

वार्षिक रिपोर्ट
Annual Report
2019-20



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK



Annual Report
2019-20



एस. के. होता
प्रबंध निदेशक

S. K. Hota
Managing Director



Letter of Transmittal

NHB (ND)/MD/OUT06814/2020-21
October 19, 2020

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

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 2019-20.

Yours faithfully,


(S. K. Hota)

Encl. : As above

भारत सरकार के अंतर्गत सांविधिक निष्ठाप
कोर 5-ए, पांचवा तल, इंडिया हैबिटेट सेंटर, लोधी रोड, नई दिल्ली-110003
दूरभाष : +91-11-2464 2722, 2460 3470 फैक्स : +91-11-2464 9030
ई-मेल : md@nhb.org.in

Statutory Body under the Government of India
Core 5-A, 5th Floor, India Habitat Centre, Lodhi Road, New Delhi-110003
Phone : +91-11-2464 2722, 2460 3470 Fax : +91-11-2464 9030
e-mail : md@nhb.org.in

“बैंक हिन्दी में पत्राचार का स्वागत करता है”



एस. के. होता
प्रबंध निदेशक
S. K. Hota
Managing Director



Letter of Transmittal

NHB (ND)/MD/OUT06815/2020-21
October 19, 2020

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

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 2019-20.

Yours faithfully,


(S.K. Hota)

Encl. : As above

भारत सरकार के अंतर्गत सांख्यिक निकाय
कोर 5-ए, पांचवा तल, इंडिया हैबिटाट सेंटर, लोधी रोड, नई दिल्ली-110003
दूरभाष : +91-11-2464 2722, 2460 3470 फैक्स : +91-11-2464 9030
ई-मेल : md@nhb.org.in

Statutory Body under the Government of India
Core 5-A, 5th Floor, India Habitat Centre, Lodhi Road, New Delhi-110003
Phone : +91-11-2464 2722, 2460 3470 Fax : +91-11-2464 9030
e-mail : md@nhb.org.in

“बैंक हिन्दी में पत्राचार का स्वागत करता है”



एस. के. होता
प्रबंध निदेशक
S. K. Hota
Managing Director



Letter of Transmittal

NHB (ND)/MD/OUT06816/2020-21
October 19, 2020

The Governor
Reserve Bank of India
18th Floor, Central Office Building
Shahid Bhagat Singh Road
Mumbai - 400001

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 2019-20.

Yours faithfully,

(S. K. Hota)

Encl. : As above

भारत सरकार के अंतर्गत शासिक निकाय
कोर 5-ए, पांचवा तल, इंडिया हैबिटेट सेंटर, लोधी रोड, नई दिल्ली-110003
दूरभाष : +91-11-2464 2722, 2460 3470 फैक्स : +91-11-2464 9030
ई-मेल : md@nhb.org.in

Statutory Body under the Government of India
Core 5-A, 5th Floor, India Habitat Centre, Lodhi Road, New Delhi-110003
Phone : +91-11-2464 2722, 2460 3470 Fax : +91-11-2464 9030
e-mail : md@nhb.org.in

“बैंक हिन्दी में पत्राचार का स्वागत करता है”



Contents	Page No.
ABBREVIATIONS	178
Chapter 1: REVIEW & PROSPECTS OF ECONOMY	184
1.1 Global Economy	184
1.2 Indian Economy	185
1.3 Indian Real Estate and Residential Market	185
1.4 Overview of Indian Housing Finance Market	190
1.5 Outlook for Housing and Housing Finance	191
Chapter 2: PERFORMANCE	195
2.1 About National Housing Bank	196
2.2 Governance Structure	197
2.3 Key Performance Metrics of last 5 years	201
2.4 Performance Highlights of 2019-20	202
Chapter 3: OPERATIONS OF NHB	205
3.1 Resource Mobilisation	206
3.2 Refinance	209
3.3 Project Finance	214
3.4 Regulation & Supervision	216
3.5 Promotion & Development	220
3.6 Risk Management	232
3.7 Information Technology	232
3.8 Human Resources	233
3.9 Rajbhasha	236
3.10 Knowledge Centre	237
3.11 Compliance Department	237
3.12 Vigilance Department	238
3.13 RTI Cell	239
3.14 Regional Office and Regional Representative Offices	239
3.15 Audit	239
3.16 Corporate Communication	240
3.17 Corporate Social Responsibility	240



Contents	Page No.
Chapter 4: FUTURE OUTLOOK	241
Chapter 5: ANNUAL ACCOUNTS 2019-20	247
ANNEXURES	322
Annexure I: Major Announcements by the Government of India (GoI) and the Reserve Bank of India (RBI) for Housing and Housing Finance	323
Annexure II: Net Resources Mobilized during 2019-20	330
Annexure III: Resources Outstanding as on June 30, 2020	330
Annexure IV: Refinance Disbursements during 2019-20 - Institution Category-wise	331
Annexure V: Refinance Disbursements during 2019-20- Scheme-wise	331
Annexure VI: Refinance Disbursements during 2019-20 - Individual Housing Loans Slab-wise	331
Annexure VII: Cumulative Refinance Disbursements upto June 30, 2020	332
Annexure VIII: Refinance Outstanding in last 5 years	332
Annexure IX: Rural Housing Fund Disbursements	332
Annexure X: Urban Housing Fund Disbursements	333
Annexure XI: Affordable Housing Fund Disbursements	333
Annexure XII: Disbursements under Project Finance - Year-wise	334
Annexure XIII: Performance of HFCs	335
Annexure XIV: City-wise HPI@Assessment Prices till Quarter Jan-Mar 2020	336
Annexure XV: City-wise HPI@Market Prices for Under Construction Properties till Quarter Jan-Mar 2020	337
Annexure XVI: Representation of SCs, STs, OBC and EWS categories as on June 30, 2020	338
Annexure XVII: Slab-wise details of individual housing loans of HFCs and PSBs during 2019-20 (April 01 to March 31)	338



Contents	Page No.
GRAPHS	
Graph 1.1: Growth Rate of Economies across the World	184
Graph 1.2: Real Credit Growth (in annual percentage change)	190
Graph 1.3: Outstanding Individual Housing Loans of Banks and HFCs	191
Graph 1.4: Policy Rates and WALR	192
Graph 3.1: Net Resources Mobilized by NHB during 2019-20	206
Graph 3.2: Borrowings Outstanding as on June 30, 2020 (in per cent)	207
Graph 3.3: Refinance Disbursements - Institution Category-wise	210
Graph 3.4: Cumulative Refinance Disbursements (in per cent)	210
Graph 3.5: Refinance Outstanding - Institution Category-wise	211
Graph 3.6: Project Finance Disbursements	214
Graph 3.7: Movement of Gross NPA in Project Finance	215
Graph 4.1: Share in Outstanding Individual Housing Loans by Banks and HFCs	242
Graph 4.2: Comparative Analysis of WALR of HFCs & SCBs (in per cent per annum)	244
BOXES	
Box 1.1: Union Budget 2020-21	186
Box 1.2: Important/Key measures announced by the Government of India (GoI) and the Reserve Bank of India (RBI) for Housing and Housing Finance	187
Box 1.3: Special Window for Affordable and Middle Income Housing	189
Box 1.4: Highlights of Economic Survey 2019-20	193
Box 3.1: Rural Housing Fund and Urban Housing Fund	212
Box 3.2: Study on the impact of changes in Stamp Duty and Registration Charges on Residential Property, and suggest a revenue neutral model for enabling Affordable Housing for All	227
Box 4.1: Challenges and Opportunities for Housing Finance Companies	244



ACB	Audit Committee of the Board
ACHF	Apex Cooperative Housing Finance Society
AFD	Agence Française de Développement
AHF	Affordable Housing Fund
AIF	Alternative Investment Fund
ALM	Asset Liability Management
ALCO	Asset Liability Management Committee
AML	Anti-Money Laundering
APAR	Annual Performance Appraisal Report
ARDB	Agriculture and Rural Development Bank
ARHC	Affordable Rental Housing Complexes
CBHFL	Cent Bank Home Finance Limited
BCP	Business Continuity Planning
CAFRAL	Centre for Advanced Financial Research and Learning
CEIB	Central Economic Intelligence Bureau
CEO	Chief Executive Officer
CERSAI	Central Registration of Securitization Asset Reconstruction and Security Interest of India
CLSS	Credit Linked Subsidy Scheme
CLAP	CLSS Awas Portal
CNA	Central Nodal Agency
CoR	Certificate of Registration
CPGRAMS	Centralized Public Grievance Redress and Monitoring System
CP	Commercial Paper
CPIO	Central Public Information Officer
CRAR	Capital to Risk Weighted Assets Ratio
CRGF	Credit Risk Guarantee Fund
CRGFTLIH	Credit Risk Guarantee Fund Trust for Low Income Housing
CRMC	Credit Risk Management Committee
CRE	Commercial Real Estate
CRO	Chief Risk Officer
CSI	Current Situation Index
CSR	Corporate Social Responsibility
CSO	Central Statistics Office
CTR	Cash Transaction Report



CVO	Chief Vigilance Officer
DARPG	Department of Administrative Reforms and Public Grievances
DFS	Department of Financial Services
EC	Executive Committee of Directors
ED	Executive Director
EMDE	Emerging Market and Developing Economies
EWS	Economically Weaker Section
FEI	Future Expectation Index
FI	Financial Institution
FIU-IND	Financial Intelligence Unit- India
GDP	Gross Domestic Product
GNPA	Gross Non-Performing Asset
GoI	Government of India
GRIDS	Grievance Registration & Information Database System
GST	Goods & Services Tax
HDFC	Housing Development Finance Corporation Limited
HFA	Housing For All
HFC	Housing Finance Company
HPI	Housing Price Index
HR	Human Resource
HRC	Human Resource Committee
HTM	Held to Maturity
HUDCO	Housing and Urban Development Corporation Limited
IBC	Insolvency & Bankruptcy Code
IHC	India Habitat Centre
II	Insurance Institute of India
IIM	Indian Institute of Management
IL&FS	Infrastructure Leasing and Financial Services
IMF	International Monetary Fund
IMGCL	India Mortgage Guarantee Corporation Private Limited
INGRAM	Integrated Grievance Redressal Mechanism
InvIT	Infrastructure Investment Trust
IPR	Immovable Property Return
IS	Information Security



ISHUP	Interest Subsidy Scheme for Housing the Urban Poor
IT	Information Technology
ITP	Information Technology Policy
ITC	Information Technology Committee
KYC	Know Your Customer
LAD	Loan Against Deposit
LAF	Liquidity Adjustment Facility
LAP	Loan Against Property
LDSP	Land Development and Shelter Projects
LIG	Lower Income Group
LIFt	Liquidity Infusion Facility
LODR	Listing Obligations and Disclosure Requirements
LTV	Loan to Value
MD	Managing Director
MFI	Micro Finance Institution
MHP	Minimum Holding Period
MIG	Middle Income Group
MLI	Member Lending Institutions
MNRE	Ministry of New and Renewable Energy
MPC	Monetary Policy Committee
MoF	Ministry of Finance
MoHUA	Ministry of Housing and Urban Affairs
MoRD	Ministry of Rural Development
MoU	Memorandum of Understanding
MRR	Minimum Retention Requirement
MSME	Micro Small and Medium Enterprises
NABARD	National Bank for Agriculture and Rural Development
NAREDCO	National Real Estate Development Council
NBFC	Non-Banking Financial Company
NCD	Non-Convertible Debentures
NCH	National Consumer Helpline
NHB	National Housing Bank
NPA	Non-Performing Asset

NPV	Net Present Value
NNPA	Net Non-Performing Asset
NOF	Net Owned Fund
NSDF	National Skill Development Fund
NSDC	National Skill Development Corporation
OBC	Other Backward Classes
ORMC	Operational Risk Management Committee
ORMIS	Online Reporting Management Information System
OSD	Officer on Special Duty
PAT	Profit After Tax
PCGS	Partial Credit Guarantee Scheme
PGHRS	Promoting Green Housing Refinance Scheme
PLIs	Primary Lending Institutions
PMAY	Pradhan Mantri Awas Yojana
PMAY (G)	Pradhan Mantri Awas Yojana - Gramin
PMAY (U)	Pradhan Mantri Awas Yojana - Urban
PMLA	Prevention of Money Laundering Act, 2002
PSB	Public Sector Bank
RBI	Reserve Bank of India
RC	Remuneration Committee of Directors
RESIDEX	The Residential Property Price Index
REIT	Real Estate Investment Trust
RERA	Real Estate (Regulation and Development) Act, 2016
RHF	Rural Housing Fund
RHISS	Rural Housing Interest Subsidy Scheme
RMAC	Risk Management Advisory Committee
RMBS	Residential Mortgage Backed Security
RO	Regional Office
RRB	Regional Rural Bank
RRO	Regional Representative Office
RRY	Rajiv Rin Yojana
RTI	Right to Information



SARFAESI	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SBI	State Bank of India
SC	Scheduled Caste
SCB	Scheduled Commercial Bank
SEBI	Securities and Exchange Board of India
SFB	Small Finance Bank
SIDBI	Small Industries Development Bank of India
SLCC	State Level Coordination Committee
SLNA	State Level Nodal Agency
SLR	Statutory Liquidity Ratio
SLF	Special Liquidity Facility
SMAC	Special Mention Accounts Committee
SRF	Special Refinance Facility
ST	Scheduled Tribe
STR	Suspicious Transaction Report
SUNREF	Sustainable Use of Natural Resources and Energy Facility
SWAMIH	Special Window for Affordable and Mid-Income Housing
TAC	Technical Advisory Committee
TLTRO	Targeted Long Term Repo Operations
TNIDB	Tamil Nadu Investment Development Board
TNIFMC	Tamil Nadu Infrastructure Fund Management Corporation Limited
TOLIC	Town Official Language Implementation Committee
TREP	Tripartite Repo
UCB	Urban Co-operative Bank
UHF	Urban Housing Fund
ULB	Urban Local Body
WALR	Weighted Average Lending Rate
WHD	World Habitat Day





CHAPTER 1: REVIEW & PROSPECTS OF ECONOMY



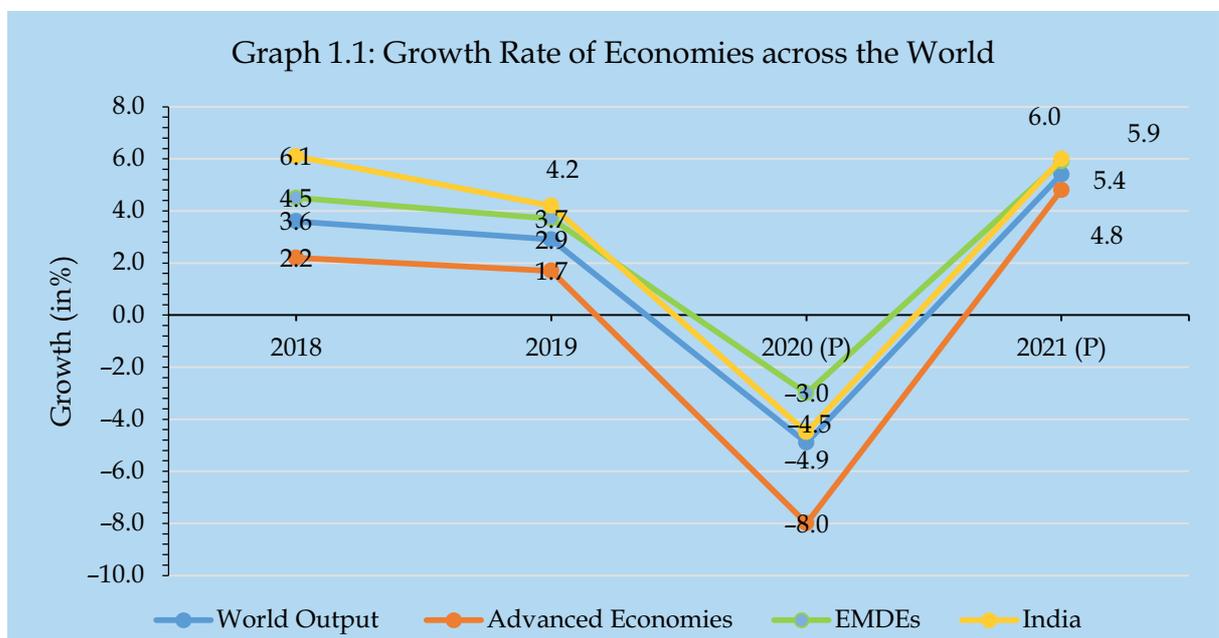
1. REVIEW & PROSPECTS OF ECONOMY

1.1 Global Economy

The world economy recorded an average growth of 3.5 per cent in 2014-2019. During this period, India surged ahead of the rest of the world, recording in 2014-19 an average growth significantly higher than that of any comparable peer, both among advanced and emerging market economies. The global economy, however, in 2019 is estimated to have registered the slowest pace in the world output growth at 2.9 per cent since the global financial crisis of 2009, declining from a subdued 3.6 per cent in 2018 and 3.8 per cent in 2017. The slowdown in the growth rate was primarily on account of geographically broadbased decline in manufacturing activity and trade and uncertain trade tensions between China

and USA.¹ This unprecedented decline in the global growth has been further aggravated with the highly contagious COVID-19 hitting various economies of the world in rapid succession since January 2020.

As per IMF's World Economic Outlook (WEO) data, global growth in 2020 is projected to be at - 4.9 per cent. Consumption growth, in particular, has been downgraded for most economies, reflecting the larger-than anticipated disruption to domestic activity. Growth in the advanced economy group is projected at - 8.0 per cent in 2020. Overall, growth in the group of Emerging Market and Developing Economies (EMDEs) is forecast at -3.0 per cent in 2020.² The growth rate of India has been projected at -4.5 per cent in 2020 as compared to the growth rate of 4.2 per cent during 2019.



Source: World Economic Outlook Update, June 2020

¹World Economic Outlook Database, 2020 & Economic Survey 2019-20

²World Economic Outlook Update Data, June 2020

As per the data provided in WEO Update, June 2020, despite the projected slump in 2020, the world output is expected to strengthen to 5.4 per cent in 2021, thereby exceeding the growth rate of 2019. The growth rate of Advanced Economies and EMDEs is also projected to recover in 2021 thereby surpassing its 2019 levels to 4.8 per cent and 5.9 per cent respectively.

1.2 Indian Economy

As per Economic Survey 2019-20, India recorded an annual average growth rate of 7.5 per cent and annual average inflation of 4.5 per cent over the last 5 years. The World Economic Outlook in October 2019 also estimated India's economy to become the fifth largest in the world, as measured using Gross Domestic Product (GDP) at current US\$ prices, moving past United Kingdom and France. The size of the economy was estimated at US\$ 2.9 trillion in 2019.

Amidst a weak environment for global manufacturing, trade and demand, the Indian economy slowed down with GDP growth moderating to 4.2 per cent in 2019-20, lower than 6.1 per cent in 2018-19.³

In view of the threat posed by COVID-19, India imposed a strict lock-down from March 25, 2020. The month of April, 2020 was of economic standstill with restrictions on various activities

eased in May, 2020. As restrictions were further eased, the country entered the unlock phase in June, 2020. The loss of economic output from more than 2 months of lock-down was first triggered from the supply side as labour stayed away from work. The demand side caused further loss of output as consumption of goods and services dependent on customer mobility fell. This twin supply-demand shock on output subsequently led to loss of income, which caused further decline in consumption resulting in further loss of output. Owing to these unprecedented COVID-19 induced supply-demand shocks, World Economic Outlook update in June 2020, projected growth of India's output at -4.5 per cent in 2020-21.⁴ However, a huge turnaround has been projected by the World Economic Outlook for India in 2021 wherein the growth rate output is projected to strengthen to 6 per cent.

1.3 Indian Real Estate and Residential Market

The size of India's real estate sector in 2017 stood at 120 billion US dollars. The real estate sector in India is further expected to reach 1 trillion US dollars by 2030 and by 2025, it is expected to contribute 13 per cent to the country's GDP.⁵ Government of India's Housing for All (HFA) initiative along with, the reforms such as RERA, reduction in GST rates for affordable housing, extension

³Figures relating to GDP growth rate are from Provisional Estimates of Annual National Income, 2019-20 and Quarterly Estimates (Q4) of Gross Domestic Product, 2019-20, Ministry of Statistics and Programme Implementation

⁴Macro Economic Report, June 2020, Department of Economic Affairs

⁵KPMG report - Indian real estate construction: Consolidating for growth



of time limit for availing deduction under Section 80-IBA of Income Tax Act till March 31, 2021, credit enhancement for infrastructure and housing projects,

etc. are expected to provide continued thrust to the sector. The housing related measures announced in Union Budget 2020-21 are summarised under Box 1.1.

Box 1.1: Union Budget 2020-21

The Union Budget 2020-21 was based on three prominent themes – Aspirational India, Economic Development and a Caring Society. The Budget allocated funds and proposed new schemes for every sector under these three themes. The summary of Union Budget announcements specific to Housing and Housing Finance sector are as under:

- The limit for NBFCs to be eligible for debt recovery under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act 2002 to be reduced from ₹500 crore to asset size of ₹100 crore or loan size from existing ₹1 crore to ₹50 lakh.
- To address the liquidity constraints of the NBFCs/HFCs, post the Union Budget 2019-20, the government formulated a Partial Credit Guarantee Scheme for the NBFCs. To further this support of providing liquidity, a mechanism would be devised. Government will offer support by guaranteeing securities so floated.
- While taxing income from capital gains, business profits and other sources in respect of transactions in real estate, if the consideration value is less than circle rate by more than 5 per cent, the difference is counted as income both in the hands of the purchaser and seller. In order to minimize hardship in real estate transaction and provide relief to the sector, the limit was increased from 5 per cent to 10 per cent.
- Presently, an additional deduction up to one lakh fifty thousand rupees is allowed for interest paid on loans sanctioned upto March 31, 2020 for purchase of an affordable house. In order to incentivise the purchase of affordable housing, it was proposed to extend the date of sanction of loan to March 31, 2021.
- In order to boost the supply of affordable houses in the country, a tax holiday is provided on the profits earned by developers of affordable housing project approved by March 31, 2020. In order to promote the affordable housing projects, the date of approval of affordable housing projects for availing this tax holiday was extended by one more year i.e. March 31, 2021.
- In order to encourage unlisted Infrastructure Investment Trust (InvIT) or a Real Estate Investment Trust (REIT), the taxation regime as available to listed InvITs and listed REIT was extended to unlisted REIT and InvIT.

Source: Union Budget Documents



The real estate sector, and residential property in particular in recent times, has been reeling with issues of delayed project deliveries and stalled projects leading to a build-up of unsold inventory over the years. As at end of December 2019, about 13.32 lakh units worth ₹9.27 lakh crore with 43 months of inventory were unsold at various stages of the project cycle across top 8 cities.⁶ In order to facilitate the completion of affordable and middle income housing projects, the Government of India had also announced an Alternative Investment Fund (AIF) for last-mile funding of stalled housing projects.

As per Reserve Bank of India (RBI), with the COVID-19 outbreak, demand and liquidity constraints intensified in the housing sector. House sales and launches, which had declined by 16 per cent and 35 per cent (y-o-y), respectively, during Q3:2019-20 were pulled down by around 26 per cent and 51 per cent, respectively, during Q4:2019-20.⁷ The event of lock down, social distancing measures adopted in the wake of COVID-19, migration of labourers working in the real estate sector etc. are expected to affect real estate projects and also result in demand contraction.

Anticipating the economic downturn in view of the outbreak of pandemic, Government of India and the RBI introduced series of fiscal and monetary policy measures in order to bring the economy on the path of economic recovery and growth. The National Housing Bank (NHB) also through its Refinancing, Supervisory, Promotional & Developmental initiatives and role as Central Nodal Agency (CNA) for Government Schemes like Pradhan Mantri Awas Yojana (PMAY)- Credit Linked Subsidy Scheme (CLSS) provided necessary support to the sector which is detailed in the ensuing Chapters.

The gist of major reforms announced for housing and housing finance sector are provided in Box 1.2.

Box 1.2: Important/Key measures announced by the Government of India (GoI) and the Reserve Bank of India (RBI) for Housing and Housing Finance

A. Government of India- Aatma Nirbhar Bharat Abhiyaan

- State Governments were advised to invoke the Force Majeure clause under RERA.
- Subsequent to the announcement of Scheme for Affordable Rental Housing Complexes for Migrant Workers and Urban Poor, Union Cabinet gave its approval for developing of Affordable Rental Housing Complexes (AHRCs) for urban migrants / poor as a sub-scheme under Pradhan Mantri Awas Yojana – Urban (PMAY(U)).
- ₹70,000 crore boost to housing sector and middle income group through extension of Credit Linked Subsidy Scheme for MIG under PMAY(U) upto March 31, 2021.

⁶ Data as per LiasesForas

⁷ Financial Stability Report July 2020



- Special Liquidity Scheme of ₹30,000 crore for NBFC/HFC.
- Partial credit guarantee Scheme 2.0 for Liabilities of NBFCs/MFIs was announced in which existing Partial Credit Guarantee scheme was revamped and was extended to cover the borrowings of lower rated NBFCs, HFCs and other Micro Finance Institutions (MFIs).

B. Reserve Bank of India

- Reduction in policy rates. Cumulatively, the repo rate has been reduced by 115 basis points since March, 2020 to June, 2020
- Targeted long-term repo operations (TLTRO) of up to three years tenor for a total amount of up to ₹1,00,000 crore at a floating rate linked to the policy repo rate.
- Targeted long-term repo operations (TLTRO 2.0) for an aggregate amount of ₹50,000 crore.
- Moratorium of 3 months on payment of instalments in respect of all term loans outstanding as on March 1, 2020. The moratorium was subsequently extended by another three months, i.e. from June 1, 2020 to August 31, 2020.
- Exclusion of entire moratorium/ deferment period from March 1, 2020 to August 31, 2020 from the calculation of 30-day Review Period or 180-day Resolution Period in terms of RBI's prudential framework of resolution of stressed assets, if the Review/Resolution Period had not expired as on March 1, 2020.
- Special refinance facilities of ₹25,000 crore to NABARD for refinancing Regional Rural Banks (RRBs), Cooperative Banks and Micro Finance Institutions (MFIs); ₹15,000 crore to SIDBI for on-lending/refinancing; and ₹10,000 crore to NHB for supporting housing finance companies (HFCs).
- On June 08, 2020, the RBI released "Draft Framework for Securitisation of Standard Assets" and "the Draft Comprehensive Framework for Sale of Loan Exposures". The revised guidelines aimed at development of a strong and robust securitisation market in India and incentivising simpler securitisation structures, attempt to align the regulatory framework with the Basel guidelines on securitisation.
- On June 17, 2020, RBI released draft of the proposed changes in regulations applicable to Housing Finance Companies (HFCs). The proposed changes inter-alia included, defining principal business and qualifying assets for HFCs, Classifying HFCs as systemically important (asset size of ₹500 crore & above) and non-systemically important (asset size less than ₹500 crore), directions on Liquidity Risk framework & LCR, securitisation, etc.
- Additional special liquidity facility of ₹10,000 crore i.e. ₹5,000 crore each to NHB and National Bank for Agriculture and Rural Development (NABARD) to be provided at the policy repo rate.
- In view of the heightened financial stress for borrowers caused due to disruptions caused by COVID 19, the RBI issued a circular dated August 06, 2020 on "Resolution Framework for COVID-19-related Stress" wherein it was decided to provide a window under the



Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as Standard, subject to specified conditions.

The detailed of major announcements is provided at Annexure I.

Source: Government of India Press Release and RBI

Box 1.3: Special Window for Affordable and Middle Income Housing

On September 14, 2019, the Hon'ble Finance Minister announced the setting up a ₹10,000 crore fund, with matching private sector contributions, to provide last mile finance to complete stalled affordable/mid-income housing projects. Accordingly a Category II Alternative Investment Fund ("AIF") was set up viz. Special Window for Affordable and Mid-Income Housing (SWAMIH) Investment Fund I, for reviving stalled housing projects across India.

The fund has a target corpus of ₹12,500 crore with a greenshoe option of ₹12,500 crore and is sponsored by the Secretary, Department of Economic Affairs, Ministry of Finance, Government of India (GoI). The Trustee of the Fund is SBICAP Trustee Company Limited. SBICAP Ventures Limited (SVL) is the Investment Manager of the Fund. The investment objective of the Fund is to complete construction of stalled residential development by investing in a portion of a project that satisfies the following criteria:

- Project already stalled or likely to be stalled;
- At least 90% of the available FSI / FAR is being developed as Affordable Housing units or Mid-Income Housing units;
- Networth positive - value of sold receivables plus unsold inventory is greater than cost to complete construction and to service the investment by the Fund;
- Has completed at least 30% of the construction and development
- Requires last mile funding - sufficient to complete construction
- Part of a RERA registered project.
- No pending legal proceedings
- Inter Creditors Agreement - Priority of charge and cash flow

The Performance of the SWAMIH Fund as on August 20, 2020 is tabulated as under:

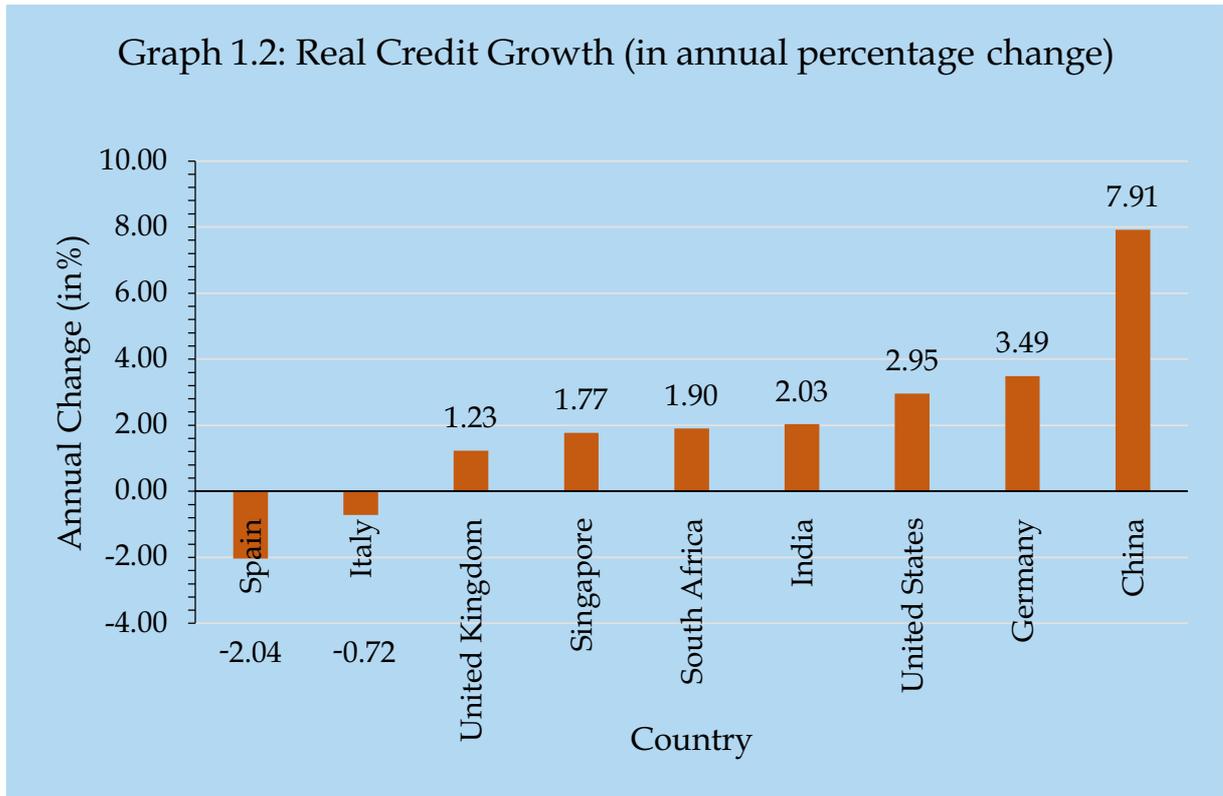
Stage	No. of Deals	Project Cost (in ₹ Crore)	Deal Size (in ₹ Crore)	Total Units
Final Approval	22	10,417	3,472	20,380
Preliminary Approval	79	22,686	6,812	51,179
TOTAL	101	33,103	10,284	71,559

Source: Twitter Handle of Ministry of Finance and SBI Caps



1.4 Overview of Indian Housing Finance Market

As per IMF, the real credit growth, often associated with house price changes, was strong in many countries in 2019 with Countries such as India, United States, Germany, China etc. recording an annual growth of over 2 per cent.⁸



Source: Data from IMF Global Housing Watch

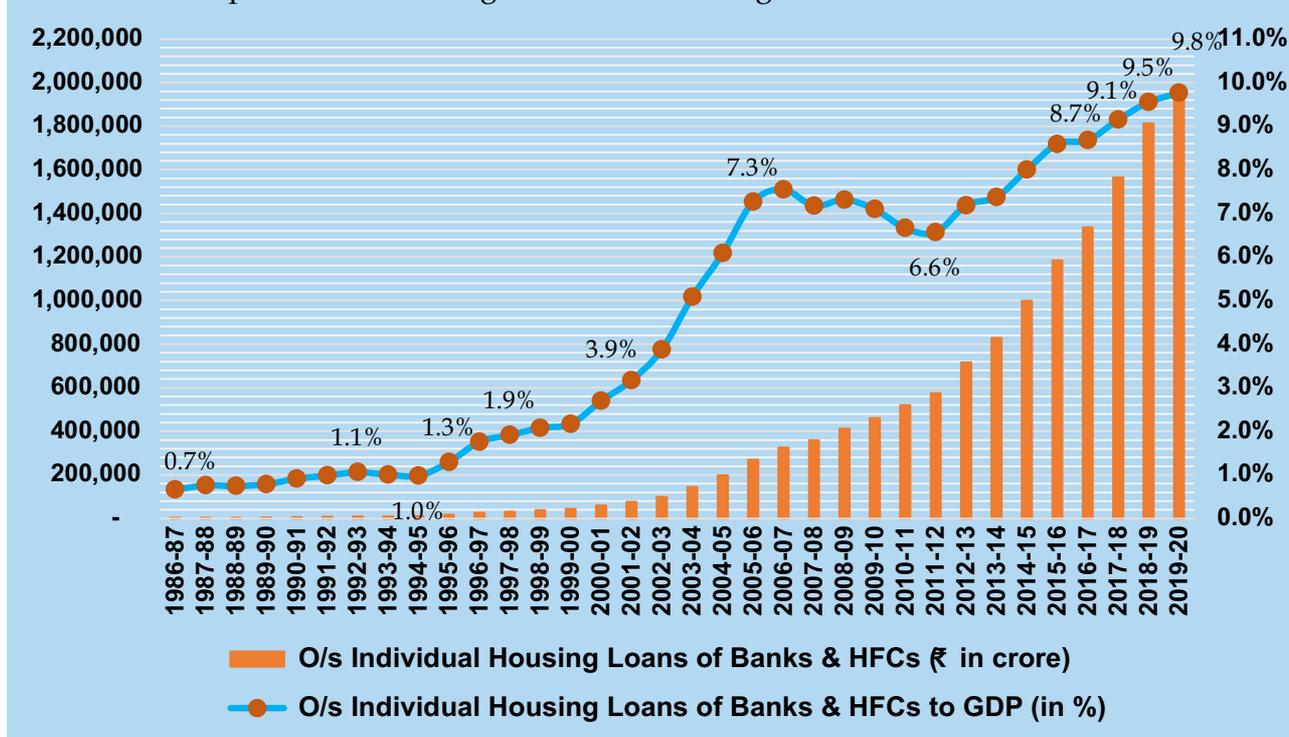
In India, the contribution to credit growth from certain sectors including retail, Housing Finance Companies (HFCs) and Non-Bank Finance Companies (NBFCs) has been substantial over the last few years, with the sector contribution increasing to 40.4 per cent in February 2020 from 26.9 per cent in FY 15.⁹ Within the housing finance market, the HFCs and Banks collectively constitute the majority share. The overall share of individual housing loans of HFCs and Banks combined to GDP (at market price) stood at 9.8 per cent at the end of 2019-20 with an outstanding of around ₹20 lakh crore.

