

Project Dissertation
On
Potentials and Challenges of Mortgage based Security
In India

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2K13/MBA/43

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CERTIFICATE

I **Dr. Archana Singh** hereby certify that **Mr. Mohit Kumar Gupta** student of Masters of Business Administration at **Delhi School of Management, Delhi Technological University** has completed the dissertation Report on “**Potentials and Challenges of Mortgage based Security In India**”, under my guidance.

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DECLARATION

I **Mohit Kumar Gupta**, hereby declare that the project report prepared by me under the guidance of **Dr. Archana Singh** on “**Potentials and Challenges of Mortgage based Security In India**” is an original project report even before nor I have copied it from anywhere. It is my own preparation.

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EXECUTIVE SUMMARY

Housing finance is still considered to be under-developed in India, despite the fact that there is a good growth in both the economic and social status of the country. Looking after the numbers we got the figures that about 60% of household's lives in permanent structures in India in 2011 compared to 51.8% in 2001. There is a need of an efficient secondary for raising funds and using in cash to improve the overall standard of mortgages market.

National housing bank, bank mostly known for refinancing activities, has implemented around 15 Mortgage based Securities (MBS) till December 2006 in the secondary market. The overall value of these deals is about INR 520 Cr. s which comprised of 35,000 housing loans. Only 0.5% of the amount which is invested in primary mortgages market has been securitized. So using various methodologies this paper gives an estimate of the size of secondary market in India.

This project describes about Mortgage based securities, their formation and their benefits. Further it also explores how MBS is used globally and their present status in India. The project also tells about the drawbacks and precaution to be taken for MBS. Finally this project provides with necessary recommendations, precaution and scope for increasing the market of Mortgage based securities in India.

This research is based purely on secondary data. A detailed analysis of 'US Subprime crisis' has also been discussed which provides an insight of the process of securitization as well as how an unregulated process can lead to a deep financial crisis. The whole process of generation and funding of cash to borrower as a housing loan is discussed which provides the reason of securitization of mortgages. To establish an efficient securitization market in India, a good legal framework is required; some of the legal problems have been identified in this research.

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