

LOANS AND ADVANCES

1. **Kinds of Loans and Advances.**— The loans and advances made by the University of Sargodha fall under two main heads-loans and advances bearing interest and interest free advances. In the former category are advances made to its employees for building houses and for purchase of conveyance, General Purpose loans etc. Under the latter category come advances made to employees on tour and transfer.
2. **Employees eligible to get advances.**— As a general rule advances are not payable to employees who are not in its regular and permanent employment, because their pay does not constitute adequate security for the advances. In special cases, however, and subject to such conditions as may be specified, temporary employees holding posts on regular basis may also be allowed the advances. Except as otherwise provided in these regulations no advance is permissible to an employee who is likely to retire before complete recovery can be effected.
3. **Interest on advances.**— (1) Simple interest at the rate fixed by Government for similar loans should be charged on advances granted to employees for building houses or for purchase of conveyance. Where an advance is drawn in more than one installment, the rate of interest recoverable should be determined with reference to the date on which the first installment was drawn. The interest is calculated on the balance outstanding on the last day of each month. If an employee dies before retirement, no recovery will be made on account of interest. In case recoveries on account of interest were in progress at the time of death, no recovery will be made for the remaining amount of interest due.
 - (2) The following exceptions are permissible to the general rule laid down in sub-regulation (1) above:
 - (a) No interest will be charged from employees on advances for the purchase of cycles.
 - (b) No interest will be charged on House Building Advances from employees in Basic Pay Scale-1 to 15.
 - (c) In case an employee, who was in Basic Pay Scale-15 or below at the time when house building advance was sanctioned to him, is promoted to Basic Pay Scale-16 or above, no interest shall be charged from him. However, if the amount of advance is revised on the basis of his pay in Basic Pay Scale-16 or above, interest will become payable under the normal rules / orders / regulations.
 - (d) In case an employee, who was in Basic Pay Scale-16 or above when house building advance was sanctioned to him, is reverted to post in Basic Pay Scale-15 or below, interest will be charged from him under the normal rules, orders and regulations.

- (e) The employees who do not claim interest on GP / CP balances will be granted house building advance, motor car advance and motor cycle advance free of interest.
- (f) The employees who had made their GP / CP fund account interest free, no interest, would be charged on the balance of the Advance that stood outstanding against them.

4. **Authorities competent to sanction advance.**– (1) Save in the case of advances of pay and travelling allowance on transfer and travelling allowance on tour, advances may be sanctioned by the Competent Authority or an Officer authorized by him in this behalf. Advances of pay and travelling allowance on transfer may be sanctioned by the authority competent to order transfer. Advances of travelling allowance on tour may be sanctioned by the authority competent to sanction tour.

(2) For all interest bearing advances, a competent authority should not issue a sanction unless availability of the funds in the year in which payment is proposed to be made.

5. **Recovery of advances.**– The amount of advance is recovered from the monthly pay bills in such installments as may be specified. This should not be affected by the fact of the borrower being on leave of any kind and drawing leave salary or being under suspension drawing the subsistence grant. During the extraordinary leave without pay and allowances, the installments should be recovered in cash. If the employee fails to pay the installment in cash, the arrears of installments should be recovered in lump sum from the first payment of pay and allowances, which may become due at the end of leave.

6. **House building advances.**– (1) A competent authority may sanction the grant of advance to an employee for construction of a new house or completely reconstructing a house or extending / renovating a house already owned by the employee at any place in Pakistan including Azad Kashmir and the Northern Areas from the funds of the University of Sargodha.

(2) The advance is granted only once in service for the construction of a new house and for the bonafide residential requirements of the employee himself. A second advance may, however, be granted to an employee for the construction of house in Sargodha subject to the condition that the employee concerned has fully repaid the house building advance already drawn from the University together with interest accrued thereon.

(3) The advance should not exceed 36 months pay, of an employee. Advance from GP / CP Fund account for the construction of house will not be taken into account for the purposes of calculating total house building advance to which an employee is entitled.

7. Advance for the construction of a new house may be drawn in two equal installments; the first will be paid on production of documents establishing proprietary rights in the land and the second will be paid only when the house reaches plinth level.

