

MASTER CIRCULAR

Master Circular No. 50

House Building Advance.

[House Building Advance](#)
[Interest Bearing Advances.](#)

(Revised Master Circular No. 50)

Master Circular No. 50 incorporating consolidated instructions in respect of House Building Advance was issued vide Board's letter No. [F\(E\)Spl. 93/ ADV. 3/4 dated 25.5.1993](#) (RBE 71/93). Since then, several modifications/revisions of the rules governing House Building Advance have taken place. As such, in supersession of the existing Master Circular No. 50, a revised Master Circular incorporating all the instruction presently in vogue has been brought out and is sent herewith.

House Building Advance

Grant of House Building Advance is regulated in terms of rules and regulations laid down from time to time by the Ministry of Urban Development for Central Government employees in general. These instructions apply mutatis mutandis to Railway employees.

1. Purposes:

The advance is admissible to an employee for only one of the following purposes:

- i. Construction of a new house on a plot owned by the official or by the official jointly with his/her spouse.
- ii. Purchasing a plot and constructing a house thereon.
- iii. Purchasing a plot under co-operative Schemes and constructing a house/ flat thereon or acquiring a house through membership of Cooperative Group Housing Societies.
- iv. Outright purchase of a new ready-built house/ flat from Housing Boards, Development Authorities and other statutory or semi-Government bodies and also from private parties i.e., registered builders, architects, house building societies, etc., but not from private individuals.
- v. Outright purchase from Joint Venture of authorities/ Boards etc., approved under HBA Rules and Registered Private Builders.

[Authority: Board's No. [F\(E\)Spl. 99/ADV.3/8 dated 14.7.1999](#). (RBE 174/1999)]

- vi. Purchasing/construction of house under the self-Financing Schemes of Delhi Bangalore, UP, Lucknow etc.
- vii. Enlarging living accommodation in an existing house owned by the official or by the official jointly with his/her spouse, subject to cost ceilings laid down under the rules.

[Authority: Board's No. [F\(E\)Spl. 78/ADV.3/1 dated 19.4.1978](#).]

- viii. Repayment of loan or advance taken from a Govt. or Hudco or non-Government sources to build the house, even if the construction has commenced subject to certain conditions.

[Authority: Board's No. [F\(E\)Spl. 89/ADV.3/9 dated 31.5.89](#) (RBE 130/1989)]

- ix. Constructing residential portion only of the building on a plot, which is earmarked as a shop-cum-residential plot, in a residential colony, subject to the prescribed cost ceilings.

Note: 1. Advance is permissible for purchase of a house under the Self Financing Scheme of Indian Railway Welfare Organization.

[Authority: Board's No. [F\(E\)Spl. 91/ADV.3/6 dated 24.4.1991](#). (RBE 84/1991)]

2. In the case of a plot owned by the official jointly with his/her spouse, both husband and wife should be willing to mortgage the land/house in favour of the President of India, as a security for repayment of the advance. The application in such a case should be accompanied by a letter from the husband/wife, as the case may be, that if the HBA applied for is sanctioned, the husband/wife will mortgage his/her share of the land/property jointly with his/her spouse, as security for repayment of advance.

[Authority: Board's No. [F\(E\)II 69/ADV. 3/1 dated 20.4.1970](#) and [30.5.1969](#)]

3. HBA is not admissible for purchase of land only.
4. HBA is not admissible for acquiring a house on hire-purchase basis, but on conversion of hire-purchase flats/houses into outright purchase this becomes permissible, provided the purchase is made from State Housing Boards or similar Govt. controlled bodies.

[Authority: Board's No. [F\(E\)Spl. 89/ADV.3/7 dated 8.5.89](#) (RBE 121/1989)]

5. HBA is not admissible for payment of earnest money or initial registration deposit, to be placed with Cooperative Societies/self financing schemes.

2. Eligibility:

- i. All permanent Railway personnel.
- ii. All other officials with not less than 10 years service, provided they do not hold permanent appointment under a State Government and the sanctioning authority is satisfied about their continuation in service till the house is built and mortgaged.
- iii. Members of All India Services deputed for service under the Central Govt./Company/ Association/Body of individuals, wholly or substantially owned or controlled by the Central Government or an International Organization, and autonomous body not controlled by Government or Private Body.
- iv. Central Govt. servants on deputation to another Department or on Foreign Service.
- v. IES officers on deputation, and
- vi. Other officials made eligible under HBA rules issued by the Ministry of Urban Development.

Note: 1. When both husband and wife are Central Govt. servants and both are eligible for grant of advance and its payment, the advance will be admissible to only one of them.

2. In the case of re-employed ex-servicemen, their past military services will be taken into account for purpose of computing the eligibility provided they have not drawn HBA during their military service and recovery of HBA with interest is ensured during the re-employed service.

[Authority: Board's No. [F\(E\)Spl. 87/ADV.3/6 dated 31.3.1987](#). (RBE 361/1987)]

3. Officials under suspension - Central Government servants, who are placed under suspension, are also eligible for advance and the Head of Department can make payment to them, subject to the condition that collateral security in the shape of

mortgage bond from two permanent Central Government servant is obtained. In the event of default or belated payment or insufficient money being available by foreclosure, etc., the shortage of recovery may be made up by collateral security.

[Authority: Board's No. [F\(E\)Spl. 78/ADV.3/1 dated 19.4.1978.](#)]

3. Conditions for Grant of Advance:

- i. Advance is admissible for construction a house at the place of work or at a place where the applicant wants to settle down finally after retirement.
- ii. Only one advance is admissible under these rules during the entire service.
- iii. The cost of the house to be built/purchased (excluding the cost of land) and if it is proposed to enlarge living accommodation in an existing house, the total cost of existing structure (excluding the cost of land) with proposed additions/ expansions should not exceed cost ceiling limits. In individual cases, the cost ceiling limits may be relaxed up to a maximum of 25%.
- iv. The official should not have availed of any loan or advance from other Government sources for the purpose. However, if he undertakes to repay the outstanding loan/ advance with Interest in one Instalment, he may apply for advance under HBA rules.
- v. The total amount of withdrawal from SRPF/GPF and the House building advance under these rules should not exceed the cost ceiling limits laid down under the rules.
- vi. The official or his/her spouse/minor child should not already own a house in the town/urban agglomeration where the house is proposed to be constructed or acquired with the advance from Government If, however, the official is a member of Hindu Undivided Family, which owns a house at the same place, he may be granted advance under these rules but the amount will be restricted to 60% of the normal entitlements.

[Authority: Board's No. [F\(E\)Spl. 84/ADV.3/2 dated 12.4.1984](#) and [F\(E\)Spl. 84/ADV.3/2 dated 25.2.1985](#)]

- vii. The applicant must possess clear title of the land. The land may be owned by the official or his/her spouse jointly with the official. It should be free from encumbrances and attachments.
- viii. If the advance is for purchase of ready built house/ flat from private parties i.e. registered private builder etc., the house/ flat should be new and un-lived in. The applicant should get it valued at his own cost by registered valuers.

[Authority: Board's No. [F\(E\)Spl. 78/ADV.3/10 dated 28.7.1978](#)]

4. Competent Authorities to Sanction HBA

1. Non-Gazetted Staff - HODs/DRMs

[Authority: Board's No. [F\(E\)Spl.74/ADV.3/10 dated 8.2.1977](#)]

2. Gazetted Officers (except HODs) - Addl. GM.

3. HODs, including SDGM & Addl. GMs - GMs

[Authority: Board's No. [F\(E\)Spl. 74/ADV.3/10 dated 2.9.1980](#)]

4. For sanction of HBA to the GMs/officers of equivalent rank/DG, ROSO, approval of Board should be obtained and sanction letter should be issued under the signature of Secretary, Railway Board.

[Authority: Board's No. [F\(E\)Spl. 82/ADV.3/1 dated 24.3.1982.](#)]

5. Amount of Advance:

The maximum amount of advance shall be:-

- a. 50 months basic pay subject to a maximum of Rs. 7 .5 lakhs, or Cost of the house/ flat or the amount according to repaying capacity, whichever is the least for new construction/purchase of new house/flat.
- b. For enlargement of existing house the amount of HBA will be limited to 50 months

basic pay subject to a maximum of Rs. 1.80 lakhs or the cost of the enlargement or the amount according to repaying capacity, whichever is the least.

- c. The amount of the advance shall be restricted to 80% of the true cost of land and construction of house or cost of enlarging living accommodation in the case of construction in rural areas. This can be relaxed and 100% can be sanctioned if the Head of Department certifies that the concerned rural area falls within the periphery of a town or city.

[Authority: Board's No. [F\(E\)Spl. 97/ADV.3/6 dated 29.12.1997.](#) (RBE 191/1997)]

6. Cost Ceilings:

Cost ceiling limit for the purpose of HBA (excluding the cost of plot) will be 200 times the basic pay of the employee subject to a maximum of Rs. 18 lakhs. In cases where the 200 times of basic pay comes to be lower than Rs. 7.5 lakhs, cost ceiling up to Rs. 7.5 lakhs will be permissible.

In individual cases, the GM or HODs of Zonal Railways, if satisfied on the merits of the case, may relax the cost ceiling up to a maximum of 25% of the cost-ceiling limit mentioned above, under their powers delegated as per Board's letter No. [FF\(E\)Spl. 91/ADV.3/5 dated 10.4.1991.](#) (RBE 75/1991).

[Authority: Board's No. [F\(E\)Spl. 97/ADV.3/6 dated 29.12.1997.](#) (RBE 191/1997)]

Note: Pay of both husband and wife who are employed in Central/ State Govt., Public undertakings, Semi Govt. institutions or local bodies will be taken into consideration for the purpose of computation of cost ceiling limit.

7. Repaying Capacity :

For the purpose of calculating the eligibility of advance, the repaying capacity will be calculated as below:

Officials retiring after 20 years	40% of (basic pay + stagnation increment+NPA)
Officials retiring after 10 years but not later then 20 years :	Up to 40% of (basic pay + stagnation Increment + NPA). 65% of DCRG may be adjusted.
Officials retiring within 10 years	Up to 50% of (basic pay + stagnation Increment + NPA) DCRG up to 75% can be adjusted.

[Authority: Board's No. [F\(E\)Spl. 97/ADV.3/6 dated 23.1.1998.](#) (RBE 18/1998) and No. [F\(E\)Spl. 2000/ADV.3/7 dated 16.11.2000.](#) (RBE 197/2000)]

While calculating repaying capacity, maximum number of instalments for recovery of the Principal amount may be taken as 180 and for recovery of the interest as 60 in the case of officials retiring after 20 years. The approximate interest amount should be calculated on the basis of the rates of interest prevailing on the date of sanction. The additional interest of 2¹/₂% above the prescribed rated of interest will not be taken into account for the purpose of computing the repaying capacity. Subsequent upward revision of DCRG limits will not entitle the Railway servant to any enhancement of HBA, in case the same has already been released by the time of revision of DCRG limits.

[Authority: Board's No. [F\(E\)Spl. 87/ADV.3/12 dated 9.7.1987.](#) (RBE 369/1987)]

8. Interest:

1. The advance carries simple interest from the date of payment of first instalment.
2. Interest is calculated on the balance outstanding on the last day of each month.
3. If the balance of principal amount is cleared on the 1st or during the middle of a

particular month, the interest for that month will be NIL as the interest bearing balance will be NIL.

4. If part of advance is adjustable from DCRG the adjustment should be deemed to have been made on the date of retirement. No interest is chargeable beyond that date.
5. In case a Govt. servant dies while in service, no interest should be charged against the portion of advance adjusted against the DCRG, beyond the date of death of the official.

No interest will be charged beyond the date of superannuation or the date of death.

A higher rate of interest at 2¹/₂% above the prescribed rate will be shown in the sanction, with a stipulation that rebate of 2¹/₂% will be allowed in the interest for prompt repayment and observance of all other conditions attached to the sanction including those relating to the recovery of the amount.

[Authority: Board's No. [F\(E\)Spl. 80/ADV.3/4 dated 8.7.1980](#)]

9. Rates of Interest:

For advances sanctioned from 1.6.1971 to 31.3.1974 - 6%

For advances sanctioned from 1.4.1974 to 5.8.1975 - 6¹/₂%

For advances sanctioned on or after 6.8.1975, following different rates will be charged.

(Rs.)	6.8.1975 to 31.5.1981	1.6.1981 to 31.3.1984	1.4.1984 to 24.11.1985
For the first 25,000	6 ¹ / ₂ %	7%	7%
For the next 25,000	8%	8 ¹ / ₂ %	8 ¹ / ₂ %
For the next 25,000	10%	10 ¹ / ₂ %	10 ¹ / ₂ %
For the next 50,000			12%

From 25.11.1985 onwards, the basis for recovery of interest has been changed. It is leviable on the total amount of loan sanctioned, as given below:

If the Amount of loan sanctioned is upto	25.11.1985 to 23.6.1987	24.6.1987 to 25.7.1990	26.7.1990 onwards
Rs. 25,000	7%	7%	7 ¹ / ₂ %
Rs. 50,000	7 ¹ / ₂ %	7%	7 ¹ / ₂ %
Rs. 75,000	8%	8%	9%
Rs. 1,00,000	8 ¹ / ₂ %	8%	9%
Rs. 1,25,000	9%	9%	10%
Rs. 1,50,000		9%	10%
Rs. 2,00,000		10%	11%
Rs. 2,25,000		10 ¹ / ₂ %	11 ¹ / ₂ %
Rs. 2,50,000		11%	12%

W.e.f. 16.12.1997, existing rates of interest are as under:-

	If the sanctioned HBA is up to	Rate of interest
(a)	Rs. 50,000	7.5%
(b)	Rs. 1.5 lakhs	9%

(c)	Rs. 5.00 lakhs	11%
(d)	Rs. 7.5 lakhs	12%

[Authority: Board's No. [F\(E\)Spl. 97/ADV.3/6 dated 29.12.1997.](#) (RBE 191/1997)]

From 1st April, 2001, rates of interest for House Building Advances sanctioned to the Government servant for construction/ purchase of house/ flats will be as under, until further orders:-

S. No.	Amount of advance of sanctioned to a Govt. servant	Existing Rate of Interest on HBA (per annum)	Revised rate of interest on HBA (per annum)
1.	Upto Rs. 50,000	7.5%	6.5%
2.	Upto Rs. 1,50,000	9%	8%
3.	Upto Rs. 5,00,000	11%	10%
4.	Upto Rs. 7,50,000	12%	11%

In the process of recovery, the portion of loan carrying higher rate of interest will be treated as having been refunded first.

Sanction should stipulate the interest $2\frac{1}{2}\%$ over and above the scheduled rates with the stipulation that if conditions attached to the sanction including those relating to the recovery of amount are fulfilled completely to the satisfaction of the competent authority, a rebate of interest to the extent of $2\frac{1}{2}\%$ will be allowed.

Rate of interest when enhancement is sanctioned - Whenever enhanced HBA is sanctioned on the basis of revised orders, the rate of interest will be as per the revised orders for the entire amount of HBA, i.e., amount originally sanctioned plus the enhanced amount.

Concessional rate for promoting small family norms:

The rate of interest will be half per cent less for an employee who himself or his spouse undergoes sterilization and satisfies the conditions prescribed in Ministry of Railway's letter No. [F\(E\)Spl.79/Adv. 3/15 dated 28.9. 1979](#) and [F\(E\)Spl. 90/ADV.3/11 dated 10.8.1990.](#) (RBE 135/1990). This is applicable only in case of officials who underwent sterilization on or after 1.9.1979 even after the release of first instalment of HBA. The rebate, however, will be admissible from the date of sterilization. Persons who have had twins after the birth of their first two children are also eligible for receiving the incentive, although they have 4 children. Rebate of $\frac{1}{2}\%$ is also admissible if sterilization is had after one child. Rebate shall not be admissible if operation is undergone after drawl of final instalment of HBA.

10. Disbursement:

1. Advance for purchase of ready built house will be paid in one lump sum as soon as the applicant executes an agreement in the prescribed form. The official should ensure that the house is purchased and mortgaged to the Government within 3 months of drawl of the advances.
2. Advance for purchase/ construction of new flat may be paid either in one lump sum or in convenient instalments at the discretion of the Head of Department. The official should execute the agreement in prescribed form before the advance/ first instalment of advance is paid to him. The amount drawn by the official should be utilized for the purchase/ construction of the flat within one month.

[Authority: Board's No. [F\(E\)Spl. 86/ADV.3/7 dated 4.8.1986](#) and [F\(E\)Spl. 86/ADV.3/2 dated 17.3.1986](#)]

3. Advance for construction/ enlargement of living accommodation, etc., shall be payable in two instalments of 50% each. The first instalment will be paid after the plot and proposed house/ existing house is mortgaged and the balance on the

construction-reaching plinth level.

[Authority: Board's No. [F\(E\)Spl. 91/ADV.3/3 dated 6.3.1991.](#) (RBE 44/1991)]

4. Advance for enlargement to be carried out on the upper storeys of the house will be disbursed in two instalments, first instalment on executing the mortgage deed and the second instalment on the construction reaching roof-level.
5. In the case of advance for purchase of plot and construction of house, the advance will be disbursed as below :-

Single Storeyed House: - After the agreement in prescribed form is executed and production of surety bond, 40% of the advance or the actual cost will be disbursed for purchase of plot. The balance amount will be disbursed in two equal instalments, the first after the mortgage is executed and the second on the construction reaching plinth level.

Double Storeyed House: - 30% of the advance for the cost of plot will be disbursed on executing the agreement. The balance amount will be disbursed in the two equal instalments, the first on executing the mortgage deed and the second on the construction reaching plinth level.

[Authority: Board's No. [F\(E\)Spl. 98/ADV.3/1 dated 30.3.1998.](#) (RBE 67/1998)]

In the case of purchase of ready built flats under the self-financing schemes of statutory bodies, semi Government bodies etc., including IRWO, the amount of HBA permissible will be sanctioned on receipt of an assurance from the authority that on completion of the flat, its possession will be handed over to the Govt. servant concerned but payment thereof as and when made will be endorsed to the authority directly on the applicant's execution an agreement to repay the loan and interest thereon. He will also produce two sureties from permanent Govt. employees of comparable status who are not likely to retire in the near future. The payment will be released to the authority in instalments, on prorata basis, calculated with reference to total cost of construction (excluding the earnest money or the initial registration deposit) and the amount of HBA sanctioned, as and when demanded by them, consistent with the progress of construction. The demand notice from the authority for release of each instalment of HBA should be accompanied by a certificate from the Engineer of appropriate status as may be determined by that organization, certifying completion of that much percentage of total work for which the demand has been made. On completion of the flat, the Govt. servant concerned will mortgage the flat to the President of India. The cost of the flat, over and above the ceiling limit of advance, will be borne by the Govt. servant concerned. If the Govt. servant wants to withdraw from the scheme or is unable to meet the balance amount representing the difference between the HBA sanctioned by the Government and the actual cost of the house, the Authority will refund the amount of house building advance forthwith to the Government. With a view to safeguarding the interests of the Government the authority will enter into a tripartite agreement in the prescribed form. The authority will maintain a separate account for each Govt. servant and adjust the payment of advance against the cost of construction of the payment of advance against the cost of construction of the particular category of flat applied for by the Govt. servant concerned.

Different stages at which the instalments of advance are to be disbursed.

I. Purchasing of plot and construction of single-storeyed/ double-storeyed house.

Total: 3 Instalments - 40:30:30/30:35:35

- | | |
|-----|--|
| 1st | On executing the agreement in the prescribed form and production of surety bond. |
| 2nd | On executing the mortgage deed after purchase of plot. |
| 3rd | On the construction reaching the plinth level. |

[Authority: Board's No. [F\(E\)Spl. 98/ADV.3/1 dated 30.3.1998.](#) (RBE 67/1998)]

II. Construction of single-storeyed/double storeyed house or enlarging of living accommodation in an existing house.

Total: 2 instalments.

- 1st On executing the mortgage deed.
- 2nd On the construction reaching the plinth level.

III. Enlarging living accommodation in the upper storeys of the house.

Total: 2 instalments.

- 1st On executing the mortgage deed.
- 2nd On the construction reaching the roof level.

IV. Purchasing a ready-built house.

One instalment.

On executing the agreement in the prescribed form and furnishing the surety in prescribed form.

V. Purchasing/Construction of a new flat.

The amount may be disbursed in one or more convenient instalments at the discretion of the Head of Department.

11. Creation of Second Charge:

To meet the balance cost of house/flat, Govt. servants may create a second charge on the property subject to the following condition.

