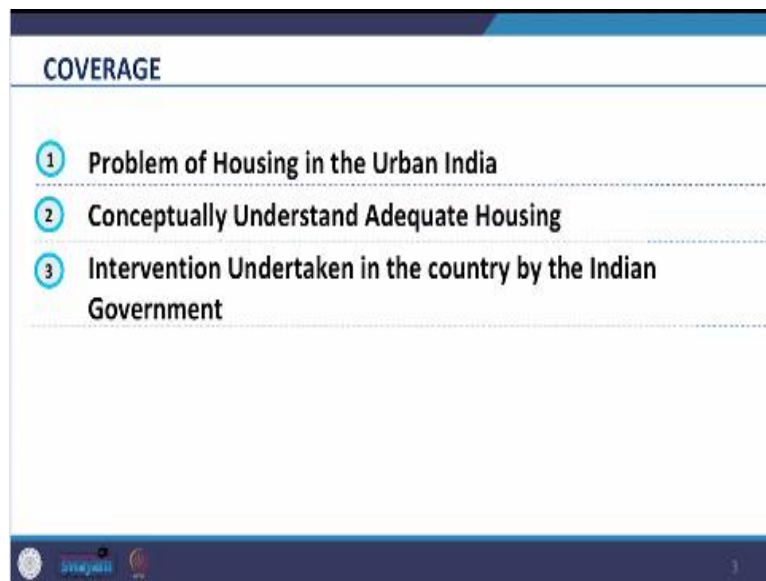


**Introduction to Urban Planning**  
**Prof. Harshit Sosan Lakra**  
**Department of Architecture and Planning**  
**Indian Institute of Technology – Roorkee**

**Lecture – 27**  
**Housing Issues in India**

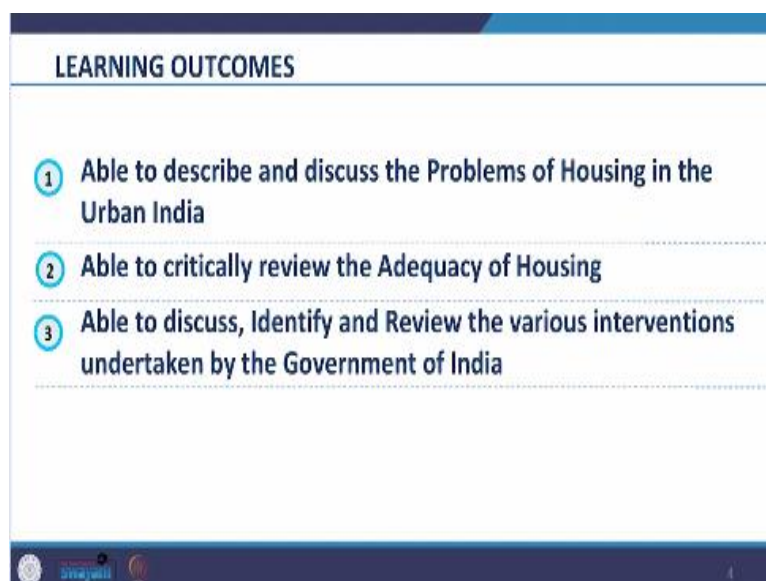
Welcome to the course of urban planning. Today in the session, we are going to look at the problems of housing in our cities. So accordingly, we will cover the following.

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We will look at problems of housing in the urban India. We will try to conceptually understand what does adequate housing means. We are going to look at different interventions undertaken in the country by the Indian government.

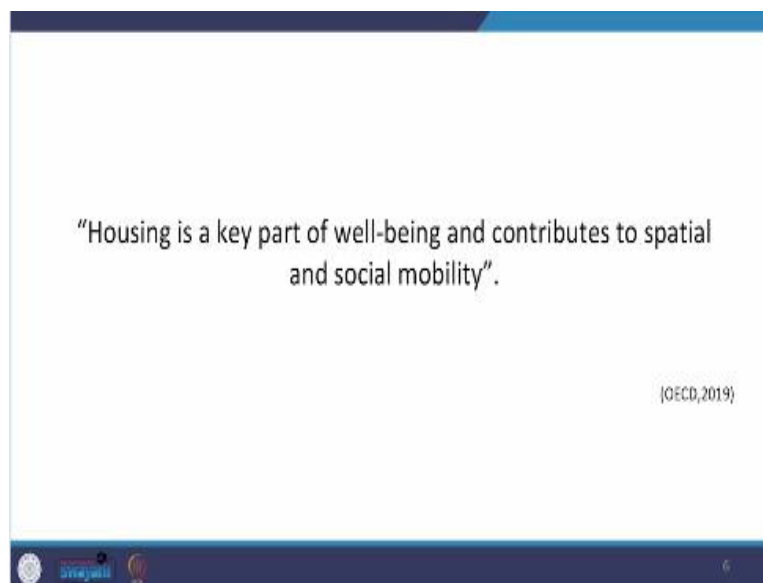
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So, the learning outcomes expected from you include after completing this course, you should be able to describe and discuss the problems of housing in the urban India. You should be able to critically review the adequacy of housing, what does adequate housing means and in which state we are. Further, you should be able to discuss, identify and review various interventions undertaken by the Government of India.

