

**GOVERNMENT OF INDIA
HOUSING AND URBAN POVERTY ALLEVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2125
ANSWERED ON:18.12.2013
MORTGAGE RISK GUARANTEE FUND
Jindal Shri Naveen

Will the Minister of HOUSING AND URBAN POVERTY ALLEVIATION be pleased to state:

- (a) whether the Government has set up a Mortgage Risk Guarantee Fund to facilitate economically weaker sections and low income households in getting credit from banks and housing finance companies;
- (b) if so, the details thereof along with the total corpus of the fund;
- (c) the time-frame by which the fund is likely to become operational;
- (d) whether the Government is aware of the fact that there is an acute shortage of affordable housing in the metro cities and that Rs. 5 lakh ceiling on the guarantee might not be sufficient due to high cost of houses in these cities;
- (e) if so, the reaction of the Government thereto; and
- (f) the details of steps being taken to ensure that EWS and LIG groups gets adequate credit from banks and housing finance companies at reasonable rate of interests?

Answer

THE MINISTER OF HOUSING & URBAN POVERTY ALLEVIATION {DR. (Ms.) GIRIJA VYAS}

- (a): Yes Madam, the Credit Risk Guarantee Fund Trust for Low Income Housing has been set up by the Government of India on 1st May, 2012.
- (b): This scheme provides guarantees for the loans given to EWS/LIG persons up to Rs. 5 Lakh by lending agencies without any third party guarantee or collateral Security. National Housing bank is the Nodal agency for operationalizing CRGF. As on date, 39 Member Lending Institutions have executed the Memorandum of Undertakings (MoUs) to participate in the scheme. The total corpus fund of the Trust is Rs 1000 crore. Government of India has so far released Rs. 150 crore as corpus of the fund.
- (c): Credit Risk Guarantee Fund Scheme for Low Income Housing (CRGFSLIH) is already operational. The scheme was notified in the Gazette of India (July 7-13, 2012) and was launched on 31st October 2012.
- (d) to (e): Rs. 5 lakhs ceiling in guarantee has been prescribed keeping in view the average loan size for a 40 sqmt house and the repaying capacity of the people in Economically Weaker Sections and Low Income Group segments.
- (f): The Government of India has launched the following schemes to alleviate the shortage of affordable housing:
 - (i) Rajiv Awas Yojana (RAY): Government of India launched RAY in June 2011 in two phases; the preparatory phase for a period of two years which ended in June 2013. Government of India has approved the implementation phase of RAY in September, 2013 for the period of 2013-2022. The Central support under the scheme is admissible to States/UTs and Central Government Agencies for providing housing including new houses, incremental houses, rental houses, transit housing and development/improvement of basic civic & social infrastructure under the scheme.
 - (ii) Jawaharlal Nehru National Urban Renewal Mission (JNNURM): For rehabilitation of slum dwellers Government launched the JNNURM on 3rd December, 2005 for assisting State Governments in providing housing and basic civic services like water, sanitation etc to urban poor/ slum dwellers in 65 select cities under the Sub Mission Basic Services to the Urban Poor (BSUP) and in other cities and towns, under the Integrated Housing and Slum Development Programme (IHSDP). JNNURM has been extended upto March, 2015 for completion of projects sanctioned upto March, 2012. One of the 3 pro-poor reforms under JNNURM is provision of basic services to urban poor including security of tenure improved housing, water supply, sanitation education health and social security. The reform is envisaged to be an outcome of JNNURM and is to be implemented in a staggered manner over the Mission Period (extended upto 31.3.2015) in convergence with the programme of other Ministries.
 - (iii) Affordable Housing in Partnership (AHP): As an integral part of RAY, the competent authority has also approved continuation of implementation of Affordable Housing in Partnership (AHP) Scheme. The scheme has been amended to provide Rs 75,000 per EWS/LIG dwelling unit of 40 sqm size for housing and internal development components with an objective to encourage private sector participation in affordable housing.

(iv) Rajiv Rinn Yojana (RRY): Government of India has implemented RRY with effect from 1st October 2013. Under this Scheme, an interest subsidy of 5% p.a for loans upto Rs 5.00 lakhs and for tenure of 15-20 years, will be provided to EWS/LIG housing loan borrowers in Urban Areas availing loans from Financial Institutions i.e Scheduled Commercial Banks & HFCs etc.