

**RULES FOR GRANT OF ADVANCE FOR PURCHASE OF CONVEYANCE**

**TITLE AND SCOPE**

- 1.1 These rules shall be called "DFCCIL RULES FOR GRANT OF ADVANCE FOR PURCHASE OF CONVEYANCE" and shall be deemed to have come into force from 30.07.2014.
- 1.2 These rules shall apply only to the permanent employees of the company and shall not apply to the employees on deputation or those on contract, engaged as consultant etc.
- 1.3 Employees who have not worked for at least one year as permanent employee in the DFCCIL and have less than three years to serve before superannuation from the date of application will, however, not be entitled for advance.

**2. ELIGIBILITY**

- 2.1 Permanent employees of DFCCIL will be eligible for grant of advance as indicated below:

**i. MOTOR CAR ADVANCE**

Assistant Manager and above

**ii. MOTOR CYCLE/SCOOTER/MOPED ADVANCE**

All permanent employees of DFCCIL

**3. SANCTIONING AUTHORITY**

The following will be the sanctioning authority for advance for purchase of conveyance, subject to availability of funds and satisfaction of repayment capacity of the employee.

**a. Director/Op&BD/DFCCIL**

For car advance.

**b. GGM/GM /HR/DFCCIL**

For Motor Cycle / Scooter / Moped advance

**Note:**

1. No authority shall sanction for himself, but seek the approval of the next higher authority not less than Director as the case may be.
2. Sanction will be subject to compliance with other existing provisions in the Rules relating to conditions of second / subsequent advance, mortgage, insurance, submission of proof of purchase/cash receipt within thirty days etc.
3. The disbursing authority is an authority which disburses salary to the employees.



#### 4. AMOUNT OF ADVANCE:

The maximum amount that will be advanced for purchase of conveyance in each case will be as follows: -

##### i. **MOTOR CAR**

15 (fifteen) times the basic pay of the employee, or 90% of the estimated "on the road cost" or Rs. Five Lacs, whichever is less.

##### ii. **MOTOR CYCLE / SCOOTER / MOPED**

Rs. 40,000/- or 90% of the estimated "on the road cost", whichever is less.

##### **Note:**

Estimated "on the road cost" shall include one time registration and insurance charges, sales-tax and road tax at the time of purchase but excluding cost of accessories which are not an essential and integral part of the vehicle and on which the purchaser has a choice.

#### 5. PROCEDURE FOR SANCTION OF ADVANCE

- i. Application for advance shall be made in the prescribed form and the advance will be sanctioned by the sanctioning authority after ascertaining the eligibility of the employee and the availability of funds.
  - ii. A copy of the sanction order will be sent by the sanctioning authority to the disbursing authority and the applicant advising him to execute an agreement in the prescribed form.
  - iii. Purchase of vehicle should be completed within thirty days from the date on which the applicant actually draws the advance failing which full amount of advance drawn with interest thereon will have to be refunded to the Company immediately. The sanctioning authority may, however, extend the above time limit for a period not exceeding one month on the merits of the case.
  - iv. As soon as vehicle is purchased and in any case within thirty days from the date of purchase, the applicant will submit to the sanctioning authority a mortgage deed in prescribed form mortgaging the vehicle to DFCCIL. After scrutiny, the sanctioning authority will forward the mortgage deed, duly accepted, to the disbursing authority for safe custody.
  - v. Sanctions that are not utilized within a period of four months from the date of sanction will automatically lapse.
  - vi. Cash receipt and agreement form shall be returned to the employees after the advance and interest thereon have been completely recovered.
- 5.1 An advance for purchase of a conveyance shall not be granted to an employee of the Company who has already purchased the conveyance and paid for it, unless the conveyance has been purchased within the last three months commencing from the date the advance was applied for and has been paid for by raising a temporary loan. In such case the agreement will have to be executed by the employee in specified format.



## **6. SECOND / SUBSEQUENT ADVANCE**

- 6.1 For second and subsequent advance, the limit would be restricted to the difference between the "estimated on road price" of the vehicle to be purchased and the sale proceeds of the old one left over with the employee of the Company after repayment of the earlier outstanding advance (Principal plus interest), if any, subject to the amount not exceeding the limit prescribed in Rule 4.

**Note :-**

- a. A second advance will be granted only after 5 years from the date the first one was granted except in exceptional circumstances at the discretion of the sanctioning authority.
  - b. In all the above cases, if the 'actual on road cost' of the vehicle paid by the employee is less than the amount of advance, he shall refund the balance forthwith.
- 6.2 The number of occasions on which the advance can be granted to an employee shall not exceed 3 each for motor car / motor cycle / scooter / moped during his entire service.
- 6.3 The restriction of five years will not, however, apply when advance has been allowed earlier for the purchase of Moped / Motor Cycle / Scooter but it is desired to draw an advance for the purchase of Motor car.

