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National Housing Bank (NHB)

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The National Housing Bank (NHB) is India's apex bank for housing finance. Apex means top. It lends to the lenders that finance your home. It was built for that one job.

1 What is the National Housing Bank?

NHB is India's apex institution for housing finance. It was set up under the National Housing Bank Act, 1987. Its head office is in New Delhi.

What does apex mean here?



Housing units under construction in Amaravati. Photo: IM3847, CC BY-SA 4.0, via Wikimedia Commons.

- Banks and housing finance companies lend to families. NHB's site calls them primary lending institutions.
- NHB sits above them and gives them long-term funds.
- Its principal mandate is to promote housing finance institutions.

Who owns it?

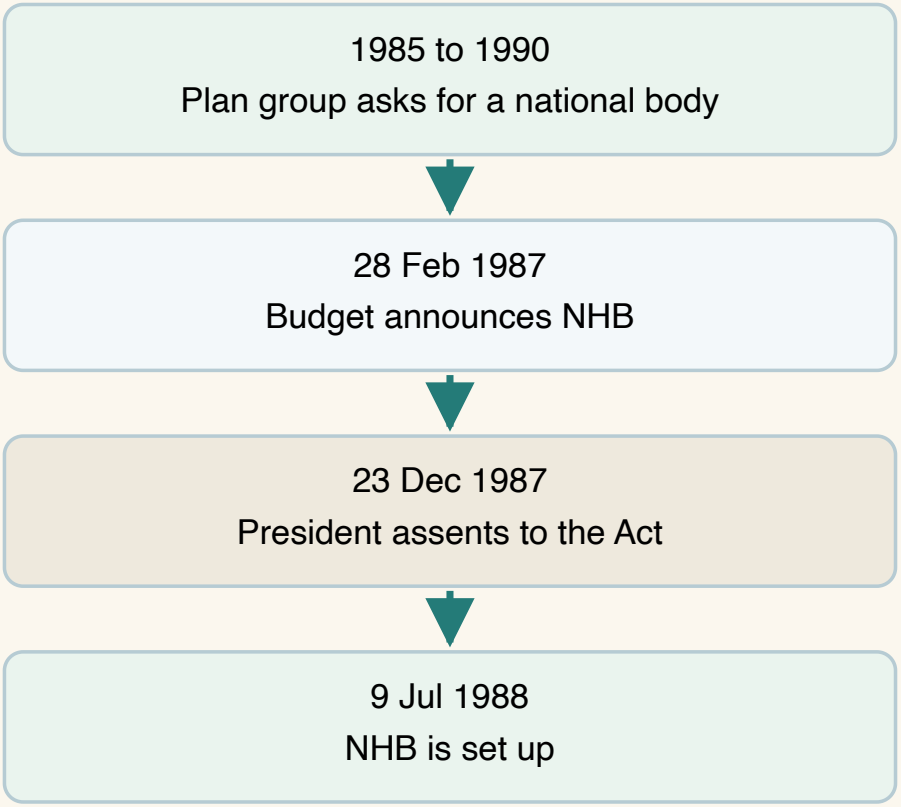
The Government of India owns NHB. The ownership changed in 2019. Card 4 explains how.

> **Quick check 1.** NHB itself lends housing loans to families, so banks and housing finance companies are not needed. *(True or False?)* See answer ↓

Sources: nhb.org.in

2 How did NHB begin?

NHB did not appear overnight. A planning group, a committee and a Budget speech came first.



Four steps from idea to institution. Original explanatory diagram.

What are the key steps?

- **1985 to 1990:** a Sub-Group for the Seventh Five Year Plan found that households lacked long-term housing finance.
- It suggested a national-level institution.
- The Committee of Secretaries then set up a High Level Group under Dr. C. Rangarajan, then Deputy Governor of the RBI.
- **28 February 1987:** the Prime Minister announced NHB in the Budget for 1987-88.

- **23 December 1987:** the President gave assent to the National Housing Bank Act.
- **9 July 1988:** NHB was set up.

Who paid for it?

The Reserve Bank of India contributed the entire paid-up capital at the start. A Board of Directors runs NHB under the Act.

What is the exam trap?

The Act is from 1987, but NHB began work in 1988. A question may offer both years. Link 1987 with the Act and 1988 with the institution.

> **Quick check 2.** The National Housing Bank Act was passed in 1987, and NHB itself was set up on 9 July 1988. *(True or False?)*
>
> See answer ↓

Sources: nhb.org.in

3 What does NHB do?

NHB mainly funds and promotes lenders. Its site also lists supervision.

What does it offer?

- **Refinance:** it gives long-term funds against loans that other lenders have made for homes.
- **Eligible lenders:** housing finance companies, scheduled commercial banks, regional rural banks and urban cooperative banks.
- **Support:** it also lists project finance, equity support, securitisation and guarantee on its Financing menu.

- **Guarantee scheme:** it has a scheme to guarantee bonds issued by housing finance companies.
- **Training:** it runs training programmes for the sector.

