

GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO. 980

TO BE ANSWERED ON JULY 24, 2018

SUBSIDY ON HOME LOANS

No. 980. PROF. CHINTAMANI MALVIYA:

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

(a) whether the Government proposes to increase interest subsidy to economically weaker section/urban poor to enable them to buy houses under Public Sector Housing schemes and if so, the details thereof;

(b) whether the Government is considering to provide 6.5 per cent subsidy on Home loans for a period of 15 years to economically weaker/ low-income group people and if so, the details thereof;

(c) whether the subsidy likely to be provided to both the said categories would be Rs. 2.3 lakh per housing unit on net present value and if so, the details thereof; and

(d) whether eligibility criteria in this regard were fixed long back and construction cost and Gross Domestic Product (GDP) has increased, if so, the details thereof and the reaction of the Government thereto?

Contd..2..

ANSWER

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

(a) to (d): Credit Linked Subsidy Scheme (CLSS) component of Pradhan Mantri Awas Yojana (Urban) is effective from 17.6.2015. Under CLSS, initially, the beneficiaries of Economic Weaker Section having household annual income upto Rs.3.00 lakh and Lower Income Group having household annual income between Rs.3.00 lakh and upto Rs.6.00 lakh subject to their being otherwise eligible under the scheme, were provided interest subsidy at the rate of 6.5% on the housing loans upto Rs.6.00 lakh from Banks, Housing Finance Companies (HFCs) and other such institutions for a tenure of 15 years or actual tenure of loan whichever was earlier, for acquisition, construction and extension of house, giving them a benefit of maximum Rs.2.20 lakh each.

The CLSS (renamed as CLSS for EWS/LIG) has since been revised w.e.f 01.01.2017. The tenure of housing loans under the revised CLSS for EWS/LIG scheme has been extended from the 15 years to 20 years. As a result, the interest subsidy admissible to the beneficiaries under the revised scheme for housing loans of Rs.6.00 lakh for a period of 20 years works out to approximately Rs.2.67 lakh each.

The credit linked subsidy is available only for loan amounts upto Rs.6.00 lakh and additional loans beyond Rs.6.00 lakh, if any, are at nonsubsidized rate. The interest subsidy is credited upfront to the loan account of beneficiaries and the Net Present Value (NPV) of the interest subsidy is calculated at a discount rate of 9%.