

HOUSING LOAN SCHEME

(as approved by the Board of the Corporation)

and

Administrative Instructions
(updated upto 15.10.2003)



आपत्काले रक्षिष्यामि

General Insurance Corporation of India

HOUSING LOAN SCHEME

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GENERAL INSURANCE CORPORATION OF INDIA

HOUSING LOAN SCHEME

1. FUNDS : Housing Loan Fund shall consist of :

- a) A fund created during the year 1975 by setting apart for this purpose an amount equal to 2% of net premium income of the Company in India in the year 1974.
- b) 1% of the previous year's net premium income of the Corporation/ Company in India shall be added to the fund created as in (a) above from the year 1976 onwards. The additions shall be done as on 1st July every year for distribution during the succeeding period e.g. additions as on 1st July 1976 on the basis of premium income for the year 1975 for disbursement during the period from 1.7.1976 to 30.6.1977 and so on (vide BM dated 17.2.1988).

The additions shall be at 1.5% for the year 1988-89 and at 2% for the years 1989-90 and 1990-91 (vide BM dated 23.6.1989).

The additions from the year 1991-92 shall continue to be at 2% of the previous years net premium income in India (vide BM dated 15.11.1991 and AI dated 6.1.1992).

- c) Amount received by way of re-payment of loans of which only the principal shall be added to the fund.
- d) Of the total funds so created, the apportionment for the various categories of employees shall be as under :

		COMPANY	CORPORATION
i)	Asst. Admn. Officers Admn. Officers Asst. Managers Deputy Managers Managers Asst. General manager/ General Managers & above.	35% of the Fund	35% of the Fund
ii)	Development Officers (Gr. I) Development Officers (Gr. II)	15% of the Fund	--
iii)	Subordinate Staff Assts./Record Clerks/Sr. Assistants/ Stenographers/Superintendents.	50% of the Fund	65% of the Fund

2. SCOPE AND ELIGIBILITY

- a) Loan under the Scheme is available :
 - i) for the [@ refer A.I. after sub-clause 2(b)] purchase of land and to construct a house thereon.

- ii) for the [@ refer AI after sub-clause 2(b)] purchase of land and a house thereon whether the same is complete or incomplete.

Provided, however, that the employee shall produce satisfactory evidence supported by architect and valuation certificate as to suitability and the condition of the property and its value. The decision of the Company on such evidence shall be final and binding upon the employee.

- iii) for the purchase of a house/flat/apartment whether complete or under construction.

Provided, however, that the employee shall produce satisfactory evidence supported by one of the Company's Panel of Architects and valuation certificate as to suitability and condition of the property and its value. The decision of the Company on such evidence shall be final and binding upon the employee.

- iv) for the purchase of an apartment in a building which is subject to Apartment Ownership Act and/or any other law having similar provisions.

- v) for the purchase of a flat whether ready or under construction in Co-operative Housing Society whether registered or under registration.

- vi) for purchase of land and construction of a house/flat in a Co-operative Housing Society where the number of members of the Industry is not less than 90% of the total membership.

- vii) for extension/renovation of an existing house/flat/apartment, provided the Company is satisfied on such proof as they deem fit, that the same is essential to suit the changed circumstances and needs of the employee.

- viii) Loan under the scheme is also available under :

- 1) Jhuggis Jhomprises Resettlement Scheme,
- 2) Self-Financing Housing Registration Scheme (1977)
and
- 3) Hire Purchase Scheme and similar Schemes framed by Govt., Municipal or Local Authorities, City Improvement Trust, Housing Board, etc.

- ix) for the purpose of repayment of a loan taken temporarily from Provident Fund, Banks, Co-op. Societies, Housing Co-operatives or other Public Financing Institutions to finance the purchase of a house/flat/apartment, including land, pending sanction of the loan under this Scheme provided the employee gives intimation about raising such temporary loan and simultaneously applies for loan under this Scheme, and subsequently produces evidence of repayment of the temporary loan within one month of disbursement of the loan to him/her under the Scheme. This facility would also be available to an employee who had availed of housing loan from the GIC Grih Vitta Ltd. (GGVL) as an interim measure because he/she did not meet with the service eligibility criteria in the Housing Loan Scheme. In such

cases, the repayment of loan will be permitted subject to the employee meeting GGVL criteria that minimum period of housing loan with GGVL should be five years and the housing loan released will be utilised to extinguish fully the GGVL loan (inserted vide BM dated 25.6.1987 and AI dated 9.8.1987).

b) The loan under sub-clause 2(a) shall be available to any permanent employee of the Corporation/Company who has put in a minimum of # three years service.

(*) However, in case of employees from ex-servicemen category, the service eligibility criteria may be reduced to two years.

@ Admn. Instructions

<u>Date of AI</u>	<u>Regarding</u>	<u>Particulars</u>
20.3.1982	Purchase of plot of land – Para 2	Loans may be allowed to individual employees or Employees' Co-op. Hsg. Society towards purchase price of land allotted by Public/Govt. Authorities like DDA, City Improvement Trust etc. which should not exceed 25% of the eligibility quantum under clause 3 and 4 of the housing loan scheme or 80% of the cost of land whichever is less (AI dated 29.3.1982).
12.5.1982 & 6.10.1982	Employees' Co-op. Hsg. Society – purchase of plot of land – Para 2	In respect of land allotted by Public/Govt. Authorities like DDA, City Improvement Trust etc., as also from private parties, the loan may be sanctioned without approved building plan being submitted. However, with an undertaking to submit approved building plans and start construction within 6 months of release of loan failing which the loan released will be recovered together with interest at the prescribed rate in the Scheme. No further loan to be considered on such recovery.
17.5.1988	Service eligibility – Para 2	Existing employees when selected as AAO, may be treated on par with employees promoted and as such credit of past service as employee may be considered for grant of loan.

2(A) SECOND LOAN IN THE NATURE OF ADDITIONAL LOAN (vide BM dated 26.10.1994 and AI dated 27.1.1995) :

w.e.f. 26.10.1994, second loan at the normal rate of interest is available for the purpose of meeting the cost of ;

- i) construction of additional room for the use of the family of the employee, not being a self contained room.
- ii) construction of garage, staircase, compound walls, overhead tanks, pumps, wells and bore wells.

The facility of Second Loan will be available not more than twice during the entire service tenure of the employee.

As regards the quantum of Second Loan available to an employee for the aforesaid purposes, the same may be determined by taking into account his current cadre eligibility for Scheme Loan minus the Scheme Loan already sanctioned to him but not exceeding the

reduced from 5 years to 3 years vide BM dated 19.11.1990 and AI dated 24.1.1991.
* vide BM dated 6.1.1992

actual cost of the aforesaid items. In no case the scheme loan sanctioned earlier and the second loan to be sanctioned subsequently together, shall exceed his current cadre eligibility for the Scheme Loan.

3. MAXIMUM LIMIT OF LOAN

a) Cadre limit of loan (hereafter referred to as Scheme Loan) – (revised vide AI dated 15.10.2003 w.e.f. 1.1.2003) :

<u>Cadre</u>	Scheme Loan	Supplementary Loan	Maximum Total Loan (Scheme + Supplementary)
	@ 5% p.a. (Rs.)	@ 7.5% p.a. (Rs.)	(Rs.)
Subordinate Staff	1,75,000	2,25,000	4,00,000
Record Clerks	2,25,000	2,75,000	5,00,000
Assistants/ Sr.Assts./ Stenos	2,75,000	3,25,000	6,00,000
Asst.Admn.Officers/ Admn.Officers	3,25,000	3,75,000	7,00,000
Asst. Managers	3,65,000	4,35,000	8,00,000
Dy.Managers/ Managers	4,00,000	4,50,000	8,50,000
Asst. General Managers	4,00,000	5,00,000	9,00,000
General Managers & above	4,00,000	6,00,000	10,00,000

b) With revision of (basic) scheme loan applicable to each cadre vide BM dated 21.11.1997 and AI dated 3.2.1998, the provision of 3(b) additional amount of loan, which was introduced vide BM dated 25.6.1987 and AI dated 9.7.1987 and revised vide BM dated 19.11.1991 and AI dated 24.1.1991, **deleted**.

c) Supplementary Loan (Introduced vide BM dated 19.11.1990 and AI dated 24.1.1991)

- (i) The employee may be granted further additional loan beyond the eligibility under the Scheme (hereafter referred to as "Supplementary Loan") subject to the employee's satisfactory repayment capacity (as prescribed in para 15(f) of the Scheme).
- (ii) The Scheme Loan and the Supplementary Loan taken together should not exceed the cost of the house/flat/apartment or **#Rs.7.5 lakhs** for property situated at Delhi, Bombay, Madras, Calcutta, Bangalore, Hyderabad and Ahmedabad and **#Rs.6 lakhs** at other centres.