⁸2019:Q4 or latest, annual percentage change

⁹Banking Sector: Out of Corporate Stress Cycle and Into COVID-19 Aftermath, India Ratings & Research



Graph 1.3: Outstanding Individual Housing Loans of Banks and HFCs



Source: NHB and RBI

During 2019-20, HFCs and Public Sector Banks (PSBs) collectively disbursed individual housing loans of around ₹4.05 lakh crore towards 35.45 lakh housing units. The table depicting Slab-wise Individual Housing Loan of HFCs and PSBs is provided at Annexure XVII.

1.5 Outlook for Housing and Housing Finance

The COVID-19 crisis has induced a feeling of pessimism across the country. As per the Consumer Confidence Survey released by RBI, the consumer confidence collapsed in May 2020, with the current situation index (CSI) touching historic low and the one year ahead future expectations index (FEI) also recording a sharp fall, entering the zone of pessimism. The Survey reveals that the consumer perception on the general economic situation, employment scenario and household income has plunged; while expectation on general economic situation and employment scenario for the year ahead were also pessimistic.¹⁰

The low consumer confidence owing to economic slowdown on account of COVID-19 is expected to impact the off-take of home loans thereby affecting the loans books of Housing Finance Companies and Banks. The insecurities arising out of job losses, salary cuts and other uncertainties is expected to further shrink the demand for residential real estate. The under construction housing projects have also got impacted because of labour migration and

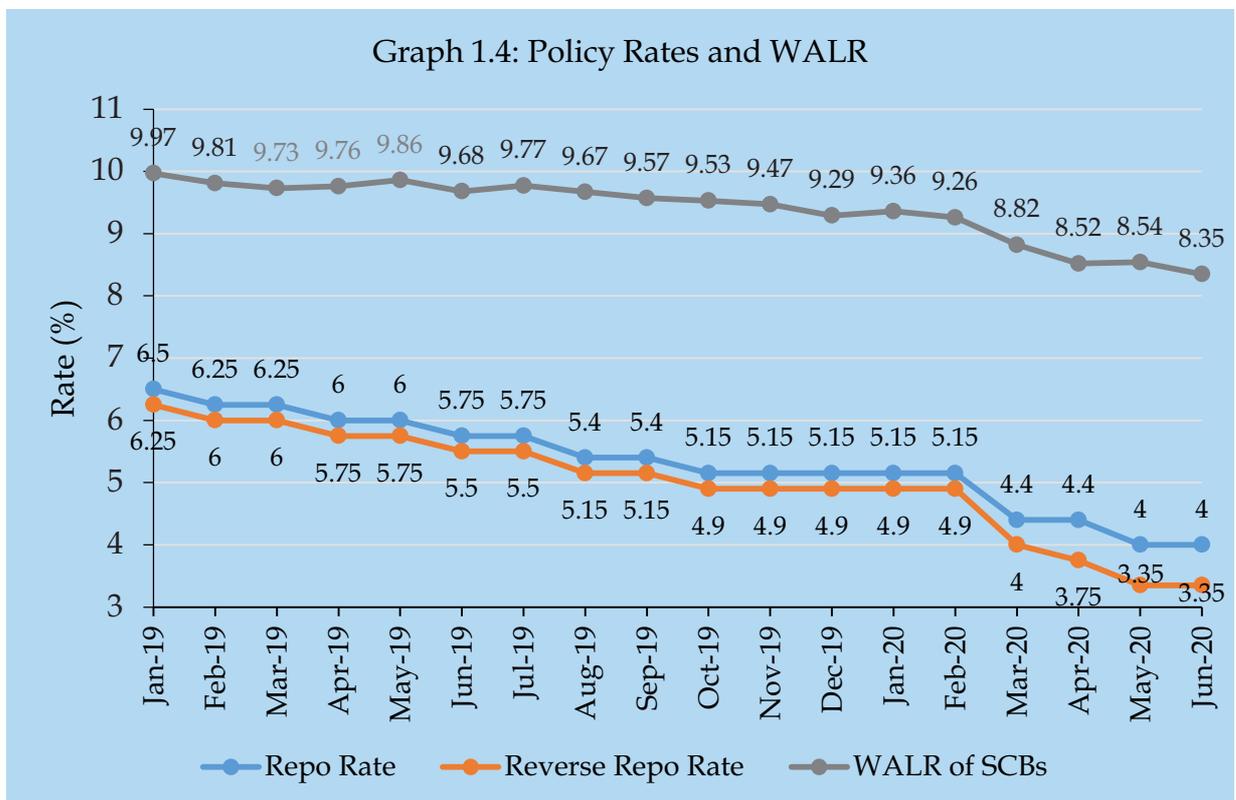
¹⁰ Consumer Confidence Survey by RBI, May, 2020



lockdowns, which delayed project execution, completion and sales, and has further impacted the cash flow of this segment.

The economic impact of the pandemic and the anticipated compression in the economy may result in higher non-performing assets and capital erosion of Banks. The business growth and key performance parameters - asset quality, solvency, liquidity, earnings of HFCs are expected to be muted, particularly in the short term, and recovery be contingent on the overall economic turnaround. The likely loss of livelihoods and a reduction in income, especially for self-employed borrowers engaged in non-essential services, are likely to impact income and hence, the asset quality of retail home loans as well.

The GoI and the RBI have initiated several measures to cushion the impact of the crisis and handhold the various sectors including housing and housing finance. The Government of India as a part of the five-tranche ₹20 lakh crore stimulus package, has also stepped in to provide liquidity support under two separate schemes viz. special liquidity scheme of ₹30,000 crore and the partial credit guarantee scheme to cover the borrowings of lower rated NBFCs/ HFCs which will result in liquidity of ₹45,000 crore. Further, keeping in view the agenda for Housing For All, the CLSS for MIG segment has been extended up to March 2021 which will benefit 2.5 lakh middle income families during 2020-21 and will lead to investment of over ₹70,000 crore in housing sector.



Source: RBI



The liquidity measures by RBI along with NHB refinance to HFCs is expected to yield favourable results in terms of low borrowing cost given that the market has a significant liquidity surplus. As per the data released by RBI the Weighted Average Lending Rates (WALR) on fresh rupee loans of commercial banks declined by 72 bps from February 2020 till May, 2020, which is expected to benefit the individuals as well as the HFCs (whose one of the major source of fund are borrowings from Banks).

An important recent development of strategic importance for the Indian housing finance market in India in this regard is the release of the 'Draft Framework for Securitisation of Standard Assets' and 'the Draft Comprehensive Framework for Sale of Loan Exposures' by the RBI on June 08, 2020. The revised securitisation guidelines propose differential treatment for Residential Mortgage Backed Securities (RMBS) compared to other securitisations in respect of prescriptions regarding minimum holding period (MHP), minimum retention requirements (MRR) and reset of credit enhancements. The development of the RMBS market in the country has been one of the key endeavours of the NHB and it is expected that the finalisation of the regulations in this regard will facilitate the Indian mortgage market to reap the benefits of RMBS including the development of long term debt market.

While most homebuyers are expected to adopt a wait and watch stance till the situation tends towards normalcy, the fundamental demand for housing in India is likely to continue to be strong on factors such as Government thrust on affordable housing, favourable demographics etc. Further, timely measures announced by GoI and RBI are expected to alleviate the housing and housing finance sector thereby easing pressure and making funds available for distressed segments.

Box 1.4: Highlights of Economic Survey 2019-20

The Key Highlights of the Economic Survey 2019-20 are as follows:

- Amidst a weak environment for global manufacturing, trade and demand, the Indian economy slowed down with GDP growth moderating to 4.8 per cent in H1 of 2019-20, lower than 6.2 per cent in H2 of 2018-19.
- Current Account Deficit (CAD) narrowed to 1.5 per cent of GDP in H1 of 2019-20 from 2.1 per cent in 2018-19.
- Headline inflation rose from 3.3 per cent in H1 of 2019-20 to 7.4 per cent in December 2019 on the back of temporary increase in food inflation, which is expected to decline by year end.
- The deceleration in GDP growth can be understood within the framework of a slowing cycle of growth. The financial sector acted as a drag on the real sector.



- In an attempt to boost investment, consumption and exports, the government in 2019-20 has taken important reforms towards speeding up the insolvency resolution process under Insolvency and Bankruptcy Code (IBC), easing of credit, particularly for the stressed real estate and NBFC sectors, and announcing the National Infrastructure Pipeline 2019-2025 amongst other measures.
- Based on CSO's first Advance Estimates of India's GDP growth for 2019-20 at 5 per cent, an uptick in GDP growth is expected in H2 of 2019-20.
- Monetary Policy remained accommodative in 2019-20.
- Bank credit growth slowed down in 2019-20 and stands at 7.1 per cent (YoY) as of December 20, 2019, as compared to a growth of 12.9 per cent in April 2019.
- Systemic liquidity has been largely in surplus in 2019-20. Weighted Average Call Money Rate remained mostly close to repo rate within the Liquidity Adjustment Facility (LAF) corridor.
- India has considerably improved its ranking in Ease of Doing Business to 63rd position in 2019 compared to 77th position in 2018.
- Report of the Task Force on National Infrastructure Pipeline released on December 31, 2019 has projected total infrastructure investment of ₹102 lakh crore during the period 2020 to 2025 in India.
- About 76.7 per cent of the households in the rural and about 96 per cent in the urban areas had houses of pucca structure.

Source: Economic Survey 2019-20





CHAPTER 2: PERFORMANCE



2. THE NATIONAL HOUSING BANK

2.1 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 was established to perform three broad functions –Regulation & Supervision of Housing Finance Companies (HFCs), Financing and Promotion & Development.

As per the provisions of the National Housing Bank Act, 1987, the powers of registration, regulation and supervision of Housing Finance Companies (HFCs) were vested with the National Housing Bank (NHB). However, in terms of the amendment made to the National Housing Bank Act, 1987, pursuant the Union Budget announcements for 2019-20, the regulatory powers (including registration of HFCs) of National Housing Bank over Housing Finance Companies (HFCs) stand transferred to the Reserve Bank of India (RBI) with effect from August 9, 2019.

Post the above transfer, HFCs are to be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. RBI had announced that it will carry out a review of the extant regulatory framework applicable to the HFCs and come out

with revised regulations in due course (draft guidelines announced on June 17, 2020). In the meantime, HFCs shall continue to comply with the directions and instructions issued by the NHB till the RBI issues a revised framework. NHB continues to carry out supervision of HFCs and HFCs continue to submit various returns to NHB as hitherto. The grievance redressal mechanism with regard to HFCs also continues to rest with the NHB.

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.

NHB's Financial Year (FY) is from July 01 to June 30. Accordingly, the data related to NHB mentioned in this Report pertains from July 01 to June 30, unless mentioned otherwise.

2.1.1 Organisation Structure

NHB is a lean, officer oriented, professionally managed institution with its headquarters in Delhi and offices in Mumbai, Hyderabad, Bengaluru, Kolkata and Ahmedabad. As on June 30, 2020, NHB had 128 professionals at different levels. NHB is committed to pursuit of excellence through innovation, dedicated workforce and contemporary work practices with technology intervention.



2.2 Governance Structure

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the Management's highest levels. Corporate Governance encompasses a set of systems and best practices to ensure that the affairs of the organization are being managed in a manner which ensures compliance with the laws and 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.

2.2.1 Composition of the Board

General superintendence, direction and management of the affairs of the business of the NHB are vested in the Board of Directors, which act on business principles with due regard to public interest. The Board of Directors have been constituted in accordance with the provisions of the National Housing Bank Act, 1987. The Board is being chaired by Shri Sarada Kumar Hota who has assumed the charge as Managing Director (MD) of National Housing Bank (NHB), with effect from June 27, 2019.

The following changes took place in the composition of the Board of Directors of NHB during 2019-20:

- Shri Anand Madhukar, Officer on Special Duty (OSD), Department of

Financial Services was appointed as Director on Board of NHB, with effect from January 07, 2020 in place of Shri Pankaj Jain, Addl. Secy., Department of Financial Services.

- Tenure of Shri Kamalkishore Chandravadan Jani, had come to an end on April 05, 2020, after completing the term of three years.
- Tenure of Dr. Charan Singh, had come to an end on May 07, 2020, after completing the term of three years.
- Shri Manoj Kumar Meena, Secretary, Housing Department, Government of Karnataka was appointed as Director on Board of NHB, with effect from May 11, 2020.
- Smt. Seema Rekha Bhuyan, Secretary to the Government of Assam, Home, Political & Passport Department was appointed as Director on Board of NHB, with effect from June 10, 2020.
- Shri Amrit Abhijat, Joint Secretary, Ministry of Housing & Urban Affairs, New Delhi was appointed as Director on Board of NHB, with effect from June 19, 2020 vice Shri Shiv Das Meena, Addl. Secretary, MoHUA.

As on June 30, 2020, apart from Managing Director, appointed by the Government of India under Section 6(1) (a) of the National Housing Bank Act, 1987, there were six other directors on the Board of Directors of NHB, as per the following composition:

- One Director from among the Board of Directors of Reserve Bank of India,



nominated by the Reserve Bank of India under Section 6 (1) (d) of the Act;

- Three Directors from amongst the officials of the Central Government, appointed by the Central Government under Section 6 (1) (e) of the Act; and
- Two Directors from amongst the officials of the State Government, appointed by the Central Government under Section 6 (1) (f) of the Act.

2.2.2 Board of Directors

The following was the composition of the Board of Directors as on June 30, 2020:

Shri S.K. Hota

Managing Director, National Housing Bank

Dr. Prasanna Kumar Mohanty

*Central Board of Directors
Reserve Bank of India*

Shri Prasant Kumar

*Special Secretary to the Government of India,
Department of Rural Development,
Ministry of Rural Development*

Shri Amrit Abhijat

*Joint Secretary to the Government of India,
Ministry of Housing and Urban Affairs*

Shri Anand Madhukar

*Officer on Special Duty (JS Level),
Department of Financial Services,
Ministry of Finance*

Shri Manoj Kumar Meena

*Secretary to the Government of Karnataka
Department of Housing
Karnataka Government Secretariat*

Smt. Seema Rekha Bhuyan

*Secretary to the Government of Assam,
Home, Political & Passport Departments*

2.2.3 Committees Constituted by the Board

The Board has constituted six Committees to enable better and focused attention on the affairs of NHB, viz.

- i) Executive Committee of Directors (EC),
- ii) Audit Committee of the Board (ACB),
- iii) Remuneration Committee of Directors (RC),
- iv) Human Resource Committee of the Board (HRC),
- v) Supervisory Committee of the Board, and
- vi) Review Committee of the Board on Non-Cooperative Borrowers and Wilful Defaulters of the Bank

The functions of the various Committees of the Board are well-defined. The Board/ Committee meetings are held at regular intervals.



2.2.4 Composition of the Sub-Committee of Board

The following was the composition of the Sub-Committees of Board, as per the reconstitution by the Board of Directors in its meeting held on July 17, 2020:

Executive Committee of the Board

- i) Shri S. K. Hota, Chairman
- ii) Shri Prasant Kumar, Member
- iii) Shri Amrit Abhijat, Member
- iv) Shri Manoj Kumar Meena, Member

Audit Committee of the Board

- i) Shri Prasant Kumar, Chairman
- ii) Dr. Prasanna Kumar Mohanty, Member
- iii) Shri Anand Madhukar, Member
- iv) Smt. Seema Rekha Bhuyan, Member

Human Resource Committee of the Board

- i) Shri Anand Madhukar, Chairman
- ii) Shri S. K. Hota, Member
- iii) Shri Prasant Kumar, Member
- iv) Shri Amrit Abhijat, Member

Supervisory Committee of the Board

- i) Dr. Prasanna Kumar Mohanty, Chairman

- ii) Shri S. K. Hota, Member
- iii) Shri Prasant Kumar, Member
- iv) Shri Anand Madhukar, Member

Review Committee of the Board for Non-Cooperative and Wilful Defaulters

- i) Shri S. K. Hota, Chairman
- ii) Shri Amrit Abhijat, Member
- iii) Shri Anand Madhukar, Member
- iv) Shri Manoj Kumar Meena, Member

Remuneration Committee

- i) Dr. Prasanna Kumar Mohanty, Chairman
- ii) Shri Prasant Kumar, Member
- iii) Shri Anand Madhukar, Member
- iv) Smt. Seema Rekha Bhuyan, Member

2.2.5 Meetings of the Board and Sub-Committees during 2019-20

During 2019-20, the Board met six times, the Audit Committee of the Board met four times, the Executive Committee of the Board met seven times, the Human Resource Committee of the Board met four times and Supervisory Committee of the Board met three times.



BOARD OF DIRECTORS



Shri S. K. Hota



Dr. Prasanna Kumar Mohanty



Shri Prasant Kumar



Shri Amrit Abhijat



Shri Anand Madhukar



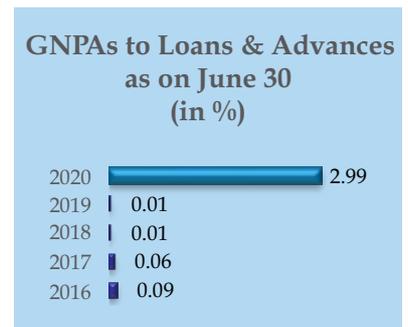
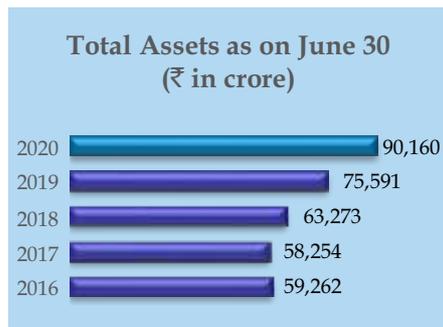
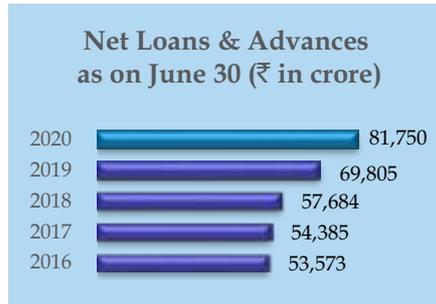
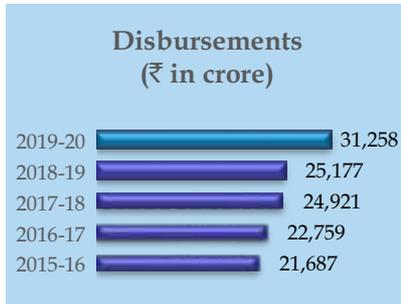
Shri Manoj Kumar Meena



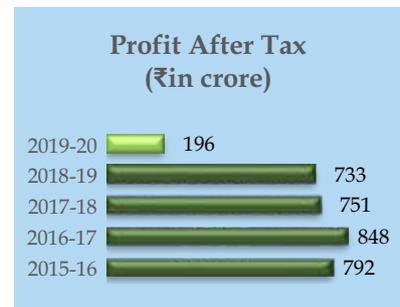
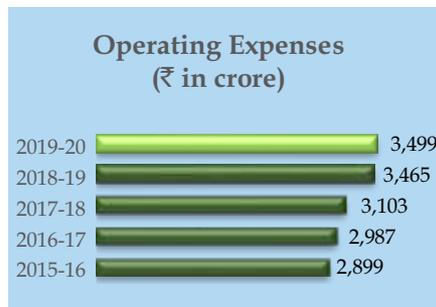
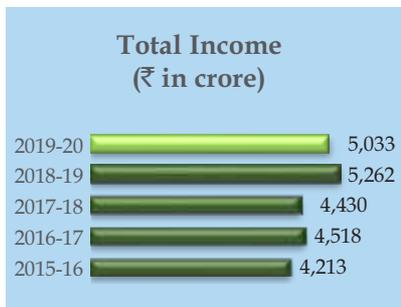
Smt. Seema Rekha Bhuyan

2.3 Key Performance Metrics of last 5 years

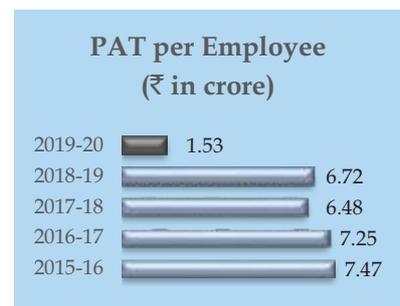
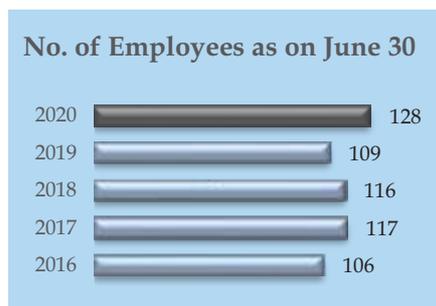
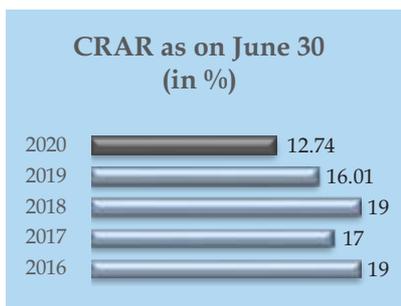
Balance Sheet Metrics*



Profit & Loss Metrics*



Efficiency Metrics



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



2.4 Performance Highlights of 2019-20

2.4.1 Supervision

- Increased Off-Site Supervisory Efforts including Implementation of Early Warning Signals Framework; structured meetings with Top Management, Audit Committee, Statutory Auditors of HFCs; surveillance of compliance of National Housing Bank Act, Housing Finance Companies (NHB) Directions etc. were undertaken.
- On-site inspections of 34 HFCs were conducted during the year.
- As a new initiative, NHB has been circulating advisories and alerts issued by Cyber Security and IT Risk (CSITE) Group, RBI etc.
- The due dates of submission of various returns by HFCs was extended on account of the COVID - 19 Pandemic.
- A total of 8231 complaints were received and 8,977 (including complaints from the previous year) were resolved.
- 26 HFCs were penalized during the year for various non-compliances.

2.4.2 Financing

- Total refinance disbursements of ₹31,258 crore as compared to ₹25,177 crore during previous year, an increase of about 24.15 per cent.
- Disbursement of ₹9,244 crore under the Liquidity Infusion Facility till June 30, 2020.

- Of the total amount of ₹10,000 crore allocated by RBI under Special Liquidity Facility (SLF), disbursement of ₹9,537 crore was made under NHB's Special Refinance Facility (SRF) scheme till June 30, 2020.
- Disbursement of ₹4,888 crore under the Affordable Housing Fund (AHF).
- For promoting Green Housing under the NHB-AfD program, an amount of ₹302 crore was disbursed.
- The outstanding refinance increased from ₹69,095 crore as on June 30, 2019 to ₹82,753 crore as on June 30, 2020, an increase of 19.77 per cent.
- 25 new clients were added in refinance client list out of which 22 were HFCs and 3 were Small Finance Banks (SFBs).
- Allowed maximum moratorium of three months to Primary Lending Institutions (PLIs)/Public Agencies, which have availed refinance/project finance from NHB, with/without extension of tenor on payment(s) of instalment along with interest falling due between March 1, 2020 and May 31, 2020.
- Extended the moratorium period by another three months i.e., for installments due between June 01, 2020 and August 31, 2020.

2.4.3 Promotion & Development

- A subsidy of ₹7,571.74 crore benefitting 3,31,924 households was disbursed during 2019-20 under



PMAY-CLSS with a cumulative disbursement of ₹21,632.67 crore benefitting 9,55,288 households till June 30, 2020.

- Till June 30, 2020, a subsidy of ₹8.36 crore was disbursed under Rural Housing Interest Subsidy Scheme (RHIS) benefitting 2,733 households.
- In order to track the movement in prices of residential properties in 50 select cities, the NHB published NHB RESIDEX, on a quarterly basis till March, 2020.
- Conducted 6 training programmes during the year, with more than 215 participants from HFCs, SCBs, RRBs and SFBs.
- 3 meetings of Chief Executives of HFCs were conducted during the year to deliberate on the emerging market scenario, issues and recent developments in the housing finance sector.

2.4.4 Governance

- Appeared before the Standing Committee on Urban Development (2019-20) which conducted a Study Visit to four cities namely Indore, Mumbai, Puri and Kolkata from January 15 to 20, 2020.

2.4.5 Awards & Recognition

- Bank's Hindi in-house magazine, "Aawas Bharti" received first prize in the Financial Institution category by Delhi Bank Narakas for the year 2018-19.
- Honorable Minister of State for Housing and Urban Affairs, Shri. Hardeep Singh Puri released the special issue of Aawas Bharti on the occasion of World Habitat Day, 2019.

2.4.6 Corporate Social Responsibility (CSR)

- CSR contribution of ₹2.50 crore towards PM CARES Fund.





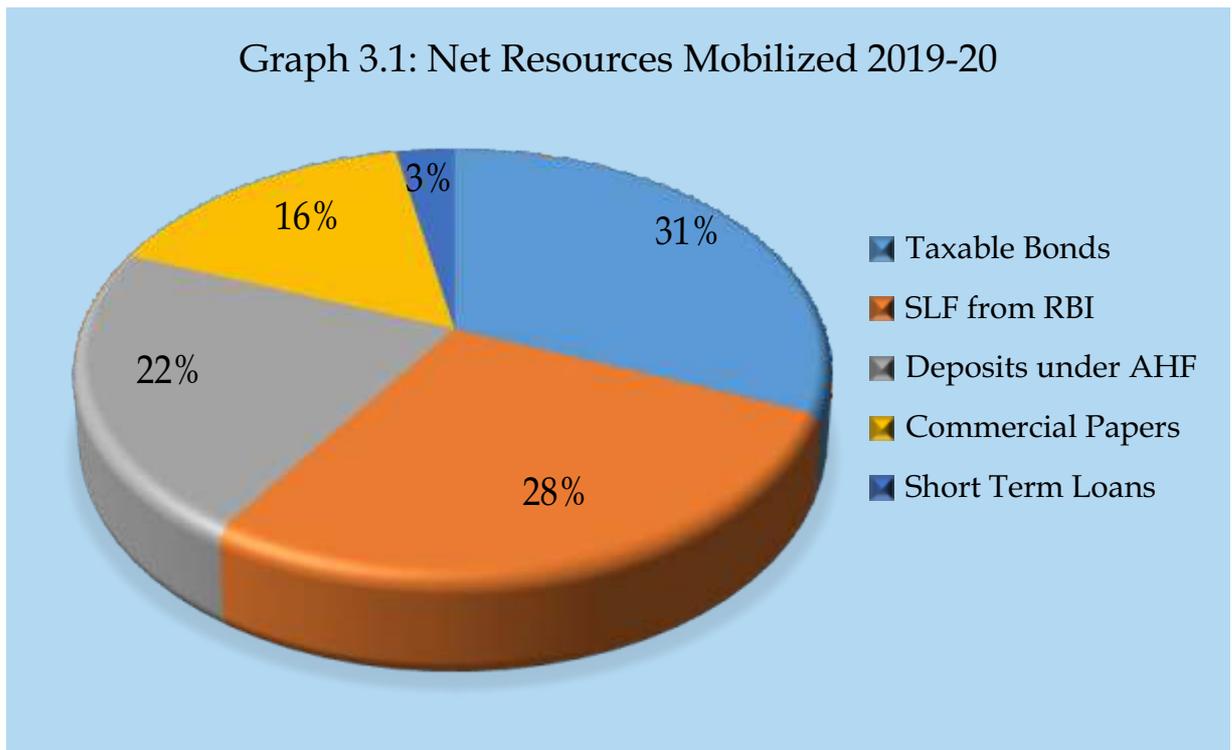
CHAPTER 3: OPERATIONS OF NHB



3. OPERATIONS OF NHB

3.1 Resource Mobilisation

During 2019-20, the Bank raised net incremental resources aggregating ₹34,116 crore through instruments such as Taxable Bonds, Commercial Papers (CPs), Short Term Loans, Affordable Housing Fund and Special Liquidity Facility (SLF) from RBI. The amount mobilized through different instruments is given at **Annexure II** and a graph representing the instrument-wise break-up of net resources mobilized during the year is presented below.

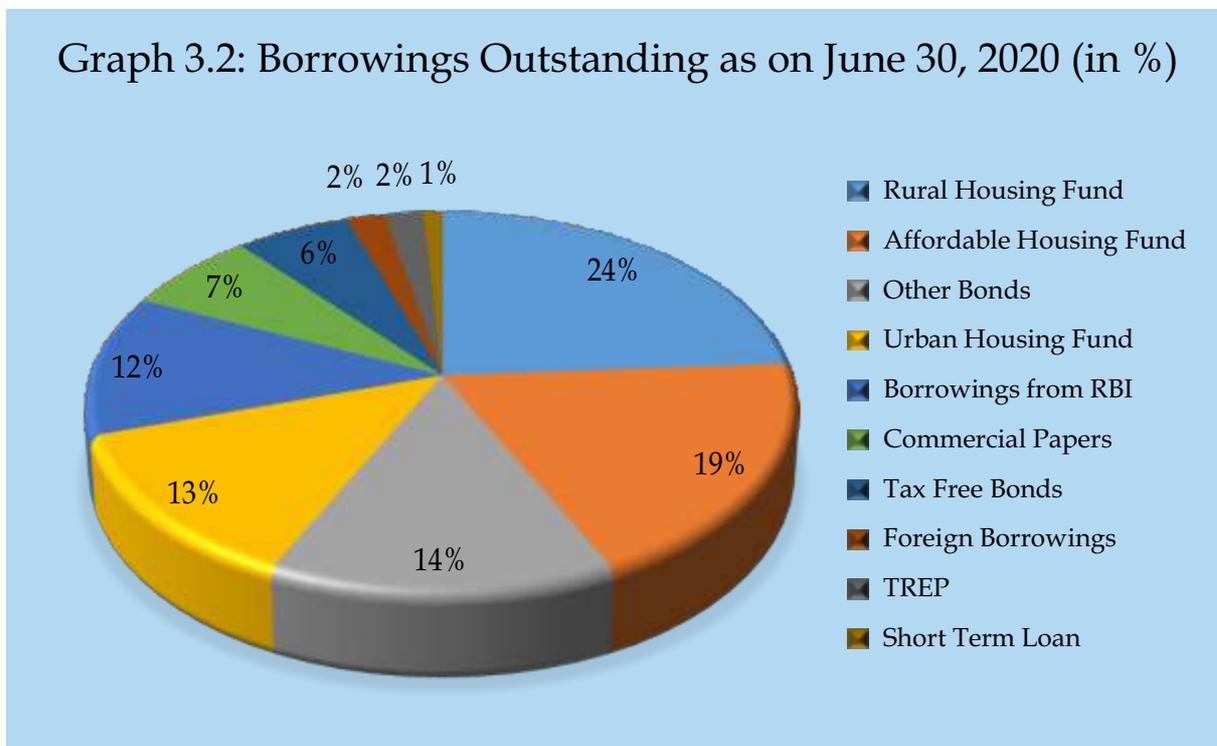


3.1.1 Outstanding Borrowings

As on June 30, 2020, the outstanding borrowings of NHB stood at ₹78,993 crore. The amount outstanding under different instruments is given in **Annexure III** and a graph representing the instrument-wise break-up of NHB's outstanding borrowings as on June 30, 2020 is presented below.



Graph 3.2: Borrowings Outstanding as on June 30, 2020 (in %)



The details of the major sources of borrowings of the Bank as on June 30, 2020 are provided as under:

i) Deposits under Rural Housing Fund (RHF)

Rural Housing Fund (RHF) was established in 2008-09 to enable Primary Lending Institutions (PLIs) to access funds for extending housing finance to target segments in rural areas at cheaper rates. The corpus of the RHF was contributed by SCBs out of their priority sector lending shortfall. Quantum of funds to be contributed by each SCB and the applicable interest rate were determined by the RBI depending upon the priority sector shortfall of the respective SCB. The tenure of the deposits under RHF is seven years. Since inception, total amount of ₹31,278 crore were received under the RHF. The total outstanding under RHF as on June 30, 2020 was ₹18,500 crore.

ii) Deposits under Urban Housing Fund (UHF)

The Urban Housing Fund (UHF) was set up in 2013-14 to enable PLIs to access funds for extending housing finance to target segments in urban areas at cheaper rates. The corpus of the UHF was contributed by SCBs out of their priority sector lending shortfall. Quantum of funds to be contributed by each SCB and the applicable interest rate were determined by the RBI depending upon the priority sector shortfall of the respective SCB. Tenure of the deposits under UHF is seven years. Since inception, total amount of ₹10,500 crore were received under the UHF. The total outstanding under UHF as on June 30, 2020 was ₹10,500 crore.



iii) Deposits under Affordable Housing Fund (AHF)

The Hon'ble Union Finance Minister in the Union Budget for the year 2018-19 announced the establishment of a dedicated fund in NHB known as Affordable Housing Fund (AHF), financed from priority sector lending shortfall and fully serviced bonds authorized by the GoI. The AHF corpus shall be contributed by SCBs having shortfall in achievement of their priority sector targets/sub-targets. The purpose of the AHF shall be to support the refinancing operations of NHB for affordable housing to the target segments in rural and urban areas. For the year 2018-19 and 2019-20, an amount of ₹10,000 crore each was allocated under AHF. The total amount received under AHF as on June 30, 2020 was ₹14,953 crore.

iv) Other Bonds- NHB Taxable bonds

As on June 30, 2020, the Bank had outstanding borrowings of ₹10,720 crore on account of taxable bonds.

v) Special Liquidity Facility from Reserve Bank of India

The Reserve Bank of India sanctioned Special Liquidity Facility (SLF) of ₹10,000 crore to NHB to assist Housing Finance Companies (HFCs) and other Primary Lending Institutions (PLIs) with affordable and adequate liquidity to tide over the disruption due to the COVID 19 pandemic. The availment of refinance by NHB under this facility is restricted to a period of one year from the date of first drawal. The total amount availed under SLF from RBI upto June 30, 2020 was ₹9,537 crore.

vi) Foreign Borrowings (AFD Loan)

NHB has an approved borrowing of €100 million and grant of €12 million consisting of €9 million for the reduction of interest cost and €3 million for the reimbursement of consultancy charges for NHB SUNREF Housing Program's technical assistance from AFD, France under Sustainable Use of Natural Resources and Energy Facility in the Residential Sector (SUNREF). During the year 2018-19, the Bank had drawn the entire Line Of Credit amount €100 Million and grant portion of €9 million. CRISIL has been nominated as the consultant firm in charge of the implementation of NHB-SUNREF Housing Program's technical assistance.

No fresh foreign borrowing was availed by the Bank during 2019-20. The total outstanding under Foreign Borrowing as on June 30, 2020 is ₹1,845 crore.



3.2 Refinance

Refinance business of NHB intends to serve a widely diverse market, both in terms of geography as well as socio-economic segments. NHB has encouraged and incentivized the PLIs to improve and strengthen the grass root credit delivery network for housing finance across the country, particularly for the low and middle income group segments. These measures have facilitated the PLIs, especially HFCs in their long term resources.

In order to infuse liquidity into the Housing Finance System and also to cater the demand of HFCs to address the housing finance requirements in the affordable housing finance sector, a new scheme, viz. Liquidity Infusion Facility (LIFt) Scheme for Housing Finance Companies was launched in August, 2019. The objective of this refinance scheme was to support HFCs in creating individual housing loan portfolio that falls under the priority sector, as defined by RBI and thereby to create confidence of the market in HFCs.

