



राष्ट्रीय  
आवास बैंक  
NATIONAL  
HOUSING BANK

वार्षिक रिपोर्ट  
Annual Report  
2016-17

सबके लिए आवास 2022 तक-  
प्रधानमंत्री आवास योजना

Housing for All by 2022-  
Pradhan Mantri Awas Yojana



सबके लिए घर  
जीवन बेहतर

Sheltering People  
Transforming Lives



**राष्ट्रीय आवास बैंक की झांकी**  
**प्रधानमंत्री आवास योजना (शहरी) - सबके लिए आवास**  
**Tableau by National Housing Bank**  
**Pradhan Mantri Awas Yojana (Urban) - Housing for All**

भारत सरकार ने राज्यों/केन्द्र शासित प्रदेशों की सहभागिता से वर्ष 2022 तक सबके लिए पक्का मकान उपलब्ध कराने के विजन के साथ 17 जून, 2015 को प्रधानमंत्री आवास योजना (शहरी) का शुभारंभ किया है। आवासन और शहरी कार्य मंत्रालय एवं राष्ट्रीय आवास बैंक की झांकी इस राष्ट्रीय मिशन के दृष्टिकोण एवं मूल भावना को दर्शाती है।

प्रधानमंत्री आवास योजना (शहरी) मिशन राज्यों तथा केन्द्र शासित प्रदेशों में शहरी आवास की कमी को पूरा करने के लिए चार आयामों को परिकल्पित करता है। ये हैं : स्व-स्थाने स्लम पुनर्विकास, ऋण आधारित सब्सिडी, भागीदारी में किफायती आवास उपलब्धता तथा लाभार्थी आधारित व्यक्तिगत आवास निर्माण के लिए सब्सिडी। यह मिशन राज्यों एवं केन्द्र शासित प्रदेशों को आवास के लिए नए एवं पर्यावरण हितैषी निर्माण प्रौद्योगिकी का व्यापक उपयोग करने हेतु भी प्रोत्साहित करता है।

यह झांकी इस मिशन के तहत एक बैंक/आवास वित्त कंपनी में संस्वीकृत आवास ऋण प्राप्त करते हुए लोगों को चित्रित करती है। राष्ट्रीय आवास बैंक – सीएलएसएस योजना निष्पादित करता है व लाभार्थियों को ब्याज सब्सिडी जारी करने का कार्य करता है, उसे भी इस झांकी में प्रदर्शित किया गया है। एक निर्माणाधीन आवास, नवनिर्मित बहुमंजिला इमारत तथा अंत में एक संतुष्ट परिवार – जो अपना एक घर पाने पर बेहद खुश है, को भी झांकी में दर्शाया गया है।

Government of India launched Pradhan Mantri Awas Yojana (Urban) on w.e.f. 17th June, 2015 with a vision to enable pucca house for all by the year 2022, in partnership with the States/UTs. The tableau of Ministry of Housing and Urban Affairs and National Housing Bank showcases vision and spirit of this national mission.

The PMAY(U) mission envisages four verticals to address the urban housing shortage in the States and Union Territories These are: In-Situ Slum Redevelopment, Affordable Housing through Credit Linked Subsidy, Affordable Housing in Partnership and Subsidy for Beneficiary Led Individual House Construction or Enhancement. The mission also encourages the States and Union Territories to make extensive use of new and eco-friendly construction technologies for housing.

The tableau depicts people availing housing loan from a bank/housing finance company and the interest subsidy provided under CLSS, enable them to own affordable houses. National Housing Bank implements the CLSS by disbursing the interest subsidy through banks and HFCs to the beneficiaries, has also been displayed on the tableau. A house under construction, a newly constructed multi-storey building and finally a contented family - happy about their accomplishment of owning a dream house, have also been showcased on the tableau.



ജക"വ്വ്,  
vkokl c&d  
**NATIONAL  
HOUSING BANK**

**Housing  
for All  
by 2022**



**Enabling  
millions  
to own homes**



**Annual Report  
2016-17  
(July 2016-June 2017)**





**Tableau on Pradhan Mantri Awas Yojana by National Housing Bank, under the aegis of Ministry of Housing & Urban Affairs, Government of India**



**श्रीराम कल्याणरामन**  
प्रबन्ध निदेशक एवं मुख्य कार्यपालक अधिकारी  
**Sriram Kalyanaraman**  
Managing Director & Chief Executive Officer



## Letter of Transmittal

NHB (ND)/MD&CEO/2017-18  
February 22, 2018

The Secretary  
Government of India  
Ministry of Finance  
Department of Financial Services  
Jeevan Deep Building, Parliament Street  
New Delhi - 110001

Dear Sir,

In accordance with the provision of sub-section (5) of Section 40 of the National Housing Bank Act, 1987, I forward herewith a copy of the Annual Report along with the Annual Accounts of the National Housing Bank for the year 2016-17.

Yours faithfully,

(Sriram Kalyanaraman)

Encl. : As above

भारतीय रिजर्व बैंक  
के संपूर्ण स्वामित्व में

Wholly owned by  
Reserve Bank of India

कोर 5-ए, इंडिया हैबिटेट सेंटर, लोधी रोड, नई दिल्ली-110003  
दूरभाष (सी.) +91-11-2464 2722 (पीबीएक्स) +91-11-2464 9031-35 फैक्स : +91-11-2464 9030  
ई-मेल : sriram.kalyanaraman@nhb.org.in

Core 5-A, India Habitat Centre, Lodhi Road, New Delhi-110003  
Phone : (D) +91-11-2464 2722 (PBX) +91-11-2464 9031-35 Fax : +91-11-2464 9030  
e-mail : sriram.kalyanaraman@nhb.org.in

\*बैंक हिन्दी में पत्राचार का स्वागत करता है\*

**श्रीराम कल्याणरामन**  
प्रबन्ध निदेशक एवं मुख्य कार्यपालक अधिकारी  
**Sriram Kalyanaraman**  
Managing Director & Chief Executive Officer



## Letter of Transmittal

NHB (ND)/MD&CEO/2017-18  
February 22, 2018

The Secretary  
Government of India  
Ministry of Finance  
Department of Economic Affairs  
North Block  
New Delhi - 110001

Dear Sir,

In accordance with the provision of sub-section (5) of Section 40 of the National Housing Bank Act, 1987, I forward herewith a copy of the Annual Report along with the Annual Accounts of the National Housing Bank for the year 2016-17.

Yours faithfully,

(Sriram Kalyanaraman)

Encl. : As above

भारतीय रिजर्व बैंक  
के संपूर्ण स्वामित्व में

Wholly owned by  
Reserve Bank of India

कोर 5-ए, इंडिया हैबिटेट सेंटर, लोधी रोड, नई दिल्ली-110003  
दूरभाष (सी.) +91-11-2464 2722 (पीबीएक्स) +91-11-2464 9031-35 फैक्स : +91-11-2464 9030  
ई-मेल : sriram.kalyanaraman@nhb.org.in

Core 5-A, India Habitat Centre, Lodhi Road, New Delhi-110003  
Phone : (D) +91-11-2464 2722 (PBX) +91-11-2464 9031-35 Fax : +91-11-2464 9030  
e-mail : sriram.kalyanaraman@nhb.org.in

\*बैंक हिन्दी में पत्राचार का स्वागत करता है\*

**श्रीराम कल्याणरामन**  
प्रबन्ध निदेशक एवं मुख्य कार्यपालक अधिकारी  
**Sriram Kalyanaraman**  
Managing Director & Chief Executive Officer



## Letter of Transmittal

NHB (ND)/MD&CEO/2017-18  
February 22, 2018

The Governor  
Reserve Bank of India  
Central Office Building  
18<sup>th</sup> Floor, Shahid Bhagat Singh Road  
Mumbai - 400023

Dear Sir,

In accordance with the provision of sub-section (5) of Section 40 of the National Housing Bank Act, 1987, I forward herewith a copy of the Annual Report along with the Annual Accounts of the National Housing Bank for the year 2016-17.

Yours faithfully,

(Sriram Kalyanaraman)

Encl. : As above

भारतीय रिजर्व बैंक  
के संपूर्ण स्वामित्व में

Wholly owned by  
Reserve Bank of India

कोर 5-ए, इंडिया हैबिटेट सेंटर, लोधी रोड, नई दिल्ली-110003  
दूरभाष (सी.) +91-11-2464 2722 (पीबीएक्स) +91-11-2464 9031-35 फैक्स : +91-11-2464 9030  
ई-मेल : sriram.kalyanaraman@nhb.org.in

Core 5-A, India Habitat Centre, Lodhi Road, New Delhi-110003  
Phone : (D) +91-11-2464 2722 (PBX) +91-11-2464 9031-35 Fax : +91-11-2464 9030  
e-mail : sriram.kalyanaraman@nhb.org.in

\*बैंक हिन्दी में पत्राचार का स्वागत करता है\*





# CONTENTS

	<b>Page No.</b>
<b>ABBREVIATIONS</b>	<b>132</b>
<b>1. INTRODUCTION</b>	<b>137</b>
1.1 About National Housing Bank	138
1.2 Governance Structure	139
1.3 Board of Directors	143
<b>2. PERFORMANCE</b>	<b>145</b>
2.1 Operational Highlights	146
2.2 Key Metrics	147
<b>3. OVERVIEW OF ECONOMY AND HOUSING</b>	<b>149</b>
3.1 Global Economy and Housing	150
3.2 Indian Economy and Housing	150
<b>4. OPERATIONS</b>	<b>155</b>
4.1 Resource Mobilization	156
4.2 Refinance	158
4.3 Project Finance	162
4.4 Regulation and Supervision	163
4.5 Promotion and Development	167
4.6 Risk Management	177
4.7 Information Technology	177
4.8 Human Resources	179
4.9 Rajbhasha	180
4.10 Knowledge Centre	181
4.11 Regional Office and Regional Representative Offices	181
4.12 Audit	182
<b>BOXES</b>	
Box 3.1 : Economic Survey 2016-17 and Union Budget 2017-18	153
Box 4.1 : Appearances before the Parliamentary Committee	183
<b>ANNUAL ACCOUNTS 2016-17</b>	<b>184</b>
<b>APPENDICES</b>	<b>253</b>



## ABBREVIATIONS

ACB	Audit Committee of the Board
ACHFS	Apex Cooperative Housing Finance Societies
ADB	Asian Development Bank
AFS	Available for Sale
ALCO	Asset Liability Management Committee
AML	Anti-Money Laundering
ARC	Asset Reconstruction Company
ARDBs	Agriculture and Rural Development Banks
BPL	Below Poverty Level
CAGR	Compound Annual Growth Rate
CBHFL	Cent Bank Home Finance Limited
CBLO	Collateralized Borrowing and Lending Obligation
CEO	Chief Executive Officer
CERSAI	Central Registration of Securitization Asset Reconstruction and Security Interest of India
CLO	Chief Liaisoning Officer
CIGVA	Centre for Integrity Governance and Training in Vigilance
CLSS	Credit Linked Subsidy Scheme
CNAs	Central Nodal Agencies
CoR	Certificate of Registration
CPGRAMS	Centralized Public Grievance Redress and Monitoring System
CPs	Commercial Papers
CRAR	Capital to Risk- weighted Assets Ratio
CRGFTLIH	Credit Risk Guarantee Fund Trust for Low Income Housing
CRMC	Credit Risk Management Committee
CTR	Cash Transaction Report
CVO	Chief Vigilance Officer
DARPG	Department of Administrative Reforms and Public Grievances
DEA	Department of Economic Affairs
DFS	Department of Financial Services
DoPT	Department of Personnel & Training
DTL	Deferred Tax Liability
EC	Executive Committee of Directors
ED	Executive Director
EWS	Economically Weaker Section
FDI	Foreign Direct Investment



FEDAI	Foreign Exchange Dealers Association of India
FIFO	First In First Out
FIPB	Foreign Investment Promotion Board
FIU-IND	Financial Intelligence Unit- India
GDP	Gross Domestic Product
GNPAs	Gross Non-Performing Assets
GoI	Government of India
GRIDS	Grievance Registration & Information Database System
GST	Goods & Services Tax
GVA	Gross Value Added
HDFC	Housing Development Finance Corporation Limited
HFCs	Housing Finance Companies
HFT	Held for Trading
HLAS	Home Loan Account Scheme
HPI	Housing Price Index
HTM	Health to Maturity
HUDCO	Housing and Urban Development Corporation Limited
ICAI	The Institute of Chartered Accountants of India
IDA	International Development Association
IFC	International Finance Corporation
IHC	India Habitat Centre
IHFD	India Housing Finance and Development Limited
IIBF	Indian Institute of Banking & Finance
IIM	Indian Institute of Management
IMF	International Monetary Fund
IMGC	India Mortgage Guarantee Corporation Private Limited
IPA	Institute of Public Administration
ISC	Information Security Committee
ISHUP	Interest Subsidy Scheme for Housing the Urban Poor
ISP	Information Security Policy
IT	Information Technology
ITC	Information Technology Committee
ITP	Information Technology Policy
IUHF	International Union of Housing Finance
JDA	Joint Development Agreement



KYC	Know your Customer
LAD	Loan Against Deposit
LAN	Local Area Network
LIG	Lower Income Group
MFIs	Micro Finance Institutions
MIG	Middle Income Group
MNRE	Ministry of New and Renewable Energy
MoF	Ministry of Finance
MoHUA	Ministry of Housing and Urban Affairs
MoRD	Ministry of Rural Development
MoU	Memorandum of Understanding
MRHFL	Mahindra Rural Housing Finance Limited
NAREDCO	National Real Estate Development Council
NBFC	Non-Banking Financial Company
NBV	Net Book Value
NHB	National Housing Bank
NIBM	National Institute of Bank Management
NPA	Non-Performing Asset
NNPA	Net Non-Performing Asset
NPV	Net Present Value
OBC	Other Backward Classes
ORMC	Operational Risk Management Committee
ORMIS	Online Reporting Management Information System
PAT	Profit After Tax
PLIs	Primary Lending Institutions
PMAY -G	Pradhan Mantri Awas Yojana - Gramin
PMAY- U	Pradhan Mantri Awas Yojana - Urban
PMLA	Prevention of Money Laundering Act, 2002
POS	Principal Only Swap
PSBs	Public Sector Banks
RBI	Reserve Bank of India
RC	Reservation Cell
RESIDEX	The Residential Property Price Index
RFCTLARR	Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013



RFS	Residential Furnishing Scheme
RHF	Rural Housing Fund
RHISS	Rural Housing Interest Subsidy Scheme
RMAC	Risk Management Advisory Committee
RO	Regional Office
RRBs	Regional Rural Banks
RRO	Regional Representative Office
RRY	Rajiv Rinn Yojana
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SBI	State Bank of India
SC	Scheduled Caste
SCBs	Scheduled Commercial Banks
SDR	Special Drawing Right
SEBI	Securities and Exchange Board of India
SGRL	Sewa Grih Rin Limited
SLCC	State Level Coordination Committee
SLNA	State Level Nodal Agency
SLR	Statutory Liquidity Ratio
SMAC	Special Mention Accounts Committee
SR	Security Receipt
SRHD	Special Rural Housing Debenture
ST	Scheduled Tribe
STR	Suspicious Transaction Report
TAC	Technical Advisory Committee
TNIDB	Tamil Nadu Investment Development Board
TNIFMC	Tamil Nadu Infrastructure Fund Management Corporation Limited
TOLIC	Town Official Language Implementation Committee
UCBs	Urban Co-operative Banks
UHF	Urban Housing Fund
ULBs	Urban Local Bodies
UT	Union Territory
VPN	Virtual Private Network
WB-ULIH	World Bank - Urban Low Income Housing



### 2007 | Public Private Partnership | West Bengal

Extended financial assistance for a Public Private Partnership project undertaken by Government of West Bengal in partnership with Bengal Shapoorji Housing Development (Pvt.) Ltd (BSHDPL) for providing mass housing to low income households in New Town, Rajarhat, Kolkata for a total of 20,000 units (12,000 LIG flats and 8,000 MIG flats) along with all physical and social amenities.



## **CHAPTER 1: INTRODUCTION**

About National Housing Bank

Governance Structure

Board of Directors

**सबके लिए घर  
जीवन बेहतर**

**Sheltering People  
Transforming Lives**



## 1.1 About National Housing Bank

The National Housing Bank (NHB) is a development financial institution, established in 1988, under an Act of Parliament, viz. the National Housing Bank Act, 1987 (Central Act No. 53 of 1987). NHB is to operate as a principal agency to promote housing finance institutions and to provide financial and other support to such institutions. NHB is wholly owned by the Reserve Bank of India. NHB's multi-pronged approach towards the development of institutional and market infrastructure has led to the expansion and stability in the housing sector. NHB is committed towards establishment of a sound and sustainable housing finance system in the country by way of promoting institutional framework and market infrastructure.

### Vision

*Promoting Inclusive Expansion with Stability in the Housing Finance Market.*

### Mission

*To harness and promote the market potentials to serve the housing needs of all segments of the population with focus on low and moderate income housing.*

### Objectives

NHB has been established to achieve, inter alia, the following objectives :

- To promote a sound, healthy, inclusive and viable housing finance system to cater to all segments of the population and to integrate the housing finance system with the overall national financial system;
- To develop network of dedicated housing finance institutions to adequately serve all regions and sections of the society;
- To facilitate finance and other resources for development of housing and create framework for institutions for enhancing the quality of credit and affordability;
- To regulate and supervise the activities of housing finance companies based on the mandate provided under the National Housing Bank Act, 1987;
- To innovate and develop new products in housing finance to cater to the specialized needs of different categories of the population;
- To create an appropriate environment for the development of sustainable habitat and housing finance system through eco-friendly housing using energy efficiency and sustainable practices by partnership and collaboration arrangements with domestic and international agencies.

### Functions

- NHB performs multidimensional activities in the pursuit of its objectives, under three broad functions, viz.



regulation & supervision, financing and promotion & development. As a regulator of Housing Finance Companies (HFCs), in addition to framing the regulations, NHB is entrusted with the responsibility for issuing Certificate of Registration (COR) to HFCs for commencement and carrying on the business of housing finance in India. The supervision of the HFCs is also done by NHB through on-site and off-site surveillance, market intelligence and coordination with other regulators. On the financing front, NHB extends refinance assistance to primary lending institutions including HFCs and Banks for their housing loans to individuals. Refinance is extended at concessional rates for housing loans given to target segments such as borrowers in rural and urban areas, low income and informal income borrowers and persons affected by natural calamities. NHB also extends project finance assistance to public agencies and public private partnership entities for their housing projects. The promotion and development activities of NHB are aimed at strengthening the operating milieu of the housing finance sector as well as development of new products and market infrastructure. Training and capacity building for the personnel of the sector is carried out with the objective of not only streamlining the processes but also for better information dissemination. NHB has assisted in the

formulation of the central and state housing and habitat policies of some of the States and has also been playing the role of Central Nodal Agency in implementation of Government schemes for housing to the targeted segments. NHB is also the Knowledge Partner for the Shelter Fund in Tamil Nadu.

- NHB is a CNA for the Credit Linked Subsidy Scheme (CLSS), the second vertical of the Pradhan Mantri Awas Yojana Housing for All (Urban) and the Rural Housing Interest Subsidy Scheme (RHSS) under the Housing for All by 2022 Mission of the Government of India.

## 1.2 Governance Structure

NHB believes that good corporate governance emerges from the application of sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. NHB would continue to strengthen its principles of fairness and accountability to generate long term value for its stakeholders on continuous and sustainable basis.

### 1.2.1 Composition of the Board

General superintendence, direction and management of the affairs of the business of NHB are vested in the Board of Directors, which acts on business principles with due regard to public interest. The Board of Directors has been constituted in accordance



with the provisions of the National Housing Bank Act, 1987. The following changes took place in the composition of the Board of Directors of NHB during the year 2016-17:

- Shri B.P. Kanungo, Deputy Governor, RBI, was appointed as Director with effect from 17-04-2017 vice Shri R. Gandhi;
- Dr. Rajiv Kumar, Director, Central Board of RBI was appointed as RBI Nominee Director with effect from 19-04-2017;
- Shri Prasant Kumar, Joint Secretary to the Government of India, Rural Housing, Department of Rural Development, Ministry of Rural Development, was appointed as Director with effect from 01-05-2017 vice Shri Rajeev Sadanandan;
- Shri Mukul Singhal, Principal Secretary, Housing and Urban Planning Department, Government of Uttar Pradesh, was appointed as Director with effect from 20-05-2017 vice Shri Sadakant;
- Dr. Charan Singh, Professor, Indian Institute of Management, Bangalore was appointed as Non Official Director with effect from 08-05-2017;
- Sh. Kamalkishore C. Jani, former Executive Director, IDBI Bank Limited was appointed as Non Official Director

with effect from 06-04-2017.

### 1.2.2 Board of Directors

As on 24-08-2017, apart from Shri Sriram Kalyanaraman, Managing Director and Chief Executive Officer of NHB appointed by the Government of India under Section 6(1) (a) of the Act, there were nine other directors on the Board, as per the following composition :

- Dr. Charan Singh appointed by the Central Government as non-official director, under Section 6(1)(b) of the Act;
- Shri Kamalkishore C. Jani appointed by the Central Government as non-official director, under Section 6(1)(c) of the Act;
- Shri B.P. Kanungo, Deputy Governor, Reserve Bank of India and Dr. Rajiv Kumar, Director, Reserve Bank of India, nominated by the Reserve Bank of India under Section 6(1)(d) of the Act;
- Shri Rajiv Ranjan Mishra, IAS, Additional Secretary to Government of India, Ministry of Housing and Urban Affairs, Shri Pankaj Jain, IAS, Joint Secretary to the Government of India, Department of Financial Services, Ministry of Finance, and Shri Prasant Kumar, IAS, Joint Secretary to the Government of India, Department of Rural Development, Ministry of Rural Development, appointed by the



Central Government under Section 6(1)(e) of the Act; and

- Shri Malay Shrivastava, IAS, Principal Secretary to the Government of Madhya Pradesh, Department of Housing & Environment, and Shri Mukul Singhal, Principal Secretary to the Government of Uttar Pradesh, Housing & Urban Planning Department, appointed by the Central Government under Section 6(1)(f) of the Act.

### 1.2.3 Committees Constituted by the Board

The Board has constituted seven Committees of the Board, viz. (i) Executive Committee of Directors (ii) Audit Committee of the Board (iii) Remuneration Committee of Directors (iv) Human Resource Committee of the Board (v) Regulatory Committee of the Board, (vi) Supervisory Committee of the Board, and (vii) Review Committee of the Board on Non-cooperative Borrowers and Wilful Defaulters, to enable better and focused attention on the affairs of NHB. The functions of the various Committees of the Board are well-defined. The Board / Committee meetings are held at regular intervals. During the year 2016-17, the Board met six times, the Executive Committee and Audit Committee of the Board met four times and Human Resource Committee met twice. Supervisory Committee of the Board and Regulatory Committee of the Board were formed by the Board at its 126th meeting held

on 20-06-2017. One meeting of the Regulatory Committee of the Board was held on 24-08-2017. As on 24-08-2017, the composition of the Committees was as under :

#### Executive Committee of the Board

- Shri Sriram Kalyanaraman, Chairman
- Dr. Charan Singh, Member
- Shri Kamalkishore C. Jani, Member
- Dr. Rajiv Kumar, Member

#### Audit Committee of the Board

- Shri Pankaj Jain, Chairman
- Dr. Charan Singh, Member
- Shri Kamalkishore C. Jani, Member
- Shri B.P. Kanungo, Member
- Shri Rajiv Ranjan Mishra, Member
- Shri Malay Shrivastava, Member

#### Remuneration Committee of the Board

- Shri B.P. Kanungo, Chairman
- Dr. Rajiv Kumar, Member
- Dr. Charan Singh, Member
- Shri Kamalkishore C. Jani, Member
- Shri Pankaj Jain, Member

#### Human Resource Committee of the Board

- Shri Sriram Kalyanaraman, Chairman
- Dr. Rajiv Kumar, Member
- Shri Kamalkishore C. Jani, Member



- Shri Rajiv Ranjan Mishra, Member
- Shri Prasant Kumar, Member
- Shri Malay Shrivastava, Member

#### **Regulatory Committee of the Board**

- Shri Sriram Kalyanaraman, Chairman
- Dr. Charan Singh, Member
- Shri Kamalkishore C. Jani, Member
- Shri Pankaj Jain, Member

#### **Supervisory Committee of the Board**

- Shri Sriram Kalyanaraman, Chairman
- Shri B.P. Kanungo, Member
- Dr. Rajiv Kumar, Member
- Shri Prasant Kumar, Member
- Shri Rajiv Ranjan Mishra, Member

#### **Review Committee on Non-cooperative Borrowers and Wilful Defaulters**

- Shri Sriram Kalyanaraman, Chairman
- Dr. Charan Singh, Member
- Shri Kamalkishore C. Jani, Member



## BOARD OF DIRECTORS



Sriram Kalyanaraman



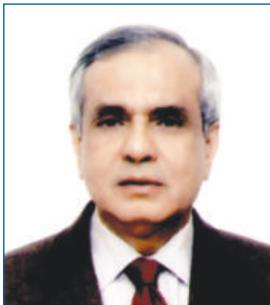
Dr. Charan Singh



Kamalkishore C. Jani



B.P. Kanungo



Dr. Rajiv Kumar



Pankaj Jain



Rajiv Ranjan Mishra



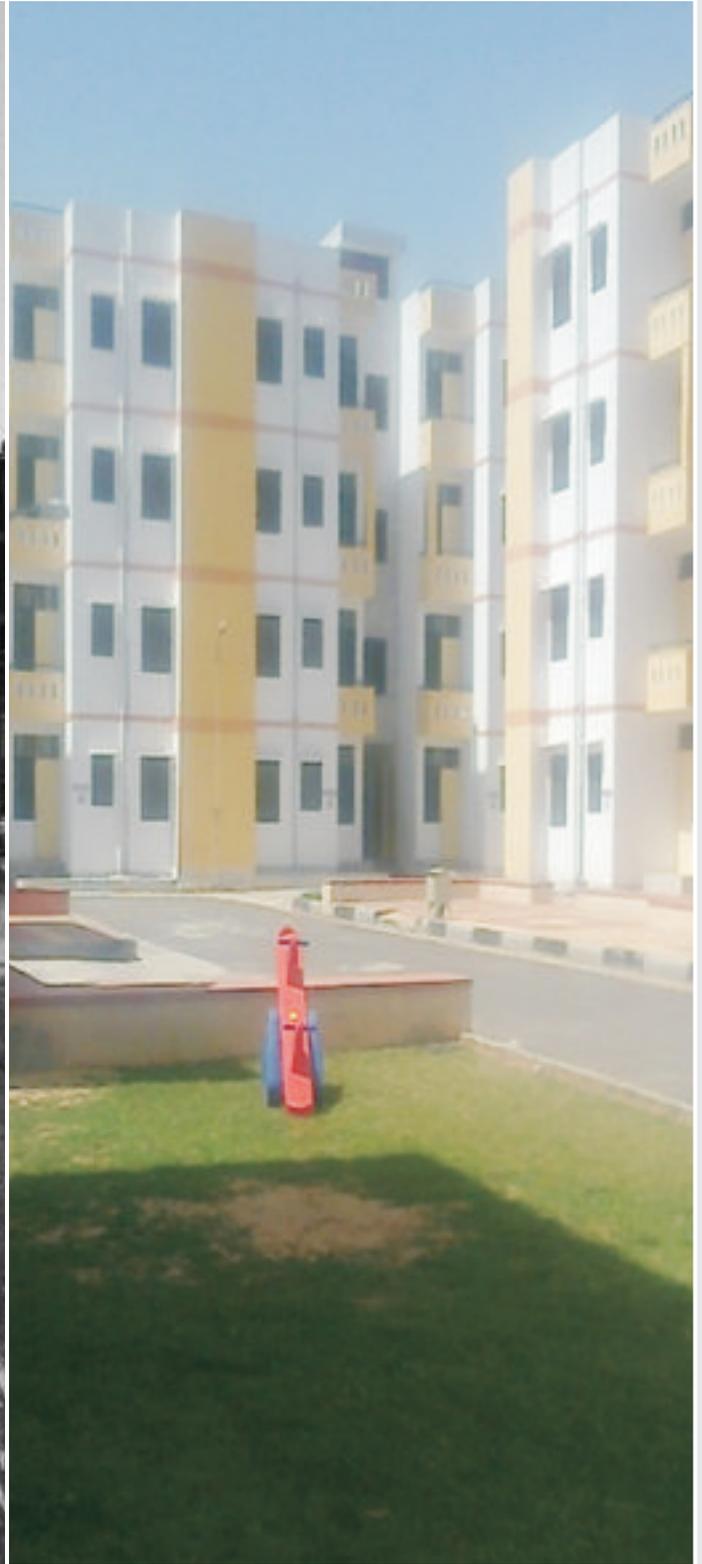
Prasant Kumar



Malay Shrivastava



Mukul Singhal



### 2012 | Affordable Housing | Rajasthan

Extended financial assistance to Rajasthan Avas Vikas and Infrastructure Limited (RAVIL) for construction of 10,256 dwelling units in 14 affordable housing projects (EWS & LIG) implemented through Public Private Partnership under the Affordable Housing Policy, 2009 of the Government of Rajasthan.



