MMTC LIMITED

MMTC HOUSE BUILDING ADVANCE (GRANT & RECOVERY) RULES 1967

1. **PREAMBLE**

In exercise of the powers conferred upon the Board of Directors under article 89(16) of the Articles of Association of MMTC, the "Board of Directors" hereby make the following Rules.

2. **TITLE AND COMMENCEMENT**

These Rules shall be called "MMTC Limited House Building Advance (Grant & Recovery) Rules, 1967". The Rules shall come into force with effect from the date of issue.

3. **DEFINITIONS**

In these Rules, unless the context indicates otherwise: -

(a) **"CMD"** and the "Board of Directors" mean the Chairman-and-Managing Director and the Board of Directors of the MMTC Limited.

(b) **"Competent Authority"** means the Board of Directors of the Company, or an Officer authorized by it for specified purpose.

(c) **"Company"** means the MMTC Limited and includes all the Regional Offices and Sub-Regional Offices.

(d) **"Pay"** means the **'BASIC PAY'**.*1

4. **ELIGIBILITY**

House Building Advance may be granted to regular employees who have rendered not less than 3 years, continuous services in the Company and are likely to continue in service till the house is built and/or mortgaged to the Company.

NOTE :-

(I) For the above purpose, period of service in the State Trading Corporation of India Limited prior to 1.10.1963 would be counted as service in the Company.

(II) Persons on deputation to the Company from the Central Government or other Organizations, persons employed on contract or daily wage basis and persons re-employed after the age of superannuation, **WILL NOT BE ELIGIBLE** for grant of advance under these Rules.

(III) When both the husband and wife are employees of the Company and are eligible for the grant of an advance, it shall be admissible to only one of them.

(IV) Employees who have, including service in the MMTC and under Central/State Government or any other Central Public Sector Undertaking or State Undertaking prior to joining MMTC, put in a total service of three years provided their applications for appointment in the MMTC have been routed through proper channel from the earlier Undertaking and provided further such employees have satisfactorily completed the period of probation in MMTC at the time of making the application for loans under the HBA Scheme would also be eligible for loans under this Rule.

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*1- O.O No. 10/Amend/HBA/SCII/Vol.IV dtd. 28/07/2005

5. **CONDITIONS TO BE FULFILLED**

An applicant for the grant of an advance must satisfy the following conditions:-

(a) The cost of the house to be built/purchased excluding the cost of the residential plot as mentioned in the sale/lease deed of land/house, including the cost of the fixture and fittings made as mentioned in rules 6 (VII) & (VIII) should not exceed:-

(i) Rs. 20,00,000/- for all employees whose 50 months basic pay is upto Rs. 6,00,000/-
(ii) Rs. 25,00,000/- for all employees whose 50 months basic pay exceeds Rs. 6,00,000/- but upto Rs. 10,00,000/-.
(iii) Rs. 30,00,000/- for all employees whose 50 months basic pay exceeds Rs. 10,00,000/-. *1

Where the Competent Authority sanctioning the advance is satisfied on the merits of the case, he may relax the cost ceiling upto a maximum of 25% in individual cases.

Provided, however, that where the loan, advance etc. already availed of by an applicant, does not exceed the amount admissible under these Rules, it would be open to him to apply for an advance under these Rules on the condition that he undertakes to repay the outstanding loan, advance etc. together with interest, if any, thereon, forthwith in one lump sum, to the Company.

(b) Neither the applicant nor the applicant's wife/husband/minor child should own a house. However, this condition may be relaxed by the Competent Authority in exceptional circumstances as for example, if the applicant or the applicant's wife/husband/minor child owns a house in a village and the applicant desires to settle down in a town or where an applicant happens to own a house jointly with other relations etc. and he desires to build a separate house for himself.

NOTE :-

Pensions drawn per month from Government only will be taken into consideration for the limited purpose of working out the ceiling mentioned in sub-rule (a) & (b) of rule 5. The amount of pension WILL NOT however be taken into account for purpose of determining the quantum of advance under rule 7 (b).

(c) The floor area of the house to be constructed or purchased should not be less than 380 sq. ft. However, in cases where the flats are being purchased from State Housing Boards, and such Agencies and the like bodies allot only lower plinth area flats and the employees do not have any control over the same, the Regional Heads in Regions and GM (P) at C.O. may relax this Rule.

6. **PURPOSES FOR WHICH THE ADVANCE MAY BE GRANTED**

An advance may be granted for: -

*1 – O.O. No. 10/01/HBA/SCII dtd 19/01/2011

I. CONSTRCUTION OF A NEW HOUSE/FLAT (including the acquisition of a suitable plot of land for the purpose) either at the place of duty or at the place where the employee proposes to settle after retirement.

II. (a) PURCHASING A READY BUILT HOUSE CONSTRUCTED BY GOVT./SEMI GOVT. AGENCIES LIKE DDA, State Cooperative Housing Societies and registered Cooperative Group Housing Societies, which has not been lived in since its construction.

(b) PURCHASING A READY BUILT HOUSE IN GOVT. APPROVED COLONIES AND FROM PRIVATE PARTIES WHICH HAS NOT BEEN LIVED IN since its construction. The grant of advance will be subject to the condition that the valuation of the house to be purchased has been done by a Govt. approved registered valuer borne on the panel of the MMTC. The valuation fee will be borne by the individual.

(c) PURCHASING AN OLD HOUSE/FLAT (permanent structure) in cities, towns, on the periphery of towns and in villages subject to the condition that valuation of the house/flat to be purchased shall be by a Govt. approved valuer and the house/flat should NOT BE MORE THAN 10 YEARS OLD which are to be determined on the basis of following certificates subject to other provisions as per HBA rules: -

(i) Certificate issued by the plan sanctioning authority indicating the date of completion of construction to the house/flat for completion purpose.

