



'You can own a house'

Rakesh Singh, Director, Aditya Birla Housing Finance, shares insights on the significance of institutional funding for fulfilling dream home purchases

■ **Why is financing even more important when it comes to affordable housing?**

Financing is very important not only for affordable housing but across the entire housing spectrum. Home is a lifelong investment. One does not have the entire money available to buy the house. So you do need funding or financing. What is expected is that the buyer will contribute 20% or 30% which is margin money and remaining 70% or 80% can be funded by a financial institution. You will not be able to organize the entire money to own a house. Home is an asset class, which is at least 4-5 times of one's annual income. We are never in position to put this money in one go.

■ **How does Aditya Birla Housing Finance facilitate the aspirations of home seekers?**

We provide home financing to different customer segments across different geographies and it can be metro cities it can be Tier II, Tier III, IV, V. We are looking to increase our penetration and reach out to Tier IV and Tier V cities so that we have presence across urban and semi urban markets.

■ **What policy changes/ amendments would you suggest to make housing for all a reality?**

This government has done a lot in the last 2-3 years for both, supply as well as demand side. On the supply side; giving exemption to the developers on their corporate profit, so profits coming out of these projects are exempted from tax, exemption of service tax, providing infrastructure status to the industry. In the affordable housing definition recently they have increase the carpet



area so that addresses the supply side of housing overall. Also they are trying to address the demand side, providing the credit linked subsidy scheme (CLSS) to EWS, LIG and MIG, government has reduced the GST from 12% to 8% for affordable housing units. So the government is doing on both fronts but there is so much to be done and the challenges can only be addressed over a period of time. It will take some time to address the challenges of home loan buyers. The start

has been made. I think what has to be done more is in terms of bringing the input cost down by structurally working on reducing the land cost and using newer technology in bringing the overall cost of construction down. So these are the areas where government needs to work on.

■ **What advice would you give home seekers staying in rented accommodation?**

My advice to home buyers or home seekers is if you are staying in a rented accommodation and if you are paying Rs. 10,000 or 15,000 as rent and if you want to own a house of Rs. 25-30 lakh and EMI is Rs. 25000 a month you have to see that your incremental cost for owning a home is only Rs. 10,000. Also, if you are taking a home loan you get the interest benefit in terms of your principal and interest deduction, so if you adjust both, I think the incremental cash flow needed will be even lower. So by paying some extra nominal incremental cost on a monthly basis of EMI you can own a house. I think everyone staying in a rental accommodation should plan in terms of owning a home.