



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**



ROLE OF NABARD IN RURAL HOUSING



- 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 introduced 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 .



ROLE OF NABARD IN RURAL HOUSING



- **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 atleast 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