[Authority: Board's No. [F\(E\)Spl. 82/ADV.3/6 dated 1.1.1983](#) and [F\(E\)Spl. 82/ADV.3/6 dated 8.6.1983.](#)]

1. Prior permission of the Head of the Department should be obtained for the second charge.
2. The second charge can be created only in respect of loans to be granted for meeting the balance cost of house/flat.
3. The loan to be granted should be by recognized financial institutions such as:
 - a. Banking institutions, including Coop. Banks.
 - b. Financial corporations set up by the State Governments, which provide loans for house construction.
 - c. Apex cooperative housing finance institutions such as Delhi Coop. Housing Finance Society.
 - d. Public companies formed and registered in India with the main object of carrying on the business of providing long-term finance for constructing or purchase of houses in India for residential purposes like the Housing Development Finance Corporation Ltd.
4. The total amount of the HBA granted by the Government and the loan raised from these institutions taken together should not exceed the prescribed cost ceiling limit applicable to the Govt. servant concerned.

12. Repayment of Advance:

1. The entire amount of advance with interest thereon shall be repaid in full by monthly instalments within a period not exceeding 20 years i.e., the maximum number of instalments are 240.
2. Out of the above 240 instalments, the principal amount will be first recovered in not more than 180 instalments. After the principal is fully recovered, the interest due shall be calculated and recovered in not more than 60 monthly instalments.

3. The amount to be recovered shall be fixed in whole rupees. If there is any fraction of a rupee it shall be recovered in the last instalment.

4. The recovery should commence as follows :-

i. In the case of advance for purchase of land and construction of house, from the pay of the month following the completion of the house or from the pay of 24th month after the date on which the advance for purchase of plot was sanctioned, whichever is earlier.

[Authority: Board's No. [F\(E\)Spl. 75/ADV.3/8 dated 16.2.1976](#)]

ii. In the case of advance for construction of house, from the pay of the month following the completion of the house or from the pay of 18th month after the date of disbursement of first instalment of the advance, whichever is earlier.

iii. In the case of purchase of ready built house/ flat, from the pay of the month following that in which the advance is drawn.

5. The advance may be repaid in a shorter period also if the official so desires.

6. The entire advance shall be recovered in full, with interest thereon before the retirement of the official.

7. In the case of officials due to retire within 20 years of the grant of advance, the officials may be permitted to repay a part of the advance in convenient monthly instalments till date of retirement and pay the balance from out of his DCRG. In such cases, specific provision to this effect should be incorporated in the Agreement/ Mortgage Deed. The amount of instalment worked out should not be less than that worked out on the basis of repaying within 20 years.

8. Recovery shall be effected through the monthly pay bills/leave salary bills/ subsistence allowance bills, as the case may be.

9. Recovery shall not be held up or postponed without the prior concurrence of the Government.

10. If the subsistence allowance is reduced due to prolonged suspension, the recovery may be suitably reduced, if necessary, by the Head of Department.

11. If a Govt. servant ceases to be in service for any reason other than normal retirement/ superannuation or if he dies before repayment of the advance in full, the entire outstanding amount will become payable forthwith. If, however, the house has not been completed and mortgaged by that time, the Government may, in deserving cases, permit repayment of the out-standing amount with interest in suitable instalments.

12. Failure to repay the advance for any reason whatsoever either by the Govt. servant or his successors, as the case may be, will entitle the Government to enforce the mortgage and take action to recover the outstanding amount.

13. Reconveyance

1. After the advance together with interest thereon is repaid in full, the property mortgaged to the Govt. will be reconveyed to the official in the prescribed format.

2. The Head of Department who generally accepts the mortgage deed on behalf of the President shall execute the reconveyance deed.

3. Registration of reconveyance deed is compulsory.

4. The expenses in connection with the execution and registration to the reconveyance deed shall be borne by the official concerned.

5. After the reconveyance deed has been executed and registered, it shall be made over to the official concerned along with the mortgage deed, sale deed and other documents deposited by the official. A receipt, therefore, shall be taken from the official and kept on record along with a copy of reconveyance deed.

6. In case a Govt. servant dies intestate and the advance is recovered from gratuity or otherwise, reconveyance may be made to the legal heir. If there are more than one legal heir, the reconveyance can be done in favour of one of them, after obtaining 'no

objection' affidavit from others.

14. Duties of Head of Department :

1. He should scrutinize the application and satisfy himself about the facts stated therein.
2. He should ensure from the title deeds that the applicant possesses a clear title to the property in question.
3. He should see and satisfy himself that the property is free from encumbrances.
4. He should see that the cost of the proposed house/ flat does not exceed the prescribed ceiling limit.
5. The amount of advance should not exceed -
 - a. 50 times the (Pay + Stagnation Increment + NPA) of the applicant; or
 - b. Rs. 7,50,000; or
 - c. Estimated cost of the construction; or
 - d. Maximum amount worked out on the basis of repaying capacity, whichever is the least.

[Authority: Board's No. [F\(E\)Spl. 97/ADV.3/6 dated 29.12.1997](#). (RBE 191/1997)]

6. In the case of purchase of land and construction of house, the HOD should get - (1) the agreement in the prescribed form executed by the official, and (2) surety bond from a permanent Central Govt. servant of status not lower than that of the applicant before the disbursement of first instalment. The mortgage deed should be got executed and registered before the second instalment is paid.
7. In the case of advance for construction of houses, mortgage deed in the prescribed form should be got executed and registered before payment of the first instalment. Further, the proposed construction is in accordance with approved plan & specifications.
8. In the case of advance for purchase of ready built house/ flat, agreement and surety bond should be got executed before payment of the advance and mortgage deed shall be got executed and registered within 3 months of disbursement of the advance. For executing mortgage deed in the case of purchase of house/flat on the leasehold land, the absolute right of which is not vested in the purchaser, 'Form No.4 B' should be brought into use.

[Authority: Board's No. [F\(E\)III/71 ADV.3/3 \(ii\) dated 10.11.1971](#) and [F\(E\)Spl. 2000/ADV 3/4 dated 11.9.2000](#) (RBE 162/2000)]

9. In the case of advance to acquire house through membership of Coop Group Housing Societies, personal bond, an agreement to mortgage the house/flat followed by deposit of title deeds (as and when available) and a promissory note in respect of the amount of principal; plus interest at specified rates should be obtained before payment of the HBA.
10. In all cases, sale deeds and other original documents should be obtained along with the mortgage deed and kept in deposit with the HOD.
11. In addition to the agreement/mortgage deed, surety from an approved permanent Govt. servant should be obtained in the followed cases:
 - a. All applicants who are not permanent Central Govt. servants
 - b. All applicants who are due to retire within a period of 18 months from the date of application.
 - c. All applicants who are permanent Central Govt. servants who require the advances for the purchase of a ready built house.
12. In the case of advance for constructing/ purchase of ready built house/ flat, the HOD should obtain adequate collateral security wherever the land on which the flats stand is not mortgaged in favour of the President of India.
13. In all cases, HOD should satisfy himself that the Govt. servant establishes his

marketable title to the property in accordance with the procedure prescribed by the Government before execution of the mortgage deed.

If the terms of sale do not vest title to the land in favour of the Govt. servant till house is erected on the land, it should be ensured before execution of the agreement that the Govt. servant will be in a position to acquire a clear and marketable title free from all encumbrances on erection of the house.

14. He should see that the mortgage deed and the reconveyance deed on release of the mortgage are duly registered within 4 months from the date of their execution. Registration is not necessary in the case of surety bonds and agreements under HBA rules.
15. He should see that the house is insured as per the rules immediately on purchase/ completion and that the premium receipts are regularly obtained for inspection.
16. He should ensure that the house is maintained in good repair and the necessary municipal rates and taxes are paid regularly and the requisite certificates furnished annually until the advance has been repaid in full.
17. He should ensure that the monthly recovery of instalments towards repayment of the advance commences from the due date and is made regularly from the monthly pay/leave salary/subsistence allowance bills of the official.
18. In the case of Government servants likely to retire within 18 months of the date of their application for advance, he should ensure that the amount of their gratuity would be adequate to cover the balance outstanding on the date of retirement.
19. He should ensure that the amount, if any, drawn by the official in excess of the expenditure incurred, is returned by the official forthwith together with interest, if any, due.
20. He should ensure that the property mortgaged by the Government servant is released or reconveyed immediately on the repayment of the advance and interest in full, and the mortgage deed duly cancelled returned together with the original documents of title of the land, etc., to the Government servant.
21. In case of HBA required for acquiring/constructing house in rural areas, the conditions laid down in M/o Urban Development and Poverty Alleviation's O.M. No. 1/17015/8/94-H-III, dated 6. 10. 1994 must be satisfied.

[Authority: Board's No. [F\(E\)Spl. 2000/ADV 3/3 dated 11.9.2000](#) (RBE 161/2000)]

15. Insurance:

Immediately on completion of construction/ purchase of house/ flat, the Govt. servant shall insure the house, at his cost, with Life Insurance Corporation of India for not less than the amount of advance and shall keep it so insured against damage by fire, floods, and lightning till the advance together with interest thereon is repaid in full and deposit the policy with the HOD. Renewal of insurance will be done every year and premium receipts produced for inspection of HOD regularly.

[Authority: Board's No. [FF\(E\)Spl. 79/ADV.3/11 dated 31.7.1979](#)]

16. Condonation of Non-Insurance :

Heads of Departments/ Authorities empowered to grant HBA are competent to condone the period of non-insurance up to two years and only cases of non-insurance in excess of that period are required to be referred to Ministry of Urban Development. It has to be ensured that the irregularity is not deliberate on the part of the Govt. servant but due to circumstances beyond his control.

[Authority: Board's No. [F\(E\)Spl. 94/ADV.3/7 dated 13.10.1995](#). (RBE 115/1995)]

17. Residual Powers:

1. All cases involving relaxation of rules/orders and cases in which doubts persist are

required to be referred to Ministry of Urban Development & Poverty Alleviation, through administrative Ministry. Ministry of Urban Development & Poverty Alleviation is the nodal Ministry for grant of HBA and residual powers vest with them.

2. While referring to this Master Circular, the original circulars mentioned herein and the provisions of the Code/ Establishment Manual should be read for a proper appreciation. This circular is only a consolidation of existing instructions/ and should not be treated as a substitute of the original circulars. In case of doubt, the original circulars should be relied upon as authority.
3. If any circular having a bearing on the subject which has not been superseded, has been lost sight of in the preparation of this circular, the said circular which has been missed through oversight should not be ignored, but should be treated as valid and operative.
4. The letters and other references on the basis of which this circular has been prepared are indicated in the annexure.

ANNEXURE

1. No. [F\(E\)II 69/ADV. 3/1 dated 20.4.1970.](#)
2. No. [F\(E\)II 69/ADV. 3/1 dated 30.5.1969.](#)
3. No. [F\(E\)Spl. 75/ADV.3/8 dated 16.2.1976.](#)
4. No. [F\(E\)Spl.74/ADV.3/10 dated 8.2.1977.](#)
5. No. [F\(E\)Spl. 78/ADV.3/1 dated 19.4.1978.](#)
6. No. [F\(E\)Spl. 78/ADV.3/10 dated 28.7.1978.](#)
7. No. [F\(E\)Spl. 79/ADV.3/11 dated 31.7.1979.](#)
8. No. [F\(E\)Spl. 80/ADV.3/4 dated 8.7.1980.](#)
9. No. [F\(E\)Spl. 74/ADV.3/10 dated 2.9.1980.](#)
10. No. [F\(E\)Spl. 82/ADV.3/1 dated 24.3.1982.](#)
11. No. [F\(E\)Spl. 82/ADV.3/6 dated 1.1.1983.](#)
12. No. [F\(E\)Spl. 82/ADV.3/6 dated 8.6.1983.](#)
13. No. [F\(E\)Spl. 84/ADV.3/2 dated 12.4.1984.](#)
14. No. [F\(E\)Spl. 83/ADV.3/15 dated 23.2.1985.](#)
15. No. [F\(E\)Spl. 84/ADV.3/2 dated 25.2.1985.](#)
16. No. [F\(E\)Spl. 85/ADV.3/15 dated 23.9.1985.](#)
17. No. [F\(E\)Spl. 86/ADV.3/2 dated 17.3.1986.](#)
18. No. [F\(E\)Spl. 86/ADV.3/7 dated 4.8.1986.](#)
19. No. [F\(E\)Spl. 87/ADV.3/6 dated 31.3.1987.](#) (RBE 361/1987)
20. No. [F\(E\)Spl. 87/ADV.3/12 dated 9.7.1987.](#) (RBE 369/1987)
21. No. [F\(E\)Spl. 87/ADV.3/7 dated 8.5.1989.](#)
22. No. [F\(E\)Spl. 89/ADV.3/7 dated 8.5.89](#) (RBE 121/1989)
23. No. [F\(E\)Spl. 89/ADV.3/9 dated 31.5.89](#) (RBE 130/1989)
24. No. [F\(E\)Spl. 90/ADV.3/11 dated 10.8.1990.](#) (RBE 135/1990)
25. No. [F\(E\)Spl. 90/ADV.3/12 dated 16.8.1990.](#) (RBE 139/1990)
26. No. [F\(E\)Spl. 91/ADV.3/3 dated 6.3.1991.](#) (RBE 44/1991)
27. No. [F\(E\)Spl. 91/ADV.3/5 dated 10.4.1991.](#) (RBE 75/1991)
28. No. [F\(E\)Spl. 91/ADV.3/7 dated 23.4.1991.](#) (RBE 83/1991)
29. No. [F\(E\)Spl. 91/ADV.3/6 dated 24.4.1991.](#) (RBE 84/1991)
30. No. [F\(E\)Spl. 91/ADV.3/15 dated 13.12.1991.](#) (RBE 214/1991)
31. No. [F\(E\)Spl. 94/ADV.3/7 dated 13.10.1995.](#) (RBE 115/1995)

32. No. [F\(E\)Spl. 97/ADV.3/6 dated 29.12.1997.](#) (RBE 191/1997)
33. No. [F\(E\)Spl. 97/ADV.3/6 dated 23.1.1998.](#) (RBE 18/1998)
34. No. [F\(E\)Spl. 98/ADV.3/1 dated 30.3.1998.](#) (RBE 67/1998)
35. No. [F\(E\)Spl. 99/ADV.3/8 dated 14.7.1999.](#) (RBE 174/1999)
36. No. [F\(E\)Spl. 2000/ADV.3/7 dated 16.11.2000.](#) (RBE 197/2000)
37. No. [F\(E\)Spl. 2001/ADV.3/5 dated 17.5.2001.](#) (RBE 92/2001)

(Master Circular No. 50)

The instructions issued by the Railway Board, from time to time, on the subject of various Interests bearing Advances are contained in several letters. These instructions in respect of the following advances were consolidated and issued in the form of [Master Circular No. 39](#), in 1991:

- i. Advance for purchase of conveyance, i.e. cycle, scooter, motor cycle & car.
- ii. Advance for purchase of Personal Computer.
- iii. Advance for purchase of table fan.
- iv. Advance for purchase of warm clothing.

Consolidated instructions in respect of House Building Advance, which is an interest-bearing advance but which could not be included in [Master Circular No. 39](#) of 1991, are contained here.

2 House Building Advance: Grant of House Building Advance is regulated by the rules, laid down by the Ministry of Urban Development for Central Government employees in general. These instructions apply mutatis-mutandis to railway employees.

3. Purposes: The advance is admissible for the following purposes:

- i. *Construction of a new house on a plot owned by the official or by the official jointly with his/her spouse, or
- ii. *Purchasing a plot and constructing a house thereon, or
- iii. * Purchasing and constructing or acquiring a house/ flat through Cooperative Housing Societies/ Self-financing Schemes/ Housing Boards/ Development Authorities, Other statutory or semi Govt. bodies and outright purchase from private parties.
- iv. *Enlarging living accommodation in an existing house owned by the official or by the official jointly with his/her spouse, subject to cost ceilings laid down, or
- v. Repayment of loan or advance taking from non-Government sources to build the house, even if the construction has commenced.

[\[F\(E\)Spl. 89/Adv. 3/9 dated 31.05.1989\]](#) (RBE 130/1989)].

- vi. Constructing residential portion only of the building on a plot, which is earmarked as a shop-cum-residential plot, in a residential colony, subject to cost ceilings.

Note

1. Advance is permissible for purchase of a house under the Self-Financing Scheme of Indian Railway Welfare Organisation.

[\[F\(E\)Spl. 91/Adv. 3/6 dated 24.04.1991\]](#) (RBE 84/1991)].

2. In the case of a plot owned by the official jointly with his/her spouse, both husband and wife should be willing to mortgage the land/house in favour of the President of India, as a security for repayment of the advance. The application in such a case should be accompanied by a letter from the husband/wife, as the case may be, that if the HBA applied for is sanctioned, the husband/ wife will

mortgage his/ her share of the land/ property jointly with his/ her spouse, as security for repayment of advance.

3. HBA is not permissible for purchase of land only.
4. HBA is not admissible for acquiring a house on hire-purchase basis, but on conversion of hire-purchase of flats/ houses into outright purchase this becomes permissible, provided the purchase is made from State Housing Boards or similar Government controlled bodies.

[[F\(E\)Spl. 89/Adv. 3/7 dated 8.5.1989](#) (RBE 121/1989)].

5. HBA is not admissible for payment of a earnest money or initial registration deposit, to be placed with Cooperative Societies/Self-financing schemes.

4. Eligibility

- i. All permanent railway personnel.
- ii. All other officials with not less than 10 years service, provided they do not hold permanent apptt. under a State Government.
- iii. Members of All India Services deputed for service under the Central Government/ Company/ Association/ Body of individuals, wholly or substantially owned or controlled by the Central Government.
- iv. Government servants on deputation to another Department or on foreign service.
- v. IES officers on deputation, and
- vi. Other officials made eligible in HBA rules, issued by the Ministry of Urban Development:

Note. 1. When both husband and wife are Central Government servants and both are eligible for grant of advance and its payment, the advance will be admissible to only one of them.

[Rly. Bd 's letter No. [F\(E\)Spl. 78/Adv. 8/1 dated 19.04.1978](#) as amended from time to time].

5. Conditions for Grant of Advance

- i. Advance is admissible for constructing a house at the place of work or at a place where the applicant wants to settle down finally after retirement.
- ii. Only one advance is admissible under these rules during the entire service.
- iii. The cost of the house to be built/purchased (excluding the cost of land) and if it is proposed to enlarge living accommodation in an existing house, the total cost of existing structure (excluding cost of land) with proposed additions/expansions should not exceed cost ceiling limits. In individual cases, the cost ceiling limits may be relaxed upto a maximum of 25 %.
- iv. The official should not have availed of any loan or advance from other Government sources for the purpose. However, if he undertakes to repay the outstanding loan/advance with interest in one instalment, he may apply for advance under HBA rules.
- v. The total amount of withdrawal from SRPF/GPF and the advance under these rules should not exceed the cost ceiling limits laid down.
- vi. The official or his/her spouse/minor child should not already own a house in the town/urban agglomeration where the house is proposed to be constructed or acquired with the advance from Government. If however the official is a member of HUF, which owns a house at the same place, he may be granted advance under these rules but the amount will be restricted to 60 % of the normal entitlements.

[No. [F\(E\) Spl. 84/Adv. 3/2 dated 12.04.1984](#);
and No. [F\(E\) Spl. 84/Adv. 3/2 date 25.02.1985](#)]

- vii. The applicant must possess clear title of the land. The land may be owned by the official or his/her spouse jointly with the official. It should be free from encumbrances and attachments.

viii. If the advance is for purchase of ready built house/flat from private parties, the house/flat should be new and un-lived in. The applicant should get it valued at his own cost by registered valuers.

[Rly. Bd's letter No. [F\(E\)Spl. 78/Adv. 3/10 dated 28.07.1978](#)]

6. Competent Authorities

Sanction of HBA to non-gazetted staff may be accorded by HODs concerned/DRMs.

[No. [F\(E\)Spl. 74/Adv. 3/10 dated 08.02.1977](#)].

Sanction of HBA to Gazetted officers (except HODs), may be accorded by the Addl. GM. GMs will accord sanction of HBA to HODs, including SDGM and Addl. GMs.

[No. [F\(E\)Spl. 74/Adv. 3/10 dated 02.09.1980](#)].

For sanction of HBA to the GMs/officers of equivalent rank/DG, RDSO, approval of Board should be obtained and sanction letter should be issued under the signature of Secretary, Railway Board.

[No. [F\(E\) Spl. 82/Adv. 3/1 dated 24.03.1982](#)]

7. Amount of Advance

The maximum amount of advance shall be:

- a. 50 times the basic pays p.m. at the time of sanction; or

[Rly. Bd's letter No. [F\(E\) Spl. 87/Adv. 3/12 dated 09.07.1987](#) (RBE 369/1987)]

- b. Estimated cost of the land-cum-house/flat, or
c. Amount calculated as per the repaying capacity of the official, or
d. Rupees 2.5 lakhs, whichever is the least.

