

## **HOUSE BUILDING ADVANCE (HBA) TO CENTRAL GOVERNMENT EMPLOYEES**

1. The Scheme of House Building Advance to Central Government Employees aims at providing assistance to the Government employees to construct/ acquire house/ flats of their own.
2. The scheme was introduced in 1956, as a welfare measure. Ministry of Urban Development acts as the nodal Ministry for the same and formulates House Building Advance rules.
3. House Building Advance is admissible to all those Permanent/ temporary employees with 10 years of continuous service or more.
4. The Ministries/ Departments are delegated powers to sanction House Building Advance to their employees in accordance with the House Building Advance Rules.
5. The advance carries a simple interest from the date of payment of the advance- the amount of interest being calculated on the balance outstanding on the last day of each month. The rate of interest on House Building Advance is between 6.0% to 9.5%, depending on the loan amount of HBA.
6. The sanctions stipulates a higher rate of interest at two and half percent above prescribed rates, however the employee is allowed the rebate on interest rates on fulfillment of following conditions:-
  - (i) 2.5% rebate may be allowed on HBA loan with the stipulation that if conditions attached to the sanction, including those relating to the recovery of entire HBA amount, are fulfilled completely to the satisfaction of the Competent Authority.
  - (ii) 0.5% rate of interest shall be allowed for an employee who themselves or their spouse undergo voluntary sterilization.
7. Slab-wise details in this regard are as follows from 01.04.2015 till further orders:-

Slab	Interest Rate per annum
Advance upto ₹50,000/-	6.00%
Advance upto ₹1,50,000/-	7.50%
Advance upto ₹5,00,000/-	9.00%
Advance upto ₹7,50,000/-	9.50%

8. The position with regard to the maximum admissible amount of House Building Advance and cost ceiling limit in respect of purchase/construction of new house/flat, stands as follows:-

Maximum eligible HBA amount	Conditions (whichever is least)	Cost ceiling limit of the house
1. ₹7.5 lakhs for construction / purchase house/ flat	1) 34 months of pay in pay band 2) Cost of house/enlargement 3) Repaying capacity	134 times the pay in the pay band subject to a maximum of ₹30 lakhs relaxable up to 25% of ₹30 lakhs.
2. ₹1.8 lakhs for enlargement	If employee has more than 20 years of remaining service then 40% of pay in the pay band.	

9. Provisions for safe recovery of House Building Advance are as follows:-

- (i) The recovery of advance shall be made in not more than 180 monthly installments and interest shall be recovered thereafter in not more than 60 monthly installments. In case Government servant is retiring before 20 years, repayment may be made in convenient installments and balance may be paid out of Retirement Gratuity.
- (ii) As a safeguard of the House Building advance, the loanee Government employee has to insure the house immediately on completion or purchase of the house, as the case may be, at his own cost with Life Insurance Corporation of India and its associated units. The house/ flat constructed/ purchased with the help of House Building advance can also be insured with the private insurance companies which are approved by Insurance Regulatory Development Authority (IRDA). However, the insurance should be taken for a sum not less than the amount of advance against damage by fire, flood and lightning, and has to be continued till the advance together with interest is fully repaid to the Government.
- (iii) The house constructed/ purchased with the help of House Building Advance has also to be mortgaged infavour of the President of India within a stipulated time unless an extension of time is granted by the concerned Head of the Department. After completion of the recovery of the advance together with interest thereon, the mortgage deed is re-conveyed in a proper manner.

10. The recommendation of the Seventh Central Pay Commission in respect of House Building Advance are under consideration of Govt. of India.