

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UN-STARRED QUESTION NO. 3091

ANSWERED ON 28th MARCH, 2023/ 7 CHAITRA 1945 (SAKA)

‘HOME LOANS FROM NBFCs ETC.,’

3091: Shri Elamaram Kareem:
Shri Digvijaya Singh:

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

- (a) whether Government has ever assessed the total number of persons who have taken home loans from Non-Banking Financial Companies (NBFCs) and Nationalized/Commercial Banks separately;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether Government is aware that some NBFCs are charging almost double rate of interest on home loans if compared to nationalized banks; and
- (d) if so, the details thereof and the steps taken against such exploitative institutions?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) & (b): As informed by National Housing Bank and Reserve Bank of India (RBI), the number of Housing loan accounts with Non-Banking Financial Companies (NBFCs)-Housing Finance Companies (HFCs) and Scheduled Commercial Banks (SCBs) respectively, during last 3 years, are as follows:

| Year (as on 31st March) | No. of Housing loan of HFCs | No. of Housing loan of SCBs |
|---|------------------------------------|------------------------------------|
| 2020 | 56,33,066 | 98,17,180 |
| 2021 | 56,67,619 | 1,06,96,540 |
| 2022 | 61,39,126 | 1,15,33,412 |

(c) & (d): As apprised by RBI, they don't prescribe interest rates to be charged to borrowers by NBFCs. They have further mentioned that while NBFCs are operationally independent to decide on credit-related matters *viz.* rate of interest on loans, other applicable charges, type of loans, loan appraisal /disbursement/repayment/ recovery etc, RBI has issued various guidelines/norms applicable to NBFCs with regard to the charging of rate of interest to its borrowers which include, *inter alia*, the following:

- (i) The Board of each NBFC/HFC are required to adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- (ii) The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the NBFCs or published in the relevant newspapers. The information published on the website or otherwise has to be updated whenever there is a change in the rates of interest. The rate of interest has to be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.
- (iii) RBI has laid down a Fair Practices Code, which has to be adhered to by NBFCs and the rate of interest charged shall be transparently disclosed to the borrower in the vernacular language, as understood by the borrower.
- (iv) To protect the interest of customers, Grievance Redressal Procedure has also been laid down to adequately address customer complaints. If the complaint is not redressed within a period of one month, the customer may approach RBI for redressal of grievances through RBI Ombudsman.