(ii) Date of sanction of permanent water and electric connection in respect of the house/flat.

(iii) Certificate form the Municipal authorities indicating the date from which the house tax / property tax is being paid in respect of the said house/flat.

(iv) Where no house tax/property tax is paid, certificate from the Village Panchayat indicating the date of completion of construction or age of the house/flat.

Sub-Clause 6(II) (i)

(a) In the case of ready-built house/flat constructed by Govt. agencies and registered Cooperative Group Housing Societies as referred to under Sub-Clause II, the advance is restricted to the actual cost of the ready built house/flat or 100 times of basic pay of the employee as on the date of application or Rs. 20 lakhs, and/or repaying capacity whichever is less. Where, after the commencement of construction, the Agency/Society referred to above raises a demand in writing of construction due to escalation in prices, etc., the entitlement of the employee shall be worked out on the pay drawn by the applicant at the time of receiving such revised demand for reworking of entitlement for Cooperative Group Housing Societies.*1

For the purposes of calculating the admissible loan amount the repaying capacity of the official will be calculated in the following manner:-

*1 – O.O. No. 10/01/HBA/SCII dtd 19/01/2011

A	In the case of officials retiring after 20 years	40% of pay @
B	In the case of officials retiring after 10 years, but not later than 20 years	Upto 40% pay @ + 65% of *Retirement Gratuity
C	In the case of officials retiring within 10 years	Upto 50% of pay @ + 75% of * Retirement gratuity
@ Pay means - Basic Pay		
* To be calculated on the basis of pay in the existing scale on the date of superannuation.		

(b) Advance will be admissible ONLY FOR OUT-RIGHT PURHCASE AND NOT FOR HIRE PURCHASE of a house/flat.

(c) The employee gets the right to mortgage the house/flat to the MMTC straight- away.

(d) The total cost of the house/flat does not exceed the prescribed ceiling

Sub-Clause 6 (II) (ii)

In the case of purchase from the Registered Housing Cooperative Societies the applicants desirous of purchasing house/flats will be required to furnish the following additional information/documents in the prescribed form:-

(i) Documentary evidence to the effect that Society concerned has acquired a clear absolute and marketable title to the land on which the houses/flats have been constructed.

(ii) A letter from the Registrar of the Cooperative Societies of the concerned State indicating whether the Society is registered with him.

(iii) (a) An attested copy of the Society's title deed in respect of the land on which the house/flat has been built along with an affidavit from the society to the effect that the land is free of all encumbrances.

(b) A certificate from the Society's lawyer that the properties are free from all encumbrances.

(iv) An attested copy of the offer of sale of the house/flat to the applicant indicating the total cost of house/flat (cost of land under the house being shown separately where the house along with the land is being sold to the applicant), terms of allotment and payment etc.

(v) A copy of the plan and detailed specifications adopted in construction of the house/flat.

(vi) The accommodation available therein.

(vii) An attested copy of the sale deed proposed to be executed by the Society in favour of the applicants.

(viii) A letter from the Society stating that there is on objection to the house/flat being mortgaged to the Company on such terms and conditions as may be prescribed by it. Alternatively, the applicants shall furnish a personal bond along with a surety bond from two regular employees of the Company of comparable status not retiring before the applicant retires.

(ix) An attested copy of the Byelaws of the Society.

III. **FOR ENLARGING LIVING ACCOMMODATION IN AN EXISTING HOUSE** owned by an employee concerned (or jointly owned with his/her wife/husband) the HBA shall be Rs. 5 lakhs or estimated cost of extension/enlargement/modification, whichever is less, provided applicant has not availed HBA earlier. *1

IV. **DEPOSIT OF REGISTRATION FEE WITH THE DDA** on behalf of the employees for becoming eligible FOR ALLOTMENT OF READY BUILT FLAT BY THE DDA which has not been occupied after construction. The cheque, demand draft will be made by the Company in favour of the DDA (Housing Department) on behalf of the employees and the DDA will issue a fixed deposit receipt in favour of the Company. All transactions in connection with the deposit relating to payment of interest, refund, etc. will be made by the DDA with the Company. Interest earned on the deposits made by the Company on behalf of the employees will be payable to the Company.

V. **DEPOSIT OF EARNEST MONEY WITH DELHI DEVELOPMENT AUTHORITY** on behalf of the EMPLOYEES TO THE EXTENT OF 50% OF THE TOTAL COST OF THE PLOT, subject to the CONDITION THAT THE AMOUNT IS WITHIN 20% OF THEIR ENTITLEMENT of House Building Advance for becoming eligible for allotment of plots by the Delhi Development Authority. Interest on the amount so advanced will be payable by the employees concerned to the Company as fixed under the House Building Advance (Grant & Recovery) Rules.

VI. Deposit/payment of initial registration deposit to individual employees for the purchase of flats under the "Self Financing Housing Registration Scheme" of DDA and under similar schemes of State Housing Boards to the extent of an amount as demanded by the Agency, but restricted to 20% of the entitlement of the applicant. The Registration deposit do made together with interest accrued and allowed thereon by the DDA and other State Housing Boards is taken into account and adjusting while releasing the first installment of the expected price of a flat allocated on acceptance of the application. The temporary advance to the employee would be covered by sureties given by two regular employees of Company of comparable status who are not likely to retire before the entire advance along with interest is repaid.

