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HOUSING AND URBAN DEVELOPMENT CORPORATION

MINISTRY OF HOUSING & URBAN POVERTY ALLEVIATION

**COMMITTEE ON PUBLIC UNDERTAKINGS
(2016-17)**

**EIGHTEENTH REPORT
(SIXTEENTH LOK SABHA)**



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2017/ Phalguna, 1938(Saka)

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*Presented to Lok Sabha on 24 March, 2017
Laid in Rajya Sabha on 24 March, 2017*

**LOK SABHA SECRETARIAT
NEW DELHI**

24 March, 2017/ Phalgun, 1938(Saka)

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COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS
(2016-2017)

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2. Smt. Anita B. Panda - Director
3. Smt. Mriganka Achal - Under Secretary

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20. Shri C.M. Ramesh
21. Shri Tapan Kumar Sen
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(2014-2015)

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19. Shri Muthukaruppan
20. Shri Rangasayee Ramakrishna
21. Shri C.M. Ramesh
22. Shri Tapan Kumar Sen

INTRODUCTION

1. I, the Chairperson, Committee on Public Undertakings (2016-17) having been authorized by the Committee to submit the Report on their behalf, present this Eighteenth Report on 'Housing and Urban Development Corporation'.
2. The Committee on Public Undertakings (2014-15) had selected the said subject for detailed examination. Since the examination of the subject could not be completed during the term of that Committee, the Committee on Public Undertakings (2015-16) reselected the subject. As the examination of the subject remained inconclusive during the term of the Committee on Public Undertakings (2015-16), the present Committee decided to carry forward the subject so as to complete the unfinished task.
3. The Committee (2015-16) was initially briefed about the subject by the representatives of the Ministry of Housing and Urban Poverty Alleviation on 6th January, 2016. Thereafter, the Committee on Public Undertakings (2015-16) took oral evidence of the representatives of National Housing Bank and Ministry of Rural Development on 18th March, 2016. The Committee on Public Undertakings (2016-17) also took oral evidence of the representatives Housing and Urban Development Corporation on 28th June, 2016.
4. The Committee considered and adopted the Report at their sitting held on 15 March, 2017.
5. The Committee wish to express their thanks to the representatives of Ministry of Housing and Urban Poverty Alleviation, Ministry of Rural Development, HUDCO and National Housing Bank for tendering evidence before them and furnishing the requisite information to them in connection with examination of the subject.
6. The Committee wish to express their sincere thanks to the predecessor Committees for their endeavours in examination of the subject.
7. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold letters in Part-II of the Report.

New Delhi
___ March, 2017
___ Phalguna, 1938 (S)

SHANTA KUMAR
Chairperson
Committee on Public Undertakings

ACRONYMS

AMRUT	Atal Mission for Rejuvenation and Urban Transformation
BIS	Bureau of Indian Standard
BMTPC	Building Material Technology Promotion Council
BSUP	Basic Services for Urban Poor
CAGR	Compounded Annual Growth Rate
CBO	Community Based Organization
CBRI	Central Building Research Institute
CBT	Computer Based Test
CLSS	Credit Link Subsidy Scheme
CNA	Central Nodal Agency
COD	Commercial Operation Date
CPSE	Central Public Sector Enterprise
CSR	Corporate Social Responsibility
DPE	Department of Public Enterprises
EWS	Economically Weaker Section
HFC	Housing Finance Companies
HSMI	Human Settlement Management Institute
IHSDP	Integrated Housing and Slum Development Programme
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
LIG	Low Income Group
NGO	Non-Government Organizations
NHB	National Housing Bank
NPA	Non Performing Assets
PAC	Project Appraisal Committee
PFC	Power Finance Corporation
PLI	Primary Lending Institution
PMAY	Pradhan Mantri Awas Yojna
RAY	Rajiv Awas Yojna
REC	Rural Electrification Corporation Ltd.
SBU	Strategic Business Unit
SD	Sustainable Development

PART- I
REPORT
CHAPTER I

Housing Scenario in the Country

1.1 The widening gap between demand and supply of housing units and the availability of affordable housing finance is a major concern for the Country. As per report of the Technical Group on Urban Housing Shortage (2012-2017) of Ministry of Housing and Poverty Alleviation, urban housing shortage is about 1.88 crore units, of which 95.6 percent is in economically weaker sections (EWS)/low income group (LIG) segments and hence requires huge financial investment to overcome the shortage. As per Annual Report (2014-15) of Housing and Urban Development Corporation (HUDCO) the Government has estimated the total urban housing shortage to go up to 2 crore houses by 2022, if not addressed properly. On infrastructure front it is estimated that the Country would need to spend over US\$1 trillion in infrastructure development during the 12th Five-Year Plan (2012-17) in order to realize India's growth potential.

1.2 The Working Group on Rural Housing for the 12th Five Year Plan, Ministry of Rural Development in its report (of September 2011) had assessed the rural housing shortage till end of 12th Five year Plan to be of the order of 4 crore units.

I. HUDCO AT A GLANCE

1.3 The Problem of housing and housing finance was acute in the decade of 1960's and 1970's, therefore, HUDCO was incorporated on 25th April, 1970 to address the need of financing housing schemes and organised urban development in the Country. It is basically a lending institution catering to the requirements of the 29 States and 7 Union Territories in housing and urban infrastructure.

1.4 HUDCO was incorporated as a fully owned Government Company with equity of ₹2 crore. Today HUDCO, with equity of ₹2001.90 crore, has emerged as a principal techno financial institution which implements a variety of schemes such as Urban and Rural/Housing, Urban Infrastructure, Environmental Improvement of Slums, Technical

assistance & Consultancy in Housing & Urban Infrastructure to the borrowing agencies. In urban infrastructure sector, broad areas in which HUDCO finances or supports urban utility infrastructure is water supply, low cost sanitation, sewerage and drainage and solid waste management. Continuing this aspect, HUDCO supports ecologically appropriate infrastructure, transportation, integrated area development schemes, social infrastructure, economic and commercial infrastructure.

1.5 HUDCO provides financial & technical assistance to agencies which include State Housing Boards, Development Authorities, Municipal Corporations, Co-operative agencies, Societies and Private Builders etc. Finance for the above Schemes are made available on the basis of “HUDCO Financing Norms” which set different norms for different income groups thereby linking rate of interest to the extent of finance and repayment period.

II. ROLES, OBJECTIVES AND FUNCTIONS OF THE COMPANY

1.6 As per the Company, their main objectives, role and functions are as follows:

- (i) to provide long term finance for construction of house for residential purposes or finance or undertake housing and urban development programmes in the Country.
- (ii) to finance or undertake, wholly or partly, the setting up of the new or satellite towns.
- (iii) to subscribe to the debentures and bonds to be issued by the State Housing (and/or Urban Development) Boards, Improvements Trusts, Development authorities etc. specifically for the purpose of financing housing and urban development programmes.
- (iv) to finance or undertake the setting up of industrial enterprises of building material.
- (v) to administer the monies received, from time to time, from the Govt. of India and other sources as grants or otherwise for the purposes of financing or undertaking housing and urban development programmes in the Country.

- (vi) to promote, establish, assist, collaborate and provide consultancy services for the projects of designing and planning of works relating to Housing and Urban Development programmes in India and abroad.
- (vii) to undertake business of Venture Capital Fund in Housing and Urban Development Sectors facilitating innovations in these sectors and invest in and subscribe to the units/shares etc. of Venture Capital Funds promoted by Government/Government Agencies in the above areas.
- (viii) to set up HUDCO own Mutual Fund for the purpose of housing and urban development programmes, invest in, subscribe to the units etc. of Mutual Funds, promoted by the Government/Government Agencies for the above purpose.

1.7 On a query about role of HUDCO in providing houses for the poor, the Committee were apprised as under :-

“The Government projects aim to facilitate access for housing to all. There is a significant emphasis on reaching the housing to the unreached. All the Government's projects in the housing sector emphasize on providing housing to the Economically Weaker Sections (EWS) and Low Income groups (LIG) for whom housing has become a dream. In this context -

- a) HUDCO gives extensive support to the Government for implementing the housing programmes meant for the weaker sections and urban poor by associating in the preparation of Detailed Project Reports, undertaking appraisal of such projects, also monitoring of these projects and capacity building for implementation of these projects successfully by providing training and awareness support to the urban Local Bodies.
- b) HUDCO also provides loan assistance to the States/ULBs to meet their share in the implementation of the Government projects/schemes. It was further added that HUDCO also gives a significant emphasis for supporting the housing needs of urban poor covering EWS and LIG category households, in its housing operations. HUDCO has incorporated a number of facilitatory provisions in its operational guidelines for funding specifically for the EWS and LIG categories. HUDCO does not charge any application fee and front-end fee for EWS and LIG projects, no prepayment charge is levied for EWS projects, a longer repayment period of up to 20 years offered for weaker section housing programmes if required by the agency, and a relatively lower interest rate is levied for EWS and LIG category projects as compared to MIG/HIG category projects. Thus, the Government's projects and the HUDCO's aims and schemes interact very positively to create housing for the 'real poor' to a large extent.

III. MINI-RATNA STATUS

1.8 HUDCO has been elevated to Scheduled – ‘A’ Company in the year 2001-02. Subsequently in the year 2004-05 HUDCO has been conferred the ‘Mini Ratna’ category-I status in the financial services sector under the administrative control of Ministry of Housing and Urban Poverty Alleviation with 100% shareholding by the Government of India. Further, HUDCO has also become an “ISO 9001: 2008 certified company.

1.9 When asked about the nature of functional and financial powers and autonomy provided to the Company under the ‘Mini-Ratna-I’ dispensation conferred upon it, in a written note, the Company submitted that it has been empowered in the following areas:

- (i) Capital Expenditure: to incur capital expenditure on new projects, modernization, purchase of equipment, etc. without Government approval upto ₹500 crore, or equal to their net worth, whichever is lower.
- (ii) Joint Ventures and Subsidiaries: the ceiling on equity investment to establish joint ventures and subsidiaries in India shall be 15% of the net worth of the PSE in one project limited to ₹500 crore. The overall ceiling on such investment in all projects put together shall be 30% of the net worth of the PSE.
- (iii) Technology joint ventures and strategic alliances: To enter into technology joint ventures, strategic alliances and to obtain technology and know-how by purchase or other arrangements subject to Government guidelines as may be issued from time to time. HUDCO established four joint ventures Companies during 2005-06 namely Pragati Social Infrastructure Development Ltd. (PSIDL), Shristi Urban Infrastructure Development Ltd.(SUIDL), MCM Infrastructure Pvt. Ltd. (MCM I) and SIGNA Infrastructure India Ltd. (SIIL).

1.10 When the Committee desired to know whether the present arrangement under the ‘Miniratna-I’ dispensation provides sufficient autonomy and financial powers to the Company in carrying out its business and areas where improvements are required to be made, they submitted that the present arrangement under the ‘Mini-Ratna-I’ dispensation provides certain autonomy and financial powers to the Company in carrying on its

business. Yet, HUDCO has been facing difficulties in terms of inability of the agencies to provide security like Government guarantee/mortgage. Further, States are constrained by Fiscal Responsibility and Budget Management (FRBM) stipulations on limit to borrowing.

IV. ORGANISATIONAL SET UP

1.11 HUDCO has business operations all over India through a wide network of zonal, regional and development offices. Its Corporate Office is at New Delhi, supported by 21 Regional Offices and 11 Development Offices. It has a Regional Office in each State and wherever there is no Regional Office, there is a Development Office representing HUDCO for that region. The Regional Offices are categorized under 'A', 'B' & 'C' categories depending on their business operations. There is also a training institute known as 'Human Settlement Management Institute' (HSMI) at New Delhi.

1.12 When asked by the Committee as to whether the organizational set up is adequate, a constraint cited was the manpower crunch in the Company as there had been no major recruitment at entry level since 1999. A recruitment of 79 Trainee Officers was stated to be in the offing and the process of recruitment is due to start shortly.

V. MANDATE AND VISION IN CHANGING SCENARIO

1.13 The Government of India has taken lot of initiatives in the housing sector with a mission to achieve 'Housing for All' by the year 2022 and set a target of constructing 4 crore housing units in rural areas and 2 crore in urban areas in the Country. Further, with rapid increase in the urban population, the demand of housing units and other social infrastructures facilities like road & transport, power, water, sewerage and drainage etc. would also increase substantially. With a view to accelerate economic and industrial development in the Country, Government has launched its mission to develop 100 cities as "Smart Cities" and accelerated the building of industrial corridors in the Country.

1.14 Keeping in view the Government policies for the overall development of the economy, both on housing and infrastructure front, there will be substantial investment both from Government and private sector and HUDCO, being an integral part of the Ministry of Housing and Urban Poverty Alleviation, is considered to be at advantageous

edge to get substantial projects both for financial assistance and project consultancy to fulfill the commitment of the Government as well as its own mandate.

1.15 All these programmes are likely to catalyze huge investment flow into the urban housing and infrastructure across the Country. The outlay for Atal Mission for Rejuvenation and Urban Transformation (AMRUT) estimated at ₹50,000 crore for five years as a Centrally Sponsored Scheme and 100 Smart Cities Programme at ₹48000 crore over the same period. With experience & expertise, HUDCO has potential to be part of urban revival programmes of the Government, in terms of lending as well as fee-based income/consultancy.

1.16 Further, HUDCO is one of the Central Nodal Agency (CNA) alongwith NHB for implementation of 'Credit Linked Subsidy Scheme (CLSS) scheme' under one of the verticals of Prime Minister Awas Yojna (PMAY) – Housing for All (Urban) Mission. So far, HUDCO has executed 40 MoUs with various banks/PLIs.

1.17 The Committee were informed that towards achieving the GOI target for CLSS, HUDCO has conducted 11 workshops at various locations throughout the Country, implemented the online software for facilitating the subsidy released to the Primary Lending Institutions (PLIs). Further, MoHUPA has given an advance subsidy of ₹50 crore for onward releasing to the PLIs during the financial year 2015-16.

1.18 HUDCO has set the following ambitious targets as Mission Five Ones for itself in the coming years :-

1. One Million Houses per annum
2. One Lac Crore Cumulative Releases
3. One Thousand Crore Profit After Tax
4. One Hundred Urban Local Bodies to be assisted per annum
5. One Percent Reduction in Gross NPA per annum

CHAPTER II
PERFORMANCE

I. PHYSICAL PERFORMANCE

2.1 The Committee were informed that the performance of the Company since its formation till 31st March, 2016 is as below :-

No. of Projects Sanctioned	17,011
Loan Sanctions	₹ 1,61, 871 crore
Loan Releases	₹ 1,09,438 crore
<u>Housing</u>	
Total Dwelling Units	16.57 Million
Rural	10.51 Million
Urban	6.06 Million
Plots	0.61 Million
Sanitation Units	6.67 Million
Total loan amount for housing (sanctioned)	61,703 crore
<u>Infrastructure</u>	
Number of Schemes	2149
Total Loan amount (Sanction)	₹ 94,422 crore

(Operations extend over 1900 towns and thousands of villages of HUDCO)

Operational Highlights

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
No. of Schemes Sanctioned	130	140	134	162	202
Loan Sanctioned (₹ in Crore) including HUDCO NIWAS	20511	23974	17491	21096	30774.44
Amount Released (₹ in Crore) including HUDCO NIWAS	6905	6079	7438	8101	8248
<u>Dwelling Units</u>					
- Total	422524	439286	1434102	484128	457793
- % of EWS & LIG	96.37	96.81	98.46	82.95	99
Sanitation Units	-	-	-	-	-
No. of Urban Infrastructure Projects	61	76	72	121	170
UI Loan Sanctioned (₹ in Crore)	14204	16337	7848	13426	11984

2.2 During the year 2014-15, HUDCO has sanctioned 162 schemes for a loan amount of ₹ 21,096 crore (₹ 7,670 crore for Housing, ₹ 7,398 crore for Core Urban Infrastructure

and ₹ 6,028 crore for non-Core Infrastructure schemes) against which an amount of ₹ 7,973 crore [₹ 3,076 crore for Housing (Affordable housing including EWS & LIG - ₹ 2,663.64 crore)], ₹ 3,462 crore for Core Urban Infrastructure and ₹1,435 crore for non-core infrastructure schemes] was disbursed.

2.3 While replying to the Committee regarding criteria fixed before sanctioning loan to different agencies, the Company submitted as under:-

"HUDCO loans are provided based on various parameters which cover those relating to the borrower and the project. In respect of the borrower, various aspects inter-alia the nature of the agency and ownership, functions and objectives as outlined in its memorandum of association, its legal eligibility to borrow, its track record with HUDCO and other borrowers, its internal financial strength, etc. are analyzed including Know Your Customer (KYC) norms.

In respect of the projects for which loan is provided, the financial viability and technical feasibility are examined. This inter-alia include nature and type of project, components of the projects, construction cost, status of land availability and access to basic infrastructure including sanitation, etc. In all projects, the status of basic infrastructure is inquired and in respect of projects where the assistance for toilets etc are taken from other Government projects, convergence of the same are made a condition for release of funds. A particular proportion of the project cost/unit cost is mandatory for such facilities for availing HUDCO loan and releases are made proportionately, ensuring borrower's contribution, wherever required. Funds are also released in stages based on progress of implementation of the project."

2.4 On the specific query of the Committee regarding evaluation/appraisal of the projects, the Company submitted as under :-

"HUDCO had already prescribed detailed guidelines and procedures for appraisal of the proposals submitted with HUDCO seeking loans. HUDCO adopts a three tier multi-dimensional appraisal method. Any proposal which is submitted with HUDCO for loan assistance by the borrower is first appraised by the mission team consisting of senior officers at the regional office level. Mission team draws the officers from project, finance and law cadres. Mission team after thorough appraisal and due diligence establishes technical feasibility, financial viability and legal eligibility of the proposal / Project. Then the proposal is again appraised at head office level by second layer of officer and finally by the Project Appraisal Committee which consist of functional Director. HUDCO financially has been using tools like internal rate of return, building stress scenarios to establish the behaviour of revenue streams, calculating ratios like debt service coverage ratios, debt-equity etc. for which minimum benchmark is already established to establish the viability of the project. Apart from the project financials, HUDCO has also been conducting thorough analysis of the financials of the borrower, including the credit behaviour with other bankers and financial institutions. Recently in November 2016, HUDCO has implemented internal credit rating of the agency / proposals submitted with HUDCO. In order to further strengthen

lending HUDCO has also introduced additional risk matrix to already existing appraisal methods."

Report of The Working Group on Construction Sector (Institutional Financing Working) for the 12th Five Year Plan (2012-17)

2.5 The Working Group on Construction Sector (Institutional Financing Working) which was constituted to facilitate a Steering Committee on Indian Construction industry setup by the Planning Commission while formulating the 12th Five Year Plan, observed inter-alia that financing construction often involves lumpy investments and hence financing requirements are of higher order. The lending institutions may not be able to comprehend all type of risks and complexities involved in a construction project. It is for that reason many lending institutions fail to evaluate projects risks and gather bad experiences in the sector in terms of bad loans or low returns on investments. The Report had therefore, suggested a "lender's engineer" concept which would oversee the operations to protect the interests of lender, and therefore would play a very important role to ensure the successful implementation of project. Further, the report of the working group discussed about the need to establish a Compulsory Escrow Accounting mechanism which may be made compulsory in the construction projects of Governments in particular in order to provide credit cushion to the investors. The working group also recommended that lending and non-performing Assets (NPA) norms for construction sector may be reviewed and reformed and a single window clearance may be provided to the construction projects to avoid time and cost over-run. The working group had also suggested that Sector-specific (e.g. housing, real estate, Power, Roads, Ports, etc.) innovative financing instruments may be developed to enhance the flow of funds to the specific sectors.

When asked about the comments of the Ministry of HUPA on the observations made by the Working Group, the Ministry in response submitted that affordable housing will be given infrastructure status and thus, the MoHUPA has submitted a formal proposal to Department of Economic Affairs on 14.02.2017 in order to get formal communication from Institutional Mechanism on Harmonized Master List of Infrastructure Sub-sectors. It has also been stated that this fiscal incentive has been included in the budget proposals of 2017-18.

Memorandum of Understanding (MOU)

2.6 When asked about the MoU rating obtained by the Company during last three years, the Company submitted the following :-

"HUDCO has been signing MoU since the year 1993-94. The Company's rating for last three years (2013-14 to 2015-16) has been 'Excellent'. The details of MoU targets and achievements in respect of major parameters for the previous three years (2013-14 to 2015-16) are presented below:

MoU Targets and Achievements for three years of HUDCO (2013-16)

Sl. No.	MoU Parameters	2013-14		2014-15		2015-16	
		MoU Trgt.	Achvt.	MoU Trgt.	Achvt.	MoU Trgt.	Achvt. (P)
1.	Total Sanctions (₹ in cr)	15000	17491	16100	21096	16900	30774
2.	Housing Sanctions (₹ in cr.)	5100	9643	5796	7670	6422	18790
3.	UI Sanctions (₹ in cr.)	9900	7848	10304	13426	10478	11984
4.	Total Disbursement (₹ in cr.)	6602	7438	7300	7973	7774	8250
5.	Housing Disbursement (₹ in cr.)	2245	2842	2628	3076	2954	3186
6.	UI Disbursement (₹ in cr.)	4357	4596	4672	4897	4820	5064
7.	Total housing units sanctioned under Affordable Housing including EWS & LIG (₹ in Lakh)	4.04	14.12	4.23	4.73	4.50	4.57
8.	Incremental Cost of borrowings compared to 10-Yr G-Sec yield (bps)	10-Yr. G-Sec+ 138 bps	10-Yr. G-Sec - 7 bps	10-Yr. G-Sec - 138 bps	10-Yr. G-Sec- 35 bps	10-Yr. G-Sec- 138 bps	10-Yr. G-Sec- 45 bps
9.	Gross NPA(%)	5.51	6.76	9	6.25	10	6.68

2.7 The Company, further, informed the Committee that in respect of Sanction and Disbursements during the period 2014-15 to 2015-16, the performance of the Company against the target as per the tripartite MoU with MoHUPA and DPE has been 182% and 106% respectively. In respect of Sanction and Disbursements, the percentage growth registered in 2015-16 against 2014-15 was 45.87% and 3.46 % respectively. Details of performance for the said financial years is at **Annexure-I.**

A. HOUSING

2.8 The Committee were informed that in respect of sanction and disbursements, during the period 2014-15 to 2015-16, the performance of the Company against the targets has been 131.03% and 182.09% respectively.

