



Activities during the quarter

In a nutshell

Nos of HFCs registered with NHB	45
<i>With permission to accept deposits</i>	23
<i>Without permission to accept deposits</i>	22
Refinance Disbursements till 23.09.2005	Rs. 940.99 crore
Refinance Outstanding as on 31.08.2005	Rs. 12770.31 crore
Disbursements for Housing Projects as on 26.09.05	Rs. 107.58 crore
Outstanding under Project Finance as on 26.09.05	Rs. 289.17 crore
Capital Gain Bonds subscribed till 24.09.2005	Rs. 626.00 crore

Regulation & Supervision of Housing Finance Companies

HFCs registered under NHB Act:

As on 15.09.2005 there were 45 registered Housing Finance Companies of which 23 HFCs have been given Registration Certificate with permission to accept public deposits. Certificate of Registration was granted to Vastu Finance Ltd without permission for acceptance of public deposits in March 2005. The registration given to SBI Home Finance Ltd. was cancelled on August 16, 2005 as the company was no longer carrying out housing finance business.

Draft guidelines on Securitisation of Standard Assets:

The Bank issued draft guidelines to Registered HFCs on July 4, 2005 for their comments on securitisation of standard assets to ensure healthy development of the secondary market

for residential mortgages. The comments received from HFCs are being examined. The Guidelines cover capital adequacy, valuation, profit/loss on sale of assets, income recognition and provisioning for originators and service providers like credit enhancers, liquidity support providers as well as investors; and as also the accounting treatment for securitisation transactions and disclosure norms. A copy of the draft guidelines is available on the Bank's web-site.

Financing Activities

a. Refinancing the Housing Finance Institutions

The refinancing activities of the Bank made an impressive start at the beginning of the year. Till 23.09.05 the Bank disbursed Rs. 940.99 crores under this window. The performance under the Golden Jubilee Rural Housing Finance Scheme was Rs. 232.33 crores. The refinances disbursed to



various category of primary lending institutions is as under:

Rs. in crores

	TOTAL	Under GJRHFS
HFCs	240.99	232.33
Banks	700.00	-
Total	940.99	232.33

b. Change in Interest Rates for Refinance

The interest rate structure of our refinance products are reviewed from time to time to ensure optimum pricing. During the year, the interest rates for funds of tenure ranging from 3 to 5 years have been rationalized to cater to the industry requirement. Interest rates for co-operative sector institutions namely Apex Co-operative Housing Finance Societies (ACHFS) and Agriculture and Rural Development Banks (ARDBs) continue to be at existing levels. Further, interest rates under short term, Gujarat earthquake and Tsunami Scheme also remain unchanged.

c. Modifications in Refinance Scheme

The scope of the Liberalised Refinance Scheme in respect of refinance assistance to Scheduled Commercial Banks has been widened by making their indirect housing loans to Housing Finance Companies, Apex Co-operative Housing Finance Societies, Agriculture and Rural Development Banks, Housing Boards, Public Housing Agencies and Private Builders/Developers.

d. Modification in Scheme for providing Short Term Assistance to Scheduled Commercial Banks

The Short Term Assistance Schemes applicable to Scheduled Commercial Banks and Housing Finance Companies have been modified. Eligible institutions can now avail funds, for periods above 45 days, 90 days, 135 days, 180 days and 270 days as per applicability in respective schemes.

e. Financing of Housing Projects

During the quarter, a project of Army Welfare Housing Organisation was sanctioned under the direct finance window. The project has a loan component of Rs. 86 crores. The entire amount has been financed by our Bank.

The Bank also disbursed the first installment of Rs. 1 crore to Share Microfin during the quarter. We had mentioned in our last report of sanctioning Rs. 10.80 crore to this micro financing institution of Hyderabad for construction and repairs of 4500 dwelling units in Andhra Pradesh, Karnataka and Chhattisgarh.

f. Upcoming Projects

Our concerted efforts in marketing our products seem to have evinced interest in several public sector as well as private sector agencies. Few institutions of these categories have approached us for financing of their Slum Redevelopment Projects, Employee Housing Schemes, Township Development Projects etc. The



proposals are currently being examined by the Bank for possible financial assistance.

