

Prototype Interactive Public Questions & Answers

Q.1 What is HUDCO?

Ans. Housing and Urban Development Corporation Ltd. (HUDCO) is a public sector enterprise fully owned by the Government of India, under the Companies Act 1956. HUDCO was incorporated on 25th April, 1970.

Q.2 What are HUDCO's objectives?

- To provide long term finance for construction of houses for residential purposes or finance or undertake housing and urban development programmes in the country;
- to finance or undertake, wholly or partly, the setting up of new or satellite towns;
- to subscribe to the debentures and bonds to be issued by the State Housing (and/ or Urban Development) Boards, Improvement Trusts, Development Authorities etc.; specifically for the purpose of financing housing and urban development programmes;
- to finance or undertake the setting up of industrial enterprises of building material;
- to administer the moneys received, from time to time, from the Government of India and other sources as grants or otherwise for the purposes of financing or undertaking housing and urban development programmes in the country and;
- to promote, establish, assist, collaborate and provide consultancy services for the projects of designing and planning of works relating to Housing and Urban Development programmes in India and abroad.

Q.3 What is its Mission?

Ans. To promote sustainable habitat development to enhance quality of life.

Q.4 What is its Vision?

Ans. To be among the world's leading knowledge hubs and financial facilitating organisations for habitat development.

Q.5 Is HUDCO a Housing Finance Company (HFC) and if so who is the regulator of HUDCO?

Ans. Yes, HUDCO is a Housing Finance Company registered with National Housing Bank (NHB), which was established under the Act of Parliament to operate as a principal agency to promote housing finance institutions both at local and regional levels and to act as the Regulator of Housing Finance Companies.

Q.6 Is HUDCO an ISO certified institution?

Ans. Yes, HUDCO has received ISO 9001:2000 certification for quality management, for the full range of its activities covering project and retail financing services, resource mobilization for funding, consultancy and joint ventures and, training, research and networking in human settlement planning & management. This certification has been received from the United Kingdom Accreditation Service (UKAS) and the National Accreditation Board for Certification Bodies (NABCB).

Q.7 What is the Resource Base of HUDCO?

Ans. HUDCO was established with an equity base of Rs.2 crores. Over the years, the equity base has been expanded by the Government. The present authorised capital base of HUDCO is Rs.2500 crores and paid up capital is Rs. 2001.90 crores. For latest updates please refer to HUDCO website www.hudco.org

Q.8 What the Programmes of HUDCO?

Ans. HUDCO extends assistance benefiting the masses in urban and rural areas under a broad spectrum of programmes as listed below:

Housing

- Urban Housing
- Rural Housing
- Staff Rental Housing
- Repairs and Renewals
- Shelter and Sanitation Facilities for Footpath dwellers in Urban Areas (Night Shelter and Pay & Use toilets)
- Working Women Ownership Condominium Housing
- Housing through Private Builders/Joint Sector
- Individual Housing Loans through 'HUDCO Niwas'
- Land Acquisition
- Jawahar Lal Nehru National Urban Renewal Mission (JNNURM)

Infrastructure

- Integrated Land Acquisition and Development
- Environmental Improvement of Slums
- Utility Infrastructure
- Social Infrastructure
- Economic and Commercial Infrastructure

Building Technology

- Building Centres for Technology Transfer at the Grass-roots
- Building Material Industries

Consultancy Services

- Consultancy in Housing, Urban Development and Infrastructure

Research And Training

- Capacity Building and Technical Assistance to all Borrowing Agencies, Research Training and Networking in Human Settlement Planning and Management.

Q.9 Who are the eligible borrowers for HUDCO loan assistance?

Ans. Eligible borrowers are:

- i) State level financing institutions / corporations
- ii) Water supply and sewerage boards
- iii) Development authorities
- iv) State functional borrowers for housing & urban development
- v) New town development borrowers
- vi) Regional planning boards
- vii) Improvement trusts
- viii) Municipal corporations / councils
- ix) Joint sector companies
- x) Cooperative societies / trusts
- xi) NGOs
- xii) Private companies/borrowers including BOT operators, concessionaires

Q.10 What are the various categories of projects under Housing Finance?

