

Moolan Moha  
22/3/97

# MEMORANDUM OF UNDERSTANDING

BETWEEN

HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED

AND

MINISTRY OF HOUSING & URBAN POVERTY ALLEVIATION  
(Government of India)

For

2007-2008



Housing and Urban Development Corporation Limited  
HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi – 110003

**MEMORANDUM OF UNDERSTANDING BETWEEN HOUSING AND URBAN  
DEVELOPMENT CORPORATION LIMITED AND MINISTRY OF HOUSING  
AND URBAN POVERTY ALLEVIATION, GOVERNMENT OF INDIA FOR  
THE YEAR 2007-2008**

**I. MISSION/VISION AND OBJECTIVES**

**MISSION**

To continue to promote sustainable habitat development to enhance the quality of life.

**VISION**

To continue to be among the world's leading knowledge hubs and financial facilitating organizations for habitat development.

**OBJECTIVES**

1. To continue to provide technical and financial assistance for housing and related activities with special focus on the economically weaker sections and low income groups both in rural and urban areas. HUDCO will ensure that its EWS portfolio is suitably augmented so as to increase the proportionate lending to the EWS section.
2. To continue to finance and undertake urban and rural infrastructure projects relating to water supply, sanitation, solid waste management, drainage, transport and other commercial and social infrastructure projects.
3. To continue finance and support innovative, disaster resistant, energy saving, environment friendly and cost effective building material industries and to promote its applications in the projects financed by HUDCO.
4. To continue to develop expertise in the field of housing and urban and rural infrastructure and to provide high quality consultancy assistance in these areas including in cost effective and affordable housing.
5. To continue to assist in the implementation of Action Plan Schemes of the Central Government including assisting the Govt. of India in appraisal and monitoring of JNNURM projects.
6. To augment resource mobilisation in a prudent manner and to put such resources to optimum use.
7. To continue to explore the reduction of lending rates for the Economically Weaker Sections.
8. Midterm review and revision of the Corporate Plan of HUDCO 2012.



9. To continue to strengthen the project appraisal / evaluation and monitoring system within HUDCO with induction of professionals and experts as well as outsourcing such functions in which expertise is better available outside HUDCO.
10. To diversify the activities of HUDCO. To enter into consortiums and other arrangements with other similarly placed financial institutions in order to expand the lending base of HUDCO. To have joint ventures with other organisations to take up common projects after taking appropriate clearances.
11. To give more emphasis on customer satisfaction and redressal of grievances.
12. To continue to develop a training strategy and to impart all-round training to the employees of HUDCO to upgrade and improve their skills.
13. To continue to maintain the quality of loan assets by monitoring loan recovery and strive to eliminate NPAs.
14. To promote R&D initiatives in the field relating to habitat and human settlement activities.
15. To integrate HUDCO existing Software.

## **II. EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS.**


The Board of Directors of HUDCO will continue to fix its lending terms for all categories.

## **III. PERFORMANCE EVALUATION PARAMETERS AND TARGETS**

Commitments of the PSE (Performance Evaluation criteria for HUDCO with targets for the year 2007-08) is enclosed in the Annexure.

## **IV. COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT**

The Government (Ministry of Housing and Urban Poverty Alleviation) on its part would take all possible measures in order to enable HUDCO to function effectively and facilitate attainment not only of the national objectives but also realization of its corporate goals and maintain its operational autonomy. The following assistance would be provided by the Government:-

1. To assist HUDCO in mobilising resources at lower costs.
  2. To help HUDCO deal with such externalities which impinge upon its effective functioning, such as, assisting HUDCO for IPO and taking up issues relating to NHB regulations.
  3. To fill up the vacant position of the Board of Directors of HUDCO including independent Directors.
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**V. ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU**

Information on actual performance against the target in the MOU would be sent to the Ministry of Housing and Urban Poverty Alleviation on a quarterly basis. Evaluation of performance will be done quarterly by the Ministry of Housing and Urban Poverty Alleviation. Annual evaluation of the MOU will be done by the DPE.

