CHAPTER 5

A PROFILE OF STATE HOUSING AGENCIES IN ASSAM
CHAPTER-5

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5.1 Introduction:

Assam is one of the 7th North Eastern States in India. These States are characterized by difficult terrain, sparsely populated areas and inadequate physical infrastructure. “The level of urbanizations is low as compared to the national average. As per census report the percentage of population living in urban areas is 11.1% whereas the same is 25.71% in the country as a whole.”¹ There is considerable need for upgradation of existing shelter and provision of adequate level of basic services. There is broad distinction of housing typologies and designs in rural & in urban areas. The trends are however changing with an ever larger number of people going in for pucca housing, often multi-storied and recently even flats.

In order to change the existing trends of housing situation, various national-level housing finance institutions have started operating in the State of Assam for the last decade. They have supplemented the housing / building advance system of government as also public sector units. State level housing agencies have also been playing their roles.

The flow of funds has not been high due to various reasons viz –dispersed populations, imperfect land titles, poor-recoveries, poor demand due to endemic socio-political disturbances. However the same have been changing in the last 2-3 years and the scenario is picking up on the both demand & supply fronts.

Although Assam, State Housing Board has played a major role in the housing activities of Assam, there are also some other State agencies who have contributed a lot in this sector. The profiles of such agencies are the content of this chapter. For the purpose of study, data were collected based on questionnaire, personal interviews of the persons responsible for housing finance, their designation not being lower than Assistant Manager, were taken. The questionnaire served for the purpose is attached herewith for reference at annexure 5.1.

5.2 **Scopes of Study:**

The words “State” used in this study refers to both Central and the provincial sectors. The word State usually refers to Governmental States both at the center and at the State. The housing agencies working in Assam are found to be existent in Central State, co-operatives as well as in the private sector too. However the main thrust of the study has been given only on Central and provincial Govt. sponsored agencies together with Govt. aided sector like the co-operatives. In addition to State level housing agencies as existent in different States, “there are 28 listed housing finance companies as approved by the National Housing Bank for refinance which are also doing housing activities in our country.”

The name of the said Housing Finance Companies and their Head Offices are indicated in the Chart 5.1.

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5.3 **Name of HFC & its H.O.: Chart 5.1** indicating the name of Housing Finance Company & their Head Offices.

<table>
<thead>
<tr>
<th>Name of HFC</th>
<th>H.O.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhrabank Housing Finance Ltd.</td>
<td>Hyderabad</td>
</tr>
<tr>
<td>BOB Housing Finance Ltd.</td>
<td>Jaipur</td>
</tr>
<tr>
<td>Can Fin Homes Ltd.</td>
<td>Bangalore</td>
</tr>
<tr>
<td>Cent Bank Home Finance Ltd.</td>
<td>Bhopal</td>
</tr>
<tr>
<td>Corpbank Homes Ltd.</td>
<td>Bangalore</td>
</tr>
<tr>
<td>Dewan Housing Finance Corp. Ltd.</td>
<td>Mumbai</td>
</tr>
<tr>
<td>GIC Housing Ltd.</td>
<td>Mumbai</td>
</tr>
<tr>
<td>GRUH Finance Ltd.</td>
<td>Ahmedabad</td>
</tr>
<tr>
<td>GLFL Housing Finance Ltd.</td>
<td>Ahmedabad</td>
</tr>
<tr>
<td>Global Housing Finance Corp. Ltd.</td>
<td>Mumbai</td>
</tr>
<tr>
<td>Housing Development Finance Corp. Ltd.</td>
<td>Mumbai</td>
</tr>
<tr>
<td>Housing and Urban Development Corp. Ltd.</td>
<td>New Delhi</td>
</tr>
<tr>
<td>Hometrust Housing Finance Ltd.</td>
<td>Calcutta</td>
</tr>
<tr>
<td>Ind Bank Housing Ltd.</td>
<td>Chennai</td>
</tr>
<tr>
<td>LIC Housing Finance Ltd.</td>
<td>Mumbai</td>
</tr>
<tr>
<td>Livewell Home Finance Ltd.</td>
<td>Secunderabad</td>
</tr>
<tr>
<td>Maharishi Housing Development Finance Corporation Ltd.</td>
<td>New Delhi</td>
</tr>
<tr>
<td>National Trust Housing Finance Limited</td>
<td>Chennai</td>
</tr>
<tr>
<td>Orissa Rural Housing &amp; Development Corp. Ltd.</td>
<td>Bhubaneshwar</td>
</tr>
<tr>
<td>Parashwanath Housing Finance Corp. Ltd.</td>
<td>Ahmedabad</td>
</tr>
<tr>
<td>PNB Housing Finance Ltd.</td>
<td>New Delhi</td>
</tr>
<tr>
<td>Peeless Abasan Finance Ltd.</td>
<td>Calcutta</td>
</tr>
<tr>
<td>SBI Home Finance Ltd.</td>
<td>Calcutta</td>
</tr>
<tr>
<td>Saya Housing Finance Company Ltd.</td>
<td>Ahmedabad</td>
</tr>
<tr>
<td>Vyswa Bank Housing Finance Ltd.</td>
<td>Bangalore</td>
</tr>
<tr>
<td>Vijaya Home Loans Ltd.</td>
<td>Bangalore</td>
</tr>
<tr>
<td>VI Bank Housing Finance Ltd.</td>
<td>Bangalore</td>
</tr>
<tr>
<td>Weizmann Homes Ltd.</td>
<td>Bangalore</td>
</tr>
</tbody>
</table>

(Source: NHB, Housing News Dec. 2000, New Delhi)

Out of the above approved HFC’s, the following housing agencies are selected for consideration of proposed study. The selection of which is made on the basis of their carrying out of housing activities in Assam.

5.3.1 **Selected Housing Finance Agencies working in Assam:**

(I) Life Insurance Corporation Housing Finance Ltd. (LICHF Ltd.)

(II) State Bank of India Home Finance Ltd. (SBI HF Ltd.)
(III) Housing Development Finance Corp. Ltd. (HDFC Ltd.) under private Sector.

(IV) Housing and Urban Development Corporation Ltd. (HUDCO)

(V) Bank of Boroda Housing Finance Ltd. (BOB HF Ltd.)

