



National Housing Bank

Guidelines for Financing Housing Infrastructure Projects (Public Agencies)

(Revised with effect from 1st August 2002)

1. Introduction

1.1 The National Housing Bank has decided to extend financial assistance to public agencies for undertaking housing infrastructure projects.

1.2 The guidelines already issued by NHB for financing Land Development & Shelter Projects (LDSP), include provision of on-site and pro-rata off site infrastructure development.

1.3 There are however other areas of infrastructure services, which are not covered under LDSP guidelines, but need to be supported. NHB will consider extending financial assistance for such infrastructure service projects under these guidelines. The projects should be broadly oriented towards housing and human settlements or be incidental to them. Some of these areas are as follows:

- i. Proposals for provision of off-site infrastructure facilities to existing/ new area development / housing projects.
- ii. Proposals for provision of on-site infrastructure facilities to new area development/housing projects.

iii. Proposals for up gradation/ augmentation of off-site/on-site infrastructure facilities.

iv. Proposals for infrastructure facilities, both remunerative and non-remunerative which are part of or incidental to the overall development of the project.

1.4 Project proposals having a minimum cost of Rs. 2 Crores or more will be considered for financial assistance.

2. General

2.1 Public agencies desirous of availing financial assistance should have the required provisions in their constitution/bye laws for implementing such projects, to borrow and provide security for the purpose.

2.2 The project should be financially satisfactory and should be designed to generate full cost recovery with surplus wherever possible.

2.3 The proposal should be in conformity with the provisions of master plan/development plan of the area and should have approval of the competent/local authorities to ensure proper maintenance of services later.

2.4 Normally, projects will be financed only on such land as is in physical possession of the agency without any encroachment and encumbrance.

2.5 Appropriate investigation work should be carried out to ascertain the adequacy and suitability of the various infrastructure services to be provided in the scheme and the reports thereof, included in the proposal.

2.6 The proposal should also include design details of various infrastructure services and estimates of costs etc.

3. Infrastructure Provisions

3.1 General

3.1.1 Minimum acceptable standards should be adopted using appropriate technological development in planning design and use of materials so as to keep the cost within affordable limits.

3.1.2 The approach of providing services on incremental basis may also be considered, wherever technically feasible and financially sound.

3.1.3 Infrastructure provisions should be in conformity with the requirements of the master/ development plan, if any.

3.2 Water Supply

3.2.1 The source of water supply should be clearly indicated along with its location, capacity and quality of water. Details of network, storage etc. may also be furnished.

3.3 Sewerage

3.3.1 The method of sewage disposal, whether through the trunk municipal sewer or by provision of a treatment plant or any other mode may be clearly brought out.

3.4 Drainage

3.4.1 The drainage system along with the ultimate discharge location, possibility of flooding, if any, etc. should be indicated.

3.5 Solid Waste Disposal

3.5.1 The methodology of solid waste collection, transportation and ultimate disposal, should be indicated.

3.6 Roads

3.6.1 The site should be accessible through existing or proposed road network. The roads should be cost effective and should provide access in all weather conditions. The hierarchy of roads along with the section profiles should be provided.

3.7 Landscaping

3.7.1 The parks, public social facilities, open spaces and roads shall be properly landscaped. The cost of landscaping and plantation of adequate number of trees, plants etc. may be included in the project.

3.8 Electricity

3.8.1 Overall demand for electricity for the project should be ascertained and provisions made accordingly.

3.9 Social Infrastructure

3.9.1 Suitable social infrastructure provisions like schools, health centre, post office, police station, fire station, community hall, minimum essential shopping etc. can be included in project.

4. Costs and Prices

4.1 The overall pricing structure should ensure full cost recovery with surplus generated wherever possible.

4.2 The project cost may be arrived at by including the cost of land and the proposed infrastructure services, appropriate design, administrative, supervision charges and interest during project period.

4.3 The cost of land, for the purpose of loan assistance by NHB, shall include the acquisition cost of land and the interest component actually paid by the agency(if any) up to the commencement of the project. The acquisition cost of land should be properly supported by documentary evidence such as sale agreement, award order etc. In case the documentary evidence is not available the cost fixed by the revenue department or the district collector or the current prices as registered can be taken as the land cost. The interest component actually paid by the agency should also be supported by necessary documentary evidence.

4.4 If any subsidy is proposed to be provided to the project by the State government or local authorities, the same should be included in the cash flow.

5. Extent of Loan

5.1 NHB may provide loans up to 75% of the project cost, excluding interest component. Capitalisation of interest is not permitted.

5.2 The loan shall be released on pro rata basis as per the agency's contribution and physical progress of work.

6. Interest Rate

6.1 The interest rate chargeable is 10.75% at present. If the repayment of principal and interest is secured by guarantee of Central/State government or a bank the interest rate shall be 10.25 %.

7. Security

7.1 The loan have to be fully secured through Government guarantee or any other security to the satisfaction of NHB.

8. Repayment Period

8.1 The repayment period will be a maximum of upto 15 years from the date of release of the first instalment.

8.2 The interest shall be paid on quarterly basis and the repayment of principal shall be on the basis of equal quarterly instalments.

9. Operation and Maintenance

9.1 The proposal should bring out an appropriate system or methodology for the purpose of maintaining the services at a later stage.

10. Project Implementation

10.1 The time schedule for the implementation of the project should be carefully/realistically worked out and supported with CPM/PERT or BAR chart showing the physical progress and investment pattern.

10.2 While every effort should be made to implement the project as approved, any deviation if unavoidable, should be carried out with prior approval from NHB.

11. Organisational & Management Requirements

11.1 Details of the existing structure of the organisation, its managerial capacity and capability and the works carried out during the recent past should be incorporated in the project proposal.

12. Submission of Projects

12.1 The loan application may be sent on the prescribed form, duly completed and signed by the competent authority along with a Detailed Project Report (DPR).

12.2 The DPR may contain a write up bringing out the salient feature of the project as well as the detailed layout of the proposed services and their designs duly approved by the local planning and governing authorities wherever applicable, design brief, cost estimates, pricing, PERT/CPM or BAR chart, organisational structure, investment / loan drawal / receipt programmes and other relevant details to enable complete appraisal of the project.

12.3 Copies of relevant certificates from the competent authorities with regards to provision/connections required for development work for all the services and test results pertaining

to quantity/quality of water available at site etc. may be included in the project report.

12.4 A copy of the Act/by-laws/Memorandum of Association of the agency and balance sheets of the previous three years may be furnished along with the DPR.

13. Communications

13.1 All Communications in this regard may be sent to:

The General Manager (Proj.)
National Housing Bank,
Core 5A, IIIrd Floor,
India Habitat Centre,
Lodhi Road, New Delhi-110 003.

Phone : 011-4649030-35
Fax : 011-4646988

***N.B** i.)Under these guidelines refinance assistance can also be provided to eligible Primary Lending Institutions (PLIs) i.e. Scheduled Commercial Banks and approved Housing Finance Companies. In such cases the PLIs will have to send the project proposals to NHB along with a copy of their appraisal report, approval note and recommendations. The interest rate and the nature of security in such cases may be as decided between the PLI and the borrower. The interest rate to be charged by NHB on refinance to PLIs shall be as stipulated in the applicable refinance circular. Further, the stipulations under para 1.4 with regard to minimum cost of the project will not be applicable.*