



ROLE OF HUDCO IN HOUSING IN INDIA

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Abstract: HUDCO is a principal agency to promote housing finance institutions both at local and regional levels and to act as the Regulator of Housing Finance Companies. HUDCO has implemented a variety of schemes for providing shelter & services, thereby improving the living conditions of the people. HUDCO was established with an equity base of Rs.2 crores. Over the years, the equity base has been expanded by the Government. The authorized capital base of HUDCO was RS.2500 crores and paid up capital was Rs.2001.90 crores (as on 31.01.2012). HUDCO extends assistance benefiting the masses in urban and rural areas under a broad spectrum of programmes. HUDCO since inception and till end of January 2009 has sanctioned 15,659 projects worth Rs. 2, 00,183 crores for which HUDCO loans commitment is Rs. 70322 crores, out of which Rs. 55159 crores, has already been released.

Key Words: HUDCO, NHB, Finance, Construction of Houses, Shelter, Subsidized Schemes etc.,

Introduction:

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. 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 Companies¹.



2 Housing and Urban Development Corporation (HUDCO):

Incorporated on 25th April, 1970. HUDCO was an expression of the concern of the Central government with regard to the deteriorating housing conditions in the country and a desire to assist various agencies in dealing with it in a positive manner. The principle mandate of HUDCO was to ameliorate the housing conditions of all groups with a thrust to the needs of the Low Income Group (LIG) and Economically Weaker Sections (EWS). HUDCO today has emerged as the leading national techno-financing institution with the major objective of financing/encouraging the housing activity in the country and alleviating housing shortage of all groups in rural and urban areas and also the development of urban infrastructure of various shades in human settlements².

2.i. Objectives:

The following are the objectives of HUDCO:

- a. To provide long-term finance for construction of houses for residential purposes in urban and rural areas and finance or undertake Housing and urban infrastructure development programmes in the country.
- b. To finance or undertake, wholly or partly, the setting up of the new or satellite towns.
- c. To subscribe to the debentures and bonds issued by the state Housing and Urban Development Boards, Improvement Trusts, Development Authorities etc. especially for the purpose of Housing and Urban Development programmes.
- d. To finance or undertake the setting up of industrial enterprise for building material.
- e. To administer the funds received from time to time, from the Government of India and other sources as grants or otherwise for the purpose of financing or undertaking housing and urban development programmes in the country.
- f. To promote, establish, assist, collaborate and provide consultancy services for the projects of designing and planning of works relating to housing and Urban Development in India and abroad.



2.ii Major Activities:

The major activities of HUDCO include the following:

- g. HUDCO has implemented a variety of schemes for providing shelter & services, thereby improving the living conditions of the people.
- h. HUDCO is also contributing to improve the quality of life by augmenting providing basic community facilities & infrastructural services.
- i. Projects involving self help by the beneficiaries are promoted by encouraging sites & services schemes, core housing, skeletal housing, shelter up gradation & so forth.
- j. In order to provide basic facilities in the existing houses where adequate sanitary disposal systems are not available, financial assistance for basic sanitation schemes is being extended on liberalized terms.

2.iii. Other Government Activities:

The Ministry of Works and Housing was constituted and National Building Organization (NBO) and Town and Country Planning Organization were set up. An industrial housing scheme was also initiated. The central subsidized scheme to the extent of 50% was allotted towards the cost of land and construction. Due to financial constraints, a satisfactory programme of rural housing could not be envisaged. Therefore, the principle of self help was followed in case of rural housing.

2.iv. Resource Base:

HUDCO was established with an equity base of Rs.2 crores. Over the years, the equity base has been expanded by the Government. The authorized capital base of HUDCO was RS.2500 crores and paid up capital was Rs.2001.90 crores (as on 31.01.2012). HUDCO has created reserves of Rs. 1773.50 crores (as on 31.01.2012). The net worth of HUDCO (as on 31.01.2012) was Rs. 3735.99 crores. Over the years, HUDCO has further been able to mobilize resources from institutional agencies like LIC, GIC, banking sector, international assistance (KFW, JBIC, ADB, USAID, etc.) and market borrowings through debentures, taxable & tax-free Bonds as well as through public deposits taking the overall borrowings to Rs.20,780.30 crores (as on



31.01.2012). With this, the cumulative resource base of HUDCO was Rs. 30,791.69 crores (as on 31.01.2012) as given below.

