BHARAT SANCHAR NIGAM LIMITED

(A Govt. of India Enterprise)

CORPORATE OFFICE (Banking Finance Division)

5th Floor, Bharat Sanchar Bhavan, Harish Chandra Mathur Lane

Janpath, New Delhi-110001

No:-1-9/BBF/Staff Loan/11-12 Dated:30-05-2011

To

All Circles' IFA

Sub: <u>MOU Signed with Indian Bank for extending various Loan Schemes to BSNL Employees.</u>

MOU with Indian Bank for extending various loans to BSNL employees has been signed on 26-05-2011. The general terms and conditions and details of rates of interest are given in Annexure-B. It may be ensured that necessary action is taken by the concerned regarding the provisions of the clause at Sl No 12 of MOU.

A copy of the agreement has been placed on our intranet site www.intranet.bsnl.co.in under head Director (Fin) and sub-head Budget & Finance Control.

Encl: Copy of agreement

(S.Janardhan Swamy)
DGM (BF-III)
Phone 011-23329670
Fax 011-23734033

Copy to:
The General Manager, Indian Bank, Zonal Office, Circle Office, Upper Ground Floor, World Trade Centre, Babar road, New Delhi – 110001 for information please.

भारतीय गैर न्यायिक

एक सौ रुपये Rs. 100

रु. 100 ONE HUNDRED RUPEES

सत्यमेव जयते

भारत INDIA

INDIA NON JUDICIAL

दिल्ली DELHI

P 094151

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING is made as of this 26/05/**2011.**

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. S. Janardhan Swamy, Dy. General Manager, (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

Indian Bank a body corporate, constituted under the Banking Companies (Acquisition & Transfer of Undertaking) Act, 1970, having its head office at: 66, Rajaji Salai , Chennai – 600001 , through Mr. G. Sudhakar, General Manager / Zonal Manager New Delhi, (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".

WHEREAS:

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,

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S. Janardhan Swamy
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Dy. General Manager (BF)
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B.S.N.Ltd., New Delhi

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Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath, New Delhi-110001. 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/2010-11 dated 03.08.2010, BSNL invited Bank's proposal for various loans facilities for its employees on all India basis.

4. Vide letter no. ZO/CC/1745/2010-11 dated 29.03.2011 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:

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. That Bank shall grant the loan to BSNL's employee(s) under the various head as per their requirement and the same are as follows:

   (a) Housing Loan including Repair/Renovation/Addition/Alteration Loan & Home Improvement Loan.

   (b) Vehicle Loan (2- Wheeler/ 4 wheeler)

   (c) Personal Loan

   (d) Educational Loan

   (e) Clean Loan to Salaried Class

   The loans under the various heads as mentioned above are collectively referred to as the "loan facilities".

2. That the 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 Annexure - I.

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3. That the general terms and conditions are annexed herewith as Annexure - II.

4. That the Financial Quotations i.e. Floating Rate of Interest for the loan facilities applicable in respective cases are annexed herewith as Annexure – III.

5. In respect of Education Loans, the same shall be as per EL scheme norms of the bank.

6. That the loan facilities shall be sanctioned by the appropriate authorities of the Bank with all the agreed concessions and relaxations.

7. That the maximum limits for the loan facilities are subject to the income/repaying capacity of Borrowers.

8. That the security for the loan facilities shall be as applicable on the respective schemes.

9. That salary mandate to be registered by BSNL for recovery of installments from the salaries of Borrowers and remittance to the respective branches.

10. That minimum net take home salary of 25% shall be maintained after meeting the loan installments.

11. 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.

12. " That in case of transfer of the borrower, BSNL undertakes to inform the financing Branch of the bank BSNL also undertake to inform the Loan details of the borrower to the Zone to which the borrower has been transferred , for such Zonal Office to register the salary mandate for recovery of installments from the salary of the borrower and for onward remittance of the recovered EMI latest by 10^{th} of each Month without fail.

13. 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.

14. That the Bank shall not charge processing charges on the loan.

15. That the 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 10^{th} of each month without fail. When the concerned DDO has made payment within due time, Bank shall not pass on interest charges to the borrowers owing to delay on bank's behalf.

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16. 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 % p.a. for the outstanding loan amount will be levied.

17. That repayment shall commence one month after disbursal of the loan.

18. That this deed shall be binding upon the parties, their successors and assigns.

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

20. 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.

21. That no amendment, notification or release from or waiver of any provision hereof shall be effective unless in writing and signed by the parties.

22. 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.

23. That this deed and the rights and obligations hereunder shall be construed in accordance with and governed by the substantive laws of India.

