

Copy communicated to all the heads of
department.

Sd/- S.N.Palaniswamy
for Commissioner

/True copy forwarded/

Manager

PlJ. 13.9.

Copy of:

GOVERNMENT OF TAMILNADU

From
Thiru C.Chellappan, I.A.S.,
Secretary to Government.

Housing and Urban Develop-
ment (C1) Department,
Fort St. George, Madras.9.
Letter No.60210/C1/88-2
dated 13th March 1989

To
All Collectors.
All Heads of Departments.
All Secretaries to Government.

Sir,

Sub: Loans and Advances - House Building
Advance - Recovery of interest - Instruc-
tions - Issued.

Ref: 1) Government Letter No.49047/C3/84-3
Dated 28.10.86.
2) From the Accountant-General (A&E) Letter
No. AG(A&E) SMII/II/15-70/88-89/58
Dt. 11.11.88.

I am directed to state that the Government have come across several instances where the interest on the house building advance has not been charged as per the rules and that the recovery commenced at the appropriate time inspite of specific instructions already issued in the matter. In the Government Letter first cited, it was clarified that the interest to be recovered from the loanee Government Servant, based on the proceedings issued by the District Collector has to be got confirmed by the Accountant-General, Tamil Nadu. The Accountant-General in his letter second cited, has requested the Government to issue revised clarifications so as to fall in line with the provisions in para 4(a) under Article 227 of the Tamil Nadu Financial Code Volume-I and for sending the interest calculation statements in respect of non-gazetted servants who have been sanctioned house building advance to his office for record.

2. The Government have examined the matter and issue the following instructions regarding the recovery of the interest on the house building advance sanctioned to Government Servants.

p.t.o

(i) Rate of Interest:- As per Rule 6 of house building advance rules, the advance granted under these rules shall carry simple interest from the date of advance, the amount of interest being calculated on the balance outstanding on the last days of each month. The rate of interest fixed by the Government from time to time and current at the time of disbursement of the first instalment of the loan will be applicable to the advances made in accordance with these rules. Detailed instructions have already been issued in Government Letter No.21243/C1/84-10 dated 24.6.1985 regarding the method of calculation of interest where differential rates of interest are involved.

(ii) Period of payment:- As per rule 8 of the House Building Advance Rules, the interest shall be recovered in not more than 60 monthly instalments. Recovery from Death-cum-Retirement Gratuity may be made in cases where the loanee is not having a service period of 60 months for repayment of the interest. The authority which issued formal sanction for the advance shall decide whether the interest is recoverable from the pay of the loanee during the service period itself or from the Death-cum-Retirement Gratuity or from pay and Death-cum-Retirement Gratuity with reference to Rule 4(b) and 8 of the House Building Advance Rules and the Pay and Dearness Allowance drawn by the loanee Government Servants at that time.

(iii) Procedure to be adopted:- As per the provisions in para 4(a) under Article 227 of Tamil Nadu Financial Code Volume-I in respect of all interest bearing advances sanctioned to non-gazetted Government Servants, the responsibility for calculation of interest shall rest with the Head of Office and that the correctness of the interest will however be checked by the Accountant-General during the post audit. As per the orders issued in Government Memo.No.63891/Hg.II(1) 70-3 dated 16.12.70, the orders in regard to the interest and the mode of its recovery have to be issued when the recovery of the principal is nearing completion because only then the actual period availed of by the loanees to clear the advance will be known with due reference to the suspension of recovery etc., if any and the interest can be correctly calculated for the entire period of duration of the advance. The calculation of interest on house building advance and the issue of orders for its recovery may be done just after the last but two instalments of the principal has been recovered. As per the orders issued in G.O. Ms.No.99 (Housing) dated 13.1.72, the authority which issued the formal sanction of the advance is responsible for watching the commencement of the recovery of the advance on the due date and completion of recovery of the advance with interest according to rules. The Government had occasions to notice that the sanctioning authorities seldom issue orders fixing the quantum of interest on the house building advance and the rate of recovery from the Pay and from the Death-Cum-Retirement Gratuity etc., As a result, the Drawing Officers/Treasury Officers/Accountant-General may not be aware of the mode of recovery towards the repayment of the interest on the house building advance. In the circumstances stated, the Government direct that the

Head of Office in which the loanee happens to serve at the time of completion of repayment of principal of house building advance should initiate action, to work out the quantum of interest due on the house building advance, in consultation with the other Heads of Offices in which the loanee happened to work previously if needed and send proposals to the authority which issued formal sanction for the advance. The authority which issued formal sanction for the advance shall issue orders fixing the quantum of the interest due on the house building advance clearly indicating the number of instalments in which the amount of interest has to be recovered, the amount to be recovered from pay during the service period itself and the amount to be recovered if any from the Death-cum-Retirement Gratuity. A copy of the order shall be marked to the Accountant-General(A&E) along with the interest calculation statement for record and post audit. The authority which issued formal sanction shall be responsible for watching the commencement of the recovery towards the payment of the interest and completion of recovery. The sanctioning authority shall therefore, open a Register to keep track of the date on which the recovery of the interest shall be commenced and initiate action in consultation with the Head of Office in which the loanee happens to work at that time when the recovery towards repayment of principal will be over. The Head of Office shall be responsible for the recovery of the interest as ordered by sanctioning authority. The confirmation of the Accountant-General (A&E) regarding the correctness of the quantum of interest to be recovered as clarified in the Government letter first cited need not be obtained in Government respect of non-gazetted Government servants. In regard to self-drawing officers, the authority which issued formal sanction shall issue orders as mentioned above in consultation with Treasury Officer/Pay and Accounts Officer/Accountant-General regarding the interest to be recovered, rate of recovery etc.,

Yours faithfully,
Sd/-
for Deputy Secretary to
Government.

Copy to :

xx xx xx

/True copy/