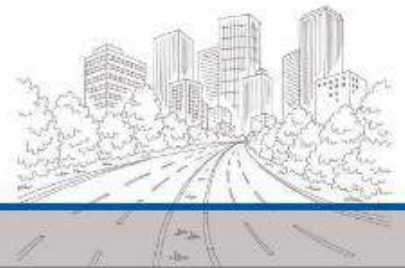
राष्ट्रीय आवास बैंक
NATIONAL HOUSING BANK

Lessons in Blending Finance and Affordability
(Indian Affordable Housing Finance Journey)

Sanjay Shukla
Managing Director, National Housing Bank, India



Presentation Agenda



- About National Housing Bank
- Housing Finance Landscape in India
- Government of India's Flagship Programmes in Housing
- Making Housing Affordable
- Use of Blended Finance Mechanism by NHB for Improving Affordability

About National Housing Bank (NHB)

- **Genesis**
  Established on July 9, 1988 under the National Housing Bank Act, 1987

- Apex development financial institution for housing in India

- **Vision**
  Promoting Inclusive Expansion with Stability in the Housing Finance Market

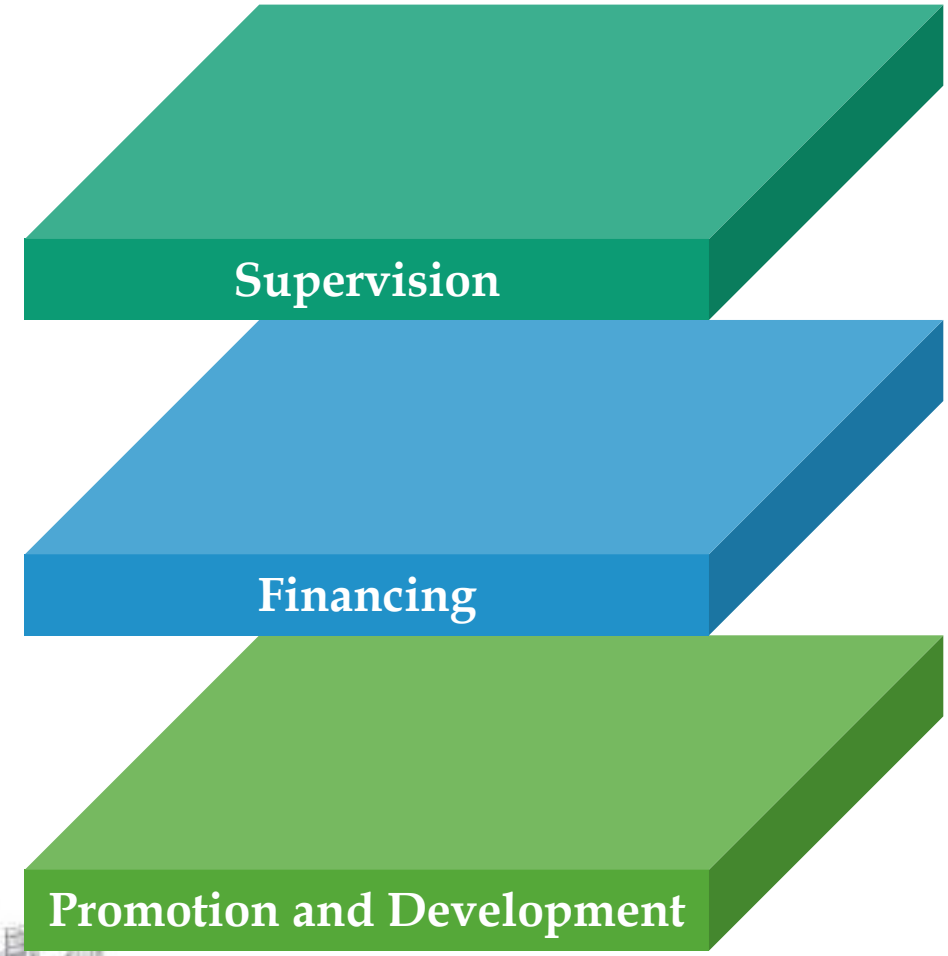
- **Mission**
  To Harness and Promote the Market Potentials to Serve the Housing Needs of All Segments of the Population with the Focus on Low and Moderate Income Housing