## **CHAPTER 2: PERFORMANCE**

Operational Highlights

Key Metrics

**सबके लिए घर  
जीवन बेहतर**

**Sheltering People  
Transforming Lives**



## 2.1 Operational Highlights

### Share Capital

Equity share capital of NHB stood at ₹1,450 crore, which is fully subscribed to by the RBI.

### Regulation & Supervision

11 CORs were granted to HFCs under Section 29A of the National Housing Bank Act, 1987.

Total HFCs registered with NHB stood at 85.

Under the Ease of Doing Business Initiative, an Online Reporting Management Information System (ORMIS) has been implemented for submission of returns and other statutory information by HFCs.

### Financing

Disbursements of ₹22,759 crore were made.

Four new PLIs were added to the refinance clients list.

Maintained the status of 'Nil' NNPA's Institution.

### Promotion & Development

Extended ₹5.40 crore to the Tamil Nadu Infrastructure Fund Management Corporation Limited (TNIFMC) under equity participation window to facilitate the setting up of Shelter Fund by Government of Tamil Nadu, to provide houses for slum dwellers.

NHB RESIDEX has been transformed to provide housing price indices with wider geographic coverage and automated computation of indices. Made available online with easy interactive user interface at <https://residex.nhbonline.org.in> under Digital India Initiative.

Research study on the 'Impact of the Land Acquisition Act with special reference to Land Pooling' was completed.

Disbursed interest subsidy of ₹624.81 crore to 32,328 households under PMAY (U)-CLSS for EWS /LIG, and ₹4.94 crore to 239 households under PMAY (U)-CLSS for MIG.

### Governance

Appeared before the Parliamentary Committees on six occasions.

### Awards & Recognition

Received the Digital India Award, 2017 under the category of "Good for India - Digital Innovation in e-Governance Solutions" for the implementation of PMAY (U)-CLSS Online 24x7 Portal.

NHB's in-house magazine 'Aawas Bharti' received the first prize from the Reserve Bank of India for the year 2015-16.

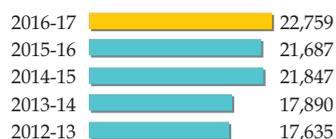
The 'Aawas Bharti' also received the first prize for the year 2015-16 from Delhi Town Official Language Implementation Committee (TOLIC).



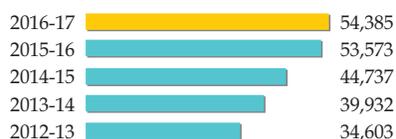
## 2.2 Key Metrics

### Balance Sheet Metrics

#### Disbursements (in ₹ crore)



#### Loans & Advances (in ₹ crore)



#### Investments (in ₹ crore)



#### Total Borrowings (in ₹ crore)



#### Total Assets (in ₹ crore)



#### GNPAs to Loans & Advances (in %)

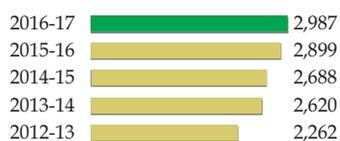


### Profit & Loss Metrics

#### Total Income (in ₹ crore)



#### Operating Expenses (in ₹ crore)

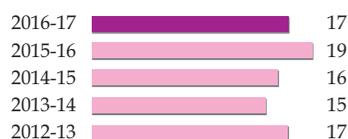


#### Profit After Tax (in ₹ crore)

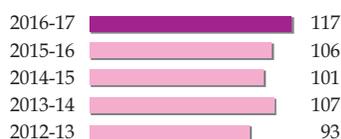


### Efficiency Metrics

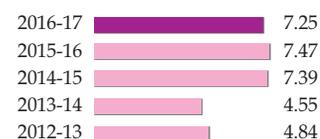
#### CRAR (in %)



#### No. of Employees



#### PAT per Employee (in ₹ crore)





**2005 | Tsunami Relief Project | Andhra Pradesh**

Extended financial assistance to Andhra Pradesh State Housing Corporation Ltd. (APSHCL) for construction of 40,000 new houses with built up area of 20 sq.m. for fishermen in Tsunami affected areas in 9 districts



## **CHAPTER 3: OVERVIEW OF ECONOMY AND HOUSING**

Global Economy and Housing  
Indian Economy and Housing

**सबके लिए घर  
जीवन बेहतर**

**Sheltering People  
Transforming Lives**



### 3.1 Global Economy and Housing

**3.1.1** The World Bank reported that the global outlook to have a fragile recovery, with activity in advanced economies is expected to gain momentum in 2017, supported by an upturn in the United States, and upgraded forecasts for Euro Area and Japan. With the result, it has projected the global growth to 2.7% in 2017 and 2.9% in 2018-19. In emerging market and developing economies (EMDEs), the growth is predicted to 4.1% in 2017 and about 4.6% in 2018-19. The IMF World Economic Outlook reported that activity gained some momentum in the second half of 2016, especially in advanced economies. Growth picked up in the United States as firms grew more confident about future demand, and inventories started contributing positively to growth (after five quarters of drag). Growth also remained solid in the United Kingdom, where spending proved resilient in the aftermath of the June, 2016 referendum in favor of leaving the European Union (Brexit). Market sentiment has strengthened since August, 2016 reflecting generally positive data on the outlook as well as expectations of a fiscal stimulus, higher infrastructure investment, and deregulation in the United States. Equity markets in advanced economies have registered sizable gains in recent months, amid strengthening consumer confidence and positive macroeconomic data. In emerging market economies, financial conditions have been diverse.

**3.1.2** Together with the modest change in the forecast for the overall global growth rate,

projections of the strength of economic activity across country groups have also shifted. In line with the stronger-than-expected pickup in growth in advanced economies and weaker-than-expected activity in some emerging market economies in the latter half of 2016, the forecast for 2017-18 envisions a rebound in activity in advanced economies that is faster than previously expected, while growth in 2017 is forecasted to be marginally weaker in emerging market and developing economies. It is believed that global housing market is expected to gain from improving business scenario and surging consumer confidence. The IMF's Global House Price Index revealed that an average of real house prices across 57 countries has continued to climb up in the third quarter of 2016.

### 3.2 Indian Economy and Housing

**3.2.1** Growing Indian economy remains a bright spot in the global landscape. The halving of global oil prices that began in late 2014 boosted economic activity in India, further improved the external current account and fiscal positions, and helped in lowering the inflation. In addition, continued fiscal consolidation, by reducing government deficits and debt accumulation, and an anti-inflationary monetary policy stance have helped cement macroeconomic stability. GDP growth is expected at 7.2 percent in 2016-17 and at 6.8 to 7.5 percent in the following year.

**3.2.2** Against the backdrop of robust macro-economic stability and growth, the



year was marked by two major domestic policy developments, the passage of the Constitutional amendment, paving the way for implementation of the transformational Goods and Services Tax (GST), and the withdrawal of Specified Bank Notes. The GST aims at creating a common Indian market, improve tax compliance and governance, and boost investment and growth.

**3.2.3** Housing, a basic human need, has always had and continues to have major socio-economic implications, assuming a crucial role as it contributes significantly to the national economy and nation building. In India, housing is the single largest asset of a household. Further the level of housing activity has an influence on around 250 ancillary industries. An improvement in housing conditions and urban planning leads to increased productivity, health and the well-being of residents. Also it requires huge investments to create jobs, housing and infrastructure to meet people's soaring aspirations. Indian housing industry has shown strong growth over the past few decades. Moreover, with rising purchasing power, continuously rising population, growing aspirations, increasing nuclear families, rapid urbanization, government's intervention to provide affordable housing finance, and so on, the housing sector in India is anticipated to register an even stronger growth in the coming years.

**3.2.4** Affordable housing shortage continues to be a major concern in the

country today, and can be correlated with the rate of urbanization taking place. According to the Census of India 2011, India's urban population increased to 377 million, reflecting the rise in urbanization from 27.8 per cent to 31.2 per cent between 2001 and 2011. This rate of urbanization has led to many issues such as land shortage, housing shortfall, severe pressure on available infrastructure, transportation deficits and stress on basic amenities like water, sanitation and healthcare.

**3.2.5** As per the Report of Technical Group on Urban Housing Shortage, 2012<sup>1</sup>, there is a shortage of 18.8 million homes across urban centers of India, of which 95% are needed for the EWS & LIG sections of the society. The PMAY(U) under Housing for All by 2022 aims at a holistic approach with multitude of strategies, such as monetary support, relaxed regulations, interest subsidies, etc. Keeping this in view, the budgetary announcements made in the Union Budget 2017-18 by the Hon'ble Finance Minister also provided a multi-pronged thrust to housing, particularly for affordable housing. Further, the recent Gazette of India Notification by the Ministry of Finance, Department of Economic Affairs for adding "Affordable Housing" as a new sub-sector category under the category of "Social and Commercial Infrastructure" in the updated Harmonized Master List of Infrastructure Sub-Sectors is expected to place the housing sector on a new growth trajectory. To address the housing shortage in the country, the Government of India has launched the

<sup>1</sup>Ministry of Housing and Urban Affairs, Government of India



Pradhan Mantri Awas Yojana - Urban (PMAY-U) and the Pradhan Mantri Awas Yojana - Gramin (PMAY-G).

**3.2.6** Housing finance market in India has had sound, stable and sustainable growth since the last decade, due to its availability and accessibility. The housing loan disbursements to individuals have increased from ₹1,800 crore in 1990-91 from the formal sector to ₹3.2 lakh crore in 2016-17 (for 35 lakh

units, out of which 37% was for loans upto ₹10 lakh) from HFCs and PSBs. The loan-size wise break-up is given in **Appendix I**.

**3.2.7** It is envisioned that the various initiatives underway will go a long way in ameliorating the housing shortage in the country and achieving the goal of enabling households to have pucca homes under Housing for All by 2022 Mission.



### Box 3.1 - Economic Survey 2016-17 and Union Budget 2017-18<sup>2</sup>

- (1) Economic growth to rebound to 6.75 to 7.5% in 2017-18. GST, other structural reforms shall take the growth rate trend to 8-10%.
- (2) Most States/UTs witnessed sharp decline in CPI inflation in 2016-17 as compared to the previous year. Also, both rural and urban inflation have declined in 2016-17 and the gap between rural and urban inflation has narrowed down in recent months.
- (3) The Reserve Bank of India cut the policy rate by 50 basis points during 2016-17. However, it shifted its monetary policy stance from accommodative to neutral in February 2017.
- (4) Sluggish growth and increasing indebtedness in some sectors of the economy have impacted the asset quality of banks. The gross non-performing assets (GNPAs) ratio of SCBs rose from 9.2 per cent in September, 2016 to 9.5 per cent in March, 2017.
- (5) Infrastructure status accorded to affordable housing.
- (6) NHB will refinance individual housing loans of about ₹20,000 crore in 2017-18.
- (7) Real estate sector including ownership and dwellings accounted for 7.6% share in India's overall GVA in 2015-16. The growth of this sector decelerated in the last three years from 7.5% in 2013-14 to 6.7% in 2014-15 and further to 4.5 per cent in 2015-16. Despite the subdued demand, residential prices did not fall with the NHB RESIDEX, showing increase in prices in 33 cities out of 50 cities in 2016-17 Q4 over 2015-16 Q4.
- (8) To stimulate the rural housing sector in India, ₹23,000 crore has been allocated under the Pradhan Mantri Awaas Yojana (Gramin). In line with the aim to promote affordable housing not only in cities but also in rural areas, the Government intends to complete 10 million homes by 2019.
- (9) Changes in the scheme for profit-linked income tax exemption for promoters of affordable housing.
- (10) Application of tax on notional rental income rule only after one year of the end of year in which completion certificate is received by the builder.
- (11) Holding period for considering capital gain from immovable property to be long term reduced from 3 years to 2 years.
- (12) Base year for indexation shifted from 01-04-1981 to 01-04-2001 for all classes of assets including immovable property.
- (13) Abolition of Foreign Investment Promotion Board (FIPB) to liberalize FDI norms and attract foreign investors.
- (14) Capital gains tax liability changed for Joint Development Agreement (JDA) signed for development of property
- (15) Allocation under PMAY increased from ₹5,075 crore in BE 2016-17 to ₹6,042 crore in 2017-18
- (16) Allocation of ₹400 crore for CLSS for EWS & LIG.
- (17) Allocation of ₹1,000 crore for CLSS for MIG.
- (18) Allocation of ₹15 crore for CRGFTLIH.

<sup>2</sup>Point Nos. 1-4 Economic Survey, 2016-17, Volume II, Government of India (August, 2017)  
Point Nos. 5-18 → Union Budget, 2017-18 (February, 2017)



### 2004 | Slum Redevelopment Project | Maharashtra

Extended financial assistance to SPARC Samudaya Nirman Sahayak under Slum Rehabilitation Scheme for construction of 147 rehabilitation tenements, 5 utility tenements, 50 sale residential tenements and 8 commercial sale units at Bharat Janata Society Plot in Dharavi, Mumbai.



## **CHAPTER 4: OPERATIONS**

Resource Mobilization

Refinance

Project Finance

Regulation and Supervision

Promotion and Development

Risk Management

Information Technology

Human Resources

Rajbhasha

Knowledge Centre

Regional Office and Regional Representative Offices

Audit

**सबके लिए घर  
जीवन बेहतर**

**Sheltering People  
Transforming Lives**

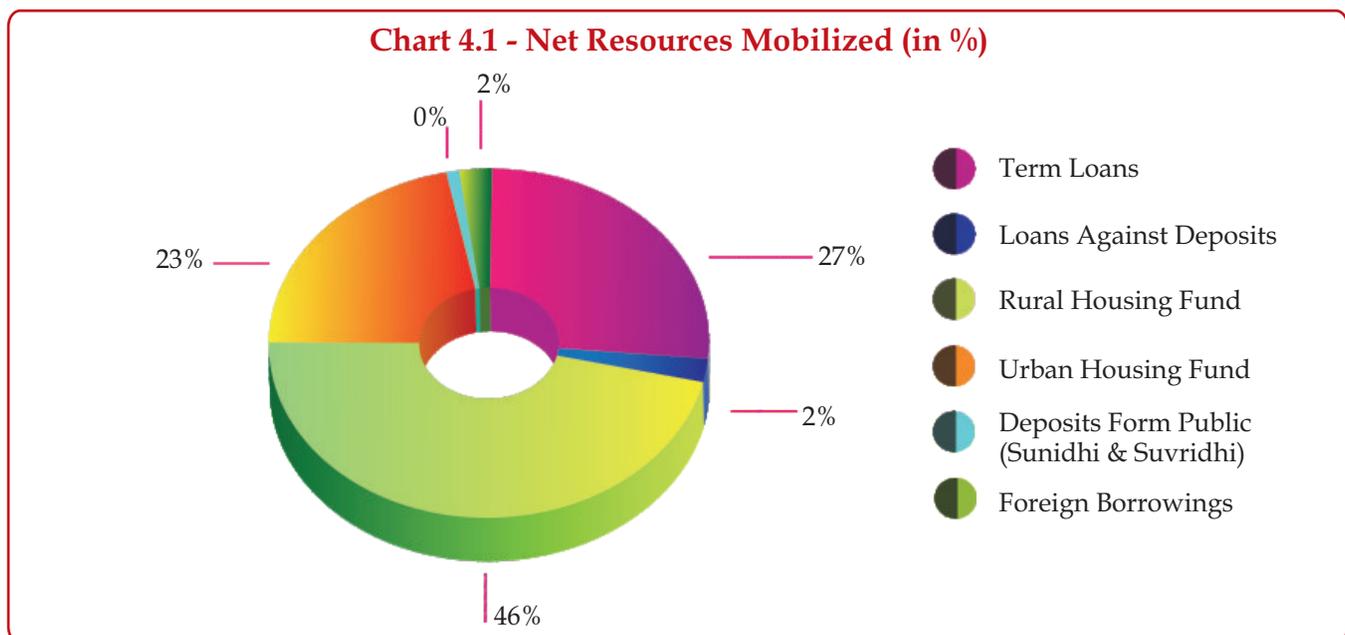


## 4.1 Resource Mobilization

### 4.1.1 Net Resources Mobilized

During the year under review, NHB raised both short term and long term resources. Short term resources included issuance of Commercial Papers (CPs) and Short Term Loans from Banks. Long Term borrowings included deposits from banks under Rural Housing Fund (RHF), bonds / debentures,

foreign borrowings and deposits from public under Sunidhi and Suvridhi term deposit schemes. The net incremental borrowing was ₹9,791 crore for the year 2016-17. **Chart 4.1** depicts the instrument-wise break-up of net resources mobilized during the year. The amounts mobilized through each instrument are given in **Appendix II**.



#### Borrowings under Term Loans / Loans against Deposits

Borrowings under Term Loans and Loans against Deposits were done for very short periods not exceeding seven days to meet the cash flow mismatches. As on 30-06-2017, ₹2,600 crore and ₹221 crore were outstanding under Term Loans and Loans against Deposits, respectively.

#### Deposits under Rural Housing Fund

Rural Housing Fund was introduced during the year 2008-09. Contributions to the corpus of this Fund are done by SCBs, which fall short in their lending to priority sector, based on allocation made by the RBI.

During the year 2016-17, the allocation under RHF was ₹6,000 crore and against the said allocation, the NHB has received ₹4,500 crore till 30-06-2017.



### Deposits under Urban Housing Fund

Urban Housing Fund was established in the year 2013-14 with a corpus of ₹2,000 crore. The corpus of the Fund is made by contributions by SCBs, not achieving their priority sector lending obligations, based on allocation made by the RBI.

During the year 2016-17, the allocation under UHF was ₹3,000 crore and against the said allocation, the NHB has received ₹2,255 crore till 30-06-2017.

### Deposits from Public

During the year, deposits of ₹39 crore were mobilized from the public through two schemes viz. regular deposit scheme called “Sunidhi”, and term deposit scheme for five years called “Suvriddhi”. Suvriddhi is notified under Section 80C of the Income Tax Act, 1961. Both the schemes are as per the extant guidelines of RBI.

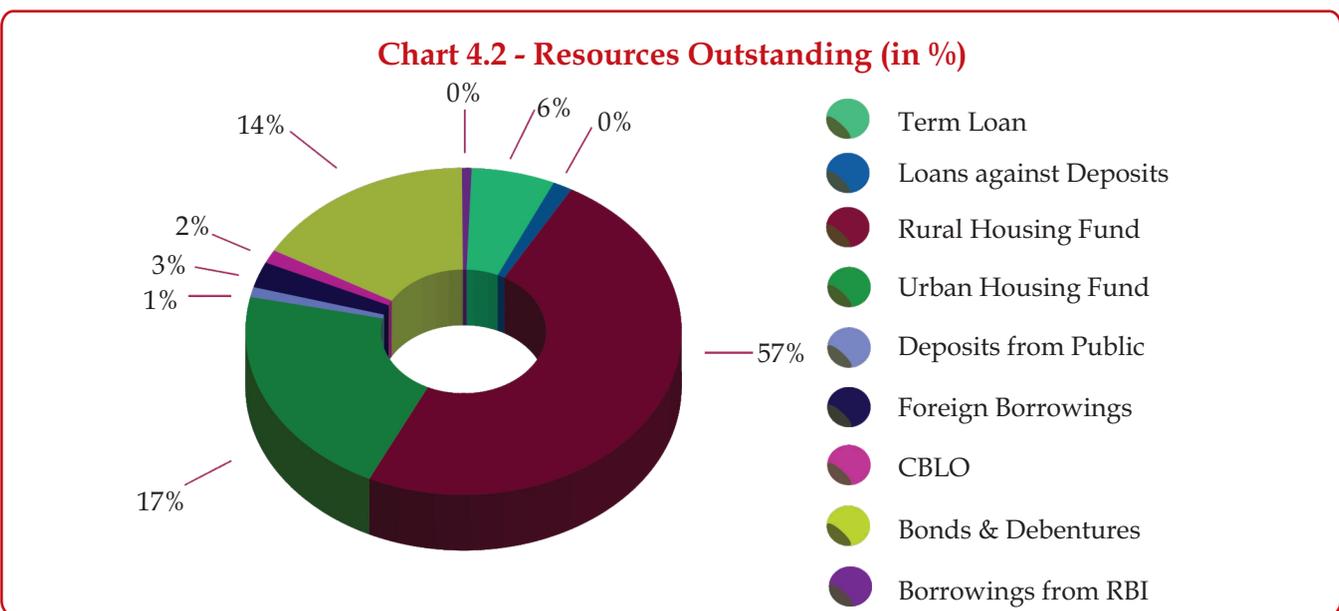
### Foreign Borrowings

#### Borrowings from World Bank

NHB has entered into an Agreement with World Bank on 14-08-2013 followed by subsidiary loan agreement with Government of India on 04-10-2013 for Low Income Housing Finance Project of SDR 66.1 million (USD 100 million equivalent). Under this line of credit, World Bank will make disbursements to Government of India and GoI in turn would on-lend the rupee equivalent to NHB. The amount on-lent to NHB will be fully repaid by NHB with commitment to meet the entire liability, including exchange rate variations, if any, on the due dates. During the year 2016-17, NHB has received ₹176 crore from GoI under this project.

#### 4.1.2 Outstanding Borrowings till 30-06-2017

Chart 4.2 depicts the instrument-wise break-up of outstanding borrowings of ₹48,437 crore till 30-06-2017. The amounts outstanding under the instruments are given in Appendix III.





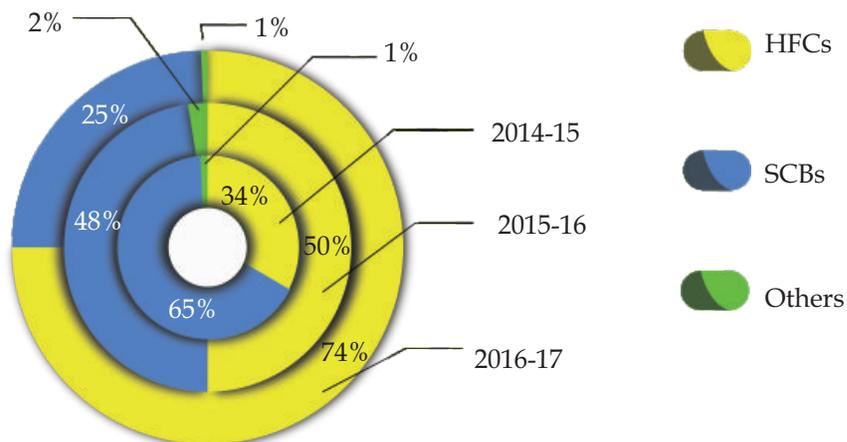
## 4.2 Refinance

### 4.2.1 Refinance Disbursements

Aggregate refinance disbursements of ₹22,684 crore were made during the year 2016-17. Four new PLIs were added to the

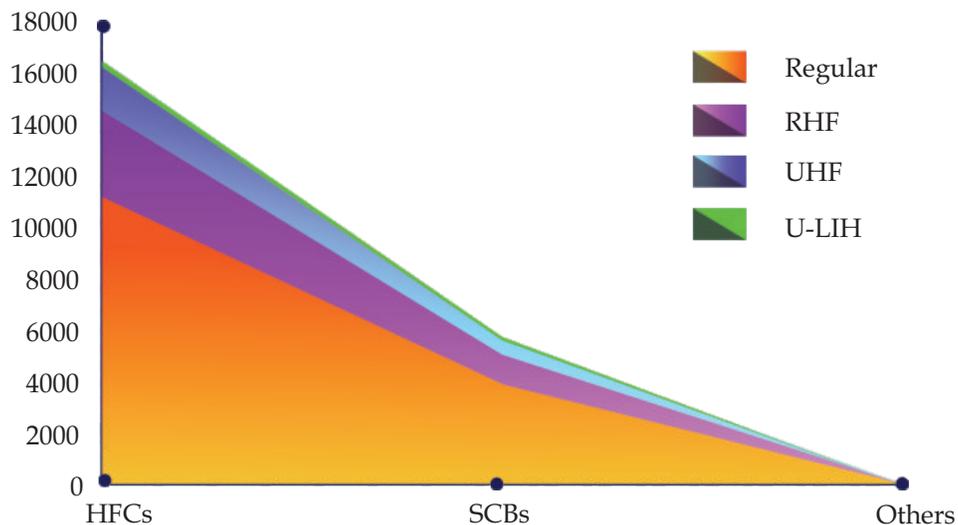
refinance client list. Percentage-wise refinance disbursements to various categories of PLIs during the last three years is shown in **Chart 4.3**. The amounts disbursed to various categories of PLIs are given in **Appendix IV**.

**Chart 4.3 - Refinance Disbursement-Institution-wise (in%)**



Disbursements under various refinance schemes during 2016-17 is shown in **Chart 4.4**. The amounts disbursed under various schemes are given in **Appendix V**.

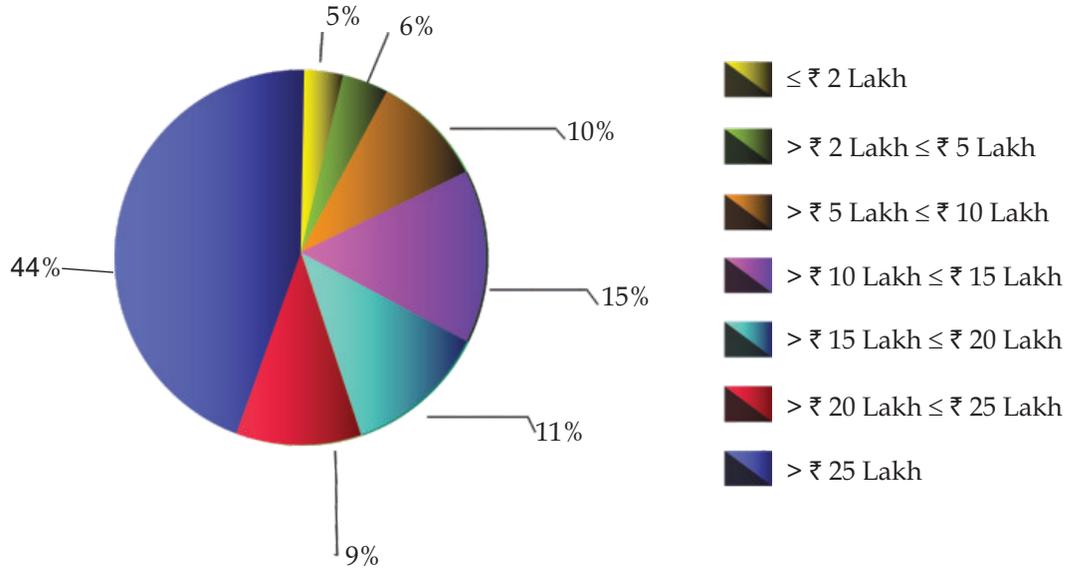
**Chart 4.4 - Refinance Disbursement-Scheme-wise (in ₹ crore)**





Refinance disbursement break-up based on size of individual loans (amount-wise) during 2016-17 is shown in **Chart 4.5**. The amounts disbursed to various categories of PLIs are given in **Appendix VI**.

**Chart 4.5 - Refinance Disbursements-Individual Size-wise (% of total)**

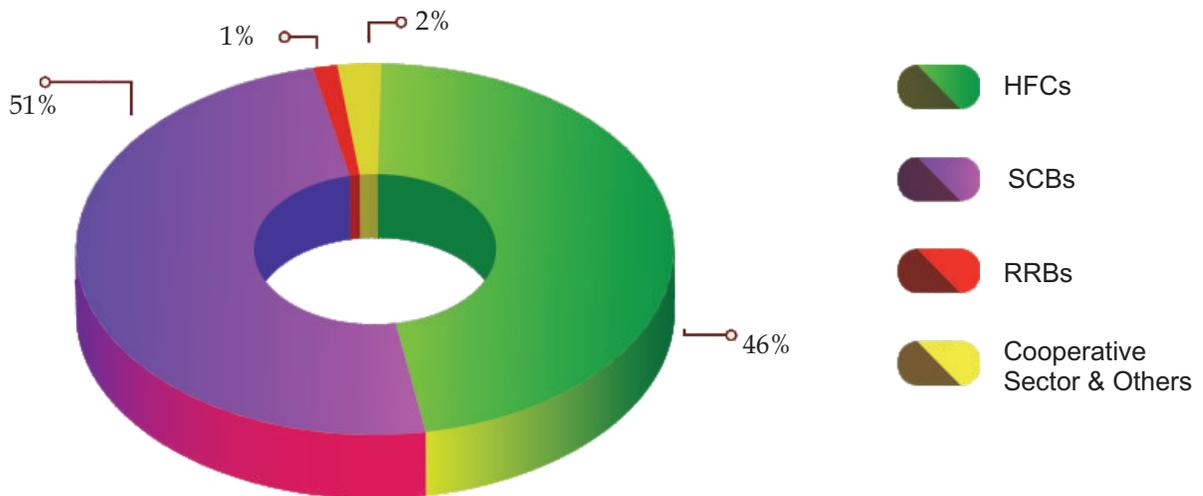


#### 4.2.2 Cumulative Disbursements

Cumulative refinance disbursements to various categories of PLIs as on 30-06-2017 were ₹1,86,606 crore. The percentage-wise

break-up is shown in **Chart 4.6**. The cumulative refinance amounts disbursed to various categories of PLIs are given in **Appendix VII**.

