

SBI makes Modi's home-for-all dream more affordable

Up to 25 bps cut in loan interest; focus on women borrowers

PNS ■ NEW DELHI

Offering a breather to middle class homebuyers in the country, including salaried class, India's largest public sector lender State Bank of India (SBI) on Monday announced a steep reduction in home loan interest rates, a move that will give impetus to affordable housing in the country.

The bank will now charge salaried borrowers 8.35 per cent, reduced by 25 basis points (bps) or 0.25 per cent per annum on home loans up to ₹30 lakh as against existing 8.60 per cent. For loans above ₹30 lakh bank will be charged at 8.50 per cent, down by 10 bps.

With this reduction, the SBI's offering is the lowest in the home loan market and the new rate will be effective from Tuesday. The move comes at a

time when Government is making all-out efforts to fulfil Prime Minister Narendra Modi's dream of providing "Housing for All" by 2022.

"We have seen a steep hike in the home loan enquiries recently and reduction in rates will further help millions of homebuyers realise their dreams of owning a home of their own. With this offer, individuals can apply for home loans through multiple channels which are available to them. Also, the bank offers bouquet of home loan products catering to different sections of the society," said Rajnish Kumar, Managing Director for National Banking in the Group.

However, the bank said in its statement that eligible home loan customers can also avail of an interest subsidy of ₹2.67 lakh under the Pradhan Mantri Awas Yojana scheme. "As for male borrowers, the limited period offer is valid till July 31 and the new rate for the salaried will be lower by 20 bps at 8.40 per cent," it said.

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Encouraging women, Kumar, however, said that the 25 bps reduction is applicable to new women borrowers who are salaried, while for the non-salaried women borrowers, the reduction is 20 bps. "Similarly, a male salaried borrower can get a new loan at 8.40 per cent, 20 bps lower than the prevailing rate, and a non-salaried male borrower can avail of a loan at 15 bps lower than the current rate," he added. With around 26 per cent market share, the largest lender is also the biggest player in the home loan market, and even at the existing 8.60 per cent it offers the lowest rate as of now. On the other hand, second-largest private player HDFC offers loans at 8.65 per cent to women for loans up to Rs 75 lakh and 8.7 per cent for others in the same space, while the minimum rate being offered by largest private lender ICICI Bank. "The new offer may not push up its market share significantly as 45 per cent of its Rs 2.23 trillion home loan book, is already under the Rs 30 lakh bracket and the rest of the credit industry is also very aggressive," Kumar said.