Note.- The maximum amount admissible for enlarging living accommodation in an existing house is Rs. 60.000/-. In rural areas, the amount of advance shall be restricted to 80 % of the true cost of land and construction of house or cost of enlarging living accommodation in an existing house. This can be relaxed to 100% if HOD certifies that the concerned rural area falls within the periphery of a town/or city.

8. Cost Ceiling

Cost ceilings for the purpose of HBA have now been revised to make in 150 times the basic pay of the railway servant concerned subject to a minimum of Rs. 2.5 lakhs and a maximum of Rs. 6 lakhs. These orders take effect from 01.11.1991. In deserving cases, the above cost ceilings may be relaxed upon a maximum of 25 %, based on merit by GMs/HODs of zonal Railways/HODs empowered to sanction HBA.

[No. [F\(E\)Spl. 91 /Adv. 3/15 dated 13.12.1991](#) (RBE214/1991)]

Note.— Pay of both husband and wife who are employed in Central/State Government public undertakings, semi-Government institutions or local bodies will be taken into consideration for the purpose of computation of cost ceiling limits.

9. Repaying Capacity

For the purpose of calculating the eligibility of advance, the repaying capacity will be calculated as below:

Officials retiring after 20 yrs.	35% of basic pay:
Officials retiring after 10 yrs But not more than	40% of basic pay & 60 % of DCRG may be

20 years.	adjusted.
Officials retiring within 10 years.	Up to 50% of basic pay; 70 % of DCRG may be adjusted.

While calculating repaying capacity, maximum no. of instalments for recovery of the Principal may be taken as 180 and for recovery of the interest as 60 in the case of officials retiring after 20 years. The approximate interest amount should be calculated on the basis of the rates of interest prevailing on the date of sanction. The additional interest of 2.5 % above the prescribed rates of interest will not be taken into account for the purpose of computing the repaying capacity. Subsequent upward revision of DGRG limits will not entitle the railway servant to any enhancement of HBA, in case the same has already been released by the time of revision of DCRG limits.

[No. [F\(E\) Spl. 87/Adv. 3/12 dated 09.07.1987](#) (RBE 369/1987)]

10. Interest

The advance carries simple interest from the date of payment of first instalment.

Interest is calculated on the balance outstanding on the last day of each month.

No interest will be charged beyond the date of superannuation or the date of death.

A higher rate of interest at 2½% above the prescribed rate will be shown in the sanction, with a stipulation that rebate of 2½% will be allowed in the interest for prompt repayment and observance of all other conditions attached to the sanction including those relating to the recovery of the amount.

[No. [F\(E\) Spl. 80/Adv. 3/4 dated 08.07.1980](#)].

11. Rates of Interest

For advances sanctioned from 01.06.1971 to 31.03.1974	6%
For advances sanctioned from 01.04.1974 to 05.08.1975	6½%

For advances sanctioned on or after 6.8.1975, following differential rates will be charged.

	06.08.1975 to 31.05.1981	to 01.06.1981 to 01.04.1984 to	31.03.1984 to 24.11.1985
For the first 25,000	6 ½%	7%	7%
For the next 25,000	8%	8 ½%	8 ½%
For the next 25,000	10%	10 ½%	10 ½%
For the next 50,000			12%

From 25.11.1985 onwards, the basis for recovery of interest has been changed. It is leviable on the total amount of loan sanctioned, as given below:

Amount of loan sanctioned	25.11.1985 to 23.6.1987	24.6.1987 to 25.7.1990	26.7.1990 onwards
Up to Rs. 25,000	7%	7%	7½%
25,001- 50,000	7½%	7%	7½%

50,001-75,000	8%	8%	9%
75,001-1,00,000	8½%	8%	9%
1,00,001-1,25,000	9%	9%	10%
1,25,001-1,50,000	-	9%	10%
1,50,001-2,00,000	-	10%	11%
2,00,001-2,25,000	-	10½%	11½%
2,25,001-2,50,000	-	11%	12%
		F(E) Spl. 87/Adv. 3/12 dated 09.07.1987 (RBE 369/1987)	F(E)Spl. 90/ Adv. 3/12 dated 16.08.1990 (RBE139/1990)

In the process of recovery, the portion of loan carrying higher rate of interest will be treated as having been refunded first.

Concessional rate for promoting small family norms: The rate of interest will be half per cent less for an employee who himself or his spouse undergoes sterilisation and satisfies the conditions prescribed in Min. of Railway's letter No. [F\(E\)Spl. 79/Adv. 3/15 dated 28.09.1979](#) and [F\(E\)Spl. 90/Adv. 3/11 dated 10.08.1990](#) (RBE 135/1990). This is applicable only in case of officials who underwent sterilisation on or after 01.09.1979, even after the release of first instalment of HBA. The rebate, however, will be admissible from the date of sterilisation. Persons who have had twins after the birth of their first two children are also eligible for receiving the incentive, although they have 4 children. Rebate of 1.5 % is also admissible if sterilisation is had after one child. Rebate shall not be admissible if operation is undergone after drawal of final instalment of HBA.

12. Disbursement

Advance for purchase of ready built house will be paid in one lump sum, as soon as the applicant executes an agreement in the prescribed form. The official should ensure that the house is purchased and mortgaged to the Government within 3 months of drawal of the advance.

Advance for purchase/construction of new flat may be paid either in one lump sum or in convenient instalments at the discretion of the Head of Department. The official should execute the agreement in prescribed form before the advance/first instalment of advance is paid to him. The amount drawn by the official should be utilised for the purchase/ construction of the flat within one month.

[No. [F\(E\)Spl. 86/Adv. 3/7 dated 04.08.1986](#) and [F\(E\)Spl. 86/Adv. 3/2 dated 17.03.1986](#)]

Advance for construction/enlarging living accommodation, etc. shall be payable in two instalments of 50% each. The first instalment will be paid after the plot and proposed house/existing house is mortgaged and the balance on the construction reaching plinth level.

[No. [F\(E\)Spl. 91/ADV.3/3 dated 6.3.1991](#). (RBE 44/1991)]

In the case of advance for purchase of plot and construction of house, the advance will be disbursed as below:

Single Storey House: After the agreement in prescribed form is executed and production of surety bond, 20% of the advance or the actual cost will be disbursed for purchase of plot. The balance amount will be disbursed in two equal instalments, the first after the mortgage is executed and the second on the construction reaching plinth level.

Double Storey House: 15% of the advance or the cost of plot will be disbursed on executing the agreement. The balance amount will be disbursed in two equal instalments, (the first on executing the mortgage deed and the second on the construction reaching plinth level.

In the case of purchase of ready built flats under the self financing schemes of statutory bodies, semi-Government bodies etc. including IRWO, the amount of HBA permissible will be sanctioned on receipt of an assurance from the authority that on completion of the flat, its possession will be handed over to the Government servant concerned but payment thereof as and when made will be endorsed to the authority directly on the applicant executing an agreement to repay the loan and interest thereon. He will also produce two sureties from permanent Government employees of comparable status who are not likely to retire in the near future. The payment will be released to the authority in instalments, on pro-rata basis, calculated with reference to the total cost of construction (Excluding the earnest money or the initial registration deposit) and the amount of HBA sanctioned, as and when demanded by them, consistent with the progress of construction. The demand notice from the authority for release of each instalment of HBA should be accompanied by a certificate from the Engineer of appropriate status as may be determined by that organisation certifying completion of that much percentage of total work for which the demand has been made. On completion of the flat, the Government servant concerned will mortgage the flat to the President of India. The cost of the flat, over and above the ceiling limit of advance will be borne by the Government servant concerned. If the Government servant wants to withdraw from the scheme or is unable to meet the balance amount representing the difference between the HBA sanctioned by the Government and the actual cost of the house, the amount of house building advance will be refunded forthwith to the Government by the Authority with a view to safeguarding the interests of the Government, the authority will enter into a tripartite agreement in the prescribed form. The authority will maintain a separate account for each Government servant and adjust the payment of advance against the cost of construction of the particular category of flat applied for by the Government servant concerned.

13. Creation of second charge

To meet the balance cost of house/flat, Government servants may create a second charge on the property subject to the following conditions:

[Authority: Board's No. [F\(E\)Spl. 82/ADV.3/6 dated 1.1.1983](#) and [F\(E\)Spl. 82/ADV.3/6 dated 8.6.1983.](#)]

1. Prior permission of the Head of the Department should be obtained for the second charge.
2. The second charge can be created only in respect of loans to be granted for meeting the balance cost of house/flat.
3. The loan to be granted should be by recognised financial institutions such as:
 - a. Banking institutions, including Co-op. Banks.
 - b. Financial corporations set up by the State Governments, which provide loans for house construction.
 - c. Apex cooperative housing finance institutions such as Delhi Co-op. Housing Finance Society.
 - d. Public companies formed and registered in India with the main object of carrying on the business of providing long term finance for constructing or purchase of houses in India for residential purposes like the Housing Development Finance Corporation Ltd.

The total amount of the HBA granted by the Government and the loan raised from these institutions taken together should not exceed the prescribed cost ceiling limit applicable to the Government servant concerned.

14. Repayment of Advance

Repayment of advance with interest thereon shall be repaid in full by monthly instalments within a period not exceeding 20 yrs. i.e. the maximum no of instalments is 240.

The amount to be recovered shall be fixed in whole rupees. If there is any fraction of a rupee it

shall be recovered in the last instalment.

The recovery should commence as follows:

- i. In the case of advance for purchase of land and construction of house, from the pay of the month following the completion of the house or from the pay of 24th month after the date on which the advance for purchase of plot was sanctioned, whichever is earlier.

[No. [F\(E\)Spl. 75/ADV.3/8 dated 16.2.1976](#)]

- ii. In the case of advance for construction of house, from the pay of the month following the completion of the house or from the pay of 18th month after the date of disbursement of first instalment of the advance, whichever is earlier.
- iii. In the case of purchase of ready built house/flat from the pay of the month following that in which the advance is drawn.

The advance may be repaid in a shorter period also if the official so desires.

The entire advance shall be recovered in full, with interest thereon before the retirement of the official.

Recovery shall not be held up or postponed without the prior concurrence of the Government.

If a Government servant ceases to be in service for any reason other than normal retirement/superannuation or if he dies before repayment of the advance in full, the entire outstanding amount will become payable forthwith. If, however, the house has not been completed and mortgaged by that time, the Government may, in deserving cases, permit repayment of the outstanding amount with interest in suitable instalments.

Failure to repay the advance for any reason whatsoever either by the Government servant or his successors, as the case may be will entitle the Government to enforce the mortgage and take action to recover the outstanding amount.

15. Reconveyance

After the advance together with interest thereon is repaid in full, the property mortgaged to the Government will be reconveyed to the official in the prescribed format. The reconveyance deed shall be executed by the Head of Department who generally accepts the mortgage deed on behalf of the President. Registration of reconveyance deed is compulsory. The expenses in connection with the execution and registration of the reconveyance deed shall be borne by the official concerned. After the reconveyance deed has been executed and registered, it shall be made over to the official concerned along with the mortgage deed, sale deed and other documents deposited by the official. In case a Government servant dies intestate and the advance is recovered from gratuity or otherwise reconveyance may be made to the legal heir. If there are more than one legal heir, the reconveyance can be done in favour of one of them, after obtaining no objection affidavit from others.

16. Duties of Head of Department

1. He should scrutinise the application and satisfy himself about the facts stated therein.
2. He should ensure from the title deeds that the applicant possesses a clear title to the property in question.
3. He should see that the property is free from encumbrances.
4. In the case of purchase of land and construction of house, that HOD should get (1) the agreement in the prescribed form executed by the official, and (2) surety bond from a permanent Central Government servant of status not lower than that of the applicant before the disbursement of first instalment. The mortgage deed should be got executed and registered before the second instalment is paid.

In the case of advance for construction of houses, mortgage deed in the prescribed form should be got executed and registered before payment of the first instalment. Further the

proposed construction is in accordance with approved plan and specifications.

In the case of advances for purchase of ready built house flats, agreement and surety bond should be got executed before payment of the advance and mortgage deed shall be got executed and registered within 3 months of disbursement of the advance.

In the case of advances to acquire houses through membership of Coop. Gr. Housing Societies, personal bond, an agreement to mortgage the house/flat followed deposit of title deeds (as and when available) and a promissory note in respect of the amount of Principal plus interest at the specified rates should be obtained before payment of the HBA.

In all cases, sale deeds and other original documents should be obtained along with the mortgage deed and kept in deposit with the HOD.

In addition to the agreement/mortgage deed, surety from an approved permanent Government servant should be obtained in the following cases:

- a. All applicants who are not permanent Central Government servants.
- b. All applicants who are due to retire within a period of 18 months from the date of application.
- c. All applicants who are permanent Central Government servants who require the advance for the purchase of a ready built house.

In the case of advance for constructing/purchase of ready built house/flat, the HOD should obtain adequate collateral security wherever the land on which the flats stand is not mortgaged in favour of the President of India.

In all cases, HOD should satisfy himself that the Government servant establishes his marketable title to the property in accordance with the procedure prescribed by the Government before execution of the mortgage deed.

If the terms of sale do not vest title to the land in favour of the Government servant till a house is erected on the land it should be ensured before execution of the agreement that the Government servant will be in a position to acquire a clear and marketable title free from all encumbrances on erection of the house.

He should see that the mortgage deed and the reconveyance deed on release of the mortgage are duly registered within 4 months from the date of their execution. Registration is not necessary in the case of surety bonds and agreements under HBA rules.

He should see that the house is insured as per the rules immediately on purchase completion and that the premium receipts are regularly obtained for inspection.

He should ensure that the house is maintained in good repair and the necessary municipal rates and taxes are paid regularly and the requisite certificate furnished annually until the advance has been repaid in full.

He should ensure that the monthly recovery of instalments towards repayment of the advance commences from the due date and is made regularly from the monthly pay/leave salary/subsistence allowance bills of the official.

He should ensure that the amount if any drawn by the official in excess of the expenditure incurred is returned by the official forthwith together with interest if any due.

17. Insurance

Immediately on completion of construction/purchase of house/flat, the Government servant shall insure the house with the recognised units of LIC, for not less than the amount of advance and shall keep it so insured against damage by fire, floods, and lightning till the advance together with interest thereon is repaid in full and deposit the policy with the HOD. Renewal of insurance will be done every year and premium receipts produced for inspection of HOD regularly.

[No. [F\(E\)Spl. 79/ADV.3/11 dated 31.7.1979](#)]

17. Condonation of non-insurance

Heads of Departments/Authorities empowered to grant HBA are competent to condone the period of non-insurance up to one year and only cases of non-insurance in excess of that period as required to be referred to Ministry of Urban Development. It has to be ensured that the irregularity is not deliberate on the part of the Government servant but due to circumstances beyond his control.

[No. [F\(E\)Spl. 85/Adv. 3/15 dated 23.02.1985](#)]

18. Residual Powers

All cases involving relaxation of rules/orders and cases in which doubts persist are required to be referred to Ministry of Urban Development, through administrative Ministry. Ministry of Urban Development is the nodal Ministry for grant of HBA, and residual powers vest with them.

19. While referring to this Master Circular, the original circulars mentioned herein and the provisions of the Code/Establishment Manual should be read for a proper appreciation. This circular is only a consolidation of existing instructions/and should not be treated as a substitute of the original circular. In case of doubt, the original circulars should be relied upon as authority.

20. If any circular having a bearing on the subject which has not been superseded, has been lost sight of in the preparation of this Circular, the said circular which has been missed through oversight should not be ignored, but should be treated as valid and operative.

21. The letters and other references on the basis of which this circular has been prepared are indicated in the Annexure.

To Change the colour of the Background Click on the Button Below.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 71/1993

No. F(E)Spl. 93/ ADV. 3/4 dated 25/05/1993

Subject :- Interest Bearing Advances.

This RBE issues the Master circular no. 50 on House Building Advances. Please click [here](#) to reach the master Circular.

Revised Master circular issued vide Railway Board's letter No. [F\(E\)Spl. 2001/ADV3/9 dated 10.9.2001](#) (RBE 173/2001).

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 174/1999

No. F(E)Spl. 99/ADV.3/8 dated 14/07/1999

Subject :- House Building Advance for acquiring house/flats under Self-Financing Schemes & Outright Purchases from Joint Venture of Authorities/ Boards etc. and Registered Private Builders

A copy of Ministry of Urban Affairs & Employment's O.M. No. 1/17015/1/91-H.III dated 4.5.1999 on the above subject is sent herewith for information and guidance. Instructions contained therein would apply to Railway servants mutatis-mutandis. A format of the Tripartite Agreement prescribed in this respect is enclosed herewith at Annexure 'A'.

Copy of Ministry of Urban Affairs & Employment O.M. No. 1/17015/1/91-H.III, dated 04.05.1999

OFFICE MEMORANDUM

Subject : House Building Advance for acquiring house/flats under Self-Financing Schemes & Outright Purchase from Joint Venture of Authorities/ Boards etc. and Registered Private Builders.

The question of extending the facility of grant of House Building Advance to Central Govt. employees for acquiring house/flat under self-financing scheme & outright purchase from joint ventures of Authorities/Boards etc. approved under House Building Advance Rules and Registered Private Builders, has been under consideration on the receipt of several representations from various Ministries/Deptts. for some time past.

2. It has now been decided in consultation with Ministry of Law and Justice that House Building Advance may be admissible to Central Govt. employees to acquire a House/flat under self-financing scheme or outright purchase from a joint venture of Authorities/Boards approved under House Building Advance Rules and Registered Private Builders subject to the standard terms and conditions laid down for self financing schemes under House Building Advance Rules and a Tripartite Agreement between joint-venture, buyer and the Govt. as per the standard terms & conditions laid down for self financing schemes under House Building Advance Rules, including the terms & conditions stated in this Ministry's O.M. of even No. dated 04/09/1991. The grant of advance in such cases shall be further subject to the condition that the Licence Deed for the joint venture should be duly registered and the following clauses ought to be incorporated in the Tripartite Agreement:-

- i. If for any reasons whatsoever, within or beyond the control of the builder, the whole or the part of the project is abandoned, the money shall be refunded in full by the joint venture,
- ii. If the booking of the flat is cancelled and earnest money is forfeited due to default by flat buyer, the balance amount paid by the flat buyer shall be refunded by the joint venture.
- iii. In the event of (i) & (ii) above, the money paid directly to the joint venture by the Govt. on behalf of flat buyer shall be directly refunded back to the Govt. and the balance, forfeited amount, if any, and the interest not paid by the joint venture, shall be deemed to be due and payable by flat owner/applicant on House Building Advance as per House Building Advance Rules.

iv. The terms & conditions, present and future, if any, in the flat buyer's agreement are reasonable and do not prejudice the interest of the Govt.

3. In so far as the persons serving in the Indian Audit and Accounts Department are concerned, this issue with the concurrence of Comptroller & Auditor General of India.

ANNEXURE-A

Form of Tripartite agreement to be executed at the time of drawing an advance for acquiring house/flats under Self-Financing Schemes & Outright Purchase from Joint Venture of Authorities/Boards etc. and Registered Private Builders viz._____.

This Agreement made this _____ day of _____ (Mention date, Month and Year) between Shri _____ S/o Shri _____ resident of _____ at present serving as _____ hereinafter called 'Borrower' (Which expression shall unless excluded by or repugnant to the context be deemed to include his/ her heirs, executors, administrators and legal representatives of the first part, the Joint Venture of _____ a body corporate constituted under Sec. _____ and Registered Private Builder hereinafter called the Joint Venture of the second part and the _____ (Which expression unless repugnant to the context shall include its successors and assigns) or the third part.

Whereas the borrower desired to acquire house/flat from Joint Venture under its self-financing scheme (hereinafter referred to as 'The said scheme') which envisages allotment of house/flat after a period of ___ years and payment of the cost of construction in instalments as mentioned in the brochure of the Scheme or Outright purchase from the Joint Venture.

And whereas the borrower has under the provisions of the rules framed by the Central Government to regulate the grant of advance to the employees of Central Government for building houses, etc. (hereinafter referred to as the said rules including any modifications thereof) applied to the Government _____ has sanctioned an advance of Rs. _____ to purchase a house/flat under the scheme and the Government _____ has sanctioned an advance of Rs. _____ to the borrower vide the _____ letter No. _____ dated _____ a copy of which is annexed to these presents for the purchase aforesaid on the terms and conditions set forth therein.