The above clause (ii) is deleted with the revision in quantum of loan vide BM dated 24.12.2002 and AI dated 29.1.2003 and instead total cadrewise loan limits are prescribed as mentioned in clause 3 (a) above w.e.f. 1.1.2003.

amended vide BM dated 21.11.1997, AI dated 3.2.1998

- (iii) The maximum aggregate housing loan that can be allowed to husband and wife working in industry also stands increased to * **Rs.15 lakhs/ Rs.12 lakhs** as per sub-para (ii) above. Loan sanctioned beyond their combined entitlements under the Scheme or Rs.3.75 lakhs, whichever is lower, will be treated as Supplementary Loan.

Splitting of the quantum of loan between husband and wife employed in GIC – Para 2 - In case of housing loan to husband and wife working in GIC, the quantum of scheme loan and supplementary loan may be allowed to be decided by them – vide AI dated 6.12.1991.

- (iv) The Scheme Loan and the Supplementary Loan should be applied for simultaneously and sanctioned as one loan. The Scheme Loan and the Supplementary Loan will be treated as one for the purpose of accounting, documentation and administration of the Housing Loan Scheme. Unavailed Supplementary Loan may be granted subject to following guidelines as prescribed in AI dated 17.9.1993 :-

- (a) The unavailed Supplementary Loan should be granted only where the construction is incomplete.
- (b) The unavailed Supplementary Loan should be granted only due to escalation of cost of construction arising out of revised cost estimates of the original items or for making the house/flat/ apartment habitable.
- (c) The unavailed Supplementary Loan should not be granted for escalation of cost of construction arising out of cosmetic changes.
- (d) The employee borrower should make an application clearly setting out the reasons for not making application for Supplementary Loan/ full quantum of Supplementary Loan, while submitting application for Scheme Loan.
- (e) All such applications for unavailed Supplementary Loan should be placed before the Competent Authority nominated by CMD in case of companies and MD in case of Corporation, for approval.
- (f) In cases where the part of the Supplementary Loan has been availed of earlier and balance of the unavailed Supplementary Loan is applied for subsequently, the rate of interest chargeable while granting the unavailed Supplementary Loan would be the one that would be applicable for the total amount of Supplementary Loan. The revised rate of interest would be chargeable on the total amount of Supplementary Loan from the date of sanction of unavailed Supplementary Loan.

Vide AI Ref:LEGAL:HLS:063:95 dated 21.6.1995 – for sanction of loans by GICHFL to employees of General Insurance Industry, the following guidelines may be followed :

Para 7 (dd) of the Housing Loan Scheme provides for permitting pari passu charge in favour of GICHFL to secure further loan from GICHFL on property on which Scheme Loan is subsisting.

* amended vide BM dated 11.11.1998, AI dated 18.2.1999

It is clarified that on satisfactory compliance with the following conditions given hereinbelow by the Corporation/Companies, GICHFL will consider granting loans to employees of General Insurance Industry.

1.	The deduction from salary towards monthly installments of loan and interest due by the employees to GICHFL, should be in accordance with the amount advised by GICHFL.
2.	The Equated Monthly Installments (EMI) so deducted should be remitted to GICHFL alongwith a statement giving particulars like the name of the borrower, the amount deducted and the month of deduction etc., so as to reach GICHFL within two weeks from the date of deduction and employee should not be penalized for delay on the part of Corporation/Companies in remitting amount.
3.	The deduction should be remitted to the particular Branch of GICHFL which has advanced the loan to the employee, unless otherwise advised.
4.	The EMI deductions relating to the loan given by GICHFL should be given priority over other deductions like Mutual Benefit Society, etc., and should rank immediately next to Income Tax, P.F. and Company's Housing Loans, recoveries, if any, in respect of court decisions, Bank/Credit Societies Loan.
5.	Whenever an employee-borrower is transferred from one office to another office, the concerned Branch of GICHFL which had advanced loan should also be informed.
6.	In respect of transfer of employee-borrowers, the last pay certificate issued by the concerned Branch Office/D.O. should include the deduction particulars of the EMI due to GICHFL.
7.	Whenever the services of an employee-borrower are terminated, due to any reason, including superannuation, settlement of his terminal dues should not be released unless :
	(a) GICHFL gives a written confirmation for releasing the terminal dues;
	or
	(b) The loan borrowed from GICHFL has been fully repaid.
8)	In cases where an employee-borrower has taken housing loan from the Corporation/Company, as well as Supplementary/Additional Loan from GICHFL, the Corporation/Company would retain the original title deed so long as the loan has not been fully repaid/recovered. On the Corporation's/Company's loan having been repaid, the original title deeds in respect of which GICHFL, has a pari passu charge, would be handed over to GICHFL.
	In the event of an employee-borrower resigning from service of the Corporation/Company, a reference would also be made to the GICHFL, to ascertain if GICHFL, has any housing loan recoveries to be effected; such an employee would only be relieved from the service by the Corporation/Company subject to prior written consent from the GICHFL.
9.	As the additional loan to employees of GIC and its subsidiaries is granted, as a special case, accepting a second charge on the property, a confirmation from the housing loan department of the Company should be sent to GICHFL, to the effect that their records have been duly marked to show :
	(a) That there is a second charge in favour of GICHFL
	(b) That a negative lien is in existence in favour of GICHFL

4. QUANTUM OF LOAN

Subject to the limits specified in Clause 3, the amount of loan shall not exceed the cost of house/flat/apartment, including land (amended vide BM dated 25.6.1987 and AI dated 9.7.1987).

5. (a) No loan shall be granted to an employee if he/she has accommodation whether a house/flat/apartment at the centre where the house/flat/apartments proposed to be constructed/purchased and if the same is owned by him/her or dependent family members.
- (b) The Company, may in its sole discretion grant loan to seek alternate accommodation on the following conditions :
- i) The Company is satisfied that the concerned employee has made all attempts to get vacant possession of the premises for his/her bonafide personal use through due process of law and that the Court proceedings in that regard are pending for over 5 years before the date of the application for loan to seek alternate accommodation.
 - ii) When the possession of the original accommodation is received back by the employee, he shall transfer the same primarily in favour of another employee of the Industry at such price and other terms and conditions as may be fixed by the Corporation/Company and/or
 - iii) If no other employee is available, he/she may dispose of the original accommodation and pay back such amount of the loan partly or wholly out of its sale proceeds as may be stipulated by the Corporation/Company and/or
 - iv) That he/she is prepared to accept such terms and conditions and execute such documents as may be prescribed by the Corporation/Company to enable him/her to secure loan to have an alternate accommodation under the Scheme.
- c) Subject to Clause 5 (b), the Corporation/Company may grant loan to employees who own accommodation to seek larger or alternate accommodation on a condition that the employee will dispose of the existing accommodation within the period of six months from the date of the possession of the new premises and pay the sale proceeds thereof to the Corporation/Company towards the repayment of the loan amount. In such cases, repayment of the loan will be on the balance of the loan amount outstanding (inserted vide BM dated 25.6.1987 and AI dated 9.7.1987).

In case where an employee who has purchased house/flat/apartment with the assistance of a loan under the Scheme satisfies the Corporation/Company that the size of the accommodation is no longer adequate for the employee's family and/or is not in keeping with his/her improved status or on health grounds, or when the accommodation has been certified by an approved Architect as suffering from structural defects, the employee may be permitted to dispose of the existing accommodation and utilise the sale proceeds for purchase of a new house/flat/apartment. The outstanding loan shall be transferred to the new house/flat/apartment on submission of the necessary documents required as security under the Scheme. No additional loan, however, shall be allowed in such cases.

Transfer of Loan (amended vide BM dated 11.11.1998, AI dated 18.2.1999):

The quantum of loan available in the case of transfer of loan as per para © is increased to be in line with the employees' current cadre eligibility as in the case of second loan as per para 2A of this Scheme. Following AI issued in this regard dated 18.2.1999.

1. In transfer of loan cases, instead of the existing outstanding loan amount, the quantum of current cadre eligibility as in the case of 'Second Loan' available since October 1994, provided under para 2A of Housing Loan Scheme may be granted i.e. the quantum of loan eligibility for transfer of loan cases as per Para 5© of this Scheme also would be determined by considering the employee's current cadre eligibility of loan minus the previous loan sanction, in addition to the existing outstanding loan deposited with the Corporation/Company, (excluding interest) subject of course, to the limitation of the cost of the proposed new dwelling unit/house to be purchased/constructed. It is to be borne in mind that at no point of time the total Housing Loan granted to the employee shall exceed the employee's current cadre eligibility (including supplementary loan) or the total cost of the dwelling unit whichever is lower.
2. All other stipulations, except for quantum of loan, now existing for 'transfer of loan' would continue :-
 - (i) The employee-borrower to make a written reference to Corporation/Company intimating the intention to sell the existing accommodation acquired with the loan assistance and buying a new one, seeking permission/No objection from Corporation/Company;
 - (ii) Corporation/Company may, if it is satisfied as to the genuineness of the reasons, intimate the employee-borrower that there would be no objection to his doing so, subject to compliance with specified conditions;
 - (iii) Employee-borrower himself or the purchaser to deposit with Corporation/Company the amount equal to outstanding loan together with interest;
 - (iv) Mortgage/charge of the existing accommodation to be released by Corporation/Company;
 - (v) The relevant documents of title, etc. relating to the new accommodation proposed to be bought be submitted to Corporation/Company for being scrutinised;
 - (vi) Employee-borrower to deposit the title deeds of the new accommodation or agree to create a charge on the new accommodation;
 - (vii) Depending on the extent of work completion of the new accommodation, quantum of loan eligible may be released in favour of the Vendor;

(viii) The time limit for completion of the full procedure of transfer of loan shall be six months, with discretion to the Corporation/Company to extend the period in genuine cases of difficulty.

