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Title : Need to check the hike in the interest rate on Housing Loans.

SHRI PRAHLAD JOSHI (DHARWAD NORTH): I would like to mention the following matter of urgent public importance in the zero hour today. I may kindly be permitted to make the statement as under.

*The speech was laid on the Table.

Sir, a very unpalatable situation has come for those in the country who had raised the home loans and built their dream house. About three or four years back, the banks, all nationalised, scheduled and new generation banks lowered the rate of interest to such a low that lured the gullible especially middle and lower middle class salary earning people to go for housing loans only to repent now for their unwise decision. The reason this Government is aware irrational fixation of home loan interest by these same banks and other financial institutions. This Government is also aware about two years ago how these some banks vociferously went for high profile campaigns with competitive rates of interest door to door to the customers offering housing loans. People dreaming of own house readily bit the bait now are being persecuted by these banks with frequent hike in the interest rates. The rates of interest which was just in between 7 per cent and 7.5 per cent has now touched its ever high of 11.5 per cent. The premier Housing Finance institute of the country, HDFC, has hiked its rate of interest thrice in the present year. Almost all the nationalised banks are following the suit. People who have borrowed housing loans are cursing the Government policy and questioning the very rationale behind this frequent increase in the interest rate while rejecting the demand for hike in the rate of interest on PF and other savings schemes. The Finance Minister owes an explanation for the tenets of economy behind this frequent variation of the interest rates on bank loans.

What prompts the Government for frequent changes in the lending policy? The credibility of these banks and other major lending institutions is at stake. I urge upon this Government to take this matter seriously before the borrowers get further panic in view of the prices of consumer goods and other commodities also rising and the price index constantly changing.