VII. **FOR MEETING THE EXPENSES OF FIXTURES AND FITTINGS IN RESPECT OF READYBUILT HOUSES/FLATS** purchased from Govt./Semi Govt. Agencies like DDA, State Housing Boards etc. on or after 19/01/2011 under rules 6(II) (a) and 6(II) (i) (a) subject to the following condition:-

i) The advance drawn under these rules would be maximum of Rs. 3,00,000/- subject to the total House Building Advance including the amount drawn under this Clause shall be restricted to 100 times of BASIC PAY (excluding DA/VDA) or Rs. 20 lakhs or repaying capacity, whichever is less. *1

ii) The amount of advance for this purpose shall not, in any case, be in excess of the estimated cost of the fixture and fitting and a pre-determined value for each of the different sizes/types of houses/flats.

*1 – O.O. No. 10/01/HBA/SCII dtd 19/01/2011

VIII An additional House Building Advance may be sanctioned with effect from 19/01/2011 for additions/alterations/substantial improvements of House Flat constructed/purchased by the advance sanctioned earlier, on the following terms and conditions:-

a) Additional advance shall be limited to 50% of the difference between the earlier advance drawn and the present entitlement within the current ceiling or the actual estimate of proposed additions/alterations/substantial improvements, whichever is less, subject to a maximum of Rs. 5,00,000/-. *1

b) This advance shall be granted only once in the entire service.

c) The additional advance shall be granted after expiry of minimum period of seven years from the date of Drawal of the first installment of the earlier advance drawn for construction/acquisition of the house/flat. The additional advance shall be sanctioned by the authority competent to sanction House Building Advance.

7. (a) **NOT MORE THAN ONE ADVANCE SHALL BE SANCTIONED** under these rules to an employee during his/her entire service. The Competent Authority, under the rules, may however, at his discretion sanction fresh HBA under the following conditions:-

i) Where an employee has already drawn HBA for registration for ready-built flat/purchase of plot, but refunds the same with interest @ 18% or 2% over and above the bank rate, whichever is more alongwith full justification for making such refund.

ii) Where an employee has already drawn HBA for registration for ready-built flat/purchase of plot and the same has not been allotted to him even after the expiry of a period of two years subject to the condition that a proper certificate will be produced by him from the concerned agency certifying the fact of non-allotment of flat. In such cases, only the normal rate of interest will be charged. The advance granted under Rule 6(VII) for fixtures and fittings shall form part of HBA already sanctioned.

(b) An applicant may be granted an advance not exceeding an ADVANCE EQUAL TO 100 TIMES OF BASIC PAY SUBJECT TO MAXIMUM OF Rs. 20 lakhs in cases covered under Rule 6 (I) above and Rs. 5,00,000/- IN CASES FALLING UNDER RULE 6 (III) above. The actual amount of advance will be determined by the CMD on the basis of plans and detailed specifications and estimates to be furnished by the applicant, justifying the amount of advance applied for, and shall be restricted to the estimated cost of construction/purchase within the ceiling amount prescribed above and subject to further condition that IN THE CASE OF CONSTRUCTION IN RURAL AREA THE AMOUNT OF ADVANCE WILL IN NO CASE EXCEED 90% OF THE TRUE COST OF CONSTRUCTION OF HOUSE or the cost of enlarging living accommodation provided however, if the Competent Authority is satisfied that the rural area in which the applicant proposes to construct the house falls on the periphery of a town/city the condition to restrict the amount of advance to 90% of the cost of construction shall be relaxed by the Competent Authority. The amount of advance will further be restricted to the amount, which an employee can repay, partly from his gratuity, death-cum-retirement gratuity and partly by convenient

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monthly deductions from his pay before the date of superannuation. For the purpose of these calculations, it will be assumed that an employee of the Company can generally commence repayment of the advance one year after the date of approval of the advance by the Competent Authority. AT THE TIME OF SANCTIONING OF HBA, IT HAS TO BE ENSURED THAT THE 'TAKE HOME PAY' OF THE EMPLOYEE SHALL NOT BE LESS THAN ONE-THIRD OF THE GROSS SALARY. To arrive at one-third 'take home' pay while all the other recoveries shall be taken into account in full, in case of HBA, only 50% of the proposed recovery shall be taken into account. [Changes in reference to office order *1]

(c) Grant of advance for the purchase of an old house/flat shall be restricted to 75% of the valuation of the house/flat as determined by the Government approved registered valuer or 100 times of basic pay limited to Rs. 20 lakhs.

8. **DISBURSEMENT & SECURITY**

(A) An advance required partly for the purchase of land and partly for constructing a single storeyed new house or enlarging living accommodation in an existing house shall be paid as follows:-

(i) An amount NOT EXCEEDING 30% OF THE SANCTIONED ADVANCE will be payable to the applicant for purchasing a DEVELOPED PLOT OF LAND ON WHICH CONSTRUCTION CAN COMMENCE IMMEDIATELY ON RECEIPT OF THE LOAN, on his executing an agreement in the prescribed form for the repayment of the advance. In all cases in which part of the advance is given for the purchase of land, the land must be purchased and the sale deed in respect thereof produced for inspection of GM (P) within two months of the date on which the above amount of 30% is paid or within such further time as the CMD may allow in this behalf failing which the applicant shall be liable to refund at once the entire amount to MMTC together with interest thereon. (However, in the case of grant of 30% of sanctioned advance to members of Registered Cooperative Group Housing Societies and for purchase of land from Govt. /Semi-Govt. agencies like DDA etc., production of sale deed within 2 months need not be insisted upon but it to be produced before requesting for any further advance for construction. The employees in the case of Co-operative Societies shall keep the office periodically informed of the progress).

