

दिल्ली DELHI

MEMORANDUM OF UNDERSTANDING

H 045979

THIS MEMORANDUM OF UNDERSTANDING IS MADE as of this 4 TH DAY OF JUNE, 2009.

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 P. VenuGopal, Deputy General Manager (Investment), (duly authorized 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 C. Rawal, Deputy General Manager (duly authorized 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"



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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, Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, New Delhi -110001, BSNL is the largest telecom operating company in India having 3.2 lacs 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 and N0-1-9/BBF/TM/ Staff loan/08-09 dated 25-02-2009, BSNL invited Bank's proposal for various loans facilities for its employees on all India basis.
4. Vide letter No.DCO/MU/BSNL/0413/2009 dated **24-04-2009** , Bank submitted its proposal incorporating the basic terms and conditions governing the loan along with the specimen copies of the agreement/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/Borrowers.
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)/ Borrower(s) under the various head as per their requirement and the same are as follows:
 - a. Housing Loan
 - b. Car Loan
 - c. Two wheelers loan
 - d. Canara Budget
 - e. Education loan
 - f. Natulral calamity loan
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 Schedule-I.

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3. That the general terms and conditions, for the above mentioned loan facilities are annexed here with as Schedule-II
4. That the financial quotations i.e. floating Rate of Interest , Fixed rate of interest and Tenure of repayment for the loan facilities applicable in respective cases are annexed herewith as Schedule -III.
5. That the loan facilities shall be sanctioned by the Appropriate Authorities of the Bank with all the agreed concessions and relaxations/ scheme parameters.
6. That the maximum limits for the loan facilities are subject to the income/repaying capacity of Borrowers.
7. That the security for the loan facilities shall be as applicable on the respective schemes.
8. That salary mandate to be registered by BSNL for recovery of installments from the salaries of Borrowers and remittance to the respective branches.
9. That minimum net take home salary of 25% shall be maintained after meeting the loan installments.
10. 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 re-employed persons/ persons employed on compassionate ground, pension of employees shall be included for calculating 25% carry home salary.
11. 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.
12. That Bank shall not charge processing charges on the loan.
13. 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.
14. 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.
15. 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.
16. That the repayment shall commence one month after disbursal of the loan.

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17. That this deed shall be binding upon the parties, their successors and assigns.
18. 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.
19. 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.
20. That no amendment, notification or release from or waiver of any provision hereof shall be effective unless in writing and signed by the parties.
21. 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.
22. That this deed and the rights and obligations hereunder shall be construed in accordance with and governed by the substantive laws of the India.
23. 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.
24. 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.

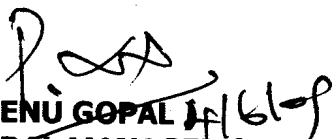
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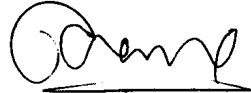
25. That the bank shall nominate at least one branch (in case there is more than one branch of the Bank) at each Secondary Switching Area (Telecom Revenue district) for sanction, payment of loan and payment of EMI recovered by BSNL. This MOU shall be binding upon both the parties on all India level.
26. 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. The package shall be valid for a period of 1 year i.e. till April 2010.
27. Rate of interest for education loans will be as per Bank's scheme.
28. 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.

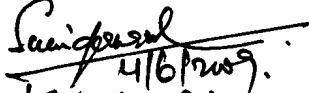
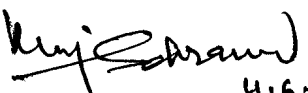
FOR BHARAT SANCHAR NIGLAM LIMITED


 (P. VENUGOPAL)
 DEPUTY GENERAL MANAGER (Investment)
 BHARAT SANCHAR NIGAM LIMITED
 CORPORATE OFFICE, NEW DELHI

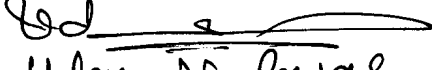
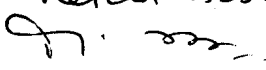
FOR CANARA BANK


 (C. RAWAL)
 DEPUTY GENERAL MANAGER
 CANARA BANK
 CIRCLE OFFICE, NEW DELHI

WITNESSES

- 
 4/6/2009.
 (S.K. KAUL)
- 
 4.6.09
 (MONOJIT SEHRAWAT)

WITNESSES

- 
 Uday N Rawal
 Canara Bank
 Retail Assets Hub, Delhi
- 
 M. VIJAYARAJ
 Deputy General Manager
 Canara Bank
 Parliament Street
 New Delhi



SCHEDULE- I

RELAXATIONS / CONCESSIONS PERMITTED TO THE BSNL EMPLOYEES UNDER VARIOUS RETAIL LENDING SCHEMES AS PER MOU DT.

