

**Housing Finance Allocation
for the year 2002-2003**

IECD.No.22 /03.27.25/2001-02

May 6, 2002

The Chairmen/Chief Executives
of all Commercial Banks

Dear Sir,

Housing Finance Allocation
for the year 2002-2003

Please refer to our circular IECD.No.1/03.27.25/2001-02 dated July 18, 2001 regarding housing finance allocation for the year 2001-2002. It has been decided that for the current financial year, i.e., April 2002 to March 2003, each bank should continue to compute its share of the housing finance allocation at 3 per cent of its incremental deposits as on the last reporting Friday of March 2002 over the corresponding figure of the last reporting Friday of March 2001. This is the minimum housing finance allocation and there is no objection to banks exceeding this level, having regard to their resources position.

2.The final figures of deposits as on the last reporting Friday of March 2001 and 2002 and the amount of housing finance allocation representing 3 per cent of the increase in deposits during the said one year period applicable to your bank for the year 2002-2003 should be advised to us within a fortnight from the date of receipt of this circular.

3. Banks are presently allowed to deploy their funds under the housing finance allocation in any of the three categories, i.e., direct finance, indirect finance or investment in bonds of NHB/HUDCO or combination thereof. In this connection, banks may please refer to paragraph 80 of the Monetary and Credit Policy for the year 2002-2003 announced by Governor on April 29, 2002 (vide letter No.MPD.BC.214 /07.01.279/ 2001-02 dated April 29, 2002). As indicated therein, with a view to further improving the flow of credit to the housing sector, it has been decided that investments by banks in rated securitised debt instruments

issued by any Special Purpose Vehicle (SPV) or entity, representing housing loans granted by approved Housing Finance Companies (under the supervision of National Housing Bank), will also be reckoned for inclusion in the prescribed housing finance allocation of 3 per cent. The other instructions contained in our Master Circular IECD.No.(HF) 7/03.27.25/2001.02 dated October 10, 2001 on Housing Finance remain unchanged.

4. For the purpose of monitoring the macro-level performance of the commercial banks in disbursement of housing finance *vis-a-vis* their housing finance allocation, banks should continue to submit to us, on a quarterly basis, commencing from the quarter ended June 30, 2002, details of disbursements made by them towards housing finance, as per the format enclosed to our circular under reference (specimen enclosed for ready reference) within 20 days from the close of the respective quarter.

5. Please acknowledge receipt.

Yours faithfully,

(K.Vijayaragavan)
Chief General Manager

Annexure

Financial assistance granted by scheduled commercial banks under the category 'Housing Finance' as at the quarter ended _____

Name of the Bank _____

Amount allocated by the bank for the year April 2002 to March 2003 -----

(Rs. in lakh)

	Amount of Housing Finance Disbursed						Grand Total (1+2+6)
	Amount of Direct Housing Finance	Amount of Indirect Housing Finance	Investment in Guaranteed/Non-guaranteed bonds of				
			NHB	HUDCO	MBS*	Total	
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	
Total housing finance disbursed till the previous quarter							
Disbursement of housing finance during the current quarter							
Total							

*Represents rated securitised debt instruments issued by any SPV or entity, representing housing loans granted by approved Housing Finance Companies (under the supervision of National Housing Bank).