3. It is necessary that the existing dwelling unit purchased/ constructed with the help of Housing Loan from the company, be disposed off by sale, to a person who is not a family member or a Blood relatives viz. *parents, brothers, sisters and grand parents, etc.* (AI dated 16.11.1993).

The housing loan scheme does not permit purchase of house/flat/ apartment from the dependant family members. The request for purchase of property from blood relatives is discouraged in public sector undertakings such as LIC, Banks etc. In the absence of specific guidelines in the matter, it has been clarified that no housing loan should be granted for purchase of property from blood relatives viz. *parents, brothers, sisters and grand parents, etc.* (AI dated 16.11.1993).

4. The 'Transfer of Loan' alongwith current cadre eligibility and/or 'Second Loan' as per 2A of the Housing Loan Scheme, can be allowed only two times in a career. That is 'Transfer of Loan' alongwith current cadre eligibility and/or 'Second Loan' if already availed earlier will have to be taken into account, while granting the same second time, and subsequently the said employee will not be eligible for any more loan.

Illustration:

If 'A', Stenographer had availed Housing Loan of Rs. 2.4 lacs (1.65 + 0.75 suppl.) in 1991, and now wishes to avail Transfer of Loan in 1999 as an AAO for a new flat in Mumbai, costing Rs. 8.00 lacs, his eligibility would be as given below (AI dated 18.2.1999) :-

<u>OLD HOUSE</u>				<u>NEW HOUSE</u>			
1) Cost		Rs.	3.00 Lacs	1) Cost		Rs.	8.00 Lacs
2) Scheme (1991)	Loan	Rs.	1.65 Lacs	2) Balance sale proceeds		Rs.	4.40 Lacs
GIC HF	Loan/	Rs.	0.75 Lacs	3) Loan required		Rs.	3.60 Lacs
Suppl. Loan		Rs.	2.40 Lacs				
Private savings/ borrowings		Rs.	0.60 Lacs	4) <u>Loan eligible :</u>			
		Rs.	3.00 Lacs	a. <u>Scheme Loan:</u>			
3) Sale Price in 1999		Rs.	6.00 Lacs	Current eligible (-) Old sanctioned (i.e. 3.00 - 1.65)		Rs.	1.35 Lacs
4) a) O/s. Loan to be Deposited with Company		Rs.	1.00 Lacs	Add: Old o/s. Scheme loan Deposited (excluding Int.)		Rs.	1.00 Lacs
		Rs.	0.40 Lacs			Rs.	2.35 Lacs
b) O/s. Interest		Rs.	0.20 Lacs	b. Suppl. Loan for the balance of Rs. 1.25 lacs [i.e. 8.00 - (4.40 + 2.35)] subject to his Repaying capacity as per para 13(f) of HL Scheme.			
Balance with employee (6.00-1.60)		Rs.	4.40 Lacs				

NOTE :-

The entire sale proceeds as per record, should be utilised for the repayment of outstanding loan to the company and/or to any Housing Finance Institution as per the Company's record; and the balance for the new house; and only for the uncovered balance, fresh loan can be given. In other words, in the above example, it is not permissible to utilise the sale proceeds of Rs. 6.00 lacs for any other purpose than what is mentioned hereinabove, and then claim more scheme loan/supplementary loan as the case may be from the company.

6. Employees' Co-operative Housing Society :

- a) In case of loans for construction of a house/flat in Co-operative Housing Society where the membership is not less than 90% from the Industry, the maximum loan that may be granted shall be the total of loans permissible to the individual members according to their respective eligibility or the proportionate cost/value of the land and building whichever is lower, relating to the employees in the Industry.
- b) The loan shall be disbursed to the Society but the employee will be responsible for the repayment of equated monthly installments from his/her salary.
- c) The loan applications in such cases will be processed as follows :
 - i) The Corporation/Company whose employees constitute the largest number of members of such a Society being a lead Company should be entrusted with the work of processing, supervising and controlling the loan to such a Society. The lead Company will scrutinise the title deeds about the marketability of the property and get the valuation done of the property. The original mortgage deeds executed by a Co-operative Society will remain with the lead Company and photo copies will be given to the Subsidiaries whose employees are the members of the Co-operative Housing Society. The documents to be executed by individual employee will be scrutinised by the Subsidiary to which the employees belong and the documents will be preserved by the Subsidiary.
 - ii) There should be an interse agreement between constituent Corporation/Company sharing the security in proportion to the amount disbursed by them.
 - iii) The Bye-Laws of the Society should incorporate the Clause that the Co-operative Society and/or its members will not deal with the property in any manner besides the usual Clauses in the Bye-Laws.
 - iv) The Society shall produce documentary evidence in regard to marketability of title duly certified by an Attorney/Advocate on the panel of the Corporation/Company.
 - v) The disbursement of loan shall commence only after the approval of the building plans by the Municipal Corporation/Local Authorities
 - vi) When the work of construction is entrusted to a firm of Contractors, the Society shall not accept the lowest or any other tender called for the purpose without the prior approval of the Corporation/Company.
 - vii) All contracts shall carry a penalty Clause in the event of non-fulfillment of the contract within the stipulated time specified in the contract

7. **SECURITY**

- a) Where an employee is desirous of purchasing land/flat/apartment/house he/she shall submit documentary evidence regarding marketability of the title duly certified by an Attorney or an Advocate on the panel of the Corporation/ Company. To finance construction, disbursement of loan shall be made only after the plans of the building are approved by the Municipal Corporation, Architects of the Corporation/Company. In case of housing loan applications under Clause 2(a) (viii) the Corporation/ Company need not insist upon the documentary evidence regarding the marketability of title duly certified by an Attorney or an Advocate.
- b) The prime security for granting of housing loan to an employee under Clause 2(a) (i) to (iv), (vii) and (viii) shall be an Equitable Mortgage by deposit of title deeds recorded by a recording letter. Where an Equitable Mortgage in the above form is not possible at the place where the property is situated, then Simple Legal Mortgage shall be taken. However, in case of loan for extension/ renovation of an existing flat/house/apartment under Clause 2(a) (vii) where the mortgage in any form as envisaged above is not possible then the prime security shall be the registration of the flat in the joint names of the Corporation/ Company and the employee in the Co-operative Housing Society or other body and where the registration in the joint names is not possible then the employee must produce a letter from the Co-operative Housing Society or other body recognising the charge of the Corporation/ Company on the flat/house/apartment.

In case of housing loan under Clause 2(a) (viii) pending documentation in favour of employees conferring ownership rights which are inordinately delayed by the authorities then the loan application can be considered by the Corporation/ Company if the employee gives a letter from the concerned authority recognising the Mortgage/Charge of the Corporation/Company on the land/flat/house/ apartment from the said authorities.

The employee will have to give a further letter of undertaking to create a mortgage on the said land/flat/house/apartment on receipt of the documents from the authorities concerned.

- c) The prime security to be taken from an employee for granting of loan under Clause 2(a) (v) shall be :
 - i) Registration of flat/house in the joint names of the employee and the Corporation/Company in the Co-operative Housing Society.
 - ii) Where joint registration is not available, then recognition of the charge of the Corporation/Company on the flat in the Co-operative Housing Society, However, in either of the above cases, the employee will be required to deposit with the Corporation/Company share certificate/s, letter of allotment, money receipt, etc.

Explanation :

In case the Society is under registration, the Company may at its discretion, accept a suitable undertaking and documentation as it may deem fit to secure the interest of the Company before the Society is registered and the above documents are secured.

- d) The prime security to be obtained for granting of loan under Clause 2 (b) (vi) shall be :
- i) The loan should be secured by way of First Legal Mortgage of the land and building of the Society as a principal security in favour of the Corporation/Company whose employees are in majority.
 - ii) Confirmation of charge in favour of the Corporation/Company concerned on the individual flat of the employee of that Corporation/Company to be taken from the Society.
- e) The security for the Supplementary Loan will be the same as for the Scheme Loan and provision of para 7 shall also apply to the Supplementary Loan.
- f) Where an employee has availed of loan from GIC Housing Finance Limited (GICHFL) for purchasing land and/or purchasing/constructing house/flat/apartment together with the loan under the Housing Loan Scheme or has availed a Second Loan from GICHFL while the Scheme Loan is subsisting a charge may be created in favour of the GICHFL ranking Pari Passu in all respects and for all intents with the charge created in favour of Corporation/Company.
- g) Besides the prime security, the Corporation/Company should take the following securities :
- i) (*) Assignment of Life Insurance Policy under Mortgage Redemption or Endowment Plan maturing on or before the date of retirement in favour of the Corporation/Company. The amount of policy under Mortgage Redemption, Endowment Plan should be (*) 50% of the amount arrived at after giving credit to the full balance of the Provident Fund (i.e. employee + employer's contribution, if any) with interest standing to the credit of the account of the employee as on 31st March of the previous year and amount of gratuity payable to the employee as on the date of the loan application. However, if an employee wants to avail of the facility of the payment of interest only as provided under Clauses 13 (b) & (c), then the employee can be allowed the option to assign in favour of the Corporation/Company the Life Insurance Policy of the full amount of the loan under Endowment Plan maturing on or before the date of superannuation.
 - ii) The employee should also give irrevocable letter of authority in favour of the Trustees of the Provident Fund confirmed by the nominee/s authorising the Corporation/Company to adjust the entire credit balance with interest towards the balance of the housing loan amount remaining unpaid together with the interest, cost, charges and expenses, if any.
 - iii) An irrevocable letter in favour of the Corporation/Company confirmed by the nominee/s authorising the Corporation/ Company to adjust the entire amount payable as gratuity towards the balance of the housing loan amount remaining unpaid together with the interest, cost, charges and expenses, if any.