The impact of COVID-19 outbreak on economy and financial markets has been dramatic and severe. Due to the COVID-19 pandemic related lockdown and the moratorium on loan repayments allowed by RBI, cash flow of HFCs/PLIs were impaired adversely affecting their ability to meet their liability payment obligations as well as committed disbursements. To mitigate their liquidity risk and improve the much needed liquidity in the overall housing finance system, NHB granted moratorium to PLIs and launched a new scheme named Special Refinance Facility (SRF) for disbursing an amount of ₹10,000 crore provided by RBI under Special Liquidity Facility (SLF).

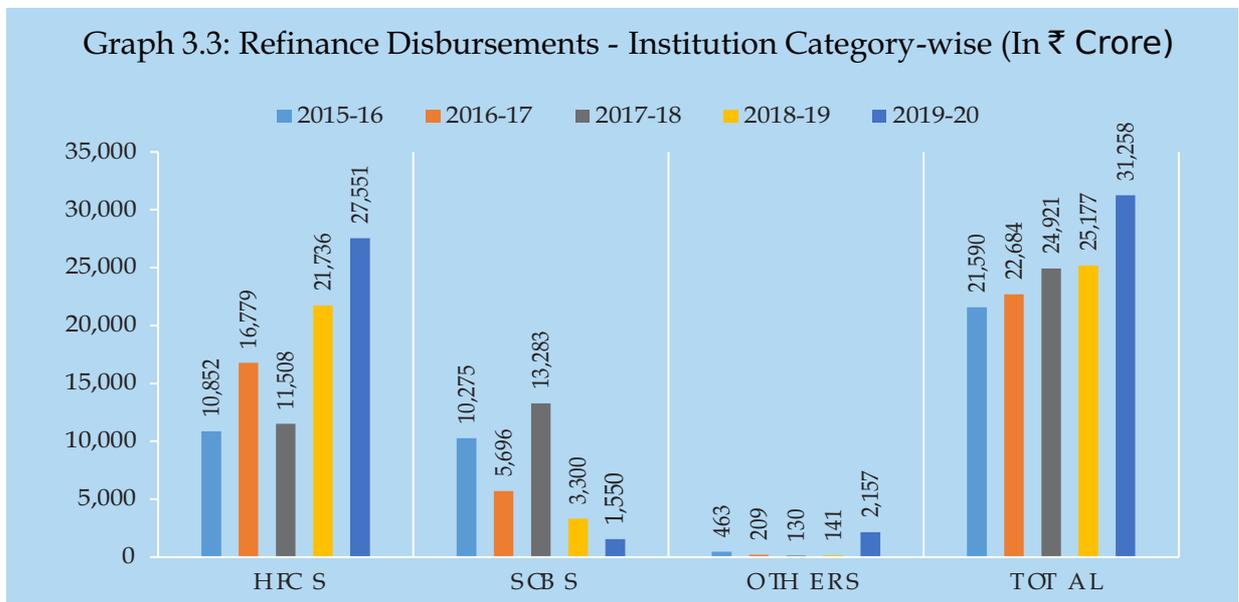
NHB partnered with various international development agencies to channelize institutional credit flow for energy efficient and green housing, low income and informal income segments, etc. Refinance schemes introduced by NHB, aimed at supporting and incentivizing the PLIs have contributed to the evolution of a new housing finance ecosystem.

3.2.1 Disbursements

Refinance disbursements of ₹31,258 crore were made during 2019-20 as compared to ₹25,177 crore during previous year, registering an increase of about 24.15 per cent. About 75 per cent of the disbursements were for loan size upto ₹25 lakh. Twenty two HFCs along with three SFBs were added to the refinance client list. Institution-wise refinance disbursements to various categories of PLIs during the last three years is shown in **Annexure IV**. Scheme-wise and Slab-wise refinance disbursements in 2019-20 is shown in **Annexure V** and **Annexure VI** respectively.



Graph 3.3: Refinance Disbursements - Institution Category-wise (In ₹ Crore)

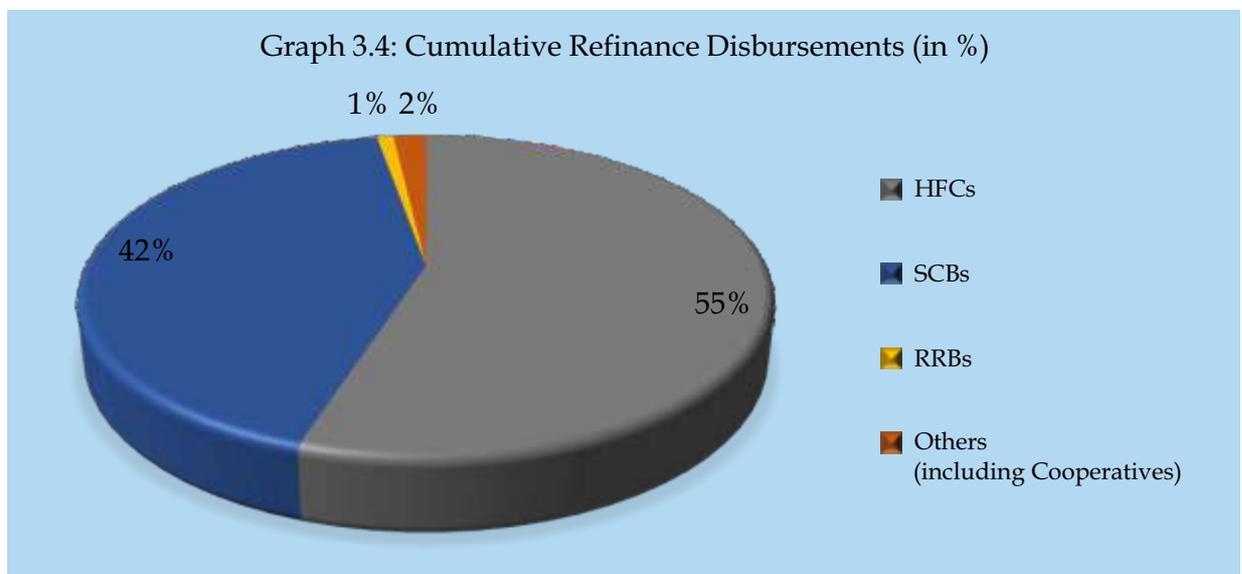


During 2019-20, about 88 per cent of Bank's Refinance disbursement was extended to HFCs vis-à-vis 86 per cent in 2018-19, whereas the disbursement share towards SCBs decreased from 13 per cent to 5 per cent, as the main focus of the Bank during 2019-20 was on HFC segment considering the liquidity challenges faced by them. During 2019-20, the share of HFCs in the Bank's refinance outstanding increased from 73 per cent to 78 per cent.

3.2.1.1 Cumulative Disbursements

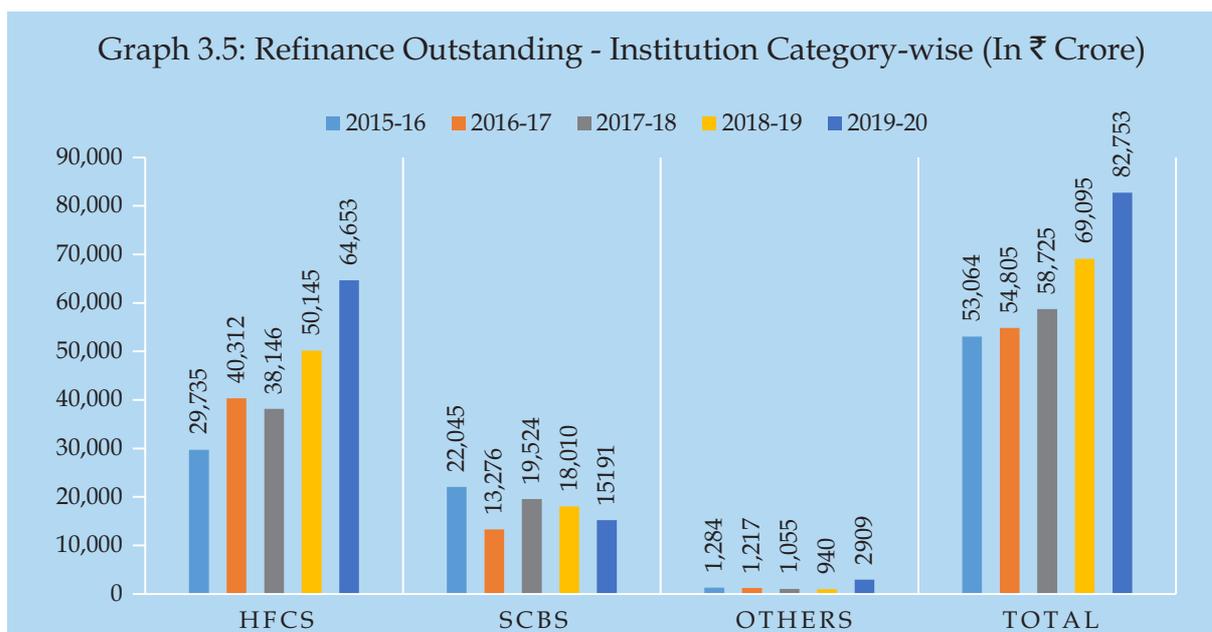
Till June 30, 2020, the Bank made cumulative refinance disbursement of ₹2,67,962 crore to various categories of PLIs, in respect of their individual housing loans. Percentage-wise break-up is shown in graph below. Institution category-wise cumulative refinance as on June 30, 2020 is given in Annexure VII.

Graph 3.4: Cumulative Refinance Disbursements (in %)



3.2.2 Outstanding

The outstanding refinance of the Bank as on June 30, 2020 was ₹82,753 crore as compared to ₹69,095 crore as on June 30, 2019, registering an increase of 19.77 per cent. Further, the share of HFCs in the total outstanding refinance stood at ₹64,653 crore (around 78 per cent). The trend in outstanding refinance to various categories of PLIs in the last five years is given in **Annexure VIII** and is represented in the graph below.



Gross NPAs in refinance as on June 30, 2020 amounted to ₹2,498.67 crore which were on account of exposure to one Housing Finance Company and one Urban Cooperative Bank.

3.2.3 Affordable Housing Fund

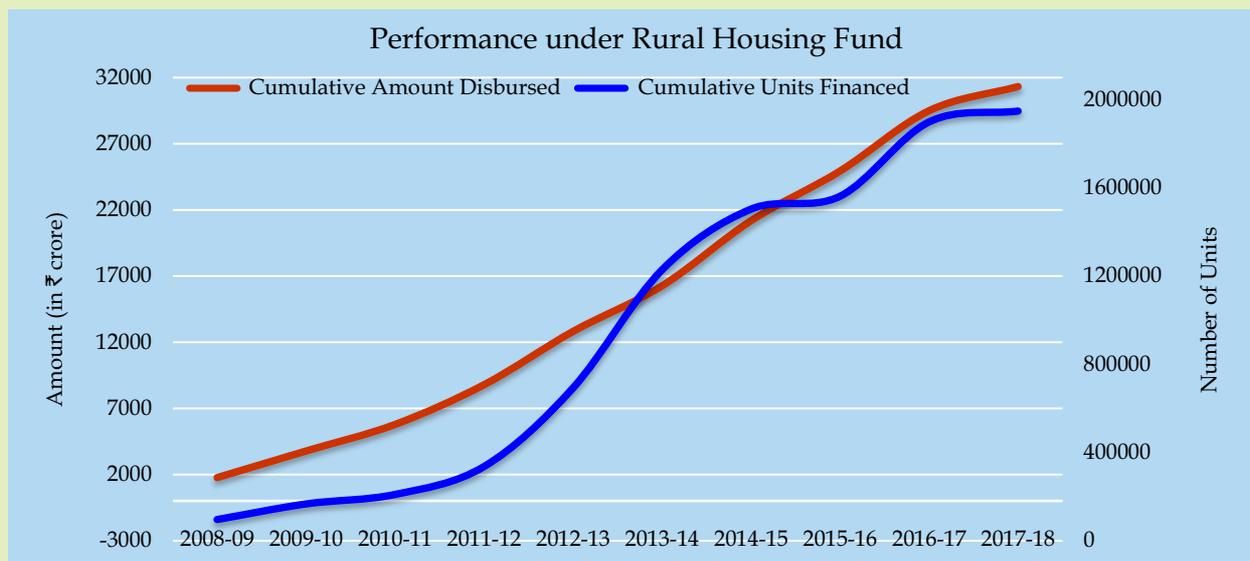
Pursuant to the announcement in the Union Budget 2018-19, the Affordable Housing Fund (AHF) was set up in National Housing Bank with a corpus of ₹10,000 crore to provide refinance assistance to PLIs in respect of their individual housing loans to target segments in rural and urban areas. The fund shall be utilized for refinancing the eligible individual housing loans sanctioned and disbursed on or after April 01, 2017. A corpus of ₹10,000 crore has also been allocated for 2019-20 under the AHF scheme. The AHF caters to the individual borrowers in the urban areas with annual household income not exceeding ₹6 lakh, whereas in the rural areas, to women, weaker sections (as defined in the RBI's priority sector guidelines) and individual borrowers with annual household income not exceeding ₹3 lakh. Further, to ensure that the intended benefit of lower interest rates reaches the ultimate borrowers, on-lending interest rates have been capped, PLI category wise. Under the AHF, refinance assistance of ₹4,888 crore has been extended to the PLIs during the year 2019-20, in respect of their individual housing loans to around 36,565 households falling under urban and rural areas. The PLI category wise utilization along with the total number of dwelling units is given in **Annexure XI**.



Box 3.1: Rural Housing Fund and Urban Housing Fund

Rural Housing Fund (RHF)

The RHF was utilized for extending refinance assistance to PLIs in respect of their housing loans extended to borrowers in rural areas belonging to Weaker Sections (as specified in the Master Directions on Priority Sector Lending - Targets and Classification by RBI), Women, and rural population with annual income not exceeding ₹3 lakh. Further, to ensure that the intended benefit of lower interest rates was passed on to the ultimate borrowers, on-lending interest rates were capped. The RHF was operational from 2008-09 to 2017-18. Under the RHF, refinance assistance of ₹31,311 crore was extended to PLIs in respect of 19.47 lakh dwelling units. The cumulative disbursements under RHF are shown in the graph below. The institution category-wise break-up is given in **Annexure IX**.



Urban Housing Fund

The purpose of the UHF was to provide refinance assistance in respect of housing loans extended by PLIs in urban areas for the construction / purchase of dwelling units, repairs / renovation / up-gradation of dwelling units and for incremental housing. The eligible loan size was up to ₹20 lakh (₹28 lakh in metropolitan centres with population of ten lakh and above) disbursed on or after April 01, 2011 against the dwelling unit of carpet area upto 60 m² or the cost of dwelling upto ₹25 lakh (₹35 lakh in metropolitan centres). The UHF catered 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 reached the ultimate borrowers, on-lending rates were capped. The UHF was operational from 2013-14 to 2017-18. Under the UHF, refinance assistance of ₹10,500 crore was extended to PLIs in respect of their individual housing loans to around 2.15 lakh urban households. The cumulative disbursements under UHF are shown in the graph below. The institution category-wise break-up is given in **Annexure X**.

Since 2018-19, RHF and UHF have been merged into AHF.



3.2.4 Liquidity Infusion Facility for Housing Finance Companies

In order to infuse liquidity into the Housing Finance System and also to cater the demand of HFCs to address the housing finance demand in the affordable housing finance sector, NHB launched a new scheme named Liquidity Infusion Facility (LIFt) for Housing Finance Companies (HFCs). The objective of this refinance scheme is to enable HFCs creating individual housing loan portfolio. The duration of the LIFt scheme was up to June 30, 2020.

Under the LIFt scheme, refinance assistance of ₹9,244 crore has been extended to the thirty six HFCs during the year 2019-20.

3.2.5 Special Refinance Facility (SRF)

In the wake of the COVID-19 pandemic, RBI has provided a Special Liquidity Facility (SLF) of ₹10,000 crore to National Housing Bank (NHB) to enable it to infuse liquidity into the housing sector through Housing Finance companies (HFCs) and other PLIs at more affordable rates and to meet the credit needs of the sector. Accordingly, Special Refinance Facility (SRF) was launched in April 2020. This scheme is aimed to provide short term refinance support to HFCs and other eligible PLIs which will partially mitigate their liquidity risk and improve the much needed liquidity into the overall housing finance system. Under the SRF, refinance assistance of ₹9,537 crore has been extended to the PLIs during the year 2019-20.

3.2.6 Promoting Green Housing Refinance Scheme (PGHRS)

Promoting energy efficient green residential housing in India is one of the roles of the NHB. As the market for green housing is at the nascent stage in the country, NHB plays a role of a catalyst for this sector both with Technical Assistance as well and refinancing. NHB has launched a new scheme Promoting Green Housing Refinance Scheme (PGHRS) under arrangement with Agence Française de Développement (AFD), France. The scheme intends to provide refinancing support to eligible PLIs for their housing loans to individuals who fall under the EWS, LIG and MIG categories as per the definition of Ministry of Housing and Urban Affairs, Government of India. Under the PGHRS, refinance assistance of ₹302 crore has been extended to two PLIs during the year 2019-20.

3.2.7 Moratorium facility to PLIs

With an aim to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, RBI permitted Financial Institutions to grant a moratorium of up to three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. As an effort in this direction, NHB allowed maximum moratorium of three months to Primary Lending Institutions with/without extension of tenor on payment(s) of instalment along with interest falling due between March 1, 2020 and May 31, 2020. In view of the extension of lockdown and continuing disruption on account of COVID-19, RBI permitted Financial Institutions to extend the moratorium by another three months i.e. from June 1, 2020 to August 31, 2020 and NHB extended the moratorium by another three months i.e. for instalments due between June 1, 2020 and August 31, 2020. Three Housing Finance Companies (HFCs) have been granted moratorium.

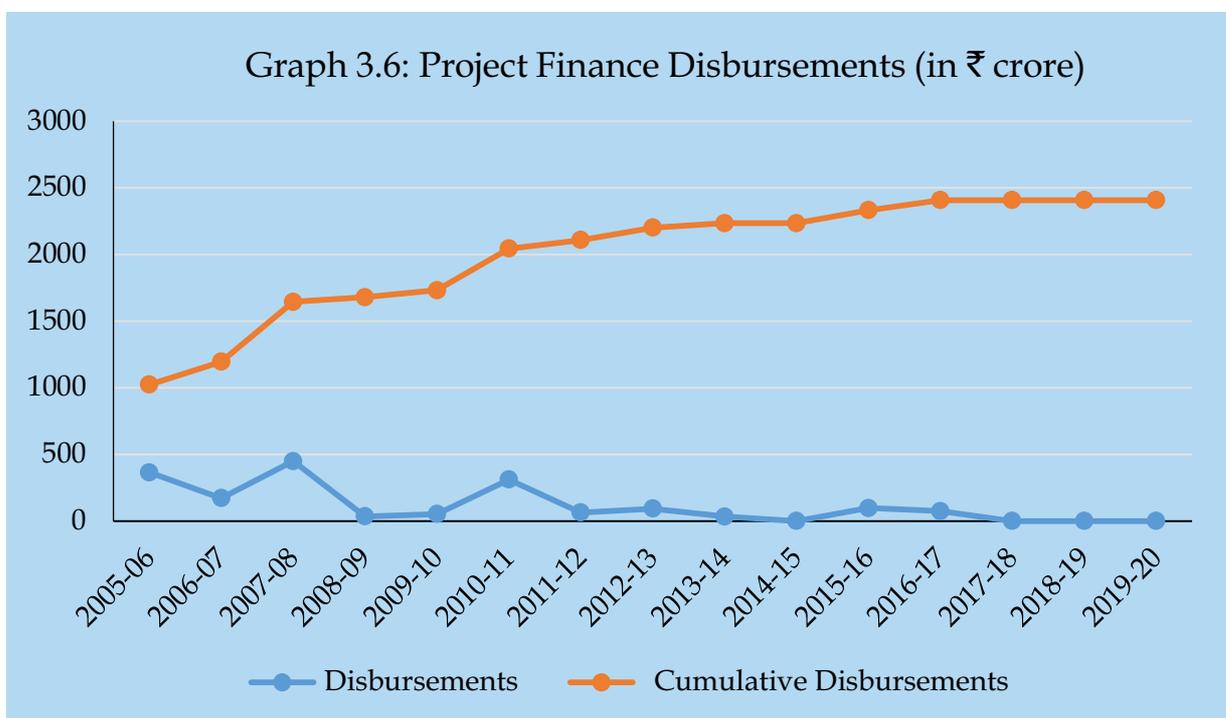


3.3 Project Finance

National Housing Bank extends loans and advances to eligible entities for residential housing projects under Section 14(ba) of the National Housing Bank Act, 1987. Since inception, the Bank has taken various initiatives under the project finance window with an endeavour to facilitate the increase in overall housing stock in the country with special emphasis on the housing needs of the economically weaker sections (EWS) and low income group (LIG) segments. Initially, NHB had extended financial assistance for Land Development and Shelter Projects (LDSP) and housing infrastructure undertaken by Housing Boards, Development Agencies and Co-operative Housing Societies under its refinance window. Subsequently, the Slum Improvement and Low Cost Housing Fund was established in NHB for project finance under the Voluntary Deposits (Immunities and Exemptions) Act, 1991. The said Fund has been used for financing slum clearance projects, low cost housing projects for the poor, construction houses for people affected by natural calamities etc. along with project finance through general fund.

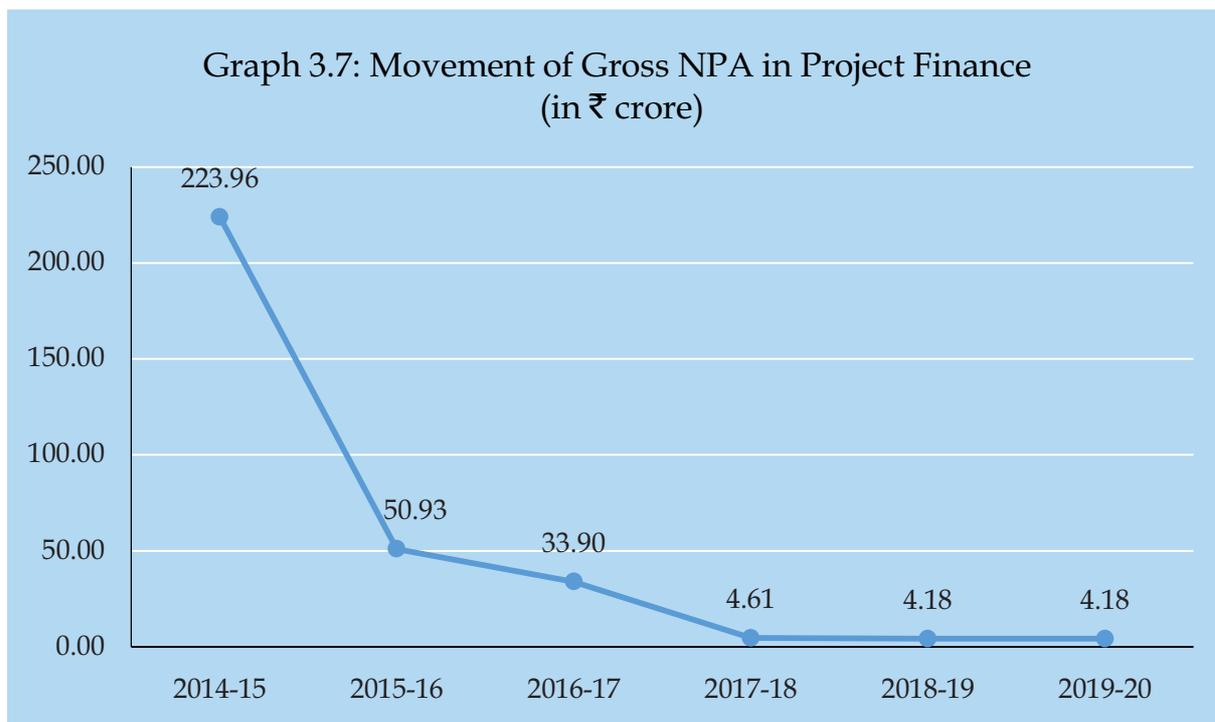
The financial assistance under the project finance window is extended to various public agencies like State Housing Boards, State Slum Clearance Boards/Authorities, Development Authorities, Municipal Corporations and Urban Local Bodies etc. for undertaking residential housing projects. The financial assistance has been extended to commercially viable projects in accordance with the Bank's policy and the RBI guidelines.

Cumulatively, till June 30, 2020, the Bank 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 June 30, 2020 stood at ₹2,406 crore. The trend of NHB's Project Finance disbursement is tabulated at **Annexure XII** and is also graphically represented below:



As on June 30, 2020 the Bank had an outstanding project finance exposure of ₹86.65 crore to 8 agencies which included exposure to Housing Boards, State Housing Corporations and Micro Finance Institutions (MFIs).

During 2019-20, there was no fresh slippage of project finance loans into NPA category. The outstanding NPA as on June 30, 2020 was ₹4.18 crore on account of exposure to five MFIs. The movement of Gross NPAs under project finance during last six years is shown in the graph below:



3.3.1 Moratorium facility to Public Agencies

With an aim to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, Reserve Bank of India permitted Financial Institutions to grant a moratorium of up to three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. As an effort in this direction, National Housing Bank (NHB) also allow maximum moratorium of three months to Public Agencies with/without extension of tenor, on payment of instalment(s) along with interest falling due between March 1, 2020 and May 31, 2020. Taking into account the unyielding pandemic, NHB extended the moratorium by another three months i.e. for instalments due between June 01, 2020 and August 31, 2020. One public agency has been granted moratorium.



3.4 Regulation & Supervision

3.4.1 Transfer of Regulation

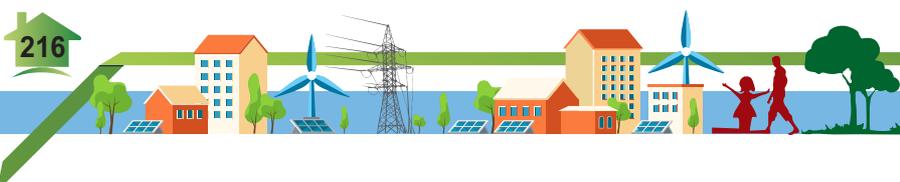
The Finance (No.2) Act, 2019 (23 of 2019) has amended the National Housing Bank Act, 1987 and powers related to regulation of HFCs stands transferred to RBI which was earlier vested with NHB. The Central Government has since issued notification appointing August 09, 2019 as the date on which the relevant part of that Act, namely, Part VII of Chapter VI shall come into effect.

Reserve Bank of India vide its Press Release dated August 13, 2019 while quoting the above provisions, had also stated that HFCs will henceforth be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. RBI will carry out a review of the extant regulatory framework applicable to the HFCs and come out with revised regulations in due course. In the meantime, HFCs shall continue to comply with the directions and instructions issued by the National Housing Bank (NHB) till the RBI issues a revised framework. NHB will continue to carry out supervision of HFCs and HFCs will continue to submit various returns to NHB as hitherto. The grievance redressal mechanism with regard to HFCs will also continue to be with the NHB. A housing finance institution, which is a company, desirous of making an application for registration under sub-section 2 of Section 29A of the National Housing Bank Act, 1987 (as amended by Act 23 of 2019) may approach the Department of Non-Banking Regulation, Reserve Bank of India.

3.4.2 Supervision

The Bank supervises the HFCs as per provisions of the National Housing Bank Act, 1987. As on June 30, 2020, the total number of HFCs registered with NHB stood at 101, of which 17 HFCs have been granted the Certificate of Registration (CoR) with permission to accept public deposits and the balance 84 without permission to accept public deposits. Of the 17 HFCs, with permission to accept public deposits, 6 are required to obtain prior written permission from NHB before accepting any public deposits. The updated list of HFCs which have been granted the CoR is available on NHB's website.

NHB's supervision is aimed at preventing the affairs of any HFC being conducted in a manner detrimental to the interest of the public and shall not be prejudicial to the operations and the growth of the housing finance sector of the country. To ensure safety and soundness of HFCs, NHB has a robust monitoring system which includes on-site inspections and off-site surveillance of HFCs both through periodic returns submitted by HFCs and also by way of market intelligence.



1) On-site Inspections

NHB conducted on-site inspections in respect of 34 registered HFCs during 2019-20, to ascertain their compliances with various regulatory provisions of the National Housing Bank Act, 1987, Directions, Guidelines, Circulars, etc. issued thereunder by NHB, from time to time. Due to the outbreak of COVID-19 and the subsequent travel restrictions imposed by the Centre and the various State Governments/local bodies some inspections due for 2019-20 could not be undertaken.

2) Off-site Surveillance

The Bank carries out off-site surveillance of HFCs by monitoring and scrutinizing periodic returns submitted by HFCs which includes quarterly, half yearly and annual returns as prescribed in the NHB Directions.

3) Penalties

In order to regulate the HFCs in an efficient manner NHB also penalizes HFCs for (i) non-maintenance of liquid assets (ii) non-submission of information/returns (iii) non-compliance of NHB Directions etc. During the year, 26 Housing Finance Companies were penalized for various non-compliances.

3.4.2.1 Circulars Issued

1) Policy Circulars

The NHB issued one policy circular during the year as detailed under:

NHB (ND)/DRS/Policy Circular No.96/2019-20 dated July 19, 2019 on Disbursement of housing loan to individuals linked to the stages of construction- HFCs were advised to desist from offering loan products involving servicing of the loan dues by builders developers etc. on behalf of the borrowers. Disbursal of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing project/houses. HFCs while extending finance should take into account the stipulations laid down under RERA, as applicable.

2) Extension of due date for submission of various returns

With a view to redress the hardship faced by HFCs due the COVID-19 pandemic, Bank in exercise of its powers under the provisions of Paragraph 46 of the Housing Finance Companies (NHB) Directions, 2010, had-

- i. extended the due date of all monthly returns, which became due for submission upto June 30, 2020, for a further period of 15 days from the prescribed due date of submission of the returns;



- ii. extended the due date of all quarterly, half-yearly and annual returns, which became due for submission upto June 30, 2020, for a further period of 30 days from the prescribed due date of submission of the returns respectively.

3) Master Circulars

Master Circulars issued on July 1, 2019 consolidated the instructions issued to HFCs in the form of Directions, Notifications, and Circulars, etc.:

- i. Master Circular – The Housing Finance Companies (NHB) Directions, 2010;
- ii. Master Circular – Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
- iii. Master Circular – Fair Practice Code;
- iv. Master Circular – Miscellaneous Instructions to all Housing Finance Companies;
- v. Master Circular – Housing Finance Companies – Auditor’s Report (National Housing Bank) Directions, 2016;
- vi. Master Circular – Housing Finance Companies – Approval of Acquisition or Transfer of Control (National Housing Bank) Directions, 2016;
- vii. Master Circular – Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016

All the Notifications, Circulars and Guidelines etc. issued by NHB to Housing Finance Companies and their Auditors, from time to time, are available on the NHB website.

3.4.3 Grievance Redressal

A Complaint Redressal Cell (CRC) is operating in NHB, to redress the grievance of the customers of HFCs. The 24x7 online portal viz. Grievance Registration & Information Database System (GRIDS) enables customers of the HFCs to have their grievances redressed in a transparent and efficient manner. NHB is also a member Organization of the Centralized Public Grievance Redress and Monitoring System (CPGRAMS) of Department of Administrative Reforms and Public Grievance (DARPG) of the Government of India and Integrated Grievance Redressal Mechanism (INGRAM) launched by the Department of Consumer Affairs, Government of India, aimed at providing all the citizens with platform for redressal of their grievances for better governance. As directed by the Union Ministry of Consumer Affairs to bring awareness among all registered Housing Finance Companies (HFCs) and to become the convergence partners with National Consumer Helpline (NCH), all HFCs were advised to get registered themselves with National Consumer Helpline (NCH) as convergence partners, to forward the complaints received by National Consumer



Helpline directly to the concerned companies to ease the process of redressal of these complaints.

During 2019-20, a total of 8231 complaints were received and 8977 (including complaints from the previous year) were resolved and 1962 complaints have to be redressed. The Bank has taken various initiatives during the year to improve the grievance redressal mechanism. The status of complaints are closely monitored by the Top Management of the Bank on a monthly basis and placed before the Board on a quarterly basis. The Bank has undertaken root cause analysis of the complaints and identified the sensitive areas. Further, for ensuring a speedy and effective complaint redressal mechanism, the Bank has introduced a decentralised structure of handling the complaints at the level of Nodal Officers stationed at Regional Offices/RROs through the online GRIDS platform.

3.4.4 Issuance of Caution Advices

NHB issues Caution Advices to all the HFCs on the lines of similar information being shared by the RBI/ Indian Banks Association to member Banks. 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. The measure is aimed at helping 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 2019-20, 5 caution advices were issued by NHB in respect of 244 fraudulent transactions reported by HFCs.

3.4.5 Coordination with Other Regulatory Bodies

NHB continued the process of coordination with other Regulatory Authorities through its participation in State Level Coordination Committee (SLCC) 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. During 2019-20, NHB participated in 13 SLCC meetings at various regions. NHB is also attending inter regulatory meetings convened by RBI/IRDA/SEBI on issues with respect to HFCs and their group companies.

3.4.6 KYC and AML activities

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). NHB sensitizes this issue during various interactions and inspections of the HFCs.



3.4.7 Performance of HFCs

HFCs overall performance in terms of Paid-up Capital, Net Owned Fund and Outstanding Housing Loans is given in **Annexure XIII**.

3.5 Promotion & Development

The principal mandate of the NHB is to promote housing finance institutions to improve/strengthen the credit delivery network for housing finance in the country. The NHB under its promotion and developmental role undertakes activities to encourage sound housing and housing finance system in the country. The activities include implementing the Government Schemes as Central Nodal Agency (CNA), participation in new institutions promoted by GoI, equity support to Housing Finance Institutions and other institutions in the mortgage market, trainings programmes for employees of HFCs etc.

3.5.1 Government Schemes

- 1) 1% Interest Subvention Scheme** - To stimulate demand for credit for housing in the lower & middle income segment of population in the country, Department of Financial Services (DFS), Ministry of Finance, Government of India introduced interest subvention scheme of 1% on October 01, 2009. An interest subvention of 1 per cent was provided on all individual housing loans of upto ₹10 lakh, provided the cost of the unit did not exceed ₹20 lakh. From 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 and HFCs. From 2012-13, NHB was designated as the Central Nodal Agency (CNA) for the implementation of the Scheme. The Scheme was in operation for the period starting from October 01, 2009 to March 31, 2013. During 2019-20, NHB as CNA disbursed ₹0.11 crore to HUDCO, in respect of the claim pertaining to the scheme period. Till June 30, 2020, NHB has disbursed total subsidy of around ₹816 crore for about 18 lakh transactions based on the claims submitted by 96 PLIs.
- 2) Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)** - To improve the affordability of housing loans amongst the population belonging to EWS/LIG segments in urban areas, Ministry of Housing & Urban Affairs (MoHUA), GoI launched the Scheme from December 26, 2008 to September 30, 2013. Under the Scheme, interest subsidy of 5 per cent per annum for whole duration of the loan (15-20 years) was provided on loans up to ₹1 lakh extended to EWS/LIG beneficiaries by the Primary Lending Institutions (PLIs). The maximum loan amount was ₹1 lakh for a EWS individual and ₹1.60 lakh for a LIG individual. The interest subsidy was provided on NPV and upfront basis. The Scheme was implemented through Banks and HFCs. The Scheme envisaged the appointment of State Level Nodal Agencies (SLNAs) by various States to facilitate the identification and selection of eligible beneficiaries for effective implementation. NHB was designated as

Central Nodal Agency (CNA) for implementation of the Scheme. The Scheme ceased to exist on September 30, 2013. During 2019-20, no subsidy disbursements were made by NHB as CNA. Till June 30, 2020 subsidy claims of ₹12.48 crore have been disbursed to 12,318 beneficiaries through 19 PLIs.

