



Circular No. 114/2018-21

April 12th, 2020

TO ALL THE MEMBERS

Ref: Reduction in interest rate of various staff loans

We reproduce hereunder the full text of letter no. AIBOA/MD/2019-20/61 dated April 11, 2020 issued by Com. Mahesh Gupta, General Secretary, All India Federation of UCO Bank Officers addressed to MD & CEO of our Bank on the captioned subject for information of all concerned.

Comradely Yours,

Yours truly,

Ajoy Kumar Mondal
General Secretary

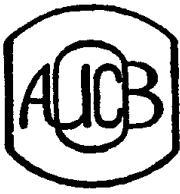
Quote

Global and Domestic economic activity has come to a near standstill as COVID-19 related lockdowns and social distancing are imposed across a widening swathe of affected countries. There is a rising probability that large parts of the global economy will slip into recession. Panic sell-offs have resulted in wealth destruction in equity markets across advanced and emerging economies alike. In the former, flight to safety has pulled down government bond yields to record lows with some hardening in recent days. In the latter, the rush to exit has rendered fixed income markets illiquid and resulted in firming up of yields.

On the basis of an assessment of the current and evolving macroeconomic situation, the RBI Monetary Policy Committee (MPC) at its meeting on March 27, 2020 decided to:

- reduce the policy repo rate under the liquidity adjustment facility (LAF) by 75 basis points to 4.40 per cent from 5.15 per cent with immediate effect;
- accordingly, the marginal standing facility (MSF) rate and the Bank Rate stand reduced to 4.65 per cent from 5.40 per cent;
- further, consequent upon the widening of the LAF corridor as detailed in the accompanying Statement on Developmental and Regulatory Polices, the reverse repo rate under the LAF stands reduced by 90 basis points to 4.0 per cent.

The commercial banks usually pass this benefit on to their customers by reducing the interest rates on the loans they offer. Accordingly, our Bank has also decided to pass the benefit to the customers of UCO Bank by revising repo rates in the range of 7.30% to 7.85%.



Association of Officers of UCO Bank
(Registered under the Indian Trade Unions Act, 1926)
Affiliated to All India Federation of UCO Bank Officers (AIFUCBO)
An Affiliate of All India Bank Officers Association (AIBOA)

Presently, interest rates for Staff loans are higher than interest rates offered to customers. This may demoralize our staff as they are performing their duties with utmost responsibilities during pandemic crisis of Covid – 19 without having complete safety.

Keeping in view of revision in RBI Monetary Policy and change in Repo rate, many peer banks have already reduced interest rates on Staff loans. Hence, we request you revise interest rate of various Staff related loans in our Bank, so that our staff may also get the relief passed by RBI during this crisis period.

Your decision will motivate our staff members scarifying their safety and also the safety of their family members by providing uninterrupted Banking Services during these challenges time.

Unquote