SCHEME	PURPOSE	QUANTUM	TO WHOM & HOW MUCH	MARGIN	REPAYMENT
Housing loans of Rs.20 lacs only.	Purchase of plot and construction of house thereon. Purchase of ready built house. Purchase of flat from Housing board /development agency / private builders. For repairs and renovation maximum of Rs.7.50 lacs.	100 months basis pay or 60 months gross salary whichever is less subject to a maximum of Rs.20 lacs. For repairs and renovation maximum of Rs.7.50 lacs.	Confirmed employees with 5 years of regular service, as proposed by BSNL	10% - for new house /flat 15% - for old house /flat 15% - for repairs & renovations	Maximum of 240 months or date of retirement of the employee whichever is earlier
CANARA MOBILE 4 wheeler	Purchase of new / Used Car	20 times of basic pay subject to a maximum of Rs 5.00 lacs	5 years of regular service with minimum basic pay of Rs.9000/- p.m. as proposed by BSNL.	10% on road price for new vehicles and 25% for old vehicles	84 months
Two wheeler	Purchase of new Motor cycle /Scooter/ Moped	10 times of basic pay with a maximum of Rs.50000.00		10% on on-road price for new vehicles and 2.5% for old vehicles	60 months



SCHEME	PURPOSE	QUANTUM	TO WHOM & HOW MUCH	MARGIN	REPAYMENT
CANARA BUDGET	To meet genuine personal financial requirements	10 times of gross salary subject to a maximum of Rs. 5.00 lacs	Confirmed employees	NOT APPLICABLE	60 months
EDUCATIONAL LOANS	For financing studies of staff / family members in India and abroad	25 times of basic pay subject to a maximum of Rs. 10 lacs	Indian national, minor student represented by parent /guardian, should have secured admission.	NIL margin for loans upto Rs.4.00 lacs 5% for loans above Rs.4 lacs for inland studies 15% for studies abroad	5-7 Years with repayment holiday for both interest and principal till completion of the course. Repayment to begin after 1 year of completion of course or 6 months of getting employment, whichever is earlier
NATURAL CALAMITY	To meet financial needs of families of BSNL employees affected by natural calamities	5 times of Basic pay of Rs50000/- whichever is less	Confirmed employees with minimum 3 years of service	--	30 EMI.

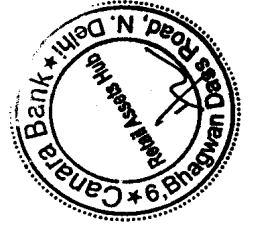


SCHEDULE- II

**GENERAL TERMS AND CONDITIONS OF CANARA BANK FOR BSNL EMPLOYEES LOAN ON ALL INDIA BASIS --
REVISION TO MOU DT.7.11.2007.**

1. The maximum limits for the above loans quoted are subject to the income / repaying capacity of the employees.
2. Except Housing loan, repayment to commence one month after availing the loan.
3. In respect of Housing loan commencement of repayment shall be as per Housing loan scheme.
4. Minimum net take home salary of 25% to be maintained after meeting the proposed loan instalment.
5. 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.
6. No penal interest will be charged for prepayment /foreclosure of loans except in case of takeover of loan by another Bank /FI.
7. No processing charges will be charged on the loans.
8. The interest will be charged on monthly rests on the daily reducing balance basis.
Floating rate of interest will change as and when the Bench mark Prime Lending Rate of the Bank is changed. Presently the BPI.R is at 12% p.a. (BPI.R as on 7.11.07 was @13.25% p.a.), subject to minimum lending rates as per Annexure III.
9. All the concessions are applicable for fresh loans only.
10. Minimum amount of the loan will be Rs.25000/- in the case of Natural calamity advance and Scooter advance. In all other cases, it will be Rs.50000/- per occasion. However the bank can give loan for a lesser amount also at its own discretion.





SCHEDULE- III

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

Sl.No.	Nature of Loan	Tenure	Permitted as on 07.11.2007 (As per MOU), BPLR as at 7.11.07 is		Now permitted	ROI				
			ROI p.a. floating	Permitted as per MOU dt.7.11.07 and Recommended now by Circle						
1.	Housing Loan	1 to 5 years	08.50%	BPLR -4.75%	ROI (p.a.) floating	Linkage to BPLR @12.00% presently				
		> 5 years upto 20 years			<table border="1"> <tr> <td>First year*</td> <td>8%</td> </tr> <tr> <td>>2 to 5 yrs*</td> <td>9%</td> </tr> <tr> <td>>5 yrs</td> <td>BPLR -2% with a min. of 10%</td> </tr> </table> <p>* Fixed rates</p>		First year*	8%	>2 to 5 yrs*	9%
First year*	8%									
>2 to 5 yrs*	9%									
>5 yrs	BPLR -2% with a min. of 10%									
2.	Canara Mobile - CAR loan	Upto 3 years	09.00%	BPLR -4.25%	10.00%	BPLR -2.00% (10.00%) Subject to Min of 10.00%				
		>3 years upto 10 years	10.50%	BPLR -2.75%	10.75%	BPLR -1.25 (10.75%) Subject to Min of 10.75%				
3.	Canara Mobile - Two wheeler	Upto 3 years	10.00%	BPLR -3.25%	10.00%	BPLR -2.00% (10.00%) Subject to Min of 10.00%				
		3 years upto 5 years	10.50%	BPLR -2.75%	10.75%	BPLR -1.25% (10.75%) Subject to Min of 10.75%				
4.	Canara Budget	5 years	11.00%	BPLR -2.25%	10.75%	BPLR -1.25% Subject to Min of 10.75%				
		30 months	11.00%	BPLR -2.25%	11.00%	BPLR -1.00% (11.00%) Subject to Min of 11.00%				

Additional interest @0.25% as applicable for Second Housing Units - Waived.