Table 1.1

HUDCO Resource Base as on 31.01.2012

Resource Base	Amount in Rs (in crores)
Capital base (authorized)	2,500.00
Paid up equity capital	2,001.90
Reserves	1,773.50
Net worth	3,735.99
Borrowings (unaudited)	20,780.30
Total	30,791.69

Source: Report on HUDCO ‘ Mini Ratna Status’

Based on the sustained outstanding performance and profitability of HUDCO, the Government of India has conferred the status of ‘ Mini Ratna’ to HUDCO in 2011-12.3

3. i. Programmes of HUDCO:

In order to realize the objectives for which it was established, HUDCO has implemented a variety of schemes for shelter and services thereby improving the living conditions of the people. Apart from financing housing schemes, HUDCO is also contributing to improve the quality of life by augmenting basic community facilities and infrastructural services.

Projects involving self help by the beneficiaries are promoted by encouraging sites & services schemes, core housing, skeletal housing, shelter upgradation and so forth.

In order to provide basic facilities in the existing houses where adequate sanitary disposal system are not available, financial assistance for basic sanitation schemes is being extended on liberalized items. HUDCO extends assistance benefiting the masses in urban and rural areas under a broad spectrum of programmes as listed below:



- i. Urban Housing.
- ii. Rural Housing.
- iii. Staff Rental Housing.
- iv. Repairs & Renewals
- v. Shelter and Sanitation Facilities for Footpath Dwellers in Urban areas (night shelter and pay & use toilets).
- vi. Working Women Ownership Condominium Housing.
- vii. Housing through Private Builders/Joint Sector.
- viii. Individual Housing Loans through HUDCO Niwas.
- ix. Land Acquisition.
- x. Valmiki Ambedkar Awas Yojana (VAMBAY).
- xi. Jawahar Lal Nehru National Urban Renewal Mission (JNNURM).

3.ii. Infrastructure:

- i. Integrated Land Acquisition and Development.
- ii. Environmental Improvement of Slums.
- iii. Utility Infrastructure.
- iv. Social Infrastructure.
- v. Economic and Commercial Infrastructure.

3.iii. Building Technology:

Building Centers for Technology Transfer at the Grass-roots Building Material Industries.

3.iv. Consultancy Services:

Consultancy in Housing, Urban Development and Infrastructure.

3.v. Research and Training:

Capacity building and technical assistance to all the borrowing agencies; training in the area of research; training in the area of networking in human settlement planning and management will be undertaken by HUDCO.

3.vi. Eligible Agencies:



HUDCO's financial assistance for these projects are made available to agencies which include State Housing Boards, Rural Housing Boards, Slum Clearance Boards, Development Authorities, Improvement Trusts, Municipal Corporations, State/City *Parasatals*, Primary Co-operative Societies, Apex Co-operative Housing Federations, Public and Private Sector Agencies, NGOs CBOs, Private Developers, Joint Sector and Individuals etc.

Finance for infrastructure is made available to State level Financing Corporations, Water Supply and Sewerage Boards of the State and City level, Development Authorities, Roads and Bridges Development Corporations, New Town Development Agencies, Regional Planning Board, Municipal Corporation/Councils, and similar urban local bodies, Improvement Trusts, Private/Joint Sector Agencies/Companies, Sector Specific SPVs, and NGOs etc 4.

3.vii. Operational Highlights:

HUDCO since inception and till end of January 2009 has sanctioned 15,659 projects worth Rs. 2, 00,183 crores for which HUDCO loans commitment is Rs. 70322 crores, out of which Rs. 55159 crores, has already been released. These projects on completion will help provide over 1.41 crore residential units, over 5.33 lakh developed plots, 67.09 lakh sanitation units, 1,280 urban infrastructure projects and 655 building centers.

1971-72, 1974-75, 1979-80, 1984-85, 1989-90, 1994-95, 1996-97, 1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 was Rs.55,159 crores and till 31st Jan 2012 was Rs.70,322 crores⁵.

Table 1.2

HUDCO's Cumulative Sanctions and Releases as on 31 Jan 2012

Particulars	Rs. (In crores)
Projects Sanctioned	15,659
Project cost	2,00,183
Loan Sanctions	70,322
Loan Releases	55,159

Source: Report on HUDCO ' Mini Ratna Status'



References:

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