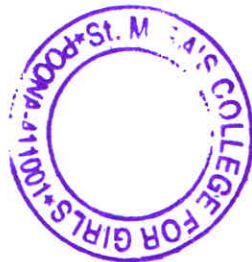




SADHU VASWANI MISSION'S
St. Mira's College For Girls, Pune
An Autonomous (Affiliated to SavitribaiPhule Pune University)
Reaccredited by NAAC- A Grade, cycle 3
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POLICY TITLE: Staff Welfare Fund Policy	
Policy Number:	19
Description of the Policy	Policy focuses on creation of contributory fund to assist employees with short term loan and facilitate them to meet unforeseen financial difficulties.
Drafting Authority	Criterion 6
Policy Application	Teaching/ Non-Teaching Staff
Effective from:	15/06/2019
Revised on:	NA
References for the Policy	Policies of Other HEI's.



Jayal
Principal Incharge
St. Mira's College for Girls, Pune.

St. Mira's College for Girls, Pune

Staff Welfare Fund / Loan Policy

Policy Objective:

To have a staff welfare contributory fund to assist employees with short term loan and facilitate them to overcome unforeseen financial difficulties.

Contribution to the Fund:

Each month every employee will contribute towards the fund. To facilitate collection, the staff contribution will be deducted from the payments/ salary due to the staff. The contribution will be as follows:

✓ Employee drawing basic salary of	Rs.5000 - 7000:	Rs.50/-
✓ Employee drawing basic salary of	Rs.7000 - 10,000:	Rs.75/-
✓ Employee drawing basic salary of	Rs.10,000 - 15000:	Rs.100/-
✓ Employee drawing basic salary of	Rs.15000 - 20,000:	Rs.150/-
✓ Employee drawing basic salary of	Rs.20,000 - 30,000:	Rs.200/-
✓ Employee drawing basic salary of	Rs.30,000 - 40,000:	Rs.300/-
✓ Employee drawing basic salary of	Rs.40,000 - 50,000:	Rs.400/-
✓ Employee drawing basic salary of	Rs.50,000 - 60,000:	Rs.500/-

(To be suitably revised if minimum basic increases)

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The contribution made by the employee during the employment tenure will be accumulated and returned, with interest, along with the Full and Final Settlement.

Non refundable loan will not be granted.

Refund of Contribution made by employee will be made only at the time of Retirement/Resignation.

If the employee holds a loan with the SWF at the time of his Retirement or Resignation, then this would be adjusted against the contribution and the debit/credit balance, if any will be adjusted with the final settlement dues.

Loan Eligibility

- An employee will be eligible for a SWF loan only after confirmation in the post.
- An employee who defaults more than 3 times in a year in payment towards staff fund, will not be eligible for applying for loan in that year.
- An employee can avail of a loan provided six months/one year (Depending on the amount of the loan) has been elapsed from the date of repayment of the previous loan.
- An employee who has given guarantee for two employees will not be eligible to avail of a loan for self.

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- Loans will be granted on the following priorities:
 - ✓ Medical Treatment for Self & Family (immediate Brother, sister, spouse, children, parents & in-Laws).
 - ✓ Education: School/college fees for own children/spouse
 - ✓ Marriage of Self, children
 - ✓ Purchase of Land / house or house construction / renovation.

Eligibility of loan is classified into FIVE LEVELS:

Eligibility Level*	Grade	Maximum Loan Amount	Maximum Repayment Tenure
Senior Level	Basic pay Rs 30,000 and above	Rs 2,00,000	12 months
Middle Level	Basic Pay	Rs 1,50,000	18 Months
	Rs, 10,000 – 30,000		
Junior Level	Basic Pay	Rs 100,000	24 Months
	Less than Rs 10,000		

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At any point of time, NOT MORE THAN 70% of the Accumulated Balance in the SWF will be given out as Loans.

Procedure to apply for a Loan:

- An employee desirous of applying for a SWF loan should fill in the prescribed loan application Form with names and signatures of two (2) guarantors whose basic is in a grade above hers/his.
- The application should be approved by the concerned HOD and then submitted for to the Principal.
- The signed application (both by applicant & two guarantors) must reach the Principal on or before 10th & 25th of every month.
- The application will be processed and submitted to the Finance Dept by the 15th/ 30th) of every month. Finance will release the payment within two to three working days.

Interest on Loan and interest on accumulated balance:

SWF loans and accumulated balances will carry a rate of interest on par with the prevailing interest rates on savings account. on the written down balance method.

Repayment of Loan:

- An employee can choose a less repayment term than the prescribed term.
- Recovery of the loan would be as below:



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- ✓ If it is processed in the first batch, half interest will be deducted in the same month and Principal and interest will be deducted in the following month.
- ✓ If it is processed in the second batch, principal & interest deduction will happen in the same month.
- Once the recovery of loan has commenced there would not be any suspension of loan installment.

Note: Any loan request approval & disbursement after 25th of every month will happen only after the payroll closure (tentatively first week of the following month).

WCGW (What Can Go Wrong)

- 1. Default in payment of Loan Instalments/ Default in repayment of Loan**
- 2. Default in Paying the instalments towards the Fund**
- 3. The loan applicant and or one of the guarantors may leave the organization**
- 4. Insufficient funds to repay the contributors at the time of Retirement/ Resignation.**

If this happens, since we are receiving and paying the same rate of interest, we will run short of funds to pay back the accumulated funds along with interest to the retiring employees, and we would have high NPAs. If this risk is not taken care of, staff would not be willing to contribute to the fund and we would not have sufficient funds to advance loans.



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Guarantor's Liability:

We know that we are all highly ethical people, and there will not be any intentional defaulters but a system of guaranteed safeguards in place is always welcome. To insulate ourselves against the WCGW, the Guarantor's Liability has been kept high...

- An employee who has been confirmed in service is eligible to stand as guarantor provided he/she is in a higher grade. An employee whose eligibility level* (refer the above grid) is lower than that of the loan applicant cannot be a guarantor.
- An employee cannot stand as guarantor to more than two employees at any given point of time.
- The liability of the guarantor will be absolved only when the loan amount along with accrued interest has been repaid in full.
- In the event for whatsoever reason the **loan instalment is not paid in time**, a **penalty interest rate of 10%** will be charged for that instalment.
- If there is a default in timely payment of the next instalment too, the guarantor will have to pay the instalment.
- **If the applicant is unable to repay the loan**, the balance amount along with accrued interest, will be debited to the guarantors' account and recovered in monthly installments, as would have been recovered from the applicant.



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- If the loan applicant and or one of the guarantors have left the organization, then the remaining outstanding amount with interest will be debited to the remaining guarantor's account.
- In case an employee who has given guarantee, leaves the organization or retires from service, it will be the responsibility of the employee who has availed the loan to provide a new guarantor.

Any exception to the above mentioned policy will have to be approved by Principal.



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