

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1567

ANSWERED ON:01.12.2006

NATIONAL HOUSING BANK

Mehta Shri Alok Kumar;Singh Kunwar Rewati Raman;Singh Shri Sitaram

**Will the Minister of FINANCE be pleased to state:**

- (a) Whether National Housing Bank has formulated a Scheme to launch a reverse mortgage of properties for the Senior Citizens to provide them steady income to enable them to live a comfortable life;
- (b) if so, whether the scheme has been approved by the Government;
- (c) if so, the main features of the Scheme; and
- (d) the names of cities where it is likely to be implemented with advantages and the risk factor to the property holders/dependents?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : National Housing Bank(NHB) has reported that it has formulated a scheme called Reverse Mortgage Loan(RML) for Senior Citizen (62 years and above) who own houses. NHB, after consultation with Banks and Housing Finance Companies(HFCs), has referred the Scheme to Reserve Bank of India.

(c) & (d) : RML Scheme involves the borrower(s) mortgaging the house property to a lender, who then makes periodic payments to the borrower(s) during the latter's lifetime. The borrower is not required to service the loan during his life time. On the borrower's death or on the borrower permanently leaving the house property, the loan is repaid along with accumulated interest, through sale of the house property. The borrowers/ heirs can also repay or pre-pay the loan with accumulated interest and have the mortgage released without resorting to sale of the property. The risk involved in the scheme is that the financial assistance will depend on periodic valuation of property, age of the borrower and prevalent interest rates and legal position of the property proposed for mortgage.

The scheme is proposed to be implemented through Banks and HFCs.