

Mortgage guarantee provider IMGIC to step up focus on ₹5-15-lakh loans

KR SRIVATS









Mahesh Misra, CEO, India Mortgage Guarantee Corporation

Plans to develop its own scoring model for underwriting

NEW DELHI, MAY 30

India Mortgage Guarantee Corporation (IMGC), the sole provider of mortgage default guarantees in the country, has decided to step up its foray into the affordable housing segment with special focus on home loans in the ₹5-15 lakh range, said its CEO Mahesh Misra.

“We want to step up focus on the ₹5-15 lakh range because that seems to be a sweet spot. That seems to be a place where knowledge gap exists in terms of industry understanding of that segment and, therefore, we could step in as a very effective backstop,” Misra told *BusinessLine*.

A mortgage guarantee is a financial product which compensates lending institutions or housing finance companies for losses that may arise when a home owner defaults on a mortgage loan. Misra said that as on date, 87 per cent of IMGC’s book is from loans below ₹30 lakh, which means 87 per cent of the book is Pradhan Mantri Awas Yojana-eligible. As much as 17 per cent of IMGC’s portfolio relates to loans below ₹10 lakh.

He highlighted that affordable housing is growing at double the rate of normal housing finance. The government is also giving the right impetus and right financial subsidies, he added.

Misra also said that one large private bank is thinking in terms of doing their entire ₹5-15 lakh home loans with mortgage guarantee. “That will give us a good platform to jointly understand affordable housing,” he said.

Another large private bank, which is not into affordable housing, plans to launch an affordable housing product with mortgage guarantee embedded in it, he added.

Scoring model

Misra said that IMGC will also eventually develop its own scoring model for underwriting.

“We are also looking at roping in some specialists to assist us in this,” he said.

Currently, IMGC’s entire underwriting is centralised. “We look at every loan and underwrite it individually,” he said.

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