

Home loan festive season GIFT! Wow! Borrowers can get Rs 8000 benefit now

Those who have taken a home loan of Rs 20 lakh for a period of 20 years at an interest rate of 9.55 per cent, earlier they had to pay a monthly installment of Rs 18,708, but this will now be reduced to Rs 18,253 at the rate 9.20 per cent - if it is passed on entirely.



If we take into consideration a loan amount of Rs 80 lakh, the EMI on this will be reduced to Rs 73,010 from Rs 74,832 after the repo rate cut. Representational Image, source: Pixabay

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Just ahead of the festive season, the Reserve Bank of India (RBI) has given a massive gift to home buyers! Today, it decided to cut the repo rate by 0.35 per cent. After this huge cut, the repo rate now stands reduced to 5.40 per cent. This will likely make your home loan EMIs cheaper, provided banks pass the benefits on to you. Notably, if you have taken a home loan of Rs 30 lakhs for 20 years, then you can get a benefit of over Rs 8,000 in your annual EMI.

How less will be your EMI

Those who have taken a home loan of Rs 20 lakh for a period of 20 years at an interest rate of 9.55 per cent, earlier they had to pay a monthly installment of Rs 18,708, but this will now be reduced to Rs 18,253 at the rate 9.20 per cent - if it is passed on entirely. If you were paying an EMI of Rs 28,062 on your home loan of Rs 30 lakh, this will now be reduced to Rs 27,379. On a home loan of Rs 50 lakh, the EMI of 46,770 paid earlier would now be reduced to Rs 45,631. If we take into consideration a loan amount of Rs 80 lakh, the EMI on this will be reduced to Rs 73,010 from Rs 74,832, while on the home loan of Rs 1 crore, now the EMI will be reduced from Rs 93,540 to Rs 91,263.

Notably, the Reserve Bank of India has cut the repo rate 4 times this year.

1. With 0.25% cut in February, repo rate was reduced from 6.5% to 6.25%
2. With 0.25% cut in April, repo rate was reduced to 6% from 6.25%
3. With 0.25% cut in June, repo rate was reduced from 6% to 5.75%
4. In August, repo rate has been reduced from 5.75% to 5.40% after 0.35% cut

What do experts say

Manoj Gaur, Chairman of Gaur Sons, said this RBI step will lead to a slight rise in demand in the housing sector. This step will also boost the growth of banking system, which will directly benefit the real estate sector. This step is very good for the affordable housing sector.