

**GOVERNMENT OF INDIA
URBAN EMPLOYMENT AND POVERTY ALLEVIATION
LOK SABHA**

STARRED QUESTION NO:705
ANSWERED ON:16.05.2000
ENHANCEMENT OF INTEREST RATE
UMMAREDDY VENKATESWARLU

Will the Minister of URBAN EMPLOYMENT AND POVERTY ALLEVIATION be pleased to state:

- (a) whether the HUDCO propose to enhance interest rate on the housing loans to weaker sections;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether any alternate system of financing has been proposed to avoid such increase in interest rate on the loans to weaker sections;
- (d) if so, the details thereof;
- (e) whether the HUDCO has also sought its equity base to be increased; and
- (f) if so, the details in this connection?

Answer

MINISTER FOR URBAN EMPLOYMENT AND POVERTY ALLEVIATION (SHRI SUKHDEV SINGH DHINDSA)

(a) to (f): A Statement is laid on the Table of the Sabha.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.705 FOR 16.5.2000 REGARDING ENHANCEMENT OF INTEREST RATE.

(a)&(b): Housing & Urban Development Corporation Ltd.

(HUDCO) has submitted a proposal to raise interest rate for its various housing schemes implemented by the State Governments for Economically Weaker Section (EWS) from the present 10%. The increase has been proposed in view of high borrowing cost of HUDCO and large volume of units financed under various schemes including 2 Million Housing Programme (2MHP).

(c)&(d): HUDCO has proposed that alternatively HUDCO may either be given direct subsidy or indirect incentives like access to tax-free bonds, access to priority sector funds of bank, exemption from levy of income tax, stamp duty etc.

(e)&(f): Authorised capital of HUDCO has recently been enhanced from Rs.385 crore to Rs.1250 crore of which the paid up capital is Rs.898 crore.