Objectives of NHB

- To promote a sound, healthy, viable and cost-effective housing finance system to cater to all segments of the population and to integrate the housing finance system with the overall financial system
- To promote a network of dedicated housing finance institutions to adequately serve various regions and different income groups
- To augment resources for the sector and channelize them for housing
- To make housing credit more affordable
- To supervise the activities of housing finance companies based on supervisory power derived under the Act
- To encourage augmentation of supply of buildable land and also building materials for housing and to upgrade the housing stock in the country
- To encourage public agencies to emerge as facilitators and suppliers of serviced land, for housing

Major Functions of NHB



Supervision

Supervising Housing Finance Companies (HFCs) through a system of onsite inspections and off-site surveillance mechanism through periodic returns

Financing

- Incentivizing Primary Lending Institutions (PLIs) to improve and strengthen credit delivery network for housing finance with special focus on bottom of the pyramid
- Extending project financing to public agencies and PPPs

Promotion and Development

Undertaking activities to encourage sound housing and housing finance ecosystem in the country

Housing Finance Landscape in India

1986-87



Outstanding Individual Home Loans
$1.61 Billion
($0.24 Billion @ current exchange rate)

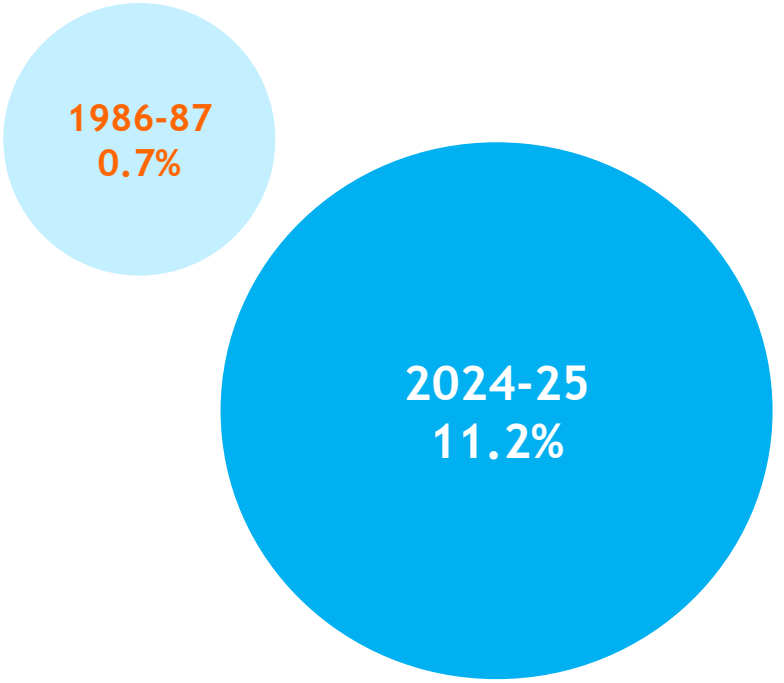
CAGR - 21.8%

2024-25



Outstanding Individual Home Loans
$418.96 Billion @

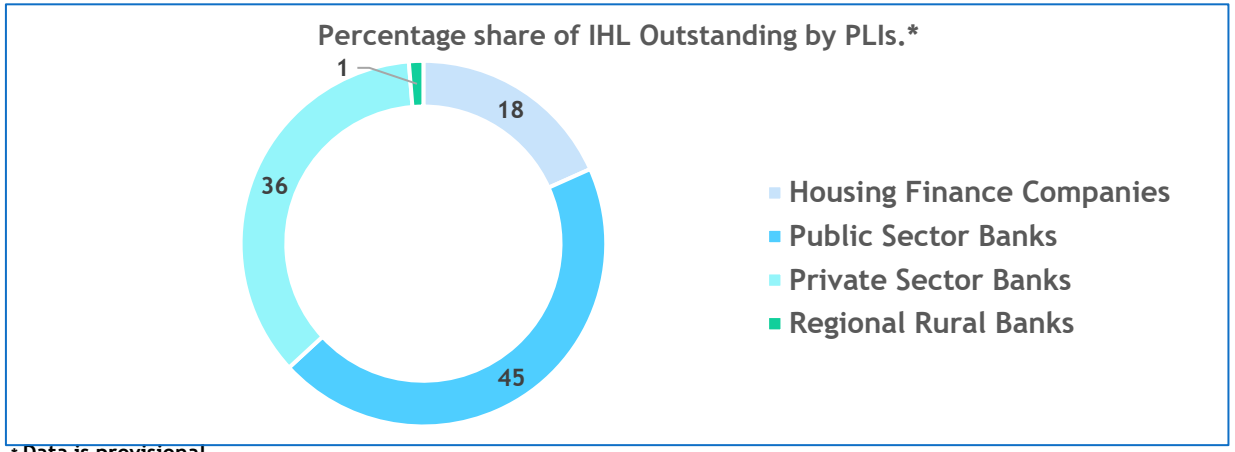
Housing Loans as a % of GDP



@ Outstanding IHL of HFCs, & SCBs including PSBs, PVBs, RRBs, Foreign Banks, SFBs

Housing Finance Landscape in India Contd.

- Scheduled Commercial Banks and Housing Finance Companies (HFCs) are major players in the housing finance sector.
