

# **The Rajasthan Financial Corporation House Building Advance to Employees Regulations, 1978**

RAJASTHAN

India

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### **Rule**

### **THE-RAJASTHAN-FINANCIAL-CORPORATION-HOUSE-BUILDING-ADVANCE-TO-EMPLOYEES-REGULATIONS-1978**

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The Rajasthan Financial Corporation House Building Advance to Employees Regulations, 1978 Published vide Notification No. RFC-F 13 (94) 247, dated 26-3-1979, Published in Rajasthan Gazette, Part 4C, dated, 3-5-1979, page 45G.S.R. 12. - In exercise of the powers conferred by Section 48 of the State Financial Corporations Act, 1951 (LXIII of 1951), the Board of Directors of the Rajasthan Financial Corporation, after consultation with the Industrial Development Bank of India and with the previous sanction of the Government of Rajasthan, is pleased to make the following Regulations for providing House Building Advance to the employees of the Corporation :-These Regulations may be called "The Rajasthan Financial Corporation House Building Advance To Employees Regulations, 1978".

#### **1. Applicability.**

- These regulations shall apply to permanent employees only.

#### **2. Purpose for which House Building Advance may be Granted.**

(1)The House Building Advance shall be admissible to an employee for following purposes:-(i)To purchase land and to build a residential house thereupon.(ii)To build a residential house on land already owned.(iii)To purchase a residential house or to acquire a residential house allotted by the Rajasthan Housing Board or on ownership rights in a Flat or tenement.(iv)To rebuild, after demolishing an existing residential house which is dilapidated and beyond repair and which was not built or purchased with the aid of House Building Advance.(v)To effect repairs or make additions

and alterations to an existing residential house. Note. - A residential house acquired from the Rajasthan Housing Board under hire - purchase scheme shall not be covered for the purpose of House Building Advance. (2) The term 'residential house' means a building purchased or constructed mainly for the purpose of residence of an employee or his family at any one place in Rajasthan. The advance shall be admissible only once during the lifetime of the employee.

### **3. General conditions for Grant of House Building Advance.**

(1) The House Building Advance cannot be claimed as a matter of right. The house building advance for the purposes mentioned in clauses (i) to (iii) of Sub-Regulation (1) of Regulation 2 shall not be admissible to an employee who owns a house, constructed at any one place in Rajasthan. (2) The house purchased or constructed or repaired or to which additions and alterations have been carried out with the aid of advance shall be mortgaged to the Corporation by way of equitable mortgage and wherever equitable mortgage is not possible by registered mortgage and shall remain mortgaged till the advance with interest accrued thereon has been fully repaid. (3) Simple interest at the rate of 7% per annum, shall be charged on the amount of advance. The interest shall be calculated on the balance outstanding on the last date of each month. In the event of death of an employee before complete repayment of advance with interest, the balance amount with interest shall be adjusted either against gratuity payable as per Regulations of the Corporation or bonus/Ex-gratia or Corporation's contribution to contributory Provident Fund or leave salary or other emoluments payable after the date of death. (4) The grant of House Building Advance is subject to repayment in instalments through monthly pay bills or recovery or a part of advance by adjustment against gratuity in accordance with the provisions in these Regulations. In case the employee does not repay the balance of advance due to Corporation on or before the date of his retirement or before the date of leaving the Corporation in case of resignation/termination, it shall be open to the Corporation to adjust the balance dues with interest against Gratuity/Provident Fund if the gratuity and Provident Fund are not adequate, the said advance with interest shall be recovered by enforcing the security of the mortgage at any time thereafter to recover the balance of advance due together with interest and cost of recovery, by sale of the house or in such manner as may be permissible under the Law. (5) A House Building Advance shall not be granted to an employee who is due to be superannuated within a period of five years from the date of issue of advance. (6) If loan has been taken by an employee under MIGH/LIGH Schemes of the State Government, he shall not be entitled to avail of loan under the Corporation's Scheme. Similarly, the employee shall not be entitled to avail of loan under the said MIGH/LIGH Schemes, if he has availed of loan under the Corporation's Scheme. (7) The house built or purchased with the aid of advance shall be maintained in good condition by the employee which shall be ascertained by inspection of house/record, if necessary and he shall ensure that it is kept free from all encumbrances. He shall also pay all municipal and local taxes regularly until the advance with interest thereon has been fully paid. (8) An employee, on completion or purchase of the house as the case may be, shall insure the house against risks of fire and lightning at his own cost, in accordance with the provisions contained in Regulation 8 of these Regulations. (9) Advance for purchase of a constructed house shall be given in lumpsum but advance for purchase of land and construction of house shall be disbursed when land is purchased and according to the progress of construction work which shall be verified from time to time. (10) Contravention of the provision of these regulations shall render an employee liable to