(ii) AN AMOUNT EQUAL TO 30% of the balance of the advance sanctioned will be payable to the applicant ON HIS MORTAGING in favour of the MMTC the land purchased by him alongwith the house to be built thereon where such mortgage is permitted by the terms of the sale of land.

(iii) AN AMOUNT EQUAL TO 40% OF THE AMOUNT REMAINING after deducting from the sanctioned amount of the advance, the installment given for the purchase of land will be PAYABLE WHEN THE CONSTRUCTION OF THE HOUSE REACHES PLINTH LEVEL.

*1 – O.O. No. 10/01/HBA/SCII dtd 19/01/2011

(iv) THE BALANCE OF THE SANCTIONED ADVANCE will be payable WHEN THE CONSTRUCTION OF THE HOUSE REACHES ROOF LEVEL, provided the CMD is satisfied that the development of the area in which the house is built is complete in respect of amenities such as water supply, street lighting, road drainage and sewerage.

(B) An advance required for constructing a SINGLE STOREYED new house or enlarging living accommodation in an existing house shall be paid as follows:-

(i) An AMOUNT EQUAL TO 30% of the sanctioned advance will be payable to the applicant on HIS MORTAGING IN FAVOUR OF THE COMPNAY THE LAND purchased by him alongwith the house to be built thereon where such mortgage is permitted by the terms of the sale of land.

(ii) A further amount not EXCEEDING 40% OF THE SANCTIONED ADVANCE will be payable when the HOUSE REACHES PLINTH LEVEL.

(iii) The REMAINING 30% of the sanctioned advance will be payable when the HOUSE HAS REACHED ROOF LEVEL, provided the Chairman-cum-Managing Director is satisfied that the development of area in which the house is built is complete in respect of amenities such as water supply, street lighting, roads, drainage and sewerage.

(C) An advance required for constructing a DOUBLE STOREYED new house or enlarging living accommodation in an existing house shall be paid as follows:-

(i) An amount EQUAL TO 25% of the sanctioned advance will be payable to the applicant ON HIS MORTGAGING IN FAVOUR OF THE COMPNAY THE LAND purchased by him alongwith the house to be built thereon where such mortgage is permitted by the terms of the sale of land.

(ii) A further amount NOT EXCEEDING 30% of the sanctioned advance will be payable when the house HAS REACHED PLINTH LEVEL.

(iii) A further amount EQUAL TO 25% of the sanctioned advance will be payable WHEN THE ROOF OF THE GROUND FLOOR HAS BEEN LAID.

(iv) The REMAINING 20% of the sanctioned advance will be payable WHEN THE ROOF OF THE FIRST FLOOR HAS BEEN LAID, provided the Chairman-cum-Managing Director is satisfied that the development of the area in which the house is built is complete in respect of amenities such as water supply, street lighting, roads, drainage and sewerage.

NOTE :- The standard of the amenities of water supply, street lighting, roads, drainage and sewerage provided in cities, being inapplicable to rural areas, the Chairman-cum-Managing Director may give the requisite certificate if the vicinities in which the houses are proposed to be built or living accommodation enlarged in rural areas provided wells or hand pumps (in lieu of filtered water supply through the mains in the cities), ordinary kerosene or other lanterns in the street (in lieu of electricity or gas lighting in the cities) open drains and facilities for the sewerage (in lieu of underground drains and sewerage plants in cities) etc. to enable the officials to draw the proportionate amount as provided in Rules 8(B) (iii) and 8(C) (iv).

With a view to satisfying himself as to the development of a locality in rural area, the Chairman-cum-Managing Director may call upon an applicant availing of the advance to produce a certificate from some

competent civil authority e.g. District Magistrate, President of District Board or Panchayat or any other responsible authority, certifying as to the existence of the necessary amenities in the locality and then disburse the final installment of the advance only after a satisfactory certificate has been produced.

(D) An advance required for purchasing a ready-built house/flat shall be paid as follows:-

1) The employees will be sanctioned payment of 100% OF THE COST OF THE READY BUILT FLAT/HOUSE or as per their entitlement, whichever is less. The house/flat will be mortgaged in favour of the Company within 3 months from the date of taking possession of the house/flat etc., failing which the advance shall be refunded to the Company forthwith.

The above rules will also apply to past cases provided :

i) The Company's employees require the additional amount of advance for completing construction of his house, already approved by the Company.

ii) The increased amount of the advance does not exceed the cost of construction of the cost of ready-built house or 90% w.e.f. 12.8.80 of the overall cost of the house constructed in rural area; and

iii) The enhanced amount of the advance is within the repaying capacity of the Company's employee determined in accordance with the House Building Advance (Grant & Recovery) Rules, 1967.

2) As regards past cases it is clarified that only those cases where completion of the house is proposed to be achieved within the stipulated period of 18 months from the date of drawal of first installment of advance will be considered.

3) The amendment relating to the enhancement of maximum limit of advance to 100% of the actual cost of ready-built houses/flats etc. subject to other terms and conditions, shall be deemed to have come into effect from 15.7.72, amendment relating to 80 times of pay and Rs. 1,25,000/- w.e.f. 1.1.81, 100 times of pay w.e.f. 1.10.84 and Rs. 20 lakhs w.e.f. 19/01/2011.

(i) Where the houses/flats are situated in Government land, the responsibility for making sure that the applicant will acquire a clear title to the house/flat on completion of the transaction, will continue to be that of the Competent Authority.

(ii) In addition to their executing an agreement to mortgage the ready-built flat all applicants will be required to furnish before release of the sanctioned amount or any part thereof, a surety from two regular approved employees of the Company of comparable status.

