



BHARAT SANCHAR NIGAM LIMITED
(A GOVT. OF INDIA ENTERPRISE)
CORPORATE OFFICE, BANKING DIVISION
Room No-509, Bharat Sanchar Bhavan, H.C.Mathur Lane,
Janpath, New Delhi-1

No. 1-9/BBF/Staff Loan/2007-08

Dated 08.11.2007

To

All Head of Circle / IFAs

Subject:- Implementation of the scheme for various Employees' Loans through Canara Bank.

MOU has been signed with Canara Bank on 07.11.2007 for various loans for BSNL's employee on all India bases.

2. A signed copy of the MOU is enclosed for necessary action at your end. A copy of the same is also placed on BSNL's intranet side (<http://www.intranet.bsnl.co.in>) under head Director (Finance), sub-head Budget & Banking Finance (BBF).

3. You are requested take necessary action for wide publicity of the scheme in your circle.

(K.C.G.K.Pillai)

Dy. Director General (BBF)

Enclosure: Copy of MOU



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MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING is made as of this 7th day of November, 2007

BETWEEN

M/s. Bharat Sanchar Nigam Limited (BSNL), a company incorporated under the Companies Act, 1956, having its registered office/corporate office at 3rd Floor, Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath, New Delhi 110001, through Mr. Rajeev Singh, Jt. Dy. Director General (BF), (duly authorised to enter into the present MOU), hereinafter referred to as "BSNL" (which term shall mean and include its successors in title, subsidiaries, associates, affiliates, and assigns) of the ONE PART.

AND

Canara Bank, a body corporate, constituted under the Banking Companies (Acquisition & Transfer of Undertaking) Act, 1970, having its head office at: 112, J.C.Road, Bangalore - 560002 through Mr. M.M.Kamath, Dy. General Manager, (duly authorised to enter into the present MOU), hereinafter referred to as "Bank" (which term shall mean and include its successors in title, subsidiaries, associates, affiliates, and assigns) of the OTHER PART.

BSNL and Bank are collectively referred to as "the parties".


 RAJEEV SINGH
 संयुक्त सचिव महानिदेशक
 Jt. Dy. Director-General
 भारत संचार निगम लि., नई दिल्ली
 BSNL Ltd., New Delhi



1. M/s. Bharat Sanchar Nigam Limited (BSNL) is a company incorporated under the Companies Act, 1956 and has its registered office/corporate office at 3rd Floor, Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, New Delhi- 110 001. BSNL is the largest telecom operating company in India having 3.2 lakhs employees across the country.
2. To benefit its employees, BSNL desires a Special Loan Package for its entire staff strength on All India basis.
3. In pursuance of the above, vide letter No. 1-9/BBF/Staff Loan/2007-08 dated 12.06.2007, BSNL invited Bank's proposal for various loans facilities for its employees on all India basis.
4. Vide letter no. DCO/MIPO/BSNL/2007-08/SMR 1861 dated 26.06.2007, Bank submitted its proposal incorporating the basic terms and conditions governing the loan along with the specimen copies of the agreements/documents required to be signed by BSNL's employee(s) (hereinafter referred to as the "Borrower(s)") at the time of taking the loan.
5. Consequently, Bank has, at the request of BSNL, agreed in principle to lend and provide loan facilities to BSNL employees / Borrower(s).
6. The Loan will be evidenced by the Loan Agreement and other Loan Documents (hereinafter referred to as the "Loan Documents") to be executed between Bank and Borrowers. In consideration of the loan facilities, the parties have agreed to execute the present Memorandum of Understanding on the terms and conditions mentioned below:

1. That Bank shall grant the loan to BSNL's employee(s)/ Borrower(s) under the various head as per their requirement and the same are as follow:
 - (a) Housing Loan
 - (b) Car Loan
 - (c) Two wheelers Loan
 - (d) Personal Loan
 - (e) Natural Calamity Loan
2. That the general terms and conditions, Purpose of loan, Maximum amount, Margin Money, Multiple of salary, Recovery of installments (EMI + Interest) and Eligibility etc. w.r.t. the loan facilities applicable in respective cases are annexed herewith as Schedule-I.
3. That the Financial Quotations i.e. Floating Rate of Interest, Fixed rate of Interest and Average time for Loan Sanction, for the loan facilities applicable in respective cases are annexed herewith as Schedule-II.