refund the whole amount in one instalment with compound interest (with yearly interest) at a penal rate which will be 2% above the rate of advance unless good reason is shown to the contrary. If the employee fails to repay the entire amount of advance in one lumpsum, the recovery shall be affected in such manner as may be permissible under law.

#### 4. Amount of Advance.

(1) The House Building Advance shall be granted to an employee upto the extent indicated below:-

Purpose of Advance	Category of employees	Amount of Advance	Max. No. of instalments of both principal & int.
1	2	3	4
<b>A. Original Advance</b>			
1	To purchase land & to build a residential house.	All Classes of employees eligible for advance.	Upto 60 months pay subject to maximum of Rs. 70,000/- and minimum of Rs. 8,000/- . 240
2	To build a residential house on land already owned.	- do -	- do - -
3	To rebuild a residential house after demolishing the existing one which is dilapidated and beyond repairs & was not built or purchased with the aid of House Building Advance.	- do -	- do - - do -
4	To purchase a residential house.	- do -	- do - -
<b>B. Advances for Repairs or Additions and Alterations:</b>			
(1)	To an existing residential house not built or purchased with the aid of House Building Advance taken previously from the Corporation.	All classes of employees eligible for advance.	First Advance Upto 10 months pay. 84 Second Advance
			Upto 5 month's pay but admissible only after the expiry of five years 48

		from the date of drawal of 1st advance for repairs, additions etc.	
(2)	To and existing residential house built or purchased with the aid of House Building Advance only.	All classes of employees eligible for advance	First Advance
		Maximum upto 7 month's pay but admissible only after the expiry of 5 years from the date of drawal of last instalment of advance provided that the Corporation may grant repair advance before the expiry of the period of 5 years where heavy damage has been caused to the house due to contingencies like heavy rains, flood, earthquake etc.	72
		Upto 6 months pay but admissible only after the expiry of 5 years from the date of drawal of 1st advance for repairs additions etc.	48

(3) The amount of advance admissible under sub-regulation (1) above shall be subject to the following further conditions: (i) For the purpose of calculating advance, the term 'pay' used in this Regulation shall mean Substantive pay, personal pay, officiating pay (excluding officiating pay drawn in leave vacancy or for definite short period only), and dearness pay. (ii) The actual amount of advance and number of instalments will be determined in each case keeping in view an employee's capacity to repay the entire amount of advance with interest thereon upto the date of retirement. (iii) For purchase of a plot, an amount equal to 75% of cost of plot or 12 months pay, whichever is less, shall be admissible subject to adjustment against the total amount of House Building Advance admissible under these rules. (iv) The second advance for repairs, additions and alterations shall not be granted unless the earlier advance given for the purpose with interest thereon is repaid. (v) The words "Corporation", "Board" and "Employees" used herein before and after shall have the same meaning as described in the Rajasthan Financial Corporation (Staff) Regulations, 1985.

## 5. Repayment of Advance.

(1) Notwithstanding the provisions contained in Regulation 4, an employee shall have to repay the original advance in monthly instalments by way of recovery from pay bills in the manner indicated below:—The total principal and interest shall be repaid in equal number of monthly instalments before the retirement of the employee. (2) The interest shall be charged over the outstanding balance on the last day of each month.

## **6. Authorities empowered to sanction House Building Advance.**

- The power to sanction House Building Advance and to accord sanction for permission to sell or dispose of the house purchased or built or repaired with advance taken from the Corporation under these Regulations shall vest in the Managing Director of the Corporation.

