

# Report

## Performance review of Housing Finance Companies 2012-13

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## Report

### Performance review of Housing Finance Companies 2012-13

Housing is one of the three basic necessities of a man's life and one large indicator of the social happiness of the population in an economy. Access to finance and making housing affordable has been a key agenda across globe; more so for developing nations. Housing finance companies (HFCs) along with banks have been catering to the demand for housing finance in India and National Housing Bank has remained the nodal body for HFCs promoting, regulating and facilitating refinancing facilities for HFCs. While housing finance sector in India has grown at a CAGR of 30%, current housing shortage is estimated to be 18.78 million in urban areas and around 43.67 million in the rural areas. This is a clear indicator that there is a huge demand that continues to remain untapped and unaddressed.

The performance of the HFCs in 2012-13<sup>1</sup> is indicated below:

Parameters	Housing Loans	Other Loans	Total
Loans Sanctioned	40314	17564	57878
Loans Disbursed	32713	12650	45362
Loans Outstanding (As on March 31,2013)	<b>2,85,711</b>	<b>1,01,333</b>	<b>3,87,044</b>
<b>Housings loans as percentage to total loans and advances</b>	<b>73.81%</b>		
<b>GNPA percentage as a total of loan outstanding</b>	<b>1.09 %</b>		

### Volumes of Disbursements of the Top Housing Finance Companies

The following table will show the loan disbursements by some of the leading Housing finance Companies in India during the last three financial years:

Volumes of Disbursements by the HFCs			
Name of the Housing Finance company	Rs. in crores		
	2012-13	2011-12	2010-11
Housing Development Finance Corporation Limited	82,452	71,113	60,314
Housing Urban Development Corporation	1,391	1,918	995
LIC Housing Finance Limited	1,16,433	92,984	75,357

<sup>1</sup> State of the Housing and Housing Finance Sector, 2012-13, Presentation by Mr. Lalit Kumar, 31<sup>st</sup> May, 2013 at the 35<sup>th</sup> Meeting of the Chief Executive of HFCs, PSBs and RRBs.

