

अनुदेश परिपत्र सं : 04998 :2024

दिनांक : 08/07/ 2024

प्रति: समस्त शाखाएं/आरएलपी/कार्यालय

मास्टर परिपत्र - यूनियन कैश योजना

मुख्य बातें

- संशोधित ब्याज दर
- आयु मानकों में संशोधन
- अधिकतम ऋण की गणना हेतु संशोधित मानक

बैंक द्वारा यूनियन कैश योजना के आशोधित मास्टर परिपत्र को अनुदेश परिपत्र 1911-2020 दिनांक 12.03.2020 के माध्यम से परिचालित किया गया था. यूनियन कैश योजना में विगत वित्तीय वर्षों के दौरान समामेलन के पश्चात कई संशोधन किए गए. अतएव, इस योजना से संबन्धित सभी दिशानिर्देशों को एक स्थान पर उपलब्ध कराने के लिए, इस संशोधित मास्टर परिपत्र को संकलित किया गया है.

यूनियन कैश योजना से संबन्धित पूर्व में जारी सभी परिपत्रों के स्थान पर अब इस मास्टर परिपत्र में वर्णित दिशा-निर्देश ही लागू होंगे.

सभी कार्यालयों/शाखाओं से अनुरोध है कि वे उपरोक्त दिशानिर्देशों को ध्यानपूर्वक नोट करें एवं तदनुसार कार्रवाई करें.


(अरुण कुमार)
महाप्रबंधक
१६

Instruction Circular No: 04998 :2024

Date: 08/07/ 2024

To: All the offices/ RLPs/ Branches

MASTER CIRCULAR - UNION CASH SCHEME

HIGHLIGHTS

- Revised Rate of Interest
- Modification in Age norms
- Revised Norms for calculation of Maximum Quantum

The revamped master circular of Union Cash Scheme was issued by the Bank vide IC 1911-2020 dated 12.03.2020. Union Cash scheme has undergone various modifications since amalgamation during the last financial years. Hence, to make available all / guidelines of this scheme at one place, this revised Master circular has been compiled.

This master circular supersedes all earlier circulars related to Union Cash Scheme.

All Offices/Branches are requested to take a careful note of the above and be guided accordingly.


(Arun Kumar)
General Manager

UNION CASH SCHEME GUIDELINES:

1. Purpose:

- 1.1. The facility to be sanctioned to meet personal expenses including medical treatment, travel, or any unforeseen expenses of the pensioners/family pensioners.
- 1.2. Note
 - 1.2.1. Loans **not to be given** for speculative purposes/payment of IT Arrears etc.
 - 1.2.2. The facility **should not be sanctioned** for acquiring/development of Real Estate and also for carrying out Real Estate Businesses / Activity.

2. Nature of facility:

- 2.1. The facility can be sanctioned as Term Loan (TL) only.

3. Eligible Individuals and permitted applicants/Co-Applicants:

- 3.1. The following categories of Pensioners/family Pensioner, who draw pension/family pension from our bank on account of superannuation/retirement/ voluntary retirement /ordinary family pension:
 - 3.1.1. Central/State Government
 - 3.1.2. Central/State Government undertakings
 - 3.1.3. Banks
 - 3.1.4. Reputed domestic/private companies
 - 3.1.5. Educational Institutions (Universities, Institutes, schools, colleges).
 - 3.1.6. High Court & Supreme Court
 - 3.1.7. All the categories of defence pensioners.
- 3.2. As per extant guidelines no co-applicants are allowed under the scheme.

4. Age Norms:

- 4.1. Maximum exit age including repayment period as 75 years for pensioners.
- 4.2. Maximum exit age including repayment period as 70 years for family pensioners.

5. Quantum of loan:

- 5.1. The eligible quantum of loan will be 18 times of monthly net pension (Net means Gross less tax), subject to maximum quantum and sustenance.
- 5.2. Maximum quantum of the loan may be restricted as per the repayment capacity of the pensioner/family pensioner.

Type of Pensioner	Age at the time of loan	Max quantum of loan
Pensioner	Up to 70 years	Rs.10.00 Lakhs
	Above 70 years	Rs.5.00 Lakhs
Family Pensioner	Up to 70 years	Rs.3.00 Lakhs

6. Net Take Home Pay (Sustenance):

6.1. While calculating the eligible loan amount, an amount is to be set aside for the purpose of regular sustenance of the pensioner and his/her family.

