

ART Affordable Housing Finance – Coverage
Mr. Arvind Hali, MD and CEO, ART AHF – Interview
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Publication	IndiaInfoline.com
Date	20 th June 2018
Link	Arvind Hali, MD and CEO, ART Affordable Housing Finance India Limited

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 With growing urbanization, economic growth and rising incomes of consumers, the housing sector will see a steady growth in the years to come.

Arvind Hali, MD and CEO, ART Affordable Housing Finance India Limited. is an affable leader with rich & diverse expertise and a proven track record in launching companies, business units, innovative products and services within the Retail Lending Space. His ability to lead large teams to reach out to the masses, helping them with their financial requirements by using out-of-box approach is credited to his cross functional experience across retail lending, SME lending, mortgages and housing finance areas.

In the past, Mr. Hali has headed Intec Capital Limited as the President, managing the entire operations. As the CEO of All Financiers India Limited, he led the MSME & Structured Finance lending businesses for the company. EVP & Head – Retail Assets & Credit Cards (Dhanlaxmi Bank Ltd.), Group Bus. Head – Home Loans, Mortgages, CVCE & Gold Loans (Reliance Capital Ltd.) & Head Sales – Mortgages (Standard Chartered Bank). Further, he has held several key positions including, COO for Capri Global Capital Limited.

In an interaction with Sheetal Popriwal, Editor, IIFL, **Arvind Hali, MD and CEO, ART Affordable Housing Finance**, said, "With growing urbanization, economic growth and rising incomes of consumers the housing sector will see a steady growth in the years to come."

What are the major trends that will redefine Indian real estate?
 The Indian Real Estate industry has been through some real trying times in the recent past. Policy changes like REBA and rationalization of GST along with stamp duty and registration charges have placed structural benefits for this industry in the long term.

A developing trend is the choice of dwelling units by the developers. Till now, huge focus was towards building premium units, but now developers are changing their focus towards more affordable dwelling units. With migration from rural to urban semi-urban areas at an all-time high, affordable housing is the area of focus. Coupled with this, initiatives such as the PMAY and the CLSS scheme are steps that will boost the affordable segment of the market.

Factors such as better services, competitive pricing a wider choice of properties, growth in the affordable housing segment and wide availability of credit will renew the consumer demand and have a positive effect on the real estate industry.

Elaborate on the emerging trends in Housing Finance Sector in India.
 There is a huge demand for dwelling units in the country. Urbanisation, nuclearisation, rise in incomes and economic development at the Tier-II and Tier-III town levels are some of the factors leading up to this. Housing finance which is a pre-requisite for meeting housing needs has a very low penetration in India as compared to global levels. We see a very positive outlook for the Housing Finance sector in the coming future.

Policy interventions such as the CLSS/ PMAY schemes will also lead to increased housing finance demand.

New age technologies and innovation will play a key role in the future of the housing finance segment, enabling further expansion and creating products tailored according to customer segments.

What is the growth rate of the Housing Finance Sector?
 The increased focus on affordable housing, robust credit appraisal techniques introduced by HECA, especially for the LIG and MIG segment customers and policy push at central and state levels focusing on various schemes like Pradhan Mantri Awas Yojna and REBA act have taken up the growth rate of Housing Finance to 20 to 25% and is expected to grow at the same pace in coming few years.

How the funding reforms taken by RBI impact the HECA?
 Norms like increase in housing loan limits under priority sector lending are set to give a boost to the Housing Finance Sector by encouraging banks to lend more towards low-cost housing, and delivering towards their PSB obligations.

Recent hike in rates may have a negative impact on the home buying as for customers in the short run, however in the long run this effect will even out.

What are the impacts of taking EPFO funds for servicing loan?
 EPFO fund for down payment or loan servicing has not got much of traction as people retain EPFO money for their post-retirement needs. However, millennials have started using EPFO money for making down payments in few urban pockets.

What are the Tax Incentives for Mid-Income Affordable Housing?
 Mass consumption led growth in several industries comes from Mid-Income segment and the same is true for realty sector also. Further tax break in Mid income segment (Rs. 2.5 to 5 lakh) will release surplus disposable income for investment in real estate for middle class population.

In terms of income tax rebates, under section 80EE of the Income-Tax Act, first-time homebuyers are eligible to claim an additional tax deduction of Rs 50,000 which is over and above the limit of Rs. 2 lakh which is claimed under section 24, provided all conditions are fulfilled. Such reforms are to ensure continuous growth in the Housing Sector.

What is the impact of PMAY on Affordable Housing Sectors?
 Pradhan Mantri Awas Yojna has boosted the growth in the affordable housing segment. Focus of entire real estate industry has now shifted from premium housing to low-budget homes targeting especially the first-time home buyers. Recent changes in the scheme such as increased carpet area limit in the eligibility capping will further boost the home sales in the Tier-II and Tier-III cities where land cost for comparatively larger apartments is low and hence come under affordable budgets for home buyers. Increase in home loan limits under the Priority Sector Lending (PSL) from Rs. 28 lakh to Rs. 35 lakh in metros, and from Rs. 20 lakh to Rs. 25 lakh in other cities will further broaden the home buying opportunities.

What is the growth momentum in Mid-Income Affordable Housing?
 Mid income housing segment is witnessing a continuous growth as buyers are pre-dominantly end users. High demand from these end users and policy reforms in this segment are ensuring continuous rise in the affordable housing sector. More and more players are now moving towards affordable housing projects which caters to low and mid segment.

Elaborate present scenario in Housing Finance Sector and discuss its future prospects.
 With growing urbanization, economic growth and rising incomes of consumers the housing sector will see a steady growth in the years to come.

Similar growth trend will be seen in the Housing Finance which is expected to grow at a rate of 20% in the current year. The growth will be backed by the growing affordability for the first time home buyers, additional tax benefits and the policy pushes like PMAY, REBA reforms etc.

From growth perspective, HECA focusing on building business models which cater to the Affordable housing segment that is spurred by various initiatives and incentives by the government are currently showing higher growth compared to other HECA.