

HOUSING LOAN SCHEME FOR MEMBERS OF MADRASA TEACHERS WELFARE FUND

(A scheme jointly organized by the Department of Minority Welfare and Kerala State Minorities Development Finance Corporation Ltd.)

The Madrassa Teachers are considered as one of the most financially backward section of the Muslim Community. Most of them do not have proper shelter and they are struggling to live a proper life. Their average salary/wages is around Rs. 1,500/- per month. They are unable to get housing loan from banks or financial institutions and in order to help the group, KSMDFC and The Minority Welfare Department of Government of Kerala come forward to implement an interest free Housing Scheme.

The KSMDFC is planning to implement an Interest free Housing Loan Scheme for the Madrassa Teachers, who are members of the Madrassa Teachers Welfare Fund. As a financial Institution registered under the Indian Companies Act running without any grant-in-aid from Government, we are not in a position to disburse the loan without at least 2% interest for implementing the scheme to meet the administrative cost. This amount shall be met by the Minority Welfare Department from the revenue received or Corpus fund of the Madrassa Teachers welfare Fund.

Detailed Summary of the Loan scheme are as follows

1. **Project Cost- (Max per head):** Rs. 2.5 Lakh
2. **Loan component:** Rs. 2.5 Lakh.
3. **Cost/ Administrative expenses (Min. Interest):** 2% P.A (will be met the Dept. of Minority Welfare)
4. **Beneficiary contribution:** Not required.
5. **Stages of disbursement:**
 - Stage 1: Rs 1,25,000/- (for foundation, basement, structure etc.)
 - Stage 2: Rs. 1, 25,000/- (for roof and other finishing works)
6. **Repayment Period:** 7 years (84 months)
7. **Monthly EMI:** The monthly EMI **Rs. 2975/- for 83 months Rs. 3075/-** for last month
8. **Eligibility:**
 - Applicant shall be a *member of Madrassa Teachers Welfare Fund*.
 - The applicant **shall be homeless** or the home in his name is **not suitable for residential purpose** and that is certified by an authority not less than the rank of Asst Exe Engineer.
 - He should have a suitable land in his name or his spouse's name for construction of a house. The extent of land shall be minimum 2 cents. Those who do not have land in his/spouse name can also apply for loan subject to the condition that will purchase a minimum extent of land by him before availing the loan amount from KSMDFC.
 - Plan and estimate approved by a competent authority not below the rank of an Assistant Engineer of a local body/PWD.

- Approval of the local body shall be obtained for the construction as per the approved plan.
- The applicant or his spouse shall not be a beneficiary of any other housing scheme of the Government of Kerala or Government of India or Any Government Agencies.

9. Utilization/Implementation:

The work shall be completed as per the time schedule fixed by the corporation. The maximum time allotted for the completion of different stages is as follows:

Stage 1: 8 weeks

Stage 2: 12 weeks

Total: 3 .5 months – 5 months

10. Completion Certificate:

A completion certificate from a competent person not below the rank of an Assistant Engineer shall be submitted with a photograph of the work completed for availing the subsequent installments. 2 set of final completion certificate with a photograph of the building shall be submitted to the corporation within 10 days of the period allotted for completing the work.

11. Repayment:

The repayment will be started on completion of 6 months from the date of availing of the first installment or 1 month after the completion of the work whichever is earlier.

12. Due date of Repayment:

The due date for the first installment (EMI) will be fixed by the corporation and intimated the beneficiary. The date of payment of subsequent installments will be the same day in the coming months. The beneficiaries have the liberty to remit the amount in an advance date or remit an amount more than the amount fixed as EMI.

13. Penalty:

Those who become a defaulter in remitting the EMI will attract an amount @ 6% as penalty for the EMI defaulted/short EMI. A chronic defaulter in repayment will attract recovery action including Revenue Recovery Action and/or Legal Action. Since the scheme is implemented as an interest free loan as per the shari-et-law, the beneficiaries are advised to take utmost care in the repayment of EMI in time, otherwise the main concept behind the loan scheme will be defeated.