- 3) **Rajiv RinnYojana (RRY)** – The Ministry of Housing and Urban Affairs (MoHUA), GoI revised the Interest Subsidy Scheme and renamed it as Rajiv RinnYojana (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. Rajiv RinnYojana is effective from October 01, 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 were the 2 nodal agencies under the Scheme. An Interest Subsidy of 5 per cent was 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 Rajiv Rinn Yojana (RRY), 28 (Twenty Eight) MoUs were signed by Primary Lending Institutions (PLIs) with NHB. In terms of the communication F No. 14013/9/2014-H/FTS-11839 dated April 16, 2015 from MHUPA (now MoHUA), GoI the Scheme of Rajiv Rinn Yojana (RRY) has ceased to exist. During 2019-20, no subsidy disbursements were made by NHB as CNA. Till June 30, 2020, subsidy claims of ₹56.31 lakh have been disbursed to 231 beneficiaries through 5 PLIs.
- 4) 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 its 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 April 1, 2014 and loans disbursed on or after April 1, 2014 are eligible to be covered under the Scheme. The Scheme was valid till December 31, 2015, or such extended period as may be allowed by the MNRE. 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. October 1, 2014. However, the subsidy is continued for solar home lighting system on the same terms and conditions as were originally sanctioned by MNRE. In case of solar home lighting system, the amount of subsidy is limited to 40 per cent of the benchmark cost for units up to 300 watts capacity and 30 per cent 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. During 2019-20, no subsidy disbursements were made by NHB as CNA. Till June 30, 2020, subsidy amount of ₹30.64 crore (net) was disbursed by NHB to 6 PLIs for 18,979 beneficiaries.

- 5) **Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH):** CRGFTLIH was set up by the MoHUA, GoI on May 1, 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 October 1, 2014), subject to guarantee cover limited upto ₹5 lakh only. When the Scheme was launched all housing loans up to ₹5 lakh were eligible without any collateral security and/or third party guarantee to the 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 sq. ft. (40 sq. m.). 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. As on June 30, 2020, 70 institutions have signed MoU with the Trust under the Scheme, and the Trust has issued guarantee cover in respect of 1,990 loan accounts of 15 Member Lending Institutions (MLIs) involving a total loan amount of ₹56.71 crore for EWS/LIG households. These MLIs include 11 SCBs, 2 HFCs, 1 RRB and 1 SFB.
- 6) **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 Awas Yojana (Gramin).
 - **Pradhan Mantri Awas Yojana (Urban) - Credit Linked Subsidy Scheme (CLSS):** Promotion of affordable housing for weaker section through Credit Linked Subsidy Scheme (CLSS) 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 (SFBs) and Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs). 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 covers two categories namely CLSS for Economically Weaker Section/Low Income Group (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 was launched on June 17, 2015 and shall be implemented upto March 31, 2022. Households belonging to 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 per cent for maximum tenure of 20 years or the actual tenure of the loan whichever is less (upto December 31, 2016, maximum tenure was 15 years). During 2019-20, NHB as CNA has disbursed ₹5,198.22 crore benefitting 2,17,583 households. Till June 30, 2020, 249 PLIs, comprising of 93 HFCs, 10 PSBs, 17 Private Sector Banks, 34 RRBs, 77 Co-operative Banks, 9 Small Finance Banks and 9 NBFC-MFIs have signed MoU with NHB as CNA and NHB has received the advance subsidy of ₹15,205 crore from GoI, MoHUA, for the implementation of the Scheme. Out of this fund and interest earned thereon, the NHB has made net disbursements (Subsidy Released + Processing Fees - Subsidy Refund) of ₹15,258.35 crore (loan disbursement amounting to ₹73,347.50 crore) to 172 PLIs¹¹ benefitting 6,51,439 households. 100 per cent of the funds received from MoHUA were utilized.
- **CLSS for MIG:** This Scheme is effective from January 01, 2017. 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 per cent has been provided for loan amount up to ₹9 lakh while in MIG-II, an interest subsidy of 3 per cent has been provided for loan amount upto ₹12 lakh. Earlier, GoI, MoHUA had increased the existing carpet area limit for MIG-I from 90 sq. m. to 120 sq. m. and for MIG-II from 110 sq. m. to 150 sq. m. and the above limit are further revised from 120 sq. m. to 160 sq. m. for MIG-I and from 150 sq. m. to 200 sq. m. for MIG-II. The Government of India, Ministry of Housing and Urban Affairs (MoHUA) has further extended the CLSS for MIG period upto March 31, 2021. During 2019-20, NHB as CNA has disbursed ₹2,373.52 crore benefitting 1,14,341 households. Till June 30, 2020, 241 PLIs, comprising of 91 HFCs, 10 PSBs, 18 Private Sector Banks, 31 RRBs, 74 Co-operative Banks, 10 Small Finance Banks and 7 NBFC-MFI have signed MoUs with NHB as CNA and NHB has received the advance subsidy of around ₹6,323 crore from GoI, MoHUA, for the implementation of the Scheme. Out of this fund and interest earned thereon, the NHB has made net disbursements (Subsidy Released + Processing Fees - Subsidy Refund) of ₹6,374.32 crore (loan disbursement amounting to ₹67,252.90 crore) to 151 PLIs¹¹ benefitting 3,03,849 households. 100 per cent of the funds received from MoHUA were utilized.

¹¹W.e.f. April 1, 2017, 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) merged with State Bank of India. W.e.f. April 1, 2019, Dena Bank merged with Bank of Baroda. W.e.f. April 1, 2020, United Bank of India and Oriental Bank of Commerce merged into Punjab National Bank, Allahabad Bank merged into Indian Bank, Syndicate Bank merged into Canara Bank, and Andhra Bank and Corporation Bank merged into Union Bank of India. Further, some RRB's were also merged.



- During 2019-20, Government of India, Ministry of Housing and Urban Affairs (MoHUA) in consultation Central Nodal Agencies and select stakeholders, has undertaken several enhancements in PMAY-CLSS Portal. CLSS Awas Portal (CLAP) for PMAY-CLSS claims has been designed, developed and implemented with features like Aadhaar validation, de-dupe verification, Applicant ID generation, SMS to Applicant, provision for beneficiary to track the application status, etc. The CLAP was launched on November 25, 2019 by the Hon'ble Minister of State (Independent Charge) Housing and Urban Affairs, Government of India. Further, NHB's PMAY-CLSS Portal has been enhanced through application development to incorporate features like Applicant ID inclusion in the claim, facilitation of individual record processing as against multiple applicants batch processing, permission to PLI to upload multiple claims, input through API, etc. The development and enhancements have been carried out by using the services of PMAY-CLSS application development vendor. As advised by MoHUA, NHB's enhanced portal has been customized for the use by other CNAs, viz. HUDCO and State Bank of India.
- MoHUA and Central Nodal Agencies including NHB have organised five exposure workshops at New Delhi on October 23, 2019, Mumbai on November 8, 2019, Chennai on January 23, 2020, Bhubaneswar on February 08, 2020 and Guwahati on February 21, 2020, for sensitizing the PLIs regarding effective implementation of PMAY-CLSS, including reduction in grievances.



*CLSS Awas Portal (CLAP)
Exposure Workshop held in Delhi*



*CLSS Awas Portal (CLAP)
Exposure Workshop held in Guwahati*

- **Rural Housing Interest Subsidy Scheme (RHISS):**
Pradhan Mantri Awas Yojana - Gramin (PMAY (G)) for rural areas has been launched from April 1, 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), GoI has launched the Rural

Housing Interest Subsidy Scheme (RHISS) under Housing for All by 2022 to provide easy access to institutional loan to needy households for construction/ modification of their dwelling units who are not covered under PMAY (U). The beneficiaries, eligible to receive central assistance under this Scheme, will include any rural household who do not appear/figure on the permanent waitlist for PMAY (G) and have not availed benefit under PMAY (U).

The Scheme is effective from June 19, 2017 and beneficiaries would be eligible for an interest subsidy at the rate of 3 per cent for loan amount up to ₹2 lakh for maximum tenure of 20 years or the actual tenure of the loan whichever is lesser, with the NPV discount rate of 9 per cent. RHISS will cover entire India, excluding the statutory towns as per Census 2011 and towns subsequently covered under PMAY (U). It will be implemented through PLIs viz. SCBs, HFCs, RRBs, Co-operative Banks, Small Finance Banks and NBFC-MFIs. NHB has been identified as the CNA by the GoI, MoRD to implement the RHISS vertical of Housing for All Mission. Till June 30, 2020 NHB has executed MoU with 97 PLIs for implementation of the Scheme and disbursed subsidy amount of ₹8.36 crore to 13 PLIs¹² for benefitting 2,733 households.

3.5.2 Equity Participation

In terms of the mandate given to NHB towards the promotion and development of the housing finance system in the country, NHB participates in the equity share capital of HFCs and other related companies. Currently, NHB is a participant in the equity share capital of five institutions, viz.

- 1) **Cent Bank Home Finance Limited (CBHFL):** CBHFL, a subsidiary of Central Bank of India is a HFC registered under National Housing Bank Act, 1987. The total investment made by NHB in the equity share capital of CBHFL as on June 30, 2020 was ₹5.10 crore.
- 2) **Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI):** CERSAI is a company licensed under Section 25 of the Companies Act. The object of the CERSAI is to maintain and operate a Registration System for the purpose of registration of transactions of securitization, asset reconstruction of financial assets and creation of security interest over property, as contemplated under Chapter IV of the Securitization 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 as on June 30, 2020 was ₹2.44 crore.

¹²United Bank of India and Oriental Bank of Commerce have merged into Punjab National Bank, Allahabad Bank has merged into Indian Bank, and Andhra Bank have merged into Union Bank of India w.e.f. April 1, 2020, but they are reported separately.



- 3) **Tamil Nadu Infrastructure Fund Management Corporation Limited (TNIFMC):** 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 governed by TNIDB Act, 2012. The total investment made by NHB in the equity share capital of TNIFMC as on June 30, 2020 was ₹5.40 crore.
- 4) **India Mortgage Guarantee Corporation Private Limited (IMGC):** IMGC is a Mortgage Guarantee Company regulated by RBI. The total investment by NHB in the equity share capital of IMGC as on June 30, 2020 was ₹76 crore.
- 5) **Small Industries Development Bank of India (SIDBI):** SIDBI is the principal financial institution for the promotion, financing and development of micro, small and medium enterprise (MSME) sector and for co-ordination of functions of the institutions engaged in similar activities. The total investment made by NHB in the total paid up equity capital of SIDBI as on June 30, 2020 was ₹642.20 crore.

3.5.3 NHB RESIDEX

NHB RESIDEX, India's first official housing price index (HPI), was launched in July 2007 to track the movement in prices of residential properties in select cities. NHB RESIDEX started with coverage of 5 cities with yearly updation with base year 2001 and then moved to 15 cities with half-yearly updation with base year 2007. NHB RESIDEX, at present, covers 50 cities with quarterly updation with base year 2017-18.

NHB RESIDEX captures two housing price indices viz. HPI@ Assessment Prices and HPI@ Market Prices - Under Construction Properties based on the data available for 50 cities. HPI@ Assessment Prices is computed using lenders' valuation data received from Banks/Housing Finance Companies (HFCs), while HPI@ Market Prices for Under Construction Properties is based on primary market data for under construction properties collected from developers and builders. A NHB RESIDEX Technical Advisory Committee monitors progress of the project and guides in developing new systems/ processes for the preparation and publication of the indices. It consists of representatives from GoI, RBI, NHB, PLIs, NAREDCO, and academicians/experts.

HPIs details from the quarter January - March 2019 to January - March 2020 are available as **Annexure XIV and XV**.

3.5.4 Research Studies

The NHB has been undertaking research studies in association with reputed research institutions for development of housing and housing finance market. The Bank engaged the services of Insurance Institute of India, Mumbai for undertaking the study on Property Insurance in New & Existing Housing which was published during the year and is available on Bank's website.

As advised by Government of India, Ministry of Housing & Urban Affairs (MoHUA), the NHB had initiated a study on **“The impact of changes in Stamp Duty and Registration Charges on Residential Property, and suggest a revenue neutral model for enabling Affordable Housing for All”** which was completed during the year. The Study was undertaken by Indian Institute of Management, Bangalore (IIM B) and highlights a revenue-neutral approach to lower stamp duty (SD) and registration charges(RC) rates for low value housing through an empirical model. The key findings of the Study are detailed under Box 3.2.

Box 3.2: Study on the impact of changes in Stamp Duty and Registration Charges on Residential Property, and suggest a revenue neutral model for enabling Affordable Housing for All

The Study briefly covers the history and evolution of document registration and stamp duty, stamp duty rates, international evidence of stamp duty rates, evidence of under reporting of stamp duty, estimate of under-reporting of stamp duty and its impact, circle rates or guidance value, highlighting the position of stamp duty as a major contributor to the State Government’s tax revenues.

The Study provides a revenue neutral proposal to lower Stamp Duty (SD) and Registration Charges (RC) rates for low value housing such that the additional revenues accrue to States would be more than compensate for the loss of SD/RC revenues. State Governments generate tax revenues every time a house is built and transacted (or registered). Several lakhs of additional houses are expected to be built under Housing For All (HFA) with direct or indirect Central subsidies. These houses will generate “incremental” tax revenues for the States. States can share a part of these tax revenues with low value home buyers. Along with increase in housing stock, lower housing prices are essential to enable Affordable Housing, a success in our country.

An empirical model has been developed for a revenue-neutral approach to lower stamp duty (SD) and registration charges (RC) rates for low value housing using Government of Karnataka’s data. Forecasts of State’s SD revenues without active policy intervention for low value housing and with active policy intervention for low value housing have been included in the Study. The key recommendations of the study are as under:

- All stamp duty and registrations charges (including those on mortgages) may be waived off for the affordable housing segment. Thus, any securitized pool consisting of only affordable housing loans may also be exempted from stamp duty and registration charges.
- Loss of revenue from such waiver may be compensated by the additional taxes that the State Government would generate out of the additional construction activities owing to the Housing for All (HFA) impetus. Alternatively, if the stamp duty and registration



charges are capped and standardized nationwide, this will enable all type of mortgages to be securitized without distinguishing between affordable housing loans vis-à-vis others and will encourage more securitization Special Purpose Vehicles (SPVs) to be set up in all the States.

- MS Excel utility function computes the trade-off between the additional revenue each State Government would generate from housing activity initiated under HFA and loss of revenue by lowering Stamp Duty and Registration Charges on low value housing by modifying key inputs and thus shall act as a quick reference guide for implementation of the proposal of a revenue neutral model. Such insights ex-ante, may help State Governments to take up Stamp Duty Reforms to address the housing shortage and enable Affordable Housing for All.

3.5.5 Trainings and Capacity Building

National Housing Bank has focussed over the decades towards the development of the housing finance system on sound and stable lines keeping focus on the end customers, particularly in the affordable housing segment through its various schemes and programmes. The Bank as part of its promotional role has continuously been striving towards the development and capacity building of the housing finance institutions. The Bank under Section 14 of Chapter IV of the NHB Act, 1987 has been addressing the needs of the human resource development of the housing finance sector inter-alia through general and specialized training programmes, seminars and symposiums amongst others.

During 2019-20, NHB conducted 6 training programmes across India, with more than 215 participants from HFCs, SCBs, RRBs and SFBs. The programmes were a mix of residential and non-residential programmes and were conducted pan India. The Bank organized four residential and two non-residential programmes pan India. The programmes were on various topics and ranged from general to specialized programmes. The training programmes included orientation programmes on housing finance to dedicated programmes on Risk Management in Housing Finance and Supervision of Housing Finance Companies in India.

The needs of the personnel of the housing finance sector are highly specialized and vary from extending financial assistance to other activities. Accordingly, the Bank designed the programme schedule and training material of each programme. The Bank engaged specialized faculty from the industry and academia. Further, the pedagogy of the training programme included academic lessons, case studies and practical exercises.

NHB conducted an exclusive training programme for the women officers in the housing finance industry on the occasion of International Women's Day. The programme was designed specifically for women working in the housing finance sector and covered challenges and opportunities for women workers. It further emphasized on how women workers could make a difference in the life of other women.





Training programme on March 06, 2020 for the women officers in the housing finance industry

Customized programmes sensitising officers about affordable housing, CLSS and PMAY were conducted. During these programmes, the faculty interacted with the personnel of the housing finance industry and clarified their doubts about various Schemes and role of NHB. At the end of each programme, all the participants were awarded certificates of participation.

3.5.6 CEOs Meeting

The NHB has been convening meetings with the Chief Executives and Senior Officials of HFCs. The meeting provides a platform for stakeholders to deliberate upon issues of mutual interest and other initiatives in the housing and housing finance sector. During 2019-20, 3 meetings of Chief Executives of HFCs were held to deliberate on the emerging market scenario, issues and recent developments in the housing finance sector. The meetings were attended by officials of 85 HFCs.



CEO's meeting held on September 23, 2019



CEO's meeting held on January 06, 2020



CEO's meeting held on January 09, 2020

3.5.7 World Habitat Day Celebrations

The United Nations has designated the first Monday in October every year to be observed as the World Habitat Day to reflect on “the state of human settlements and the basic right to adequate shelter for all” and as a reminder to people that they are responsible for the habitat of future next generations. In 2019-20 the World Habitat Day was celebrated on Monday, October 7, 2019. The theme of the celebrations for the year 2019 was “Frontier Technologies as a Tool to transform Waste to Wealth”. The theme centred upon promoting the contribution of innovative frontier technologies to sustainable waste management to achieve inclusive, safe, resilient and sustainable cities which is also a sustainable development goal. The Bank has been celebrating the event through the conduct of various activities and events based on the theme of the World Habitat Day including painting competitions and a HabitaInment Quiz in collaboration with the India Habitat Centre.

As a part of the World Habitat Day Celebrations 2019, NHB had organized painting competitions in 2 schools namely N P Co-Ed Senior Secondary School, Lodhi Colony and Kendriya Vidyalaya, Pragati Vihar, Lodhi Road. More than 425 students participated in the competition. The themes for the painting competition were ‘Mera Sapna – Swachh Ghar Ho Apna’ for students of Junior Wing (classes III to V) and ‘Swachh Paryawaran – Meri Zimmedari’ for students of Senior Wing (classes VI to VIII). The prize winners of the painting competition were presented the awards during the World Habitat Day celebrations. The award winning paintings were also displayed at the Exhibition at Vigyan Bhavan. The Special Issue of Bank's in-house magazine Aawas Bharti's was also released on the occasion of World Habitat Day, 2019.



Shri Durga Shanker Mishra, Secretary, MoHUA awarding a prize winner of painting competition organized by NHB on the occasion of World Habitat Day 2019 in the presence of Shri Shiv Das Meena, Additional Secretary (H), MoHUA, Shri S K Hota, MD, NHB and other dignitaries



Prize winning paintings of Painting Competition organised during World Habitat Day Celebrations

World Habitat Day Celebrations 2019

The Bank also organized the 12th Habitainment Quiz in collaboration with India Habitat Centre. The quiz is an annual feature of the Bank's calendar for more than a decade, has succeeded in generating awareness and understanding among the member institutions of the India Habitat Centre towards issues relating to habitat, human settlements and waste management. It has also provided a common platform for member institutions of the India Habitat Centre to come together and collectively reflect on the important themes of World Habitat Day. This year also 150 teams participated in the Quiz.



12th Habitainment Quiz held on November 20, 2019

3.6 Risk Management

The Financing Institutions (FIs) are exposed to a variety of risks associated with financial intermediation, and their success critically depend on their ability to manage the various risks. NHB's business operations bears varied types of risks such as Credit, Liquidity, Interest Rate, Foreign Exchange, Operational and other risks.

Risk Management is the process by which a bank identifies, measures, monitors and controls its risk exposure. For the purpose of mitigating and monitoring the risks associated in its operations, the Bank has constituted various Committees with specific functions assigned to them viz. Rating Committee, Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC) and Special Mention Accounts Committee (SMAC).

NHB also has in place a Board appointed Risk Management Advisory Committee (RMAC) with two external members who are experts in banking and finance. During the year, the Committee met five 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.

The Bank has implemented new credit rating models in 2019-20. Besides updation of rating models for extant entities, the new model also include credit rating model for Small Finance Banks to whom the Bank extended its refinance facilities from 2019-20. The rating model is fully automated and deployed in server hosted at Bank's Data Centre.

3.7 Information Technology

The Bank is committed towards effective and efficient use of Information Technology. Bank's goal is to setup and ensure a secure and reliable technology infrastructure for improving efficiency, productivity and service at large. In this regards, the Bank has setup a secure network with next generation firewalls with other security infrastructure such as internet traffic filtering and proxy servers, DDoS enabled Internet Links, network zoning, SSL, secure messaging gateway to protect and safeguard its network.

The Bank has enabled various services over internet such as Website, GRIDS, ORMIS, RESIDEX and CLSS portals to its stakeholders, which are made 24x7 accessible over Internet. Further, Bank has facilitated various services such as SAP employee portal, Internet Protocol (IP) based Telephony System, Exchange Mail, MS Lync, File Servers, Video conference facility etc. on 24x7 basis for its employees for effective utilization of underlying IT infrastructure.

Bank has setup virtual office environment in view of providing seamless connectivity to IT infrastructure over Internet, to enable its officers to work from anywhere. The facility was fully used during lockdown and ensured the continuity of work. Further, the Bank has setup DR site for its critical applications and same are tested at regular interval by conducting DR Drills, as per its BCP guidelines.



The Bank's IT system and infrastructure is regularly being upgraded / replaced with the guidance and advice received from the Information Technology Committee. The Bank is planning to upgrade its core transaction SAP system, adoption of Automated Data Flow based MIS system, adoption of Microsoft Office 365, upgradation of MPLS, auto-failover of Internet connectivity for ensuring uptime of its public facing services, upgradation of Backup solution, upgradation of Virtual office etc.

3.7.1 IT Committee

To provide guided & functional approach with respect to undertaking various IT based initiative and IT implementations in the Bank, the Information Technology Policy (ITP) has prescribed the formation of the Information Technology Committee (ITC).

The ITC comprises of the heads of operations departments, including the IT Department as its core members, and the Managing Director of the Bank as the Chairman. Further, to ensure effective and secure utilization of technology and to gain valuable advise with respect to the direction of the Bank's technological evolution, three external IT experts/senior functionaries from other organizations are also roped in as members of IT Committee. The ITC provides overall directions with respect to Information Technology initiatives/adoptions and oversees IT Implementation activities in the Bank.

3.8 Human Resources

The NHB aims at retention of skilled, efficient and motivated officers and recruits such officers from time to time to ensure that the Bank is suitably staffed to cater to its requirements. The Bank is committed to continuous development of its employees through regular trainings, hands on experience and exposure to the latest industry practices / standards by way of conferences, seminars, workshops, etc.

3.8.1 Training of officers

NHB deputed its officers for various external training and management development programmes offered by reputed institutions and also in in-house training programmes. During 2019-20, 36 officers attended training programmes at various institutes such as CRISIL, Centre for Advanced Financial Research and Learning (CAFRAL), Institute of Public Enterprise, Indian Institute of Management (IIM), Management Development Institute, Gurgaon, FICCI, FIMMDA etc. In addition to the above, 28 officers attended Management Development Programme at MDI, Gurgaon and 01 officer at IIM, Lucknow. The Bank also organised an Induction Programme at TERI, Gurugram for 11 newly joined officers.

3.8.2 Recruitments, Appointments and Transfers

During 2019-20, the Bank initiated recruitment process for 01 ED (Special Grade), 11 specialist officers, 14 Scale II Officers and 14 Scale – I officers. Further, appointment of 07



officers on contractual basis was also initiated by the Bank for Risk, Supervision and review of Inspection Manual.

The Bank during 2019-20 also appointed designated Nodal Officer for Central Economic Intelligence Bureau (CEIB), Compliance Officer for the Bank and Grievance Redressal Officer in compliance to Securities and Exchange Board of India (SEBI) - Listing Obligations and Disclosure Requirements (LODR) Regulations 2015. Job rotation / transfers were effected for the officers subsequent to promotion.

3.8.3 Promotion and Staff Welfare Measures

The Bank promoted 19 officers across various scales during 2019-20 of which, 02 officers were promoted from Scale - V to Scale - VI, 07 officers were promoted from Scale - IV to Scale - V, 01 officer was promoted from Scale - III to Scale - IV, 06 officers were promoted from Scale - II to Scale - III and 03 officers were promoted from Scale - I to Scale - II. Staff Welfare measures were reviewed by the Bank to ensure productive environment for the officers.

In order to encourage the use of technology in Bank's HR operations, the Bank shifted to Online Platform for Leave and Leave Fare Concession Module. The Bank implemented new Performance Appraisal system for bringing more transparency and objectivity in the process to ensure minimal employee grievances. In this regard, online based performance appraisal system is introduced to bring in more transparency in the recording of appraisals, to reduce delay in completion of Annual Performance Appraisal (APAR), to better monitor and to provide quick access to Annual Performance Appraisal Report (APAR) records. The Bank has adopted 3 tier APAR system with effect from 2019-20. Performance assessment under the new APAR system is based on Key Responsibility Areas assigned to officers. The new system also provides for disclosure, representation and time bound completion of appraisal activities. The Bank has also introduced Immovable Property Return (IPR) filing system in HR module to enable officers to submit their IPR online.

3.8.4 Key Committees

The Key Committees related to Human Resources are

- a) Staff Accountability Committee
- b) Internal Advisory Committee
- c) Staff Benevolent Fund Management Committee
- d) NHB (Employees') Pension Trust
- e) Independent External Monitor Committee

3.8.4.1 The Bank also has Committee for Prevention of Sexual Harassment of Women at Workplaces per provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Committee which was re-



constituted during the year and consist of 01 external expert in addition to 03 members from NHB. During 2019-20 four meetings of the Committee were held and no compliant was received.

3.8.4.2 NHB's guidelines/policies with respect to Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs), Economically weaker Section (EWS) and Persons with Benchmark Disability (PwBD) are in consonance with the guidelines issued by the Government of India. NHB uploads the final Reservation Rosters on its website as per Government directions. The representation of SCs, STs, OBCs, EWS and PwBDs as on June 30, 2020 is given in **Annexure XVI**.

3.8.5 Employee Engagement

The Bank organised several events during the year to celebrate and observe different occasions such as NHB's 31st Annual Day, Independence Day, Swachhta Pakhwada, Womens Day etc. a summary of which is provided as under:

- a) The Bank organised an event on the occasion of 31st Annual Day of NHB on July 09, 2019. In this event, officers were taken through various milestones achieved by NHB in its 31 years of journey and challenges/opportunities lying ahead before the organization in general and housing finance sector in particular were discussed.
- b) Bank celebrated Independence Day. The celebration started with hoisting of Indian Flag followed by events in which the children of NHB's officers also participated.
- c) Under the Swachh Bharat Abhiyan - Swachhata Pakhwada 2019, officers of the Bank undertook cleanliness drive in office premises as well as around their residential complex in Jangpura and Vasant Kunj. In addition to the cleanliness drive, the Bank also carried out plantation activity in order to make the environment greener and cleaner.
- d) Bank observed Vigilance Awareness Week from October 28, 2019 to November 02, 2019. As part of the awareness week schedule of events, Bank held a walkathon on November 01, 2019. The Bank also conducted an Elocution Competition during the Vigilance Awareness week in BITS Pilani Engineering College - Hyderabad Campus on October 30, 2019.
- e) Bank celebrated Women's Day on March 09, 2020. Ms. Dakshita Das, Additional Secretary to Govt. of India, addressed the women Officers of the Bank on the occasion.



3.8.6 Other activities undertaken during the year

Bank has initiated the process to open new Regional Representative Offices (RROs) to extend its reach at regional level.

3.9 Rajbhasha

During 2019-20, four regular issues of the Bank's Hindi in-house magazine Aawas Bharti were published along with a special issue of the magazine on the occasion of World Habitat Day-2019 in which the articles were invited from various Public Sector Banks, Housing Finance Companies, Financial Institutions and Housing Boards. The magazine was released by Hon'ble Minister of State for Housing and Urban Affairs, Shri Hardeep Singh Puri. Bank's magazine received the first prize in the Financial Institution category by Delhi Bank TOLIC for the year 2018-19.

Hindi software / fonts have been installed to provide bilingual facility in computers / laptops. To encourage the officers to do their official work in Hindi, the Hindi Noting Incentive Scheme has also been implemented by the Bank. Official Language Implementation Committee meetings were held in subordinate offices. The percentage of correspondence in the Head Office and Subordinate Offices of the Bank was about 90 per cent. Attractive incentive schemes for officers working in Hindi have been implemented as per government guidelines. In addition, various award schemes have also been implemented to encourage officials to participate actively in promoting Hindi by participating in programs organized throughout the year including Hindi Month. On the occasion of the "Hindi Maas", the "Chal Vijayanti" trophy is awarded to the Department in the Head Office which performs best in the daily usage of Hindi every year.

During the year, Head Office of the Bank was inspected on October 31, 2019 and December 04, 2019 by the Regional Implementation office, Department of Official Language, Ministry of Home Affairs and Department of Financial Services, Ministry of Finance respectively. The outcome of the inspection was satisfactory.

During the year, Hindi workshops and competitions were organized in the Bank to encourage the officers for maximising the use of Hindi in official work. All Office Orders, formats and Circulars were issued in Hindi. The content is also shown in bilingual form on the Bank's official website. The GRIDS Portal, which is used by customers to register their grievances against the Housing Finance Companies is also available in bilingual.



Bank's Hindi in-house magazine received first prize in the Financial Institution category by Delhi Bank Narakas for the year 2018-19

From left to right (Shri. Ranjan Kumar Barun, Deputy General Manager, Shri. Sharda Kumar Hota, Managing Director and Shri. V. Vaideswaran, General Manager)



Honorable Minister of State for Housing and Urban Affairs, Shri Hardeep Singh Puri releasing the special issue of bank's in-house magazine Aarwas Bharti's published on the occasion of World Habitat Day-2019

3.10 Knowledge Centre

NHB's 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, it has transformed itself from manually managed to fully automated modern advance library through library automation software LIBSYS.

Knowledge Centre of the Bank has a unique collection of more than 7000 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 Developments, Microfinance, Information Technology etc. in English and Hindi Language. Other than the books stated above Knowledge Centre also has a collection of various reports and publication of various reputed institutions such as RBI, International Monetary Fund, World Bank, IUHF. Newspapers/magazines of various regional languages like Tamil, Telugu, Oriya, Bengali are also procured for the benefit of officers belonging to different states of the Country. The Bank is donating the old newspapers and magazines to an NGO named Society for Rural Urban and Tribal Initiative.

3.11 Compliance Department

In order to ensure a compliance culture in the Bank and effectively manage its compliance risk, a separate Compliance Department has been set up in the Bank. Further, a



comprehensive Compliance Policy having definite compliance metrics/framework alongwith well defined role and responsibilities of the Compliance Officer, Heads of Departments, Department Compliance Officers etc. has been framed and communicated throughout the Bank.

The function of the Compliance Department is to ensure strict observance of all statutory provisions contained in various legislations as well as to ensure observance of other regulatory guidelines issued from time to time and also NHB's internal policies and Fair Practices Code. The Compliance Department is closely working with other Departments and is ensuring that the compliance issues are addressed and resolved effectively and expeditiously.

Further, for specific areas, the Bank has designated officers in compliance of regulatory/statutory requirement viz CISO, Chief Risk Officer, Principal Officer - KYC, FIU-Ind, Nodal Officer - Central Economic Intelligence Bureau etc.

3.12 Vigilance Department

3.12.1 Vigilance Awareness Week

In accordance with the directives of Central Vigilance Commission, the Vigilance Awareness Week was observed in National Housing Bank. The Vigilance Awareness Week was observed from October 28 to November 02, 2019 on the theme "Integrity-A Way of Life". The Vigilance Awareness Week commenced with the administration of pledge by the MD and CVO of the Bank. The Bank had also organised an open interactive session with special emphasis on this year's vigilance awareness theme.

Other events like Poster making competition, Essay Writing, Slogan writing etc. were also organised during this week. In addition to the above, the following activities were organized at various office locations of the Bank:

- **Delhi:** The Bank had organized walkathon for spreading awareness on this year's theme "Integrity- A way of Life" and a sensitization program was organized for the officers that was addressed by Shri. P. Daniel, Additional Secretary, Central Vigilance Commission.
- **Mumbai:** NHB, in association with HDFC Ltd., had organized a Sensitization Program in Mumbai for the senior executives of Housing Finance Companies based in Maharashtra.
- **Hyderabad:** Elocution contest was organized at BITS Hyderabad Campus.



Shri. P. Daniel, Additional Secretary, Central Vigilance Commission addressing the NHB's officials during sensitization program during Vigilance Awareness Week



Walkathon organised during Vigilance Awareness Week

3.13 RTI Cell

To confer citizens a right to secure access to the information under the control of public authorities and to promote transparency and accountability in the working of every public authority, the Right to Information Act 2005 was enacted by the Parliament. Accordingly, an RTI cell has been established in the Bank to assist CPIO in dealing with all matters pertaining to RTI applications / appeals received through all channels (Online & Offline).

During 2019-20, 1,656 RTI applications and 132 RTI appeals were received of which 1,683 applications and 128 appeals were replied respectively including the replies for 89 applications and 9 appeals of the previous year.

3.14 Regional Offices and Regional Representative Office

The Bank has Regional Offices (ROs) at Mumbai, Bengaluru, Hyderabad, Kolkata & Delhi and a Regional Representative Offices (RRO) at Ahmedabad to facilitate and execute its operations in the respective regions. The ROs and RRO assist the Head Office in supervision, financing, resource raising and other promotion & developmental initiatives of the Bank and are also responsible for liaisoning and coordination at the local level.

3.15 Audit

The NHB has implemented Audit Framework, an important milestone in strengthening and streamlining the audit activities of the Bank.

During the year, the Internal Audit has been taken over as an in-house activity from the third party auditor M/s KPMG from January 2020 onwards. To make this transition smooth and acquire the required skillset, officers of the Audit Department had been simultaneously conducting internal audit along with KPMG team for the initial two quarters of the financial year 2019-20.



Audit Department also oversees Concurrent Audit; Information Security Audit and coordinates for RBI BFI inspections and compliances. M/s. M.M. Nissim & Co. (FRN: 107122W) is the Concurrent Auditor of NHB.

3.16 Corporate Communication

The National Housing Bank has been playing a significant role in the development of the housing finance sector in India. NHB through its Corporate Communication Cell undertakes creating awareness about the housing and housing finance sector and the role of NHB amongst the housing finance institutions and public at large.

The Bank has been featured in National and Regional media, both electronic and print, from time to time for its activities and contributions in the housing finance sector. Further, in sync with the time and importance of social media as an effective channel for communication, the website of the NHB is integrated with social media.

3.17 Corporate Social Responsibility (CSR)

As a responsible institution, the NHB has been earmarking certain amount for CSR activities every year since 2017-18. CSR efforts of the Bank are aimed towards developmental and welfare activities, where the impact achieved would be widespread.

3.17.1 CSR Initiatives for 2019-20

The Bank contributed the entire CSR allocation of ₹2.50 crore for 2019-20 in two tranches of ₹1 crore on March 30, 2020 and ₹1.50 crore on April 03, 2020 respectively towards PM CARES Fund which has been set up with the primary objective of dealing with any kind of emergency or distress situation, like posed by the COVID-19 pandemic, and to provide relief to the affected ones.

3.17.2 Ongoing CSR Projects

The Bank in collaboration with National Skill Development Fund (NSDF) and National Skill Development Corporation (NSDC) is providing skill development training to youths in various job roles such as Assistant Electrician, Mason and Plumber in Delhi and Kolkata.