6.2. It is to be arrived as under:

Amount for sustenance = Sustenance Percentage X Pension net of taxes

Where, pension Net of Taxes = (Gross Pension-Taxes paid) and

6.3. Sustenance Percentage for Union Cash scheme is 50 % of Net Pension.

6.4. Pension computation will not be deducted separately for arriving Gross pension.

7. Margin:

7.1. There is no margin requirement in case of Union Cash scheme.

8. Rate of Interest (ROI):

8.1. The rate of interest to be charged would be as per the extant guidelines issued from time to time

8.2. As on date, the rate of interest is **EBLR+2.10% (Floating)**

8.3. ROI is charged on a daily reducing balance method.

9. Fee/Charges:

9.1. The fee/Charges are as under:

Processing fee	One-time upfront fee of 0.10% of the loan amount, subject to a minimum of Rs.100.00
Review Charges	No charges to be levied during the annual review of the term loan
Overdue Charges	In case of default or delayed payment, penal charges at the rate of 2.00% plus GST on the installment(s) that are delayed to be applied.
Prepayment /Take over Penalty	No prepayment/ takeover penalty
Deviation charges	One-time charges of 0.10 % of loan amount (per deviation) subject to a minimum of ₹500/- (per deviation) and a maximum of ₹5000/- to be charged in case of applications which involve approval of one or more deviations from scheme norms.
Stamp Charge	As per state stamp Act.

9.2. All field functionaries are advised to ensure that while conveying the terms and conditions of sanction, the borrower should be explained in detail about the above expenses so that the borrowers are not put to inconvenience at a later date.

10. Moratorium:

10.1. No moratorium period is allowed under the scheme. The repayment of loan should commence from the succeeding month of first disbursement of loan.

11. Repayment:

11.1. The maximum repayment tenure is as under -

Age at the time of application	Maximum repayment tenure
Up to 70 years	5 years
Above 70 years	3 years

11.2. Loan to be repaid by way of Equated Monthly Instalments (EMIs)

12. Security:

12.1. No other security is required other than guarantee and undertaking as stated below.

13. Guarantee:

13.1. Personal Guarantee of spouse or the nominee for family pension under the pension scheme.

13.2. In case of the pensioner is a bachelor/ spinster/ widower/widow or in case of family pensioner, personal guarantee of other earning family member (preferably son/daughter) or third party acceptable to the bank, having means equivalent to the loan amount, to be taken

14. Undertaking from the Borrower:

14.1. The borrower should give an irrevocable undertaking:

14.1.1. Not to utilize the funds for speculative purpose

14.1.2. Not to shift his/her pension account during the currency of the loan

14.1.3. Authorizing the bank to deduct EMI from his/her pension account (where pension is credited every month)

14.1.4. That in case he/she wishes to shift the pension account to any other bank, the loan availed with our bank to be adjusted in full prior to transfer.

15. Credit Reports:

15.1. The credit history reports from credit rating companies such as CIBIL/Equifax/Experian should be taken for the applicant, co-applicant(s) & guarantor (s) and should form the part of due diligence /appraisal.

15.2. In case of any adverse credit history, the sanctioning authority to decide the loan on case-to-case basis depending on its merits.