8. An advance granted for purchase, reconstructing or renovating a house may be drawn in one installment, provided the execution and registration of mortgage deed is duly completed and the interest of the University is fully secured. The total amount drawn in one installment should be utilized within eighteen months of its drawl. The recipient is also required to give a certificate at the end of the financial year, duly supported by a certificate of his immediate superior, as to how much money drawn has been utilized for the purpose for which it was drawn and the reasons for short utilization.
9. The repayment of advance commences from the fourth issue of pay after the first installment is taken and is completed in 120 installments. In case of employees in Basic Pay Scale-1 to 6 recovery is to be made in 240 installments. The total recovery of advance should be followed by recovery of interest in suitable installments in such a way that the amount of installment should not exceed the amount of installment of the advance. The monthly rate of recovery should be fixed in whole rupees except in the case of last installment when the remaining balance including the fraction of a rupee should be recovered.
10. In the case of employees who are due to attain the age of superannuation within ten or twenty years, as the case may be, the amount of advance should be reduced so much as would enable the recovery of the advance together with the interest thereon at a rate not exceeding one fourth of pay in anyone month, before attaining the age of superannuation:

Provided that in the case of an employee holding a post in Basic Pay Scale-1 to 6 full amount may be granted between the ages of 40 to 48 subject to a written undertaking being furnished by the employee to the effect that deductions on account of repayment of amount of advance and interest may be made from his pay at such a uniform rate not exceeding 1/4th of pay so that the amount of advance and interest thereon is repaid in full before the date of superannuation.
11. (1) In order to secure the University from a loss consequent on an employee death or leaving service before the repayment of advance together with interest is completed, the house so built and the land on which it stands, should be mortgaged to the Competent Authority which will be released only when the entire amount of advance and interest is liquidated. The mortgage deed and the re-conveyance should be executed in the prescribed forms. The sanctioning authority should scrutinize the deed and record a certificate regarding its correctness. The mortgage deed should be registered within 4 months of its execution. The deed will be kept in the custody of the sanctioning authority until the advance and interest is fully repaid.

(2) An employee drawing advance both from the fund of the university and from his GP / CP Funds account will have to execute separate mortgage deeds covering the amount of advance from resources of the University and GP / CP Funds account and get them registered.
12. (1) The employee applying for the advance must satisfy the sanctioning authority regarding his title to the land upon which the house is proposed to be built. In

cases of doubt the Revenue, Registration and Law Authorities may be consulted. It should be seen that the employee concerned has undisputed title to land and there will be no legal obstacle to the property being mortgaged to the Competent Authority and that the Competent Authority will have the right of foreclosing on the condition mentioned in the mortgage bond.

(2) There is no objection to the grant of advance to an employee who has a lease on a plot of land of which the unexpired portion is of a term and value sufficient to justify the grant of the advance and that there is no danger of the lease lapsing or of the University not being able to dispose of it, should it become necessary to foreclose the mortgage. In examining the mortgagor's title care should be taken to see that the lease does not prevent any sub-demise by the lessee (the mortgagor). The mortgage bond in such cases will be executed in the prescribed form.

13. If the land is mortgaged and deed registered, it is permissible to advance upto 70% of the total amount of house building advance.
14. The advance may be allowed for the purchase of land or for leasing land on which to construct a house if the other conditions laid down in these regulations are satisfied and the total amount of the advance for the purchase or leasing of the land does not exceed 36 months pay of the employee. The employee should sign an agreement in the prescribed form at the time of taking an advance for the purchase of land and the amount should not exceed what is required for, the purpose. A mortgage deed in the prescribed form should be executed before any further advance is drawn for the purpose of constructing a house. The mortgage deed must be registered within four months of its execution. The employee who acquires land on lease should sign an agreement in the prescribed form at the time of taking an advance for the leasing of land and the amount should not exceed what is required for the purpose. A mortgage deed in the prescribed form should be executed before any further advance is drawn for the purpose of constructing the house. The mortgage deed must be registered within four months of its execution.
15. **Advance to purchase land from the University etc.-** (1) Advance may also be given where considered to the employees who purchase land in any part of Pakistan from the University for the purchase of land or for leasing land on which to construct a house, if the other conditions, laid down in regard to the grant of house building advance, are satisfied and the total amount of the advance for the purchase or leasing of the land and the construction of the house does not exceed 36 months pay of the official concerned. As prescribed under these regulations the drawal of advance is permissible by installments and each such installment should not exceed the amount, which is actually required for expenditure within three months. Each installment is usually limited to 25% of the total house building advance. However, the first installment of the advance on account of cost of land in Sargodha purchased from the University may be raised from 25% to 40% of the total amount of the advance admissible to the employee and allowed subject to the fulfillment of other conditions as laid down in these regulations. The balance of the advance on account of construction of house

may be drawn in two equal installments after the necessary formalities required under the regulations have been completed.

(2) The recoveries in respect of the house building advances which have been drawn only to the extent of the amounts payable to the University towards the cost of land (including the balance payable to the University on that account) may be made in 40 monthly installments. The rate of recovery increased until the employee concerned has actually drawn further installments required for the construction of the houses. After drawal of the installments for the purpose of construction the rate of recovery should be so regulated that the entire advance together with the interest thereon is recovered within 10/20 years calculated from the date on which recovery of the advance commenced. This period of 10 years will be suitably reduced in the case of an employee who has attained the age of 45 years on or before the date on which recoveries start in accordance with the existing orders, to enable the recovery of the total advance plus interest, being effected before the date of retirement.