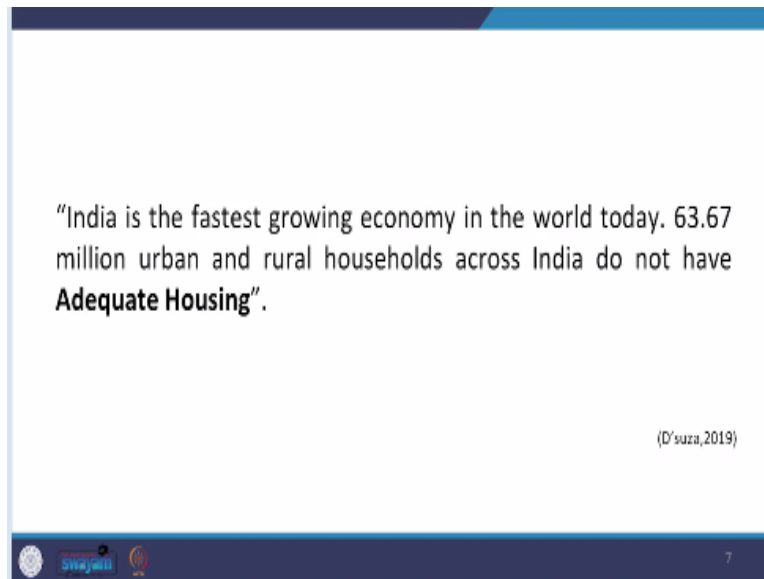
Today, we will walk through the documents of Ministry of Housing and Urban Affairs and the report of Organization for Economic Cooperation and Development, OECD, mainly its economic Survey of India 2019 and UN-Habitat sheet and few other documents.

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As we know, housing is a key part of well-being and contributes to spatial and social mobility.

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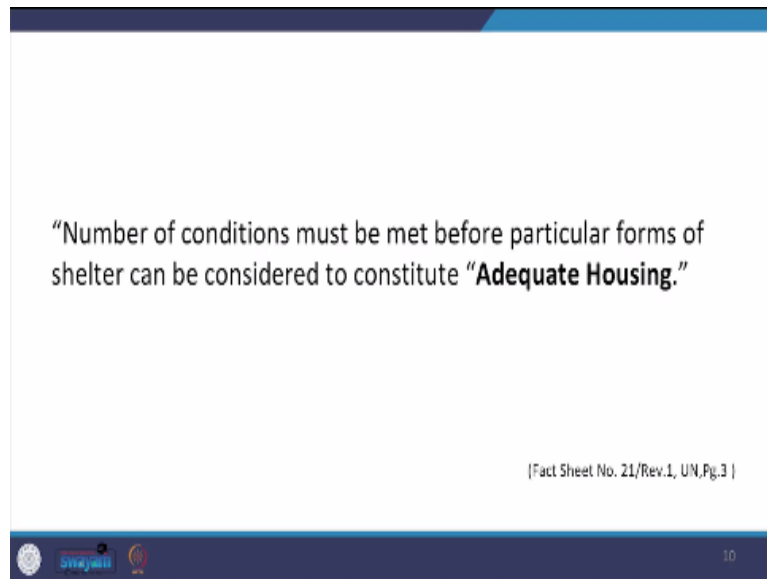
Even as India is the fastest growing economy in the world today, 63 million urban and rural households across India do not have adequate housing.

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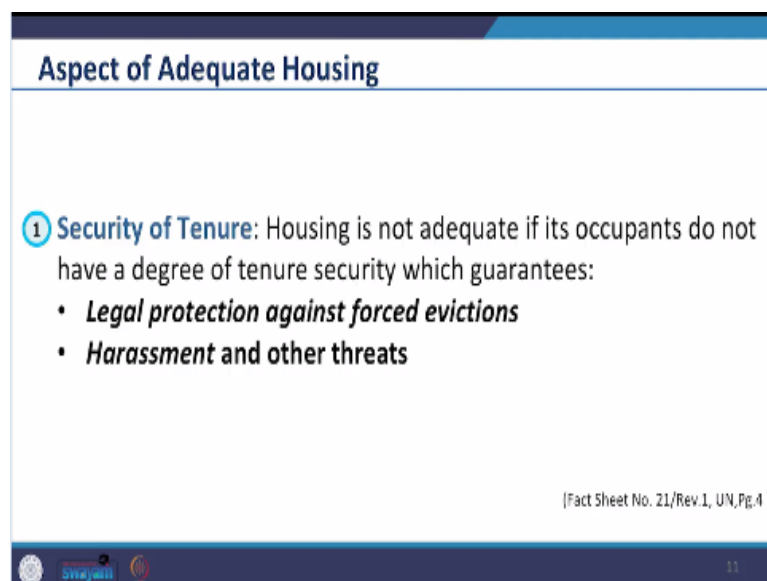
In order to understand the term adequate housing from international perspective, let us look at the document of UN-Habitat factsheet 21.