(E) The part of advance for fixtures and fittings under rule 6(VII) read within Rule 7(a) shall be granted after completion of formalities laid down under rule 13(a) (vi) and 13 (b) (ii).

(F) Advance required for purchasing a FLAT/HOUSE FROM A REGISTERED COOPERATIVE HOUSING SOCIETY shall be paid as follows:-

i) An amount NOT EXCEEDING 30% OF THE ADVANCE sanctioned AFTER RECEIPT OF ALL THE DOCUMENTS.

ii) The BALANCE in suitable installments as pre-determined on the basis of the payment schedule of the house/flat furnished by the concerned housing society. Each installment shall be released on production of a demand letter from the Housing Society concerned.

(G) Additional advance for additions/alterations/substantial improvement to the house/flat shall be paid as follows:-

(a) 50% of the sanctioned advance shall be released after submission of:-

(i) an agreement in the prescribed form on non-judicial stamp paper of appropriate value;

(ii) a Surety Bond for the sum of additional advance from two regular employees of the applicant's equal or higher status not retiring before the applicant.

(iii) A Personal Bond in prescribed form on non-judicial stamp paper of appropriate value, for the whole of outstanding advance to be repaid, by those who have not submitted the title deed of the property to and/or mortgaged the house/flat in favour of the Company.

(b) Balance 50% shall be released after 50% of the approved work has been executed and upon considering the inspection report of such work by a team of three officers authorized by the Competent Authority. The team will constitute at least one officer from Personnel/Commodity Department and one from Finance and one from Law/Internal Audit Cell.

NOTE:- i) The liability of the sureties will continue till the house built/purchased is mortgaged to the Company or till the advance together with the interest due thereon is repaid to the Company, whichever happens earlier.

ii) In case, an employee fails to utilize the amount of advance/ loan for the purpose for which it is sanctioned within the stipulated period or the extended period with the permission of the Competent Authority, the entire amount of advance/loan together with interest thereon at a higher rate of minimum 18% or 2% over and above of our borrowing rates with State Bank of India, whichever is more shall be refunded by the applicant himself in lump sum within one month. However, in respect of defaulters who:

a) do not refund the HBA on their own, as stated above; and/or

b) do not seek relaxation of time before the expiry of the prescribed time limit under these Rules.

The amount of advance would be recovered in suitable monthly installments from the pay or any other arrears which become due to the employee with a penal rate of interest at 25% per annum.

Further, in such cases, the disciplinary authority shall have the absolute discretion to initiate disciplinary proceedings under MMTC Employees Conduct, Discipline & Appeal Rules for minor

or major penalty as the case may be depending on the past history of the delinquent employee.

iii) Documents of title submitted while drawing the first advance shall continue to remain in the custody of the Company until the entire advance including additional advance alongwith due interest is repaid in full by the employee.

9. **INTEREST**

Interest on House Building Advance sanctioned to the employees will be charged at the following revised rates on slabs system.

RATE OF INTEREST ON HBA PERIOD

4.5% Upto 15.10.1963
5% from 16.10.1963 to 22.6.1967
5.5% from 23.6.1967 to 31.5.1971
6% from 1.6.1971 to 31.3.1974
6.5% from 1.4.1974 to 5.8.1975

Advance sanctioned prior to 6.8.1975 will be regulated at the old rates of interest.

FROM 6-8-1975 TO 22-11-1976

@ 6.5% on first Rs. 25,000/-
@ 8% on next Rs. 25,000/-
@ 10% on the balance

FROM 23/11/1976

@6.5% on first Rs. 25,000/-
@7.5% on the balance.

FROM 01/12/1998

@6.5% on first Rs. 25,000/-
@7.5% on Rs. 25,001/- to Rs. 4,00,000/-
@11% on Rs. 4,00,001/- to Rs. 5,00,000/-
@12% on balance.

RATE OF INTEREST W.E.F. 01.04.2005

@5.5% Upto Rs. 1,00,000/-
@7.0% Rs. 1,00,001/- to Rs. 4,00,000/-
@9.5% Rs. 4,00,001/- to Rs. 7,50,000/-

Interest on House Building Advance sanctioned to the employees under these Rules, will be charged at the rates declared by the Company from time-to-time w.e.f. 26/11/2008. *1

10. **CONSTRUCTION, MAINTENANCE ETC.**

The construction of the house or additions to the living accommodation in an existing house, (as the case may be) shall be

i) Carried out exactly in accordance with the approved advance and specifications on the basis of which the amount of the advance has been computed and sanctioned. The plan and specifications should not be

*1 – O.O. No. 10/01/HBA/SCII dtd 19/01/2011

departed from without the prior concurrence of the Chairman-cum-Managing Director. The employees of the Company shall certify, when applying for the installments of the advance admissible at the plinth/roof level, that construction is being carried out strictly in accordance with the plan and estimates furnished by him to the Company, that the construction has actually reached plinth/roof level, and that the amount already drawn has actually been used on the construction of the house. The Chairman-cum-Managing Director may, if necessary, arrange to have an inspection carried out to verify the correctness of the certificates.

ii) COMPLETED WITHIN 18 MONTHS OF THE DATE ON WHICH THE FIRST INSTALMENT OF THE ADVANCE IS PAID to the employee of the Company concerned. Failure to do so will render the employee of the Company liable to refund the entire amount advanced to him (together with interest thereon calculated as in Rule 9 above), in one lump sum. An EXTENSION OF THE TIME LIMIT may be allowed upto one year by the Competent Authority and for a longer period by the Board of Directors in these cases where the work is delayed due to circumstances beyond the control of the employee of the Company. The date of completion of construction must be reported to the Chairman-cum-Managing Director without delay.