Class for training of Assistant Electrician



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

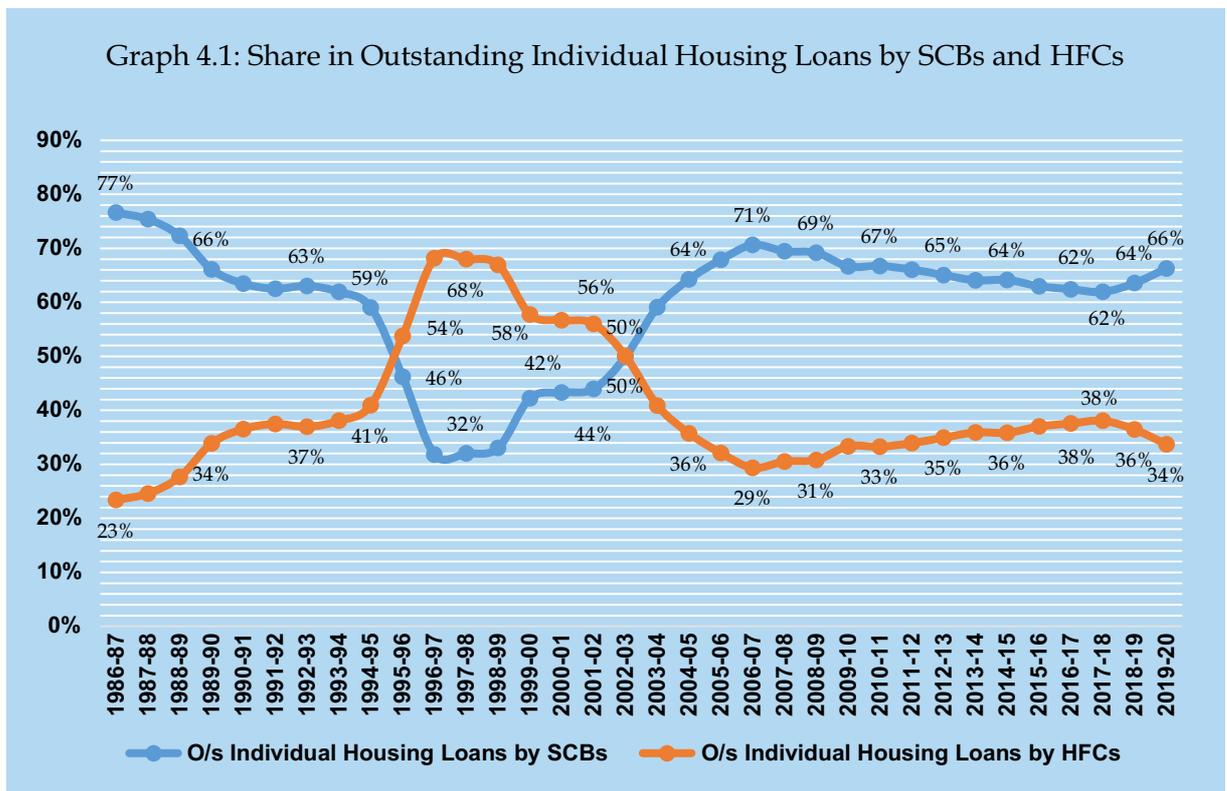
CHAPTER 4: FUTURE OUTLOOK



4. FUTURE OUTLOOK:

The year 2019-20 was a challenging year for the housing finance sector with HFCs facing liquidity constraints primarily on account of the contagion effect of liquidity crisis of September 2018. Since then, the HFCs in general have focussed on improving their liquidity profile as market sentiments towards NBFCs was largely conservative. By the last quarter of the year, the COVID-19 pandemic had hit the world economies with unprecedented and unexpected consequences affecting the socio-economic conditions of a large section of the world population.

In the backdrop of overall economic scenario, the housing finance sector witnessed a moderation in growth during 2019-20. The overall growth in Individual Housing Loans of Banks and HFCs combined stood at 10 per cent in 2019-20 as compared to 16 per cent in 2018-19. The pace of growth of banks remained higher than that of HFCs, partly supported by portfolio buyouts, leading to increase in their market share of Individual Housing Loan to 66 per cent as compared to HFC's share of 34 per cent.



Source: NHB and RBI

The NHB through its various refinancing scheme have ensured infusion of liquidity in the Housing Finance system to cater the demand of HFCs to address the housing finance requirements. NHB provided ₹9,244 crore to HFCs under LIFT, a special liquidity window for HFCs post IL&FS default. Further, in order to cater to the liquidity requirements of



housing finance sector in the face of COVID-19 related disruptions, an amount of ₹9,537 crore was disbursed by NHB during May and June 2020 under Special Liquidity Facility received from RBI, out of which around 71 per cent disbursement was to HFCs. Total refinance support of over ₹25,000 crore was made to HFCs alone, during the 4 months of March to June 2020.

The NHB has also been actively participating in GoI's Housing For All Mission as a Central Nodal Agency (CNA) under the PMAY - CLSS (U). The Bank during 2019-20 disbursed ₹7,571.74 crore of subsidy to 3.32 lakh beneficiaries. Notwithstanding the pandemic, ₹1,984.71 crore was disbursed to 88,448 beneficiaries during March 20, 2020 to June 30, 2020. Till June 30, 2020, the NHB has disbursed subsidy worth ₹21,632.67 crore to 9.55 lakh households. The subsidy released under PMAY-CLSS (U) with NHB as the CNA accounts for around 90 per cent of the total subsidy released so far under the Scheme.

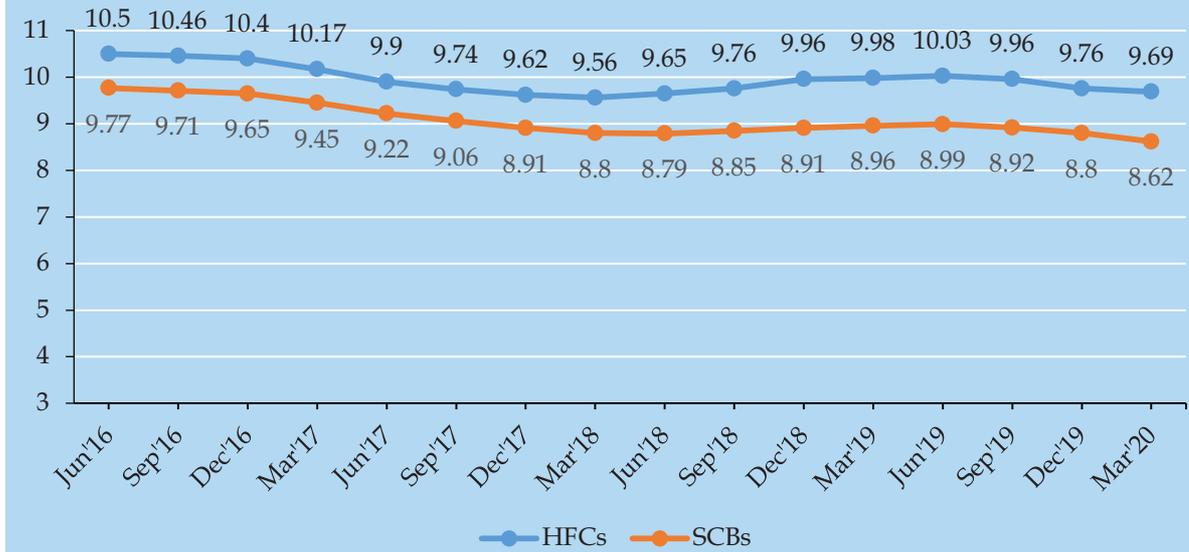
Housing and real estate play a pivotal role in setting the trend for economic growth. The NHB has been since its inception promoting a sound, healthy, viable and cost effective housing finance system and has been a principal anchor in many of the Government sponsored initiatives. The bandwidth of the Bank's financing and promotional activities has also expanded over the years. With the recent transfer of regulation of HFCs to RBI, the NHB has reorganized its supervisory functions by strengthening its surveillance mechanism to identify emerging risks and assess the vulnerabilities across the HFCs for timely action.

The NHB has been lending special focus to the HFCs in terms of its financing and promotional activities and the segment has a strong potential for growth especially in the area of affordable housing. However, with Bank's continued focus on retail growth especially in the Individual housing loan segment, the HFCs need to further upscale their efforts to cater to the housing loan requirements of the growing population.

The interest rate offered by the PLIs is the key towards the expansion of their market share. A comparative analysis of WALR on outstanding individual housing loans of Banks and HFCs for the last 16 quarters indicate that the lending rates of HFCs have remained competitive as compared to Banks, albeit on a higher side, primarily due to the difference in the risk profile of their borrowers, no or limited access to low cost funds through public deposits like commercial banks etc. However, considering the initiatives undertaken by GoI, RBI and NHB in providing low cost funds to the sector, the segment is expected to pass on the benefit of cheaper funds to the borrowers in terms of their lending rates.



Graph 4.2: Comparative Analysis of WALR of HFCs & SCBs
(in % per annum)



Source: NHB and RBI

Apart from the host of measures announced by various authorities, the migration of people to their hometowns in Tier II and Tier III cities due to the current pandemic has also created a huge opportunity in terms of potential demand for affordable housing in such cities. Capitalising on the benefits and opportunities available, would therefore, remain the key for expansion of the market share of HFCs and increase the market confidence in their favour while also ensuring favourable growth in the housing and housing finance sector.

Box 4.1: Challenges and Opportunities for Housing Finance Companies

The HFCs have played an important role in the growth of the housing finance business in the country. Over the past two years, the sector has been subjected to stress due to multiple adverse issues which have impacted their liquidity position and profitability of varying levels across the market.

HFCs, like other financial lenders, have been directed by the Reserve Bank of India to offer the moratorium to its debtors. On the liabilities side, however, such relief is not easily forthcoming for the HFCs from their lenders. The challenge is increased in case of entities with high share of capital market borrowings because no moratorium has been announced for capital market borrowings (such as bonds and commercial paper) and repayments on these have to be made on time, during a period when collections may be impacted significantly.

The exposure of HFCs to the whole-sale segment has been facing asset-quality deterioration and impacted liquidity due to chunky portfolio and tight funding conditions post default of a



large infrastructure lender, followed by a large sized HFC, and deterioration in underlying industries like real estate and infrastructure.

Overall, there could be an impact on the asset quality across all segments - housing loans, loan against property (LAP) and construction finance. Within housing, the asset quality in the affordable and self-employed segment may worsen more vis-à-vis the salaried segment, which is expected to exhibit more resilience except sectors that could face salary cuts/ job losses impacting their debt-servicing capacity. The construction finance segment may also get impacted because of labour migration and lockdowns, which will delay project execution, completion and sales, and further impact the cash flow of this borrower segment.

Further, the liquidity of HFCs could also get impacted due to losses on the sale of properties, especially those that were financed at higher loan-to-value (LTV) ratios.

Funding of long dated assets with short term liabilities leading to an asset liability mismatch and defaults by certain players has impacted the fund flow to the sector and resulted, inter-alia, in rising cost of capital. The short term investors have shied away from taking/ refinancing exposures to the segment. This has also led to the shrinking of commercial paper market.

Lapses in the corporate governance of a few entities has had an impact at a sectoral level including the impact of capital flows to the sector. This along with the ALM mismatch has also led to change in the borrowing mix of customers and corresponding rise in the cost of capital. Adding to the above, the COVID-19 crisis has further disrupted and added to the existing stress through significant drop in new customer acquisition. The present crisis is likely to give impetus to co-origination of loans, highlighting the possible synergies between HFCs and Banks. Through this initiative, both HFCs and Banks are expected to be able to leverage their respective inherent strengths and act complementary to each other.

The current crisis has also exposed the financial services industry to new ways of working. COVID-19 is likely to be an accelerator for digital adoption in lending space; lenders are seen to be working towards strengthening of their digital platforms across the lending value chain. The HFCs are also expected to revisit product offerings and consider changes in the current operating model. In case 'Reverse migration' happens, it may create housing demand in tier II & tier III cities. Besides offering new business opportunities, it will also help in reduction of geographical risk in the portfolio of the HFCs as the HFCs expand their coverage of business.

Post the transfer of regulation of HFCs to RBI, HFCs are to be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. This regulatory convergence will provide level playing field to HFCs and NBFCs, discourage or eliminate scope for regulatory arbitrage and hence will benefit the HFCs.



**Yearly Accounts
2019-20
(July, 2019 to
June, 2020)**



Directors' Report

TO THE MEMBERS

The Directors are pleased to present the 32nd Annual Report of National Housing Bank together with the Audited statement of accounts for the year ended June 30, 2020.

1. Review of Financial Performance

During the year 2019-20, the total refinance disbursements by the Bank rose by 24% year on year to touch a record high of over ₹31,250 crore under its various refinance Schemes viz., Liberalized Refinance Scheme (LRS), Liquidity Infusion Facility (LIFt), Special Refinance Facility (SRF), Affordable Housing Fund (AHF), Green Housing etc. Catering to the needs of the HFCs, 88% of the total disbursement by NHB has been to the HFCs during the year and more importantly to over 30 small HFCs with Loan Book of less than ₹1,000 crore. With 22 new HFCs and 4 Small Finance Banks brought under refinance, NHB's refinance portfolio grew by 20% year on year.

During its 32nd financial year 2019-20 (July 2019 - June 2020), the Bank has achieved a number of milestones in respect of disbursement of financial assistance, supervisory initiatives and its performance as the Central Nodal Agency (CNA) under the PMAY - CLSS (U), besides others.

Endeavour of NHB over the decades has been towards development of the housing finance system on sound and stable lines keeping focus on the end customers, particularly in the affordable housing segment. NHB has ensured that the slew of measures announced by the Government of India and RBI on account of the COVID -19 Pandemic, both regulatory and financial, are implemented in letter and spirit, thereby ensuring minimum adverse impact to the sector.

Under the *Atmanirbhar Bharat* package announced by the Hon'ble Finance Minister, NHB was provided a Special Liquidity Facility of ₹10,000 crore by RBI to obviate the pandemic related liquidity issues of Housing Finance sector. Responding to the need of the hour, NHB has sanctioned ₹9,992 crore to 53 HFCs/RRBs/SFBs of which ₹9,537 crore was disbursed before 30th June 2020. It is worth a mention that during 4 months period of March to June 2020, NHB provided a total refinance assistance of over ₹25,000 crore to the HFCs alone.

The Bank is committed towards its mandate and will continue to work towards Government of India's objective of Housing for All by making affordable Housing Finance reach the poor and needy.



The performance highlights of the Bank are tabulated below:

(₹in crores)

Particulars	Financial Year 2018-19 (July to June)	Financial Year 2019-20 (July to June)
Gross Income	5275.55	5025.26
Interest Income	4994.07	4984.82
Other Income	281.48	40.44
Total Operating Expenditure	3465.43	3498.92
(Gain)/Loss on account of foreign exchange fluctuations	13.66	(8.20)
Operating Profit/Turnover	1796.46	1534.54
Provisions and Contingencies	481.99	1082.87
Profit Before Tax	1314.47	451.67
Provision for Tax/Deferred Tax	581.50	256.00
Profit After Tax	732.97	195.67
Net Interest Income	1594.45	1562.52
Gross Non Performing Assets	4.19	2502.85
Net Non-Performing Assets	0.00	624.66
Paid Up Capital	1450.00	1450.00
Reserves and Surplus	7480.93	7679.37
Net Owned Fund	8403.91	8587.21
Return on Average Assets	1.04%	0.25%
Interest Coverage Ratio	1.39	1.13
Return on NOF	9.10%	2.27%
Net Interest Margin	2.26%	1.97%



2. State Of Affairs

The National Housing Bank is a development financial institution established in 1988, under an Act of Parliament viz., the National Housing Bank Act, 1987. NHB is to operate as a principal agency housing finance institutions and to provide financial and other support to such institutions. The main three functions of NHB are supervision, financing and promotion and development. NHB's business includes refinancing housing loans to individuals of HFCs, SCBs, Grameen Banks/ Regional Rural Banks and Small Finance Banks (SFBs) and project financing public agencies and public private partnership entities for their housing projects.

The regulatory powers of the Bank has shifted to Reserve Bank of India vide notification dated 9th August, 2019.

There has been no change in the business of the Bank during the financial year ended June 2020. During the year, Hyderabad, Kolkata, Bengaluru and Delhi (North Zone) have been converted to Regional Offices (ROs) (in addition to Mumbai Regional Office).

3. Details of Subsidiary, Joint Venture and Associate Companies

NHB does not have any Subsidiary, Joint Venture or Associate Company.

4. Loans and Investment

The Bank provides finance to the housing sector through two windows namely Refinance and Project Finance. Through Refinance, Bank makes intervention in the demand side and through the Project Finance window supply side interventions are achieved. During the FY 19-20 Bank has disbursed a total amount of ₹31,258 crore to Housing Finance Companies, Scheduled Commercial Banks including Regional Rural Banks and Small Finance Banks.

5. Amounts transferred to Reserves

During the FY ending 2020, an amount of ₹45.53 crores has been transferred to Reserve Fund.

6. Number Of Board Meetings

During the year 2019-20, the Board met six times, the Audit Committee of the Board met four times, the Executive Committee of the Board met seven times, the Human Resource Committee met four times and Supervisory Committee of the Board met three times.

7. Particulars of Contract and arrangement with Related Parties:

Please refer to Para 20 of the Notes to Accounts.



8. Explanation to Auditor's remarks:

For the FY 2019-20, the Statutory Auditors have given unqualified report on the Bank's Financials and opined that there are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the Bank.

9. Material changes affecting the financial position of the Bank:

There are no Material changes and commitments affecting the financial position of the Bank occurred between the end of the financial year to which this financial statement relates and the date of this report.

10. Risk Management Policy

The Bank has a comprehensive Risk Management Policy approved by the Board in place. The objective of Risk Management Policy of the Bank is:

1. To evolve a Risk Management System compatible with the nature and the size of the operation and the risk management philosophy set by the Bank
2. To develop policies, procedures and practices to ensure that various risks are appropriately identified, measured, monitored and managed.
3. To decide the level of risk the Bank should undertake, after its scientific measurement is done, to achieve optimum return from its various business lines to enhance Bank's profitability and capital.
4. To ensure that comprehensive Risk Monitoring system is designed and implemented in order to manage the risk within the level decided to achieve the planned optimum return.

11. Details of Directors and Key Managerial Personnel

As on 30-06-2020, apart from Managing Director, NHB appointed by the Government of India under Section 6(1) (a) of the National Housing Bank Act, 1987, there were six other directors on the Board of Directors of NHB, as per the following composition:

- one Director from among the Board of Directors of Reserve Bank of India, nominated by the Reserve Bank of India under Section 6 (1) (d) of the Act;
- three Directors from amongst the officials of the Central Government, appointed by the Central Government under Section 6 (1) (e) of the Act; and
- two Directors from amongst the officials of the State Government, appointed by the Central Government under Section 6 (1) (f) of the Act.



**BANSAL & CO LLP
CHARTERED ACCOUNTANTS**

HEAD OFFICE : A-6, Maharani Bagh New Delhi-110065

PH. : 011-41626470-71 FAX : 011-41328425

E- mail : info@bansalco.com

INDEPENDENT AUDITOR'S REPORT

To
The President of India

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of National Housing Bank ("the Bank"), Which comprise the balance sheet as at 30th June 2020, the Profit and Loss, and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the National Housing Bank Act, 1987 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 30th June 2020, profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (the ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Emphasis of Matter

We draw attention to Note 51 and Note 52 to the standalone financial statements relating Impact of COVID-19 on the Bank's standalone financial statements. The financial impact of the pandemic



is not quantifiable and based on future global and domestic market dynamics which are highly uncertain. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	Auditors Response
Identification of Non-performing advances and provisioning of advances:	
<p>Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank's net advances constitute 90.66% (Previous year 92.34%) of the total assets and the gross NPA ratio of the Bank is 2.99% (Previous year 0.01%) as at June 30, 2020. The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of NPAs and the minimum provision required for such assets. The Bank is also required to apply its judgment to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.</p>	<p>Our audit approach towards advances with reference to the IRAC norms and other related circulars / directives issued by RBI and also internal policies and procedures of the Bank includes the testing of the following:</p> <ul style="list-style-type: none"> • Understanding, evaluating and testing the design and operating effectiveness of key controls (including application controls) around identification of impaired accounts based on the extant guidelines on IRAC. • Performing other procedures including substantive audit procedures covering the identification of NPAs by the Bank. These procedures included: • Considering the accounts reported by the Bank and other Banks as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress.



The provisioning for identified NPAs is estimated based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI.

The Bank has detailed its accounting policy in this regard in Schedule XV- Significant accounting policies under note 5 Loans/Advances and Provision thereon.

Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit, we have ascertained identification and provisioning for NPAs as a key audit matter.

- Performing inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA.
- Reviewing account statements and other related information of the borrowers selected based on quantitative and qualitative risk factors.
- Gained an understanding of the Bank's process for provisioning of advances.
- Assessed compliance with RBI circular on COVID-19 Regulatory Package.

Management's Responsibility for the Standalone Financial Statements

The Management is responsible for the preparation and fair presentation of these standalone 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.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and



using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

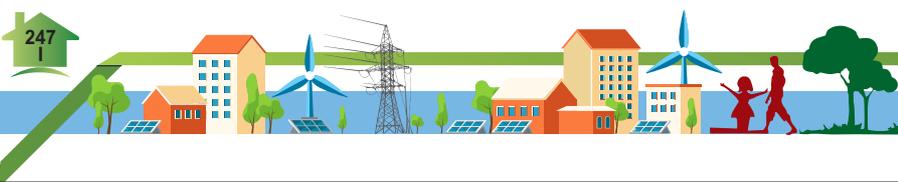
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify your opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with



relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- a) The Balance Sheet and the Profit and Loss Account and cash flow have been drawn up in accordance with the National Housing Bank Act, 1987 as amended ('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.
- b) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- c) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
- d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- e) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- f) In our opinion, the aforesaid financial statements dealt with by this report comply with the applicable Accounting Standards.

For Bansal & Co LLP
Chartered Accountants
Firm Reg. No. - 001 I 13N/N500079



Siddharth Bansal (Partner)
(Membership No. 518004)
UDIN: 205 I 8004AAAABG4808

Place of Signature: New Delhi
Date: 26th August 2020





Yearly Accounts
2019-20
(July, 2019 to June, 2020)



NATIONAL HOUSING BANK

Balance Sheet

Amount in ₹ crore

Previous Year	Liabilities	Schedules	Current Year
1,450.00	1. Capital	I	1,450.00
6,824.52	2. Reserves	II	7,022.96
656.41	3. Profit and Loss Account	III	656.41
10,840.55	4. Bonds and Debentures	IV	15,482.30
40,591.80	5. Deposits	V	44,008.33
12,056.42	6. Borrowings	VI	19,501.92
428.60	7. Deferred Tax Liability (net)		343.60
2,707.07	8. Current Liabilities and Provisions	VII	1,658.81
35.46	9. Other Liabilities	VIII	35.46
0.06	10. HLA deposits with banks and HFCs-as per contra		0.06
75,590.89	TOTAL		90,159.85

Sd/-
Rakesh Awasthi
Chief Financial Officer

Sd/-
V. Vaideswaran
Executive Director

Sd/-
Rahul Bhave
Executive Director

Sd/-
S.K. Hota
MANAGING DIRECTOR

Sd/-
Prasant Kumar
DIRECTOR

New Delhi, August 26, 2020



as at June 30, 2020

Amount in ₹ crore

Previous Year	Assets	Schedules	Current Year
1,695.21	1. Cash and Bank Balances	IX	3,719.35
3,501.07	2. Investments	X	3,906.51
69,805.21	3. Loans and Advances	XI	81,749.87
32.90	4. Fixed Assets	XII	30.81
556.44	5. Other Assets	XIII	753.25
0.06	6. HLA deposits with banks and HFCs - as per contra		0.06
75,590.89	TOTAL		90,159.85
144.95	Contingent Liability	XIV	204.87

Schedules I to XV form an integral part of accounts

As per our attached Report of even date

For Bansal & Co. LLP
Chartered Accountants
Firm Reg. No. 001113N/N500079

Sd/-
(CA Siddharth Bansal)
Partner
Membership No. 518004



NATIONAL HOUSING BANK

Profit & Loss Account

		<i>Amount in ₹ crore</i>
Previous Year	Expenditure	Current Year
3,323.23	1. Interest	3,319.71
21.12	2. Staff Salaries, Allowances etc. and Terminal Benefits	29.24
0.08	3. Directors' and Committee Members Fees and Expenses	0.11
0.14	4. Audit Fees	0.14
3.34	5. Rent, Taxes, Electricity and Insurance	2.15
0.45	6. Postage, Telegrams, Telex and Telephones	0.52
0.76	7. Law Charges	0.48
	8. Stationery, Printing, Advertisement, etc.	
0.31	(i) Stationery and Printing	0.53
0.60	(ii) Advertisement	0.55
76.39	9. Coupon paid on SWAP Deals/Premium paid on POS	102.59
5.65	10. Depreciation on Fixed Assets	4.58
4.97	11. Brokerage, Guarantee Fee and Other Expenditure on Borrowings	3.89
4.10	12. Stamp duty on Borrowings	3.65
1.72	13. Travelling Expenses	1.66
2.00	14. Corporate Social Responsibility Expenditure	2.50
20.41	15. Other Expenditure	26.17
(0.08)	16. Depreciation/ Amortisation on Investment	0.00
0.24	17. Prior Period Expenses	0.45
404.40	18. Provision for Standard Assets	(291.56)
78.01	19. Provision for Bad & Doubtful Debts u/s 36(1) (vii)(c) of Income Tax Act, 1961	64.60
(0.42)	20. Provision for Non Performing Assets	1,309.83
88.00	21. Deferred Tax	(85.00)
493.50	22. Income Tax	341.00
732.97	23. Profit carried to Balance Sheet (Refer Schedule III)	195.67
5,261.89	TOTAL	5,033.46

Sd/-
Rakesh Awasthi
Chief Financial Officer

Sd/-
V. Vaideswaran
Executive Director

Sd/-
Rahul Bhawe
Executive Director

Sd/-
S.K. Hota
MANAGING DIRECTOR

Sd/-
Prasant Kumar
DIRECTOR

New Delhi, August 26, 2020



for the year ended June 30, 2020

Amount in ₹ crore

Previous Year	Income	Current Year	
	1. Interest and Discount:		
4,740.51	(i) Loans and Advances	4,645.62	
47.43	(ii) Bank Deposits	<u>164.99</u>	4,810.62
194.85	2. Income from Investments		174.20
256.07	3. Profit on Sale of Investments		0.00
11.28	4. Profit on Purchase and Sale of Mutual Fund		0.00
0.01	5. Profit/ (Loss) on sale of Fixed Assets		0.01
0.05	6. Prior Period Income		0.04
10.72	7. Other Income		23.14
14.45	8. Amortisation of Premium on Forward Exchange Contracts		16.56
0.13	9. Provisions no longer required written back		0.64
0.05	10. Amortisation of Premium on Bonds		0.05
(13.66)	11. Exchange Gain/(Loss)		8.20
5,261.89	TOTAL		5,033.46

Schedules I to XV form an integral part of accounts

As per our attached Report of even date

For Bansal & Co. LLP
Chartered Accountants
Firm Reg. No. 001113N/N500079

Sd/-
(CA Siddharth Bansal)
Partner
Membership No. 518004



NATIONAL HOUSING BANK

Schedules to the Balance Sheet as at June 30, 2020

SCHEDULE - I

CAPITAL

Amount in ₹ crore

Previous Year	Description	Current Year
1,450.00	1. Authorised	1,450.00
1,450.00	2. Issued and Paid-up (Statutory Body Under the Government of India)*	1,450.00
1,450.00		1,450.00

*Transfer of shares from Reserve Bank of India to Government of India w.e.f. 19.03.2019



NATIONAL HOUSING BANK

Schedules to the Balance Sheet as at June 30, 2020

SCHEDULE - II

RESERVES

Amount in ₹ crore

Description	Balance as on 01.07.2019	Additions	Deductions	Balance as on 30.06.2020
1. Reserve Fund	5,074.77	45.53	0.00	5,120.30
2. Special Fund (Slum Improvement & Low Cost Housing Fund)	439.10	13.54	0.00	452.64
3. Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961	1,229.50	136.60	0.00	1,366.10
4. Investment Fluctuation Reserve	20.08	0.00	0.00	20.08
5. Staff Benevolent Fund (SBF)	61.07	4.11 [#]	1.34	63.84
Total	6,824.52	199.78	1.34	7,022.96

#Including interest earned on bank deposits of ₹ 4.11 crore



NATIONAL HOUSING BANK

Schedules to the Balance Sheet as at June 30, 2020

SCHEDULE - III

PROFIT & LOSS ACCOUNT

Amount in ₹ crore

Previous Year	Description	Current Year	
376.09	Balance of Profit brought forward	656.41	
732.97	Balance as per Profit and Loss Account	195.67	
	<i>Less: Appropriations:</i>		
257.50	<i>Less: (a) Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961</i>	136.60	
178.74	<i>Less: (b) Transfer to Reserve Fund</i>	45.53	
16.41	<i>Less: (c) Profit of Special Fund (Slum Improvement and Low Cost Housing Fund) transferred to Special Fund A/c</i>	13.54	195.67
656.41		656.41	



NATIONAL HOUSING BANK

SCHEDULE - IV

BONDS AND DEBENTURES

Amount in ₹ crore

Previous Year	Description	Current Year	
6,037.10	1. NHB Bonds	10,720.00	
	2. Priority Sector Bonds:		
4,640.55	(a) Tax-free Bonds	4,640.50	
162.90	(b) Special Series Bonds	121.80	4,762.30
10,840.55		15,482.30	

SCHEDULE - V

DEPOSITS

Amount in ₹ crore

Previous Year	Description	Current Year	
22,500.00	1. Deposits from banks under Rural Housing Fund	18,500.00	
10,500.00	2. Deposits from banks under Urban Housing Fund	10,500.00	
7,500.00	3. Deposits from banks under Affordable Housing Fund	14,952.65	
91.80	4. Other Deposits from Public	55.68	
40,591.80		44,008.33	

SCHEDULE - VI

BORROWINGS

Amount in ₹ crore

Previous Year	Description	Current Year	
	1. From Reserve Bank of India:		
0.00	Special Liquidity Facility	9,537.49	
	2. From Other Sources:		
	(a) In India		
4,505.00	(i) Borrowing through Term Loan	1,000.00	
2,955.22	(ii) Commercial Papers	5,456.16	6,456.16
1,940.98	(b) Outside India	1,845.41	
2,655.22	3. TREP Borrowings	1,662.86	
12,056.42		19,501.92	



NATIONAL HOUSING BANK

SCHEDULE - VII

CURRENT LIABILITIES AND PROVISIONS

Amount in ₹ crore

Previous Year	Description	Current Year	
	1. <i>Interest Payable:</i>		
1.50	(a) Unclaimed Interest	1.52	
365.22	(b) Interest Payable on Other Bonds and Debentures	374.41	
529.92	(c) Interest Payable on Deposits	504.24	
1.27	(d) Interest Payable on TREP Borrowing	0.14	
54.82	(e) Interest Payable on Other Borrowings	47.06	927.37
	2. <i>Provision for Retirement Benefits:</i>		
1.20	(a) Medical Expense for Retired Officers	1.40	
6.58	(b) Leave Encashment	7.75	
7.24	(c) Gratuity	8.29	
2.12	(d) Leave Travel Concession	2.17	
6.21	(e) Sick Leave	7.58	
3.74	(f) Pension	4.22	31.41
	3. <i>Other Provisions:</i>		
635.54	(a) Contingent Provision against Standard Assets	343.98	
521.40	(b) Provision for Bad and Doubtful Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	21.84	
0.02	(c) Provision for Diminution in the Value of Restructured A/c	0.02	
10.00	(d) Provision for Contingencies	10.00	
0.22	(e) Provision for HLA Deposits	0.22	
0.20	(f) Other Provisions	0.21	
2.78	(g) Statutory Liability & Others	1.94	378.21
0.84	4. Redemption Payable Account		0.67
3.21	5. Capital Gains Bonds Overdue Account		3.08
7.95	6. Sunidhi/Suvridhi Overdue		9.23
1.76	7. UN-HABITAT Revolving Fund for Water & Sanitation Projects		1.76
16.32	8. Amount received under 1% Interest Subvention Scheme		17.42
1.30	9. Amount received under Interest Subsidy Scheme for Housing the Urban Poor		1.40
29.61	10. Amount received under MNRE Subsidy Scheme		31.81
34.27	11. Amount received under Rajiv Rinn Yojana		36.81
0.00	12. Amount received under RHISS		43.21
311.11	13. Amount received under Credit Linked Subsidy Scheme		80.51
150.73	14. Other Liabilities		95.92
@	15. IOT		0.00
2,707.08			1,658.81

@Amount less than ₹0.50 lacs



NATIONAL HOUSING BANK

SCHEDULE - VIII

OTHER LIABILITIES

Amount in ₹ crore

Previous Year	Description	Current Year
0.17	1. Unsettled transactions of 1991-92	0.17
35.29	2. Interest Payable on unsettled transactions	35.29
35.46		35.46

SCHEDULE - IX

CASH AND BANK BALANCES

Amount in ₹ crore

Previous Year	Description	Current Year
@	1. Cash/ Cheques in Hand	@
0.05	2. Current Account with Reserve Bank of India	0.02
	3. Balance with other banks:	
	(a) In India	
398.34	(i) Current Accounts	221.80
1,000.00	(ii) Term Deposits with banks	3,240.00
57.00	(iii) Term Deposits with banks (Staff Benevolent Fund)	<u>61.00</u> 3,522.80
	(b) Outside India	
239.82	Term Deposits with banks	196.53
1,695.21		3,719.35

@Amount less than ₹0.50 lacs



NATIONAL HOUSING BANK

SCHEDULE - X

INVESTMENTS

Amount in ₹ crore

Previous Year	Description	Current Year	
	1. Securities of Central and State Government <i>at cost or market value whichever is less</i>		
93.15	(a) Government Securities (<i>Pledged with CCIL for borrowing operations</i>)	93.15	
0.00	Less: Depreciation	0.00	93.15
2,676.78	(b) Treasury Bills (<i>Pledged with CCIL for borrowing operations</i>)		3,082.22
5.10	2. Stock, shares, bonds, debentures and securities of Housing Finance Institutions		5.10
	3. Stocks, Shares, Bonds, Debentures and Securities of other Institutions:		
726.04	(a) Shares of Other Institutions	726.04	
0.53	(b) Shares of Building Material Company	0.53	-
0.53	Less: Depreciation	0.53	-
3,501.07			3,906.51

SCHEDULE - XI

LOANS AND ADVANCES

Amount in ₹ crore

Previous Year	Description	Current Year	
	I Refinance		
	1. <i>Housing Finance Institutions:</i>		
50,453.20	(a) Housing Finance Companies		65,184.71
	2. <i>Scheduled Banks:</i>		
18,315.38	(a) Commercial Banks	15,439.98	
753.52	(b) Regional Rural Banks	988.43	
165.74	(c) Urban Co-operative Banks	149.13	
23.89	(d) Small Finance Banks	1,778.66	18,356.21
	II Direct Lending		
97.67	1. Housing Boards, Development Authorities, etc.		87.13
69,809.40	Gross Loans and Advances		83,628.05
4.19	<i>Less: Provisions for Non Performing Assets</i>		1,878.18
69,805.21	Net Loans and Advances		81,749.87



NATIONAL HOUSING BANK

SCHEDULE - XII FIXED ASSETS

Amount in ₹ crore

Description	COST BLOCK				DEPRECIATION				NET BLOCK			
	As at 01.07.2019	Additions	Deletions	Adjustments	As at 30.06.2020	As at 01.07.2019	Additions	Deletions	Adjustments	As at 30.06.2020	As at 30.06.2019	
LAND - LEASEHOLD	13.95	-	-	-	13.95	0.36	0.02	-	-	0.38	13.57	13.59
LAND - FREEHOLD	3.94	-	-	-	3.94	-	-	-	-	-	3.94	3.94
PREMISES	19.37	-	-	-	19.37	8.70	0.48	-	-	9.18	10.19	10.67
MOTOR VEHICLE	1.91	-	-	-	1.91	1.54	0.34	-	-	1.88	0.03	0.37
FURNITURE AND FIXTURE	2.98	0.09	-	-	3.07	1.88	0.22	-	-	2.10	0.97	1.10
OFFICE EQUIPMENTS	2.30	0.25	-	-	2.55	2.12	0.15	-	-	2.27	0.28	0.18
COMPUTER AND MICROP ROCESSOR	22.41	1.35	0.31	-	23.45	20.13	2.51	0.31	-	22.33	1.12	2.28
INTANGIBLE ASSETS*	9.58	0.75	-	-	10.33	8.82	0.85	-	-	9.67	0.66	0.76
ASSETS UNDER RESIDENCE FURNISHING SCHEME	0.10	0.05	-	-	0.15	0.09	0.01	-	-	0.10	0.05	0.01
Total	76.54	2.49	0.31	-	78.72	43.64	4.58	0.31	-	47.91	30.81	32.90
Previous year	76.00	1.38	0.84	-	76.54	38.79	5.65	0.80	-	43.64	32.90	37.21

*Details of Intangible Assets

Description	COST BLOCK				DEPRECIATION				NET BLOCK			
	As at 01.07.2019	Additions	Deletions	Adjustments	As at 30.06.2020	As at 01.07.2019	Additions	Deletions	Adjustments	As at 30.06.2020	As at 30.06.2019	
COMPUTER SOFTWARE	9.58	0.75	-	-	10.33	8.82	0.85	-	-	9.67	0.66	0.76

Amount in ₹ crore

NATIONAL HOUSING BANK

SCHEDULE - XIII

OTHER ASSETS

Amount in ₹ crore

Previous Year	Description	Current Year	
	1. <i>Interest Receivable:</i>		
11.80	(a) Bank Deposits	76.07	
108.21	(b) Investments	102.09	178.16
	2. <i>Advances, Receivables, Advance Tax & Prepaid Expenses:</i>		
16.18	(a) Staff Loans and Advances	15.46	
138.77	(b) Advance Tax, FBT, TDS, etc.	116.10	
	(c) Miscellaneous Recoverable		
0.46	Considered Doubtful	0.46	
0.46	Less : Provisions	0.46	0.00
3.45	(d) Prepaid Expenses	3.24	
42.98	(e) Deposit with CCIL including interest receivable	42.85	
56.66	(f) Amount recoverable from GOI against exchange loss on USAID Borrowing	58.99	
(0.68)	(g) Others	12.32	248.96
176.62	3. Unsettled transactions of 1991-92		176.62
2.44	4. Provision for Gain on Principal Only Swaps (POS) Contracts		149.51
556.43			753.25

SCHEDULE - XIV

CONTINGENT LIABILITIES

Amount in ₹ crore

Previous Year	Description	Current Year	
144.13	1. Liability on account of Forward Exchange Contract		203.91
0.72	2. Performance Linked Incentives to MD & CEO & ED		0.80
0.07	3. Differential in Pension Amount (Ex-AGM, NHB)		0.13
0.03	4. District Consumer Forum Cases		0.03
144.95			204.87



SCHEDULE - XV

Notes forming parts of the accounts for the year ended June 30, 2020

(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, Accountant 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 and the disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenue & expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. 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. Penalty imposed by NHB for non-compliance with the regulatory requirements or the guidelines issued by NHB from time to time.

