



SOUTH CENTRAL RAILWAY

Headquarters Office,
Personnel Branch,
Secunderabad.

No SCR/P-HQ/478/WFI/SCRECCSLTD/Vol.III

Dated: 20.03.2023

Sr.DPO/SC, BZA, GNT & GTL
DPO/Co-ord/HYB & NED
WPO/LGD, RYPS & TPTY, SPO/Con./SC

Sub: Recovery of outstanding Personal/Surety loan dues from settlement of Deceased/Retiring railway employees - Reg.

Instances have been brought to the notice of this office with regard to advice of South Central Railway Employees' Co-operative Society Limited (SCRECCSL) to recover outstanding personal/surety loans from the settlement dues of deceased/retiring railway employees.

In this regard, attention is invited to the following relevant provisions of Bye-Laws, amended up to 04.02.2022, of the Society for better appreciation.

Para 9 (d) - Loan Relief Fund: *A Fund called "Loan Relief Fund" is created and credited in the following manner:*

- (i) 1% of Gross Loan on every fresh loan will be deducted and credited towards the fund and post the same in the individual account of the Shareholder.
- (ii) On subsequent loans 1% on net sanction will be deducted towards the fund.
- (iii) ***In case of Death of Shareholder, his entire loan outstanding amount of General and Special Loans will be adjusted against the fund.***
- (iv) *In case of normal retirement of the shareholder, 50% of the amount deducted and credited in his account towards the fund will be refunded.*
- (v) *Any shortfall to the Fund will be adjusted from the Net Profits of the Society.*

Para 39 - Surety for loans: *An applicant for loan on personal surety shall furnish one good surety for General Loan and two good sureties for Special Loan, who shall be members of the society and either officers recruited in group 'A' & 'B' services of the Railways of permanent employees of Railways or temporary employees of the Railways or temporary employees with not less than three years service. No member shall stand surety to more than three loans running at a time.*

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When a surety dies or ceases to be in the service of the Railway or in the opinion of the Board of Management becomes unfit to be a surety, the Board of Management shall require the borrower to furnish another good surety giving him one month's notice. If the borrower fails to furnish another good surety within the required time, the Board of Management shall be competent to require loan to be repaid immediately with interest up to the date of repayment.

In the light of the aforementioned provisions, the SCRECC Society should evolve its own mechanism to recover its loans in compliance with its bye-laws, *supra*. Hence, no recoveries shall be made by the Railway administration from the settlement dues of the deceased railway servant, who was either a loanee or a surety, on the request of the SCRECC Society.

This issues with the approval of PCPO.


(J.MADHAN MOHAN REDDY) 20/11/2022
SPO/IR

For Principal Chief Personnel Officer

Copy to: **SPO/Bills** – for information and necessary action.

: **Secretary, SCRECC Society/SC**-w.r.t his letter No. CCS/14/DCRG/2022, dated 01.11.2022.


For Principal Chief Personnel Officer 20/11/2022