

No. HO/ROD/DAK/2025/04189

NHB (ND)/ROD/ Refinance Circular No. 07/2024-25  
January 2, 2025

To,

All Primary Lending Institutions

Sir/ Madam,

**Introduction of Fixed Rate Refinance under Liberalized Refinance Scheme (LRS)**

The National Housing Bank (NHB) through its refinance activities, has been facilitating affordable housing finance to support the housing sector.

2. To encourage the Primary Lending Institutions (PLIs) to expand credit flow to priority sector lending, NHB has introduced Fixed Rate Refinance under the Liberalized Refinance Scheme (LRS). This scheme offers refinance at a fixed and lower rate of interest to promote housing loans to individual complying with the Priority Sector Lending (PSL) criteria.

3. Please refer to the detailed guidelines annexed herewith and apply to avail the refinance under the Scheme and benefit from this initiative.

Yours faithfully,

Sd/-  
(Yogesh Panchal)  
Deputy General Manager  
National Housing Bank

## Liberalized Refinance Scheme (LRS) – Fixed Rate Refinance

### 1. Eligible Primary Lending Institutions (PLIs):

- Housing Finance Companies (HFCs)
  
- Scheduled Banks:
  - Scheduled Commercial Banks (SCBs)
  - Scheduled Urban Cooperative Banks (UCBs)
  - Regional Rural Banks (RRBs)
  - Scheduled Cooperative Banks (SCoBs)
  - Small Finance Banks (SFBs)
  
- Cooperative Sector Institutions:
  - Apex Cooperative Housing Finance Societies (ACHFS)
  - Agricultural & Rural Development Banks (ARDBs)

Provided that the applicant PLI meets the specific eligibility criteria as per the extant Policy of NHB.

### 2. Areas Covered: PAN India

### 3. Eligible Loan Purposes: The eligible purposes will be same as applicable to the existing LRS of the Bank.

Provided that the underlying loan pool/book debts must fully comply with the Priority Sector Lending (PSL) criteria as defined under Paragraph 12.1 (i) of the Master Directions – Priority Sector Lending (PSL) – Targets and Classification, issued by the RBI, and as amended from time to time.

### 4. Maximum Loan Size for the Underlying Loan Pool:

The maximum size of individual housing loans for which refinance can be extended to different categories of PLIs under the scheme is given below:

Type of PLI	LRS against Priority Sector complaint Loan Pool / LRS-PSL			
	For purchase/construction of a dwelling unit		For repairs to damaged dwelling units	
	Metropolitan Centres	Other Centres	Metropolitan Centres	Other Centres
HFCs	₹35 lakh*	₹25 lakh*	₹5 lakh*	₹2 lakh*
SCBs/SFBs	₹35 lakh*	₹25 lakh*	₹5 lakh*	₹2 lakh*
UCBs	₹35 lakh*	₹25 lakh*	₹5 lakh*	₹2 lakh*
SCoBs	₹35 lakh*	₹25 lakh*	₹5 lakh*	₹2 lakh*
RRBs	₹35 lakh*	₹25 lakh*	₹5 lakh*	₹2 lakh*
ACHFS	₹35 lakh*	₹25 lakh*	₹5 lakh*	₹2 lakh*
ARDBs	₹35 lakh*	₹25 lakh*	₹5 lakh*	₹2 lakh*

\* Overall cost of the dwelling unit in the Metropolitan Centres and at Other Centres does not exceed ₹45 lakh and ₹30 lakh respectively.

Note: (i) The RBI defines Metropolitan cities in its DBR.RRB.BC.No.36/31.01.002/2016-17 dated 16-11-2016, as cities having a population of 10 Lakh or above.

(ii) The norms most recently prescribed by the RBI shall be deemed applicable for all purposes.

#### 5. Interest Rate:

- (a) Fixed Rate for the entire tenure; and
- (b) The option for reset will not be available in this scheme.

6. **Tenure:** The product will have a fixed tenure of 10 years.

#### 7. Repayments:

PLI Type	Quarterly Repayment	Bullet Repayment
All eligible PLIs	10 years	Not Eligible

8. **Prepayment Charges:** The pre-payment charges shall be as under :

- (a) There will be a 2- year lock-in period during which PLI will not be allowed to prepay its loan under this scheme.
- (b) Post lock-in period, prepayment under this scheme can be made, with 2 months' prior notice, in writing, with a pre-payment charge as under:

<b>Ageing (Time Elapsed since Disbursement)</b>	<b>Prepayment Charges</b>
Upto 5 year	2.0% of amount to be prepaid
More than 5 year	1.0% of amount to be prepaid

**9. Concession:** No concessions will be available under this Scheme.

**10. Other Conditions:** The other conditions, *inter-alia*, security and documentations, exposure norms, repayment of principal and interest, adverse balance, KYC and AML, Management of asset quality etc., will be same as applicable to the existing LRS of the Bank.

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