

PREFACE

A reference is invited to the prefatory remarks in Report No. 9 of 2007 – Union Government (Commercial) of the Comptroller and Auditor General of India where a mention has been made that reviews of the performance of Companies/Corporations by the Comptroller and Auditor General of India (CAG) are contained in separate audit reports including stand alone performance audit Reports.

The Audit Board mechanism was restructured during 2005-06 under the supervision and control of the CAG. The Board, which is permanent in nature, is chaired by the Deputy Comptroller and Auditor General (Commercial) and consists of senior officers of the CAG office. Two technical experts are inducted as special invitees, if necessary. The Board approves the topics recommended for performance audit. It also approves the guidelines, audit objectives, criteria and methodology for conducting major performance audits. The Board finalises the stand alone performance audit reports after discussions with the representatives of the Ministry and Management .

This stand alone Report reviewed the housing finance activities of Housing and Urban Development Corporation Limited, BOB Housing Finance Limited, Cent Bank Home Finance Limited, IDBI Home Finance Limited and PNB Housing Finance Limited. The Report was finalised by the Audit Board with the assistance of Shri Bhagwan Das Narang, former Chairman & Managing Director, Oriental Bank of Commerce and Shri P.K. Chattopadhyay, former General Manager, National Housing Bank, the two technical experts appointed by the Government of India (the Ministry of Housing and Urban Poverty Alleviation) as special invitees.

This Report as set out in the succeeding chapters is based on test check of records of the Corporate offices as well as 26 Regional Offices/Branches of the total 99 Regional offices/Branches of the five Housing Finance Companies and the discussions held with the Managements of these Companies and the administrative Ministries. The selection of Regional Offices/Branches was mainly on the basis of level of non-performing assets and default in the Regional Offices/Branches and/or level of sanctions to private parties.

The cases mentioned in the Report are among those which came to notice in the course of audit conducted during the year 2006-07.