16. Sanction Process:

The following is a broad outline of the sanction/appraisal process

16.1. The customer can apply for the loan at the branch where the applicant is maintaining his/her pension account.

- 16.2. The customer must be explained about the various features, terms, charges and applicable interest rates under the Union Cash scheme and the branch is to then collect the documents from the customer, as per the checklist.
- 16.3. All the copies of the basic documents collected from the customer should be verified with the original copies and an endorsement there-to should be recorded on the photo / Xerox copies by the branch officials. Marketing Officer/Branch Manager/Branch Credit Officer (whoever collects the documents) should certify the same with his/her name and signature.
- 16.4. Once the customer submits the application along with all documents, the information furnished should be verified orally by way of a discussion so as to be satisfied about the repayment capacity as well as intention.
- 16.5. Upon receipt of the application, the acknowledgement should be issued. The acknowledgement will contain contact details of the bank official, who could be contacted for the loan status.
- 16.6. After obtaining any pending documents, branch should scrutinize the same.
- 16.7. All loan applications will necessarily have to be processed through Lending Automation Solution (LAPS).
- 16.8. Simultaneously branch to conduct due diligence of the customer.
- 16.9. Contact Point Verification (CPV) wherever it is empanelled to be completed for applicant, co-applicant(s) and guarantor(s) through approved agencies. **Existing borrowers of our bank, having satisfactory dealings with us for the past 24 months are exempted from CPV.**
- 16.10. The branch should also obtain a credit history report for the applicants from a credit bureau of which our bank is a member.
- 16.11. Finally, on approval of the proposal branch may issue a final sanction letter. The same shall be valid for a time of 6 months from the date of final sanction.
- 16.12. For an application which is received complete in all respect, the final sanction/ rejection must be conveyed within 7 working days (i.e. turn-around time of 7 days) along with supporting documents.
- 16.13. The branch may obtain Aadhaar Number, wherever available, and note the same in the bank's records

17. Disbursement:

- 17.1. Having Pension account with Bank is mandatory for availing retail loan. Retail loan account can be opened only when the operative account number is linked with the loan account. Pension account will be used to debit all the charges and recovery thereon. Customer will be required to prefund operative account to the tune of processing fees and Insurance if required. System will not allow the user to debit the loan account towards any of the charges
- 17.2. Interest application of the retail loan accounts will be done on monthly basis. For example, if a loan account is opened on 5th of April, then the interest application will be done on 4th of May (both days inclusive) and will be debited in the loan account. Accordingly, first EMI of the loan will also become due on

4th May and customer is expected to pay EMIs on 4th of every month. Branch is accordingly required to plan NACH/SI/Auto recovery.

17.3. For the accounting purpose, interest booking will also be done on every month end. In the above example, the system will calculate the interest on 30th April debit the suspense account with the amount for the credit of income account. This entry will be reversed on next working day by the system. This is for the informative purpose only and branches have nothing to do with the interest booking exercise.

17.4. Branches are required to open all the retail loan accounts with auto collection mode only. Collection by way of cash/cheque for the recovery of monthly EMI is not permitted.

17.5. As per the request of the borrower, the loan proceeds may be directly credited to the pension account (Maintained with us) where pension is credited every month.

18. List of Documents:

18.1. Application form duly filled by the customer

18.2. Credit information form duly filled by the customer

18.3. KYC documents for each applicant/co-applicant/guarantor (if any):

18.3.1. Identity proof / Residence proof as per KYC guidelines

18.3.2. Latest passport size two photographs

18.3.3. PAN Card

18.3.4. ITR or Income proof (Pension Payment Slip)

18.3.5. Pension Payment Order (PPO)

18.4. Bank statement of last 12 months

18.5. This is only an indicative list, and any other document may be obtained as per the requirement of the specific case and stipulated from time to time.

19. Security Documents:

19.1. Borrower to execute appropriate Demand Promissory Note (DPN).SD-21

19.2. General Term Loan Agreement: SD-18

19.3. Letter of guarantee: (SD -01)

19.4. AD-02 (A)

19.5. AD-09 (M)

19.6. Letter of authority for deduction of EMI

19.7. CIBIL Declaration- for both borrower and guarantor.

19.8. Declaration of Spouse eligible for Family Pension.

19.9. Any other document as per sanction advice.

20. Insurance:

20.1. Insurance is not mandatory under the scheme. However, the applicant(s) can be persuaded to seek cover under SUD Life's insurance plan, to the extent of the loan amount sanctioned, to provide for any unforeseen situation.

21. Additional Cash Loan:

21.1. Only one loan is to be subsisting at a given point in time. Hence, once a cash loan is given, another cash loan can be given after adjustment of the previous loan.

22. Staff related accounts:

22.1. All provisions of this scheme are applicable for loans to the Bank's retired staff & their relatives, and they are treated at par with the public.

