

CHAPTER XIII

LOANS AND ADVANCES TO GOVERNMENT SERVANTS

I. GENERAL

150. An advance from public funds shall not be granted to a Government servant without a substantive appointment, except as provided in these rules, and the grant of the advance shall be subject to such general or special instructions as may be issued from time to time by the Finance Department.

II. LOAN FOR CONSTRUCTION / PURCHASE OF DWELLING HOUSE

151. Eligibility - Loans under these rules may be granted to-

- (i) all permanent Government servants; and
- (ii) temporary Government servants with ten years or more continuous Government service.

152. Loans under these rules may be granted for purposes of -

- (i) construction of dwelling house in the housing colony, provided the construction conforms to plans and specification approved by Government or Municipal authority concerned;
- (ii) construction of dwelling house on land owned by the loanee; and
- (iii) purchase of ready built house or flat.
- (iv) Enlarging living accommodation in an existing house owned by the official or jointly with spouse. The total cost of the existing structure (excluding cost of land) and the proposed additions should not exceed the prescribed ceiling limit.

153. No loans under these rules shall be granted to a Government servant who has already received loan for or in connection with the construction or purchase of a house from other Government sources.

154. (i) Amount of loan - The maximum amount of loan that may be advanced under these rules to an individual Government servant shall be as follows :-

Group A Government servant.....	Rs.5,00,000
Group B Government servant.....	Rs.4,00,000
Group C Government servant.....	Rs.2,50,000
Group D Government servant.....	Rs.1,50,000

Note : No difference or additional loan will be granted to the Government employees who have already drawn the Housing Building Advance prior to 1.4.98.

(ii) The cost of the house to be built / purchased (including the cost of residential plot as mentioned in the Sale/Lease Deed of the land / house) should not exceed 200 times of the basic pay + NPA + stagnation increment of the official, subject to a minimum of Rs.5.50 lakhs and a maximum of Rs.18.00 lakhs.

(iii) Not more than one advance shall be sanctioned under these rules to a Government Servant during his/her entire service.

(iv) Applicant may be granted not exceeding an amount equal to 50 times the monthly basic pay, subject to a maximum of amount specified under Sub Rule (i) to Rule 154 for each Group of Government servant whichever is less.

(v) Loan amount shall be calculated to the nearest thousand rupee.

155. In calculating the amount of loan the following facts shall be taken into account :-

- (i) Gratuity of the applicant which can be adjusted towards repayment.
- (ii) The amount of monthly instalment which the applicant can conveniently pay.
- (iii) The remaining period of service to be completed for retirement.

156. Due date for repayment - (1) The loan shall be due for repayment from the pay of eighteenth month after the date on which the first instalment of loan was paid and shall be fully repaid within a maximum period of 20 years.

(2) Unless any Government employee desires to pay earlier, the loan shall be repaid in 240 instalments inclusive of the amount of interest. The principal shall be recovered in 180 instalments and the interest in the next 60 instalments. The entire amount of loan with interest shall be repaid before a loanee retires from service.

Note : Each instalment on account of repayment of a loan except the last one shall be a number of whole rupees, the amount of the last instalment being raised or reduced, if necessary, to admit of the fixation of such instalment and recovery of the balance including any fraction of a rupee. An undertaking should be obtained from the loanee to recover the instalments by monthly deduction from his pay.

157. Interest on loan –An advance granted under these rules shall carry simple interest from the date of disbursement of the first instalment of the advance, the amount of interest being calculated on the balance outstanding on the last day of each month.

