



Your dream to buy a big ticket size home will be easier now, as interest rate to fall on such home loans

More cheers for homebuyers

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Reserve Bank of India on October 9 made a big announcement that will enable homebuyers get big ticket size home loans at low interest rate. The RBI move to keep the new housing loans linking only to LTV (loan to value) will encourage more buyers to come forward. At present the risk weight on housing loans is based on amount of loan and LTV. So, basically home loans above ₹30 lakh will be cheaper. In fact, home loans above ₹75 lakh will get the maximum benefit. Deo Shankar Tripathi, MD & CEO, Aadhar Housing Finance, explains, "Earlier, all loans above ₹75 lakh were carrying same risk weight irrespective of low LTV of loan. Now, even big loans with low LTV will carry low risk weight. This is good for lenders giving big ticket size loans with low LTV." Banks now could offer lower interest based on LTV as their capital requirement will be lower. Ravindra Sudhalkar, CEO at Reliance Home Finance, says, "With all new housing loan risk now

linked only to loan to the value, the rates will continue to be in check and hence encourage new buyers. The lower margin requirement on high value loans will boost demand for homes in metros, where prices are higher than other cities."

Another expert, Anurag Mathur, CEO, Savills India, comments, "Rationalisation of risk weight of housing loans will boost housing demand across the country. With this move, housing loans would eventually get more affordable." Ramesh Nair, CEO & country head, JLL, says the move is expected to provide a fillip to housing loans, thus having a positive impact on the residential sector. **Manoj Gaur, MD, Gaurs Group, says, "The lower of risk weightage on home loans and linking it to LTV only will ensure more credit to customers and thereby to the sector."**

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