

Affordable Housing

- Government of India defined in **2017 Budget** that Houses up to 30 sq. mtr **carpet area** in 4 metros and 60 sq.mtr **carpet area** in other cities as **affordable Housing** and also **gave Infrastructure status** to this segment.
- Following benefits are there for affordable Housing on account of Infrastructure status and Governments new initiatives

(i) The developers will get 100% tax exemption for affordable Housing projects approved between June 2016 & March 2019 and completed **within 5 years** from the date of approval. However, MAT is applicable which they can adjust in later year profits. The service tax is also exempted for affordable Housing.

(ii) Developers can access FDI which will be cheaper.

- For affordable Housing projects SBI extends concession up to 35 basis points under Sah-Nirman scheme where in the interest concession will be extended back ended annually based on the penetration of Housing loans in the funded projects.
- The scheme is as under:

SBI Housing Loan Penetration in the Project	Concession
Below 30%	Nil
30-40%	10bps
40-50%	15 bps
50-60%	25 bps
Above 60% for other Housing projects	25 bps
Above 60% for Affordable Housing projects	35 bps

- The funding for the project is based on gap funding and the bank borrowing ranges from 50-70% of the peak deficit.
- SBI funds under Asset backed Loan up to Rs 50 crores at a competitive interest of 3.05% above MCLR wherein the collateral security is 167% of the loan.
- Financing to Builders under Sole Banking product the Bank is funding upto Rs 200 crores in respect of investment grade companies (BBB & above) wherein the value of the project land is 167% of the loan amount and the loan component will be 80% of the peak deficit where cost of land is excluded in the project cost.

- Under our large private Builders scheme also, we are considering funding up to 70% of the peak deficit.