

**3.20 2003-04 - Administrative sanction for availing HUDCO loan of Rs.6707.29 lakhs**

Rural Development (CSS1) Department

G.O. Ms. No.16

Dated: 23.01.2004

Read:

1. G.O. Ms. No.223, Rural Development Department dated :07.11.2003
2. From Assistant Chief (Law HUDCO) Lr No.HUDCO CHRO RDD. 18139 2003-4034, dated: 09.12.2003.
3. From Director of Rural Development D.O. Lr. No.79402/00/ Sch 1.1, Dated : 11.12.2003
4. From Deputy Director (BU) Ministry of Finance Government of India. Lr. FII (18) B.S) 2003, Dated: 24.12.2003.

**ORDER**

In the Government Order first read above the Government have authorised the Director of Rural Development to avail loan assistance from HUDCO under Article 293 of the Constitution of India for IAY Housing Scheme during 2003-04. He was also authorised to execute the loan agreement with HUDCO for obtaining the loan amount of Rs.6707.29 lakhs for IAY Housing Scheme for the year 2003-04 sanction was accorded therein for a sum of Rs.16.77 lakhs towards front end fee on the loan amount and the Director of Rural Development was permitted to remit a sum of Rs.1.00 lakh being the application fee by incurring expenditure from panchayat Building Society later to be recouped by Government.

2. In the letter second read above, HUDCO has sanctioned a loan of Rs.6707.29 lakhs for IAY Housing Scheme for the year 2003-04 to Director of Rural Development subject to the terms and conditions mentioned in the annexure to this order. The loan would carry an interest at the rate of interest prevalent on the date of drawl and will be repayable in 15 years. A front end fee at 0.5% will be levied.

3. The Director of Rural Development has requested administrative sanction for availing the loan assistance offered by HUDCO and acceptance of the additional condition stipulated in the loan sanction letter.

4. The Government after careful consideration accept the offer of the HUDCO Ltd and administrative sanction is hereby accorded to Director of Rural Development for availing the loan assistance of Rs.6707.29 (Rupees Sixty seven crore seven lakhs twenty nine thousand only) from HUDCO Ltd., for implementing IAY scheme during 2003-04 with an interest rate prevailing on the date of drawal of loan. They also accept the terms and conditions of HUDCO mentioned in the annexure to this order. The State Government will meet the difference between the actual cost of completion of the project and the loans sanctioned by HUDCO.

5. The rate of interest repayment period and front-end fee applicable for IAY scheme sanctioned by HUDCO are as follows.

Scheme No.	: 28139 (IAY Construction of new houses and upgradation of kutcha houses RCC roofing cost
Rate of Interest	: 8.00 % to 10.50% less than Base Rate
Repayment period	: 15 years
Front end fee	: 0.50%

6. HUDCO has requested the acceptance of the borrower for the terms and condition applicable to the loan and action for completion of documentation and drawal of loan amount within the stipulated period.

### 3. IAY

7. The Government of India have conveyed their consent for the above loan assistance under article 293(3) of Indian Constitution in their letter fourth cited. The Government accept the terms and conditions stipulated by HUDCO for the above loan assistance. Under article 299 of constitution of India. The Government authorize Director of Rural Development to execute the loan agreement for an amount of Rs.6707.29 lakhs (Rupees sixty seven crores seven lakhs and twenty nine thousand only) for implementation of IAYscheme during 2003-04. The Director of Rural Development is directed to execute the loan agreement and it to HUDCO for execution at their end and also obtain its duplicate for record purpose. The Director of Rural Development is directed to furnish the break up particulars of the loan amount indicating the number of houses and other works proposed therefore to Government immediately.

8. Sanction is accorded for the repayment of the sum of Rs.6707.29 lakhs (Rupees sixty seven crores seven lakhs and twenty nine thousand only) together with interest thereon at the rate of 8% per annum or at the rate prevalent on the date of drawal of loan. The Director of Rural Development shall send proposals to Government after obtaining repayment schedule from HUDCO.

