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“Not a single loan sanctioned under housing scheme”

Special Correspondent

Banks told to expedite sanctioning of loans

VELLORE: Managing Director of Tamil Nadu Housing Board (TNHB) Dharmendra Pratap Yadav has urged bankers to expedite the sanction of housing loans for the urban poor under the Central government-funded Interest Subsidy Scheme for Housing for the Urban Poor (ISHUP) in order to enable the poor people living in urban slums to construct concrete houses.

Reviewing the progress in the implementation of ISHUP with Collector C. Rajendran and Corporation and Municipal Commissioners, Assistant Directors of Town Panchayats, Executive Officers of Town Panchayats, bankers and officials of the TNHB from Vellore, Tiruvannamalai, Dharmapuri and Krishnagiri districts at the Collectorate here on Wednesday, Mr. Yadav said that while the scheme came into force in December 2008, none of the banks had so far sanctioned loans under it, though they received numerous applications. Against a target of 4,799 loans in Vellore district, 1,087 applications were received, of which 846 were forwarded to the banks. But none of the applications were sanctioned.

The Managing Director said that under the scheme, persons belonging to the low income group were eligible for Rs.1.6 lakh, while those belonging to the economically weaker sections were eligible for Rs.1 lakh.

The scheme has a subsidy component of 33 per cent, and carries a five per cent interest subsidy. Only banks which have signed a Memorandum of Understanding with the National Housing Bank or the Housing and Urban Development Corporation (HUDCO) were eligible to

claim the subsidy, he said.

Mr. Yadav told the bankers to expedite the sanction of loans to the urban poor under ISHUP considering the fact that many poor persons had received pattas under the scheme of regularising the encroachments of those who have been living on poromboke land for several years, considering their poverty and the need for such people to have a good shelter. In view of the Central government's thrust on financial inclusion, it was necessary to sanction the loans to the urban poor.

He advised the bankers not to neglect the applications but to process them in phases. He said that the ISHUP was reviewed at the State Level Bankers Committee meeting held in Chennai in March 2010, and would be reviewed in all subsequent meetings.

Bankers complained of bunching of applications in the branches. If limited applications were sent to the branches, it would be possible to sanction the loans, they said. Christopher, Relationship Manager, NHB, Southern Region, said any loan sanctioned after December 2008 was eligible for subsidy and interest subsidy under the ISHUP.