The interest shall be :-

If the sanctioned Amount is up-to	Prior to 31.3.1990	1.4.1999to 31.3.1998	1.4.1998 onwards
Upto Rs. 20,000	Interest free for the First five years and Thereafter @ 6%		
Above Rs. 20,000	Interest free for the First five years and Thereafter @ 8%		
Upto Rs. 25,000	-	6 %	-
Upto Rs. 40,000	-	6 .5%	-
Upto Rs. 60,000	-	7 %	-
Upto Rs. 80,000	-	7.5 %	-
Upto Rs. 1,50,000	-	-	10 %
Upto Rs. 2,50,000	-	-	11 %
Upto Rs. 4,00,000	-	-	12 %
Upto Rs. 5,00,000	-	-	12 %

158. Conditions : Sites for construction of dwelling house at any approved housing colony that may be started hereafter would be allotted on rates fixed by Government and unless the allottee elects to make payment in cash the cost of land would be reckoned as part of the loan.

159. Application for loans shall be made to the Secretary, Finance Department through the applicant's head of department in the form prescribed in Appendix 7. Among other things, the applicant should mention the site where he wants to construct the house.

160. The house thus constructed with the loan shall not be let out or transferred either partly or wholly to others till the repayment of the loan with interest is completed. Prior permission of the government shall be required before such a house could be transferred to another by way of sale even after the repayment of the loan.

161. All applications shall be verified by the Land Revenue Department for certification to the effect that the applicant does not possess a house of his own.

162. The Government servant who has been granted loan under the provisions of these rules shall vacate a Government quarter if he is in occupation of one soon after the completion of the house. His failure to do so will make him liable to pay the house rent of the Government quarter at the market rate.

163. Construction of dwelling house would be required to be completed within a maximum period of one year calculating from the date of grant of the loan and the loanee shall report such completion to the Land Revenue Department which would make a record of completion after due verification.

164. In the event of the loanee being discharged from service or dying before making full payment of the loan

- (i) the legal heir may occupy the house and the repayment of the loan may be continued by him through monthly deduction, if he happens to be a Government servant; or
- (ii) the legal heir may occupy the house and the remaining loan may be repaid within five years by furnishing two sureties for the outstanding portion of the loan if he does not happen to be a Government servant provided that the sureties are in possession of immovable property sufficient to cover the outstanding loan; or
- (iii) the Government may resume ownership of the house and allot the same to other applicant; the loanee or his legal heir who fails to repay the loan may be paid whatever amount is considered reasonable.

165. Disbursement of loan : The loan under these rules shall be paid in three instalments and according to progress of construction. The loan, however, may be paid in one instalment where the construction is nearly completed or the loan is for the purchase of a ready-built house.

166. Grant of loans shall be limited to one member of an individual family if both the husband and wife are Government servants eligible for loan under these rules.

167. The Finance Department shall have the authority to approve payment of individual instalment on the loans so granted under these rules after satisfying itself that the work is progressing satisfactorily and that amount given earlier has been utilised properly.

168. Mortgage deed - The loanee shall execute a mortgage deed with the Governor pledging the house to be constructed or to be purchased as security against the loan. The house shall remain mortgaged to the Governor until the entire loan together with interest has been repaid.

169. The mortgage deed shall be registered in the District Court.

III. LOAN FOR REPAIR OF HOUSE

170. Powers of Sanction - (1) The Finance Department may, on the recommendation of a head of department, sanction loan to a Government servant for repairs of a house.

(2) Before recommending a loan, the head of department shall satisfy himself, after proper verification, that the Government servant concerned possesses a house of his own and the repairs for it is necessary and the amount applied for is reasonable.

Note : Applications for loan for repairs of a house should not normally be considered before ten years of the construction or reconstruction of the house.

171. Eligibility - Loan under this section may be granted to a permanent Government servant who has rendered at least four years of continuous service under the Government.

172. Amount of loan - The maximum amount of loan which may be granted to a Government servant for repairs of a house which should be distinguished from construction or reconstruction of the house, shall be as follows :-

Group A	Government servant	Rs.8,000
Group B	Government servant	Rs.6,000
Group C	Government servant	Rs.4,000
Group D	Government servant	Rs.3,000

173. Grant of a second loan - No application from a Government servant for a second loan shall be considered until at least two years after the repayment in full of the previous loan with interest.

