

### III. SPECIAL CONDITIONS OF GRANT OF ADVANCES FOR THE PURCHASE OF MOTOR CARS AND MOTOR CYCLES

#### A. MOTOR CARS

**Rule 21.(1) Amount of Advance.**- The total amount of advance which may be granted to a Government servant for the purchase of a motor car for the first occasion shall not exceed Rs. 1,80,000 (Rupees One lakh eighty thousand) or eight months' basic pay and dearness pay of the Government servant taken together, or the anticipated price of the motor car, to be purchased by the Government servant, whichever is the least. If the actual price of the motor car purchased by the Government servant is less than the amount of advance, then he shall refund the balance to Government forthwith.

**Rule 21. (2) Quantum of advance.**-The quantum of advance that may be granted on the second or subsequent occasions for the purchase of a motor car shall not exceed Rs. 1,60,000 (Rupees One lakh sixty thousand) or eight months' basic pay and dearness pay of the Government servant taken together, or the anticipated price of motor car to be purchased, whichever is the least.

Such second or subsequent advances for the purchase of a motor car will be admissible only after four years, reckoned from the date of drawal of the last advance, have elapsed. Provided that this restriction of 4 years shall not apply in the following cases:

(a) Where an advance had been allowed earlier for the purchase of a motor cycle but it is desired to draw the advance for the purchase of motor car.

(b) Where a Government servant disposes of his motor car in India prior to his posting abroad or deputation/training abroad lasting more than one year and returns to India without a motor car.

(c) Where a Government servant is appointed to a regular post abroad and does not take his motor car along with him.

**NOTE 1.**-The word "price" used in the above sub-rules includes the Registration money paid for in advance by the Government servant to the dealer while booking for the new car and which is later adjusted by the dealer on allotment/delivery towards the price of the new car.

**NOTE 2.-**Where a Government servant desires to keep two vehicles of different types, i.e., a motor car and a motor cycle/scooter and has purchased one type of vehicle with the advance drawn from the Government and wants to have advance for purchasing a different type of vehicle, he may be sanctioned the same under the provisions of the Compendium, as amended from time to time, without being required to sell the previous vehicle, provided he repays the outstanding amount of advance with interest before drawing the fresh advance. An advance given in such a case will be treated as second advance.

**Rule 21 (3)** A Government servant holding regular post abroad or on training/deputation abroad for period exceeding one year who is otherwise eligible for the grant of motor car advance under these rules may be granted an advance admissible to him in the above sub-rules in two installments - first at the time of purchase of the car abroad and the second at the time of payment of customs duty on the car brought in India on completion of his tenure.

**NOTE 1.-**In this rule, the expression "actual price" includes sales tax and the cost of such items, e.g., spare wheel, tyre and a tube or a pillion seat in a scooter, on the purchase of which the purchaser has no choice. It does not, however, cover the cost of certain accessories, e.g., radio in a car, plastic covers, which are not essential and are purchased by the customer of his own volition. Insurance and registration charges of the vehicle are also not included in "actual price".

**NOTE 2.-**The expression "actual price" used in this rule shall also cover in the case of first purchase, the following items:

- (i) the cost of transportation of the conveyance up to the place of the duty of Government servant concerned at the time of purchase irrespective of whether the transport is arranged by the distributors or by the Government servant himself; and
- (ii) the octroi charges actually paid.

**NOTE 3.-** The maximum amount of the advance for the purchase of a motor car by officers of the Indian Foreign Service or Central Government servants holding regular posts abroad will be the amount specified in this rule or the amount admissible from the foreign exchange angle, whichever is less. In this case, the 'actual price' may also include purchase tax payable outside India and customs duty payable in India.

**Rule 21 (4)** A Government servant who fulfils the conditions specified in Rule 21 (3) for the grant of advance for payment of customs duty and who has not drawn advance in terms of Rules 21 (1) and (2) for the purchase of motor car, may be sanctioned the advance for payment of customs duty levied on the car brought along with him to India, in one installment, as per his entitlement in terms of Rule 21 (1).

The advance paid for payment of customs duty should be regulated in accordance with the provisions of rules for sanctioning advance for the purchase of motor car.