iii) The house must be maintained in good repair by the employee of the Company concerned at his own cost. He shall also keep it free from all encumbrances, and shall continue to pay all the Municipal and other local rates and taxes regularly until the advance has been repaid to the Company in full. The employee of the Company shall furnish an annual certificate to this effect to the Chairman-cum-Managing Director.

iv) After the completion of the house, annual inspections may be carried out by any authorized officer under instructions from Chairman-cum-Managing Director to ensure that it is maintained in good repair until the advance has been repaid in full, the employee of the Company concerned shall afford necessary facility for these inspections by the officer(s) designated for the purpose.

v) Where the apart of advance for fixtures and fittings is granted the work shall be carried out exactly in accordance with the scheme and estimates submitted by the employee and shall be completed as early as possible and in no case later than three months from the date of sanction of the advance. No change shall be allowed in the scheme and estimates without the prior approval of the Competent Authority. A certificate that the fixtures and fittings were made in accordance with the scheme and estimates furnished shall be submitted by the employee after completion. The Competent Authority, may if necessary, arrange to have an inspection carried out to verify the correctness of the certificates.

NOTE : Furnishing a false certificate will render the employee concerned liable to suitable disciplinary action under the Company's Conduct Rules. He may also be called upon to refund to the Company forthwith the entire advance drawn by him together with the interest accruing thereon in accordance with the Rule 9 of these Rules.

11. **INSURANCE**

Immediately on completion of construction or purchase of the house/flat, as the case may be, the employee of the Company concerned shall insure the house/flat, at his own cost, with the General Insurance Corporation of India for a sum not less than the amount of advance and shall keep it so insured

against damage by fire, flood and lightning, till the advance is fully repaid to the Company and deposit the policy with the Company. The premium must be paid regularly and premium receipts produced for inspection by the appropriate authority. In the event of failure on the part of the employee of the Company to effect insurance against fire, flood and lightning, it shall be lawful but not obligatory, for the Company to insure the said houses at the cost of the employee of the Company concerned and add the amount of the premium to the outstanding amount of the advance and the employee of the Company shall be liable to pay interest thereon, as if the amount of premium had been advanced to him as part of the aforesaid advance at the prevailing rate of interest, till the amount is repaid to the Company. After the house is insured as per these Rules, the employee shall forward a letter to the Insurance Company in the form as prescribed in Form 8 (through the Company) notifying that the Company is interested in the Insurance Policy secured and that this fact shall be noted in the records of the Insurance Company.

11 (a) CREATION OF SECOND MORTGAGE OF HOUSE PROPERTY IN FAVOUR OF CERTAIN TYPES OF FINANCIAL INTUTITIONS TO OBTAIN AN ADDITIONAL LOAN

Employees who have obtained/wishes to obtain House Building Advance from the Corporation may be permitted to create a second charge on the property, subject to the following conditions:

1) They obtain prior permission of the Competent Authority

2) They create a registered mortgage in favour of Company by way of first charge on payment of Stamp Duty, registration fees and other expenses out of their own resources in case the second charge is in the shape of equitable mortgage.

3) They fulfill all the conditions laid down by Govt. of India in this regard prevailing on the date of aforesaid permission of the Competent Authority.

4) Second charge may be created only in respect of loans to be granted for meeting the balance cost of houses/flats, and

5) Also for enlargement of living accommodation in the house constructed/acquired with HBA, if two years have elapsed after completion of the house constructed with HBA, by recognized financial institutions, **without any obligation on MMTC to recover such additional loan from the salary of the employee.**

6) Total HBA taken plus the amount of loan now raised should not exceed the prescribed cost ceiling.

Note :-

a) The Competent Authority means Director (P) for managerial cadre.

b) GM/CGM(P) for staff cadre employees.

12 **REPAYMENT OF ADVANCE**

(a) The advance granted to an employee of the Company under these Rules and under Rule 6(VII) read with Rule 7(a) shall be repaid in full together with interest by monthly installments WITHIN A PERIOD NOT EXCEEDING 25 YEARS IN THE RATIO OF 2:1. Firstly, the principal advance shall be recovered in NOT MORE THAN 200 INSTALMENTS and then INTERST THEREON SHALL BE RECOVERD IN NOR MORE THAN

100 MONTHLY INSTALMENTS. The repayment of the part advance within entitlement for fixtures and fittings in ready built flats allotted by DDA or similar Government/Semi-Government agencies and of the additional advance sanctioned for addition/alteration/substantial improvement to the house/flat within entitlement be made together with normal HBA recovery by suitably revising the rate of recovery in such a manner as to ensure recovery of the entire amount including balance of the previous advance together with interest within the remaining number of installments.

NOTES :

i) The amount to be recovered shall be fixed in whole rupees, except in the case of the last installment when the remaining balance, including any fraction of a rupee, shall be recovered.

ii) a) Recovery of advance granted for the purchase of land and partly for construction shall commence from the pay of the 24th month after the date on which the installment for purchase of land is paid to the employee, or from the pay of the month following completion of the construction, whichever is earlier.

b) Recovery of advance granted for constructing new house or enlarging living accommodation in any existing house shall commence FROM THE PAY OF THE MONTH FOLLOWING THE COMPLETION OF THE HOUSE OF THE PAY OF THE 18TH MONTH AFTER THE DATE on which the first installment of advance is paid to the employee of the Company, whichever is earlier.

c) In the case of an advance taken for purchasing a ready-built house, recovery shall commence from the pay of the month following that in which the advance is drawn.

