

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:480

ANSWERED ON:03.12.2004

HOUSING LOAN

Munshiram Shri ;Shiwankar Shri Maha Deo Rao;Yadav Shri Parasnath

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Banks and Financial Institutions have fixed some targets regarding housing loan during the current year;
- (b) if so, the details thereof;
- (c) whether the Government propose to issue instructions to banks to increase the rate of interest on housing loan;
- (d) if so, the details thereof and its impact on the target of loan;
- (e) the total number of cases of fraud regarding housing loan in banks, detected during the last two years, and
- (f) the steps taken by the Government to achieve the target of housing loans and check frauds?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE ( SHRI S.S. PALANIMANICKAM)

(a) & (b): As reported by the Reserve Bank of India (RBI), no target has been fixed for housing loans for banks/financial institutions during the current year. Banks are free to allocate finances for housing based on their own appraisal and loan policies, as approved by their respective Boards. However, under the Golden Jubilee Rural Housing Finance Scheme (GJRHFS), the Government have fixed an indicative target of 2.50 lakh dwelling units for the current year i.e. 2004-05.

(c): No, Sir.

(d): Does not arise.

(e): The number of frauds in housing loans in commercial banks and Primary (Urban) Cooperative Banks during the last two years and upto June 2004 are as under:

S.No.	Year	Number of Frauds	Amount (Rs. in Crores)
1.	2002	236	28.33
2.	2003	456	69.05
3.	2004 (up to June 2004)	380	49.82

(f): Trie National Housing Bank (NHB) has communicated to all banks/housing finance companies/cooperative sector institutions, the break-up of the target fixed under Golden Jubilee Rural Housing Finance Scheme (GJRHFS). These disaggregated targets are monitored by NHB on a quarterly basis. RBI has taken several steps to counter the menace of frauds in home loans which, inter-alia, include:

i) Requesting all State Governments to bring certain progressive measures such as marking the encumbrance of the banks on the mortgaged properties with the Registrar of assurances by payment of a nominal fee as this measure will go a long way in arresting multiple creation of mortgages by the fraudsters;

ii) Cautioning the banks from time to time against fraudsters and their modus operandi. RBI issued circulars to banks in May, 2002, October, 2003 and September, 2004 suggesting series of measures for clicking frauds in Housing sector loans;

iii) Monitoring the fraud cases involving Rs. 1 crore and above on quarterly basis;

iv) Issuing of caution advises to banks in respect of fraud cases involving builders/unscrupulous borrowers;

v) Advising banks to carry out field level inspections at branches having large exposure to home loans;

vi) Calling the bank officials for discussions on different issues relating to housing loan frauds and to impart them knowledge about the preventive steps to be taken;

vii) Lodging of complaints, wherever necessary, with the local police or CBI or in the courts of law in cases of fraud to deter people and employees from indulging in such activities.