

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA**

**UN-STARRED QUESTION NO. 6472
TO BE ANSWERED ON 06th APRIL, 2018 / CHAITRA 16, 1940 (SAKA)**

‘HOUSING FINANCE COMPANIES WITH SUSPICIOUS CREDIBILITY’

QUESTION

6472: SHRI GOPAL SHETTY:

Will the Minister of FINANCE be pleased to state:

- (a) whether several Housing Finance Companies with suspicious credibility are functioning in the country and duping the people;
- (b) if so, the details of these companies and the number of such cases reported, company-wise as on date;
- (c) whether the Government has conducted any investigation in this regard; and
- (d) if so, the details thereof along with the action taken against such companies?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)**

(a) to (d): The functioning of Housing Finance Companies (HFCs) is governed by the National Housing Bank (NHB) Act, 1987. In terms of the provisions of the NHB Act, every housing finance institution which is a registered company is required to obtain Certificate of Registration (CoR) from NHB before commencing / carrying on the business of housing finance in India. CoR is issued by NHB after due diligence, if the HFC meets stipulated conditions. All such HFCs are thereafter regulated as per the provisions of the Act and supervised by NHB through various measures which inter-alia include offsite surveillance through submission of reports and returns, onsite inspections and audit, special audit in case of adverse reports etc.

Action against defaulting HFCs is taken by NHB from time to time and includes levy of penalties, issuance of warnings and prohibitory orders, cancellation of CoR etc. As reported by NHB, in the last two years, CoRs of two HFCs, namely Kerala Housing Finance Limited and Rose Valley Housing Development have been cancelled for failing to comply with the conditions subject to which the CoR was granted. These HFCs have however not been prevented from recovering their loans / instalments of loans from the borrowers and payment of liabilities and expenses.