3. The
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4. That the loan facilities shall be sanctioned by the Appropriate Authorities of the Bank with all the agreed concessions and relaxations.
5. That the maximum limits for the loan facilities are subject to the income/repaying capacity of Borrowers.
6. That the security for the loan facilities shall be as applicable on the respective schemes.
7. That salary mandate to be registered by BSNL for recovery of installments from the salaries of Borrowers and remittance to the respective branches.
8. That minimum net take home salary of 25% shall be maintained after meeting the loan installments.
9. That the loan shall be sanctioned in such a manner that at no stage the net take home salary after meeting loan installment is less than 25% of the gross salary after meeting all liabilities/deductions viz. GPF, EMI, Income Tax, Insurance etc.). In case of reemployed persons/ persons employed on compassionate ground, pension of employee shall be included for calculating 25% carry home salary.
10. That in case of retirement/resignation/termination/death of Borrower, BSNL undertakes not to release terminal benefits without obtaining prior written "No Objection Certificate" from the financing branch of Bank.
11. That Bank shall not charge processing charges on the loan.
12. That Bank shall charge the interest on monthly rests on the daily reducing balance basis. DDOs must pay the recovered amount of EMI from the salary of the employee latest by 10th of each month without fail. .
13. That fixed rate of interest shall remain fixed during the entire tenure of the loan subject to reset clause at an interval of every 3 years.
14. That Bank shall not charge penal interest for prepayment / foreclosure of loans in case the employee pays back the loan from his/her own sources. In case loan is taken over by other bank / institutions prepayment penalty @ 2% pa for the outstanding loan amount will be levied.
15. That the repayment shall commence one month after disbursement of the loan.
16. That this deed shall be binding upon the parties, their successors and assigns.
17. That any notice, demand or request under this deed shall be in writing, and shall be delivered by personal service or shall be sent by postage prepaid, registered or certified mail, telexed, telecopied or sent by person or overnight courier return receipt requested, addressed, if to the parties, at the respective address set forth in the heading of this deed, or at such other address as the addressee may designate in writing. Each notice, demand or request hereunder shall be deemed given on the date it is delivered, in the

Rajeev Singh
Rajeev Singh
Joint Director (Finance)
BSNL
New Delhi



case of personal service, or the date it is deposited with the Postal Service, in the case of certified or registered mail.

18. That the parties shall hereby irrevocably submit to the exclusive jurisdiction of the Court and Tribunals in New Delhi for purposes of any suit, action or other proceeding which relates to this deed.
19. That no amendment, notification or release from or waiver of any provision hereof shall be effective unless in writing and signed by the parties and shall
20. That this deed may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
21. That this deed and the rights and obligations hereunder shall be construed in accordance with and governed by the substantive laws of the India.
22. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable it shall be ineffective only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision to the extent it is not prohibited or unenforceable, nor invalidate the other provisions hereof.
23. In the event of any dispute or difference relating to; arising from or connected with this MOU, such dispute or difference shall be referred by either party to the arbitration of one of the Arbitrators in the Department of Public Enterprises to be nominated by the Secretary to the Government of India, in charge of Bureau of Public Enterprises. The Arbitration and Conciliation Act 1996 shall not be applicable to the Arbitration under this clause. The award of the Arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of award to the Law Secretary, Department of Legal Affairs, Ministry of Law & Justice, Government of India. Upon such reference, the dispute shall be decided by the Law Secretary, whose decision shall bind the parties finally and conclusively. The parties in the dispute will share equally the cost of arbitration as intimated by the Arbitrator.
24. That the bank shall nominate at least one branch (in case their more than one branch of the bank) at each Secondary Switching Area (Telecom Revenue District) for sanction, payment of loan and payment of EMI recovered by BSNL. This MOU shall be binding upon both the parties on all India level.
25. Either party can terminate the MOU by giving a notice of 90 days in writing. However all the clauses of the MOU shall be binding enforceable in respect of outstanding loans and interest even after such termination.

Rajeev Singh
(Signature)

Mr. Rajeev Singh
General Manager
Public Enterprises
Department of Public Enterprises
Ministry of Law & Justice
Government of India
New Delhi, New Delhi



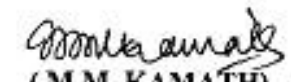
26. All other terms and conditions as per MOU shall be applicable on both the parties.