**Rule 21 (5)** The authority competent to sanction an advance for the purchase of a motor car in terms of Rule 15 may sanction an advance not exceeding Rs. 80,000 (Rupees Eighty thousand) on first occasion and Rs. 75,000 (Rupees Seventy-five thousand) on second or subsequent occasions or the anticipated price (excluding customs duty, if any), whichever is less, to a Government servant who is otherwise eligible for the grant of motor car advance in terms of Rule 17 for purchase of a personal computer.

### GOVERNMENT OF INDIA'S DECISION

**Form of application for purchase of motor car, etc.**-Applications for advance for the purchase of a motor car or motor cycle or Personal Computer should be submitted to the sanctioning authority in Form VI of the Compendium.

[ G.I, M.F., O.M. No. F. 16-B (12) -E. II (A)/60, dated the 2<sup>nd</sup> July, 1960 and No. F.19 (4)-E. II (A)/88, dated the 22<sup>nd</sup> June, 1989. ]

**Rule 22.** Notwithstanding anything contained in Rule 17, an advance for the purchase of a conveyance shall not be granted to a Government servant who is under suspension and, if an advance has already been sanctioned to him before he was placed under suspension, he shall not be permitted to draw such advance during the period of his suspension.

**Rule 23. Recovery of Advance.**-The amount of advance granted to a Government servant for the purchase of motor car under Rule 21 shall be recovered from him in such number of equal monthly installments as he may elect, not exceeding 200. The Government servant may at his option repay more than one installment in a month.

### GOVERNMENT OF INDIA'S DECISION

**Special provision in the case of officers on deputation out of India or sent abroad before advance is repaid** .-A Government servant, who is sent on deputation exceeding 12 months out of India or is transferred to a post abroad before an advance drawn by him in India for the purchase of a motor vehicle is completely repaid by him, may, at his option, be allowed by the authority who sanctioned the advance, to repay the remaining installments in rupees in India. The Government servant should arrange to remit the amount due by Bank Draft by the

15th of every month in favour of the Accounts Officer in whose books the accounts of the advance in question are kept. A written undertaking shall be obtained from the officer to this effect and the office to which he is attached abroad informed accordingly. If the draft is not received by the Accounts Officer before the end of the month, he would immediately report the matter to the Administrative Ministry concerned and also to the office abroad where the officer is working, for further necessary action. Failure on the part of the officer concerned to remit the Bank Draft by the due date will constitute default in terms of Rule 228 of the General Financial Rules, 2005, and render him liable to pay penal rate at compound interest in accordance with the provisions of the above-mentioned Rule. On return of the officer to India any amount left unrecovered will be deducted as before from his monthly pay bills by the Accounts Officer concerned.

[ G.I., M.F., OM. No. F. 16 (1)-E. II (A)/65, dated the 29th April, 1965. ]

**Rule 24.** The recovery of the amount of an advance shall commence with the first issue of pay, leave salary or subsistence allowance, as the case may be, after the advance is drawn.

### GOVERNMENT OF INDIA'S DECISION

**Suspension of recovery pending pay fixation not permissible.** -Suspension of recovery of the amount of an advance, pending fixation of pay of a Government servant, contravenes the provisions of Rule 24 and is, therefore, not permissible.

[G.I., M.F. O.M. No. F. 16-B (8)-E. II (A)/59, dated the 15th July, 1959. ]

**Rule 25. Recovery of Interest.**-The amount of interest calculated under Rule 20 shall be recovered in the minimum number of monthly installments; the amount of each such installment being not greater than the amount of the installment fixed under Rule 23.

**Rule 26.** The recovery of the amount of interest shall commence from the month immediately following that in which the repayment of the advance for the purchase of a motor car is completed.

**Rule 27. Sale or Transfer .**-A Government servant shall not sell or transfer a motor car for so long as the amount of advance together with the interest on such amount is not completely repaid, except with the permission of the competent authority.

## GOVERNMENT OF INDIA'S DECISIONS

(1) **Conditional transfer to another Government servant.**-If a Government servant seeks permission to transfer a motor car to another Government servant who should use a motor car in the discharge of his duties, he may be permitted to transfer the liability attaching to the car to the latter, provided that the transferee records a declaration that he is aware that the motor car transferred to him remains subject to the Mortgage Bond and that he is bound by the terms and provisions.

(2) **Sale of motor car before repayment of advance and interest-** In all cases where a motor car is sold before the amount of advance and the interest thereon is fully repaid, the entire amount of outstanding advance together with interest thereon shall be repaid immediately after the car is sold provided that when the motor car is sold only in order that another motor car may be purchased, the authority competent to sanction the advance may permit a Government servant to apply the sale proceeds towards such purchase, subject to the following conditions:

(a) The entire sale proceeds of the old car should be applied towards the purchase of the new car and the new car should be purchased within a month from the date on which the old car sold.

