



## RETAIL BANKING THRUST WITH A FOCUS ON HOUSING FINANCE: STRATEGY FORFASTER INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH IN DIGITAL INDIA

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### Abstract

*Retail banking, especially the most prominent segment within it viz. housing finance, has high potential for kick- starting any economy facing recession. The vast forward and backward linkages of housing investments enable a vibrant housing sector to provide growth momentum to about 350 other allied sectors, thus leading to faster economic development of the whole economy. The vast employment opportunities of housing construction and allied sectors is another factor that adds to the significance of added investments in housing and allied sectors like residential real estate sector. The national goal of ‘Housing for All by 2022’ launched by the Govt. of India in June 2015 is a vital factor that supports better policy focus on housing finance and other retail banking products. In view of the stagnancy witnessed by the Indian economy during the 2010s and other macro-economic factors, this paper argues in favour of a policy focus on retail banking with a focus on housing credit. Even a policy of aggressive housing finance marketing using modern tools like CRM is advisable. So, sustained economic development of the whole India is sought to be brought about by providing ‘Housing for All’ and simultaneously vital aspects of inclusion, equity and gender parity could be attained to a large extent.*

**Key Words:** *Retail Credit, Housing, Linkages, Inclusion, Microfinance, PHIRA, Gender, ICT, Marketing, CRM.*

### 1. Introduction

Various retail banking products, especially the most prominent segment within retail banking viz. housing finance has got tremendous potential for kick-starting a nation facing economic recession. During times when industrial and business activities are not picking up, focusing on retail banking advances gives banks and other financial intermediaries some solace till the time when their credit off-take to ‘productive’ sectors picks up (Manoj, P. K, 2003) [13] and within retail banking also housing finance is the most prominent one since it accounts for 80 percent or more of the total retail credit of most banks, and safer too for the bankers its default rate being very low. Similar view has been shared by Sengupta, U. (2006) [37] as he points out growing interest shown by Commercial Banks (CBs) to housing finance which has trebled over a 5 years’ period when the interest rates have halved; home loans has become a safer bet for CBs when industrial credit has been falling because of economic recession. RBI’s top executive, Mohan, R. (2004) [29] has noted that from the vantage point as of 2004, economic reforms in India initiated in 1991 has been successful to the extent that India could exhibit high level of financial stability and could avoid any financial crisis in the reference period (viz. 1991 to 2004) even when many parts of the world have witnessed financial crises.



Many studies like (ADB, 2015) [1] have pointed out the significance of microcredit, mostly availed by women beneficiaries, in facilitating their socio-economic empowerment and hence gender mainstreaming. In the present scenario, retail credit (especially the most prominent segment within retail credit viz. Housing Finance) plays a vital role in enabling equitable, inclusive, and balanced economic development of the nation; as there has been a general slowdown in the economy which being a continuation of the worst slump that the country has witnessed in FY 2011-12. (RBI, Annual Report 2011-12) [45]. Housing credit, as the vital retail banking product, can act as a growth engine of the economy due to its vast linkages and can bring about fast national economic development. (Manoj, P. K, 2003) [13].

## **2. Relevance and Significance of the Study**

In retail credit, housing finance is the most important portfolio. The vast linkage effects of housing investments, both forward and backward linkages, can bring about a vibrant housing sector which in turn provides growth momentum to almost 350 allied sectors; thus resulting in faster economic development of the entire economy. The great employment opportunities of housing construction sector and allied real estate activities is another vital factor that leads to the added significance of more investments in housing and allied sectors like residential real estate. Of late, the national goal of 'Housing for All by 2022' policy of the Govt. of India (GOI) launched recently in June 2015 as part of PMAY (Pradhan Mantri Awas Yojana) of the Ministry of Ministry of Housing Urban Poverty Alleviation (MoHUPA 2015) has given another impetus for promoting housing finance more aggressively.

Over and above the linkage effects and also the employment generation potential as noted above, there is another dimension that is very relevant here viz. the question of inclusive and equitable growth. Many retail banking portfolios such as Microfinance (Micro Credit) can bring about inclusive and equitable development by supporting the economic activities of the poor including women. Financial inclusion is facilitated by the thrust on retail advances. In the present context of the 'not-so-encouraging' performance of the Indian economy ever since the economic slump witnessed during 2011-12 and also national goal of 'Housing for All by 2022' as already committed by the nation, it is relevant to make a systematic study of the relevance of retail banking with a focus on housing credit. Such a study can help us make prudent policy suggestions for faster, inclusive, sustainable and gender neutral national economic growth.