d) Likewise, in the case of part advance for fixtures and fittings, the recovery shall commence from the month following the month in which the advance is drawn. In the case of additional advance, recovery shall commence at revised rate from the pay of the 3rd month following that in which first installment of the additional advance is released. Interest shall be recovered after the entire principal sum of the earlier advance and the additional advance is fully recovered.

e) For purchase of ready-built flats from DDA under SFS or under similar schemes of State Govt.'s Housing Boards etc., and from Registered Co-operative Group Housing Societies, the recovery shall commence AFTER 48 MONTHS FROM RELEASE OF THE FIRST INSTALMENT OF THE ADVANCE or possession of the flat, whichever is earlier.

f) In the case of grant of advance partly for purchase of land from Government/Semi-Government agencies like DDA etc. where allotment, possession and documentation together involves much more time than allowed in our HBA Rules, and partly for construction, recovery shall commence from the pay of the seventh month from the date of release of the first installment for construction purposes provided the total time for executing sale/lease deed etc. and commencement of construction exceeded the prescribed period of two years and such delay was beyond the control of the employee for which he will

submit sufficient documentary proof to the satisfaction of the Competent Authority.

iii) It will be open to the employees of the Company to repay the amount in a shorter period, if they so desire. In any case, and entire advance must be repaid in full (with interest thereon) before the date on which they are due to retire from service.

iv) a) In order to avoid hardship to any employee of the Company who is due to retire within 25 years of the date of application for the grant of an advance and eligible under the service Rules for DCR Gratuity, he/she may be permitted with effect from 1st July, 1986, to repay a part of the advance and interest in continuous monthly installments till date of retirement and pay the balance from our of his/her DCRG. The amount of installment shall not be less than that worked out on the basis of repaying within 25 years, provided he/she agrees to the incorporation of a suitable clause in the prescribed agreement and Mortgage Deed to the effect that the Company shall be entitled to recover the balance of the said advance with interest remain unpaid at the time of his/her retirement or death preceding retirement from the whole or any specified part of the gratuity that may be sanctioned to him/her.

b) It is subject to the following terms and conditions:

Adjustment of gratuity against HBA shall be to the extent of:

(a) 80% of DCRG to applicants retiring after 10 years but not later than 25 years; and

(b) 90% to those retiring within 10 years.

(c) Repaying capacity after adjustment of the gratuity shall be 60% and 66.2/3% of basic pay plus VDA in the case of applicants covered by (a) and (b) above, respectively,

(d) Gratuity shall be calculated on the basis of notional basic pay that the applicant will draw in the existing scale of pay and the number of years of qualifying service that he will render at the time of his/her superannuation.

(e) The above provisions for adjustment of gratuity are also applicable to past HBA cases.

f) Adjustment to gratuity in terms of these provisions shall be made available and revised recovery of HBA wherever applied for effected from 1st July, 1986.

(v) a) In case the employee of the Company does not repay the balance of the advance due to the Company on or before the date of his retirement, it shall be open to the Company to enforce the security of the mortgage at any time, thereafter, and recover the balance of the advance due, together with the interest and cost of recovery, by sale of the house or in such other manner as may be permissible under the law.

b) Recovery of the advance shall be effected through the monthly pay leave salary subsistence allowance bills of the employee of the Company concerned by the General Manager (P)/CGM/GM of the R.O., or the Accounts Officer concerned, as the case may be. The recoveries will not be held up or postponed except with the prior concurrence of the Board of Directors. In the event of subsistence allowance payable being reduced on prolonged suspension of the employee, the recoveries may be suitably reduced by the Chairman-cum-Managing

Director, if considered necessary, with the approval of the Board of Directors.

c) If an employee of the Company ceases to be in service for any reason other than normal retirement/superannuation, or if he/she dies, before repayment of the advance in full the entire outstanding amount of the advance shall become payable to the Company, forthwith. The Board of Directors may, however, in deserving cases, permit the employee of the Company concerned or his/her successors in interest, at the case may be, or the sureties in cases covered by Rule 6 (II)(i), if the house has not been completed and/or mortgaged to the Company by the time to repay the outstanding amount together with interest there on calculated as in Rule 9 above, in suitable installments, failure on the part of the employee of the Company concerned or his/her successors (as the case may be) to repay the advance for any reason whatsoever, will entitle the Company to enforce the mortgage and take such other action to effect recovery of the outstanding amount as may be permissible.

d) The property mortgaged to the Company shall be reconvened on the prescribed form to the employee of the Company concerned (or his/her successors in interest, as the case may be) after the advance, together with interest thereon has been repaid to the Company in full.

13. **PROCEDURE FOR DEALING WITH APPLICATIONS**

a) Applications should be submitted in the prescribed form (in duplicate) to the GM (P) at the Headquarters and in the case of Regions, to the GM/DGM of the Region concerned. The following documents should accompany the applications:-

i) Declaration in regard to the house/property, if any, owned by the applicant or the applicant's wife, husband, minor children at the time of applying..

ii) If the advance is required for enlarging living accommodation in an existing house, an attested copy of the sale deed as well as other documents, if any, establishing that the applicant possesses an indisputable title to the property in question. The site plan should also be furnished.

iii) In cases where applicants happen to be in possession of land and desire to build a new house on it, a copy of the sale deed or other proof of the applicant having a clear title to the land on which the house is proposed to be built, alongwith the site plan. If the land happens to be leasehold, an attested copy of the lease deed should also be enclosed.

