

# On the home loan turf, this UCB is taking on the biggies

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Punjab and Maharashtra Co-op Bank is offering loans at rates lower than that of its bigger rivals

## **Mumbai, December 15:**

In what could be reckoned as a David versus Goliath fight, a Mumbai-based urban co-operative bank has thrown down the gauntlet to banking and housing finance giants on home loans. Mumbai-headquartered Punjab and Maharashtra Co-operative (PMC) Bank is offering home loans, especially to women, cheaper than those by its much larger rivals.

The 33-year-old urban co-operative bank (UCB) is offering home loans to women borrowers at rates ranging from 7.75 per cent to 8 per cent.

PMC Bank is charging women borrowers 7.75 per cent interest on home loans up to Rs. 25 lakh and 8 per cent on loans above Rs. 25 lakh and up to Rs. 70 lakh. UCBs cannot give home loans above Rs. 70 lakh.

In the case of male borrowers, PMC Bank is charging 8.25 per cent on home loans up to Rs. 25 lakh and 8.35 per cent for above Rs. 25 lakh and up to Rs. 70 lakh. Comparatively, banking behemoth SBI is charging salaried women borrowers 8.30 per cent and 8.35 per cent for non-salaried on home loans up to Rs. 30 lakh.

For loans above Rs. 30 lakh and up to Rs. 75 lakh, SBI charges women borrowers (salaried) 8.30-8.35 per cent and 8.45-8.50 per cent for non-salaried. SBI charges male borrowers 5 basis points more across the home loan slabs.

## **Share linking**

A senior PMC Bank official said his bank has relaxed the share-linking requirement as the collateral is solid in the case of home loans. Under the share-linking requirement, which is typical of UCBs, a borrower is required to purchase the lender's shares at the rate of 2.5 per cent of the secured loan amount and 5 per cent of the unsecured loan amount.

The official said as housing is a secured loan, depending on the loan amount the minimum and maximum value of the bank's shares that a borrower needs to purchase has been capped at between Rs. 2,500 and Rs. 10,000, respectively.

"Our home loan product at competitive interest rates was launched a couple of months back. We are witnessing good traction in home loans," said another official. .

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