(b) The amount of advance outstanding should not be permitted to exceed the cost of the newly purchased car.

(c) The amount outstanding should continue to be repaid at the rate previously fixed.

(d) A fresh Mortgage Bond in Form V-A of the Compendium should be executed in favour of the President for the amount then due and not for the amount originally advanced.

(e) The newly purchased motor car should be mortgaged to the Government.  
[G.I., M.F., O.M. No. 23 (2)-E. II (A)/90, dated the 17th July, 1990.]

**Rule 28.** Unless Government servant, who is sanctioned an advance for the purchase of a motor car, completes the purchase of, and pays for, the motor car within one month from the date on which he draws the advance, he shall refund forthwith the full amount of the advance drawn together with interest on that amount for one month.

**NOTE 1.-**A Department of Central Government, an Administrator or a Head of Department may, in exceptional cases, extend the period of one month prescribed in this rule to two months.

**NOTE 2.-**Where a Government servant refunds the full amount of the advance before the end of the month in which it was drawn for the purchase of a car, the interest may be recovered for the actual period the advance was retained by the Government servant.

### **GOVERNMENT OF INDIA'S DECISIONS**

(1) **Conditions to be specified in sanction.-** The condition specified in Rule 28 should be mentioned in all sanctions to the grant of an advance for the purchase of a motor car.

(2) **Advance to be taken only when the delivery of the car is likely to be made within a month.-** Cases have to come to notice where purchase of a motor car was not effected within the prescribed time-limit. The explanation usually put forward is that the vehicle is in short supply in the market or it is not available due to strike in motor car industry, etc. It has been decided that the advance may be applied for well in time and sanctioned by the authority competent to sanction the advance as early as possible. The advance should, however, be drawn only after the Government servant concerned has received a written assurance from the dealer that the supply is likely to be available within a month and a certificate to this effect is recorded on the bill for the advance. In the event of delay in supply, despite the written assurance from the dealer, the Government servant should apply for extension of the time limit within the permissible period of one month and seek permission for retaining the advance for a further period which should be specified. Each such request should be supported by a letter from the dealer, indicating the likely period of supply, and will be considered on merits.

[ G.I., M.F., O.M. No. F. 16-B (11)-E. II (A)/58, dated the 17th July, 1958 and F. 16-B (24)-E. II (A)/59, dated the 27th October, 1959.]

(3) **Charging of penal interest when purchase not effected within the period.-**Where the amount of advance is retained beyond one month in contravention of Rule 28, interest will be charged in the manner indicated below

- (i) The period of one month laid down in Rule 28, should be a calendar month from the date of drawal of the advance.
- (ii) For the first month or where the period is extended by the competent authority for such extended period, on the amount of advance at the rate applicable under Government of India's Decision (1) below Rule 2 on fulfillment of conditions attached to the sanction.

(iii) For period, in excess of (ii) above, interest should be calculated on the balances outstanding for actual period in excess of one month (including fraction of a month) or where the period is extended by the competent authority in excess of such extended period and not on the monthly balances, at the higher rate stipulated in Government of India's Decision (1) below Rule 2.

[ G.I. M.F., File No. F. 16 (8)-E. II (A)/73. ]

(4) **Penal interest to be charged if registration book is not submitted within the stipulated period.**-The authority sanctioning advance for the purchase of conveyance should also ask the Government servant concerned to produce the registration book of the vehicle within a period of one month from the date of purchase of the vehicle or within two months from the date of drawal of advance, whichever is earlier, to show that the vehicle purchased by him has actually been transferred in his name by the competent authority, failing which he shall be liable to pay penal interest on the entire amount of advance as per Government of India's Decision (1) below Rule 2 of the Compendium, from its date of drawal to the date of submission of registration book. In case it is established that the delay in submitting the registration book is not attributable to the Government servant, the penal interest may not be charged for the late submission of the registration book for the period of such delay.