Ans. All types of Housing projects includes:

- i) Rural Housing
- ii) Urban Housing
- iii) Co-operative Housing
- iv) Community Toilets
- v) Slum Upgradation
- vi) Staff Housing including Police Housing
- vii) Repairs and Renewal
- viii) Housing by NGOs
- ix) Private Sector Housing
- x) Takeout finance
- xi) Land Acquisition cum Construction schemes
- xii) Individual Housing

Real Estate such as Malls, Market Complex, Office Complex, IT Parks, Hotels, Resorts, Entertainment, SEZ, Spa, Health Club, Wellness Centres.

Q.11 What type of projects are eligible for HUDCO finance in Infrastructure sector?

Ans. Construction, Augmentation and Improvement of the following:

- i) Water Supply Projects
- ii) Sewerage and Drainage
- iii) Solid Waste Management
- iv) Low Cost Sanitation
- v) Integrated Area Development Schemes
- vi) Social Infrastructure
- vii) Transportation – Roads, Bridges, Bus terminals, Ports, Airports etc.
- viii) Commercial / Economic Infrastructure
- ix) Power – Generation, Transmission and Distribution
- x) Industrial and Business Infrastructure – SEZ, Warehouses etc.
- xi) Information / Communication / Entertainment (ICE)
- xii) Telecom
- xiii) Ecologically Appropriate Infrastructure Projects

Q.12 Does HUDCO fund for land acquisition?

Ans. HUDCO provides loan assistance for land acquisition to public sector borrowers for taking up schemes, which are otherwise eligible for HUDCO project financing. HUDCO does not provide loan assistance for purely land acquisition to private sector borrowers. However, composite land acquisition and construction schemes from private sector borrowers are eligible for HUDCO project funding.

Q.13 What is the procedure to avail the project loan from HUDCO?

Ans. The borrower is required to submit the loan application in the prescribed format along with the required documents and prescribed non-refundable application fee to the nearest HUDCO office. The prescribed application form can be downloaded from HUDCO's website i.e. www.hudco.org

Q.14 What is HUDCO's rate of interest?

Ans. HUDCO's rate of interest depends on type of projects, category of borrower, rating of borrower. For details please refer to HUDCO's website i.e. www.hudco.org

Q.15 Is there any rebate available in rate of interest?

Ans. There are certain rebates, which depends on quantum of loan, securities offered, rating of borrower etc. For details please refer to HUDCO's website i.e. www.hudco.org

Q.16 What is the loan application fee of HUDCO?

Ans. A non-refundable application fee of 0.1% of loan amount subject to minimum of Rs. 10,000 + service tax to maximum of Rs. 5.00 lacs + Service Tax (please refer financing pattern available at the website).

Q.17 What is the frond-end-fee or upfront fee?

Ans. A non-refundable frond-end-fee of 0.25% to 0.5% of Loan subject to minimum Rs. 10 lacs and maximum of Rs. 100 lacs, which is payable after sanction of the project (please refer financing pattern available at the website).

Q.18 To what extent HUDCO can finance?

Ans. i) **Govt. Borrowers:**
The loan amount for a project may be upto 90% of the project cost subject to maximum of 15% of Net Owned Fund (NOF) of HUDCO.

ii) **Private Sector Borrower**
Loan amount may be upto 66% of project cost subject to maximum of 15% of NOF of HUDCO for a project/ SPV and upto 25% of NOF of HUDCO to group companies. Loan amount more than 100.00 crores will normally be sanctioned on consortium basis and a higher debt – equity ratio may also be considered in line with the lead lender. For NOF of HUDCO, please refer to its latest balance sheet available on the website www.hudco.org

Q.19 Whether HUDCO provides financial assistance on Consortium basis?