## **7. Creation of Charge.**

(1) To secure the Corporation from loss consequent upon an employee dying or quitting service before complete repayment of an advance with interest accrued thereon in accordance with provisions of these regulations, the house purchased, built or repaired together with the land on which it stands shall be mortgaged to the Corporation by deposit of original title documents (equitable mortgage). (2) Mortgaged property will be released on liquidation of the full amount due by returning the original title documents along with a charge release letter. (3) An employee shall be required to execute the mortgage by deposit of title documents within the period indicated below :

- |  |  |
|--|--|
| (i) Where advance is taken for purchase of site and construction of house therein or flat or tenement.                                     | 6 months from the date of drawal of advance. |
| (ii) Where advance is taken for construction of a house on land already owned or for repairs or additions in respect of an existing house. | At the time of drawal of advance.            |

## **8. Insurance of the House.**

- The house built or purchased with the aid of an advance taken under these regulations shall always be kept insured for the amount as may be determined by the Corporation in the joint names of the employee and the Corporation against damage by fire and lightning with the General Insurance Corporation of India or its Subsidiaries and the insurance continued until the advance with interest thereon is fully paid. The Insurance policy shall be deposited with the Corporation.

## **9. Sale or Disposal of the House Built, purchased or repaired with the aid of Advance.**

(1) Ordinarily an employee shall not sell or otherwise dispose of the house built, purchased or repaired with the aid of advance till the advance, together with the interest thereon, has been fully paid. (2) The sanctioning authority may, however, permit, after ascertaining that the purpose is not monetary gain/speculation, an employee to sell or otherwise dispose of the house before the advance taken for its construction or purchase or repairs etc., from Corporation together with the interest thereon has been fully paid, provided he is thereby enabled to clear the whole amount due. (3) The Corporation may, in special circumstances and after ascertaining that the purpose is not monetary gain/speculation, permit an employee to sell the house provided that out of the sale proceeds, an amount equal to the amount of loan is invested in purchase of another house, which is mortgaged to the Corporation.

## **10. Mode of Recovery.**

(1)The amount of advance shall be recovered in prescribed number of instalments through monthly pay bills. The first instalment shall commence with the first issue of pay after a period of 6 months from the date of drawal of first instalment of advance. In case pay bills are disbursed before 1st of the following month i.e. the normal date of disbursement, the instalment in repayment of advance made through such bill will be taken as paid on 1st of the following month to which the pay bill relates.(2)The monthly recovery towards repayment of advance shall also be made from the leave salary or subsistence allowance payable to an employee while on leave of any kind or under suspension. The sanctioning authority may, however, in case of an employee placed under suspension order reduction in the amount of monthly instalment or suspend the recovery from subsistence allowance subject to the condition that the reduced or suspended amount of due instalments is repaid within the period originally fixed.(3)The amount of repayment instalment shall be fixed in whole rupee except in the case of last instalment when the exact balance should be recovered.

## **11. Procedure for Grant of Advance.**

- The following procedure shall regulate the grant of House Building Advance admissible to an employee under these regulations:-(1)An application shall be made through Head of the Section of the Corporation under whose control the employee is working in the prescribed Form GA - 2. The Head of the Section will pass it on to the sanctioning authority after adding his remarks as to the necessity of advance.(2)The sanctioning authority shall enter the particulars in the Register for House Building Advance (Form given in Appendix 'A') and proceed to examine the application in the manner indicated below:-(i)The sanctioning authority shall ascertain that the applicant has a clear and marketable title to the land on which the house stands or is proposed to be built. The applicant shall provide satisfactory evidence in this respect. The sanctioning authority shall examine the documents/evidence filed with application, including a certificate from the local registration office that the land on which the house stands or proposed to be built has been free from all encumbrances for the last 12 years. In case of doubt, the sanctioning authority may obtain legal opinion.(ii)When advance is required to be sanctioned for purchase of a house or a land on which house is to be constructed, the sanctioning authority should ensure that the applicant will have undisputed title to the house or land on payment of the purchase price and that there will be no obstacle to its being mortgaged to the Corporation and the Corporation will have the right to foreclosing on the conditions mentioned in the mortgage bond. The onus or proving that the will have undisputed title of the house or land on payment of purchase price shall rest on the applicant and he will be required to file necessary documentary evidence for this purpose.(iii)The sanctioning authority shall ensure that no advance is given for purchase of a site which is agricultural land and which has not been converted into Abadi or which is not otherwise free from restrictions imposed by any public authority for construction of a house.(iv)In order to ascertain that the amount asked for is reasonable, building plan and estimated cost per square metre or square foot or built-up area of the house proposed to be built and in case of purchase of house the plan drawing and the estimated value shall be examined by the sanctioning authority. The sanctioning authority shall guard against grant of loan where the proposed construction or purchase of house is too ambitious.(v)In case of