- Market share of Primary Lending Institutions (PLIs) in Outstanding Individual Housing Loan Portfolio as on 31st August 2025



* Data is provisional

IHL Outstanding of Primary Lending Institutions	
Housing Finance Companies	**$76.00 billion**
Public Sector Banks	**$186.17 billion**
Private Sector Banks	**$147.75 billion**
Regional Rural Banks	**$5.29 billion**
Total	**$415.01 billion**

- Housing Finance Companies have played a pivotal role in transforming rural and semi-urban ownership aspirations, reshaping the Indian housing market and growing in stature to become systematically significant in the Indian financial landscape.

Government of India's Affordable Housing Flagship Programs

2009

Rajiv Awas Yojana (RAY)

Strives to make India slum-free and upgrade standard of living.

Target Customers : Slum residents

Target: Slum-free India

2015

Pradhan Mantri Awas Yojana (PMAY 1.0)

Urban (PMAY-U): Grants interest / subsidies for urban poor on home loans

Target Customers : EWS, low and middle Income

Target: 10 Mn houses by 2024

Gramin (PMAY-G): Provides financial support for building or improving rural homes

Target Customers : Rural poor

Target: 29.4 Mn houses by 2024

2020

Pradhan Mantri Awas Yojana (PMAY 1.0)

Affordable Rental Housing Complexes (ARHCs): Transforms un-occupied government houses into rental complexes

Target Customers : Urban migrants and poor

Target: Provide affordable rental housing for urban migrants/poor

2021

Pradhan Mantri Awas Yojana (PMAY 1.0)

National Urban Rental Housing Policy (NURHP): Encourages rental housing

Target Customers : Urban Residents

Target: Increase rental housing stock

2024

Pradhan Mantri Awas Yojana (PMAY) 2.0

PMAY-G: Provides funding for building or upgrading homes in rural areas

Target Customers : Rural poor

Target: 10 Mn houses by 2029

Pradhan Mantri Awas Yojana (PMAY 2.0)