174. Utilisation report - The head of department shall submit to the Finance Department, within three months from the date of disbursement of the loan, a report to the effect that the money has been utilised for the purpose for which the loan was granted.

175. Recovery of the Loan - (1) The loan shall be recovered in monthly instalments from the pay and allowances of the Government servant.

(2) Each instalment of the repayment shall be fixed as to ensure recovery of the entire amount of loan with interest at 6% per annum, within three years from the month of disbursement of the loan.

(3) The recovery shall commence with the first issue of pay, leave salary or subsistence allowance as the case may be, after the loan is disbursed.

IV. LOAN FOR PURCHASE OF LAND

176. Power of sanction - The Finance Department may, on the recommendation of a head of department, sanction loan to a Government servant for purchase of land.

Note : Applications for loan for purchase of land must indicate how much land an applicant already possesses. Priority should be given to those who has no land or has barely sufficient for sustenance. Applicants having ten acres or more land should be placed below these two categories.

177. Conditions of eligibility - (1) A loan under this section may be granted to a permanent Government servant who has rendered at least four years of continuous service under the Government.

(2) No payment shall be made until the documents relating to the purchase of land for which the loan is required have been registered.

178. Amount of loan - The total amount of loan which may be granted to a government servant for the purchase of land shall not exceed ten months' basic pay of the Government servant or the anticipated price of the land, whichever is less subject to a maximum of Rs.6,000.

179. Recovery of loan - The loan shall be recovered in monthly instalments from the pay and allowances of the Government servant.

(2) Each instalment of repayment of the loan shall be so fixed as to ensure recovery of the entire amount of loan with interest at 6 per cent per annum within three years from the months of disbursement of the loan.

(3) The recovery shall commence with the first issue of pay, leave salary or subsistence allowance, as the case may be, after the loan is disbursed.

180. Mortgage deed - (1) The loanee shall execute a mortgage deed with the Governor in the prescribed form indicating the area, boundaries and the measurements of the land so purchased. The land purchased shall remain mortgaged to the Governor against the loan till the loan has been fully repaid with interest.

(2) The loanee shall produce a certificate from the District Collector to the effect that he is the owner of the land mortgaged.

(3) The mortgaged deed shall be registered in the District Court.

V. LOAN FOR PURCHASE OF INDANE GAS

181. Power of sanction : The Finance Department may, on the recommendation of a head of department, sanction to a non-gazetted Government servant a loan for the purchase of Indane Gas for domestic use.

182. Amount of loan - The maximum amount of loan which may be granted to a non-gazetted Government servant under this section shall not exceed Rs. 500.

183. Recovery of loan - (1) The loan shall be recovered from the pay and allowances of the government servant in ten equal monthly instalments.

(2) The recovery shall commence with the first issue of pay, leave salary or subsistence allowance, as the case may be, after the loan is disbursed.

(3) The loan shall not carry any interest.

IV. ADVANCE FOR PURCHASE OF MOTOR CONVEYANCE

184. Power of sanction - The Finance Department shall be competent to sanction to a Government servant an advance for the purchase of motor conveyance.

185. Eligibility - An advance for purchase of motor conveyance shall not be granted to a Government servant without substantive appointment, except as provided in rule 186 and the grant of the advance shall be subject to such general or special instructions as may be issued by Government from time to time.

Note: - Applications for advance for purchase of motor car/scooter/ motor cycle should be submitted to the Finance Department through the administrative department in the form prescribed in Appendix 8.

186. A Government servant without a substantive appointment may be granted an advance provided he has rendered atleast three years of continuous service under the Government. The advance may be sanctioned in each case subject to furnishing sureties of two permanent Government servants having a status comparable to, or higher than that of the government servant who applies for the advance as a further security.

187. If an advance is granted to a Government servant who is due to retire or whose services are likely to be terminated within the maximum period prescribed for its repayment, the number of instalments for repayment shall be so regulated that the repayment of advance with interest is completed before retirement or termination of service, as the case may be.

