

NATIONAL HOUSING BANK

(Wholly owned by Reserve Bank of India)

THE HOUSING FINANCE COMPANIES (NIIB)
DIRECTIONS, 1989

NOTIFICATION

Bombay, the 30th June, 1993

NO. NIIB. HFC. DIR. 5/CMD—93

No. 3/4/160.93-E.O.—In exercise of the powers conferred by Sections 30 and 31 of the National Housing Bank Act, 1987 (53 of 1987) and of all powers enabling it in this behalf, the National Housing Bank being satisfied that it is necessary in the public interest so to do, hereby directs that Housing Finance Companies (NIIB) Directions, 1989, shall, with immediate effect be amended in the following manner, namely:—

1. In paragraph 2, in sub-paragraph (1),

- (a) the existing clauses (g) and (h) shall be renumbered as (h) and (i) respectively;
- (b) after clause (f), the following clause shall be inserted:

“(g) “Public housing agency” shall include any authority, constituted in India by or under any law, engaged either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages or for both.”

2. In paragraph 3,

- (a) after the words “a local authority” and before the words “or a Foreign Government” appearing in clause (i), the words “or any public housing agency” shall be inserted;
- (b) clauses (iv) and (v) shall be deleted and clauses (vi), (vii), (viii), (ix) and (x) shall be renumbered as (iv), (v) (vi), (vii) and (viii) respectively;
- (c) in the existing clause (vii), the words “any money raised by the issue of debentures or bonds secured by the mortgage of immovable properties of the company or any part thereof, or” and the proviso shall be deleted;
- (d) after the existing clause (x), the following clauses shall be inserted:

“(ix) any money received from a co-operative society formed for the purposes of providing houses to its members, and registered under the Co-operative Societies Act, 1912 (2 of 1912) or under any other law for the time being in force in any State for the registration of the co-operative societies;

(x) any money received under any scheme of National Housing Bank”.

3. In paragraph 4,

- (a) for the words and figures “26th June, 1989” appearing in sub-paragraph (1), the words and figures “July 5, 1993” shall be substituted;
- (b) for the words “after a period of more than twenty four months” appearing in clause (b) of sub-paragraph (1), the words “after a period of twelve months” shall be substituted;
- (c) after the second proviso to sub-paragraph (1), the following further proviso shall be added:

“Provided further that a housing finance company may accept or renew deposits which are repayable within a period not exceeding twelve months, if, (a) such deposits are from any other company, not being a company incorporated outside India, and (b) such deposits shall not exceed, in aggregate, two times the net owned funds of the housing finance company.”

- (d) in sub-paragraph (2), the sentence “on and from the 26th June, 1989 no housing finance company shall have deposits, the aggregate amount of which together with the amounts, if any, held by it which are referred in clause (ii), (iii) and (vi) to paragraph 3, is in excess of the limits specified below:—

Housing Finance Company
with Net Owned Funds

Borrowings as above
multiple of the Net Owned
Funds

- (a) Upto Rs. 10 Crores 10 times
- (b) Above Rs. 10 Crores and below Rs. 20 Crores 12.5 times
- (c) Above Rs. 20 Crores 15 times

Provided that any loan obtained by a housing finance company from the National Housing Bank shall be excluded for the purpose of this clause” shall be numbered as clause (i):

- (e) in sub-section (2), for the figure “(viii)” appearing after the figure and word “(iii) and” and before the words “to paragraph”, the figure “(vi)” shall be substituted;
- (f) in sub-paragraph (2), the sentence “where a housing finance company holds as on 26th June, 1989, deposits in excess of the limits specified above, it shall ensure that such excess is, before 1st April, 1990, reduced by repayment of deposits or in any

other manner as may be necessary for compliance with this provision" shall be substituted by the following :

"(ii) where a housing finance company holds as at the commencement of business on July 5, 1993, deposits in excess of the limits specified above, it shall reduce such excess deposits by at least one-half before January 5, 1994 and the remaining excess deposit held by the company before July 5, 1994."

4. In paragraph 9,

(a) for the words "17th June, 1992", the words "July 5, 1993" shall be substituted ;

(b) for clause (a), the following clause shall be substituted :

"(a) invite or accept or renew any deposit on a rate of interest exceeding fourteen per cent per annum Interest may be paid or compounded at rests which shall not be shorter than monthly rests :

Provided that nothing contained in this paragraph shall apply to monies raised by the issue of debentures or bonds :

Provided further that nothing contained in this paragraph shall apply to deposits received by a housing finance company from any other company, not being a company incorporated outside India, if the period of such deposits does not exceed twelve months and the amount of such deposits does not, in aggregate, exceed two times the net owned funds of the company".

(c) an Explanation to this paragraph shall be added as follows :

"Explanation.—For the purpose of this paragraph, the term "net owned funds" shall have the same meaning as defined under Explanation to paragraph 4."

5. In paragraph 10,

(a) for the words "more than twenty four months", the words "twelve months" shall be substituted ;

(b) for clauses (i) and (ii) of the proviso, the following clauses shall be substituted :

"(i) No housing finance company shall repay any deposit within a period of three months from the date of its acceptance.

(ii) Where a housing finance company at the request of depositor[s] repays a deposit

after the period indicated in clause (i) above but before its maturity, it shall pay interest at the following rate :

- | | |
|---|--|
| (a) Three months but before expiry of six months | No interest |
| (b) Six months but before expiry of twelve months | Not exceeding ten per cent per annum |
| (c) Twelve months but before the date of maturity | One percentage point less than contracted rate |

Provided that in the event of death of a depositor, the deposit may be paid prematurely to the surviving depositor[s] in the case of joint holding with the survivor clause, or to legal heir[s] with interest at the contracted rate upto the date of repayment".

6. In paragraph 11, the sentence "Every housing finance company shall maintain in India (a) in an account with a scheduled bank (free from any charge or lien) or (b) in unencumbered approved securities (such securities being valued at their market value for the time being) or partly in such an account or partly in such securities a sum which shall not at the close of business on any day be less than ten per cent of the deposits outstanding in the books of the housing finance company on that day" shall be substituted by the following :

"Every housing finance company shall maintain in India (a) in an account with a scheduled bank (free from any charge or lien) or (b) in deposits with National Housing Bank or (c) in unencumbered approved securities (such securities being valued at their market value for the time being) or partly in such an account or in such deposits or partly in such securities, a sum which shall not be less than ten per cent of the deposits outstanding in the books of the housing finance company at the close of business on any day. However, investments in Central and/or State Government securities or Government guaranteed bonds including bonds issued by National Housing Bank shall not be less than two and half per cent of the deposits, which level should be attained in two six-monthly phases i.e. one and quarter per cent of the deposits on or before January 5, 1994 and the balance one and quarter per cent of the deposits on or before July 5, 1994."

R. V. GUPTA, Chairman.