

**Press Information Bureau
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Ministry of Housing & Urban Affairs**

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House Building Advance 2017

The Government has revised the House Building Advance (HBA) rules for Central Government Employees incorporating the accepted recommendations of the 7th Pay Commission. Following are the salient features of the new rules:-

1. The total amount of advance that a central government employee can borrow from government has been revised upwards. The employee can up to borrow 34 months of the basic pay subject to a maximum of Rs. 25 lakhs (Rs. Twenty Five Lakhs only), or cost of the house/flat, or the amount according to repaying capacity, whichever is the least for new construction/purchase of new house/flat. Earlier this limit was only Rs.7.50 lakhs.
2. Similarly, the HBA amount for expansion of the house has been revised to a maximum of Rs.10 lakhs or 34 months of basic pay or cost of the expansion of the house or amount according to repaying capacity, whichever is least. This amount was earlier Rs.1.80 lakhs.
3. The **cost ceiling limit of the house** which an employee can construct/ purchase has been **revised to Rs.1.00 crore with a proviso of upward revision of 25%** in deserving cases. The earlier cost ceiling limit was Rs.30 lakhs.
4. **Both spouses, if they are central government employees, are now eligible to take HBA either jointly, or separately.** Earlier only one spouse was eligible for House Building Advance.
5. There is a provision for individuals migrating from home loans taken from Financial Institutions/ Banks to HBA, if they so desire.
6. The provision for availing '**second charge**' on the house for taking loans to fund balance amount from Banks/ Financial Institutions has been simplified considerably. '**No Objection Certificate**' will be issued along with **sanction order of HBA, on employee's declaration.**
7. **Henceforth, the rate of Interest on Housing Building Advance shall be at only one rate of 8.50% at simple interest** (in place of the earlier four slabs of bearing interest rates ranging from 6% to 9.50% for different slabs of HBA which ranged from Rs.50,000/- to Rs.7,50,000/-) .
8. This rate of interest shall be **reviewed every three years.** All cases of subsequent tranches/ installments of HBA being taken by the employee in different financial years shall be governed by the applicable rate of interest in the year in which the HBA was sanctioned, in the event of change in the rate of interest. HBA is admissible to an employee only once in a life time.
9. **The clause of adding a higher rate of interest at 2.5% (two point five percent) above the prescribed rate during sanction of House Building Advance stands withdrawn.** Earlier the employee was sanctioned an advance at an interest rate of 2.5% above the scheduled rates with the stipulation that if conditions attached to the sanction including those relating to the recovery of amount are fulfilled completely, to the satisfaction of the competent authority, a rebate of interest to the extent of 2.5% was allowed.
10. The methodology of recovery of HBA shall continue as per the existing pattern recovery of principal first in the first fifteen years in 180 monthly instalments and interest thereafter in next five years in 60 monthly instalments.
11. The house/flat constructed/purchased with the help of House Building advance can be insured with the private insurance companies which are approved by Insurance Regulatory Development Authority (IRDA).
12. This attractive package is expected to incentivize the government employee to buy house/ flat by taking the revised HBA along with other bank loans, if required. This will give a fillip to the Housing infrastructure sector.

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