

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3263
ANSWERED ON:01.08.2014
MICRO HOUSING FINANCE CORPORATION
Ram Mohan Naidu Shri Kinjarapu

Will the Minister of FINANCE be pleased to state:

(a) whether Government has set up/ proposed to set up a Micro House Finance Corporation to extend loans to economically weaker sections; and

(b) if so, the details along with the salient features and objectives of the proposed fund?

Answer

The Minister of State in the Ministry of Finance (Smt. Nirmala Sitharaman)

(a) & (b): There is no such proposal. However, to extend loans to economically weaker sections, the Government has set up Rural Housing Fund and Urban Housing Fund and is implementing an interest subsidy scheme called Rajiv Rinn Yojna. The salient features of these funds/schemes are as under:

Rural Housing Fund (RHF):

RHF provides refinance assistance upto Rs.15 lakhs for a tenure from 3 to 7 years in respect of housing loans extended by Housing Finance Companies(HFCs) to borrowers belonging to 'weaker sections' for the purpose of Construction / purchase/ Repairs / renovation / upgradation of dwelling units in rural areas. The interest rates on individual loans covered under refinance under the Scheme is not more than 2% over and above the maximum refinance rate under the Scheme prevailing at the time of the claim in case of HFCs. In case of Banks, it is not above the base rate which is at present between 10% to 10.25%.

Urban Housing Fund (UHF):

UHF provides refinance assistance upto Rs.10 lakhs for a tenure from 3 to 7 years in respect of housing loans extended by Primary Lending Institutions(PLIs) in urban areas for the purpose of Construction/purchase/Repairs/ renovation/upgradation of dwelling units having carpet area not exceeding 60 m² or the cost of dwelling unit is not exceeding Rs.16 lakhs. The interest rates on individual loans covered under refinance under the Scheme is not more than 2% over and above the maximum refinance rate under the Scheme prevailing at the time of the claim.

Rajiv Rinn Yojna (RRY):

RRY provides for interest subsidy of 5% on loans granted to the Economically Weaker Section (EWS) and Low Income Group (LIG) categories to construct their houses or extend the existing ones. Upper limit of the loan is Rs 5 lakh for EWS and 8 lakh for LIG. Interest subsidy is, however limited to the first Rs 5 lakh of the loan amount, in case the loan exceeds this amount. National Housing Bank (NHB) and Housing and Urban Development Corporation (HUDCO) have been designated as Central Nodal Agencies (CNA) for the Scheme. Rajiv Rinn Yojana is effective from October 1, 2013.