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According to the document, number of conditions must be met before a particular form of shelter can be considered to constitute adequate housing. One aspect is security of tenure.

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Housing is not adequate if its occupants do not have a degree of tenure security, which guarantees legal protection against forced evictions, harassment and other threats.


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## Aspect of Adequate Housing

2 **Availability of Services, Materials, Facilities And Infrastructure:**  
Housing is not adequate if its occupants do not have

- Safe Drinking Water
- Adequate Sanitation
- Energy for Cooking
- Heating, Lighting
- Food Storage
- Refuse Disposal

(Fact Sheet No. 21/Rev.1, UN, Pg.4)



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Another aspect is availability of services, materials, facilities and infrastructure. Housing is not adequate if it is its occupants do not have safe drinking water, adequate sanitation, energy for cooking, heating, lighting, food, storage or refuse disposal.


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## Aspect of Adequate Housing

3 **Affordability** : Housing is not adequate if its

- Cost Threatens
- Compromises the occupant's enjoyment of other human rights.

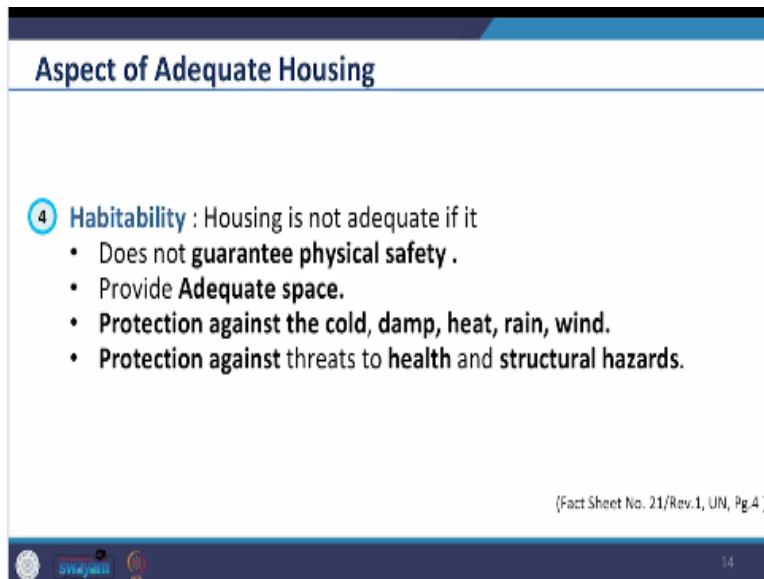
(Fact Sheet No. 21/Rev.1, UN)



13

Another aspect is affordability. Housing is not considered to be adequate, if its cost threatens or compromises the occupants enjoyment of other human rights. Similarly, habitability is seen as another aspect.

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**Aspect of Adequate Housing**

4 **Habitability** : Housing is not adequate if it

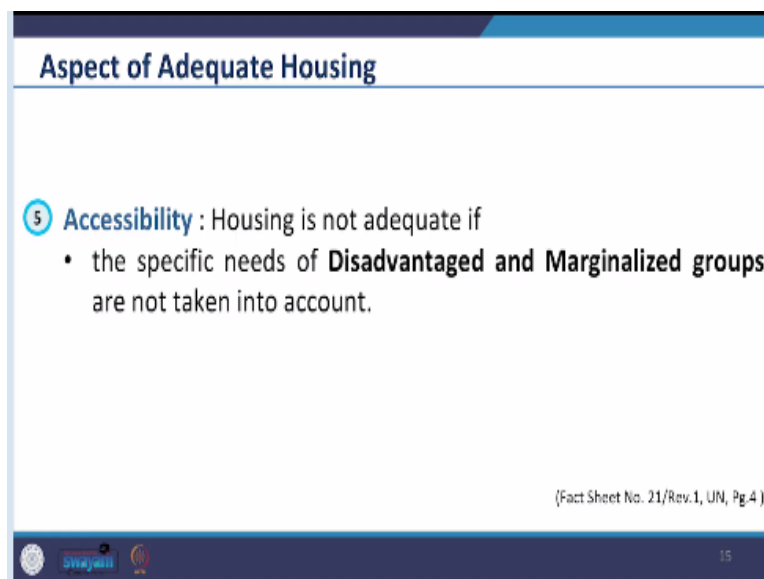
- Does not **guarantee physical safety** .
- Provide **Adequate space**.
- **Protection against the cold, damp, heat, rain, wind.**
- **Protection against** threats to **health and structural hazards**.

(Fact Sheet No. 21/Rev.1, UN, Pg.4 )

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Housing is not adequate, if it does not guarantee physical safety or provide adequate space as well as protection against the cold, damp heat, rain, wind, other threats to health and structural hazards. Accessibility is also considered when we look at adequate housing.