(3) The above relaxation will not be allowed to employees who obtained house building advance for constructing houses at stations other than Islamabad.

16. **Advances for newly constructed flats in multi-storied buildings.**— Advance may be granted for the purchase of a newly constructed flat (immediately after construction and before it is let out or otherwise occupied by anyone) in multi-storied buildings subject to the following further conditions:
- (a) Before receiving the amount of the advance or payment of the amount to the construction agency direct vide sub-regulation (2), the employee concerned shall be required to execute an agreement in the prescribed form; and after purchase of the house or the flat is complete, to execute and register the mortgage deed in the prescribed form as security for repayment of the amount advanced with interest.
 - (b) Satisfactory evidence should be produced, within three months of the drawal of advance, to show that the amount of advance has been spent on the purchase of flat. This can be done by showing the valid legal receipt issued by the construction agency in token of the purchase deed.
17. Where the employee desires that amount of advance granted in accordance with regulation 9.16 may be paid directly to the construction agency, he may indicate this in his application for the grant of advance. In such a case the drawing and disbursing officer will arrange for direct payment of the sanctioned amount to the agency concerned and obtain a valid receipt in the name of the employee and hand over the same to him.
18. **Revision of house-building advance.**— The revision of house building advance is admissible if the following conditions are fulfilled:-
- i. The increase in pay otherwise than by accrual of time scale increments is not less than 20%;

- ii. The net amount payable against the revised sanction be arrived at after the adjustment of any amount drawn against the original sanction, whether that amount, or any part thereof, has been repaid or not;
- iii. The installments of recovery will be re-fixed so as to recover the total amount minus the amount already repaid within the maximum period originally prescribed;
- iv. The revision will be admissible only if the event entitling the employee for the revision of the advance takes place within a period of 12 months prescribed for the completion of house from the date of the drawal of the first installment of advance for construction, as distinct from the installment for development charges;
- v. The revision will not be allowed if the house has been completed and occupied by anyone; and
- vi. If the mortgage deed is already executed and registered for the advance originally sanctioned, the mortgagor may be required to execute a new separate deed in the prescribed form. The new deed should also be registered under the Registration Act.

19. **Advances for purchase of conveyance.**— The employees may be granted advances for purchase of conveyance if the competent authority is satisfied that the maintenance of a conveyance will be in the interest of service. The advance may be sanctioned by the Competent Authority.

20. **Advance for purchase of motorcar.**— (1) Subject to the general provisions of regulation 9.19 and any subsidiary instructions issued from time to time, an employee drawing pay of Basic Pay Scale- 16 or above may be granted advance for the purchase of a motor car. The total amount advanced should not exceed Rs. 400,000/- or the anticipated price of car whichever is less. If the actual price paid, is less than the advance drawn by an employee he should forthwith refund the balance to the University.

(2) When the advance has been approved for an employee who is on leave or about to proceed on leave he should not be allowed to draw the advance before expiry of leave.

21. The recovery of the advance will start from the first issue of pay after the drawal of the advance, will be in whole rupees and completed in 60 (sixty) equal installments. It may be recovered in smaller number of installments if the employee concerned so desires. The interest will be recovered in one or more installments, the amount of installment not being higher than that of the principal. The recovery of interest should commence from the month following the month in which the recovery of the principal is completed.

22. If the recovery of the advance has not been completed and any employee wants to sell the car purchased with the aid of advance, he should obtain the permission of the competent authority. In all cases where a car is proposed to be sold before the complete recovery of the advance together with the interest, the sale proceeds must be utilized towards the repayment thereof. If the car is sold in

order to purchase another car a competent authority may allow the sale proceeds to be applied for the purchase of another car on the conditions that:-

- i. the amount outstanding should not be permitted to exceed the cost of new car;
- ii. the amount outstanding will be continued to be repaid at the rate already fixed; and
- iii. the new car should be mortgaged and insured as usual.

23. When an employee has drawn the advance he is expected to complete the negotiations for purchase of car and pay finally within one month of the date of drawal of advance. If this is not done, the entire amount together with the interest should be refunded to the University immediately except in such cases where the sanctioning authority has granted him an extension.

24. At the time of drawal of advance the employee should be required to execute an agreement in the prescribed form. When the purchase has been finalized the employee should further be required to execute a mortgage deed in the prescribed form hypothecating the car to the Competent Authority as security for the advance. The cost price of the car should be entered in the schedule of specifications attached to the mortgage deed. The sanctioning authority should furnish to the Officer concerned in the Finance / Accounts, a certificate that the agreement in the prescribed form has been executed and signed by the employee and that it has been examined and found to be in order. The mortgage bond should be kept in the safe custody of the sanctioning authority until the recovery of the advance is completed and then it may be cancelled and returned to the employee concerned after a clearance certificate as to the complete repayment of advance and the interest has been given by the Officer concerned in the Finance / Accounts.