(*) amended provision vide BM dated 25.6.1987 and AI dated 9.7.1987

- iv) The employee should also execute a Promissory Note on a revenue stamp (as applicable from place to place and as prevalent from time to time) to be renewed after every 30 months confirmed by the nominee/s of the Provident Fund and Gratuity account of the employee to cover the loan amount and interest (as prevalent from time to time as per the provisions of the Scheme). The Promissory Note as and when renewed, will be on the reducing balance of the loan amount.
- v) The employee should give a letter of authority in favour of the Corporation/Company authorising them to make monthly deductions from his/her salary towards repayment of loan, interest, cost, charges and expenses.
- vi) Loan agreement.
- vii) (*) Item (vii) was – irrevocable power of attorney in favour of Corporation to sell the premises in the event of the failure to pay the balance of loan together with interest cost etc.
- viii) (*) An affidavit-cum-Undertaking
- vii) An Indemnity Bond in the prescribed form.

Explanation :

- a) The Housing Loan under this Scheme can be available to an employee to build a structure on a plot of land allotted by public authorities, government undertakings, Municipal Corporation, State or Central Government under :
 - i) Jhuggie Jhomprises Resettlement Scheme.
 - ii) Self-Financing Housing Registration Scheme (1977)
and
 - iii) Hire Purchase Scheme or such similar Schemes against the suitable securities detailed as above.
- b) Loans under the Hire Purchase Scheme should not be given towards initial payment of the price of the flat and that the balance with interest payment in monthly installments over a period of 10-15 years be paid by the Corporation/Company to the authorities concerned directly.
- c) The amounts payable to the authorities concerned be recovered from the employees concerned in monthly installments from the date of the possession of the premises or one year from the date of the disbursement of the first installment.
- d) The initial deposit for registration of flats under the Self-Financing Scheme be borne by the employees and not by the Corporation/ Company.

(*) amended provision vide BM dated 25.6.1987 and AI dated 9.7.1987. Item (vii) and (viii) deleted and item (ix) renumbered as item (vii).

Administrative Instructions

20.3.1981	Prime security – Para 7	In case of loan for purchase of flat/ apartment/house allotted, constructed by public authorities, govt. undertakings, municipal corporations, the loan may be sanctioned on the strength of letter issued by such authorities and undertaking in the prescribed form to be given by the employee borrower.
9.9.1982	Requirements relating to Title Deeds – Para 7	The loans may be disbursed on the employee depositing with the company a copy of the original document alongwith lodgement receipt received from the Registration authorities and an undertaking agreeing to deposit the documents as soon as the same are received.
22.5.1986	Recording letter creating equitable mortgage by deposit of title deeds – Para 7	May be insisted on. However, the power of attorney may be dispensed with after obtaining an undertaking.
21.12.1990	Second mortgage – Para 7	There could be no objection in allowing employee borrower to create a second charge in favour of financial institutions like LIC, HDFC, Banks etc. on the property on which charge in favour of company is already created and the company's security by way of first charge is not affected in any way. In no case pari-pasu charge is allowed. Subsequently, in case of GGVL (GIC HFL) pari-pasu charge is allowed.
19.10.1982	Collateral Security – release of – Para 7©	In case of maturity of the LIC Policy given as collateral security, the amount received by way of term installment may be repaid to employee borrower instead of adjusting the same against housing loan amount. However, in case the facility of paying "interest only" is availed during the balance period of service without payment towards principal amount, the maturity amount/interim payment of collateral security should be adjusted against the outstanding housing loan.
	Collateral Securities – Para 7(e)	Refer para 7(e) of Housing Loan Scheme. The following LIC policies are accepted as collateral security : <ul style="list-style-type: none"> – Jeevan Mitra and Jeevan Sathi (AI dated 19.2.1986) – In case of Jeevan Mitra policies, credit may be given for double the sum assured provided policy term is 20 years and policy matures before retirement (AI dated 19.8.1991) – Jeevan Griha A Policy (AI dated 26.3.1992) – Jeevan Griha C Policy (AI dated 3.9.1993) – Bima Kiran Policy (AI dated 18.9.1994) – GTIS & GSLI accepted as collateral security (AI dated 4.2.1999) <p>In case the irrevocable authority is given to Trustees of Provident Fund to adjust the entire credit balance with interest towards outstanding housing loan, the withdrawals/loans from PF may be allowed provided sufficient security in the form of LIC policy maturing on or before the date of retirement is furnished to cover the shortfall, if any, towards collateral security resulting from withdrawals/loan from PF (AI dated 19.7.1995).</p> <p>In case PF and Gratuity entitlements exceed the outstanding loan amount, the LIC policies assigned as collateral securities, may be reassigned to the concerned employee borrower or the maturity proceeds may be refunded, as the case may be. (AI dated 19.9.1983).</p>

8. RATE OF INTEREST

- i) The interest will be @ 5% p.a. Simple Interest on reducing balance upto 30.9.91, @ 5.25% p.a. from 1.10.91 to take care of interest tax and \$ @ 5% (interest tax removed) from 1.4.2000 for existing and future cases.
- ii) In case the flat/house/apartment or any part thereof is rented out by the employee during the period the loan is outstanding, the rate of interest shall be @ 7.5% p.a. Simple Interest on reducing balances upto 30.9.91, @ 7.75% p.a. from 1.10.91 and \$ @ 7.5% from 1.4.2000 for existing and future cases ; However, where an employee has been transferred to another centre and the house/flat/apartment is rented out by the employee to the Corporation/Company the rate of interest will not require to be revised (w.e.f. 1.1.1992 for existing and future cases).
- iii) @ 4.5% p.a. simple interest on reducing balance upto 30.9.1991 and @ 4.75% p.a. from 1.10.1991 for existing and future cases in case of Co-op. Housing Societies formed with 90% membership of employees from the General Insurance Industry.
- iv) # The supplementary loan will carry interest at the prevailing rate charged by * GIC HFL, to the public under GIC Apna Ghar Yojana (at present 7.5% w.e.f. 1.1.2003 as per BM dated 31.12.2002 and AI dated 29.1.2003).

The rate of interest will be charged as applicable for the entire Supplementary Loan.

Explanation :

- i) Amount of interest calculated on reducing balance as per this Clause together with interest upto the date of commencement of recovery of installments of loan shall be recovered along with the loan installments in equal monthly installments which shall be calculated by dividing the total amount of interest recoverable as above by the number of monthly installments in which the loan is to be recovered.
- ii) When the rate of interest is increased to 7.5% p.a. or 7.75% p.a. as the case may be, under Clause 8 (ii), additional recovery of interest shall be made every month at the rate of 2 1/2% p.a. or 3% p.a., as the case may be, on the amount of outstanding loan for the period during which the house is rented out.
- iii) Where the loan is to be terminated by payment of outstanding loan in lump sum before the stipulated period, interest payable with such lump sum shall be the amount of interest calculated at the appropriate rate for the period of the loan on reducing balance less the amount of interest already recovered in installments.
- iv) Interest shall be calculated for the month in which loan is disbursed either wholly or partly, from the 1st day of month irrespective of the date of disbursement of the loan.

* w.e.f. 1st October, 1991 for existing and future cases.

vide BM dated 19.11.1990 and AI dated 24.1.1991.

\$ vide AI dated 7.12.2000 w.e.f. 1.4.2000

Administrative Instructions

20/28.4.81	Interest on housing loan – Para 8	The interest should be charged till the date of resignation, retirement, death and not till the amount is realised from the terminal benefits. However, in case of dismissal, interest is to be charged till the full amount of outstanding loan is realised.
15.3.1983	Rate of interest – Para 8	In case additional structure is put up with the Employees' own resources, additional interest may not be charged if the additional structure is exclusively let out.
27.3.1987	Enhanced interest for letting out of premises – Para 8	In case the employee fails to submit declaration in a particular year, the high rate of interest to be charged only from the date of the last declaration and not from the date of grant of loan.
14/17.5.99	Conversion of supplementary loan to scheme loan – Para 8	Conversion of supplementary loan outstanding as on 21.11.1997 to the extent of revised eligible scheme loan
15.10.2003	Conversion of supplementary loan to scheme loan – Para 8	Conversion of supplementary loan outstanding as on 1.1.2003 to the extent of employee's revised eligible scheme loan eligibility.

