoration stand out to be a significant part of the cost of a flat which an officer has to arrange from outside sources sometimes at higher interest rate as the IHLS does not provide for funding this component of cost. But bank does provide and factor in such expenditure in case of determining the eligible quantum for HBL to public. The interiors are adding up to the realizable value of the security/property and can be considered under the project cost for IHL also.
- ii. The extant instructions provide for considering the income of working spouse to arrive at loan eligibility. When the loan is sanctioned considering the income of working spouse, the monthly EMIs are to be proportionately recovered from the income of the working spouse so that the total recoveries will not exceed 60% of salary of our employees. In the absence of any specific instruction in the scheme, the employees are deprived of the benefit of partial recovery of the EMIs regularly from the salary of the spouse which would have taken care of the stipulation of total deduction to the tune of 60% of salary.

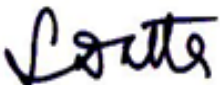
- iii. The rate of interest on IHL for limits above Rs.40.00 lakh is 5.95% p.a, whereas it is 6.70% for public housing loans. The rate of interest for IHL was fixed at 5.95% p.a. at a time when the same for public housing loan was around 8%. Needless to say most of our employees avail housing loans for above Rs.40.00 lakh because of escalation in the cost of flats.
- iv. The interest rate on Housing loan on commercial terms for staff is 6.65% p.a. and it is 6.70% p.a. for public housing loans. The underlying principle behind the rate of interest is 25 bps less than public housing loan rate but not below Base rate. Since the public rate is equivalent to base rate the real benefit is not being passed on to staff. Hence, we request you to remove the clause “not below the Base Rate” so that the said rate of interest will be fixed below the rate of interest to general public.

In the above backdrop, we would request your good office to revisit the extant terms and conditions for housing loans and the rate of interest as well under IHLS and fervently hope that the demand and aspirations of the employees will be sympathetically addressed enabling them to purchase their dream flats/houses.

With regards

***Stay safe, stay healthy***

Yours sincerely,



**(Soumya Datta)**  
**General Secretary**