23. Due-Diligence:

23.1. Due Diligence of Applicants/guarantor & verification of documents:

Due diligence steps	Lead generated by		
	Branch	MO	RLP
	Due diligence to be done by		
Documents collections	Branch	MO	RLP
Resident verification	Branch	MO	RLP
Business/employment verification	Branch	MO	RLP
salary slip/form 16 verification	Branch	MO	RLP
Pan & Bank statement verification	Branch	MO	RLP
ITR verification	Branch	RLP	RLP

24. Delegated Power for Sanctioning Loans:

24.1. CIBIL Score-Based Delegation:

Bank has implemented different delegation for sanctioning of retail loan based on the CIBIL score of the applicant/Co-applicant/Guarantor as under:

CIBIL Score	Delegation
-1 & 1 to 5	RLP/Branch with enhanced due diligence
700 and above	RLP/Branch
650 to 699	RLCC I (now CRLC- II)
below 650	CAC-II/I

24.2. Amount-Based Delegation:

The delegated powers for sanctioning loans by Branch Heads in their individual capacity are as under:

(Rs.in Cr)

Scale	VI	V	IV	III	II	I
Union Cash	0.10	0.08	0.05	0.03	0.02	0.01

The delegated powers for sanctioning loans by various credit committees is as under:

Committee	CAC I/II	CAC III	ZLCC		RLCC-I		RLCC-II	
			Headed by CGM	Headed by GM	Headed by DGM	Headed by AGM	Headed by AGM	Headed by CM
Scale								
Union cash	No ceiling	0.10	0.10	0.10	0.10	0.08	0.08	0.05

The delegated powers of RLP Heads under RLP set-up:

Committee	RLP Heads			
Scale	VI	V	IV	III
Union Cash	0.10	0.08	0.05	0.03

Delegation powers for sanctioning loans (fresh sanction) for CRLC:

Scheme	CRLC: I	CRLC: II
Union Cash	0.10	0.10

25. Deviations:

Deviation	Approving Authority
Concession in Processing Charges	- RLCC (Headed by Regional Head) may consider waiver of up to 50% in the processing charges. - ZLCC may consider waiver of up to 100% in the processing charges.
Deviation in sustenance	RLCC I
Concession in ROI	CAC-I / II
Quantum of loan beyond the maximum permissible under the scheme	CAC-I / II
All other deviation to scheme norms	ZLCC
Note: - ✓ In case a proposal with deviation, Proposal will be sanctioned by the delegated authority as per lending power. However, in case of proposal with deviation only deviation will be approved by the competent authority in deserving/ justified cases (Except for ROI concessions). ✓ Delegated authority will consider and approve the deviations on a case-to-case basis for the deserving cases only. ✓ It must be ensured that there is no deviation to the basic intent of the scheme and that there is no violation of norms set by RBI/IBA/Gol/Statutes. Note: As per IC NO.4173-2023 dated 28.06.2023; modification to policy on Delegation of Loaning Powers:	

- Delegation of RLCC I/II and ZLCC for fresh sanction of Retail Lending schemes shall cease to exit.
- Retail proposals under delegation of RLCC I/II and ZLCC will be sanctioned by Centralised Retail Loan Cell (CRLC) - II headed by DGM and CRLC- I respectively. This clause shall be applicable for approvals of deviations also.
- Fresh retail proposals above the delegation of CRLC-I shall be referred to CAC - III & above.
- However, review/ renewal of the retail loans shall continue as per present structure i.e., Branch/ RO/ZO shall review / renew the retail loans as per their delegation.

26. Post Sanction/Follow-Up/Monitoring /Review of Loans:

- 27.1. All loans are subject to review every year.
- 27.2. Loans not to be disbursed before the execution of documents.
- 27.3. Branches/Offices are advised to maintain the quality of advance by diligently conducting pre/post-sanction inspections.
- 27.4. Debit Balance Confirmation (DBC) should be obtained periodically / regularly as per extant guidelines.
- 27.5. Monitoring of accounts at regular intervals to ensures timely recovery of loan installments. Besides this, accounts showing signs of SMA0/SMA1/SMA2 category to be identified and corrective steps to be taken by the branches in order to avoid slippage to NPA category.

27. Finacle codes for the scheme:

Parameter	Details
Scheme Code	CLPEN
BSR Code	95019

XXXXXXX