

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2978
ANSWERED ON:26.11.2010
NORMS FOR HOME LOANS
Thamaraiselvan Shri R.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India has tightened the norms for home loans in the recent past keeping in view the sharp rise in the prices of assets in the housing sector;
- (b) if so, the details thereof; and
- (c) the other steps taken/ being taken by the Government/ RBI in this regard?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (c): Reserve Bank of India has reported that the following steps have been announced in the second quarter review of the monetary policy on November 2, 2010, in connection with housing loans:

- (i) At present, there is no regulatory ceiling on the loan to value (LTV) ratio in respect of banks' housing loan exposures. In order to prevent excessive leveraging, it has been decided to prescribe that the LTV ratio in respect of housing loans should not exceed 80 per cent.
- (ii) To increase the risk weight for residential housing loans of Rs,75 lakh and above, irrespective of the LTV ratio, to 125 per cent.
- (iii) To increase the standard asset provisioning by commercial banks for all teaser loans to 2 per cent.