(VI) Peerless Abasan Finance Ltd. (Private Sector)

After conducting market survey, it is found that agencies Sl.(I) to (IV) are only functioning for carrying out housing activities considerably in Assam. Although HDFC Ltd., a private sector agency, has the dominant existence and their activities in the housing field are well known to the people of Assam, hence it is considered to include the same in the proposed study. On the other hand peerless activities are limited to certain areas & have no popular demand in the market. Therefore, it is excluded from the study. Besides above, there are two public sector agencies in Assam doing housing activities namely Assam State Housing Board & Assam State Co-Operative Housing Finance Society Ltd. (Housefed).

The activities of ASHB has already been evaluated as the main theme of this study and hence it is excluded from this chapter. Housefed (Assam) is carrying out housing activities basically through their primary co-operative society. Active involvement of Housefed in housing sectors are also analyzed and included in this chapter, being a State level apex housing society in Assam.

5.4 Particulars of the selected Housing Agencies working in Assam:

5.4.1 LIC Housing Finance Ltd.: The Life Insurance Corporation of India (LIC) was established in the year 1956 by nationalization of the private insurance companies functioning in the country. It is fully owned Government of India enterprise under the control of the Ministry of Finance. The capital of the corporation is Rs.50.00 million contributed by the Govt. of India. Surplus from the premium income is made available for involvement of other sectors after meeting the policy claims and other expenses.
The LIC is statutorily required to invest 25 percent of the net accretion to its controlled funds in socially oriented schemes like, housing, electrification, water supply & sewerage and road transportation.

In order to provide long term finance for the purchase/ construction of houses/ flats particularly to policy holders of LIC of India, the LIC Housing Finance Ltd. was incorporated in June 1989. "LICHF Ltd. has the widest marketing network among all the housing finance institutions having a total number of 60 offices covering 9 States."

5.4.2 SBI Housing Finance Ltd.: SBI Home Finance Ltd. started functioning in 1988. Its primary area of operation is the entire Eastern & North Eastern region of the country viz. West Bengal, Bihar, Orissa, Assam, Meghalaya, Manipur, Tripura, Mizoram, Arunachal Pradesh, Nagaland, Sikkim and Andaman & Nicobar Islands, but it is gradually extending its operation on all India basis. SBI Home Finance Ltd. is formerly known as 'Housing Promotion & Finance Corporation Ltd.'. The main objectives are as follows-

(a) SBI Home Finance Ltd. provides long term finance to middle and lower income individuals for purchase, construction/ extension, repairs or upgradation of housing units;

(b) provides short term loans to developers of housing properties in order to increase the supply of housing units;

(c) the company provides long term finance to corporate entities for construction of staff quarters & employees for acquisition of ownership houses;

(d) SBI Home Finance also contributes to the mobilization of long term savings and transformation of short term savings for long term housing investment.

Moreover, loans are made available to individuals, groups of individuals, members of housing co-operative and promoters of multistoried apartment blocks. Through a suitable system of cross subsidization, "the SBIHF ensures that credit is available to the weaker sections of the society and the LIG at concessional rates."  

5.4.3 **Housing & Urban Development Corporation Ltd. (HUDCO):**

"HUDCO, a techno-financial public sector organization under the administrative control of the Ministry of Urban Development was setup in the year 1970 with the main objective of financing housing activities focusing on the economically weaker sections, HUDCO has diversified its operations for financing against housing & urban development schemes undertaken by the State, Central and private sector organization." HUDCO, a techno-financial housing agency, has been involved not only in financing activities alone, but also in developing building materials, construction techniques innovative designs, project planning and monitoring, establishing building centers offering consultancy services etc. in the field of housing. HUDCO has now started financing to individuals directly w.e.f. 1999 under a separate window called as HUDCO-Niwas. HUDCO-Niwas activities started with a basic objective to finance for individual housing. However activities carried out by HUDCO through HUDCO Niwas are only covered under this chapter.

5.4.4 **Housing Development Finance Corporation Ltd.:**

"HDFC is a public limited company established in October 1977 with an authorized capital of Rs.1.00 billion, promoted by the Industrial Credit and Investment Corporation of India (ICICI) jointly with initial investment from the International

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5. HUDCO, Guwahati Regional Office, Assam.
Finance Corporation (IFC), Washington and his Royal Highness the Prince Aga Khan”. The corporation has rapidly grown into Indian’s premier housing finance institution having assisted over a million families in owning their dream home. The primary objective of HDFC is to enhance the national residential housing stock and promote home ownership.

HDFC achieves this objective by offering a wide range of home loans, each catering to a specific requirement.

In addition to the direct housing finance, HDFC has in operation (I) Home Saving Plan (II) Loan Linked Deposit Scheme which helps owning a house in the future. HDFC has also played a significant role in promoting new housing finance institutions. “It has co-promoted (I) with IFC, Washington, the Aga Khan Foundation, the Government of Gujrat, the Gujrat Rural Housing Finance Corporation Ltd. (II) with the State Bank of India and Capital markets, the SBI Housing Finance Ltd. (III) with the Central Bank of India & the Unit Trust of India, the Infrastructural Leasing and Financial Systems Ltd. and (IV) with the Canara Bank and the Unit Trust of India, Canfin Homes Ltd”.

5.4.5 BOB Housing Finance Ltd.: The company was incorporated as “Akshaya Avas Nirman Vitta Ltd.” in December 1990 with the main object of extending long term housing finance. Subsequently, its name was changed to “BOB Housing Finance Ltd.” and a fresh certificate of incorporation was issued in Nov’1993. The company has been jointly promoted by the Bank of Baroda & the National Housing Bank with equity participation of

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7. Booklet published by the HDFC, Guwahati, Assam.
Rs.5.10 crore and Rs.2.50 crore respectively with the total paid up capital of Rs.7.60 crore.

BOB Housing Finance Ltd. gives loans to individuals for acquisition/ construction/ extension, repairs/ renovation etc. “The company also provides loan to corporate bodies for their employees under Rental Housing Schemes and loans to corporate bodies/ developers/ builders for construction of houses.”

5.4.6 Assam State Co-Operative Housing Finance society Ltd. (Housefed): The Housefed is the only State level model housing agency under the co-operative housing sector in Assam. The Housefed was registered on 29th March 1978, but commenced its activities from the year 1979. Its main objectives are to provide loans to primary housing co-operatives for construction of houses, flats, office complex, commercial complex, rental building & taking up projects with Government finance etc. “There are 500 no. of primary housing co-operative societies affiliated to the Housefed. Assam”

5.5 Scenario of direct Housing Finance to individuals:

All the organizations have schemes for employees and self employed people. Except LIC, no one has a scheme for farmers.

