

# Article



## Increasing number of Registered Housing Finance Companies with National Housing Bank

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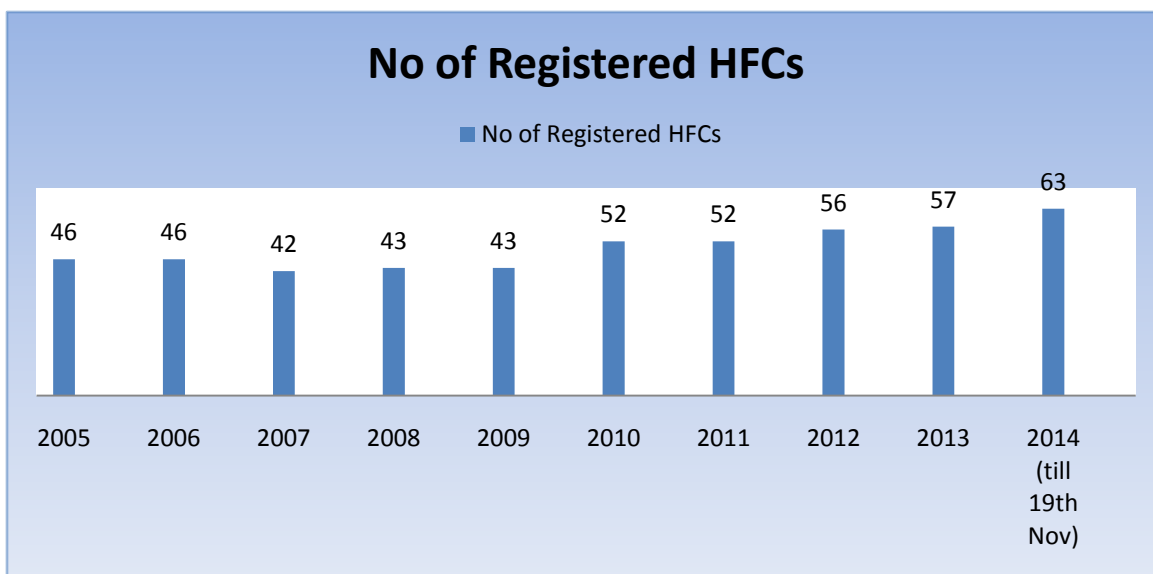


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The Report on ‘Trend and Progress of Housing in India in 2013’ by National Housing Bank (NHB) states that there is a deep disparity in demand and supply side for finance in case of housing sector. The survey coins that 31.16% of the total population is craving for housing needs whereas the financial sector cannot pump the required resources in the sector at reasonable rates.

It is worth noting that amidst the gradual development of demand in the housing finance sector, the corporate houses have made a significant move in order to grab the win-win situation. If the number of Firms registering as Housing Finance Companies (HFCs) with NHB (an apex body for housing finance in India) every year is plotted on a chart, a significant increase in the level shall be observed in last two years. As per the latest data available from NHB, as on 19th November, 2014 a total of 63 (excluding two applications which are still under process) HFCs are registered under Section 29A of the National Housing Bank Act, 1987 against 57 (2013-14) and 56 (2012-13).

### Trend in Number of Registered HFCs – In the last 10 years



The new entrants in the housing finance sector are Aditya Birla Housing Finance Limited, Mentor India Limited etc.

The rapid growth of the HFCs is even evident from the market share it encompasses within its ambit. According to the Financial Stability Report by the Reserve bank on 30th December, 2013 - about 2/5<sup>th</sup> of credit available for retail housing is accounted for by HFCs.



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### **Future prediction on the trend in Housing Finance Sector**

According to the report of Technical group on Urban Housing shortage in India (2012-17), India will need 18.8 million housing units in the city alone out of which more than 95% are in Economically Weaker Section/Lower Income Group.

The above projection by NHB makes it clear that in the times to come there is a huge scope for HFCs to grow and the trend shall be bullish. We can expect that the number of firms registering with NHB shall be on a high and it can revive the housing finance sector further which has been neglected a lot in the past.

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