

September 17, 2007

To
The Chairman and Managing Directors /
Chief Executive Officers of all Commercial Banks

Dear Sir,

**Housing Loans - Orders of the Delhi High Court –
Writ Petition by Kalyan Sanstha Welfare Organisation against
Union of India and Others - Implementation of Directions**

Please refer to our circular DBOD.Dir.BC.No.43/08.12.01/2006-07 dated November 17, 2006 on the captioned subject.

2. It has been brought to our notice by the Monitoring Committee(constituted by Hon'ble High Court of Delhi regarding unauthorised constructions, misuse of properties & encroachments on public land) that some of the banks and financial institutions are extending home loans without complying with the instructions of the Reserve Bank of India contained in the above circular. A copy of the Monitoring Committee's letter addressed to Government is enclosed.

3. We, therefore, advise you to ensure that all the branches of your bank meticulously adhere to the instructions contained in our circular dated November 17, 2006, referred to above.

Yours faithfully,

(Prashant Saran)
Chief General Manager-in-Charge

MONITORING COMMITTEE
(Constituted by Hon'ble High Court of Delhi regarding unauthorized
Constructions misuse of properties & encroachments on public land)
M.C. Primary School Complex,
Lajpat Nagar-III, New Delhi-110 024
Tel 29840940, 29840068, Fax 29840991

D.O.No.F01/RBI/07-08/MC/D-2743

Dated 13.8.2007

Dear Shri Mitra,

Please refer to our telephonic conversation and your D.O. letter No.7(26)/ 2006-CP dated 24.11.2006 regarding the instructions issued by you to the Reserve Bank of India to all scheduled commercial banks vide letter dated 17th November, 2007 for compliance of the directions of the Hon'ble High Court of Delhi regarding issue of Home Loans by the banks on certain conditions.

The Hon'ble High Court had ordered on 12th October, 2006, as follows:-

'We hereby direct that henceforth Banks will check whether the loan sought for is for authorized structure or an unaurhorized structure and the banks will obtain an undertaking on an affidavit from the parties seeking such loans that the building is constructed as per sanctioned building plans. Banks shall also ensure that the sanctioned building plans are attached with the undertaking. Let necessary directions be issued in this regard either by the concerned Ministry of Banking or the Reserve Bank of India.'

It is informally learnt (subject to verification) that private banks are still giving Home Loans without keeping in mind the instructions of the Reserve Bank of India based on the orders of the Hon'ble High Court. As a measure of abundant precaution you are requested to ask the Reserve Bank of India to convey the directions issued earlier (to scheduled banks) to the private banks also and other financial institutions for necessary action. A copy of the instructions so issued may be sent to the Monitoring Committee.

With regards,

Yours sincerely,

(B.L. Vohra)

Sh. P.P. Mitra
Economic Advisor
Ministry of Finance
Deptt. of Economic Affairs
(Banking Division)
Government of India
Jeevan Deep, 10, Parliament Street
New Delhi-110001.