Though LIC has such a scheme they are not implementing as per their programmes due to non-availability of demand for such schemes in Assam. As per the information it is observed that most housing agencies prefer to provide housing loan to employees, because it is easy to recover the instalment. HUDCO gives loan to individuals under the activities of HUDCO-Niwas. HDFC has a KFW (German Bank) financed scheme for poor people through Non Governmental Organizations (NGO), but no such scheme has yet been implemented by the HDFC Guwahati Assam. HDFC has

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also provided loan to professionals for construction, purchase, extension or renovation of their office or clinic, purchase of land including bridging loans for the interim period between dealing of purchase of a new unit & sale of the present unit.

Similarly LICHFL & HUDCO under HUDCO-Niwas give loan for purchase/construction of houses, purchase of land & building from Govt./private individuals & loan for registration of land & properties. They also provide loans to professionals for construction, purchase, extension of house, clinic, office etc. as indicated above.

"LICHFL has a special kind of provision of loan to corporate/PSUs for dwelling units on ownership basis to employees under ‘Line of Credit – to’ & ‘Line of Credit –through’ schemes."10 The agency has also extended finance for consumer durable item as a part of housing loan but, other HFC's have no such provision.

As already indicated, BOB Housing Finance Ltd., provides loan to individuals/corporate bodies and similar others subsidiaries of HFC of various Banks.

Now a days most of HFCs are giving loan for the purpose of various housing schemes. As per the information it is also seen that although all HFCs have been granting loan directly or indirectly for construction of rental house, however the LIC Housing Finance Ltd. has undertaken direct schemes of income accruing from rent under Rental TIE-up Schemes. They facilitate loan to Individual, Corporates. Trusts and Proprietorship/Partnership firms under the said scheme with the maximum repayment terms of 15 years.

The agency-wise provision of sanction of loan to individual, extent of finance and eligibilities etc. are shown in the following table.
Table 5.1 showing the agency-wise extent of finance & criteria of eligibility of minimum/maximum loan per unit. (Rs. in lakhs)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Agency</th>
<th>Extent of finance for Service-holder</th>
<th>Extent of finance for Businessmen</th>
<th>Minimum Loan (Rs.)</th>
<th>Maximum Loan (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SBI Home Finance Ltd</td>
<td>25% to 30% of Net income pm or 70% to 85% of estimated building cost whichever is less.</td>
<td>25% to 30% of Net average pm income of last three years.</td>
<td>25000</td>
<td>50,00,000</td>
</tr>
<tr>
<td>2</td>
<td>LIC H.F. Ltd.</td>
<td>40%-45% of net income pm or 80% of value of proposed property (including Stamp duty &amp; Registration charges).</td>
<td>--</td>
<td>10,000</td>
<td>1,00,00,000</td>
</tr>
<tr>
<td>3</td>
<td>HDFC</td>
<td>30%-35% of pm Net income or loan, 85% of cost of properties whichever is less.</td>
<td>--</td>
<td>25,000</td>
<td>50,00,000 &amp; 25,00,000 to an individual.</td>
</tr>
<tr>
<td>4</td>
<td>HUDCO (H/N)</td>
<td>35% of income pm &amp; 80% of Building cost whichever is less.</td>
<td>35% of net average income of three years</td>
<td>50,000</td>
<td>50,00,000</td>
</tr>
<tr>
<td>5</td>
<td>BOB Housing Finance Ltd.</td>
<td>Upto 40% of income pm</td>
<td>--</td>
<td>25,000</td>
<td>50,00,000</td>
</tr>
<tr>
<td>6</td>
<td>Housefed, Assam (Co-op. sector)</td>
<td>No specific rule indicated.</td>
<td>--</td>
<td>30,000</td>
<td>5,00,000 for purchase of flats &amp; 3,00,000 for cash loan.</td>
</tr>
</tbody>
</table>

(Source: Booklets of selected Housing Finance Institutions)
Out of the above 6(Six) selected housing agencies functioning in the housing field in Assam, 5 are Central Govt. PSU/ all India based organization. Housefed, Assam is the only State level organization. Its structure of function and terms & conditions as well as requirements of documents etc. for advancing loan are still not in full form of usable terms in the markets. Housefed has no specific Publication in terms of advancing loan to group of people or individual. The financing pattern is also conservative in nature and followed traditional systems for the same. Similar pattern is also seen in the case of advancing loan by ASHB- as already elaborated.

5.6 Interest pattern in respect of selected HFC/ agencies:

Interest charged by the selected housing finance agencies is indicated in the table 5.2. The table 5.2 shows the highest interest rate applicable in respect of financing of loan by the Housefed, Assam & it is still not competitive in the market. Other HFC’s interest rates are similar, but the computation of interest system is slightly different. There is a provision for floating interest rate in case of all India based HFCs, but no such provision is there for local State organizations.

Table 5.2 showing the interest pattern and terms of repayment of selected HFCs of Assam for the year 2002-2003.

<table>
<thead>
<tr>
<th>(A) SBI Home Finance Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terms</td>
</tr>
<tr>
<td>Upto 5 years</td>
</tr>
<tr>
<td>10 years</td>
</tr>
<tr>
<td>15 years</td>
</tr>
</tbody>
</table>

(Source: SBIHF Ltd. Guwahati, Bhangagarh.)
(B) LIC H. F. Ltd.

With Insurance Cover

<table>
<thead>
<tr>
<th>Terms</th>
<th>Fixed Per Annum</th>
<th>Floating (Per Annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-6 years</td>
<td>10 %</td>
<td>9.50 %</td>
</tr>
<tr>
<td>7-12 years</td>
<td>11 %</td>
<td>10.00 %</td>
</tr>
<tr>
<td>13-16 years</td>
<td>11.50 %</td>
<td>10.50 %</td>
</tr>
<tr>
<td>17-20 years</td>
<td>12 %</td>
<td>10.50 %</td>
</tr>
</tbody>
</table>

(Source: LIC H. F. Ltd., LIC Building, Fancy Bazar, Guwahati)

If there is no insurance coverage of the property offered as security, then the rate of interest will be 0.25% higher than the normal. Rate of interest is calculated on monthly rest basis, floating rate will be reviewed in January & July every year (may change from time to time). 13.25 % PA is calculated on annual rest in case of loan to existing borrowers to purchase of consumer durables items.

