Good response to affordable home scheme

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New Delhi: Prime Minister Narendra Modi's new year housing sop has found rapid connect with the middle classes. At least 12,000 applications by middle and low-middle income home buyers have been been processed by different banks for interest subsidy in just two months.

Housing ministry estimates this number will touch 50,000 by August. Officials said in comparison to this, only 36,526 applications of economically weaker section (EWS) and low income group (LIG) applicants have got the interest subsidy under the urban housing mission since June 2015.

Though PM had announced the policy decision to provide rebate to middle and low-middle income groups on December 31, the

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guidelines were issued only in March after assembly elections were over. "So many applications in just two months is a clear signal of how there was a dire need to extend the interest subsidy scheme to salaried class and the new middle income group. The number of applications will increase as the scheme gets more popularity," said a ministry official.

The government has earmarked Rs 1,000 crore for this scheme for the current fiscal and the budget would be enough to approve 40,000 to 50,000 applications.

As per the new Credit Linked Subsidy Scheme for Middle Income Groups, interest subsidy of 4% on housing loans of up to Rs 9 lakh is given to those with annual income of Rs 12 lakh. Similarly 3% rebate on housing loans of up to Rs 12 lakh is provided to those having annual income of Rs 18 lakh.

The entire subsidy is paid up front, which helps applicants make the initial payment. This also reduces the equated monthly instalment (EMI).

In the case of EWS and MIG applicants, those with annual income of up to Rs 6 lakh are eligible to get 6.5% interest subsidy for housing loans of up to Rs 6 lakh. In such cases, government releases Rs 2.3 lakh up front as cumulative interest subsidy to the beneficiaries. This results in reduced effective housing loan and EMI.