The advance would also be admissible where applicant owns the land/house jointly with his/her wife/husband, if otherwise admissible provided both the husband and wife are willing to mortgage the land/house in favour of the Company as security for the repayment of advance. The application in such cases should be accompanied by an affidavit from the wife/husband (as the case may be) that if the loan applied for is sanctioned, wife/husband will

mortgage her/his share of the land/property, jointly with her/his wife/husband as security for repayment of the advance.

iv) If the advance is needed for constructing a new house or enlarging living accommodation in an existing house, two copies of the plan as well as the specifications and estimates in the prescribed proforma (Form 1 & 2) should be furnished. The plans should be duly approved by the Municipality or other local bodies concerned, and where no such body exists, by a licensed firm or Architects/ Civil Engineers engaged in building construction work approved by the Company.

v) In the case of purchase of flat/house from Government, Semi-Government Bodies, Housing Boards, Development Authorities and the like, the application should be accompanied by the following documents only:-
An attested copy of a letter from the Govt. Department/Semi Govt. Organization/Local Body/Housing Board etc. as the case may be (from whom the house is to be purchased) allotting or agreeing to allot the land and house (or the flat, as the case may be) and stating therein;

a) the cost of the house and land/flat;
b) the conditions for sale
c) the accommodation available therein
d) Whether they have permitted the employee to mortgage the land and the house/flat in favour of the MMTC as security for the advance or such terms and conditions as the Chairman may prescribe; and
e) An attested copy of the draft lease/sale deed for land and the house/flat

vi) In the case of part advance for fixtures and fittings, the applications should be accompanied by the following documents.

1) Scheme and estimates for the proposed work duly approved by the Company.
2) A Surety from two regular approved employees of the Company of comparable status, not likely to retire before the borrower retires.

b) i) The General Manager (Personnel) or the CGM/GM of the Region as the case may be, will scrutinize the applications and satisfy himself of the correctness of the fact etc. stated therein. He will also examine the title deeds etc. furnished in compliance with sub-Rule (ii) and (iii) above (in consultation with the Law Officer and the Revenue and Registration authorities if necessary) to make sure that the applicant does in fact, possess a clear title to the property in question. He shall further scrutinize the plans and estimates furnished in compliance with sub-rule (iv) above and make a tentative decision about the maximum amount that could be granted guided by the advice of a qualified architect to be specifically nominated for the purpose, the applications from Regions being routed through the General Manager (Personnel).
ii) The Competent Authority may authorize a committee of Officers and experts to inspect the site and determine the quantum of fixtures and

fittings required in each type of ready-built flats to predetermine values of fittings required.

The applications shall be examined by the Competent Authority with reference to the priorities etc. if any, laid down for dealing with them and shall issue the orders regarding the amount to be sanctioned in each case within the funds available.

In case the advance has been applied for the constructions of a new house/enlargement, the Competent Authority shall authorize the disbursement of first installment of the advance and the remaining installment of the advance will be authorized by him, as the case may be, on the certificate to be furnished by the applicants as prescribed in Rule 10(i) and such inspections as will be deemed necessary. It should also be verified, before disbursing the last installments of the advance, that the development of the site has been completed vide Rule 8 above.

c) In the case of additional advance for alterations/additions/substantial improvements, application should be accompanied by the following documents:-

a) Where there is addition to existing structure;

i) Two copies of plan duly approved by the prescribed sanctioning authority; and

ii) Detailed specifications and estimates prepared by a licensed firm of Architects/Civil Engineers

b) i) In case of alteration/substantial improvement, detailed estimates with detailed specifications of proposed alterations/substantial improvement with details of exact area covered, rate structure etc.

ii) On completion of the work of addition/alteration/ substantial improvement, employee should submit a completion certificate within six months form the date of drawl of the first installment of the said advance.

iii) The additional advance shall be sanctioned strictly subject to budget provisions and preference being given to those who avail of the HBA for the first time.

NOTE:- While authorizing disbursement of an installment of an advance as prescribed in Rule 13(b), the Competent Authority will attach a certificate to the effect that the required formalities in pursuance of which the installment has become due, have been complied with.

14. **GENERAL RULE**

The Competent Authority shall also ensure that the transaction/construction of the house is completed within the period prescribed in the rules and that:

i) The prescribed mortgage deed is executed immediately on completion/purchase of the house, and the documents kept in safe custody after registration. The original documents of title to land/property shall also be obtained from the mortgager and kept in safe custody till the redemption of the mortgage deed.

ii) The house is insured in the manner indicated in Rule 11 above immediately on the purchase/completion and that the premium receipts are regularly produced for inspection.

iii) The house is maintained in good repair and that the necessary insurance premium and municipal rates and taxes are paid regularly and the requisite certificate furnished annually until the advance has been repaid in full.

iv) The monthly recovery of installments of repayment of the advance commence from the due date and is made regularly from the pay/leave salary, subsistence allowance bills of the employee concerned thereafter.

v) In the case of employees likely to retire within 18 months of the date of their application for the advance (see Rule 12(iv)(b) above), the amount of their gratuity should be adequate to cover the balance of the advance outstanding against them just before the date of their retirement.

vi) Any amount drawn in excess of the expenditure incurred, is refunded by the employee concerned to the Company forthwith together with the interest, if any, thereon.

vii) The property mortgaged to the Company is released, reconvened immediately on repayment of the advance with interest thereon in full and the mortgage deed duly so cancelled and returned together with the original documents of title of the land/property of the employee concerned.

viii) Stamp Duty chargeable on all documents registration fees to be incurred for the completion of legal and other formalities required in connection with grant of HBA may be granted as Advance, subject to the conditions that the total amount of HBA shall not exceed overall limit of HBA i.e. Rs. 20 lakhs and the documents shall be submitted to MMTC after completion of formalities etc.

15. **RELAXATION OF RULES**

The Chairman-cum-Managing Director in his discretion may relax the provisions contained in these Rules in exceptional cases in consultation with Finance.

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