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**Aspect of Adequate Housing**

5 **Accessibility** : Housing is not adequate if

- the specific needs of **Disadvantaged and Marginalized groups** are not taken into account.

(Fact Sheet No. 21/Rev.1, UN, Pg.4 )

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Housing is not adequate if this specific needs of the disadvantaged and marginalized groups are not taken into account.


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### Aspect of Adequate Housing

⑥ **Location** : Housing is not adequate if

- Cut off from **Employment Opportunities**
- **Health-care Services**
- **Schools**
- **Childcare Centers**
- other **Social Facilities**
- if located in **Polluted** or **Dangerous Areas**.

(Fact Sheet No. 21/Rev.1, UN, Pg.4)



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We see location is also another aspect. Housing is not adequate, if it is cut off from employment opportunities, healthcare services, schools, childcare centers and other social facilities or if it is located in polluted or dangerous areas. And finally, we see that there should be also cultural adequacy.

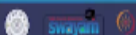
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### Aspect of Adequate Housing

⑦ **Cultural Adequacy**: Housing is not adequate if

- it **does not respect** and take into account the **Expression of Cultural Identity**.

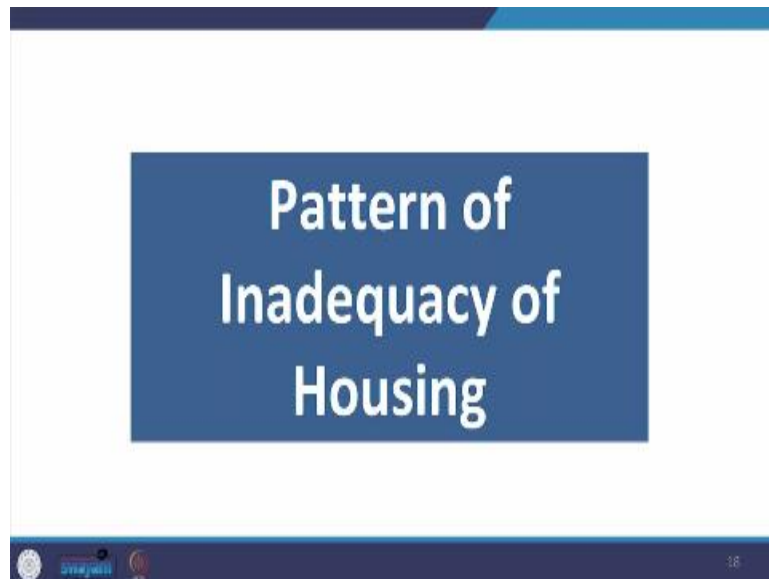
(Fact Sheet No. 21/Rev.1, UN, Pg.4)



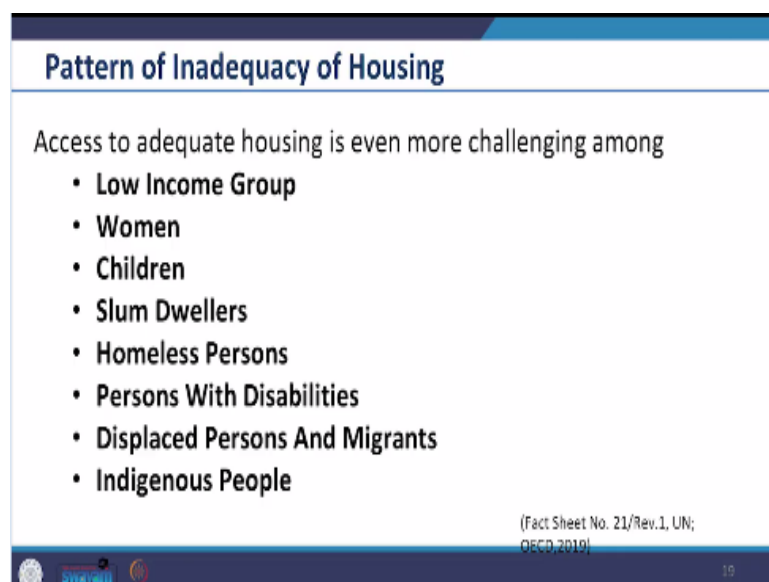
17

Housing is not adequate if it does not respect and take into account the expression of cultural identity.

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Now, looking at the pattern of inadequacy of the housing. Access to adequate housing is even more challenging among low income group, women, children, slum dwellers, homeless persons, persons with disabilities, displaced persons and migrants and indigenous people. As we have already seen that the concentration of people in urban areas is rapidly increasing, leading to number of people living in slums and squatter settlements.

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### Pattern of Inadequacy of Housing

Concentration of people in urban areas is **rapidly increasing** leading to number of people living in slums and squatter settlements.

The poor and the economically weaker sections of the society are pushed or forced to occupy **marginal lands** and live in poor housing stock live in congestion and live in outdated houses.

Wide gap exists between the demand and supply of housing, both in terms of **Quantity and Quality**.