HUDCO Operational Highlights: Housing Sector

MoU Parameters	2011-12		2012-13		2013-14		2014-15		2015-16	
	MoU trgt.	Achvt.	MoU trgt.	Achvt.	MoU trgt.	Achvt.	MoU trgt.	Achvt.	MoU trgt.	Achvt.
Total Sanctions (₹crore)	20010	20511 (102%)	22006	23974 (109%)	15000	17491 (117%)	16100	21096 (131.03%)	16900	30774 (182.09%)
Housing Sanctions (₹crore)	6003	6307 (105%)	7042	7637 (108%)	5100	9643 (189%)	5796	7672 (132%)	6422	18790 (292.58%)
Total Disbursement (₹crore)	6003	6905 (115%)	6287	6083 (97%)	6602	7438 (113%)	7300	8047 (110.23%)	7774	8250 (106.12%)
Housing Disbursement (₹crore)	1801	1918 (106%)	2012	1391 (69%)	2245	2842 (127%)	2628	3149 (120%)	2954	3186 (107.85%)

Targets & Achievements by HUDCO for Weaker Section Housing

Category	2011-12		2012-13		2013-14		2014-15		2015-16	
	MoU Target	Achv.	MoU Target	Achv.	MoU Target	Achv.	MoU Target	Achv.	MoU Target	Achv.
	1	2	3	4	5	6	7	8	9	10
Total Housing Units sanctioned under affordable housing, including EWS & LIG (Lakh)	3.20	4.06 (127%)	3.84	4.25 (111%)	4.04	14.11 (349%)	4.23	4.72 (111%)	4.50	4.57 (101.55%)
Quantum of amount sanctioned for all Housing (₹in crore)	6003	6307 (105%)	7042	7637 (108%)	5100	9643 (189%)	5796	7669 (132%)	6422	18790 (292.58%)
Loan Released for Affordable Housing Including EWS & LIG (₹ in crore)	432	1065 (246%)	483	930 (192%)	898	2109 (234%)	1051	2663 (253%)	1181.6	3186 (269.63%)

2.9 As per the information provided in the Company's website, HUDCO provides loans for urban housing schemes to housing boards, development authorities, city improvement trusts, municipal corporations, public sector undertakings, State Governments and other such organizations for the construction of houses/flats and development of serviced plots including site and services, skeletal housing and core housing schemes. Under urban housing, HUDCO has so far extended assistance for supporting 56.77 lakh residential units.

2.10 It is further mentioned that, HUDCO has emerged as a major contributor in the housing sector during the last nearly four decades of its existence. There has been a significant emphasis on housing for the under privileged sections of the society in HUDCO's operations. The soft financial terms for Economically Weaker Section (EWS) and Low Income Group (LIG) housing include lesser interest rates compared to other income group households, larger extent of the house cost extended as loan assistance, and a longer repayment period.

2.11 Various projects being funded by HUDCO under its Housing portfolio include the following:-

1. Land Acquisition and Development
2. Urban/Rural Housing for EWS/ LIG/MIG/ HIG and Other Categories
3. Staff Rental Housing
4. Slum rehabilitation/ in-situ development
5. Repairs and Renewal
6. Public sector /Private sector Housing Projects
7. Co-operative Housing Societies both Apex and Primary
8. A major focus is laid in HUDCO's operations towards meeting the requirements of housing for Economically Weaker Sections (EWS) and Low Income Group (LIG) households. The terms covering the cost of the unit and loan amount are linked to the economic criteria specified in terms of their income. Extensive assistance is also extended under this portfolio to schemes pertaining to Integrated Housing & Slum Development Programme (IHSDP) and Basic Services for the Urban Poor (BSUP) beneficiaries of the Jawahar Lal Nehru National Urban Renewal Mission (JNNURM) – a Government of India scheme.

9. Eligible Agencies

10. Predominantly taken up in the public sector, the primary borrowing Institutions for this sector include (but not limited to) State Governments through direct borrowing, State Government para-statal / bodies like Housing Boards / Corporations, Slum Clearance Boards, Development Authorities, Improvement Trusts, Municipal Corporations / Councils and other Urban Local Bodies, Finance Corporations, Central / State Public Sector Undertakings etc. Other Institutions include Joint sector, Corporate Sector, Cooperative Sector and Private sector as well.

2.12 Regarding the terms and conditions to provide loans to urban local bodies (ULB) as the capacity of every ULB is different, the Company stated as under :

"the schemes received for loan assistance from HUDCO are assessed in terms of technical feasibility, financial viability and legal eligibility. The loan is offered based on availability of security and repayment mechanism. As the capacity of the ULB is definitely different, thus, HUDCO gives a variety of options in terms of the security requirements such as State Government guarantee; Bank guarantee; Equitable mortgage of land and building with 125% security coverage on loan amount with no-lien account for the project receivables. Equitable mortgage can be either project property or any other property of the agency; Equitable mortgage of 'land and buildings'. and/or hypothecation of movable assets like buses, equipment/machinery, computers furniture and fixtures, office equipment, etc (125% coverage); In case of direct borrowing by State Government, Government of India permission for borrowing the loan; and negative lien may be accepted in case of Government of India Maharatna/Navratna/Miniratna Companies.

Similarly, in respect of repayment mechanism as well, HUDCO offers a variety of options such as structured repayment through budgetary provision (RBI/Treasury Account); Any other additional security depending on risk perception to be decided by HUDCO based on project appraisal. In case of consortium, the security prescribed for the project will be on equal footing basis; Structured escrow mechanism against identified receivables such as taxes/fee/charges, etc with coverage of 150% as pass through revenue (Electricity Boards, Corporations, Local Bodies etc.) can be considered as special case based on financial health of organization and dedicated flow of receivables with one quarter/principal interest of the loan drawn as loan term debt reserve.

(i) HUDCO Niwas

2.13 In recent years, HUDCO has extended its retail finance operations in the newly opened Regional Office at Vijayawada. With this, HUDCO Niwas is now operating through Company's 21 Regional Offices and 11 Development Offices throughout the Country and offers individual Housing Loans for construction/ purchase of a house/flat and for extension

or improvement of the existing house/ flat and re-financing of existing housing loans. HUDCO Niwas also offers bulk loan to State Government/Para Statal of the State Government/profit making PSUs and other Housing Finance Companies. Further, with a view to provide efficient services to the customers with greater satisfaction, HUDCO has developed and implemented an in house “HUDCO online Retail Finance System (HORSYS)”, a software package for online appraisal and accounting, in all its Regional Offices. During the year 2014-15 an amount of ₹ 514.02 crore had been sanctioned to 2103 applicants against which, an amount of ₹ 8.76 crore has been disbursed.

HUDCO Niwas offers financial assistance to individuals to enable them to: -

- a) Construct a house;
- b) Purchase House or Flat;
- c) Purchase a plot from Public (Government) Agencies, Co-operative Housing Societies of Government employees or Reputed Developers;
- d) Extend or improve the existing House or Flat;
- e) Refinance existing housing loans from other financing Institutions/Banks/Employers.

Attractive Features of HUDCO Niwas

- a) No processing Fee.
- b) Interest subsidy @6.50% is available under Credit Linked Subsidy Scheme (CLSS) to eligible beneficiaries, as per Govt. of India guidelines.
- c) Waiver of last 2 installments (only for fixed rate).
- d) Free Personal Accident Insurance cover to borrowers.
- e) Transparency & No hidden cost.

Loans are extended to individuals fulfilling the following eligibility criteria: -

Loan applications are accepted from all individuals, with verifiable income (upto ₹8.00 Lakh) and to Salaried Individuals with employment verification (upto ₹50/40 Lakh – Loan upto ₹50 Lakh in Mumbai, Delhi, Chennai, Kolkata, Bengaluru & Hyderabad and ₹40 Lakh in other areas). Further, loan above ₹50/40 Lakh and upto ₹1.00 Crore is available to only Govt./PSU employees with repayment through Deduction at Source (DAS). HUDCO Niwas loans are available in clearly identified Municipal Areas only. Specific documents required, on case to case basis, for assessing the creditworthiness and other legal and statutory compliances of the borrower to avail HUDCO Niwas Home Loan, from the following list of documents: -

- a) Loan Applications in prescribed Performa
- b) Latest Salary slip (s)/Certificate (s) showing all the allowances, deductions
- c) A statement showing computation of individual taxable income and tax returns for the last three years.
- d) Copy of the Pension Certificate in case of retired applicants.

- e) A copy of the rent/lease agreement with supporting bank statements and /or Income Tax return, if any additional income is accruing.
- f) Copy of the Registered Sale Deed/Lease Deed/Allotment Letter/Share Certificate of the Co-operative Society, Agreement for sale as executed on applicable stamp paper.
- g) Copy of the House plan, approved by the Local Competent Authority.
- h) Detailed cost estimate for proposed construction prepared by a Civil Engineer/Registered Architect (In case of Construction/ Extension/ Improvement) or a letter from the society, in case the house is of a co-operative society.
- i) Bank account statement indicating transactions for the last six months.
- j) Age proof and Proof of residence.

The average time span for sanction of loan under HUDCO Niwas, after completion of all formalities is 2-3 working days. Further, in case of rejection, cases are to be sent to the Corporate Office giving justification for rejecting the case and only after concurrence of the Corporate Office, the borrower is informed of the rejection of their application/case.

2.14 As seen from the website of HUDCO, the statistics for the last 4 years about their performance under 'HUDCO Niwas' is given as follows :

(Residential dwelling units)

2012-13	4924
2013-14	144
2014-15	105
2015-16	86

2.15 When asked by the Committee about difficulties faced by individuals for getting HUDCO Niwas loan, the Company submitted that HUDCO ensures Statutory & Legal compliances, along with creditworthiness of the borrower and if the same found in order, the loan is sanctioned within 2-3 working days. Accordingly, the perception that HUDCO does not sanction loans, so easily to individuals is not correct. Further, the perception of HUDCO not sanctioning loans to individuals might be there in past because HUDCO Niwas loans were discontinued in September 2010 to June 2011. Also, HUDCO Niwas loans are considered only in Municipal Areas where HUDCO Niwas Offices are located, which at present are limited to 21 State Capitals/UTs.

2.16 The Committee were further informed that HUDCO Niwas has a total portfolio of ₹619.53 crore in which individual Housing Loans are to the tune of ₹140.79 crore and Bulk Loans ₹478.74 crore (as on 31-Mar-2016). Also loan outstanding as on 31.03.2016 is

32,464.86 crore. Therefore share of HUDCO Niwas lending (including bulk loans) is only 1.9% with respect to agency lending.

(ii) EWS/LIG Housing

2.17 Under the rural housing, financial assistance is available to any State Government agency such as housing board, rural housing board, district boards, panchayat, taluka development board etc. which is nominated by the State Government for undertaking such schemes with HUDCO's financial assistance.

The following types of schemes are being financed by HUDCO in rural areas:-

1. EWS rural housing schemes for the landless.
2. EWS rural housing schemes for the land owning category Village abadi scheme including repairs.

2.18 The Company has been consistently supporting housing for the weaker sections. The number of housing units sanctioned by HUDCO for the EWS and LIG category households, during the last six years are as under :-

Sl. No.	Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1.	No. of Units (sanctioned)	276319.00	407206.00	425295.00	1411962.00	472765.00	457123.00
2.	Quantum of amount sanction (₹ in Cr.)	2149.16	2284.10	2952.43	6267.00	3977.22	17249.81
3.	Quantum of amount released (₹ in Cr.)	339.00	1096.00	930.88	2109.79	2663.64	2519.00

The Committee were informed that towards helping the Economically Weaker Section (EWS) and Lower Income category (LIG) households, HUDCO extends a number of felicitatory provisions for projects received for this group. The details are as follows:

"1. Wavier of non-refundable Application Fee for EWS & LIG category housing projects: HUDCO levies an application fee of minimum of ₹10,000/-, plus service tax, and maximum of ₹5.00 lakh, with rounding off to next slab of

₹10,000/-, plus service tax for all projects except EWS/Action Plan Projects from Govt./Public Sector. Thus in respect of EWS & LIG housing projects no application fee is charged by HUDCO.

2. Wavier of non-refundable Front-End-Fee for EWS & LIG Category housing projects: HUDCO levies an non-refundable Front-End-Fee subject to maximum of ₹100 lakh, plus service tax, for all projects (except EWS/LIG/Action Plan Projects from Govt./Public Sector).

3. Lower Interest rate for EWS & LIG Category housing projects: The current Interest Rate for MIG/HIG category is 10.15% (fixed). In respect of EWS, the interest rates range from 8.65% to 8.90% (fixed) depending on the nature of EWS group. In respect of LIG, the interest rate is 9.15% (fixed). Thus, a lower rate of interest is levied for EWS and LIG Category projects.

4. Longer duration for repayment in respect of EWS Housing projects: Longer duration of up to 20 years is offered for repayment for EWS housing projects, though normally HUDCO provides loans up to 15 years as repayments period for other projects."

2.19 Though housing projects have a long gestation period, which may be a reason for delay in release of funds, the Committee had noted a very large gap between sanctioned and released funds till 2013-14. When asked to explain the reasons the Company stated as follows:-

"The Governments/public agencies while submitting applications indicate certain basic requirements such as guarantee etc to be made available after granting approval by HUDCO. Accordingly, HUDCO offers conditional sanction, detailing out the essential requirements that should be completed before releases are made (pre-disbursal condition). Often, agencies take considerable time to comply with the sanction conditions/pre-disbursal conditions such as provision of State Government approval for taking up the project, provision of security such as Government guarantee/mortgage of the assets as security, etc. This results in a higher quantum of sanctions accorded accumulating, pending for releases."

The reply further mentioned that, HUDCO loans are released for projects after completing certain requirements such as documentation of schemes which involves providing the security requirements for the borrowing and signing of the loan agreement, etc. Subsequent installments are released based on assessment of adequate physical and financial progress based on site inspections. Thus, the delays in taking up of schemes are often linked to non-completion of documentation process initially. Further, the reasons may also include land related issues, legal impediments etc. Thus, the reason varies with each project where it has not been taken up or progress has not been faster. In respect of projects which have not been taken up, HUDCO continues to pursue them for a specified period of time and finally close the projects. In respect of schemes which have been taken up and not progressing because of various implementation issues, based on interaction with agency, the schemes are curtailed."

2.20 When enquired whether any steps/initiatives had been taken by the administrative Ministry of HUDCO, i.e. the Ministry of Housing and Urban Poverty Alleviation so as to bridge the gap between the sanctioned amount and the amount actually released during each year, the Company in a written note furnished the following :-

"The MoHUPA reviews the performance of HUDCO on quarterly basis in relation to various annual targets outlined in the tripartite MoU signed by HUDCO, MOHUPA and the DPE. These detailed reviews include status of sanctions and releases and also various bottlenecks in achieving the assigned targets. Various advises/suggestions are provided by the Ministry during the comprehensive quarterly reviews for improving the specific areas."

2.21 On a query as to whether the Ministry was satisfied with HUDCO's performance on achievement of targets in the last few years, particularly in 2010-11, the Company stated as under:-

"HUDCO has been making sincere efforts in terms of the performance in relation to the annual MoU targets for various parameters. Its performance has been assessed as 'Excellent' by DPE since 2011-12 onwards consistently till 2015-16. In respect of year 2010-11, HUDCO achieved 'very Good' level of performance which is also an appreciable level of performance. However, it's continued 'Excellent' level of performance then on, gives an indication of its determined efforts on continuing basis. In terms of the performance in respect of number of units to be sanctioned as per annual MoU targets Company achieved the targets in all the last five years. The details of target in terms of number of units to be sanctioned for affordable housing including EWS and LIG are indicated below:

Year	Number of Units to be sanctioned for affordable housing including EWS and LIG	
	Annual Target (DUs)	Actual Achievement (DUs)
2011-12	320000	407206
2012-13	384000	425295
2013-14	404000	1411962
2014-15	423000	472765
2015-16	450000	457123

2.22 It was observed from the above data that the number of housing units sanctioned for EWS and LIG categories by HUDCO during 2014-2015 is 472765 which is almost 1/3rd of the year 2013-2014 i.e. 1411962 units and thus, the Committee enquired about the reasons therefor. In their reply, the Company submitted the following:-

“HUDCO sanctions are demand based. During the year 2013-14, HUDCO received few major schemes from State Governments and their agencies for EWS and LIG category housing schemes. The major schemes are indicated below:

State	Scheme Name	Loan amount (Rs in Crore)	No. of Units
Karnataka	Rural Housing Scheme by Rajiv Gandhi Rural Housing Corporation Ltd	1541.80	5,42,088
Andhra Pradesh	Andhra Pradesh State Housing Corporation Ltd	1500.00	3,12,500
Haryana	Haryana Rural Development Authority	650.00	1,60,000
Rajasthan	Various Zilla Parishads (multiple schemes from 36 Zilla Parishads)	1592.27	2,45,914
Tamil Nadu	Tamil Nadu Rural Housing & Infrastructure Development Corporation Ltd	746.10	1,22,816

Thus, the year 2013-14 has been a special year and this has been the reason for sanction of larger quantum of number of units during the year 2013-14. However, during the year 2014-15, the number of units sanctioned (4.72 lakh) has been more than the annual target for the year (4.23 lakh units). The actual status for last 5 years in terms of targets as well as achievement would also indicate the trend and specially highlight the unique year of 2013-14."

2.23 The Committee were informed that HUDCO has been extending substantial emphasis on housing for weaker sections, particularly in rural areas as out of the total 162,44,447 units sanctioned by HUDCO till January 2016, a total of 102,06,978 units (62.83%) are meant for rural areas. The Committee enquired about the criterion to decide EWS/LIG while sanctioning loans to different agencies. Further query related to whether HUDCO has any mechanism in place to check if the project has actually been delivered to the intended beneficiaries for whom the loan was sanctioned by them, in their reply, HUDCO stated that it categorizes EWS and LIG beneficiaries based on annual household income criteria. Currently, the approved income norms for EWS and LIG are EWS (annual income upto ₹ 3 lakh) and LIG (annual income ₹ 300,001 - upto ₹ 6 lakh). Sanctions are stated to be accorded based on availability of beneficiary list with the implementing agency. Selection and delivery to the beneficiaries is done by the implementing agency/ULB.

2.24 From the material provided by the Ministry of Housing and Urban Poverty Alleviation to the Committee, it was observed that the States like Sikkim, Puducherry and Gujarat

have completed the target in EWS/LIG category whereas States like Goa, Bihar, Maharashtra and Manipur are far behind. The Committee desired to know the reasons for non-completion of the projects in these States and whether the matter had been pursued with the defaulter State Governments. The Company were also asked to provide details of the measures, if any, so far taken to address issues falling within the ambit of the Ministry of HUPA. In their reply, the Company again submitted the following:

“HUDCO loans are released for projects after completing lending requirements such as documentation of schemes which involves providing the security requirements for the borrowing and signing of the loan agreement, etc. Subsequent installments are released based on assessment of adequate physical and financial progress based on site inspections. Thus, the delay in taking up of schemes is often linked to non-completion of documentation process initially. Further, the reasons may also include land related issues, legal impediments etc. Thus, the reason varies with each scheme where it has not been taken up or progress has not been faster. In respect of schemes which have not been taken up, HUDCO continues to pursue them for a specified period of time and finally close the projects. In respect of schemes which have been taken up and not progressing because of various implementation issues, based on interaction with agency, the schemes are curtailed. Thus, HUDCO is always in touch with its borrowing institutions for availing further loans to the sanctioned projects.”

(iii) Refinancing to Zila Parishads (Urban/Local Bodies) by HUDCO

2.25 With regard to giving housing loan to Zila Parishads in the State of Rajasthan, NHB stated as under :

"We do not do it directly. We only refinance and HUDCO has done it with the Government of Rajasthan"

2.26 Thereafter when the Committee enquired from HUDCO on providing housing finance to Zila Parishads or Gram Panchayats, HUDCO, in a written note submitted as below :-

"HUDCO offers loan assistance to all Local Bodies in both urban and rural areas. In HUDCO's case, such loans are taken for rural areas primarily through agencies such as rural Housing Corporations, Rural Housing Development Boards, etc, and also through Zila Parishads for all rural areas of the entire district"

2.27 The Committee were informed that HUDCO has entered into an agreement with various Zila Parishads in the State of Rajasthan to provide loans for construction of

dwelling units to the BPL/WES category under the Chief Minister's Rural BPL Housing Programme. HUDCO has sanctioned a total loan of ₹ 3949 crore to 31 Zila Parishads and disbursed a total of ₹ 3173.86 crore. The Scheme proposes to provide 2.80 lakh dwelling units at cost of ₹ 71,250/- per unit in rural areas with assistance of ₹ 50,000/- from the Government of Rajasthan (GOR) and the balance as sweat equity from the beneficiaries. The scheme is targeted towards the identified individual beneficiaries provided by the State Government.

