

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:253  
ANSWERED ON:29.08.2012  
HOME LOANS QUESTION  
Gangaram Shri Awale Jaywant

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

- (a) the present structure of interest subvention on housing loans in the country;
- (b) whether the low rate of interest on home loans has helped in increased access to houses by individuals;
- (c) if so, the details thereof and the amount distributed since the inception of the scheme along with the recovery of loans;
- (d) whether the cooperative banks have played a significant role in house building loans and if so, the details thereof and its share in the housing industry; and
- (e) the steps taken by the Government to peg the interest rates for home loans at a moderate level?

**Answer**

The Minister of Finance (Shri P. Chidambaram)

(a) to (e): A Statement is laid on the table of the House.

Position No. 9th

STATEMENT FOR LOK SABHA STARRED QUESTION NO. 253 FOR 29TH AUGUST, 2012 REGARDING HOME LOANS TABLED BY SHRI JAYWANTRAO AWALE.

(a) to (e): In pursuance of the budget announcements for FY 2009-10, Government of India had implemented a Scheme of 1% Interest Subvention on Housing Loan up to Rs.10 lakh, where the cost of the housing unit does not exceed Rs.20 Lakh. Presently, 1% Interest Subvention is provided on Housing Loans upto Rs.15 lakh where the cost of housing does not exceed Rs.25 lakh. National Housing Bank (NHB) is the Nodal Agency to implement the scheme. The Scheme provides interest subvention of 1% in the existing rate of interest for a period of one year. As on 31.03.2012, an amount of Rs.338.54 crore has been disbursed under the Scheme. The Subvention Scheme has encouraged increased accessibility of Institutional Loans by the eligible borrower of construction/acquisitions of their houses. The housing loans outstanding for loan amount below Rs.25 lakh increased from Rs.1,59,138 crore in 2009-10 to Rs.1,84,918 crore in 2010-11 and further to Rs.2,10,778 crore in the year 2011-12.

As on 31.03.2012, the outstanding housing loans of Scheduled Commercial Banks (SCBs) was Rs. 2,68,651.25 crore. As reported by RBI, outstanding amount of individual housing loans granted by Urban Cooperative Banks (UCBs) as on 31.03.2012 was Rs.18,939 crore.

In order to further improve credit to small home loan borrowers, besides implementation of 1% Interest Subvention Scheme, the following steps have been taken:-

(i) A Credit Risk Guarantee Fund Trust for Low Income Housing has been registered in May 2012. A Scheme was notified in July 2012 which will provide guarantee for loans upto Rs.5 lakhs to EWS/LIG Segment. To take advantage of this Scheme lending institutions will have to extend housing loans at interest rate not more than 2% above the base rate of the lending institution in cases where base rate is applicable.

(ii) Loans up to Rs.25 lakhs for purchase/construction of a dwelling unit per family have been included under the priority sector lending category.