188. The advance may be granted if the authority competent to sanction it -

(i) certifies that the possession of the conveyance by the Government servant concerned will be useful to the public service in the discharge of his official duties; and

(ii) is satisfied that the Government has the capacity to repay the advance.

189. Grant of second advance - An advance shall not ordinarily be sanctioned unless the outstanding balance in respect of an advance previously granted for the same purpose, together with interest thereon, has been fully repaid.

190. Advance of gazetted officers only - An advance for the purchase of a motor car (including jeep) shall be admissible only to gazetted Government servants.

191. Availability of funds - No sanction for the payment of advance for purchase of conveyance shall be issued unless it has been verified that funds are available in the financial year in which the amount of advance is to be paid.

192. Rate of interest - Simple interest at 8 per-cent per annum for motor car (including jeep) and 7 per cent per annum for motor cycle/scooter shall be charged on the advance granted to Government servants or such other rate as may be fixed by Government from time to time, shall be charged on advance granted to the Government servants. The interest shall be calculated on balance outstanding on the last day of each month. In cases where pay bills for a month are disbursed before the end of a month, an instalment in repayment of an advance received through the pay bill will be taken as having been refunded on the first of the following month, the normal day for disbursement of pay.

193. Amount of advance - The maximum amount of advance which may be granted to a Government servant for the purchase of a motor car (including jeep) shall not exceed sixty thousand rupees or the anticipated price of the motor car, whichever is less. The advance which may be granted for the purchase of a scooter shall not exceed eight thousand rupees and for motor cycle ten thousand rupees or the anticipated price of the scooter/motor cycle, whichever is less. If the actual price of the motor car/scooter/motor cycle paid by the Government servant is less than the amount of advance he shall refund the balance to Government forthwith.

Note : The expression “actual price” used in this rule includes sales tax and the cost of such accessories e.g. spare wheel, tyre and a tube (or a pillion seat in a scooter/motor cycle) on the purchase of which the purchaser has no choice. It also includes insurance and registration charges of the vehicle.

194. No advance during suspension - Notwithstanding anything contained in rules 188 to 190 an advance for the purchase of a conveyance shall not be granted to a Government servant who is under suspension and if an advance has already been sanctioned to him before he was placed under suspension, he shall not be permitted to draw such an advance during the period of his suspension.

195. Recovery of advance - The amount of an advance granted to a Government servant under these rules shall be recovered from him in such number of equal monthly instalments as he may elect, but such number shall not be more than eighty in case of motor car and sixty in case of scooter/motor cycle. The Government servant may, however, at his option, repay more than one instalment in a month.

196. The recovery of the advance shall commence with the first issue of pay, leave salary or subsistence allowance, as the case may be, after the advance is drawn.

Note : Each instalment on account of repayment of an advance except the last one shall be a number of whole rupees, the amount of the last instalment being raised or reduced, if necessary, to admit of the fixation of such instalment and recovery of the balance including any fraction of a rupee.

197. The amount of interest calculated under rule 192 shall be recovered in the minimum number of monthly instalments, the amount of each such instalment being not greater than the amount of the instalment fixed under rule 195.

198. The recovery of interest shall commence from the month immediately following that in which the repayment of the advance is completed.

199. Sale or transfer of the conveyance - A Government servant shall not, except with prior permission of the Government, sell or transfer the conveyance so long as the amount of advance together with the accrued interest has not been fully repaid.

