

# Interest subvention may give impetus to affordable housing

## Banks, finance companies gearing up to capitalise on this scheme

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**CHENNAI:** The one per cent interest subvention approved recently by the Union Cabinet is expected to provide an impetus to the affordable housing segment in the suburbs.

Banks and housing finance companies are gearing up to capitalise on this scheme and increase the disbursement of home loans.

"As a major portion of the demand is from the affordable segment below Rs.20 lakh,

the initiative will be of help to a large number of buyers," said R.R. Nair, director and chief executive of LIC Housing Finance Ltd.

However, he was sceptical of the efficiency of the scheme to cater for the affordable segment with provision of the one per cent subsidy for just 12 months. "We have had discussions on the scheme and will be happy to participate in it," he said.

An official of State Bank of India said the scheme was expected to have an impact on

- Psychological feeling of making use of a subsidy can be a factor in utilising it
- Housing projects to be launched seek to make optimum use of the scheme

housing units only in the suburbs of Chennai.

Around 5,000 units with price less than Rs.20 lakh are coming up on the outskirts of the city, said Prakash Challa, president, Confederation of Real Estate Developers' Association of India-Tamil Nadu.

As the cost per housing unit

should not exceed Rs.20 lakh for making use of the scheme, residential localities such as Madambakkam, Vengaivasal, Guduvancherry, Tambaram-Mudichur Road, Ambattur, Red Hills, Kolathur, Pammal, Porur, Vyasarpadi and Tiruvottiyur with houses available in the price band will get a

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boost, said P. Manishankar, State president of the Federation of Tamil Nadu Flat and Housing Promoters' Association.

The housing projects to be launched are also seeking to make optimum use of the scheme and developers are planning to increase the supply of affordable housing.

"We are shortly launching an affordable housing project in Kelambakkam with a starting price of Rs.7 lakh," said

Suresh Jain, managing director of Vijayshanthi Builders.

The psychological feeling of making use of a subsidy can be a factor in making people seek affordable housing on Rajiv Gandhi Salai, GST Road and areas beyond Poonamallee such as Vaanagaram, said Padam Dugar, managing director of Dugar Properties.

The interest subvention is for housing loans up to Rs.10 lakh and the Centre has allocated Rs.1,000 crore for the

scheme. The subsidy will be made available through commercial banks and housing finance companies for construction or purchase of a house or extension of an existing housing unit.

On a housing loan of Rs.10 lakh, the interest relief will amount to Rs.10,000 per account and the scheme is expected to cover 10 lakh beneficiaries in a year.

Luring all the potential customers with just Rs.10,000 will not be an easy task in big cities like Chennai and more incentives are required, said Mr. Challa.