3.1.6. Amount received from Housing Finance Companies/ Banks on account of credit inspection charges.



- 3.1.7. 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
- (vi) 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 HTM, AFS and HFT 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 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.

4.3.7. Investments are classified as performing and non-performing based on guidelines issued by RBI from time to time.

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 extant 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.

5.11 The Bank provides additional provisioning of 15% in case of Specific Standard Assets on occurrence of the following events on the date of adoption of accounts:

- i. In case of performing assets, if there is an overdue of more than 30 days; or
- ii. Bank initiates the process of implementing a Resolution Plan involving restructuring.

The management at its discretion can make such additional provision by charging to Profit & Loss Account or can utilize any additional provision standing in the books of accounts (without reference to any specific account) for meeting such requirement for provision against specific standard assets. The Additional provision of 15% on performing assets shall include the regulatory provision on Standard Asset.

In case the specific standard asset turns into NPA, the provisions being maintained in the Standard Asset Provision category will be utilized for creating provisions against Sub-Standard category.

In case the specific asset revives and turns into performing asset, the management at its discretion may reverse the excess provisions.

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) Land	
i) Land Freehold	Nil
ii) Land – Leasehold	
1. Period of Leasehold - Perpetual	Nil
2. Other than above	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 Rs. 10,000/- and below are to be fully depreciated in the year of addition (Excluding assets purchased under RFS).

7.4. Depreciation on addition to assets is calculated for full period irrespective of the date of addition.

7.5 Bank capitalizes item of property, plant and equipment that qualifies for recognition as an asset measured at its cost which includes its purchase price, taxes, after deducting trade discounts and rebates. On GST component included in the cost of the item capitalized, Bank is not/ will not claiming/ claim Input Tax Credit.



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 April 1, 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. January 1, 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.
- 8.4. In case of Residential Furnishing Scheme, no asset will be created under revised Residential Furnishing Scheme and the amount sanctioned will be treated as monetary perquisite to the employees. The Bank will pay tax on the same and the tax so paid will be treated as an allowance to the officer and included in his taxable income for the relevant year.

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. Deferred tax assets and liabilities are recognized by considering the impact of timing difference between taxable income and accounting income for the current year and carry forward losses. Deferred Tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the 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.

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 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. 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, Principle Only Swaps (POS) 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.

13. NPA/Overdue Accounting

The appropriation of amount recovered from NPA Account is carried out account wise and installment wise on FIFO basis. The order of appropriation within an account/ installment is first Additional Interest is settled followed by Interest and then Principal amount. Further parallel ledger is maintained for accrual of interest in overdue account without booking the same in the Profit and Loss Account.

SCHEDULE - XV

Notes forming parts of the accounts for the year ended June 30, 2020

(B) NOTES

14. Fixed Assets

- 14.1 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.
- 14.2 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, Government of India (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).
- 14.3 Till FY 2016-17, in the absence of bifurcation of cost of land and premises, the Bank has charged depreciation on premises.
- 14.4 Fully depreciated assets still in use are held in the books at Re. 1.

15. External Borrowings

- 15.1 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 ₹3 crore (after revaluation) as on June 30, 2020 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 payment obligations to foreign lenders exceed 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 ₹6.96 crore (principal) and ₹0.12 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, 2020, is ₹58.99 crore as the same is recoverable on the completion of loan repayment.



- 15.2 The Bank had borrowed USD 120 million (equivalent to ₹564 crore of which outstanding 150.48 crore as on June 30, 2020) 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 (₹121.80 crore is outstanding as on June 30, 2020). These Special Series Bonds are repayable in half yearly installments till 2022 and 2025, respectively.

- 15.3 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, 2020, the outstanding borrowing stood at ₹191.19 crore (after revaluation). The principle and portion of interest are hedged against foreign exchange risk.

- 15.4 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 the entire loan amount of £ 40 million (equivalent ₹380.87 crore). The outstanding borrowing as on June 30, 2020 stood at ₹50.64 crore (after revaluation). Entire loan amount is hedged against exchange risk.

- 15.5 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 (GoI) 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.

Bank has received the entire amount of ₹609.07 Crore from World Bank through GoI under the Programme. As on June 30, 2020, the outstanding was ₹595.96 Crore. Out of total loan amount of SDR 66.10 million (Equivalent to USD 93.05 million), Bank has hedged the entire loan amount against exchange risk.

- 15.6 The Board in its 127th meeting held on July 18, 2017 has accorded its approval for borrowing Euro 100 million and grant of Euro 12 million from AFD, France under Sustainable Use of Natural Resources and Energy Facility in the Residential Sector (SUNREF). The entire Line of Credit amount EUR 100 million and grant of EUR 9 million was drawn during the year. In accordance with the guidelines provided by the AFD, CRISIL has been nominated as the consultant firm in charge of the implementation of NHB-SUNREF Housing Program's technical assistance. The loan is repayable in 14 half-yearly instalments commencing from December 31, 2020 till June 30, 2027.

As on June 30, 2020 the outstanding balance against AFD stood at EUR 100 million (₹ 847.58 crore after revaluation). Entire loan amount is hedged against exchange risk.

16. Revaluation of Foreign Deposits and Borrowings/Forward Exchange Contracts/PoS

- 16.1 NHB borrowed USD 20 million from Asian Development Bank (ADB) in 2002 including a front end fee of USD 0.4 million and the total liability amounted to USD 20.4 million. The forex loan amount thus raised was placed as deposit of USD 20 million with EXIM Bank. However, an amount of USD 13 million was repaid to ADB in 2004. NHB explored the possibility of unwinding part of the swap arrangement with EXIM Bank. However, the corresponding deposit could not be cancelled with EXIM Bank due to high cost of premature cancellation. This resulted in excess dollar inflows from dollar deposit over dollar outflows post meeting loan obligations. 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 year ended June 30, 2020, forward exchange contracts amounting to USD 1.21 million have been utilized.



As on June 30, 2020, the Bank has 11 outstanding contracts for an aggregate amount of USD 7.046 million.

- 16.2 As on June 30, 2020, the Bank has an outstanding borrowing of Euro 22.56 million from KfW, Germany for financing “Energy Efficient New Residential Housing” in India. The principle and portion of interest are hedged against foreign exchange risk.
- 16.3 As on June 30, 2020 the Bank has an outstanding borrowing of GBP 5.46 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 borrowing is fully hedged.
- 16.4 As on June 30, 2020, the Bank has an outstanding borrowing of SDR 57.37 million from World Bank, under “Low Income Housing Finance” project. The borrowing is fully hedged.
- 16.5 As on June 30, 2020, the Bank has an outstanding borrowing of Euro 100 million from AFD, under SUNREF housing programme. The borrowing is fully hedged.
- 16.6 During the year the Bank has recognized net loss of ₹139.99 crore on revaluation of foreign deposits and borrowings in the Profit and Loss Account and has been shown under head ‘Exchange (Loss)/Gain’.
- 16.7 During the year, Bank has recognised net gain of ₹148.18 crore on account of revaluation of Principal only Swap (PoS) & forward contracts which is shown under Profit and Loss Account as ‘Exchange (Loss)/Gain’.
- 16.8 Net gain of ₹8.20 crore on account of Para 16.6 & 16.7 has been considered and shown in the Profit and Loss Account as ‘Exchange (Loss)/Gain’.

17. Employee Benefits - AS 15 (revised 2005)

- 17.1 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.
- 17.2 The Bank is transferring contribution of provident fund to Reserve Bank of India and Other parent organizations in respect of employees including who are on deputation from Reserve Bank of India/Other banks. During the year ended June 30, 2020, the Bank has contributed ₹0.05 crore to Provident Fund and has charged the same to Profit and Loss Account under the head ‘Staff Salaries, Allowances and Terminal Benefits’.

- 17.3 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, 2020 is ₹4.22 crore in addition to Bank's monthly contribution to the fund.
- 17.4 The employees, who have joined the services of the Bank on or after April 1, 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. January 1, 2004 and as modified from time to time. During the year, the employees have contributed ₹0.88 crore under the Scheme and the Bank has also provided for equivalent contribution for the same.
- 17.5 **Defined benefit Obligations:** Gratuity, Leave Encashment, Medical Retirement benefits, Sick Leave, Leave Travel Concession and Pension payable to employees as on June 30, 2020. 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	6.66 %p.a					
Salary Escalation Rate	10.00% p.a.	10.00% p.a.	NA	10.00% p.a.	NA	10.00% p.a.
Expected return on plan assets	NA	NA	NA	NA	NA	6.66 %p.a
Mortality Rate	Indian Assured Lives Mortality (IALM) (2012-14)					

- 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	7,23,87,111	-	1,19,96,658	-	-	46,57,75,064
Contribution Received By Fund (Employees) during the period (July 1, 2019 to June 30, 2020)	-	-	-	-	-	-
Current Service Cost	74,14,003	-	-	-	-	1,13,49,704
Interest cost	51,82,917	-	8,58,961	-	-	3,33,49,495
Past Service cost	-	-	-	-	-	-
Actuarial (Gain)/ Loss on Obligations	(33,842)	-	19,01,008	-	-	3,54,61,659
Benefits paid	(20,77,399)	-	7,91,137	-	-	(2,47,37,116)
Present Value of Obligation at the end of the year	8,28,72,790	-	1,39,65,490	-	-	52,11,98,806

- d) Investment details of plan assets:

The Bank has not funded the liability as on June 30, 2020. 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 period	NA	NA	NA	NA	NA	42,84,10,731
Acquisition adjustment	NA	NA	NA	NA	NA	-
Actual return on plan assets	NA	NA	NA	NA	NA	3,24,50,424
Employer contributions	NA	NA	NA	NA	NA	4,06,41,503
Benefits paid	NA	NA	NA	NA	NA	(2,25,37,467)
Fair value of plan assets at the end of the period	NA	NA	NA	NA	NA	47,89,65,191
Funded status	NA	NA	NA	NA	NA	(4,22,33,615)
Excess of actual over estimated return on plan assets	NA	NA	NA	NA	NA	17,76,216

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	8,28,72,790	-	1,39,65,490	-	-	52,11,98,806
Fair value of plan assets at the end of the year*	NA	NA	NA	NA	NA	47,89,65,191
Funded Status-deficit/(surplus)	(8,28,72,790)	-	(1,39,65,490)	-	-	(4,22,33,615)
Unrecognized actuarial gain/loss	-	-	-	-	-	-
Net Liability/(Asset) recognized in Balance Sheet	(8,28,72,790)	-	(1,39,65,490)	-	-	(4,22,33,615)



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	74,14,003	-	-	-	-	1,13,49,704
Interest Cost	51,82,917	-	8,58,961	-	-	3,33,49,495
Past Service cost	-	-	-	-	-	
Expected return on plan assets	NA	NA	NA	NA	NA	(3,06,74,208)
Actuarial (Gain)/ Loss	(33,842)	-	19,01,008	-	-	3,36,85,443
Expenses/ (Income) recognized in the statement of Profit	1,25,63,078	-	27,59,969	-	-	4,77,10,434

**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.

18. Security Transactions of 1991-92

18.1 Pursuant to the Judgment 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 as SBI is not adhering to the directions of DFS. Further, as per the directions of DFS, NHB has to receive an amount of ₹353.78 crore from SBI as determined by RBI and interest thereon, for which NHB has filed a counter-claim.

18.2 Subsequent to the judgment of the Hon'ble Supreme Court setting aside the decree passed by the Hon'ble Special Court in Suit No. 2 of 1995, NHB has filed two Applications before Hon'ble Special Court. One is Miscellaneous Application 62 of 2016 lodging its claim with the Custodian for return of ₹ 94.20 crore along with interest accrued on them, which was deposited with the Custodian earlier in terms of direction of the Special Court. The said Application has been disposed off in favour of NHB allowing the release of ₹ 94.20 crore to NHB. Pursuant to the said order, the Custodian



has filed Custodian Report No. 20 of 2018 before the Hon'ble Special Court giving the detailed calculation of the amount that can be released to NHB and the same is pending for consideration before the Hon'ble Special Court. In the meantime, Smt. Jyoti Harshad Mehta has filed a Civil Appeal before the Hon'ble Supreme Court seeking stay of the Special Court's Order and hearing on admission of the Civil Appeal is pending. The Civil Appeal is pending. The other one is the Miscellaneous Petition No.2 of 2016 before Special Court for recovery of balance i.e. ₹55.18 crore from Standard Chartered Bank (SCB) based on the Letter of Indemnity dated 01.10.1993 given by SCB. The same is pending for adjudication.

- 18.3 In Suit No. 28 of 1995 filed by Standard Chartered Bank (SCB) against the late Harshad S Mehta for the recovery of ₹506.54 crore, NHB, being an interested party, entered into an understanding with SCB for sharing of the amount. According to the said understanding, NHB is also entitled to a share in the amount to be realized by SCB from the decree passed in Suit No. 28 of 1995 in a proportion inverse to the proportion in which the amount of ₹1645.87 crore was shared between NHB and SCB. 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 SCB. Till date, SCB has received a sum of ₹300.11 crore vide order dated 08.09.2017 in Report of the Custodian No.4 of 2017. We are continuously in touch with our Counsel to take up the matter with SCB/ their Counsel for sharing the amount on receipt of the same. However, these amounts will be accounted for on actual receipts.

19. 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.

20. Related Party Disclosures

a) List of Related Parties:

- i) Key Managerial Personnel: Shri S.K. Hota
- ii) India Mortgage Guarantee Corporation Private Limited (IMGC)



b) *Transactions with Related Parties:*

Name of the Party	Nature of Relationship	Nature of Transaction	Amount of transaction during the year	Outstanding as on 30 th June, 2020
Sh. S.K. Hota	Key Management Personnel- Managing Director w.e.f. June 27, 2019	Remuneration & benefits including perquisites	35.2 lakh	Nil
IMGC	Substantial interest in the Share Capital	Equity Capital Contribution	Nil	76.00 crore

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.

21. Income tax

For assessment years 2003-04 to 2009-10 (excluding 2007-08) penalty proceeding were initiated by Income Tax Department amounting to ₹130.56 crore on disallowance of Bank's claim u/s 36(1)(viii) of the Income Tax Act, 1961 and business loss. The Bank had preferred appeals before ITAT against the order of respective authorities and paid the taxes due which was shown as advance tax. Further, ITAT vide its order dated February 20, 2017, waived off penalty earlier imposed by the Assessing Officer (AO) with respect to Bank's claim u/s 36(1)(viii) of the Income Tax Act, 1961. The Income Tax Department filed appeal against the said order in the Delhi High Court. Delhi High Court vide its order dated August 28, 2018 dropped the penalty proceedings. No further appeal has been filed by the Income Tax Department before the Hon'ble Supreme Court. The Bank has further filed an application for providing the appeal effect of the Delhi High Court order. The same is pending with the Income Tax Department.

In respect of disallowance of business loss of ₹ 150.45 crore for the AY 2003-04, ITAT restored it back to the Assessing officer (AO). Case has been finalized by the AO in FY 2017-18 at the income originally assessed. The Bank has filed an appeal against the said order of the AO before Commissioner of Income Tax, Appeal [CIT (A)], which was decided against the Bank by Hon'ble CIT(A) vide her order dated December 31, 2018. The Bank has preferred appeal against the said order before the Hon'ble ITAT which is still pending for hearing. Further, penalty amounting to ₹56 Crore u/s 271 (1) (c) has been imposed by the AO and the same has been adjusted by the Income Tax Department from the refund due for the same assessment year i.e. AY 2003-04 from the proceedings as mentioned in the previous paragraph. The Bank has preferred an appeal against the said order before the Commissioner of Income Tax, Appeal [CIT(A)], which is pending for hearing.



For assessment years (AYs) 2010-11 to 2016-17 (except A.Y. 2015-2016), there are certain disallowances made by AO. The Bank had filed appeal against the said orders before various income tax authorities. The status of the said appeals is as under:-

- For AY 2010-11 & AY 2011-12, ITAT has passed order in favour of the Bank. The Bank has filed the appeal effect before the Income Tax Department and accordingly, received the requisite refund for both the relevant assessment years. However, the Income Tax Department has filed appeal before the Hon'ble Delhi High Court for AY 2010-11 & AY 2011-12 against the said ITAT order, which is pending for hearing.
- For AY 2012-13, ITAT has passed order in favour of the Bank. However, the Bank has not received any further communication/information on whether the Income Tax Department has filed further appeal or not. The Appeal Effect of the ITAT order is pending.
- For AY 2013-14 & AY 2014-15, the ITAT appeals are still pending for hearing.
- For AY. 2016-17, CIT(A) has passed order in favour of the Bank. The Bank has not received any further communication/information on whether the Income Tax Department has filed further appeal or not. The Appeal Effect of the CIT(A) order is pending.

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, 2020, the Bank has recorded net deferred tax liability (DTL) of ₹ 343.60 crore. A composition of deferred tax assets and liabilities is given below:

Amount in ₹ crore

S.No.	Particulars	June 30, 2020	June 30, 2019
	Deferred Tax Assets:		
1	Provision for Medical aid to Retired Staff	0.35	0.42
2	Provision for Leave Encashment	1.95	2.30
3	Provision for Gratuity	2.09	2.53
4	Provision for Leave Travel Concession	0.55	0.74
5	Defined Contributory Pension Scheme	0.01	0.02
	Total Deferred Tax Assets (A)	4.95	6.01
	Deferred Tax Liabilities:		
1	Depreciation	5.16	7.65
	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	343.39	426.96
	Total Deferred Tax Liabilities (B)	348.55	434.61
	Net Deferred Tax Liability (B-A)	343.60	428.60



23. Home Loan Account Scheme

- 23.1 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.
- 23.2 The deposits under HLAS held by the banks/HFCs stood at ₹0.06 crore as per information received by NHB and the same has been disclosed as contra entries in the balance sheet.
- 23.3 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 October 1, 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, 2020 and balance of ₹0.22 crore stood as liability as on date.

24. Other Expenditure

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

Amount in ₹ crore

S.No.	Particulars	2019-20	2018-19
1.	Repair and Maintenance	2.87	3.23
2.	Research and Development	0.01	0.03
3.	GST Expense	2.24	1.56
4.	Conveyance Expense	0.47	0.50
5.	Professional Fee	4.69	1.14
6.	Conference Expense	0.09	0.21
7.	Hospitality Expense	0.00	0.01
8.	Expenses on IT related services	2.96	3.01
9.	Payment to outsourced services	4.40	2.50
10.	Security Service Expense	1.24	1.28
11.	Others	7.20	6.95
	Total	26.17	20.42
*12.	Corporate Social Responsibility Expenses	2.50	2.00

*CSR Expenses although shown as separate line item in P&L, it forms part of Other Expenses.



25. 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, 2020 is ₹20.08 crore.

26. 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.

27. Prior Period Items

27.1 During the year, the Bank has booked expenditure amounting to around ₹0.45 crore in the nature of prior period on account of entries passed on account of the following:

Particulars	Amount in ₹
Salary Payment of contract staff	30,45,200
Rent Payment for staff quarters	4,96,148
Admin Expenses for managing Provident Fund by RBI	2,18,460
Settlement of Imprest Bills	1,19,733
Payment of Hotel charges	2,41,565
Expenses incurred towards Parliamentary Committee Meeting	80,736
Payment towards Training Fee	60,000
Payment of Registrar charges	52,500
Employee Travelling expense	23,900
Payment of Electricity charges	23,713
GST related expenses against training fee	13,306
Advance Settlement	4,735
Miscellaneous Payments	1,02,050
Total	44,82,046



27.2 During the year, the Bank has identified income amounting to around ₹0.04 crore in the nature of prior period income.

28. Investment classification

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

Amount in ₹ crore

Categories investment	Investments	As on June 30, 2020	As on June 30, 2019
Held to Maturity (HTM)	a) GOI Dated Securities	93.15	93.15
	b) Subordinated Bonds	0.00	0.00
	Sub-total	93.15	93.15
Available for Sale (AFS)	a) GOI Dated Securities	0.00	0.00
	b) Treasury Bills	3,082.22	2,676.78
	c) Shares of Housing Finance Institutions	5.10	5.10
	e) Shares of Other Institutions	726.04	726.04
	f) Building Material Company	0.53	0.53
	g) Mutual Fund	0.00	0.00
	Sub-total	3,813.89	3,408.45
Held For Trading (HFT)	a) GOI Dated Securities	0.00	0.00
	Gross Investments	3,907.04	3,501.60
	Less: Depreciation	0.53	0.53
	Net Investments	3,906.51	3,501.07



29. Contingent Liability

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

Amount in ₹ crore

Particulars	June 30, 2020	June 30, 2019
Opening Balance as on July 1	144.95	96.81
Addition during the period	59.92	48.14
Reduction during the period	0.00	0.00
Closing Balance	204.87	144.95

30. 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. Till June 30, 2020, the Bank has received total amount of ₹31,278.18 crore under this fund and the Balance Outstanding as on June 30, 2020 is ₹18,500 crore. The same has been shown as 'Deposits from Banks under Rural Housing Fund' in Schedule-V ('Deposits').

31. 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 ₹4,000 crore was set up in FY 2014-15. Again, In terms of RBI allocation, Urban Housing Fund of ₹4,500 crore was set up in FY 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, 2020 the Bank has received total amount of ₹10,500 crore and the Balance Outstanding as on June 30, 2020 is ₹10,500 crore. The same has been shown as 'Deposits from banks under Urban Housing Fund' in Schedule-V ('Deposits').

32. Affordable Housing Fund

The Hon'ble Union Finance Minister in the Union Budget for 2018-19, presented to the Parliament on February 1, 2018, announced the establishment of a dedicated Affordable Housing Fund (AHF) in NHB, funded from priority sector lending shortfall and fully serviced bonds authorized by the Government of India. Pursuant to the announcement, the RBI on July 4, 2018 has communicated the establishment of AHF with a corpus of ₹10,000



crore. The AHF corpus shall be contributed by SCBs having shortfall in achievement of their priority sector targets/sub-targets. The purpose of the AHF shall be to support the refinancing operations of NHB for affordable housing to the target segments in rural and urban areas. For the year 2019-20, an amount of ₹10,000 crore has been allocated under Affordable Housing Fund (AHF). The total amount received under AHF as on June 30, 2020 is ₹14,953 crore. The same has been shown as 'Deposits from banks under Affordable Housing Fund' in Schedule-V ('Deposits').

33. Loans and advances

Of the total outstanding loans and advances of ₹83,628.05 crore (gross), loans and advances amounting to ₹35,406.99 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 ₹48,221.06 crore are unsecured of which ₹29,289.72 crore is covered under negative lien.

34. 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, 2020, the value of the hypothecated assets given as security for Tax-free Bonds was ₹4,969.37 crore.

During the year Amortization details of Premium on tax free Bonds is as follows:

Amount in ₹ Lakh

Bond	2018-19	2019-20	Transferred to P & L
Premium on NHB Tax Free Bonds	41.72	37.07	4.65

Mentioned Below is age wise amount unclaimed in NHB Tax Free interest payment account as on June 30, 2020. Further, NHB has unclaimed Interest on application money Amounting to ₹6.26 lakh and ₹0.14 Lakh for Tranche I and II respectively.

Amount in ₹ Lakh

Year	Interest Amount Unclaimed
2014-15	6.59
2015-16	7.86
2016-17	22.81
2017-18	13.62
2018-19	12.50
2019-20	25.98
Total amount unclaimed	89.35



35. 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 (₹121.80 crore is outstanding as on June 30, 2020). These Special Series Bonds are repayable in half yearly installments till 2022 and 2025, respectively.

36. 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. During the year 2019-20, the Bank has issued new bonds of ₹10,670 crore under this category and bonds amounting to ₹5,987 crore were repaid during the year. As on June 30, 2020, ₹10,720 crore is outstanding under this category.

37. TREPS Borrowings

From November 5, 2018 onwards Bank has started borrowing through Tri-party Repo (TREPS) facility which replaced Collateralized Borrowing and Lending Obligation (CBLO) borrowing/lending platform.

In terms of the Reserve Bank of India's notification dated July 24, 2018, the given below disclosure has to be made by the Bank:

Amount in ₹ crore

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on June 30
Securities sold under repo				
i. Government Securities (TREPS Borrowing)	0.75	3,100.67	1,783.45	1,662.86
ii. Corporate debt securities	0.00	0.00	0.00	0.00
iii. Any other securities	0.00	0.00	0.00	0.00
Securities purchased under repo				
i. Government Securities (TREPS Lending)	0.30	2,786.77	684.14	0.00
ii. Corporate debt securities	0.00	0.00	0.00	0.00
iii. Any other securities	0.00	0.00	0.00	0.00

38. Unclaimed Sunidhi and Suvriddhi deposits

In respect of unclaimed Sunidhi & Suvriddhi overdue Term Deposits. The total outstanding of Sunidhi & Suvriddhi overdue Term Deposits is ₹9.23 crore as on June 30, 2020. Details of overdue deposits with their respective maturity year which are still outstanding as on June 30, 2020 is given in the two tables below:

Details of the Sunidhi Term deposits overdue details

Original Maturity Year	Principal amount in ₹ (as on 30.06.2020)	Interest amount in ₹ (as on 30.06.2020)	Total amount in ₹ (as on 30.06.2020)
Jun-12	50,000	12,119	62,119
Jun-13	6,07,968	1,23,418	7,31,386
Jun-14	0	0	0
Jun-15	60,000	29,151	89,151
Jun-16	12,00,000	4,842	12,048,42
Jun-17	13,378,32	68,586	14,064,18
Jun-18	4,50,000	28,985	4,78,985
Jun-19	77,72,780	6,84,349	84,571,29
Jun-20	3,47,489,83	34,57,998	3,82,069,81
Total	4,62,27,563	44,094,48	5,06,37,011

Details of the Suvriddhi Tax Saving deposits overdue details

Original Maturity Year	Principal amount in ₹ (as on 30.06.2020)	Interest amount in ₹ (as on 30.06.2020)	Total amount in ₹ (as on 30.06.2020)
Jun-12	0	0	0
Jun-13	0	0	0
Jun-14	4,65,000	1,83,304	6,48,304
Jun-15	1,00,000	48,596	1,48,596
Jun-16	2,50,000	1,06,671	3,56,671
Jun-17	7,40,000	3,57,214	10,97,214
Jun-18	16,40,000	5,27,044	21,67,044
Jun-19	96,030,50	29,30,433	1,25,33,483
Jun-20	1,80,77,726	65,87,133	2,46,64,859
Total	3,08,757,76	1,07,40,395	4,16,16,171



39. Implementation of IND AS

In terms of the Reserve Bank of India's circular dated August 4, 2016, Bank is continuously preparing proforma Ind AS statements and is submitting to the regulator regularly. The Reserve Bank of India vide its letter dated May 15, 2019, has advised that implementation of Indian Accounting Standards by All India Financial Institutions (AIFIs) has been deferred until further notice.

40. Transfer of Shareholding to Government of India and Amendment to National Housing Bank Act, 1987

The Government of India vide Gazette Notification No. S.O.2198(E) dated May 31, 2018 made amendments to the National Housing Bank Act, 1987 and the same is made effective from day of June 1, 2018.

Further, Government of India transferred ₹ 1,450 crore to the Reserve Bank of India on March 19, 2019 and vide Gazette Notification No. S.O.1660 (E) dated April 29, 2019 notified that the subscribed capital of one thousand four hundred and fifty crore rupees of the National Housing Bank by the Reserve Bank of India, stands transferred to, and vested in the Central Government upon payment of the face value of the subscribed capital, to the Reserve Bank, with effect from the day of March 19, 2019.

41. Provision No-longer Required

Excess provisions against Non-Performing Assets and other provisions have been transferred to 'Provision no-longer Required'. This is change in the previous year and has no impact on profit of the year.

42. Reserve Fund

Out of net profit for FY 2019-20, the Bank has transferred ₹45.53 crore to Reserve Fund.

43. Dewan Housing Finance Limited (DHFL) and Punjab & Maharashtra Co-operative Bank Limited

In mid-2019, DHFL started defaulting on its loan and bond obligations towards various lenders due to liquidity concerns. On November 20, 2019, Reserve Bank of India (RBI), superseded the Board of Directors of DHFL owing to governance concerns and defaults by DHFL in meeting various payment obligations and appointed an Administrator to oversee the operations of the Company. NHB, being one of its lending institutions, had extended refinance to DHFL towards flagged pool of individual housing loans. Despite the prevailing issues within the HFC, the existence of pool of assets flagged to NHB are being certified by the Company's Auditors as well as its CFO until recently, by way of adverse balance certificate which was last received for the position as on March 31, 2020. The refinance extended by the Bank are governed by Section 16B of the National Housing Act 1987(NHB Act). Till date, there has no instance of fraud reported in the flagged pool of assets.



Since default continued and no payment was forthcoming, the entire refinance outstanding was recalled by NHB on November 20, 2019. At the instance of the appropriate regulator (RBI), Corporate Insolvency Resolution Process (CIRP) was initiated under Insolvency and Bankruptcy Code, 2016 (IBC) by the Order of NCLT dated December 3, 2019, which is termed as date of commencement of CIRP and Administrator/Interim Resolution Professional was appointed for DHFL for overseeing the CIRP process.

NHB's Claim against the DHFL for ₹2,436.67 Crore has been filed with the Administrator/Interim Resolution Professional for DHFL. Due to COVID pandemic and the resultant lockdown, there is no progress in the CIRP process and the time period under total lockdown will be excluded for the purpose of counting the total period under IBC allowed for completing the CIRP process. In addition to the above, NHB has also filed recovery case in DRT against Wadhawan Global Capital Ltd. (WGCL) for recovery of the amount due under the corporate guarantee.

As per the adverse balance certificate received from the Company for position as on March 31, 2020, the outstanding flagged loans was ₹1,915.18 crore and the adverse balance was ₹592.85 crore. In terms of Sec. 16B of NHB Act, NHB has also written letter to DHFL Administrator to remit the amount realized from the flagged loan accounts against which refinance has been availed, as the same shall be deemed to have been held in trust for NHB and accordingly, be paid to NHB. Since no payment has been received from the DHFL Administrator, NHB has filed a Interlocutory Application (IA) before the Hon'ble NCLT, Mumbai Bench on July 29, 2020 claiming payment of the amount received and/or to be received by DHFL in the flagged loan accounts and also prayed that any resolution plan that may be finalized/approved of DHFL, it should be subject to the statutory rights of the NHB under section 16B of NHB Act. Hon'ble NCLT has passed an interim order on the date of first hearing (i.e. on August 3, 2020) directing DHFL Administrator to maintain status quo so far it relates to major disbursement of amount among its other Creditors and allowed Administrator for meeting urgent and necessary expenses for day to day operations of the Corporate Debtor is concerned. The IA is now posted to September 11, 2020 for further hearing.

Besides the flagged loans, NHB has also obtained the charge on book debts and other assets, personal guarantees and corporate guarantees. In the opinion of the Bank, keeping in view the statutory provision under 16B of NHB Act, the loan outstanding in the underlying pool of loans as well the adverse balance amount together forms the realizable value of the security.

Bank had sought RBI's guidance on the provisioning and classification of the DHFL account vide its communication dated July 14, 2020. RBI vide their letter dated August 19, 2020, clarified that no exemption from extant norms on classification and reporting of frauds is permissible on account of differential security interest held by the NHB. Accordingly, NHB should strictly follow the extant Master Directions on Frauds – Classification and Reporting by commercial banks and select FIs. Post receiving clarification, the Bank has conservatively



created a provision of ₹1,762.15 crore (i.e., 75% of the total outstanding loan amount) till June 30, 2020.

Further, during the FY 2019-20, Punjab & Maharashtra Co-operative Bank Limited having an outstanding amount of ₹149.13 crore had also turned into NPA in the books of the Bank on December 31, 2019. The Bank has conservatively created a provision of 75% amounting to ₹111.85 crore against the above account.

44. Bifurcation of Interest on Loans and Advances

During the FY 2019-20, Bank has booked an amount of ₹4,545.62 crore as Interest on Loans and Advances. The details of interest received from types of loans and advances are given as under:

S.No.	Particulars	Amount in ₹ crore
1.	Interest earned on Refinance	4,638.04
2.	Interest earned on Direct Finance	6.69
3.	Interest earned on Staff Loans	0.89
	Total	4,645.62

45. Details of Statutory Audit Fees

RBI vide its letter No. DBS. ARS. No/2381/08:15:008/2019-20 dated September 27, 2019 informed that M/s. Bansal & Co LLP., New Delhi has been appointed as Statutory Auditors of National Housing Bank for the Year 2019-20.