Resource Mobilisation

Capital Gain Bonds continue to be the major source of borrowing for the Bank. The Bank has been sourcing funds from the market at competitive rates. An amount of Rs. 2997.32 crore was mobilized during the year under this Scheme. The response to these Bonds has been encouraging with the public mainly because of the tax exemption to capital gains

under Section 54 EC of the Income Tax Act, 1961. During the first quarter of the current year, till 15th September, Rs. 569.87 crore was mobilised by the Bank.

Redemption : In order to reduce the cost of borrowings of the Bank and also considering the present interest rate scenario, it has been decided to exercise the call option in case of Capital Gain Bonds having coupon rate of 7.15% and 6.50%. Accordingly, the funds raised under these two coupon rates are being redeemed on the maturity of 3 years. Redemption has started from August 2005.

Interest Rate revision on Capital Gain Bonds

In the calendar year 2005, the Bank revised the rates of interest on the Capital Gain Bonds. The changes which have been effective in different periods are as follows:

	<i>For 5 years with put/call option at the end of 3 years</i>	<i>For 7 years with put/call option at the end of 5 years</i>
1.12.04 to 15.02.05	5.35 % p.a. for amounts up to Rs.1 crore	5.50 % p.a.
	5.45 % p.a. for amounts of Rs.1 core and above	
16.02.05 to 15.04.05	5.45 % p.a.	5.50 % p.a.
16.04.05 to 15.08.05	5.25 % p.a.	5.35 % p.a.
16.08.05 to present	5.50 % p.a.	5.60 % p.a.

Golden Jubilee Rural Housing Finance Scheme (GJRHFS)

The Golden Jubilee Rural Housing Finance Scheme was launched in the year 1997-98 with a view to provide improved access to housing finance to the people living in the rural areas. The Scheme provides for construction of a new dwelling unit or upgradation of the existing

unit. The Scheme is implemented through various Primary Lending Institutions (PLIs) namely Housing Finance Companies (HFCs), Public Sector Banks (PSBs) and co-operative sector institutions. The GOI sets national targets and NHB being the monitoring agency, sub-allocates the target among the Primary Lending Institutions.

During the year 2004-05, a total of 2,58,975 units were financed by PLIs as against the national target of 2.5 lakh dwelling units, thereby recording an achievement of 103% as against 97.50 % during 2003-04. For the current financial year 2005-06, a target of financing of 2,75,000 units has been set under the Scheme. Based on the performance of PSBs and HFCs during the previous years as well as their size, network of branches etc. the target has been allocated to various Public Sector Banks and HFCs

As on 15.9.2005, as per reports received by the Bank, the achievement of targets under the Scheme during the first quarter of 2005-06 (April to June) is as follows:

improved quality of NHB services to its customers and other stakeholders. The FICCI Quality Forum has been engaged as our consultants for the same. The QMS project was launched by our CMD Shri P K Gupta in July 2005.

QMS requires an organization to demonstrate its ability to consistently provide products/ services that meet customer requirements under regulatory framework. It also helps in enhancing customer satisfaction through effective application of the system, besides ensuring continuing efforts through improvement of systems and processes.

[No. of Units]

Institution	Yearly Target (2005-06)	First Quarter Target (April-June 2005)	Achievement	%age achievement
Housing Finance Companies	82,500	15,675	18,113	115%
Banks	1,92,500	36,575	45,862	125%
Cooperative Sector	—	—	—	—
TOTAL	2,75,000	52,250	63,975	122%

The performance during the first quarter of the current year has been encouraging and approximately 122% of the first quarter target has already been achieved.

Quality Management System Implementation

The Bank initiated the process of developing a Quality Management System (QMS) for NHB with a view to improving effectiveness and efficiency of various processes resulting in



CMD and other senior officers along with Shri S. C. Arora, FICCI Quality Forum, at the launch of Quality Management System in NHB



At the launch of the project, CMD informed that the objective will be to develop a QMS for NHB with a view to improving effectiveness and efficiency of various processes. This will help us deliver better services to our customers and stakeholders. He mentioned that QMS will benefit us by improving the operational efficiency enabling better decision making processes and economy in expenditure.



Shri P. K. Gupta, CMD, NHB addressing the officers at 'Chintan Kaksh' on the occasion.