(C) HDFC

<table>
<thead>
<tr>
<th>Terms</th>
<th>Monthly Rest (Fixed)</th>
<th>Annual Rest (Fixed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 5 years</td>
<td>9.25 %</td>
<td>9.25 %</td>
</tr>
<tr>
<td>6-10 years</td>
<td>9.50 %</td>
<td>9.25 %</td>
</tr>
<tr>
<td>11-20 years</td>
<td>10.00 %</td>
<td>9.75 %</td>
</tr>
</tbody>
</table>

Loan for professional on non residential premises ROI 11.5 % fixed & 11.25 % adjustable ROI.

(Source: HDFC Office, Chenikuthi, Guwahati)

(D) HUDCO

<table>
<thead>
<tr>
<th>Loan upto</th>
<th>ROI Per Annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs. 50,000</td>
<td>*10.25 % / 10.50 % / 11.00 %</td>
</tr>
<tr>
<td>Rs. 50,001 to Rs. 5,00,000</td>
<td>10.25 % / 10.50 % / 11.00 %</td>
</tr>
<tr>
<td>For loan to Professionals, non Residential Properties upto 50.00 lakhs</td>
<td>11.75 %</td>
</tr>
<tr>
<td>Loan against Residential Property upto 50.00 lakhs</td>
<td>11.75 %</td>
</tr>
</tbody>
</table>

(*1st for 1-5 years, 2nd for 1-10 years & 3rd for 15 years)

(Source: HUDCO, H/N, Ganeshguri, Guwahati)
The interest at the rate of 0.25 % is less than the rate as indicated, SL (D) above in case of application of floating.

### (E) BOB H.F.Ltd.

<table>
<thead>
<tr>
<th>Terms</th>
<th>ROI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 5 years</td>
<td>8.75 %</td>
</tr>
<tr>
<td>above 5 years</td>
<td>9.25 %</td>
</tr>
</tbody>
</table>

(Source: BOB Regional Office, Bhangagarh, Guwahati)

### (F) Assam State Co-op. Housing Finance Society Ltd. (Housefed)

<table>
<thead>
<tr>
<th>Amount of loan</th>
<th>ROI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of flats</td>
<td>Cash loan disbursed</td>
</tr>
<tr>
<td>EWS</td>
<td>Upto</td>
</tr>
<tr>
<td>LIG</td>
<td>85000</td>
</tr>
<tr>
<td>MIG</td>
<td>2,00,000</td>
</tr>
<tr>
<td>HIG</td>
<td>2,00,000 (U)</td>
</tr>
<tr>
<td></td>
<td>2,00,000 (R)</td>
</tr>
</tbody>
</table>

(Source: Housefed, Housefed Complex, Basishta Road, Guwahati)

Note: Housefed follows HUDCO financing pattern & add 1 % more for Primary Co-op. Society & 1.50 % more for individual.

*1st for 5 years, 2nd for 1-10 years & 3rd for 1-15 years.

### 5.7 Repayment Period:

The minimum repayment period of loan of housing agencies is 5 years for all the schemes. However the information so far collected is that most of the applicants prefer 10 to 15 years. The agency-wise details are as follws:

**LIC H.F.:** (i) Maximum 20 years in case of employees but not exceeding the age of retirement or completion of 70 years age whichever is earlier.
(ii) – 10 years maximum under Griha Shobha for NRIS & maximum 15 years under Griha Lakhsmi Scheme.

- 15 years Loan under Line of Credit.

- 2 years for Builder Finance.

- 15 years for Co-operative Societies. & 10 years for Public Agencies.

**SBI Home Finance:** Housing loan to individuals are repayable within a period ranging from 3 to 15 years. While the loan for NRI’s are to be repaid within a period ranging from 3 to 10 years. Loans Company owned housing are to be repaid in 10 years. Loans to employees or to sponsored employees are repayable in a maximum period of 15 years. However, maximum repayment period is 15 years or before superannuation of service, whichever is earlier, for employees. In case of self employed people, maximum age is 65 years.

**HDFC:**

- Maximum 15 years for construction of individual houses.
- Maximum 8 years for house improvement.
- Maximum 15 years for extension of house.
- Maximum 2 years for short term bridging loan.
- Maximum 5 years for NRI loan for construction / repairs etc.
- Maximum 10 years for Non residential Premises. Repayment of loan before retirement of employees or 65 years in case of businessmen.

**HUDCO (H.N.):** Repayment period generally ranging from 5 to 20 years. while loan for extension/ improvement of existing house/ flat and registration of existing housing unit, the loan repayment period is upto 15 years. In other cases, it can be beyond 15 years but not exceeding upto 20 years subject to age of 65 years (relaxable)
by 5 years on the merits of each case) of the applicant. However beyond 15 years in normal cases, 1/2 % interest PA is chargeable over & above the rates quoted above.

**BOB Housing Finance Ltd.** : The repayment period is considered depending upon the repaying capacity of the borrower. The minimum repayment period is 5 years. The maximum repayment period is 15 years which can be extended to 20 years.

**Housefed** : The repayment period varies from case to case and remains fixed considering the maximum age of 60 years. However, 5 years repayment period is fixed for Plotted Development Scheme (PDS). Generally minimum year is 5 & maximum is 15 years depending upon the age of applicant subject to retirement or upto 60 years.

5.8 **Principal Security** : The main documents are needed by all of HFCs as follows:

(a) Mortgage

(b) Title deed

(c) Sale deed

(d) Land patta with namjari

(e) Last revenue receipt

5.8.1 **Agency-wise requirement of documents of Principal security:**

**LIC H.F.** : (i) Equitable mortgage of Land & Building/ Flats against Loan to individuals, Direct Corporate Loans, Co-operative society, Public agencies etc. However in case of Govt. undertaking, the Govt. guarantee is also accepted.

(ii) Loan to builders, Mortgage of the project plus Personal guarantee by partners/ Directors.
**SBI H.F.:** The primary security to be provided is usually the mortgage of the project property, by way of deposit of title deeds. It must be ensured that the title to the property is clear, marketable and free from encumbrances. There should not be any existing mortgage, loan or litigation, which is likely to affect the title to the property adversely.

