

CIRCULAR NO. 97 /2020

DATE : 07.07.2020

TO,
ALL MEMBERS

INDIVIDUAL HOUSING LOAN SCHEME FOR EMPLOYEES
REVISION IN LIMITS: OUR SUGGESTIONS.

We reproduce hereunder the text of the **AISBOF Circular No. 97** dated 07.07.2020, the contents of which are self-explicit.

With warm greetings,

(Ajit Kumar Mishra)
GENERAL SECRETARY

OUR UNITY : ZINDABA D-ZINDABA D
S.B.I.O.A. : ZINDABA D-ZINDABA D

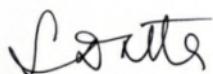
TEXT

INDIVIDUAL HOUSING LOAN SCHEME FOR EMPLOYEES
REVISION IN LIMITS: OUR SUGGESTIONS.

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. 6528/51/20

Date: 07 /07/2020

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

INDIVIDUAL HOUSING LOAN SCHEME FOR EMPLOYEES

REVISION IN LIMITS: OUR SUGGESTIONS.

You are aware that our Staff Housing Loan limits were last revised in 2014 vide Circular No: CDO/P&HRD-IR/49/2014-15. With the vertical escalation in real estate prices and exponential increase in cost of construction materials since the last revision of such limits, our staff members, after exhausting the loan amount availed under IHLS limits, are compelled to avail housing loan at commercial rate to fund the purchase cost and its related expenditures. In order to bring such borrowings within IHLS limits and to avoid the financial burden to our staff, we request your good office to revisit the scheme and enhance the present limit adequately. Incidentally, one public sector bank and an old generation private sector bank have enhanced the limit for IHLS for their staff which is well above the present limit available to the staff members of our institution. A detailed suggestion is appended for your kind perusal.

02. Apart from enhancement of limit, certain terms and conditions also may be revised suitably, considering the prevailing salary structure, impending salary hike, present market conditions etc. In this connection we suggest the following:

- a) EMI/NMI ratio may be modified for employees having higher salary, in line with our 'Public Home Loan Scheme'.
- b) With the recent reduction in MCLR, we feel that the present interest rate can still be reduced further.
- c) We had earlier sent a communication for modification of 'Realty Scheme' to staff (Period of construction of home in case of purchase of plot and construction of house under Realty Home Loan to be increased to 5 years). We feel that our suggestion should again be revisited.
- d) The Principal-Interest ratio of the repayment period also may be suitably revised considering the reduction in interest rates.

03. Considering all these suggestions, we would like to propose the following modifications in the scheme:

	Existing	Proposed
1.	Housing Loan Limit Officers upto SMGS V: Rs.60.00 lakh Officers TEGS VI and above: Rs.80.00 lakh.	Housing Loan Limit Officers up to SMGSV : Rs.100 lakh Officers TEGS VI and above : Rs.130lakh
2.	EMI/NMI Ratio 60/40	EMI/NMI Ratio Officers having Gross Salary up to 80000/- : 60/40 Gross Salary above 80000/- : 70/30
3	Repayment Period Term : 360 months Principal & Interest Ratio : 240/120	Repayment Period Term : 360 months Principal & Interest Ratio : 252/108

4	<p>Sub-limit for purchase of land within the overall ceiling under IHLS.</p> <p>An employee may submit application for housing loan, which includes purchase a plot of land up to 90% of cost of land or 50% of eligible ceiling, whichever is less. The employee should submit necessary documents for construction of house thereon with approved plan and estimates within a reasonable period immediately after purchase of land, so that construction can be completed within maximum moratorium period of 24 months.</p>	<p>Sub-limit for purchase of land within the overall ceiling under IHLS.</p> <p>An employee may submit application for housing loan, which includes purchase a plot of land up to 90% of cost of land or 50% of eligible ceiling whichever is less. The employee should submit necessary documents for construction of house thereon with approved plan and estimates within a reasonable period of time after the purchase of land, and construction to be completed within a period 5 years (Similar to facility extended to PUBLIC under Home Loan Realty Scheme).</p>
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We, therefore, request you to take a call on our reasoned suggestion and review the eligibility criteria as suggested above in a utilitarian approach and revise the IHLS scheme suitably, which will definitely benefit the staff immensely. A sizable section of the officers now are from the younger generation and consequently have longer period of residual service left, which substantially increases their repayment capacity. The other operational guidelines pertaining to Individual Housing Loan Scheme to employees may remain unchanged.

'Stay Safe, Stay Healthy'

With regards,

Yours sincerely,



(Soumya Datta)
General Secretary