

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:441
ANSWERED ON:08.08.2014
CREDIT FOR AFFORDABLE HOUSING
Singh Shri Bhola;Singh Shri Kunwar Haribansh

Will the Minister of FINANCE be pleased to state:

- (a) whether the National Housing Bank (NHB) and other financial institutions provide easy credit for affordable housing especially to the urban poor and if so, the details thereof;
- (b) whether tax incentives on home loans and easier flow of FDI in housing sector are some of the measures taken recently to spar the growth of the sector and if so, the details thereof;
- (c) whether the Government proposes to further slash the rate of interest levied on the home loan by the Scheduled Commercial Banks (SCBs), if so, the details thereof indicating the prevailing rates and other incentives likely to be offered for affordable housing;
- (d) the number of applications received for home loan and quantum of loan provided during the current year by the SCBs; and
- (e) whether instances of delay/ refusal of home loans to the customers by SCBs have been reported, if so, the details thereof during the last one year and the current year, SCB-wise and the corrective action taken thereon?

Answer

THE MINISTER OF FINANCE (SHRI ARUN JAITLEY)

(a)to(e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a)to(e) OF LOK SABHA STARRED QUESTION NO.441 FOR ANSWER ON THE 8TH AUGUST, 2014 TABLED BY Dr. BHOLA SINGH AND SHRI KUNWAR HARIBANSH SINGH REGARDING 'CREDIT FOR AFFORDABLE HOUSING'

(a): Yes, Sir. National Housing Bank has introduced two special refinance schemes for the urban poor through financial intermediaries namely, Special Refinance Scheme for Urban Low Income Housing and Urban Housing Fund (UHF). Apart from these, NHB's general refinance schemes also cater to the housing needs of the poor in the urban areas. Further, Government, in the Budget for FY 2014-15 has announced setting up of a Mission on Low Cost Affordable Housing in National Housing Bank to incentivize the development of low cost affordable housing.

(b): Government, in the Budget for FY 2014-15 has raised the deduction limit on interest on housing loan for self-occupied property from Rs 1.5 lakh to Rs 2 lakh and from Rs 2.5 lakh to Rs 3 lakh in the case of senior citizens. Certain relaxations have been made in built up area norms and capital conditions to improve FDI investment in housing projects. Further, Budget for FY 2013-14 provided for additional deduction of interest upto Rs.1 lakh for the loans upto Rs.25 lakh taken during 01.04.2013 to 31.03.2014.

(c): Reserve Bank of India(RBI) has deregulated the interest rate charged by Banks on loan disbursed. Banks determine their actual lending rates on loans and advances with reference to the Base Rate and other factors which are customer specific mainly relating to his ability to repay. Since, the Base Rate is the minimum rate for all loans, banks are not permitted to resort to any lending below the Base Rate. However, Government ensures lending on cheaper rates through interest subvention schemes announced from time to time. Sometimes, Banks also have schemes with reduced rate of interest or other incentives for different sections of the society.

(d)&(e): A statement showing number of applications received for Home Loan and quantum of loan disbursed by Public Sector Banks along with the number of instances for delay/refusal received and disposed is annexed. In some cases proposal is rejected for want of some documents/completion of formalities.

RBI guidelines on Fair Practices Code for Lenders states that loan applications should be disposed within a reasonable period of time and should convey in writing, within stipulated time, the reasons which have led to the rejection of loan application.

Department of Financial Services and India Bank Association (IBA) have also approved a Model Citizen Charter for all PSBs/Private/Foreign Banks mentioning therein a definite time frame for disposal of housing loans.