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To all Indian Branches / Regional Offices/ other offices

Festival Loan (interest bearing) for
IOB-pensioners

1. Preamble:

It has been decided to sanction Festival Loan to all **IOB retirees** who are getting pension from the Bank, once in a year, for celebrating festivals as detailed below.

2. Operational Instructions:

Our Bank is presently sanctioning pension loan to the IOB pensioners, which is restricted to 10 months pension with a ceiling of Rs.2.00 lac for those not over 65 years of age and Rs.1.00 lac for those who are over 65 years of age repayable in 48 and 36 monthly instalments respectively.

Now it has been decided to consider festival loan (interest bearing) as a welfare measure to help the IOB pensioners in addition to the above Scheme as per details given below:

1	Purpose	To celebrate festival.
2	Eligibility	Festival Loan to be granted to IOB Pensioners only . <u>However, IOB Family pensioners are not eligible.</u>
3	Conditions	a) Instalment amount, including that of Pensioners' loan, if any, availed should not exceed 50% of the monthly pension. b) To be sanctioned once in a calendar year only. c) Under any circumstances, not more than one Festival Loan should be granted. d) There should not be any outstanding under earlier Festival Loan, if any, availed.

4	Quantum of loan	<p>a) One month pension amount (previous month pension amount to be taken as quantum of loan).</p> <p>b) Overall liability of the IOB Pensioner (outstanding under Pension Loan and Festival Loan to be granted fresh) should not exceed Rs.2.00 lac for those not over 65 years of age and Rs.1.00 lac for those who are over 65 years of age.</p>
5	Repayment	<p>a) Repayable out of pension amount in 10 EMI, irrespective of age group.</p> <p>b) Instalments under Pension Loan, if any and the Festival Loan should be recovered from the pension amount every month.</p>
6	Interest rate	At present under Floating rate, it is base rate plus 2.75 %. However Interest concession of 1% for ex-staff members of the Bank, as available under Pensioners' Loan Scheme is allowed and hence the Interest Rate fixed as Base Rate + 1.75%
8	Security	Security is not insisted for the Festival Loan
9	Documentation	As applicable to Pensioners' Loan Scheme and an undertaking letter to pay the festival loan in 10 EMI to be obtained.
10	General	<p>a) Branches should select existing Pensioners' Loan Scheme and then select "IOB PEN FA" to grant loans under this Scheme.</p> <p>b) Festival Loan should be granted to the IOB Pensioners at the pension drawing branch only.</p> <p>c) Request for transfer of pension account from one branch to another should be done with prior permission from Central Office, PAD, Pension Cell, in writing.</p> <p>d) At the time of transfer of pension account from one branch to another, the outstanding under Pensioners' Loan Scheme / Festival Loan should also be transferred to the branch where the IOB pensioner had given request for transfer.</p>

3. Conclusion: Regional Offices/Branches are requested to take note of the above new Scheme and to ensure quick disbursal of loan under the scheme to eligible pensioners as it is a welfare scheme, to increase the retail lending portfolio and should ensure 100% recovery by effective follow up.

(M. S. Raghavan)
GENERAL MANAGER