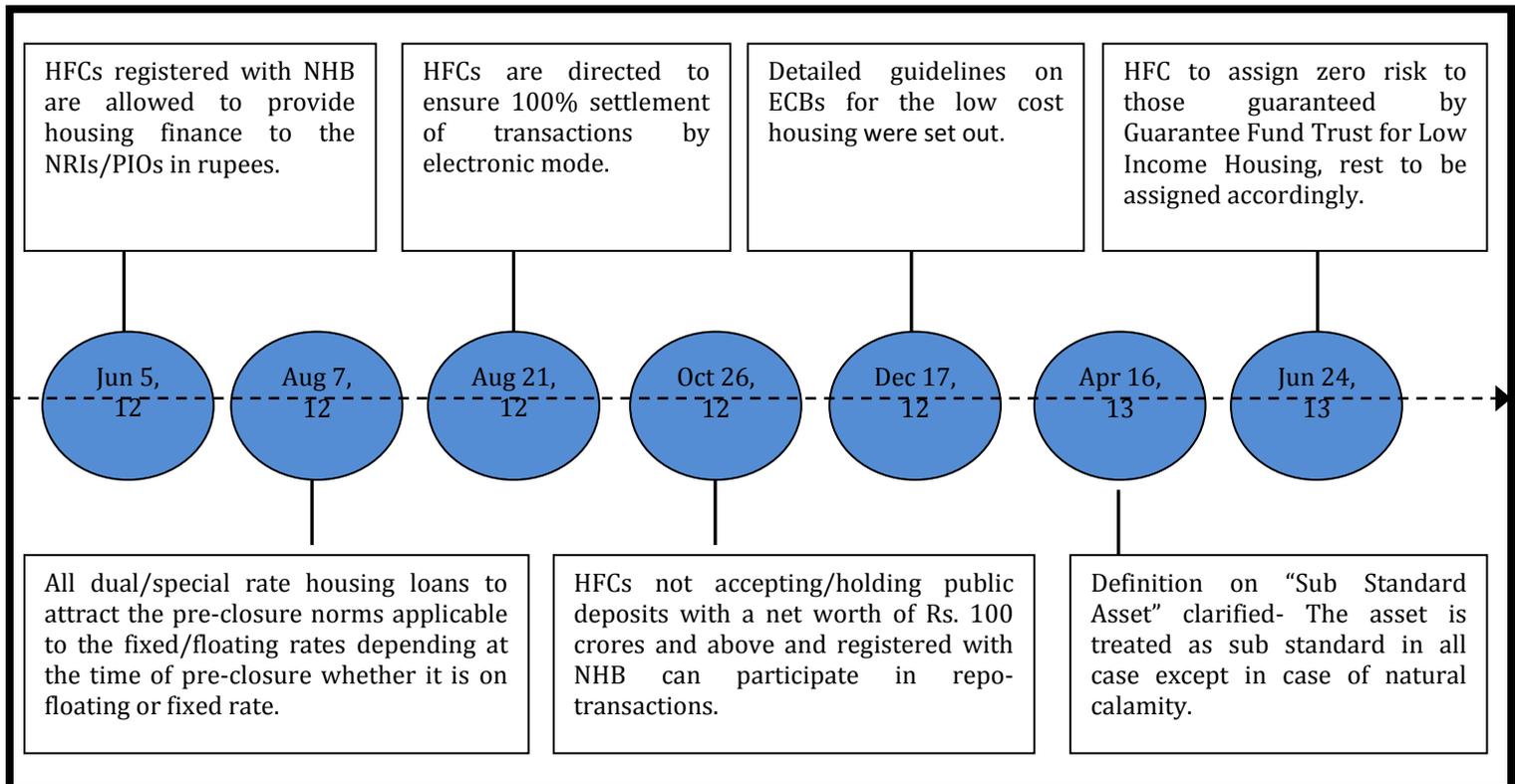


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<b>ICICI Home Finance Company Limited (Refer note 1)</b>	3569	3,786	4562
<b>PNB Housing Finance Limited</b>	3,682	1,508	1,267
<b>Dewan Housing Finance Corporation Limited</b>	6,506	9,065	13,358
<b>GIC Housing Finance Limited</b>	1,354	992	969
<b>Can Fin Homes Limited</b>	1814	859	473
<b>GRUH Finance Limited</b>	2,174	1,487	1,211
<b>L&amp;T Housing Finance Limited</b>	204		
<b>Tata capital Housing Finance Limited</b>	2,591	1653	662
<b>Sundaram BNP Paribas Home Finance Limited</b>	2,572	1,948	1,207
<b>Mahindra Rural Housing Finance Ltd</b>	432.85	266.75	203.63
Note 1: Figures as reflected in the Balance Sheet of 2012-13			

*Data Source: Company*

### Regulatory Changes in Housing Finance Sector in India (2012-13):





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### **Future Outlook:**

Over the years the trends in the housing finance sector has undergone change. The market share of HFCs has increased as compared to banks over the years. Historically HFCs have been focussing on the urban segment of the population – borrowers with formal income sources. This too has undergone change where the HFCs are now trying to look at the “bottom of the pyramid” market where the demand is huge and the market is largely untapped. What also is of growing interest for HFCs is the housing microfinance market in India, which works on the concept of borrowing microfinance principles to housing finance. While housing microfinance is still at a very nascent stage but the market has seen several entrants in the segment of the market.

Another product which is growing in significance for housing finance companies is loan against property. Typically LAP is a loan against commercial property which the business enterprises use for general corporate purposes, funding the working capital requirement etc. NBFCs and banks have been lending against property very aggressively to build up their portfolios. However recently, HFCs have also joined the fray. Though HFCs are not mandated for a product like LAP, but the motivation of offering LAP in the 25% window of HFCs is yield enhancements.

The mortgage penetration levels in the country are at 9% of the GDP compared to 5-6% of the GDP. As per a CRISIL report, the housing finance disbursements made by HFCs in 2012-13 has grown by 16.1% as against the disbursements in 2011 and the HFCs are expected to have a CAGR of 16% in the next 5 years.

The housing and housing finance sector currently is brimming with activity with several amendments to see the light of the day; some of these include the Real Estate Regulations & Development Bill, single window clearance mechanism for real estate projects, credit risk guarantee fund for low income housing etc. The recent focus of the regulators on the housing finance space, low income housing finance and energy efficient homes will ensure that financial inclusion is propelled in the market and also address the huge demand-supply gap existing.