**Chart 4.6 - Cumulative Refinance Disbursements (in %)**



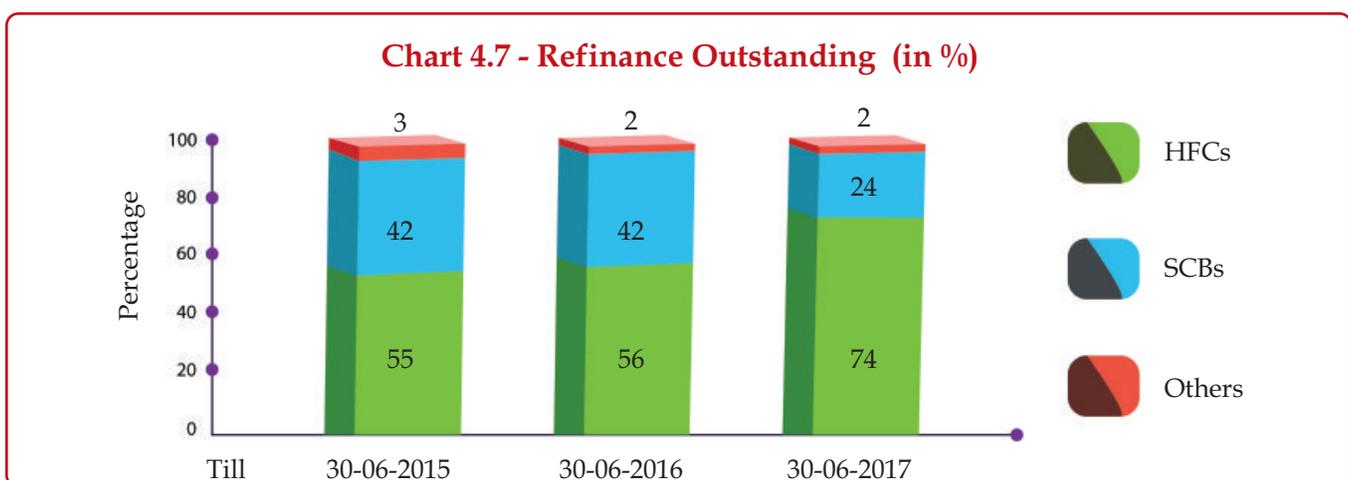


### 4.2.3 Area-wise Break-up of Disbursements

Of the total disbursements of ₹22,684 crore, 20% were made towards borrowers in rural areas.

### 4.2.4 Refinance Outstanding

As on 30-06-2017, the outstanding refinance stood at ₹54,805 crore, with major share of ₹40,312 crore (74%) to HFCs. The break-up is shown in **Chart 4.7**. The cumulative refinance amounts disbursed to various categories of PLIs are given in **Appendix VIII**.



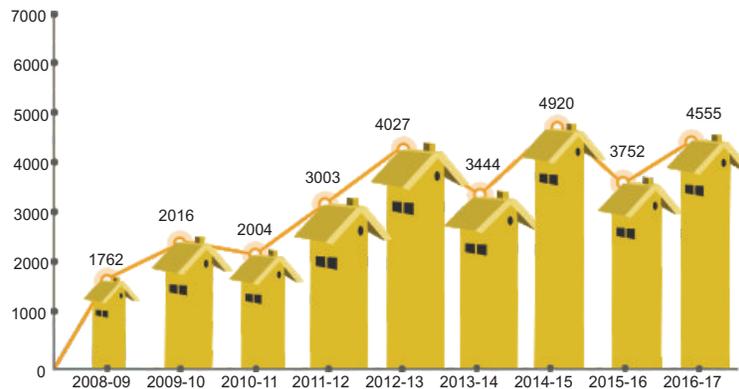
### Rural Housing Fund

The Hon'ble Finance Minister, in his Union Budget speech for 2008-09, announced the setting up of the RHF to enable primary lending institutions to access funds for extending housing finance to targeted groups in rural areas at competitive rates. The corpus of the Fund is contributed by those SCBs which have been unable to fulfil their priority sector targets during the preceding year. The quantum of funds to be contributed by each SCB and the applicable interest rate are determined by the RBI depending upon the priority sector shortfall of the respective SCB. RHF is utilized for extending refinance assistance to PLIs in respect of their housing loans extended to

borrowers in rural areas (as per 2011 Census) belonging to Weaker Section (as per RBI's Master Directions on Priority Sector Lending - Targets and Classification), women, and persons with annual income not exceeding ₹3 lakh. Further, to ensure that the intended benefit of lower interest rates reaches to the ultimate borrowers, on-lending rates have been capped. Cumulative disbursements under RHF since inception till 30-06-2017 have been ₹29,483 crore. The year-wise disbursements under RHF are shown in **Chart 4.8**. The institution category wise break-up is given in **Appendix IX**. The disbursements under RHF have been made in respect of 18.98 lakh dwelling units, the year-wise break-up of which is given in **Appendix X**.



**Chart 4.8 - Rural Housing Fund Disbursements (in ₹ crore)**



### Urban Housing Fund

The purpose of this Scheme is to provide refinance assistance in respect of housing loans extended by PLIs in urban areas for the construction/purchase of dwelling units, repairs/renovation/upgradation of dwelling units and for incremental housing. The eligible loan size is up to ₹20 lakh (₹28 lakh in metropolitan centres with population of ten lakh and above) disbursed on or after 01-04-2011 against the dwelling unit of carpet area upto 60 m<sup>2</sup> or the cost of dwelling upto ₹25 lakh (₹35 lakh in metropolitan centres). UHF Scheme presently caters to people with annual household income not exceeding ₹6

lakh, based on the income ceiling under EWS and LIG categories. Further, to ensure that the intended benefit of lower interest rates reaches to the ultimate borrowers, on-lending rates have been capped. Cumulative disbursements made under UHF till 30-06-2017 were ₹8,184 crore. The year-wise disbursements under UHF are shown in **Chart 4.9**. The institution category wise break-up is given in **Appendix XI**. The disbursements under UHF have been made in respect of 1.93 lakh dwelling units, the year-wise break-up of which is given in **Appendix XII**.

**Chart 4.9 - Urban Housing Fund Disbursements (in ₹ crore)**





### **Special Urban Housing Refinance Scheme for Low Income Households (WB-ULIH) (Refinance Scheme launched under the NHB-WB ULIH Project)**

The Government of India has entered into an agreement with the International Development Association (IDA) under which IDA will provide a \$100 million equivalent credit to the GoI. IDA also entered into an agreement with NHB for the implementation of the project, which included extending refinance in respect of housing loans to informal segments and to households with annual income upto ₹3 lakh per annum. Refinance is provided by NHB to the PLIs in respect of their housing loans which are secured either through collateral of property financed or are alternatively secured. Refinance assistance is provided under the Scheme to PLIs in respect of their housing loans in the urban areas extended to low income household either directly or through intermediaries like MFIs (having proper systems and procedures for appraisal and follow-up of housing loans including qualified staff for handling such loans to the satisfaction of the concerned PLI), for the following purposes :

- construction / purchase of new dwelling units
- purchase of existing dwelling units
- repairs/ renovation / extension / up-gradation of existing dwelling units

During 2016-17, an amount of ₹172 crore was disbursed to various PLIs under WB-ULIH. Cumulative disbursements under WB-ULIH have been ₹507 crore facilitating construction / upgradation of 13,652 dwelling units.

### **4.3 Project Finance**

**4.3.1** NHB, in terms of Section 14 (ba) of the National Housing Bank Act, 1987 extends financial assistance under its project finance window to various public agencies like State Housing Boards, State Slum Clearance Boards/Authorities, Development Authorities, Municipal Corporations, Urban Local Bodies, etc. for undertaking residential housing. NHB's endeavor is to facilitate increase in the overall housing stock in the country through supply side intervention with special emphasis on the housing needs of the weaker sections of the society. The financial assistance is extended to commercially viable projects in terms of the project finance policy of NHB and in line with the guidelines prescribed by the RBI.

**4.3.2** During the year 2016-17, NHB sanctioned project finance term loan of ₹200 crore for construction and development of 7,032 (5,088 for EWS, 1,368 for LIG & 576 for MIG) dwelling units under PMAY in Indore, Madhya Pradesh. Further the NHB disbursed project finance to the tune of ₹75 crore towards construction of 7,602 flats for BPL families in Haryana and 6,296 flats for EWS/LIG in Chhattisgarh.

### **4.3.3 Cumulative Performance**

Cumulatively, till 30-06-2017, NHB has sanctioned project finance facilities to 449 projects with project cost of ₹10,228 crore and loan component of ₹5,722 crore. The cumulative project finance disbursement till 30-06-2017 stood at ₹2,406 crore. The trend of NHB's Project Finance disbursements is given in **Appendix XIII**.



## 4.4 Regulation and Supervision

**4.4.1** NHB regulates and supervises the Housing Finance Companies (HFCs) in public interest, as per provisions of the National Housing Bank Act, 1987. As on 30-06-2017, the total number of HFCs registered with NHB stood at 85, of which 18 HFCs have been granted the Certificate of Registration (CoR) with permission to accept public deposits and the balance 67 HFCs have been granted the CoR without the permission to accept public deposits. Of the 18 HFCs, which have been granted the CoR with permission to accept public deposits, 6 are required to obtain prior written permission from the NHB before accepting any public deposits. The updated list of HFCs granted the CoR is available on NHB's website.

**4.4.2** NHB's regulation and supervision is aimed at preventing the affairs of any HFC being conducted in a manner detrimental to the interest of the depositors and shall not be prejudicial to the operations and the growth of the housing finance sector of the country. As a part of regulations, NHB has issued Directions, Guidelines on Asset Liability Management System, Know Your Customer (KYC) and Anti Money Laundering (AML), Fair Practices Code, etc. and Circulars to the HFCs and their auditors, from time to time. NHB also undertakes on-site inspections and off-site surveillance of HFCs through its supervisory mechanism to ensure safety and soundness of HFCs.

**4.4.3** To provide value to the stakeholders, a Complaint Redressal Cell is operating in NHB to redress the grievances of the customers of HFCs. NHB has implemented

the Grievance Registration & Information Database System (GRIDS) to enable the customers of HFCs to register and track their complaints online. NHB is a member organization of the Centralized Public Grievance Redress and Monitoring System (CPGRAMS) of Department of Administrative Reforms and Public Grievances (DARPG), aimed at providing citizens with a platform for redressal of their grievances. During the financial year 2016-17, a total of 2,096 complaints against HFCs were received by NHB, out of which 1,672 were resolved till 30-06-2017, and remaining are under regular monitoring for their early disposal.

**4.4.4** An initiative was taken by NHB to issue Caution Advices to all the HFCs on the lines of similar information being shared by the RBI/ Indian Banks' Association with the member banks. The HFCs are required to submit information on fraudulent transactions to NHB on a quarterly basis. Information received from HFCs is shared with all HFCs along with the modus operandi and causative factors involved. In order to contain frauds in housing finance, NHB regularly disseminates the information on frauds relating to mortgages to HFCs through Caution Advices and also interacts with other regulators for market feedback. The caution lists help in instituting checks and balances among the various lending institutions, the larger objective being to prevent occurrence/ recurrence of frauds in the housing sector. In the year 2016-17, 3 Caution Advices were issued by NHB totalling to 74 fraudulent transactions.



#### 4.4.5 Registration / Cancellation of Certificate of Registration Granted to HFCs

NHB granted CoR to 11 HFCs in 2016-17. The list of the HFCs which were granted CoR in the year 2016-17 is given in **Appendix XIV**.

During the year, the CoR granted to Equitas Housing Finance Limited was cancelled pursuant to the Company being merged with the Equitas Small Finance Bank.

#### 4.4.6 Supervision of HFCs

NHB supervises the functioning of HFCs through on-site inspections, market intelligence and off-site surveillance mechanisms by analysing the periodic returns / information and their verification.

**On-site Inspections** - NHB conducted inspection of 57 HFCs in 2016-17, of which 13 were of companies which had applied for grant of CoR under Section 29A of the NHB Act, 1987. Remaining 44 inspections were carried out on registered HFCs to ascertain their compliances with various regulatory provisions of the NHB Act, 1987, Directions, Guidelines, Circulars, etc. issued thereunder by NHB, from time to time.

**Off-site Surveillance** - Periodic returns submitted by HFCs, including the quarterly, half-yearly and annual returns prescribed in the Directions were monitored and scrutinized.

**Online Reporting & Management Information System (ORMIS)** - Towards the objective of digitisation, NHB launched the 24x7 online reporting system in 2015-16 for HFCs to facilitate a faster mechanism for

submission of returns, data and information. The portal has been made fully operational during the year 2016-17. HFCs can view the status of returns, data and information submitted by them. Affixation of Digital Signatures by HFCs' officials and auditors provides authenticity of information in terms of the Information Technology Act.

#### 4.4.7 Notifications, Circulars, and Caution Advices Issued

**Notifications** - During the year, three new Directions were issued as under :

##### **Housing Finance Companies - Auditor's Report (NHB) Directions, 2016**

1. The said Directions were issued vide Notification No. NHB.HFC.AR-DIR.1/MD&CEO/2016 dated 03-02-2017 and made applicable with immediate effect. The relevant provisions of Chapter IV of the Housing Finance Companies (NHB) Directions, 2010 shall stand repealed by these Directions.
2. The Directions are applicable to the Statutory Auditors of Housing Finance Companies.
3. As per the Directions, Auditors are required to submit additional report to the Board of Directors of a HFC on the matters specified in the said Directions, in addition to the report made by the Auditor under Section 143 of the Companies Act, 2013, on the accounts of a HFC examined for every financial year.
4. Unfavourable or qualified statements, if



any, by the auditors are required to be reported to the NHB.

#### **Housing Finance Companies - Approval of Acquisition or Transfer of Control (NHB) Directions, 2016**

1. The said Directions were issued vide Notification No. NHB.HFC.ATC-DIR.1/MD&CEO/2016 dated 09-02-2017 and made applicable with immediate effect. The provisions contained under Paragraph 19 of the Housing Finance Companies (NHB) Directions, 2010 shall stand repealed by these Directions.
2. As per the Directions, it will apply on any takeover or acquisition or control, any change in the shareholding or any change in the management occurring after the date of the notification of the said Directions. Further, a public notice of at least 30 days shall be given before effecting the sale of, or transfer of the ownership by sale of shares, or transfer of control, whether with or without sale of shares.
3. In cases of acquisition or transfer of control of HFCs holding CoR valid for accepting public deposits, the NHB reserves the right to review the grant of permission to accept public deposits.

#### **Housing Finance Companies - Corporate Governance (NHB) Directions, 2016**

1. The said Directions were issued vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 09-02-2017 and made applicable with immediate effect. The Directions are applicable to every non-public deposit accepting HFC with asset size of ₹50 crore and above, as per the last audited

balance sheet, and all public deposit accepting / holding HFCs.

2. The Directions include provisions relating to constitution of Committees of the Board, Fit and Proper Criteria for the directors of HFC, deed of covenants to be executed with directors and also prescribe the Indicative List of Balance Sheet Disclosures for HFCs.

#### **Circulars**

**NHB(ND)/DRS/Policy Circular No.75/2016-17 dated 01-07-2016 on disbursement of housing loans to individual linked to the stages of construction** - HFCs have been once again advised that disbursement of housing loans should be strictly linked to the stages of construction and no upfront disbursement should be made in case of incomplete/unconstructed projects. The prevalent schemes of HFCs, if any, need to be reviewed on the above lines in order to remove inappropriateness of funding exposure with concomitant risk of diversion of funds. The HFCs have also been advised to bring the contents of the said Circular to the notice of their Board and submit a resolution of the Board on the above lines to NHB.

**NHB(ND)/DRS/Misc. Circular No.17/2016-17 dated 22-07-2016 on Levy of foreclosure charges / pre-payment penalties - Clarification** - In terms of the said Policy Circular, it has been clarified that Sole Proprietorship Concern/Firm or an HUF, as borrower or co-borrower will not be treated as an individual borrower for the purpose of Circulars issued by NHB relating to levy of foreclosure charges/pre-payment penalties. Further, it has also been clarified that in cases where the terms & conditions of the loans



sanctioned indicate that no foreclosure charges/pre-payment penalties shall be levied, such loans shall continue to be governed by the already sanctioned terms & conditions.

**NHB(ND)/DRS/Policy Circular No.76/2016-17 dated 01-11-2016 on Central Know Your Customer Registry** - The Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the Central KYC Record Registry vide the Gazette Notification No. S.O. 3183(E) dated 26-11-2015. The live run of the Central KYC Record Registry has started with effect from 15-07-2016 in phased manner beginning with new individual accounts. Accordingly, HFCs have been advised to upload the Know Your Customer (KYC) data with CERSAI in respect of new individual accounts opened on or after the date of the Circular.

**NHB(ND)/DRS/Policy Circular No.77/2016-17 dated 21-11-2016 on Prudential Norms on Income Recognition, Asset Classification** - In terms of the said Circular, it had been decided to provide an additional 60 days beyond what is applicable for the HFCs for recognition of a loan account as substandard in case of "Term loans (including the one granted to an agriculturist or to a person whose income is dependent on the harvest of crops), whether business or personal, secured or otherwise, the original sanctioned amount whereof is ₹1 crore or less, on books of HFCs." The above dispensation will be subject to the following conditions:

i. It applies to dues payable between 01-11-2016 and 31-12-2016. HFCs shall

note to ensure that this is a short-term deferment of classification as substandard due to delay in payment of dues arising during the period specified above and does not result in restructuring of the loans.

- ii. Dues payable before 01-11-2016 and after 31-12-2016, will be covered by the extant instruction with regard to recognition of NPAs.
- iii. The additional time given shall only apply to defer the classification of an existing standard asset as substandard and not for delaying the migration of an account across sub-categories of NPA.

**NHB(ND)/DRS/Policy Circular No.78/2016-17 dated 30-11-2016 on Online Reporting Management Information System (ORMIS)** - NHB, as part of its go green initiatives and paperless approach and as part of its e-governance initiatives, had developed the ORMIS, a system for online submission of returns and various other information by HFCs. This system has been designed envisaging submission of such information in a secured and effective manner over internet and to facilitate HFCs in submitting information using user credentials [User-id/password with Digital Signature integration]. This online portal was made available to HFCs from 27-06-2016 at the link <https://ormis.nhbonline.org.in/hfc> initially to run parallel with the manual system of filing returns and other information. HFCs were advised to furnish online, the returns/information, falling due on or after 01-01-2017, through ORMIS. ORMIS has been made fully operational from 01-01-2017.



**NHB (ND)/DRS/Policy Circular No.79/2016-17 dated 23-04-2017 on Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 - Clarification-**NHB issued certain clarifications on some of the provisions of the said Directions which were issued on 09-02-2017.

#### Other activities

**Master Circulars** - The following Master Circulars were issued by the NHB on 01-07-2016, consolidating all instructions issued to HFCs in the form of Directions, Notifications, and Circulars etc. during the period 01-07-2015 to 30-06-2016:

- Master Circular on Housing Finance Companies (National Housing Bank) Directions, 2010,
- Master Circular on Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement Basis (NHB) Directions, 2014,
- Master Circular on Fair Practices Code, and
- Master Circular on Miscellaneous Instructions to all Housing Finance Companies.

#### 4.4.8 Coordination with Other Regulatory Authorities

NHB continued the process of coordination with other Regulatory Authorities through its participation in State Level Coordination Committee meetings convened by the RBI and attended by State Police Department, State Government through its Ministries/ Department, Economic Offences Wing, Registrar of Companies, Company Law Board, Securities and Exchange Board of India, Institute of Chartered Accountants of India, etc.

Based on the complaint made by the NHB to the Institute of Chartered Accountants of India against the Statutory Auditor of Tanveer Housing Finance Ltd. for non-compliance of provision of the NHB Act, 1987, the ICAI initiated disciplinary action against the auditor and ordered the removal of his name from the Register of Members for a period of one month.

#### 4.4.9 KYC and AML activities

**Interactive Meeting of the Principal Officers of HFCs regarding compliance with Prevention of Money Laundering Act, 2002, and Guidelines on KYC and AML measures for HFCs** - HFCs have certain obligations under the Prevention of Money Laundering Act, 2002 (PMLA) including reporting of large cash and suspicious transactions to FIU-IND as Cash Transaction Report (CTR) and Suspicious Transaction Report (STR). To sensitize the HFCs regarding the development in PMLA and to review their compliances on Know Your Customer Guidelines/Anti Money Laundering Measures, the Bank organized Inter-Face Meeting of Financial Intelligence Unit- India with the Principal Officers of HFCs at Delhi on 18-11-2016 and 29-06-2017.

#### 4.5 Promotion and Development

##### 4.5.1 Equity Participation

NHB has extended its financial support in the form of equity participation to the following HFCs and related Institutions:

- (a) Cent Bank Home Finance Limited (CBHFL) is a HFC registered with NHB. It is a subsidiary of Central Bank of India. NHB has 16 percent stake in CBHFL since 1991. The total investment made by NHB in the equity share capital of CBHFL till 30-06-2017 was ₹5.10 crore.



- (b) Mahindra Rural Housing Finance Limited (MRHFL) is a HFC registered with NHB. It is a subsidiary of Mahindra & Mahindra Financial Services Limited. NHB has 12.50 percent stake in MRHFL since 2008. During the year, the Bank subscribed to Rights Issue of the Company and invested ₹16.25 crore. The total investment made by NHB till 30-06-2017 in MRHFL stood at ₹33.22 crore.
- (c) Sewa Grih Rin Limited (SGRL) is a HFCs registered with NHB. The Key promoter of the Company is SEWA, which is an organization of poor, self-employed women workers. During the year, the Bank subscribed to Rights Issue of the Company and invested about ₹1.12 crore. The total investment made by NHB in SGRL till 30-06-2017 was ₹2.11 crore.
- (d) Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) is a company licensed under Section 25 of the Companies Act. The objective of the CERSAI is to maintain and operate a Registration System for the purpose of registration of transactions of securitisation, asset reconstruction of financial assets and creation of security interest over property, as contemplated under Chapter IV of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). The total investment made by NHB in the equity share capital of CERSAI till 30-06-2017 was ₹2.44 crore.
- (e) Tamil Nadu Infrastructure Fund Management Corporation Limited (TNIFMC), is an Asset Management Company incorporated under the Companies Act, 2013 and has been promoted by Tamil Nadu Investment Development Board (TNIDB), which is a Statutory Board set up for development of infrastructure in Tamil Nadu and is governed by TNIDB Act, 2012. The total investment made by NHB in the equity share capital of TNIFMC till 30-06-2017 was ₹5.40 crore towards 54,000 equity shares.
- (f) India's maiden Mortgage Guarantee Company was set up together by NHB, Genworth Financial Mauritius Holdings Limited (Genworth), Asian Development Bank (ADB) and International Finance Corporation (IFC). NHB is the majority stakeholder in IMGC with a shareholding of 38 percent, Genworth has a stake of 36 percent, ADB and IFC have a 13 percent stake each in the Company. During the year, NHB made additional investment of ₹5.70 crore, bringing the total investment by NHB in the equity share capital of IMGC to ₹76 crore till 30-06-2017.

#### **4.5.2 Participation in various Government Programmes**

- (i) The **1% Interest Subvention Scheme** commenced on 01-10-2009. An interest subvention of 1% was provided on all individual housing loans of upto ₹10 lakh, provided the cost of the unit did not exceed ₹20 lakh. From the FY 2011-12, the Scheme was extended for housing loans



upto ₹15 lakh, where the cost of house did not exceed ₹25 lakh. The Scheme was implemented through SCBs, RRBs & HFCs. From 2012-13, NHB was designated as the sole nodal agency for the implementation of the Scheme. The Scheme was in operation for the period 01-10-2009 to 31-03-2013, and NHB has disbursed total subsidy of ₹793.9 crore for about 17 lakh transactions based on the claims submitted by 89 Primary Lending Institutions (36 SCBs, 22 RRBs and 31 HFCs). The year-wise break-up of subsidy disbursement is given in **Appendix XV**.

- (ii) The Ministry of Housing and Urban Affairs (MoHUA), Government of India revised the **Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)** and renamed it as **Rajiv Rinn Yojana (RRY)**, as an additional instrument for addressing the housing needs of EWS/LIG segments in urban areas with increase in limit of eligible housing loans from ₹1 lakh to ₹5 lakh. **RRY** was effective from 01-10-2013. Under **RRY**, the amount of loan was revised up to ₹5 lakh for EWS and ₹8 lakh for LIG beneficiaries. However, the interest subsidy was made available for a maximum ₹5 lakh for both categories of beneficiaries. The eligible lending institutions under the Scheme were SCBs, HFCs and RRBs. NHB and HUDCO are the two nodal agencies under the Scheme. An interest subsidy of 5% is provided to the eligible borrowers availing housing loans from the financial institutions, on quarterly basis for the loan tenure of 15-20 years. Income of the borrowers was to be certified by State Level Nodal Agencies as per the guidelines of MoHUA. Under **RRY**, 28

Memorandum of Understandings were signed by PLIs with NHB. Till 30-06-2017, subsidy claims of ₹6.86 lakh have been disbursed to 229 beneficiaries through 4 PLIs. In terms of the communication F No. 14013/9/2014-H/FTS-11839 dated 16-04-2015 from MoHUA, GoI, the Scheme of **RRY** has ceased to exist.

- (iii) With a view to promote the use of solar energy in the domestic context, the Ministry of New and Renewable Energy (MNRE), GoI, has implemented the **Capital Subsidy Scheme for Installation of Solar Water Heating and Solar Lighting Systems in Homes** under Jawaharlal Nehru National Solar Mission (JNNSM). The Scheme aims at popularizing the use of solar water heating and solar lighting systems in homes by offering suitable incentives in the form of capital subsidies for purchase and installation of the solar systems. NHB has been designated as a nodal agency for administering and monitoring the scheme. The scheme has commenced from 01-04-2014 and loans disbursed on or after 01-04-2014 are eligible to be covered under the scheme. The scheme is valid till 31-12-2015, or such extended period as may be allowed by the GoI. An amount of ₹52.35 crore has been received by NHB from MNRE. The Capital Subsidy Scheme for Solar Water Heating Systems was discontinued by MNRE w.e.f. 01-10-2014. However the subsidy is continued for solar home lighting systems on the same terms and conditions as were originally sanctioned by MNRE. In case of solar home lighting systems, the amount of subsidy is limited to 40% of the benchmark cost for units up



to 300 watts capacity and 30% of the benchmark costs for units above 300 watts to 1000 watts. The benchmark cost is prescribed by MNRE from time to time. The institutions eligible to participate in the scheme include HFCs, SCBs, RRBs, UCBs, ACHFS and ARDBs. NHB has signed MoUs with seven institutions comprising of 1 PSB, 1 Private Sector Bank, 3 HFCs and 2 RRBs under the scheme. Till 30-06-2017, an amount of ₹30.64 crore (net of refunds) was disbursed by NHB to two Banks, two HFCs and two RRBs for 18,979 beneficiaries, under the Scheme.

(iv) **The Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH)** was set up by the GoI on 01-05-2012 to ensure better flow of institutional credit for housing in urban areas to cater to the needs of the targeted segments (EWS/LIG borrowers). The Trust is being managed by NHB. The CRGF Scheme provides guarantee for all housing loans up to ₹8 lakh sanctioned and disbursed by the lending institutions (effective from 01-10-2014), subject to guarantee cover limited upto ₹5 lakh only. Prior to this, all housing loans up to ₹5 lakh were eligible without any collateral security and/or third party guarantee to the new borrowers in the EWS/LIG categories in urban areas for the purpose of home improvement, construction, acquisition and purchase of new or second hand dwelling units of size upto 430 ft<sup>2</sup> (40 m<sup>2</sup>). The Guarantee Cover available under the scheme is to the extent of 90% of the sanctioned housing loan amount up to ₹2 lakh and 85% of the sanctioned loan

amount above ₹2 lakh. The major Banks and HFCs have already entered into agreements to implement this initiative of the GoI. Till 30.06.2017, 79 institutions have signed MoU with the Trust under the scheme. During the period, the Trust has issued guarantee cover in respect of 1,973 loan accounts of 14 Member Lending Institutions (MLIs) involving a total loan amount of ₹56.12 crore provided to EWS/LIG households. These MLIs include 9 SCBs, 4 HFCs and 1 RRBs.

(v) **Pradhan Mantri Awas Yojana (PMAY) under the Mission "Housing for All by 2022"**

Housing for All by 2022 has been implemented under two broad categories namely Pradhan Mantri Awas Yojana (Urban) and Pradhan Mantri Awaas Yojana (Gramin) under Housing for All by 2022.