9. a) No employee shall alienate his/her house/flat/apartment purchased/constructed/renovated with the help of the loan taken from the Corporation/Company, except to another permanent employee of the Corporation/Company on such terms and conditions and price as the Corporation/Company may at its sole discretion decide upon. This, however, would not prejudice the right of the employee on his/her retirement or of his/her heirs after his/her death to sell the property subject to the loan having been fully repaid before such sale (or the sale proceeds are first adjusted towards the repayment of the balance, if any, of the loan account).
- b) If no employee of the Corporation/Company is willing to purchase the house/flat/apartment even on terms which are considered to be reasonable then the employee may be given permission for the sale of house/flat/apartment to an outsider provided the employee undertakes to repay his/her outstanding loan in full with interest and other dues.
- c) No employee shall let out a house constructed with the assistance of loan under this Scheme as long as the employee is posted at the same station where he/she has constructed the house or purchased a flat. In exceptional circumstances, However, the Corporation/Company may permit the let out of the house/flat/apartment even though the employee is posted at the same station provided the Corporation/ Company is satisfied of the genuineness of the reasons.
10. The employee will during the terms of the loan keep the house/flat/apartment properly and adequately insured against the risks of fire, riot, earthquake and shall maintain it in good state of repairs. For this purpose, the employee shall permit any authorised officer of the Corporation/Company to inspect the property on behalf of the Corporation/Company at all reasonable times.

20.7.1990	Insurance – Para 10	In terms of para 10 of the Housing Loan Scheme, companies to ensure that the employee borrower availing housing loan complies with the provisions of para 10 by depositing every year insurance policies covering the individual house/flat/ apartment for the full value of the property till the entire housing loan with interest is repaid.
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11. All expenses such as valuation, legal charges, Architect's fee for supervision shall be borne by the employee borrower.
12.
 - a) The processing of the loan application, scrutinising of the title deeds and the securities to be obtained from the employees may be completed by the Corporation/Company as early as possible to enable the employee to submit an application for disbursement of the first installment of the loan.
 - b) This employee-borrower shall avail of the full amount of the loan sanctioned within a period of one year from the date of the disbursement of the first installment. However, the Corporation/ Company may allow the employee to avail of the full amount of the loan beyond the period of one year from the date of the disbursement of the first installment if the Corporation/Company is satisfied as to the genuineness of the reasons given by the employee in not availing of the balance of the loan amount within the period of one year from the date of the disbursement of the first installment.

13. LOAN REPAYMENT

- a) The loan should be repaid in equal monthly installments spread over the balance period of service or 30 years whichever is less. In case where the full amount of the loan is disbursed within one year from the date of the disbursement of the first installment, then the recovery of the first installment, shall commence one year after completion of the disbursement of the final installment of the loan. If, however, disbursement of the full loan amount is not completed within a period of one year from the date of the disbursement of the first installment of the loan, then the recovery of the monthly installment shall commence two years after the date of the disbursement of the first installment on the amount of the loan actually disbursed or one year after taking possession whichever is earlier.
- b) An employee with balance period of service of less than 30 years may be given the choice of having the loan repayment worked out on 30 years basis and the repayment of the same be made in installments in the balance period of service provided that the balance of Provident Fund and Gratuity amounts to which the employee is entitled on his/her retirement will be adequate to cover the balance of loan.

Provided, however, where an employee assigns an Endowment Life Insurance Policy maturing on or before the normal date of retirement, then the amount of installment payable shall be calculated on the amount of the loan reduced by the amount of the Endowment Life Insurance Policy, maturing on or before the normal date of retirement for the full amount of the loan, then, only the interest will be recovered on the loan amount during the balance period of the service.

- c) Where the employee has balance period of service of 15 years or less, there will be no repayment of the loan in installments provided the employee gives an Endowment Life Insurance Policy maturing at the time of his/her retirement for the full amount of the loan or ensures to keep sufficient balance in his/her Provident Fund account and the amount of accrued Gratuity is sufficient to meet

his/her liability of the loan amount. Only interest will be payable on the loan amount during the balance period of service.

- * cc) [The entire Supplementary Loan shall be repaid in equated monthly installments during the balance period of service of the employee. The recovery of the Supplementary Loan will commence from the month immediately following the month in which such loan or part thereof is disbursed, on the amount of loan actually disbursed. The repayment options under this Clause will not be available in respect of the Supplementary Loan.] (vide BM dated 19.11.1990 and AI dated 24.1.1991)
- d) The installments for repayment of the loan and the interest will be recovered by deduction from the monthly pay of the employee. In case of cessation of service of an employee for whatever reason, the outstanding loan amount will become payable immediately on such cessation and the Company will have the right to recover the balance of loan in full with interest from the security offered including the balance amount standing to the credit of the Provident Fund, Gratuity of the employee.
- e) The employee shall give an irrevocable authority to the Company to deduct the monthly installment from his/her salary every month along with interest, cost, charges, expenses, arrears of Society outgoings, LIC premia, Govt. And Local Body Taxes, dues and recoveries, etc. that the Company may have to bear to continue to hold good and adequate security offered for the loan.
- f) The monthly installment in repayment of the aggregate of Scheme Loan and Supplementary Loan should not exceed **#45%** of the employee's gross monthly emoluments (gross monthly emoluments will include Basic Pay + D.A. + Allowances + Prorata Bonus at current rate).

6.8.1991	Computation of ceiling on loan – Para 13(f)	The basic pay is to be taken into account as on the date of application of loan. However, keeping in view the date of revision of quantum of housing loan, the basic pay as on the date of revision may be taken into account provided the construction is not completed.
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14. Loan for the purposes enumerated in Clause 2 will be available to employees in respect of properties situated anywhere in India (vide BM dated 14.5.1990 and AI dated 18.5.1990).

15. MISCELLANEOUS PROVISIONS

I. Combined eligibility for Husband and Wife employees in General Insurance Industry:

- a. In cases where both Husband and Wife are employees in the General Insurance Industry, they shall be eligible for the aggregate amount of their individual limits of Housing Loan according to their respective cadre eligibility, subject however to the condition that such aggregate amount shall not exceed the cost of the dwelling unit/house to be constructed/purchased (vide BM dated 11.11.1998). Following AI dated 18.2.1999 issued in this regard :

* Vide circular ref:LEGAL/HLS/0178/91 dt. 24.1.1991.
revised as per BM dated 31.12.2002 and AI dated 29.1.2003 w.e.f. 1.1.2003.

In cases where both husband and wife are employees of General Insurance Industry and are eligible for loan under the scheme, and if they so desire, they may be sanctioned a joint loan to the extent of the total of the maximum loan permissible to each of them as per the scheme or the cost of the flat/house proposed to be constructed including the cost of the land, whichever is less.

The maximum loan (including supplementary loan) permissible to each of them is Rs. 6.00/7.5 lacs depending on the place of construction. Therefore, the maximum amount of joint loan can go upto Rs. 12 lacs/15 lacs depending upon the place of construction.

- b. In other words, the existing provisions as per para 3(c) of this scheme regarding housing loan eligibility for husband and wife employees in the Industry would be as follows :-

If an employee before his/her marriage had availed housing loan, and subsequently got married to an employee working in the General Insurance Industry, and now wish to avail the 'Transfer of loan' with their combined eligibility, the same can be permitted.

- 1) It is permissible under the Scheme to grant an aggregate housing loan to husband and wife working in the Industry subject to separate and adequate securities as per provisions of Clause 7 of the Scheme.
- 2) Restricting the facility to the place of work deleted (vide BM dated 14.5.1990 and AI dated 18.5.1990).
- 3) The loan is admissible to an employee who has built a house on a plot of land purchased by him/her.
 - i) before the housing loan was sanctioned if the construction of the building has started after the loan application has been made and was under consideration and also if the construction was over during the period loan application was under consideration ;
 - ii) is to provide finance for the building of the house and not the plot which was purchased long back.
- 4) Since the Scheme cannot visualise all possible combination of requirement of each employee seeking loan and corresponding security to be taken, the M.D./C.M.D. or any person duly authorised by M.D./C.M.D. concerned may use their discretion and make suitable modification consistent with the overall Scheme and adequacy of security.
- 5) Where the flat/apartment/house is built by or with the assistance of Statutory Public Authorities/Private Financial Institutions, the security may be suitably modified to accommodate their prior charge upon the entire land and building after securing 2nd Mortgage and/or necessary recognition of GIC/Company's charge/lien on that part of the flat/house/ apartment and the proportionate right to the land.
- 6) The Company shall not be bound to grant additional loans due to escalation of cost of construction or for any reason, whatsoever. However, where an employee has not utilised full quantum of the loan to which he is eligible, he may be allowed additional loan due to escalation of cost of construction to the extent of his/her eligibility.