25. The car must be insured against full loss by fire, theft or accident. It should be a comprehensive insurance policy. Insurance on owner-driven, 'third party insurance' or other similarly qualified terms is not sufficient. In case of purchase of second hand car third party insurance is permissible provided the employee furnishes the following undertaking:

- (a) He will not seek any abatement, relief or waiver of the outstanding amount of advance in case of damage to or loss of vehicle; or
- (b) In the event of the employee's demise, the balance will be recovered from the gratuity / pension or other dues payable to the heirs.

The insurance should be effected within one month of the date of purchase.

26. As soon as the purchase is finalized, mortgage deed executed and insurance effected the following documents should be submitted by the sanctioning authority to the Assistant Director (Finance & Accounts) concerned:-

- (a) Vendor's receipt;
- (b) Mortgage Bond;

- (c) Insurance policy; and
- (d) A letter in the prescribed form to the Insurance Company to notify to them that the Competent Authority in the interested insurance policy secured.

The Assistant Director (Finance & Accounts) will scrutinize the above documents and with the exception of the letter mentioned at (d), return them to the sanctioning authority. The letter to the Insurance Company will be sent to the insurance company concerned and their acknowledgement obtained. In the case of insurance effected on annual basis, this process should be repeated every year until the advance is fully repaid to the University.

27. **Advance for purchase of motor cycle.**— An advance for the purchase of a motor cycle may be granted to an employee in BPS-1 to 15. The advance should not exceed Rs. 80,000/- or the anticipated price of the motor cycle, whichever is less. The other conditions will be the same as in the case of motorcar.
28. **Advance for purchase of bicycle.**— (1) Subject to the general provisions of regulation 9.19, an advance for purchase of bicycle may be granted to employees, whether temporary or permanent, who are in BPS-1 to 3, subject to the following conditions:-
- (a) The amount of advance should not exceed Rs. 3000/-;
 - (b) Recovery to be made in 48 installments;
 - (c) The sanctioning authority should satisfy itself that the employee will continue in service till the completion of the recovery of advance. If the employee quits the service earlier, the advance should be recovered in lump sum; and
 - (d) The sanctioning authority should also satisfy itself that the advance has actually been utilized towards purchase of a bicycle.
- (2) A second advance cannot be drawn before expiry of four years from the drawal of previous advance and unless the previous advance has been fully repaid.
29. **No interest on house building and conveyance advances if the G.P / CP Fund of the employee concerned carries no profit.**— (1) No interest may be charged on the house building and conveyance advances drawn by an employee whose deposits in the Provident Fund account carry no profit. However, if at any time in future the employee who has availed himself of this concession chooses to take profit on his Provident Fund deposits, he will be required to pay in full to the University the amount of interest accrued on the advances drawn by him from the University.
- (2) Sub-regulation (1) will also be applicable in the case of employees who have already drawn advance from the University but the recovery of interest charges accrued thereon has not been made from them.
30. **Advance of pay and travelling allowance on transfer.**— An employee under orders of transfer may be allowed advance of pay not exceeding one month's

substantive pay. He may also be paid advance of travelling allowance as admissible under the regulations. The advance of pay can also be drawn at the new station, if it is not drawn at the old station. There is no objection to an employee drawing a second advance of travelling allowance if any member of his family did not accompany him for which no travelling allowance was drawn at the time of transfer but joins him later within six months.

31. The advance should be recorded in the last pay certificate. The advance of pay is recoverable in not more than 3 equal installments and recovery will commence from the month in which the employee concerned draws full month's pay and or leave salary on joining the new appointment. The advance of travelling allowance may be recovered in full on submission of travelling allowance bill by the employee. If a single lump sum advance was drawn to cover the travelling expenses of both the employee and members of his / her family and if it so happens that members of his family do not actually make or complete the journey with him, the advance may be adjusted by submission of more than one bill. In such a case the employee should certify on each adjustment bill if submitted by him that details in respect of travelling allowance of the members family, to be specified, who have not yet completed the journey will be submitted in due course and is expected to include an amount not less than the advance remaining unadjusted in this bill. In such cases, bills should be submitted as soon as possible after the journey is completed, without resort to reminders etc, from the Finance / Accounts.

32. **Advance of travelling allowance on tour.**— (1) Advance of travelling allowance on tour may be granted to an employee proceeding on tour. The amount of advance should be sufficient to cover his personal travelling expenses.

(2) The advance should be adjusted through the travelling allowance bill immediately on return to headquarters or on the 30th June, whichever is earlier. Second advance shall not be allowed until the previous advance has been adjusted. If an employee has been paid an advance for a particular journey, the travelling allowance bill for that journey will not be admitted in audit unless the advance drawn for that particular purpose stands properly adjusted.