**HUDCO:** Prime security for the loan is the first mortgage of the housing unit to be financed normally by way of deposit of title deeds. In some cases, interim security may be required. In all cases the applicant will be required to provide guarantor of one individual acceptable to HUDCO (Niwas). In respect of other applicants who have already availed House Building Advance from their employers, HUDCO Niwas may accept second mortgage of housing unit subject to (a) Central & State Government employees – assignment of benefits under Central/ State Government Group Insurance Scheme or else the repayment of the loan is completed before superannuation, (b) Public sector undertaking employees – loan is repaid by employer through salary deduction/ post dated cheques & repayment of loan is completed before superannuation of employee.

In respect of house or flat purchased through Power of Attorney, HUDCO Niwas may extend loan provided alternative tangible security of adequate value is made available to HUDCO. Alternative security can be of third party mortgage, mortgage of other property owned by applicant, pledge of UTI units, National Saving Certificates, LIC policies etc. In respect of registration of existing housing unit “HUDCO Niwas” will accept the equitable mortgage of the property being registered or pledged with NSCs, IVPs, KUPs, LIC policies etc. of equivalent amount.
**HDFC:** The principal security for the loan is a first mortgage of the property to be financed, normally by way of deposit of title deeds i.e. the land & building proposed to be constructed.

**Housefed:** Registered mortgage of prime land & building proposed to be constructed is taken by the Housefed as a main security against loan. The registration of Mortgage deed & Assignment deed in Sub-Register Office is compulsory for the loan. There is no fees payable for registration of Mortgage.

Generally equitable Mortgage is not acceptable.

**BOB Housing Finance:** BOB Housing Finance Company also accepts equitable mortgage of properties such as title deed, original/ certified copy of original land documents etc. as a prime security of the loan sanctioned for construction of houses or purchase of flats etc.

As per the above, it is seen that all these organizations require similar type of documents & keep the original documents as Principal Securities except Housefed. where Registered Mortgage is compulsory.

But there is a legal constraint of mortgaging land in tribal areas. because of imperfect land documents in many part of Assam.

5.9 **Collateral Security:**

**SBI Home Finance:**

(a) 10 % of the loan disbursed is required to be deposited in the form of NSC, LIC or Term Deposit Receipt in case of employees.

This 10 % goes up to 15 % to 50 % in case of self-employed borrowers.
(b) Immovable property other than the property already in mortgage may be accepted in addition to the above.

**HDFC/ LIC Home Finance:** Similar to SBI Home Finance.

**HUDCO Niwas:** HUDCO also prefer to obtain the LIC assignment or NSC/ Fixed Deposit as Collateral Security. Deposit of PDC at least 36 nos. is also compulsory for repayment of EMI or as a Collateral Security.

**BOB H.F.:** PDC is accepted as collateral security of the loan.

**Housefed:** No provision of accepting PDC/ LIC assignment policy or any other FD etc. as Collateral Security of the loan.

5.10 **Mode of repayment:**

All agencies fix their monthly instalments based on the EMI concept. There is a provision of Flexible Repayment Plan, which may be worked out according to the beneficiary’s need. LIC H.F. has two options for repayment of loan—

(a) EMI based on amounts taken as loan;

(b) If there is an LIC policy, then a loanee can adjust the realisable value of the policy at its maturity against the seed loan capital and may only pay interest regularly at fixed instalment.

**HDFC:** It has also stepped-up repayment facility to increase instalments over time to let people avail of larger loans than normally admissible as per their income ranges. This is given only in special cases. Computation of interest is on yearly rest basis. Now it is recently accepted monthly rest basis.

**HUDCO:** Similar step up repayment system is followed by HUDCO to increase loan eligibility. On the other side, step down repayment system is also followed to facilitate beneficiaries for the repayment of EMI based on the present & future monthly income.
**SBI Home Finance Ltd**: EMI contains principal & interest. The interest is computed on yearly rest basis irrespective of the stages of repayment during the year. It shows the yearly reducing method of repayment, which affects in the EMI amount as like as HDFC. An EMI is $\frac{1}{12}$th of the equated annual instalments on a loan.

**BOB H.F.**: Follows EMI system of repayment. Interest is computed on quarterly basis. Interest burden as a whole is marginally less than SBI, LIC, HDFC.

**Housefed**: EMI system of repayment is followed by Housefed, Assam. In respect of computation of interest it is not clearly indicated in the published documents/ broucher. However, the organization has computed the interest on annual basic i.e. called Annual Rest System.

The above HFCs follow repayment system basically through post dated cheques and in some cases deduction at sources of salary is also followed in case of service holders.

In addition to the EMI, all agencies have provision for charging Panel Charges on defaulted amount @ 2% to 2.5%, Housefed has charged 3% P/C on the defaulted amount which is higher than other HFI's, in Assam as well as in India.

**5.11 Commitment Charges**: All HFC’s have a common practice to take Commitment Charges on undisbursed amounts but no where it is clearly indicated for general information.

**5.12 Concession/ Rebate**: As per the information it is seen that, there is no special concession for the N.E. region. HUDCO has the special provision of rebate for timely repayment as per the schedules. The amount equivalent to last two months instalments may be allowed as rebate subject to repayment of all EMI in time & not in default during the repayment period.
In addition to that HUDCO has other special provision of insurance of the properties financed under HUDCO Niwas. The insurance premium of each individual property is paid by the HUDCO & individual policies issued by the Insurance Company are distributed amongst beneficiaries.

There is another special provision of insurance under Personal deed / Accidental Benefit Policy. The assured value covered is equivalent to the loan amount released/outstanding.

5.13 Scrutiny: All applications are duly examined by the agencies before sanctioning of loan. The agencies also conduct a personal interview. Some of questions they generally ask are about –

(i) Monthly/ yearly regular income,
(ii) No. of dependents,
(iii) Spouse’s income, how many earners in the family,
(iv) Whether, they are staying in own house or rented houses?
(v) What is their type of background (family, education, professional, social etc.)?
(vi) Whether they are able to provide all the required documents or not?
(vii) What are their other loans outstanding?

5.14 Processing Fees & Administrative Fees:

**SBI H.F.:** 0.8 % of loan applied & 1 % of loan sanctioned respectively.

**HDFC:** 0.8 % of loan applied & 1 % of the sanctioned amount.

**LIC H.F.:** 0.5 % of the applied loan subject to a minimum of Rs.250/- & maximum of Rs.5,000/- &

**HUDCO:** 0.3 % of the loan applied & 0.7 % of the sanctioned loan amount fees, now administrative fees reduced to 0.3% on loan amount.
**BOB H.F.:** Rs. 500 against loan upto Rs. 2.00 Lakhs.

