

Housing Finance in India and Appraisal Process of Home Loans with Specific Reference to Indian Overseas Bank

Souvik Ghosh

MBA in Finance, Future Business School, West Bengal University of Technology, Kolkata, West Bengal, India

Abstract: *Owning a home is one of life's biggest aspirations of a person. Home loans are the most easily accessible financial supplement to purchase a person's dream home. A resident or non-resident individual who is planning to buy a house in India can apply for a home loan at the banks or Housing Finance Institutions. Once the maximum amount to put into the property has been decided, the Housing Finance Institutions or Banks will let the customer know that how much he/she is eligible for and this helps to plan out the budget. In order to get the housing loan the customer has to go through a Credit Appraisal process. Each bank / Housing Finance Company (HFC) has its own norms and standards to evaluate borrower's ability to repay the loan and the credit worthiness of the customer to be eligible for loan application. During this whole process, the loan eligibility and the repayment capacity of the borrower are established on the basis of his/her Disposable Income, Stability and continuity of income, Age, Educational qualifications, Number of dependents, Co-applicant's income, Employer, Nature of employment or business (if self-employed), Experience, Securities proposed, Taxation history, Assets owned, Alternative / additional sources of income, Other loan obligations, Investments, Saving habits, Other present and future liabilities. A prospective borrower has to go through the various stages (i.e. Financial, Legal, Technical etc.) of credit appraisal process as practiced by different banks / HFCs. This study mainly focuses on the guidelines followed by commercial banks in India regarding the appraisal process of housing loans with specific reference to Indian Overseas Bank.*

Keywords: Housing Loan, HFC, EMI, Marginal Requirement, CIBIL, Mortgage, CERSAI, Credit Appraisal.

1. Introduction

Housing is one of the basic needs of every individual as besides providing shelter and security, it also enables easy access to the credit market by working as collateral comfort / security. The urban population of India has been growing at a rapid pace. As per the Census 2011, 31.16 per cent of the total population is in the urban areas. According to FICCI's report (October 2011), 900 million people will be added to Indian cities by 2050. With the growing population of India, increasing nuclear family structure & urbanization the demand of home is also ever increasing. In addition to it, the present upswing in economic growth of India has caused increasing buying power of Indian consumer, so has boosted the real estate market. Housing also plays an important role in terms of the multiplier effect it has on the economy due to its strong backward and forward linkages with various industries and as a direct and indirect employment generator.

In pursuance of National Housing Policy of Central Government, Reserve Bank of India has been facilitating the flow of credit to housing sector. Since housing has emerged as one of the sectors attracting a large quantum of bank finance, the current focus of RBI's regulation is to ensure orderly growth of housing loan portfolios of banks.

A person can generally seek a first time housing / home loan for buying a house or a flat, renovation, extension and repairing to his/her existing house. Indians with a regular source of income, which includes salaried individuals, self-employed professionals, self-employed business people, NRI individuals and existing property owners who can pledge it as security for the loan, are all eligible for a home loan. The individual applying for the loan should be above 21 years of

age when the loan period begins and should be less than 65 years when the loan period closes. Generally as a thumb rule, banks or financial institutions lend 85-90% of the cost of the property. 10-15% of the money is expected to be paid as a down payment (Margin requirement) for the loan. By taking a home loan from a bank or a housing finance company the borrower pledges his/her home as the lender's security (Mortgage) for repayment of the loan. The interest rates for Home Loans can be fixed or floating, or partly fixed and or partly floating, suiting the needs of the borrower. Home loans are generally taken for long tenures as the loan amount is usually a huge sum. A home loan can be taken anywhere between 5 and 30 years. The amount of loan one is eligible for depends on the individual's credit profile. The bank or financial institution will hold the title or deed to the property till the loan has been paid back with the interest due for it.

2. Current Scenario – Important Guidelines and Schemes Regarding Housing Finance

- **Housing Loans under Priority Sector Lending:** Loans up to Rs. 25 Lakh in metropolitan centres with population above 10 Lakh and Rs. 15 Lakh in other centres to individuals for purchase/construction of a dwelling unit per family, excluding loans granted by banks to their own employees, w.e.f. 01.04.2011.
- **Loan To Value (LTV) Ratio:** The LTV ratio in respect of housing loans should not exceed 80%. However, for small value housing loans i.e. housing loans up to Rs. 20 lakh (which get categorized as priority sector advances), the LTV ratio should not exceed 90%.
- **Factors for determining eligibility:** The main concern of the bank is to make sure that borrowers comfortably repay

the loan on time and ensure end use. The higher the monthly disposable income, higher will be the amount customer will be eligible for loan. Typically a bank assumes that about 50-60 % of monthly disposable/surplus income is available for repayment of loan. The amount of the loan also depends on applicant's age, tenure of the loan and the interest rate.

