

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

UNSTARRED QUESTION NO:673
ANSWERED ON:26.11.2014
HIGH INTEREST RATE ON HOME LOANS
Kateel Shri Nalin Kumar

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

- (a) whether the Government is aware that the interest rates on home loans are very high and are adversely affecting the growth of real estate sector;
- (b) if so, the details thereof;
- (c) whether the Government proposes to reduce the interest rates to encourage buyers and also to create a better environment for the recovery of the real estate sector; and
- (d) if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF HOUSING & URBAN POVERTY ALLEVIATION (SHRI BABUL SUPRIYO)

(a) to (d): Reserve Bank of India (RBI) calculates the base rate for home loan based on market determined macro-economic indicators like GDP growth rate, inflation, cost of fund, formation of fixed capital etc.

Government provides interest subsidy on housing loan to Economically Weaker Section (EWS) and Low Income Group (LIG) category to reduce the interest burden on these segments.