2.28 The Committee were also informed by NHB that the repayment of loan to HUDCO is secured by way of Government Guarantee as the beneficiaries are getting the money in the form of a grant from the Government of Rajasthan. The repayment of HUDCO is on a quarterly basis. HUDCO further informed as under :-

"HUDCO has its own prescribed standard format of Government Guarantee Deed and obtains the same from the State Governments in that format only. HUDCO has received State Govt. Guarantees in its prescribed format only except in one case where Govt. of Uttar Pradesh has issued a State Govt. Guarantee with some changes in the HUDCO's standard format in respect of HUDCO loan to Uttar Pradesh Rural Housing Board (UPRHB) and the main change is in respect of issue of levy of compound interest and penal interest. HUDCO has taken up the issue with the Government of UP and the issue is likely to be resolved soon. In case the dues of State Government agency/urban local body which is backed by Government Guarantee are more than 90 days (i.e. overdues for more than 90 days), the agency is categorized as NPA as per NHB directions."

B. OCCUPANCY OF THE HOUSES

2.29 During the briefing of the Committee by the Ministry of Housing and Urban Poverty Alleviation on the subject, the Secretary HUPA, with regard to the problem of unoccupancy of the house constructed with the loan provided by HUDCO under JNNURM, BSUP & IHSDP as below :-

"..... the target was about 13 lakhs, completed units are about 10.88 lakhs. As far as occupancy is concerned, 25 per cent of these houses still remain unoccupied. The major States which have this problem of unoccupancy are Uttar Pradesh, Bihar, Delhi and Madhya Pradesh. We are taking it up seriously with the States."

2.30 In a subsequent query related to details with regard to unoccupancy of the houses, HUDCO in a written note inter alia responded as under:-

"..... there are large number of unoccupied houses in the States of UP, Delhi, Bihar and Madhya Pradesh. MoHUPA is regularly holding review meetings and also deliberating the matter in the CSMC/CSC meetings regarding the occupancy rate of the completed houses. It has been urging the State Governments to give top priority in identification of the beneficiaries for allotment and occupation of the dwelling units. The status of allotment and occupation lies with the respective State Governments. HUDCO, as a CPSE in lending business, provides loan assistance to the State Governments and the funds are released based on the progress of the projects. The details relating to beneficiaries' occupancy of the houses will be available only with the State Governments."

2.31 When asked regarding the plan of the Company to ensure that unoccupied houses are occupied by intended beneficiaries, the following was submitted :-

"The vacant houses referred relates to JNNURM, BSUP & IHSDP, which are implemented under the JNNURM by State Governments and HUDCO's role is limited to providing loan assistance only to those schemes for which loan has been sought for meeting the State/ULB share."

2.32 The Committee were further apprised as under :-

"HUDCO, as a CPSE in lending business, provides loan assistance to the State Governments and the funds are released based on the progress of the projects. The details relating to beneficiaries' occupancy of the houses will be available only with the State Governments as it is within the realm of State Governments and also land and buildings is under State subject as per VIIth Schedule of our Constitution. HUDCO provides loan assistance to State Governments and their agencies after the projects are formulated comprehensively with the required infrastructure, beneficiary identification and the allotment of houses are done by the implementing agencies who borrow loan from HUDCO."

Rent-to-Own Scheme

2.33 The Company has recently launched 'Rent-to-Own' Scheme. When asked about details of the scheme, the Company stated as follows:

"one of the sections of society which finds it very difficult to own a house in the career span is salaried public government sector employees, especially at the lower rung. Towards improving access to housing for this section of the society, HUDCO introduced 'Rent-to-Own' Scheme on 25th April, 2013 on the occasion of Annual Day. It is a 'rental-cum-ownership' scheme which facilitates an agency to initially avail loan from HUDCO on behalf of its identified employees for the scheme and allot the houses to its employees initially on rental basis. The employee would become the 'owner' of the house as and when the full cost of the house is paid to the agency and would improve satisfaction level of its employees."

Many States such as Uttar Pradesh, Madhya Pradesh, Maharashtra and West Bengal have expressed considerable interest in the concept and had detailed discussions with HUDCO for availing loans for their employees such as police personnel, employees of transport corporations, etc. HUDCO is providing with all the details required by the States."

Financing of Senior Citizen Homes

2.34 HUDCO has initiated two new projects namely "Financing of senior citizen homes" and giving "loans to State/Urban local bodies for housing". In a written note the Committee have been apprised as under:-

"The purpose of the present scheme is to facilitate Urban Local Bodies and other public agencies to promote comprehensive and integrated senior citizens homes which would be elderly friendly in design and fully equipped to handle the special needs of senior citizens in content and coverage, such as medical and recreational facilities. All public sector Institutions/Organizations who are eligible to borrow funds from HUDCO shall be eligible to avail financial loan assistance under the scheme from HUDCO. The scheme is open to all Urban Local Bodies (ULBs), Urban Development Authorities, Housing Boards or any other Government Corporation or Agency willing to promote senior citizen homes. HUDCO has offered loan assistance at Lower Income Group (LIG) housing rate of interest for these schemes.

C. HUDCO: FINANCING OF URBAN INFRASTRUCTURE SCHEMES

2.35 The Committee were informed that HUDCO finance the following urban infrastructure schemes :-

<u>UTILITY INFRASTRUCTURE</u>	
Water Supply	Unserviced Area, Rehabilitation Project, Augmentation of Existing Supply/Quality
Low Cost Sanitation	Conversion of Dry Latrines, Construction of Latrines, Community Toilets
Sewerage and Drainage	New schemes, augmentation and Rehabilitation Projects
Solid Waste	Collection & Conveyance, Management Treatment & Disposal, Energy Recovery

HUDCO: URBAN INFRASTRUCTURE SCHEMES	
Ecologically Appropriate Infrastructure	Recycling of Waste Water, bio-gas etc. Development Projects of City Forests/ Water Bodies
Transportation	Roads, Bridges, Transport Terminals, Ports & Airports
Integrated Area Dev. Schemes	Development of New Towns, Urban Extension Growth Centre etc.

Social Infrastructure	School/Colleges, Health Centres, Hospitals, Parks, Playgrounds, Stadia etc.
Economic/Commercial Infrastructure	Shopping Centres, Market Complex, Office Buildings, Technology Parks, SEZ, Energy sector etc.

HUDCO Operational Highlights: Urban Infrastructure (UI)

MoU Parameters	2011-12		2012-13		2013-14		2014-15		2015-16	
	MoU trgt.	Achvt.	MoU trgt.	Achvt.	MoU trgt.	Achvt.	MoU trgt.	Achvt.	MoU trgt.	Achvt.
UI Sanctions (₹ in Cr)	14007	14204 (101%)	14964	16337 (109%)	9900	7848 (79%)	10304	13424 (130%)	10478	11984 (114.37%)
UI Disbursement (₹ in Cr)	4202	4987 (119%)	4275	4692 (110%)	4357	4596 (105%)	4672	4898 (105%)	7774	8250 (106.12%)

HUDCO: URBAN INFRASTRUCTURE FINANCING

Type of Scheme	No. of Projects	Loan Amount (₹ in crore)
Utility Infrastructure	727	30,713
Social Infrastructure	419	4,937
Transport Infrastructure	507	26,670
Economic & Commercial Infrastructure	416	32,282
Total	2,069	94,602

2.36 According to the information furnished to the Committee other than Housing, urban areas in the Country are in dire need of clean water supply, low cost sanitation, sewerage, drainages and solid waste management etc. In this regard the performance of HUDCO to address these issues was submitted as follows:-

"The category-wise performance (Water supply, sewerage drainage, solid waste management and social infrastructure) of priority/core infrastructure sector is

submitted for the period from 2010-11 to 2015-16:-

							(₹ in crore)
S. No.	Sector	No. of projects	Project Cost	Loan Sanctioned	Loan Release	% release	No. of completed projects
a)	Water Supply	89	2119225	1061806.1	673515.3	63	13
b)	Sewerage	32	689460.3	358561.21	65794	18	3
c)	Drainage	9	126955.2	47973.32	37476.8	78	3
d)	SWM	1	12900	1400	1400	100	1
e)	Social Infrastructure	150	532533.2	163983.25	51272.19	31	125
Total		281	3481073	1633723.9	829458.3	51	145

From the above data it was observed that number of completed projects are very less in comparison to those for which funds were released by HUDCO.

2.37 When asked about the reasons for completion of only 13 projects of Water Supply when 63% of the loan was released for the purpose, the Company stated :

"the Water Supply Projects are generally large in size requiring huge capital investment and more time for implementation. Also HUDCO releases the loan in installment over a period of time and till operational stage is achieved, project is shown under implementation, so although 63% loan is released only 13 projects have been shown as completed projects. The 63% release as shown also includes the release for under implementation projects of water supply."

2.38 The Company in this context further stated as follows :

"Since the period of project implementation is generally 3 to 4 years so releases are being done in installments, hence there is always a gap between loan sanctioned and released. In view of above reason there appears to be a huge gap between amount of loan sanctioned and amount of loan released."

2.39 When asked about the role of HUDCO on Basic services for Urban Poor (BSUP) and integrated Housing and Slum Development Programme (IHSDP) under JNNURM, the Company stated as under :-

"HUDCO provides loan assistance to State Governments and ULBs/Agencies for meeting their share of funds to be contributed for implementation of BSUP and IHSDP housing projects.

In respect of Basic Services for Urban Poor (BSUP), till March 2016,

HUDCO has sanctioned 38 projects with a total loan amount of ₹ 2998 crore covering 5,45,635 housing units.

Similarly, under the Integrated Housing and Slum Development Programme (IHSDP) under JNNURM, till March 2016, HUDCO has sanctioned 23 projects with a total loan amount of ₹ 282 crore covering 52,386 housing units."

II. FINANCIAL PERFORMANCE OF HUDCO

2.40 The Committee were informed that Company has achieved capital base of ₹ 2500 crore and earning profits after tax since 2011-12 till 2015-16. During the evidence, CMD, HUDCO stated as follows:-

"Initially though it started with ₹ 2 crore equity base, as of now we have authorised capital of ₹ 2500 crore and an equity paid up capital of ₹ 2001.90 crore. We have equity of three Ministries – Ministry of Housing and Urban Poverty Alleviation 70 per cent; Ministry of Urban Development 10 per cent; and Ministry of Rural Development 20 per cent. We have a net worth of ₹ 8317.25 crore and at present the borrowings stand at 25608.96 crore and the number of projects sanctioned so far, in its journey of 46 years, is 17011 and the loans sanctioned so far is ₹ 1,61, 871 crore and the loans released has crossed ₹ One lakh crore, as of now it is ₹ 1,09,438 crore. We have funded infrastructure to the tune of ₹ 61,703 crore with a total number of schemes of 2149 and our operations extended to 1900 towns and thousands of villages."

A. RESOURCES AND CAPITAL STRUCTURE

(₹ in Crore)

		Rs in Crores	
A.	CAPITAL BASE (AUTHORISED)	2500	
	Equity (Paid-up)	2001.90	
	Ministry of Housing & Urban Poverty Alleviation	1385.10	
	Ministry of Urban Development	201.80	
	Ministry of Rural Development	415.00	
	Reserves	6315.35	
	NET WORTH (Tangible)	8317.25	
B.	BORROWINGS	25608.96	
	(Taxable/ Tax-free Bonds, Loans from NHB, Banking Sector, International Borrowings, Public Deposits etc.)		
	TOTAL	33926.21	

Financial Highlights (2011-16)

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Gross Income	2778.63	2923.24	2993.85	3427.77	3302.20
Profit After Tax	630.33	700.56	726.34	777.63	783.79
Share holders' fund	5988.89	6513.96	7123.33	7781.17	8445.81
Share Capital - Equity	2001.90	2001.90	2001.90	2001.90	2001.90
Reserves & Surplus	3986.99	4512.06	5121.43	5779.27	6443.91
Borrowings	18822.47	18867.43	21304.75	23467.65	25608.96
Loans Outstanding	23783.05	25936.52	29341.82	32464.86	35394.94
Earning per share (Rs)* (Face value of ₹ 10/- per share)	3.15	3.50	3.63	3.88	3.92
Gross Operation Margin	1109.28	1298.43	1243.32	1571.17	1297.44
Sales Turnover/Net Block	38.36	40.34	43.25	44.81	44.13
PAT per Employment (₹ in Lakh)	65.05	73.90	79.29	87.18	90.82

* The face value of equity shares of Company has been sub-divided from ₹ 1000/- to ₹ 10/- in the Extraordinary General Meeting held on 28th March, 2016.

B. ASSETS AND LIABILITIES

2.41 As on 31.03.2016, HUDCO's Liabilities include the Borrowings of various maturities which had been raised through a mix of long term and short term loans / lines of credit, Loans against Fixed Deposits, Cash Credit / Overdraft facilities, Commercial paper, public deposits, bonds / debentures (including Tax-Free bonds, NHB's refinance assistance, External Commercial Borrowings and borrowings from multilateral institutions. As on March 31, 2016 HUDCO had total outstanding borrowing of ₹ 25,608.95 crore, of which ₹ 19,945.16 crore or 77.89 % was secured and ₹ 5,663.79 crore or 22.11 % was unsecured. The details of outstanding borrowings as on 31.03.2016 are as under:

Sl. No.	Particulars	Amount (₹ in crore)
1	Loan from Financial Institutions (Refinance Assistance from NHB)	2350.37
2	BONDS	
	Taxable Bonds	2045.70
	Tax-free Bonds	17388.47
3	Loan From Banks	
(a)	Term Loan from Bank of India	69.82

(b)	Working Capital Facilities	
	-Cash Credit/Overdraft Facility	173.50
	-Commercial Paper	1300.00
	-Loan Against FDR	90.00
4	Public Deposits	1655.68
5	Foreign Currency	535.41
	Total	25608.95

2.42 In reply to the Committee's query asking whether at the given rate, the Company would be able to repay the borrowings in the given repayment schedule, HUDCO submitted as below:-

"HUDCO is adequately positioned to timely meet its debt obligations, in view of the following:

- 1) HUDCO's net profit over last 5 year (i.e. from the year ended March 31, 2011 to the year ended March 31, 2016) has increased at a CAGR (Compounded Annual Growth Rate) of around 7.30%. Continuing with the trend, HUDCO's internal resources generated through its profits is expected to meet the debt obligations arising in the year of redemption on account of the above referred borrowings.
- 2) The Loans and advances extended by HUDCO stood at ₹ 35,664.94 crore as on 31st March, 2016, which has increased at a CAGR of around 9.65% over last 5 years. The principal recoveries on account of loans extended are expected to be around ₹ 3,100 crore during FY 2016-17. Continuing with the existing trend and the fact that the loans extended over next 10 years is expected to grow, the annual principal recoveries shall also be available to meet the debt obligations falling due for redemption in the respective year.
- 3) HUDCO's borrowings as on 31.03.2016 stood at ₹ 25,608.95 crore, which is 3.08 times of its Net owned Fund. In view of HUDCO being adequately leveraged as on date, there is an ample cushion available for additional external borrowings, as and when need arises to take care of its operational requirements including debt servicing. Accordingly, keeping in view the above, HUDCO is adequately geared to timely meet the debt obligations.
- 4) As per Section 71 of the Companies Act, 2013, read with Rule 18 made under Chapter IV of the Companies Act, 2013, any Company that intends to issue debentures must create a DRR equivalent to at-least 25% of the amount raised through public issue of debentures for the purpose of redemption of debentures, out of the profits of the Company available for payment of dividend. Accordingly, DRR to the extent of ₹ 1677.71 crore has been created as on 31.03.2016 in respect of debentures aggregating to ₹ 17,388.47 crore

raised through Public Issue(s) over the years. The amounts credited to the DRR shall not be utilized by our Company for any purpose other than for the redemption of the Bonds."

2.43 The Company were further asked by the Committee whether these borrowings impact their Company's financial performance in any way. In their reply, the Company submitted the following:-

"Housing & Urban Development Corporation Limited (HUDCO) is a development financial institution wholly owned by Government of India. Its mandate is to provide financial and technical assistance to housing and urban infrastructure sectors with a significant focus on weaker section housing, core/utility infrastructure and disaster management/rehabilitation. In order to strengthen HUDCO's efforts in assisting various social housing and core infrastructure projects requiring long term finance at competitive terms, it is important that HUDCO is supported with instruments through which its requirement of low cost funds could be met. It is essential to strengthen the financial base of HUDCO as the concessions previously available to it (viz. Income Tax Exemption, exemption from payment of dividend, equity support from Govt. of India etc.) have all been withdrawn and HUDCO presently meets its fund requirement from open market, banks and Financial Institutions at market determined rates. As such, owing to HUDCO's lending for social housing sector where the lending rates are below its 'reference rate' and 'borrowing cost', its gross incremental spread vis-à-vis the incremental cost of borrowing has been declining. All this, if not supported with low cost funds of longer tenure, would affect HUDCO's sustainability considerably over the years. Withdrawal of the above referred exemptions has strained HUDCO's spread and squeezed its capabilities to serve its social mandate. HUDCO has now to carry out all its operations including its contribution for social housing and core infrastructure projects through market borrowings by way of issue of bonds, raising term loans from the commercial banks on market driven interest rates, etc. In respect of lending operations, HUDCO has to compete with other financial institutions including commercial banks (who are able to raise funds cheaper due to the float available in current/saving bank accounts etc.). HUDCO is unable to offer competitive interest rates in the market even to State Governments and their agencies for their social projects. HUDCO is also required to supplement the efforts of the Government of India for implementation of Government Action Plan Programmes, such as, JNNURM, VAMBAY, Low Cost Sanitation etc. and is expected to provide long term finance for these programmes at concessional interest rates."

2.44 The Committee were further informed as under :

"effectively pursuing its social mandate, HUDCO has substantially enhanced its business in the area of Social Housing over the years. Disbursement to social housing sector has increased over the years from around ₹ 200 crore in FY 2009-10 to around ₹ 2,158 crore in FY 2015-16. Further, during FY 2015-16, HUDCO has sanctioned loan amount of ₹ 17,250 crore for various social housing projects, thereby committing financial assistance for construction of 4.57 lakh

dwelling units. All this was possible, primarily because of the budgetary allocation of Tax-free bonds of ₹ 5,000 crore during FY 2015-16, which enabled HUDCO to mobilize cost effective long term funds for onward deployment in social sectors. While HUDCO was expecting continuance of budgetary support in the form of tax-free bonds during the current year as well, however, the same has now been discontinued."

2.45 HUDCO further added :-

"In the past HUDCO was permitted to issue Capital Gain bonds under the then prevalent section 54EA and 54EB of the Income tax Act vide notification dated 19.12.1996 issued by Central Board of Direct Taxes, Department of Revenue, Ministry of Finance (copies of the said notifications are attached), however, pursuant to introduction of section 54 EC of the Income tax Act w.e.f. 1st April, 2001, the said facility was discontinued for HUDCO.

Presently, section 54 EC of the Income tax Act provides that the capital gain arising from transfer of long term capital asset (viz. residential properties) shall be exempt, if the amount of such gain is invested in capital gain bonds issued by Rural Electrification Corporation (REC) and National Highway Authority of India (NHAI) within 6 months from the date of transfer of such capital assets. Pursuant to notification under the above referred section of the Income tax Act, both NHAI and REC continue to raise substantial long term funds at subsidized interest rates, every year, which was substantially lower than interest rates prevailing in the market for any other debt instruments. "

2.46 The Committee enquired about obtaining loan by HUDCO in foreign currency by the Company, its sources and the terms and conditions on which such loans have been obtained. In a written note, the Company submitted the following:-

i. Loans in foreign currency

The following is a brief summary of the outstanding foreign currency loans of ₹ 535.41 crore obtained by the Company as on March 31, 2016:

Name of the lender	Facility granted and loan documentation	Facility	Amount outstanding, as on March 31, 2016	Rate of interest (% p.a.)	Repayment schedule
The Overseas Economic Cooperation Fund, Japan (now called Japan Bank of International Cooperation)	Long term facility via loan agreement dated January 25, 1996	JPY 8670 million	JPY 2985.160 million (₹ 175.21 crore)	2.10% p.a. (fixed) semiannually	On January 20 and July 20 of each year. Due for repayment by January 20, 2023

Asian Development Bank*	Long term loan facility via loan agreement dated November 6, 1997	USD 100 million	USD 46.5483 million (₹ 255.35 crore)	Six month USD LIBOR plus 0.40 % p.a. payable semiannually	Repayable in unequal instalment on December 15th and June 15th of every year since 2002 to 2022. Due for repayment by June 15, 2022
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ii. Loan from US capital markets

Below is a brief summary of the loan obtained by HUDCO from US capital markets by the Company wherein Riggs Bank acted as the paying and transfer agency and which is guaranteed by U.S. Agency for International Development (USAID) and counter guaranteed by Canara bank, as on 31st March, 2016:

	Facility (USD million)	Amount outstanding, as on March 31, 2016	Rate of interest (% p.a.)	Repayment schedule
Loans from US Capital Market				
Paying and transfer agency agreement dated September 15, 2000 between HUDCO and the Riggs Bank N.A. and consented to by USAID	20	USD 14.50 million (₹ 75.42 crore)	6 month LIBOR for USD + 0.035%	Repayable in 40 equal consecutive semiannual instalments commenced on March 15, 2011 and ending on September 15, 2030
Paying and transfer agency agreement dated September 24, 1999 between HUDCO and the Riggs Bank N.A. and consented to by USAID	10	USD 6.75 million (₹ 29.43 crore)	6 month LIBOR for USD + 0.18%	Repayable in 40 equal consecutive semiannual instalments commenced on March 24, 2010 and ending on September 24, 2029

2.47 During the evidence, the Committee desired to know the details about HUDCO's return on Capital and Company's ratio of net-worth to borrowings as on 31st March 2016. To this, the Company submitted following information :-

Comparative Working results of Financial Year 2014-15 and 2015-16 :-

(₹ In Crore)

S. No.	Particulars	2014-15	2015-16
1	Total Debt to Equity Ratio (Total Borrowings/NW)	3.02	3.03
2	Debt Equity Ratio (Long Term Borrowings/NW)	2.65	2.85
3	Return on Capital Employed (PAT/CE)%	2.50	2.31
4	Return on Net Worth(PAT/NW)%	9.99	9.28
5	Net Profit to Total Revenue (PAT/TR)%	22.69	23.70

2.48 When the Committee enquired if HUDCO has undertaken any cost-cutting measures in terms of lending/borrowing so as to improve its bottom line, the Company, in their detail reply, submitted the following:

"Cost cutting measures in terms of borrowings by HUDCO during FY 2015-16 are :

1. HUDCO vide CBDT notification dated 6th July, 2015, had been permitted to issue/raise secured, redeemable and non-convertible tax-free bonds to the extent of ₹ 5,000 crore during the year 2015-16, pursuant to which HUDCO had mobilized an amount of ₹ 5,000 crore (₹ 1500 through private placement issue of tax-free bonds and ₹ 3,500 crore through public issue of Tax-free bonds). The weighted average cost of tax-free bonds of ₹ 5,000 crore for tenure of 10-15 years was 7.48% (approx.) Constant improvement in operational performance over the years, resulted in the rating agencies' (i.e. India Ratings, CARE and ICRA) assigning the highest possible rating of 'AAA' to HUDCO on standalone basis during the financial year 2015-16, which led to reduction in borrowing cost of Tax-free bonds by 10 bps.
2. During the financial year 2015-16, with an objective to take advantage of short term interest rates, whenever feasible, HUDCO had mobilized ₹ 5,250.00 crore through issue of Commercial Paper at weighted average interest rate of 8.04% (approx.), thereby reducing the overall cost.
3. With an objective to reduce overall cost of borrowings, HUDCO exercised call option available with it in respect of 8.92% Taxable Bonds on 02.11.2015 having an outstanding of ₹ 500 crore.

