

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO. 2787

ANSWERED ON TUESDAY, 25th MARCH, 2025/ 4 CHAITRA, 1947 (SAKA)

HOME LOANS FROM NBFCs

2787 SHRI AKHILESH PRASAD 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 from Nationalised/Commercial Banks separately;
- (b) if so, the details thereof;
- (c) if not, the reasons therefor;
- (d) whether Government is aware that some NBFCs are charging almost double rate of interest on home loans in comparison to nationalized banks;
- (e) if so, the details thereof; and
- (f) the steps taken against such exploitative institutions?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SH. PANKAJ CHAUDHARY)

(a) to (c): As informed by National Housing Bank and Reserve Bank of India (RBI), the number of Housing loan accounts with Non-Banking Finance 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
2022	61,39,126	1,15,33,412
2023	65,45,049	1,23,67,191
2024	46,63,849*	1,51,12,661

*after merger of HDFC Ltd. with HDFC Bank

(d) to (f): 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. 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 is 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 website 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) Further, w.e.f. 1.10.2024, for all retail and MSME term loans, the NBFCs are required to provide a Key Financial Statement (KFS) to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardised format. The KFS contains details on interest rate, type of interest, computation sheet of annual percentage rate (including all charges levied by NBFC and charges recovered from borrowers on behalf of third-party service providers such as insurance charges, legal charges, etc.), amortisation schedule of the loan over loan tenor, etc.
- (v) Reserve Bank has instituted grievance redressal systems and RBI-Integrated Ombudsman Scheme, under customer protection initiatives. In case of deficiency of service, customers can also register their complaints under the Reserve Bank - Integrated Ombudsman Scheme, 2021 to resolve their grievances.