- **Interest Rates:** Banks generally offer either of the following loan options, **Floating Rate Home Loans** and **Fixed Rate Home Loans**.
- For a Fixed Rate Loan, the rate of interest is fixed either for the entire tenure of the loan or a certain part of the tenure of the loan. In case of a pure fixed loan, the EMI (Equated Monthly Installment) due to the bank remains constant.
- The floating interest rate is made up of two parts: the index and the spread. The index is a measure of interest rates generally (based on say, government securities prices), and the spread is an extra amount that the banker adds to cover credit risk, profit mark-up etc. The prime lending rate or the base rate (**10-10.25%** presently) is used as a basis for calculating the floating rate and the interest rate charged is the prime interest rate / base rate plus a certain spread. The EMI of a Floating Rate loan changes with changes in market interest rates. If market rates increase, repayment increases. When rates fall, dues also fall.
- **Security:** security for a housing loan is typically a first mortgage of the property, normally by way of deposit of title deeds. Banks also sometimes ask for other collateral security as may be necessary. Collateral security assigned to bank could be Life Insurance policies, the surrender value of which is set at a certain percentage to the loan amount, guarantees from solvent guarantors, pledge of shares / securities and investments like KVP/ NSC etc. that are acceptable to the banker. Banks would also require the borrower to ensure that the title to the property is free from any encumbrance. (i.e., there should not be any existing mortgage, loan or litigation, which is likely to affect the title to the property adversely).
- **CERSAI Registration:** To prevent frauds in loan cases the Government has facilitated setting up of the Central Registry of Securitization Asset Reconstruction and Security Interest of India (**CERSAI**) under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (**SARFAESI Act, 2002**). This Registry has become operational with effect from March 31, 2011. The objective of setting up the Central Registry is to provide a database of security interest over property rights to secure loans and advances granted by banks and financial institutions. Availability of encumbrance status, inter alia, help in preventing frauds involving cases where loans are taken from different lenders against the same immovable property by creating multiple mortgages by deposit of title deeds as well as fraudulent sale of property without disclosing the security interest over such property. The operation of CERSAI is currently being managed by National Housing Bank partially.
- **Fees:** A home loan often requires payment of various fees, such as loan origination or processing charges,

administrative charges, documentation, late payment, changing the loan tenure, switching to different loan package during the loan tenure, restructuring of loan, changing from fixed to floating interest rate loan and vice versa, legal fee, technical inspection fee, recurring annual service fee, document retrieval charges and pre-payment charges, if someone wants to prepay the loan. Many of these fees are negotiable / can be waived also.

- **Tax benefit on the loan:** Resident Indians are eligible for certain tax benefits on both principal and interest components of loan installments under the Income Tax Act, 1961. Section 80C and Section 24B grant income tax rebates to people who have taken home loans.

Section	Component	Benefits per annum (w.e.f 1.04.14)
80C	Principal	Rs. 1,50,000 /-
24B	Interest	Rs. 2,00,000 /-

3. Eligibility Calculation and Appraisal of Home Loan Proposal

3.1 Financial Appraisal

An important part of credit appraisal is financial appraisal, where the applicant's financial position is reviewed. Past repayment records including defaulting, late payments, delinquencies and bankruptcies, earnings potential (including spouse), any outstanding debt, assets, liabilities and stability of income comes under close scrutiny. Those earning high salaries and carrying a professional degree with a bright growth potential can definitely strike a great bargain. Financial stability of the borrower and the co-borrower is an important factor not only for credit appraisal but also for increasing applicants' creditworthiness. Usually a HFC or bank sets a fixed upper limit for the amount of money that can be sanctioned for a particular type of loan. Depending on the creditworthiness of a customer, the amount of money sanctioned to the party can be increased to a certain degree. Age is another factor that can also impact how much amount will be sanctioned and speaks about borrower's repayment capacity. Age also matters when the tenure is quite long.