Those who failed to complete the different stages of the work in time without valid reasons beyond their control like natural calamities; death etc. will also attract penal action. For willful failure from the side of the beneficiaries to complete the works in time, the KSMDFC has the right to cancel further installments and re-fix the loan amount to the extent of the loan amount already disbursed and recover the amount in lump sum or installments with penalty @6%.

14. Security: No separate collateral security is insisted for availing the loan amount other than the land owned by the beneficiary for constructing the house. While executing the agreement with the corporation the Spouse/Father/Mother/Brother/Sister shall become part of the agreement as Co-borrower/Surety to guarantee the repayment. An undertaking from the Beneficiary, Co-

borrower/Surety will be collected by extending the liability not only to the asset created from the loan amount but also from other sources of asset in their name. A promissory Note for the full amount shall be executed jointly by the beneficiary and co-borrower/surety.

Salary Security: The surety of Permanent/Officiating Employees working in Government, Autonomous Bodies, PSUs, Apex Cooperative Institutions, Service Co-operative Banks, Aided School Staff etc. who are permanent residents of Kerala shall be accepted. The Salary certificates issued by primary co-operative societies shall not be accepted as security. The Salary Certificate shall be submitted in the prescribed form designed by the Corporation itself.*

15. Processing Charge: An amount of Rs.500/- shall be remitted as Processing Charge by the beneficiary (service charges inclusive).

16. Claim for charges from Minority Welfare Dept:

The Minority Welfare department will advance the amount to meet the administrative cost and the KSMDFC will adjust the claim for payment of cost/expenses @2% on half-yearly/yearly basis for all the beneficiaries, and the details will be submitted to the Minority Welfare Department.

17. Inspection:

The officials of the Department of Minority Welfare and KSMDFC officials has the power to physically inspect the site and issue directions or orders in connection with the implementation of different stages of the project.

18. Cost/Administration Expense Calculation:

Assuming that the installment amounts are Rs. 125,000/- and Rs. 125,000/- respectively, rate of interest is 2%, period required to disburse the installments are 5 months and the first month of repayment is from the sixth month from the disbursement of first installment, the interest to be remitted by the department to the corporation per beneficiary is approximately Rs. 19356/-. Here the method of appropriation of the EMI received is first in cost/expenses and then in Principal.

19. Death: In the case of death of the beneficiary after availing the first installment and before releasing the last installment, the co-borrower and surety can avail the rest of the installments after executing a fresh agreement with the corporation in tune with the first agreement. The co-borrower/surety has bound to the pay back the loan amount as per the agreement in installments. **OR** if the family/co-borrower likes to **discontinue** the loan installments in the ground of the death of the beneficiary, the loan amount will be re-fixed to the installments covered and the repayment shall be done on equated monthly installments. In that case, the family will get a redressal relief of Rs. 1.5 lakhs or the actual balance amount to be repaid to the KSMDFC whichever is less from the Beneficiary Reddressal Relief Fund (BRRF) maintained by the corporation with the assistance of Minority Welfare Department.

20. Beneficiary Reddressal Relief Fund (BRRF): An amount of Rs. 25 lakhs shall be earmarked for a relief fund to be maintained by the KSMDFC to meet the demand as discussed in Para 19 above.

21. Application:

Application for loans in the prescribed form shall be submitted to the Managing Director. KSMDFC Ltd, Chakkorathkulam, Kozhikode.

22. Budget:

<u>From Own Fund - KSMDFC</u>	<u>phase-1</u>	<u>phase-2</u>	
<u>Total</u>			
Target (200 applicants) - <u>Cr.</u>	2.50 Cr.	2.50 Cr.	<u>5.00</u>

23. Contribution from Govt. / Minority Welfare Department

- a. Estimated interest from Madras Teachers Welfare - Corpus fund/ Govt. @ 2%

Target (200 applicants) - 21.50 Lakh 21.50 Lakh 43.00 Lakh

- b. Total amount including the Reddressal Fund

(5% of the total loan component)- 25.00 Lakh

93.00 Lakh

Conclusion: The project will be implemented immediately with the own fund of KSMDFC on the approval of Government.