200. If a Government servant seeks permission to transfer a motor conveyance to another eligible Government servant who should use the motor conveyance in the discharge of his official duties, he may be permitted to transfer the liability attaching to the motor conveyance to the latter, provided that the transferee records a declaration that he is aware that the motor conveyance transferred to him remains subject to the mortgage bond and that he is bound by its terms and provisions. In all cases in which the motor conveyance is sold before the amount of advance and the interest thereon is fully repaid, the sale proceeds must be applied, so far as may be necessary, towards the repayment of such outstanding balance;

provided that when the motor conveyance is sold only in order that another motor conveyance may be purchased, the authority competent to sanction may accord permission subject to the following conditions :-

- (i) The entire sale proceeds of the old motor conveyance should be applied towards the purchase of another motor conveyance.
- (ii) The amount of advance outstanding should not be permitted to exceed the cost of the newly purchased motor conveyance.
- (iii) The amount outstanding should continue to be repaid at the rate fixed previously.
- (iv) If the sale proceeds of the motor conveyance are not sufficient to purchase another motor conveyance the amount of second advance which may be granted under rule 189 should be restricted to the excess of the price of the newly purchased motor conveyance over the sale proceeds of the old motor conveyance, provided that the advance so granted together with the balance out-standing in respect of the first advance does not exceed the price of the newly purchased motor conveyance, or the ceiling laid down in rule 193, whichever is less.
- (v) The newly purchased motor conveyance should be comprehensively insured and mortgaged to the Governor.

201. Time limit for purchase - Unless the Government servant, who is sanctioned an advance for the purchase of a motor conveyance completes the purchase of, and pays for, the motor conveyance within one month from the date on which he draws the advance, he shall refund forthwith the full amount of advance drawn together with accrued interest. The Government may, in exceptional cases, extend the period of one month prescribed in this rule.

Note : The conditions specified in rule 201 should be mentioned in all sanctions to the grant of an advance for the purchase of a motor conveyance.

202. Mortgage deed - Prior to the drawal/disbursement of an advance by/to a Government servant for the purchase of a motor conveyance he shall execute an Agreement-cum-Mortgage Bond in the form prescribed in Appendix 9. On completion of the purchase of a motor conveyance, he shall execute the mortgage bond hypothecating the motor conveyance to the Governor as security for the advance.

203. Conveyance to be insured - A Government servant who purchases a motor conveyance with an advance obtained from the Government shall, from the date of its purchase comprehensively ensure and so long as the advance and the interest on such advance is not fully repaid, keep so insured the motor conveyance against loss or damage by fire, theft, accident, strike, riot or any disturbance of public peace, in accordance with such instructions as may be issued by the Finance Department.

Note 1. - Insurance on owner-driven or other similar qualified terms is not sufficient. Insurance policies at a reduced rate of premium may, however, be accepted as adequate in the case of a motor car where the Government servant undertakes to meet upto the first two hundred and fifty rupees of a claim preferred against an insurance company in the event of an accident, or where the car is not insured against accident, for any period during which it is not in use, but is stored in a garage.

Note 2. - When a motor conveyance is purchased with an advance obtained from, and is mortgaged to Government the insurance policy taken on the motor conveyance should invariably contain the following clause:-

“It is hereby declared and agreed that Shri(the owner of the motor conveyance, hereinafter referred to as the insured in the schedule to this policy) has hypothecated the motor conveyance to the Governor of Sikkim hereinafter referred to as the Governor as security for an advance for the purchase of the motor conveyance and is further declared and agreed that the Governor is interested in any moneys which but for this endorsement is payable to the said Shri.....(the insured under this policy) in respect of loss, or damaged to the said motor conveyance (which loss or damage is not made good by repair, reinstatement or replacement) and such moneys shall be paid to the Governor as long as he is the mortgaged of the motor conveyance and his receipt shall be full and final discharged to the company in respect of such loss or damage.

Save as by this endorsement expressly agreed, nothing herein shall modify or affect the rights or liabilities of the insured or the company respectively under or in connection with this policy or any term, provision or condition thereof.”

204. The amount for which a motor conveyance is insured for any period shall not be less than the outstanding of the advance together with interest accrued at the beginning of that period, but if such amount is less, the difference shall be refunded to Government in not more than three equal monthly instalments.