In consideration of the sum of Rs. _____ (Rupees _____) already deposited by the borrower as initial amount of registration deposit with the Joint Venture under the scheme for acquiring/purchasing house/flat and the sum of Rs. _____ (Rupees _____) (Insert the amount of advance sanctioned) to be paid by the Government _____ directly to the Joint Venture on behalf of the borrower, it is hereby agreed to by and between the parties hereto as follows :-

1. On the receipt of an assurance from the Joint Venture that house will be allotted to the borrower herein, the amount of house building advance permissible will be sanctioned to the borrower but the actual payment will be made to the Joint Venture as and when demanded by them on pro-rata basis, calculated as under, consistent with the progress of construction :

	Amount demanded		
Amount of each instalment of Building Advance	=	-----	X The Amount of House Building Advance Sanctioned
		Total cost of the flat (excluding the amount of initial deposit of Earnest Money)	

The amount in excess of the amount of House Building Advance permissible and sanctioned to the borrower will be paid by the borrower to the Joint Venture directly, so as to make the payment to the _____ in the manner as mentioned hereinbefore.

In case there is any delay in payment of the instalment by Government _____ or the Borrower or any other default, in either case it will be treated as default on the part of the borrower and consequence of such default will be borne by the borrower

whose sole responsibility it shall be to make all the payment.

2. The Joint Venture will maintain a separate account for the borrower and adjust the payment of advance received by it from Government against the cost of construction of particular category of house/flat applied for by him.
3. On completion of the house/flat and subject to the fulfilment of all relevant terms and conditions including those specified in para _____ of the terms and conditions given in the brochure, which is annexed to these presents, its possession will be handed over to the borrower forthwith alongwith the title thereto on lease/free hold right to _____ as security for the said advance. He should also furnish all the necessary certificates for the purpose of registration.
4. The cost of the house/flat, if in excess of the amount of House Building Advance sanctioned, will be borne and paid by the borrower.
5. The borrower is to repay to the Government _____ the said amount of Rs. _____ (insert full amount sanctioned with paragraph 11 mentioned below) by _____ (number of instalments to be filled in) monthly instalments of Rs. _____ from his pay commencing from the month of _____ (date, month and year) or from the month following obtaining of the possession of the house whichever is earlier and the borrower hereby authorises the Government _____ to make such deductions from his monthly pay, leave salary and subsistence allowance bills.
6. If the borrower wants to withdraw from the scheme or fails to pay the balance amount representing the difference between the House building advance sanctioned by the Government and the actual cost of the flat, or quits the service of the Government or dies, the amount of the house building advance will be refunded forthwith to the Government. The amount of initial deposit of _____ will be refunded to the borrower or his legal heirs, as the case may be, by the Joint Venture after deducting such amounts as may be payable by him as communicated in the brochure. Provided, however, in the event the borrower quits the service of the Government or dies, the Joint Venture may, in its absolute discretion, allow the borrower or his legal heirs, if they choose so, as the case may be, to deposit the amount refunded to the Government as mentioned hereinabove on an undertaking by the borrower or his legal heirs, as the case may be, to pay such further sum or sums as may have been payable by him under these presents to the Joint Venture. Provided further that in the event the borrower quits the service of the Government or dies, as the case may be, the terms of this agreement as applicable to the Joint Venture and the borrower shall be deemed to continue and shall always be deemed to have been continued irrespective of the fact that in relation to the Government this agreement has come to an end.
7. If for any reasons whatsoever, within or beyond the control of the Builder, the whole or the part of the project is abandoned the money shall be refunded in full by the Joint Venture.
8. If the booking of the flat is cancelled and earnest money is forfeited due to default by flat buyer, the balance amount paid by the flat buyer shall be refunded by the Joint Venture.
9. In the event of (7) & (8) above, the money paid directly to the Joint Venture by the Government on behalf of flat buyer shall be directly refunded back to the Government and the balance, forfeited amount, if any, and the interest not paid by the Joint Venture shall be deemed to be due and payable by flat buyer/applicant on House Building Advance as per House Building Advance Rules.
10. The terms & conditions, present and future, if any, in the flat buyer's agreement are reasonable and do not prejudice the interest of the Government.
11. The rates of interest on house building advance will be in accordance with orders of the Government of India issued in that regard from time to time.
12. The stamp duty payable on these presents shall be borne by the Government servants.

In witness whereof the borrower has hereunto set his hand and Shri _____, of the authority has hereunto set his hand and Shri _____ of the Registered Private Builder has hereunto set his hand and Shri _____, Secretary _____ for and on behalf of the President of India has hereunto set his hand.

(Signature of the Borrower)

1 st Witness

Address

Occupation

2nd Witness

Address

Occupation

In respect of the Joint Venture :

Signed by Shri _____ of the _____ (Authority) in the presence of

Witness 1.

2.

and

**Signed by Shri _____ of the _____ (Registered
Private Builder) in the presence of**

Witness 1.

2.

**Signed by Shri _____ in the Ministry/Office of _____
____ for and on behalf of the President of India.**

Schedule of the Property

All that House/Flat No. _____ etc.

To Change the colour of the Background Click on the Button Below.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 78/ADV.3/1 dated 19/04/1978

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 130/1989

No. F(E)Spl.89/Adv.3/9 dated 31/05/1989

Subject :- Grant of House Building Advance to enable repayment of loans.

The facilities of granting HBA for repayment of loans taken from other sources was withdrawn vide this Ministry's letter No. [F\(E\)Spl.88/Adv.3/5 dated 13.04.1988](#) (RBE 74/1988). On representations being received that withdrawal of this facility has resulted in hardship to Railway/Govt. Employees the Government have now decided that Govt./Railway servant can utilise the amount of HBA for purpose of repayment of other loans taken from non Govt. sources to build a house or acquire a flat. A copy of Ministry of Urban Development's O.M. No. 1/17011/3/86/H.III dated 17.04.1989 on the above subject is sent herewith for information and guidance. The instructions contained therein will apply mutatis-mutandis to Railway servants.

This may be brought to the notice of all concerned.

Copy of Ministry of Urban Development's letter No. 1/17011/3/86/H.III dated 17.04.1989.

Subject :- Grant of House Building Advance to enable repayment of loans.

The undersigned is directed to say that this Ministry's orders contained in O. M. No. 1/17015/8/71/H.III dated the 14th February 1972 permitted sanction of House Building Advance for repayment of loans for construction of Houses. This facility was, however, withdraws vide this Ministry's O.M. No. 1/17011/3/86/H.III dated 15th February, 1988.

2. It has been represented that with limited funds placed at the disposal of various Ministries/Departments, it is not possible for these Departments to sanction House Building Advance to all applicants and the employees have perforce to raise finance through various Financial institutions and other agencies at higher rates of interest. Withdrawal of the facility of getting house building advance for repayment of loan has thus resulted in hardship to Government employees.

3. These representations have been carefully considered. Government have now decided that Government servants can utilise the amount of house building advance for purposes of repayment of other loans taken from non-Government source to build a house or acquire a flat. The concession will be available even where the construction has commenced.

4. Before granting such house building advance the Head of Department :-

- i. should satisfy himself that the other loans were taken by the Government servant entirely for the purpose of construction/purchase of house/ flat;
- ii. should ensure that the house building advance sanctioned is limited to the amount of loan still due to be repaid by the Government servant.

Since the All India Services and CCS (Conduct) Rules provide for declaration of sources of finance for such purpose, with full details thereof, the Heads of Department can consult these declarations in this matter.

5. The Government servant has to satisfy the other provision of the house building advance rules.

6. In so far as the persons serving in the Indian Audit and Accounts Departments are concerned, these orders issue in consultation with the Comptroller and Auditor General of India.

7. This O.M. is in supersession of the O.M. of even number dated 15th February, 1988 on the subject.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 84/1991

No. F(E)Spl. 91/ADV.3/6 dated 24/04/1991

Subject :- Grant of HBA to members of Indian Railway Welfare Organisation for acquiring houses/flats under the self-Financing scheme.

A copy of Ministry of Urban Development's O.M. No. 1/17015/ 8/90/H.III dated 12.3.1991 on the above subject is sent herewith for information and guidance. Instruction contained therein would apply to Railway servants mutatis mutandis.

Copy to Ministry of Urban Development's O.M. No. 1/17015/8/90/H. III dated 12.03.1991.

Subject : Grant of House Building Advance to members of Indian Railway Welfare Organisation for acquiring houses/flats under the Self-financing Scheme.

Indian Railway Welfare Organisation has taken up the question of extending the facility of house building advance to its members for acquiring house/flats under their self-financing Housing Scheme. It is also noted that the Railway employees who are registered with Indian Railway Welfare Organisation are contributing towards the Central Government Employees Group Insurance Scheme. The Matter has been considered and it has been decided to extend the facility of house building advance to the Railway personnel for acquiring houses/flats under the self-financing scheme of the Indian Railway Welfare Organisation on the following terms and conditions.

- a. House Building Advance will not be granted for the initial payment of earnest money to be deposited with IRWO. It has to be borne by the applicant himself.
- b. On receipt of an assurance from the IRWO that the flat will be allotted to the Govt. servant, the amount of house building advance permissible will be sanctioned to the Govt. servant but payment thereof as and when made will be endorsed to the IRWO directly on his executing an agreement to repay the loan and interest thereon. He will also produce two sureties from permanent Govt. servants of comparable status who are not likely to retire in the near future.
- c. The payment will be released to the IRWO in instalments, on prorata basis, calculated with reference to total cost of construction (excluding the earnest money or the initial registration deposit) and the amount of house building advance sanctioned as and when demanded by them consistent with the progress of construction, as indicated below :
$$\text{Amount of each instalment of HBA} = \frac{\text{Amount demanded}}{\text{Total cost of the flat (excluding the building amount of initial deposit of earnest money)}} \times \text{Amount of house advance sanctioned.}$$

The demand notice from the organisation, for release of such instalment of house building advance should be accompanied by a certificate from the engineer of appropriate status as may be determined by the IRWO certifying completion of that much percentage of total work for which the demand has been made.

- d. The IRWO will maintain a separate/account for each Govt. servant and adjust the payment of advance against the cost of construction of the particular category of flat applied for by him.
- e. The IRWO will send periodical progress reports regarding construction of the built up houses/flats to the Head of the deptt. of Railway employee, who has taken house building advance and is likely to be allotted one of such houses/ flats.
- f. On completion of flat, its possession will be handed over to the Govt. servant who will mortgage the flat to the President of India.
- g. The amount of advance will be admissible as per house building advance rules of the Govt. issued from lime to time.
- h. The cost of the flat over and above the admissible advance will be borne by the Govt. servant.
- i. If the Govt. servant wants to withdraw from the scheme or is unable to meet the balance amount representing the difference between the house building advance sanctioned by the Govt. and the actual cost of the house, the amount of house building advance will be refunded forthwith to the Govt. by the IRWO.
- j. With a view to safeguarding the interest of the Govt., the Organisation will enter into a Tripartite Agreement in the form in Annexure-I to this O.M.
- k. The mode of repayment of house building advance and interest thereon will be as under the normal rules. The recovery shall start after 18 months of the release of the first instalment or possession of the flat, whichever is earlier.

2. The beneficiaries of IRWO projects may also be asked to produce the following documents, before they are sanctioned house building advance for acquiring houses/flats under the self-financing Scheme of IRWO:

- i. Certificate regarding the marketable title of the Society over the concerned land.
- ii. A written assurance from the society to the effect that on completion of the flat, it will be allotted to the Govt. servant and the same mortgaged to the President of India.
- iii. Original agreement, if any, between the society and the applicant Govt. servant, the share certificate, if any, issued by the Society and the original receipts for the payment made to the society.
- iv. Written undertaking from the society to indemnify the Govt. for incurring any loss/damage/cost etc.

Sd/-
S. Balakrishnan
Under Secretary to the Govt.
of India.

ANNEXURE-1

Form of Tripartite agreement to be executed at the time of drawing an advance for purchase of house under the Self-Financing Scheme of the —————

THIS AGREEMENT made this ————— day of —————
 ————— One thousand nine hundred —————
 between Shri ————— S/o Shri —————
 ————— resident of ————— at present serving as —————
 ————— hereinafter called the 'Borrower' (which expression shall unless
 excluded by or repugnant to the context be deemed to include his/her heirs, executors,
 administrators and legal representatives) of the first part, the —————
 ————— a body corporate constitute under Sec. ————— hereinafter called the
 authority of the second part and the ————— (which expression
 unless repugnant to the context shall include its successors and assigns) of the third part.

Whereas the borrowers desired to purchase a ready-built flat/house from the authority under

its self-financing scheme (hereinafter referred to as the said scheme) which envisages allotment of ready-built house/flat after a period of — — — years and payment of the cost of construction in instalments as mentioned in the brochure of the Scheme. AND WHEREAS THE BORROWER has under the provisions of the rules framed by the Central Govt. for building houses, etc. (hereinafter referred to as the said rules including any modifications thereof) applied to the Govt. — — — — — for an advance of Rs. — — — — — to purchase a house/flat under the scheme and the Govt. — — — — — has sanctioned an advance of Rs. — — — — — to the borrower vide the — — — — — letter No. — — — — — dated — — — — — a copy of which is annexed to the presents for the purpose aforesaid on the terms and conditions set forth therein.

In consideration of the sums of Rs. — — — — — (Rupees — — — — —) already deposited by the borrower as initial amount of registration deposit with the Authority under the scheme for the purchase of a ready-built house/flat and the sum of Rs. — — — — — (Rupees — — — — —) insert the amount of advance sanctioned to be paid by the Govt. — — — — — directly to the Authority on behalf of the borrower, it is hereby agreed to by and between the panics hereto as follows :

1. On the receipt of an assurance from the authority that house will be allotted to the borrower herein, the amount of house building advance permissible will be sanctioned to the borrower but the actual payment will be made to the authority as and when demanded by them on pro rata basis, calculated as under, consistent with the progress of construction :

$$\text{Amount of each instalment of HBA} = \frac{\text{Amount demanded}}{\text{Total cost of the flat (excluding the amount of initial deposit of earnest money)}} \times \text{Amount of house building advance sanctioned.}$$

The amount in excess of the amount of house building advance permissible and sanctioned to the borrower will be paid by the borrower to the Authority directly, so as to make the payment to the — — — — — in the manner as mentioned herein before.

In case there is any delay in payment of the instalment, by Govt. or the borrower or any other default, in either case it will be treated as default on the part of the borrower and consequence of such default will be borne by the borrower whose sole responsibility shall be to make all the payment.

2. The Authority will maintain a separate account for the borrower and adjust the payment of advance received by it from Govt. against the cost or construction of particular category of house/flat applied for by him.
3. On completion of the house/flat and subject to the fulfilment of all relevant terms and conditions including those specified in para — — — — — of the terms and conditions given in the brochure, which is annexed to these presents, its possession will be handed over to the borrower forthwith alongwith the title thereto on lease/freehold right basis who will mortgage the house/flal within — — — — — days to — — — — — as security for the said advance. He should also furnish all the necessary certificates for the purpose of registration.
4. The cost of the house/flat, if in excess of the amount of house building advance sanctioned, will be borne and paid by the borrower.
5. 5. The borrower is to repay to the Govt. — — — — — the said amount of Rs. — — — — — (insert full amount sanctioned with paragraph 7 mentioned below) by — — — — — (number of instalments to be filled in) monthly instalment of Rs. — — — — — from his pay commencing from the month of — — — — — — — One thousand nine hundred — — — — — or from the month following obtaining of the possession of the house whichever is earlier and the Borrower hereby authorises the Govt. — — — — — to make such deductions from his monthly pay, leave salary and subsistence allowance bills.
6. If the borrower wants to withdraw from the scheme or fails to pay the balance amount

representing the difference between the house building advance sanctioned by the Govt. and the actual cost of the flat, or quits the service of the Govt. or dies, the amount of the house building advance will be refunded forthwith to the Govt. The amount of initial deposit of — — — — — will be refunded to the borrower or his legal heirs, as the case may be, by the Authority after deducting such amounts as may be, payable by him as communicated in the brochure. Provided, however, in the event the borrower quits the service of the Govt. or dies, the authority may, in its absolute discretion, allow the borrower or his legal heirs, if they choose so, as the case may be, to deposit the amount refunded to the Govt. as mentioned hereinabove on an undertaking by the borrower or his legal heirs as the case may be, to pay such further sum or sums as may have been payable by him under these presents to the Authority. Provided further that in the event the borrower quits the service of the Govt. or dies, as the case may be, the terms of this agreement as applicable to the Authority and the borrower shall be deemed to continue and shall always be deemed to have been continued irrespective of the fact that in relation to the Govt. this agreement has come to an end.

- 7. The rates of interest on house building advance will be in accordance with orders of the Govt. of India issued in that regard from time to time.
- 8. The stamp duty payable on these presents shall be borne by the Government servants.

IN WITNESS OF THE BORROWER HAS hereinto set his hand and Shri — — — — — of the Authority has hereinto set his hand and Shri — — — — — Secretary — — — — — for and on behalf of the President of India has hereinto set his hand.

(Signature of the Borrower)

1st Witness:

Address:

Occupation:

2nd Witness:

Address:

Occupation:

Signed by Shri — — — — — of the — — — — — in the presence of

1.

2.

Signed by Shri — — — — — in the Ministry/office of — — — — — for and on behalf of the President of India.

SCHEDULE OF THE PROPERTY

All that House/Flat no.— — — — —etc

To Change the colour of the Background Click on the Button Below.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)II 69/ADV. 3/1 dated 20/04/1970

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)II 69/ADV. 3/1 dated 30/05/1969

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 121/1989

No. F(E)Spl. 89/Adv. 3/7 dated 08/05/1989

Subject :- H.B.A. for ready-built houses/flats- eligibility on conversion of hire purchase into out-right purchase basis.

A copy of Ministry of Urban Development's O. M. No. I/17011/I/88/H.III dated 20.3.89 containing instructions on the above subject is forwarded herewith for information and guidance. Instructions contained therein shall apply mutatis-mutandis to Railway Servants. This may be brought to the notice of all concerned.

Copy of Ministry of Urban Development's O. M. No. I/17011/I/88/H.III dated 20.3.89 to all the Ministries, etc.

The undersigned is directed to state that at present house building advance is sanctioned to Central Government employees for purchase for ready built houses/flat on the basis of our-right purchase only.

2. A number of representations have been received wherein the difficulties experienced by them have been highlighted, like the initial offer being only on hire purchase basis with option to convert to out-right purchase basis at a later stage. These have been considered in consultation with the Minister of Finance. It has since been decided that the house building advance would be admissible in cases of conversion of hire purchase of flats/houses into out-right purchase provided the purchase is made from State Housing Boards or similar Government controlled Bodies.

3. The other conditions relating to eligibility to house building advance will also have to be satisfied before the house building advance is sanctioned.

4. This issues with the concurrence of the Ministry of Finance, vide their U.O. No.14(1). E(II)/89 dated 15.02.1989.

5. In so far as the persons serving In the Indian Audit and Accounts Deptt. are concerned, these orders issue in consultation with the Comptroller and Auditor General of India.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 361/1987

No. F(E)Spl. 87/ADV.3/6 dated 31/03/1987

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 84/ADV.3/2 dated 12/04/1984

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 84/ADV.3/2 dated 25/02/1985

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 78/ADV.3/10 dated 28/07/1978

Subject :-

Scope of the term "Private Parties" vide Railway Board's letter No. [F\(E\) Spl. 98/ADV. 3/6, dated 10.09.1998](#) (RBE 203/1998).

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl.74/ADV.3/10 dated 08/02/1977

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 74/ADV.3/10 dated 02/09/1980

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 82/ADV.3/1 dated 24/03/1982

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 191/1997

No. F(E)Spl.97/ADV/3/6 dated 29/12/1997

**Subject :- House Building Advance for Central Government/Railway employees —
Implementation of the recommendations of th Vth CPC.**

After considering the recommendations of the Vth Central Pay Commission and other relevant factors, the President is pleased to liberalise further the existing Scheme of House Building Advance as per revised scales of pay, as under: —

I. Cost Ceiling limit

The existing cost ceiling limit as prescribed in the M/o Urban Affairs and Employments O.M. No. 1/17015/17/91/H.III dated 01.01.1996 forwarded under this Ministry's letter No. [F\(E\)Spl.96/ADV/3/2 dated 28.02.1996](#) (RBE 16/1996) revised to 200 times the basic pay subject to a maximum of Rs. 18 lakhs. In cases where 200 times of the basic pay comes to an amount lower than Rs. 7.5 lakhs, cost ceiling up to Rs. 7.5 lakh may be permitted.

