

THE TREASURY

MOTOR VEHICLE LOANS SECTION

1. Who are eligible for motor vehicles Loan?

Public officers are eligible for loan facilities to purchase a motor car/motor cycle/auto cycle. They are classified into broad categories based on the salary point reached and their entitlement to duty exemption and the need to perform official travelling. These are listed in the PRB Report 2021, as per Recommendation 1 Section 16.2.15 to Recommendation 53 Section 16.2.141.

2. In what circumstances is an officer not eligible for motor vehicles loan?

If the Officer is: -

- (i) on pre-retirement leave;
- (ii) on leave without pay;
- (iii) under interdiction;
- (iv) indebted to Government in respect of any previous loan;
- (v) considered as a “default” under paragraph 16.2.45 (j) of PRB Report 2021.

3. What is the actual rate of interest?

3% p.a or 1% p.a (applicable only for purchase of electric car/motorcycle) for all categories of Officers as from 01 January 2021.

4. How long does it take to process an Application?

The Treasury pledges: -

- ☞ to process and approve applications for Motor Vehicle loans within **4 working days** from the date all relevant documents are received; and
- ☞ to disburse the loan within **3 working days** after signature of the loan agreement.

5. Can Officers from Parastatal bodies apply for loans directly to the Treasury?

No, they should submit their applications to the organisations where they work.

6. What is the maximum amount of loan an Officer is entitled and its repayment period?

CATEGORY OF OFFICERS	MAXIMUM LOAN	
	First Loan	Subsequent Loan
Officers eligible for duty exemption (Motorcar up to 1601cc)	Equivalent to 21 months salary repayable in maximum of 84 months.	Equivalent to 15 months salary repayable in maximum of 60 months.

Officers Drawing Rs 91,375 and up to Rs 110,125 (Except Accounting/Responsible Officers)	Equivalent to 18 months salary repayable in maximum of 60 months.	Equivalent to 15 months salary repayable in maximum of 48 months.
Officers not eligible for duty exemption.	Equivalent to 21 months salary repayable in maximum of 84 months.	Equivalent to 15 months salary repayable in maximum of 60 months.
CATEGORY OF OFFICERS	MAXIMUM LOAN	
	First Loan	Subsequent Loan
Advisers/Officers employed on contract basis but subject to production of a bank guarantee covering the full amount of the loan.	Equivalent to 21 months salary repayable in maximum of 84 months.	Equivalent to 15 months salary repayable in maximum of 60 months.
Advisers/Contract Officers who opt not to produce a bank guarantee.	Equivalent to 12 months salary repayable in maximum of 48 months.	Equivalent to 12 months salary repayable in maximum of 48 months.
Officers eligible for autocycle/motorcycle with engine capacity up to 125cc.	Not exceeding 15 months salary repayable in 84 months.	Not exceeding 15 months salary repayable in 84 months.

Note: Certain categories of officers not mentioned above (e.g Officers eligible for chauffeur-Driven cars) are also entitled to motor vehicle loans subject to ceiling value determined by the High Powered Committee.

7. What are the relevant documents to be submitted along with the Application form (Acct F 240) when applying for a loan in respect of: -

*Please refer to the **Treasury Customer Charter (Link)**

8. Age of car requirement: -

- a) For cars subject to duty exemption – not more than 4 years;
- b) For cars **not** subject to duty exemption – not more than 8 years.

9. What are the documents to be submitted at the Treasury after disbursement of loans?

The following documents should be submitted:

- (i) Original Registration Book (Horse Power);
- (ii) Copy of Deed of sale;
- (iii) Copy of receipts from your Insurance Co and the motor vehicle dealer;
- (iv) Original Act 241 (B) duly filled by the Insurance Co.

10. What is the deadline for submission of these documents?

Within one month from the date of the signature of the Loan Agreement, failing which the following shall apply: -

- a) PRB 2021 - Paragraph 16.2.45 (j)

“Beneficiaries who have availed of loan facilities to purchase a car/motorcycle/autocycle/bicycle, either for the first time or for renewal, and fail to produce documentary evidence of the purchase, should refund the whole amount of the loan together with the interest accrued thereon by a date to be determined by the Accountant-General; and would forego the privilege of the grant of another loan until the time they would qualify anew after the prescribed renewal period. In case of default the officer would forego his chance for further loans.”

11. What happens if the amount of loan disbursed exceeds its acquisition cost?

The loanee should refund any amount exceeding the acquisition cost immediately to the Treasury.

12. Can the loan be settled earlier?

Yes, the loanee should contact the Finance Section of his Ministry/Department for appropriate action. The amount payable will be computed on the basis of the period the loan was granted up to the date of settlement.

Note: Part payment is NOT ALLOWED.

13. Are there any charges/fees when applying for a loan?

Yes

- ☞ Fees for inscription of lien - Rs 400 ☞
- ☞ Stamp duty - Rs 150
- ☞ Fees for registration of document - NIL (for loans up to 1 million Rupees)
- Rs 30,000 (for loans above 1 million Rupees)

14. What necessary action has to be taken on settlement of my loan?

You should request a letter from your Ministry/Department to the effect that the loan has been cleared and same has to be submitted to MV Loan section of the Treasury. The Treasury will issue a “Removal of Lien” certificate that you may submit to the NTA for removal of Lien.

15. Under what circumstances can I apply for a new loan before the expiry of the prescribed renewal date?

- a) Where the motor vehicle has been accidented and considered as “Total Loss” by the Insurance Company, a fresh loan will be granted and the following documents have to be submitted along with the Application Form: -
 - (i) Letter from the Insurance Company confirming “Total Loss” of accidented vehicle;
 - (ii) Surveyor’s Report.
- b) Change in Eligibility in respect of: -
 - (i) entitlement to duty remission (e.g. from 70% to 100%);
 - (ii) higher engine capacity

16. Formulae for the computation of Capital and Interest: -

(i) Formula for the calculation of monthly Capital

$$= \frac{P}{n}$$

(ii) Formula for the calculation of monthly Interest

$$= \frac{(n+1) * R * P}{2 * 12 * 100 * n}$$

Where P is the amount of loan applied for
R is the interest rate (3% p.a or 1% p.a for electric cars/motorcycles)
n is the number of repayment installments

17. What are the conditions for settlement of car loan on retirement?

A public officer proceeding on retirement can settle any outstanding car loan in one of the following two options: -

- (i) the total amount can be deducted outright from his retiring benefits; or
- (ii) a proportion **NOT** less than 40% is deducted from the retiring benefits and the balance over the remaining period of the loan (conditions apply).

Conditions for settlement of car loan on retirement

1. The percentage of the outstanding loan to be deducted from the gratuity will depend on the monthly amount that can be deducted from the officer's pension taking into account other deductibles.
2. The retiring officer should take a decreasing term insurance cover to secure the remaining loan balance and the premium of which should be paid outright for the entire period.
3. The same interest rate will be applicable on the outstanding loan balance which would be deducted on the monthly basis for the remaining period of the loan.
4. The relevant advance accounts will be maintained by the Treasury.
5. The lien on the retiring officer's motorcar will only be removed upon settlement of the loan.

Note: For additional information, you may contact the Human Resource Section of the Ministry/Department where you are posted.