Besides the macro-economic benefits of housing development on the whole economy, like, faster economic development as well as large scale employment generation, there is the crucial factor of equity and inclusiveness of the development process. For instance, schemes like microfinance in general and housing microfinance (HMF) in particular ensures inclusiveness of the development process as well as gender parity, because the microfinance and HMF beneficiaries are primarily women. Moreover, schemes like Productive Housing in Rural Areas (PHIRA) launched by National Housing Bank (NHB) (Govt. of India), a wholly owned subsidiary of the central bank of the country viz. Reserve Bank of India (RBI) is primarily a scheme focusing on women. This is because of the fact that PHIRA seeks to make houses as income generating units by encouraging some economic activity as part of availing housing loans. So, the income from the economic activity can be used for servicing the loans.



### 3. Review of Literature

Kiran Keswani (1997) [11] has made an analysis of the causes for the poor growth of low-cost housing initiatives in India. Based on his findings the author has made some suggestions for accelerating the pace of growth low-cost housing projects. Accordingly, the Government's role should be that of a facilitator instead of a provider, and three-pronged strategy should be adopted for facilitating low-cost housing. These three steps are: (i) critically examining the archaic housing laws, (ii) systematic sharing of information on technical details of house construction, (iii) imparting training on latest low-cost housing technologies. Peer Smets (1999). [34] has put forth a definitional issue related to formal housing finance. Accordingly, the so called 'eligibility' for housing finance in terms of 'affordability criteria in one go' has led to exclusion of a vast majority of the poor urban homeless from taking home loans from the formal system. The author has suggested the 'incremental housing' model for addressing the issue of 'affordability in one go' by providing the poor borrowers with an alternative that the said incremental model offers viz. 'affordability in a phased in manner'. Thus, a borrower who opt for the incremental housing model are being allotted housing finance in a phased manner and accordingly their repayment burden too gets spread over a wider span of time during which his repayment ability goes up and so also his affordability.

Manoj PK (2003) [13] in his research article entitled, 'Retail Banking: Strategies for Success in the Emerging Scenario' in *IBA Bulletin* has pointed out the changed scenario of retail banking landscape in India and has accordingly suggested a few competitive strategies that can help commercial banks to ensure sustained growth of their retail credit business. It has also been pointed out that retail banking portfolio of banks primarily consists of housing credit which in turn is a much safer bet for banks for enhancing their increasing their credit without increasing loan defaults. Besides, home loans can help to kick-start the Indian economy of those days (early 2000s when there was a slowdown in the economy and also in bank credit to the industry and business). The vital role played by the 'Linkage effects' of housing investments, of forward and backward types, with large number of other industries and also the positive role played by such linkages by way of expediting economic development process has been discussed in the research article. Sengupta, U. (2006) [37] has pointed out the utmost significance of Public Private Partnership (PPP) mode for the purpose of expanding the public housing in India and has demonstrated in detail the successful PPP mode experience of creating a mass public housing project at Kolkata city in eastern India. The successful PPP mode public housing in Kolkata as discussed by the author is sought to be replicated elsewhere in India. In another research article by the author, Manoj PK (2004) [14], 'Dynamics of Housing Finance in India' in *Bank Quest* has pointed out the increasing interest shown by Indian commercial banks (CBs) for extending housing finance resulting in steadily declining relative share of housing finance companies (HFCs) in India – the other major intermediary group in Indian housing finance market. Based on the then macroeconomic environment in general and financial market in particular, the author has offered some strategies for the balanced, equitable and sustainable growth of India's housing finance sector. The need for a strong and vibrant secondary mortgage market (RMBS, REITs), alternative housing models such as Housing Micro Finance (HMF) etc. have been dealt in this article.

Working Paper 19 by IFMR (2007) [7] has made a systematic study of the vital significance of promoting HMF in India as an effective alternative tool for serving the housing needs of the poor, since only models like HMF can solve the 'real housing problem' in India which is mainly (95 percent) that of the low-income group (LIG) and economically weaker section (EWS) categories. Another report released published more recently by IFMR (2015) [8] on Affordable Housing Finance Sector makes a detailed analysis of this vital sector of Indian economy and the need for promoting it in view of its socio-economic benefits as well as national goals and priorities.



A research paper on housing microfinance (HMF) authored by Manoj P. K. (2008)[15], “Learning from Cross-country Experiences in Housing Finance: a Microfinance Approach” in *Journal of Global Economy*, has noted the vital importance of encouraging housing finance via microfinance more, or housing microfinance (HMF, in short) so that needy poor can meet their housing finance requirements. As HMF assists the poor and underprivileged segments of the society, it should be promoted for balanced housing development and hence economic development. Several successful HMF experiences at the global level have been pointed out by the author. An edited book by the same author, Manoj, P. K. (2009)[16], *Emerging Technologies and Financing Models for Affordable Housing in India*, Directorate of Public Relations and Publications of CUSAT, Kerala has discussed diverse financing models (like, HMF) and also various emerging technologies (eg. straw bale construction) that can help the poor households, both rural and urban poor, to fulfil their dream of ‘own homes’ in an affordable manner in the existing banking, financial and regulatory framework in India.