In individual cases, the GMs or HODs of Zonal Railways, if satisfied on the merits of the case, may relax the cost ceiling up to a maximum of 25% of the cost-ceiling limit mentioned above, under their powers delegated as per Board's letter No. [F\(E\)Spl.91/ADV/3/5 dated 10.04.1991](#) (RBE 75/91).

II. Quantum of House Building Advance (HBA)

- a. The existing maximum limit of House Building Advance viz. 50 months basic of pay subject to a maximum of Rs. 2.5 lakhs is revised to 50 months basic pay subject to a maximum of Rs. 7.5 lakhs or cost of the house or repaying capacity, whichever is the least for new construction/purchase of new house/flat.
- b. The existing limit of 50 months basic pay subject to a maximum of Rs. 60,000/- is revised to 50 months basic pay or Rs. 1.80 lakhs whichever is less for enlargement of existing house, or cost of the enlargement of repaying capacity whichever is the least.
- c. For the rural areas, the existing conditions of the House Building Advance being further restricted to 80% of the cost of construction/enlargement will remain unchanged.

III. Rates of interest

Existing rates of interest on House Building Advance as notified vide this Ministry's [letter No. F\(E\)Spl.90/ADV/3/12 dated 16.08.1990](#) (RBE 139/1990) is modified as under: -

Amount of/Advance	Rate of interest
(a) Sanctioned advance up to Rs. 50,000/-	7.5%
(b) Sanctioned advance up to Rs. 1.5 lakhs	9%
(c) Sanctioned advance up to Rs. 5.00 lakhs	11%
(d) Sanctioned advance up to Rs. 12 lakhs	12%

Urban Affairs and Employment's Office Memorandum.

4. Requirement of additional funds necessitated due to the above may be projected in the Revised Estimate 97-98/ Budget Estimates 98-99 already due in the Board's office.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 75/1991

No. F(E)Spl.91/ADV/3/5 dated 10/04/1991

Subject :- Grant of HBA - Delegation of powers.

Reference : This Ministry's letter No. [F\(E\)Spl.91/Adv.3/1 dated 25.1.1991](#) (RBE 16/1991).

Cost ceiling limit for the purpose of HBA to the Central Govt. Employees has been revised by the Ministry of Urban Development vide their O.M. No. 17011/3/86/H.III dated 31.12.1990 which was circulated under this Ministry's letter referred to above per instructions stipulated (herein the Administrative Ministry/Department may relax the cost ceiling up to a maximum of 25% of the cost-ceiling prescribed in the said O.M.

At present the above relaxation to Railway employees is being granted by this Ministry. The position has been reviewed and it has been decided that the powers to relax the cost-ceiling limit up to a maximum of 25% may be delegated to G.Ms or HODs of the Zonal Railways subject to fulfilment of other terms and conditions governing grant of HBA issued from time to time. These powers should not be redelegated to lower authorities.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 18/1998

No. F(E)Spl.97/ADV/3/6 dated 23/01/1998

Subject :- House Building Advance Scheme for Central Government/Railway Employee— Implementation of the recommendations of the Fifth Central Pay Commission.

Reference is invited to the Ministry of Urban Affairs and Employment O.M. No. I/17015/5/97/H. III Dated 16.12.1997 circulated under this Ministry's letter of even No dated [29.12.1997](#) on the above subject. The question of enhancement of House Building Advance in past cases i.e. sanctioned prior to 16.12.1997 has been considered and it has been decided that enhancement of House Building Advance by an amount not exceeding the amount of House Building Advance already sanctioned i.e. not more than 100% of the House Building Advance previously sanctioned, may be allowed to Government/ Railway servants if applied for, subject to the following conditions: —

- a. The Government/Railway servant should not have drawn the entire amount of House Building Advance sanctioned under earlier orders and/or where construction is not completed/ full cost towards acquisition of house/flat is yet to be paid.
- b. There will be no deviation from the approved plan of construction on the basis of which the original sanction of House Building Advance was accorded.
- c. The original cost taken into account at the time of sanctioning the original House Building Advance would only form the base.
- d. Supplementary Mortgage deed. Personal Bond and Sureties should be drawn and executed at the expense of the loanee.
- e. The actual entitlement will be restricted to the repaying capacity computed on the basis of the following formula laid down in the Ministry of Urban Affairs & Employments' O.M. No. 1/17011/3/86/H. III Dated 24.06.1987 circulated under Board's letter No. [F\(E\)Spl/87/ADV. 3/12 Dated 09.07.1987](#) and further modified partially vide that Ministry's O.M. No. 1/17015/16/92-H. III Dated 30.04.1993 :—

Length of remaining Service		Revised slab of repaying capacity
(i)	Officials retiring after 20 years	35% of basic pay
(ii)	Officials retiring after 10 years but not later than 20 years	40% of the basic pay after adjustment of 65% of DCRG
(iii)	Officials retiring within 10 years	50% of the basic pay after adjustment of 75% of DCRG

it should be ensured that the entire amount of advance with interest is recovered before retirement of the Government/Railway servant.

- f. Rate of Interest: The old rate of interest should be levied for the old sanction and the revised rate of interest should be levied on the enhanced house building advance amount. However, the revised rate of interest as applicable on the enhanced house building advance will be as per the slab applicable to the total sanctioned house building advance amount (i.e. amount already sanctioned plus enhanced sanctioned).

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 197/2000

No. F(E)Spl.2000/ADV/3/7 dated 16/11/2000

Subject :- Revision of House Building Advance Rules - Computation of repaying capacity regarding.

A copy of Ministry of Urban Development & Poverty Alleviation's O. M. No. 1/17015/16/92/H.III dated 17th October 2000 on the above subject to sent herewith for information and guidance. Instructions contained therein would apply to Railway servant's mutatis-mutandis.

Copy of Ministry of Urban Development's O.M. No. 1/17015/16/92/H.III dated 17.10.2000

OFFICE MEMORANDUM

Subject: Revision of House Building Advance Rules - Computation of Repaying Capacity regarding.

The undersigned is directed to invite attention to this Ministry's O.M. No. 1/17011/13/86-H.III dated 24.06.1987 read with O.M. No. 1/17015/16/92-H.III dated 30.04.1993, wherein procedure has been prescribed for computing the repaying capacity of the applicant Govt. servant for the purpose of grant of House Building Advance to them. The matter has since been examined in consultation with Ministry of Personnel, Pension and Public Grievances and Ministry of Finance and in suppression of aforesaid OM s dated 24.06.1987 & 30.04.1993, it has been decided that the repaying capacity of Government Servants for purpose of House Building Advance shall henceforth be computed as under:

	Length of remaining service	Revised slab of Repaying Capacity
(i)	Official retiring after 20 years	40% of pay (basic pay + stagnation increment + NPA)
(ii)	Official retiring after 10 years but not later than 20 years	40% of pay (basic pay + stagnation increment + NPA). 65% of DCRG may also be adjusted
(iii)	Official retiring within 10 years	50% of pay (basic pay + stagnation increment +NPA). 75 of DCRG may also be adjusted

2. This comes into effect from the date of issue.

3. This issues in consultation with C&AG of India, in so far as persons working in the Indian Audit and Accounts Deptt. are concerned.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 369/1987

No. F(E)Spl/87/ADV. 3/12 dated 09/07/1987

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 80/ADV.3/4 dated 08/07/1980

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl.79/Adv. 3/15 dated 28/09/1979

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 135/1990

No. F(E)Spl. 90/ADV.3/11 dated 10/08/1990

Subject :- $1/2\%$ less interest to employees for promoting small family norms.

A copy of Ministry of Urban Development's O.M. No. I/17015/13/ 79/H. III, dated 21.5.1990 on the above subject is sent herewith. The instructions contained therein would apply mutatis-mutandis to railway servants.

Ministry of Urban Development's earlier O.M., referred to in the above O. M. of the same number dated 1.9.1979 was circulated under this Ministry's No. [F\(E\)Spl. 79/Adv 3/15, dated 28.9.1979.](#)

COPY

Ministry of Urban Development's Office Memorandum

Subject :- $1/2\%$ less interest to employees for promoting small family norm.

[No. 17015/13/79/H. III, dated 21.5.1990]

In order to promote small family norms among the Government servants, it was decided in this Ministry's O.M. of even number dated 1.9.1979 that the rate of interest on House Building Advance to such employees who themselves or their spouses undergo voluntary sterilization will be $1/2\%$ less than the normal rate of interest. It was clarified in O.M. of even number dated 18.2.1980 and 31.3.1981 that this incentive is admissible to those Government servants who have undergone sterilisation operation on or after 1.9.1979 provided that the sterilisation operation was undergone before the release of the first installment of house building advance.

2. Government have been receiving representations that the rebate should be admissible to such persons irrespective of the fact that they have undergone the operation before or after the release of the first instalment of House Building Advance. The matter has been considered by the Government in consultation with the Ministry of Health and Family Welfare and the Ministry of Finance. It has now been decided that the benefit of rebate of $1/2\%$ (0.5%) in the rate of interest will be admissible to all the Government servants who or whose spouses have undergone the sterilisation operation on or after 1.9.1979, even after the release of the first installment of House Building Advance. The rebate will, however be admissible from the date of sterilisation.

3. The Government servants will have to satisfy the other conditions laid down in this regard.

Sd/-
(S. Balakrishnan)
Under Secretary to the
Government of India

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 86/ADV.3/7 dated 04/08/1986

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 86/ADV.3/2 dated 17/03/1986

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 44/1991

No. F(E)Spl. 91/ADV.3/3 dated 06/03/1991

Subject :- Disbursement of amount of HBA sanctioned for construction of house and enlargement of accommodation - Revised procedure.

A copy of Ministry of Urban Development's O.M. No. 1/17015/16/85/H.III dated 1.2.1991 containing revised instructions on the above subject is sent herewith. Instructions contained therein would apply mutatis mutandis to Railway servants.

Instructions contained in the Ministry of Urban Development's O.M. of 16.5.1986 referred to in the above O.M. were circulated under this Ministry's letter No. [F\(E\)Spl. 86/Adv 3/7 dated 4.8.1986](#).

Copy of Ministry of Urban Development's O.M. No. 1/17015/16/85/H.III dated 1st February, 1991

Subject: Disbursement of amount of house building advance sanctioned for construction of house and enlargement of accommodation - Revised Procedure.

The procedure relating to disbursement of House Building Advance to the Central Government Employees for construction of houses (single story or double story) on the plots of land already owned by them and for enlarging living accommodation in existing houses, has been prescribed in this Ministry's O.M. of even number dt. 16.05.1986. It has been stated in the said O.M. that 50% of the sanctioned advance will be payable to the applicant on his mortgaging in favour of the Govt. The land purchased by him alongwith the house to be constructed thereon and on furnishing a Personal Bond. The matter has been re-considered and it is clarified that the 1st instalment of house building advance representing 50% of the sanctioned advance will be released to the govt. employees on their mortgaging the plots of land existing houses (in the cases of enlargement of existing houses) owned by them, to the President of India Furnishing of Personal Bond in such cases is not required. The O.M. dt. 16.05.1986 stand modified to this extent and other provisions of the said O.M. remain unchanged.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 67/1998

No. F(E)Spl. 98/ADV.3/1 dated 30/03/1998

Subject :- Liberalisation of House Building Advance Scheme for Central Government Employees - Disbursement of advance required partly for purchase of land and partly for construction of new house.

A copy of Ministry of Urban Affairs & Employment's O.M. No. I/17015/7/94/H. III dated 11.3.1998 on the above subject is sent herewith for information and guidance. Instructions contained therein would apply to Railway servants mutatis-mutandis.

Copy of Ministry of Urban Affairs and Employment's O.M. No. I/17015/7/94/H. III dated 11.03.1998

Subject : Liberalisation of House Building Advance Scheme for Central Government employees - Disbursement of advance required partly for purchase of land and partly for construction of new house.

At present, an amount not exceeding 20% of the sanctioned advance (15% in the case of double-storeyed new house) is payable to a Government servant for purchasing a developed plot of land on which construction can commence immediately on receipt of the loan on his executing an agreement in the prescribed form etc. In view of the phenomenal rise in the cost of land vis-à-vis the cost of construction over the years, the question of enhancement of the above percentage has been considered in this Ministry in consultation with the Ministry of Finance and it has been decided to liberalise the aforesaid disbursement limits as under: —

		Existing limit	Revised limit
(a)	Advance required partly for purchase of land and partly for construction of a new single storeyed house.	20%	40%
(b)	Advance required partly for purchase of land and partly for construction of a new double storeyed house.	15%	30%

2. All other conditions remain unchanged.

3. This issues with the approval of C&AG of India in so far as persons working in the Indian Audit and Accounts Department.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 82/ADV.3/6 dated 01/01/1983

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 82/ADV.3/6 dated 08/06/1983

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 75/ADV.3/8 dated 16/02/1976

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)III/71 ADV.3/3 (ii) dated 10/11/1971

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 162/2000

No. F(E)Spl.2000/ADV.3/4 dated 11/09/2000

Subject :- Form of Mortgage Deed to be executed when the property is "Lease hold"

It has come to notice that on procuring flats through IRWO etc., loanees could not execute mortgage deed within the stipulated period of 3 months of the drawal of House Building Advance due to non-supply of land lease papers by IRWO.

Attention in this connection is drawn to Para 2 of Ministry of Works and House's O.M. No. 1/17011/9/71-ED (H)-III dated 5.7.1971 circulated through Board's letter No. [F\(E\)III/71/ADV 3/3 \(ii\) dated 10.11.1971](#), which provides that 'Form No. 4 'B' should be brought into use, for executing mortgage deed in the case of purchase of ready built house/ flat on the lease hold land, the absolute right of which is not vested in the purchaser.

In view of the clear provision already existing, as indicated above, the mortgage deed must be executed within the stipulated period.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 161/2000

No. F(E) Spl. 2000/ADV 3/3 dated 11/09/2000

Subject :- Grant of House Building Advance to Government servants for acquisition of house in rural areas

A copy of Ministry of Urban Development's O.M. No. I/17015/8/94/H.III dated 6th October, 1994 on the above subject is sent herewith for information and guidance. Instructions contained therein would apply to Railway servant's mutatis-mutandis.

Copy of Ministry of Urban Development's O.M. No. I/17015/8/94/H. III dated 6.10.1994

OFFICE MEMORANDUM

Subject : Grant of House Building Advance to Govt. servants for acquisition construction of house in rural areas.

According to the house building advance rules, following documents, inter alia are required to be submitted along with the application from:

- i. Copy of the sale deed or other proof regarding applicant's title to the land.
- ii. Non-encumbrance certificate from the Revenue authority/ Government Pleader.
- iii. Copy of the approved building plan along with the endorsement of the approving authority on the plan and a copy of the site plan.
- iv. Specifications, and Estimates.

2. Generally there is no difficulty in submission of these documents in urban areas. However, in the case of rural areas, Heads of Departments have pointed out certain difficulties in ensuring compliance with the above requirements of the rules. The matter has been examined in consultation with the Ministry of law and it is clarified that submission of the above documents is essential before house building advance could be sanctioned to any Govt. servant in rural areas.

3. There may, however, be cases in which submission of the documents referred to at (1) and (ii) above may not be feasible particularly, when the house sites in question is owned by inheritance and also there is no law in force of the local authority (like district Board, Village Panchayat, Gram Sabha or notified areas) requiring approval of the building plan.

4. In the type of cases referred to in para 3 above, house-building advance could be granted after submission of the following documents:

- a. In respect of clear and marketable title of the applicant having houses sites in rural areas.
 - i. In case the land (house site) is owned by inheritance, an affidavit showing the manner in which the land was inherited, together with declaration that the applicant is the sole owner of the land or the specified share on which he proposes to raise the construction and that there is no other co-heir of the land.

house number. The Voter's list invariably shows the house number in which the voter lives. In case a Govt. servant is not recorded as a voter in the rural areas an affidavit may be obtained showing the relationship of the persons showing to be living in house).

iii. In case the construction is proposed on a vacant piece of land within the abadi plot, Govt. servant may be required to furnish the number of the entire abadi plot together with the boundaries of the plot and an affidavit showing the mode of ownership an inheritance.

iv. Non- encumbrance certificate.

b. Submission of approved building plans and estimates etc. in respect of rural areas where there is not in force any law of the local authority requiring approval of building plans.

The sanctioning authority may obtain an affidavit from the applicant Govt. servant that there is not in force any law of the local authority (like District Board, Village Panchayat, Gram Sabha or notified areas) requiring approval of the building plan. The sanctioning authority may also obtain certificate from registered Architect/Engineer stating that the specifications and design of the proposed building ensure structural soundness of the building. The Head of the Deptt. should satisfy himself that the interests of the Govt. are safeguarded before sanctioning the advance.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 79/ADV.3/11 dated 31/07/1979

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 115/1995

No. F(E)Spl. 94/ADV.3/7 dated 13/10/1995

Subject :- Delegation of powers in respect of condonation of non-insurance period of houses/flats.

Reference : Board's letter No. [F\(E\)Spl. 85/Adv3/15 dated 23.09.1985](#).

A copy of Ministry of Urban Affairs and Employment's O.M. No. I/17015/12/85/ H.III dated 16.6.1995 on the above subject is sent herewith for information and guidance. Instructions contained therein would apply to Railway Servants mutatis-mutandis.

Copy of Ministry of Urban Affairs and Employment's O.M. No. I/17015/12/85-H.III dated 16.06.1995.

Subject : Insurance of houses/flats constructed or acquired with the help of house building advance - Condonation of the period of non-insurance.

In accordance with the rules governing the grant of house building advance to the Central Government employees who construct/acquire houses/ flats with the help of house building advance are required to get the same insured against fire, flood and lightening soon after the completion/acquisition. Heads of Departments were delegated powers to condone the non-insurance of houses upto a period of one year under the erstwhile Ministry of Works and Housing O.M. of even number dated 31.07.1985.

2. Ministry of Railways etc. having a large number of employees spread all over the country, have sought enhancement of the delegation in regard to regularisation of non-insurance period. The matter has been examined in this Ministry and it has been decided to enhance the powers of the Head of Departments from the existing limit of one year to two years for condonation of the non-insurance of houses by employees. Accordingly, the Administrative Ministries/Departments will henceforth be competent to condone the periods of non-insurance of houses/flats upto two years. While deciding individual cases the Head of Departments shall satisfy themselves that the house had not suffered any loss/damage etc. and irregularity was not deliberate on the part of the Government employees concerned but was due to the circumstances beyond his/her control.

3. Cases of non-insurance of house beyond two years shall be referred to this Ministry.

4. In so far as the employees working in Indian Audit and Accounts Department are concerned, this issues with the concurrence of C&AG of India.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 83/ADV.3/15 dated 23/02/1985

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 85/ADV.3/15 dated 23/09/1985

Subject :-

Condonation upto a period of 2 years vide Railway Board's letter No. [F\(E\)Spl. 94/Adv3/15 dated 13.10.1995](#) (RBE 115/1995).

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

No. F(E)Spl. 87/ADV.3/7 dated 08/05/1989

Subject :-

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 139/1990

No. F(E)Spl.90/ADV/3/12 dated 16/08/1990

Subject :- HBA to Government Servants - Rates of interest on.

A copy of Ministry of Urban Development's O.M. No. 1/17015/11/90/H.III dated 26.7.1990 on the above subject is sent herewith for information and guidance. The instructions contained therein would apply mutatis-mntandis to railway servants. Revised rates of interest will be effective from 26.7.1990.

Instructions contained in the Ministry of Urban Development's O.M. of 24.6.1987 referred to in the above O.M. were circulated vide this Ministry's letter No. [F\(E\)Spl. 87/Adv3/12 dated 9.7.1987](#) (RBE 394/1987).

COPY

Ministry of Urban Development's Office Memorandum

Subject : House Building Advance to Government servants - Rates of interest on.

[No. I/17015/11/90/H. III, dated 26.07.1990]

The undersigned is directed to say that the existing rates of interest on house building advance to Government servants as prescribed in this Ministry's O.M. No. I/17011/3/86/H. III, dated 24.6.1987 have been reviewed by the Government and after taking into account all relevant factors, it has been decided to revise the existing rates of interest on house building advance as under:

Sanctioned advance up to	Revised rate of interest
Rs. 50,000	7.5%
Rs. 1 Lakh	9%
Rs. 1.50 Lakhs	10%
Rs. 2 Lakhs	11%
Rs. 2.25 Lakhs	11.5%
Rs. 2.50 Lakhs	12%

2. The revised rates of interest will be effective from date of issue of this order.

3. Ministry of Agriculture etc. are requested to bring the above decision of the Government to the notice of all concerned within respective jurisdiction.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 83/1991

No. F(E)Spl. 91/ADV.3/7 dated 23/04/1991

Subject :- Clarification regarding grant of enhancement of HBA to Central Govt. employees on the basis of subsequent upward revision of DCRG limits.

