

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO. 2963

TO BE ANSWERED ON MARCH 13, 2018

HOUSING LOAN UNDER PMAY

No. 2963. DR. K. GOPAL:
SHRI TAMRADHWAJ SAHU:

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

- (a) whether it is a fact that nearly 87,000 Housing Loans have been sanctioned in the last 8 months under the Pradhan Mantri Awas Yojana (PMAY) and over 40,000 applications are under consideration for approval;
- (b) if so, the details thereof;
- (c) whether the target is to cater to the demand of housing shortage of nearly 1.2 crore and make housing available to all by 2022;
- (d) the details of the existing structure of interest subsidy scheme on home loans in the country;
- (e) the funds allocated and the amount of interest recovered under the interest subsidy scheme during the last three years;
- (f) whether the cooperative banks play an important role in granting home loans, if so, the details thereof and the share of the cooperative banks in the housing industry; and
- (g) the steps taken by the Government to make the rates of interest on home loans affordable?

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ANSWER

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE
MINISTRY OF HOUSING AND URBAN AFFAIRS
(SHRI HARDEEP SINGH PURI)

(a) & (b): Under the Credit Linked Subsidy Scheme (CLSS for EWS/LIG & CLSS for MIG) component of the Pradhan Mantri Awas Yojana (Urban) {PMAY[U]}, a total of Rs.1,806.2 crore of interest subsidy has been credited into the home loan account of 89,154 beneficiaries from across the country during the last three years.

(c) : Under the Pradhan Mantri Awas Yojana (Urban) [PMAY (U)], States/UTs are undertaking demand survey for assessing actual demand of housing. As communicated by all States/UTs, the total urban housing demand assessed so far under the PMAY (U) is approximately 1.20 crore which is likely to change after completion of demand validation/assessment by all States/Cities.

(d) & (e) : Under Credit Linked Subsidy Scheme (CLSS for EWS/LIG) component of Pradhan Mantri Awas Yojana (Urban) {PMAY[U]}, beneficiaries of Economically Weaker Section (EWS) and Low Income Group (LIG) not owning a pucca house anywhere in India and seeking housing loans from Banks, Housing Finance Companies and other such identified institutions are eligible for an interest subsidy at the rate of 6.5% for a maximum tenure of 20 years.

Government of India has also launched a new Credit Linked Subsidy Scheme to provide interest subsidy for housing loans to eligible beneficiaries belonging to Middle Income Group (CLSS for MIG). The Scheme covers two income segments in the MIG viz. annual household income between Rs.6,00,001 to Rs.12,00,000 (MIG-I) and annual household income between Rs.12,00,001 to Rs.18,00,000 (MIG-II). The interest subsidy under the scheme will be available to beneficiaries of MIG-I and MIG-II category for loan amounts upto Rs.9,00,000/- and 12,00,000/, respectively. The interest subsidy will be at the rate of 4% and 3% on the principal amount of the loan for the MIG I and MIG II beneficiary, respectively and would be credited upfront to the housing loan account of the beneficiary.

During the last three years, a total amount of Rs.2045.00 Crore has been released under the CLSS schemes as advance interest subsidy to the Central Nodal Agencies for channelizing the interest subsidy to the Primary Lending Institutions.

(f): For implementation of CLSS for EWS/LIG component of PMAY(U) mission, Ministry has identified two Central Nodal Agencies (CNAs) i.e. National Housing Bank and Housing and Urban Development Corporation Ltd. to channelize the subsidy to the Primary lending institutions (PLIs). CNAs have, in turn, signed MoUs with PLIs such as Scheduled Commercial Banks, Housing Finance Companies, Regional Rural Banks, State Cooperative Banks, Urban Cooperative Banks, Small Finance Banks, Non-Banking Financial Company – Micro Finance Institutions (NBFC MFIs) or any other institution as may be identified by the Ministry.

A total of 1,031 beneficiaries belonging to Economically Weaker Section, Low Income Group and Middle Income Group, have availed interest subsidy under the CLSS schemes from Cooperative Banks, which constitute 1.2% of 89,154 beneficiaries under CLSS.

(g): The Government has taken the following steps to make the rates of interest on home loans affordable:

- (i) Various fiscal incentives have been provided under section 80-IBA of the Income Tax Act, which provides for 100% deduction of profits and gains for Affordable Housing projects.
- (ii) Affordable Housing has been accorded Infrastructure Status by including it in the Harmonised List of Infrastructure. This is to ensure low cost, long term and enhanced resource flow for affordable housing.
- (iii) GST Council has lowered the effective GST rate from 12% to 8% (after deducting one third of the amount charged for the house toward cost of land) for all the houses constructed under PMAY (U).
- (iv) In Budget 2018-19, an announcement has been made to set up a separate dedicated Affordable Housing Fund (AHF) in National Housing Bank (NHB). This fund will facilitate refinancing for Private Lending Institutions (PLIs) under (i) beneficiary-led individual house construction or enhancement under PMAY (U) and (ii) construction of affordable housing projects.