3.2 Technical Appraisal

Apart from the financial appraisal, the technical appraisal is also an integral part of the credit appraisal process. Here the validity for approvals for construction from local government bodies is verified. Compliance with building laws, like restrictions on the number of floors or height of the building, is also verified and the property to be financed is valued and its condition is checked. Technical appraisal judges if the property to be financed is viable at all.

3.3 Legal Appraisal

Finally, legal appraisal of the property takes place. It requires the borrower to submit Sale deeds (agreement for sell), Development agreement, Khata certificates, Encumbrance Certificate and other property related papers. Then these papers are handed over to lawyers who verify if the borrower is the absolute owner of the property that needs

to be financed. Subsequently, validation of succession of title from earlier owners to the present one is done.

3.4 Credit History Checking

A Credit History is basically a record of an individual's or company's past borrowing, repayments of loans and credit card bills including information about late payments & bankruptcy. There is a central database available with the **Credit Information Bureau (India) Limited (CIBIL)** which collects and maintains records of an individual's payments pertaining to loans and credit cards. These records are submitted to CIBIL by member banks and credit institutions, on a monthly basis. The CIBIL TransUnion Score is a 3 digit numeric summary of a person's credit history which indicates applicant's financial & credit health. The Score is derived from the credit history as detailed in the Credit Information Report [CIR] and ranges from 300 to 900 points. Credit score tells the lender how likely the applicant is to pay back loan or credit card dues based on past repayment behavior. The higher is the score, the more is the chance of party's loan application getting approved! Before approving a loan a financial institution always checks with CIBIL on applicant's repayment track record.

4. Housing Loan Policy of Indian Overseas Bank

IOB is offering home loans under different schemes for the Indian residents and NRIs at attractive interest rates for both the employed and self-employed persons instantly with very less documentation. Thus, with the simple processing of a few steps, people can get the Home loan from Indian Overseas Bank for purchasing a new house / flat or to renovate / rebuild an existing home.

4.1 Eligibility

- Groups of individuals
- Members of Co-operative Societies.
- Individuals not more than 55 years of age. However individuals may be considered at the age of 60 provided their legal heirs join along with them.
- Loan must be liquidated before attaining 65 Years of age.
- **For salaried individual:** A permanent job with a minimum of 2 or 3 years service.
- **For self-employed professional:** A minimum period of three years of activity in the related field.

4.2 Purpose

To purchase / construct / repair / renovate flat or house.

4.3 Quantum of loan

A maximum of 90% of the cost of the house / flat excluding Registration and Documentation charges. The amount depends on applicant's age and repayment capacity.

4.4 Margin

The minimum margin is 10% of the estimated cost (including the cost of the land) for new as well as old houses/flats.

4.5 Rate of interest

Loan Amount	Interest Rate % p.a. – Irrespective of Tenor	
	Others	Women Borrowers
Up to Rs 30 lakhs	@ Base Rate i.e.10.25	@ Base Rate i.e.10.25
Above Rs.30 lacs & up to Rs 75 lacs	@ Base Rate i.e.10.25	@ Base Rate i.e.10.25
Above Rs 75 lakhs	@ Base Rate +0.25 i.e.10.50	@ Base Rate i.e.10.25

4.6 Repayment

- Repayable in equated monthly installments for a maximum period of 30 years.
- No pre-payment charges.

4.7 Holiday / Moratorium period

A maximum holiday period of 18 months from the date of first disbursement or completion of construction - whichever is earlier. In case the house is purchased, the holiday period is 3 months.

4.8 Security

- First mortgage on the property to be bought, constructed or renovated
- The land should be in the applicant's name or jointly with spouse who should be a co-borrower
- Should have a clear and marketable title over the property
- Should have comprehensive insurance on the property for adequate value
- Additional security in the form of NSC, LIC, Units of UTI will also be accepted

4.9 Documents required

- An application form
- Salary certificate as a proof of income (for employed individuals)
- Financial statements (for professionals, businessman)
- Agreement for sale of house/flat
- Proof of membership (for co-operative societies etc.)
- Proof for experience in the line of activity (for professionals, business people etc.)
- Estimates for Construction / Valuation Report for Acquisition / Legal opinion on the Property from Bank approved Engineer / Lawyer

4.10 Calculation of EMI:

$$HOME\ LOAN\ EMI = P \frac{r(1+r)^n}{(1+r)^n - 1}$$

Where,

P = Principal loan amount

r = Annual interest rate in fraction / 12

n = Number of monthly installments

lacs but the FSV of the same was Rs. 13.26 lacs. So the applicant could get **maximum Rs. 13.26 lacs** as loan.