24. Calculation table: Int. 2%, period of repayment 84 months

Calculation of Initial Interest							
	Int Percentage	2%					
		Month1	Month2	Month3	Month4	Month5	
Fisrt Inst	1,25,000	206	206	206	206	206	1,030
Second Inst	1,25,000	-	-	206	206	206	618
							1,648
Calculation @ 2% interest for a repayment period of 120 months are as follows:							
Desciption	Amount	Month	EMI	Interest	Bal Amt		
Opening Int				1,648			
Opening Principal	250000	1	2976	417	247024		
	247024	2	2976	412	244048		
	244048	3	2976	407	241071		
	241071	4	2976	402	238095		
	238095	5	2976	397	235119		
	235119	6	2976	392	232143		
	232143	7	2976	387	229167		
	229167	8	2976	382	226190		

	226190	9	2976	377	223214		
	223214	10	2976	372	220238		
	220238	11	2976	367	217262		
	217262	12	2976	362	214286		
	214286	13	2976	357	211310		
	211310	14	2976	352	208333		
	208333	15	2976	347	205357		
	205357	16	2976	342	202381		
	202381	17	2976	337	199405		
	199405	18	2976	332	196429		
	196429	19	2976	327	193452		
	193452	20	2976	322	190476		
	190476	21	2976	317	187500		
	187500	22	2976	313	184524		
	184524	23	2976	308	181548		
	181548	24	2976	303	178571		
	178571	25	2976	298	175595		
	175595	26	2976	293	172619		
	172619	27	2976	288	169643		
	169643	28	2976	283	166667		
	166667	29	2976	278	163690		
	163690	30	2976	273	160714		
	160714	31	2976	268	157738		
	157738	32	2976	263	154762		
	154762	33	2976	258	151786		
	151786	34	2976	253	148810		
	148810	35	2976	248	145833		
	145833	36	2976	243	142857		
	142857	37	2976	238	139881		
	139881	38	2976	233	136905		
	136905	39	2976	228	133929		
	133929	40	2976	223	130952		
	130952	41	2976	218	127976		
	127976	42	2976	213	125000		
	125000	43	2976	208	122024		
	122024	44	2976	203	119048		
	119048	45	2976	198	116071		
	116071	46	2976	193	113095		
	113095	47	2976	188	110119		
	110119	48	2976	184	107143		
	107143	49	2976	179	104167		

	104167	50	2976	174	101190		
	101190	51	2976	169	98214		
	98214	52	2976	164	95238		
	95238	53	2976	159	92262		
	92262	54	2976	154	89286		
	89286	55	2976	149	86310		
	86310	56	2976	144	83333		
	83333	57	2976	139	80357		
	80357	58	2976	134	77381		
	77381	59	2976	129	74405		
	74405	60	2976	124	71429		
	71429	61	2976	119	68452		
	68452	62	2976	114	65476		
	65476	63	2976	109	62500		
	62500	64	2976	104	59524		
	59524	65	2976	99	56548		
	56548	66	2976	94	53571		
	53571	67	2976	89	50595		
	50595	68	2976	84	47619		
	47619	69	2976	79	44643		
	44643	70	2976	74	41667		
	41667	71	2976	69	38690		
	38690	72	2976	64	35714		
	35714	73	2976	60	32738		
	32738	74	2976	55	29762		
	29762	75	2976	50	26786		
	26786	76	2976	45	23810		
	23810	77	2976	40	20833		
	20833	78	2976	35	17857		
	17857	79	2976	30	14881		
	14881	80	2976	25	11905		
	11905	81	2976	20	8929		
	8929	82	2976	15	5952		
	5952	83	2976	10	2976		
	2976	84	2976	5	0		
			250000	19356			

**This para was inserted in Board Meeting on 22nd July, 2017 with effect from the date of the meeting vide Resolution No. 06.*

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