(KPMG India, 2019)



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We are noticing in our cities, skyrocketing prices of land and real estate. We are seeing that the poor and the economically weaker sections of the society are pushed or forced to occupy marginal lands and live in poor housing stock live in congestion and live in outdated houses. It is apparent that substantial housing shortage looms in urban India and a wide gap exists between the demand and supply of housing, both in terms of quantity and quality.

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### Pattern of Inadequacy of Housing

The International comparisons indicates that the share of people living in poor quality housing in India is high compared to other emerging market economies.

(OECD, 2019)



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According to the OECD Economic Survey of India 2019, the international comparisons indicates that the share of people living in poor quality housing in India is high compared to other emerging market economies.

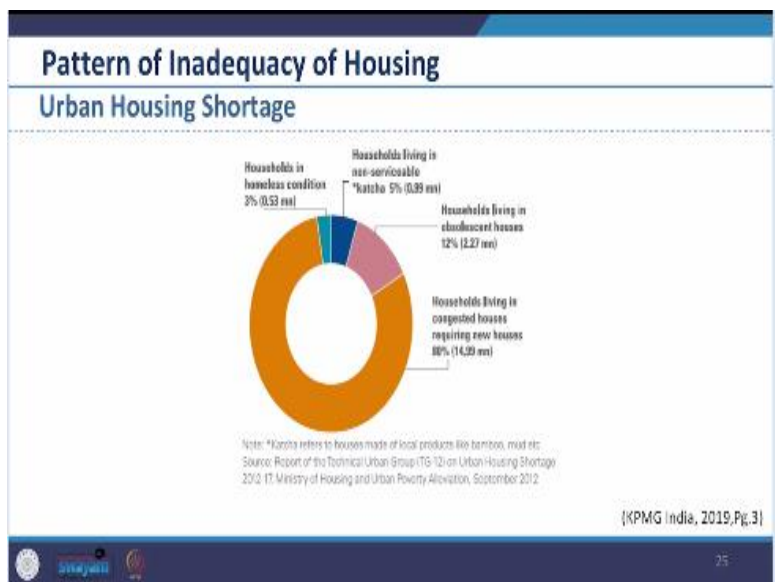
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The Urban shortage has increased fast in recent times, as we see in the figure and continues to worsen as migration and natural population growth have intensified. According to the report prepared by the technical group for the Ministry of Housing and Urban Poverty Elevation, we see that urban housing shortage was estimated to be nearly 18 million households in year 2012.

80%, nearly 15 million of these estimated households were living in congested houses and were in requirement of new houses.

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- According to a report prepared by a technical committee to the Ministry of Housing and Urban Poverty Alleviation (MHUPA), India's urban housing shortage was estimated to be nearly 18.78 million households in 2012.
- 80%, nearly 15 Million of these estimated households, were living in congested houses and were in requirement of new houses.
- Nearly 12 % with over 2 million households living in Obsolescent houses.
- We also learnt that 5%, nearly one million households were living in non-serviceable katcha structures.
- And 3%, more than 5 Lack households lived in homeless conditions

12% with over 2 million households were living in obsolescent houses. We also learned that 5%, nearly 1 million households were living in non-serviceable katcha structures and 3%, more than 5 lakh households lived in homeless conditions.

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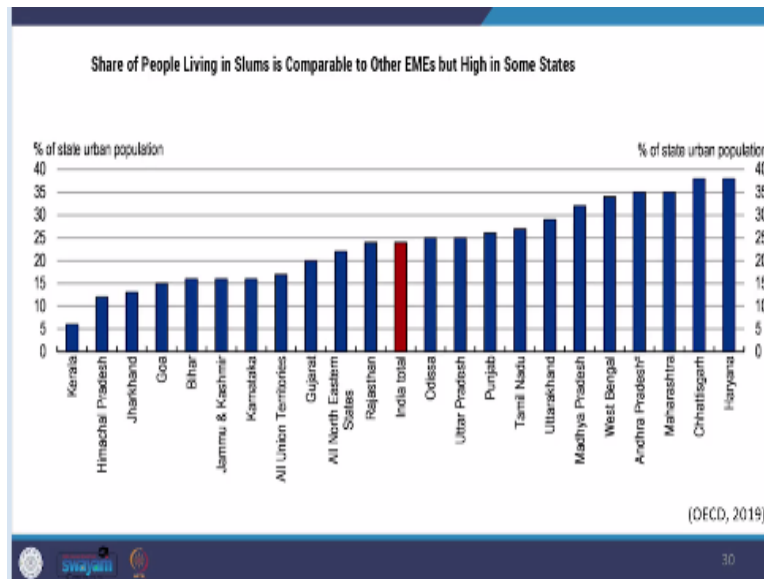
Tenure	Number of families living in old houses	Families living in katcha houses	Number of families living in congestion	Families without homes	Total Urban housing shortage
Self-owned	1,396,736	770,817	9,188,746	326,430	11,681,728
Rented	870,417	219,163	6,700,019	203,670	6,993,189

Source: Report of the Technical Urban Group (TG-12) on Urban Housing Shortage 2012-17, Ministry of Housing and Urban Poverty Alleviation, September 2012.