advance for construction or repairs of additions and alterations of a house, the sanctioning authority will examine the regularity of the application with reference to the above points and after satisfying himself on the points referred to above, he will obtain a mortgage by deposit or original title documents (equitable mortgage) and where equitable mortgage is not possible by registered mortgage for the house proposed to be built or repaired or to which additions and alterations are proposed to be made before advance is made.(vi)The Sanctioning authority may himself inspect the site or arrange for inspection by a responsible officer subordinate to him before sanctioning advance and he should again visit the site at least once during the progress of the work. Where the amount of advance is paid in more than one instalment, the sanctioning authority himself or an officer nominated by him may also visit the site before payment of final instalment in order to be satisfied that the amounts already paid have been properly utilised. These instructions shall also be followed in dealing with applications for grant of advance for purchase of or repairs etc. to a house.(vii)The sanctioning authority shall satisfy himself in the light of the opinion given by the legal adviser of the Corporation that the title of the property to be mortgaged is legal, marketable and free from all encumbrances. The employee shall also submit to the sanctioning authority suitable permissions, if necessary under the local laws and also under the Urban Land (Ceiling & Regulation) Act, 1976.(3)The sanctioning authority shall satisfy himself that funds are available out of the allocations placed by the Board at his disposal in the year in which advances are made before issuing sanction for grant of House Building Advance.(4)Amount of advance shall be disbursed either in one instalment or more than one instalment as indicated below:-

Purpose of advance	No. of instalments
(i) For purchase of built house, flat or tenement	In one instalment directly to the seller.
(ii) For purchase of land	In one instalment directly to the seller.
(iii) For construction of resident trial house	In two equal instalments or to at the request of the employeein not more than four instalments. The second and Subsequentinstalments payable after satisfying utilisation of the amountsof earlier instalments.
(iv) For repairs and additions/alterations	In one instalments.

(5)The sanction issued for drawal of advance shall remain current for three months from the date of issue after which fresh sanction will be issued.(6)The period within which the land or house should be purchased or house shall be constructed shall be mentioned in the sanction itself.(7)The avoid rush of expenditure and un-surrendered savings at the close of financial year, the sanctioning authority should not issue fresh sanctions during the last two months of a financial year.

## **12. Period within which purchase of a plot or house or construction of a house on the plot purchased with the aid of advance should be completed after drawal of advance.**

(1)(i)An employee to whom advance is sanctioned for purchase of land or constructed house/flat, the loan shall be released in one instalment at the time of registration of the sale deed directly to the

seller. However, if some advance payment is necessary, the same shall be released on execution of "an agreement to sell" between seller and the employee.(ii)In case where advance is sanctioned for purchase of plot and construction of a house thereon, the loan for purchase of plot shall be allowed as mentioned in para (1) and the first instalment of loan for construction of building shall be advanced after the employee has created equitable mortgage and wherever equitable mortgage is not possible registered mortgage and the second and Subsequent instalment shall be released after the utilisation of the earlier instalment is verified by the Corpn. The house shall be constructed within a period of 6 months from the date of drawal of final instalment of the advance or within 18 months from the date of the first instalment of the advance whichever is earlier. The employee shall submit a utilisation certificate in the prescribed form.(iii)Where advance is taken or construction of a house on the plot already owned by the employee, the house shall be constructed completely within a period of 6 months from the date of drawal of final instalment of advance or within 18 months from the date of the first instalments of the advance, whichever is earlier.(iv)Where the advance is sanctioned for repairs, alterations and additions the amount of advance shall be released in one instalments after creation of equitable mortgage and where equitable mortgage is not possible registered mortgage and particulars of its utilisation shall be submitted to the Corporation within a period of six months from the date of release of advance.(2)The part of the loan for payment of advance to the seller on execution of an agreement to sell, shall be released on execution of an agreement by the employee in favour of the Corporation to create equitable mortgage on receipt of sale deed/patta duly registered.

