

रिटेल बैंकिंग विभाग

Retail Banking Department

Union Bank Bhawan, 239, Vidhan Bhawan Marg, Nariman Point, Mumbai

Instruction Circular No: 2039:2020

Date: 21st April 2020

All Branches & Offices

Frequently Asked Questions (FAQs) on Union Covid 19 Personal Loan Scheme (UCPLS)

1. In line with various Government of India Initiatives and regulatory guidelines, a new loan product in the name "Union Covid 19 Personal Loan Scheme (UCPLS) has been launched with effect from 01.04.2020, in a bid to help people affected in the wake of corona virus outbreak in our country.
2. The guidelines of UCLPS have been issued vide IC 2000:2020 dated, 31.03.2020, IC 2008:2020 dated 03.04.2020 & IC IC 2035:2020 dated 17.04.2020.
3. To make the scheme more clear and based on queries emanated from field functionaries, few clarifications are being provided as Frequently Asked Questions (FAQs) as annexed herewith.
4. Field functionaries are requested to ensure strict compliance of guidelines of UCPLS and effectively market the scheme and ensure timely help to the eligible borrowers.

(M Venkatesh)
General Manager

21/4/2020.

Annexure

SNo.	Questions	Clarifications / Answers
1.	Whether computation of loan eligibility to be done considering sustenance, deduction of existing loan EMIs, other deductions etc.	<p>Eligibility under UCPLS to be computed as under (Point no. 6 of IC 2000-2020 dated 31.03.2020)</p> <p><u>Category -I (Salaried): -</u> Lower of A or B A. Maximum Rs.5.00 lakh OR B. 6 times of last credited net salary / Pension</p> <ul style="list-style-type: none"> ➤ Last credited salary should not be older than one month. ➤ Regular salary income / Pension only to be considered for arriving at eligible loan amount. Bonus etc., will not be considered. ➤ Regularity of income to be ascertained by obtaining salary slips for previous three months. ➤ No other income such as rent, agriculture etc. to be considered for computation of loan eligibility. <p><u>Category-II (existing retail loan borrower): -</u> Lower of A or B A. Maximum Rs.5.00 lakh OR B. Difference amount of original sanction limit and present outstanding amount of Home, Vehicle, Mortgage, Personal & Cash loan.</p> <p>In both the cases i.e. category I & II, sustenance, EMI deductions of existing loans, other deductions not to be considered.</p>
2.	For CIBIL TransUnion score below 700 to 650 (acceptable score under the scheme is 650) should the proposal be sent to RLCC for sanction.	<p>No. Respective delegate can sanction loans with CIBIL TransUnion score up to 650.</p> <p>No proposal with CIBIL scores below 650 to be considered.</p>

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3.	Whether the pensioners are eligible under the scheme.	<p>Yes.</p> <p>Pensioners drawing pension from our Bank are eligible under the scheme. However, UBI Pensioners are not eligible under the scheme.</p> <p>Maximum entry age of 75 years for Pensioners Maximum entry age of 70 years for family pensioners.</p>
4.	Whether employees on temporary / contractual basis are eligible under the scheme.	<p>No.</p> <p>Only permanent/conformed employees are eligible for the loan under the scheme.</p> <p>Regularity of income / undertaking from employer to be ascertained.</p>
5.	<p>As per IC 2035:2020 dated 17.04.2020 it is mentioned that an undertaking to be obtained from applicant/s stating that “ I / We shall execute the necessary Loan Documents including creation of securities as prescribed by the bank with 60 days from the date of disbursement.”</p> <p>Whether this 60 days’ time is also for execution of security documents like DPN, SD-18, AD-09, AD-02A etc or only for Execution of mortgage documents.</p>	<p>Time period of 60 days permitted for execution of documents / creation of extension of mortgage which involves payment of stamp duty and registration as the facility of stamp duty payment and registration is not available due to lockdown situation in the country.</p> <p>Undertaking to be obtained from the borrowers as per Annexure of IC.No.2035:2020 dtd.17.04.2020.</p>
6.	Whether repayment period under category II should be co-terminus with the existing retail loan.	<p>Not necessary.</p> <p>However, existing security to be released only after full and final payment of loan under existing retail loan and proposed UCPLS loan.</p>
7.	Whether CPV is to be done?	<p>Under Category I - i.e. salaried - the applicant should be banking with us for at least period of 12 months.</p> <p>Under Category II - the applicant/s is/are already banking with us i.e. availing retail loans.</p>

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12.	Can this loan be sanctioned for purchase of any item such as gold, vehicle, shares etc.	No. This loan will not be available for any speculative purpose. It is purely for consumption / medical needs / to meet short-term liquidity mis-match.
13.	Applicant is employed in a partnership firm & maintains salary with our Bank. Is he eligible under the scheme?	All Government / non-Government employees of reputed private organizations in India drawing salary through our Bank for last 12 months are eligible for this loan. Credit decision based on merits of the case to be taken by sanctioning authority.
14.	In case of retail loans taken over from other Banks/FIs, whether original sanction date and original limit to be considered for arriving at loan eligibility?	No. In case retail loans taken over by our Bank, limit sanctioned & sanction date at our end to be considered for deciding eligibility and computation of loan under UCPLS i.e. Minimum repayment period should be 12 months with regular repayment. Difference between loan sanctioned at our end and outstanding as on date should be considered for arriving at loan eligibility.
15.	An applicant has availed home loan of Rs.10 lakh and present outstanding is Rs.4.00 lakh. Mortgage on the residential property is by requisite stamp duty and registration fee for loan of Rs.10.00 lakh. Considering maximum loan of Rs.5.00 lakh under UCPLS the total exposure would be Rs.9 lakh (4 + 5) i.e. less than original limit of Rs.10.00 lakh under Home Loan. Since the mortgage is created for Rs.10.00 lakh, is extension of mortgage & payment of stamp duty/registration thereon is required again as the exposure now will be Rs.9.00 lakh?	Extension of mortgage and payment of stamp duty thereon is required for fresh loan of Rs.5 lakh, as earlier mortgage deed is only for home loan of Rs.10.00 lakh, which altogether a different facility. Fresh mortgage to be created for new credit facility under UCPLS.

16.	If a customer has availed Home Loan of Rs.5 lakh (outstanding Rs.3 lakh), Union Miles loan of Rs.3 lakh (outstanding is Rs.1 lakh). Can both the loans availed be considered for computation of loan eligibility under UCPLS?	Both the loans can be considered for computation of loan eligibility under UCPLS. However, maximum quantum should not exceed Rs.5.00 lakh permitted under the scheme and only one loan account to be opened.
17.	A customer has availed Union Miles loan of Rs.8.00 lakh and present outstanding in the account is Rs.4.50 lakh. He is therefore eligible for loan of Rs. 3.50 lakh under UCLPS. The insurance cover available on depreciated value of security i.e. Rs.5.00 lakh. Now considering total exposure of Rs.8.00 lakh (with proposed loan of Rs.3.50 lakh under UCLPS), how the same will be covered as the insurance cover is available for Rs.5.00 lakh i.e. depreciated value of vehicle?	In case vehicle loans the insurance should not be less than the loan amount (17.2 if IC 1908:2020 dated 12.03.2020). In the instant case, depreciated value of the vehicle is Rs.5.00 lakh. Insurance available is Rs.5.00 lakh against outstanding of Rs.4.50 lakh in vehicle loan account, which is as per extant guidelines of Union Miles Scheme. When considering additional facility under UCPLS possibility of covering the loan under SUD Suraksha Policy to be explored. (point 18 of IC 2000:2020 dated 31.03.2020).

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