

Mortgage guarantee: IMGC wooing public sector banks

KR Srivats

Wants RBI to increase loan-to-value ratio for home loans bundled with guarantee

Amitava Mehra, CEO, India Mortgage Guarantee Corporation

New Delhi, December 16:

India Mortgage Guarantee Corporation (IMGC) is hopeful of roping in at least one public sector bank for its mortgage guarantee product before March next year, its Chief Executive Officer Amitava Mehra said.

As on date none of the public sector banks is on board, although several private sector biggies have bought into the concept of mortgage guarantee and tied up with IMGC.

IMGC, which is the sole provider of mortgage guarantee in the country, is also in talks with the Reserve Bank of India to increase the loan-to-value (LTV) ratio so as to expand the market for housing finance.

“We are in talks with the RBI for allowing the LTV to go up to 90 per cent so long as there is a mortgage guarantee along with the loan product.

Also, we want the RBI to have a re-look at the LTV and do it only with guarantee. We also want the central bank to restrict this facility to first-time home buyers,” Mehra told *BusinessLine* .

Any move by the RBI to increase the LTV to, say, 90 per cent would be a big boost to the housing finance market and will also help meet the Centre’s cherished goal of “Housing for All” by 2022.

“What we are saying to the RBI is advance home ownership. If today I can get away with putting 10 per cent down for a home loan, more people will come into the fold, which is what the government is trying to do,” Mehra said.

Today, there is huge unmet demand for people desiring home loans of up to ₹ 75 lakh.

IMGC — which is now three years into its journey — has so far written guarantees for home loan portfolios worth ₹ 800 crore.

Mehra, who admits that this is only a drop in the ocean, said that IMGC as a B2B player has signed four lenders (ICICI Bank, Dewan Housing Finance, Reliance Home Finance and First Home) till date.

The short-term aspiration is to get as many lenders as possible on board, he said.

“Public sector banks are the next target for us. We have to get into that space. We are looking at those banks that are innovative and ready to adopt guarantee products,” Mehra said.

Asked about the claims situation, Mehra said IMGC has till now received only one claim.

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