**Pradhan Mantri Awas Yojana (Urban)-Credit Linked Subsidy Scheme (CLSS)**

Promotion of affordable housing for weaker section through credit linked subsidy is one of the four verticals under PMAY(U), which has been implemented through PLIs viz. SCBs, HFCs, RRBs, Co-operative Banks, Small Finance Banks (as approved by Reserve Bank of India) and Non-Banking Financial Company- Micro Finance Institutions (NBFC-MFIs) (registered with Reserve Bank of India). NHB has been identified as a Central Nodal Agency (CNA) by the GoI, MoHUA to implement the CLSS vertical of PMAY. The CLSS vertical is one of the important components of the Housing for All Mission and is a Central Sector Scheme. The CLSS now covers two categories



namely CLSS for EWS/LIG and CLSS for Middle Income Group (CLSS for MIG). The details of CLSS for EWS/LIG and CLSS for MIG are given below.

### CLSS for EWS/LIG

The scheme is effective from 17-06-2015 to 31-03-2022. Households belonging to Economically Weaker section (EWS) (with annual income upto ₹3 lakh) and LIG (with annual income more than ₹3 lakh and upto ₹6 lakh) seeking housing loans from Banks, HFCs and other such notified institutions would be eligible for an interest subsidy at the rate of 6.5% for maximum tenure of 20 years or the actual tenure of the loan whichever is less (earlier, upto 31-12-2016, maximum tenure was 15 years).

As on 30-06-2017, 174 PLIs, comprising of 76 HFCs, 19 PSBs<sup>3</sup>, 12 Private Sector Banks, 37 RRBs, 17 Co-operative Banks, 6 Small Finance Banks and 7 NBFC-MFIs have signed MoU with NHB as CNA and NHB has received the advance subsidy of ₹1025 crore from GoI, MoHUA, for the implementation of the Scheme. Out of this, the NHB has made total disbursements (Subsidy Released + Processing Fees - Subsidy Refunded) of ₹744 crore (loan disbursement amounting to ₹3536 crore) to 90 PLIs benefitting 39,390 households.

Till 30-06-2017, NHB conducted 17 regional workshops to sensitize the PLIs. The objective of the workshops were to interact with SLNAs and PLIs officials to get their queries clarified for the scheme implementation. The workshops were held

in Guwahati, Chennai, Mumbai, Raipur, Bangalore, Bhopal, Hyderabad, Lucknow, Patna, Srinagar, Thiruvananthapuram, Ranchi, New Delhi, Ahmedabad, Kolkata, Kohima and Ernakulam.

### CLSS for MIG

This scheme is effective from 01-01-2017 initially for a period of one year. The CLSS for MIG covers two annual income segments viz. above ₹6 lakh and upto ₹12 lakh under MIG-I and above ₹12 lakh and upto ₹18 lakh under MIG-II. In the MIG-I, an interest subsidy of 4% has been provided for loan amount up to ₹9 lakh while in MIG-II, an interest subsidy of 3% has been provided for loan amount upto ₹12 lakh.

As on 30-06-2017, 157 PLIs, comprising of 72 HFCs, 19 PSBs, 12 Private Sector Banks, 27 RRBs, 13 Co-operative Banks, 7 Small Finance Banks and 7 NBFC-MFI have signed MoUs with NHB as CNA and NHB received the advance subsidy of ₹250 crore from GoI, MoHUA, for the implementation of the Scheme. Out of this, the NHB has made total disbursements (Subsidy Released + Processing Fees - Subsidy Refunded) of ₹4.94 crore (loan disbursement amounting to ₹48.28 crore) to 2 PLIs benefitting 239 households.

Till 30-06-2017, NHB conducted 3 regional workshops, two in New Delhi and one in Mumbai, for signing of MoUs and to sensitize the PLIs. The objective of the workshops were to interact with SLNAs and PLIs officials to get their queries clarified.

### Rural Housing Interest Subsidy Scheme (RHISS)

Pradhan Mantri Awas Yojana - Gramin

<sup>3</sup>State Bank of Bikaner & Jaipur (SBBJ), State Bank of Mysore (SBM), State Bank of Travancore (SBT), State Bank of Patiala (SBP), State Bank of Hyderabad (SBH) and Bhartiya Mahila Bank (BMB) have merged with SBI w.e.f. April 1, 2017



(PMAY-G) for rural areas has been launched from 01-04-2016 with an objective to provide a pucca house with basic amenities to all houseless and households living in kutcha houses by 2022. However, to ensure that adequate resources are made available to such households which requires construction/modification of their dwelling units and have not been covered under PMAY(G), Ministry of Rural Development (MoRD) has launched the Rural Housing Interest Subsidy Scheme (RHISS) under Housing for All by 2022 to provide easy access to institutional loans to needy households, for construction/modification of their dwelling units, who are not covered either under PMAY (U) or PMAY (G).

The beneficiaries, eligible to receive central assistance under this scheme, will include any Rural Household which does not appear/figure on the permanent waitlist for PMAY-G. This scheme is effective from 01-03-2017 and beneficiaries would be eligible for an interest subsidy at the rate of 3% for loan amount up to ₹2 lakh for maximum tenure of 20 years or the actual tenure of the loan whichever is less, with the NPV discount rate of 9%. RHISS covers entire India, excluding the statutory towns as per Census 2011 and towns subsequently having coverage under PMAY(U). It will be implemented through Primary Lending Institutions viz. SCBs, HFCs, RRBs, Co-operative Banks, Small Finance Banks (as approved by Reserve Bank of India) and NBFC-MFIs (registered with Reserve Bank of India). NHB has been identified as the CNA by the GoI, MoRD to implement the RHISS vertical of Housing for All Mission.

(vi) **Research Studies** - As part of its research initiatives, historically, NHB has been

undertaking many research studies in association with reputed research institutions for the development of housing and housing finance market on sound lines. These research studies have helped in developing new products and in applying renewed thrust on policies and directions, for the overall development of housing and housing finance sector.

During the year, NHB completed the Study on Impact of the Land Acquisition Act with Special Reference to Land Pooling. The Study was conducted by Administrative Staff College of India, Hyderabad. The primary objective of the Study was to critically examine the significance of the traditional eminent domain based land assembly mechanism vis-à-vis land pooling/ land reconstitution methods to augment urban supply and in particular to meeting the increasing land requirement for the housing sector. A historical perspective of land acquisition along with a critical analysis of land pooling techniques in terms of their application in the international and national context formed a critical part of the study. The Study has provided a brief background, objectives and a brief of important land policy instruments, along with elaboration of the origin of the land pooling policy, benefits of the policy vis-à-vis the land acquisition models and a comprehensive review of the operation of the policy in selected countries. A comprehensive literature review of land acquisition in India along with relevant case laws and the transition to the new law viz. the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement



(RFCTLARR) Act, 2013, the implementation experience in the law, the issues and challenges, and land procurement through land purchases and state legislations has been carried out as part of the Study. Further, the Study has elaborated upon the legislative framework for the various land pooling models in India and its operation and implementation experiences in Gujarat, Haryana, Delhi, Punjab and Andhra Pradesh.

Along with the above, NHB has also commissioned two research studies namely "Study on Property Insurance in New and Existing Housing" and "Impact of Changes in Stamp Duty and Registration Charges in Residential Property", and suggest a revenue neutral model for enabling affordable housing for all. First study, on property insurance, inter alia, covers the current property insurance market structure in India, the causes for low penetration of property insurance and suggest standardized underwriting approaches for risk pricing based on market experiences and best international practices. Mid-Term Report of the first study has been received and is under examination. Second study on Impact of Stamp Duty and Registration Charges covers analyzing the structure of stamp duty and registration charges on residential properties in various states and examining the effect on overall cost of the house with the objective of building a case for the States to lower the stamp duty for enabling affordable housing. NHB is making efforts to obtain the stamp duty / registration data from the State / UT Governments in connection with the Study.

### 4.5.3 Review and Revamping of NHB-RESIDEX

NHB launched the residential price index (NHB RESIDEX) in July, 2007, to track movement of prices of residential properties across select cities. Initially, the index covered 15 cities, which was later expanded in stages to ultimately cover 26 cities. The index was last updated up to March, 2015 (Jan-Mar, 2015).

With a view to make the NHB RESIDEX more current and up-to-date with the prevailing macro-economic scenario, NHB undertook a review of the processes and methodology used for computation of the index along with the base year and segmentation used. Based on the findings of the review, NHB RESIDEX has now been revamped and a professional real estate research company has been engaged for a term of three years for providing support services. A NHB RESIDEX Technical Advisory Committee has been constituted to monitor the progress of the project and guide in developing the new systems / processes for the preparation and publication of the indices. It consists of representatives of Government of India, Reserve Bank of India, National Housing Bank, HDFC, State Bank of India and NAREDCO, eminent professors experienced in statistical index computation and expert from the field of housing / housing finance.

The first phase of revamped NHB RESIDEX was published on 10-07-2017, with two housing price indices viz. HPI @ Assessment Prices and HPI @ Market Prices for under-construction properties, taking FY 2012-13 as base year, for 50 and 47 cities respectively.



The HPI @ Assessment Prices is based on valuation data of residential properties received from Banks and HFCs, while HPI @ Market Prices for under-construction properties is based on data of unsold stock collected through market survey. Currently, the index/price movement during the quarters ended June, 2013 to March, 2017 have been computed at city level (INR/ft<sup>2</sup>) under three product categories classification based on carpet area ( $\leq 60$  m<sup>2</sup>,  $> 60$  m<sup>2</sup> &  $\leq 110$  m<sup>2</sup> and  $> 110$  m<sup>2</sup>). The comparison of NHB RESIDEX- Housing price indices (HPI) on assessment prices data between the quarters ended March, 2016 and March, 2017 is shown as **chart 4.10** below.

The salient features of the revamped NHB RESIDEX include the following :

- (i) Shift in base year from 2007 to FY 2012-13
- (ii) Update in cities definition based on Census 2011
- (iii) Increase in Geographical Coverage
- (iv) Classification of product category in line with Housing for All by 2022
- (v) Publication of Median Housing Price per sq. ft. based on Carpet Area
- (vi) Automation in data collection through web portal and development of user-friendly interactive website



**Chart 4.10 - NHB RESIDEX - Housing Price Indices\***  
 (Year On Year Trend - March, 2017 over March, 2016)



**YoY % Change in Assessment Prices**

- Above 5%
- Greater than equal to 0% and up to 5%
- Less than 0% and up to -5%
- Below -5%

\*Based on Assessment Price data received from Banks and HFCs



#### 4.5.4 Training and Capacity Building

NHB believes in the significance of capacity building and training interventions for skill development and enhancement measures for the housing finance sector through participatory approach and external professionals. Since inception, NHB dovetailed its resources with banks, HFCs, and Cooperative institutions in organizing/ conducting training programmes, seminars and symposia, and providing necessary design and faculty support to such institutions in housing and habitat related activities. In 2016-17, NHB conducted 16 training programmes across India, with about 650 participants from various PLIs. As a capacity building initiative, out of the 16 training programmes, 4 customized training programmes were conducted in Hindi for two RRBs operating in Uttar Pradesh, and two Small Finance Banks.

#### 4.5.5 Corporate Communication

##### **Tableau on the theme Pradhan Mantri Awas Yojana (Urban) - Housing for All**

In order to showcase the flagship programme of Government of India, Pradhan Mantri Awaas Yojana which envisages Housing for All by 2022, and also to create awareness about the Pradhan Mantri Awas Yojana; the tableau of Ministry

of Housing and Urban Affairs and National Housing Bank participated in the Republic Day Parade - 2017. The design of the tableau portrayed the efforts underway to enable, safe and affordable houses to eligible households with basic civic services.

##### **NHB Corporate Film**

In 2016-17, a corporate film featuring NHB's journey since its inception, growth of housing finance sector with focus on HFCs, and also screening and explaining NHB functions viz. Regulation & Supervision, Financing, and Promotion and Development, and growth of the HFCs was produced.

##### **Marked presence in social-media**

In view of increasing public awareness, the website of the NHB is integrated with two social media sites viz. Twitter and LinkedIn. All important releases get tweeted and also uploaded on LinkedIn as soon as they are published on the website.

##### **Awareness campaigns**

In 2016-17, NHB undertook campaigns on PMAY-CLSS to create awareness about the implementation of the Scheme with the PLIs. The public awareness drive was also carried out in the print, electronic, and social media.



## 4.6 Risk Management

**4.6.1** NHB is exposed to the following risks in its business operations :

**Credit Risk** - Risk arising from the possibility of borrowers failing to discharge their repayment obligations and thereby causing financial loss.

**Liquidity Risk** - Risk arising from NHB's inability to meet net funding requirements because of market disruptions or downgrade of credit ratings, causing certain sources of funding to become unavailable.

**Interest Rate Risk** - Risk arising from re-pricing and / or maturity mismatches between the assets and liabilities, thus impairing net interest income.

**Foreign Exchange Risk** - Risk arising from foreign currency exchange rate fluctuations in the borrowings of the NHB from overseas institutions.

**Operational and Other Risks** - Risk of loss arising from inadequate or failed internal processes, people, systems and/or from external events, including legal risk

**4.6.2** To mitigate and monitor the above risks, NHB has its Risk Management System in place. For this purpose the NHB has constituted the following Committees:

**Rating Committee** - The Committee approves the risk rating of the existing and new clients.

**Asset Liability Management Committee (ALCO)** - The Committee monitors the

management of liquidity risk and interest rate risk.

**Credit Risk Management Committee (CRMC)** - The Committee monitors the credit risk.

**Operational Risk Management Committee (ORMC)** - The Committee monitors the operational risk.

**Special Mention Accounts Committee (SMAC)** - The Committee oversees the monitoring of special mention accounts.

**4.6.3** In addition to the above Committees, NHB also has a Board appointed Risk Management Advisory Committee (RMAC) with two external members. During the year, the Committee met four times to review NHB's risk management policies and functions in relation to the three areas of risk i.e. market risk, credit risk and operational risk.

## 4.7 Information Technology

**4.7.1** NHB is continuously endeavouring to match the changing environment in the field of Information Technology. To keep up with the changing dynamics, major activities and projects undertaken include :

- Setting up of IP based telephony system whereby old PSTN based telephony system was replaced with IP based system with features like intercom, conference etc. This system is integrated with PSTN network for local/STD facility.
- Upgrading the Virtual Private Network and integrating the same with second



factor authentication thus creating a more robust and secured access system to connect to File Server and various portal services viz., Corporate email, SAP employee portal, Intranet, Grievance Redressal System, etc. over Internet using authorized laptops.

- Upgrading two factor authentication mechanism, which is now compatible with all flavors of windows operating system. Also, same got integrated with its VPN to setup a more robust secured infrastructure access. Token generation system is switched to a smartphone based token generation compatible with all mobile platforms.
- Revamping its Website with an aim to give the website a better look and feel, along with enabling its adaptability to mobile devices.
- Establishing a new Data Center with design & infrastructure to support state-of-the-art technology and advance security, access and monitoring systems.
- Upgrading the existing Network Infrastructure by switching to more efficient fiber based core network and CAT6A based LAN network. Bank is nearing completion of enhancing its edge network security footprint whereby latest firewall and anti-malware technologies are being integrated.
- Upgrading the centralized monitoring & patching system to ensure client security.
- Setting up the ORMIS to do away with manual submission of various returns by HFCs leading to a more efficient and paperless mechanism of governance. System is integrated with digital signature based log-in authentication,

reports signing process to ensure data security and effacing requirement of manual reporting and paper signing.

- Setting up the online portal towards achievement of PMAY-Housing for All initiative of MoHUA. The portal has enabled online submission of subsidy claims by PLIs and its efficient processing at CNA level. The initiative has been awarded the Digital India Award 2017 for best e-Governance initiative.

#### 4.7.2 IT Committee

To provide focused attention on IT security issues, the Information Technology Policy (ITP) has prescribed formulation and adoption of a detailed and comprehensive Information Security Policy (ISP). The ISP is implemented and maintained through a specific structure which is called Information Security Organization (ISO). The first component of the ISO is the Information Security Committee (ISC) which is an integral part of Information Technology Committee (ITC). The ITC is headed by the Executive Director of NHB. It has nominated heads of departments, including the head of IT Department, as its members. The ITC also has nominated external IT Security experts, senior IT security functionaries in other organizations into the committee. The ITC undertakes the following :

- Reviewing and approving functional ISP and defining responsibilities of various functionaries;
- Monitoring significant changes in the exposure of information assets to various threats;
- Identifying, classifying and periodically



reviewing the criticality and confidentiality requirements of all types of information resources;

- Ensuring that information security issues are appropriately addressed in the Business Plan;
- Monitoring and reviewing the security incidents;
- Approving major initiatives to enhance the information security.

## 4.8 Human Resources

**4.8.1** NHB aims at recruitment and retention of skilled, well balanced and motivated employees and is committed to continuous development of its employees through on-the-job training and participation in in-house as well as external training courses, conferences and seminars.

### Recruitment, Promotions, etc.

- In 2016-17, five officers in Senior Management Grade and fourteen officers in Junior Management Grade were recruited. In addition, one officer was engaged on contract basis as Chief Processing Officer. Besides, the NHB has also recruited one officer in Top Executive Grade and one officer in Senior Management Grade who are expected to join shortly.
- As per the schedule, promotion exercise was conducted for all eligible officers in various scales.

**4.8.2** To upgrade skills and enhance their proficiency, NHB deputed its officers for various external training and management

development programmes offered by reputed institutions along with organizing in-house training programmes.

- 28 officers were nominated to programmes at various institutes such as National Institute of Bank Management, Indian Institute of Public Administration, Indian Institute of Banking & Finance, Centre for Integrity Governance and Training in Vigilance, etc.
- 33 officers attended conferences, summits, workshops and meetings.
- 5 officers were deputed to International programmes in various countries.
- 93 officers attended the in-house training programmes.
- Induction Training was provided to 13 newly recruited Assistant Managers.

**4.8.3** NHB's guidelines/policies with respect to SCs, STs and OBCs are in consonance with the guidelines issued by the Government of India, wherever applicable. On annual basis, the NHB uploads the final Reservation Rosters on its website. The representation of SCs, STs, and OBCs as on 30-06-2017 is given in **Appendix XVI**.

**4.8.4** NHB has constituted a Reservation Cell (RC) consisting of Chief Liaison Officer (CLO) and Liaison Officer (LO) for Scheduled Caste (SC)/Scheduled Tribe (ST) and Other Backward Classes (OBC) Category. The Liaison Officers of NHB:

- Complied with subordinate appointing authorities with the orders and instructions pertaining to the reservation of vacancies in favor of SC/ST/OBC and other benefits admissible to them;



- Submitted timely the SC/ST/OBC Report - I and Report - II (wherever applicable) by the appointing authority and scrutiny and consolidation of the above reports and sending the consolidated reports in the prescribed proforma to the Department of Personnel & Training (DoPT);
- Extended necessary assistance to the National Commission for SC and the National Commission for ST in the investigation of complaints received by the Commission;
- Maintained the reservation registers / rosters in the Bank with a view to ensuring proper implementation of the reservation orders.

#### 4.9 Rajbhasha

NHB is committed towards the successful and effective implementation of Official Language Policy of the Government of India and has taken relevant and effective measures for the progressive use of Hindi language. NHB complies with the provisions relating to issuing replies in Hindi for the Hindi/bilingual letters received, issuance of bi-lingual documents under Section 3(3) of Official Language Act, publishing reports and NHB's publications in bi-lingual form etc. Workshops are also organized regularly in NHB to enhance the usage of Hindi. 'Aaj ka Shabd' (Today's word) is also made available to the officers through Intranet/Portal. The progress of Rajbhasha Implementation is captured below :

- Regular Official Language Implementation Committee meetings were held on quarterly basis. The meetings were presided by the Executive Director, and the decisions taken were informed to all the Departments/ Officers for ensuring compliance.
- Inspecting Regional/Regional Representative Offices and also the departments of the Head Office to review the compliance of Official Language Implementation policies.
- Promoting the use of Hindi by organizing bi-monthly Hindi competition, and 18 Officers were incentivized. Officers were also awarded for maximum use of Hindi in their official work.
- Hindi workshops are also being organized regularly. Hindi typing training through phonetic mode was also being given to the officers to enable them to use Hindi on Computers.
- Encouraging the use of Hindi in official work. An honorarium amount is also being given to the officer, who writes article for in-house quarterly Hindi magazine "Aawas Bharti".
- Organizing 'Hindi Chetna Maas' every year to enhance the use of Hindi in NHB's day-to-day work. During 2016-17 Celebrations, eight competitions were organized during the 'Hindi Chetna Maas', and a Hindi Documentary was also shown emphasizing women power. 27 Officers were awarded under different Hindi Competitions/ Schemes.
- Organizing Hindi Competition for member Banks/FIs, under the aegis of TOLIC Delhi.
- Releasing a special Hindi edition of



“Aawas Bharti” on the occasion of World Habitat Day, containing articles in Hindi especially on habitainment, from the officers of various banks, financial institutions and HFCs from all over India.

- Awarded the special prize by the Reserve Bank of India for in-house Hindi magazine for the year 2015-16 to “Aawas Bharti”. The magazine was also awarded first prize for the same year by Delhi Town Official Language Implementation Committee (TOLIC).

#### 4.10 Knowledge Centre

- Knowledge Centre was established in Head Office to facilitate acquiring additional knowledge and application through effective dissemination of information. Since the inception of Knowledge Centre in 1989, it has seen many changes, and transformed itself from manually managed to fully automated library through library automation software LIBSYS. The Knowledge Centre has demonstrated that opportunities can be seized to help institution to respond to changes in the research environment and critical information and data available helps the NHB to acquaint a wide spectrum role and deliver new value.
- Information technology which is an integral part of Knowledge Centre has made availability of information to more users at affordable cost and it saves valuable space also. All the functions of Knowledge Centre are managed through library automation software LIBSYS, thus making it a fully automated library. A substantial collection of Knowledge

Centre is in the form of e-books in various formats like PDF, EPUB, etc. on CD-ROMs, and kindle e-book reader. Knowledge Centre has also availed the membership of leading libraries such as British Council Library.

- NHB has also started the e-newsletter for the officers to keep them apprised with the Knowledge Centre developments.
- Knowledge Centre has a unique collection of more than 6700 Books / Bound Journals / Reports and more than 30 Reputed International and National Journals / Magazines on subjects like Housing and Housing Finance, Banking, Economics, General Management, Law, Leadership, Quantitative Methods, Rural Development, Microfinance, Information Technology etc. in English and Hindi Language. Along with above books, Knowledge Centre also has a collection of various reports and publications of various reputed institutions such as RBI, International Monetary Fund, World Bank, IUHF.
- This year Knowledge Centre has also initiated the process of Book review and also the presentations on the related topics such as GST, PMAY, Housing Price Index, CLSS, Refinance, Project Finance, Budget etc. for the benefit of the officers.

#### 4.11 Regional Office and Regional Representative Offices

Regional Office (RO) at Mumbai and the Regional Representative Offices (RROs) at various places play an important role in the achievement of the NHB's aims and



objectives. The RO and RROs are closely involved in liaising and coordination at the local level within their domains. They provide vital support to the financing, resource raising, capacity building and other functions to the Head Office within their areas of operations.

#### **4.12 Audit**

- M/s S.N.Nanda & Co. is the statutory auditor of the Bank appointed by the Reserve Bank of India.
- Bank has appointed audit firm M/s KPMG as Audit Consultant to prepare audit framework, audit charter and policies, audit manuals, standard operating procedures for various audit activities which will be placed before the Board for approval. The audit firm is also

carrying out internal audit for Head Office and Mumbai Regional Office, as part of its assignment based on the Risk Based Internal Audit Register approved by the Board. The internal audit, at present, is being carried out based on the existing risk register, and, once the audit framework is in place, the same shall be carried out based on the new audit framework and new risk register.

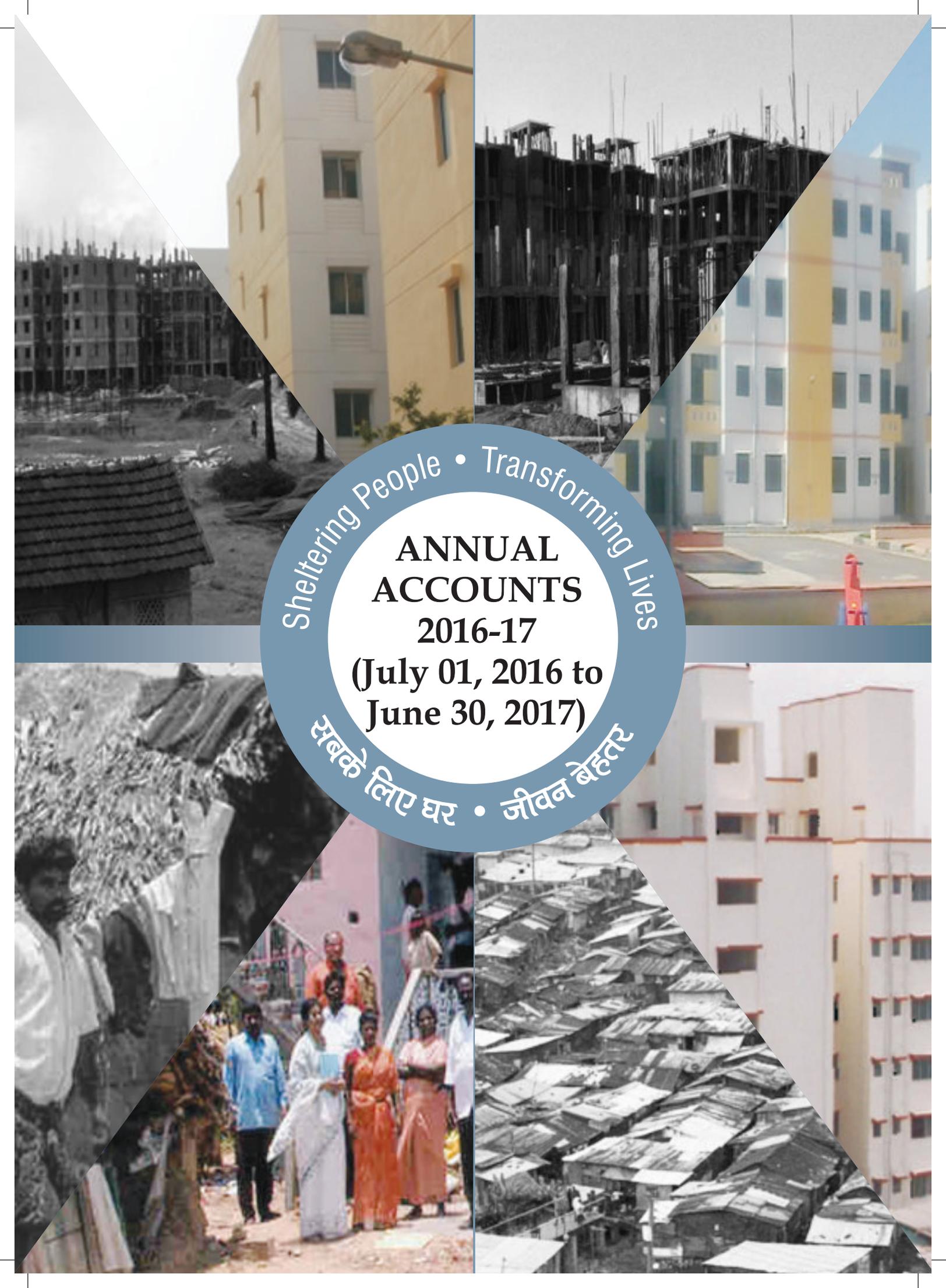
- M/s Anjali Jain & Associates is the concurrent auditor of the NHB and carry out concurrent audit for Accounts and Treasury on monthly basis.