Ans. Yes, as per prevailing HUDCO guidelines.

Q.20 Whether HUDCO provides services as lead lender/ loan syndication?

Ans. Yes, as per prevailing HUDCO guidelines.

Q.21 Is there any commitment charge for undrawn HUDCO loan?

Ans. No, there is no commitment charges so far for undrawn HUDCO loan.

Q.22 What are types of rates offered by HUDCO?

Ans. HUDCO provides the following rates of interest:
i) Fixed rate of interest with 3 years reset option
ii) Floating rate of interest
(please refer financing pattern available at the website www.hudco.org)

Q.23 What is the minimum tenure of HUDCO loan?

Ans. 5 years.

Q.24 What is the maximum tenure of HUDCO loan?

Ans. HUDCO may provide loan for a maximum period of 10 years (for private projects) and 15 years (for Govt. projects) including construction period/moratorium period. However, in case of large infrastructure projects to be funded on construction basis, longer periods may also be considered in line with the lead consortium lender.

Q.25 What are the repayment options available for HUDCO loan?

Ans. 1. Monthly
2. Quarterly
3. Half-yearly
4. Yearly.
(For S.No. 3 & 4, the interest shall be calculated on quarterly basis)

Q.26 Whether take out finance is available in HUDCO?

Ans. Takeout finance is available as per the applicable guidelines for take-out finance. Please contact the respective Regional Office, whose address and telephone nos. are available at the website.

Q.27 Where can a borrower submit its proposal to apply for loan to HUDCO?

Ans. All the scheme proposals are normally accepted at Regional offices of HUDCO having geographical jurisdiction of the project. However, on specific request of the borrower, the proposal may be accepted by any other Regional Office/Corporate Office as well.

Q.28 Who is the first point of contact when applying for a loan from HUDCO?

Ans. For acceptance and registering the Loan application, a Customer Relationship Officer (CRO) is available at all Regional Offices. The CRO is responsible for facilitating receipt of all project proposals (except HUDCO Niwas) within prescribed guidelines of HUDCO and ensuring availability of complete set of

documents/ information required for determining eligibility and registration of schemes.

Q.29 What are the securities that Borrowers can submit for availing loan from HUDCO?

Ans. State government guarantees/ Bank Guarantees/ Equitable mortgage of land and buildings/ Hypothecation of movable and immovable assets/ assignment of rights/ corporate guarantee/ personal guarantee etc. However, the security would depend on the risk involved in the project.

Q.30 What is the main security for project loan?

Ans. i) Govt. Agencies: Government guarantee or Bank guarantee or mortgage of project properties.
ii) Private Agencies: Mortgage and Hypothecation of project properties.

Q.31 What is the main security, if some infrastructure project is taken up on BOT concept?

Ans. Mortgage of project properties is the main security for any type of projects. However, in BOT projects, if mortgage of project properties is not possible/enforceable/permissible then loan can also be secured by assignment of project contracts, license, permits, insurance policies, approvals, consents, concessions etc., Assignment of contractual rights, security rights, actionable claims, charge on TRA/Escrow and Hypothecation of Moveable Properties.

Q.32 What will be Security Coverage Ratio?

Ans. The minimum-security coverage during the currency of loan should not be less than 125% for Govt. Agencies and 150% for Private Sector Agencies of total outstanding loan amount at any point of time.

Q.33 Who will bear the cost of Stamp Duty/Registration etc. for loan documentation?

Ans. Borrowing Agency

Q.34 What are the Consultancy Services provided by HUDCO?

Ans. HUDCO has developed proficiency in design and consultancy services and have provided its services in the following areas:

- Architectural designs and detailed working drawings,
- Structural design, project estimates, Design of internal and external services,
- Landscape planning and design,

- Preparation of project reports and feasibility studies for housing, urban and regional planning issues.
- Waste management projects
- Preparation of City Development Plans (CDPs), Master Plans etc.