5. Case Study

Appraisal of a Home Loan Proposal of Rs. 8.00 Lakhs

5.1 Case Details

Mrs. V (33 years) who is currently working as an assistant teacher in a Govt. Primary School approached to Indian Overseas Bank, Garia branch for availing a Home Loan. She was going to purchase a new flat for her 3 members' family & for that reason bank assistance was required. As she has been maintaining a savings account with IOB, Garia for last 4 years, she decided to approach this branch first.

Now a days banks generally do not give loans to an unknown person without checking his/her background. Maintaining an account with the bank makes it easier for the customers to obtain the loan. These days public sector banks are following a very strict policy like the private banks regarding mortgage loans as a preventive measure for Non Performing Assets (NPA).

The original cost of the flat was Rs. 15.30 lacs of which Rs. 50,000/- were already paid by the applicant as advance. She applied to the bank for rest of the amount (i.e. Rs. 14.80 lacs). She proposed the name of her husband as the co-applicant of the loan to enhance the eligibility.

5.2 Credit Assessment & Appraisal by the bank

Quantum of a loan depends on various factors, like applicant's age, income, type of employment, cost of the project etc. As per bank's policy,

- (i) Maximum 90% of the cost of the house / flat excluding Registration and Stamp duty charges can be financed by the bank. The margin money is to be provided by the borrower. Here the **Marginal requirement** was 10% which is $(15.30 \text{ lacs} \times 10\%) = \text{Rs. } 1.53 \text{ lacs}$. So the remaining amount was $(15.30 \text{ lacs} - 1.53 \text{ lacs}) = \text{Rs. } 13.77 \text{ lacs}$.
- (ii) Valuation of the property is to be done by bank's empanelled valuer / engineer. From the valuation report, bank will check **Fair Market Value, Open Market Value, Forced Sale Value and Comparable Sale Value** of the property. *Forced Sale Value is the amount that may reasonably be received from the sale of a property under forced sale conditions that do not meet all the criteria of a normal market transaction. It is a price which arises from disposition under extraordinary or atypical circumstances.* Here the FSV of the property was Rs. 13.26 lacs.
- (iii) Bank will finance that amount which is lower between (i) & (ii), i.e. 90% of the total cost or the Forced Sale Value whichever is lower will be financed by the bank. In this case, 90% of the cost of the flat was Rs. 13.77

- (iv) In case of salaried individual, if the applicant is not a permanent employee he/she will not be eligible for a home loan & if the co-applicant is not a permanent employee his/her income will not be taken into consideration while calculating the eligible loan amount by the bank. In this case, Mr. K's (Co-applicant) income was not considered by the bank for the computation of total income because there was no deduction (like PF, Professional tax etc.) in his salary statement & bank presumed that he is not a permanent employee rather working on a contractual basis. **So the bank appraised the loan only with the income of Mrs. V.** (i.e. Rs. 13825.00)

- (v) The loan must be liquidated before/at 65 years of age or age of retirement, whichever is earlier. Bank fixes the maximum number of EMIs that a borrower can avail by considering this criterion. In this case, Mrs. V's present age is 33 years & she has 27 years left of her service. **So she is eligible for 240 EMIs repayment schedule.**

- (vi) Final calculation of eligible loan amount depends on the income of the applicant. According to 40% income norms, one needs around 40% of his/her income for personal expenses, all fixed obligations including the home loan applied for, should be restricted to a maximum of 60% of his/her gross monthly income. **EMI of a home loan should not exceed 60% of an individual's gross salary** (Average annual gross salary is calculated from last 3 or 4 years Income Tax return). In this case, gross salary of the applicant was Rs. 13,825/- per month. So **maximum EMI that can be deducted is (60% of 13,825) = Rs. 8295/-.**

After considering the above parameters of the applicant, **IOB has sanctioned Rs. 8.00 lacs** with applicable liability insurance amount (Rs. 24,080/-). The formula for computing EMI is shown below,

$$\text{HOME LOAN EMI} = P \frac{r(1+r)^n}{(1+r)^n - 1}$$

Where,

P = Principal loan amount = Rs. 8,24,080.00

r = Annual interest rate in fraction / 12 = 0.1025/12

n = Number of monthly installments = 240

- (vii) Inspection of the property is a very important step in the credit appraisal process. Inspection was carried out by bank officials at the pre-sanction as well as at the post-sanction stage. During **Pre-sanction inspection**, the branch official cross verified the information submitted by the applicant with respect to his identity, residence, employment / business and property to be purchased. **Post-Sanction activities** mainly emphasize on verification of the end use of funds after disbursement of the loan by physically verifying the assets created out of bank finance. Valuation of the Property must be done in every three years by Bank's empanelled valuer / engineer. Lastly Proper Monitoring and follow up of

credit by bank are required to ensure that it remains a standard asset.