#### **Box 4.1 - Appearances before the Parliamentary Committees**

During the year, NHB appeared before the following Parliamentary Committees :

- Review of Financing for Low Cost Housing by the Standing Committee on Urban Development, at New Delhi on 11-07-2016
- Review of Financing of Low Cost Housing and Timely Completion of Housing Projects by the Standing Committee on Urban Development, at New Delhi on 10-11-2016
- Study Visit of the Committee on Subordinate Legislation, Rajya Sabha, to Ahmedabad, Mumbai, Hyderabad and Bengaluru from 04-01-2017 to 11-01-2017
- Study Visit of the Committee on Subordinate Legislation, Rajya Sabha, to Jamnagar, Gir, Somnath, Mumbai and Bhubaneshwar from 15-04-2017 to 22-04-2017
- Study Tour of the Standing Committee on Urban Development to Kolkata, Darjeeling and Gangtok from 28-04-2017 to 02-05-2017.
- Study Visit of the Standing Committee on Urban Development to Bengaluru, Chennai, Kochi and Munnar from 06-06-2017 to 11-06-2017



Sheltering People • Transforming Lives

**ANNUAL  
ACCOUNTS  
2016-17  
(July 01, 2016 to  
June 30, 2017)**

सबके लिए घर • जीवन बेहतर



**S. N. NANDA & CO.**  
**CHARTERED ACCOUNTANTS**

E-mail :snnco@snnco.net  
:info@snnco.net

C 43, PAMPOSH ENCLAVE  
GREATER KAILASH - I NEW DELHI - 110 048

PH: 91-11-26227853, 41731475  
FAX: 91-11-26227853

## INDEPENDENT AUDITOR' S REPORT

**To**  
**THE MEMBERS OF NATIONAL HOUSING BANK**

1. We have audited the accompanying financial statements of the National Housing Bank ('the Bank'), which comprises of the Balance Sheet as at 30th June, 2017 and the Profit and Loss Account for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

2. The Management of the Bank is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the bank in accordance with the National Housing Bank Act, 1987 ('the Act') and the Regulations framed there under for General Fund and for special fund in accordance with the provisions of National Housing Bank (Slum Improvements and Low Cost Housing Fund) Regulation, 1993, the accounting principles generally accepted in India, including the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and applicable RBI guidelines as issued from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control



relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Basis of Qualified Opinion**

- a. *In terms of Section 39 of the National Housing Bank Act, the Bank shall after making provisions for the items referred to in Section 37 and after making provision for taxation, transfer the balance of surplus to the Reserve Bank of India (RBI). RBI vide letter dated December 9, 2004 has allowed the Bank to transfer not less than 25% of the net profit arrived at after making necessary provisions to the Reserve Fund with effect from the accounting year 2004-05.*

*However, since past years, the Board of the Bank has been approving the transfer of surplus to its Reserve Fund. As such, no amount was transferred to the RBI for which approval of RBI is not held on record.*

- b. *During the year, 25% of surplus as required by RBI amounting to Rs. 156.56 crore has not been transferred to Reserve Fund.*

- c. *During the year surplus of Rs. 586.94 crore appropriated to Reserve Fund during 2015-16 has been transferred to Profit & Loss account without retaining 25% in Reserve Fund amounting to Rs. 146.74 Crore.*

*The accumulated amount of Reserve Fund as at year end is Rs. 3498.65 crore including 25% which was allowed to be retained. In case the amount is transferred to RBI, it will result in reduction of Cash and Bank Balances, Investments etc.*

#### **Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us except for the effect of the matter described in the basis for Qualified Opinion paragraph, the said financial statements, give the information in accordance with the requirements of the Act and the Regulations framed thereunder and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the General Fund and special fund of the Bank as at 30<sup>th</sup> June 2017.
- ii) In the case of the Profit and Loss Account, of the profit for the year ended 30<sup>th</sup> June 2017.

**For S. N. Nanda & Co.**  
Chartered Accountants  
FRN: 000685N

**S.N. Nanda**  
Partner  
M. No. 005909

Place: New Delhi  
Date: 24th August 2017



## Management Comments

While approving the Accounts of the Bank, the Board had directed that the surplus of Rs.586.94 crore for the year 2015-16 which was transferred to the Reserve Fund be reversed and transferred back to profit and loss account, to be further transferred to the Reserve Bank of India (RBI). The management committed that this amount would be paid to RBI within 30-40 days. However, RBI, on a reference on the subject, has advised to the Bank, vide its letter DBR.CO.FID. NO. 4207/03.27.012/ 2017-18 dated 31st October, 2017 that the surplus of Rs.586.94 crore for the year 2015-16 transferred to the Reserve Fund need not be reversed and transferred back to the Profit and Loss Account.

Sriram Kalyanaraman  
Managing Director & Chief Executive Officer

Place: New Delhi  
Date: 22nd February 2018

**Balance Sheet**

<b>Previous Year ₹ In Crore</b>	<b>Liabilities</b>	<b>Schedules</b>	<b>Current Year ₹ In Crore</b>
1,450.00	1. Capital	I	1,450.00
5,139.56	2. Reserves	II	4,776.52
0.00	3. Profit and Loss Account	III	1,213.19
10,533.79	4. Bonds and Debentures	IV	6,709.95
31,271.13	5. Deposits	V	36,011.78
8,869.33	6. Borrowings	VI	5,715.57
289.35	7. Deferred Tax Liability (net)		273.34
1,671.29	8. Current Liabilities and Provisions	VII	2,104.83
35.46	9. Other Liabilities	VIII	35.46
2.03	10. HLA deposits with banks and HFCs-as per contra		2.03
<b>59,261.94</b>	<b>TOTAL</b>		<b>58,292.67</b>

**Amit Sinha**  
Assistant General Manager

**Vineet Singhal**  
Deputy General Manager

**Dr. Ashwani Kumar Tripathi**  
Executive Director

**Sriram Kalyanaraman**  
Managing Director & Chief Executive Officer

**Pankaj Jain**  
Director

New Delhi, August 24, 2017



**As at 30th June, 2017**

<b>Previous Year ₹ In Crore</b>	<b>Assets</b>	<b>Schedules</b>	<b>Current Year ₹ In Crore</b>
2,111.05	1. Cash and Bank Balances	IX	1,704.19
2,908.83	2. Investments	X	1,528.31
53,572.64	3. Loans and Advances	XI	54,384.89
29.07	4. Fixed Assets	XII	30.09
638.32	5. Other Assets	XIII	643.16
2.03	6. HLA deposits with banks and HFCs - as per contra		2.03
<b>59,261.94</b>	<b>TOTAL</b>		<b>58,292.67</b>

63.63 Contingent Liability XIV 48.48

Schedules I to XV form an integral part of accounts

As per our attached Report of even date

**For S. N. Nanda & Co.**

Chartered Accountants  
Firm No. 000685N

**(S. N. Nanda)**  
Partner  
Membership No. 005909

**Profit & Loss Account**

<b>Previous Year ₹ In Crore</b>	<b>Expenditure</b>	<b>Current Year ₹ In Crore</b>
2,846.68	1. Interest	2,922.14
20.73	2. Staff Salaries, Allowances etc. and Terminal Benefits	20.50
0.01	3. Directors' and Committee Members Fees and Expenses	0.01
0.10	4. Audit Fees	0.12
2.33	5. Rent, Taxes, Electricity and Insurance	2.14
0.50	6. Postage, Telegrams, Telex and Telephones	0.57
0.24	7. Law Charges	0.51
	8. Stationery, Printing, Advertisement, etc.	
0.39	(i) Stationery and Printing	0.30
0.44	(ii) Advertisement	1.03
1.75	9. Depreciation on Fixed Assets	6.68
6.86	10. Brokerage, Guarantee Fee and Other Expenditure on Borrowings	6.15
2.12	11. Stamp duty on Borrowings	2.27
1.58	12. Travelling Expenses	1.96
15.50	13. Other Expenditure	22.98
0.41	14. Depreciation/ Amortisation on Investment	6.34
3.77	15. Exchange Loss/(Gain)	3.36
(28.60)	16. Provision for Non Performing Assets/ Restructured Account	0.02
16.38	17. Amortisation of Premium on Forward Exchange Contract	4.01
35.89	18. Provision for Standard Assets	29.84
	19. Provision for Bad & Doubtful Debts u/s 36(1)(viiia)(c) of Income Tax Act, 1961	58.28
55.80		
70.98	20. Deferred Tax	129.25
366.89	21. Income Tax	458.27
791.85	22. Profit carried to Balance Sheet (Refer Schedule III)	847.53
<b>4,212.60</b>	<b>TOTAL</b>	<b>4,524.26</b>

**Amit Sinha**  
Assistant General Manager

**Vineet Singhal**  
Deputy General Manager

**Dr. Ashwani Kumar Tripathi**  
Executive Director

**Sriram Kalyanaraman**  
Managing Director & Chief Executive Officer

**Pankaj Jain**  
Director

New Delhi, August 24, 2017



**For the year ended 30th June, 2017**

<b>Previous Year ₹ In Crore</b>	<b>Income</b>	<b>Current Year ₹ In Crore</b>
	1. Interest and Discount:	
3,853.97	(i) Loans and Advances	3,969.07
99.47	(ii) Bank Deposits	126.57
		<hr/>
206.74	2. Income from Investments	4,095.64
0.36	3. Profit on Sale of Investments	196.78
44.12	4. Profit on Purchase and Sale of Mutual Fund	1.45
0.13	5. Profit/ (Loss) on sale of Fixed Assets /demolition of Building	23.37
7.01	6. Other Income	0.06
0.80	7. Provisions no longer required written back	17.13
		189.83
<hr/>		<hr/>
<b>4,212.60</b>	<b>TOTAL</b>	<b>4,524.26</b>

Schedules I to XV form an integral part of accounts

As per our attached Report of even date

**For S. N. Nanda & Co.**  
Chartered Accountants  
Firm No. 000685N

**(S. N. Nanda)**  
Partner  
Membership No. 005909



## Schedules to the Balance Sheet as at 30th June, 2017

### SCHEDULE - I CAPITAL

Previous Year ₹ In Crore	Description	Current Year ₹ In Crore
1,450.00	1. Authorised	1,450.00
1,450.00	2. Issued and Paid-up (wholly subscribed by the Reserve Bank of India)	1,450.00
<b>1,450.00</b>		<b>1,450.00</b>

### SCHEDULE - II RESERVES

Amount ₹ In Crore

Description	Balance as on 01.07.2016	Additions	Deductions	Balance as on 30.06.2017
1. Reserve Fund	3,830.33	255.26	586.94	3,498.65
2. Special Fund (Slum Improvement & Low Cost Housing Fund)	358.67	51.68	0.00	410.35
3. Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	887.41	191.50	285.39	793.52
4. Investment Fluctuation Reserve	20.08	0.00	0.00	20.08
5. Staff Benevolent Fund (SBF)	43.07	11.25#	0.40	53.92
<b>Total</b>	<b>5,139.56</b>	<b>509.69</b>	<b>872.73</b>	<b>4,776.52</b>

#including interest carried on bank deposits of ₹3.01 Crore



### SCHEDULE - III PROFIT & LOSS ACCOUNT

Previous Year ₹ In Crore	Description		Current Year ₹ In Crore
791.85	Balance as per Profit and Loss Account		847.53
0.00	<i>Add:</i> Transfer from Reserve Fund	586.94	586.94
	<i>Less: Appropriations:</i>		
	(a) Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	191.50	
179.78	(b) Transfer to Staff Benevolent Fund	8.23	
7.75	(c) Transfer to Reserve Fund	0.00	
586.94	(d) Profit of Special Fund (Slum Improvement and Low Cost Housing Fund) transferred to Special Fund A/c	21.55	221.28
17.38			
<b>0.00</b>			<b>1,213.19</b>

### SCHEDULE - IV BONDS AND DEBENTURES

Previous Year ₹ In Crore	Description		Current Year ₹ In Crore
897.38	1. Zero Coupon Bonds		957.01
4,725.00	2. NHB Bonds		875.00
	3. <i>Priority Sector Bonds:</i>		
4,640.71	(a) Tax-free Bonds	4,640.64	
270.70	(b) Special Series Bonds	237.30	4,877.94
<b>10,533.79</b>			<b>6,709.95</b>

**SCHEDULE - V  
DEPOSITS**

Previous Year ₹ In Crore	Description	Current Year ₹ In Crore
25,016.81	1. Deposits from banks under Rural Housing Fund	27,514.72
6,000.00	2. Deposits from banks under Urban Housing Fund	8,255.11
254.32	3. Other Deposits from Public	241.95
<b>31,271.13</b>		<b>36,011.78</b>

**SCHEDULE - VI  
BORROWINGS**

Previous Year ₹ In Crore	Description	Current Year ₹ In Crore
7.88	1. <i>From Reserve Bank of India:</i> Line of Credit	5.25
	2. <i>From Other Sources:</i> (a) In India	
1,181.00	(i) Borrowing against Term Deposits	221.00
3,945.00	(ii) Borrowing through Term Loan	3,100.00
1,149.40	(b) Outside India	1,277.19
2,586.05	3. CBLO Borrowings	1,112.13
<b>8,869.33</b>		<b>5,715.57</b>



**SCHEDULE - VII  
CURRENT LIABILITIES AND PROVISIONS**

Previous Year ₹ In Crore	Description	Current Year ₹ In Crore
	1. <i>Interest Payable:</i>	
1.45	(a) Unclaimed Interest	1.47
294.93	(b) Interest Payable on Other Bonds and Debentures	213.10
457.16	(c) Interest Payable on Deposits	470.08
0.45	(d) Interest Payable on CBLO Borrowing	0.19
36.30	(e) Interest Payable on Other Borrowings	33.80
		718.64
	2. <i>Provision for Retirement Benefits:</i>	
0.90	(a) Medical Expense for Retired Officers	1.31
4.25	(b) Leave Encashment	4.71
5.04	(c) Gratuity	6.74
1.40	(d) Leave Travel Concession	1.73
6.19	(e) Sick Leave	6.08
2.89	(f) Pension	4.42
		24.99
	3. <i>Other Provisions:</i>	
6.34	(a) Provision for loss on Forward Exchange Contracts	38.41
214.29	(b) Contingent Provision against Standard Assets	217.54
330.67	(c) Provision for Bad and Doubtful Debts u/s 36(1)(viiia) (c) of Income Tax Act,1961	388.95
0.07	(d) Provision for Diminution in the Value of Restructured A/c	0.10
10.00	(e) Provision for Contingencies	10.00
0.22	(f) Provision for HLA Deposits	0.22
0.01	(g) Other Provisions	0.02
0.76	4. Redemption Payable Account	0.68
4.15	5. Capital Gains Bonds Overdue Account	3.63
1.76	6. UN-HABITAT Revolving Fund for Water & Sanitation Projects	1.76
43.19	7. Amount received under 1% Interest Subvention Scheme	32.96
1.15	8. Amount received under Interest Subsidy Scheme for Housing the Urban Poor	1.20
25.72	9. Amount received under MNRE Subsidy Scheme	26.23
28.74	10. Amount received under Rajiv Rinn Yojana	30.81
1.01	11. Amount received under Gujrat Govt. Subsidy Scheme	0.00
132.01	12. Amount received under Credit Linked Subsidy Scheme (CLSS)	538.35
60.24	13. Other Liabilities	70.34
<b>1,671.29</b>		<b>2,104.83</b>

**SCHEDULE - VIII  
OTHER LIABILITIES**

Previous Year ₹ In Crore	Description	Current Year ₹ In Crore
0.17	1. Unsettled transactions of 1991-92	0.17
35.29	2. Interest Payable on unsettled transactions	35.29
<b>35.46</b>		<b>35.46</b>

**SCHEDULE - IX  
CASH AND BANK BALANCES**

Previous Year ₹ In Crore	Description	Current Year ₹ In Crore
@	1. Cash/ Cheques in Hand	@
0.03	2. Current Account with Reserve Bank of India	0.02
	3. Balance with other banks:	
	(a) In India	
253.09	(i) Current Accounts	635.52
1,435.04	(ii) Term Deposits with banks	700.04
33.43	(iii) Term Deposits with banks (Staff Benevolent Fund)	42.26
	(b) Outside India	
389.46	Term Deposits with banks	326.35
<b>2,111.05</b>		<b>1,704.19</b>

@amount less than ₹50 lacs



## SCHEDULE - X INVESTMENTS

Previous Year ₹ In Crore	Description	Current Year ₹ In Crore
	1. Securities of Central and State Government at cost or market value whichever is less	
217.04	(a) Government Securities (Pledged with CCIL for CBLO operations)	559.77
0.00	Less: Depreciation	2.39
	(b) Treasury Bills (Pledged with CCIL for CBLO operations)	846.66
2,585.28		
	2. Stock, shares, bonds, debentures and securities of Housing Finance Institutions	40.43
23.07		
	3. Stocks, Shares, Bonds, Debentures and Securities of other Institutions:	
5.00	(a) Subordinated Bonds	0.00
78.44	(b) Shares of Other Institutions	83.84
0.53	(c) Shares of Building Material Company	0.53
0.53	Less: Depreciation	0.53
0.00	(d) Subscription to Special Rural Housing Debentures of ARDBs	0.00
		83.84
<b>2,908.83</b>		<b>1,528.31</b>

## SCHEDULE -XI LOANS AND ADVANCES

Previous Year ₹ In Crore	Description	Current Year ₹ In Crore
	<b>I Refinance</b>	
	1. Housing Finance Institutions:	
29,685.48	(a) Housing Finance Companies	39,540.67
8.78	(b) Co-operative Housing Finance Societies	2.01
		39,542.68
	2. Scheduled Banks:	
22,467.63	(a) Commercial Banks	13,431.93
1,134.08	(b) Regional Rural Banks	1,057.59
147.71	(c) Urban Co-operative Banks	156.92
		14,646.44
	<b>II Direct Lending</b>	
179.69	3. Housing Boards, Development Authorities, etc.	229.67
0.20	4. Water & Sanitation Projects under UN-HABITAT	0.00
<b>53,623.57</b>	<b>Gross Loans and Advances</b>	<b>54,418.79</b>
50.93	Less: Provisions for Non Performing Assets	33.90
<b>53,572.64</b>	<b>Net Loans and Advances</b>	<b>54,384.89</b>



**SCHEDULE - XII  
FIXED ASSETS**

(₹ in crore)

Description	COST BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.07.2016	Additions	Deletions	Transfer	As at 30.06.2017	As at 01.07.2016	Additions	Deletions	As at 30.06.2017	As at 30.06.2016	
LEASEHOLD LAND	6.32	-	-	-	6.32	0.13	1.21	-	1.34	4.98	6.19
PREMISES	29.64	1.30	-	-	30.94	12.35	0.91	0.13	13.12	17.82	17.29
MOTOR VEHICLE	1.81	0.17	0.06	-	1.92	0.57	0.36	0.06	0.86	1.06	1.24
FURNITURE AND FIXTURE	1.80	0.92	0.09	-	2.63	1.26	0.40	0.09	1.57	1.06	0.54
OFFICE EQUIPMENTS	2.44	0.22	0.04	-	2.62	2.20	0.20	0.04	2.36	0.26	0.24
COMPUTER AND MICROPROCESSOR	12.31	4.94	0.47	-	16.78	10.37	3.66	0.47	13.56	3.22	1.94
*INTANGIBLE ASSETS	7.57	0.19	-	-	7.76	6.03	0.06	-	6.09	1.67	1.54
ASSETS UNDER RESIDENCE FURNISHING SCHEME	0.25	0.01	0.11	-	0.15	0.16	0.02	0.07	0.11	0.04	0.09
<b>Total</b>	<b>62.14</b>	<b>6.30</b>	<b>0.77</b>	<b>-</b>	<b>69.12</b>	<b>33.07</b>	<b>6.82</b>	<b>0.86</b>	<b>39.03</b>	<b>30.09</b>	<b>29.07</b>
<b>Previous year</b>	<b>58.76</b>	<b>13.11</b>	<b>9.73</b>	<b>-</b>	<b>62.14</b>	<b>35.57</b>	<b>4.51</b>	<b>7.01</b>	<b>33.07</b>	<b>29.07</b>	<b>23.19</b>

(₹ in crore)

\*Details of INTANGIBLE ASSETS

Description	COST BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.07.2016	Additions	Deletions	Transfer	As at 30.06.2017	As at 01.07.2016	Additions	Deletions	As at 30.06.2017	As at 30.06.2016	
COMPUTER SOFTWARE	7.57	0.19	-	-	7.76	6.03	0.06	-	6.09	1.67	1.54



### SCHEDULE -XIII OTHER ASSETS

Previous Year ₹ In Crore	Description	Current Year ₹ In Crore
	1. <i>Interest Receivable:</i>	
57.55	(a) Bank Deposits	52.89
88.98	(b) Investments	42.84
		<u>95.73</u>
	2. <i>Advances, Receivables, Advance Tax &amp; Prepaid Expenses:</i>	
7.43	(a) Staff Loans and Advances	10.56
239.81	(b) Advance Tax, FBT, TDS, etc.	157.54
	(c) Miscellaneous Recoverable	
0.46	Considered Doubtful	0.46
0.46	Less: Provisions	<u>0.46</u>
4.88	(d) Prepaid Expenses	4.26
	(e) Deposit with CCIL including interest receivable	24.13
13.18	(f) Amount recoverable from GOI against exchange loss on USAID Borrowing	51.35
50.80	(g) Others	150.22
26.32		<u>398.06</u>
149.37	3. Unsettled transactions of 1991-92	149.37
<u>638.32</u>		<u>643.16</u>

### SCHEDULE - XIV CONTINGENT LIABILITIES

Previous Year ₹ In Crore	Description	Current Year ₹ In Crore
63.35	1. Liability on account of Forward Exchange Contract	48.12
0.28	2. Performance Linked Incentives to ED's/MD's	0.36
<u>63.63</u>		<u>48.48</u>



## SCHEDULE - XV

### Notes forming parts of the accounts for the year ended 30th June, 2017

#### (A) Significant Accounting Policies

##### 1. Basis of Preparation

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, unless otherwise stated and are in accordance with the Generally Accepted Accounting Principles (GAAP) in India, which encompasses applicable statutory provisions, Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI).

Balance Sheet and Profit and Loss Account are drawn in accordance with the requirements of the National Housing Bank Act, 1987 and National Housing Bank General Regulations, 1988 framed there under.

##### 2. Use of Estimates

The preparation of financial statements requires that management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenue & expenses during the reporting period. Actual result could differ from those estimates. Any revision to the accounting estimates is recognized in accordance with the requirements of the respective accounting standards.

##### 3. Income and Expenditure

- 3.1. Income and expenditure are accounted on accrual basis except the following, which are accounted on cash basis:
  - 3.1.1. Income by way of penal interest, over and above the normal rate of interest, charged due to delay receipt of loan dues or non-compliance with the terms of loan.
  - 3.1.2. Levy on pre-payment of loan.
  - 3.1.3. Conversion charges for conversion of loan from floating to fixed rate of interest and vice-a-versa.
  - 3.1.4. Interest on non-performing assets
  - 3.1.5. Fee based income such as Trustee Fee and Guarantee Fee is recognized upfront in cases where such income does not exceed ₹ 25,000/- per transaction.
  - 3.1.6. Penalty imposed by NHB for non-compliance with the regulatory requirements or the guidelines issued by NHB from time to time.
  - 3.1.7. Amount received from HFCs/ Banks on account of credit inspection charges.
  - 3.1.8. Other miscellaneous receipts, such as receipts from sale of scrap/ old news papers, receipts under RTI Act, etc.
- 3.2. Dividend on investments is accounted for when the right to receive the dividend is established.
- 3.3. Pre-paid expense not exceeding ₹10,000/- per transaction is charged to current period expenditure.



- 3.4. Prior period expense not exceeding ₹10,000/- per transaction is charged to current period expenditure.
- 3.5. Stamp duty and Issue expenses relating to floatation of bonds are recognized as expenditure in the year of issue of Bonds.

#### 4. Investments

Investments are accounted for in accordance with the extant regulatory guidelines.

##### 4.1. Classification

In accordance with the RBI guidelines, Investments are classified into as Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT). Under each of these categories, investments are further classified as

- (i) Government Security,
- (ii) Other Approved Securities,
- (iii) Shares,
- (iv) Debentures and Bonds,
- (v) Subsidiaries / Joint Ventures and
- (iv) Others.

##### 4.2 Basis of classification:

- 4.2.1. Investments that the Bank intends to hold till maturity are classified as Held to Maturity.
- 4.2.2. Investments that are held principally for resale within 90 days from the date of purchase are classified as Held for Trading.
- 4.2.3. Investments, which are not classified in the above two categories, are classified as Available for Sale.
- 4.2.4. An investment is classified as Held to Maturity, Available for Sale or Held for Trading at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

##### 4.3 Valuation:

###### 4.3.1. In determining the acquisition cost of an investment:

- a) Brokerage and or commission received on subscriptions are reduced from the cost.
- b) Brokerage, commission, securities transaction tax, etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.
- c) Broken period interest paid / received on debt instruments is treated as interest expense/ income and is excluded from the cost/sale consideration.
- d) Cost is determined on the weighted average cost method for investments under AFS and HFT category and on FIFO basis (first in first out) for investments under HTM category.



- 4.3.2. The transfer of a security from one category to another is accounted for at the least of acquisition cost/book value/ market value on the date of transfer, and the depreciation, if any, on such transfer is fully provided for.
- 4.3.3. Treasury Bills and Commercial Papers are valued at carrying cost.
- 4.3.4. Held to Maturity category:  
Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortized over the period remaining maturity on constant yield basis. Such amortization of premium is adjusted against income under the head "interest on investments". Investments in subsidiaries, joint ventures and associates are valued at historical cost. A provision is made for diminution, other than temporary, for each investment individually.
- 4.3.5. Available for Sale and Held for Trading categories:  
Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per RBI guidelines, and only the net depreciation of each group for each category is provided for and net appreciation, is ignored in case of AFS. On provision for depreciation, the book value of the individual securities remains unchanged in case of AFS category after marking to market.
- 4.3.6. Security Receipts (SRs) issued by an Asset Reconstruction Company (ARC) are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the security receipts issued by the ARC are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the ARC, is reckoned for valuation of such investments.
- 5. Loans/Advances and Provisions thereon**
- 5.1. Loans and Advances are classified as performing and non-performing, based on the guidelines issued by RBI.
- 5.2. Non-performing Assets (NPAs) are classified into sub-standard, doubtful and loss assets, based on the guidelines issued by RBI.
- 5.3. Provisions for NPAs are made as per the extent guidelines prescribed by RBI.
- 5.4. The sale of NPA is accounted as per the guidelines prescribed by RBI. If the sale is at a price below the net book value (NBV), the shortfall is debited to the profit and loss account, and in case of sale for a value higher than NBV, the excess provision is retained and utilized to meet the shortfall / loss on sale of other financial assets.
- 5.5. In case of restructured / rescheduled assets, provisions are made in accordance with the guidelines issued by RBI.
- 5.6. In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it confirms to the guidelines prescribed by RBI.
- 5.7. Amount recovered against debts written off in earlier years are recognised as revenue in the year of receipt.



- 5.8. In addition to the specific provision on NPAs, general provisions are also made for standard assets. These provisions are reflected in Balance Sheet under the head 'Other Liabilities and Provisions' and are not considered for arriving at net NPAs.
- 5.9. Advances are stated in Balance Sheet net of provision for NPAs.
- 5.10. Refinance provided to Agriculture and Rural Development Banks (ARDB's) by way of Subscription to Special Rural Housing Debentures (SRHDs) deemed to be in the nature of advances are classified as Investments and is subject to the usual prudential norms applicable to loans and advances.

## 6. Derivative transactions

- 6.1. Interest rate swaps which hedge interest bearing assets or liability is accounted for on accrual basis except the swap designated with an asset or liability that is carried at market value or lower of cost in the financial statement.
- 6.2. Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the assets / liabilities.

## 7. Fixed Assets

- 7.1. Fixed assets are carried at historical cost less accumulated depreciation.
- 7.2. Depreciation on assets (including land where value is not separable) is provided on Straight Line Method based on estimated life of the asset. Depreciation on asset has been provided at the rates furnished below:
- |   |                   |
|---|-------------------|
| (a) Leasehold land  | Over lease period |
| (b) Premises  |                   |
| i) Constructed on free hold land and on lease land where lease period is above 40 years | 2.50%             |
| ii) Constructed on lease land where lease period is below 40 years                      | Over lease period |
| (c) Furniture and Fixtures  | 10.00%            |
| (d) Computer and Microprocessors  | 33.33%            |
| (e) Motor Vehicles  | 20.00%            |
| (f) Office Equipments   | 20.00%            |
| (g) Furniture acquired under Residential Furnishing Scheme                              | 10.00%            |
| (h) Electrical/ electronic articles acquired under Residential Furnishing Scheme        | 20.00%            |
- 7.3. Fixed assets individually costing ₹10,000/- and below are to be fully expensed out in the year of acquisition (excluding assets purchased under RFS).
- 7.4. Depreciation on addition to assets is calculated for full period irrespective of the date of addition.



## 8. Employee Benefits

- 8.1. The Bank has a Provident Fund Scheme managed by the RBI. Contribution to the fund is made on actual basis.
- 8.2. The employees, who have joined the services of the Bank on or after 1st April, 2010 are governed by a Defined Contributory Pension Scheme, which shall be governed by the provision of the Contributory Pension Scheme introduced for officers of the Central Government w.e.f. 1st January, 2004 and as modified from time to time.
- 8.3. Liability for Gratuity, Pension, Sick Leave, Leave Encashment, Medical Retirement Benefits and Leave Travel Concession is determined on the basis of actuarial valuation.

## 9. Taxes on Income

- 9.1. Tax on income for the current period is determined on the basis of taxable income and the tax credits computed in accordance with the provisions of the Income Tax act, 1961 and based on the expected outcome of assessments / appeals.
- 9.2. The deferred tax charge or credit is recognized, on timing difference, using the tax rates that have been enacted or substantially enacted as on balance sheet date. In terms of AS-22 issued by ICAI, provision for deferred tax liability is made on the basis of review at each balance sheet date and deferred tax assets are recognized only if there is virtual certainty of realization of such assets in future. Accordingly, Deferred tax liabilities or assets are reviewed at each balance sheet date based on development during the year.
- 9.3. Wealth Tax is provided in accordance with the provisions of the Wealth Tax Act, 1957.