4. With an objective to reduce the cost of raising resources through HUDCO's public deposit scheme, the interest rates were reviewed on periodic basis through-out the year. For instance, the interest rate for a 12 month deposit, which was 9.15% as on 01.04.2015, was gradually reduced to 8.15% as on 31.03.2016."

2.49 When asked about the efforts/plans by the Company to climb up the value chain so as to improve its margins and profitability, the Committee was informed as below:

"HUDCO in its quest to climb up the value chain has its long term plan to start preparing DPR as part of its consultancy services to Government, Parastatal State agencies which would add to its value and also contribute its margin and profitability."

C. NATIONAL HOUSING BANK AND HUDCO

2.50 National Housing Bank (NHB) has a strong role to play in HUDCO's business. In terms of the National Housing Bank Act, 1987, major functions of NHB include promotion & development, regulation & supervision and financing for the sound and healthy development of housing finance system in the Country.

Regulatory Role on HUDCO

2.51 HUDCO is registered with NHB and guidelines of NHB apply on it. In this regard NHB, in a brief note, submitted the following:

"Housing and Urban Development Corporation Ltd. (HUDCO) was set up as a Government of India Company in 1970 (i.e. before the establishment of NHB) under the Companies Act. One of the main objects clauses of its Memorandum of Association is "to provide long term finance for construction of residential purposes or finance or undertake housing and urban development programmes in the Country.

HUDCO was granted Certificate of Registration (CoR) No. 01.0016.01 dated 31-07-2001 with permission to accept public deposits. HUDCO is one of the HFCs accepting public deposits. The Company falls under the purview of regulatory ambit of NHB provisions under Chapter V of the National Housing Bank Act, 1987 and is required to comply with the provisions laid down under the said Act, Directions/Guidelines/Circulars/Codes etc. issued thereunder by the NHB from time to time.

NHB has, from time to time, granted certain relaxations to HUDCO in consultation with Government of India and Reserve Bank of India, in view of its mandate to perform other functions such as infrastructure financing. However, relaxations sought by HUDCO on NPA norms and relaxations to Government Agencies (under individual borrower exposure) other than housing and housing related activities were declined by NHB."

2.52 During the oral evidence of NHB the Committee were informed that in total portfolio, HUDCO finance 29 percent in housing and 71 percent in non-housing. While as per NHB norms, they will allow only Companies which would put 75 percent of their capital of business in housing. When asked about this, NHB official during the evidence stated as below :-

"When NHB was set up, at that time there were hardly one or two housing finance companies. Considering that, NHB is not only to regulate but also promote the housing finance institutions in the country, both financing as well as regulatory role was conferred on NHB.

The regulatory role started along with the financing role and we decided that we will allow only companies which would put 75 per cent of their capital of business in housing because NBFCs were already there and they were doing things other than housing. So, we wanted only those companies to come in the housing sector which follow this norm of 75 per cent. Today we have 71 companies which are registered with us and we are financing around 25 companies which comply with this norm.

As per this norm, a company becomes eligible for obtaining loan from NHB, when in the existing business it has 75 per cent deployed in the housing. The company should be predominantly working in the housing arena. That is the intention. It is not that our loan should be 75 per cent.

Coming to HUDCO, traditionally they were already in existence and their portfolio is not only in housing but in other sectors also. The Government mandate to them is not only to housing but also for urban infrastructure. Therefore, we have seen to it that they should also remain in housing. Today their 29 per cent is in housing as against their capital invested itself which, as you mentioned, is 36 per cent. So, we view it that they are in a way fulfilling the mandate of providing housing and we cannot impose on them that they bring 75 per cent of their capital employed in the housing sector alone. Considering that, we continued to give funds to their housing projects."

2.53 They further added that :-

HUDCO through its Corporate Plan 2020 furnished to NHB, has assured to gradually increase the proportion of its housing finance business to 50% by 2019-2020. As submitted to the Committee, HUDCO's housing loans to total loans increased by 5% i.e. from 24% as on 31-03-2013 to 29% as on 31-03-2015 and 36.48% in 2015-16.

(i) Issue of Non Performing Assets (NPA)

2.54 In regard to details on the position of NPA (Non Performing Assets) of HUDCO under housing and other areas as on 31.3.2016 is as under:

(a) Housing Finance business

(₹ In crore)

Asset Classification Category	Principal Outstanding	Provision required
Standard	11314.09	54.58
Sub Standard	67.64	10.14
Doubtful Assets	288.39	264.82
Loss Assets	25.61	25.61
Total	11695.73	355.15

(b) Non Housing Finance business

(₹ In crore)

Asset Classification Category	Principal Outstanding	Provision required
Standard	21698.41	94.22
Sub Standard	691.29	103.69
Doubtful Assets	1305.74	1158.02
Loss Assets	3.77	3.77
Total	23699.21	1359.70
Grand total	35394.94	1714.85

2.55 From the above data the Committee observed that NPA of the Company in non housing finance business is ₹ 23699.21 crore which is much higher than housing finance business i.e. 11695 crore.

2.56 During the evidence CMD, HUDCO stated before the Committee as under:-

"NPA of HUDCO which was 6.25% as on 31st March, 2015, now it is 6.68% which is latest. HUDCO is struggling hard to reduce Company's NPA. NHB is the regulator and their regulatory norms are very rigid compared to RBI. HUDCO, being a housing finance Company, is registered with National Housing Bank (NHB) since 2000. Certificate of Registration was issued by NHB to HUDCO on 30.03.2000. Accordingly, NHB has been acting as regulator of HUDCO."

2.57 During the evidence, the Committee desired to know the reasons which can be attributed to this high amount of NPAs as well as the sectors for which the Company have given loans which resulted into such high amount in NPA, the following was furnished by the Company :-

"HUDCO has done most of the power projects in consortium with other Financial Institutions (FI)/ Banks. The main reason for NPA in the private sector power projects is because of delay in commissioning of the project due to cost and time overrun, delay in Environmental clearance, delay in coal block allocation, power purchase agreement, Fuel Supply agreement, intervention of the Court etc.

Due to cost overrun in the private sector power projects, restructuring of the projects has been done. FIs like PFC, REC and Banks are allowed to give multiple restructuring prior to commercial operation date (CoD) by their regulator Reserve Bank of India (RBI) while keeping the asset as standard. In case of HUDCO, only one restructuring is allowed prior to CoD by our regulator National Housing Bank (NHB) while keeping the asset as standard. Subsequent restructuring of the project makes the asset as NPA. This is one of the major reasons of many private sector power projects sanctioned by HUDCO going into NPA. NHB has been requested to allow special dispensation to HUDCO in line with RBI, which they have not yet agreed to.

In view of mounting defaults in the private sector power projects, HUDCO stopped funding private sector projects since December 2011. Efforts are going on to get special dispensation from NHB to treat private sector power projects at par with other FIs / Bank in line with RBI."

2.58 On a query relating to financing of power sector, which is not the mandate of the Company, CMD HUDCO, during the oral evidence submitted as below :-

"..... power sector is definitely not our domain area, however, I would like to share with you that we have funded in the past. I am talking about the legacy. We have not funded any power sector, at least, after I have joined. I wanted to tell you we have lent it as a part of the consortium lending along with power finance corporation and along with REC. We have never lent any power project as a lead lender. Our domain area is housing and urban infrastructure, however, power has also become an integral part of the infrastructure. Without power, how, any house can be completed."

2.59 The CMD, HUDCO during the course of oral evidence further stated as under:

"My sister organization is Power Finance Corporation. Their net profit is ₹ 5,959 crore; my net profit is ₹ 737 crore. We also do the cross-subsidy. Sometimes because our job is to make profit we seek some new areas. We had lent it to the power sector hoping that power reforms and the Electricity Act will give us leverage."

2.60 On a query as to whether HUDCO need permission to divert their loan to different power projects other than housing, the officials from NHB submitted as below:-

"On refinance, we do it only what they had given to housing. HUDCO has other sources from where they raise their own funds to channel it to infrastructure or road projects, or whatever it is. Once they give it to housing, come and submit the data, only then we do refinance".

2.61 According to the information furnished by NHB, HUDCO has not complied with the regulatory requirement whereby no housing finance institution, which is a Company, can commence or carry on the business of a housing finance institution without obtaining a

certificate of registration from NHB. When asked about Company's comments on the aforesaid observation of NHB, the Company submitted that:

"HUDCO, being a housing finance Company, is registered with National Housing Bank (NHB) since 2000. Certificate of Registration was issued by NHB to HUDCO on 30.03.2000. Accordingly, NHB has been acting as regulator of HUDCO. HUDCO has been complying with the directions/ guidelines issued by NHB from time to time. Further, HUDCO has complied with the provisions of National Housing Bank's credit concentration norms in respect of loans to Private Sector Agencies. However, in case of loans to Governments/Government Agencies, the said norms have been relaxed by NHB and the same is complied with except investment in equity shares of another HFC i.e. Ind Bank Housing Limited which is 25% of the equity capital of the investee Company against the prescribed limit of not exceeding 15%, which was invested around 20 years back. The same has been disclosed in the Explanatory Notes of Annual Accounts."

2.62 During the oral evidence of the NHB (National Housing Bank) before the Committee, it was stated that relaxation sought by HUDCO on NPA (Non Performing Assets) norms other than housing and housing related activities were declined by NHB. The Committee were further informed that HUDCO has once again approached NHB with the request (vide their letter dated January 19, 2016) to consider in regard to NHB NPA prudential norms, facilities granted to Government sector entities be considered loan-wise and a period of 180 days may be considered for Government/Government agencies to be accounted as NPA.

2.63 NHB further informed to the Committee that they had sought the views of the MoHUPA, on the request received from HUDCO, MoHUPA have vide the letter dated 25.02.2016, recommended to accede to the requests in relaxation in credit concentration (exposure) norms and prudential NPA norms for Government/Public Agencies. The matter is under examination at NHB.

2.64 In this connection, the Comptroller and Auditor General of India, in his Report No. 15 of 2016 (Vol. I), Chapter X on Ministry of HUPA had commented on the fund management and financing activities of HUDCO. The Report stated that HUDCO suffered from heavy concentration on bank loans and lower credit rating due to higher NPA. The Audit also noticed deficiencies in appraisal mechanism, system of disbursement, monitoring of finance projects etc. leading to NPA of HUDCO, which increased from

₹1227.60 crore in 2010-11 to ₹2029.33 crore in 2014-15 and ranged between 5.46 and 6.76 per cent, during the same period.

(ii) Joint Ventures of HUDCO

The details of joint venture companies of HUDCO are as below :-

S.No.	Name of the Joint Venture Company	Amount Invested (₹ in crore)	% of HUDCO's investment in the equity capital of Joint Venture Company
1	Shrishti Urban Infrastructure Development Ltd.	2.00	40%
2	Signa Infrastructure India Ltd.	0.013	26%
3	MCM Infrastructure Pvt. Ltd.	0.26	26%
4	Pragati Social Infrastructure and Development Ltd.	0.13	26%
	TOTAL	2.403	

2.65 The Committee have been informed that after conferment of Miniratna-I status, HUDCO established four joint venture companies during 2005-06 namely Pragati Social Infrastructure Development Limited (PSIDL), Shrishti Urban Infrastructure Development Limited (SUIDL), MCM Infrastructure Pvt. Ltd, (MCM) and SIGNA Infrastructure India Ltd. (SIIL). When asked about whether these Companies are successful and earning profits, the Company in a written note submitted as below :-

"Out of the four Joint Venture Companies, two companies namely Shrishti Urban Infrastructure Development Ltd. (SUIDL) and Signa Infrastructure India Ltd. (SIIL) had been consistently making profit i.e. upto the years 2014-15 and 2013-14 respectively. These companies had also been paying dividends to HUDCO regularly till they were in profits. Total dividend paid by Shrishti Urban Infrastructure Development Ltd. (SUIDL) is ₹ 3.32 lakh and Signa Infrastructure India Ltd. (SIIL) is ₹ 2.08 lakh. Shrishti Urban Infrastructure Development Ltd. (SUIDL) went into losses from the year 2015-16 onwards as the company has not been able to recover its dues for the consultancy assignments undertaken for different agencies. Signa Infrastructure India Ltd. (SIIL) went into losses as they are not able to generate further works".

2.66 They further added that the other joint venture companies i.e. Pragati Social Infrastructure and Development Ltd. (PSIDL) and MCM Infrastructure Pvt. Ltd. (MCM)

were in losses from beginning mainly for not being able to get the desired works/projects which were envisaged at the time of their formation.

2.67 On a query regarding work done so far by these Companies and to what extent these are beneficial to the HUDCO the Company furnished the following :-

"Shrishti Urban Infrastructure Development Ltd. (SUIDL) has been undertaking mainly consultancy works for different State Governments and Signa Infrastructure India Ltd. (SIIL) has been providing sub-contracting services to its parent Company. They have given dividend to HUDCO from the profit earned. The other 2 companies i.e. Pragati Social Infrastructure Development Ltd. (PSIDL) and MCM Infrastructure Pvt. Ltd. (MCMI) have not done any significant work and their contribution to HUDCO is NIL. Accordingly, HUDCO has decided to exit from all the JV companies based on their unsatisfactory performance and the process to exit from these companies has already started".

2.68 Regarding loss incurred by HUDCO, it was informed that the loss can be determined only when HUDCO exits from these Joint Venture Companies, which would depend upon the valuation at which HUDCO would get its money back. These Joint Venture Companies have not financed any projects. However, they have undertaken consultancy assignments/project implementation etc. Since the process of exiting from the Joint Venture Companies has already started, it is expected that HUDCO may be able to exit from two Joint Venture Companies i.e. MCM Infrastructure Pvt. Ltd. and Signa Infrastructure India Ltd. (SIIL) within the current financial year. However, regarding other two Joint Venture Companies i.e. Pragati Social Infrastructure and Development Ltd. (PSIDL) and Shrishti Urban Infrastructure Development Ltd. (SUIDL), the exit may take more time because of some litigations involved.

CHAPTER-III

HUMAN RESOURCES MANAGEMENT

I. MANPOWER

3.1 The sanctioned and actual strength of the Company in the executive and non executive category was furnished as under:

Category	Sanctioned Strength	Actual Strength
Executive	596+20*	566
Non Executive	274+10*	309
Total	870+30*	875

*30 Positions of Vijaywada Regional Office (Category-A) have been approved by the HUDCO Board meeting held on 28th August, 2014, presently under approval from Ministry of HUPA.

3.2 When asked about the reasons for the delay in approving the sanction of 20 Executive and 10 Non-Executive posts in HUDCO, the Company stated that :-

"Keeping in view the business needs, HUDCO created an additional Regional Office at Vijayawada in 2014 which was inaugurated on 4th January, 2015. Simultaneously, additional manpower requirement of 30 employees was also approved by the HUDCO Board. As per the requirement, the post at E-8 level included in the total strength of 30 employees, was to be approved by the Ministry and the same is being pursued vigorously."

3.3 When the Company were asked about the discrepancies in the sanctioned strength and manpower in position in both Executive and Non-executive levels and the corrective action taken in this regard, the Committee were informed that the sanctioned strength for both the Executive and Non-executive categories got approved from the Board during the restructuring exercise carried out in the year 2010 wherein the overall sanctioned strength including that of the Non-Executives has been reduced. Due to this, the actual deployment of Non-Executives was more viz-a-viz the revised sanctioned strength. This excess deployment of the non-executives was to be neutralized over a period of time due to the promotions of the Non Executives into the Executive category and also the retirements taking place in the Non-Executive category. Further, in HUDCO there has been a ban on recruitment of Non-Executives from the year 2006 onwards.

3.4 It was also observed from the background note submitted to the Committee that there had been no major recruitment at entry level since 1999. The Committee desired to know the reasons for this stagnancy. In their written reply, the Company stated that :-

"HUDCO managed its activities with a minimum level of manpower by carrying out recruitment only in selective disciplines on irreducible minimum level of need. This recruitment was made till 2007 without resorting to a major recruitment process. Thereafter, while on one hand, the manpower was being rationalized as per E&Y Study, business was managed with existing staff, with the help of contractual manpower, wherever feasible.

It may be further mentioned that rationalization has already been carried out by way of restructuring in the year 2010 bringing down the manpower strength at 900 and the proposed recruitment of 79 Trainee Officers is very much within the sanctioned strength."

3.5 The Committee were informed that recruitment of 79 Trainee Officers was under process. Regarding the status of these recruitments the Company, in a written note, submitted that the approval for recruitment of 79 Trainee Officers has been obtained from Ministry of HUPA vide their letter dated 3rd May, 2016. HUDCO had notified/advertised for engaging of an agency for carrying out the Computer Based Test (CBT) on pan India basis for different disciplines on their behalf. Proposals have been received from the agencies and the award of work to the lowest bidder is likely to take place by end of June, 2016. Therefore, the entire process of selection including the interview part is likely to be concluded by the year end.

3.6 During the evidence, regarding the said recruitment, the Secretary, Ministry of Housing and Urban Poverty Alleviation informed :-

"The other question which has come up is regarding the vacancies in HUDCO. This issue was raised that there is a large number of vacancies. The Department of Public Enterprises is the nodal body on this. We have already recommended to them the recruitment of 79 officials. Once DPE gives us a go ahead, this will be done."

3.7 On a query regarding involvement of Department of Public Enterprises in the matter, even when HUDCO does not come under the Department of Heavy Industries which is the nodal Ministry for DPE. When asked about this, the Secretary, Ministry of Housing and Urban Poverty Alleviation, during the evidence, replied as below :

"The system is that Department of Public Enterprises, which is an umbrella organisation, an apex organisation for all the CPSEs, have to give us in-principle approval to proceed with this recruitment. That is the system."

3.8 The Secretary, DPE, during evidence stated :-

"DPE were necessary at a time when public sector was getting structure and there were no headhunting firms at all in the private sector. Today there is a surfeit of headhunting management consultants who work quickly, spread the canvas all over the world and get proper expertise but we still continue with these old and archaic institutions. In the last one year we would have seen in every sector that there are thousands of vacancies pending for years and years. I do not know why we should continue with this system. Today there are good headhunting management consultants and they can give you much better stuff".

3.9 The Committee have been informed that a study for restructuring of the organization was undertaken by M/s Ernst & Young further, an in-house exercise to relook at the job requirement and rightsizing of manpower was undertaken after consulting the top Management and discussion with the Ministry and other functionaries/stakeholders within the organization. HUDCO implemented the recommendation of E&Y study in terms of creation of Strategic Business Units, creation of separate Business Verticals and Revision of Organogram to support the business model.

3.10 The Committee further desired to know whether any steps were taken to have the right size of manpower in the light of this study. In this regard, the Company informed that based on the analysis of manpower study, the requirement of HUDCO, as a whole, was set at 900 from the earlier 1400 positions.

