



DEBT COUNSELLING

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I have a home loan of ₹25 lakh. Given the high interest rates, my bank extended the loan tenure twice in the last two years and did not change the equated monthly instalments (EMIs). But, I am still finding it difficult to service the loan. What are my options?

For home loans on floating rates, banks face two options in a rising interest rates scenario: One, to extend the repayment tenure, and two, to increase the EMI, or both. To lower the EMIs or to keep these same where extension of tenure is not possible, the only option is partial pre-payment of the loan.

This could be done by liquidating some other investments or assets to reduce the loan amount due. Most banks today allow this, without pre-payment penalty.

If this is not possible, you may consider selling the house, settling the loan and buying a cheaper house with a lower loan amount. Thus, the EMI would fall within your means.

We plan to buy a high-end LCD television. The dealer is offering us a loan. Should I

opt for it or convert the credit card payment into EMIs for repayment?

Both options are convenient. Decide both in terms of interest rates and repayment tenure. While the EMI option on the credit card will be an interest-bearing loan, loans on consumer durables often come without interest or at low interest, as the manufacturer gives interest subsidy to the financier.

Both options may come with a processing fee instead of regular interest, or both. Remember, on taking a loan on the credit card, your credit limit will be decreased to that extent.

I had borrowed ₹1 lakh from relatives for my sister's wedding. I need to repay this amount immediately, but don't have the requisite cash. I have ₹60,000 in fixed deposit (FD) and ₹55,000 worth jewellery. Should I break the FD and borrow against the jewellery?

Loans are available easily against both FDs and jewellery at competitive rates. Your security value is ₹1.15 lakh. Talk to your bankers. It could offer you a loan of ₹1 lakh against these assets.

If you fall short by some amount, you may consider breaking your deposit and taking a gold loan.

Obviously, you need to keep the EMIs within your repayment capacity by selecting the right tenure.

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