Rs. 1000 against loan above Rs.2.00 Lakhs to 5.00 Lakhs.

Rs. 2000 against loan above Rs.5.00 Lakhs to 10.00 Lakhs.

Rs. 3000 against loan above Rs. 10.00 Lakhs.

**Housefed:** Rs.50 for purchase of application, Rs.50 legal fees, 1% of loan for group insurance, 1% of loan for administrative fees.

In addition to above, application fees while issuing are also taking by some institutions.

**5.15 Guarantor:**

**SBI H.F.:** Personal guarantee from minimum one person is required.

**LIC H.F.:** In case of construction of house/ repairs & addition etc., no separate personal guarantor is required, but for flats two guarantors are required under Individual Housing Scheme.

**HDFC:** One personal guarantee is required to be provided. His income should at least be equal to applicant’s or twice the instalment, age below 50 years, not a relative and cannot have other HDFC loan or guarantee outstanding, and should stay in the state in case of loan sanctioned to people of that state.

**HUDCO:** One person having equal level of income is taken as guarantor. Other terms are similar to HDFC. But the condition of providing guarantee may be arrived in cases where the applicant is willing to provide liquid security to the extent of loan amount. Such security can be fixed deposit, NSC, UTI units, Bonds issued by Govt., PSU etc.

**BOB H.F.:** Personal guarantee of one person is essential.

**Housefed:** No separate guarantor is required in case of loan to Government employees, who may become member of a Primary Co-operative Society. However, one Guarantor is essential in case of loan to individual or
member of Primary Society other than Govt. employees.

5.16 **Disbursement of Loan**: Generally loan is released in instalments. In case of construction of houses, release of full amount is considered, provided loanee invests his own share of investment i.e. balance part of project cost. In case of buying of a flat, builder has to provide the certificate/demand for release of instalment due as per schedules of agreement executed between buyers and builders.

All institutions conduct inspection before disbursing instalments. They thus know the progress of utilization of the loan and based on the report, the next instalment is released.

The full amount of loan is disbursed within 3 instalments. This mode is followed by all institutions. HUDCO is releasing loans generally in two instalments for construction scheme. The number of instalments can be increased in case of purchase of flats. The instalments are linked to the physical progress of construction.

5.17 **Time taken for sanctioning / releasing loan**: It refers cases which are generally acceptable as per guideline of respective housing finance agencies.

**LIC H.F.**: 1 week, local decision, in practice position is similar to that of HDFC.

**SBI H.F.**: 3 days for sanctioning loan, documentation completed within 15 days in average from date of sanction & release effected within 15 days in average.

**HDFC**: 10 days, local decision – it can however go up to 2-3 months in practice in quite a few cases.

**HUDCO**: In a very few cases it is seen that sanctions are given within a week. Most of cases it takes time from one month to two months. Similarly release is also effected within one to three months.

**BOB H.F.**: One week and one to three months in general.
Housefed: Both sanction & release takes time for more than 3 to 4 months in general.

5.18 Performance in respect of selected housing agencies working in Assam:

(i) SBI HF has financed over 1,00,000 units in the country upto 1999-2000 against the initial achievement of 735 number in the year 1989-90. An amount of Rs.305.59 Crore is shown as outstanding as on 31/3/00. The agency has invested Rs. 41.02 Crore upto March 2002 for the benefit of 3681 no. of units (approx.) in the State of Assam.

(ii) LIC HF has financed 4,07,417 no. of units in the country with loan amount of Rs. 6362.53 Crore. There are 3738 no. of units financed in the State of Assam with financial involvement of Rs.41 Crore upto 31/3/02, with the limited no. of staff strength.

(iii) HDFC’s loan approvals at the end of year March 2002 were Rs. 401 billion & disbursement of Rs. 336 billion in the country with financing over 2 million units across India. Accordingly per year 80,000 units financed by the company in average.

(iv) Similarly HUDCO under HUDCO Niwas, sanctioned 3,44,938 units in the country within the 3 years from the starting year 1999. Accordingly there were 114979 units sanctioned per year in the country. Similarly 27340 no. of units are sanctioned in Assam in total with strength of 22 no. of employees as on 31/3/02. Accordingly per employee contribution is (approx.) more than 414 nos. per year in Assam. However as a whole, HUDCO has financed for 13438428 no. only for residential units through various agencies in the country.

(v) Housefed, State level agency has sanctioned 11199 no. of units upto 31/3/02 since 1980. The total loan was sanctioned amounted to Rs. 2603.08 lakhs to individual through primary co-op. societies in the State of Assam with the Staff strength of 72 no. Accordingly, 7 no. of units contributed by each of the employees per year.

(vi) Since BOB HF has no separate branch offices in Assam, the information in
respect of achievement of housing sectors is not readily available for reference. However no. of units financed through branch offices of Bank in Assam is very limited

5.19 Agency-wise requirement of documents for submission of application for 
Housing loan:

5.19.1 LIC H.F.: 1. An application in prescribed form to be filled.

2. Approved plan and site plan of the proposed construction along with valid permission for construction.

3. A detailed item-wise estimate (not a mere abstract of the estimated cost) of the proposed construction from a registered architect / civil engineer.

4. Copies of title deed/s, jamabandi, mutation order, non-encumbrance certificate for last 15 years, latest land revenue payment receipt, Municipal tax payment receipt if any, potta and link deed/s establishing the chain of title for atleast 15 years.

5. Preliminary valuation report in the prescribed form from any panel valuer of LIC HFL or from qualified Civil/ Architect engineer and inspection report by Sr./Branch Manager or authorized official of LICI or LIC HFL in the prescribed form.

6. In case of purchase of a ready made house, an agreement for sale along with all supporting documents of proposed vendor's right over the property/house as mentioned at Sl.No.4, above.

7. Evidence of repaying capacity.

   a) For employed applicant – employer's certificate in the prescribed form along with letter of authority.

   b) For self-employed applicant – certified copies of the Income Tax returns and Assessment Order atleast for last three years along with
Statements of Accounts (i.e. Profit & Loss A/c, Balance Sheet and computation of income tax) certified by a practising Chartered Accountant and a copy of registration certificate/ trade licence and professional tax receipt of the applicant/s.


10. It is essential for the applicant/s to come to the office personally for interview/counselling at the time of submitting the loan application form.

