

Project Lending from NHB:

The National Housing Bank provides financial assistance for project lending to a range of borrowers both in the public and private sector. The eligible agencies for project lending are:

A. Eligible Borrowers

1. Public Agencies:

Agencies incorporated under the enactments of the Central or State legislatures or under the Companies Act, 1956 such as:

- State Housing Boards/Improvement Trusts
- State Slum Clearance Boards/ Authorities
- Development Authorities
- Municipal Corporations/Councils
- New Town Development Agencies
- Local Authorities for Housing & Urban Development
- Public Sector Companies for employee housing projects
- Agencies set up or notified by Government for Specific Housing Programmes (e.g. Earthquake rehabilitation etc)

2. Microfinance Institutions/Self Help Groups/NGOs/Societies registered under the Societies Act, 1860. Section 25 companies.

3. Joint Ventures and Public Private Partnerships

B. Eligible Purposes

The Bank offers financial assistance for various types of projects right from township development, land acquisition and development, slum redevelopment projects etc. The same are enumerated below under three main heads namely special projects, general projects and short term facility:

I. Special Projects

- Slum redevelopment projects
- Housing for EWS/LIG etc

II. General Projects

- Township cum housing development projects

- Construction of houses on individual plots or group housing
- Land acquisition for the purpose of township and housing development*
- Land development for housing including provision of facilities like roads, water supply, storm water drains, sewerage system etc. *
- Development of land into buildable plots*
- Employee Housing
- Special housing projects for people affected by natural calamities.
- **Water & Sanitation:** The Bank may also extend financial assistance for Water and Sanitation Programmes being undertaken by Micro Finance Institutions (MFIs)/Non Government Organizations (NGOs)/Urban Local Bodies (ULBs) as a part of their Housing finance programme

** Are limited to public agencies, joint sector companies.*

III. Short Term Facility

- Short term finance facility up to a maximum period of 2 years to public agencies engaged in housing projects.

IV. Takeover of Term Loan Liabilities of Public Housing and development Agencies

C. Interest Rates

The option of availing fixed or floating interest rates is available. The interest rates are determined based on the Prime Lending Rate of the Bank.

NHB reviews and resets the interest rates from time to time, depending upon the market conditions, commercial interest etc. Such changes in the rate of interest shall be applicable on the outstanding balances in the loan accounts under the floating rate option. In respect of fixed interest rates, NHB has the option to review and reset the rates on outstanding loans on completion of 3 years. The cut-off date for this purpose shall be June 30/December 31 following the completion of 3 years. Borrowers will have the option to either accept the revised rates or to prepay the outstanding amount without any prepayment levy if they find the revised rates unacceptable.

D. Prepayment Charges

Prepayment of loans is permissible with payment of prepayment levy as under:

On floating rate loans: 0.50% of amount to be repaid

On Fixed rate loans: 0.50 to 1.50%, according to residual maturity

E. Extent of Financing and Period of Loans

The extent of financing is based on the type of project and also the rating assigned by National Housing Bank. It varies between 65 to 100% of the project cost.

The maximum period of loan is 15 years.

F. Security

The project finance shall be secured through one or more of the following depending on the Agency/project:

- Mortgage/charge over immovable property acceptable to NHB
- Charge over receivables
- Bank Guarantee
- Government Guarantee
- Corporate Guarantee
- Charge on Book Debts
- Fixed Deposit Receipts
- Hypothecation of property
- Any other security acceptable to NHB
- Interim Security (in some cases interim security may be required till the main security is lodged with the Bank)

G. Customer Service

NHB provides excellent customer service by quick disposal of project proposals and individual attention. It will also provide requisite financial and technical expertise and guidance in project formulation, if so required by the borrowers.

H. Procedure for Availing Financial Assistance

The agencies desirous of availing financial assistance from NHB are required to fulfill certain criteria and conditions and procedure for availing the assistance. For details of the same please contact the following:

The Assistant General Manager
Project Finance Department
National Housing Bank
Core 5A, 3rd Floor,
India Habitat Centre, Lodhi Road,
New Delhi 110 003
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