

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**INDIA SIGNS LOAN AND PROJECT AGREEMENTS WITH WORLD BANK FOR
US \$100 MILLION FOR LOW INCOME HOUSING FINANCE PROJECT**

New Delhi, August 15, 2013

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The Loan and Project Agreements for World Bank (IDA) assistance of US \$100 million for Low Income Housing Finance Project were signed between Government of India/National Housing Bank(NHB) and the World Bank here yesterday.

The Loan Agreement was signed by Shri Nilaya Mitash, Joint Secretary, Department of Economic Affairs, Ministry of Finance on behalf of Government of India and Mr. Michael Haney, Operations Advisor of World Bank (India) on behalf of the World Bank. The Project Agreement was signed by Shri R.V. Verma, Chairman and Managing Director (CMD) on behalf of National Housing Bank (NHB). Representative(s) from NHB and officials from the Finance Ministry and World Bank, among others, were present.

The Objective of the project is to provide access to sustainable housing finance for low income households, to purchase, build or upgrade their dwellings.

The project will have three components which are

- Financial Support for Sustainable and Affordable Housing for NHB to, directly or indirectly through Qualified Intermediary Institutions, refinance low income housing loans made by QPLIs to Primary Borrowers to purchase, build or upgrade their dwelling;
- Capacity Building of the National Housing Bank (NHB), Qualified Intermediary Institutions, and Qualified Primary Lending Institutions (QPLIs), and
- Project Implementation

Expected results to be achieved at the end of the project include an increase in –

- the number of primary lenders active in the low-income segments,
- volume of loans to lower income borrowers, and
- the number of borrowers in these segments.

Financing under the project aims to create incentives for lenders to focus on lower income households through a net all-in reduction of the lenders' cost of funds of approximately 200-300 basis points.

- The project also aims to deliver on its stated objective of reaching a higher proportion of lower income households while maintaining portfolio quality standards. The project expects to develop prudent lending standards to serve the more vulnerable, lower income households, expand the coverage of credit bureaus to include informal income borrowers, develop consumer information and disclosure norms for the project's target groups, enhance the appraisal capacity of the lenders, as well as pilot new policies and products to overcome the challenges of dwelling informality.

It is a financial intermediary loan for an implementation period of 5 years. NHB is the implementing agency.