Q.35 What efforts are being made by HUDCO in disaster hit areas?

Ans. HUDCO had provided its technological support in the disaster-hit areas. Pamphlets and books on Do's & Dont's on construction of houses and related matters had been distributed. Demonstration projects like Model Village & Model Basti were constructed as part of the Model Village & Model Basti schemes were executed by HUDCO.

Q.36 What is HUDCO's role vis-à-vis JNNURM?

Ans. HUDCO is one of the Appraising Agencies for BSUP projects and the only Appraising agency for all IHSDP projects under JNNURM

Q.37 Does HUDCO monitor implementation of the JNNUR projects?

Ans. HUDCO is only an appraising agency. The Ministry will oversee implementation through its own officers and outsourcing monitoring to outside agencies.

Q.38 Whether HUDCO's financial assistance is available for Government of India Action Plan schemes such as, JNNURM, BSUP, IHSDP, ILCS etc.?

Ans. Yes, State Government share/ ULB share may be considered for finance as per respective guidelines.

Q.39 What HUDCO is doing for promoting cost effective building materials and technologies for Urban/Rural housing?

Ans. HUDCO contributes in promotion of appropriate, cost effective, building material and technologies for use in Housing and Infrastructure sector at grass root level through the National Network of Building Centres a scheme of MoH&UPA, Govt of India. The building centres promote innovative, cost effective, durable and aesthetic operations brought out by National level Research Development bodies such as CBRI, SERC, NEERI, RRLs, ASTRA, CSR, DA, INSWAREB, CSV and other state level institutions and work done by Laurie Baker.

Q.40 Does HUDCO accept Public Deposit?

Ans. Yes, Public Deposit which means acceptance of deposits from various category of depositors excluding certain deposits like amount received from Central/State Governments/Banks/Public Financial Institutions and mutual Funds etc. are accepted by HUDCO.

Q.41 Is there any ceiling on the rate of interest, which can be offered by HUDCO on public deposits?

Ans. The Housing Financial Companies (NHB) Directions, 2001 provides for ceiling on the maximum rate of interest, which can be offered by HFCs on public deposits. *For details please refer to HUDCO's website i.e. www.hudco.org*

Q.42 Is there any limitations/restrictions on the period for which HUDCO Public Deposit can be accepted?

Ans. In terms of the Housing Finance Companies (NHB Directions, 2001), HFCs can accept Public Deposit for a period of one year & above and upto 7 years only.

Q.5 Whether the depositor can withdraw his deposits prematurely under HUDCO Public Deposit Scheme? If so, are there any conditions attached to the same?

Ans. Under HUDCO Public Deposit Scheme any depositor can withdraw his deposits prematurely subject to the following:

- i) No deposit can be repaid within three months from the date of its acceptance.
- ii) No interest shall be paid if the deposit is repaid within six months from the date of deposit.
- iii) In case of any deposit accepted under Section 80 C(2) of I.T. Act, 1961, the depositor cannot opt for premature withdrawal of the scheme till 5 years of period from the date of deposit.

Q.43 Are HUDCO Public Deposits guaranteed by NHB or any other Government Agency?

Ans. No, the depositor is advised to satisfy himself about the financial position and all relevant aspects before placing his deposits with HUDCO.
For details please refer to HUDCO's website i.e. www.hudco.org

Q.44 Whether HUDCO has ever been a defaulter in repayment of public deposits?

Ans. No, HUDCO has never been a defaulter in repayment of public deposits.

Q.45 What are the remedies available to a depositor when HUDCO does not repay the deposits on maturity?

Ans. The depositor can file a civil suit for recovery of the amount of deposit. He can also make a complaint to the Consumer Forums set up under the Consumer Protection Act, 1986. The depositor should also bring such cases of the notice of

the NHB for taking action against defaulting company under the provisions of NHB Act.

Q.46 What are the required norms to be disclosed by HUDCO in the Application Form soliciting public deposits?