3.11 In response to a query from the Committee, the details of contract labour engaged by the Company in last five years was given as below :-

Supply of Tea/Coffee

Year	Name of the contractor	No. of workers deployed
2011-12	M/s Rishub Enterprises	06
2012-13	M/s Rishub Enterprises	06
2013-14	M/s Rishub Enterprises	06
2014-15	M/s Ansh Marketing	07
2015-16	M/s Ansh Marketing	07
2015-16	M/s Vending Solution	07

Security Services

Year	Name of the contractor	No. of workers deployed
2011-12	Suraksha Kavach Security Services	12
2012-13	Suraksha Kavach Security Services	12
2013-14	M/s Buddies Security & Manpower Solutions	12
2014-15	M/s Buddies Security & Manpower Solutions	12
2015-16	M/s Buddies Security & Manpower Solutions	15

3.12 When asked about the expenditure incurred on engagement of contract labour in the last five years, the Company submitted that the total expenditure incurred on engagement of contract labour in last five years is ₹ 2.84 Crore . The details furnished are given below :-

Year	Name of the contractor	Expenditure per year (in ₹)
2011-12	M/s Rishub Enterprises	1787844
2012-13	M/s Rishub Enterprises	1854273
2013-14	M/s Rishub Enterprises	1403940
2014-15	M/s Ansh Marketing	2743875
2015-16	M/s Ansh Marketing	2402065
(Feb to March 2016)	M/s Vending Solution	528542

Year	Name of the contractor	No. of workers deployed
2011-12	Suraksha Kavach Security Services	2881888
2012-13	Suraksha Kavach Security Services	2966054
2013-14	M/s Buddies Security & Manpower Solutions	5539123
2014-15	M/s Buddies Security & Manpower Solutions	5442008
2015-16 (up to 30.09.2015)	M/s Buddies Security & Manpower Solutions	2287111
2015-16 (October to March)	M/s Buddies Security & Manpower Solutions	3101141

II. BOARD OF DIRECTORS

3.13 Regarding the strength of the Government Directors on the Board of HUDCO, and the meetings held and attended by Directors during last three years, the Committee were informed that :-

"As per Article 39 of the Articles of Association of the Company total number of sanctioned posts of Directors is 15. As per clause 3.1.3 of the DPE Guidelines on Corporate Governance, 'The number of Govt. Nominee Directors appointed by Government/other CPSEs shall be restricted to a maximum of two'. The strength of Government Directors on Board is two only. Information regarding the number of meetings of the Board and number of Directors present, for the financial year(s) 2013-14, 2014-15 and 2015-16 are given below:

2013-14

Sl. No.	Date of Meeting(s)	Place	No. of Director(s) Present
1.	23.04.2013	New Delhi	5
2.	07.06.2013	New Delhi	6
3.	28.06.2013	New Delhi	6
4.	31.07.2013	New Delhi	6
5.	23.08.2013	New Delhi	5
6.	12.09.2013	New Delhi	7
7.	10.10.2013	New Delhi	7
8.	28.10.2013	New Delhi	6
9.	20.11.2013	New Delhi	6
10.	19.12.2013	New Delhi	5
11.	15.01.2014	New Delhi	8
12.	29.01.2014	New Delhi	5
13.	19.02.2014	New Delhi	6
14.	26.03.2014	New Delhi	5

2014-15

Sl. No.	Date of Meeting(s)	Place	No. of Director(s) Present
1.	30.04.2014	New Delhi	6
2.	18.06.2014	New Delhi	6
3.	30.07.2014	New Delhi	7
4.	28.08.2014	New Delhi	6
5.	25.09.2014	New Delhi	4
6.	11.11.2014	New Delhi	6
7.	01.12.2014	New Delhi	3
8.	22.12.2014	New Delhi	6
9.	18.02.2015	New Delhi	6
10.	26.02.2015	New Delhi	4
11.	17.03.2015	New Delhi	5
12.	23.03.2015	New Delhi	5
13.	26.03.2015	New Delhi	3

2015-16

Sl. No.	Date of Meeting(s)	Place	No. of Director(s) Present
1.	08.04.2015	New Delhi	3
2.	13.04.2015	New Delhi	5
3.	08.05.2015	New Delhi	3
4.	04.06.2015	New Delhi	6
5.	29.06.2015	New Delhi	3
6.	20.07.2015	New Delhi	4
7.	28.07.2015	New Delhi	5
8.	09.09.2015	New Delhi	4
9.	17.09.2015	New Delhi	6
10.	28.09.2015	New Delhi	5
11.	26.10.2015	New Delhi	5
12.	09.11.2015	New Delhi	5
13.	04.12.2015	New Delhi	3
14.	11.12.2015	New Delhi	3
15.	06.01.2016	New Delhi	5
16.	09.02.2016	New Delhi	5
17.	29.02.2016	New Delhi	5
18.	07.03.2016	New Delhi	5
19.	18.03.2016	New Delhi	3
20.	28.03.2016	New Delhi	4
21.	30.03.2016	New Delhi	4
22.	31.03.2016	New Delhi	3

3.14 During the evidence, Secretary, MoHUPA, further elaborated as below :-

"There was another issue on independent Directors, again for this, our channel is to go through the Department of Public Enterprises. We have gone a number of times, we issued many reminders, five reminders have been issued in the last few months. We are waiting for the decision to come for appointment of independent Director. As far as the Administrative Ministry is concerned, we have informed DPE as early as in 2013, 2014 and 2015. I myself have written DO letters to the DPE Secretary enclosing all the previous correspondence".

3.15 In response to a question since when have each of the posts of Independent Directors been lying vacant, the Company submitted following data :-

S. No.	Name of Director	Date of Cessation
1.	Prof. Sukhadeo Thorat	09.10.2015
2.	Shri Virender Ganda	06.02.2015
3.	Prof.Dinesh Mehta	15.01.2015
4.	Shri Nasser Munjee	04.08.2013
5.	Dr. R.B. Burman	30.07.2012

3.16 During the evidence, the Committee asked the Company to clarify the total sanctioned strength of Independent Directors in the Board of HUDCO and the actual strength as on date, the Company officials in a note stated as below :-

"As on 31st March, 2016, the Board of HUDCO comprises of a Chairman & Managing Director, two functional director(s), two Government nominee director(s). There is no Independent Director on the Board. Accordingly, the Company is short of 5 Director(s) as per DPE guidelines and 3 as per Companies Act, 2013.

However, HUDCO vide order dated 17th June, 2016, received appointment of three part-time non-officials Directors on its Board."

3.17 Regarding the contribution of Government/non-official Directors in the Board meetings held during last three years, in a written note, the Company submitted as under:-

"In HUDCO's all-round growth, Part-time Official Director(s) of HUDCO substantially contribute/have contributed by way of their guidance, support, constructive suggestions with their rich & varied experience in all Board meetings. Meetings to review the performance of HUDCO are held every quarter. In these quarterly meetings, HUDCO's performance in relation to various annual performance parameters as contained in the annual tripartite MoU agreement between HUDCO, MoHUPA and DPE is reviewed. In these meetings suggestions are given to HUDCO for improving the performance on parameters wherever required and the methods for the same are also discussed in detail."

3.18 As per Annual Report of HUDCO (2014-15) the composition of the Audit Committee is not in line with the Companies Act, 2013 and DPE guidelines as per Companies Act /DPE Guidelines as most of Directors in Audit Committee shall be Independent Directors and shall be headed by Independent Director. HUDCO does not have Independent Director on its Board. The power to appoint directors on the Board of HUDCO vests with the President of India through Administrative Ministry, MoHUPA, in which HUDCO has no role. MoHUPA has already been requested for appointment of Independent Directors on the Board of HUDCO and the same is now partially completed.

III. EMPLOYEES : PARTICIPATION, PAY SCALES AND GRIEVANCE REDRESSAL

3.19 Regarding the extent of employees participation in management of HUDCO and efforts to augment workers' participation in management, the Committee were informed as follows :

"since the time HR has become a partner in the Company MoU targets, there is a focused target on employee participation and employee engagement through various HR initiatives. These include holding HR Meets for the four zones of

HUDCO, organizing workshops on Performance Management System (PMS) to settle the queries of the employees and ensure their participation by seeking suggestions for systematic improvement simultaneously. HUDCO has a track record of good industrial relations environment because of its effective HR policies. There is no strike, absenteeism, lockout during the reference period. The workforce of HUDCO is geared to put in extra hours of work for achieving the targets required for sustained growth of the organization. There had also been an Employee Satisfaction Survey conducted in the past. In addition to this, there had also been dedicated employee development and participatory programmes like Work life Balance and Team Building."

3.20 HUDCO is a Schedule 'A' Public Sector Company, and the Schedule 'A' Public Sector Company, as per the DPE guidelines, has got particular scales of pay to be made applicable to its employees and officers. During the examination of HUDCO, the Committee came across a report indicating that most of HUDCO's junior employees were not being given pay-scales in consistence with Schedule 'A' Company and it is only implemented from CMD to GM. Downwards, Company is giving them a lower scale. The Committee felt that it is inappropriate of a Public Sector Company. When asked about this discrepancy to the Company, during the evidence, the CMD stated as below :-

"As far as Schedule 'A' pay scales are concerned. It is only implemented for the Board level functionaries. It is not meant for below Board level functionaries. Sir, we have four Schedules 'A', 'B', 'C' and 'D' but the employee scales are one and the same. Sir, ₹80,000 for Schedule 'A' ₹75,000 for Schedule 'B' and ₹65,000 for Schedule 'C'. We have to follow the Government guidelines."

3.21 Further, the CMD, HUDCO, stated as below :-

".....when the Second Pay Commission came into affect, the administrative ministry sat with the management of PSU and they have arrived to merging of the scales. So, it was already done in 2007-08. I do not know how it was done. Scale six, as you rightly said, has not been implemented in HUDCO."

3.22 He added as under:-

"it is coming for all these years. Now the new circulars have been issued by DPE as a corrective measure. Some of the PSUs have definitely given them more than what HUDCO has given. But when DPE as a Government Department comes into and issues a circular on 24th December, 2012, our hands are tied. Now the employees are asking for it. So, we are unable to do it because they take the certificate from CMD. Not less than CMD; the Chief Executive has to sign that. I have complied with all the DPE guidelines".

3.23 The Committee have been informed that DPE guideline and memorandum was issued in this regard and nobody has the authority to alter the set of scales given by them

without their concurrence. The Committee could not fathom as to why discrimination exists between E5 to E7 and below E5 level in the Company and why the same benefit is not extended to all officers uniformly.

3.24 On this, CMD, HUDCO, again elaborated as below :-

"Whatever the aberration that had taken place, we are correcting it. We are now going to introduce E6 also. Up to the First Pay Commission, the PSUs were actually having liberty of having different many scales. The companies are having intermediary scales between the already prescribed scales of DPE. After 1.1.2007, the entire thing was put on a proper platform. After 1.1.2007, which actually came in 2008, subsequently in 2009, in 2012, DPE has been regularly coming up with advisories. It says that you put things in proper platform. The moment the issue of grading, giving this benefit to the employees started, we started with the first mandate of saying that we will start with E6. That was the first thing which the management told. Today, you believe me, in March 2016, the entire thing got resolved. Our Ministry is a nodal Ministry which has now given the clearance to start clearly with E6 and also, But the broader canvas is that be within the DPE guidelines. Management is quite considerate. We are sensitive to the entire issue."

3.25 The Committee have been apprised that the Grievance Redressal mechanism is in place in HUDCO as per DPE Guidelines with the following structure:

- a) Departmental Level ;
- b) Regional Level; and
- c) Corporate Level.

The constitution of the Committee is as under:

- I. Department / Regional Level :headed by Head of Department or the Regional Head, at the level of General Managers and Executive Directors and Sr. Executive Directors.
- II. At Corporate Level : Headed by Senior Executive Director and Executive Directors

3.26 The Committee have been informed that the employee grievances are, in the first instance, tried to be resolved in person on a personal hearing. However, if the grievance is not addressed satisfactorily, the aggrieved employee can submit his grievance in writing and which would be examined within 15 days by the Grievance Redressal Committee. The recommendations of the Grievance Redressal Committee will be conveyed within one month to the Competent Authority and his decision would be final. Copy of the Office Memorandum dated 1st June, 2012 regarding Employee's Grievance Redressal Mechanism is enclosed at Annex.-IV.

3.27 As per the information furnished in the Committee, HUDCO has implemented the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in letter and spirit and constituted an internal complaints committee. Further, sexual harassment has also been included in the HUDCO Conduct, Discipline and Appeal Rules as misconduct. HUDCO has also been nominating its employees for training on gender sensitive issues.

3.28 According to the information furnished to the Committee, HUDCO conducted an in-house survey which indicated that 77% of its employees are satisfied with HUDCO. When asked about the major concerns of remaining 23% employees, which were not satisfied, the Company submitted that out of total strength, 79% employees responded to the Survey, however, no response was received from 21% employees. Accordingly out of 79% employees, 77% employees were satisfied and 2% were dissatisfied. The broad reasons for the dissatisfaction in those 2% employees were related to promotion, need for training, enhancement in loan limits, clarity in KRA issues and Non payment of PRP due to Bell curve etc.

CHAPTER-IV
CORPORATE SOCIAL RESPONSIBILITY

4.1 In a detailed note submitted to the Committee, HUDCO elaborated its CSR Policy and major achievements in respect of various CSR Schemes/Projects. The Committee have been informed that the Company has constituted 'Corporate Social Responsibility Committee' of the Board in compliance with the provisions of Section 135 of the Companies Act, 2013. The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating therein the activities to be undertaken by the Company, which has been duly approved by the Board.

4.2 The main objective of the HUDCO CSR Policy is to operate in economically, socially and environmentally sustainable manner in consultation with its stakeholders so as to ensure upliftment of the marginalized and under-privileged sections of the society to promote inclusive socio-economic growth, empowerment of communities, capacity building, environment protection, promotion of green & energy efficient technologies, development of backward regions by specially focusing on the projects relating to habitat sector & benefit of the poor. In accordance with the objective & vision, the CSR & Sustainability activities of HUDCO has the following thrust areas in line with Schedule VII of the Companies Act, 2013:

- i. Support/taking up projects related to provision of basic amenities viz. sanitation through provision of toilets/community/pay & use toilets etc., provision of drinking water and Night Shelter for shelter-less etc.
- ii. Support to the projects for slum redevelopment, including environmental improvement in low income habitats, sanitation/infrastructure, etc.
- iii. Support to the projects of setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizen and other measures for providing basic necessities such as food, clothing, shelter, health and livelihood etc. to the poor and vulnerable sections of the Society viz. SC/ST/Minorities etc.
- iv. Supporting training/capacity building programmes of skill and livelihood development and supporting projects of livelihood development including setting up of kiosks, skill training centres, vendors markets etc. for the benefit of poor.

- v. Supporting proposals of promoting education including special education to differently abled through provision of class rooms, multi- purpose halls, setting up of toilets in the schools, anganwadi centres and other projects for promotion of education.
- vi. Supporting projects for the differently abled through provision of Disability aids/appliances and toolkits etc. as means of livelihood and supporting provision of facilities/utilities for health care, ambulances.
- vii. Support to the projects of Sustainability viz. water, waste or energy management, promotion of renewable sources of energy etc.
- viii. Supporting projects for the preservation and restoration of heritage sites/buildings of historical importance for enhancement of culture including training /capacity building towards promotion and development of traditional arts and handicrafts and for provision of basic amenities/facilities at Monuments/World Heritage Sites/heritage sites/pilgrimage sites.
- ix. Support to the proposals of Rural development projects such as setting up community centres, community toilets, drinking water supply, lighting, anganwadi, primary health centres and promotion of education through setting up of class rooms etc.

4.3 The Committee have been informed that in accordance with the provisions of the Companies Act, 2013, a CSR Committee of Board, chaired by CMD alongwith Independent and nominee Government Directors has been constituted for the CSR Activities.

4.4 Further, during the year 2015-16, HUDCO has extended support for the projects of Night Shelters for the shelterless in urban areas, sanitation projects, skill training and maintenance of public spaces/facilities etc. in various States/cities. In addition to this, disbursement of CSR assistance was also extended for the proposals sanctioned in the earlier years in line with the guidelines issued by Department of Public Enterprises for CPSEs on CSR & Sustainability.

4.5 Budget provision for CSR and the expenditure incurred against it during the last five years i.e. from 2011-12 to 2015-16 was furnished as below :

Year	Budgetary Provision for CSR activities for the year (in crores)	Unspent balance of previous years (to be brought forward) (in crores)	Cumulative Budgetary Provision for CSR activities (Including unspent balance brought forward)	Expenditure on CSR activities		Percentage utilization of budgetary provision for CSR
				Assistance sanctioned during the year	Assistance disbursed during the year *	Percentage = Col. 6 / Col.4 x 100
1	2	3	4	5	6	7
2011-12	11.00	10.36	21.36	11.58	1.49	6.97%
2012-13	9.45	19.87	29.32	16.84	10.18	34.72%
2013-14	10.51	19.14	29.65	15.33	12.50	42.16%
2014-15	20.64	17.15	37.79	12.84	11.62	30.75%
2015-16	22.24	26.17	48.41	11.86	7.86	16.24%

* Disbursement of CSR assistance made in stages depending on the physical/financial progress of the proposals and disbursed figures includes the disbursements made for the proposals sanctioned in the earlier years.

Percentage utilization of budgetary provision for CSR has been calculated after taking into account the budgetary provision for the particular year and the unspent balance of previous years brought forward in that year and the total assistance disbursed in that year.

4.6 Budget provision for CSR under various heads and the expenditure incurred against it for the period from 2010-11 to 2014-15 was furnished as below :

(in lakh)

Type of Projects	2010-11		2011-12		2012-13		2013-14		2014-15	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Night shelter/shelter facility	-	-	13	536.31	4	179.03	6	283.87	28	1022.14
Community toilets/Toilets in schools	1-	46.92	6	202.73	4	165.97	3	124.26	1	71.38
Skill upgradation centre	-	-	2	107.03	3	121.00	2	140.00	0	0.00
Disaster rehabilitation	1	500.00	-	-	1	100.00	3	52.55	1	50.00
City resources centre	1	910.50	1	303.50	.	-			0	0.00
Solid waste management	-	-	-	-	2	117.36	1	66.00	0	0.00
Skill training	-	-	-	-	2	267.12	4	201.58	3	57.60
Sustainable dev.*							6	138.98	0	0.00
Construction of class rooms							4	159.53	2	82.65
Miscellaneous**	-	-	1	8.00	9	695.37	7	320.77	0	0.00
Non project based activity	-	-	-	-	2	37.85	3	45.55	0	0.00
Total	3	1457.42	23	1157.57	27	1683.70	39	1533.09	35	1283.77

*Sustainable Development projects includes proposals of Solar Lighting, Rain Water Harvesting etc.

**Miscellaneous projects includes projects of Foot Over Bridge, Purchase of Ambulances and Cesspool Cleaners, Construction of Building Centres & Cobbler Shed and Distribution of Tool kits & Disability Aids to PWD etc.

4.7 The Committee further desired to be apprised of the efforts made by HUDCO for slum upgradation in urban areas or any special initiative taken to promote this objective under CSR activities. The Company responded that as per the approved CSR Policy, support to the projects for slum redevelopment including environmental improvement in low income habitats, sanitation/infrastructure etc. was one of the thrust areas of the CSR Policy. However, they stated that so far, no proposal was received for ULBs etc. On the other hand, for a number of proposals of Construction of Night Shelters in various cities/states, CSR assistance had been sanctioned/released.

4.8 HUDCO had provided assistance under CSR for disaster rehabilitation projects as under :-

CSR PROPOSALS SANCTIONED IN 2013-14

						(₹ in lakh)
Sl. No.	State/ District	Name of project/Agency	Project cost	Sanctioned Amt.	Released amount (As on 31.3.2016)	Status
1	Himachal Pradesh	Assistance under CSR to Chief Minister Disaster Relief Fund, Himachal Pradesh for Flood affected areas of HP.	15.00	15.00	15.00	Entire amount has been already contributed to CM Disaster Relief Fund, Himachal Pradesh.
2	Odisha	Assistance under CSR to Chief Minister Relief Fund, Odisha for Cyclone Storm "Phailin" affected areas of Odisha	12.55	12.55	12.55	Completed
	Total			27.55	27.55	

Note : The release amount includes the releases made during the financial year 2013-14 and in subsequent financial years depending upon the physical/financial progress of proposals.

CSR PROPOSALS SANCTIONED IN 2010-11

(₹ in lakh)

Sl. No.	State/ District	Name of project/ Agency	Project cost	Sanctioned Amt.	Released amount (As on 31.3.2016)	Status
1	Jammu & Kashmir (Leh)	Rehabilitation Project at Leh* by Hindustan Prefab Ltd.	500.00	500.00	498.76	Completed
Total				500.00	498.76	

(*) additional CSR assistance of ₹ 303.50 lac sanctioned in year 2011-12

Note : The release amount includes the releases made during the financial year 2010-11 and in subsequent financial years depending upon the physical/financial progress of proposals.

4.9 Regarding the contribution made by HUDCO in the area of facilitating sustainable urban development and eco friendly projects, in their written reply, the Company submitted that :-

"HUDCO has contributed significantly towards improving the habitat conditions and facilitating sustainable urban development and eco-friendly projects by instituting HUDCO Design Awards in 5 categories in which leading designers, architects, engineers, environmentalist and Planners participate.

1. Cost effective rural/ urban housing including disaster resistant housing
2. New and innovative town design solutions/ eco-cities
3. Green buildings
4. Conservation of heritage
5. Landscape planning and design

The HUDCO design award was instituted in 2012, so as to encourage professionals (architects/ engineers/ urban planners/ allied professionals) to be more creative and provide out of the box solutions. The use of creative designs provided by the professionals would be used for improving the living environment and habitat conditions of the cities. The selected best practices are documented for show casing and possibility of replications. This also sensitizes the decision makers regarding the utility and applicability of the innovative design solutions. HUDCO also organizes Best Practice Award to promote innovative initiatives undertaken by urban local bodies.

HUDCO through its consultancy services has undertaken a number of projects in the areas of cost effective housing, environmental improvement, development plans, post disaster rehabilitation, landscape and conservation, environmental impact assessment, usages of green building materials etc. Some of the key areas of work include Cost Effective and Ecologically appropriate alternative building materials and technologies, commercial and institutional building

designs, cost effective housing designs, demonstration housing projects, Development Plans, Master Plans and CDPs for new/existing towns, State Urban Development Strategy, preparation of river front development plans and Urban Design studies etc. R&D study was got done by HSMI on Green Buildings initiatives for affordable housing in collaboration with institution of national repute for publication."

