



LIFE INSURANCE CORPORATION OF INDIA, CENTRAL OFFICE, "YOGAKSHEMA", JEEVAN BIMA MARG, MUMBAI – 400 021.

Department : Personnel/ER-A

Circular No. CO/Per/ER-A/281/2021

16<sup>th</sup> November, 2021

To All Offices of the Corporation

Re: Revision in Housing Loan scheme for the employees

Reference is invited to circulars ref: CO/HPF/735 dated 04.03.2010, CO/Per/ER-A/127/2016 dated 26.04.2016 and ref: CO/Per/ER-A/261/2020 dated 21.12.2020.

Board in its 603<sup>rd</sup> meeting held on 29.10.2021 has approved the revision in housing loan scheme for the employees as under:

1. Cadre Loan is now named "Basic Loan" and limit of Basic Loan is fixed for Rs.50 Lakh irrespective of cadre. Balance limit may be treated as "Extended Loan". Basic Loan and cadre wise Extended Loan and Total Loan are given below:

| Class of employees | Cadre                  | Basic Loan @ 5% p.a. | Extended Loan @ 7.5% p.a. | Total Loan |
|--------------------|------------------------|----------------------|---------------------------|------------|
| Class IV           | Sweeper/ Peon / Driver | 50 lakh              | 00 lakh                   | 50 lakh    |
| Class III          | Record Clerk           | 50 lakh              | 15 lakh                   | 65 lakh    |
|                    | Asstt / Steno/ HGA     | 50 lakh              | 30 lakh                   | 80 lakh    |
| Class II           | Development Officer    | 50 lakh              | 35 lakh                   | 85 lakh    |
| Class-I            |                        |                      |                           |            |
|                    | AAO/AO                 | 50 lakh              | 55 lakh                   | 105 lakh   |
|                    | ADM                    | 50 lakh              | 65 lakh                   | 115 lakh   |
|                    | DM/SDM                 | 50 lakh              | 100 lakh                  | 150 lakh   |
|                    | ZM (O)/ ZM (S)         | 50 lakh              | 105 lakh                  | 155 lakh   |

The existing outstanding Extended Cadre Loan as on 30.11.2021 shall be converted into Basic Loan as per revised quantum of Basic Loan shown in the table above w.e.f. 01.12.2021. Balance outstanding Extended Cadre Loan, if any, shall be treated as Extended Loan. Accordingly, OS department of concerned offices (CO/ZO/DO) should rework the subsidy on such conversion and allow credit of such subsidy to employees from the salary for the month of December, 2021 onwards. The concerned O.S. department should also inform employees about the quantum of loan converted (Basic Loan and Extended Loan).

**Repayment term:**

Maximum repayment term shall be 25 years or till date of retirement, whichever is earlier. However, in case of employees who are eligible for pension under LIC of India (Employees) Pension Rules, 1995 and retire on superannuation on or after 30.11.2021, loan can be repaid in maximum 25 years or upto age 70 years whichever is earlier. EMI of loan in such cases should not be more than 50% of the total monthly pension at the time of retirement. If the EMI is more than 50% of the pension then part of outstanding loan amount to the extent of bringing EMI within 50% limit shall be repaid and balance shall be deducted as EMI upto age 70 years. Needless to add that subsidy will be given for full repayment term.

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### **Third housing Loan is as under:**

Employee can avail third housing loan subject to following conditions:

- (a) Quantum of third housing loan will be equal to the total eligible loan under the Scheme minus the amount of earlier loan availed under Staff Housing Loan Scheme by the employee. The earlier loan will include cadre as well as extended cadre loan.
- (b) Granting of third housing loan will be considered only after the expiry of five years from the date of drawing the last instalment of the second housing loan.
- (c) Employee cannot have more than one house/flat for which he/she has outstanding staff housing loan while applying for third staff housing loan.

### **Rate of interest:**

- a. The rate of interest on Basic Loan and Extended Loan will be 5% per annum and 7.5% per annum respectively for employees.
- b. The difference between rate of interest charged by LIC HFL and rate applicable to the employees will be given as subsidy by the Corporation to the employees.
- c. Rate of interest to be charged from the employees may be reviewed by the Chairperson as and when required.
- d. Immediately on exit of the employees from the service of the Corporation by way of resignation, termination, dismissal, removal, discharge, etc., the benefit of the subsidized rates shall cease and then prevailing lending rate of interest of LIC HFL shall be applicable on such loan.

### **Conversion of loan taken at market rate and Takeover of loan:**

Any loan taken by employees on market rate over and above Cadre Loan and/or Extended Cadre Loan will attract subsidy from the date of conversion into Basic Loan and/or Extended Loan.

On a written request from the employees at any point of time, LIC HFL shall take over the existing outstanding loan, if any, availed by the employees either from LIC HFL or any other financial institution according to the revised eligibility subject to prevailing credit appraisal norms of LIC HFL.

The above instructions supersede the instructions issued vide circulars ref: CO/Per/ER-A/127/2016 dated 26.04.2016 and ref: CO/Per/ER-A/261/2020 dated 21.12.2020. All other clauses given in circular ref: CO/HPF/735 dated 04.03.2010 shall remain unaltered.

**Executive Director (Personnel)**

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