

## **India: Housing scheme guidelines to be rejigged to make cities slum free**

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**New Delhi:** In the run-up to the full fledged launch of Rajiv Awas Yojna (RAY), the flagship programme to make Indian cities slum-free, the housing ministry is fine-tuning some of the parameters to ensure that more people benefit from the programme. As a first, the upper ceiling of the income range of economically weaker section (EWS) and low-income group (LIG) is being altered. The upper limit of economically weaker section (EWS) will be almost doubled to Rs 6,500 from Rs 3,300 at present, an official source said.

With LIG, the upper limit has been fixed to Rs 11,000 from Rs 7,500 prevailing now. "The idea is to cover more people under the various prevailing schemes which are either ongoing or going to be launched later on", the official from housing ministry said.

During the next financial year (2010-11) housing ministry is planning to spend around Rs 300 crore on interest subsidy for housing the urban Poor (ISHUP). Housing ministry is planning to spend Rs 1,100 crore towards (ISHUP) Scheme under the 11th Five Year Plan. This is another scheme introduced for solving the dwelling problem of economically weaker sections as well as increasing the housing stock in India.

Through its National Urban Housing and Habitat Policy, the ministry is planning to create housing in the EWS and LIG category. According to the policy, at least 15% of land in housing projects or 20% floor area ratio—whichever is greater—has to be reserved for EWS and LIG. The ISHUP scheme envisages construction of a total 3.10 lakh dwelling units in the country. The housing ministry will implement the scheme through National Housing Bank (NHB) and Housing Urban Development Corporation (Hudco). These two agencies will disburse the loan through commercial banks and housing finance companies (HFCs).

Under ISHUP, the ministry will pay 5% of the EMI while the individual has to pay around 3.5% of the remaining EMI on housing loan up to Rs 1 lakh. After the government subsidy, the EMI is expected to be lower than Rs 600 on a Rs 1 lakh loan, taken for 15-20 years. For economically weaker section (EWS) housing, the total cost is mostly Rs 1 lakh. Although for low-income group (LIG) housing the total cost exceeds the Rs 1 lakh-mark, HUPA gives subsidy on Rs 1 lakh only.