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# TIMES PROPERTY

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## HOW AFFORDABLE IS AN 'AFFORDABLE' HOME?

**A flat advertised as costing Rs 20 lakh may have several additional cost inputs before you can call it your own!**

the base price in all the three payment plans.

### PREFERENTIAL LOCATION CHARGES OR PLC

This is an additional cost you pay for choosing a preferred location in a residential project. For an apartment that faces a swimming pool or a park, you may have to pay extra, depending on the floor of your apartment.

"While choosing a home, people should be conscious about their budget as PLCs tend to substantially increase the end cost. A buyer should always check this and look at all the options within his budget. This will not only help him in closing a better deal, it will also save him money which may be better used to upgrade the house once he shifts," **Deepak Kapoor**, president of Credai-Western UP and director of Gulshan Homz, says.

In the Delhi NCR, higher floors are charged less PLCs while ground and lower floors command higher charges, while in Mumbai, those on the top floors pay higher PLCs.

You can calculate and deduct the amount from the total price of the flat depending on the floor plan. So, if the PLC of ground floor is Rs 100 per sq ft for a 600 sq ft flat then you must pay Rs 60,000 extra along with the total price of your flat.

"As far as PLCs go, it is the choice of a buyer. It is not necessary that the entire PLC included in your cost is required by you. These additional costs can be cut anytime and give you a better deal," **Manoj Gaur**, vice-president of Credai-National and MD of Gaur's Group, says.



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20,000 per KW and you want a load of 3KW, you pay Rs 60,000. Power back-up, too, is charged on KW basis.

### GST AND CLSS BENEFITS

Projects under construction and eligible for Credit-linked Subsidy Scheme (CLSS) are charged 8%. But, buyers who are not eligible for CLSS must pay higher GST, at 12%. Developers can levy GST on buyers of affordable residential projects only if they reduce the flat prices after factoring in the credit claimed on input.

**CLSS offers subsidy on home loans taken in the EWS, LIG, and MIG categories. If you fall in the EWS (annual household income up to Rs 3 lakh) and LIG categories (annual household income between Rs 3 lakh and Rs 6 lakh, like Nikhil) and are buying a house of 30 or 60 square metres, then you are eligible for an interest subsidy of 6.50%.**

The MIG-I category (annual household income between Rs 6 lakh and Rs 12 lakh) can avail interest subsidy of 4% for buying a house with a maximum carpet area of 150 square metres.

The MIG-II category (annual household income between Rs 12 lakh and Rs 18 lakh) can avail interest subsidy of 3% for buying a house of 200 square metres.



**N**ikhil Singh is a first-time homebuyer and his annual salary is Rs 6 lakh. Today, rental housing is no longer an attractive proposition for him with so many options in the market in the "affordable housing" category.

Nikhil looked up the Pradhan Mantri Awas Yojana (PMAY) and decided to check out a 1BHK on sale for Rs 20 lakh.

What happened when he entered the market? Let us calculate the actual cost Nikhil had to pay for this "Rs 20 lakh house":

### CLSS scheme for MIG home buyers extended

The benefits of interest subsidy of about Rs 2.62 lakh on home loans under the scheme will now be available for beneficiaries belonging to MIG-II (2015). The original date was December 2017.

#### What's CLSS for MIG

Particulars	150 sq ft	180 sq ft	200 sq ft
Maximum EWS (Annual household income)	3.00	3.12	3.18
Interest Subsidy (Rs p.a.)	6.5	4	3
Maximum loan (Rs p.a.)	30	35	35
Eligible housing loan services for interest subsidy (Rs p.a.)	4	3	12
Building cost (per sq ft)	60	60	110
Service charges (Rs p.a.)	2.50	2.50	2.50

### WHO CAN BENEFIT

The benefits of the scheme can be availed only by first-time buyers.

Beneficiary family comprises PwD, wife and unmarried children. The beneficiary family should not own a house in any part of India.

#### Points to ponder

1. Interest benefit, subject to appropriate water, sewer, C, D, etc. related arrangements.
2. Subsidy will be credited to loan account after 180 days.
3. Additional loan beyond the specified limit, if any, will be at non-subsidized rate.
4. Loan to be repaid in equal installments.
5. Subsidy will be disbursed for loan term of 20 years maximum.

### PAYMENT PLAN

In almost all residential projects there is variation in prices depending upon the payment plan. You have the option of choosing the payment plan which may be the Down Payment Plan, Flexi Payment Plan, or the Construction-linked Payment Plan.

If you are going to buy in a residential project, always check the per sq ft price of all the three schemes, as even a slight difference will significantly reduce the cost for you.

For example, if the base price is Rs 4,000 per sq ft for a 500 sq ft unit then the total amount will be Rs 20 lakh for a 1BHK flat. So, you need to check

### CAR PARKING

Parking charges are levied on the space given to you to park your vehicle. You get an option between a covered space and an open parking space, with covered parking costing more. For example, if the covered parking costs Rs 2-3 lakh, open car parking can cost Rs 1-2 lakh.

### CLUB MEMBERSHIP

Some builders take a one-time charge while others offer it free to attract buyers in a pre-launch project, others charge for it. You can always negotiate on this, but must pay this charge along with the total amount of the flat.

### ELECTRICITY INSTALLATION CHARGES

Before you move into a new flat, you need an electricity meter and the builder charges you for that on a per KW basis. If this charge is Rs

### HOME LOAN

If Nikhil chooses a property with a base price of Rs 20 lakh and borrows Rs 15 lakh from a bank for 15 years, he will be entitled to a subsidy on the maximum loan amount of Rs 6 lakh and interest subsidy will be at the rate of 6.50%. Thus, he will get the CLSS benefit of Rs 2,20,189 upfront on this loan.

**Nikhil must pay nearly Rs 25-28 lakh for a flat whose base price is Rs 20 lakh minus the subsidy - Rs 2,20,189. The total cost depends on the cost of the flat, amenities and other payments as mentioned earlier.**

### REGISTRY AND STAMP DUTY

Once you take possession of your house, you must pay for its registry which includes stamp duty. This is calculated on the size of your flat and the circle rate fixed for that area by the state government.

- **Ravi Kumar Diwaker**, Magicbricks Bureau

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