

**» PRESS ROOM - NEWS EXCERPTS «****IDBI Home Finance raises retail PLR by 0.25%***Financial Express 01.07.2005*

Housing Finance Company IDBI Home Finance Ltd. (IHFL) would raise its retail prime lending rate (RPLR) by 0.25%. IHFL has revised its interest rates across all maturities to 8% p.a. and 8.25% under its variable and fixed rates respectively, from July 1.

GDP growth declines to 6.9 per cent*Times of India 01.07.2005*

Economic growth slowed down to 6.9% during 2004-05 as against 8.5% per cent during the previous fiscal. The GDP at factor cost stood at Rs. 15,29,408 crore during 2004-05 as against Rs. 14,30,548 crore during 2003-04.

NHB reports 131% jump in refinance disbursements.*Financial Express 2.7.2005*

NHB's refinance disbursements touched Rs. 7500 crore in 2004-05 against Rs. 3,253 crore the previous fiscal, registering a growth of 131%. Rural housing, which was a thrust area for NHB, accounted for 47% of the total disbursements in the sector. Addressing the press, Shri P. K. Gupta, CMD, NHB mentioned that the refinance during the year backed over 10% of the total housing loan of Rs. 70,000 crore by the primary lenders in the system.

RBI to tell banks to cut exposure to real estate*Business Standard 2.7.2005*

A recent review of the RBI revealed that though the advances of banks to the housing sector, particularly to the land developers and builders, are on the rise, a corresponding control mechanism required to be in place for managing the risks involved in this sensitive sector has not been adopted by majority of the banks. The RBI has asked banks to adopt systems to contain risks, including that of prices, involved in the real sector.

HDFC plans global realty fund*Business Standard 09.7.2005*

HDFC plans to launch an international real estate fund to cater to the demand of non-resident Indians and foreign investors in view of the growing interest in the country's real estate sector. The fund, launched in association with SBI would be invested in equity and equity linked instruments of companies engaged primarily in real estate projects in major cities in India.

GRUH Finance PAT up 25%*Business Standard 28.07.2005*

GRUH Finance has reported a profit before tax of Rs. 2.77 crore compared with Rs. 2.16 crore in the corresponding quarter of the previous financial year, showcasing an increase of 28%. The company's profit after tax at Rs. 2.40 crore, an increase of 25.6% compared with Rs. 1.91 crore in the corresponding quarter of the previous year.



LIC housing net up 20% to Rs. 50 crore

Economic Times 31.7.2005

LIC. Housing Finance Ltd. has posted a 20% rise in net profit to Rs. 50.18 crore for the quarter ended June 30, as against Rs. 41.8 crore in the corresponding quarter.

PNB not to hike home loan rates

Economic Times 31.07.2005

Punjab National Bank has ruled out hiking interest rates on loans for housing and other retail sector. This was announced by Shri S. C. Gupta, CMD, PNB. The bank has witnessed increase in interest income year-on-year during the first quarter of this fiscal. Cost of lending during Q1 of 2005-06 declined to 4.38% compared to 4.43% in the corresponding period last year.

Norms eased for raising funds abroad

Business Standard 02.08.2005

RBI today liberalized the guidelines for non government organizations raising external commercial borrowings (ECB) and housing finance companies going for foreign currency convertible bonds (FCCB). HFCs wanting to raise FCCBs, the RBI stated that they must have a minimum net worth of Rs. 500 crore over the past three years, be listed on either of the national stock exchanges and must go for a minimum FCCB size of \$ 100 million.

RBI for rating micro-finance bodies

Business Line 05.08.2005

RBI favours introduction of a system for rating micro-finance institutions (MFIs) by credible rating agencies across the country. According to the banking regulator, the need is felt especially in the backdrop of the Government's decision to enable MFIs have access to various funds.

Corp Bank to merge home fin with itself

Economic Times 09.08.2005

The Board of Corporation Bank has decided to merge Corp Home, a wholly owned subsidiary, with itself, a top bank official said on Monday.