## 10. Foreign Currency Transactions

- 10.1. All assets and liabilities in foreign currency are translated in Indian Rupee equivalent at the exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) prevailing at Balance Sheet date and the resulting gain or loss on the assets and liabilities, is credited or debited to Profit & Loss Account under the head "Exchange Gain/(Loss)".
- 10.2. In respect of USAID borrowing, the exchange loss or gain is debited or credited to the head 'Amount Recoverable from GOI against USAID Borrowing' as the exchange loss on USAID borrowing is borne by the GOI.
- 10.3. Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.
- 10.4. Foreign exchange forward contracts/Principle Only Swap (POS) outstanding as at the balance sheet date and not intended for trading are valued at the closing spot rate as notified by FEDAI. The premium or discount arising at the inception of such forward exchange contract is amortized as expense or income over the life of the contract. In case of POS, interest amount is booked as expense. The resultant gain/loss on revaluation is recognized in the Profit & Loss Account under the head Exchanges Gain/(Loss).
- 10.5. In accordance with AS 11 'The Effects of changes in Foreign Exchange Rates', contingent liabilities in respect of outstanding foreign exchange forward contracts, derivatives, guarantees, endorsements and other obligations are stated at the exchange rates notified by FEDAI corresponding to the balance sheet date.



## 11. Impairment of Assets

Impairment loss is recognised when the carrying amount of an asset exceed recoverable amount.

## 12. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are disclosed by way of schedules to Balance Sheet.

## (B) NOTES

### 13. Fixed Assets

- 13.1 Registration formalities are in progress in respect of office space situated at India Habitat Centre, Lodhi Road, New Delhi and residential property situated at Jangpura Extension, New Delhi having gross value (i.e., acquisition cost) of ₹23.99 crore.
- 13.2 In respect of the office space acquired at India Habitat Centre (IHC), Lodhi Road, New Delhi, the exact cost has not been apportioned by IHC among the different allottees. The tripartite agreement, in this respect, is yet to be executed between Land and Development Office, GOI, IHC and institution concerned (i.e. NHB). As such, on the basis of payments made to IHC, a sum of ₹ 14.85 crore had been capitalized by the Bank in Premises ( ₹14.44 crore) and Leasehold Land ( ₹ 0.41 crore).
- 13.3 During FY 2015-16, based on the confirmation provided by IHC, an amount of ₹14.44 crore earlier shown under the head Premises was bifurcated into Leasehold Land ( ₹ 5.45 crore) and Premises (₹8.99 crore). Accordingly, accumulated amortization on leasehold land is transferred from Premises to Leasehold Land as per the Bank policy.
- 13.4 During the year, the Bank has introduced revised Residential Furnishing Scheme (RFS) for its Employees for purchase of furniture, fixtures and other items once in five years. Reimbursement under this scheme made to employees is being charged to Profit & Loss in the year of payment, while in previous years the same was shown as Fixed Asset of the Bank and depreciated/amortized over a period of 5/10 years depending upon the nature of asset.

### 14. External Borrowings

- 14.1 Under the Housing Guarantee Programme of USAID, the Bank had raised a loan of US \$25 million in the US Capital Market in the year 1990-91 for a tenure of 30 years. The loan is repayable in forty equal half yearly installments commencing from October, 2001. The outstanding balance of ₹ 32.67 crore (after revaluation) as on June 30, 2017 is included under the head "borrowings from other sources-outside India". Government of India (GOI) has guaranteed the loan.

As per letter received from Government of India in 1990, they would bear, exchange loss, if any on the repayments, as also the charges incurred like placement fee, guarantee fee etc. Further, GOI agreed to rupee- tie this loan at a notional interest rate. In case of payment obligations to foreign lenders exceeds the payment obligation of the Bank to GOI due to exchange rate fluctuations, the difference will be borne by the GOI.



The exchange loss on account of revaluation amounting ₹22.40 crore (principal) and ₹0.38 crore (interest) is shown as amount recoverable from GOI under the head 'Other Assets'. The total amount recoverable from GOI towards above as on June 30, 2017, is ₹51.35 crore.

- 14.2 The Bank had borrowed USD 120 million (equivalent to ₹564 crore outstanding of which, ₹272.89 crore as on June 30, 2017) from Asian Development Bank (ADB) in two tranches of USD 100 million and USD 20 million during the year 1997 and 2002, respectively. These loans are guaranteed by the Government of India and repayable in half yearly installments by 2022 and 2025, respectively.

These dollar funds were placed as deposits with Bank of India (USD 50 million), Canara Bank (USD 50 million) and EXIM Bank (USD 20 million) in the overseas branches in terms of agreements with these Banks. The deposits are amortized in half yearly installments maturing by 2022 and 2025, respectively and are utilized for repayment of loans from ADB. In lieu of the USD deposit, these banks have subscribed to Special Series Bonds issued by the Bank for ₹564 crore (₹237.30 crore is outstanding as on June 30, 2017). These Special Series Bonds are repayable in half yearly installments till 2022 and 2025, respectively.

- 14.3 The Bank has entered into agreements with KfW, Germany during the year 2010-11 for financing "Energy Efficient New Residential Housing" in India. The programme is under an agreement concluded in May, 2009 between the Government of the Federal Republic of Germany and Government of India on Financial Co-operation. The loan is guaranteed by Government of India.

The total line of credit under the programme is Euro 50 million. Under the agreement, there are two lines viz., Euro 38 million under Portion A (repayable in 18 half yearly installment beginning from June 30, 2014) and Euro 12 million under Portion B (repayable 60 half-yearly installment beginning from June 30, 2021). The Bank has drawn the entire amount of Euro 50 million (equivalent to ₹382.11 crore) and as on June 30, 2017, the outstanding borrowing stood at Euro 35.22 equivalent to ₹259.54 crore (after revaluation). The principle and interest is hedged against exchange risk.

- 14.4 Under the umbrella of India-UK bilateral development cooperation partnership agreed between the two countries in July 2011, the Bank has entered into a collaboration with Department for International Development, Government, U.K. for a project namely "Making affordable housing market work for faster and sustained economic growth" in eight low income states of the country. Under the programme, DFID will provide total assistance of £50 million. The loan is repayable in eight equated half yearly instalments starting June, 2017. The Bank has drawn £29 million (equivalent ₹286.58 crore) from DFID till June 30, 2017. The outstanding borrowing as on June 30, 2017 stood at £23.27 million equivalent to ₹212.54 crore (after revaluation).

- 14.5 The Bank has entered into an Agreement with World Bank (WB) on August 14, 2013 followed by subsidiary loan agreement with Government of India on October 04, 2013 for Low Income Housing Finance Project of SDR 66.1 million (USD 100 million equivalent). Under this line of credit, World Bank will make disbursements to Government of India and GoI in turn would on-lend the rupee equivalent to the Bank. The amount on-lent to the Bank will be fully repaid by the Bank and also has committed to meet the entire liability, including that due to exchange rate variations, on the due dates, if any.



The Bank has submitted its claim to World Bank through GoI under the programme and accordingly World Bank has released eligible claims to the extent of ₹511.05 crore (equivalent to SDR 55.69 million/USD 78.38 million) to Government of India. Out of which, the Bank has received ₹ 365.88 crore as on June 30, 2017 and the balance amount of ₹ 145.17 crore was shown in the books of the Bank as receivable from Government of India. As on June 30, 2017 the loan outstanding is ₹499.55 crore (after revaluation). The Bank has hedged USD 55.78 million and the remaining USD 22.59 million is yet to be hedged.

#### **15. Revaluation of Foreign Deposits and Borrowings/Forward Exchange Contracts/PoS**

- 15.1 In order to hedge forex risk on account of the excess inflow of USD from Exim Bank, the Bank has entered into forward exchange contracts. During the period ended June 30, 2017, forward exchange contract amounting USD 1.11 million was cancelled. As on June 30, 2017, the Bank has 17 outstanding contracts for an aggregate amount of USD 10.56 million
- 15.2 As on June 30, 2017, the Bank has an outstanding borrowing of Euro 35.22 million from KfW, Germany for financing “Energy Efficient New Residential Housing” in India. The borrowing is fully hedged.
- 15.3 As on June 30, 2017 the Bank has an outstanding borrowing of GBP 25.37 million from DFID, UK a project namely “Making affordable housing market work for faster and sustained economic growth” in eight low income states of the country. The outstanding borrowing of GBP 25.37 million is hedged.
- 15.4 As on June 30, 2017 the Bank has shown an outstanding borrowing of SDR 55.69 million (equivalent to USD 78.38 million) (including an amount of SDR 1.63 million receivable from Government of India) from World Bank, under “Low Income Housing Finance” project. The Bank has hedged USD 55.78 million.
- 15.5 During the year, the Bank has recognized net gain of ₹ 29.78 crore on revaluation of foreign deposits and borrowings in the Profit and Loss Account and has been shown under head “Exchange (Loss)/Gain’.
- 15.6 During the year, Bank has started revaluation of Principal only Swap (PoS) instruments which were not revalued in earlier years. During period July’16-June’17, Bank has booked net loss of ₹ 33.14 crore on account of loss on revaluations of forward exchange contracts and Principal only Swaps (PoS) which is shown under Profit and Loss Account as ‘Exchange (Loss)/Gain’.

#### **16. Employee Benefits - AS 15 (revised 2005)**

- 16.1 The Bank has provided the liability towards employee benefits for Gratuity, Leave Encashment, Medical Retirement Benefits, Sick Leave, Leave Travel Concession, and Pension on actuarial basis for its permanent employees in accordance with the AS-15 (revised 2005) issued by Institute of Chartered Accountants of India.
- 16.2 The Bank is transferring contribution of provident fund to Reserve Bank of India and Other parent organizations in respect of employees including those who are on deputation from Reserve Bank of India/Other banks. During the year ended June 30, 2017, the Bank has contributed ₹ 0.09 crore to Provident Fund and has charged the same to Profit and Loss



Account under the head 'Staff Salaries, Allowances and Terminal Benefits'.

- 16.3 As per National Housing Bank (Employees') Pension Regulations, 2003, the Bank provides for pension, a defined benefit retirement plan covering all employees who have opted for pension plan. The scheme provides a monthly pension payment to employees on retirement or termination of employment as per Service Regulation. The scheme is managed by a separate trust and the liability for the same is recognized on the basis of actuarial valuation as on June 30, 2017 is ₹ 4.43 crore in addition to Bank's monthly contribution to the fund.
- 16.4 The employees, who have joined the services of the Bank on or after 1st April, 2010 are governed by a Defined Contributory Pension Scheme, which shall be governed by the provision of the Contributory Pension Scheme introduced for officers of the Central Government w.e.f. 1st January, 2004 and as modified from time to time. During the year, the employees have contributed ₹ 0.27 crore under the Scheme and the Bank has also provided for equivalent contribution for the same.
- 16.5 Defined benefit Obligations: Gratuity, Leave Encashment, Medical Retirement benefits, Sick Leave, Leave Travel Concession and Pension payable to employees as on June 30, 2017. The liability, wherever, necessary has been accounted for on actuarial valuation.
- a) Methodology used in actuary calculation: Actuary has used the Projected Unit Credit Method to assess the plan's liabilities including those related to death and service.
- b) The Principal Actuarial assumptions used as at the Balance Sheet date:

Defined Benefits	Gratuity	Leave Encashment	Medical	Sick Leave	Leave Travel Concession	Pension
Discount Rate	7.24% p.a.					
Salary Escalation Rate	10% p.a.	10% p.a.	NA	10% p.a.	NA	10% p.a.
Expected return on plan assets	NA	NA	NA	NA	NA	8% p.a.
Mortality Rate	Indian Assured Lives Mortality (IALM)(2006-08)(modified) Ult.					



- c) A reconciliation of opening and closing balances of present value of defined benefit obligation and the effects during the period attributable to each of the following:

Amount in ₹

Change in benefit obligations	Gratuity	Leave Encashment**	Medical	Sick Leave**	Leave Travel Concession**	Pension
Present Value of Obligation at the beginning of the year	5,03,72,394	-	89,96,457	-	-	34,44,66,251
Current Service Cost	64,04,643	-	-	-	-	1,09,67,148
Interest cost	38,28,302	-	6,51,343	-	-	2,61,79,435
Prior Service cost	-	-	-	-	-	-
Actuarial (Gain)/Loss on Obligations	1,03,39,493	-	43,41,195	-	-	2,56,82,271
Benefits paid	(35,49,750)	-	(9,27,407)	-	-	(2,18,84,065)
Present Value of Obligation at the end of the year	6,73,95,082	-	1,30,61,588	-	-	38,54,11,040

- d) Investment details of plan assets:

The Bank has not funded the liability as on June 30, 2017. As such there is no fair value of assets except for pension liability which is managed by a separate trust

- e) Change in plan assets Amount recognized in the statement of Profit & Loss Account

Amount in ₹

Defined Benefits	Gratuity	Leave Encashment**	Medical	Sick Leave**	Leave Travel Concession**	Pension
Fair value of plan assets at the beginning of the year	NA	NA	NA	NA	NA	31,55,88,270
Expected return on plan assets	NA	NA	NA	NA	NA	2,52,47,062
Actuarial Gain/(Loss)	NA	NA	NA	NA	NA	1,83,27,315
Benefits paid	NA	NA	NA	NA	NA	(2,18,84,065)
Employer contributions	NA	NA	NA	NA	NA	38,77,542
Fair value of plan assets at the end of the year	NA	NA	NA	NA	NA	34,11,56,124



f) Amount recognized in Balance Sheet

Amount in ₹

Defined Benefits	Gratuity	Leave Encashment**	Medical	Sick Leave**	Leave Travel Concession**	Pension
Present Value of Obligation at the end of the year	6,73,95,082	-	1,30,61,588	-	-	38,54,11,040
Fair value of plan assets at the end of the year*	NA	NA	NA	NA	NA	34,11,56,124
Funded Status-deficit/(surplus)	6,73,95,082	-	1,30,61,588	-	-	4,42,54,916
Unrecognized actuarial gain/loss	-	-	-	-	-	-
Net Liability/(Asset) recognized in Balance Sheet	6,73,95,082	-	1,30,61,588	-	-	4,42,54,916

g) Amount recognized in the statement of Profit & Loss Accounts

Amount in ₹

Defined Benefits	Gratuity	Leave Encashment**	Medical	Sick Leave**	Leave Travel Concession**	Pension
Current Service Cost	64,04,643	-	-	-	-	1,09,67,148
Interest Cost	38,28,302	-	6,51,343	-	-	2,61,79,435
Prior Service cost	-	-	-	-	-	-
Expected return on plan assets	NA	NA	NA	NA	NA	(2,52,47,062)
Actuarial (Gain)/Loss	1,03,39,493	-	43,41,195	-	-	73,54,956
Expenses/(Income)	2,05,72,438	-	49,92,538	-	-	1,92,54,477
Amount contributed by ex-employees	-	-	-	-	-	-
Expenses/(Income) recognized in the statement of Profit and Loss Account	2,05,72,438	-	49,92,538	-	-	1,92,54,477

\*\* As per paragraph 132 of the Accounting Standard 15 (revised) issued by Institute of Chartered Accountants of India, no specific disclosures are required for Other Long Term Benefits.



## 17. Security Transactions of 1991-92

- 17.1 Pursuant to the Judgement of the Hon'ble Supreme Court setting aside the decree passed by the Hon'ble Special Court in Suit No. 2 of 1995 and the directions given by Department of Financial Services (DFS), Government of India, NHB had paid an amount of ₹ 236.78 crore to SBI. In July, 2016, SBI has filed an Application before the Hon'ble Special Court claiming interest @19% on ₹236.78 crore. NHB has denied the above claim of SBI and prayed for dismissal of the Application. Further, as per the directions of DFS, NHB has to receive an amount of ₹353.78 crore from SBI for which NHB has filed a counter-claim. NHB has also lodged its claim for return of ₹94.20 crore with the Custodian before Special Court. Accordingly, an Application filed by NHB is pending before the Special Court.
- 17.2 As per the Terms of the Settlement agreed between State Bank of India and NHB on October 30, 2002, realization/recoveries if any, made in M.P. No.63 of 1992 was to be shared between State Bank of India and NHB in such proportion as may be determined by the Reserve Bank of India (RBI). The principal amount of the decree i.e. ₹706.97 crore in M.P.No.63 of 1992 has been satisfied in full. RBI has also determined the share and directed State Bank of India to share the amount of ₹706.97 crore in equal proportion less expenses and cost of litigation. NHB is yet to receive the amount from State Bank of India as determined by RBI and interest thereon. In M.A.No.69 of 2016, NHB has filed Counter Claim for recovery of its share from SBI.
- 17.3 As per the understanding between NHB and SCB, NHB is also entitled to the share in the amount realized/to be realized by Standard Chartered Bank in the decree passed in Suit No. 28 of 1995. The amount will be shared in a proportion inverse to the proportion in which the amount of ₹1645.87 crore was shared between NHB and Standard Chartered Bank, after the same is received by Standard Chartered Bank. The Hon'ble Supreme Court of India vide order dated 02.05.2017 passed by in Civil Appeal No.6326 of 2010 directed the Custodian for release of ₹506.53 crore in favour of the Standard Chartered Bank. NHB has already directed its Counsel to take up the matter with SCB and their Counsel for sharing the amount on receipt of the same. However, these amounts will be accounted for on actual receipts.

## 18. Segment Reporting

The Bank's operations predominantly comprise only one segment i.e. financial activities. Hence, there are no separate reportable segments as per the Accounting Standard on "Segment Reporting" (AS 17) issued by the Institute of Chartered Accountants of India.

## 19. Related Party Disclosures

- a) List of Related Parties:
  - i) Key Managerial Personnel: Shri Sriram Kalyanaraman
  - ii) India Mortgage Guarantee Corporation Private Limited (IMGC)

**b) Transactions with Related Parties:**

₹ in Crore

Name of the Party	Nature of Relationship	Nature of Transaction	Amount of transaction during the year	Outstanding as on June 30th , 2017
Sh. Sriram Kalyanaraman	Key Management Personnel- Managing Director & Chief Executive Officer	Remuneration & benefits including perquisites	0.32*	Nil
IMGC	Substantial interest in the Share Capital	Equity Capital Contribution	Nil	76.00

*\*excluding other reimbursements*

As the Bank is state controlled enterprise within the meaning of AS-18 'Related Party Disclosures', the related party relationship with other state controlled enterprises and transactions with such enterprises are not given.

**20. Provision no-longer required**

During the year, excess provisions against those for Standard Assets, Non -Performing Assets and Deferred Tax Liability have been transferred to "Provision No Longer Required". In previous years, the same were shown as negative figure under expenditure head. This is a change in presentation and has no impact on profit of the year.

**21. Income tax**

For assessment years (AYs) 2003-04 to 2009-10, ITAT vide its order dated 14/02/2017 disallowed Bank's claim for deduction u/s 36(1)(viii) of the Income Tax Act, 1961 and Bank has decided not to go for further appeal. Further, ITAT vide its order dated 20/02/2017, waived off penalty earlier imposed by the Assessing Officer with respect to Bank's claim u/s 36(1)(viii) of the Income Tax Act, 1961.

For the AY 2003-04, in respect of disallowance of business loss of ₹150.45 crore, ITAT restored it back to the Assessing officer (AO).

For assessment years (AYs) 2010-11 to 2014-15, there are certain disallowances made by AO. For these assessment years, appeals are pending with ITAT. The Bank has paid taxes due and showed the said amount as advance tax in the books. The management does not consider it necessary to make any provision in this regard.

**22. Deferred Tax**

As on June 30, 2017, the Bank has recorded net deferred tax liability (DTL) of ₹273.34 crore. A composition of deferred tax assets and liabilities is given below:



(₹ in crore)

Sr. No.	Particulars	June 30, 2017	June 30, 2016
	<b>Deferred Tax Assets:</b>		
1	Provision for Medical aid to Retired Staff	0.45	0.31
2	Provision for Leave Encashment	1.63	1.47
3	Provision for Gratuity	2.33	1.74
4	Provision for Leave Travel Concession	0.60	0.49
5	Defined Contributory Pension Scheme	0.02	0.02
	<b>Total Deferred Tax Assets (A)</b>	<b>5.03</b>	<b>4.03</b>
	<b>Deferred Tax Liabilities:</b>		
1	Depreciation	5.45	5.97
2.	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	272.92	287.41
	<b>Total Deferred Tax Liabilities (B)</b>	<b>278.37</b>	<b>293.38</b>
	<b>Net Deferred Tax Liability (B-A)</b>	<b>273.34</b>	<b>289.35</b>

### 23. Withdraw of Special Reserve Created for Section 36(1)(viii) of Income Tax Act 1961:

Pursuant to the disallowance of Bank's claim by ITAT regarding deduction u/s 36(1)(viii) of the Income Tax Act 1961 for the assessment years (AYs) 2003-04 to 2009-10, Bank has decided not to go for further appeal. Accordingly, following treatment has been made in the books of accounts-

- Special Reserve amounting to ₹ 285.39 crore created during the above period for the purpose of claiming deduction u/s 36(1)(viii) of the Income Tax Act 1961 has been transferred to General Reserve.
- Deferred Tax Liability (DTL) created on above Special Reserve amounting to ₹ 73.54 crore has been reversed as it has now been considered as a permanent difference.
- Provision for Income Tax amounting to ₹75.03 crore and Interest amounting to ₹10.23 crore on addition made by Income Tax Department regarding disallowance of deduction u/s 36(1)(viii) of the Income Tax Act, 1961 has been charged to profit and loss account as Income Tax and the same has been adjusted from advance tax of the respective years.

### 24. Home Loan Account Scheme

- 24.1 The Home Loan Account Scheme (HLAS) was launched by NHB with effect from July 1, 1989 all over the country and was operated through Scheduled Banks and Housing Finance Companies (HFCs). The HLAS has been discontinued effective from March 1, 2004.
- 24.2 The deposits under HLAS held by the banks/HFCs stood at ₹2.03 crore as per information received by NHB and the same has been disclosed as contra entries in the balance sheet.
- 24.3 India Housing Finance and Development Ltd., a housing finance company in the private sector, which was one of the participating HFC for mobilization of deposits under HLAS, was advised by NHB not to open new accounts/accept fresh deposits under HLAS with effect from 01.10.1994 due to serious financial problem faced by it. NHB being the principal under the



scheme, was obliged to meet liability to pay account holders their dues. The Bank assessed the initial liability of ₹0.49 crore as against verifiable claimants of IHFD under HLAS and made provision of the equal amount in 2004-05. As per the approved procedure, claims for refund of ₹ 0.27 crore was paid till June 30, 2017 and balance of ₹ 0.22 crore stood as liability as on that date.

## 25. Reserve Fund

In terms of sec 39 of The National Housing Bank Act, 1987, the Bank is required to transfer the surplus after making necessary provisions to the Reserve Bank of India

The Reserve Bank of India vide letter No. DBS/FID/NHB/988/ 03.27.04/2004-05 dated December 9, 2004 has allowed the Bank to transfer not less than 25% of the net profit after making necessary provisions to its Reserve Fund with effect from the financial year 2004-05.

For the year 2015- 16, there was a surplus of ₹ 586.94 Crore, which the Bank has transferred to Reserve Fund, now it is decided to transfer this surplus back to Profit & Loss Account.

## 26. Other Expenditure

The break-up of other expenditure shown in the Profit and Loss Accounts is as under:

(₹ in crore)

Particulars	2016-17	2015-16
1. Repair and Maintenance	2.82	2.48
2. Research and Development	0.76	0.03
3. Service Tax Expense	2.08	0.61
4. Prior Period Expense	0.00	0.04
5. Conveyance Expense	1.13	0.95
6. Professional Fee	0.38	0.29
7. Conference Expense	0.50	0.27
8. Hospitality Expense	0.04	0.02
9. Expenses on IT related services	2.21	1.68
10. Payment to outsourced services	3.50	2.58
11. Security Service Expense	1.18	1.05
12. Others	8.38	5.50
<b>Total</b>	<b>22.98</b>	<b>15.50</b>

## 27. Investment Fluctuation Reserve Account

As per RBI guidelines on prudential norms for classification, valuation and operation of investment portfolio for FIs, the provision required to be created on account of depreciation in the Available for Sale category in any year should be debited to the Profit & Loss Account and an equivalent amount (net of taxes) or balance available in the Investment Fluctuation Reserve (IFR) Account, whichever is less, shall be transferred from Investment Fluctuation Reserve Account to the Profit & Loss Account. In the event provisions created on account of depreciation in the available for sale category are found to be in excess of the required amount in any year, the excess is credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any) is appropriated to the Investment Fluctuation Reserve Account. No amount has been transferred to IFR during the year and balance outstanding as on June 30, 2017 is ₹20.08 crore.



## 28. Impairment of assets

In the opinion of the management, there is no material impairment of any of the Assets of the Bank as per the Accounting Standards 28-Impairment of Assets.

## 29. Investment classification

As stated, investments are classified into “Held for trading”, “Available for `Sale” and “Held for Maturity” categories as per the following details:

(₹ in crore)

Categories of investment	Investments	As on June 30, 2017	As on June 30, 2016
Held to Maturity (HTM)	a) GOI Dated Securities	55.34	55.75
	b) Subordinated Bonds	0.00	5.00
	<b>Sub-total</b>	<b>55.34</b>	<b>60.75</b>
Available for Sale (AFS)	a) GOI Dated Securities	504.44	161.29
	b) Treasury Bills	846.66	2,585.28
	d) Shares of Housing Finance Institutions	40.42	23.07
	e) Shares of Other Institutions#	83.84	78.44
	f) Building Material Company	0.53	0.53
	g) Mutual Fund	0.00	0.00
	<b>Sub-total</b>	<b>1,475.89</b>	<b>2,848.61</b>
Held For Trade (HFT)	GOI Dated Securities	0.00	0.00
	<b>Gross Investments</b>	<b>1,531.23</b>	<b>2,909.36</b>
Less:	Depreciation	2.92	0.53
	<b>Net Investments</b>	<b>1,528.31</b>	<b>2,908.83</b>

#Investments in shares of other institutions includes ₹5.40 crore made on 31.03.2017 in the equity capital of Tamil Nadu Infra Fund Management Corp Ltd.

## 30. Contingent Liability

The movement in Contingent Liability as required in AS 29 is as under:

(₹ in crore)

Particulars	June 30, 2017	June 30, 2016
Opening Balance as on July 1	63.63	32.08
Addition during the period	0.08	31.55
Reduction during the period	15.23	0.00
<b>Closing Balance as on June 30</b>	<b>48.48</b>	<b>63.63</b>



### 31. Rural Housing Fund

Rural Housing Fund was first established as per the announcement made by the Hon'ble Finance Minister, while presenting the budget for the year 2008-09. The fund was set up with contribution by Scheduled Commercial Banks not achieving their priority sector lending obligations. The fund was set up with the National Housing Bank to enhance its Refinancing Operations to the Rural Housing Sector. Further, In terms of RBI allocation, Rural Housing Fund of ₹6000 crore was set up for Year 2016-17. Till June 30, 2017, the Bank has received total amount of ₹ 31,278.18 crore under this fund and the Balance Outstanding as on June 30, 2017 is ₹27,514.72 crore. The same has been shown as 'Deposits from banks under Rural Housing Fund' in Schedule-V ('Deposits').

### 32. Urban Housing Fund

During 2013-14, Urban Housing Fund of ₹2000 crore with contributions from scheduled commercial banks, as allocated by Reserve Bank of India, was set up with NHB to augment its resources and improve credit availability. Further, In terms of RBI allocation, Urban Housing Fund of ₹4000 crore was set up for Year 2014-15. Again, In terms of RBI allocation, Urban Housing Fund of ₹3000 crore was set up for Year 2016-17. These funds will enhance refinancing operations to the urban housing sector and to meet the housing needs of the people in lower income segments residing in urban areas. Till June 30, 2017 the Bank has received total amount of ₹8,255.12 crore and the same has been shown as 'Deposits from banks under Urban Housing Fund' in Schedule-V ('Deposits').

### 33. Zero Coupon Bonds

During the year 2008-09, the Bank had issued Zero Coupon Bonds (ZCBs) for a face value of ₹ 1,050 crore, discounted value being ₹453.39 crore. These bonds were issued for tenure of ten years. The discount is amortised over the tenure of the bonds. A sum of ₹59.63 crore has been amortised during the year ending 30th June 2017. The unamortized balance of discount as on 30th June 2017 is ₹ 92.99 crore (as on June 30, 2016 ₹152.62 crore).

### 34. Loans and advances

Of the total outstanding loans and advances of ₹54,418.80 Crore (gross), loans and advances amounting ₹20,700.87 Crore are secured by a charge on books debts, government guarantee, bank guarantee, equitable mortgage on fixed assets, hypothecation of movable assets and lien over bank deposits. Balance loans and advances amounting ₹33,717.93 Crore are unsecured of which ₹19,069.48 Crore covered under negative lien.