4.10 As regards the efforts made by HUDCO in promotion of green and energy efficient technologies, HUDCO was stated to be propagating the potential of Green Buildings and realizing the value of Energy Efficiency by stressing upon the use of good design and proper landscaping. It was informed that Green and Energy efficient building materials and technologies were being used in the ongoing specific projects of HUDCO :

1. Construction of Office Building for Archaeological Survey of India (ASI) at 24, Tilak Marg, New Delhi
2. Development of HUDCO's plot at A2, Sector 62, NOIDA
3. Development of HUDCO's Plot at Ahmedabad

4.11 Regarding the environmental improvement of slums which is one of the most important mandate of HUDCO, the Committee were informed that :-

"HUDCO has approved a number of housing and slum rehabilitation projects, in which it has demonstrated Low-rise high density cluster planning concept for various State Govt. agencies. HUDCO has prepared DPRs for various projects under BSUP and IHSDP schemes under JNNURM. HUDCO has also contributed by way of providing consultancy services for preparation of Slum Free City Plans for various cities etc.

Under its Integrated Housing and Slum Improvement Programme (IHSDP) under JNNURM till March, 2016, HUDCO has sanctioned 23 projects with a total loan amount of Rs 280 crore covering 52,386 housing units."

4.12 In reply to a query, whether any survey/study was undertaken to assess if CSR activities undertaken by the HUDCO have brought an impact on the targeted beneficiaries, the Company furnished the following :-

"During the financial year 2014-15, HUDCO through its research and training institute, HSMI, has taken up a study on "Night Shelters for shelter-less population in urban areas" which has also covered the aspect of operational status of a few night shelters funded under HUDCO CSR activities. Based on the recommendations of the study, during the year 2014-15, HUDCO has also organized two capacity building programmes for the shelter operating agencies at Kolkata and Hyderabad through its research and training institute, HSMI. Further, in respect of other proposals, though no survey/study was undertaken to assess the impact on the targeted beneficiaries, however, HUDCO's concerned Regional Offices during the implementation and before completion of the projects, inspect the site for monitoring of the progress and utilization of

HUDCO's funds for the intended purpose and in respect of skill training programmes taken up with HUDCO CSR assistance, a placement report of the beneficiaries after the completion of the programme was also obtained from the concerned agencies. In addition to this, after completion of the project, HUDCO's concerned Regional Offices also obtain report from the concerned agencies on the facilities created and benefits being accrued from the activities."

CHAPTER-V

MISCELLANEOUS

I. HUMAN SETTLEMENT MANAGEMENT INSTITUTE (HSMI)

5.1 The Committee have been informed that HSMI is functioning since 1985 as the Research & Training Wing of HUDCO and its activities are supported by a core group of qualified and experienced professionals from various disciplines to provide training support for professionals and a forum for interaction of administrators, professionals, researchers and others engaged with the issues and day-to-day practice of human settlement development and also strengthening the borrowing agencies through training. HSMI has continued its efforts to provide capacity building to the professionals engaged in the Housing and Urban Development Sector including HUDCO's Borrowing Agencies, Local Bodies and HUDCO's own functionaries. HSMI is one of the identified nodal resource centres on behalf of the Ministry of Housing and Urban Poverty Alleviation for undertaking training and documentation activities in support of implementing Action Plan Programmes of the Ministry.

5.2 It was further informed that HSMI's Research & Development and consultancy programmes support its training activities for various stakeholders as well as designed to support product innovation in the habitat sector, outreach to HUDCO's clientele-base, strategizing to reduce Non-performing Assets (NPAs) of HUDCO and customer feedback. HSMI undertakes both in-house research carried out by its faculty members and sponsored research. The research and development activities on various themes also contribute to the development of sustainable human settlement with special focus on areas / activities pursued by HUDCO. The R&D activities have been developed through research studies grants. These studies are published as Research Studies and Working Papers, and are widely disseminated. Around 150 research studies and working papers have been undertaken by HSMI. To strengthen the research and development activities in a more focused manner, HUDCO's Board of Directors had approved Corporate Research & Development Policy and formulated R&D Policy/Plan in 2012 which mandates that 0.5% of profit after tax (PAT) to be spent on R&D activities each year which is non-lapsable and the un-spent amount to be transferred to the R&D Fund. The R&D Plan of HUDCO is being carried out by HUDCO's HSMI through the following ways:

- (i) HUDCO Chairs Programmes
- (ii) Collaborative short-term research on urban sector with the reputed agencies
- (iii) Rajiv Gandhi HUDCO Fellowship
- (iv) Best Practice Award
- (v) Documentation of best practices
- (vi) HUDCO Innovation Cell

5.3 The Company further added that since the financial year 2012-13, HUDCO has established 15 HUDCO Chairs at various national and reputed research institutions, engaged in undertaking research, training and academic activities and contributing to building capacity and information sharing with functionaries in the Habitat Sector. Financial support to a maximum of ₹ 20 lakh per annum per chair is extended to the HUDCO Chair Institution.

5.4 HSMI functions in conjunction with 15 HUDCO Chairs having a total of 33 research projects sanctioned since the financial year 2012-13 till date with total sanctioned project costs of ₹ 631.29 lakh.

a. Training Activities

5.5 HSMI has been organizing customized training programmes for the Government of India in various Ministries, State Government officials, urban local bodies' officials and international agencies as well as fee-based programmes for various stakeholders. Its clientele includes the Department of Personnel and Training for IAS Officers programmes and the Ministry of External Affairs and Ministry of Finance for International programmes under bilateral development programmes of the Government of India besides housing boards, development authorities, infrastructure development agencies, local bodies, professional institutions and NGOs/CBOs. HSMI also organizes special events having bearing on the sector in collaboration with the international donor agencies by way of seminar and short duration workshops and consultations. HSMI has also been promoting decentralized centres of training to meet the sectoral training requirements in the Country and for systematic transfer of knowledge and skills at State level. A network of HUDCO chairs has been established at State and national level training institutions for the capacity building of local bodies and to make training programmes more accessible to the implementing agencies.

b. Research and Development Activities :

5.6 The details of budgeted and the actual expenditure on R&D in each of the last three years and its percentage out of the total annual expenditure each year are given in the following Table :

R&D Budget Vs. Actual Expenditure

Year	R&D Budget (0.5% of PAT of previous FY) (₹ in crore)	R&D Expenditure (₹ in crore)	R&D Exp. as % of R&D Budget	R&D Exp. as % of Total Expenditure of HUDCO
2013-14	3.50	3.50	100.00%	0.19%
2014-15	3.63	2.15	59.23%	0.12%
2015-16 (unaudited)	3.89	2.64	67.87%	0.13%

5.7 The research reports generated under R&D activities in collaboration with IITs and IIMs in the Country are disseminated through workshops organized with the researchers and scholars, distribution of research reports to the user agencies, submission of the research report to Ministry of HUPA and sharing it through HUDCO's website.

5.8 The Company informed the Committee that HUDCO has also played a very major role in identifying the appropriate technological packages needed for earthquake resistant, cyclone resistant and flood protected housing options. This is based on the R&D work done in the various Research, Development and Technological Institutions like CBRI, SERC, RRL's and Technological Universities and the work of the Bureau of Indian Standards (BIS) through National Building Code, Special design and construction Code for Earthquake and Wind Resistant Construction. These are further converted into user friendly pictorial guidelines and manuals with DO's and Don't's for disaster resistant construction using various technologies/local building components, following are the examples:-

1. Leh Rehabilitation Project for Victims of Cloud Burst of 5 - 6 August 2010 by HUDCO as a Corporate Social Responsibility Initiative.
2. HUDCO's Assistance for Earthquake rehabilitation in the Hill Districts of Uttar Pradesh.
3. HUDCO's Assistance for Earthquake rehabilitation in Latur and Usmanabad.
4. HUDCO's Assistance for Earthquake rehabilitation in Jabalpur.
5. HUDCO's Assistance for Rehabilitation of the Super-cyclone affected in; Odisha.

6. HUDCO's Assistance for Rehabilitation of Earthquake Affected Regions of Gujarat.

5.9 Further, special efforts for technology transfer and training of local artisans on construction of cost effective houses using appropriate technologies have been made for establishing special Building Centres in the natural calamities affected areas. These Building Centres have contributed significantly in housing delivery system through training of local artisans, production of building material components, extending construction assistance, and giving the much needed housing guidance, information and counseling to the local people for repairs, renewal and retrofitting of damaged housing and buildings stock.

5.10 It was further informed that, HUDCO has also directly contributed in the construction and exhibition of demonstration houses using disaster resistant features depending on the requirements and also adoption of villages and urban bastis under the Model Villages and Model Basti development schemes for rebuilding completely destroyed villages/urban bastis.

II. COLLABORATIONS

5.11 During the evidence by the Ministry of Housing and Urban Poverty Alleviation the Committee were informed that there is a specialized organization, Building Material Technology Promotion Council (BMTPC) which is specialized in doing research work and promote what can be the innovative, cost saving, green energy, efficient disaster resistant technologies. It also provides training courses in disaster resistance and earthquake resistance. BMTPC has also prepared the vulnerability map for the whole of India. In this regard the Committee desired to know the details of meeting held between BMTPC and HUDCO so far, the Company informed that there is no schedule of meetings held between BMTPC and HUDCO. Thereafter regarding application of these technologies developed by BMTPC in HUDCO's projects, the Company submitted that HUDCO has been advocating for use and adoption of appropriate building materials and technologies. However, the assistance being offered is a loan and the actual formulation of the projects and their construction taken up by the technical wings of the respective borrowing agencies. The projects are formulated by the State Governments/borrowing institutions and as such the contents are broadly decided by the loan availing agencies.

5.12 The Company further submitted :-

"HUDCO has propagated cost effective and environment friendly building design through various building centres functioning in different parts of the country which are helping local people meeting their local requirement and also prepared number of design options for affordable housing under JNNURM and Day and Night Shelter for NULM scheme. These have been submitted to Ministry of HUPA and has been adopted by some stakeholders. These designs are resistant to various disasters and are designed for the comfort conditions in different climatic conditions. Besides this, HUDCO organizes design and best practice awards in the area of innovative designs, sustainable environment and disaster preparedness for cost effective design in built environment. As such, HUDCO is not referring any project for suggesting appropriate building materials to BMTPC."

5.13 It was observed that Central Building Research Institute (CBRI), Roorkee is working very closely with Ministry of HUPA in disaster resistant building technologies. On a query regarding coordination with C.B.R.I, the Company replied that HUDCO is not coordinating with CBRI directly on any projects. However, technologies developed by CBRI are being used by building centers in various projects being implemented by them. HUDCO has used various technologies in the slum rehabilitation project in Narela, Delhi. The technologies used by HUDCO include Stabilized, Compressed Earth Blocks, Fly ash/Sand-Lime Bricks, Precast Hollow /Solid Concrete Blocks, Precast Brick Panels, Precast Plank and Joist Flooring/Roofing, Precast Channel Units, Precast RCC Door and Window Frames, Ferro Cement Shutters.

5.14 On a query as to whether HUDCO developed any disaster-resistance prototypes for housing sector, the Company replied that HUDCO has done major rehabilitation works after disaster in Latur, Jabalpur, Chamoli, Leh, Odisha, Andhra Pradesh floods, and in Tsunami rehabilitation works etc. National Building Code of Bureau of Indian Standards has revised planning and design norms of buildings for different disaster prone areas, which are adopted by HUDCO in the above Projects.

5.15 Regarding R & D work of the Company, HUDCO informed that in line with the broad framework/policy guidelines issued by the Department of Public Enterprises (DPE), HUDCO has a 'Corporate Research & Development Policy' approved by the HUDCO Board which has been in operation since the financial year 2012-13. As per the approved R&D Policy of HUDCO, 0.5% of PAT is to be spent on R&D activities each year. The R&D Plan of HUDCO focuses on the following key areas:

- a) Collaborative research on urban sector through establishment of chairs in national and reputed research institutions;
- b) Collaborative research in urban sector by way of encouraging scholars in various reputed educational institutions/fellowship grant;
- c) Collaborative short term research on urban sector with the reputed agencies;
- d) Documentation of best practices for wider dissemination; and
- e) Best Practices Award

5.16 It was further informed that to operationalize the collaborative research projects, Board approved the operational guidelines for extending research grant to the maximum of ₹ 25 lakh to National Institutes of Eminence (Indian Institute of Sciences, IITs, IIMs, SPAs, NITs, IIITs, Central Universities and Autonomous Research bodies like IIPA, NCAER etc.); HUDCO Chair Institutions; and Universities/Deemed Universities, promoted/co-promoted by the State Government(s) for undertaking research work in the fields of Housing, Infrastructure, Planning, Urban Management & Governance and Climate Change. The list of themes and sub-themes in research areas in Habitat sector has been detailed out in the operational guidelines. For proper & periodic monitoring of R&D activities, a Committee of Directors (CoD) has been constituted to oversee the Sustainable Development (SD) & R&D activities and to recommend to CMD for approval of research proposals.

SEWA GRIH RIN

5.17 The Committee have been informed that HUDCO has joined hands with Self Employed Women Association through 15% equity investment (₹1.8 crore) in the new housing finance company by SEWA i.e. SEWAGRIhRin. and HUDCO has invested an amount of ₹1.80 crore in the equity capital of SEWA GRIH RIN Ltd. (Promoted by SEWA Mutual Benefit Trust) out of the total equity capital of the Company ₹13.50 crore. SEWA GRIH RIN Ltd. was formed on 18th July, 2011 and received HFC License on 24th January, 2015 with a mandate to provide housing finance to women and their families working in informal sector trades. The loan given by SEWA GRIH RIN Ltd. ranges from ₹50,000/- to ₹8,00,000/- per beneficiary.

5.18 SEWA GRIH RIN Ltd. has sanctioned loan of ₹6.12 crore till 30.06.2016 to 276 women beneficiaries mainly belonging to EWS category (71%) and LIG category (28%) with a further breakup as SC – 37%, ST – 2%, OBC – 29% and Others – 32%. Further, an amount of ₹5.29 crore has been disbursed from the above sanctioned loan to 260

beneficiaries. The total cost of the houses for which the above financial assistance has been provided by SEWA GRIH RIN Ltd. is ₹25.52 crore on cumulative basis.

III. BUILDING CENTRE MOVEMENT

5.19 The Committee were informed that in order to provide affordable housing through appropriate technology with special emphasis on building materials and technologies which are environment friendly and ecologically appropriate, HUDCO is promoting economically affordable and cost effective houses. In this regard Company were asked that if they have come across conventional, raw building materials, which have been used in the past for centuries and still being used in particular parts of the Country. In their reply, the Company submitted as below:-

"The Building Centre Movement was launched by the Government of India, Ministry of Housing & Urban Poverty Alleviation through HUDCO in the year 1988 for technology transfer from lab to land. Building Centres are playing a significant role not only in the construction of cost effective, livable, durable, aesthetic, affordable and acceptable houses by using cost effective, appropriate, and sustainable technologies but also generating substantial employment opportunities through training. In terms of construction cost a saving to the extent of 15 to 40% is being registered by these building centres.

As a part of the program, HUDCO has so far sanctioned 655 building centres (Urban+Rural) all over country with a total grant assistance of ₹33.65 crore. These building centres have so far trained more than 3 lakh artisans in various cost effective building material and technologies and value of works executed/production made is more than ₹ 1660 crore. These building centres have played a vital role in awareness creation, disaster mitigation and reconstruction activity during natural calamities. The scheme was discontinued by Planning Commission in 10th Plan.

In order to promote local technologies and skill up-gradation of unemployed youths, where there is heavy shortage in construction sector at grass root level for cost reduction in construction and also promotion of cost effective building materials and innovative construction technologies, HUDCO is making its sincere efforts for revival and strengthening of this movement under its CSR Policy."

HUDCO SUPPORT TO BUILDING MATERIAL INDUSTRIES :

5.20 HUDCO has extended financial assistance through equity and term loan to the building material industries for manufacturing building materials and components, which are innovative and alternates to the conventional options. These alternate building

materials utilize agricultural and industrial wastes, are energy efficient and environmentally appropriate options. A major thrust is laid to support fly ash based building material industry and also alternates to timber in different parts of the country. Till date, 30 building material industrial units have been supported with a HUDCO assistance of ₹29.48 crore.

PART – II

OBSERVATIONS/ RECOMMENDATIONS OF THE COMMITTEE

1. Performance

The Committee note that HUDCO, a Government of India undertaking, as a lending institution in its long journey of 46 years, has been striving to fulfill its mandate to finance/undertake housing and urban infrastructure project of providing houses throughout the Country. From the information made available, they observe that in order to support 17,011 housing projects sanctioned since inception till 31 March, 2016, HUDCO has sanctioned a loan amount of ₹ 1,61,871 crore, out of which ₹ 1,09,438 crore could be released. In urban infrastructure development sector, HUDCO sanctioned a total loan amount of ₹ 94,422 crore for 2149 schemes extending to 1900 towns and thousands of villages.

So far as the financial performance of the Company as a commercial entity is concerned, HUDCO has been conferred the 'Mini Ratna' category-I status in the financial services sector. The Committee appreciate that HUDCO, as a Company, has always achieved beyond its MoU targets. For example, in the years 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-16, the achievement was 102%, 109%, 117% , 131% and 180% respectively. In respect of urban infrastructure also, during the same years, achievement of the Company was 119%, 110%, 105%, 105% and 106% respectively.

The Committee note that given the advantageous positioning of HUDCO in the field of financial assistance of housing and infrastructure as well as project consultancy, the Company has been accorded the

responsibility of being one of the nodal agencies for housing and urban revival schemes like Pradhan Mantri Awas Yojna and AMRUT. Under the newly launched scheme of developing 100 'smart cities' too, a huge opportunity awaits HUDCO to prove itself as a leading lender for urban infrastructure projects. In addition, during the current fiscal, affordable housing is to be given infrastructure status as a fiscal incentive to increase flow of funds to the housing sector, on which the Ministry of HUPA has statedly sent a proposal to the Ministry of Finance. The Committee take note that this proposal has been included in the Budget 2017-18 and are of the view that once operationalized, it would help HUDCO and also more attention would be given to affordable housing thereby helping the lower income group. They desire to be apprised of the latest status on the matter, apart from the targets and performance of HUDCO in the on going schemes at the action taken stage. Their specific observations / recommendations are given in the succeeding paragraphs.

2. Performance in EWS/LIG Housing Segment

HUDCO, as a major contributor in the housing sector, has given significant emphasis to housing for the under privileged sections of society i.e. rural population and for Economically Weaker Section (EWS) and Low Income Group (LIG) households. The Committee were informed that HUDCO has been extending substantial emphasis on housing for weaker sections, particularly in rural areas, as out of the total 1,62,44,447 units sanctioned by HUDCO till January, 2016, a total of 102,06,978 units (62.83%) are meant for rural areas. The types of schemes financed by HUDCO in rural areas include EWS rural housing

schemes for the landless and EWS rural housing schemes for the land owning category Village abadi schemes including repairs.

The Committee note that during the years 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 the number of units sanctioned were 276319, 407206, 425295, 1411962, 472765 and 457123. The amount of loan sanctioned during these years was ₹ 2149.16 crore, ₹ 2284.10 crore, ₹ 2952.43 crore, ₹ 6267.00 crore, ₹ 3977.22 crore and ₹ 17249.81 crore for each year respectively. However, as the actual amount released during these years was ₹ 339 crore, ₹ 1096 crore, ₹ 930.88 crore, ₹ 2109.79 crore, ₹ 2663.64 crore and ₹ 2519 crore respectively, the Committee find that though the amount of loan sanctioned has been substantial, the quantum of amount actually released has remained quite less. The situation was particularly so during 2013-14 and 2015-16 when despite the sanctioned amount of ₹ 6267 crore for 1411962 units and ₹ 17249.81 crore for 457123 units respectively the actual amounts released were only ₹ 2109.79 crore and ₹ 2519 crore. While taking note of the long gestation period for housing projects which may slow down the pace of releasing funds, the Committee find a very large gap between sanctioned and released funds unsatisfactory. The Company have submitted that non-fulfillment of pre-disbursal conditions by the agencies as well as non-completion of documentation process as per HUDCO's requirements are the main reasons for delay in release of funds. The Committee agree that some of these reasons could be beyond the control of HUDCO yet they feel that long gaps in release of funds for EWS/LIG category houses may have grave impact on the overall progress in providing houses for this under-privileged section of society. The Committee hence recommend that as the Company's motto is 'Profitability with Social Justice', they should not treat it as a

systematic restraint, and instead should take steps to minimize delay by providing handholding to implementing agencies, with respect to documentation or other pre-disbursal requirements, if needed, and evolve an effective mechanism to improve their operational performance in EWS/LIG housing.

The Committee observe from the data furnished by HUDCO that not only the amount released in respective years is lesser than the amount sanctioned, the amount sanctioned does not correspond to the number of units sanctioned in these years. For example, whereas during the year 2011-2012 the number of units sanctioned has increased from 276319 units to 407206 units, quantum of amount sanctioned has just slightly increased from ₹ 2149.16 crore to ₹ 2284.10 crore. Similar is the position in the following years. From the aforesaid scenario the Committee infer that the actual relief given to rural poor by way of grant of loan by HUDCO may not correspond to the data of targets fixed in various years. While expressing concern over the aforesaid scenario, the Committee would like the Ministry/HUDCO to clarify the position in this regard.