(KPMG India, 2019, Pg.3)

The total urban housing shortage, nearly 62% houses are self-owned, while 38% families live in rented homes. The state wise data as per the technical committee showed a mixed picture where both developed as well as less developed states had families living in poor housing conditions.

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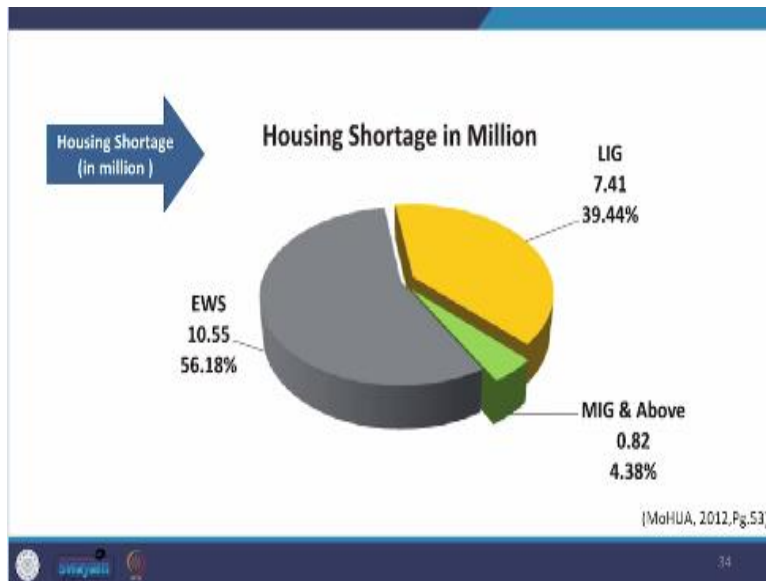
Uttar Pradesh had housing shortage of over 30 lakhs homes followed by Maharashtra, which had 19 lakh shortage. The disparity across states is large, ranging from 6% of urban population living in slums in Kerala to more than 35% in Andhra Pradesh, Chhattisgarh and Haryana and Maharashtra.

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West Bengal, we see 13 lakh people, Andhra Pradesh 12 and in Tamil Nadu, we see, over 12 lakh people living in the congested areas. The top 10 states in terms of urban housing shortage contributes to 143 lakh or we can say 76% of housing shortage. Further, we see that the urban housing shortage is prominent across the economically weaker section and low income groups, which together constitutes over 95% of the total housing shortage. The shortage amongst the middle income group and above is estimated at 4.38%.

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## Housing Market

The market is characterized by excess demand for

- Affordable dwellings
- Small Rental Market
- Oversupply of High-End Housing

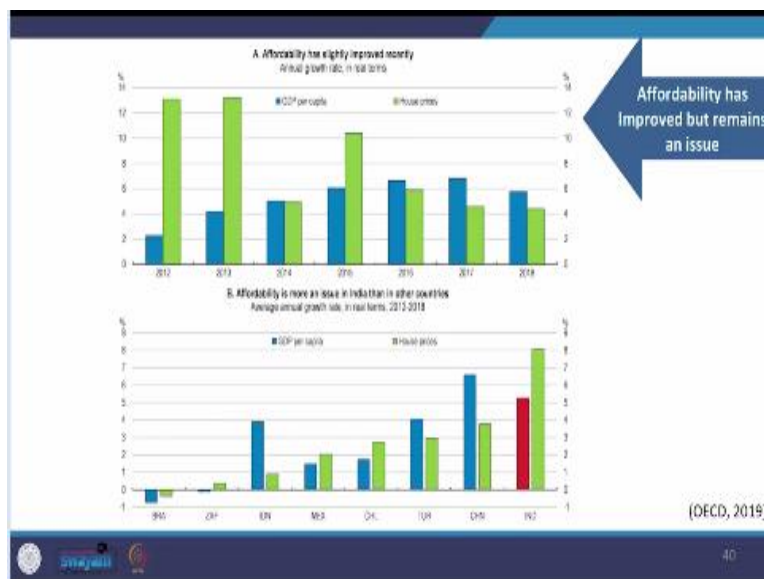
(OECD, 2019)



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Now, we look at the housing market in the country. The market is characterized by excess demand of affordable dwellings, small rental market and an oversupply of high end housing especially in the urban areas. We see that the housing shortage among the low income group is large despite increase in the stock of quality housing in recent years. Because the house prices are high, according to the incomes and access to credit is often challenging.