24. 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.

25. 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

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Law Secretary, whose decision shall bind the parties finally and conclusively. The parties in the dispute will share the cost of arbitration as intimated by the Arbitrator.

26. That the bank shall nominate at least one branch (in case there are more than one branch of the bank) at every centre for sanction, payment of loan and repayment of EMI recovered by BSNL. This MOU shall be binding upon both the parties on all India level.

27. Either party can terminate the MOU by giving a notice of 90 days in writing. H0owever, all the clauses of the MOU shall be binding and enforceable in respect of outstanding loans and interest on the date of termination irrespective of such termination.

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

29. This agreement is valid upto 25/05/ 2012.

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

M/S. BHARAT SANCHAR NIGAM LIMITED

Deputy General Manager

एस. जनार्दन स्वामी
S. Janardhan Swamy
उप महा प्रबंधक (बीएफ)
Dy. General Manager (BF)
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B.S.N.Ltd., New Delhi

INDIAN BANK

Zonal Manager

इंडियन बैंक / Indian Bank
नई दिल्ली
New Delhi
आंचलिक कार्यालय / Zonal Office

Witness

1) V. Vand
AGM (BA)
BSNL, C.O, ND

2) S.K Soni
AGM, RBS. delhi
N Delhi

₹ ENCLOSURE TO OUR MOU **DATED 25.05.2011**

ANNEXURE I

RELAXATIONS / CONCESSIONS RECOMMENDED TO THE BSNL EMPLOYEES UNDER VARIOUS RETAIL LENDING SCHEMES

SCHEME	PURPOSE	QUANTUM	TO WHOM	MARGIN	REPAYMENT
Housing loans	For purchase and Construction of Residential House , Purchase of ready Built House, Flats from Housing Board, Govt. dept. and Individuals	60 time of Net Salary , 36 times of gross Pay.	Confirmed employees with minimum 3 years of regular service.	20% for All Limits Existing House / Flats(Second Sale) - 25%	Maximum of 240 months or date of retirement of the employee whichever is earlier
Home Improvement / Repair Renovation	For repair renovation or for Providing furniture Fixture in the existing House	60 time of Net Salary , 36 times of gross Pay. ₹ 5.00 lakhs Maximum	Confirmed employees with 3 years of regular service.	15%	60 Months (Maximum)
IBVL (4-Wheeler)	Purchase of new / Used Car	20 times of basic pay subject to a maximum of ₹ 7.50 lacs	Confirmed Employee with minimum of 3 years of regular Service with gross income of above ₹ 20,000/-	15% for New Vehicle 40% for Old Vehicle	60 months
Two wheeler	Purchase of new Motor cycle /Scooter/ Moped	20 times of basic pay with a maximum of ₹ 50000.00	Confirmed Employee with minimum of 3 years of regular Service.	15% on on-road price for new vehicles and 40% for old vehicles	60 months
Educational Loan	For prosecuting Higher studies of the children of employees of BSNL to the institutions approved by AICTE and Affiliated to Universities.	Study in India – ₹ 15.00 lakhs Study abroad – ₹ 25.00 Lakhs	Students of Indian national secured admission to Professional / Tech. courses in India / Abroad through Entrance Test/ Merit	**Limit up to Rs 4.00 lakhs – NIL** **Limit above ₹ 4.00 lakhs** **Study in India –5%** **Abroad – 10%**	60 –84 months (Excluding Study period)
IB Clean Loan to salary Class	For meeting genuine personal Financial requirements	10 times of Gross Salary subject to ₹ 5.00 Lakhs whichever is less	Confirmed employees with minimum of 3 years regular service	-Nil	60 EMI.

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New Delhi

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New Delhi

ENCLOSURE TO OUR MOU DATED 25.05.2011

ANNEXURE II

GENERAL TERMS AND CONDITIONS OF INDIAN BANK FOR BSNL EMPLOYEES LOAN ON ALL INDIA BASIS

1) The maximum limits for the above loans quoted are subject to the income / repaying capacity of the employees.
2) Individual proposals are to be sponsored by BSNL.
3) Except Housing loan, repayment to commence one month after availing the loan.
4) In respect of Housing loan commencement of repayment shall be as per Housing loan scheme.
5) Undertaking letter from the competent authority of the employer for deduction of loan installment from the salary and remitting the same to us is to be furnished by BSNL.
6) Security as applicable for respective schemes is to be obtained.
7) **IN RESPECT OF HOUSING LOANS, MAXIMUM DWELLING UNIT PER BORROWER SHALL NOT BE MORE THAN 2 UNITS TO BE COVERED UNDER THE PACKAGE.**
8) Minimum net take home salary of 25% with minimum take home pay of ₹10,000/- to be maintained after meeting the proposed loan installment.
9) No penal interest will be charged for prepayment /foreclosure of loans except in case of takeover of loan by another Bank /FI.
10) No processing charges will be charged on the loans.
11) The interest will be charged on monthly rests on the daily reducing balance basis. The rates are linked to Base rate.
12) All the concessions are applicable for fresh loans only.
13) All the above approval is valid for one year.
14) No rollover is permitted.
15) Bank reserve the right to amend, alter, very the terms of it's sanction including the rate of interest at it's sole discretion with assigning any reasons.