3. HUDCO Niwas Scheme

As regards HUDCO Niwas, the retail loan scheme for individuals, the Committee note from the Company's statistics that their performance is on a steep slide. From the data given in their website, the number of dwelling units sanctioned under this scheme has come down from 4924 in 2012-13 to a mere 86 in 2015-16. This confirms the Committee's apprehension that getting HUDCO loans under retail segment is not easy. The Ministry's argument that since these loans are considered in municipal areas only, a perception has perhaps

developed that HUDCO does not sanction loans so easily to individuals, is not very convincing to the Committee, given the existing scenario of a vast gap between the demand and supply of low cost houses in urban areas and consequent requirement of housing loans. They feel that with a very low number of DUs sanctioned under HUDCO Niwas Scheme, this component does not justify its existence. In the past, during September, 2010 to June, 2011, the HUDCO Niwas loans were discontinued too. Besides, out of a total portfolio of ₹ 619.53 crore, individual loans amount to a measly sum of ₹ 140.49 crore only and the rest ₹ 478.74 crore is for bulk loans given to State Governments/Para Statal of State Governments/PSUs and other housing finance companies. Although there are some attractive features of the HUDCO Niwas which include no processing fee, interest subsidy @ 6.50% as available under Credit Linked Subsidy Scheme (CLSS) to eligible beneficiaries, as per Govt. of India guidelines, waiver of last 2 installments (only for fixed rate) and free personal accident insurance cover to borrowers. The Committee fail to understand such a low number of beneficiaries even with the certain subsidies/exemptions from fees provided under the scheme. From the aforesaid analysis, it appears that perhaps adequate efforts are not being made to popularize the scheme through various mechanisms. The Committee note that since HUDCO Niwas is operated through 32 Regional/Development offices of the Company, their performance need to be monitored to explore ways and means for popularize the scheme among individual house loan aspirants too. The Committee also desire to know the actual impact of HORSYS (HUDCO Online Retail Finance System), the new software package for retail finance, on the HUDCO Niwas scheme performance during the year 2016-2017 and the number

of beneficiaries of HUDCO Niwas separately for rural and urban areas of the Country.

4. Occupancy of the Houses

The Committee are perturbed to find that many beneficiaries do not occupy housing units constructed with the loan given by HUDCO under three schemes of JNNURM, BSUP and IHSDP and feel that it is a worrisome issue which needs to be addressed. As admitted by the Secretary HUPA during the course of oral evidence, 25% of houses under these schemes still remain unoccupied and the major States, which have the problem of unoccupancy are Uttar Pradesh, Bihar, Delhi and Madhya Pradesh. However, on the Committee's specific query relating to details of unoccupancy of the houses, HUDCO has tried to skirt the issue by stating that details relating to occupancy of the houses are available only with the State Governments and the Company's role is limited to providing just the loan assistance.

The Committee feel that the stance taken by HUDCO to remain unconcerned about large unoccupancy of the houses, particularly when the magnitude of housing shortage in the Country is huge, is unwarranted and defeats the purpose of HUDCO's mandate for social housing. They, therefore, opine that the Company need to be aware of the position regarding unoccupancy of houses constructed with HUDCO loan and analyze its possible reasons and accordingly frame a strategy with the loan availing agencies to ensure that the beneficiaries for whom houses are constructed, occupy the houses so as to realise the laudable objective of addressing housing shortage in the Country through these schemes. The Committee desire to be apprised of action taken in this regard by the Company.

5. Monitoring of evaluation of the projects

The Committee have been informed about the process through which HUDCO analyzes the projects submitted to them by means of a three tier multi dimensional appraisal method that includes mission team consisting of senior officers at the regional office level from project, finance and law cadres, for establishing technical feasibility, financial viability and legal eligibility of the project. The project is again said to be appraised at Head Office level and finally by the Project Appraisal Committee which consists of functional directors of HUDCO. The Committee further note that in November, 2016 HUDCO has implemented an internal credit rating of the agencies/proposals submitted to them. Besides, in order to further strengthen lending, HUDCO has also introduced additional risk matrix to already existing appraisal methods. HUDCO has also informed about using methods like internal rate of returns and a variety of indicators for assessing the viability of projects received for funding. Nonetheless, during their examination, the Committee had come across the fact that the NPA of the Company in housing business is quite high i.e. 6.68 percent. They also note that the C&AG in his Report No. 14 of 2016 have also made observations regarding higher NPA in HUDCO due to deficiencies in their appraisal mechanism, system of disbursement, monitoring etc. during the period 2010-11 to 2014-15. Further, non-occupancy of the houses, on which data is available neither with the Ministry of HUPA nor with the HUDCO, also counters the Company's claim that projects are well appraised. The fact that on one hand a large number of houses are lying vacant while, on the other, EWS/LIG persons are in dire need of low cost houses is a matter of utter disappointment. The Committee

also feel that unless the assets created through HUDCO loan are gainfully utilized by the beneficiaries, the repayment capacity of the agency/body availing HUDCO loans to build those assets could be severely compromised, thus contributing to the burden of NPAs on HUDCO further. The Committee, therefore, recommend that while evaluating the project proposals of loan taking agencies, the Company need to minutely scrutinize the projects so that issues like non occupancy of houses and loan turning into NPAs do not arise once loan is sanctioned to the agencies. At the same time, while appreciating the newly introduced internal credit rating of the agency/proposals and additional risk matrix to the existing appraisal methods of the Company, the Committee would like to be apprised of the impact of these measures on the physical performance of HUDCO, at the action taken stage.

In this context, the Committee would like to recall the recommendation contained in the Report of the Working Group on construction sector (Institutional Financing working) for the 12th Five Year Plan, (December 2011) about the concept of employing a 'lender's engineer' specialising in venture management to deal with the financial aspects and risk assessment to oversee the operations to protect the interests of lenders. The Committee note that the recommendation of the Working Group merits consideration and would like the Ministry to consider the same and apprise about the action taken accordingly.

6. Loan assistance to local bodies

The Committee note that HUDCO has sanctioned loan assistance amounting to ₹ 3949 Crore to 31 Zila Parishads in the State of Rajasthan out of which ₹ 3173.86 crore has been disbursed. Said amount was

stated to be refinanced by NHB. In this regard, the Committee were informed that HUDCO has entered into an agreement with various Zila Parishads in the State of Rajasthan to provide loans for construction of 2.80 lakh dwelling units for the BPL/EWS category under the 'Chief Minister's Rural BPL Housing Programme'. HUDCO has also stated that the repayment of loan to HUDCO is secured by way of Government Guarantee as the beneficiaries are getting the money in the form of a grant from the Government of Rajasthan.

The Committee were further informed that in case the dues of State government agency/urban local body which is backed by Government guarantee are more than 90 days (i.e. overdues for more than 90 days), the agency is categorized as NPA as per NHB directions. While noting that Zila Parishads may not be accustomed to undertake construction of group housing the Committee recommend that the Company should hold review meetings with the concerned Zila Parishads on a regular basis to monitor the progress. The Committee would like to be apprised of the progress of work done so far by the Zila Parishads in State of Rajasthan along with number of beneficiaries and dwelling units constructed through HUDCO loan assistance at action taken stage.

7. Financial Performance

The Committee are happy to note that HUDCO, which started with ₹ 2 crore equity base in the year 1970 has, at present, an authorized capital base of ₹ 2500 crore along with equity paid-up capital of ₹ 2001.90 crore and net worth of ₹ 8317.25 crore. With regard to financial performance of the Company, HUDCO has shown a consistent trend of earning profits since 2010-2011. The Company's profit in the year 2011-

12, 2012-13, 2013-14, 2014-15 and 2015-16 remains as ₹ 630.33 crore, ₹ 700.56 crore, ₹ 726.34 crore, ₹ 777.63 crore and ₹ 783.79 crore respectively. The gross income of the Company stood at ₹ 3,302.20 crore in the year 2015-16. The Committee also note that the Company's net profit to total revenue percentage was 22.69% and 23.70% in the year 2014-15 and 2015-16 respectively and that their profit, over last 5 years, has increased at a Compounded Annual Growth Rate (CAGR) of around 7.30%. In view of the above, the Committee appreciate that the Company has been showing consistently good financial progress. As HUDCO is the only PSU with the mandate for social housing, they expect that the Company will continue to endeavor to utilize their financial strength for social good and contribute to realize the vision to provide 'Housing for all' by the year 2022.

8. HUDCO & NHB

The Committee note that HUDCO is registered with National Housing Bank (NHB). NHB, apart from being its regulator, also has refinanced HUDCO for providing housing loan to different agencies. The Committee also note that in total portfolio of HUDCO business, 29% finance is extended for housing sector and 71% for non housing sector, During their evidence, NHB informed the Committee that housing Companies need to put 75% of their Capital in housing sector. However, since HUDCO's mandate includes urban infrastructure too along with social housing, NHB cannot force HUDCO to bring 75% of their Capital employed in the housing sector alone. Further HUDCO through its Corporate Plan 2020 has also assured that Company's housing finance business will be 50% by 2019-20. The Committee have also been informed that HUDCO's housing loans to total loans has increased from

24% as on 31.3.2013 to 29% as on 31.03.2015 and 36% in 2015-16. While appreciating the progress made towards increasing housing finance percentage in the total portfolio of HUDCO, the Committee desire that Company should continue their efforts to invest at least 50% of their capital in housing finance as per the target set in their Corporate Plan 2020 thus justifying its mandate. Moreover, more and more thrust on social housing by HUDCO would be a substantial contribution towards EWS/LIG sections of society particularly when providing affordable housing to low income group is exclusively undertaken by HUDCO. The Committee would like to be informed of the status in this regard at action taken stage by the Company.

9. Relaxation sought by HUDCO in NPA norms

The Committee note that being a housing finance Company, which accepts public deposits, HUDCO is registered with National Housing Bank. All guidelines of NHB apply on HUDCO and NHB works as regulator of the Company. The Committee note from the briefing given by NHB that HUDCO has been seeking certain relaxations from them and the same were granted in consultation with Government of India and Reserve Bank of India in view of its mandate to perform other functions such as infrastructure financing. However, relaxation sought by HUDCO on NPA norms and relaxation to Government agencies (under individual borrower exposure) other than housing and housing related activities were declined by NHB. In regard to NHB, NPA prudential norms, HUDCO had requested that facilities granted to Government sector entities be considered loan-wise and a period of 180 days may be considered for Government/Government agencies to be accounted as NPA. NHB had statedly sought the views of the Ministry of

Housing and Urban Poverty Alleviation on the request received from HUDCO and the Ministry of Housing and Urban Poverty Alleviation have, vide the letter dated 25.02.2016, recommended to accede to the requests in relaxation in credit concentration (exposure) norms and prudential NPA norms for Government/Public Agencies. The Committee note that matter is currently under examination at NHB.

The Committee further note that NPA of the Company which was 6.25% as on 31st March, 2015 has increased to 6.68% in 2016, and HUDCO is struggling hard to reduce the same. The Committee were also given the impression by the Company that the regulatory norms of the NHB are very rigid as compared to RBI. In view of the role being played by HUDCO as the sole Government entity in social housing, the Committee feel that their administrative Ministry needs to take up the matter with the appropriate authorities to examine whether the NHB norms are hindering the Company's mandate and hence need to be revisited. The considered opinion of RBI can also be taken in this case. Nonetheless the Committee note that the Company has not been able to bring down one percent NPA per annum as per the ambitious target set for itself under 'Mission Five Ones' and strongly recommend to take all the initiatives to address all the issues concerning NPA.

10. Funding of Private/Non-Housing Projects

The Committee observe from the data submitted by HUDCO that the principal outstanding of the Company in housing finance business is ₹ 11695.73 crore and in non-housing finance business it is ₹ 23699.21 crore, accumulating to ₹ 35394.94 crore of the Company's NPA. The Committee express grave concern over the fact that the maximum NPA of the Company are in the non-housing finance business that includes

private sector power projects. According to HUDCO, the main reason for NPA in the private sector power projects is the delays in commissioning of a project, environmental clearance, power purchase agreement, fuel supply agreements, intervention of the Court etc. The Committee observe that HUDCO had invested in most of the power projects in consortium with other financial institutions/banks and due to cost overrun in the private sector power projects, multiple restructuring of the same project has been done. Unlike other financial institutions like PFC/REC/Banks, which are allowed to do multiple restructuring prior to Commercial Operation Date (COD), by their regulator (Reserve Bank of India) while keeping the asset as standard, in case of HUDCO, only one restructuring is allowed, prior to COD by their regulator, which is NHB and subsequent restructuring of the project makes the asset as NPA. As regards the need for investing in private sector power projects, the Company has submitted before the Committee that at times they do cross-subsidy and to earn profit they seek new areas, hence they had lent to power sector hoping that the power reforms and the Electricity Act will give them leverage. However, in view of major defaults, HUDCO has informed that funding of private sector projects has been stopped since December, 2011. The Committee feel that investing in the private sector power projects has not benefitted HUDCO and feel that perhaps the decision was taken without appropriate research and foresight. They hope that the management of the Company would take prudent decisions for investment with a view to use the Company's resources judiciously.

11. Issues concerning exemptions/support to HUDCO

As on March 31st 2016, HUDCO had total outstanding borrowings of ₹ 25,608.95 crore, out of which ₹ 19,945.16 crore (77.89%) was secured and ₹ 5,663.79 crore (22.11%) unsecured. In this regard, the Committee have been informed that HUDCO is adequately positioned to meet its debt obligations timely. At the same time, the Company has submitted that in order to strengthen their efforts in assisting various social housing and core infrastructure projects requiring long term finance at competitive terms, it is important that they are supported with alternative instruments (viz capital gain bonds) through which their requirement of low cost funds could be met. The Committee note that as the concessions, which were previously available to the Company viz. income tax exemption, exemption from payment of dividend, equity support from Government of India etc. have been withdrawn, presently the Company meets its fund requirements from open market, banks and financial institutions at market determined rules.

The Committee are of the view that HUDCO, as 100% Government owned Company, was set up primarily for lending to the social housing sector and core urban infrastructure sector in the Country. The exemptions and budgetary support have been withdrawn by the Government since it is a profit making Company and thus can sustain by internally generating its own resources. The Committee also note that in the year 2015-2016, HUDCO has mobilized a substantial amount of ₹ 10,250 crore through tax free bonds and Commercial Paper. The Company has, during evidence, also replied in affirmative when asked about their capability to repay their borrowings. The Committee nonetheless are of the opinion that if the PSUs are to survive in the

current economic scenario, they must depend on their own resources to meet their fund requirements, particularly when they are earning profits and have a positive networth. In this backdrop, the Committee would like to know whether the administrative Ministry (Ministry of Housing and Urban Poverty Alleviation) have examined the possibility of pleading HUDCO's case for tax exemptions before the appropriate authority and if so, the results thereof, so as to enable the Committee to comment further in this regard.

12. Joint Ventures of HUDCO

The Committee note that in order to give a fillip to quality urban development activities in the Country, HUDCO had decided to enter into joint venture partnerships for implementation of various real estate, housing and infrastructure projects emerging in the Country. A Joint venture Company can carry out fee based advisory/consultancy/project execution and other assignments as per their project clauses, and accordingly, HUDCO had formed 4 joint venture companies i.e. Shristi Urban Infrastructure Development Ltd., SIGNA Infrastructure India Ltd, MCM Infrastructure Pvt. Ltd. and Pragati Social Infrastructure and Development Ltd with investment in their equity capital, to the tune of 40%, 26%, 26% and 26% respectively. However, the experiment did not prove to be successful. From the material furnished by the Company, the Committee observe that out of the four joint venture companies, two companies namely Shristi Urban Infrastructure Development Ltd (SUIDL) and Signa Infrastructure India Ltd (SIIL), earned profits and gave small dividend twice to HUDCO amounting to ₹ 3.02 lakh and ₹ 2.08 lakh in the years 2013-2014 and 2014-2015 respectively. However, SUIDL went into losses from the year 2015-2016 onwards as it could not

recover its dues for the consultancy assignments undertaken from different agencies. The other JV SILL went into losses too being unable to generate further works. As regards the remaining two JVs, the Committee note that Pragati Social Infrastructure Development Ltd. (PSIDL) and MCM Infrastructure Pvt. Ltd. (MCMI) went in losses right from the beginning, mainly due to their inability to get the desired works/projects, which was envisaged at the time of their formation. When asked so, HUDCO has informed the Committee that the total loss incurred to them due to failure of JVs can only be determined when they exit from them. Regarding the exit from MCMI and SILL, HUDCO would be able to exit in current financial year but in the case of the other two joint venture companies i.e. PSIDL and SUIDL, the exit of HUDCO may take more time due to some ongoing litigations. The Committee feel that HUDCO need to exit from these loss making JVs as early as possible. While risk taking, to some extent, is vital for a Company, the Committee are of the opinion that, HUDCO perhaps should have ventured into JVs with appropriate cushioning as well as an alternate work plan in case of non-receipt of adequate work. They desire to be furnished with the figures of total loss suffered by HUDCO from the JVs subsequently.

13. Vacancies of Independent Directors

The Committee note that as per Article 39 of the Articles of Association of the Company, total number of posts of Director is 15, which also includes 5 posts of independent Directors. The Committee further note that only one Independent Director against the requirement of 5 independent directors, as per DPE Guidelines and 3 Independent Directors as per Companies Act, 2013, have also completed their term on 9th October, 2015. As per the Ministry of Housing and Urban Poverty

Alleviation, they have to go through DPE for appointment of independent Directors for which they have issued many reminders to DPE. Till 31st March, 2016 there were no Independent Directors on the Board of HUDCO. However, later HUDCO, vide Ministry's (HUPA) order dated 17 June 2016, received appointment of three part-time non-official Directors on its Board for the period of three years. The Committee feel that appointment of independent Directors is routinely delayed in most of the PSUs, in contravention to the existing Corporate Governance guidelines. The Committee expressed grave concern over delay in appointment of independent Directors in various CPSUs, in this case HUDCO, since DPE has to take action in this regard the Committee desire that their concern should be duly communicated to DPE so that the independent Directors are in place, particularly when the Audit Committee and the Remuneration Committee of HUDCO Board which play an important role in overall functioning of CPSUs can only be functional with independent directors. The Committee would like to be apprised of the progress made in this direction.

14. Pay Scale

The Committee note that though HUDCO is a schedule 'A' Public Sector Company, yet the benefits of schedule 'A' Company are not uniformly enjoyed by all the employees of the Company as the Company is not operating E-6 scale. The Committee further note that from E-5 scale the Company have gone to E-7 scale, which is not permissible under DPE guidelines. Due to the prevailing situation, the employees in E-5 scale and below are deprived of the benefits enjoyed by some of the other schedule 'A' PSUs. In this regard Committee have been informed that up to First Pay Commission, the PSUs had the

liberty of having different pay scales and thus the Companies were having intermediary scales between the already prescribed scales of DPE. But after 01.01.2007, the DPE has been regularly issuing advisories to put things in proper platform. The Committee have been convinced that the HUDCO management is sensitive towards the issue and in March 2016, Ministry of Housing and Urban Poverty Alleviation has given them the clearance to start with E-6 scale. The Committee, while taking note of the developments, expect the Ministry of Housing and Urban Poverty Alleviation and the Company to expedite the process and fast track the implementation of E-6 scale in the Company. At the same time the Committee urge the Ministry to convey their recommendation to the DPE to implement granting of the benefits of Schedule 'A' Public Sector Company to staff below E-5 level at the earliest, if not done so far.

15. Corporate Social Responsibility

The Committee note that in line with the identified thrust areas in the HUDCO CSR policy, CSR assistance is being provided by the PSU for implementation of the various projects viz. construction of night shelters/shelter facilities, construction of community toilets in the school, construction of skill upgradation centres etc., they are of the considered opinion that now areas like critical health care for EWS/LIG sections of society in the wake of alarming rise in the incidence of various types of cancers, heart and lung diseases etc., green energy initiatives and rain water harvesting etc need urgent attention for which PSUs can contribute under their CSR activities. The Committee feel that PSUs may undertake such activities on a PAN-India basis too. As the Committee have already presented their views on CSR in their 8th report

on 4th December, 2015, they desire HUDCO to revisit its recommendations and urge upon them to invest more on these areas under their CSR Programme.

16. SEWAGRIHRIN

The Committee observe that HUDCO has joined hands with Self-Employed Women Association (SEWA) through 15% equity investment in the new housing finance Company by SEWA i.e. SEWA GRIH RIN Ltd. out of total equity capital of the Company i.e. ₹ 13.50crore. SEWA GRIH RIN was formed with a mandate to provide housing finance to women and their families working in informal sector trades. The Committee note that the loan given by SEWA GRIH RIN Ltd. ranges from Rs. 50,000 to Rs. 80,000 per beneficiary. Further, SEWA GRIH RIN has sanctioned loan of ₹ 6.12 crore till 30.06.2016 to 276 women beneficiaries mainly belonging to EWS category (71%) and LIG category (28%) with a further break-up as SC (37%), ST (21%), OBC (29%) and others (32%). The Committee, while appreciating the initiatives taken by HUDCO through which the Company has been endeavoring to help deprived sections of society particularly women, urge the Company to continue exploring areas wherein the less privileged section of society could further be helped to provide a roof over their heads. The Committee, in future, would like to be apprised of further collaborations of HUDCO with small companies and their achievements.

17. Encouraging age-old local technologies

The Committee note that HUDCO has run the Building Centre Movement during 1988 till the Xth Plan and trained 3 lakh artisans to train them in various cost effective building technologies. However, now

the scheme is discontinued. The Committee also note that HUDCO is supporting building material industries to manufacture innovative and alternate materials and components. So far 30 units have been given HUDCO assistance of ₹ 29.48 crore. The Committee are not satisfied with the meager efforts in the matter. They are of the strong opinion that with a strong R & D backup, HUDCO is placed at an advantageous position and hence must contribute substantially to explore and utilize the most successful building technologies found in the Country for diverse topographical areas which have resulted in some of the age-old structures still standing strong and intact. Hence, the Committee desire that HUDCO may give adequate thrust to projects in this field. They recommend that a concrete plan for the same may be chalked out. The Committee desire that the Ministry of Housing and Urban Poverty Alleviation may rethink of initiating again a scheme like the 'Building Centre Movement' and implement it well before all such age-old building technologies of the Country become extinct. The Committee, at the same time, also desire that cost effective housing technology specific for rural areas and disaster proof technology must be emphasised by the Company in their functioning. The Committee would like to be apprised of the specific action taken in this matter.