11. One guarantor acceptable to LIC HFL to be submitted at the time of release of loan instalment.

12. Non refundable up front fees 0.50 % of the loan amount applied for.

Note:- i) Where an applicant is not in a position to submit the original link deed/s due to the fact that the original deed might pertain to a large plot of land of which the property in question is only a part, certified copy/ies of such documents is/are to be produced.

ii) Where the applicant is in need of having new LIC policy/ies, it is advisable to go in for the same after loan is sanctioned. Tailor-made policies to avail higher quantum of loan are Jeevan Griha (triple cover), Biina Sandesh, Bima Kiran, Jeevan Sathi, Jeevan Mitra, Whole life Endowment etc.

iii) All the requirements must be submitted at the time along with application.

13. Other requirements/ documents, considering merit of the case.

5.19.2 HDFC:- 1. (a) Original Salary certificate/Pay slip issued by employer showing allowances and deductions. (For employed applicants)
(b) Balance sheets, profit & loss accounts of the business/profession with computation of income and copies of individual income tax returns for the last 3 years certified by C.A. and a note on the nature of business/profession, form of organization, clients, suppliers etc. (For self employed applicants)

2. (a) In case of construction/extension/renovation of a house, xerox copies of Sale deed/Gift deed/Partition deed/Release deed/Potta with Jamabandi or Mutation order.

(b) In case of purchase of a flat or house, xerox copies of registered Agreement for sale and Allotment Letter (for flat only) with title deeds showing ownership of the seller.

3. A brief estimate of cost based on plinth area in case of construction/extension or of item-wise cost in case of renovation/improvement certified by a Civil engineer/Architect.

4. A copy of layout plan with front elevation of the construction duly approved by competent authority. (Pending receipt of approved plan, copy of the blue print submitted for approval may be furnished for the time being.)

5. A location sketch of the site in HDFC's format.

6. Proof of age. (e.g. School Leaving Certificate or Employer's Certificate)

7. Certificate from employer for recovery of monthly instalments from salary and its remittance to HDFC. (Wherever applicable)

8. (a) Affix photograph of the applicant on the application form.

(b) Deposit processing fee @ 0.8% of the loan requested while submitting the application.
(c) Bank Pass Book and proof of investments in support of sources of funds towards own contribution.

(d) Original documents together and not in parts in order to expedite disbursement after receiving the loan offer letter. Return the acceptance copy of the offer letter duly signed within 30 days with the administrative fees.

5.19.3 Housefed: 1. True copies of the title deeds of the land proposed for constructing the house.

2. Up-to-date valuation certificate for the land from D.C. If foundation for the construction is already completed, no such certificate needs to be submitted.

3. Plan & estimate of the proposed construction & the layout plan of the site.

4. Non-encumbrance certificate from the Sub Registrar of the district for the proposed land.

5. Copy of Jamabandi for the land.


7. Age proof.

8. Permission for construction from the local authority.

9. 2 passport size photographs.

10. Income certificate – certificate from the employees in case of serviceman and from Income Tax Office or from District Collector, in case of self employed applicant.

11. In case of serviceman, prescribed form is to be signed & submitted for reference.

12. In self employed cases one serviceman is required as guarantor.
Age limit for the guarantor is 50 years.

13. Copy of the resolution by Primary Housing Co-operative Society recommending loan to the applicant member. (Applicable in case of group housing)

14. Two filled up forms for inclusion under the Group Insurance Scheme.

5.19.4 SBIHF Ltd.: 1. Copy of original deed.

2. Copy of Jamabandi.

3. Up-to-date Land Revenue Receipt.

4. Up-to-date non-encumbrance certificate and affidavit for remaining period.

5. Site plan.

6. Plan and estimate.

7. Agreement copy with proposed ownership flat. (For purchase of flat only.) & Affidavit.

8. Permission copy from local authority.

9. Valuation certificate from approved valuer.

10. Salary certificate/ Statement.


12. Lawyers Report from Bank’s Lawyer.

5.19.5 HUDCO under H/N: 1. Latest pay slip(s)/ certificate(s) showing all the allowances, deductions and details of outstanding loan (if any), in respect of the applicant/ co-applicant(s).

2. A short note on the nature of business, form of organization, clients and suppliers, etc. (in self employed cases only).

3. Copies of profit and loss account and balance sheet for the last three
years in respect of business/ profession (only in self-employed cases) duly
certified by a Chartered Account only “True & Fair” as per books of
accounts.

4. A statement showing computation of individual taxable income and tax
returns for the last three years (only in self-employed cases).

5. Copy of the Pension Certificate in case of retired applicants.

6. A copy of the rent/ lease agreement with supporting bank statements and/
or Income Tax Return if any additional income is accruing.

7. A letter from employer mentioning that they will deduct the monthly
instalment payable to HUDCO from salary and remit the same to
HUDCO every month.

8. Photocopy of the registered Sale deed/ Lease deed/ Allotment Letter/
Share certificate of the co-operative society, agreement for sale as
executed on applicable stamp paper.

9. Copy of the house plan, approved by the local competent authority (only
in construction cases).

10. Detailed cost estimate for the proposed construction prepared by a Civil
engineer/ registered Architect (in case of construction/ extension/
improvement) or a letter from the society, in case the house is of a co-
operative society.

11. Photocopy of the House Building Advance (HBA) sanction letter (if
HBA has been taken from the employer) indicating the loan amount and
the repayment terms.

12. Bank account statement indicating transaction for the last six months or
a photocopy of bank passbook (duly updated).

