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China doubles ceiling for company small mortgage loans

The People's Bank of China (PBOC) announced on Monday the country's financial institutions would raise the ceiling of small-scale mortgage loans from 1 million yuan (\$145,500) to 2 million yuan to help them better fund their businesses.

The central bank also raised the caps of small mortgage loans for individuals from 20,000 yuan to 50,000 yuan, according to a joint circular on its website, along with the Ministry of Finance and the Ministry of Human Resources and Social Security.

The new policy expanded the loan applicant's coverage to benefit those urban unemployed and urbanites who had difficulty in landing jobs, a move to help them to make a living.

The government promised in February to help 10 million urban dwellers find employment this year.

"Financial institutions are entitled to raise the rate of the small-scale loans for individuals to the tune of three percentage points on the basis of the current interest rate," said the circular. This was to help commercial lenders better control financial risks and boost the sustainable development of this financial service.

Financing difficulty has long been a bottleneck for domestic enterprises since China started providing small mortgage loans in 2002.

In total, 17.5 billion yuan in small mortgage loans had been given out to companies and individuals through May.

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