IN WITNESS WHEREOF, the parties have caused their respective common Seal to be affixed to these presents on the day, month and year first hereinabove written. at New Delhi

BHARAT SANCHAR NIGAM LIMITED

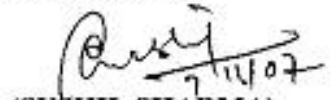

(RAJEEV SINGH)
Joint Deputy Director General (BF)
Bharat Sanchar Nigam Limited
Corporate Office, New Delhi

CANARA BANK

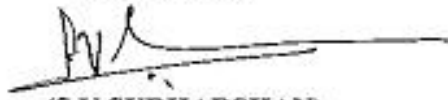

(M.M. KAMATH)
Dy. General Manager
Canara Bank
Circle Office, Delhi



WITNESSES:


(SUSHIL SHARMA)
Asstt. Director General (TM)
BSNL, Corporate Office,
New Delhi

WITNESSES:


(S.V. SUDHARSHAN)
Asstt. General Manager
Parliament Street Branch
New Delhi

General Terms and conditions of Canara Bank for BSNL employees loan on all India basis – MOU Dt. 07.11.2007

- ✓ The maximum limits for the above loans quoted are subject to the income / repaying capacity of the employees.
- ✓ Except Housing Loan, repayment to commence one month after availing the loan.
- ✓ In respect of Housing Loan commencement of repayment shall be as per Housing Loan scheme.
- ✓ Minimum net take home salary of 25% to be maintained after meeting the proposed loan instalment.
- ✓ The loan will be sanctioned in such a manner that at no stage the net take home salary after meeting proposed loan instalment is less than 25% of the gross salary.
- ✓ No penal interest will be charged for prepayment / foreclosure of loans except in case of take over of loan by another bank/Fl.
- ✓ No processing charges will be charged on the loans.
- ✓ The interest will be charged on monthly rests on the daily reducing balance basis.
- ✓ Floating rate of interest will change as and when the Benchmark Prime Lending Rate of the Bank is changed
- ✓ Canara bank floating rate is linked with their BPLR which is 13.25% pa at present.
- ✓ All the concessions are applicable for fresh loans only.

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GENERAL TERMS AND CONDITION OF CANARA BANK

Loan	Purpose of loan	Max. Amount	Margin Money	Multiple of salary per month	Recovery of instalment \$ (P+Int)	Eligibility
H.B.A.	Purchase of plot. Purchase of flat from Housing Board / Development agency / Private builders. Construction of house, repairs / renovation / addition / alteration of house / flat	Rs. 20 lakhs, for repair & renovation Max Rs. 7.5 lakhs	10% For New House, 15% for old & renovation	100 times of Basic Pay or 60 months gross salary whichever is less subject to the maximum of Rs. 20 lakhs	Max. 240 instalments	5 years' of regular service
Car loan	Purchase of motor car	MAX. Rs. 5 lakhs	10% for new , 25% for old car	20 times of Basic Pay	Max. 120 instalments	5 years' of regular service with min BP Rs. 9,000/-
Two-wheelers	Purchase of Scooter / Motor cycle / Moped	Max. Rs. 50,000/-	10% for new , 25% for old vehicle	10 times of Basic Pay	Max. 60 instalments	5 years' of regular service
Personal loan	Any miscellaneous requirement / contingency	Max. Rs. 5 lakhs	--	10 times of gross salary subject to Max of Rs. Five lakh	Max. 60 instalments	Confirmed employee
Natural Calamity Loan	To the affected families of BSNL employees in natural calamities	Max. Rs. 50,000/-	--	5 times of B.P.	Max. 30 instalments	Confirmed BSNL employees with 3 yrs service whose family is affected in a natural calamity.

1. The above maximum limits of loan will be subject to the repaying capacity of the employee concerned. The loan will be sanctioned in such a manner that at no stage, the carry home salary of an employee is less than 25% of the total emoluments after all deductions (viz GPF(C), GSI, EMI, Income-Tax etc.).
2. The BSNL employees can pre-pon the repayment without any penal charges except in case of take over of loan by another bank/FL.
3. The interest will be charged on reducing balance of loan on day-to-day basis.
4. No processing charges will be levied by the bank.
5. Minimum amount of the loan will be Rs.25,000/- in the case of Natural Calamity advance and Scooter advance. In all other cases, it will be Rs.50,000/- per occasion. However, the banks can give loan for a lesser amount also at their own discretion.

SCHEDULE – II- ANNEXURE 'B' OF MOU Dt. 07.11.2007

Interest Rate for various Loans

S. No.	Nature of loan	Tenure	Rate of Interest(p.a.)
1	Housing Loan	1 to 5 years	8.50% (Floating)
		Above 5 years upto 20 years	9% (Floating)
2.	Car Loan	Upto 3 years	10% (Floating)
		More than 3 yrs upto 10 years	10.50%(Floating)
3	Two Wheeler Loan	Upto 3 years	10%Floating)
		More than 3 yrs upto 5 years	10.50%(Floating)
4	Personal Loan	5 years	11% (Floating)
5	Natural Calamity Loan	30 months	11% (Floating)

Signature
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