

# HOUSE BUILDING ADVANCE RULES AND REGULATIONS AT A GLANCE

CAO office grants House Building Advance to AFHQ Civilian employees posted in Army Headquarters and Inter Service Organisations who are permanent or employees who have completed at least five years of continuous service subject to conditions as stipulated vide Government of India, Ministry of House Affairs, Housing III Sectin O.M No. I.1701/11(14)/2016-H-III dated 09 Nov 2017 and other rules envisaged in HBA Rules published by Swami Publications. HBA to employees posted in Air and Naval Headquarters is granted under their respective funds. HBA is granted once in the entire service. The following are the general view of the Rules and Regulations regarding House Building Advance :-

## 1. Introduction

Grant of House Building Advance for Central Government employees is regulated in terms of rules and regulations laid down from time to time by the Ministry of Housing & Urban Affairs (erstwhile Ministry of Urban Development). These rules are as under:

## 2. Purpose

House Building Advance (HBA) is admissible to an employee for only one of the following purposes:-

- i. constructing a new house on the plot owned by employee either individually or the plot owned by employee and spouse jointly.
- 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. Purchase/construction of house under the self-financing schemes of Delhi Bangalore, UP, Lucknow etc.
- v. Outright purchase of a new ready-built house/ flat from Housing Boards, Development Authorities and other statutory or semi-Government bodies and from registered builders i.e., registered private builders, architects, house building societies, etc., **but not from private individuals.**
- vi. Expansion of living accommodation of an existing house owned by the employee or jointly with spouse. The total cost of the existing structure (excluding cost of land) and the proposed additions should not exceed the prescribed cost ceiling under these rules.
- vii. Repayment of loan or advance taken from a Government or HUDCO or private sources even if the construction has commenced, subject to certain conditions.

- viii. Existing employees who have already taken Home Loans from Banks and other financial institutions are allowed to migrate to this scheme, subject to fulfillment of extant conditions.
- ix. Constructing only residential portion of the building on a plot earmarked for a shop-cum-residential plot, in a residential colony, subject to prescribed cost ceiling.

### 3. Eligibility

- i. All permanent government employees.
- ii. All other employees with at least 5 years of continuous service, provided they do not hold permanent appointment under a State Government and the sanctioning authority is satisfied about their likely retention in service till the house is built and mortgaged.
- iii. Members of All India Services deputed for service under the Central Government/Company/ Association/Body of individuals whether incorporated or not, which is 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. Employees of Union Territories and North East Frontier Agency.
- v. Staff/ Artistes of the All India Radio who fulfil the condition prescribed at (ii) above and have been appointed in long term contracts extending to the age as per extant rules.
- vi. Central government employees governed by The Payment of Wages Act, 1936.
- vii. Central government employees on deputation to another Department or on Foreign Service. Such cases to be processed by the Head of the Office of the Parent Department.
- viii. Extant rules for eligibility conditions of Ex-servicemen and of central government employees under suspension remains unchanged.

**Note:** In cases where both the spouses are central government employees and are both eligible for grant of House Building Advance, the advance will be admissible to both of them jointly/ separately.

### 4. Cost Ceiling Conditions -

- i. Cost of the house to be built /purchased (excluding the cost of plot) should not exceed 139 times of the basic pay of the employee subject to a maximum of Rs. 1.00 crore (one crore) only. In individual cases, if the Administrative Ministry is satisfied on the merits of the case, the cost ceiling may be relaxed up to a maximum of 25% by the Head of the Department.



## 5. Amount of Advance

- i. Only one advance shall be sanctioned to the government servant during his/ her entire service.
- ii. The maximum amount of advance shall be:
  - a) 34 months basic pay subject to a maximum of Rs. 25.00 lakhs only (Rs. Twenty five lakhs), or cost of the house/flat, or the amount according to repaying capacity, whichever is the least for construction/purchase of new house/flat.
  - b) For expansion of existing house, the amount of HBA will be limited to 34 months basic pay subject to maximum of Rs.10.00 lakhs only (Rs. Ten lakhs), or the cost of the expansion, or the amount according to repaying capacity, whichever is the least.
  - c) The amount of the advance shall be restricted to 80% of true cost of the land and construction of house or cost of expansion of living accommodation in the case of construction in rural areas. This can be relaxed and 100% can be sanctioned if the Head of the Department certifies that the concerned rural area falls within the periphery of town or city.

## 6. Repayment Capacity

For the purpose of calculating the admissible loan amount, the repayment capacity of the central government employee shall be calculated as below:

a)	In cases of employee retiring after 20 years.	40% of basic pay.
b)	In cases of employee retiring after 10 years but not later than 20 years.	Up to 40% of basic pay. 65% of DCR Gratuity may also be adjusted.
c)	In cases of employee retiring within 10 years.	Up to 50% of basic pay DCR Gratuity up to 75% can be adjusted.

## 7. Applicable Rate of Interest and Methodology of Recovery of House Building Advance

(i) The interest on Housing Building Advance for the financial year 2017-18 onwards shall be 8.50%. The interest rate further reduced to 7.90% w.e.f 01 Oct 2019. This shall be reviewed every three years to be notified in consultation with Ministry of Finance.

(ii) The methodology of recovery of HBA shall continue as per the existing pattern of recovery of principal first in the first fifteen years in not more than 180 monthly instalments and interest thereafter in next five years in not more than 60 monthly instalments. The advance carries simple interest from the date of payment of first instalment.

(iii) All cases of subsequent trances/instalments of HBA being taken by the employee in different financial years shall be governed by the applicable rate of

