

# **HOUSE CONSTRUCTION ADVANCE SCHEME**

## **GOVERNMENT OF KERALA**

### **ABSTRACT**

New House Construction Advance Scheme for State Government Employees in Association with Bank – Sanctioned Orders issued.

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### **FINANCE (LOANS) DEPARTMENT**

G.O. (P) No. 744/02/Fin

Dated, Thiruvananthapuram, 4-12-02

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- Read
1. G.O. (P) No. 56/02/Fin d. 16-1-2002.
  2. G.O. (P) No. 173/02/Fin dt. 25-3-2002.
  3. Lr. No. LHO/BP/PBA/569 Dt. 24-10-02 from the SBI, Thiruvananthapuram.

### **ORDER**

1. As part of the Economy measures, Government have decided, inter-alia to discontinue the House Building Advance Scheme of the Government employees and teachers vide GO read as Ist paper above. It was also ordered therein that a new Scheme for the purpose will be chalked out with the assistance of Banks and other Financial Institutions.
2. Government conducted a series of discussions with banks and other Financial Institutions in the matter. The terms and conditions offered by the State Bank of India are the most attractive. Considering this fact, a new House Construction Advance Scheme in association with the State Bank of India is finalised.
3. Government employees in pensionable service who have put in a continuous service of not less than 2years as on the date of application, will be eligible to apply for Advance under this scheme subject to the following conditions :-
  - a. The Head of Department concerned should certify to the effect that the applicant is not likely to be thrown out of service and he is likely to be confirmed.
  - b. The maximum amount of advance admissible in such cases should be calculated on the basis of the basic pay of the employee at the time of applying for the advance.
4. Government employees on Deputation to Foreign Service will also be eligible to avail advance under the scheme.

5. The Advance will be granted for the following purposes.
  - a. For construction of a new house or for purchase of a new / old house.
  - b. For extension of an existing house
  - c. For repair or renovation of an existing house.
6. Government in the Finance Department is the competent authority to recommend the advance in the following cases.
  - a. Applications from the Heads of Departments
  - b. Joint applications of employees serving in different Departments.
7. In all other cases head of the department concerned will be competent to recommend the advance. On due recommendation, the Bank will sanction the advance under intimation to the recommending authority.
8. The maximum loan amount admissible for construction/ purchase of new or old house will be 60 times the basic pay of the employee. In respect of extension of house and for repairs and renovation the maximum amount admissible will be 15 times and 10 times the basic pay respectively.
9. The actual loan amount will be determined on the basis of eligibility and repayment capacity of the employee. The loan amount will be disbursed in two equal instalments after the title deed is registered in favour of the bank under equitable mortgage. The second instalment will be disbursed on satisfactory utilization of the first instalment. Employees can opt the branch of their choice to avail the loan.
10. In the case of those who have a availed loan under para 5 (1), extension loan will be granted subject to his/her repayment capacity.
11. Rate of Interest
  - a. Loan up to Rs. 5 lakh – 9 % per annum (Fixed)
  - b. Loan above Rs. 5 lakh – 9.25 % per annum (Fixed)
12. No hidden charges like processing fee etc. will be levied by the bank.
13. Maximum period of repayment will be 216 monthly instalments. The principal and interest will be recovered in equated monthly instalments. Particulars of recoveries to be made from the loanee will be determined by the sanctioning authority in the manner specified under the rules and

indicated in the order sanctioning the loan. Repayment of the advance shall commence from the first instalment of pay after the expiry of 9 months from the date of disbursement of the first instalment or from the salary for the first month after the disbursement of the last instalment or the date of completion of the building whichever is earlier. In the event of default in repayment, the bank will have the discretion to levy a higher rate of interest, as it deems fit.

14. After disbursement of the loan, the bank will intimate the head of Department/Government the details of recoveries to be made from the loanee. The house constructed/purchased should be insured against the risk of fire and natural calamities with the State Insurance dept in the joint names of the loanee and the bank for the outstanding loan amount. The repayment of the loan will be coterminous with the superannuation of the employee and balance outstanding, if any, in the loan account, the same will be recovered from the terminal benefits. In the event of transfer of the employee, the details of loan such as the original amount, the amount repaid, and the balance remaining due, branch in which the recovery is to be effected in the new station will be incorporated in the Last Pay Certificate.
15. Heads of departments will give priority to the cases in which mortgage deeds have been executed in favour of Government but loan amount could not be availed last year. Orders permitting the release of such documents free of cost for availing loan through the bank will be issued by the Taxes Department. Heads of Department/ Government will process and recommend the HCA applications pending with them as expeditiously as possible.
16. The documents in respect of other pending cases in which sanction has not been accorded will be returned to the applicants concerned.
17. Except in the case of advances requiring recommendation of Government in Finance Department, the applications in duplicate shall be submitted to the head of Department. After scrutiny of the applications, the head of Department will recommend and forward the original application to the bank and will keep the duplicate under safe custody. In the case of Gazetted Officers, the loan application should be counter signed by the Head of the Department concerned. Form of application is appended as Annexure to this Order.
18. In the case of Joint application for loan, the total of the officiating pay of the officers will be taken into account for determining the amount admissible. The application for joint loan is to be recommended by the heads of Departments concerned and to be forwarded to Government in Finance Department. Disbursement of the amount will be made on joint receipt signed by both the applicants. For the purpose of monthly

recoveries/repayments the advance amount will be split into two portions in proportion to their respective pay and recoveries/repayments effected accordingly. The head of Department/Government will record the details of loan availed by the employee in the Service Book on receipt of sanction of loan from the bank.