- 7) Since the housing loan fund is subject to a ceiling, the loans under the Scheme shall be granted on first come first served basis. If the funds available are exhausted, the remainder of the applicants shall be listed in the order in which their applications are received and their applications shall be considered as and when sufficient amount is available for payment of loan. The sanction of the loan as also the quantum of loan will be at the sole discretion of the M.D./C.M.D. or any person duly authorised by M.D./C.M.D. who will be guided among other things, by the size of the house/flat/apartment, the need of the employee, his/her all other means of income, his/her seniority, the valuation of the property and security offered.
- 8) The Chairman of the Corporation will lay down eligibility period for sanction of loan to members of the Development Staff keeping in view the provisions of General Insurance (Rationalisation of Pay Scales and Other Conditions of Service of Development Staff) Scheme, 1976 as prevalent from time to time.
- 9) Request for release of the flat/house/apartment constructed with the help of loan under the scheme allowed under Clause 2 (a) will be considered on the following conditions being fulfilled :
 - a) The loan allocated to the member concerned stands fully repaid along with interest and other dues;
 - b) The release of the flat/house/apartment will be in favour of the Society, if any, which will in turn convey the same to the member concerned subject to the Bye-Laws of the Society;
 - c) Municipal Corporation/Local Authority's permission for Sub-division of the land and separate numbering of the portion of the land on which the particular flat/house/apartment stands is obtained;
 - d) Permission, where necessary of the other Public Authorities in respect of common amenities/common passages, etc. is obtained;
 - e) The "release" shall not create any obstruction with regard to the common passages and common amenities available to the Society as a whole or act adversely in any manner to the Society's interest or the Corporation/Company's interest, if any, in this regard; and
 - f) The Corporation/Companies being satisfied that by such release the Corporation's interest, as a Mortgagee, are not in any way adversely affected.
- 10) Each Company shall set up adequate administrative machinery to implement the Scheme during the time a loan application is received until the entire amount of the loan with interest/cost/charges etc. are recovered in full from the employee concerned and give necessary understanding of the scheme to the employees who seek advice for filling in necessary data and particulars to be eligible for the Housing Loan Scheme.

Administrative Instructions relating to Misc. Provisions (Para 15)

19.10.1983 & 22.9.1988	Suspension – Para 15	Application for housing loan of employees under suspension shall not be considered. In case some installments are already released, the matter may be
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		<p>examined in the light of the facts of the case.</p> <p>However, in cases where although the employee is not suspended but the disciplinary proceedings are contemplated/pending, the Competent Authority may take a decision on the merits of each case taking into account the gravity of charges, penalty likely to be imposed in case the charges are proved, etc.</p>
8.10.1987	Joint housing loan – Para 15(1)	It is necessary to obtain joint undertaking on stamp paper of appropriate value to protect the interest of the Corporation in the event of either the husband or the wife leaving the industry before the entire loan is repaid. Draft for the purpose enclosed with AI.
16.10.1986	Enhancement of housing loan consequent on revision of wages retrospectively – Para 15(4)	Enhancement of housing loan in cases where loan applications are pending or submitted on or after 1.4.1983 or 1.10.1983, additional loan may be granted taking into account the accruals in the PF A/c., Gratuity based on increased wages, subject of course, to the other provisions and limitations of the housing loan scheme.
11.7.1988	Additional loan on the basis of promotion to higher cadre – Para 15(4)	Employees who are promoted to a higher cadre after housing loan is sanctioned to them, additional loan may be allowed on the basis of higher entitlement in the promoted cadre, provided the construction is not complete or the full sanctioned loan has not been disbursed as on the date of application for additional loan.
22.6.1981	Transfer of an employee from one subsidiary to another – Para 15(4)	In case of transfer of employees from one subsidiary to another or from subsidiary to Corporation and vice versa, housing loan sanctioned to such employee and remaining outstanding on the date of transfer should be reimbursed to the subsidiary or the Corporation as the case may be, by the subsidiary to which the employee is transferred together with interest upto the date of transfer and the documents of securities executed should be endorsed in favour of the Subsidiary/Corporation as the case may be.
20.12.1990	Loan for extension of house owned by spouse of the employee – Para 15(4)	<p>Loan for extension of house owned by spouse of the employee is allowed in case of purchase of flat in a Co-op. Hsg. Society after getting consent of the spouse for creating charge on the property in favour of the company for the housing loan advanced to the employee.</p> <p>In case of loan for construction of house on a plot of land belonging to the spouse, the same may be allowed subject to following conditions :</p> <ol style="list-style-type: none"> a) the spouse is the absolute owner of the land and there are no adverse right, title and interest on the land and that she/he can legally charge the land in consideration of the housing loan being given to the employee. b) the spouse joins in the execution of all the security documents and confirms the charge of the company on the land. c) The spouse files a declaration/affidavit acknowledging the debt of the employee and consideration upon which she/he has joined the execution of the security documents. d) The security documents should be suitably worded to take care of this aspect.
9.9.1991	Release of final installment read with AI dated 13.10.1992 & 19.10.1994 – Para 15(4)	<p>In absence of Occupation Certificate, the last installment of housing loan may be released, provided:–</p> <ol style="list-style-type: none"> i) the construction is complete in all respects and the employee borrower is occupying the same. ii) Application has been made to Appropriate Authority for issuing Occupation Certificate and a copy of the same is produced.

		<p>iii) Deleted vide AI dated 13.10.1992.</p> <p>iv) Architect's certificate stating that the construction is complete in all respects and is as per the approved plans, is submitted.</p> <p>v) Employee borrower gives an undertaking to obtain and submit the Occupation Certificate, failing which the company will have the right to recall the entire loan with interest.</p>
15.7.1991	Amortisation table for supplementary loan – Para 15(4)	The amortisation table giving break-up of principle and interest for loan of Rs.1000/- repayable in 60 to 360 installments at interest rates ranging from 12% to 16% is given alongwith the AI.
9/15.3.95	Enhancement of housing loan – Para 15(f)	In cases where the housing loan has been sanctioned prior to 1.11.1993, but construction is not completed as on 1.11.1993, the 30% limit as per para (f) may be arrived at on the basis of revised gross monthly emoluments on account of release of additional increment.
10.1.1984	Limit of loan with respect to deduction from gross monthly emoluments - Para 15(f)	The prescribed limit may be applied to the notional gross monthly emoluments of the concerned employee one year after the date of sanction of housing loan.
27.3.1980	Additional loan due to escalation of cost of construction – Para 15(6)	<p>The additional loan may be sanctioned to employees due to the escalation in the cost of construction.</p> <p>Available to employees who have not fully utilised the quantum of loan under the scheme to which they are eligible.</p> <p>Allowed for the purpose of completion of construction and is not allowed if construction is complete.</p> <p>Employee to execute fresh documents.</p>
21.5.1985	Additional loan after the construction is completed – Para 15(6)	Additional loan may be allowed upto maximum eligibility limit as on the date of original housing loan application, for providing functional and essential housing facilities for eg. Doors, windows, toilets etc., in case of construction put up by Housing Board/local authorities. Vide AI dated 6.1.1992 – even in case of constructions by private builders, the above instructions have been extended.
6.1.1992	Amendments	<p>Para 1 - Annual allocation of housing loan fund to be continued at 2% of the previous years net premium income in India.</p> <p>Para 2 - Employees not fulfilling service eligibility criteria and availing loan from GIC HFL may be allowed loan upto their entitlements for the repayment of outstanding loan with GIC HFL provided the GIC HFL loan is thereby fully extinguished.</p> <p>Para 3 - Employees have option to avail supplementary loan either from the Corporation or from GIC HFL, but not from both.</p> <p>Para 7 - Loans on pari-pasu charge basis from GIC HFL is allowed. A draft of the undertaking to be issued by Corporation to GIC HFL is prescribed.</p> <p>Para 8 - Para 8(ii) – w.e.f. 1.1.1992 - provision of charging higher rate of interest (7.5% p.a.) in cases where the accommodation is let out, has been relaxed in case of employees having been transferred out of the centre where they have acquired accommodation with loan assistance and house/flat/apartment is rented out by the employee to the Corporation.</p>
		<p>Para 8(iii) – providing concessional rate of interest of 4.5% p.a. relaxed even if the membership is 90% from general insurance industry.</p> <p>W.e.f. 1.10.1991 the supplementary loan will carry interest at the</p>

		<p>prevailing rate of interest charged by GIC HFL to the public. W.e.f. 13.4.2002 the current rate of GIC HFL are as under :</p> <p>i) Rs.20,000-Rs.25,000 – 5-15 years – 9.75% p.a. ii) Rs.25,001-Rs.50 lacs – upto 6 years – 10.25% p.a. iii) Rs.25,001-Rs.50 lacs – 7-15 years – 10.75% p.a.</p> <p>Proposal involving loan term exceeding 15 years would continue to attract additional interest @ 0.25% over and above applicable rate of interest (vide AI dated 6.8.2002).</p>
6.1.1992	Amendments to Housing Loan Scheme	<p>Para 5© - providing for second loan at 11% interest under special circumstances is deleted. Instead provision of transfer of loan to the new accommodation is introduced.</p> <p>Para 2 -In case of employees from ex-servicemen category, the service eligibility is reduced to 2 years.</p>
11.4.1996	Clarifications to HLS as amended in October 1994	The clarifications are attached.