S.No.	Particulars	Amount in ₹ Lakh*
1.	Statutory audit and Limited Review fee	9.00
2.	Tax Audit fee	2.00
3.	GST Audit fee	2.00
4.	Pension Fund Trust Audit fee	0.20
5.	Expenditure on certification and additional certifications required by SEBI	0.50
	Total	13.70

*Amounts are inclusive of payments made as well as provision set aside for pending payments



46. Disclosures under SEBI (Listing Obligations & Disclosures Requirement) Regulations, 2015

- a) Credit rating - AAA/Stable ratings by CRISIL, A1+ by ICRA
- b) Asset cover available - 100%
- c) Debt equity ratio - 8.61 times
- d) Debt service coverage ratio - 1.56 times
- e) Interest service coverage ratio - 1.13 times
- f) Net worth - ₹8,587 crores
- g) Net profit after tax - ₹195.67 crores
- 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.

Date of interest paid on Outstanding Bonds are as below-

S. No	Nomenclature of Bond	Allotment Date	Rate of Interest	Amount	Last Interest Payment Date
1.	8.05% SS PS BOND 1997-98	31-Mar-98	10.76%	16,30,00,000.00	10-June-20
2.	8.05% SS PS BOND 1998-99	10-Feb-99	10.76%	22,80,00,000.00	10-June-20
3.	12.10% SS PS BOND 1999-00	16-Dec-99	9.79%	35,50,00,000.00	10-June-20
4.	9.75% SS PS BOND (EXIM BK-II)	28-Mar-02	7.84%	47,20,00,000.00	11-Mar-20
5.	7.19% NHB Tax Free Bonds 2022 Series-I	14-Dec-12	7.19%	1,26,00,00,000.00	14-Dec-19
6.	7.17% NHB Tax Free Bonds 2023 Series-II	1-Jan-13	7.17%	1,10,00,00,000.00	1-Jan-20
7.	6.87% NHB Tax Free Bonds 2023 Series-III	6-Feb-13	6.87%	1,25,00,00,000.00	6-Feb-20
8.	6.89% NHB Tax Free Bonds 2023 Series-IV	22-Mar-13	6.89%	82,90,00,000.00	23-Mar-20
9.	6.82% NHB Tax Free Bonds Public Issue 2012-13	26-Mar-13	6.82%	1,96,23,30,000.00	26-Mar-20
10.	8.01% NHB Tax Free Bonds 2023 Series-V	30-Aug-13	8.01%	17,00,00,000.00	30-Aug-19
11.	8.46% NHB Tax Free Bonds 2028 Series-V	30-Aug-13	8.46%	8,83,00,00,000.00	30-Aug-19
12.	NHB Tax Free Bonds 2014 Tranche-I	13-Jan-14	8.26% to 9.01%	21,00,00,00,000.00	14-Jan-20
13.	NHB Tax Free Bonds 2014 Tranche-II	24-Mar-14	8.25% to 8.93%	10,00,00,00,000.00	25-Mar-20
14.	7.59% NHB Bonds	12-Mar-18	7.59%	50,00,00,000.00	16-Mar-20
15.	7.05% NHB Bonds	18-Dec-19	7.05%	17,20,00,00,000.00	N.A.
16.	6.88 % NHB Bonds	21-Jan-20	6.88%	19,50,00,00,000.00	N.A.
17.	6.55% NHB Bonds	15-Apr-20	6.55%	20,00,00,00,000.00	N.A.
18.	5.80% NHB Bonds	13-May-20	5.80%	20,00,00,00,000.00	N.A.
19.	5.32% NHB Bonds	01-Jun-20	5.32%	30,00,00,00,000.00	N.A.
			TOTAL	15,48,193,30,000.00	



47. 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.
The 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

48. Consolidation of Special Fund with the General Fund

48.1 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

48.2 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.

49. Corporate Social Responsibility Activities

“The National Housing Bank was established under the National Housing Bank Act, 1987, and hence the provisions relating to CSR under the Companies Act, 2013 are not applicable. However, as voluntary act, the Board of Directors of the NHB while approving the budget for FY 2019-20 had allocated an amount of ₹2.5 crore towards CSR activities. The Bank contributed the entire CSR allocation of ₹2.50 crore made in FY 2019-20 to PM CARES Fund, which has been set up with the primary objective of dealing with any kind of emergency or distress situation, like posed by the COVID-19 pandemic, and to provide relief to the affected ones. The contributions were made in two tranches, i.e. ₹1 crore on March 30, 2020 and ₹1.50 crore on April 3, 2020

50. Regrouping

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

51. COVID-19 Regulatory Package

The Reserve Bank of India (RBI) had vide circulars dated March 27, 2020, April 17, 2020, and May 23, 2020, announced regulatory measures aiming at alleviating financial stress being faced by borrowers (households and businesses) in debt servicing due to the disruptions caused by COVID-19 pandemic.

RBI had, vide said circulars, permitted lending institutions, including AIFIs, to grant moratorium of three months on payment of all instalments falling due between March 1, 2020 and August 31, 2020. RBI had also allowed lending institutions to exclude moratorium period from the number of days past-due for the purpose of asset classification under the IRAC norms for all accounts classified as standard as on February 29, 2020, even if overdue, wherever moratorium has been granted. In addition to this, lending institutions were instructed to make provisions of not less than 10 per cent of the total outstanding of such accounts, to be phased over two quarters as under:

- (i) Quarter ended March 31, 2020 – not less than 5 per cent
- (ii) Quarter ending June 30, 2020 – not less than 5 per cent

In terms of the RBI circular dated April 17, 2020, the Bank has granted moratorium to four borrowers during the quarter ended June 2020, the details of which are as under:

Name of PLI	Net outstanding as on 30.06.2020
Khush Housing Finance Private Limited	74,05,97,005.00
MAS Rural Housing & Mortgage Finance Ltd.	18,28,26,926.00
SEWA Grih Rin Limited	24,82,18,807.00
Housing Board Haryana	74,68,95,216.00
Total:	1,91,85,37,954.00



The details of provision created against the above accounts are as under:

Particulars	Amount in ₹ Crore
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	Nil
Respective amount where asset classification benefits is extended.	Nil
Provisions made during the FY 2019-20 (July-June)	19.19
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	Nil

52. Coronavirus (COVID-19) Impact on Financial Reporting

The outbreak of Coronavirus disease (also known as COVID-2019 or COVID-19) has impacted the health of people worldwide as well as on the state of economy and commerce of the world in general and on India specifically. The Chartered Accountants body advised the preparers of financial statements to ensure that the potential impact of COVID-19 is suitably considered in preparing and reporting their financial statements for the year ended June 30, 2020.

The RBI has, on April 17, 2020, announced infusion liquidity of ₹10,000 crore into the housing finance sector to be routed through NHB to support the immediate liquidity requirements of HFCs as collections are likely to be impacted due to COVID-19. The Bank has evaluated all probable scenarios (after considering moratorium extended as explained in Para 56 above) and ascertained that as on date of closure of books, neither is there any material impact that can be quantifiable and adjusted in the financials nor can be reported. In the given circumstances, it is highly improbable to gauge with certainty the extent to which COVID-19 impacts the future financials of Bank as the same depends upon future global and domestic market dynamics.

The impact of COVID-19 may be different from that assessed at the date of approval of the financial statements and the Bank will continue to closely monitor any material changes that may arise due to prevailing future economic conditions.

53. Events occurring after Balance sheet date

Bank had sought RBI's guidance on the provisioning and classification of the DHFL account vide its communication dated July 14, 2020. RBI vide their letter dated August 19, 2020, clarified that no exemption from extant norms on classification and reporting of frauds is permissible on account of differential security interest held by the NHB. Accordingly, NHB should strictly follow the extant Master Directions on Frauds – Classification and Reporting by commercial banks and select FIs.

Post obtaining clarification from the regulator, the Bank's Fraud Monitoring and Examination Committee (FEMC) in its meeting held on August 21, 2020, examined the case of Dewan Housing Finance Limited and recommended that the account may be classified as fraud. Accordingly, the Bank has created a provision of ₹1,762.15 crore (i.e., 75% of the total outstanding loan amount against DHFL) till June 30, 2020. Further, the Bank has also created a provision of 75% amounting to ₹111.85 crore against Punjab & Maharashtra Co-operative Bank Limited, which had also turned into NPA in the Bank's books on December 31, 2019.



54. (a) Cash Flow Statement for the year ended June 30, 2020	2019-20 (Amount in ₹crore)	2018-19 (Amount in ₹crore)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit as per Profit & Loss Account	195.67	732.97
Adjustments for:		
Provision for Tax	341.00	493.50
Provision for Deferred Tax	(85.00)	88.00
Depreciation on fixed assets	4.58	5.65
Depreciation Reversal on Premises	0.00	0.00
Loss on Sale of Investments	0.00	0.00
Depreciation on investments & amortisation expense	0.00	(0.08)
Provision for Standards Assets	(291.56)	404.40
Provision for Non Performing Assets/Restructured Accounts	1,309.83	(0.42)
(Gain)/Loss on revaluation of Forward Exchange Contracts	4.10	6.50
Provision for Bad Debts u/s 36(1)(vii)(c) of Income Tax Act, 1961	64.60	78.01
(Profit)/Loss on sale of Fixed Assets	(0.01)	(0.01)
(Gain)/Loss on revaluation of Foreign Deposits & Borrowings	(9.84)	6.92
Provisions no longer required written back	(0.64)	(0.14)
Premium on Forward Exchange Contract	(16.56)	(14.45)
Income from Investments	(173.40)	(192.03)
Profit on purchase and sale of Mutual Funds	0.00	(11.28)
Profit on Sale of Investments	0.00	(256.07)
Dividend on Equity of Housing Finance Companies	0.00	(2.82)
Operating Profit before working capital changes	1,341.99	1,338.65
Adjustments for Working Capital		
(Increase)/Decrease in Deposits with Banks	(2,190.87)	(556.03)
(Increase)/Decrease in Loans & Advances	(13,254.49)	(12,121.17)
(Increase)/Decrease in Other Assets	120.69	589.60
Increase/(Decrease) in Current Liabilities	(1,144.30)	(264.54)
Net cash from operating activities before taxes paid	(15,126.98)	(11,013.49)
Less : Income Taxes Paid	(318.32)	(454.00)
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE EXTRAORDINARY ITEMS	(15,445.29)	(11,467.49)
Extraordinary Items	0.00	0.00
NET CASH FLOW FROM OPERATING ACTIVITIES AFTER EXTRAORDINARY ITEMS (A)	(15,445.29)	(11,467.49)



B) CASH FLOW FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS		
(Increase) / Decrease in Fixed Assets	(2.48)	(1.33)
(Increase)/Decrease in Investments	(405.44)	143.81
Income from Investments	0.00	192.03
(Loss)/Gain on Sale of Investments	(4.10)	0.00
(Loss)/Gain on revaluation of Forward Exchange Contracts	173.40	(6.50)
Profit on purchase and sale of Mutual Funds	0.00	11.28
Profit on Sale of Investments	0.00	256.07
Dividend on Equity of Housing Finance Companies	0.80	2.82
NET CASH GENERATED FROM INVESTING ACTIVITIES BEFORE EXTRAORDINARY ITEMS	(237.81)	598.18
Receipts from sale of equity of HFCs	0.00	0.00
NET CASH GENERATED FROM INVESTING ACTIVITIES AFTER EXTRAORDINARY ITEMS (B)	(237.81)	598.18
C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase in share capital	0.00	0.00
Net income under Staff Benevolent Fund	2.76	4.12
Increase / (Decrease) in Bonds & Debentures	4,641.75	2,982.02
Increase / (Decrease) in Deposits	3,416.53	4,401.79
Increase/(Decrease) in Borrowings	7,445.50	3,419.36
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	15,506.54	10,807.28
Net increase in cash and cash equivalents (A+B+C)	(176.56)	(62.02)
Cash and cash equivalents at the beginning of the year	398.38	460.40
Cash and cash equivalents at the end of the year	221.82	398.38

54. (b) Schedule to Cash & Cash Equivalents	2019-20 (Amount in ₹crore)	2018-19 (Amount in ₹crore)
Particulars		
Cash in hand	0.00	0.00
Balances with Reserve Bank of India	0.02	0.05
Balance with banks-Current Account	221.80	398.34
Investment in Mutual Funds	0.00	0.00
Cash realised on forward exchange contract	0.00	0.00
Cash and cash equivalent before exchange rate adjustments	221.82	398.38
Effect of exchange rate changes-unrealised gains	0.00	0.00
Cash and cash equivalent after exchange rate adjustments	221.82	398.38



RBI Disclosure Requirements in Financial Statements as Notes to Accounts

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

Central Government* 100%

*Refer to para 40 of Notes to Accounts

1.1 Capital adequacy

Amount in ₹ Crore

Sr. No.	Particulars	2019-20	2018-19
i)	Common Equity	8,587.21	8,403.91
ii)	Additional Tier 1 capital	-	-
iii)	Total Tier 1 capital (i+ii)	8,587.21	8,403.91
iv)	Tier 2 capital	366.71	711.75
v)	Total Capital (Tier 1+Tier 2)	8,953.92	9,115.66
vi)	Total Risk Weighted Assets (RWAs)	70,273.21	56,940.29
vii)	Common Equity Ratio (Common Equity as a percentage of RWAs)	12.22%	14.76%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	12.22%	14.76%
ix)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	12.74%	16.01%
x)	Percentage of the shareholding of the Government of India in the AIFI*	100.00%	100.00%
xi)	Amount of equity capital raised	0.00	0.00
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	0.00	0.00
	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

*Refer to para 40 of Notes to Accounts



1.2 Free Reserves and Provisions

1.2.1 Provisions on Standard Assets

Amount in ₹ Crore

Particulars	2019-20	2018-19
Provisions towards Standard Assets	343.98	635.54

1.2.2. Floating Provisions

Amount in ₹ Crore

Particulars	2019-20	2018-19
a) Opening balance in the floating provisions account	0.00	0.00
b) The quantum of floating provisions made in the accounting year	0.00	0.00
c) Amount of draw down made during the accounting year	0.00	0.00
d) Closing balance in the floating provisions account	0.00	0.00

1.3 Asset Quality and specific provisions

1.3.1 Non-Performing Advances

Amount in ₹ Crore

Particulars	2019-20	2018-19
(i) Net NPAs to Net Advances (%)	0.76%	0.00
(ii) Movement of NPAs (Gross)		
(a) Opening balance	4.19	4.61
(b) Additions during the year	2,498.67	-
(c) Reductions during the year	0.01	0.42
(d) Closing balance	2,502.85	4.19
(iii) Movement of Net NPAs		
(a) Opening balance	-	-
(b) Additions during the year	624.66	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	4.19	4.61
(b) Provisions made during the year*	1,874.00	-
(c) Write of / write back of excess provisions	0.01	0.42
(d) Closing balance	1,878.18	4.19

* During the FY 2019-20, Bank has created NPA provision of ₹1,874 crore, out of which ₹564.16 crore has been transferred from Provision maintained under 36(1)(vii)(c) under IT Act till March 31, 2020 and the remaining ₹1,309.84 crore has been created from the profit of the current year.



1.3.2 Non-Performing Investment

Amount in ₹ Crore

Particulars		2019-20	2018-19
(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 (1.3.1+1.3.2)

Amount in ₹ Crore

Particulars		2019-20	2018-19
(i)	Net NPAs to Net Assets (Advances + investments) (%)	0.73%	-
(ii)	Movement of NPAs (Gross Advances + Gross investments)		
(i)	Opening balance	4.72	5.14
(j)	Additions during the year	2,498.67	-
(k)	Reductions during the year	0.01	0.42
(l)	Closing balance	2,503.38	4.72
(iii)	Movement of Net NPAs		
(i)	Opening balance	-	-
(j)	Additions during the year	-	-
(k)	Reductions during the year	-	-
(l)	Closing balance	-	-
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
(i)	Opening balance	4.72	5.14
(j)	Provisions made during the year*	1,874.00	-
(k)	Write of / write back of excess provisions	0.01	0.42
(l)	Closing balance	1,878.71	4.72

*During the FY 2019-20, Bank has created NPA provision of ₹1,874 crore, out of which ₹564.16 crore has been transferred from Provision maintained under 36(1)(viii)(c) under IT Act till March 31, 2020 and the remaining ₹1,309.84 crore has been created from the profit of the current year.



1.3.5 Movement of Non-performing assets

Amount in ₹ Crore

Particulars	2019-20	2018-19
Gross NPAs as on opening date of accounting period (Opening Balance)	4.19	4.61
Additions (Fresh NPAs) during the year	2,498.67	-
Sub total (A)	2,502.86	4.61
Less :-		
(i) Upgradations	-	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	0.01	0.42
(iii) Technical / Prudential Write offs	-	-
(iv) Write offs other than those under (iii) above	-	-
Sub-total (B)	0.01	0.42
Gross NPAs as on 30th June of following year (closing balance) (A-B)	2,502.85	4.19

1.3.6 Write-offs and recoveries

Amount in ₹ Crore

Particulars	2019-20	2018-19
Opening balance of Technical / Prudential written off accounts as at July 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

Amount in ₹ Crore

Particulars	2019-20	2018-19
Total Assets	123.43	164.25
Total NPAs	0.00	0.00
Total Revenue	4.20	6.35



1.3.8 Depreciation and provisions on investments

Amount in ₹ Crore

Particulars		2019-20	2018-19
(1)	Investments		
	(i) Gross Investments	3,907.04	3,501.60
	(a) In India	3,907.04	3,501.60
	(b) Outside India	-	-
	(ii) Provisions for Depreciation	0.53	0.53
	(a) In India	0.53	0.53
	(b) Outside India	-	-
	(iii) Net Investments	3,906.51	3,501.07
	(a) In India	3,906.51	3,501.07
	(b) Outside India	-	-
(2)	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	0.53	7.51
	(ii) Add: Provisions made during the year	-	(6.98)
	(iii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	-	-
	(iv) Less: Write off/ write back of excess provisions during the year	-	-
	(v) Less: Transfer, if any, to Investment Fluctuation Reserve Account		
	(vi) Closing balance	0.53	0.53

1.3.9 Provisions and Contingencies

Amount in ₹ crore

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2019-20	2018-19
Provisions for depreciation on Investment	-	(0.08)
Provision towards Non Performing Assets*	1,874.00	(0.42)
Provision made towards Income tax	341.00	493.50
Provision made towards Deferred Tax	(85.00)	88.00
Provision for Standard Assets	(291.56)	404.40
Provisions for Bad Debt u/s 36(1)(viii)(c) of the Income Tax Act 1961	64.60	78.01

*Please refer to footnote of 1.3.1 above



1.3.10 Provisioning Coverage Ratio (PCR)

Particulars	2019-20	2018-19
PCR (ratio of provisioning to gross non-performing assets)*	75%	100%

1.4 Investment portfolio: constitution and operations

1.4.1 Repo Transactions

Amount in ₹ crore

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on June 30, 2020
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

Amount in ₹ crore

Sr. No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of '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
	Total	0.00	0.00	0.00	0.00	0.00



Previous Year

Amount in ₹ crore

Sr. No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of '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
	Total	0.00	0.00	0.00	0.00	0.00

1.4.3 Sale and Transfers to / from HTM Category:

- (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

Amount in ₹ crore

Particulars	2019-20	2018-19
(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

Amount in ₹ crore

Particulars	(Investments in security receipts)	
	2019-20	2018-19
(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

Amount in ₹ crore

Particulars	2019-20	2018-19
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:

Amount in ₹ crore

Particulars	2019-20	2018-19
1. No. of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

1.6 Operating Results

Particulars	2019-20	2018-19
(I) Interest Income as a percentage to Working Funds	6.27%	7.06%
(ii) Non interest income as a percentage to Working Funds	0.07%	0.43%
(iii) Operating Profit as a percentage to Working Funds	1.93%	2.55%
(iv) Return on Assets	0.25%	1.04%
(v) Net Profit per employee (₹ in crore)	1.53	6.72



1.7 Credit Concentration risk

1.7.1 Capital market exposure

Particulars	2019-20	2018-19
(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
Total Exposure to Capital Market	Nil	Nil

@ Bank's exposure is in unlisted equity only amounting to ₹ 731.14 Cr



1.7.2 Exposure to Country risk

Amount in ₹ crore

Risk Category#	Exposure (net) as at June 2020	Provision held as at June 2020	Exposure (net) as at June 2019	Provision held as at June 2019
Insignificant	123.43	0	164.25	0
Low	0	0	0	0
Moderate	0	0	0	0
High	0	0	0	0
Very High	0	0	0	0
Restricted	0	0	0	0
Off-credit	0	0	0	0
Total	0	0	0	0

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 ₹164.25 Crore as at June 30, 2019 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

Amount in ₹ crore

Sl. No.	PAN No.	Borrower Name	Industry Code	Industry Name	Sector	Amount Funded	Amount Non-Funded	Exposure as percentage to
1	# Nil							
						Total		

Since Prudential Norms are not prescribed by RBI for credit exposure. It is internally decided by Board.



(ii) Credit exposure as percentage to capital funds and as percentage to Total Asset, in respect of:

Amount in ₹ crore

Particulars	% age to capital fund	% age to total assets	% age to capital fund	% age to total assets
	2019-20	2019-20	2018-19	2018-19
- The largest single borrower	162.27%	16.43%	115.08%	13.88%
- The largest borrower group	35.90%	3.64%	64.97%	7.83%
- The 20 largest single borrowers	773.53%	78.33%	679.19%	81.90%
- The 20 largest borrower groups\$	38.65%	3.91%	106.77%	12.87%

\$ NHB has only Five borrower 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*

(Amount in ₹ crore)

(*An outstanding amount of ₹82.87 crore is secured by Government Guarantee as on 30.06.2020 while an amount of ₹861.42 crore is secured by Bank Guarantee)

(v) Factoring Exposure

Not Applicable

(vi) Exposures where the FI had exceeded the Prudential Exposure Limits during the year

Nil



1.7.4 Concentration of borrowings /lines of credit, credit exposures and NPAs

a) Concentration of borrowings and lines of credit

Amount in ₹ crore

Particulars	2019-20	2018-19
Total borrowings from twenty largest lenders	56,408.06	42,543.56
Percentage of borrowings from twenty largest lenders to total borrowings of the AIFI	71.73%	67.00%

b) Concentration of credit exposures*

Amount in ₹ crore

Particulars	2019-20	2018-19
Total exposures to twenty largest borrowers	71629.38	61912.67
Percentage of exposures to twenty largest borrowers to Total Advances of the AIFI	86%	89%
Total Exposure to twenty largest borrowers /customers	71629.38	61912.67
Percentage of exposures to twenty largest borrowers/ customers to Total Exposure of the AIFI on borrowers/ customers	86%	88%
In the case of EXIM Bank, percentage of total of top ten country exposures to total exposures	Not Applicable	Not Applicable



Amount in ₹ crore

Sr. No.	Sector	2019-20			2018-19		
		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	83,545.09	2,502.85	3.00%	69,715.92	4.19	0.01%
1	Central Government	0.00	0	0.00%	0.00	0.00	0.00%
2	Central PSUs	0.00	0	0.00%	0.00	0.00	0.00%
3	State Governments	0.00	0	0.00%	0.00	0.00	0.00%
4	State PSUs*	0.00	0	0.00%	0.00	0.00	0.00%
5	Scheduled Commercial Banks	17,218.65	0	0.00%	18,315.38	0.00	0.00%
6	Regional Rural Banks	988.43	0	0.00%	753.52	0.00	0.00%
7	Co-operative banks	149.13	149.13	0.00%	165.74	0.00	0.00%
8	HFCs**	65,184.70	2,349.54	0.00%	50,477.09	0.00	0.00%
9	Private sector (excluding banks and HFCs)***	4.18	4.18	100.00%	4.19	4.19	100.00%
II.	Commercial Real Estate, if any ¹¹	82.94	0.00	0.00%	93.48	0.00	0.00%
III.	Others (Please specify)	0.00	0.00	0.00%	0.00	0.00	0.00%
	Total (I+II+III)	83,628.04	2,502.85	2.99%	69,809.40	4.19	0.01%

*Includes State Housing Boards, Municipal Corporations, Development Authorities and State PSUs

**Includes Co-operative Housing Finance Societies

***Pertaining to MFIs registered under Societies Act

¹¹Exposure to commercial real estate includes direct including securitised exposures secured by mortgages on commercial real estate (office building, retail space, multi-purpose commercial premises, multi-family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc). Exposures would also include no-fund based (NFB) limits.

1.7.5 Unhedged Foreign Currency Exposure

Amount in ₹ crore

S.N.	Particulars	2019-20	2018-19
1	Name of entity: National Housing Bank		
2	Foreign Currency Exposure (FCE)	2,049.09	2,180.80*
3	FCE having maturity or having cash flows over the period of next five year (out of 2 above)	1,342.63	1,371.10
4	Amount covered by financial hedge (Out of 3 above)	1,044.78	1,002.88
5	Amount covered by natural hedge (Out of 3 above)	297.85	368.22
6	Unhedged Foreign Currency Exposure(3-4-5)	-	-

*Including the deposits placed with Bank of India, Canara Bank and Exim Bank

1.8 Derivatives

1.8.1 Forward Rate Agreement / Interest Rate Swap

Amount in ₹ crore

S.N.	Particulars	2019-20	2018-19
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 swaps	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

Amount in ₹ crore

S.N.	Particulars	2019-20	2018-19
(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 bases 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 benchmarks 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

Amount in ₹ crore

Sr. No	Particular	2019-20		2018-19	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	1746.36	0.00	1972.52	0.00
	b) For trading	0.00	0.00	0.00	0.00
(ii)	Marked to Market Positions[1]				
	a) Asset (+)	123.54	0.00	0.00	
	b) Liability (-)			5.48	0.00
(iii)	Credit Exposure [2]	203.91	0.00	144.13	0.00
(iv)	Likely impact of one percentage change in interest rate (100*PV01)			0.00	
	a) on hedging derivatives	59.31	0.00	71.7	0.00
	b) on trading derivatives			0	
(v)	Maximum and Minimum of 100*PV01 observed during the year*			0	
	a) on hedging	70.17/59.31	0.00	75.19/41.13	0.00
	b) on trading				

* Since, the PVBP is calculated on a quarterly basis, the maximum and the minimum values are taken from a quarterly basis.

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

Nil



Amount in ₹ crore

2019-20

1.10 Asset Liability Management

Particulars	2019-20							Total	
	1 to 14 Days	15 to 28 Days	29 Days to 3 Months	Over 3 Month to Upto 6 Month	Over 6 Month to Upto 1 Year	Over 1 Years and Upto 3 Years	Over 3 Years and Upto 5 Years		
Deposits	11.14	1.22	2,015.91	12.38	3,503.99	14,520.26	9,000.00	14,952.65	44,017.55
Advances	3,393.25	500.00	2,503.08	4,002.48	16,149.09	22,224.05	18,155.09	14,822.83	81,749.87
Investments	-	194.95	-	1,321.98	1,346.69	218.60	-	824.29	3,906.51
Borrowings	2,662.86	-	5,459.84	18.20	9,609.89	4,693.33	7,057.75	3,636.95	33,138.82
Foreign Currency assets	-	-	4.85	29.50	35.83	88.20	29.77	8.39	196.53
Foreign Currency liabilities	-	-	24.56	159.76	143.47	465.93	350.57	701.11	1,845.41

Amount in ₹ crore

2018-19

Particulars	2018-19							Total	
	1 to 14 Days	15 to 28 Days	29 Days to 3 Months	Over 3 Month to Upto 6 Month	Over 6 Month to Upto 1 Year	Over 1 Years and Upto 3 Years	Over 3 Years and Upto 5 Years		
Deposits	10.08	1.49	899.78	1,119.16	2,013.51	16,055.73	10,755.12	9,744.88	40,599.75
Advances	2,754.53	0.00	1.23	2,399.73	6,174.68	24,345.67	14,447.33	19,682.03	69,805.21
Investments	329.49	244.94	689.19	868.08	545.08	0.00	0.00	824.29	3,501.07
Borrowings	7,160.64	0.00	2,958.22	17.30	20.80	6,126.00	1,025.99	3,647.05	20,955.99
Foreign Currency assets	0.00	0.00	4.26	25.31	30.59	133.11	24.64	21.91	239.82
Foreign Currency liabilities	0.00	0.00	22.50	90.74	114.12	561.45	339.81	812.36	1,940.98



2	Draw Down from Reserves	2019-20	2018-19
	NIL	Nil	Nil

3 Business Ratios

	2019-20	2018-19
Return on Equity	2.27%	9.10%
Return on Assets	0.25%	1.04%
Net Profit Per Employee (₹ in crore)	1.53	6.72

4 Disclosure of Penalties imposed by RBI

Nil

5 Disclosure of Complaints

(a) Customer Complaints

	2019-20	2018-19
(a) No. of complaints pending at the beginning of the year	1	1
(b) No. of complaints received during the year	8	22
(c) No. of complaints redressed year	9	22
(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

Domestic	Overseas
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.

Amount in ₹ crore

	2019-20	2018-19
Prior Period Income	0.04	0.05
Prior Period Expense	0.45	0.24



7.2 Accounting Standard 17 – Segment Reporting

Refer to para 19 of Notes to Accounts

7.3 Accounting Standard 18 – Related Party Disclosures

Refer to para 20 of Notes to Accounts

8		2019-20	2018-19
	Unamortised Pension and Gratuity Liabilities	Nil	Nil

Sd/-
Rakesh Awasthi
Chief Financial Officer

Sd/-
V. Vaideswaran
Executive Director

Sd/-
Rahul Bhawe
Executive Director

Sd/-
S.K. Hota
MANAGING DIRECTOR

Sd/-
Prasant Kumar
DIRECTOR

As per our attached Report of even date

New Delhi
August 26, 2020

For Bansal & Co. LLP
Chartered Accountants
Firm Reg. No. 001113N/N500079

Sd/-
(CA Siddharth Bansal)
Partner
Membership No. 518004

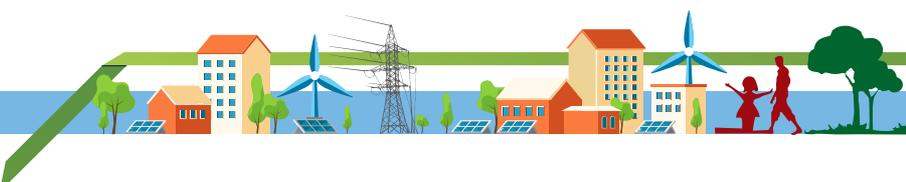


ANNEXURE-I

**Statement on Impact of Audit Qualification (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results - (Standalone)**

Statement on Impact of Audit Qualification (for the Financial Year ended June 30, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016])				
<i>₹ in lakh</i>				
I.	SI. No.	PARTICULAR	Audited Figures (as reported before adjusting for qualification)	Audited Figures (audited figures after adjusting for qualifications)
	1	Turnover/ Total Income	5,03,345.55	5,03,345.55
	2	Total Expenditure	4,83,778.20	4,83,778.20
	3	Net Profit/(Loss)	19,567.35	19,567.35
	4	Earning Per Share		-
	5	Total Assets	90,15,984.54	90,15,984.54
	6	Total Liabilities	90,15,984.54	90,15,984.54
	7	Net Worth	8,58,721.17	8,58,721.17
	8	Any other financial items(s) (as felt appropriate by the management)	-	-
II.	<u>Audit Qualification (each audit qualification separately):</u>			
	a.	Details of Audit Qualification: No Qualification		
	b.	Type of Audit Qualification: Not Applicable		
	c.	Frequency of qualification: Not Applicable		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable		
	(i)	Management's estimation on the impact of audit qualification: Not Applicable		
	(ii)	If Management is unable to estimate the impact, reasons for the same: Not Applicable		
	(iii)	Auditors' Comments on (i) of (ii) above: Not Applicable		
III .	<u>Signatories:</u>			
	Rakesh Awasthi, Chief Financial Officer			Sd/-
	S.K. Hota, Managing Director			Sd/-
	Prashant Kumar, Audit Committee Chairman			Sd/-
	CA Siddharth Bansal, Partner, Membership No. 518004, Bansal & Co. LLP, Chartered Accountants, Firm Reg. No. 001113N/N500079			Sd/-
	Place: New Delhi			
	Date: August 26, 2020			







Yearly Accounts
2019-20
(July, 2019 to June, 2020)
(Special Fund)



NATIONAL HOUSING BANK

**Slum Improvement and
Balance Sheet**

Amount in ₹ crore

Previous Year		Liabilities	Current Year	
61.82	1.	Special Fund (Slum Improvement and Low Cost Housing Fund)		61.82
	2.	Reserves:		
24.90		(i) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	26.40	
3.00		(ii) Investment Fluctuation Reserve	3.00	
377.28		(iii) Reserve Fund -VDS	<u>390.82</u>	420.22
	3.	Profit & Loss Account:		
-		Balance as per last Balance Sheet	-	16.41
		Add: Profit transferred from the Profit and Loss A/c	13.54	
16.41		Less: Transfer to Reserve Fund -VDS	<u>13.54</u>	0.00
	4.	Current Liabilities and Provisions:		
123.09		(i) Provision for Income Tax	130.59	
0.71		(ii) Provision for Standard Assets	8.09	
20.14		(iii) Provision for Bad and Doubtful Debts u/s 36(1)(viiia)(c) of Income Tax Act, 1961	21.84	
50.00		(iv) Others	<u>50.00</u>	210.52
7.93	5.	Deferred Tax Liability		8.33
668.87		TOTAL		700.89

Profit & Loss Account

Previous Year		Expenditure	Current Year
(0.10)	1.	Provision for Standard Assets	7.39
0.00	2.	Provision for Non Performing Assets	(0.01)
1.85	3.	Provision for Bad and Doubtful Debts u/s 36(1)(viiia)(c) of Income Tax Act, 1961	1.70
0.41	4.	Deferred Tax	0.40
11.00	5.	Provision for Income Tax	7.50
18.00	6.	Balance of Profit carried down	15.04
31.16		TOTAL	32.02
1.59	7.	Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	1.50
16.41	8.	Balance Carried to Balance Sheet	13.54
18.00		TOTAL	15.04

Sd/-
Rakesh Awasthi
Chief Financial Officer

Sd/-
V. Vaideswaran
Executive Director

Sd/-
Rahul Bhawe
Executive Director

Sd/-
S.K. Hota
MANAGING DIRECTOR

Sd/-
Prasant Kumar
DIRECTOR

New Delhi, August 26, 2020



Low Cost Housing Fund as at 30th June, 2020

Amount in ₹ crore

Previous Year	Assets		Current Year	
0.04	1.	Cash and Bank Balances: Current Account		0.04
458.39	2.	Investments (at cost or market value whichever is less): Treasury Bills		467.96
94.07	3.	Loans & Advance: Direct Lending	83.67	
0.72		Less: Provisions for Non Performing Assets	0.72	82.95
0.01	4.	Other Assets: (I) Interest Receivable on Bank Deposits	0.01	
2.52		(ii) Interest Receivable on Investments	13.53	
104.06		(iii) Advance Tax and TDS	104.07	
10.50		(iv) Amount Recoverable from General Fund	32.33	149.94
668.87		TOTAL		700.89

for the year ended 30th June, 2020

Amount in ₹ crore

Previous Year	Income		Current Year	
7.68	1.	Interest on Loans and Advances		6.68
23.48	2.	Income from Investments		25.34
0.00	3.	Provision no longer required		0.00
31.16		TOTAL		32.02
16.41	4.	Balance of Profit brought down		13.54
1.59	5.	Transfer from Special Reserve in terms of Section 36(1)(viii) of Income Tax Act, 1961		1.50
18.00		TOTAL		15.04

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 Bansal & Co. LLP

Chartered Accountants

Sd/-

(CA Siddharth Bansal)

Partner

Membership No. 518004



Sheltering People • Transforming Lives

Annexures

सबके लिए घर • जीवन बेहतर



Annexure I: Major Announcements by the Government of India (GoI) and the Reserve Bank of India (RBI) for Housing and Housing Finance

A. Measures related to Housing Sector

A1. Government of India- Aatma Nirbhar Bharat Abhiyaan

Subject	Announcement
Relief to Real Estate Projects	<p>State Governments were advised to invoke the Force Majeure clause under RERA. The registration and completion date for all registered projects will be extended up to 6 months and may be further extended by another 3 months based on the State's situation. Various statutory compliances under RERA will also be extended concurrently.</p> <p>Subsequent to the announcement, MoHUA on May 13, 2020 issued an Advisory to all States / UTs and their respective Real Estate Regulatory Authorities to treat the pandemic COVID-19 as "force majeure" being a natural calamity, as it is adversely affecting the regular development of the real estate projects and automatically extend registration of all real estate projects registered under RERA, which were due on or after March 25, 2020, by 6 months and for further period of upto 3 months, if the situation in a particular state or any part thereof needs special consideration in view of the COVID-19 pandemic.</p> <p>Regulatory Authorities will issue fresh 'Project Registration Certificates' with revised timelines for such projects which were due to be completed anytime or extended to be completed after March 25, 2020. Further, all timelines for compliances will get changed concurrently</p>
Scheme for Affordable Rental Housing Complexes for Migrant Workers and Urban Poor to be launched	<p>The Union Cabinet approved developing of Affordable Rental Housing Complexes (ARHCs) for urban migrants / poor as a sub-scheme under Pradhan Mantri Awas Yojana - Urban (PMAY - U) by:</p> <ol style="list-style-type: none"> existing vacant government funded housing complexes will be converted in ARHCs through Concession Agreements for 25 years. Concessionaire will make the complexes livable by repair/retrofit and maintenance of rooms and filling up infrastructure gaps like water, sewer/ septage, sanitation, road etc. States/UTs will select concessionaire through transparent bidding. Complexes will revert to ULB after 25 years to restart next cycle like earlier or run on their own.