Visit of the Officials from National Housing Finance Corporation, South Africa

Housing Finance is a priority activity for the policy makers in South Africa. In order to set up an efficient market to cater to the housing needs of its citizens, a three member team led by Mr Samson Moraba, Chief Executive of National Housing Finance Corporation (NHFC), South Africa visited NHB during September 5-9, 2005. The objective of their



Officers of NHFC & NHB during a presentation being given by NHB

visit was to understand our business model, both institutional and operating framework and structure. The NHFC is a development finance institution with the principal mandate of broadening access to affordable housing finance for the low and moderate income households in South Africa. Their visit included discussions, presentations and exchange of ideas, besides visiting the offices of HDFC and HUDCO.



Shri R.V. Verma, ED, NHB alongwith officers of the Bank in a meeting with the delegates from NHFC

Programme on Introduction to BASEL II

A one day session on 'Introduction to BASEL II' was organized for the benefit of the officers of the Bank in July and September, 2005 at the Head Office of the Bank. The programme was conducted by Shri B.K. Deb, DGM (Retd.), Punjab National Bank who is currently consultant to NHB on Risk Management. The session inter alia dealt with transition from Basel I to Basel II, understanding the meaning of various risks covered under Basel II and its measurement process. Mechanics of designing a credit risk rating model for NHB's clientele were also discussed. The session was an interactive one and evoked good response from the officers of the Bank.

Annual Day Celebrations of the Bank

The Bank celebrated its completion of sixteen years of dedicated service as the Apex Housing Finance Institution in the country. It was on 9th July, 1989 that the Bank came into existence with the objective of promoting the housing finance system in the country. On completion of sixteen years, the officers rededicated themselves in providing better services to the housing finance industry and the nation.



CMD, leading the officers in the celebration of NHB Day



CMD, NHB and other officers of the Bank on the occasion of NHB Day on 9th of July

राजभाषा संबंधी गतिविधियां

राष्ट्रीय आवास बैंक अपने स्थापना काल से ही भारत सरकार की राजभाषा नीति के अनुपालन के लिए कटिबद्ध रहा है। बैंक का हमेशा यह प्रयास रहा है कि प्रेरणा और प्रोत्साहन की नीति अपनाकर बैंक में हिंदी के प्रयोग को उत्तरोत्तर बढ़ाया जाए। अपने इन प्रयासों में बैंक को आशातीत सफलता मिली है।

भारत सरकार की राजभाषा नीति संबंधी अपेक्षाओं एवं सांविधिक उपबंधों का अनुपालन लगातार किया जा रहा है यथा: धारा 3(3) के अन्तर्गत जारी किए जाने वाले कागजातों का द्विभाषी रूप में प्रकाशन, हिंदी पत्रों का जवाब हिंदी में ही देना, कंप्यूटर पर हिंदी साफ्टवेयर का प्रयोग, स्टेशनरी की मदों का द्विभाषीकरण, प्रेस विज्ञप्तियों का द्विभाषी रूप में प्रकाशन, अधीनस्थ कार्यालयों की राजभाषा प्रगति का निरीक्षण आदि कार्य तत्परता से किए जा रहे हैं। इसके अतिरिक्त बाहरी सरकारी कार्यालयों, एजेंसियों एवं व्यक्तियों आदि से भी व्यवहार में यथा हिंदी का प्रयोग किया जा रहा है। बैंक का प्रक्रियात्मक साहित्य यथा योजनाएं, मार्गनिर्देश, सूचना पत्रक आदि द्विभाषी रूप में तैयार किए गए हैं।

समय-समय हिंदी कार्यशालाओं एवं संगोष्ठियों का आयोजन भी किया जा रहा है। संगोष्ठियों में अधिकारियों के हिंदी



प्रयोग करते समय आने वाली समस्याओं आदि विषयों पर गहन विमर्श किया जाता है एवं उनके हल सुझाए जाते हैं एवं अधिकारियों से हिंदी प्रयोग के विषय में मिले उपयोगी सुझावों को नोट कर उन पर कार्यवाही की जाती है। हिंदी कार्यशालाओं में अधिकारियों को सरकार की राजभाषा नीति, वर्तमान राजभाषा लक्ष्यों एवं नीति संबंधी वार्षिक कार्यक्रम एवं हिंदी में पत्र व टिप्पणी लेखन आदि के बारे में बताया जाता है।