A copy of Ministry of Urban Development's O.M. No. 1/17015/3/91/H. III dated 18.3.1991 on the above subject is sent herewith for information and guidance. Instruction contained therein would apply mutatis mutandis to Railway servants.

Copy of Ministry of Urban Development's O.M. No. 1/17015/3/91/H.III dated 18.03.1991.

Subject : Clarification regarding grant of enhancement of House Building Advance to Central Government employees on the basis of subsequent upward revision of DCRG limits.

Under the house building advance rules, adjustment of certain percentage of DCRG is admissible for the purpose of computing the repaying capacity for determining the house building advance entitlement of Govt. employees retiring within 20/10 years.

2. It has come to the notice of this Ministry that as a result of subsequent upward revision of DCRG limits by the Government some Ministries/Deptts. have enhanced the house building advance already sanctioned to the Govt. employees after adjusting the admissible DCRG even after the release of the amount of house building advance. Since house building advance is a one time facility, enhancement of house building advance already sanctioned is not permissible unless there are specific orders to that effect. It is, therefore, clarified that house building advance sanctioned to a Govt. servant after adjusting the admissible DCRG calculated on the basis of the rules on the subject prevalent at that time, is not to be enhanced on account of subsequent upward revision of DCRG limits, in case the same has already been released, whether in part or full, by the time of revision of the DCRG limits.

3. Ministries/Deptts. etc. are requested to bring the provisions of this O.M. to the notice of all the employees working under them.

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 214/1991

No. F(E)Spl. 91/ADV.3/15 dated 13/12/1991

Subject :- Revision of the cost ceiling limit for the purpose of HBA to the Central Govt. employees.

A copy of Ministry of Urban Development's O.M. No. I/17015/17/91/H.III dated 1.11.1991 on the above subject is sent herewith for information and guidance Instructions contained therein would apply to Railway servants' mutatis-mutandis. Copy of Ministry of U-D's earlier O.M. of 31.12.1990 was circulated under this Ministry's letter No. [F\(E\)Spl. 91/Adv 3/1 dated 25.1.1991](#).

Copy to Ministry of Urban Development's O.M. No. I/17015/17/91/H. III dated 1st November, 1991.

Subject : Revision of cost-ceiling limit for the purpose of house building advance to the Central Government Employees.

The existing cost-ceiling limits for the purpose of house building advance to the Government Employees are prescribed in this Ministry's O.M. No. 1/17011/3/86-H. III dated 31.12.1990. The question of rationalising the method of calculation of the cost-ceiling limits for the purpose of house building advance has been under consideration of the Government for some time. It has since been decided in consultation with the Ministry of Finance that the cost-ceiling limit for the purpose of house building advance will be 150 times the basic pay of the Government employees applying for house building advance, subject to a minimum of Rs. 2.50 lakhs and a maximum of Rs. 6.00 lakhs. Where the Administrative Ministry/Department is satisfied on the merits of the case, they may relax the cost-ceiling up to a maximum of 25% of the cost-ceiling mentioned above in individual cases.

2. These orders will be effective from the date of issue of this O.M.

3. In so far as the persons serving in the Indian Audit & Accounts Departments are concerned, these orders issue in consultation with Comptroller & Auditor General of India.

Revised cost ceiling limit - No. F(E)Spl. [1996/ADV/3/2 dated 28.02.1996](#) (RBE 16/1996)

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS/RAIL MANTRALAYA
(RAILWAY BOARD)**

RBE No. 92/2001

No. F(E)Spl.2001/ADV.3/5 dated 17/05/2001

Subject :- Advances to Government servants - Rate of Interest on House Building Advance

A copy of Ministry of Urban Development and Poverty Alleviation's Office Memorandum No. I-17015/5/97-H. III, dated 30.3.2001 on the above subject is sent herewith for information and guidance. Instructions contained therein would apply to Railway servants mutatis-mutandis.

Copy of Ministry of Urban Development & Poverty Alleviation's O.M. No. 1-17015/5/97-H-III, dated 30.3.2001

Subject : Advances to Government servants - Rate of Interest on House Building Advance

In partial modification of this Ministry's O. M. of even No. dated 16.12.1997, the undersigned is directed to state that the rates of interest for House Building Advances sanctioned to the Government servant for construction/purchase of houses/flats from 1st April, 2001, will be as under, until further orders:-

S. No.	Amount of advance sanctioned to a Govt. servant	Existing Rate of Interest on HBA (Per Annum)	Revised Rate of Interest on HBA (Per Annum)
1.	Up to Rs. 50,000	7.5%	6.5%
2.	Up to Rs. 1 50,000	9%	8%
3.	Up to Rs. 5,50,000	11%	10%
4.	Up to Rs. 7,50,000	12%	11%

MASTER CIRCULAR

Master Circular No. 39

Master Circular on Advances and Their Recovery

The instructions issued by the Railway Board from time to time on the subject of Advances and their recovery, are contained in several letters. The Railway Board have now decided to consolidate the instructions on the subject, except the instructions relating to grant of advance for house building/ purchase of ready-built house/ flat or for re-payment of loan taken for the purpose, into a master circular, as below, for the information and guidance of all concerned.

2. General:

Advance is a recoverable sum paid to a Railway servant from

- i. The amount standing to his credit in the State Railway Provident Fund; and/or
- ii. The Government funds i.e. Consolidated Fund of India, at the discretion of the sanctioning authority for certain specified requirements and subject to the fulfilment of the conditions prescribed therefor.

2.1 Advance paid are of two kinds viz., interest free and interest-bearing advances.

2.2 While the advances paid out of the State Railway Provident Fund are totally interest free, some of the advances paid from the Government funds bear interest.

2.3 For purposes of grant of advance, temporary Railway servants with a continuous service of three years or more are to be treated as permanent. Probationers should be deemed to be temporary Railway servants.

(Ref: Para 1001-Indian Railway administration and Finance).

A. Advances from State Railway Provident Fund:

3. Authority competent to sanction advance

The authority competent to sanction an advance from the S.R.P.F. is the controlling officer, but the powers may be exercised by the following: -

- a. CPO in the case of Gazetted officers upto the Junior Administrative Grade;
- b. A Divisional officer, including a Group 'A' or Group 'B' officer in independent charge of an office, in respect of Group 'C' Railway Servants employed under him; and

Note : Powers of Controlling officer to sanction advances/final withdrawal to Group 'C' Railway servants may be exercised by Group 'B' officers for sanctioning advances/ withdrawals from S.R.P.F. in the case of Railway servants in scales below Rs. 1400 -2300 (RPS).

[Ref: Board's letter No. [F\(E\)III/84 PF 1/4 dated 1.5.1989](#) (RBE 112/1989)]

- c. An APO or an officer of equivalent rank in the case of Group 'D' Railway servants.

4. Conditions governing grant of advance:

An advance may be granted to Railway servant for the purposes mentioned, in para 5 below from the amount standing to his credit in the State Railway Provident Fund at the discretion of the competent authority mentioned in para 3 above, subject to the following conditions

- i. The Railway servant applying for the advance should satisfy the authority of the necessity for the advance;
- ii. The advance applied for should not in any case exceed the amount of subscription together with interest thereon, at the credit of the Railway servant at the time of grant of advance;
- iii. Advance on more than one account should not be sanctioned simultaneously;
- iv. A new advance should not be granted until at least fifty percent of the last advance, if any taken, has been repaid; and
- v. It should be ensured that the advance sanctioned is such that after making all permissible deductions, the net amount payable is not less than fifty percent of his basic pay.

4.1 The authority sanctioning the advance should record in writing its reasons for granting the advance. If the reasons to be recorded are of a confidential nature, the same may be communicated by the sanctioning authority to the Accounts Officer personally and/or confidentially.

(Ref: [Rule 923](#) - R.I. 1985)

5. Purposes for which advance is payable:

An advance may be granted for the following purposes: -

- i. To pay for the Railway servants passage while proceeding on leave out of the country on medical certificate or returning after such absence;
- ii. To meet the expenses of self or of any member of his/her family, parents, minor brothers, widowed sisters if dependent on the Railway servant, for undertaking a journey in India or outside India under medical advice or to meet expenses incidental to his or their to severe illness,;

Note: (i) The term illness covers confinement.

Note: (ii) For purposes of judging the genuineness of the request for grant of advance the competent authority may refer an application for advance from SRPF to the Medical Officer, wherever he considers it justified.

Notes: (iii) In respect of illness of the same person, either an advance or withdrawal from SRPF will only be admissible.

(Ref: [Rule 923](#) & [925](#)(5)(b) - R.I./1985)

- iii. To meet the cost of education or overseas passage for education of the Railway servant or of any person actually dependent on him, in the following types of cases: -
 - a. For education outside India, whether for an academic, Technical, Professional or vocation course beyond the High School stage;
 - b. For medical, engineering and other technical or specialised courses in India, beyond the High School stage.

Note: No withdrawal for the purpose will be permitted at the same time if an advance is being taken for meeting educational expenses & vice-versa.

- iv. To meet obligatory expenses on a scale appropriate to the Railway servant's status which by custom, the Railway servant has to incur in connection with his or her marriage or the marriages of his/her children and dependent relations;

Note: In respect of the same marriage the Railway servant may either make a final withdrawal from the SRPF or take an advance there from.

(Ref: [Rule 925\(3\)\(c\)](#) - R. I. (1985).

- v. In special cases to the purchase of Motor Car, Motor cycle, Scooter or Moped or for repaying the Government loan already taken for the purpose; to the Railway servants who fall short, of the minimum service of 15 years (which is required to gain eligibility for taking part withdrawal) by a period, not more than 6 months)
- vi. In special cases, for purposes of booking a Motorcar, Motorcycle, Scooter or Moped to such Railway servants as described in (v) above.

Note : Advance in respect of items (v) and (vi) will be admissible only if all other prescribed conditions relating to purchase of Motorcar, Motorcycle, Scooter and Moped with Govt. Loan/withdrawal from SRPF are fulfilled.

(Ref: Board's letter No. [F\(E\)III/77/PF 1/3 dated 27.5.1977](#) and [F\(E\)III/80 PF 1/4 dated 20.5.1983](#)).

6. Amount of advance admissible & recovery:

The maximum amount of advance admissible for the purposes given in para 5 above and the number of instalments of recovery of the advance are as given in the table below:

Purpose	Max amount of advance admissible	No of instalments of recovery
(1)	(2)	(3)
Towards:		
(1) Cost of Passage of the Railway servant when proceeding on leave out of India on medical certificate or returning after such absence	Actual cost of the passage.	
(2) Medical expenses (i.e. item (ii) in para 5).	A sum consisting of whole rupees and not exceeding three months' pay or the amount standing to the credit of the subscriber in the fund, whichever is less.	Recoverable in not less than twelve and not more than twenty-four instalments.
(3) Educational expenses. (i.e. item (iii) in para 5)	-Do-	-Do-
(4) Marriage expenses (i.e. item (iv) in para 5).	Three months' emoluments in the case of marriage of Male. Six months emoluments in the case of marriage of Female.	Where the advance exceeds three months' emoluments, the recovery may be made in increased number of instalments, but in no case, the number should exceed sixty.

Note : (i) In special cases, the competent authority may relax and raise the limit of advance to six months' emoluments in the case of marriage of a male and to ten months' emoluments in the case of marriage of a female.

Note : (ii) Where the amount at credit in the SRPF A/c of a Railway servant, consisting of his own subscriptions together with interest thereon does not exceed Rs.10,000/- and where the amount of advance for marriage purposes within the

existing provisions of Rules is less than 90% of such amount admissible is less than 90% of such amount, an advance upto 90% of the balance may be granted. Where, however, the entitlement for advance for marriage purposes is higher than the maximum ceiling of 90%, the higher amount will be permissible.

(Ref: [Rule 923](#)(g)(c) and [Rule 926](#)-R.I. (1985),
Railway Board's letter No. [F\(E\)III/79 PF 1/1 dated 10.3.1980](#)).

- | | | |
|--|---|--|
| (5) Purchase of Motor Car, Motor cycle, Scooter, Moped where the Railway servant has not gained eligibility to avail of the facility of withdrawal, as explained in item (vi) of para 5. | i. Rs.50, 000/- for purchase of Motorcar. | Not more than 36 instalments. |
| (6) Booking of Motorcar, Motorcycle, Scooter, Moped to the Railway servants falling in the category described in item 6 above. | i. Rs.10, 000/- for Motorcar. | ii. Rs. 500/- for Motorcycle, Scooter and Moped. |

Note: (i) All conditions prescribed viz., Pay limits, ceiling fixed for withdrawal, eligibility for purposes of withdrawal from SRPF towards purchase/booking of the above mentioned vehicles, will apply.

Note: (ii) Where amount has been advance for booking the vehicle the same will be taken into account for determining the advance payable for purpose, within the overall ceiling.

Note: (iii) Amount of advance outstanding may be converted into final withdrawal after completion of 15 years of service, with the permission of the competent authority.

(Ref: Board's letter No. [F\(E\)III/80 PF 1/4 dated 20.5.1983](#) and [6.11.1985](#))

6.1 Emoluments for determining the quantum of advance include Dearness pay.

6.2 In special cases, advance may be sanctioned even after the relevant event, provided the sanctioning authority is satisfied that adequate reasons existed for not applying for the advance before the occurrence of the event and necessity still exists for taking the advance from the SRPF, such as for liquidating the previous borrowings and the advance has been applied for within a period of 3 months after the event. .

([Rule 922](#)(3)-- R.I./1985).

6.3 A Railway servant availing of the advance for purposes of meeting the medical expenses, educational expenses and marriage expenses (i.e. items ii to iv of para 5) may convert, at his discretion by a written request addressed to the Accounts officer through the sanctioning authority, the balance outstanding against him into a final withdrawal on his satisfying the requisite condition for the grant of such a withdrawal. If the request is accepted, the balance due for recovery will be treated as withdrawal.

(Ref: Board's letter No. [F\(E\)III/77 PF 1/3 dated 12/13.2.1981](#)).

6.4 A sanction to an advance unless it is specifically renewed, will lapse on the expiry of a period three months.

(Governments decision below [Rule 922](#)(7) – R.I./1985}.

7. [Recovery](#):

Recovery of the advance will be made in such number of equal monthly instalments from pay as the authority sanctioning the advance may direct, but such a number will not be less than twelve or more than twenty-four. Where the advance sanctioned for purposes, of meeting the marriage expenses exceeds three months' emoluments, the number of instalments of recovery may be increased suitably but not exceeding 60 in any case. A Railway servant may also repay more than one instalment in a month. Each instalment of recovery should be in terms of whole rupees and the amount of advance may be raised or reduced marginally, if required to admit of fixation of the instalments.

7.1 Recovery will commence from the pay of the month following the one in which the advance was drawn.

(Ref: [Rule 926\(1\) & \(2\) – R.I./1985](#))

B. Interest free advances paid out of Govt. Funds

8. The following advances paid out of Government Funds do not carry interest liability:

- i. Festival advance;
- ii. Advance in the event of natural calamity such as flood, cyclone, earthquake, drought etc;
- iii. Advance of pay on transfer;
- iv. Advance of pay on leave;
- v. Advance of pay to TA personnel; and
- vi. Advance for Lawsuits.

9. [Festival Advance:](#)

A sum of Rupees Four hundred {1500/-} is admissible for being granted as festival advance on the eve of an important festival to non-gazetted Railway servants, whose basic pay does not exceed Rs. 2850/- {8300/-} per month in the revised pay scales and who apply for the advance.

9.1 The amount of advance is recoverable in not more than ten equal monthly instalments, commencing from the pay bill of the month following the one in which the advance was drawn.

9.2 The advance will be admissible only once in a Financial Year, even if the same festival happens to fall twice during that period, without restriction of community to which the Railway servant belongs and the community, which celebrates the festival. Occasions or festivals for the purpose of grant of advance should be fixed after taking into consideration the importance attached locally to such occasions/ festivals either on the basis of collective option of the Railway servants and/or in consultation with staff councils/ recognised Unions or associations of workers. Republic Day and Independence Day should be treated as festival occasions for the grant of advance.

9.3 A second festival advance should not be sanctioned until the earlier festival advance, if drawn, has been recovered in full.

9.4 The advance is admissible only to those who are on duty/leave on average pay and also to the female Railway servants on maternity leave, at the time of the drawal of the advance.

9.5 For granting advance to temporary Railway servants (para 2.3 may be seen regarding the status of temporary Railway servants) sureties of two permanent Railway servants are necessary. Sureties may be accepted even if the Railway servants who furnish the sureties are governed by P.W. Act. Advance should not be paid to temporary Railway servants who are not likely to continue in service for a period of at least six months beyond the month in which advance is paid. Casual Labour/Substitutes who have attained temporary status and have put in 3 years continuous service should also be treated at par with temporary Railway servants and granted this advance on the same

condition as are applicable to temporary Railway servants.

9.6 A Railway servant getting transferred from one establishment to another should furnish in his application for the advance a certificate to the effect that he had not drawn the advance applied for, prior to his transfer, within the stipulated period. The certificate should be test-checked if found necessary.

9.7 A Head of the Department can sanction the advance to the Railway servants under his administrative control.

9.8 Festival Advance sanctioned to the Railway servants may be drawn through separate bills as also through regular salary bills and paid before the festival/occasion.

(Ref: Paras 1001, 1013 – Indian Railway Administration & Finance).

[Ref: Board's letters No. [E\(LL\)58 AT 8/22 dated 5.1.1959](#),
[E\(LL\)73 AT PW 1/5 dated 31.12.1973](#),
[E\(LL\)78 FA/3 dated 8.9.1978](#),
[E\(LL\)78 FA/2 dated 24.2.1979](#),
[E\(LL\)71 FA/4 dated 31.3.1972](#),
[E\(LL\)81/FA/3 dated 24.1.1984](#) and [16/19.12.1984](#),
[F\(E\)Spl. 87 Adv 2/8 dated 31.8.1987](#) (RBE 372/1987)]

10. C. Advance in the event of natural calamity such as due to flood, cyclone, earthquake, drought:

It terms of para 1015 – Indian Railway Administration & Finance, the General Manager may sanction an advance of one month's pay or Rs. 500/- whichever is less, to non-Gazetted Railway servants under very special circumstances, such as where the Railway servant's camp had been burnt or serious damages have caused to his belongings due to flood etc. , recoverable in three equal monthly instalments commencing from the month, in which a full month's pay is drawn, after drawal of the advance.

10.1 Considering that an advance of one month's pay may not be sufficient in cases of calamities of exceptional severity, the non-Gazetted Railway servants may be sanctioned a maximum advance of Rs. 1000/- from the Government funds irrespective of their pay on the following conditions:

- i. The Railway servant should apply for the advance on the form prescribed, within three months of issue of orders of the Government notifying the areas affected by calamity;
- ii. The advance will not be in addition to the advance of pay admissible in terms of para 1015 – Indian Railway Administration & Finance. If a Railway servant has already been sanctioned an advance of pay for the same calamity, it would be adjusted against the amount of advance given in terms of this sub-para;
- iii. The advance is admissible only to those non-Gazetted Railway servants, whose property moveable or immovable has been substantially affected or damaged due to natural calamity;
- iv. The advance is recoverable is not more than 24 equal monthly instalments commencing from the second issue of pay after the drawal of the advance;
- v. In the case of an eligible temporary Railway servants, the grant of advance is subject to the production of surety from a permanent Railway servant, even if the later is governed by P.W. Act.
- vi. No second advance on this account should be sanctioned, if an earlier advance given for the same purpose remains unadjusted. If, however, the grant of second advance becomes necessary, the quantum of second advance together with the outstanding balance of the earlier advance should not exceed Rs. 1000/-.

vii. A Railway servant applying for an advance is required to submit a declaration giving the details of the movable or immovable property damaged due to natural calamity along with his application. In case the declaration is not found to be true, he will be liable to action under the Discipline & Appeal Rules.

10.2 When a natural calamity of unusual severity occurs, calling for immediate assistance the General Manager may sanction the grant of advance subject to the observance of the prescribed conditions, on the basis of orders issued by the concerned State Government granting advance to their employees in areas affected by such a calamity, without waiting for Central Government's decision. The conditions to be satisfied are -

1. The State Government concerned should have declared the area as having been affected by natural calamity; and
2. The said State Government should have also issued orders sanctioning financial assistance to their employees, where property, movable or immovable, has been damaged by the natural calamity in the area declared as having been affected.

In cases where the severity of the natural calamity necessitates sanctioning of a second or subsequent advance for the purpose, the same may be sanctioned, following the illustrations shown in para 3 of Board's letter No. [E\(G\)81 AD 1-6 dated 14.08.1981](#).