Subject	Announcement
	ii. special incentives like 50 per cent additional FAR/FSI, concessional loan at priority sector lending rate, tax reliefs at par with affordable housing etc. will be offered to private/ public entities to develop ARHCs on their own available vacant land for 25 years.
₹70,000 crore boost to housing sector and middle income group through extension of Credit Linked Subsidy Scheme for MIG under PMAY(Urban)	The Credit Linked Subsidy Scheme for Middle Income Group (annual Income between ₹6 and ₹18 lakh) has been extended up to March 2021. This will benefit 2.5 lakh middle income families during 2020-21 and will lead to investment of over ₹70,000 crore in housing sector.

A2. Government of India - Pradhan Mantri Garib Kalyan Yojana to provide relief against COVID-19

Subject	Announcement
Building and Other Construction Workers Welfare Fund	<p>The Finance Minister announced a relief package of ₹1.7 lakh crore under the Pradhan Mantri Garib Kalyan Yojana for the poor, one of the announcement of the package was that a Welfare Fund for Building and Other Constructions Workers has been created under a Central Government Act. As per the announcement:</p> <ul style="list-style-type: none"> • There are around 3.5 crore registered workers in the Fund. • State Governments will be given directions to utilise this fund to provide assistance and support to these workers to protect them against economic disruptions.

B. Measures related to Housing Finance Companies

B1. Government of India - Aatma Nirbhar Bharat Abhiyaan

Subject	Announcement
Special Liquidity Scheme for NBFC/HFC/MFIs	<p>Government has launched ₹30,000 crore Special Liquidity Scheme, liquidity being provided by RBI. Investment will be made in primary and secondary market transactions in investment grade debt paper of NBFCs, HFCs and MFIs. This will be 100 per cent guaranteed by the Government of India.</p> <p>The Guidelines for Special Liquidity Scheme for NBFCs/HFCs has</p>



Subject	Announcement
	<p>been issued by the Government of India, Ministry of Finance vide notification dated May 25, 2020. As per the guideline, SBICAP, which is the subsidiary of the State Bank of India will set up an SPV to manage the stressed asset fund which would issue interest bearing securities guaranteed by GoI, to be purchased by RBI only.</p> <p>The proceeds of the securities would be used by SPV to invest in specified credit quality CPs and NCDs of short duration (residual maturity of upto 3 months) of eligible NBFCs/HFCs. The recoveries may be placed in an escrow account to ensure repayment to the SPV on its investment and in turn, to RBI.</p>
<p>Partial Credit Guarantee Scheme 2.0 for Liabilities of NBFCs/MFIs</p>	<p>Existing Partial Credit Guarantee Scheme is being revamped and now will be extended to cover the borrowings of lower rated NBFCs, HFCs and other Micro Finance Institutions (MFIs). Government of India will provide 20 per cent first loss sovereign guarantee to Public Sector Banks. This scheme will result in liquidity of ₹45,000 crore.</p> <p>As per the Government of India, Ministry of Finance press release dated May 20, 2020, the Union Cabinet approved the Sovereign portfolio guarantee of up to 20 per cent of first loss for purchase of Bonds or CPs with a rating of AA and below (including unrated paper with original/ initial maturity of up to one year) issued by NBFCs (including HFCs)/ MFCs/Micro Finance Institutions (MFIs) by Public Sector Banks (PSBs) through an extension of the Partial Credit Guarantee Scheme (PCGS).</p> <p>The window for this one-time partial credit guarantee offered by GoI will remain open till March 31, 2021 for purchase of pooled assets and for the period as specified under the Scheme for purchase of Bonds/CPs, or till such date by which ₹10,000 crore worth of guarantees, including both guarantees toward purchase of pooled assets and Bonds/ CPs, are provided by the Government, whichever is earlier.</p>

B2. Reserve Bank of India

Subject	Announcement
<p>Liquidity Management</p>	<ul style="list-style-type: none"> Reduction in the policy repo rate under the liquidity adjustment facility (LAF) from 5.15 per cent to 4.40 per cent on March 27, 2020 and subsequently to 4 per cent on May 22, 2020 The reverse repo rate under the LAF was reduced by 90 basis



Subject	Announcement
	<p>points to 4.0 per cent on March 27, 2020 and subsequently to 3.75 per cent on April 17, 2020 and 3.35 per cent on May 22, 2020 respectively.</p> <ul style="list-style-type: none"> • A 100-bps cut in the cash reserve ratio (CRR) of Banks to 3 per cent (This dispensation will be available for a period of one year ending on March 26, 2021). • Targeted long-term repo operations (TLTRO) of up to three years tenor for a total amount of up to ₹1,00,000 crore at a floating rate linked to the policy repo rate. • Targeted long-term repo operations (TLTRO 2.0) for an aggregate amount of ₹50,000 crore. The funds availed by banks under TLTRO 2.0 should be invested in investment grade bonds, commercial paper, and non-convertible debentures of NBFCs, with at least 50 per cent of the total amount availed going to small and mid-sized NBFCs and MFIs.
<p>Moratorium on Term Loan Instalments</p>	<ul style="list-style-type: none"> • All commercial banks, co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) were permitted to allow a moratorium of 3 months on payment of instalments in respect of all term loans outstanding as on March 1, 2020. The moratorium was subsequently extended by by another three months, i.e., from June 1, 2020 to August 31, 2020. <p><i>Subsequent to the announcement, the National Housing Bank (NHB) allowed maximum moratorium of three months to Primary Lending Institutions who have availed refinance/project finance from NHB, with/without extension of tenor on payment(s) of instalment along with interest falling due between March 1, 2020 and May 31, 2020.</i></p> <ul style="list-style-type: none"> • The moratorium / deferment availed by the borrowers will not result in an asset classification downgrade. The 90-day NPA norm shall exclude the moratorium period. <p><i>In line with the notification of RBI, the period of moratorium was further extended by another three months i.e., for installments due between June 01, 2020 and August 31, 2020.</i></p>
<p>Resolution of Stressed Assets</p>	<ul style="list-style-type: none"> • Under RBI's prudential framework of resolution of stressed assets dated June 7, 2019, in the case of large accounts under default, Scheduled Commercial Banks, AIFs, NBFC-ND-SIs and NBFC-D are currently required to hold an additional



Subject	Announcement
	<p>provision of 20 per cent if a resolution plan has not been implemented within 210 days from the date of such default. The period for such resolution plan was extended by 90 days vide RBI's Governor Statement on April 17, 2020.</p> <ul style="list-style-type: none"> Further on May 22, 2020, given the continuing challenges, lending institutions were permitted to exclude the entire moratorium/deferment period from March 1, 2020 to August 31, 2020 from the calculation of 30-day Review Period or 180-day Resolution Period, if the Review/Resolution Period had not expired as on March 1, 2020. <p>Subsequent to the announcements, the RBI issued circulars dated April 17, 2020 and May 23, 2020 on <i>“COVID 19 Regulatory Package - Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets”</i> informing the detailed instructions relating to extension of timelines under the Prudential Framework on Resolution of Stressed Assets dated June 7, 2019.</p>
NBFC Loans to Commercial Real Estate Projects	<p>NBFC Loans to Commercial Real Estate (CRE) Projects, to be provided similar treatment as that of Bank loans to CRE Projects i.e. <i>the date for commencement for commercial operations (DCCO) in respect of loans to commercial real estate projects delayed for reasons beyond the control of promoters can be extended by an additional one year, over and above the one-year extension permitted in normal course, without treating the same as restructuring.</i></p> <p>Subsequent to the announcement by the Governor on April 17, 2020, RBI issued a notification dated April 17, 2020 to NBFCs informing that the guidelines issued to banks on deferment of date of commencement of commercial operations (DCCO) for projects in commercial real estate (CRE) sector vide circular number DOR.No.BP.BC.33/21.04.048/2019-20, dated February 07, 2020 will be extended to NBFCs as well.</p>
Limit on Group Exposures under the Large Exposures Framework	<ul style="list-style-type: none"> As a one-time measure, the Bank's exposure to a group of connected counter parties was increased from 25 per cent to 30 per cent of the eligible capital base of the bank. The increased limit will be applicable up to June 30, 2021. Subsequent to the announcement on May 22, 2020, the RBI on May 23, 2020 issued a notification to SCBs on <i>“Large Exposures Framework - Increase in Exposure to a Group of Connected Counterparties”</i> informing that with a view to facilitate greater



Subject	Announcement
	<p>flow of resources to corporates, it has been decided, as a one-time measure, to increase a Bank's exposure to a group of connected counterparties from 25 per cent to 30 per cent of the eligible capital base of the bank. The increased limit will be applicable up to June 30, 2021.</p>
<p>Draft Framework for Securitisation of Standard Assets and Sale of Loan Exposures</p>	<p>On June 08, 2020, the RBI released "Draft Framework for Securitisation of Standard Assets" and "the Draft Comprehensive Framework for Sale of Loan Exposures". The revised guidelines aimed at development of a strong and robust securitisation market in India and incentivising simpler securitisation structures, attempt to align the regulatory framework with the Basel guidelines on securitisation. The revised securitisation guidelines propose differential treatment for Residential Mortgage Backed Securities (RMBS) compared to other securitisations in respect of prescriptions regarding minimum holding period (MHP), minimum retention requirements (MRR) and reset of credit enhancements.</p>
<p>Proposed changes in regulations applicable to Housing Finance Companies (HFCs)</p>	<p>On June 17, 2020, RBI released draft of the proposed changes in regulations applicable to Housing Finance Companies (HFCs). The proposed changes inter-alia included, defining principal business and qualifying assets for HFCs, Classifying HFCs as systemically important (asset size of ₹500 crore & above) and non-systemically important (asset size less than ₹500 crore), directions on Liquidity Risk framework &, LCR, securitisation, etc.</p>
<p>Resolution Framework for COVID-19-related Stress</p>	<p>In view of the heightened financial stress for borrowers caused due to disruptions caused by COVID 19, the RBI issued a circular dated August 06, 2020 on "Resolution Framework for COVID-19-related Stress" wherein it was decided to provide a window under the "Prudential Framework on Resolution of Stressed Assets" to enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership as well as personal loans, while classifying such exposures as standard assets, subject to specified conditions.</p>



C. Measures related to National Housing Bank

C1. Reserve Bank of India

Subject	Announcement
Refinancing Facilities for All India Financial Institutions (AIFIs)	<p>The RBI on April 17, 2020 announced Special Refinance Facilities of ₹25,000 crore to NABARD for refinancing Regional Rural Banks (RRBs), Cooperative Banks and Micro Finance Institutions (MFIs); ₹15,000 crore to SIDBI for on-lending/refinancing; and ₹10,000 crore to NHB for supporting Housing Finance Companies (HFCs). Advances under this facility will be charged at the RBI's policy repo rate at the time of availment.</p> <p><i>Subsequent to the announcement, the National Housing Bank launched Special Refinance Facility (SRF) scheme on April 29, 2020 with an objective to provide short term refinance support to HFCs and other eligible PLIs which will partially mitigate their liquidity risk and improve the much needed liquidity into the overall housing finance system.</i></p> <p><i>Out of the allocation ₹10,000 crore, ₹9,566 crore has been disbursed (HFCs - ₹6,759 crore, SCBs - ₹1050 crore and SFBs - ₹1757 crore) till August 26, 2020.</i></p>
Additional Special Liquidity Facility (ASLF)	<p>The Reserve Bank of India on August 06, 2020 announced, Additional Special Liquidity Facility of ₹10,000 crore to be provided at the policy repo rate as under :</p> <ul style="list-style-type: none"> • ₹5,000 crore to the NHB to shield the housing sector from liquidity disruptions and augment the flow of finance to the sector through Housing Finance Companies (HFCs); • ₹5,000 crore to the National Bank for Agriculture and Rural Development (NABARD) to ameliorate the stress being faced by smaller Non-Bank Finance Companies (NBFCs) and Micro-Finance Institutions in obtaining access to liquidity.



Annexure II

Net Resources Mobilized by NHB during 2019-20

S. No.	Instruments	Amount in ₹ crore
1	Taxable Bonds	10,670
2	Commercial Papers	5,456
3	Short Term Loan	1,000
4	Deposits under AHF	7,453
5	SLF from RBI	9,537
	Total (rounded off)	34,116

Annexure III

Resources Outstanding as on June 30, 2020

S. No.	Instruments	Amount in ₹ crore
1	Rural Housing Fund	18,500
2	Affordable Housing Fund	14,953
3	Other Bonds	10,720
4	Urban Housing Fund	10,500
5	Borrowings from RBI	9,537
6	Commercial Papers	5,456
7	Tax Free Bonds	4,641
8	Foreign Borrowings	1,845
9	TREP	1,663
10	Short Term Loan	1,000
11	Special Series Bonds	122
12	SUNIDHI Term Deposit	49
13	SUVRIDDHI Term Deposit	7
	Total (rounded off)	78,993



Annexure IV

Refinance Disbursements during 2019-20 - Institution Category-wise

Amount in ₹ crore

S. No.	Institution Category	2017-18	2018-19	2019-20
1	HFCs	11,508	21,736	27,551
2	SCBs	13,283	3,300	1,550
3	Others	130	141	2,157
	Total	24,921	25,177	31,258

Annexure V

Refinance Disbursements during 2019-20- Scheme-wise

Amount in ₹ crore

S. No.	Institution Category	Regular	AHF-Urban	AHF-Rural	LIFT	SRF	Total
1	HFCs	7,089	4,353	135	9,244	6,730	27,551
2	SCBs	500	0	0	0	1,050	1,550
3	Others	0	0	400	0	1,757	2,157
	Total	7,589	4,353	535	9,244	9,537	31,258

Annexure VI

Refinance Disbursements during 2019-20 - Individual Housing Loans Slab-wise

S. No.	Slab-wise Housing Loan	Amount (in ₹ crore)	% of Total	No. of Units	% of Total
1	Upto ₹2 lakh	224	0.72	21,970	9.22
2	> ₹2 to ≤ ₹5 lakh	642	2.05	18,850	7.91
3	> ₹5 to ≤ ₹10 lakh	4,203	13.45	62,774	26.36
4	> ₹10 to ≤ ₹15 lakh	6,125	19.59	55,852	23.45
5	> ₹15 to ≤ ₹20 lakh	6,098	19.51	39,928	16.76
6	> ₹20 to ≤ ₹25 lakh	6,144	19.66	31,094	13.06
7	> ₹25 lakh	7,822	25.02	7,708	3.24
	Total	31,258	100.00	2,38,176	100.00



Annexure VII

Cumulative Refinance Disbursements upto June 30, 2020

S. No.	Institution Category	Amount (in ₹ crore)	% of Total
1	HFCs	1,47,385	55
2	SCBs	1,13,186	42
3	RRBs	2,466	1
4	Others (including Cooperatives)	4,925	2
	Total	2,67,962	100

Annexure VIII

Refinance Outstanding in last 5 years

Amount in ₹ crore

S. No.	Institution Category	30-06-2016	30-06-2017	30-06-2018	30-06-2019	30-06-2020
1	HFCs	29,735	40,312	38,146	50,145	64,653
2	SCBs	22,045	13,276	19,524	18,010	15,191
3	Others	1,284	1,217	1,055	940	2,909
	Total	53,064	54,805	58,725	69,095	82,753

Annexure IX

Rural Housing Fund Disbursements

Amount in ₹ crore

Year	Allocation	Utilization					
		HFCs	SCBs	RRBs	Others	Total	No. of Units
2008-09	1,778	1,545	0	202	15	1,761	95,577
2009-10	2,000	1,795	0	185	36	2,016	70,995
2010-11	2,000	1,688	182	134	0	2,004	42,859
2011-12	3,000	2,126	721	143	13	3,003	1,26,795
2012-13	4,000	1,940	1,802	285	0	4,027	3,56,480
2013-14	6,000	2,326	1,023	94	0	3,444	5,35,299
2014-15	8,000	2,101	2,599	220	0	4,920	2,74,924
2015-16	0	2,943	439	370	0	3,752	58,433
2016-17	4,500	3,482	918	155	0	4,556	3,36,804
2017-18	0	894	933	1	0	1,828	49,267
2018-19*	0	0	0	0	0	0	0
Total	31,278	20,839	8,619	1,789	64	31,311	19,47,433

* Since 2018-19, RHF and UHF have been merged into AHF



Annexure X

Urban Housing Fund Disbursements

Amount in ₹ crore

Year	Allocation	Utilization					
		HFCs	SCBs	RRBs	Others	Total	No. of Units
2013-14	2,000	129	744	0	0	873	18,310
2014-15	4,000	902	2,769	0	30	3,700	1,26,373
2015-16	0	94	1,256	33	0	1,383	28,251
2016-17	3,000	1,896	278	4	50	2,228	20,238
2017-18	1,500	1,649	538	79	50	2,316	21,399
2018-19*	0	0	0	0	0	0	0
Total	10,500	4,670	5,584	116	130	10,500	2,14,571

* Since FY 2018-19, RHF and UHF have been merged into AHF

Annexure XI

Affordable Housing Fund Disbursements

Amount in ₹ crore

Year	Allocation	Utilization					
		HFCs	SCBs	RRBs	Others	Total	No. of Units
2018-19	10,000.00	6,593.90	960.00	91.00	50.00	7,694.90	1,37,176
2019-20	10,000.00	4,487.89	0	400.00	0	4,887.89	36,565
Total	20,000.00	11,081.79	960.00	491.00	50.00	12,582.79	1,73,741



Annexure XII

Disbursements under Project Finance - Year-wise

Amount in ₹ crore

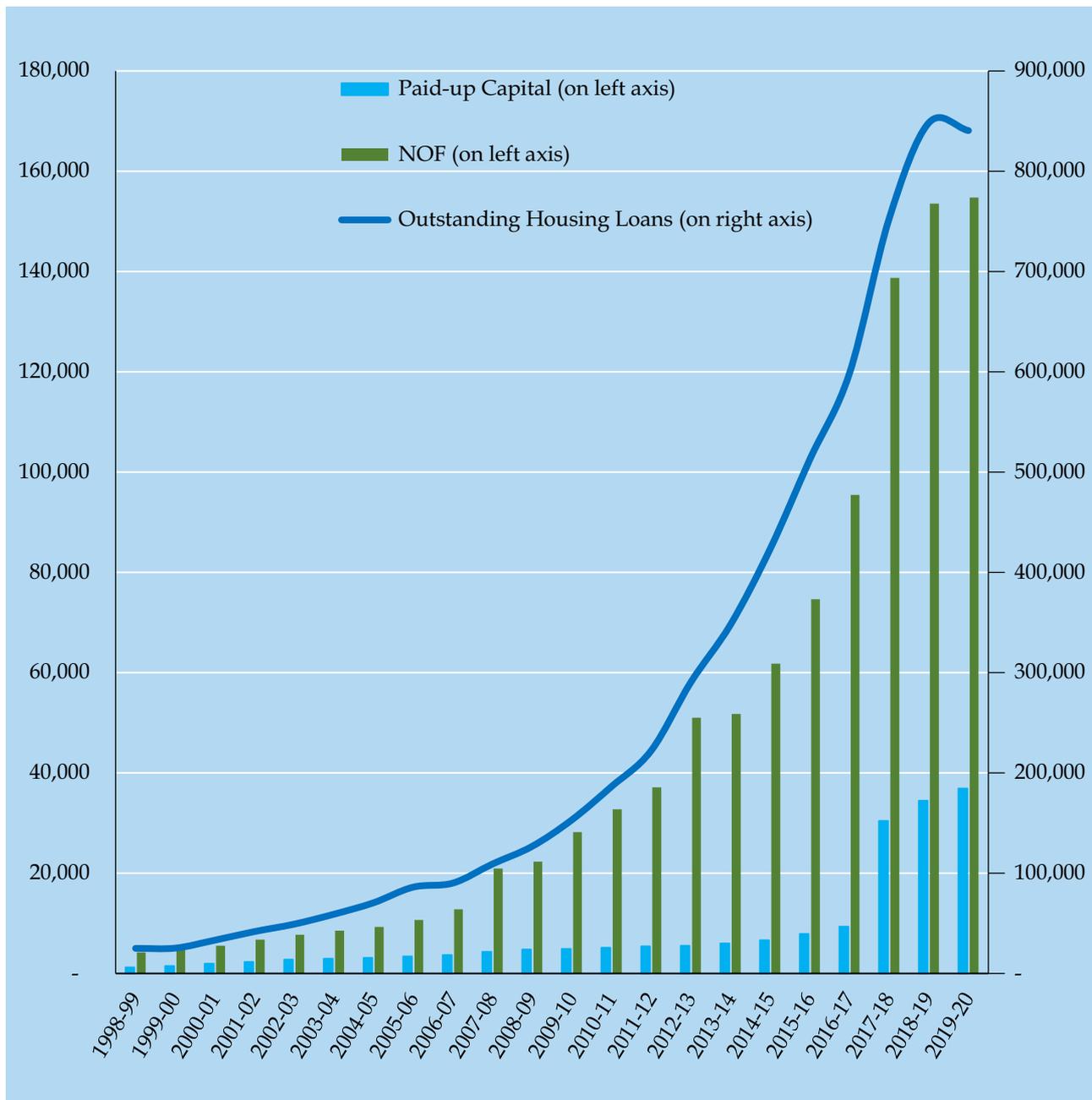
Year	Disbursements	Cumulative Disbursements
2005-06	365	1,023
2006-07	172	1,195
2007-08	449	1,644
2008-09	35	1,679
2009-10	52	1,731
2010-11	312	2,043
2011-12	64	2,107
2012-13	93	2,200
2013-14	34	2,234
2014-15	-	2,234
2015-16	97	2,331
2016-17	75	2,406
2017-18	-	2,406
2018-19	-	2,406
2019-20	-	2,406



Annexure XIII

Performance of HFCs

Amount in ₹ crore



Annexure XIV: City-wise HPI@Assessment Prices till Quarter Jan-Mar 2020

Name of City	Index					Q-o-Q				Y-o-Y
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-19 vs Mar-19 (% change)	Sep-19 vs Jun-19 (% change)	Dec-19 vs Sep-19 (% change)	Mar-20 vs Dec-19 (% change)	Mar-20 vs Mar-19 (% change)
Ahmedabad	117	121	127	133	137	3.4	5.0	4.7	3.0	17.1
Bengaluru	111	113	117	118	117	1.8	3.5	0.9	-0.8	5.4
Bhiwadi	118	120	121	121	118	1.7	0.8	0.0	-2.5	0.0
Bhopal	102	101	102	104	107	-1.0	1.0	2.0	2.9	4.9
Bhubaneswar	112	113	115	120	120	0.9	1.8	4.3	0.0	7.1
Bidhan Nagar	108	108	106	106	110	0.0	-1.9	0.0	3.8	1.9
Chakan	103	101	99	97	99	-1.9	-2.0	-2.0	2.1	-3.9
Chandigarh (Tricity)	105	105	107	107	109	0.0	1.9	0.0	1.9	3.8
Chennai	103	104	105	105	104	1.0	1.0	0.0	-1.0	1.0
Coimbatore	116	120	118	119	116	3.4	-1.7	0.8	-2.5	0.0
Dehradun	108	108	106	106	106	0.0	-1.9	0.0	0.0	-1.9
Delhi	98	96	96	92	91	-2.0	0.0	-4.2	-1.1	-7.1
Faridabad	101	100	100	99	99	-1.0	0.0	-1.0	0.0	-2.0
Gandhinagar	116	120	127	131	137	3.4	5.8	3.1	4.6	18.1
Ghaziabad	107	107	107	104	104	0.0	0.0	-2.8	0.0	-2.8
Greater Noida	104	107	108	109	109	2.9	0.9	0.9	0.0	4.8
Gurugram	102	104	103	104	105	2.0	-1.0	1.0	1.0	2.9
Guwahati	110	113	116	121	124	2.7	2.7	4.3	2.5	12.7
Howrah	108	109	109	111	110	0.9	0.0	1.8	-0.9	1.9
Hyderabad	116	122	127	131	135	5.2	4.1	3.1	3.1	16.4
Indore	109	112	115	116	117	2.8	2.7	0.9	0.9	7.3
Jaipur	103	105	105	105	106	1.9	0.0	0.0	1.0	2.9
Kalyan Dombivali	109	110	111	111	111	0.9	0.9	0.0	0.0	1.8
Kanpur	103	106	107	108	109	2.9	0.9	0.9	0.9	5.8
Kochi	103	104	108	111	114	1.0	3.8	2.8	2.7	10.7
Kolkata	105	107	108	110	113	1.9	0.9	1.9	2.7	7.6
Lucknow	104	105	108	114	113	1.0	2.9	5.6	-0.9	8.7
Ludhiana	105	108	114	117	124	2.9	5.6	2.6	6.0	18.1
Meerut	107	108	107	106	105	0.9	-0.9	-0.9	-0.9	-1.9
Mira Bhayander	108	108	110	110	111	0.0	1.9	0.0	0.9	2.8
Mumbai	105	105	106	108	110	0.0	1.0	1.9	1.9	4.8
Nagpur	103	104	108	110	112	1.0	3.8	1.9	1.8	8.7
Nashik	106	108	108	108	108	1.9	0.0	0.0	0.0	1.9
Navi Mumbai	107	107	106	101	100	0.0	-0.9	-4.7	-1.0	-6.5
New Town Kolkata	114	114	119	118	120	0.0	4.4	-0.8	1.7	5.3
Noida	114	117	119	116	112	2.6	1.7	-2.5	-3.4	-1.8
Panvel	109	111	115	107	108	1.8	3.6	-7.0	0.9	-0.9
Patna	107	108	112	116	123	0.9	3.7	3.6	6.0	15.0
Pimpri Chinchwad	102	101	101	102	103	-1.0	0.0	1.0	1.0	1.0
Pune	108	108	109	112	113	0.0	0.9	2.8	0.9	4.6
Raipur	107	110	112	117	115	2.8	1.8	4.5	-1.7	7.5
Rajkot	102	103	103	104	104	1.0	0.0	1.0	0.0	2.0
Ranchi	116	118	118	117	117	1.7	0.0	-0.8	0.0	0.9
Surat	104	105	109	112	112	1.0	3.8	2.8	0.0	7.7
Thane	107	108	111	113	115	0.9	2.8	1.8	1.8	7.5
Thiruvananthapuram	112	115	118	121	123	2.7	2.6	2.5	1.7	9.8
Vadodara	106	109	113	119	123	2.8	3.7	5.3	3.4	16.0
Vasai Virar	104	104	104	102	103	0.0	0.0	-1.9	1.0	-1.0
Vijayawada	99	100	100	100	100	1.0	0.0	0.0	0.0	1.0
Vizag	104	106	109	111	113	1.9	2.8	1.8	1.8	8.7

Four Quarter Moving Average Values



Annexure XV: City-wise HPI@Market Prices for Under Construction Properties till Quarter Jan-Mar 2020

Name of City	Index					Q-o-Q				Y-o-Y
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-19 vs Mar-19 (% change)	Sep-19 vs Jun-19 (% change)	Dec-19 vs Sep-19 (% change)	Mar-20 vs Dec-19 (% change)	Mar-20 vs Mar-19 (% change)
Ahmedabad	103	103	103	103	102	0.0	0.0	0.0	-1.0	-1.0
Bengaluru	101	102	103	104	104	1.0	1.0	1.0	0.0	3.0
Bhiwadi	102	101	98	96	97	-1.0	-3.0	-2.0	1.0	-4.9
Bhopal	100	100	100	100	101	0.0	0.0	0.0	1.0	1.0
Bhubaneswar	105	106	107	108	108	1.0	0.9	0.9	0.0	2.9
Bidhan Nagar	109	111	113	115	117	1.8	1.8	1.8	1.7	7.3
Chakan	100	101	101	101	102	1.0	0.0	0.0	1.0	2.0
Chandigarh (Tricity)	100	100	99	99	98	0.0	-1.0	0.0	-1.0	-2.0
Chennai	103	102	101	101	101	-1.0	-1.0	0.0	0.0	-1.9
Coimbatore	103	104	105	105	105	1.0	1.0	0.0	0.0	1.9
Dehradun	100	99	99	99	100	-1.0	0.0	0.0	1.0	0.0
Delhi	99	97	95	95	95	-2.0	-2.1	0.0	0.0	-4.0
Faridabad	92	92	89	88	88	0.0	-3.3	-1.1	0.0	-4.3
Gandhinagar	108	111	112	113	115	2.8	0.9	0.9	1.8	6.5
Ghaziabad	102	101	101	102	103	-1.0	0.0	1.0	1.0	1.0
Greater Noida	102	102	102	103	104	0.0	0.0	1.0	1.0	2.0
Gurugram	102	100	99	99	100	-2.0	-1.0	0.0	1.0	-2.0
Guwahati	108	109	110	111	112	0.9	0.9	0.9	0.9	3.7
Howrah	103	103	101	100	100	0.0	-1.9	-1.0	0.0	-2.9
Hyderabad	112	116	119	122	126	3.6	2.6	2.5	3.3	12.5
Indore	107	110	112	115	118	2.8	1.8	2.7	2.6	10.3
Jaipur	105	108	109	110	110	2.9	0.9	0.9	0.0	4.8
Kalyan Dombivali	113	113	114	113	112	0.0	0.9	-0.9	-0.9	-0.9
Kanpur	102	103	104	105	106	1.0	1.0	1.0	1.0	3.9
Kochi	99	98	98	97	97	-1.0	0.0	-1.0	0.0	-2.0
Kolkata	111	112	112	111	110	0.9	0.0	-0.9	-0.9	-0.9
Lucknow	101	101	102	104	107	0.0	1.0	2.0	2.9	5.9
Ludhiana	101	102	101	99	98	1.0	-1.0	-2.0	-1.0	-3.0
Meerut	97	97	96	97	97	0.0	-1.0	1.0	0.0	0.0
Mira Bhayander	107	108	110	111	113	0.9	1.9	0.9	1.8	5.6
Mumbai	104	104	104	102	101	0.0	0.0	-1.9	-1.0	-2.9
Nagpur	110	112	112	112	112	1.8	0.0	0.0	0.0	1.8
Nashik	103	102	102	100	99	-1.0	0.0	-2.0	-1.0	-3.9
Navi Mumbai	106	109	113	117	120	2.8	3.7	3.5	2.6	13.2
New Town Kolkata	98	99	102	104	106	1.0	3.0	2.0	1.9	8.2
Noida	99	95	93	93	93	-4.0	-2.1	0.0	0.0	-6.1
Panvel	101	101	101	102	103	0.0	0.0	1.0	1.0	2.0
Patna	109	114	118	120	121	4.6	3.5	1.7	0.8	11.0
Pimpri Chinchwad	99	98	97	95	94	-1.0	-1.0	-2.1	-1.1	-5.1
Pune	102	102	101	99	97	0.0	-1.0	-2.0	-2.0	-4.9
Raipur	98	99	101	103	106	1.0	2.0	2.0	2.9	8.2
Rajkot	102	103	103	104	105	1.0	0.0	1.0	1.0	2.9
Ranchi	99	99	98	98	100	0.0	-1.0	0.0	2.0	1.0
Surat	102	103	103	103	103	1.0	0.0	0.0	0.0	1.0
Thane	103	103	104	103	102	0.0	1.0	-1.0	-1.0	-1.0
Thiruvananthapuram	96	96	96	98	100	0.0	0.0	2.1	2.0	4.2
Vadodara	103	106	108	111	112	2.9	1.9	2.8	0.9	8.7
Vasai Virar	103	103	105	107	107	0.0	1.9	1.9	0.0	3.9
Vijayawada	100	99	99	98	98	-1.0	0.0	-1.0	0.0	-2.0
Vizag	106	108	109	111	112	1.9	0.9	1.8	0.9	5.7

Four Quarter Moving Average Values



Annexure XVI- Representation of SCs, STs, OBC and EWS categories as on June 30, 2020

Groups	Number of Employees (as on June 30, 2020)				Number of appointments made during the previous calendar year													
	Total	SCs	STs	OBCs	EWS	PwBD#	By Direct Recruitment				By Promotion			By other Method				
							Total	SCs	STs	OBCs	EWS	PwBD#	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Group A	128	14	07	36	-	06	19	-	02	06	-	04	-	-	-	-	-	-

*Note: The officers' strength shown above excludes MD and CVO.

#Person with Benchmark Disabilities (PwBD).

Annexure XVII

Slab-wise details of individual housing loans of HFCs and PSBs during 2019-20

S. No.	Slab-wise Individual Housing Loan	Disbursements		
		Amount (in ₹ crore)	% of Total	No. of Units
1	Upto ₹2 lakh	1,878	0.5	1,80,562
2	>₹2 lakh to ₹5 lakh	4,280	1.0	1,89,298
3	>₹5 lakh to ₹10 lakh	23,074	5.7	5,70,434
4	>₹10 lakh to ₹25 lakh	1,18,815	29.3	14,64,280
5	>₹25 lakh	2,57,251	63.5	11,40,586
	Total	4,05,298	100	35,45,160
				% of Total
				5.1
				5.3
				16.1
				41.3
				32.2
				100

Source: Based on Annual Return of HFCs and quarterly submission of PSBs.



तृतीय-पंचम तल, कोर 5-ए,
भारत पर्यावास केन्द्र,
लोधी रोड,
नई दिल्ली - 110 003
दूरभाष: 011-39187000
वेबसाइट : <https://www.nhb.org.in>



राष्ट्रीय
आवास बैंक
**NATIONAL
HOUSING BANK**

भारत सरकार के अंतर्गत सांविधिक निकाय
Statutory Body under the Government of India

3rd-5th Floor, Core 5-A,
India Habitat Centre,
Lodhi Road,
New Delhi -110 003
Tel.: 011-39187000
<https://www.nhb.org.in>

हमें फॉलो करें / Follow us on: 

