

ART Affordable Housing Finance – Coverage

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HOUSING CREDIT GROWTH

- Housing credit growth is likely to reach 17-19 per cent in FY2019, says ICRA;
- With a steady growth of 16 per cent in FY2018, the mortgage penetration touched 10 per cent as on March 31, 2018;
- Newer HFCs in the affordable housing segment continued to grow at higher than the overall industry growth rate of 39 per cent;
- Assets Under Management (AUM) of HFCs grew at 24 per cent last fiscal, says CRISIL report;
- The market share of HFCs in the home loan segment has increased by around 100 bps to 43 per cent;
- The non-housing segment, loan against property, developer funding remains the fastest-growing segment for HFCs, racking up 30 per cent growth last fiscal.



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SMALL LOANS, BIG IMPACT

Here's how small-ticket size loans and a rise in the number of maiden borrowers have helped improve the housing finance sector in India

With the union government pushing its flagship project Housing for All through sops and fiscal incentives, the growth trajectory for housing finance in the country is moving upwards. While policies and incentives are specifically designed for first-time borrowers, banks and other Housing Finance Companies (HFCs) are foraying into small-ticket size loans. One of the biggest contributors to GDP, housing

THE NHB PUSH

- The National Housing Bank (NHB), the apex financial institution for banking, registers and regulates HFCs;
- According to NHB, there are currently 91 HFCs in India;
- Number of HFCs has increased by 48 per cent;
- NHB RESIDEX covers 50 cities in India;
- Union Budget 2018-19 announced a dedicated Affordable Housing Fund through NHB;
- NHB is a leading nodal agency for PMAY;
- NHB would provide part-guarantee for bonds floated by HFCs that will lower the cost of funding and provide home-buyers sufficient incentive to borrow.

is the second largest employer in the country after agriculture, says this year's Economic Survey. That's why the housing finance sector has been growing by leaps and bounds. According to the National Housing Bank Data, this market has been growing at a CAGR of around 16-17 per cent for the last five years and has grown to more than Rs 15 lakh crore in 2017-18 from about Rs 25,000 crore in 1996-97. Of late, HFCs in the non-banking sector are entering the housing sector with many operating on small size loans.

WHILE BORROWING FROM NON-BANKING HFCs

The Indian housing finance book (worth around Rs 15 to 16 lakh crore) is divided among banks and HFCs. Those who operate with a single-minded focus and flexibility, create a quick-to-scale model, which helps them grow in the market. Non-banking HFCs also cover the customers, who do not have formal and documented income and have a flexible approach. Their policies and processes are driven by a customer-centric focus.



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SWITCHING LOANS

Switching home loans from one lender to another is called as a balance home loan transfer. It is important to be cautious before taking a balance transfer decision. While switching to another lender, one must conduct a comparative study of both the financial institutions and consider factors such as the pedigree of the financial institution, reputation, customer service and operational efficiencies, principal amount, loan eligibility, loan tenure, processing fee, file charge, stamp duty, insurance, EMIs and other conditions.

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