### 35. Tax Free Bonds

NHB had mobilized an aggregate amount of ₹4,640.13 crore (₹640.13 crore in 2012-13 and ₹ 4,000 crore in 2013-14) excluding premium thereon, through issuance of Tax Free Bonds. These Bonds are secured by way of Pari passu floating first charge on the specific book debts of NHB. As on June 30, 2017, the value of the hypothecated assets given as security for Tax-free Bonds was ₹5127.39 crore.

### 36. Special Series Priority Sector Bonds

Exim Bank, Canara Bank & Bank of India have subscribed to Special Series Bonds issued by the Bank for ₹564 crore ( ₹237.30 crore is outstanding as on June 30, 2017). These Special Series Bonds are repayable in half yearly installments till 2022 and 2025, respectively.

### 37. NHB Bonds

NHB mobilizes funds through issuance of bonds/debentures which do not carry any tax benefits. They are issued as per RBI guidelines and are unsecured in nature. Last year, the Bank has not issued any new bonds under this category and bonds amounting to ₹3850 crore were repaid during the year. As on 30.06.2017, ₹875 crore is outstanding under this category.

### 38. Disclosures under SEBI (Listing obligations & disclosure requirements) Regulations 2015

- a) Credit rating - AAA/Stable ratings by CRISIL, A1+ by ICRA
- b) Asset cover available - 100%
- c) Debt equity ratio – 6.51 times
- d) Debt service coverage ratio – 2.06 times
- e) Interest service coverage ratio - 1.49 times
- f) Net worth - ₹6,979 crore
- g) Net profit after tax - ₹ 848 crore
- h) Earnings per share - Not Applicable
- i) Previous due dates for payment of interest for NCDs and whether the same has been paid or not  
- Paid.



Details of interest paid are as below-

SNo	Nomenclature of Bond	Allotment Date	Rate of Interest	Amount	Last Interest Payment Date
1	8.05% SS PS BOND 1997-98	31-Mar-98	10.53%	37,40,00,000.00	10-June-17
2	8.05% SS PS BOND 1998-99	10-Feb-99	10.53%	54,70,00,000.00	10-June-17
3	12.10% SS PS BOND 1999-00	16-Dec-99	9.79%	81,20,00,000.00	10-June-17
4	9.75% SS PS BOND (EXIM BK-II)	28-Mar-02	7.84%	64,00,00,000.00	10-Mar-17
5	ZCB SUMERU-24.12.2018	24-Dec-08	8.65%	687,33,97,253.00	N.A.
6	ZCB SUMERU-31.03.2019	31-Mar-09	9.03%	269,66,76,308.00	N.A.
7	7.19% NHB Tax Free Bonds 2022 Series-I	14-Dec-12	7.19%	126,00,00,000.00	14-Dec-16
8	7.17% NHB Tax Free Bonds 2023 Series-II	1-Jan-13	7.17%	110,00,00,000.00	1-Jan-17
9	6.87% NHB Tax Free Bonds 2023 Series-III	6-Feb-13	6.87%	125,00,00,000.00	6-Feb-17
10	6.89% NHB Tax Free Bonds 2023 Series-IV	22-Mar-13	6.89%	82,90,00,000.00	22-Mar-17
11	6.82% NHB Tax Free Bonds Public Issue 2012-13	26-Mar-13	6.82%	196,23,30,000.00	27-Mar-17
12	8.01% NHB Tax Free Bonds 2023 Series-V	30-Aug-13	8.01%	17,00,00,000.00	30-Aug-16
13	8.46% NHB Tax Free Bonds 2028 Series-V	30-Aug-13	8.46%	883,00,00,000.00	30-Aug-16
14	NHB Tax Free Bonds 2014 Tranche-I	13-Jan-14	8.26% to 9.01%	2100,00,00,000.00	13-Jan-17
15	NHB Tax Free Bonds 2014 Tranche-II	24-Mar-14	8.25% to 8.93%	1000,00,00,000.00	28-Mar-17
16	8.20% NHB Bonds	18-Feb-15	8.20%	375,00,00,000.00	18-Feb-17
17	8% NHB Bonds	10-Apr-15	8.00%	500,00,00,000.00	11-Apr-17
			<b>TOTAL</b>	<b>6709,44,03,561.00</b>	

All the bonds have been serviced on due dates



### 39. Debenture Trustee

In terms of SEBI circular dated October 29, 2013 the contact details of the Debenture trustee(s) for various Bonds issued by National Housing Bank is as given below-

Debenture Trustee for Tax-free Bonds-  
Compliance Officer, IL&FS Trust Company Ltd.  
30The IL&FS Financial Center  
Plot No. C-22, G Block, Bandra Kurla Complex  
Bandra(E), Mumbai 400051  
Phone: +91 22 2659 3927, Fax : +91 22 2653 3297  
Email: itclcomplianceofficer@vistra.com Web : www.vistraitcl.com

Debenture Trustee for Other Bonds-  
Compliance Officer, IDBI Trusteeship Services Limited  
Asian Building, Ground Floor  
17. R. Kamani Marg Ballard Estate, Mumbai Maharashtra – 400 001,  
India Phone: +91 022 40807000, Fax: +91 022 66311776  
Email: itsl@idbitrustee.com, Web : www.idbitrustee.com

### 40. Consolidation of Special Fund with the General Fund

- 40.1 The Voluntary Deposits (Immunities and Exemptions) Act, 1991 was passed with the objectives of providing certain immunities and exemptions from direct taxes to persons making voluntary deposits with the National Housing Bank and exemptions from direct taxes in relation to such amounts. The amount so collected under the Voluntary Deposits Scheme is required to be kept in a Special Fund exclusively for the purpose of financing slum clearance and low cost housing for the poor. In terms of National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993, Profit and Loss Account for the year ended 30th June and Balance Sheet as on that date are required to be prepared each year in respect of the Special Fund and audited by the Statutory Auditors appointed by the Reserve Bank of India under Section 40 (1) of the National Housing Bank Act, 1987
- 40.2 Accordingly, the Profit and Loss account and the Balance Sheet of the Special Fund have been prepared as per the provision of the National Housing Bank (Slum Improvement & Low Cost Housing Fund) Regulations, 1993 and attached as Annexure to these financial statements. The balance lying in the Special Fund is included under the schedule "Reserves & Surplus" in the Bank's consolidated Balance Sheet. Various assets and liabilities of the Special Fund have also been grouped in the consolidated Balance Sheet under the respective heads.

### 41. Regrouping

Figures for the previous year have been re-grouped, wherever necessary, so as to make them comparable with those of the current year.



Cash Flow Statement for the year ended June 30, 2017

(₹ in crore)

Particulars	2016-17	2015-16
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit as per Profit & Loss Account	847.53	791.85
<b>Adjustments for:</b>		
Provision for Tax	458.27	366.89
Provision for Deferred Tax	129.25	70.98
Depreciation on Fixed Assets	6.68	1.75
Depreciation on investments & amortisation expense	6.34	0.41
Provision for Standards Assets	29.84	35.89
Provision for Non-Performing Assets / Restructured Account	0.02	(28.60)
Loss/(Gain) on revaluation of Forward Exchange Contracts	12.61	11.96
Provision for Bad Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	58.28	55.80
(Profit)/Loss on sale of Fixed Assets	(0.06)	(0.13)
(Gain)/Loss on revaluation of Foreign Deposits & Borrowings	(5.05)	(5.86)
Provisions no longer required written back	(189.83)	(0.80)
Premium on Forward Exchange Contract	4.01	16.38
Income from Investments	(194.86)	(205.07)
Profit on purchase and sale of Mutual Funds	(23.37)	(44.12)
Dividend on Equity of Housing Finance Companies	(1.93)	(1.67)
Profit on sale of Investments	(1.45)	(0.36)
<b>Operating Profit before working capital changes</b>	<b>1,136.28</b>	<b>1,065.30</b>
<b>Adjustments for Working Capital</b>		
(Increase)/Decrease in Deposits with Banks	794.33	(118.40)
(Increase)/Decrease in Loans & Advances	(812.27)	(8,806.77)
(Increase)/Decrease in Other Assets	383.55	424.39
Increase/(Decrease) in Current Liabilities	(72.29)	(171.48)
<b>Net cash from operating activities before taxes paid</b>	<b>1,429.60</b>	<b>(7,606.96)</b>
Less : Income Taxes Paid	(401.00)	(368.00)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE EXTRAORDINARY ITEMS</b>	<b>1,028.60</b>	<b>(7,974.96)</b>
Extraordinary Items	0.00	0.00
<b>NET CASH FLOW FROM OPERATING ACTIVITIES AFTER EXTRAORDINARY ITEMS (A)</b>	<b>1,028.60</b>	<b>(7,974.96)</b>



(₹ in crore)

<b>B) CASH FLOW FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS</b>		
(Increase) / Decrease in Fixed Assets	(7.64)	(7.50)
(Increase)/Decrease in Investments	1,374.18	41.76
Income from Investments	194.86	205.07
Profit on purchase and sale of Mutual Funds	23.37	44.12
Dividend on Equity of Housing Finance Companies	1.93	1.67
Profit on sale of Investments	1.45	0.36
<b>NET CASH GENERATED FROM INVESTING ACTIVITES BEFORE EXTRAORDINARY ITEMS</b>	<b>1,588.15</b>	<b>285.48</b>
Extraordinary Items	0.00	0.00
<b>NET CASH GENERATED FROM INVESTING ACTIVITES AFTER EXTRAORDINARY ITEMS (B)</b>	<b>1,588.15</b>	<b>285.48</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in share capital	0.00	1,000.00
Net income under Staff Benevolent Fund	2.62	2.13
Increase / (Decrease ) in Bonds & Debentures	(3,823.84)	1,703.76
Increase / (Decrease ) in Deposits	4,740.67	2,243.58
Increase/(Decrease) in Borrowings	(3,153.77)	2,862.37
<b>NET CASH GENERATED FROM FINANCING ACTIVITES ( C)</b>	<b>(2,234.32)</b>	<b>7,811.84</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>382.43</b>	<b>122.36</b>
Cash and cash equivalents at the beginning of the year	253.12	130.76
<b>Cash and cash equivalents at the end of the year</b>	<b>635.55</b>	<b>253.12</b>

**Schedule to Cash & Cash Equivalents**

(₹ in crore)

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Balances with Reserve Bank of India	0.03	0.03
Balance with banks-Current Account	635.52	253.09
<b>Cash and cash equivalent</b>	<b>635.55</b>	<b>253.12</b>

Note: Cash Flow statement has been prepared as per the Indirect Method prescribed in AS-3 (revised) 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India (ICAI).



### Additional Disclosures as required by Reserve Bank of India

**1.1 Share-holding pattern as on the date of the Balance Sheet:**

Reserve Bank of India: 100%

**1.1 Details of various parameters of Capital to Risk weighted Assets Ratio**

( ₹ in crore)

Sr.No.	Particulars	2016-17	2015-16
i)	Common Equity	6,978.79	6,179.56
ii)	Additional Tier 1 capital	0.00	0.00
iii)	Total Tier 1 capital (i+ii)	6,978.79	6,179.56
iv)	Tier 2 capital	548.51	447.27
v)	Total Capital ( Tier 1+Tier 2)	7,527.20	6,626.83
vi)	Total Risk Weighted Assets (RWAs)	43,872.53	35,781.63
vii)	Common Equity Ratio ( Common Equity as a percentage of RWAs)	15.91%	17.27%
viii)	Tier 1 Ratio ( Tier 1 capital as a percentage of RWAs)	15.91%	17.27%
ix)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	17.16%	18.52%
x)	Percentage of the shareholding of the Government of India in the AIFI	0.00%	0.00%
xi)	Amount of equity capital raised	0.00	1,000.00
xii)	Amount of Additional Tier 1 capital raised; of which		
	a) Perpetual Non-Cumulative Preference Shares (PNCPS):	0.00	0.00
	b) Perpetual Debt Instruments (PDI)	0.00	0.00
xiii)	Amount of Tier 2 capital raised; of which		
	a) Debt capital instruments:	0.00	0.00
	b) Perpetual Cumulative Preference Shares (PCPS)	0.00	0.00
	c) Redeemable Non-Cumulative Preference Shares (RNCPS)	0.00	0.00
	d) Redeemable Cumulative Preference Shares (RCPS)	0.00	0.00



## 1.2 Free Reserves and Provisions

### 1.2.1 Provisions on Standard Assets

(₹ in crore)

Particulars	2016-17	2015-16
Provisions towards Standard Assets	217.54	214.29

### 1.2.2 Floating Provisions

(₹ in crore)

Particulars	2016-17	2015-16
Opening balance in the floating provisions account	0.00	0.00
The quantum of floating provisions made in the accounting year	0.00	0.00
Amount of draw down made during the accounting year	0.00	0.00
Closing balance at the close of the year Closing balance in the floating provisions account	0.00	0.00

## 1.3 Asset Quality and specific provisions

### 1.3.1 Non-Performing Advances

(₹ in crore)

Particulars	2016-17	2015-16
(i) Net NPAs to Net Advances (%)	0.00	0.00
(ii) Movement of NPAs (Gross)		
(a) Opening balance	50.93	223.96
(b) Additions during the year	-	-
(c) Reductions during the year	17.03	173.03
(d) Closing balance	33.90	50.93
(iii) Movement of Net NPAs		
(a) Opening balance	-	144.36
(b) Additions during the year	-	-
(c) Reductions during the year	-	144.36
(d) Closing balance	-	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	50.93	79.60
(b) Provisions made during the year	-	-
(c) Write of / write back of excess provisions	17.03	28.67
(d) Closing balance	33.90	50.93

**1.3.2 Non-Performing Investment****(₹ in crore)**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
(i) Net NPIs to Net Investments (%)	-	-
(ii) Movement of NPIs (Gross)		
(a) Opening balance	0.53	0.53
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	0.53	0.53
(iii) Movement of Net NPIs		
(a) Opening balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iv) Movement of provisions for NPIs (excluding provisions on standard assets)		
(a) Opening balance	0.53	0.53
(b) Provisions made during the year	-	-
(c) Write of / write back of excess provisions	-	-
(d) Closing balance	0.53	0.53

**1.3.3 Non-Performing Assets (3.3.1+3.3.2)****(₹ in crore)**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
(i) Net NPAs to Net Assets (Advanced + investments) (%)	0.00	0.00
(ii) Movement of NPAs (Gross Advances + Gross investments)		
(a) Opening balance	51.46	224.49
(b) Additions during the year	-	-
(c) Reductions during the year	17.03	173.03
(d) Closing balance	34.43	51.46
(iii) Movement of Net NPAs		
(a) Opening balance	-	144.36
(b) Additions during the year	-	-
(c) Reductions during the year	-	144.36
(d) Closing balance	-	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	51.46	80.13
(b) Provisions made during the year	-	-
(c) Write of / write back of excess provisions	17.03	28.67
(d) Closing balance	34.43	51.46



### 1.3.4 Restructured Accounts (Refer sheet Disclosure1)

#### 1.3.5 Movement of Non-performing assets

(₹ in crore)

Particulars	2016-17	2015-16
Gross NPAs as on opening date of accounting period (Opening Balance)	50.93	223.96
Additions (Fresh NPAs) during the year	-	-
Sub total (A)	50.93	223.96
Less :-		
(i) Upgradations	-	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	17.03	173.03
(iii) Technical / Prudential Write offs	-	-
(iv) Write offs other than those under (iii) above	-	-
Sub-total (B)	17.03	173.03
Gross NPAs as on 30th June of following year (closing balance) (A-B)	33.90	50.93

#### 1.3.6 Write-offs and recoveries

(₹ in crore)

Particulars	2016-17	2015-16
Opening balance of Technical / Prudential written off accounts as at June 1	Nil	Nil
Add : Technical / Prudential write offs during the year	Nil	Nil
Sub total (A)	Nil	Nil
Less : Recoveries made from previously technical / prudential written off accounts during the year (B)	Nil	Nil
Closing balance as at June 30 (A-B)	Nil	Nil

#### 1.3.7 Overseas Assets, NPAs and Revenue

(₹ in crore)

Particulars	2016-17	2015-16
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

**1.3.8 Depreciation and provisions on investments**

(₹ in crore)

Particulars	2016-17	2015-16
(1) Investments		
(i) Gross Investments	1531.24	2909.36
(a) In India	1531.24	2909.36
(b) Outside India	0.00	0.00
(ii) Provisions for Depreciation	2.93	0.53
(a) In India	2.93	0.53
(b) Outside India	0.00	0.00
(iii) Net Investments	1528.31	2908.83
(a) In India	1528.31	2908.83
(b) Outside India	0.00	0.00
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	0.53	0.53
(ii) Add: Provisions made during the year	2.40	0.00
(iii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	0.00	0.00
(iv) Less: Write off / write back of excess provisions during the year	0.00	0.00
(v) Less: Transfer, if any, to Investment Fluctuation Reserve Account	0.00	0.00
(vi) Closing balance	2.93	0.53

**1.3.9 Provisions and Contingencies**

(₹ in crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2016-17	2015-16
Provisions for depreciation on Investment	6.34	0.41
Provision towards Non Performing Assets	0.21	(28.60)
Provision made towards Income tax	458.27	366.89
Provision made towards Deffered Tax	129.25	70.98
Provisions for Standard Assets	29.84	35.89
Provisions for Bad Debt u/s 36(1)(viiia) of the Income Tax Act 1961	58.28	55.80

**1.3.10 Provisioning Coverage Ratio (PCR)**

Particulars	2016-17	2015-16
PCR (ratio of provisioning to gross non-performing assets)	100%	100%



## 1.4 Investment portfolio constitution and operations

### 1.4.1 Repo Transactions

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on June 30th
Securities sold under repo	Nil	Nil	Nil	Nil
i. Government securities	Nil	Nil	Nil	Nil
ii. Corporate debt securities	Nil	Nil	Nil	Nil
Securities purchased under reverse repo	Nil	Nil	Nil	Nil
i. Government securities	Nil	Nil	Nil	Nil
ii. Corporate debt securities	Nil	Nil	Nil	Nil

### 1.4.2 Disclosure of Issuer Composition for Investment in Debt Securities

#### Current Year

Sr.No.	Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent 'Unrated' Securities	Extent of 'Unlisted' Securities
1	2	3	4	5	6	7
(i)	PSUs	0.00	0.00	0.00	0.00	0.00
(ii)	FIs	0.00	0.00	0.00	0.00	0.00
(iii)	Banks	0.00	0.00	0.00	0.00	0.00
(iv)	Private Corporates	0.00	0.00	0.00	0.00	0.00
(v)	Subsidiaries / Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others	0.00	0.00	0.00	0.00	0.00
(vii)	Provision held towards depreciation	0.00	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

#### Previous Year

Sr.No.	Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent 'Unrated' Securities	Extent of 'Unlisted' Securities
1	2	3	4	5	6	7
(i)	PSUs	0.00	0.00	0.00	0.00	0.00
(ii)	FIs	0.00	0.00	0.00	0.00	0.00
(iii)	Banks	5.00	5.00	0.00	0.00	0.00
(iv)	Private Corporates	0.00	0.00	0.00	0.00	0.00
(v)	Subsidiaries / Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others	0.00	0.00	0.00	0.00	0.00
(vii)	Provision held towards depreciation	0.00	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**1.4.3 Sale and Transfers to / from HTM Category: Nil (PY-Nil)****1.5 Details of Financial Assets purchased/ sold****1.5.1 Details of Financial Assets Sold to Securitisation/Reconstruction company for Assets Reconstructions****A Details of Sales**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

**B Details of Book Value of Investments in Security Receipts**

<b>Particulars</b>	<b>Book value of investments in security receipts</b>	
	<b>2016-17</b>	<b>2015-16</b>
(i) Backed by NPAs sold by the AIFI as underlying	Nil	Nil
(ii) Backed by NPAs sold by banks / other financial institutions / non-banking financial companies as underlying	Nil	Nil
Total	Nil	Nil

**1.5.2 Details of Non Performing Financial Assets Purchased / Sold****A Details of non performing financial assets purchased**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
1. (a) No. of accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

**B Details of non performing financial assets sold:**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
1. No. of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil



## 1.6 Operating Results

Particulars	2016-17	2015-16
(i) Interest Income as a percentage to Working Funds	7.39%	7.76%
(ii) Non interest income as a percentage to Working Funds	0.40%	0.10%
(iii) Operating Profit as a percentage to Working Funds	2.29%	2.43%
(iv) Return on Assets	1.46%	1.48%
(v) Net Profit per employee (₹ in crore)	7.24	7.47

## 1.7 Credit Concentration risk

### 1.7.1 Capital market exposure

Particulars	2016-17	2015-16
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt; @	Nil	Nil
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	Nil	Nil
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii) underwriting commitments taken up by the AIFI in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
(ix) financing to stockbrokers for margin trading;	Nil	Nil
(x) all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
<b>Total Exposure to Capital Market</b>	Nil	Nil

@Bank's exposure is in unlisted equity only

**1.7.2 Exposure to Country risk#**

Risk Category	Exposure (net) as at June 2017 (Current Year)	Provision held as at June 2017 (Current Year)	Exposure (net) as at June 2016 (Previous Year)	Provision held as at June 2016 (Previous Year)
Insignificant	241.49	-	294.34	-
Low	-	-	-	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	-	-	-	-

#As per RBI Circular No.DBOD.BP.BC.71/21.04.103/2002-03 dtd 19.02.2003 on “Risk Management in Banks – Guidelines on Country Risk Management” the guidelines are applicable only in respect of countries where a bank has exposure of 2% or more of its assets. In case of NHB, since exposure pertains only to Deposits placed with Foreign Branches of Indian Banks (Canara Bank – London and BoI – New York Branch) and value of total deposits is Rs.241.49 crore as at June 30, 2017 which is less than 2% of total assets of the Bank, the guidelines may not be applicable for NHB.

**1.7.3 Prudential Exposure Limits- Single Borrower Limit(SGL)/Group Borrower Limit (GBL) Exceeded by the AIFI**

(i) The number and amount of exposures in excess of the prudential exposure limits during the year

Sl. No.	PAN No.	Borrower Name	Industry Code	Industry Name	Amount Funded
	#Nil				

# Since Prudential Norms are not prescribed by RBI for credit exposure.

(ii) Credit exposure as percentage to capital funds and as percentage to Total Assets:

Particulars	% age to Capital Fund	% age to total assets	% age to Capital Fund	% age to total assets
	2016-17	2016-17	2015-16	2015-16
- The largest single borrower	81.17%	10.48%	67.89%	7.59%
- The largest borrower group	128.90%	16.65%	108.16%	12.09%
- The 20 largest single borrowers	648.61%	83.76%	678.42%	75.87%
- The 20 largest borrower groups\$	175.13%	22.62%	438.41%	49.03%

\$ NHB has only Six borrower groups (PY: Eight borrowers groups)



- (iii) Credit exposure to the five largest industrial sector as percentage to total loan assets: Not Applicable
- (iv) Total amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken as also the estimated value of such intangible collateral. Nil
- (v) Factoring exposures - Not Applicable
- (vi) Exposures where the FI had exceeded the Prudential Exposure Limits during the year: Nil (PY: Nil)

1.7.4 Concentration of borrowings / lines of credit, credit exposures and NPAs (to be shown separately both at solo and consolidated level, if applicable)

- (a) Concentration of borrowings and lines of credit (₹ in crore)

Particulars	2016-17	2015-16
Total borrowings from twenty largest lenders	34,724.91	33,184.31
Percentage of borrowings from twenty largest lenders to total borrowings of the AIFI	71.69%	65.49%

- (b) Concentration of credit exposures (₹ in crore)

Particulars	2016-17	2015-16
Total exposures to twenty largest borrowers	48,822.24	44,957.56
Percentage of exposures to twenty largest borrowers to Total Advances of the AIFI	0.90	0.84
Total Exposure to twenty largest borrowers / customers	48,822.24	46,774.77
Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the AIFI on borrowers / customers	0.87	0.83



(c) Sector-wise concentration of exposures and NPAs (₹ in crore)

Sr. No.	Sector	2016-17			2015-16		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
I.	Housing Sector	54418.79	33.90	0.00	53623.57	50.92	0.00
1	Central Government	0.00	0.00	0.00	0.00	0.00	0.00
2	Central PSUs	0.00	0.00	0.00	0.00	0.00	0.00
3	State Governments	0.00	0.00	0.00	0.00	0.00	0.00
4	State PSUs*	224.49	28.71	0.13	173.14	45.14	0.26
5	Scheduled Commercial Banks	13431.93	0.00	0.00	22467.63	0.00	0.00
6	Regional Rural Banks	1057.59	0.00	0.00	1134.08	0.00	0.00
7	Co-operative banks	156.91	0.00	0.00	147.71	0.00	0.00
8	HFCs**	39542.69	0.00	0.00	29694.26	0.00	0.00
9	Private sector (excluding banks and HFCs)***	5.19	5.19	1.00	6.75	5.78	0.86
II.	Commercial Real Estate, if any	0.00	0.00	0.00	0.00	0.00	0.00
III.	Others	0.00	0.00	0.00	0.00	0.00	0.00
	(Please specify)	0.00	0.00	0.00	0.00	0.00	0.00
IV	Total (I+II+III)	54418.79	33.90	0.00	53623.57	50.92	0.00
*Includes State Housing Boards, Municipal Corporations, Development Authorities and State PSUs							
**Includes Co-operative Housing Finance Societies							
***Pertaining to MFIs registered under Societies Act							



#### 1.7.4 Unhedged Foreign Currency Exposure

(₹ in crore)

Sr.No.	Particulars	2016-17	2015-16
1	Name of entity: National Housing Bank		
2	Foreign Currency Exposure (FCE) as on 30.06.2017	1,277.19	1,119.05
3	FCE having maturity or having cash flows over the period of next five year (Out of 2 above)	702.45	709.70
4	Amount covered by financial hedge (Out of 3 above)	445.68	457.75
5	Amount covered by natural hedge (Out of 3 above)	256.77	251.95
6	Unhedged Foreign Currency Exposure (3-4-5)	0.00	0.00

#### 1.8 Derivatives

##### 1.8.1 Forward Rate Agreement / Interest Rate Swap

Sr.No.	Particulars	2016-17	2015-16
1	The notional principal of swap agreements	Nil	Nil
2	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
3	Collateral required by the AIFI upon entering into swap	Nil	Nil
4	Concentration of credit risk arising from the swaps	Nil	Nil
5	The fair value of the swap book	Nil	Nil

##### 1.8.2 Exchange Traded Interest Rate Derivatives

Sr.No.	Particulars	2016-17	2015-16
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 30th June (instrument wise)	Nil	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)	Nil	Nil
(iv)	Mark to market value of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)	Nil	Nil

**1.8.3 Disclosures on risk exposure in derivatives****(i) Qualitative disclosures**

- The Bank has in-place derivative policy approved by the board which permits use of derivative products in line with business goals of the Bank. The policy has delegated powers to enter into swaps only at very senior level.
- Counter party exposure limits are within the overall limits set for each counter party. The credit equivalent of swaps are computed as per current exposure method as prescribed by RBI.
- The Bank has the necessary infrastructure where the functions are well defined i.e. Front Office, Back Office & Mid Office.
- The position of the swaps is continuously monitored. ALCO reviews the valuations of the outstanding positions on a monthly basis. Further, the Board is apprised of the position on a quarterly basis including the valuation of the swaps.
- The Bank uses financial derivative transactions predominantly for hedging its assets/liabilities and for reducing cost. The Bank currently deals only in plain vanilla over-the-counter (OTC) interest rate and currency derivatives, for managing interest rate risks. The Bank shall use such bench marks where pricing is transparent and that are permitted by RBI.
- The interest exchanged on the swaps is accounted on an accrual basis.

