

## **Seminar on “Consumer Issues in Housing and Housing Finance” – proceedings Session 1**

1. This seminar was conducted on April 04, 2009 at Hotel GRT Grand. This was conducted jointly by CAI and NHB. Leading bankers, IBA, CMDA, NBFCs and public participated in the seminar. Mr. Arun Ramanathan, Secretary Finance, Government of India inaugurated the conference.

Over 210 people attended and many had to be turned away since the accommodation was limited. More than half of the participants were consumers and CAI members. By all accounts, the seminar was a great success and there were very interesting exchange of views between the public and the financial institutions.

2. There were four sessions in this day long seminar.

The first session was the inaugural session.

The second and first technical session was on the procedural elements in house building and the approvals, sanctions required to construct a house or buy a flat, including the loan aspects. This was chaired by Dr. K Ramakrishnan , CEO of IBA.

The third session was consumer centric. The speakers talked about the various issues faced by the consumers. This was aptly chaired by mr. Desikan, Trustee of CAI.

The final session was on the ‘ Reverse Mortgage Loans’. This is a new ‘product’ which has a social benefit aspect and this has been developed and promoted by National Housing Bank, Mr. S. Sridhar, Chairman and MD of NHB chaired the session.

3. Inaugural session:

The welcome speech was given by Mr. Desikan, Trustee of CAI. He invited the consumers present to come out with their problems and concerns and get them answered by the decision makers from the financial institutions present.

The panel of speakers were impressive. They were

- . Mr. Arun Ramanathan, Finance Secretary , Gol
- . Mr. M S Sundararajan, CMD, Indian Bank
- . Mr. S Sridhar, CMD, NHB
- . Mr. T S Narayanaswamy, CMD, Bank of India and President IBA

\* Mr. Sundararajan spoke about the concern of the public that banks do not want to give a loan after the sub-prime crisis. He stressed that banks want to give more loans; that enough funds are available; that they have made procedures simple; that the procedures have been centralized to make it simple; that the time for loan approvals is reduced to 7 days from 30 days. He stated that the “global financial tsunami” has not affected India only a marginal slow down.

He reiterated that the loan is not a function of interest rate but a function of service response. He said that a lot of attention is paid for grievance redressal and the number of complaints are very low.

\* Mr. S Sridhar spoke about the role and function of the National Housing Bank. He said that the loans have come down not because of the delays in getting loans but because of the general slow down. He said that many of the constructions are at the high end where as the demand is in low cost housing; hence skewed. He said that the builders and promoters are taking corrective action. From the bank's side, the interest rates are only 8%, just 0.8% more than the Government rate.

He touched upon the role played by NHB and the measures taken by them. He said that a special re-finance of 4000 corers released by RBI and NHB. They have created "rural housing fund" at reduced rates. NHB has developed a code of conduct to all housing finance companies to improve 'transparency and fairness'. They have developed a program to train "mortgage counsellors" to assist, guide and advice public. He agreed that VCOs like CAI should take up this role since consumer education is a prime objective of VCOs.

He mentioned the steps taken by NHB to educate consumers. NHB has started a "Housing Information Portal" in March 09. NHB has set up a "valuation standards" which will have to be followed by all certified valuers

They are working on a "National Mortgage Repository" where the property record of the state government is linked to the finance companies so that the mal practices can be reduced.

Mr. Sridhar's talk was followed by a demonstration of the portal and the features available by Mr. P R Jaishankar of NHB. It was very illuminating. There are plenty of information, FAQs and a number of calculators where one can feed the information and get an idea of the emi etc.

The portal can be accessed at [www.housingindia.info](http://www.housingindia.info) . The readers are advised to look up this portal to know more about housing loans.

Dr K Ramakrishnan taled about the steps which IBA and its members are taking (and have taken) to keep the momentum in Housing. He also touched upon the "Reverse Mortgage loans" and how this is a boon to senior citizens.He mentioned that this seminar will be very educative to the public.

Mr. Arun Ramanathan gave the inaugural address. He mentioned about the 'cost aspect' which are the transaction and capital costs. He stressed on the aspect of service being equally important. These pertain to legal and ownership. He suggested that CAI should provide guidance to improve the clarity of the documents and documentation required.

Mr. R V Verma of NHB gave the vote of thanks