Pickens (2009)[35] has noted that ICT advances which are readily adopted by the general public including the poor people, like the mobile phones for instance, can be effectively utilized for conveniently providing the banking services to the poor—the unbanked segments of any society. With the use of mobile phones growing exponentially, it can be noted that such devices are used almost every citizen including the poor people. Naturally such devices are the most suitable ones for the purpose of banking the unbanked, the author has pointed out along with the support of empirical data. Thus, his field study in Philippines has noted mobile phones could significantly help the poor to avail financial services from the formal system. A paper on Kerala-based HMF by Manoj P K (2010) [21], “Prospects and Problems of Housing Microfinance in India: Evidence from “Bhavanashree” Project in Kerala State” in *European Journal of Economics, Finance and Administrative Sciences* has made a detailed study of ‘Bhavanashree’ the HMF under ‘Kudumbashree’ – the poverty alleviation project of GOK. Strategies for its sustained growth are suggested based on its problems and prospects.

A detailed comparative study of the performance of Housing Finance Companies (HFCs) in India by Manoj PK (2010) [18], ‘Benchmarking Housing Finance Companies in India: Strategies for Enhanced Operational Efficiency and Competitiveness’ in *European Journal of Economics, Finance and Administrative Sciences* shows the relative competitive position of all the major HFCs in India. Based on this benchmarking exercise the author has suggested some strategies for improving their operational efficiency and competitiveness. An industry analysis report by KPMG (2010)[12] has sought a detailed analysis of the impact of affordable housing sector in propelling the growth prospects of India’s real estate sector given the positive macroeconomic conditions and policy support from the successive Governments. A research article by Manoj, PK(2010)[19], ‘Financial Soundness Housing Finance Companies in India and Determinants of Profitability: A ‘CAMEL’ Approach along with ROE Decomposition Analysis’ in *International Journal of Business Policy & Economics* has used the ‘CAMEL’ method along with ROE decomposition analysis to find the profitability determinants of HFCs in India.

A research paper by Manoj, P K, (2010) [20] ‘Determinants of Successful Financial Performance of Housing Finance Companies in India and Strategies for Competitiveness: a Multivariate Discriminant Analysis’ in *Middle Eastern Finance and Economics*, has sought to determine the determinants of enhanced financial performance of HFCs in India by using the MDA methodology and accordingly the discriminant function consisting of five distinct parameters (chosen from a total of 21 parameters employed in MDA) that significantly affect the financial performance of HFCs under study has been framed.





A paper by Manoj, P K (2010) [21] “Impact of technology on the efficiency and risk management of old private sector banks in India: Evidence from banks based in Kerala” in *European Journal of Social Sciences* has noted the impact of ICT on the efficiency and risk management of Kerala-based private sector banks. Another paper by Manoj, PK (2011)[22], ‘Determinants of Profitability of Housing Finance Companies in India and Strategies for Competitiveness: a Multiple Partial Correlation Approach’ in *International Journal of Business Intelligence and Management* has used multiple partial correlation method to formulate the competitive strategies for the various groups of HFCs in India, using some basic parameters that significantly influence the HFCs. A field- based study on micro enterprises (MEs) conducted in the Kerala context by Manoj P. K. (2012) [23], “Potential of micro enterprises in women empowerment: A critical study of micro enterprises run by women under the Kudumbashree Programme in Kerala” in *International Journal of Business Policy and Economics* has analysed in detail the functioning of the micro enterprises (MEs) run by ‘Kudumbashree’ women – the members of the world renowned poverty alleviation project ‘Kudumbashree’ which is promoted by the Govt. of Kerala (GOK). It is noted that being closely monitored and assisted by GOK, these MEs have good potential for empowering women thus enabling equitable economic growth. Kudumbashree women, of late, are actively into housing construction activities. In a study by Manoj P.K. (2012) [24], “Information and Communication Technology (ICT) for Effective Implementation of MGNREGA in India: An Analysis” in *International Research Journal of Finance and Economics*, the author has analysed the major role that ICT plays for effective, efficient and transparent way of MGNREGA implementation in India.

A paper by Neeraja James & Manoj, P. K. (2014) [33], “Relevance of E-Banking Services in Rural Area—An Empirical Investigation” in *Journal of Management and Science*, has noted that E-banking services positively contribute the empowerment of rural customers and suggested that E-Banking and ICT-based facilities in rural areas be upgraded. Asian Development Bank (ADB) (2015) [1] in its report, *Gender Mainstreaming Case Study India: Kerala Sustainable Urban Development Project*, has made a systematic analysis of a Kerala- based urban development project viz. Sustainable Urban Development Project and has reported that women who participated in the said project has improved their self-esteem and also further nurtured their leadership qualities. Study by Arun, T. & Rajalaxmi, R. (2015) [2] ‘Financial inclusion: Policies and practices’ in *IIMB Management Review* has debated in detail the regional and international policies as well as practices in financial inclusion – the development tool and a key policy priority too for most the Governments of the whole world.

