

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2917

ANSWERED ON:24.07.2009

HOME LOAN

Bheiravdanji Shri Gadhvi Mukeshkumar;Ponnam Shri Prabhakar

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

- (a) whether the Union Government proposes to give home loan for 5 lakhs and above at lower interest rate;
- (b) if so, the details thereof;
- (c) the amount of home loans for 5 lakhs and above sanctioned during the last three years, State-wise;
- (d) whether private sector banks are also providing home loan at lower interest rates; and
- (e) if so, the details thereof and if not, the reasons therefor?

**Answer**

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

(a) & (b): As part of an incentive package announced by the Indian Banks' Association (IBA) for the housing sector, the public sector banks (PSBs) are providing new housing loans between Rs.5 lakhs and Rs.20 lakhs at a rate of interest which is not to exceed 9.25% per annum for the first five years. As a further incentive, no processing charges, no pre-payment charges/penalty is to be charged and a free insurance cover is to be provided to the borrower for the entire amount of the outstanding loan.

(c): Data on home loans in the manner desired is not being maintained.

(d) & (e): Several private sector banks have reduced their Benchmark Prime Lending Rates (BPLRs) in recent months and correspondingly the interest rates on existing loans including Home Loans on floating rates linked to BPLR have come down.