### 13. Mode of Drawal of Advance.

- Immediately on receipt of sanction, a bill would be prepared. The Corporation shall have mortgage by deposit of title documents from the employee at the time of drawal of advance and it shall be sent to the sanctioning authority at the same time the bill is presented for encashment. A certificate shall be recorded on the bill for advance to this effect that the mortgage as required under Regulations has been created and sent to the sanctioning authority.Rajasthan Financial Corporation, JaipurAppendix "A"Part-I Register of House Building AdvanceAmount allotted by the Board during the financial year.....Date of allotment by the Board.....

S.No.	Name of the Employees ledger account no.	Reference of sanction	Amount sanctioned	Amount actually disbursed.	Balance
Voucher No. & Date	Amount Rs.				
1	2	3	4	5	6
					7

Note. - 1. Funds allotted by the Board of Directors during a financial year from time to time shall be noted at the top of this Register in appropriate columns.



## 2. Separate register shall be maintained for each financial year.

## 3. Amount of sanctions cancelled shall be noted in the column of balance.

Rajasthan Financial Corporation, Jaipur Appendix "A" Register to be maintained by Accounts Department Part-II { || - | S. No. | Date of receipt | Name of the employee with designation | Department in which employed or Service/ cadre to which office belongs | Purpose of advance | Amount asked for | Amount sanctioned (Give No. Date of sanction | No. of Instalments in which payable | - | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | - | || }

Date of drawal of advance (Note Treasury Voucher No. & date of payment against each instalments)	Date on which agreement form executed & S.No. assigned to it in the Guard file.	Date of execution of mortgage deed & particulars of its registration. Mention S. No. assigned to mortgaged deed filed in Guard file	Insurance policy No. & period for which house is insured with GIC or its sub-sidia. Date of renewal may benoted if premium receipts are called for inspection.	Date of completion of purchase/construction of house or purchase of land	Particulars of site or house viz. plot No. name of colony and address of the house etc.	Remarks
9	10	11	12	13	14	15

Note. - Separate ledger accounts should be maintained for each loanee. Rajasthan Financial Corporation, Jaipur Appendix "B" Statement of Recovery

S. No.	Name & Designation of the employee	Nature of advance sanctioned	Amount of advance	Designation of the sanctioning authority	No. & Date of sanction
1	2	3	4	5	6
Rate of Instalment	Date of Disbursement of advance	Voucher No. and date under which the amount is Credited	Amount of recovery upto the last month	Amount received during this month	Balance
7	8	9	10	11	12

Signature ..... Designation ..... Rajasthan Financial Corporation, Jaipur Application for House Building Advance

**1. (a) Name**

(b) Designation (c) Scale of pay (d) Present day (e) Whether permanent/temporary/ officiating (f) Date of birth (g) Date of attaining superannuation age

**2. Head office or Branch office, in which working.**

**3. Amount of advance applied for**

**4. Purpose of taking the advance viz.**

(a) Purchasing a plot (b) Repairs (c) Construction of a house (d) Purchasing a built house etc.

**5. (a) Locality where the house is to be built purchased together with No. of the plot to be mortgaged to the Corporation.**

(b) Whether the applicant has/will have disputed title to the property purchased/ repaired/constructed and that there will be no obstacle in mortgaging the same.

**6. Whether house building advance for repairs/construction/purchase, etc. had been taken in the past, and if so, when and from what source.**

**7. Whether the house would be insured at the Corporation servant's cost and would be kept insured till the loan money together with the interest is fully repaid.**

**8. Whether the site intended to be built upon is situated in an extension laid down with a regular plan.**

**9. Whether the loan is required in one instalment and if more than one in what proportion and when?**

**10. Collateral security offered by the applicant.**

(a) Person (b) Property. Signature of Employee I hereby bind myself to use the money, for the purpose applied for in accordance with the rules regulating such advance and further bind myself to refund any surplus that may remain unutilised for the said purpose. I declare that I am to retire by and that I am eligible under the rules to the grant of gratuity and provident fund. I agree that the Corporation shall be entitled to recover the balance of the said advance with interest, remaining unpaid at the time of my retirement or death preceding retirement from my gratuity and Provident Fund. I further declare and undertake that I shall not apply for any loan to the Collector under the Low Income

Group Housing Scheme or Middle Income Group Housing Scheme of the Government of Rajasthan. Signature of Applicant.