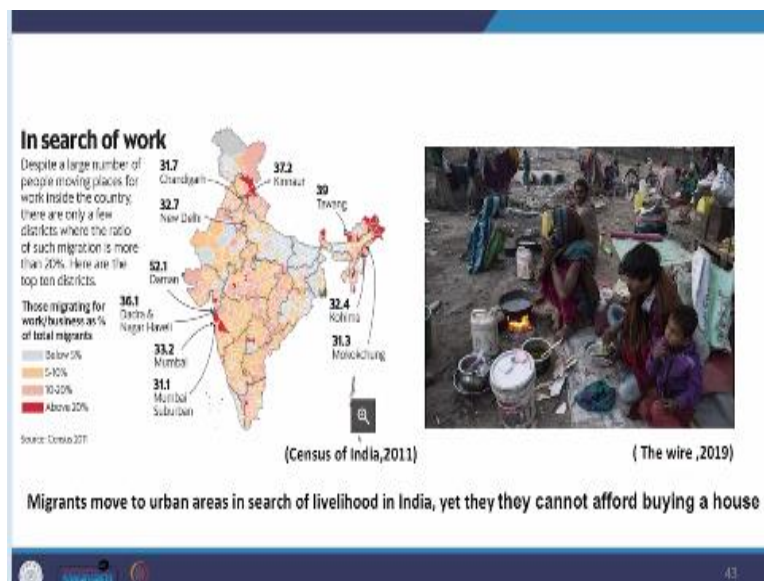
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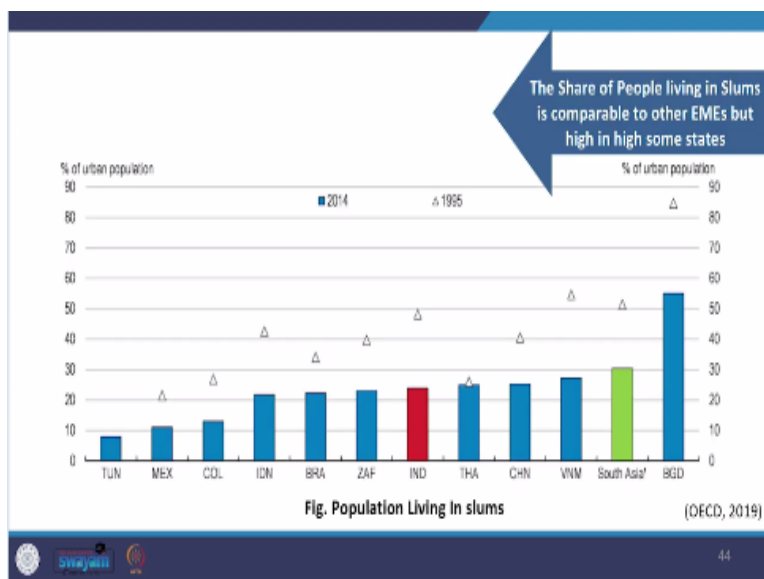
Average real housing prices have increased much more than the GDP undermining housing affordability in particular for low income households. The various regulations and costly land in urban areas tend to drive up house prices, which can be much higher than low income households and annual incomes. Ongoing urbanization and particularly rural urban migration has been intensifying the demand for affordable housing specially at the low end of the market.

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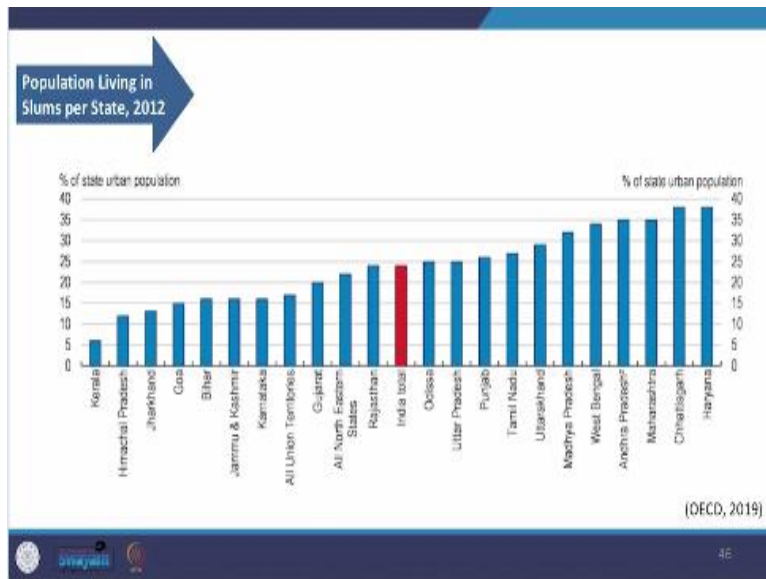
Many workers who migrate from rural to urban areas towards end up in slums as they cannot afford buying a house and the rental market is not well developed.

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As we see in the image, it has drastically reduced since 1995. The share of urban population living in slum is considerable in the country, though it has drastically reduced since 1995.

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When we see state wise, we see that population living in slums is highest in the state of Haryana, Chattisgarh, Maharashtra, West Bengal and Madhya Pradesh.