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ENCLOSURE TO OUR MOU DATED 25.05.2011

ANNEXURE – III

RATE OF INTEREST RECOMMENDED FOR VARIOUS RETAIL LOANS TO BSNL EMPLOYEES UNDER THE SPECIAL PACKAGE:

<table>
<tr><th>Sl.No.</th><th>Nature of Loan</th><th colspan="2">Card rate (variable)</th><th>Fixed (With reset at the end of every 5 years to the then prevailing ROI)</th><th>Permitted terms</th></tr>
<tr><td rowspan="4">1.</td><td rowspan="4">Housing Loan & repair Renovation</td><td>Limit Up to ₹ 20.00 Lakhs</td><td>For 5 Years- Base Rate+TP(0.50%) i.e 10.50%
5-10 Years –Base Rate+ Spread (0.25%)+ TP(0.50%) i.e 10.75%
10- 15 Years- Base rate + Spread (0.50%) +TP(0.50%) i.e 11.00%
Above 15 Yrs-Base Rate+ Spread (0.75%) + TP (0.50%) i.e 11.25%</td><td rowspan="2">For 5 Years- 11.50%
5-10 Years –11.75%
10-15 Years-12.00%
Above15 Yrs12.25%</td><td rowspan="2">0.50% Less than Card rate</td></tr>
<tr><td>Limit above 20 lakhs to 30 Lakhs</td><td>For 5 Years- Base Rate + Spread (0.25%)+ TP (0.50%) i.e 10.75%
5-10 Years – Base Rate + Spread (0.50%)+ TP(0.50%) i.e 11.00%
10- 15 Years-Base rate + Spread (0.75%) + TP (0.50%) i.e 11.25%
Above 15 Yrs-Base Rate + Spread (1.00%) + TP (0.50%) i.e 11.50%</td></tr>
<tr><td>Limit above 30 lakhs to 200.00 lakhs</td><td>For 5 Years- Base Rate + Spread (0.75%) + TP (0.50%) i.e 11.25%
5-10 Years –Base Rate + Spread (1.00%) + TP (0.50%) i.e 11.50%
10- 15 Years- Base Rate + Spread (1.25%) + TP (0.50%) i.e 11.75%
Above 15 Yrs- Base Rate + Spread (1.50%) + TP (0.50%) i.e 12.00%</td><td rowspan="2">For 5 Years- 11.75%
5-10 Years –12.00%
10-15 Years-12.25%
Above 15 Yrs-12.50%</td><td rowspan="2">0.50% Less than Card rate</td></tr>
<tr><td>Limit above 200.00 lakhs</td><td>Base Rate + Spread (4.00%) + TP (1.00%) i.e 15.00%</td></tr>
<tr><td>2.</td><td>Home Improve</td><td colspan="2">Base rate + Spread (1.25%) + TP (0.50%) i.e 11.75% (Variable)</td><td colspan="2">0.50% Less than Card rate</td></tr>
</table>

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3.	**IB Vehicle Loan**	2 Wheeler: 13.00% Fixed 4 Wheeler (new vehicle): 11.00% fixed for loans up to 3 years 11.25% fixed for loans above 3 years (with reset at the end of every 2 years to the then prevailing fixed ROI)		**0.50% less than Card Rate**
4.	**IB Clean Salary Loan**	16.50% p.a. Fixed		**14.00% p.a. Fixed**
5.	**Educational Loan**	Up to ₹ 7.50 Lakhs	**BaseRrate + Spread (3.00%) + TP (1.00%) i.e 14.00%**	**0.50% less than Card Rate**
		Above ₹ 7.50 Lakhs	**Base Rate + Spread (3.25%) + TP (1.00%) i.e 14.25%**	

- **The above rate of interest should not be less than base rate of our Bank on the date of availing the loan. The Present Base rate of the Bank is 10.00%**
- **Where ever reset clause is there the ROI is to be reset at 0.5% less than the card rate prevailing then.**

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