10.3 The advances are debitable to the head- "S – Loans & Advances by the Central Government – Loans to Government servants – Other advances."

[Ref: Board's letters No. [E\(G\)56 AD1/7/3 dated 31.8.1959, 9.12.1959,](#)
[E\(G\)77 AD 1-24 dated 4.2.1978,](#)
[E\(G\)79 AD 1-7 dated 5.6.1979,](#)
[E\(G\)78 AD 1-12 dated 7.12.1978,](#)
[E\(G\)80 AD 1/12 dated 3.6.1981,](#)
[E\(G\)81 AD 1/6 dated 14.8.1981,](#)
[E\(G\)90 Ad 1/7 dated 13.8.1990](#) (RBE 138/1990)].

11. [Advance of Pay on transfer:](#)

A Railway servant under orders of transfer, while on duty or on leave may at his/her request, be granted under the sanction of the General Manager and Head of Offices/Projects working directly under the Railway or any officer so authorised by the them, an advance upto an amount not exceeding one month's pay plus the travelling allowance to which he/she may entitled as per rules. The advance may be drawn at the old station before affecting the transfer or at the new station. Where the advance has been drawn at the old station, the fact should be recorded in the last pay certificate of the Railway servant concerned.

11.1 A Railway servant on transfer to Foreign Service may also be sanctioned by the competent authority to draw the advance and the foreign employer should reimburse the sum to the Government in one lump sum

11.2 A permanent Railway servant, officiating in a higher post may be allowed the advance on transfer, to the extent of the pay that he/she is in receipt of immediately before the transfer or the pay he/she will be entitled to after the transfer, whichever is less.

11.3 Recovery of the advance should be made in three monthly instalments commencing from the month in which full months pay is drawn after the transfer. The advance of travelling allowance, whenever paid, should be recovered in full from the travelling allowance bill of the Railway servant.

11.4 A Railway servant on transfer may draw a single advance of T.A. to cover the travelling expenses of self or a lump-sum advance to cover the travelling expenses of both self and the family. Where a lump-sum advance is drawn and the members of the family do not actually make or complete the journey with him/her, the Railway servant should certify on the adjustment bill submitted by him/her that a further bill in respect of the

members of the family would be submitted in course of time indicating the balance of the amount to be adjusted. If, the family does not accompany the Railway servant on transfer he/she may draw a second advance of T.A. to cover the travelling expenses of the family, provided they follow him/her within six months from the date of transfer.

11.5 Temporary Railway servants with less than three years of service may be granted the advance on par with permanent Railway servants, on production of surety from a permanent Railway servant not governed by the P.W. Act.

11.6 Advance will not be admissible to Railway servants who are (i) transferred on consideration of requests for mutual transfer; and (ii) transferred temporarily.

(Ref: Paras 1613, 1614 – IREM (old edition and [para 1113-1118](#) – IREM Vol. I/1989)

11.7 Railway servants proceeding on deputation out of India for a period of not less than one month are eligible for an advance of a month's pay recoverable in not more than three monthly instalments. Surety from a permanent Railway servant is necessary for the grant of advance to a temporary Railway servant.

11.8 Railway servants on transfer to posts outside India or from a post in one country to a post in another country abroad, are eligible, at the time of their transfer for an advance upto an amount not exceeding two months' pay. This facility is, however, not applicable, in cases of transfer back to India. The advance will be on the basis of the pay drawn immediately before transfer or on the basis of pay to which he/she will be entitled, after the transfer, whichever is less. Recovery will be made in 6 equal monthly instalments and where the advance drawn is equal to one month's pay, the recovery will be in 3 equal instalments.

Note: The advance of pay may be drawn in Indian rupees in India, in Sterling in the U.K., in local currency of the country of previous or new assignment or in any other soft currency in a neighbouring country from which essential goods are to be imported. No additional foreign exchange will be allowed.

(Ref: [Paras 1119 \(A\)](#) and [1119 \(B\)](#) of Establishment Manual Vol. I/1989)

12. [Advance of leave salary:](#)

A Railway servant, including one on foreign service proceeding on leave for a period of not less than 30 days may be allowed to draw an advance in lieu of leave salary upto a month's pay and allowances, subject to deductions on account of Income Tax, SRPF, House rent, repayment of advances etc. The advance should be in whole rupees and should be adjusted in full in the leave salary bill in respect of the leave availed of. Where the amount cannot be adjusted in full in one bill, the balance should be recovered from the next payment of pay or leave salary.

12.1 Powers to sanction the payment of advance vest in the General Manager or in any other officer who may be specially delegated with the same, in respect of all classes of Railway servants i.e. Group A, B, C & D.

12.2 Surety of a permanent Railway servant will be necessary for granting advance to a temporary Railway servant.

12.3 Facility of advance in lieu of leave salary is also admissible to State Government servants transferred to posts under the administrative control of the Board.

(Ref: Board's letters No. [PC-60 LE 2/2 dated 22.8.1961](#), [27.8.1960](#), [7.9.1962](#), [E\(P&A\)I/76/CPC/LE-3 dated 11.3.1977](#) and [Rule 548 - R \(I\)/1985](#))

13. [Advance of Travelling Allowance while proceeding on tour](#)

A Railway servant who proceeds on long tour may be granted by the Head office an advance sufficient to cover, for the duration of the tour, his/her personal travel expenses and contingent charges, such as for hiring conveyance etc. for the carriage of records or other

Government property and also to meet the cost of tickets for journeys other than by rail. The Railway servant asking for the advance should give an estimate of the likely contingent charges etc. to facilitate sanction of advance. For Heads of offices who are not their own controlling officers, the advance should be sanctioned by the Controlling Officer.

13.1 A temporary non-Gazetted Railway servant who has completed one year of service and is not likely to be discharged within three months of receipt of advance will be eligible for the advance on production of a surety from a permanent Railway servant not governed by the Payment of Wages Act. The advance will be limited to one month's pay.

13.2 The advance should be adjusted immediately upon the Railway servant's return to Headquarters. The advance should be treated as a final charge and not as an advance recoverable and should be drawn and accounted for as contingent charges or travelling expenses of the establishment, as the case may be.

13.3 A second advance will not be admissible until an account has been given for the first advance. In addition, a Railway servant who has taken an advance should not take payment of T.A. or other bills in respect of the same journey, while the advance or any portion of it remains unadjusted.

(Ref: Paras 1003-1005 – Indian Railway Administration & Finance, para [1109-1112](#) – IREM Vol. I/89 Edition).

14. [Advance of Pay to Territorial Army Personnel:](#)

Non-Gazetted Railway servants serving as "Junior Commissioned Officers" and other ranks' in the Railway Territorial Army units are eligible to be granted one month's pay as advance before they are embodied for annual training.

14.1 Advance will also be admissible to non-Gazetted Railway servants serving as JCOs' and 'other ranks' in the Railway T.A. units when they are embodied for voluntary Training Courses at Army Centres.

14.2 Advance is also admissible to both Gazetted and non-gazetted Railway servants employed in Railway units of T.A., when they are embodied for military service in an emergency.

14.3 The advance in all the three cases mentioned above i.e. paras 14 to 14.2 will be limited to one month's pay recoverable in three equal monthly instalments, commencing from the first issue of pay after the drawal of advance. Surety from permanent Railway servant not governed by P.W. Act will be necessary for grant of advance to temporary Railway Servants. The advance should be sanctioned only to those personnel, who apply for the same.

14.4 Where an advance has been drawn for the annual training camp and a second advance is drawn, within a period of two months from the first advance, on embodiment for military duty, the advance drawn on embodiment may be recovered as a special case, in six equal monthly instalments.

(Ref: Board's letters No. [E\(Trg\)62 ML 3/6 dated 1.9.1962](#), [E\(ML\)66 ML 2/26 dated 19.3.1966](#) and [E\(ML\)71/ ML3/45 dated 9.2.1972](#))

15. [Advances for Lawsuits:](#)

Advance of a sum not exceeding Rs. 500/- or the Railway servant's substantive pay for three months, whichever is greater may be sanctioned at the discretion of the Government to a Railway servant to meet the expenses of his defence in the following cases:

- i. In legal proceedings instituted against the Railway servant by a private party in respect of matters connected with his official duties or position as a public servant;
- ii. Where the Railway servant is required by the Government to vindicate his conduct in a

Court of Law, when specific allegations are made against him in the Press; and

- iii. Where the Railway servant, with the previous sanction of the Government resorts to a Court of Law, to vindicate his conduct either arising out of or connected with his official duties or position though not required by the Government to do so. (Normally the Railway servant will not be entitled but in deserving cases advance may be sanctioned)

15.1 No second advance will be allowed in respect of the same proceedings. There is, however, no objection to the grant of more than one advance, if they relate to different proceedings against a Railway servant.

15.2 No advance will be admissible to Railway servant, legal proceedings against whom have been initiated by the Railway Administration.

15.3 A bond, as prescribed in [Chapter VII](#) of the Establishment Code Vol.I/1985 (specimen also incorporated in the [Master Circular on Legal Assistance to Railway servants](#)) should be obtained from the Railway servant before the advance is sanctioned.

15.4 The recovery of the advance should be made in 24 monthly instalments, commencing from the first issue of pay/ subsistence allowance/ leave salary following the month in which the advance is given. Where more than one advance is sanctioned the recovery of such advances should be made concurrently.

15.5 Temporary Railway servants are also eligible to the advance on their furnishing a surety (Form of surety given in [chapter VII](#) of Estt. Code Vol. I/1985) of a permanent Railway servant of equivalent or higher status not governed by the P.W. Act.

(Ref: Board's letter No. [E\(G\)63 LL 2-49 dated 1.7.1969](#), [para 1128](#) of Estt. Manual/1989 and [Rule 702](#)-Estt. Code Vol. I/1985)

16. [Advance for purchase of outfit for school going children.](#)

Railway servants eligible to the grant of educational assistance in terms of extant rules may be granted an advance not exceeding a month's pay, recoverable in 10 equal monthly instalments, at the beginning of each year for the purchase of outfit for children attending schools approved by the General Manager.

(Ref: Para 1634-IREM (1968 edition)/[Para 1130](#) - IREM Vol. I/1989 edition).

17. [Advance for treatment of cancer](#)

Advance may be granted to a Railway servant drawing pay not exceeding Rs. 900/- p.m. in the revised scale (not in the RPS implemented on the basis of 4th Pay Commission's recommendations) while undergoing treatment as an in-patient in a recognised hospital for cancer treatment. It will not be admissible where the treatment is as an outpatient or at the residence of the Railway servant or at the clinic of the medical attendant:

1. The advance will be admissible to the Railway servant's treatment or the treatment of a member of the family.
2. The application for advance should be supported by a certificate from the medical officer in charge that the patient is being treated as an in-patient. The certificate should indicate the probable duration of stay in the hospital, anticipated cost of treatment, which would otherwise be reimbursable under the rules and should be countersigned by the authorised medical attendant.
3. The amount of advance should in each case be limited to four months' pay of the Railway servant or Rs. 500/- or such other amount as the medical officer in-charge may recommend whichever is the lowest.
4. Not more than one advance should be granted.

5. The amount of advance should be adjusted against the claim for re-imburement of the expenditure as may be admissible under the rules and the balance, if any recovered from the pay of the Railway servant in two equal monthly instalments after the discharge of the patient from the hospital.
6. In the case of temporary Railway servants production of surety from a permanent Railway servant not governed by P.W. Act will be necessary to the grant of advance.
7. The term pay for the purpose will be as defined in [Rule 103\(35\)](#) – R.I. /1985.

(Ref: Railway Board's decision below [Rule 642](#) - RI/1985 Board's letters No. [77/H/8/9](#) dated [2.7.1980](#) and [20.3.1984](#))

II. Interest bearing advances:

18. The following advances paid out of Government funds bear interest:

1. Advance for purchase of table fan;
2. Advance for purchase of warm clothing;
3. Advance for purchase of Conveyance; and
4. Advance for purchase of Personal Computer

19. [Advance for purchase of table fan to Gr. 'D' Railway servants](#)

An advance not exceeding Rs. 400/- { ~~1000/-~~ } or the anticipated price of the table fan, whichever is less, may be granted to Group 'D' Railway servants living in houses provided with electricity and a plug point but who do not already have a fan in the house.

Note: The advance will not be admissible to a Group 'D' Railway servant under suspension.

19.1 The advance should be applied for in the form prescribed for the purpose (Form circulated with Board's [O.M. No. 63.C.123/2](#) dated [5.6.1963](#)).

19.2 The surety of a permanent Railway servant of comparable or higher status, not governed by the P.W. Act, should be obtained on the prescribed form, before advance is sanctioned to a temporary Railway servant.

19.3 A Gr. 'D' Railway servant drawing the advance should within a month of its drawal, furnish a certificate giving full particulars of a fan purchased with the advance, together with the cash receipt for the amount actually paid for it. If the fan is not purchased within the stipulated period, the full amount of the advance drawn, with interest thereon for one month should be returned to the Government forthwith. This condition should be mentioned in the letter sanctioning the advance.

19.4 A second advance will not ordinarily be admissible within ten years of the grant of advance on the previous occasion. An entry regarding the grant of advance for purchase of fan should be kept in the Service Book of the individual concerned, so as to enable to sanctioning authority to check the eligibility for advance when applied for on subsequent occasion(s) with reference to the above condition.

19.5 The advance will bear the same rate of interest as the one chargeable on advance for purchase of conveyance.

19.6 An authority competent to sanction withdrawals from S.R.P.F. competent to sanction the advance for purchase of table fan.

19.7 Recovery should be made in the ten equal monthly instalments, commencing with the first issue of pay after the advance is drawn. Interest on the advance should be calculated in accordance with the usual rules and recovered from the pay bill of the month following the one in which recovery of the principal amount has been completed.

The table fan thus purchased with advance will be treated as the property of the Govt. until the advance with interest thereon is fully repaid and the order sanctioning the advance should include a provision to this effect.

(Ref: Board's [O.M. No. 63.C.123/2 dated 5.6.1963](#) and letter No. [70-C/123/1 dated 1.9.1970](#))

20. [Advance for purchase of warm clothing:](#)

Railway servants belonging to Group 'C' & 'D' posted at hill stations, whether on first appointment or on transfer from plains, on a permanent or long term basis, for a period of not less than one year, may be granted an advance not exceeding Rs. 250/- for the purchase of warm clothing, irrespective of whether they belong to hill tracts or otherwise, on the following conditions: -

- i. The advance will be admissible only once in three years. The second and subsequent advances may be granted subject to the condition that the interval between the drawal of the first advance and the advance last drawn is not less than three years.
- ii. In the case of a Railway servant who has drawn the advance and refunded the same with interest thereon and who is transferred to another station within a period of three years of drawal of advance, the said Railway servant while applying for a second advance should furnish a certificate in his application to the effect that he had not applied for the advance within the period stipulated before the transfer and the certificate may be test checked, if need be.
- iii. Recovery of the principal amount of the advance should be made in twelve monthly instalments, commencing with the first issue of pay after the drawal of the advance. The interest should be calculated on balances outstanding on the last day of each month and recovered as an additional instalment in the month, following the month in which recovery of the principal is completed.
- iv. The advance may be claimed only during the first six months of posting at the hill station. Hill station for the purpose of grant of advance will be a station situated at a height of 1,000 meters or more above the sea level, height determined and accepted by the Survey of India.
- v. Railway servants transferred from plains to stations, where compensatory (Hill) allowance is paid can be allowed to draw the advance for warm clothing.
- vi. The authority competent to sanction the advance will be the HOD/DRM, who should certify that the advance is in respect of the Railway servant who is likely to stay at the hill station for the entire period of repayment of the advance and that the members of his family reside with him at the hill station.
- vii. Surety of a permanent Railway servant of comparable or higher status not governed by the P.W. Act should be obtained before the advance is sanctioned to a temporary Railway servant.
- viii. The advance will bear the same rate of interest as that chargeable on advance granted for purchase of conveyance.

(Ref: Board's letter No. [F\(E\)60 Adv-2 /6 dated 20.12.1960](#),
[F\(E\)60 Adv 2/6 dated 30.8.1962](#),
[F\(E\)62 Adv 2/4 dated 24.1.1963](#),
[F\(E\)60 Adv 2/6 dated 17.12.1963](#)
and [F\(E\)Spl. 76 Adv 2/3 dated 25.5.1977](#))

Advance for purchase of Conveyance:

21. (A) [Bicycle Advance:](#)

A non-gazetted Railway servant whose basic pay does not exceed Rs.1750/- {5000}

(Revised Pay Scale) per month is eligible to the grant of an advance of Rs. 600/- { 1500 } or the anticipated price of a bicycle inclusive of Sales Tax, whichever is less for its purchase. If the actual price paid is less than the advance taken, the balance should be refunded forthwith to the Government.

21.1 The advance is recoverable in thirty equal monthly instalments commencing with the first drawal of pay after the advance has been taken. Interest on the advance will be calculated at the rate(s) prescribed by the Government on balances outstanding on the last day of each month and will be recovered in the month following that in which the principal has been repaid.

21.2 The Railway servant availing of the advance should submit a cash receipt within a period of one month of drawal of advance for scrutiny to ensure that the advance has been utilised for the purchase of conveyance within the prescribed period and the actual price, as defined in the rules, is not less than the amount of advance drawn. The sanctioning authority after necessary verification, should certify the position to the Accounts Officer concerned, duly returning the cash receipt to the Railway servant. Where the Railway servant fails to purchase the conveyance and furnish the cash receipt within the prescribed period, the full amount of the advance drawn together with interest thereon for one month should be refunded to the Government forthwith. If the refund is made in full before the end of the month in which the advance was drawn, the interest may be recovered for the actual period the advance was retained. Authority sanctioning advance should also ask the Railway servant concerned to produce the Registration Book of the vehicle within a period of 1 month from the date of purchase of vehicle or within 2 months from the date of withdrawal of advance, whichever is earlier to show that the vehicle purchased by him has actually been transferred in his name by the competent authority, failing which he shall be liable to pay penal interest on the entire amount of advance from its date of drawal to date of submission of Registration Book. In case it is established that the delay in submitting the Registration Book is not attributable to the Railway servant, the penal interest may not be charged for the late submission of the Registration Book for the period of such delay.

21.3 A second or subsequent advance for the purchase of bicycle should not ordinarily be sanctioned within three years of sanction of previous advance unless satisfactory evidence is produced to the effect that the bicycle purchased with the help of the previous advance has been lost/has become unserviceable. While considering such requests, priority should be given to those who have not drawn a similar advance during the last five years. The requests of other Railway servants for an advance under normal rules may be considered subject to availability of funds.

21.4 The requirement indicated in para 20(ii) will equally apply in cases where the Railway servant on transfer from one station to another station applies for a second or subsequent advance.

21.5 The grant of advance to temporary officers should be subject to the production of surety of a permanent Railway servant of comparable or higher status.

21.6 The Railway servant should not sell or transfer the bicycle so long as the advance together with interest thereon is not completely repaid, except with the prior permission of the competent authority.

21.7 Advance may also be sanctioned when a Railway servant is on leave on average pay or on study leave but not when he is on extra-ordinary leave.

[Ref: Board's letter No. [F\(E\)62 Adv 2/4 dated 4.3.1963](#),
[F\(E\)Spl. 80 Adv 2/1 dated 27.9.1980](#),
[F\(E\)Spl. 81 Adv 2/2 dated 23.7.1981](#),
[F\(E\)Spl. 89 Adv 2/4 dated 17.7.1989](#) (RBE 180/1989),
[F\(E\)Spl. 89 Adv 2/3 dated 8.9.1989](#) (RBE 217/1989)]

B. [Advance for the purchase of Motor Car](#)

22. A sum of Rs. 80, 000/- or sixteen months' {Rs. 1,80,000/- or 11 months' } basic pay of the Railway servant or the anticipated price of the motor car whichever is the least, is admissible to be granted to a Railway servant whose basic pay is Rs. 3, 500/- (RPS) {10500/-} per month or more for the purchase of a motor car on the first occasion. The quantum of advance that may be granted on the second or subsequent occasion for the purchase of a motor car shall not exceed Rs. 75, 000/- or sixteen months' {1,60,000/- or 11 months' } pay of the Railway servant or the anticipated price of the car to be purchased, whichever is least. The Railway Board is competent to relax the condition relating to pay limit prescribed for purposes of eligibility in deserving cases for which justified proposals should be sent to the Ministry.

22.1 The second or subsequent advance will be admissible only after a period of four years reckoned from the date of drawal of the last advance, has elapsed. This will, however, not apply

- i. Where an advance had been allowed earlier for the purchase of a motor cycle/scooter, but it is desired to draw an advance for the purchase of a car;
- ii. Where a Railway servant disposes of his/her car in India, prior to his/her posting, deputation/training abroad lasting more than one year and returns to India without a car; and
- iii. Where a Railway servant is appointed to a regular post abroad and does not take the motorcar along with him/her.