In an empirical study on HMF in Kerala State of India by Manoj, P. K. (2015) [25], “Socio-Economic Impact of Housing Microfinance: Findings of a Field based Study in Kerala, India” in *International Research Journal of Finance and Economics*, the author has clearly noted the vast potential of HMF for empowering the poor. HMF provides them shelter which in turn is a primary pre-requisite for a healthy living, raising one’s livelihood, improving one’s socio-economic status and also to maintain one’s productivity always. The same author, as a continuation of the above study, Manoj, P. K. (2015) [26] “Deterrents to the Housing Microfinance: Evidence from a Study of the Bankers to ‘Bhavanashree’ in Kerala, India”, *International Research Journal of Finance and Economics*, has identified the significant deterrents to the healthy growth of HMF in Kerala. These factors have been reported that to be lack of awareness regarding the terms and conditions associated with the loan availed, expectation of ‘writing of’ (a policy that is often practised by the Governments) of loans etc. Using his findings suitable remedial steps have been suggested by the author. Another HMF paper by Manoj, PK (2015) [27], Housing Microfinance: A Study on Quality, Cost and Default Rate with Respect to Bhavanashree in Kerala in *International Research Journal of Finance and Economics* has



sought to study as to study as to how the asset quality of HMF loans, servicing costs of such loans and also their default rates vary with the normal type housing loans. A paper on REITs by Manoj, P K (2016) [28], Real Estate Investment Trusts (REITs) for Faster Housing Development in India: An Analysis in the Context of the New Regulatory Policies of SEBI in *International Journal of Advance Research in Computer Science and Management Studies* has noted that SEBI's new policy guidelines are supportive of the fast growth of REITs market and favourable to the housing and real estate sector.

In a report by the top policy advisor of RBI Mohan, R. (2004) [29] in his discussion on financial sector reforms has dealt the circumstances that led to the financial sector reforms in India and noted the positive after-effects of the reforms, viz. a resilient financial sector in India. An empirical study on E-CRM by Vasantha S, Manoj, P. K., & Jacob Joju (2015) [40], "E- CRM: A Perspective of Urban & Rural Banks in Kerala", in *International Journal of Recent Advances in Multidisciplinary Research*, has made a comparison of ICT-based CRM experience (or E-CRM experiences) in respect of rural and urban customers in Kerala. Both rural and urban customers are attracted towards E-CRM services owing to the convenience offered by such services as well as their added features. However, the authors have suggested separate kinds of marketing strategies for each type so that both these groups can be targeted properly. A paper by Vidya Viswanath, & Manoj, P. K. (2015) [41], "Socio-Economic Conditions of Migrant Labourers - An Empirical Study in Kerala", *Indian Journal of Applied Research*, has analysed in detail the socio-economic status of migrant workers in housing construction sector including their savings and investment behaviour, the modes of remittances of earnings to their families etc. It has been noted that there is significant level of extra earnings in Kerala vis-à-vis their earnings in their home States like UP, MP and Bihar.

#### **4. Objectives of the Study**

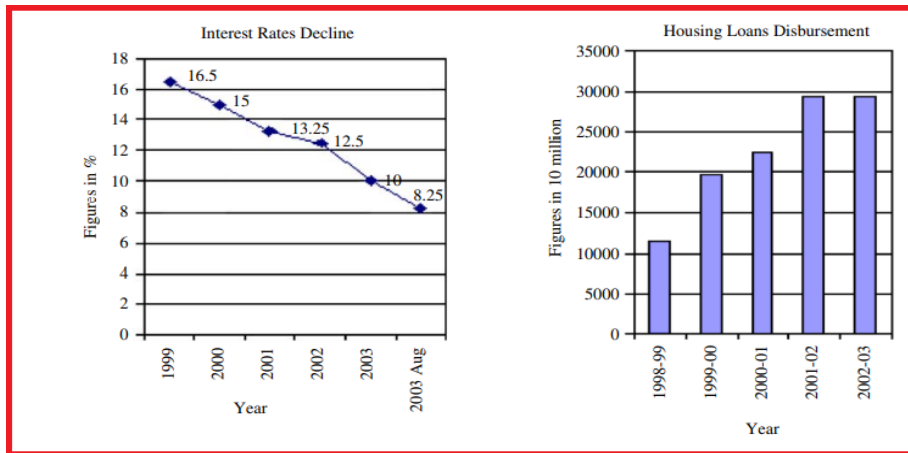
- (i) To make an overall study of the relevance and significance of retail banking in India with special reference to housing credit and its role in rapid economic development; and
- (ii) To examine the underlying reasons for the growth momentum in housing credit and other retail credit products and to suggest relevant inputs for strategy formulation.

#### **5. Methodology of the Study and Data Sources**

The present paper is a descriptive-analytical study and is exploratory also. It is primarily based on secondary data from authentic sources, like, the reports of UN organisations like UNRISD, ADB and allied organisations, reports of RBI, NABARD and NHB, publications of the Govt. of India (GOI) like Economic Survey (till Jan. 2017), and so on. Primary data are gathered using unstructured interviews with practitioners and academic experts in the field of banking and finance, especially those specializing in retail credit like housing finance.