5.3 Appraisal Note:

Indian Overseas Bank

(Housing Loan Under Shuvagruha Scheme)

Branch: Garia

Loan Amount- Rs. 8,00,000/- + Liability Insurance (Rs. 24080/-)

Name of the Applicant(s) 1 st Applicant 2 nd Applicant	Mrs. V Mr. K
Date of Birth & Age 1 st Applicant 2 nd Applicant	06/04/1980 27/01/1977
Address of the Applicant(s) Permanent Address	Baishnabghata Housing estate, C/1, Rathtala Quarter, N.S.C Bose Road, Kolkata - 700047
PAN NO.	AQIPPXXXXK
Name of the Employer	Sree Ramkrishna Paramhans Hindi Vidyapith.
Designation	Assistant Teacher
Date of Joining	19/04/2005
No. of Years of Service	8 Years
Date of Retirement	30/04/2040
Income from Employment / Profession (1 st applicant)	1,65,903.00/12 = Rs.13825/- (As per last 3 years IT return)
Monthly Income (As per Salary Certificate)	Rs. 17,117/- (Present)
Purpose	To buy a Residential Flat
Location & Address of Plot House	Premises no. 485/2, 189, Bidhan Pally (2 nd Floor), P.O- Garia, P.S- Regent Park, Kolkata- 700084
Total Area of the Flat	600 sq. ft
Details of Agreement for Sale	Agreement for sale executed by & between owner and purchasers on 10/02/2013
Estimates Offered	Flat costing Rs. 15.30 lacs.
Loan Amount Applied	Rs. 8,00,000/- (revised)
Loan Amount Eligible	Rs. 8,00,000/-
Stage Wise Disbursement	Single Installment
Details of Advance / Booking Money	Rs. 50,000/-
40% / 50% Income Norms	40% Income norms maintained.
Particulars of Approval for Construction	Sanction letter from KMC has been obtained
Encumbrance Certificate	Property is free of encumbrance. Clearance report has been obtained from bank's empanelled lawyer.
Repayment Period	240 EMIs of Rs. 8090/-
Holiday Period	3 months
Rate of Interest	10.25%
Whether Undertaking Letter from the Employer for Recovery from Salary at Source is Available (In Case of Salaried Person)	No
Any Other Collateral Security	NA

Offered / Suggested for Sanctioning the Limit	
CIBIL Report	Insufficient history to score
Details of Guarantor(s) Proposed with worth	NA
Any Other Information	Nil

Branch Recommendation:

Mrs. V is a permanent employee & working as an Assistant Teacher in Sree Ramkrishna Paramhans Hindi Vidyapith for las 8 years. She is maintaining savings account with IOB-Garia since 29/06/2009. Her school is also a valued customer of this branch.

After scrutiny and verification of all the necessary documents, IOB - Garia recommends sanction of Home loan for Rs. 8,00,000/- with applicable liability insurance amount.

Installment holiday period for 3 months is recommended while monthly interest chargeable during the holiday period is to be serviced.

Original Title deed of the flat is to be submitted by the borrower for creation of mortgage. CERSAI Registration would be applicable to transactions of security interest over the property created to secure the loan as defined under the SARFAESI Act, 2002.

5.4 Documentation

The following documents were required during the whole process,

- Application form
- Appraisal note
- KYC Documents (Voter ID, PAN Card, Aadhar Card, Electric Bill)
- CIBIL Report
- Credit Report Cum Opinion Sheet (CRCOS)
- Salary Certificate of last 3 months
- IT return for last 3 years
- Agreement for Sale
- Certified copy of Mother Deed
- Sanction Plan of KMC
- Copy of Development Agreement
- Copy of Power of Attorney
- Possession Certificate
- Notarized Undertaking
- Indemnity
- Up-to-date Municipality Tax receipt
- Legal Opinion from empanelled lawyer
- Valuation report of the property from empanelled valuer / Engineer
- Pre-sanction Inspection Report
- Title Deed or Deed of Conveyance
- Asset-Liability Statements of Applicant & Guarantor
- Term Loan Agreement for Home Loan
- Demand Promissory Note
- Letter of Undertaking to Repay in Installments
- Confirmation Letter of deposit of Title Deeds
- Details of Property proposed as Security
- Regional Office Sanction Letter
- Branch Sanction Letter
- Post dated cheques for the EMIs
- CERSAI Registration form