13. Processing fee as applicable.
14. Broad particulars of one guarantor of comparable age and income.

15. Age proof and proof of residence (for applicant and co-applicant).

5.19.6 BOB HF Ltd.: 1. NOC from employers & pay deduction certificate in case of employees.

2. Income Tax Return/ Clearance certificate in case of applicants other than employees.

3. Land document such as sale deduction, non-encumbrance certificate etc.

4. Copy of house plan, approved by local authorities.

5. Valuation report of proposed land.

6. Copy of cost estimate for the proposed construction by Civil engineer/Architect.

7. Demand Promissory Note.


10. Search report from Advocate.

11. Information of LIC policy acceptable for co-lateral security.

12. Information for one personal guarantor.

5.20 Institutional Finance:

Activities of the above selected housing agencies are not limited to the individual finance. The agencies are also financing to other institutions. However, major amount is provided for Government, autonomous bodies, PSU and industrial houses. The PSU may either build their own staff quarters or give loans to their employees and general public. For example, Assam State Co-operative Housing Finance Society Ltd. borrows loan from LIC, HUDCO for implementation of housing schemes and for financing to others. Housefed being a State level cp-operative housing
agency in Assam is implementing housing schemes through primary society. Generally the agency has not financed to any loan under Institutional finance. LIC H.F. Ltd, has financed to various housing institutions/ agencies including State Governments. However, as per the records it is seen that LIC has sanctioned only an amount of Rs. 600.00 lakhs directly for housing to Assam State Apex Housing Co-operative Finance Society (Housefed) as on 31/3/2002 in Assam. There is no sanction to other State level housing agencies in Assam like ASHB, whereas LIC has invested Rs.18727.30 million as loan to Apex Housing Federations / other agencies and Rs.101.50 million to Housing Boards as a whole in our country. It appears that State housing agencies are either not aware of borrowing or have no such plans/ programmes for borrowing/ development of housing sectors in Assam. In spite of having demand and sources for mobilization of fund, State agencies in Assam are not in a position to generate fund to provide finance to individuals.

AS BOB H.F., does not have any separate office in Assam, its operation remains limited with individual finance only. Although SBHF Ltd. has provision to extend loan to corporate bodies, yet no such finance is found in Assam as on 31/3/2001. HUDCO through its own window has advanced refinancing loan to other institutes, such as ASHB, Housefed, Local bodies, & loan directly to Govt. of Assam, Meghalaya, Tripura, Nagaland, Mizoram, A.P. for housing loan etc.

Besides the individual finance, HUDCO has financed to other State/ Pvt. institutions in Assam for the benefit of employees working under institutions.

HUDCO has also financed for other Urban Development Schemes in Assam, such as water supply, road improvement, market, bridge, flyover, drainage etc. The Housing Market Situation in Government sectors and involvement of PSUs in Assam are badly effected from last 2/3 years due to poor performance of implementation of
existing schemes. The State Government financial position is also not sound to justify extension of support to the schemes guaranteed by the State Govt.

As a result, other all India based housing agencies are leading in housing activities in Assam & in NE region. There are also flexibilities in terms of sanctioning loan to various institutes, especially loan sanctioned to Government directly. For instance, HUDCO has sanctioned loan directly to Finance Deptt., Govt. of Assam covering 26370 no. of units with loan amount of Rs.350.00 crore as on 31/3/002.

Besides, loan sanctioned to individual, HFCs prefer to sanction loan to Government/ institutions under bulk system as the easiest & simplest financing method. Hence HUDCO under HUDCO Niwas has sanctioned quite a good numbers of units i.e. 27341 numbers as on 31/3/002 within a short term period of three years. Similarly SBIHF also allocates necessary fund in their budget for institutional loan. In case of institutional loan, most of the portion is for Government, autonomous bodies and industrial houses. The last category is mostly public sectors, Oil Companies or Tea Estates. Companies may either build their own staff quarters or give individual loans to their employees.

HDFC’s major target for institutional finance is the Tea Companies for constructing houses for workers in the Estates. These bulk loans are often sanctioned directly from Calcutta, due to the Tea Companies’ head offices being located there.

The Housefed, being a State level co-operative housing agency in Assam, is sanctioning loan to primary co-operative societies. A few sanctions have been conveyed to selective individuals & later on given memberships under Primary Co-operative Society suitably. Housefed, has disposed a few number of constructed flats to the Govt. of Assam for residential quarter. As per the record, Housefed has sold out 452 no. of flats to State Government including general people of Assam out of 624 no.
of flats constructed at Guwahati and Jorhat. The agency has also developed residential
plots of 503 no. and allotted to landless people in Guwahati, whereas other HFCs have
not carried out directly such land development schemes in Assam.

5.21 Conclusion:

The trend of availing housing finance is gradually catching on within Assam,
NE region. Both supplies as well, as also demand, are gradually increasing. There are
however many gaps, in the market.

The provision of financing for housing as well as other related facilities are
almost similar amongst HDFC, LIC HF & HUDCO Niwas. Their terms and conditions,
criteria etc. are also acceptable & doing such activities with reputation in the present
housing market in Assam. However, LIC HF provides finance specially to LIC policy
holder only. HUDCO has no such restriction for financing to the individuals as like as
HDFC.

Although SBI HF Ltd. provides finance to individuals presently the organization
has been wound up & such housing activities are now being taken up by the SBI
directly.

BOB HF being a NHB approved subsidiary institute in India has no separate
branch offices in Assam. The housing activities are carried out by the Bank directly in
different places in a limited way. However, all subsidiary HFCs of Banks can mobilize
resources out of their deposit at cheaper rates. Since financing in housing sector is not a
prime objective of Banks, hence their activities in this field are still limited although
applicable rate of interest is lowest at the present market.

HDFC is especially remarkable when viewed against the fact that it has to
mobilize its resources from open market and although its trust status enables it to pick
up money from trust etc. at cheaper rates. It does not have, for instance, the advantage
of Government guarantee on raising funds through debentures, and bonds as in the case of HUDCO. LIC HF has mobilized resources out of their Premium available for financing in Housing & Urban Development sectors & has no such difficulties for generating fund as others.

However, all HFC’s responsibility of regulation, promotion & supervision etc. lies with the NHB. “In order to mobilize the resources, HFCs should be listed in a Stock Exchange & the ratio of promoter to public contribution in the equity is kept as 20:80.”

Housefed, Assam or ASHB are directly carrying out housing activities in Assam, which have unlimited barriers to mobilize/generate the resources. They are also unable to generate sufficient sources from the market due to poor financial health, rules & regulation as imposed by the Government. Their cost of borrowing is always higher than others since they have no own surplus fund. Thus State level housing agencies like Housefed, ASHB can not compete and have no competitive edge in the housing market. Finally it can be concluded that HDFC, HUDCO Niwas and LIC HF Ltd. are running well and hold the housing market in Assam. Out of three major leading organization in the country, HUDCO under individual schemes have financed maximum no. of units i.e. 114979 number of units per year. In Assam 27341 no. of units sanctioned upto March 2002 from the year 1999-2000. But all HFC always prefer for financing in urban areas. Hence there is a scope for State housing agencies for financing in both urban and rural areas with Government support.

Presently investment in housing is increased since last 2/3 years. Moreover with liberalization & deregulation, and relaxation of controls, there will be increased investment flow into the sector.

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