What does promotion mean?

The Bank says its mandate is to promote housing finance institutions. It played a facilitator role. It did not open dedicated housing finance institutions itself.

What is the memory hook?

Think “lend to the lenders”. NHB refinances. The banks and companies lend to families.

> **Quick check 3.** NHB refinance is open to housing finance companies and several kinds of banks. *(True or False?)* See answer ↓

Sources: nhb.org.in

4 What changed for NHB in 2019?



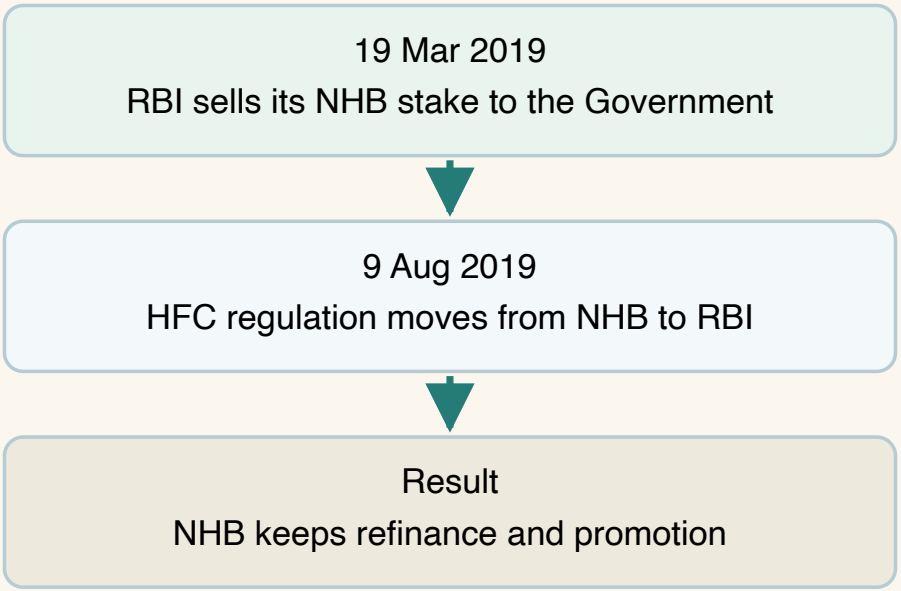
The Reserve Bank of India building in Mumbai. Photo: Pinakpani, CC BY-SA 4.0, via Wikimedia Commons.

Two different transfers took place in 2019. They are easy to mix up.

What moved on 9 August 2019?

- After the Union Budget 2019-20 announcements, NHB's regulatory powers over housing finance companies passed to the RBI.
- The powers included registration of these companies.

- The change took effect on 9 August 2019.



Ownership and regulation moved in different directions. Original explanatory diagram.

What moved on 19 March 2019?

- The RBI sold its whole stake in NHB, at ₹1,450 crore, on 19 March 2019.
- The Government of India then held 100% of NHB.
- A Finance Ministry notification dated 29 April 2019 recorded the transfer.
- The RBI press release of 24 April 2019 reported the divestment.

Why did the RBI sell?

The RBI said the sale rests on the Narasimham Committee II report. Business Standard reported that the panel said the RBI should not own bodies it regulates.

What happened to the capital?

- NHB's authorised capital rose from ₹450 crore to ₹1,450 crore, by a notification of 9 December 2015.
- The RBI paid in ₹1,000 crore on 12 January 2016.
- NHB's site now says the authorised capital is ₹1,450 crore, fully subscribed by the Government of India.

> **Quick check 4.** The RBI sold its stake in NHB on 19 March 2019, and HFC regulation moved to the RBI on 9 August 2019. *(True or False?)* See answer ↓

Sources: nhb.org.in; cyrilshroff.com

Sources: rbi.org.in; business-standard.com

5 Did NHB lose all its work in 2019?

No. It lost one power. It kept its main job.

What did it lose?

It lost its regulatory power over housing finance companies. That power went to the RBI.

What did it keep?

- It still refinances lenders.
- It still promotes housing finance institutions.
- Its site still lists supervision, including on-site inspections.
- Its milestones page says it inspected 73 housing finance companies in 2024-25.

What is the exam trap?

A weak option says NHB stopped all housing finance work after 2019. That is wrong. Another mixes up the two transfers. Regulation went to the RBI. Ownership went to the Government.

> **Quick check 5.** After 2019, NHB stopped all work in housing finance. *(True or False?)* See answer ↓

Sources: nhb.org.in

6 Is NHB the same as SIDBI?

No. Both are apex bodies, but they serve different sectors.

How do they compare?

Body	Sector	Lends mainly to
NHB	Housing finance	Banks and housing finance companies
SIDBI	Small industries and MSMEs	Banks, NBFCs and small firms

What is the memory hook?

NHB has H for housing in its field. SIDBI has S for small industries. Read the full SIDBI lesson for its story.