Ans. While accepting deposits HUDCO indicates the following in the Application Form:

- i) Particulars of eligible category of depositor.
- ii) Credit rating assigned for its deposits.
- iii) Particulars as required under non-banking financial companies and miscellaneous non-banking companies (Advertisement), Rules, 1977.
- iv) Rate of interest and period of deposit.
- v) KYC requirements
- vi) Principal terms and conditions of deposit scheme.
- vii) Summarize financial position of the company for the last two years balance sheet.
- viii) Name of the Registered Office and its branches accepting deposits.

For details and for downloading HUDCO's Application Form, please refer to HUDCO's website i.e. www.hudco.org.

Q.47 Is there any nomination facility or joint holder provisions available under HUDCO Public Deposit Scheme?

Ans. Yes, under HUDCO Public Deposit Scheme the facility of nomination and joint holders are available to depositors.

Q.48 Is deposit made under HUDCO Public Deposit Scheme eligible for deduction under Section 80C(2) of the Income Tax Act, 1961?

Ans. Yes, investment under HUDCO Public Deposit Scheme qualify for deduction from gross total income upto Rs.1.00 lakh under Section 80C(2) (xvi)(a) of Income Tax Act, 1961.

Q.49 Is there any loan against deposit facility available to the depositors under HUDCO PDS?

Ans. Yes, depositors under the scheme are eligible for loan against deposit upto 75% of deposit amount after the initial locking period of three months from the date of deposit. The interest rate applicable on loan against deposit would be 2% above interest payable on deposits.

Q.50 What are the benefits available for senior citizens under HUDCO Public Deposit Scheme?

Ans. Senior Citizens of 60 years and above age are eligible for additional interest rate of 0.50% p.a. under HUDCO Public Deposit Scheme.

Q.51 What are the conditions applicable for renewal of deposits under HUDCO Public Deposit Scheme?

Ans. Depositors are eligible to renew the deposits from due date but within one-month period after due date. Deposits received for renewal after one month from the due date would be renewed from the date of receipt of completed application form at HUDCO office.

Q.52 What is HSMI and what does it do?

Ans. HSMI stands for Human Settlement Management Institute. It is the Research and Training Wing of HUDCO. HSMI conducts training, research and consultancy in areas related to urban development, housing, infrastructure, municipal finance, cost-effective building technologies and the like.

Q.53 How can one attend a training programme conducted by HSMI?

Ans. Most training programmes at HSMI are sponsored by agencies for the identified target groups such as state and ULB level functionaries. HSMI also conducts fee-based training programmes, which are open to all. In addition, HSMI undertakes to organise tailor made training programmes to address specific needs of organisations working in the field of urban development and poverty alleviation.

Q.54 What are the activities undertaken by HSMI besides training?

Ans. HSMI has been undertaking research studies on issues related to human settlement development. It also takes up consultancy assignments, and is part of professional networks of many national and international development agencies.

Q.55 How many training programmes have been conducted by HSMI?

Ans. HSMI since its inception in 1985 has conducted over 1150 training programmes and trained over 28,000 participants.

Q.56 What are HUDCO Chair institutes and what activities do they perform?

Ans. In order to facilitate the decentralised training activities for capacity building of professionals and of state & ULB level functionaries, HUDCO/HSMI has signed MoUs with several national and state level training institutes, wherein

HUDCO/HSMI provides financial assistance for undertaking research and training activities in urban management. This assistance is primarily in the form of supporting dedicated faculty, designated as HUDCO Chair[s].

Q.57 Does HSMI publish any journal?

Ans. Yes, HSMI's journal "SHELTER" is a quarterly theme based journal, which is circulated free of charge to a wide network of housing agencies, libraries and professionals in the habitat sector.

Q.58 Does HSMI conduct training for overseas professionals?

Ans. Yes, HSMI has been conducting training programmes for international participants mainly urban planners and administrators from developing countries. The Government of India has been sponsoring these programmes under bilateral arrangements.