#### **6. Retail Banking Portfolio of Banks: Features, Growth Prospects and Problems**

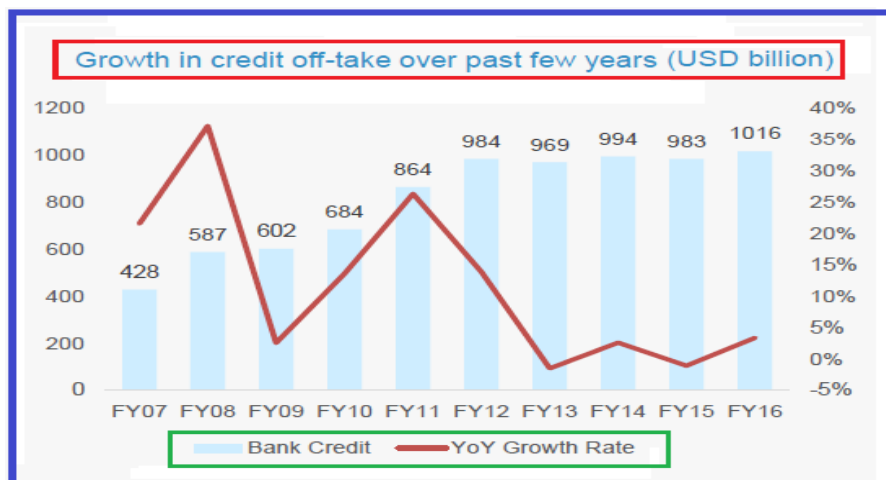
Retail banking portfolio of banks primarily comprise of housing loans which form up to 80 percent of the total retail credit business of most of the banks. It is noted that a low interest regime, one in which interest rates are low or are falling will result in growth momentum to retail credit, particularly home loans. As a general trend, falling interest rates are often associated with growing interest rates (Manoj, P. K., 2003) [13], (Sem Gupta, U., 2006) [36]



Source: Sengupta, U. (2006) [37], p. 453.

**Figure I: Falling Interest Rates leads to Growing Housing Credits in India**

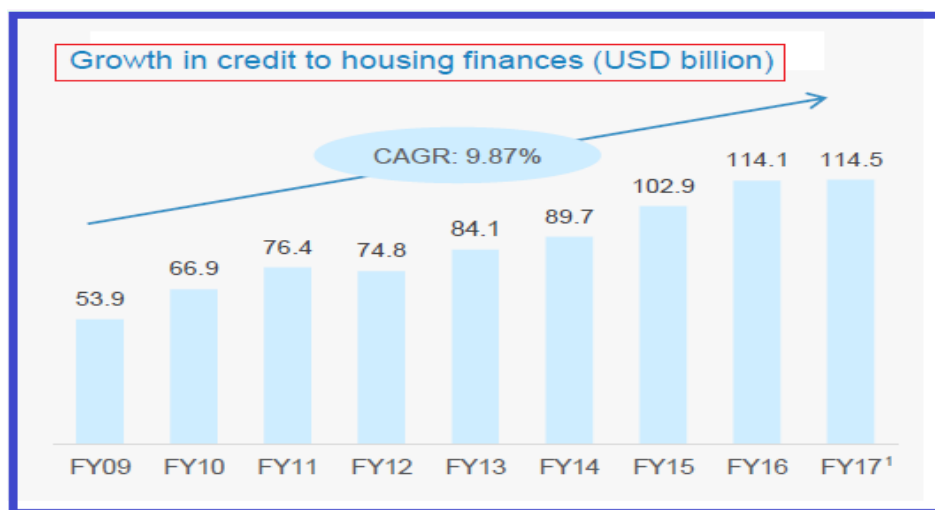
There are many factors that favour the growth of retail credit in India especially the homeloan portfolio. Rapid urbanization, fast emergence of nuclear (smaller) families as against joint (larger) families of olden days, fall in credit off-take to industrial or corporate sectors would naturally result in growing credit off-take to retail segments, especially housing loans. It may be pointed out here that the stagnancy in bank credit, especially to the industrial and corporate sectors (or the so called “productive” sectors) as observed since FY 2011 (Figure II) gives therequisite push to banks to prefer the retail credit segments (or the so called “non-productive” sectors) so as to improve their credit book and hence to spend their soaring cash reserves. Segments like housing loans (the most prominent type of retail credit, accounting to nearly 80percent of the total) is particularly preferred because of the low default rates (and hence low NPAs) huge market demand as it is a primary requisite of human life, governmental priority and hence eligible for many subsidies, concessions and discounts. Naturally, as a consequence of the above situation the credit off-take is stagnant (Figure II), housing credit is steadily on therise. (Figure III).