बैंक के अधिकारियों को अपने दैनिक कार्य में हिंदी का प्रयोग करने के लिए प्रोत्साहित करने के उद्देश्य से प्रोत्साहन योजनाएं लागू की गई हैं एवं प्रतिवर्ष सफल अधिकारियों को इन प्रोत्साहन योजनाओं में पुरस्कृत किया जाता है साथ ही अधिकारियों को हिंदी सीखने के लिए प्रोत्साहित करने के उद्देश्य से भी एक अन्य योजना बैंक में विद्यमान है। इसके अतिरिक्त, बैंक में प्रतिवर्ष हिन्दी पखवाड़ा हिंदी चेतना मास भी बनाया जाता है। इस वर्ष भी बैंक में 16 अगस्त, 2005 से 14 सितम्बर, 2005 तक “हिंदी चेतना मास” का आयोजन किया गया है। इस दौरान 6 प्रतियोगिताएं आयोजित की जा चुकी हैं एवं हिंदी वृत्तचित्र / फिल्मों का प्रदर्शन भी किया गया है। इसके अतिरिक्त, “हिंदी पुस्तकें एवं पत्रिकाएं एवं हिंदी का प्रयोग” विषय पर एक संगोष्ठी का आयोजन भी किया गया है। इस वर्ष हिंदी चेतना मास के मुख्य समारोह में करीब 18-20 अधिकारियों को विभिन्न हिंदी प्रतियोगिताओं एवं हिंदी प्रोत्साहन योजनाओं में पुरस्कृत किया जाएगा एवं इसके अतिरिक्त बैंक में अन्तर्विभागीय राजभाषा चल वैजयंती योजना भी प्रारंभ की गई है एवं बैंक के जिस विभाग द्वारा समीक्षाधीन अवधि में हिंदी में सर्वश्रेष्ठ कार्य किया जाता है उस विभाग को यह राजभाषा चल वैजयंती प्रदान की जाएगी।

बैंक वित्त मंत्रालय, बैंकिंग प्रभाग की राजभाषा कार्यान्वयन समिति, भारतीय रिज़र्व बैंक की राजभाषा कार्यान्वयन समिति एवं दिल्ली बैंक नगर राजभाषा कार्यान्वयन समिति का भी सदस्य है एवं नियमित रूप से इनकी राजभाषा संबंधी बैठकों एवं अन्य समारोह में नियमित रूप से भाग लेता रहा आ रहा है तथा अपनी गतिविधियों की जानकारी उन्हें भेजता रहा है।

Other Updates

- Our Chairman and Managing Director Shri P. K. Gupta who has been holding additional charge of Chairman and Managing Director, United Bank of India (UBI) has now been appointed as Chairman and Managing Director of UBI. The Housing News wishes Shri Gupta all success in his new assignment.
- The last issue of the housing news published three articles viz. “Deferred Tax Assets due to loss under Capital Gains” by Shri N.G.Jhingran, Assistant Manager, “An integrated approach to enhance Institutional credit flow to tackle the Rural Housing Problems in market driven environment – a new perspective” by Lalit Kumar, Assistant General Manager and “Fringe Benefit Tax-Salient Features” by Ms. Ritu Sharma, Assistant Manager. The article written by Shri Lalit Kumar was selected for the prize under the Housing News Incentive Scheme.
- Shri V. Raghu, General Manager with our Bank sought voluntary retirement from the services of the Bank in August 2005. At a farewell function organized for him, he was wished all success in his future endeavours by the officers of the Bank. Shri Raghu has been associated with this publication for a long time earlier as Editor and later as a member of the Editorial Board.
- The Bank has completed the recruitment exercise for inducting new officers in the services of the Bank. The selected officers who have completed the formalities are expected to join us early next month.



Farewell to Shri Rakesh Kumar Kalra: Editor - Housing News (April-June edition)

In a cruel fate of destiny, the NHB family lost one of its esteemed officers Shri Rakesh Kumar Kalra suddenly on August 19, 2005. Shri Kalra, who was serving as the Assistant General Manager joined the Bank in 1989 after having served the Government of India in the Indian Statistical Service for a few years.

Shri Kalra was looking after the Market Research and Training activities of the Bank. Though he assumed the charge of the Editor of Housing News only in the last issue, he has long been associated with its publication. He took every care to make available the Housing News in the hands of its readers on the first day of every quarter. He worked diligently to improve the quality of this publication both in terms of contents and outlay. The officers of the Bank express heart felt condolences to the bereaved family of Shri Kalra and pray that his soul rests in peace.

