



ALL INDIA PNB STAFF FEDERATION

(Affiliated to N.C.B.E.)

Central Office:
R-8/38 Raj Nagar
Ghaziabad (U.P.)

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Circular No. 8/2010

Dated: 27-03-2010

TO ALL MEMBERS

Dear comrades,

Reg.:-Computation of interest on Housing Loan accounts of members of staff

We have pleasure to inform you that the bank has amended the method of computation of interest in housing loan accounts of its employees under staff scheme. Earlier the system was computing the interest on daily balance basis while according to guidelines in this regard it should be done on the basis of balance outstanding on the last day of the month.

We have raised this issue before the Deputy General Manager, Risk Management & Policy Division, Head Office vide our letter dated 02-02-2006 (copy enclosed). On these fresh guidelines with regard to computation of interest under the housing loan scheme for members of staff at concessional rate were issued vide L& A Circular No.71 dated 24-06-2006.

As the bank has not refunded the interest excess charged from its employees in housing loan accounts at concessional rate, We have raised this issue before Shri K.R.Kamath, Chairman & Managing Director of the bank; when we met him in a delegation on 03-02-2010 and submitted a memorandum (circulated vide our Circular No. 4/2010 dated 03-02-2010) and have also written a letter dated 05-02-2010 in this regard to the General Manager, Risk Management Division, Head Office.

Now, we have been advised by the Deputy General Manager, Risk Management Division (Policy Section), Head Office vide their letter dated 22-02-2010 (copy enclosed) that the matter be taken up with the concerned Circle Office/Branch for correct computation of interest in housing loan accounts of staff members at concessional rate of interest.

Therefore, all the concerned employees are advised to take up for correction of interest/refund of excess interest charged with the concerned Circle Office/Branch.

With Greetings,

Yours Comradely,

(R.K. SHARMA)
General Secretary



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Date: 02-02-2006

The Deputy General Manager
Risk Management & Policy Division
Punjab National Bank.
Head Office
7, Bhikhaiji Cama Place
New Delhi-110066

Reg: Calculation of Interest on Housing Loan A/Cs of Members of Staff

It is a matter of distress that the bank is calculating interest on housing loan accounts of staff members on the basis of day to day balance outstanding in the accounts, while as per Loans and Advances Circular Nos. 62 dated 09.05.1988 and 96 dated 24.09.1998 the amount of interest should be calculated on the balancing: outstanding on the last day of each month. Therefore, the bank is charging much more interest in the housing loan accounts of staff members.

Compelled by the circumstances employees have been representing to us. Fully convinced by the case presented to us, we submit that the interest being charged in housing loan accounts of staff members by both the BANCMATE as well as by FINACLE systems is against the procedure laid down in L& A Circular nos. 627 & 96 and is highly objectionable and totally impermissible. We, as a trade union committed to protect the interest of the employees is bound to oppose the manner of calculating interest in housing loan account on daily balance basis.

We would therefore, request you to appreciate the logic in our demand and earnestly urge upon you to consider our demand in right perspective to amend the programmes of calculation of interest in housing loan account of staff in both the systems BANCMATE as well as FINACLE without further delay.

We trust the just and reasonable demand of ours would receive sympathetic and favorable consideration by you at the earliest.

Thanking You,

Sd/-

(R.K.Sharma)
General Secretary

**RISK MANAGEMENT
DIVISION (POLICY SECTION)
HEAD OFFICE: NEW DELHI.**

CPY-61
22 February 2010

The General Secretary
All India PNB Staff Federation,
Central office,
R-8/38, Raj Nagar,
Ghaziabad (U .P)

Sir,

Calculation of interest on housing loan accounts of staff members

Please refer to your letter dated 5.2.2010 on the captioned subject.

The guidelines with regard to computation of interest under the housing loan scheme for members of staff at concessional rate are provided in L&A Cir. No. 71 dated 24.6.2006 which are as under:

- ~ The interest will be charged from the date of disbursement of the loan or the first instalment of loan where such loan is disbursed in instalments. The amount of interest will be calculated by adopting monthly balance method i.e. interest will be calculated on the balance outstanding on the last day of each month.
- ~ In cases where disbursements have been made during a particular month, interest in that month shall be computed on daily product basis. Since system shall charge interest on monthly balance method basis, the excess amount of interest so charged in such cases shall be credited in the said loan account in the succeeding month by passing necessary interest vouchers manually.

As there are well defined guidelines for charging of interest in housing loan accounts of staff members at concessional rate of interest, it is advised that matter be taken up with the concerned Circle Office/Branch for correct computation of interest in housing loan accounts of staff members at concessional rate of interest.

Yours sincerely,

Sd/-

Deputy General Manager