

PRES S ROOM - NEWS EX CERPTS

Liquidity tightness forces banks to exhaust refinance facilities

Business Standard 11.01.2006

In a sure sign of an impending hike in interest rates, banks have been forced to tap refinance facilities on a large scale for the first time in several years. In fact, banks are close to exhausting their refinance facilities with the RBI, NABARD, SIDBI and NHB

BoB to merge home loan arm this year

Business Standard 11.01.2006

Bank of Baroda (BOB) expects to merge its subsidiary BoB Housing Finance with itself in the current financial year as both entities are in the same business.

HDFC for changing risk weightage norms

Financial Express 14.01.2006

HDFC has approached the NHB & RBI to review the current practice of assigning risk weightage of housing loans on the value of an asset and instead it has suggested that the risk weightage should be linked to the amount disbursed as loans. Currently the risk weights are assigned on the value of the assets and not against the actual loan disbursed.

FDI in construction not applicable for SEZ

Statesman 19.01.2006

The decision to allow 100% foreign direct investment (FDI) in construction and development projects would not be applicable for Special Economic Zones (SEZ). This was confirmed by the Department of Industrial Policy and Planning.

HDFC net profit up 20% to Rs. 284.52 crores.

Economic Times 19.01.2006

HDFC today reported a 20.53% increase in net profits at Rs. 284.52 crore for the 3rd quarter ended December 31, 2005. Disbursements during the period under review amounted to Rs. 13,805 cr against Rs. 10,652 cr a year ago, representing an increase of 30%.

PNB Housing shifts focus to builders, reality developers

Business Line 20.01.2006

PNB Housing Finance Ltd., a wholly owned subsidiary of Punjab National Bank, is changing its business strategy.

The company is planning to focus more on builders and real estate developers, as against individual home loan borrowers, in view of higher margins available in lending to this segment.

Banks turn to NABARD , NHB, SIDBI for funds

Business Line 21.01.2006

Beleaguered by the liquidity crunch caused by an excessive rise in credit demand and not so satisfactory deposit growth, several public sector banks have queued up before institutions like NABARD, NHB and SIDBI for securing funds under various refinance schemes. The refinance from NABARD or NHB is available at an average 6.5%. Refinance from SIDBI costs a little more but there is neither stamp duty on it nor any CRR/SLR obligation.

No Short Term funding for HFCs: NHB

Economic Times 24.01.2006

NHB has decided not to lend short term funds to housing finance providers until further notice. It said the prevailing short term market rates were actually higher than what NHB was charging for its financial assistance. Hence, there is a notional loss for the institution.

Sundaram Finance net at Rs. 14.65 crore

Business Standard 30.01.2006

Sundaram Finance has reported net profit of Rs. 14.65 crore and total turnover of Rs. 122.77 crore for the third quarter ended December 2005.

HSBC offers home loan with flexible EMI

Business Line 31.01.2006

HSBC has launched a home loan product with flexible equated monthly instalment payments. Depending on cash flows, borrowers can either increase or decrease their EMIs up to 15% once a year and every year during their loan period.

HDFC hikes loan rates by 50 bps

Business Standard 01.02.2006

HDFC raised home loan rates by 50 bps across all segments with effect from 1st February '06. Its floating rate loan will now cost between 8% and 8.75% and fixed rate loan will cost between 9.25% to 10%.

Securitisation just got costly

Financial Express 03.02.2006

Securitisation of loan assets today got more expensive for banks with the Reserve Bank of India stipulating a stiff 100% deduction from capital the amount of credit enhancement provided. RBI said banks, FIs and NBFCs originating securitisation of assets have to deduct 50% each of first loss facility and second loss facility from Tier I capital and another 50% each from Tier II capital.

Guidelines on Securitisation issued

Hindu 03.02.2006

RBI on Thursday allowed banks to provide funds to firms (Special Purpose Vehicles) formed to transfer securitized assets separated from them. The regulatory framework provided in the guidelines covers securitization of standard assets by bank, All India Term Lending and Refinancing Institutions and NBFCs.

Banks urged to check home loan frauds

Business Standard 11.02.2006

RBI has warned bank of rising incidents of frauds in home loans. The central bank has directed all banks to strictly adhere to due diligence procedures while disbursing the loans. An RBI note, recently sent to banks, has cited several instances in which banks have extended loans to customers who produced forged documents.

LIC housing keen to raise market share

Hindu 21.02.2006

LIC Housing Finance Ltd is aiming to improve its market share to 8-8.5% in three years. Indicating this at a press conference, Shri S. K. Mitter, Director and Chief Executive, said LICHFL held a market share of seven percent.

LIC to build homes for senior citizens

Financial Express 21.02.2006

LIC Housing Finance Ltd. is talking to the government and private parties pertaining to buying land for development of dwelling units for senior citizens. It is looking for land in Kerala, Orissa, an West Bengal for development of such units under the name 'Assisted Community Living Centres'.

SBH hikes home loan rates by 50 bps

Business Line 28.02.2006

SBH has announced an upward revision in interest rates by 50 bps on housing loans for all tenures from March 1, 2006.

ICICI Bank withdraws discounts on home loans

Times of India 02.03.2006

After the recent increase in interest rates on housing loans, banks are bracing for another rate hike. After increasing its floating reference rate by 50 bps in February, ICICI Bank withdrew all discounts offered on its home loans.

Panel wants home loan out of priority sector

Business Standard 10.03.2006

An internal committee of the Reserve Bank of India has recommended for the removal of priority sector status to home loans up to Rs. 10 lakhs. According to the technical paper on priority sector lending by the internal group, the central bank is of the view that banks are excessively exposed to home loans. This, in turn, is crowding out the much needed credit flow to other priority sector areas like SSIs. The Indian Bank Association has opposed this move saying that housing is a critical need which required priority sector status.

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