> **Quick check 6.** NHB and SIDBI are one body with two names. *(True or False?)* See answer ↓

Sources: sidbi.in; nhb.org.in

7 What does NHB's own site show in 2026?

NHB's site gives a few dated snapshots. Treat each one as true on its date only.

What are the snapshots?

- **PLR:** NHB's Prime Lending Rate stood at 7.80% from 8 October 2026.
- **Refinance:** the outstanding refinance portfolio was ₹1,07,913 crore as of June 2025, up 6% on the year.
- **Inspections:** NHB inspected 73 housing finance companies in 2024-25, using the CAMELS approach.
- **Tender:** on 7 October 2026 NHB posted a corrigendum to a request for proposals. It seeks a forensic audit of a non-deposit-taking housing finance company based in Udaipur, Rajasthan.

Does the notice name the company?

No. The notice only describes the company. Do not link it to any named firm.

How should you quote the PLR?

Always give its date. NHB posts a new notice when the rate changes. Check the NHB site for the latest figure before you quote it.

> **Quick check 7.** NHB's Prime Lending Rate was 7.80% from 8 October 2026, and a later notice may change it. *(True or False?)*
>
> See answer ↓

Sources: nhb.org.in

Practice MCQs

1. Under which Act was the National Housing Bank (NHB) set up on 9 July 1988?

A. Housing Finance Companies Act, 1988

B. RBI Act, 1934

C. Banking Regulation Act, 1949

D. National Housing Bank Act, 1987

See answer ↓

2. Who chaired the High Level Group whose recommendations led to NHB's founding?

A. Dr. Y.V. Reddy, then RBI Governor

B. Dr. C. Rangarajan, then Deputy Governor of RBI

C. Dr. Bimal Jalan

D. Dr. Manmohan Singh

See answer ↓

3. Which entity originally contributed NHB's entire paid-up capital?

A. Government of India

B. LIC of India

C. World Bank

D. Reserve Bank of India

See answer ↓

4. Effective 9 August 2019, NHB's regulatory powers over Housing Finance Companies transferred to which body, and who took over NHB's ownership the same year?

A. IRDAI took regulation; RBI retained ownership

B. Ministry of Finance took regulation; RBI retained ownership

C. SEBI took regulation; LIC took ownership

D. RBI took regulation; Government of India took ownership

See answer ↓

5. What does NHB continue to do even after losing its regulatory powers over HFCs in 2019?

A. It continues as the apex refinancing institution for housing finance

B. It merged into SIDBI

C. It became a pure regulator with no financing role

D. It stopped operating entirely

See answer ↓

Answer Key

1. **D.** The National Housing Bank Act, 1987 set up NHB. The President gave assent on 23 December 1987, and NHB began on 9 July 1988. The Housing Finance Companies Act, 1988 is not NHB's founding law. The RBI Act, 1934 and the Banking Regulation Act, 1949 govern the RBI and banks. Memory hook: the Act is 1987, the institution is 1988. ↑ Q1
2. **B.** Dr. C. Rangarajan, then Deputy Governor of the RBI, chaired the High Level Group. The Committee of Secretaries set it up to study a national housing institution. Dr. Y.V. Reddy, Dr. Bimal Jalan and Dr. Manmohan Singh did not chair it. Memory hook: Rangarajan, then RBI Deputy Governor, drew up the plan for NHB. ↑ Q2
3. **D.** The Reserve Bank of India paid in NHB's entire capital at the start. In 2019 the RBI sold its 100% stake, and the Government of India became the owner. The government, LIC and the World Bank did not fund NHB at the start. Memory hook: the RBI built NHB first, then handed it to the Government. ↑ Q3
4. **D.** The RBI took over regulation of housing finance companies from 9 August 2019. The Government of India took over NHB's ownership, as the RBI sold its stake on 19 March 2019. SEBI, LIC, IRDAI and the Ministry of Finance did not take over regulation. The RBI did not keep NHB's ownership. Memory hook: regulation to the RBI, ownership to the Government. ↑ Q4
5. **A.** NHB continues as an apex refinancing institution for housing finance. It lent long-term funds to banks and housing finance companies before 2019, and it still does. NHB did not stop operating, and it is not a pure regulator. It did not merge into SIDBI, which serves small industries. Memory hook: NHB lost one power, not its job. ↑ Q5

Quick-check answers

1. **False.** it is false. NHB refinances the primary lenders that lend to families. ↑ 1
2. **True.** The Act came first and the institution followed. ↑ 2
3. **True.** NHB's Refinance page lists companies, scheduled commercial banks, regional rural banks and urban cooperative banks. ↑ 3
4. **True.** These are two separate transfers in the same year. ↑ 4

5. **False.** it is false. NHB lost its regulatory power over housing finance companies but kept refinance and promotion. ↑ 5
6. **False.** it is false. NHB serves housing finance and SIDBI serves small industries. ↑ 6
7. **True.** The figure is true only on its date. ↑ 7

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