Source: IBEF (2016), *Banking*, Nov., [10], p. 9

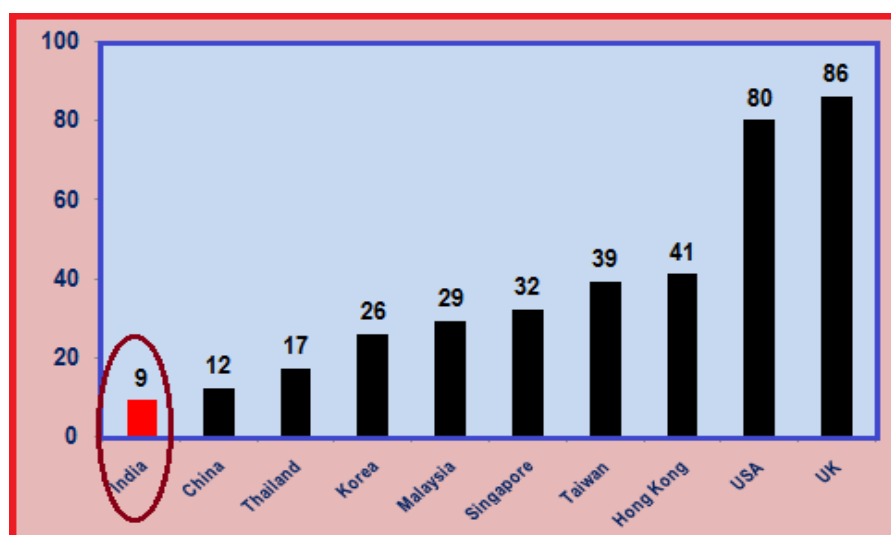
**Figure II: Growth in Credit Off-take of Banks in India (2007 to 2016)**

The stagnation in credit growth resulting from low or even negative annual growth rates in credit off-take (Figure II) results in a constant and steady increase in the housing loan portfolio of banks – the most prominent retail banking product of all banks. It may be noted that the Compounded Annual Growth Rate (CAGR) of banks for the period FY 2009 to FY 2017 is as high as 9.87 percent whereas the CAGR in respect of credit growth rate is rather negative as is evident from the falling trend in the annual growth rates. (Figure III). In short, it follows that in times of economic downturn wherein credit growth is stagnant or negative, retail credit particularly housing credit is the best bet for banks because of multiple reasons. The very low default rates (about 2 percent) and very low NPAs is the most important reason. Another reason is that being relatively small-sized (vis-a-vis industrial or corporate loans) that are spread across large number of borrowers, housing loans offer ‘Risk Diversification’ opportunity also. In short, home loans are of high asset quality and low risk, in general.



Source: IBEF (2016), *Banking*, Nov., [10], p. 33.

**Figure III: Growing Trend in Housing Credit of Banks in India (2009-2017)**

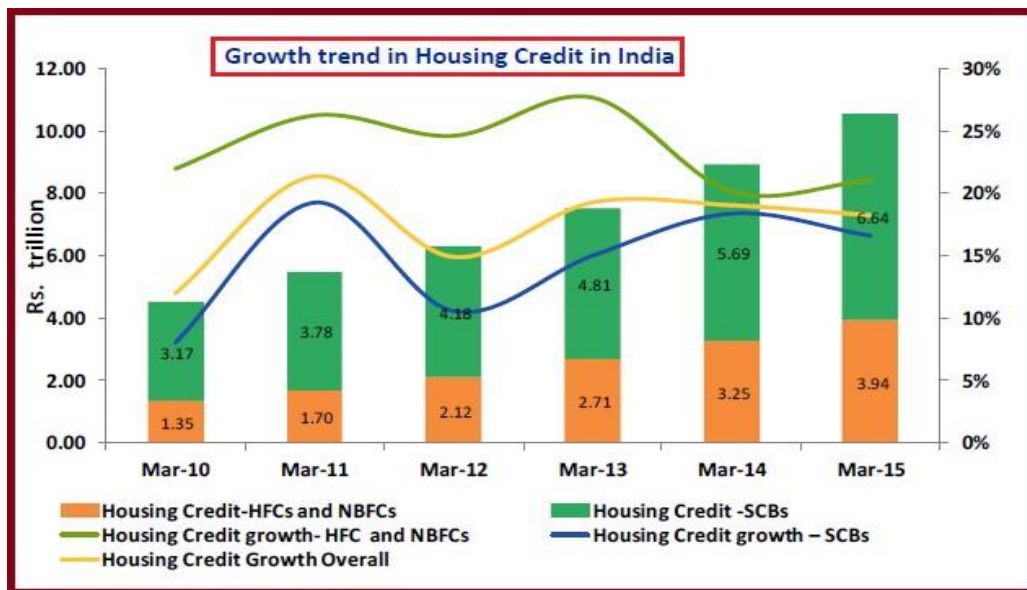


Source: Adapted from Manoj, P. K (2016) [28], p. 158.