18. New Initiatives

The Committee observe that HUDCO has initiated two new projects namely 'Financing of Senior Citizen homes; for senior citizens and 'Rent to own scheme' for the salaried Government employees. The Committee note that the purpose of the project relating to financing for senior citizen homes is to facilitate Urban Local Bodies and other public agencies to promote comprehensive and integrated senior citizens homes which would be elderly friendly in design and fully equipped to

handle the special needs of senior citizens. With regard to Rent-to-own scheme, it is a 'rental-cum-ownership' scheme intended to facilitate an agency to initially avail loan from HUDCO on behalf of its identified employees and allot the houses to its employees initially on rental basis. The employee would become the 'owner' of the house as and when the full cost of the house is paid to the agency and would improve satisfaction level of its employees. The Committee have also been apprised that many States such as Uttar Pradesh, Madhya Pradesh, Maharashtra and West Bengal have expressed considerable interest in the concept and had detailed discussions with HUDCO for availing loans for their employees such as police personnel, employees of transport corporations, etc.

The Committee appreciate the new initiatives taken by HUDCO for the benefit of senior citizens and Government employees and hope that the concerned agencies/departments would come forward thereby helping the intended beneficiaries. The Committee urge HUDCO to make sincere efforts to popularize their newly conceived projects for the benefit of senior citizens and persons with limited income. The Committee desire to be kept apprised about the status/progress on the matter.

New Delhi
_____, 2017
_____, 1938 (S)

SHRI SHANTA KUMAR
Chairperson,
Committee on Public Undertakings

COMMITTEE ON PUBLIC UNDERTAKINGS

(2015-2016)

MINUTES OF THE FIFTEENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 06th January 2016 from 1500 hrs to 1645 hrs in Committee Room No. 074, Ground Floor, Parliament Library Building, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Prahlad Singh Patel
4. Shri Ram Sinh Rathwa
5. Shri Raypati Sambasiva Rao
6. Prof. Saugata Roy
7. Shri Sushil Kumar Singh

Rajya Sabha

8. Shri Praful Patel
9. Shri Rangasayee Ramakrishna
10. Shri Tapan Kumar Sen

SECRETARIAT

- | | | |
|----|---------------------|------------------|
| 1. | Smt. Sudesh Luthra | Joint Secretary |
| 2. | Smt. Anita B. Panda | Director |
| 3. | Shri G.C. Prasad | Deputy Secretary |

OFFICE OF C&AG OF INDIA

MINISTRY OF HOUSING AND URBAN POVERTY ALLEVIATION (HUPA)

- | | | |
|----|--------------------------|-----------------|
| 1. | Dr. Nandita Chatterjee | Secretary |
| 2. | Shri Rajiv Ranjan Mishra | Joint Secretary |
| 3. | Smt. Jhanja Tripathy | JS & FA |
| 4. | Dr. Ravi Kanth Medithi | CMD, HUDCO |

At the outset, the Chairperson welcomed the Members to the sitting of the Committee.

- *****
2. *****
3. *****

(The representatives of C&AG then withdrew)

(The representatives of Ministry of HUPA were ushered in)

4. The Chairperson, COPU, welcomed the representatives of Ministry of Housing and Urban Poverty Alleviation and drew their attention to Direction 55(1) of the "Directions by the Speaker" regarding confidentiality of evidence tendered before the Parliamentary Committees.

5. The representatives of the Ministry of HUPA then made a power point presentation with respect to the mandate of HUDCO and its various activities pertaining to lending and borrowing by the Company as a part of the larger perspective of providing affordable housing units to various strata of the society and creation of Urban Infrastructure which *inter-alia* includes water supply, low cost sanitation, sewerage and drainage, solid waste management etc. In the presentation, the representatives also provided brief overview of the overall objectives of HUDCO, financial resources of the Company as on date, operational highlights with respect to the number of projects sanctioned and the amount of funds actually released in the housing sector, category wise break up of dwelling units amongst the EWS, LIG, MIG and HIG groups that HUDCO has financed so far, targets and achievements of HUDCO etc. Thereafter, they clarified on various issues which include

Government of India schemes like 'Housing for all' and Pradhan Mantri Awas Yojana, Non Performing Assets of the Company etc.

6. After the presentation, members raised queries on a wide range of issues concerning the Ministry's monitoring role *viz a viz* appointment of Independent Directors, HUDCO's overall reaction to 'Smart City Project', slum free India objective of the Govt. of India, research and development activities of the Company particularly for earthquake / disaster resistant technology for housing, delay in approving the sanction of vacant posts in the executive as well as the non-executive levels, technology joint ventures entered into by the Company, CSR etc. The representatives of Ministry of HUPA responded to the queries. In respect of points for which information was not readily available with them, the Chairperson directed that written replies may be furnished to the Committee Secretariat at the earliest.

(The witnesses then withdrew).

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-2016)

MINUTES OF THE NINETEENTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 18th March 2016 from 1100 hrs to 1300 hrs in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Ramesh Bais
4. Shri Pankaj Chaudhary
5. Shri Prahlad Singh Patel
6. Shri Rayapati Sambasiva Rao
7. Shri Sushil Kumar Singh

Rajya Sabha

9. Shri Praful Patel
10. Shri Rangasayee Ramakrishna
11. Shri Tapan Kumar Sen

SECRETARIAT

1. Smt. Sudesh Luthra - Joint Secretary
2. Smt. Anita B. Panda - Director
3. Shri G.C. Prasad - Deputy Secretary

LIST OF WITNESSES
NATIONAL HOUSING BANK

1. Shri Sriram Kalyanaraman - MD & CEO
2. Shri R.S. Garg - Executive Director
3. Dr. Sanjeev Sharma - Executive Director

MINISTRY OF RURAL DEVELOPMENT

1. Shri S. Vijayanand - Secretary
2. Shri Amarjeet Sinha - Additional Secretary
3. Shri Rajeev Sadanandan - JS (Rural Housing)

2. At the Outset, the Chairperson welcomed the Members and the representatives of National Housing Bank to the sitting of the Committee and informed them that the sitting had been convened to take evidence of the representatives of NHB in connection with the examination of the subject 'Housing and Urban Development Corporation Ltd. (HUDCO)'. Thereafter, he drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the evidence before the Parliamentary Committee.

3. The MD & CEO, National Housing Bank then made a power point presentation of the Company's overall profile highlighting the three primary functions of NHB viz. regulation and supervision, promotion and development and financing. In particular he elaborated the relationship between NHB and HUDCO in the capacity of a regulator and refiner.

4. After the presentation, Members raised queries on a wide range of issues concerning the Non Performing Assets (NPAs) of HUDCO, the limited extent of exposure to housing sector, the NHB's regulatory regime and the possibility of HUDCO exiting from it, multiplicity of institutions in housing sector, loans given to State Governments and Zila Parishads, the monitoring of the quality of housing, the issue of LIG/EWS housing units remaining vacant etc. The Committee heard the responses of the witnesses in detail and asked them to furnish the replies to the outstanding queries within fifteen days.

(The representatives of NHB then withdrew and those of Ministry of Rural Development were ushered in)

5. The Chairperson, then welcomed the Members and the representatives of Ministry of Rural Development (Department of Rural Development) to the sitting of the Committee and informed them that the sitting had been convened to take evidence of the representatives of the Ministry in connection with the examination of the subject 'Housing and Urban Development Corporation Ltd. (HUDCO)'. Thereafter, he drew their attention to

Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the evidence before the Parliamentary Committee.

6. The Secretary, Ministry of Rural Development (Department of Rural Development) then made a brief presentation highlighting the contribution of HUDCO to rural housing and the various initiatives taken by HUDCO there for informing the Committee that the Ministry is not represented on the Board of HUDCO. The Secretary stated that under Prime Minister Awas Yojana, there is a target of constructing 2.95 crore rural houses by the year 2022. He elaborated upon various aspects of functioning of HUDCO such as the working of rural building centres, skill development, utilisation of local building materials and disaster-proof construction technologies, funding to the State Governments etc. Thereafter, the Chairperson and Members raised various queries pertaining to the subject and the representatives of the Ministry were asked to furnish the replies to the Committee Secretariat at the earliest.

(The representatives of Ministry of Rural Development then withdrew.)

***A verbatim record of the proceedings has been kept separately.
The Committee then adjourned.***

COMMITTEE ON PUBLIC UNDERTAKINGS
(2016-2017)

MINUTES OF THE FIFTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 28th June 2016 from 1100 hrs to 1230 hrs in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Dr. Kambhampati Haribabu
4. Shri Kristappa Nimmala
5. Shri Prahlad Singh Patel
6. Smt. Krishna Raj
7. Shri Ram Singh Rathwa
8. Shri Narendra Keshav Sawaikar

Rajya Sabha

9. Shri Narendra Budania
10. Shri Naresh Gujral
11. Shri Tapan Kumar Sen

SECRETARIAT

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|----|---------------------|------------------|
| 1. | Smt. Sudesh Luthra | Joint Secretary |
| 2. | Smt. Anita B. Panda | Director |
| 3. | Shri G.C. Prasad | Deputy Secretary |

HOUSING AND URBAN DEVELOPMENT CORPORATION

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|----|------------------------|--------------------------------|
| 1. | Dr. Ravi Kanth Medithi | Chairman and Managing Director |
| 2. | Shri N L Manjoka | Director (Corporate Planning) |
| 3. | Shri R K Arora | Director Finance |

At the outset, the Hon'ble Chairperson welcomed the Members and the representatives of Housing and Urban Development Corporation (HUDCO) to the Sitting and drew their attention to Direction 55(1) of the "Directions by the Speaker" regarding confidentiality of evidence tendered before the Parliamentary Committees.

2. The representative of HUDCO then made a brief presentation on the functioning and performance of HUDCO elaborating upon their diversified pattern of lending to various institutions/banks/consortiums/State Governments in the Country, company's network and borrowings as well as the NPAs, projects sanctioned so far, particularly for EWS/LIG category, infrastructure projects and involvement in housing for all and PM Awas Yojna schemes. HUDCO's engagement in the international cooperation of UN habitat, attainment of sustainable development goals, loans extended for utility infrastructure, green housing, ecologically appropriate infrastructure and transportation and micro finance through sewa GrihRin were also explained.

3. Thereafter, the Chairperson and Members of the Committee raised queries on wide range of issues, particularly, the priority of HUDCO other than housing in urban development particularly in States like Himachal Pradesh, slum development in urban areas, low occupancy of EWS/LIG category houses in different States, discrepancies in the growth pattern of HUDCO in the year 2014-2015 and 2015-2016, monitoring mechanism for various projects, CSR activities undertaken by HUDCO in the natural disaster affected areas, NPAs in HUDCO on power sector and ratio between their network and borrowings.

4. Further, Members also asked questions on issues like availability of land in various states and difficulties faced by HUDCO, inconsistency in the units sanctioned for EWS and LIG schemes by HUDCO, non-implementation of E-6 scale in HUDCO under DPE Guidelines and status of PILs pending. Clarifications were sought on diversifying HUDCO's mandate in various projects and viability gap funding by the Government.

5. The CMD and representatives of HUDCO then responded to the queries and explained the difficulties faced by HUDCO while dealing with various issues. In respect of points for which information was not readily available with them, the Chairperson directed that written replies may be furnished to the Committee Secretariat at the earliest.

(The representatives of HUDCO then withdrew)

(A verbatim record of the proceedings has been kept separately).

The Committee then adjourned.

COMMITTEE ON PUBLIC UNDERTAKINGS
(2016-2017)

MINUTES OF THE SEVENTEENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 15th March 2017 from 1500 hrs to 1650 hrs in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Ramesh Bais
3. Dr. Kambhampati Hari Babu
4. Shri Shivaji A. Patil
5. Shri Narendra Keshav Sawaikar
6. Shri Kalikesh Narayan Singh Deo
7. Shri Rameshwar Teli

Rajya Sabha

8. Shri Narendra Budania
9. Shri Ram Narain Dudi
10. Shri A. K. Selvaraj

SECRETARIAT

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| 1. | Smt. Sudesh Luthra | Additional Secretary |
| 2. | Smt. Anita B. Panda | Director |
| 3. | Shri G.C. Prasad | Deputy Secretary |

OFFICE OF C&AG

REPRESENTATIVES OF MINISTRY OF NEW AND RENEWABLE ENERGY

REPRESENTATIVES OF INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED (IREDA)

2. At the outset, the Chairperson welcomed the members to the sitting of the Committee and informed them about the two agenda items to be considered by the Committee, i.e. (i) adoption of the draft report on the subject 'Housing and Urban Development Corporation (HUDCO)' and (ii) oral evidence of representatives of Ministry of New and Renewable Energy in connection with the examination of the subject 'Financing of Renewable Energy Projects by Indian Renewable Energy Agency Limited (IREDA) based on Performance Audit Report No. 12 of 2015'.

3. The Committee then took up for consideration of the draft report on the subject 'Housing and Urban Development Corporation (HUDCO)'. The Committee adopted the draft report without any changes/modifications.

(The representatives of Ministry of New and Renewable Energy were then ushered in)

4.

5.

6.

A verbatim record of the proceedings has been kept.

[The Committee then adjourned].

LAST 3 YEARS SANCTIONS & DISBURSEMENTS ACHIEVED BY HUDCO w.r.t MoU Level-I.

(Rs. in cr.)

Year	Sanctions Tagets			Actual Sanctions Achived							Disbursements Tagets			Actual Disbursement Achived						
	Hsg.	UI	Total	Hsg.	UI	Total	%age Achv.	% growth	Hsg. %age	UI % age	Hsg.	UI	Total	Hsg.	UI	T o t a l	%age Achv.	% gr ow th	Hsg . %a ge	UI % age
2015-16	6422	10478	16900	18790	11984	30774	182.09	45.88	61	39	2954	4820	7774	3186	5064	8250	106.12	3.46	39	61
2014-15	5796	10304	16100	7672	13424	21096	131.03	20.61	36	64	2628	4672	7300	3076	4898	7974	109.23	7.21	39	61
2013-14	5100	4950*	15000	9643	7848	17491	116.61		55	45	2245	4357	6602	2841	4597	7438	112.66		38	62

** Core Infrastructure

Annexure I

MoU Targets and Achievements for past five years

Sl.No	PARAMETERS	2011-12		2012-13		2013-14		2014-15		2015-16	
		MoU trgt.	Achvt.	MoU trgt.	Achvt.	MoU trgt.	Achvt.	MoU trgt.	Achvt.	MoU trgt.	Achvt.
1	Total Sanctions (including in-principle) (Rs. Crore)	20010	20511	22006	23974	15000	17491	16100	21096	16900	30774
2	Housing Sanctions (Rs. Crore)	6003	6307	7042	7637	5100	9643	5796	7670	6422	18790
3	UI Sanctions (Rs.Crore)	14007	14204	14964	16337	9900	7848	10304	13426	10478	11984
4	Total Sanctions (excluding in-principle)	20010	13857	22006	16760	15000	17491	16100	21096	16900	30774
5	Total Releases (Rs.Crore)	6003	6905	6287	6083	6602	7438	7300	7973	7774	8248
6	Housing Releases (Rs.Crore)	1801	1918	2012	1391	2245	2842	2628	3076	2954	3133
7	UI Releases (Rs.Crore)	4202	4987	4275	4692	4357	4596	4672	4897	4820	5115
8	Incremental Cost of borrowings compared to 10-Yr G-Sec yield (bps)	10-Yr G-Sec + 92 bps	8.63% +0.63% =9.26%	10-Yr G-Sec +138 bps	7.97%+0.77%=8.74%	10-Yr G-Sec + 138 bps	8.84% - 0.07% =8.77%	10-Yr G-Sec + 138 bps	7.80%+0.35%=8.15%	10-Yr G-Sec + 138 bps	136 bps +10-Yr G-Sec) i.e. 7.42%+1.36% = 8.78%
9	Gross Operating Margin (Rs.Crore)	Not a MoU parameter	1109.28	Not a MoU parameter	1296.63	Not a MoU parameter	1252.23	1265	1571.17	1265	1283.11
10	PAT per employee (Rs.lakh)	Not a MoU parameter	65.05	Not a MoU parameter	73.90	Not a MoU parameter	79.29	82.53	84.89	83.22	87.68
11	Sales Turnover/ Net Block (excl CWIP) (ratio)	Not a MoU parameter	38.36	Not a MoU parameter	40.31	Not a MoU parameter	43.25	42.82	44.81	42.43	43.98

12	Gross NPA(Rs. Crore)	Not a MoU parameter	1518.25	Not a MoU parameter	1513.66	Not a MoU parameter	2030.19	Not a MoU parameter	2069.59	Not a MoU parameter	2382.45
13	Gross NPA(%)	6.08	6.07	5.8	5.69	5.51	6.76	9	6.25	10	6.68
14	Net NPA (Rs.Crore)	Not a MoU parameter	344.29	Not a MoU parameter	210.36	Not a MoU parameter	722.64	Not a MoU parameter	501.9	Not a MoU parameter	701.39
15	Net NPA(%)	3.24	1.44	3.09	0.83	2.93	2.52	Not a MoU parameter	1.59	Not a MoU parameter	2.06
16	Reduction in Defaults (%)	9.7	11.44	10.19	25.49	11.5	12.81	11	32.8	10.5	11.89
17	No. of new products/ during the year	Not a MoU parameter						2	2	3	3
18	Total housing units sanctioned under Affordable Housing including EWS & LIG (in lakh)	3.2	4.07	3.84	4.25	4.04	14.12	4.23	4.73	4.5	4.57
19	Loan released for Affordable Housing incl EWS/LIG to total Housing releases (%)	24	57	24	67	40	74	40	87	40	79
20	Total Fee-based Income (Rs. Crore)	36	16.86	5	10.77	5	7.03	5.25	8.09	Not a MoU parameter	
21	Loan sanctioned to Core UI to total UI sanction(%)	50	56	50	59	50	68	Not a MoU parameter		51	52
22	Customer Feedback Meets (no. of meets)	Not a MoU parameter		Not a MoU parameter		5	5	Not a MoU parameter		5	5
23	CSR-Financial Expenditure (Rs.Crore)	11	1.49	9.45	9.83	>= Rs.12 cr	12.49	20.64	11.62	Not a MoU parameter	7.86

ANNEXURE III

Status of NPA 2015-16

				(Rs in Crores)								
				31.03.2015 (Reviewed on 31.03.2015)			31.03.2016 (Reviewed on 31.03.2016)					
S. N	Name of the SBU	Govt/ Non Govt	Total Principal O/S	Gross NPA (Principal Outsanding)	% of Gross NPA to total principal outstanding	Total Principal O/S	Gross NPA (Principal Outsanding)	% of Gross NPA to total principal outstanding	Std assets			
			I	II	III (II/I*100)	I	II	III (II/I*100)			Provg on std assets	
1	BUILDING MATERIAL	Govt	0	0	0	0	0	0	0.00	0.40%	0.00	
		Non Govt	12.30	12.30	100.00%	12.44	12.44	100.00%				
	SUB TOTAL		12.30	12.30	100.00%	12.44	12.44	100.00%				
2	CORE SECTOR	Govt	6255.63	34.34	0.55%	8046.17	34.24	0.43%	8011.93	0.40%	32.05	
		Non Govt	31.09	31.09	100.00%	31.09	31.09	100.00%				
	SUB TOTAL		6286.72	65.43	1.04%	8077.26	65.33	0.81%				
3	EMERGING SECTOR	Govt	2059.56	0	0.00%	2504.12	0	0.00%	2854.00	0.40%	11.42	
		Non Govt	595.71	349.88	58.73%	595.71	245.83	41.27%				
	SUB TOTAL		2655.27	349.88	13.18%	3099.83	245.83	7.93%				
4	ENERGY SECTOR	Govt	4055.18	0.00	0.00%	3004.95	0.00	0.00%	4009.32	0.40%	16.04	
		Non Govt	2400.33	647.73	26.99%	2092.23	1087.86	52.00%				
	SUB TOTAL		6455.51	647.73	10.03%	5097.18	1087.86	21.34%				
5	ROAD AND TRANSPORTATION SECTOR	Govt	5355.92	23.67	0.44%	5415.03	10.23	0.19%	5474.35	0.40%	21.90	
		Non Govt	267.72	154.25	57.62%	215.08	145.53	67.66%				
	SUB TOTAL		5623.64	177.92	3.16%	5630.11	155.76	2.77%				
6	SOCIAL HOUSING SECTOR	Govt	6716.52	38.68	0.58%	8186.53	24.29	0.30%	8162.24	0.40%	32.65	
		Non Govt	21.51	21.50	99.95%	20.79	20.79	100.00%				
	SUB TOTAL		6738.03	60.18	0.89%	8207.32	45.08	0.55%				
7	VALUE ADDED REAL ESTATE	Govt	3657.24	199.46	5.45%	4058.04	184.31	4.54%	3907.01	1%	39.07	
		Non Govt	657.63	524.77	79.80%	593.23	559.95	94.39%				
	SUB TOTAL		4314.87	724.23	16.78%	4651.27	744.26	16.00%				
8	TOTAL SBU		32086.34	2037.67	6.35%	34775.41	2356.56	6.78%	31742.52		32418.85	
9	RETAIL FINANCE		378.52	31.92	8.43%	619.53	25.89	4.18%	-3032.89	0.40%	2.37	
10	BONDS		670.00	0.00	0.00%	270.00	0.00	0.00%				
11	GRAND TOTAL (8+9+10)		33134.86	2069.59	6.25%	35664.94	2382.45	6.68%			33282.49	
											153.12	
											155.49	