PMAY-U: Offers interest subsidies on home loans for low-income urban residents

Target Customers : EWS, Low and Middle Income

Target: 10 Mn houses by 2029



Performance of PMAY(U) 2.0



- 12.0 million Houses Sanctioned
- 11.3 million Houses Grounded
- 9.4 million Houses Completed
- $22.80 billion Central Assistance Committed
- $19.54 billion Central Assistance Released
- $92.78 billion Total investment

- The National Housing Bank as a Central Nodal Agency disbursed subsidy of $1.90 million to 18 PLIs for 4,511 beneficiaries, under PMAY-U 2.0 and disbursed $5.58 billion under PMAY – U benefitting 2.1 million households

Source: https://pmay-urban.gov.in/uploads/progress-pdfs/6846ce2e72606-National_cropped.pdf
Status as on 25th Aug 2025

Some Units under PMAY













Making Housing Affordable



- Making land available for affordable housing
- Regulation of real estate sector to ensure timely completion
- Reduction in cost of funds through blending

Making Land Available

- **Cross subsidization**
  - Government provides land to private developer at lower costs
  - A prescribed portion of the land is to be utilized for constructing affordable housing
  - The affordable housing units are sold at prescribed prices to identified beneficiaries
  - The affordable portion of the project is to be completed before / alongside the premium portion of the project

Higher Floor Space Index (FSI)

- Higher FSI is permitted on the developer's land located in a premium area in exchange for affordable housing on a prescribed portion of the land
- Alternatively, higher FSI on premium land could be granted in exchange for affordable housing on another plot of land elsewhere



Real Estate (Regulation and Development) Act, 2016 [RERA]

An Act to establish the Real Estate Regulatory Authority for regulation and promotion of the real estate sector and to ensure sale of plot, apartment or building, as the case may be, or sale of real estate project, in an efficient and transparent manner and to protect the interest of consumers in the real estate sector and to establish an adjudicating mechanism for speedy dispute redressal

- Mandatory project registration
- High level of disclosure and transparency
- Periodic project progress updates
- Standardization of carpet area calculation
- Penalties for violation of project timelines
- Escrow mechanism to prevent fund diversion
- Mandatory registration of real estate agents
- Grievance redressal mechanism



Affordability through Blended Finance

सत्यमेव जयते
Government of India

Subsidized funds

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NATIONAL HOUSING BANK

Blended funds to PLIs



Affordable home loans





Funds from market sources

Affordability through Blended Finance

- NHB provides funds at low cost to Primary Lending Institutions for onward lending at affordable rates
- Government of India provides subsidized funds to NHB through Affordable Housing Fund and other mechanisms
- NHB blends the subsidized funds with its own market-raised funds (in the ratio 1:3 to 1:4) to bring down the landed cost of funds for the Primary Lending Institutions
- The low cost funds provided by NHB are to be utilized by the Primary Lending Institutions for lending to target beneficiaries
- The low cost funding is subject to interest rate caps on onward lending



Affordability through Blended Finance

- Concessional funding from NHB is available for onward lending to target segments such as
  - Economically Weaker Sections and Low Income Groups
  - Women
  - Rural segments
  - Green housing
  - Hilly areas
- Under Affordable Housing Fund, NHB has disbursed ~$6.4 billion since 2018-19



Affordability through Blended Finance

- NHB is able to raise funds at finer rates from the market owing to its status of being wholly owned by Government of India, AAA rating, and low delinquency rates

- Concessional funds are provided by the Government of India to NHB through a variety of sources
  - Priority sector shortfall *(Banks in India are required to extend around 40% of their loans to specified segments / sectors such as agriculture, Micro, Small & Medium Enterprises (MSMEs), education loans, housing, etc. Banks not meeting the prescribed targets have to deposit requisite amounts at low rates with institutions as directed by the Government)*
  - *Tax Free Bonds*
  - *Capital Gains Bonds*

- *Further, risks in lending to lower income and informal income segments are mitigated through mortgage credit guarantees*

Housing Microfinance Program of NHB

- NHB extended financial assistance to Microfinance Institutions (MFIs) in the country
- MFIs had lent the amount to members of Self-Help Groups and Joint Liability Groups promoted by them
- Term loans were given majorly for repair / renovation / upgradation of houses including construction of toilets
- Individual loan size varied from $1,740 to $2,409
- Tenure of the loan varied from 3-15 years
- Group guarantee of the Self-Help Groups and Joint-Liability Groups was taken for ensuring timely repayment of loans.