VII. ADVANCE ON THE EVE OF IMPORTANT FESTIVALS

205. Powers of sanction - A head of department may sanction an advance to a Government servant under his administrative control on the eve of any one of the following festivals:-

- (i) Durga Puja
- (ii) Laxmi Puja
- (iii) Lossong
- (iv) Christmas and New Year
- (v) Id-UI-Fiter
- (vi) Tibetan New Years Day

Exception :- In case of Police personnel upto the rank of Deputy Superintendent of Police, Assistant Inspector General of Police may sanction an advance under this rule.

Note : An application for the grant of an advance should be submitted to the head of department at least 15 days before the festival.

206. Conditions of eligibility - (1) The advance shall be admissible to all regular Government servants. The advance shall not be admissible to a Government servant under suspension or on leave preparatory to retirement.

Note - The advance may also be granted to work-charged employees drawing salary on regular scale of pay.

(2) Where the Government servant is of a temporary status, he shall furnish a surety from a permanent Government servant of equal or higher status than him undertaking to repay in full to Government in the event of the failure of the former to repay the advance.

207. (1) An advance under this section shall not be granted to a Government servant more than once in a calendar year.

(2) Where a Government servant is transferred from one establishment to another and applies to the latter for the grant of an advance on the eve of an important festival, he shall furnish in his application a certificate to the effect that he had not drawn any such advance prior to his transfer within the same calendar year. Such a certificate may be test checked by the head of the department where it is considered necessary.

208. Amount of advance - The amount of advance which may be granted to a Government servant shall be equal to half a month's pay subject to a minimum of Rs.600 and a maximum of Rs.1000.

209. Disbursement of advance - A drawing and disbursing officer shall draw the amount of advance sanctioned under these rules before the festival in respect of which the advance is sanctioned.

210. Recovery of advance - The amount of advance granted under these rules shall be recovered in six equal monthly instalments.

211. The recovery of the amount of advance shall commence with the issue of pay for the month following that in which such amount is disbursed.

212. An advance shall not be sanctioned in the following calendar year unless the advance, if any, granted earlier has been recovered in full.

VIII. ADVANCE IN CONNECTION WITH TOURS

213. Powers of sanction - (1) A head of department may with the concurrence of the Finance Department sanction to a permanent or temporary Government servant under his administrative control who is required to proceed on tour including a prolonged tour in the interior to places which are difficult of access, an advance to cover his personal travelling expenses for a period not exceeding thirty days as well as his expenses on contingent charges arising out of the tour. (See Office Memorandum No. 52/ Fin/ Accts, Dt.28/04/97 for amount of advance entitlement)

(2) An officer who is declared to be his own controlling officer for the purpose of travelling allowance may sanction the grant of an advance under this rule to himself with the concurrence of the Finance Department.

Explanation-The term "personal travelling expenses" used in sub-rule (1) means rail or air fares, incidental charges, road mileage and daily allowance for a period not exceeding thirty days. "Contingent charges" mean expenses on hire of conveyances or animals for the carriage of records, tents or other Government property.

214. A second advance cannot be made to a Government servant under this section until an account has been given of the first.

215. A Government servant who has taken an advance under these rules for any particular journey shall not take payment on travelling allowances or other bills drawn in respect of the same journey while the advance or any portion of it still remains unadjusted.

216. Adjustment of advance - (1) The amount of advance granted under this section shall be adjusted immediately on the completion of the tour or by the 31st March whichever is earlier. Advances drawn in the month of March may, however, be adjusted on completion of the tour or by the 30th April whichever is earlier (See Office Memorandum No.52/Fin/Acctts, Dt.28/04/97)

(2) The right of a Government servant to travelling allowance including daily allowance shall be forfeited or deemed to have been relinquished if the claim for it is not preferred within one year from the date on which the journey is completed. The advance so granted shall be recovered from his pay or any other dues in one instalment by the authority competent to sanction such advance.