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**EXTRACTS OF ADMINISTRATIVE INSTRUCTIONS ISSUED UNDER
HOUSING LOAN SCHEME UPTO 15.10.2003**

20.3.1982	Employees' Co-op. Hsg. Society – purchase of plot of land – Para 2	Loans may be allowed to individual employees or Employees' Co-op. Hsg. Society towards purchase price of land allotted by Public/Govt. Authorities like DDA, City Improvement Trust etc. which should not exceed 25% of the eligibility quantum under clause 3 and 4 of the housing loan scheme or 80% of the cost of land whichever is less (AI dated 29.3.1982).
12.5.1982 & 6.10.1982	Employees' Co-op. Hsg. Society – purchase of plot of land – Para 2	In respect of land allotted by Public/Govt. Authorities like DDA, City Improvement Trust etc., as also from private parties, the loan may be sanctioned without approved building plan being submitted. However, with an undertaking to submit approved building plans and start construction within 6 months of release of loan failing which the loan released will be recovered together with interest at the prescribed rate in the Scheme. No further loan to be considered on such recovery.
17.5.1988	Service eligibility – Para 2	Existing employees when selected as AAO, may be treated on par with employees promoted and as such credit of past service as employee may be considered for grant of loan.
6.12.1991	Splitting of the quantum of loan between husband and wife employed in GIC – Para 2	In case of housing loan to husband and wife working in GIC, the quantum of scheme loan and supplementary loan may be allowed to be decided by them.
17.9.1993	Supplementary loan – Para 3	The unavailed supplementary loan may be allowed. However, rate of interest applicable shall be the one applicable for the total of outstanding supplementary loan and additional supplementary loan and would be charged from the date of sanction of additional supplementary loan.
21.6.1995	Sanction of loan by GIC HFL to employees of general insurance industry – Para 3	Clarifications for grant of loan by GIC HFL to employees of general insurance industry.
3.2.1998	Revision in loan limits and other connected matters w.e.f. 21.11.1997	Para 3(a) – Scheme loan limits enhanced Para 3(b) & (c) – Total Scheme loan and Supplementary loan to be as under : At metro city – Rs. 7.5 lacs At other centres – Rs. 6 lacs Para 13(f) – Limit on monthly installment as per para 13(f) revised from 30% to 40% of the employees gross monthly emoluments.
18.2.1999	Amendment to housing loan scheme effective from 11.11.1998	Para 5(c) – Transfer of loan – applicability of current cadre eligibility Para 3© - Combined eligibility for husband and wife employees in general insurance industry
20.2.1992	Supplementary Loan from	Operating instructions issued by GIC HFL for grant of

	GGVL – Para 4	supplementary loan to employees of GIC issued alongwith the AI.
9.9.1982	Requirements relating to Title Deeds – Para 7	The loans may be disbursed on the employee depositing with the company a copy of the original document alongwith lodgement receipt received from the Registration authorities and an undertaking agreeing to deposit the documents as soon as the same are received.
19.9.1983	Release of life insurance policies assigned as collateral security or refund of maturity proceeds to the employee borrower – Para 7	In case PF and Gratuity entitlements exceed the outstanding loan amount, the LIC policies assigned as collateral securities, may be reassigned to the concerned employee borrower or the maturity proceeds may be refunded, as the case may be.
22.5.1986	Recording letter creating equitable mortgage by deposit of title deeds – Para 7	May be insisted on. However, the power of attorney may be dispensed with after obtaining an undertaking.
20.3.1981	Prime security – Para 7	In case of loan for purchase of flat/ apartment/house allotted, constructed by public authorities, govt. undertakings, municipal corporations, the loan may be sanctioned on the strength of letter issued by such authorities and undertaking in the prescribed form to be given by the employee borrower.
21.12.1990	Second mortgage – Para 7	There could be no objection in allowing employee borrower to create a second charge in favour of financial institutions like LIC, HDFC, Banks etc. on the property on which charge in favour of company is already created and the company's security by way of first charge is not affected in any way. In no case pari-pasu charge is allowed. Subsequently, in case of GGVL pari-pasu charge is allowed.
27.1.1995	Amendment to housing loan scheme	Introduction of new provision – Para 2(A) – second loan at normal rate of interest for certain specified purposes <ul style="list-style-type: none"> - revision in quantum of loan in case of loan for extension/renovation of an existing house/flat - para 2(a)(vii) - Para 7 - reduction in margin of collateral security from 100% to 50% – para 7(e)(i) - Para 7(dd) - pari-pasu charge in favour of GIC HFL
19.10.1982	Collateral Security – release of – Para 7©	In case of maturity of the LIC Policy given as collateral security, the amount received by way of term installment may be repaid to employee borrower instead of adjusting the same against housing loan amount. However, in case the facility of paying “interest only” is availed during the balance period of service without payment towards principle amount, the maturity amount/interim payment of collateral security should be adjusted against the outstanding housing loan.
	Collateral Securities – Para 7(e)	Refer para 7(e) of Housing Loan Scheme.

		<p>The following LIC policies are accepted as collateral security :</p> <ul style="list-style-type: none"> - Jeevan Mitra and Jeevan Sathi (AI dated 19.2.1986) - In case of Jeevan Mitra policies, credit may be given for double the sum assured provided policy term is 20 years and policy matures before retirement (AI dated 19.8.1991) - Jeevan Griha A Policy (AI dated 26.3.1992) - Jeevan Griha C Policy (AI dated 3.9.1993) - Bima Kiran Policy (AI dated 18.9.1994) - GTIS & GSLI accepted as collateral security (AI dated 4.2.1999) <p>In case the irrevocable authority is given to Trustees of Provident Fund to adjust the entire credit balance with interest towards outstanding housing loan, the withdrawals/loans from PF may be allowed provided sufficient security in the form of LIC policy maturing on or before the date of retirement is furnished to cover the shortfall, if any, towards collateral security resulting from withdrawals/loan from PF (AI dated 19.7.1995).</p>
20/28.4.81	Interest on housing loan – Para 8	<p>The interest should be charged till the date of resignation, retirement, death and not till the amount is realised from the terminal benefits.</p> <p>However, in case of dismissal, interest is to be charged till the full amount of outstanding loan is realised.</p>
15.3.1983	Rate of interest – Para 8	In case additional structure is put up with the Employees' own resources, additional interest may not be charged if the additional structure is exclusively let out.
14/17.5.1999	Conversion of supplementary loan of scheme loan – Para 8	Conversion of supplementary loan outstanding as on 21.11.1997 to the extent of revised eligible scheme loan
27.3.1987	Enhanced interest for letting out of premises – Para 8	In case the employee fails to submit declaration in a particular year, the high rate of interest to be charged only from the date of the last declaration and not from the date of grant of loan.
9.1.1992	Para 8 of Housing Loan Scheme	<p>Specifies rate of interest on housing loan. In terms of Interest Tax Act provision, the interest rates are increased by 0.25% w.e.f. 1.10.1991 as under :</p> <ul style="list-style-type: none"> - to individual employee borrowers – 5.25% p.a. - to members of Employees' Co-op. Housing Societies – 4.75% p.a. - in case of letting out of premises acquired with loan assistance – 7.75% p.a. - In case of second loan at 11% p.a., 11.5% p.a. (AI dated 29.4.1992)
20.7.1990	Insurance – Para 10	In terms of para 10 of the Housing Loan Scheme, companies to ensure that the employee borrower availing housing loan complies with the provisions of para 10 by depositing every year insurance policies covering the individual house/flat/ apartment for the full value of the property till the entire housing loan with

		interest is repaid.
6.8.1991	Computation of ceiling on loan – Para 13(f)	The basic pay is to be taken into account as on the date of application of loan. However, keeping in view the date of revision of quantum of housing loan, the basic pay as on the date of revision may be taken into account provided the construction is not completed.
18.5.1990	Situation of property – Para 14	Para 14 of the Housing Loan Scheme substituted by the following para, viz:- Loan for the purposes enumerated in para 2 will be available to employees in respect of properties situated anywhere in India.
19.10.1983 & 22.9.1988	Suspension – Para 15	Application for housing loan of employees under suspension shall not be considered. In case some installments are already released, the matter may be examined in the light of the facts of the case. However, in cases where although the employee is not suspended but the disciplinary proceedings are contemplated/pending, the Competent Authority may take a decision on the merits of each case taking into account the gravity of charges, penalty likely to be imposed in case the charges are proved, etc.
8.10.1987	Joint housing loan – Para 15(1)	It is necessary to obtain joint undertaking on stamp paper of appropriate value to protect the interest of the Corporation in the event of either the husband or the wife leaving the industry before the entire loan is repaid. Draft for the purpose enclosed with AI.
16.10.1986	Enhancement of housing loan consequent on revision of wages retrospectively – Para 15(4)	Additional loan allowed in cases where loan applications were pending as on the date of revision taking into account the PF, Gratuity on increased wages.
11.7.1988	Additional loan on the basis of promotion to higher cadre – Para 15(4)	Employees who are promoted to a higher cadre after housing loan is sanctioned to them, additional loan may be allowed on the basis of higher entitlement in the promoted cadre, provided the construction is not complete or the full sanctioned loan has not been disbursed as on the date of application for additional loan.
22.6.1981	Transfer of an employee from one subsidiary to another – Para 15(4)	In case of transfer of employees from one subsidiary to another or from subsidiary to Corporation and vice versa, housing loan sanctioned to such employee and remaining outstanding on the date of transfer should be reimbursed to the subsidiary or the Corporation as the case may be, by the subsidiary to which the employee is transferred together with interest upto the date of transfer and the documents of securities executed should be endorsed in favour of the Subsidiary/Corporation as the case may be.
20.12.1990	Loan for extension of house owned by spouse of the employee – Para 15(4)	Loan for extension of house owned by spouse of the employee is allowed in case of purchase of flat in a Co-op. Hsg. Society after getting consent of the spouse for