APUHF - International Conference

ASIA PACIFIC UNION FOR HOUSING FINANCE

राष्ट्रीय आवास बैंक
NATIONAL HOUSING BANK

INTERNATIONAL CONFERENCE

on

EVOLVING LANDSCAPE OF HOUSING FINANCE

(Inclusivity, Stability and Sustainability)

February 11 to 14, 2026

India Habitat Centre, New Delhi
INDIA



The housing landscape worldwide had undergone tremendous change over the past few decades, with the focus shifting from mere supplying of houses to a more holistic and solution-based approach straddling the entire spectrum, both on the demand as well as supply side and covering all socio-economic segments, with an impetus on overall sustainability.

Thus, the housing markets today, be in any country or of any size, almost uniformly exhibit certain common characteristics, albeit in varying degrees. These characteristics include a reasonably developed or fast developing primary mortgage market with the ability to offer customized and targeted products and services, reasonably high number of market players catering to various segments of the market, responsive regulation and supervision bring greater transparency and higher level of consumer protection, leveraging of technology - both traditional and emerging - to address the issues of accessibility and affordability, and increased focus on sustainability-driven growth.

In this era of interconnectedness and all-round symbiosis, knowledge and experience sharing across geographies and economies assumes a higher significance than ever before. There exists a state of urgency today in addressing the various problems faced by humanity, brought on by increased population levels, the precarious balance of nature, and our duty to bestow on our future generations a world better than the one we inherited.

CONFERENCE THEME

The International Conference on **Evolving Landscape of Housing Finance - inclusivity, stability and sustainability** is an initiative of the Asia Pacific Union for Housing Finance (APUHF) and the National Housing Bank, India, to bring together, on one platform, all stakeholders, for knowledge & experience sharing and networking, to ensure that the best practices and groundbreaking initiatives from across the world are disseminated among everyone, so that the goal of Housing for All becomes a reality.



APUHF - International Conference

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WHO SHOULD ATTEND

Policymakers (officials from Governments, Regulatory and Supervisory Bodies), Development Financial Institutions, Multilateral Institutions, Lenders, Fintech Solution Providers, Secondary Mortgage Market Participants, Rating Agencies, Credit Bureaus, etc.

CONFERENCE HIGHLIGHT

- DAY 0 — Welcome Dinner
- DAY 1 — Conference
- DAY 2 — Conference
- DAY 3 — Fellowship Tour to Taj Mahal Agra, Uttar Pradesh, India



SESSIONS

- Inclusive Mortgage Finance : Cross-country Experiences
- Affordable and Accessible Housing & Urban Policy : An Indian Perspective
- Multilateral Institutions' Role in Promoting Inclusive Mortgage Finance
- The Path to Sustainability in Housing
- Expert Session-Future of Housing Finance:Rising Trends and Opportunities
- Risk Mitigants for a Robust Mortgage Finance Ecosystem
- Technology Driven Transformation : Redefining Mortgage Finance for the Future



FEES

APUHF Members : $250 (inclusive of taxes) for foreign delegates

Non-APUHF Members: $300 (inclusive of taxes) for foreign delegates

₹15,000 (inclusive of taxes) for Indian delegates

Note : Travel and accommodation would be on your own account.

Not yet an APUHF member? Now's the perfect time to join!

Please visit : **www.apuhf.info** or **www.nhb.org.in** for enrolment as member

REGISTER AND CONNECT

Where : India Habitat Centre, New Delhi, India
When : February 11-14, 2026
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