



GOVERNMENT OF KERALA

Abstract

House Building Advance for State Government Employees-Availing bank financing with interest subvention-Orders issued.

FINANCE (HBA) DEPARTMENT

G.O(P) No.105/2018/Fin

Dated, Thiruvananthapuram 05.07.2018

In view of its current fiscal position, State Government has been in discussions with scheduled commercial banks regarding availing of house building loans to Government employees through banks. Accordingly, it has been decided to modify the House Building Advance scheme with effect from Financial Year 2018-19. Government is therefore pleased to issue orders as follows:-

1. Employees eligible under the HBA scheme and who have not previously availed of House Building Advance benefit from Government, may directly approach any scheduled commercial bank having operations in Kerala to avail housing finance, as per the concerned bank's criteria and applicable sanction process. Government would provide an interest subvention directly to the employees availing the loan as detailed in para 5 below.
2. In case they apply for a higher amount of loan than the maximum eligible limit of House Building Advance, the benefit availed from Government as detailed in para 5 below, would be restricted to the maximum eligible House Building Advance as per existing rules. In case they apply for a lower loan amount than the eligible House Building Advance, the benefit would be limited to the actual loan amount sanctioned / availed from the bank.
3. The maximum tenor of the loan would be restricted to that permissible under current HBA rules and Government would not provide interest subvention or be liable for deducting EMIs for a loan taken for any tenor longer than that permitted under its HBA rules.
4. When the loan is sanctioned and disbursed by the bank to the employee, a copy of the sanction letter should be given to the Government directly by the sanctioning bank and the concerned employee should submit a letter of consent to Government for deducting the EMI as per the schedule proposed by the bank, directly from each month's salary before crediting the same through the payroll. The concerned bank would be responsible for informing Government from time to time of any changes in the EMI

schedule and ensuring employees give their consent to the same. Either the employee or the bank concerned may submit intention to terminate the deductions at any time with at least two months' notice and the same must have been approved by the bank under its foreclosure or other norms.

5. Government would in turn apply an interest subvention of 3.25% per annum (simple interest) on the Principal loan amount sanctioned or maximum eligible amount as per HBA rules (whichever is lower). This 3.25% interest subvention is arrived at as the difference between present SBI MCLR (8.25%) and the effective rate of interest being currently charged on HBA (approximately 5.0%). No other processing charges or loan related fees would be paid by the Government and the employee should settle the same directly with the bank concerned.
6. The annual interest subvention thus calculated would be divided into 12 equal monthly credits and added back to the monthly salary before disbursing the same through the payroll system. Government would be responsible for deducting the EMI specified by the bank from the employees' salary on a monthly basis, while at the same time crediting back the interest subvention into the employee's salary account to net off the benefit payable to the employee.
7. Government would deduct the EMIs chargeable each month from the salary before paying it to the employee. The concerned bank would invoice the Government every month and the total amount of EMIs recovered from the employee's salary would be paid by the Government into the centralized account of each bank as per their respective invoice. Thereafter, the concerned bank should re-appropriate the EMI amounts against each individual employee's loan account with the bank to maintain the repayment schedules on a regular basis. It would be the employee's responsibility to ensure his/ her loan account is always maintained in a regular / standard status at the sanctioning bank.
8. The above mechanism shall be operationalised with immediate effect and Finance (House Building Advance) Department shall jointly with NIC/SPARK team work out the back end process for automating the terms through the payroll system.
9. These Orders will be implemented with immediate effect.
10. Some employees have already submitted their House Building Advance application to the Government. Such applications would be sanctioned by the Government in due course in 2018-19. No new HBA applications would be accepted in the Government except in line with the scheme outlined above for availing bank loan. The employees

who have already submitted HBA application to the Government could also avail of the bank loan scheme outlined above.

(By order of the Governor)

MANOJ JOSHI, IAS
Principal Secretary (Finance)

To :-

The Principal Accountant General (A&E /G&SSA) Kerala, Thiruvananthapuram.

The Accountant General (E&RSA)Kerala, Thiruvananthapuram.

All Heads of Departments and Offices.

All Departments (All sections) of the Secretariat.

All Additional Chief Secretaries, Principal Secretaries, Secretaries, Special Secretaries, Additional Secretaries, Joint Secretaries, Deputy Secretaries and Under Secretaries to Government.

The Secretary to Governor, Raj Bhavan, Thiruvananthapuram.

The Private Secretaries to the Chief Minister/Ministers/Government Chief Whip/ Leader of Opposition.

The Private Secretaries to the Speaker and Deputy Speaker.

The Additional Secretary to the Chief Secretary.

The Secretary, Kerala Legislature Secretariat Thiruvananthapuram.

The Chief Information Commissioner, Kerala, Thiruvananthapuram.

The Chief Election Commissioner, Kerala, Thiruvananthapuram.

The Secretary, Kerala State Human Rights Commission, Thiruvananthapuram.

The Secretary, Kerala Public Service Commission, Thiruvananthapuram.

The Registrar, High Court of Kerala, Ernakulam

The Advocate General Ernakulam/Thiruvananthapuram.

The Registrar, Kerala Administrative Tribunal, Thiruvananthapuram.

The Registrar Kerala Lok Ayuktha, Thiruvananthapuram.

The Registrar, Ombudsman, Local Self Government Institutions, Thiruvananthapuram.

The Registrar, University of Kerala/Kochin/ Calicut/Kannur.

The Registrar, Mahatma Gandhi University, Kottayam / Kerala Agriculture University, Thrissur/

Sree Sankaracharya Sanskrit University, Kaladi/Kerala Veterinary and Animal Sciences University, Wayanad/Kerala University of Health and Allied Sciences Thrissur/Fisheries University, Ernakulam/ Malayalam University, Tirur, Malappuram etc.

The Secretary, Kerala State Electricity Board, Thiruvananthapuram.

The Managing Director, Kerala State Road Transport Corporation Thiruvananthapuram.

The Managing Director, Water authority, Thiruvananthapuram.

The Managing Directors/General Managers of Government Companies/Corporations/Boards/
Local Self Government Institutions.

Head Office, Regional Offices, Circle Offices of all Commercial Banks.

The Lead Bank Managers in Kerala.

The Convenor SLBC, Thiruvananthapuram.

The Director of Information & Public Relations, Thiruvananthapuram.

The Director of Treasuries, Kerala, Thiruvananthapuram

The District Treasuries/Sub Treasuries

The Information Officer, web & new media, Public relation department.

The Nodal officer, Finance (www.finance.kerala.gov.in)

Stock file/Office copy.

Forwarded/ By Order



Section Officer