5.5 Tables and Charts

Table 1: Loan Structure

Loan Amount	8,24,080.00
Payment Duration	240 Months
Rate of Interest	10.25%
Calculated Monthly EMI	8089.53
Total Amount with Interest	19,41,487.20
Flat Interest Rate Per Annum	6.78%
Flat Interest Rate Per Month	0.56%
Total Interest Amount	11,17,407.20
Average Yearly Interest Amount	55,870.36

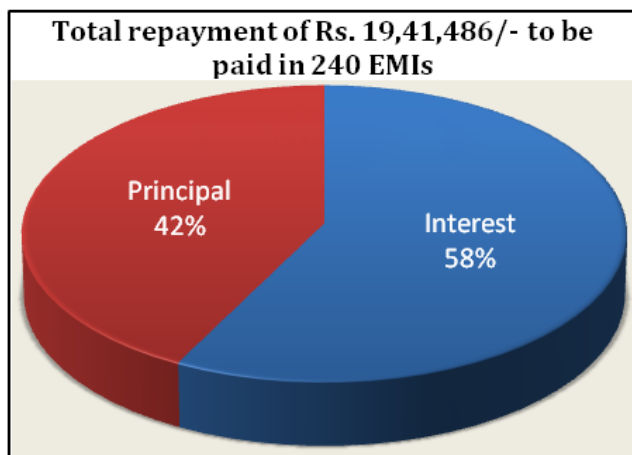


Figure 1: Breakup of Principal and Interest Amount from Total Repayment

6. Findings

At the time of sourcing the loan, banks are required to provide information about the interest rate applicable, the fees / charges and any other matter which affects customer's interest and the same are usually furnished in the product brochure of the banks. Complete transparency is mandatory. A bank cannot reject a loan application without furnishing valid reason(s) for the same.

To increase the loan eligibility the following can be considered,

- **Clubbing income-** Income of spouse also can be considered (if he/she is a permanent employee) if applied jointly.
- **Increasing Tenure-** When EMIs are high, eligibility will become less. The more the tenure is, less the EMI will be. So, one should opt for a higher tenure. Usually banks offer a maximum of 20-30 years tenure.
- **Additional Income-** Applicant's consistent additional incomes like rental income qualify. Expected rental income from the property purchasing, performance linked pay can be considered to enhance loan eligibility.
- **Pre-closure of Existing Loans-** Outstanding loans like car loans or personal loans may reduce one's loan eligibility. As per norms, only existing loans with over 12 unpaid installments are taken into account while computing home loan eligibility. So, prepaying the existing loans in full or part will help.
- **Employer-Bank relationship-** A lesser interest rate will naturally increase one's eligibility. Customer should check with the banks if there are any schemes running with

his/her employer. Banks usually categorize companies into A, B, C based on company profiles and run different schemes like special interest rates, processing fee waiver etc. People working in MNCs are benefited out of this usually.

7. Conclusion

The housing sector is one of the major contributors to the economy and provides growth impulses to the broader economic development of the country. The role of the financing institutions viz. Banks and Housing Finance Companies has grown significantly over the years in the housing sector. While appraising a home loan, lenders look for personal details such as a good credit history, annual and monthly income, existing EMIs of the consumer, a clean title to the house / property and the location of the house before approving a home loan application. It should always be kept in mind that taking too many loans would restrict customer's credit worthiness. Also maintaining credit score in good shape and Good and steady repayments keep one out of debt traps and will enhance applicant's credit worthiness in future.

