

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:242
ANSWERED ON:03.07.2009
SUBSIDY TO REAL ESTATE SECTOR
Chitthan Shri N.S.V.;Rao Shri Nama Nageswara

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to give an incentive package providing for subsidy to real estate sector;
- (b) if so, the details thereof;
- (c) whether the Government has issued guidelines to the Banks providing for more loans at lower interest rate; and
- (d) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (d): The Government has, from time to time, been emphasising to Public Sector Banks (PSBs) the need to provide credit to the needy sectors of the economy, including housing, at reasonable rates of interest. As an incentive package for the housing sector announced on 16.12.2008 by the Indian Banks Association (IBA), the public sector banks are providing new housing loans up to Rs.5 lakhs at a rate of interest which is not to exceed 8.5% p.a. for the first five years. For housing loans from Rs.5 lakhs to Rs.20 lakhs, the rate of interest is not to exceed 9.25% per annum. As a further incentive, there shall be no processing charges, no pre-payment charges/penalty and a free insurance cover will be provided to the borrower for the entire amount of outstanding loan.