		<p>creating charge on the property in favour of the company for the housing loan advanced to the employee.</p> <p>In case of loan for construction of house on a plot of land belonging to the spouse, the same may be allowed subject to following conditions :</p> <ul style="list-style-type: none"> - the spouse is the absolute owner of the land and there are no adverse right, title and interest on the land and that she/he can legally charge the land in consideration of the housing loan being given to the employee. - the spouse joins in the execution of all the security documents and confirms the charge of the company on the land. - The spouse files a declaration/affidavit acknowledging the debt of the employee and consideration upon which she/he has joined the execution of the security documents. - The security documents should be suitably worded to take care of this aspect.
9.9.1991	Release of final installment read with AI dated 13.10.1992 & 19.10.1994 – Para 15(4)	<p>In absence of Occupation Certificate, the last installment of housing loan may be released, provided:–</p> <ul style="list-style-type: none"> - the construction is complete in all respects and the employee borrower is occupying the same. - Application has been made to Appropriate Authority for issuing Occupation Certificate and a copy of the same is produced. - <i>Deleted vide AI dated 13.10.1992.</i> - Architect's certificate stating that the construction is complete in all respects and is as per the approved plans, is submitted. - Employee borrower gives an undertaking to obtain and submit the Occupation Certificate, failing which the company will have the right to recall the entire loan with interest.
15.7.1991	Amortisation table for supplementary loan – Para 15(4)	The amortisation table giving break-up of principle and interest for loan of Rs.1000/- repayable in 60 to 360 installments at interest rates ranging from 12% to 16% is given alongwith the AI.
9/15.3.95	Enhancement of housing loan – Para 15(f)	In cases where the housing loan has been sanctioned prior to 1.11.1993, but construction is not completed as on 1.11.1993, the 30% limit as per para (f) may be arrived at on the basis of revised gross monthly emoluments on account of release of additional increment.
10.1.1984	Limit of loan with respect to deduction from gross monthly emoluments - Para 15(f)	The prescribed limit may be applied to the notional gross monthly emoluments of the concerned employee one year after the date of sanction of housing loan.
27.3.1980	Additional loan due to escalation of cost of construction – Para 15(6)	<p>The additional loan may be sanctioned to employees due to the escalation inn the cost of construction.</p> <p>Available to employees who have not fully utilised the quantum of loan under the scheme to which they are</p>

		<p>eligible.</p> <p>Allowed for the purpose of completion of construction and in not allowed if construction is complete.</p> <p>Employee to execute fresh documents.</p>
21.5.1985	Additional loan after the construction is completed – Para 15(6)	Additional loan may be allowed upto maximum eligibility limit as on the date of original housing loan application, for providing functional and essential housing facilities for eg. Doors, windows, toilets etc., in case of construction put up by Housing Board/local authorities. Vide AI dated 6.1.1992 – even in case of constructions by private builders, the above instructions have been extended.
6.1.1992	Amendments	<p>Para 1 - Annual allocation of housing loan fund to be continued at 2% of the previous years net premium income in India.</p> <p>Para 2 - Employees not fulfilling service eligibility criteria and availing loan from GIC HFL may be allowed loan upto their entitlements for the repayment of outstanding loan with GIC HFL provided the GIC HFL loan is thereby fully extinguished.</p> <p>Para 3 - Employees have option to avail supplementary loan either from the Corporation or from GIC HFL, but not from both.</p> <p>Para 7 - Loans on pari-pasu charge basis from GIC HFL is allowed. A draft of the undertaking to be issued by Corporation to GIC HFL is prescribed.</p> <p>Para 8 - Para 8(ii) – w.e.f. 1.1.1992 - provision of charging higher rate of interest (7.5% p.a.) in cases where the accommodation is let out, has been relaxed in case of employees having been transferred out of the centre where they have acquired accommodation with loan assistance and house/flat/apartment is rented out by the employee to the Corporation.</p> <p>Para 8(iii) – providing concessional rate of interest of 4.5% p.a. relaxed even if the membership is 90% from general insurance industry.</p> <p>W.e.f. 1.10.1991 the supplementary loan will carry interest at the prevailing rate of interest charged by GIC HFL to the public.</p>
		<p>Para 5© - providing for second loan at 11% interest under special circumstances is deleted. Instead provision of transfer of loan to the new accommodation is introduced.</p> <p>Para 2 -In case of employees from ex-servicemen category, the service eligibility is reduced to 2 years.</p>
11.4.1996	Clarifications to HLS as amended in October 1994	The clarifications are attached.

7.12.2000	Rate of interest	In terms of Interest Tax Act provision, the interest rates were increased by 0.25% w.e.f. 1.10.1991. The additional interest of 0.25% has been withdrawn by the Government w.e.f. 1.4.2000, as under :			
			Old	New	
		to individual employee borrowers	5.25% p.a.	5.00% p.a.	
		to members of Employees' Co-op. Housing Societies	4.75% p.a.	4.50% p.a.	
		in case of letting out of premises acquired with loan assistance.	7.75% p.a.	7.50% p.a.	
6.8.2002	Revision in rate of interest of supplementary loan.	W.e.f. 13.4.2002 the current rate of GIC HFL are as under : - Rs.20,000-Rs.25,000 – 5-15 years – 9.75% p.a. - Rs.25,001-Rs.50 lacs – upto 6 years – 10.25% p.a. - Rs.25,001-Rs.50 lacs – 7-15 years – 10.75% p.a. Proposal involving loan term exceeding 15 years would continue to attract additional interest @ 0.25% over and above applicable rate of interest (vide AI dated 6.8.2002).			
31.12.2002	Revision in quantum of loan and rate of interest	The ceiling on total quantum of loan that Scheme Loan @ 5% p.a. and Supplementary Loan @ 7.5% p.a., taken together will not exceed overall loan limit of Rs. 7.5 lacs for metro cities and Rs.6 lacs for other cities is being done away with and instead total cadrewise loan limits are prescribed w.e.f. 1.1.2003 as under :-			
		Cadre	Scheme Loan	Supplementary Loan	Maximum Total Loan (Scheme + Supplementary)
			@ 5% p.a. (Rs.)	@ 7.5% p.a. (Rs.)	(Rs.)
		Subordinate Staff	1,50,000	2,50,000	4,00,000
		Record Clerks	2,00,000	3,00,000	5,00,000
		Assistants/ Sr.Assts./ Stenos	2,50,000	3,50,000	6,00,000
		AAO/ AO	3,00,000	4,00,000	7,00,000
		Asst. Managers	3,40,000	4,60,000	8,00,000
		Dy.Managers/ Managers	3,75,000	4,75,000	8,50,000
		AGM	3,75,000	5,25,000	9,00,000
		GM & above	3,75,000	6,25,000	10,00,000
	Limit on monthly installment – Para 13(f)	The deduction towards loan should not exceed 45% of the gross monthly emoluments of the employee borrower.			
	Conversion of supplementary loan	All the existing supplementary loans availed from the Corporation or GIC HFL which are outstanding as on 1.1.2003 will be allowed for conversion to the scheme loan or supplementary loan at respective rate of interest subject to the employees' revised cadre eligibility.			

15.10.2003	Revision in quantum of Scheme Loan	The quantum of scheme loan is increased by Rs.25,000/- in each cadre without changing the existing total cadre loan w.e.f. 1.1.2003, as under:			
		Cadre	Scheme Loan	Supplementary Loan	Maximum Total Loan (Scheme + Supplementary)
			@ 5% p.a. (Rs.)	@ 7.5% p.a. (Rs.)	(Rs.)
		Subordinate Staff	1,75,000	2,25,000	4,00,000
		Record Clerks	2,25,000	2,75,000	5,00,000
		Assistants/ Sr.Assts./ Stenos	2,75,000	3,25,000	6,00,000
		AAO/ AO	3,25,000	3,75,000	7,00,000
		Asst. Managers	3,65,000	4,35,000	8,00,000
		Dy.Managers/ Managers	4,00,000	4,50,000	8,50,000
		AGM	4,00,000	5,00,000	9,00,000
		GM & above	4,00,000	6,00,000	10,00,000