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Appendix

Table 2: Amortization Schedule - Yearly View

Year	Opening Balance (Rs.)	EMI (Rs.)	Interest Paid (Rs.)	Principle Paid (Rs.)	Closing Balance (Rs.)
2013	824080.00	24268.59	21090.05	3178.54	820901.46
2014	820901.46	97074.36	90413.30	14750.59	807344.33
2015	807344.33	97074.36	81932.20	15142.16	792330.42
2016	792330.42	97074.36	80305.09	16769.27	775703.17
2017	775703.17	97074.29	78503.15	18571.14	757289.31
2018	757289.31	97074.30	76507.60	20566.70	736896.79
2019	736896.79	97074.31	74297.60	22776.71	714312.99
2020	714312.99	97074.29	71850.12	25224.17	689302.45
2021	689302.45	97074.31	69139.66	27934.65	661604.40
2022	661604.40	97074.28	66137.92	30936.36	630930.04
2023	630930.04	97074.30	62813.67	34260.63	596959.58
2024	596959.58	97074.30	59132.19	37942.11	559338.80
2025	559338.80	97074.30	55055.10	42019.20	517675.48
2026	517675.48	97074.29	50539.93	46534.36	471535.23
2027	471535.23	97074.30	45539.56	51534.74	420436.97
2028	420436.97	97074.30	40001.91	57072.39	363847.94
2029	363847.94	97074.30	33869.17	63205.13	301178.12
2030	301178.12	97074.29	27077.46	69996.83	231774.11
2031	231774.11	97074.32	19555.97	77518.35	154912.29
2032	154912.29	97074.30	11226.19	85848.11	69791.26
2033	69791.26	72805.73	3,014.47	69791.26	0
TOTAL PAYMENT		1941486.17	1117406.17	824080.00	
PAY OFF DATE – September 2033					

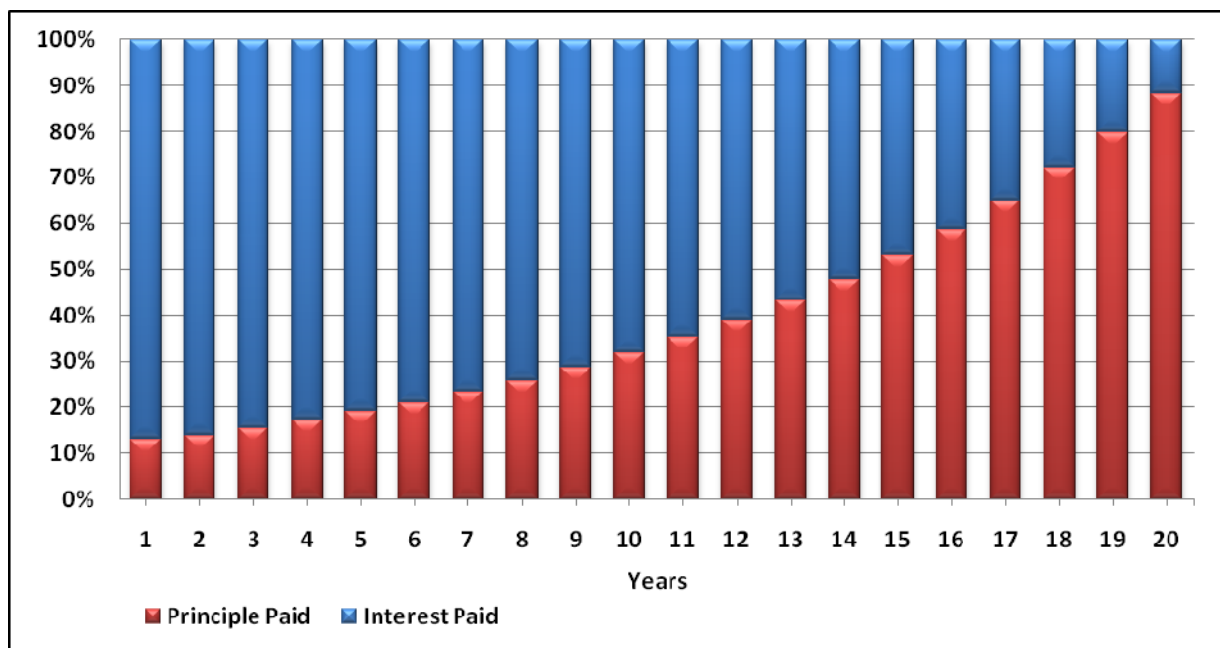


Figure 2: Year Wise Breakup of Principal and Interest Amount of EMI

The above chart shows the breakup of Interest and Principal payment for each year for an 8.24 lacs loan for 20 years tenure assuming interest @10.25%. So each bar is broken into two parts, where Blue bar represents Interest part and Red bar represents Principal part. It is clearly visible that how interest forms a major part of overall EMI in initial years and in the later year's principal part becomes high.