**Figure IV: Mortgage to GDP Ratio (Percent) – India and Other Nations**



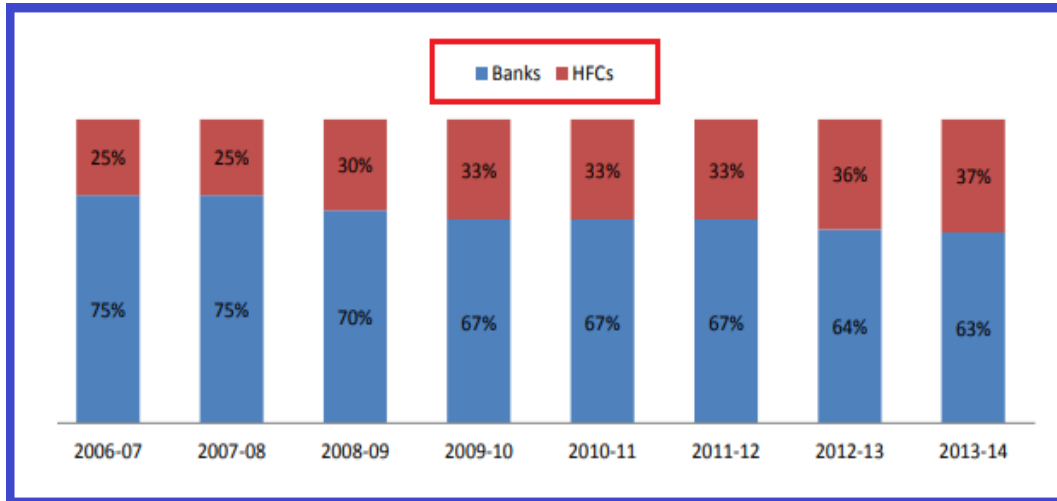
A major rationale for promotion of the development of housing and allied sectors (like residential real estate) is that investing more in these sectors can help improve India's Mortgage to GDP Ratio (MGR) which at present is at a very low level of just 9 percent – one of the lowest in the whole world (Figure IV). Conversely, the very low MGR of India provides enough scope for housing developers as well as financing agencies like commercial banks (CBs) and housing finance companies (HFCs) to expand their business manifold as the market available in India is quite vast vis-a-vis any other market. This would attract more FDI (foreign direct investment) into the housing and real estate sector in India. Large scale flow of FDI into housing and real estate sector enables the use of such foreign capital for the faster development of many allied industries and sectors (such as hospitality and tourism). More FDI flows can accelerate the national economic growth, including large scale employment creation and higher level of infrastructural and other facilities. (Nasar, K. K., 2013) [30] [31].



Source: ICRA (2015), *Indian Mortgage Finance Market-Update for 2014-15*, Dec., [6].

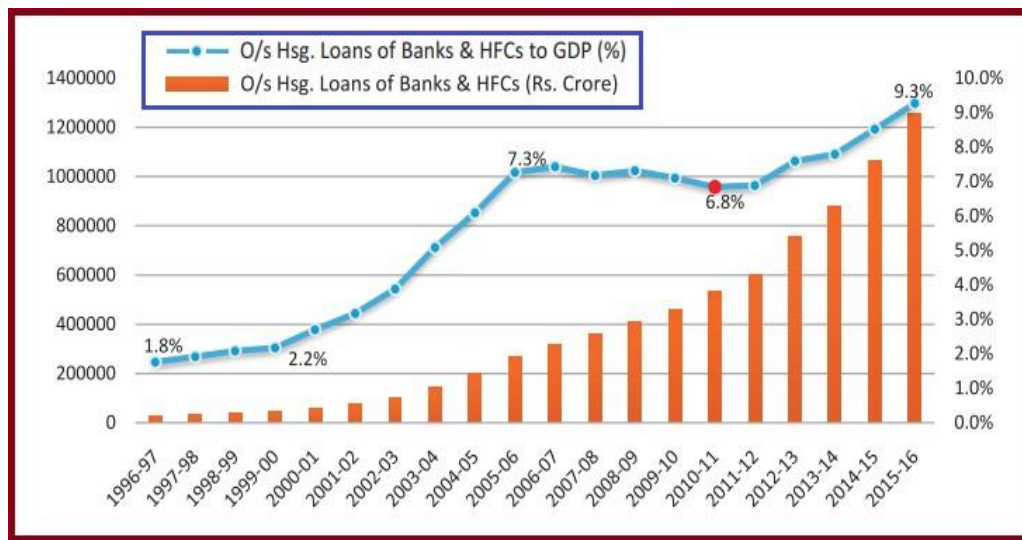
**Figure V: Growth Pattern of Major Players in Indian Housing Finance Market (2010-2015)**

The housing credit (housing advances or housing loans) are primarily granted by two major intermediary groups like commercial banks (CBs) and housing finance companies (HFCs) (and also some other NBFCs which have permission to extend home loans). Anyway, CBs and HFCs together constitute almost the entire housing finance market; and the presence of other institutions like Co-operative sector institutions, selected few NBFCs etc. are almost nil. These two intermediary groups together share the whole housing loan market. As per the latest status the share of HFCs has risen from nearly one-fourth (2007) to over one-third (2014), whereas that of CBs has fallen from three-fourth to nearly two-third. (Figure VI).



