The Seminar on Rural Housing Finance
BY
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Genesis of NABARD

- Established by the Act of Parliament on 12 July 1982
- Apex Institution for policy, planning, operations and monitoring of rural credit
- Integrated Development of rural areas through on farm and off farm activities.
- All India Presence
- Major clients – Banks, State Govts., NGOs etc.
Broad functions

• Credit Planning and monitoring
• Credit
  • Refinance
  • Finance
• Institutional Development
• Supervision
• Promotional and Developmental activities
• Consultancy
Objective of the Seminar

To understand the clients’ perspective and to deliberate upon the strategy to meet the unmet needs of the rural housing sector.
Housing for All – A National Agenda

• Union Budget 2017-18 announcement:
  • “A roof for each family in India”
  • The call given for ‘Housing for All by 2022’ would require Team India to complete 1 crore houses BY 2019.
  • Allocation under PMAY – ₹ 23000 crores.
Housing Shortage in Rural Areas – Major Reasons

- Planning Commission Survey –
  - 66% rural households construct homes with own resources
  - 25% depend on non-institutional sources
  - 9% use institutional finance
  - Lack of formal credit flow to the lower income segments – major reason for shortage of housing in rural areas
Constraints in Rural Housing Finance

- Absence of clear land title
- Difficulty in assessing the income of rural borrowers
- Limited reach of housing finance institutions
- Limited housing loan products for rural segment
- Difficulties in obtaining tangible marketable securities for housing loans
- Difficulties encountered in enforcing the securities in rural areas
• Keeping the socio-economic and climatic conditions in view it is essential to have different rural housing products for different segments of society.
• Three new products have been introduce by NABARD.
  ▪ Direct loans for rural housing (Loans only-without grant)
  ▪ Direct loans for rural housing (Loans cum grant assistance)
  ▪ Composite loans for rural housing along with income generating activities.
• Adequate housing – Not only Four Walls with a Roof but also provide basic services like Water, Sanitation, electricity, health care, education and livelihood.

• Recognized Rural Housing as an eligible refinance Activity – 2001-02 under “Rural Non Farm Sector – Refinance”
Rural Housing – Direct Finance

Eligible Activities:

- Construction / purchase of Dwelling Units.
- Improvement/ Renovation of existing dwelling Units
- Extension of existing dwelling units - adding a room, covering up an open space or adding another floor.
- Loan for integrated activity under rural housing.
- Loan for capacity building/training related to rural housing activities
Eligible Agencies

- State Co-operative Banks, DCCBs, PACS, RRBs
- Agriculture and Rural Development Banks
- Housing Finance Companies working for rural housing
- State /Central Govt. Companies, Corporations, other Govt. Institutions and
- Such other agencies which NABARD deems fit to finance
Rural Housing – Eligibility

• Carrying on lending business at least for last 5 years
• Net profit during last 3 years and no accumulated losses
• Net NPAs not exceeding 3%
• Should obtain at least 66% of marks in the internal rating done by NABARD.
• Audit of accounts is regular and should have A or B class audit classification.
Rural Housing – Eligibility (State Entities like Housing Boards, State Housing Corporations)

- Entity must have been established or constituted by or under any Central Act or State Act.
- Not less than 51% of the paid-up share capital-Central or State Govt.
- Minimum credit rating should be ‘A’.
- Should obtain atleast 66% of marks in the internal rating done by NABARD.
- Earned profit during last 3 years and also to be backed up with either Govt. guarantee or budget support.
Mode of Funding

• Direct loans to RRBs, State Co-operative Banks (including DCCBs, PACS)
• Loans to NBFC and HFCs for on lending to individuals
• Loans to NGOs / mFIs for on lending to individuals & SHGs
• Loans to SHG Federations for on lending to SHGs for house construction activities
• Loans to Apex Cooperative Housing Federations/Housing Boards
THANK YOU