C. [Advance for purchase of Motor Cycle/Scooter/Moped](#)

23. The quantum of advance that can be granted to a Railway servant drawing a basic pay of Rs. 1500/- (RPS) {4,600/-} or more per month for the purchase of a Motor Cycle/ Scooter/ Moped should not exceed Rs. 13, 000/- or eight months' {30000/- or six months'} basic pay of the Railway servant or the anticipated price of the motor cycle, scooter, moped whichever is the least. The sanctioning authority is competent to relax the condition relating to pay limit prescribed for purposes of eligibility, in deserving cases.

23.1 The advance admissible on the second or subsequent occasions for the purchase of motor cycle, scooter, moped will be restricted to Rs.10, 000/- or six months' {24,000/- or five months'} basic pay or the anticipated price of the vehicle, whichever is the least.

Conditions governing conveyance advance

24. Pay for the purpose intended in paras 22 and 23 above means basic pay as defined in [Rule 103\(35\)](#)-R.I. 1985 corresponding to Rule 2003(21)-R.II/5th Reprint, and will include non-practicing allowance sanctioned to medical posts.

24.1 Where the actual price of the vehicle purchased by the Railway servant is less than the amount of advance, the balance amount should be refunded to the Government forthwith.

24.2 The actual price of conveyance includes Sales Tax, cost of such items as spare wheel, tyre, tube etc. The price will also include the registration money wherever paid for in advance by the Railway servant while booking for the vehicle, cost of transportation wherever involved to the place of duty of the Railway servant and octroi charges actually paid.

24.3 The advance will be recovered as shown under:

- i. Motor Car: Recovery of the advance either granted on the first occasion or thereafter will be made in such number of equal monthly instalments as the Railway servant may elect but not exceeding 200 instalments.
- ii. Motor Cycle/ Scooter/ Moped: Recovery will be made in such number of equal monthly instalments as the Railway servant may elect, but not exceeding seventy

instalments

Recovery of the advance will commence with the first drawal of pay after the advance is drawn.

24.4 Interest at such rate(s) as may be fixed by the Government from time to time will be charged on the advance granted for the specified items. Such interest will be calculated on the balance outstanding on the last day of each month. Recovery of interest will commence from the month following the month in which the whole of the principal has been recovered. The amount of recovery of interest per instalment should not be appreciably greater than the instalments by which the principal was recovered.

24.5 Where a Railway servant desires to keep two vehicles of different types i.e. a Motor car and a Motor cycle or scooter and has purchased one type of vehicle with the advance drawn from the Railway, and applies for an advance to purchase a different type of vehicle without selling the previous vehicle, the same may be sanctioned as per provisions of rules for grant of a second advance, provided the outstanding amount of the earlier advance with interest is paid before drawing the fresh advance.

24.6 In cases in which a motorcar is sold before the full repayment of the advance and interest thereon, the sale proceeds must be applied, as far as it may be necessary, towards the repayment of the outstanding balance. However, where the motorcar is sold to purchase another motorcar, the competent authority to sanction the advance, may permit the Railway servant to apply the sale process towards the purchase of another vehicle of the same type provided:

- i. The entire sale proceeds of the old car are applied towards the purchase of the new car;
- ii. The amount of advance outstanding should not exceed the cost of the new car;
- iii. Recovery of the amount outstanding should continue at the rate previously fixed;
- iv. A fresh mortgage bond in the prescribed form should be executed in favour of the President for the amount then due and the newly purchased car mortgaged to the Government.

If the sale proceeds of the old car are not sufficient to purchase another car, a second advance may be granted which should be restricted to the excess of price of the new car over the sale proceeds of the old car, provided that the advance so granted together with the balance outstanding in respect of the original advance previously granted does not exceed the price of the new car.

24.7 There is no objection to the grant of advance to temporary officers/officers engaged on contract but the amount of advance together with interest should be recovered at the time of issue of last pay to the individual concerned. Further, the grant of advance is subject to the production of surety of a permanent Railway servant of comparable or higher status not governed by the P.W. Act.

24.8 A Railway servant who has purchased a vehicle with an advance from the Government should not sell or transfer the vehicle so long as the amount of advance and interest thereon has not been completely repaid, except with the permission of the competent authority.

24.9 A Railway servant getting an advance should complete the purchase of the vehicle and pay for it within one month of the date of drawal of the advance, failing which he should refund the advance forthwith, together with interest thereon for a month. However, in exceptional cases, the competent authority may extend the period one-month to two months. Where the advance is retained beyond one month without purchase of the vehicle, penal interest will be chargeable. Also failure to produce the registration book of the vehicle within a month of purchase or within two months of drawal of advance will render the Railway servant liable to the levy of penal interest.

- 24.10 The sanctioning authority should, by a scrutiny of the cash receipt for the purchase, ensure that the advance has been utilised for the purchase of the conveyance within the prescribed period, the actual price is not less than the advance and certify the position to the accounts Officer concerned.
- 24.11 A Railway servant who has been sanctioned an advance may draw the advance while on leave, including study leave but not on extra-ordinary leave for long, if he receives intimation of availability of conveyance during his leave period.
- 24.12 A Railway servant under suspension is not eligible to be sanctioned an advance for the purchase of conveyance and if the same had been sanctioned to him before he was placed under suspension, he should not permitted to draw the advance, while under suspension.
- 24.13 There is no restriction to grant advance to a Railway servant even if he/she has taken advance or withdrawn from his/her Provident Fund for the purchase of Motor Car/ Motor cycle, Scooter/ Moped, subject to the fulfilment of the conditions prescribed in the rules.
- 24.14 A Head of the Department under whom the Railway servant is for the time being employed, is competent to sanction the advance, which should be granted only if the said authority is satisfied that the Railway servant has the capacity of repayment.
- 24.15 Where an advance applied for by an eligible Railway servant could not be sanctioned for want of funds or there is delay in according sanction, the Railway servant should obtain prior permission from the prescribed authority in terms of Conduct Rules for raising a temporary loan, if desired by him, to purchase the conveyance and if the said authority is different from the advance sanctioning authority, the latter should be kept informed.

Execution of Agreement & Mortgage Bond:

25. Before the drawal of advance for the purchase of motorcar, a Railway servant should execute an agreement in the prescribed form for the purchase of conveyance and on completing the purchase of a conveyance by hypothecating the vehicle to the President as security for the advance. Where only one advance has been sanctioned for the purchase of motorcar or for payment of customs duty or for both the purposes the mortgage bond should be executed in the form prescribed. If an advance for payment of customs duty has been sanctioned after the purchase of vehicle with an earlier advance, then also a bond in the prescribed form should be executed. Failure to execute the mortgage bond in time will render the Railway servant liable to refund the whole amount of advance with interest thereon.

26. Advance for payment of Customs Duty:

A Railway servant who, on completion of tenure abroad, brings his/her car along with him/her and who has not drawn any advance for the purchase of the car may be paid an advance as per his entitlement for paying the customs duty levied on the car, in one instalment. The grant of advance should be regulated in accordance with the rules laid down for the grant of advance for purchase of motorcar.

27. Advance for the purchase of Personal Computer.

The authority competent to sanction an advance for the purchase of motor car may sanction an advance not exceeding Rs. 45, 000/- {60,000/-} or the anticipated price excluding customs duty, if any levied, whichever is less, to a Railway servant who is eligible to the grant of motor car advance, for the purchase of a personal computer on the conditions mentioned below. An application on the form prescribed is necessary to the grant of advance:

- i. Advance will be admissible either for the purchase of a motor car or for a personal computer, provided the Railway servant has repaid fully with interest, the advance, if

any drawn earlier for the same purpose.

- ii. A Railway servant who has earlier drawn an advance for purchase of motor car will not be eligible before expiry of a period of four years from the date of drawal of the said advance to the grant of advance for the purchase of personal computer and vice versa.
- iii. The Personal Computer purchased with the help of advance from the Government should be mortgaged in the name of the President using the same form prescribed in the case of motorcar, by substituting the words "Motor Vehicle" with "Personal Computer" therein. Similarly, the Agreement form used for drawing advance for motor car may be used for drawing advance for Personal Computer with necessary substituting of the words 'motor vehicle' by the words 'Personal Computer'.
- iv. No advance for the payment of customs duty on the personal computer will be admissible.
- v. The advance sanctioned will be recoverable in such number of equal instalments as the Railway servant may elect, but not exceeding 150 instalments.
- vi. Simple interest at such rates as may be fixed by the Government from time to time, as applicable to the motorcar advance, will be charged.
- vii. All other conditions as laid down regulating the grant of motorcar advance will apply.

Ref: Board's letter No. [E\(G\)88 Adv 2/7 dated 17.11.1988](#) (RBE 255/1988),
[F\(E\)Spl. 85 Adv 2/4 dated 8.1.1986](#)
[F\(E\)Spl. 87 Adv 2/1 dated 26.3.1987](#) (RBE 360/1987)
[F\(E\)Spl. 87 Adv 2/2 dated 11.5.1987](#) (RBE 366/1987)
[F\(E\)Spl. 87 Adv 2/2 dated 31.7.1987](#) (RBE 371/1987)
[F\(E\)Spl. 87 Adv 2/8 dated 31.8.1987](#) (RBE 372/1987)
[E\(LL\)87 FA 1/1 dated 31.8.1987](#) (RBE 223/1987)
[F\(E\)Spl. 87 Adv 2/8 dated 22.3.1988](#) (RBE 48/1988)
[F\(E\)Spl. 88 Adv 2/1 dated 20.5.1988](#) (RBE 95/1988)
[F\(E\)Spl. 88 Adv 2/7 dated 17.10.1988](#) (RBE 226/1988)
[E\(G\)88 Adv 2/7 dated 17.11.1988](#) (RBE 255/1988)
[F\(E\)Spl. 89 Adv 4/1 dated 14.8.1989](#) (RBE 204/1989)
[F\(E\)Spl. 89 Adv 2/5 dated 2.1.1990](#) (RBE 317/1989)
and [Chapter XI – IREM/1989](#) (Revised Edition)]

28. [Advance for undergoing training in Hindi through correspondence Course.](#)

- i. Railway servant, who joins training courses in Hindi conducted by the Department of Official Language (Ministry of Home Affairs), Government of India through correspondence may be paid Rs. 30/- as advance towards payment of the prescribed fee for joining the course. This advance is adjustable against the lump-sum award received by the trainee after passing the prescribed examination.

(Ref: Board's letter No. [Hindi/85/Pra 13/15 dated 12.3.1987](#))

- ii. Railway servants for whom training in Hindi for Prabodh, Praveen and Pragma standards is obligatory and who receive training through correspondence course and who are eligible for lump-sum award on passing the prescribed examination(s) at the conclusion of the training may be granted an advance of Rs. 150/- as interest free advance, to be recovered from the lump-sum award admissible to them on passing the Prabodh, Praveen and Pragma examination(s) under the Hindi Teaching scheme. The advance will be granted after three months from the start of the correspondence course, provided the HOD is satisfied with the progress of the Railway servant. For this purpose, the HOD can ask for a certificate from the Central Hindi Directorate. If the Railway servant does not pass the examination prescribed after conclusion of the course, the advance should be recovered in four equal monthly instalments immediately after the declaration of the result. The grant of advance to the eligible Railway servants will be the personal responsibility of the Head of Office and will be regulated under the general terms and conditions applicable to other interest free

advances.

(Ref: Board's letter No. [Hindi/88/Pra 13/9 dated 21.7.1988](#))

29. Although not satisfying the term advance in strict terms, the following payments wherever made on the death of a Railway servant, while in service, are also treated as advance:

a. [Advance for funeral expenses:](#)

A sum of Rs. 500/- or two months' pay of the deceased Railway servant, whichever is less, may be sanctioned to the family by the authority competent to sanction advance/ withdrawal from SRPF to meet the funeral and incidental expenses, if it is certified that the amount advanced is recoverable at the time of payment of the SRPF money or otherwise.

(Ref: [Para 924](#) - R.I./1985 edition)

b. [Advance for providing immediate relief to families of Railway servants:](#)

- i. In the case of death of a Railway servant, other than a casual labour or daily rated employee, holding Gazetted or non-Gazetted post, a sum equivalent to three months' pay – pay for the purpose being as defined in [Rule 103\(35\)](#)-R.I. /1985 [Rule 2003(21)(a)(I)-R.II/5th reprint] or Rs. 2, 500/- whichever is less, may be sanctioned as a measure of immediate relief to the family, provided the amount sanctioned, does not exceed the estimate dues, such as, arrears of pay and allowances including leave salary, SC to PF or DCRG, balance in the SRPF A/c or any other payment due to the deceased Railway servant. The recovery should be made within a maximum period of six months from the date of sanction. Where the advance cannot be recovered in full, the balance remaining for recovery should be treated as irrecoverable and debited to the head to which the salary of the deceased was being charged under the special orders of the G.M.
- ii. The payment should be made to the nominees of the deceased Railway servant (nominees to receive the settlement and other dues) after securing an undertaking from them that they agree to the advance paid, being deducted from the sum ultimately payable to them following the death of the Railway servant.
- iii. Since it is important to provide relief in time, the sanctioning authority is authorised to use the Station earnings for the purpose of payment of advance, which can be made even before the receipt of formal application from the bereaved family, but after securing the undertaking referred to in sub-para (ii) above. The fact of payment of the advance should be recorded in the L.P.C. sent alongwith the settlement papers.
- iv. In the case of death of a Railway servant while on deputation in Foreign Service, the advance may be sanctioned by the parent Department.
- v. Payment may be authorised by the Divisional Office.
- vi. The sanction of advance should be communicated by the Head of the Office to the Accounts Officer containing all the relevant information regarding name, designation status of the deceased, emoluments drawn by him, the names of beneficiaries to whom advance has to be paid and the manner of recovery of advance.

[Ref: Board's letters No. [E\(W\)72 WE 6/15 dated 21.4.1973](#),
[E\(W\)83 WE 6/1 dated 16.12.1983](#)
and [E\(W\)87 WE 6/9 dated 24.1.1989](#) (RBE 27/1989)]

30. This circular does not incorporate the instructions issued from time to time relating to the grant of advance for House building or purchase or ready built house or flat or for repayment of loan expressly taken for that purpose and its recovery.

31.

- i. While referring to this consolidated circular, the original circulars mentioned herein and the provisions of the Code/ Establishment Manual to which reference have been quoted, should be read for a proper appreciation. This circular is only a consolidation of the

existing instructions and should not be treated as a substitution of the original circulars. In case of doubt, the original circulars should be relied upon an authority.

- ii. The instructions contained in the original circulars referred to have only prospective effect, unless indicated otherwise.
 - iii. If any circular having a bearing on the subject which has not been superseded has been lost sight of in the preparation of this circular, the said circular which has been missed through oversight should not be ignored, but should be treated as valid and operative.
32. The letters and other references on the basis of which this circular has been prepared are indicated in the annexure.

ANNEXURE

Letters and references on the basis of which the consolidated Master circular has been prepared.

1. No. [E\(LL\)58 AT8/22 dated 5.1.1959](#)
2. No. [E\(G\)56 AD1/7/3 dated 31.8.1959](#)
3. No. [E\(G\)56 AD1/7/3 dated 9.12.1959](#)
4. No. [PC-60 LE 2/2 dated 27.8.1960](#)
5. No. [PC-60 LE 2/2 dated 22.8.1961](#)
6. No. [PC-60 LE 2/2 dated 7.9.1962](#)
7. No. [E\(Trg\)62 ML 3/6 dated 1.9.1962](#)
8. No. [F\(E\)60 Adv 2/6 dated 30.8.1962](#)
9. No. [F\(E\)62 Adv 2/4 dated 24.1.1963](#)
10. No. [O.M. No. 63.C.123/2 dated 5.6.1963](#)
11. No. [F\(E\)60 Adv 2/6 dated 17.12.1963](#)
12. No. [F\(E\)62 Adv 2/4 dated 4.3.1963](#)
13. No. [E\(ML\)66 ML 2/26 dated 19.3.1966](#)
14. No. [E\(G\)63 II 2-49 dated 1.7.1969](#)
15. No. [70-C/123/1 dated 1.9.1970](#)
16. No. [E\(W\)72 WE 6/15 dated 21.4.1973](#)
17. No. [E\(ML\)71/ ML3/45 dated 9.2.1972](#)
18. No. [E\(LL\)71 FA/4 dated 31.3.1972](#)
19. No. [E\(LL\)73 AT PW 1/5 dated 31.12.1973](#)
20. No. [E\(P&A\)I/76/CPC/LE-3 dated 11.3.1977](#)
21. No. [F\(E\)Spl. 76 Adv 2/3 dated 25.5.1977](#)
22. No. [F\(E\)III/77/PF 1/3 dated 27.5.1977](#)
23. No. [E\(G\)77 AD 1-24 dated 4.2.1978](#)
24. No. [E\(G\)78 AD 1-12 dated 7.12.1978](#)
25. No. [E\(LL\)78 FA/3 dated 8.9.1978](#)
26. No. [E\(LL\)78 FA/2 dated 24.2.1979](#)
27. No. [E\(G\)79 AD 1-7 dated 5.6.1979](#)
28. No. [F\(E\)III/79 PF 1/1 dated 10.3.1980](#)
29. No. [77/H/8/9 dated 2.7.1980](#)
30. No. [F\(E\)Spl. 80 Adv 2/1 dated 27.9.1980](#)
31. No. [F\(E\)60 Adv 2/6 dated 20.12.1980](#)
32. No. [F\(E\)III/77 PF 1/3 dated 13.2.1981](#)

33. No. [E\(G\)80 AD 1/12 dated 3.6.1981](#)
34. No. [F\(E\)Spl. 81 Adv 2/2 dated 23.7.1981](#)
35. No. [E\(G\)81 AD 1/6 dated 14.8.1981](#)
36. No. [F\(E\)III/80 PF 1/4 dated 20.5.1983](#)
37. No. [E\(W\)83 WE 6/1 dated 16.12.1983](#)
38. No. [E\(LL\)81/FA/3 dated 24.1.1984](#)
39. No. [E\(LL\)81/FA/3 dated 16.12.1984](#)
40. No. [77/H/8/9 dated 20.3.1984](#)
41. No. [E\(LL\)85 FA 1/3 dated 18.9.1985](#) (RBE 269/1985)
42. No. [F\(E\)III/80 PF 1/4 dated 6.11.1985](#)
43. No. [F\(E\)Spl. 85 Adv 2/4 dated 8.1.1986](#)
44. No. [Hindi/85/Pra 13/15 dated 12.3.1987](#)
45. No. [F\(E\)Spl. 87 Adv 2/2 dated 11.5.1987](#) (RBE 366/1987)
46. No. [F\(E\)Spl. 87 Adv 2/1 dated 26.3.1987](#) (RBE 360/1987)
47. No. [F\(E\)Spl. 87 Adv 2/2 dated 31.7.1987](#) (RBE 371/1987)
48. No. [F\(E\)Spl. 87 Adv 2/8 dated 31.8.1987](#) (RBE 372/1987)
49. No. [E\(LL\)87 FA 1/1 dated 31.8.1987](#) (RBE 223/1987)
50. No. [F\(E\)Spl. 87 Adv 2/8 dated 22.3.1988](#) (RBE 48/1988)
51. No. [F\(E\)Spl. 88 Adv 2/1 dated 20.5.1988](#) (RBE 95/1988)
52. No. [Hindi/88/Pra 13/9 dated 21.7.1988](#)
53. No. [F\(E\)Spl. 88 Adv 2/7 dated 17.10.1988](#) (RBE 226/1988)
54. No. [E\(G\)88 Adv 2/7 dated 17.11.1988](#) (RBE 255/1988)
55. No. [E\(W\)87 WE 6/9 dated 24.1.1989](#) (RBE 27/1989)
56. No. [F\(E\)III/84 PF 1/4 dated 1.5.1989](#) (RBE 112/1989)
57. No. [F\(E\)Spl. 89 Adv 2/4 dated 17.7.1989](#) (RBE 180/1989)
58. No. [F\(E\)Spl. 89 Adv 4/1 dated 14.8.1989](#) (RBE 204/1989)
59. No. [F\(E\)Spl. 89 Adv 2/3 dated 8.9.1989](#) (RBE 217/1989)
60. No. [F\(E\)Spl. 89 Adv 2/5 dated 2.1.1990](#) (RBE 317/1989)
61. No. [E\(G\)90 Ad 1/7 dated 13.8.1990](#) (RBE 138/1990)