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BUY OR RENT A HOUSE? CONFUSED? READ ON TO MAKE A WISE DECISION AND INVEST IN AN ASSET AND NOT A LIABILITY

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Indian cities are growing manifold with every passing year and the reason is migration into cities, in addition to natural growth. The desire and access to quality education has opened doors for many outsiders to the city for formal employment opportunities. The charm and attraction to work and live in cities is a governing criterion for youngsters/entrepreneurs in the present times. Ahmedabad is the biggest city in Gujarat and is also growing rapidly. With time, the city has become more vibrant and cosmopolitan. Many people from other states want to settle in Ahmedabad as it is one of the best cities to live in, which ultimately results in increased housing demand both, rental and owned. However, it has been witnessed that some-

times working individuals, students, single mothers, food habits, etc., are facing problems in getting a rental accommodation as homeowners are not very receptive to single tenants. Also in Ahmedabad city, hostels for working individuals with all basic facilities like canteen, laundry, etc., are growing that are charging ₹10,000 to 12,000 every month and providing shared accommodation. Many consider these rentals to be a bit on the higher side.

In today's time, providing appropriate housing facilities to all citizens is the vision of the government. To meet the huge urban housing targets and to accomplish the vision of 'Housing for all by 2022', Central Government has taken a bold step to optimise and attach the resources of both, public and private sectors that would synergise the advantages of both the government and private sectors toward a gradual transition

In today's time, providing owned shelter to all citizens with proper services and infrastructure is the vision of the government

under Pradhan Mantri Awas Yojna (PMAY). The mission 'Housing for all by 2022' has mainly focused on 'In situ slum redevelopment', affordable housing through credit linked subsidy (CLSS), affordable housing in partnership and subsidy for beneficiary-led individual houses construction and enhancement.

Under PMAY, credit link subsidy

(CLSS) is an important component. Migrating working individuals can benefit from it by purchasing a house rather than renting. Even a group of individuals can jointly purchase the house. Under CLSS, beneficiaries of Economically Weaker Section (EWS) and Low Income Group (LIG) seeking housing loans from banks, housing finance companies and other such institutions would be eligible for an interest subsidy at the rate of 6.5 per cent for a tenure of 20 years or during the tenure of loan whichever is lower.

The credit linked subsidy will be available only for loan amounts up to ₹6 lakh and additional loan beyond ₹6 lakh, if any, will be at a non-subsidised rate. Credit linked subsidy would be available for housing loans availed for new construction and addition of rooms, kitchen, toilet etc., to existing dwellings as incremental housing. The carpet area of hous-



es being constructed under this component of the mission should be up to 30 square metres and 60 square metres for EWS and LIG, respectively. For middle income group, the newly-launched CLSS for MIG covers two income segments in the MIG viz. ₹6,00,001 to ₹12,00,000 (MIG-I) and ₹12,00,001 to ₹18,00,000 (MIG-II) per annum. In the MIG-I, an interest subsidy of 4 per cent has been provided for loan amounts up to ₹9 lakh while in MIG-II, an interest subsidy of 3 per cent has been provided for loan amount of ₹12 lakh. Housing loan above ₹9 lakh and ₹12 lakh will be at non-subsidised rates.

Single migrated working individuals opting for the purchase of a house in early days of their career can save on rent/hostel fees and invest that money to own a house which would offer security and, more importantly, they can invest in asset and not liability, and can also take advantage of capital appreciation. Today in Ahmedabad, under PMAY, CLSS is available in private projects (falling in to the criteria mentioned under PMAY) and one should tap the opportunity and buy a house rather than paying rent.

(Writer is a city-based Housing Planner and Real Estate Analyst)



CREDIT LINK SUBSIDY (CLSS)

Migrating working individuals can take advantage of this subsidy and purchase a house rather than renting one



CLSS BENEFICIARIES OF EWS AND LIG

Housing loans from financial institutions would be eligible for an interest subsidy at the rate of 6.5 per cent for a tenure of 20 years