Housing Sector

Business Standard 09.08.2005

The finance ministry has been sent a proposal for giving infrastructure status to the housing sector.

HDFC taps home finance firms to buy portfolios

Financial Express 20.08.2005

HDFC is eyeing portfolio takeouts from housing finance companies to swell its assets, managing director, Mr. Keki Mistry said. "There are companies willing to sell and if we like the property quality and credit worthiness, we will do a due diligence" for such a take-out, he added.

**HDFC raises \$ 500-m via FCCBs***Business Line 26.08.2005*

HDFC has informed the BSE that it has raised \$500 million through a Zero Coupon Foreign Currency Convertible Bond. The bond was over subscribed two times. The yield to maturity on these bonds is 4.62 % p.a. They have a maturity of 5 years and one day and are convertible into equity shares at a price of Rs. 1,399 per share on or after August 24, 2006.

Inflation at three-year low, dips to 3.13%*Business Standard 27.08.2005*

Inflation based on the whole sale price index fell to a three year low of 3.13% for the week ended August 12, down from 3.35 % the previous week. The low levels were on account of high base effect. The low levels are, however, not expected to continue. This is because oil prices are likely to be hiked soon.

SBI Board okays license cancellation*Business Line 03.09.2005*

The Board of ailing SBI Home Finance has passed a resolution regarding cancellation of registration of the company by National Housing Bank. NHB had cancelled the license of the company and barred it from transacting business of housing finance institutions.

Housing Finance overheated*Economic Times 07.09.2005*

RBI believes the housing finance sector is overheated. The apex bank has already increased the risk weightage for banks to 75% from 50% earlier. Now it feels that the National Housing Bank should take a similar view and increase the risk weightage of housing finance companies to 75% as well.

New cess to make houses costlier*Times of India 07.09.2005*

The Delhi Government has decided to ride the FDI boom in construction by enforcing a building cess on new structures. The cess will be 1% of the cost of construction and be applicable for all public and private buildings built after January 2002. Officials estimate Rs. 100 crore from this cess annually. Industry minister Mangat Ram Singhal said, "The cess collected will be used for the benefit of workers. They will get pension, medical assistance and maternity benefits."

LIC Housing Fin to engage loan recovery agents*Business Line 10.09.2005*

LICHFL has decided to appoint recovery agents across the country in a bid to cut down accretion of NPAs. LICHFL's Managing Director and Chief Executive Mr. S.K.Mitter said that the move was taken in view of the high NPAs of the company, The company has an NPA of 4%, double the industry average of 2%.

For more homes, more private players*Hindustan Times 14.09.2005*

The national Housing and Habitat Policy 2005, the draft document of which is in the process of being finalized, wants a leading role for the private sector in the construction of group housing on a large scale for various sections of society. In view of the government agencies' failure to cope with the ever-increasing demand for houses, the draft policy has strongly recommended that the private building industry and co-operative societies be given preference in allotment of land and residential sites to encourage their participation in group housing. The policy has been drawn up on the basis of the report of a task force set up by the Ministry of Urban Employment and Poverty Alleviation to review the earlier housing and habitat policy.



Active readers' participation in the 'Housing News'

In our last issue of the Housing News, we made a mention of making a renewed effort to provide an improved edition of the Housing News which will be more informative to the readers. Accordingly, readers are once again invited to contribute articles on developments of the financial sector with specific focus on housing and related activities– both internationally as well as nationally. Some suggested issues which may be considered for airing meaningful discussions:

- Developments in the housing / housing finance sector
- Rural housing activities (construction and financing)
- Developments in the economy having direct bearing with the housing sector
- National and international developments in housing
- Matters related to any field of management – particularly with reference to housing

We invite our readers (from NHB and also outside the bank) to contribute analytical and informative articles on any of the above topics. Contributions selected for publication will be given an honorarium. The earlier Housing News Incentive Scheme which was introduced in June 2004 has since been revised. Under the revised Scheme, the honorarium will be Rs. 750/- for articles in Hindi and Rs. 500/- for articles in English. We look forward to your active participation in making this publication more useful to the readers.

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