Source: ICRA, CRISIL, NHB, RBI (Jan. 2014 to Dec. 2016)

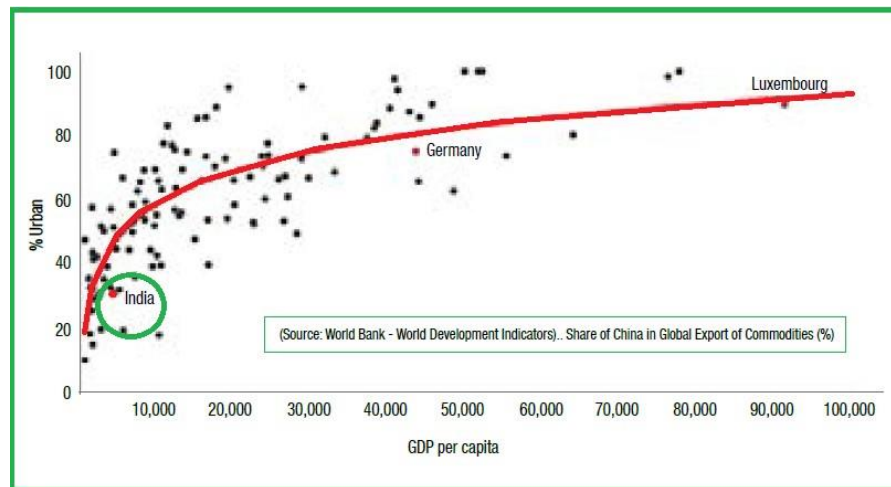
**Figure VI: Consolidation in Housing Finance Sector in India (2006 to 2014)**



Source: Compiled from NHB (2016) Dec. (www.nhb.org.in)

**Figure VII: Growth in the Market Share of HFCs and CBs (FY1997 to FY 2016)**

It may be noted that the share of CBs and HFCs in the housing finance market has grown from just 1.8 percent in 1996-97 to as high as 9.30 percent in 2015-16. This shows the gradual and steady pace of the growth in housing development in India which in turn is an indicator of the urbanisation of the country too. (Figure VII). This is because of the fact that economic growth (Per-Capita GDP) grows with the level of urbanisation. (Figure VIII).



Source: Compiled from World Bank Development Indicators (2012)

**Figure VIII: Relation between Urbanization and Economic Growth (GDP per Capita)**

In view of the foregoing analysis, it is noted that housing development leads to faster economic growth along with urbanisation. So, by encouraging housing credit and other retail products we can contribute towards the faster economic development of the whole nation, say, India-a typical emerging economy, whose level of urbanisation and that Per-Capita GDP is low (Figure VIII). GDP growth needs to be enhanced for which housing finance and housing development in India should pick up momentum among other things, like, standard living, basic amenities etc. Thus, the CBs and HFCs have a major role to play. (Figure VIII).

### **7. Formulating the Right Strategy towards Retail Banking and Concluding Remarks**

The global level trends in the field of banking and finance need to be duly understood and also incorporated in the retail banking strategy of CBs and HFCs. First, of course is the added focus on housing loans, because of obvious reasons, other loans like educational loans could be considered after ensuring their asset quality and repayment history (Manoj, 2003) [13] & (Manoj, 2004) [14]. Second, considering the effecting use of ICT advances for facilitating easy access of banking and financial services to the poor. Today, mobile phone being popular and extensively used by the poor, both urban and poor, the same can be effectively used for extending services to the poor at low cost and in a most conveniently. (Pickens, 2009) [35]. Third, adoption of CRM philosophy, especially its modern ICT-based variant (viz. e-CRM) can help attract and retain the customers, both urban and rural. However, it is advisable to have separate tailor-made strategies for both groups (urban and rural) for better focus on their specific needs and preferences (Vasantha, et. al., 2015) [40] and also a policy of marketing of housing loan products using modern e-CRM philosophy too would be desirable. Fourth, use of modern ICT-based tools at all levels of loan sanction, right from assessing creditworthiness using Credit Scoring models to loan approval and post-sanction follow up be ensured; as ICT can tremendously improve the quality of services while at the same time reduce the operating costs. Fifth, deliberate policies at the macro level for promoting a secondary market for housing finance, like, RMBS and encouraging REITs (or equivalents like REMFs) would ensure more funds into this sector and facilitate faster housing development. Similarly, FDI into housing and real estate sector needs to be encouraged through suitable policy decisions.



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