*Rohan 23/3/07*  
Secretary  
Ministry of Housing & Urban  
Poverty Alleviation Government of India

*Rohan 20/3/07*  
Chairman & Managing Director  
Housing & Urban Development  
Corporation Limited

New Delhi  
Dated : 23.03.2007

# PROPOSED FINANCIAL, PHYSICAL AND OTHER TARGETS FOR 2007-2008

## MOU Performance Evaluation Criteria for HUDCO (2007-08)

Performance Criteria		BE 2007-0					Targets					BE 2007-08
		Unit	Weight	Level 1	Level 2	Level 3 BE(MoU)	Level 4	Level 5				
<b>PART I-(50%)</b>												
<b>(a) Financial Performance Indicators</b>												
(i)	Net Profit/Net Worth	Ratio	8	8.48	8.08	7.70	7.31	6.95	7.70			
(ii)	Gross Margin	Rs. Crs	8	475.17	452.55	431.00	409.45	388.98	431.00			
(iii)	PBDT/Total Employment	Ratio	8	0.42	0.40	0.38	0.36	0.34	0.38			
(iv)	Incremental cost of borrowings compared to the 10 year G-Sec yield **	%	6	110+10Yr G-sec	112+10Yr G-sec	114+10Yr G-sec	115+10Yr G-sec	116+10Yr G-sec	114+10Yr G-sec			
<b>(b) Sanctions</b>												
(i)	Housing	Rs. Crs	1	13472	12830	12219	11608	11078	12219			
(ii)	Urban Infrastructure	Rs. Crs	2	4042	3849	3666	3482	3308	3666			
(ii.a)	Priority Urban Infrastructure ** as a % of Total UI	%	2	9430	8981	8553	8126	7720	8553			
<b>(c) Releases</b>												
(i)	Housing	Rs. Crs	3	5512	5250	5000	4750	4512	5000			
(i.a)	Housing EWS & LIG	Rs. Crs	3	1102	1050	1000	950	902	1000			
(ii)	Urban Infrastructure	Rs. Crs	4	551	525	500	475	451	500			
(ii.a)	Priority Urban Infrastructure **	Rs. Crs	5	2205	2100	2000	1900	1805	2000			
<b>PART II-(30%)</b>												
<b>(d) Dynamic Parameters</b>												
i	Appraisal for JNNURM Projects	%	3	100	95	90	85	80	90			
ii	Investment in Equity JV Projects	Rs. Crs.	3	18	17	15	13	12	15			
iii	No. of Joint Ventures Projects New	Nos.	1	6	5	4	2	1	4			
iv	No. of Projects through existing Joint Ventures	Nos.	1	5	4	3	2	1	3			
v	Integration of IT Systems	Date	4	Dec'07	Jan'08	Feb'08	15 Mar'08	31 Mar'08	Feb'08			
vi	Reducing the process time for releases Govt. Schemes	Months	2	3	3.25	3.5	3.75	4	3.5			
vii	Reducing the process time for releases Private Sector	Months	2	1	1.5	2	2.5	3	2			
viii	Implementation of SBUs	Date	3	Dec'07	Jan'08	Feb'08	15 Mar'08	31 Mar'08	Feb'08			
ix	Research study/User reaction Survey of Sanctioned projects	Nos.	3	10	8	6	5	4	6			
x	Redressal of compliants received in 30 days	%	4	98	95	90	85	80	90			
xi	Review and Revision of Corporate Plan	Date	4	30 Sept'07	15 Oct'07	31 Oct'07	15 Nov'07	30 Nov'07	31 Oct'07			

*[Signature]*

PART III - (20%)										
(a) Sector Specific Parameters										
	1	Gross NPA	%	5	11.00	11.50	12.00	12.50	13.00	12.00
	2	Reduction in overdues	%	5	7	6.5	6	5.5	5.00	6
(b) Enterprise-Specific & Efficiency Parameters										
	1	Fee Based Income	Rs Crs	4	7	6.5	6	5.5	5	6
	2	Training imparted to employees(mandays)	No.		3765	3586	3287	2988	2689	3287
		2(i) Strategic	No.	1	582	554	508	462	416	508
		2(ii) Behavioural	No.	1	1157	1102	1010	918	826	1010
		2(iii) Technical	No.	2	2026	1930	1769	1608	1447	1769
	3	EWS & LIG Units Sanctioned as a % to total units	%	2	95	90	85	80	78	85
	i.	Timely submission of draft MoU for 2007-2008 (on or before)	Date							
	ii.	Timely submission of composite score for 2006-07 on the basis of provisional data (on or before)	Date							
	iii.	Timely signing of MOU for 2007-2008	Date							
	iv.	Timely submission of Public Sector Survey 2006-07	Date							
	v.	Timely submission of half yearly performance 2007-08	Date							

\*\* As per FIMDA Benchmark for AA rating

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