[ G.I. M.F., O.M. No. F. 16 (7)-E. II (A)/84, dated the 24th September, 1985. ]

(5) **Verification of Cash Receipt.**-The sanctioning authority should ask the Government servant to submit the cash receipt within the prescribed time for scrutiny to ensure that the advance has been utilized for the purchase of conveyance within the prescribed period and that the 'actual price' as defined in Notes 1 to 3 below Rule 21 is not less than the amount of advance. A certificate to this effect that the cash receipt has been received and after scrutiny it has been verified that the amount of advance has been fully utilized for the purchase of the conveyance within the prescribed period and the 'actual price' as defined in Notes 1 to 3 below Rule 21 is not less than the amount of the advance, should invariably be furnished to the Accounts Officer concerned. Thereafter the cash receipt may be returned to the borrower.

[ G.I., M.F., O.M. No. F. 23 (4)-E. II (A)/89, dated the 8th June, 1989. ]

**Rule 29. Agreement and Mortgage Bonds.**-A Government servant shall, before he draws an advance for the purchase of a motor car, execute an agreement in Form II of the Compendium, if the advance is granted to him under Rule 17, or in

Form III, if the advance is granted to him under Rule 18. On completing the purchase of a motor car, he shall also execute a mortgage bond in Form IV and/or Form V, as the case may be, hypothecating the motor car to the President as security for the advance.

**NOTE.**-Where only one advance is sanctioned, i.e., for the purchase of a motor car or for the payment of customs duty or where only one advance is sanctioned for both the purchase of a motor car and the payment of customs duty, the mortgage bond should be executed in Form IV with the necessary changes. Where an advance for the payment of customs duty is sanctioned, after the motor car has been purchased with an earlier advance, a bond in Form V should be executed.

### **GOVERNMENT OF INDIA'S DECISIONS**

(1) **Procedure to be followed after payment of advance.**- (a) A certificate signed by the sanctioning authority to the effect that the agreement in Form II or Form III, as the case may be, has been signed by the Government servant drawing the advance and that it has been examined and found to be in order, should be attached to the bill in which the advance is drawn. The sanctioning authority should ensure that the conveyance is purchased and hypothecated to the President as security for the amount lent to the borrower together with interest thereon in the prescribed form within one month from the date of drawal of the advance.

(b) The certificate referred to in sub-paragraph (a) above, to be furnished to the Audit Officer/Accounts Officer, may be signed by an authorized Gazetted Officer for the sanctioning authority. The latter should evolve a suitable machinery for watching the receipt of agreement and for its proper scrutiny.

[ G.I., M.F.. O.M. No. F. 23 (11)-E. II (A)/86, dated the 18th August, 1987. ]

(2) **Custody and disposal of mortgage bond.**-The mortgage bond should be kept in the safe custody of the authority sanctioning the advance. When the advance has been fully repaid, the bond should be returned to the Government servant concerned duly cancelled, after obtaining a certificate from the Audit Officer and/or the Accounts Officer, as the case may be, as to the complete repayment of the advance and interest.

(3) **When mortgage bond is not executed in time.**- The failure to execute a mortgage bond in time will render the Government servant drawing the advance liable to refund forthwith the whole of the amount of advance with interest accrued

unless good and sufficient reason is shown to the contrary and the authority mentioned in Rule 15 waives the condition prescribed in this regard.

[ G.I. M.F., O.M. No. F. 16 (4)-E. II (A)/64, dated the 4th January, 1965. ]

## **B. MOTOR CYCLES**

**Rule 30.** Subject to the provisions of Rule 17, an authority competent to sanction the advance for the purchase of a motor car, may sanction to a Government servant an advance for the purchase of a motor cycle/scooter/ moped. Such an advance shall be subject to the same conditions regulating the advance for purchase of a motor car except provision contained in Rule 29:

Provided that notwithstanding anything contained in Rule 21, the amount of such advance for the first occasion shall not exceed Rs. 30,000 (Rupees Thirty thousand) or four months' basic pay and dearness pay taken together or the anticipated price of the motor cycle/scooter/moped, whichever is the least.

The quantum of advance that may be granted on the second or subsequent occasions for the purchase of a motor cycle/scooter/moped shall be restricted to Rs. 24,000 (Rupees Twenty-four thousand) or three months' basic pay and dearness pay taken together or the anticipated price of the motor cycle/scooter/moped, whichever is the least:

Provided further that notwithstanding anything contained in Rule 23, the amount of advance granted to Government servant for the purchase of motor cycle/scooter/moped shall be recovered from the Government in such number of equal monthly installments as he may elect but such number shall not be more than seventy.