**(ii) Quantitative disclosures**

(₹ in crore)

Sr. No	Particular	2016-17		2015-16	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	rate derivatives Interest
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging				
	b) For trading	1016.18	-	878.02	-
(ii)	Marked to Market Positions[1]				
	a) Asset (+)			-14.12	-
	b) Liability (-)	-80.89	-	-8.80	-
(iii)	Credit Exposure [2]	48.12	-	63.35	-
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	34.23	-	28.82	-
	b) on trading derivatives				
(v)	Maximum and Minimum of 100*PV01 observed during the year	36.17	-	28.82	-
	a) on hedging	26.05	-	12.87	-
	b) on trading				

**1.9 Disclosure of Letters of Comfort (LoCs) issued by AIFIs**

Nil



### 1.10 Asset Liability Management

(₹ in crore)

Particulars	2016-17							Total	
	1 to 14 Days	15 to 28 Days	29 Days to 3 Months	Over 3 Months to Upto 6 Months	Over 6 Months to Upto 1 Years	Over 1 Year to Upto 3 Years	Over 3 Years to Upto 5 Years		Over 5 years
Deposits	4.05	0.77	493.19	537.65	1032.21	7136.06	16052.73	10755.13	36011.79
Advances	1954.21	-	8.80	3396.19	5752.45	14298.93	13113.70	15860.61	54384.89
Investments	401.99	-	-	281.88	620.12	-	-	224.32	1528.31
Borrowings	3933.13	-	-	-	502.64	2.61	0.00	0.00	4438.38
Foreign Currency assets	-	-	3.28	20.95	25.05	108.97	124.54	43.56	326.35
Foreign Currency liabilities	-	-	1.22	68.10	70.03	320.73	267.82	549.29	1277.19

(₹ in crore)

Particulars	2015-16							Total	
	1 to 14 Days	15 to 28 Days	29 Days to 3 Months	Over 3 Months to Upto 6 Months	Over 6 Months to Upto 1 Years	Over 1 Year to Upto 3 Years	Over 3 Years to Upto 5 Years		Over 5 years
Deposits	4.09	3.69	93.65	930.36	1023.57	5157.61	9558.16	14500.00	31271.13
Advances	2929.88	0.00	0.00	2656.18	6546.25	18052.62	12642.52	10745.19	53572.64
Investments	650.82	185.92	202.25	241.75	1470.83	55.75	0.00	101.51	2908.83
Borrowings	7112.05	0.00	0.00	0.00	102.64	505.24	0.00	0.00	7719.93
Foreign Currency assets	0.00	0.00	3.11	20.60	24.52	106.60	121.80	112.83	389.46
Foreign Currency liabilities	0.00	0.00	1.15	40.70	75.61	316.66	305.56	409.72	1149.40



2	<b>Draw Down from Reserves</b>	<b>2016-17</b>	<b>2015-16</b>
	Nil	Nil	Nil

### 3 Business Ratios

	<b>2016-17</b>	<b>2015-16</b>
Return on Equity	12.83%	15.50%
Return on Assets	1.46%	1.48%
Net Profit Per Employee (₹ in crore)	7.24	7.47

### 4 Disclosure of Penalties imposed by RBI

During the current year there was no penalty imposed by the Reserve Bank of India under the Reserve Bank of India Act 1934, for contraventions of any of the provisions of the Act or non-compliance with any other requirements of the Act order, rule or condition as specified by Reserve Bank of India

### 5 Disclosure of Complaints

#### (a) Customer Complaints

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
(a) No. of complaints pending at the beginning of the year	1	0
(b) No. of complaints received during the year	96	124
(c) No. of complaints redressed year	97	123
(d) No. of complaints pending at the end of the year	0	1

### 6 Off-Balance Sheet SPVs Sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored

<b>Domestic</b>	<b>Overseas</b>
Nil	Nil

### 7 Disclosure as per specific accounting standards

#### 7.1 Accounting Standard 5 - Net Profit or Loss for the period, prior period items and changes in accounting policies.

(₹ in crore)

	<b>2016-17</b>	<b>2015-16</b>
Prior Period Income	0.02	0.13
Prior Period Expense	0*	0.04

\* ₹21,269 booked under prior period expense



**7.2 Accounting Standard 17 – Segment Reporting**

The Bank's operations predominantly comprise only one segment i.e. financial activities. Hence, there are no separate reportable segments as per the Accounting Standard on "Segment Reporting" (AS17) issued by the Institute of Chartered Accountants of India.

**7.3 Accounting Standard 18 – Related Party Disclosures**

Please refer to Notes to Accounts

8	<b>Unamortised Pension and Gratuity Liabilities</b>	<b>2016-17</b>	<b>2015-16</b>
		Nil	Nil

**Amit Sinha**  
Assistant General Manager

**Vineet Singhal**  
Deputy General Manager

**Dr. Ashwani Kumar Tripathi**  
Executive Director

**Sriram Kalyanaraman**  
Managing Director & Chief Executive Officer

**Pankaj Jain**  
Director

New Delhi, August 24, 2017

As per our attached Report of even date  
**For S.N.Nanda & Co.**  
Chartered Accountants  
Firm No. 000685N

**(S.N.Nanda)**  
Partner  
Membership No. 005909



**ANNUAL ACCOUNTS  
2016-17  
(July, 2016 to June, 2017)  
(SPECIAL FUND)**

**Slum Improvement and  
Balance Sheet**

Previous Year ₹In Crore	Liabilities	Current Year ₹ In Crore
61.82	1. Special Fund (Slum Improvement and Low Cost Housing Fund)	61.82
	2. Reserves:	
49.24	(i) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	21.29
3.00	(ii) Investment Fluctuation Reserve	3.00
296.85	(iii) Reserve Fund -VDS	348.53
	3. Profit & Loss Account:	
17.38	Add: Profit transferred from the Profit and Loss A/c	21.55
0.00	Add: Transfer from Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	30.13
17.38	Less: Transfer to Reserve Fund -VDS	51.68
	4. Current Liabilities and Provisions:	
98.05	(i) Provision for Income Tax	104.89
0.50	(ii) Provision for Standard Assets	0.77
15.91	(iii) Provision for Bad and Doubtful Debts u/s 36(1)(viiia)(c) of Income Tax Act, 1961	17.11
50.00	(iv) Others	50.00
15.70	5. Deferred Tax Liability	172.77
		6.74
<b>591.07</b>	<b>TOTAL</b>	<b>614.15</b>

**Profit & Loss Account**

Previous Year ₹In Crore	Expenditure	Current Year ₹ In Crore
0.31	1. Provision for Standard Assets	0.28
0.41	2. Provision for Non Performing Assets	0.00
1.60	3. Provision for Bad and Doubtful Debts u/s 36(1)(viiia)(c) of Income Tax Act, 1961	1.20
0.52	4. Deferred Tax	7.16
9.71	5. Provision for Income Tax	6.84
18.88	6. Balance of Profit carried down	23.73
<b>31.43</b>	<b>TOTAL</b>	<b>39.21</b>
1.50	7. Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	2.18
17.38	8. Balance Carried to Balance Sheet	51.68
<b>18.88</b>	<b>TOTAL</b>	<b>53.86</b>

**Amit Sinha**

Assistant General Manager

**Vineet Singhal**

Deputy General Manager

**Dr. Ashwani Kumar Tripathi**

Executive Director

**Sriram Kalyanaraman**

Managing Director &amp; Chief Executive Officer

**Pankaj Jain**

Director

New Delhi, August 24, 2017



## Low Cost Housing Fund as at 30th June, 2017

Previous Year ₹ In Crore	Assets		Current Year ₹ In Crore
0.04	1. Cash and Bank Balances: Current Account		0.04
214.22	2. Investments(at cost or market value whichever is less): Treasury Bills		188.26
126.37	3. Loans & Advance: Direct Lending	194.94	
0.73	Less: Provisions for Non Performing Assets	0.73	194.21
0.01	4. Other Assets: (i) Interest Receivable on Bank Deposits	0.01	
9.38	(ii) Interest Receivable on Investments	4.01	
94.07	(iii) Advance Tax and TDS	104.07	
147.71	(iv) Amount Recoverable from General Fund	123.55	231.64
<b>591.07</b>	<b>TOTAL</b>		<b>614.15</b>

## for the year ended 30th June, 2017

Previous Year ₹ In Crore	Income		Current Year ₹ In Crore
7.85	1. Interest on Loans and Advances		12.69
23.58	2. Income from Investments		10.40
0.00	3. Other Income		0.00
0.00	4. Provision no longer required		16.12
<b>31.43</b>	<b>TOTAL</b>		<b>39.21</b>
18.88	5. Balance of Profit brought down		23.73
0.00	6. Transfer from Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961		30.13
<b>18.88</b>	<b>TOTAL</b>		<b>53.86</b>

### Notes forming part of Accounts

- Balance Sheet and Profit & Loss Account of Special Fund have been drawn in accordance with the provisions of National Housing Bank (Slum Improvement and Low Cost Housing Fund) Regulation, 1993
- NHB (Slum Improvement and Low Cost Housing Fund) represent 40% of the amounts deposited by any person voluntarily in accordance with the NHB Voluntary Deposit Scheme (VDS)
- The Bank do not charge staff expense or other operating expense to Special Fund Account.

As per our attached Report of even date  
For S. N. Nanda & Co.  
Chartered Accountants

Firm No. 000685N

(S. N. Nanda)  
Partner  
Membership No. 005909



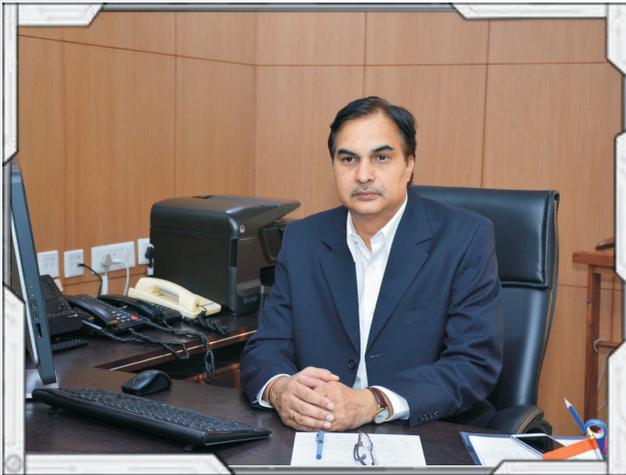
श्रीराम कल्याणरामन  
प्रबन्ध निदेशक एवं मुख्य कार्यपालक अधिकारी

Sriram Kalyanaraman  
MD & CEO,



प्रबन्ध निदेशक एवं मुख्य कार्यपालक अधिकारी,  
कार्यपालक निदेशक तथा सीवीओ

MANAGING DIRECTOR & CEO,  
EXECUTIVE DIRECTOR and CVO



डॉ. ए. के. त्रिपाठी  
कार्यपालक निदेशक

Dr. A. K. Tripathi  
Executive Director



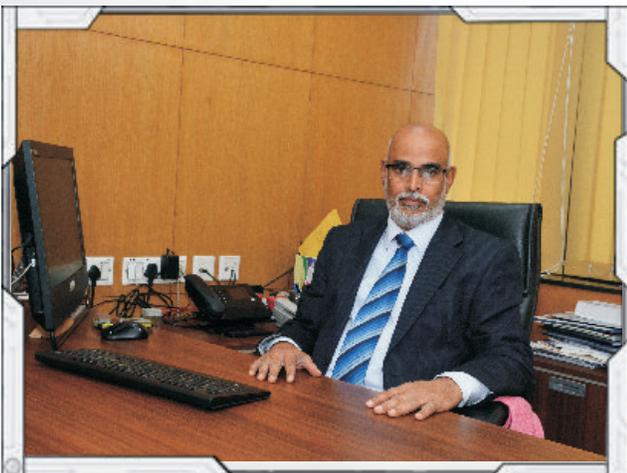
अतुल सिन्हा  
मुख्य सतर्कता अधिकारी

Atul Sinha  
Chief Vigilance Officer



ए.पी. सक्सेना  
महाप्रबंधक

A.P. Saxena  
General Manager



के. चक्रवर्ती  
महाप्रबंधक

K. Chakravarthy  
General Manager

बैंक के वरिष्ठ अधिकारी



वै. राजन  
महाप्रबंधक

V. Rajan  
General Manager

SENIOR OFFICERS OF THE BANK



बैंक के वरिष्ठ अधिकारीगण

Senior Officers of the Bank



रा.आ.बैंक के अधिकारीगण

NHB OFFICERS



रा.आ.बैंक के अधिकारीगण

NHB Officers



डिजिटल इंडिया अवार्ड

Digital India Award

पुरस्कार और पहचान



AWARDS & RECOGNITION



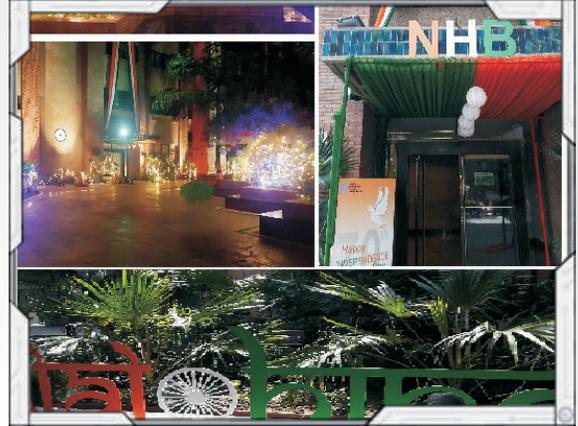
टॉलिक अवार्ड

TOLIC Award



हैबीटेनमेंट क्विज  
2016

Habitainment Quiz  
2016



गणतंत्र दिवस  
2017

Republic Day  
2017

मुख्य गतिविधियां



KEY EVENTS



राजभाषा पखवाड़ा

Rajbhasha Pakhwada



सतर्कता दिवस

Vigilance Day



વડોદરા

Vadodara, Gujarat



ડિન્ડીગુલ, તમિલનાડુ

Dindigul, Tamil Nadu



નई दिल्ली, दिल्ली

New Delhi, Delhi



વારાણસી, ઉત્તર પ્રદેશ

Varanasi, Uttar Pradesh



રા.આ.બેંક દ્વારા આયોજિત  
ક્ષમતા નિર્માણ કાર્યક્રમ

CAPACITY BUILDING PROGRAMMES  
UNDERTAKEN BY NHB



મુમ્બઈ, મહારાષ્ટ્ર

Mumbai, Maharashtra



રાજકોટ, ગુજરાત

Rajkot, Gujarat



ગાંધી નગર, ગુજરાત

Gandhi Nagar, Gujarat



દહિસર, મહારાષ્ટ્ર

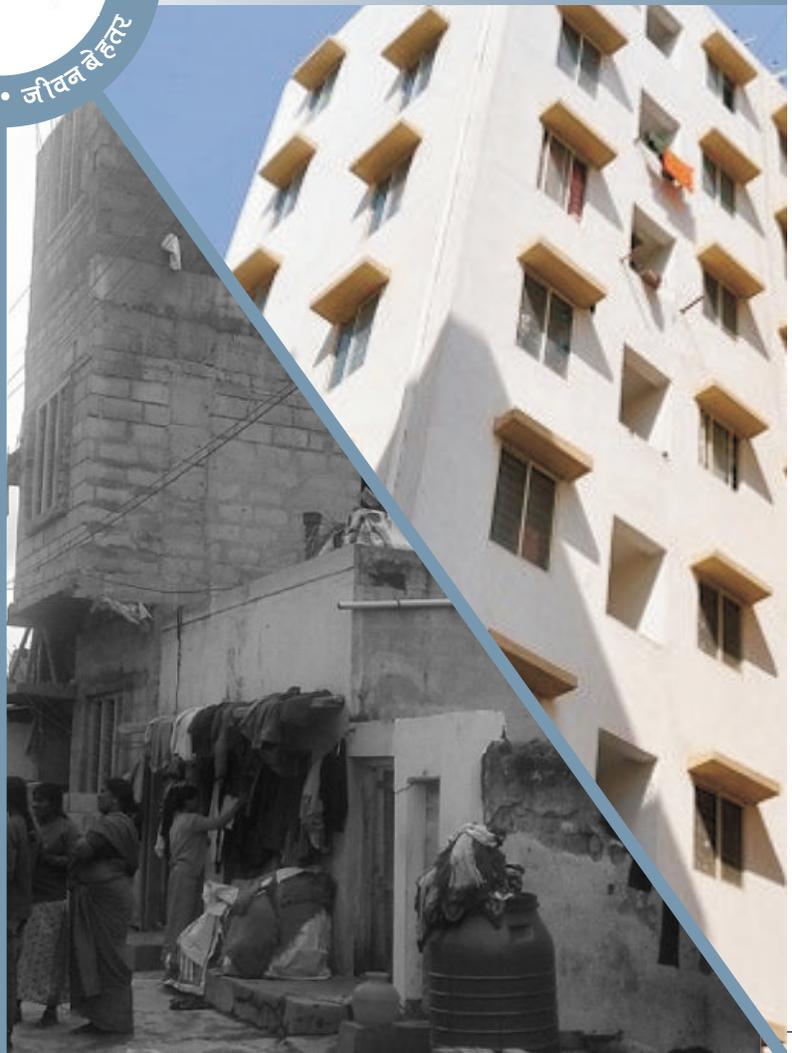
Dahisar, Maharashtra



पीएमएवाई-सीएलएसएस लाभार्थी



PMAY - CLSS BENEFICIARIES





प्रथम पुरस्कार:  
गुजरात

1st Prize:  
Gujarat



द्वितीय पुरस्कार:  
महाराष्ट्र

2nd Prize:  
Maharashtra



तृतीय पुरस्कार:  
मध्य प्रदेश

3rd Prize:  
Madhya Pradesh

ईडब्ल्यूएस/एलआईजी हेतु ऋण आधारित सब्सिडी योजना के अन्तर्गत सर्वश्रेष्ठ कार्यनिष्ठादन करने वाले राज्य  
Best Performing States under Credit Linked Subsidy Scheme for EWS/LIG

पीएमएवाई-सीएलएसएस पुरस्कार एवं पहचान



PMAY-CLSS AWARDS & RECOGNITION



प्रथम पुरस्कार:  
गृह फाइनेंस  
लिमिटेड

1st Prize:  
GRUH Finance  
Limited



द्वितीय पुरस्कार:  
अस्पायर होम  
फाइनेंस कॉर्पोरेशन  
लिमिटेड

2nd Prize: Aspire  
Home Finance  
Corporation Limited



तृतीय पुरस्कार:  
हाउसिंग डेवलपमेंट  
फाइनेंस कॉर्पोरेशन  
लिमिटेड

3rd Prize: Housing  
Development Finance  
Corporation Limited:

ईडब्ल्यूएस/एलआईजी हेतु ऋण आधारित सब्सिडी योजना के अन्तर्गत सर्वश्रेष्ठ कार्यनिष्ठादन करने वाले प्राथमिक ऋणदाता संस्थान  
Best Performing Primary Lending Institutions under Credit Linked Subsidy Scheme for EWS/LIG



नई दिल्ली

New Delhi



कोहिमा

Kohima

पीएमएवाई-सीएलएसएस कार्यशाला



PMAY - CLSS WORKSHOPS



अहमदाबाद

Ahmedabad



एर्नाकुलम

Ernakulam



उत्तरी क्षेत्र

North Zone



पूर्वी क्षेत्र

East Zone

पीएमएवाई-सीएलएसएस (एमआईजी) के लिए समझौता ज्ञापन पर हस्ताक्षर

SIGNING MoUs FOR PMAY - CLSS (MIG)



पश्चिमी क्षेत्र

West Zone



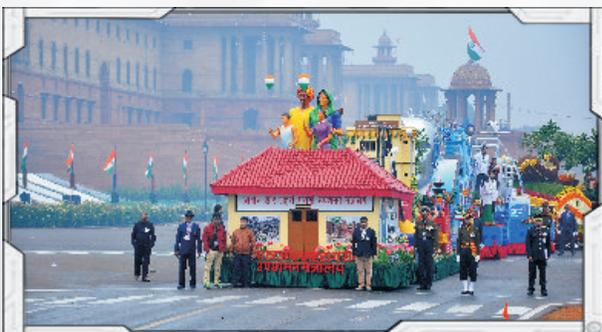
दक्षिणी क्षेत्र

South Zone



गणतंत्र दिवस परेड, 2017 पर झांकी

Tableau on Republic Day Parade, 2017





## Appendices

सबके लिए घर  
जीवन बेहतर

Sheltering People  
Transforming Lives



## Appendix I

### Housing Loans of HFCs and PSBs

Loan-size	Disbursements in 2016-17			
	Amount (₹ in crore)	% of Total	Units	% of Total
≤ ₹ 2 lakh	3,135	1	4,23,311	12
> ₹2 lakh ≤ ₹ 5 lakh	7,969	2	2,70,358	8
> ₹5 lakh ≤ ₹ 10 lakh	31,887	10	6,38,224	18
> ₹10 lakh ≤ ₹ 25 lakh	1,09,398	34	13,65,443	38
> ₹25 lakh	1,68,867	53	8,58,835	24
<b>Total</b>	<b>3,21,256</b>	<b>100</b>	<b>35,56,171</b>	<b>100</b>

Source : Data collected by NHB from HFCs and PSBs

## Appendix II

### Net Resources Mobilized

S.No.	Instruments	Amount (₹ in crore)
1	Term Loan	2,600
2	Loan against deposits	221
3	Rural Housing Fund	4,500
4	Urban Housing Fund	2,255
5	Deposits from Public (Sunidhi & Suvridhi)	39
6	Foreign Borrowings	176
7	<b>Total</b>	<b>9,791</b>

## Appendix III

### Resources Outstanding

S.No.	Instruments	Amount (₹ in crore)
1	Term Loan	3,100
2	Loan against deposits	221
3	Rural Housing Fund	27,515
4	Urban Housing Fund	8,255
5	Deposits from Public (Sunidhi & Suvridhi)	242
6	Foreign Borrowings	1,277
7	CBLO	1,112
8	Bonds & Debentures	6,710
9	Borrowing from RBI	5
10	<b>Total</b>	<b>48,437</b>



### Appendix IV

#### Refinance Disbursement - Institution-wise

(Amount ₹ in crore)

Institution	2014-15	2015-16	2016-17
HFCs	7,390	10,852	16,779
SCBs	14,114	10,275	5,696
Others	343	463	209
<b>Total</b>	<b>21,847</b>	<b>21,590</b>	<b>22,684</b>

### Appendix V

#### Refinance Disbursements - Scheme-wise

(Amount ₹ in crore)

Institution	Regular	RHF	UHF	U-LIH	Total
HFCs	11,229	3,482	1,896	172	16,779
SCBs	4,500	918	278	-	5,696
Others	-	155	54	-	209
<b>Total</b>	<b>15,729</b>	<b>4,555</b>	<b>2,228</b>	<b>172</b>	<b>22,684</b>

### Appendix VI

#### Refinance Disbursements Individual size-wise

	Amount (₹ in crore)	% of Total	No. of Units	% of Total
≤ ₹2 lakh	1,227	5	2,43,315	57
> ₹2 lakh ≤ ₹5 lakh	1,279	6	73,437	17
> ₹5 lakh ≤ ₹10 lakh	2,285	10	32,041	8
> ₹10 lakh ≤ ₹15 lakh	3,480	15	31,168	7
> ₹15 lakh ≤ ₹20 lakh	2,479	11	16,691	4
> ₹20 lakh ≤ ₹25 lakh	2,052	9	10,452	2
> ₹25 lakh	9,882	44	21,751	5
<b>Total</b>	<b>22,684</b>	<b>100</b>	<b>4,28,855</b>	<b>100</b>

**Appendix VII****Cumulative Refinance Disbursements**

Institutions	Amount (₹ in crore)	% of Total
HFCs	86,590	46
SCBs	95,053	51
RRBs	1,895	1
Cooperative Sector and Others	3,068	2
<b>Total</b>	<b>1,86,606</b>	<b>100</b>

**Appendix VIII****Refinance Outstanding\***

(Amount ₹ in crore)

Institution	30-06-2015	30-06-2016	30-06-2017
HFCs	24,300	29,735	40,312
SCBs	18,575	22,045	13,276
Others	1,156	1,284	1,217
<b>Total</b>	<b>44,031</b>	<b>53,064</b>	<b>54,805</b>

\* Includes advance receipts

**Appendix IX****Rural Housing Fund Disbursements**

(Amount ₹ in crore)

Year	Allocation	Utilization				
		HFCs	SCBs	RRBs	Others	Total
2008-09	1,778	1,545	0	202	15	1,762
2009-10	2,000	1,795	0	185	36	2,016
2010-11	2,000	1,688	182	134	--	2,004
2011-12	3,000	2,125	722	143	13	3,003
2012-13	4,000	1,940	1,802	285	--	4,027
2013-14	6,000	2,326	1,024	94	--	3,444
2014-15	8,000	2,101	2,599	220	--	4,920
2015-16	--	2,943	439	370	--	3,752
2016-17	6,000	3,482	918	155	--	4,555
<b>Total</b>	<b>32,778</b>	<b>19,945</b>	<b>7,686</b>	<b>1,788</b>	<b>64</b>	<b>29,483</b>



## Appendix X

### Units Financed under RHF - Year-wise

Year	No. of Units
2008-09	95,577
2009-10	70,995
2010-11	42,859
2011-12	1,26,795
2012-13	3,56,480
2013-14	5,35,299
2014-15	2,74,924
2015-16	58,433
2016-17	3,36,804
<b>Total</b>	<b>18,98,166</b>

## Appendix XI

### Urban Housing Fund Disbursements

(Amount ₹ in crore)

Year	Allocation	Utilization				
		HFCs	SCBs	RRBs	Others	Total
2013-14	2,000	129	744	--	--	873
2014-15	4,000	902	2,768	--	30	3,700
2015-16	--	94	1,256	33	--	1,383
2016-17	3,000	1,896	278	4	50	2,228
<b>Total</b>	<b>9,000</b>	<b>3,021</b>	<b>5,046</b>	<b>37</b>	<b>80</b>	<b>8,184</b>

## Appendix XII

### Units Financed under UHF - Year-wise

Year	No. of Units
2013-14	18,310
2014-15	1,26,373
2015-16	28,251
2016-17	20,238
<b>Total</b>	<b>1,93,172</b>

**Appendix XIII****Project Finance Disbursements - Year-wise**

(Amount ₹ in crore)

Year	Disbursement	Cumulative Disbursement
2005-06	365	1,023
2006-07	172	1,195
2007-08	449	1,644
2008-09	35	1,679
2009-10	52	1,731
2010-11	312	2,043
2011-12	64	2,107
2012-13	93	2,200
2013-14	34	2,234
2014-15	-	2,234
2015-16	97	2,331
2016-17	75	2,406

**Appendix XIV****Housing Finance Companies Granted Certificate of Registration**

S.No.	Name
1.	Altum Credo Home Finance Private Limited
2.	Anand Housing Finance Private Limited
3.	Aviom India Housing Finance Private Limited
4.	Bee Secure Home Finance Private Limited
5.	Centrum Housing Finance Limited
6.	Essel Finance Home Loans Limited
7.	Indostar Home Finance Private Limited
8.	KIFS Housing Finance Private Limited
9.	Manibhavnam Home Finance India Private Limited
10.	Navarathna Housing Finance Limited
11.	Ummeed Housing Finance Private Limited



## Appendix XV

### Performance under 1% Interest Subvention Scheme

(Amount ₹ in crore)

Financial Year (Apr 1 to Mar 31)	Allocation by GoI	Subsidy Disbursed by NHB	Subsidy Disbursed by RBI & NHB
2009-10	0.0	0.0	0.0
2010-11	38.5	17.3	38.5
2011-12	300.0	165.9	300.0
<b>Reimbursement Basis - Sub Total (A)</b>	<b>338.5</b>	<b>183.2</b>	<b>338.5</b>
2012-13	400.0	315.9	315.9
2013-14	80.0	105.0	105.0
2014-15	50.0	78.8	78.8
2015-16	0.0	50.3	50.3
2016-17	84.8	60.7	60.7
2017-18	-	-	-
<b>Allocation Basis - Sub Total B</b>	<b>614.8</b>	<b>610.7</b>	<b>610.7</b>
<b>TOTAL (A+B)</b>	<b>953.3</b>	<b>793.9*</b>	<b>936.6*</b>

\* Including interest earned on Government funds and refunds received from PLIs

## Appendix XVI

### Representation of SCs, STs, and OBCs

Groups	Number of Employees								Number of appointments made during the previous calendar year					
	By Direct Recruitment								By Promotion#			By other Method		
	Total	SCs	STs	OBCs	Toal	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STS
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	117*	14	04	29	18	03	01	04	-	-	-	-	-	-
<b>Total</b>	<b>117*</b>	<b>14</b>	<b>04</b>	<b>29</b>	<b>18</b>	<b>03</b>	<b>01</b>	<b>04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*Note: The officers' strength shown above excludes MD&CEO, ED and CVO.

#In NHB, reservation is applicable only for direct recruitment and promotion of an officer to higher rank is made on merit basis (Selection method).





**सबके लिए घर  
जीवन बेहतर**

**Sheltering People  
Transforming Lives**

2001 भूकंप राहत | कच्छ | गुजरात

2001 Earthquake Relief | Kutch | Gujarat



कोर 5-ए, तृतीय-पंचम तल,  
भारत पर्यावास केन्द्र,  
लोधी रोड, नई दिल्ली - 110003  
दूरभाष : 011-24649031-35,  
फैक्स : 011-24646988, 24649041  
वेबसाइट : <http://www.nhb.org.in>



राष्ट्रीय  
आवास बैंक  
NATIONAL  
HOUSING BANK

(भारतीय रिजर्व बैंक के सम्पूर्ण स्वामित्व में)  
(Wholly owned by Reserve Bank of India)

Core 5-A, India Habitat Centre,  
3rd-5th Floor,  
Lodhi Road, New Delhi - 110003  
Tel.: 011-24649031-35  
Fax : 011-24646988, 24649041  
<http://www.nhb.org.in>



2015 बाढ़ राहत | चेन्नई | तमिलनाडु

2015 Flood Relief | Chennai | Tamil Nadu