19. Under this scheme, additional loan for completion of building is not envisaged. But in cases pending with the Government, the bank will grant loan based on the repayment capacity of the applicant.
20. If for any reason, no salary is drawn by the Officer in any month or months, the payment of the usual instalments must nevertheless be made by him and the remittance particulars are to be intimated to the drawing and disbursing officer. The procedure should be adopted while availing Leave Without Allowance. In case the applicant commits breach of any of the conditions under which an advance is sanctioned, the entire amount advanced with interest shall become payable in lump and shall be recoverable under the provisions of Revenue Recovery Act. If the loanee dies while in service before the final settlement of the loan account, no interest will be recoverable on principal amount of outstanding advance for any period beyond the date of death of loanee. The dues outstanding against the Officer after death will be realised from the terminal benefits.
21. The procedure to be adopted for effecting recovery of the loan amount from the salary of the employees and remitting the amount to the bank will be issued separately.
22. The Government reserves the right to include any bank/Financial Institution offering reduced rate of interest and more attractive terms and conditions under the House Construction Advance Scheme.

BY ORDER OF THE GOVERNOR

V.S. SENTHIL

SECRETARY (FINANCE EXPENDITURE)

To

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.  
The Accountant General (A & E), Kerala, Thiruvananthapuram.  
All Heads of Departments and Offices.  
All Departments (all Sections) of the Secretariat  
The Secretary, Kerala Public Service Commission (with C.L.)  
The Registrar, University of Kerala/cochin/Calicut/Kannur (with C.L.)  
The Registrar, Mahatma Gandhi University, Ottawa (with C.L.)  
The Registrar, Sree Sankaracharya Sanskrit University, Kalady (with C.L.)  
The Secretary Kerala State Electricity Board (with C.L.)  
The Managing Director, Kerala State Road Transport Corporation (with C.L.)  
The Registrar High Court of Kerala, Ernakulam (With C.L.)  
The Chief Regional Manager, State Bank of India, Thiruvananthapuram.  
All Principal Secretaries/Secretaries/Special Secretaries/Additional Secretaries/Joint Secretaries/Deputy Secretaries and Under Secretaries to Government.  
The Secretary to Governor, Raj Bhavan (with C.L.)  
The Principal Secretary to Speaker of the Legislative Assembly.  
The Private Secretaries, Chief Minister and other Ministers  
The Private Secretary to Leader of Opposition.  
The Joint Secretary to the Chief Secretary  
The Director of Public Relations, Thiruvananthapuram.  
The Chief Election Commissioner, Kerala, Thiruvananthapuram.  
The Registrar, Kerala Lokayukth  
The Ombudsman for Local Self Government Institutions  
The Stock File/Office Copy

Forwarded by Order

Section Officer

**ANNEXURE**

**APPLICATION FOR HOUSE CONSTRUCTION ADVANCE TO  
GOVERNMENT EMPLOYEES IN ASSOCIATION WITH SBI**

Name and Designation of the Applicant

Office Address of the Applicant

Date of Birth

Date of entry in the Government Service

Length of continuous service as on the date of application

Remaining Service for retirement

**Salary Details**

- a) Monthly Pay and Scale of Pay
- b) Basic Pay
- c) Details of Recovery
- d) Net Salary

Purpose of Advance

Amount of advance applied for

Estimated amount to construction/purchase

Address of the Bank

**DECLARATION**

I hereby declare that the information given above is true and that the advance sanctioned will be utilised for the purpose for which it is sanctioned. I also agree to effect repayment from my salary at the rate fixed by the bank. balance amount if any outstanding at the time of retirement may be adjusted from the DCRG admissible to me.

Place :

Date :

Name and Designation

**FORM OF CERTIFICATE**

I hereby certify that Sri/Smt. .... (Name and Designation) is in the permanent/officiating personable service of Government, that he has put in continuous service of not less than 2 years and that he is likely to be confirmed / he / she is not likely to be thrown out or reverted room his temporary post during the period of repayment of the loan and that the substantive pay/officiating pay given in his application has been verified with reference to the records in this office and found correct.

I also certify that a sum of Rs. .... may be sanctioned to ..... with out risk to Government.

(Head of the Department)