## **7. INSURANCE**

- i) The vehicle purchased with the advance given by DFCCIL should be comprehensively insured within one month from the date of purchase, and the Insurance Policy should be furnished to the sanctioning authority along with the mortgage deed for verification. The amount for which the vehicle is insured should at no time be less than the outstanding balance of the advance plus interest. The insurance should be renewed from time to time till the full amount of advance, including interest is liquidated.
- ii) The applicant should also furnish to the Insurance Company in prescribed form informing the Insurance Company that DFCCIL has interest in the vehicle. The sanctioning authority will countersign and forward the original to the Insurance Company and obtain the latter's acknowledgement.
- iii) The employee should produce renewal policies to the sanctioning authority for verification until the advance is fully liquidated.

## **8. MORTGAGE BOND**

The Mortgage Bond will be executed in a prescribed format in compliance with Rules.



## 9. INTEREST

The interest rates on advance sanctioned to the employees for purchase of Motor Car shall be 7.5% and for Motor Cycle/ Scooter/Moped shall be 6.5%.

- i) Recoveries on account of simple interest will be made after all the recoveries on account of principal have been completed.
- ii) The total amount of interest due from the employees shall be recovered in the minimum number of monthly instalments, the amount of each such instalment being not more than the amount of instalment by which the principal amount is repaid.
- iii) Provided that the advance together with the interest will be recovered before the date of leaving service in the Company due to retirement or any other reason.

*Note: Calculation of interest on outstanding advance – on acceptance of resignation of employees and calculation of settlement dues.*

*In cases of resignation where the payable settlement dues to the employee are more than the recoverable outstanding dues, then the interest on outstanding conveyance advance will be calculated till the date of relieving of the employee by the projects / corporate office, as the case may be.*

*However, in case outstanding recoverable dues are more than the payable settlement dues then the interest on outstanding advances will be calculated up to the date of final release of settlement dues.*

## 10. REPAYMENT OF ADVANCE

- i) The advance for purchase of a Motor Car will be recovered in not more than 120 equal monthly instalments, if it is a first advance and in not more than 90 equal monthly instalments, in case it is a second or subsequent advance. X
- ii) The advance in the case of Motor Cycle / Scooter will be recoverable in not more than 60 equal monthly instalments in the case of first advance and in not more than 50 equal monthly instalments in the case of second or subsequent advance. X
- iii) In the case of Moped, the advance will be recoverable in not more than 50 equal monthly instalments in the case of first advance and 40 equal monthly instalments in the case of second or subsequent advance.
- iv) The amount recoverable in each instalment will be in whole rupees, except the last instalment. The instalment once fixed cannot be altered, except with the permission of the sanctioning authority.
- v) Recoveries of the advance will commence from the salary for the month following that in which the advance is drawn.



## **11. SALE OF CONVEYANCE BEFORE COMPLETE REPAYMENT OF ADVANCE**

- 11.1 If an employee desires to sell the vehicle before the advance received from the Company with interest thereon has been fully repaid, he will do so only after obtaining permission from the sanctioning authority. In such case, he will surrender the balance of the advance outstanding to his credit immediately after carrying out the transaction.
- 11.2 If, however, an employee desires to apply for re-appropriation of sale proceeds before the purchase of another vehicle, the management, may permit the same, provided:-
- i) The amount outstanding shall not be permitted to exceed the cost of the new vehicle obtained;
  - ii) The amount outstanding will continue to be repaid at the rate previously fixed;
  - iii) If the amount outstanding is less than the cost of new vehicle, the balance advance will be surrendered forthwith; and
  - iv) The new vehicle is insured comprehensively and mortgaged to the Company and all conditions and rules will apply in such case.

## **12. PENALTY**

If an employee does not produce proof of purchase / cash receipt along with registration certificate, insurance details, etc. within the time specified in Rule 5 or does not return the advance with interest as provided for in the Rules, he will have to pay penal interest at the rate of double the normal interest on such advance in addition to attracting action under the Conduct, Discipline & Appeal Rules of the DFCCIL.

## **13. IMPLEMENTATION AND INTERPRETATION**

In case of any doubt or dispute regarding interpretation of these rules, the decision of Managing Director shall be final. The Forms/Mortgage deed/Surety bonds will be framed/finalized/amended with the approval of Managing Director.

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