9. The loan sanctioned by the HUDCO Ltd, shall be drawn and credited and the repayment debited under the following Head of Account.

“6003 -00 Internal Debit of the State Government -109 – Loans from other institution AO- loans from HUDCO for construction of new Houses under IAY scheme”

DPC – 6003-00 109-AO-000D (Receipts)

DPC- 6003-00-109-AO- 0007 (outgo)

10. The interest payable to HUDCO shall be debited to the following head of account.

“2049 – Interest payments – 01 Interest on Internal Debts -200

Interest on other Internal Debts – BE loans from HUDCO for

Construction of new houses under IAY scheme – 25 interests charged (DPC – 2049-012-00 BE 0005)”.

11. The Director of Rural Development is the estimating reconciling and controlling authority for the heads of account in para 9 & 10 above. The Director of Rural Development is authorised to draw and disburse the amount of repayment of Principal and Payment of Interest to HUDCO Ltd. under intimation to Government. The Director of Rural Development is requested to send necessary Budget proposals for making budget provisions towards repayment of Principal and Payment of interest to Government in Finance (W & M.II) Department regularly. The Director of Rural Development is also directed to remit back the amount already spent for IAY scheme from BE 2003-04 to Government account immediately on drawl of loan amount from HUDCO with break up details of the expenditure incurred.

12. This order issues with the concurrence of Finance Department vide its U.O. No.1918 RD/04-01, Dated: 21.01.2004.

(By order of the Governor)

**SANTHA SHEELA NAIR**  
SECRETARY TO GOVERNMENT

**ANNEXURE  
TERMS AND CONDITIONS OF THE LOAN SANCTION  
APPLICABLE TO THE SCHEME**

- |      |  |   |                          |           |
|------|--|---|--------------------------|-----------|
| I.   | The applicable interest rate                                 | - | 8.00% of 0.50% less than | base rate |
| II.  | Front – end – fee applicable                                 | - | 0.50%                    |           |
| III. | Repayment period   | - | 15 years                 |           |
| IV.  | Documents to be furnished for finalisation of loan agreement |   |                          |           |

Immediately on receipt of this sanction letter the following documents be furnished to HUDCO to enable it to engrave the loan agreement on stamp paper of required value and sent it to you for execution.

1. An authenticated copy of State Government order passed by the Government approving and authorizing this borrowing and for execution of loan agreement on behalf of Government and for affixation of common seal.
2. Three sets of detailed drawing etc., in the prescribed size i.e. 9" x 13"

**V. Documentation period:**

The period of four months granted for completion of legal documentation is reckoned from the actual date of dispatch of sanction letter by HUDCO and actual date of dispatch of last documents required for the purpose of completion of legal documentation by the borrowing agency supported by a certificate of posting to the satisfaction of HUDCO. Where the certificate of posting to the satisfaction of HUDCO is not sent the date of actual receipt of the final document in HUDCO shall be treated as the date of completion of the legal documentation.

**VI. Conditions to be complied with for release of first loan installment.**

The first installment of loan will be released after the loan agreement has been executed and the compliance of additional conditions indicated in the sanction letter.

**ADDITIONAL CONDITIONS:-**

State Governments commitment to make budgetary provision towards repayment of HUDCO loan with interest and other dues throughout the repayment period.

2. State Governments commitment to meet the difference between the actual cost of completion of the project and the loan sanctioned by HUDCO

3. Confirmation from the state Government that (a) its borrowing powers are governed pursuant to the provisions of Article 293 of the Constitution of India and (b) the loan proposed to be raised from HUDCO is within the pecuniary limits laid down by its State Legislature.

4. Specific consent of the Government of India raising the loan from HUDCO in terms of Article 293 of the Constitution of India. This consent must be furnished prior to the drawl of the first installment of loan.