

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3047  
ANSWERED ON:10.08.2001  
NABARD FINANCING FOR HOUSING  
UMMAREDDY VENKATESWARLU

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

- (a) whether NABARD is diversifying its funding towards housing sector also; and  
(b) if so, the details of the refinance scheme for housing sector worked out by NABARD?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) and (b) National Bank for Agriculture and Rural Development (NABARD) has reported that with a view to supplementing the efforts of Central Government, State Governments, National Housing Bank and banking sector in augmenting the resource for the rural housing segment, it has decided to include rural housing as an eligible activity for extension of refinance under investment credit to all eligible banks under Section 25 of NABARD Act, 1981 with effect from 1 April, 2001. The salient features of the refinance scheme of NABARD for housing sector are given in the statement

Statement

Salient Features of the Refinance Scheme of the National Bank For Agriculture and Rural Development for `Rural Housing`.

1. Area of Operation: Refinance will be provided to all eligible banks like, Commercial Banks, Regional Rural Banks, State Cooperative Banks, State Cooperative Agriculture and Rural development banks, Scheduled Primary (Urban) Cooperative Banks, North Eastern Development Financial Institution (NEDFI) for financing extended by them to housing projects in the rural areas only.
2. Eligible Borrowers: Individuals, Cooperative Housing Societies, Public Bodies, Housing Boards/Housing Development Authorities/Improvement Trusts, Local Bodies, Voluntary agencies and Non Governmental Organisations, Housing Finance Companies registered with National Housing Bank.
3. Eligible Purpose: Construction of New as well as Repairs/renovation of existing houses in rural areas.
4. Security Margin: As per RBI and NHB guidelines issued from time to time.
5. Ceiling on the Cost The cost of a dwelling unit may not exceed Rs. 7.5 lakh. In case land is being acquired the final cost may be reckoned as margin money. Otherwise cost of land should not be included in the project cost.
6. Quantum of bank loan for individual (maximum): For new houses: Rs. 5 lakhs and for repairs/renovation Rs. 50,000/-.
7. Repayment period For new houses not more than 15 years and for Repairs/Renovation not more than 5 years. Rate of Interest on Refinance: Upto Rs. 50,000/- 9% p.a., Rs. 50,001 to Rs. 2 lakh: 10.5% p.a., above Rs. 2 lakh: 11% p.a. (These rates of interest are applicable to all agencies).