

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5803
ANSWERED ON:30.04.2010
MORTGAGE GUARANTEE COMPANY
Muttamwar Shri Vilas Baburao

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to set up a Mortgage Guarantee Company to facilitate greater expansion and stability in the housing loan market;
- (b) if so, the detailed features of the proposed company for easing the housing loan facility to the borrowers at a reasonable rate of interest; and
- (c) the time by which the company is likely to get functional?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c): Pursuant to announcement by the Government in the Budget for the year 2007-08, the Reserve Bank of India formulated and issued the Operational Guidelines for the setting up and conduct of business by the Mortgage Guarantee Companies in India on February 15,2008.

National Housing Bank (NHB) is working to set up a Joint Venture Mortgage Guarantee Company (MGC),in partnership with International Financial Institutions including the International Finance Corporation (IFC) and the Asian Development Bank (ADB), and practitioners of mortgage guarantee/insurance in other jurisdictions, in accordance with the above RBI Guidelines. The MGC will be a market oriented company that would provide guarantees on a commercial basis for expanding the housing finance market through support to lending institutions by providing default protection to them.