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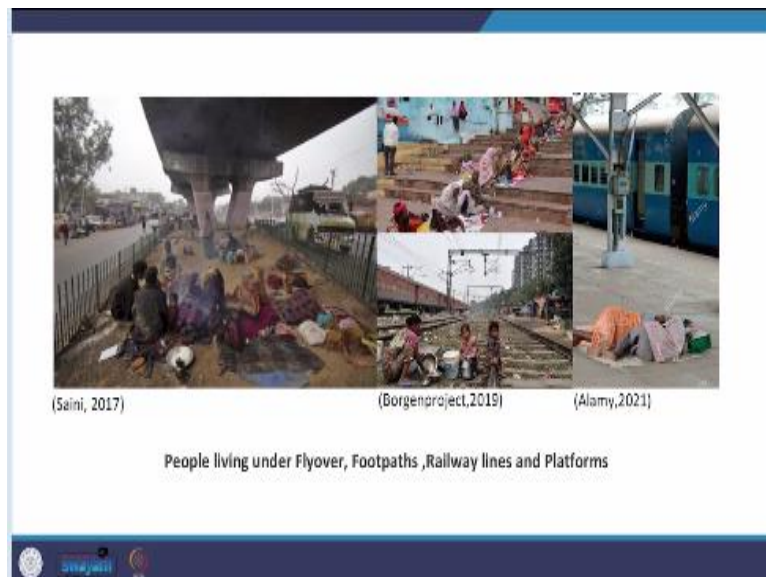
Further, we see that there is increase in homeless people in the urban areas and decrease in the rural areas.

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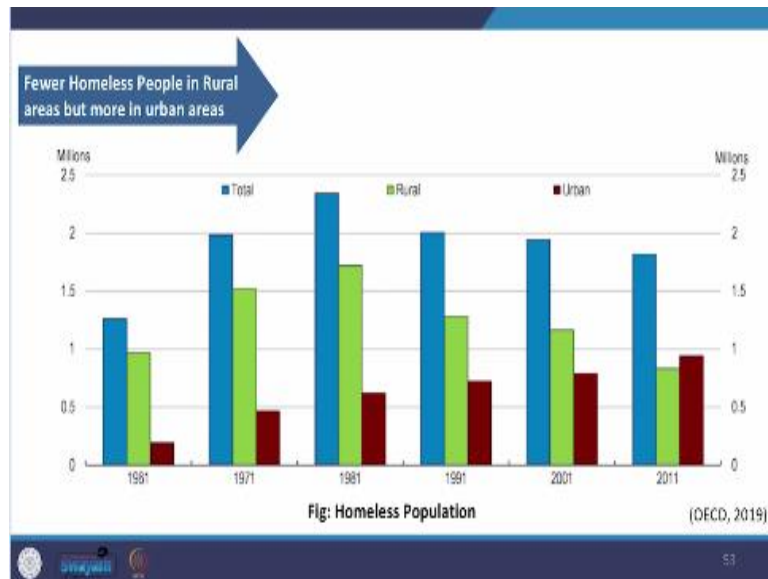


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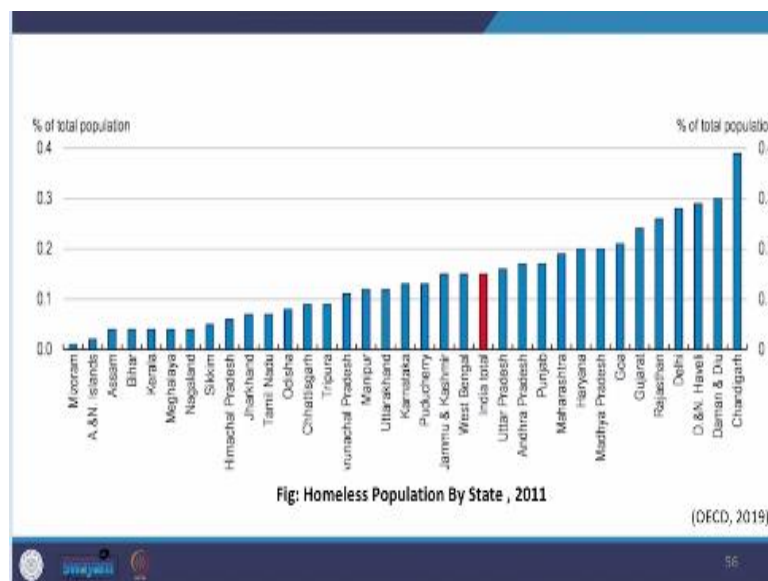
Homeless people identified as those who live in the open or roadside, pavements, in U pipes, under flyover and staircases or in open in places of worship, mandaps, Railway platform and so on.

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In the image, the blue color shows the total homeless people. The green color shows the homeless people in the rural area and the reddish brown color shows the homeless people in the urban areas. We see that as per 2011 data, the urban homeless people are now higher than the rural homeless people.

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The share of homeless population differs across states. In the figure, we see that Uttar Pradesh, Andhra Pradesh, Punjab, Maharashtra, Haryana, Madhya Pradesh, Goa, Gujarat, Rajasthan, Delhi, Dadra Nagar Haveli, Daman and Diu and Chandigarh have share of homeless people higher than the country average. The OECD survey shows that the real housing prices increase significantly between 2010 and 2015 and have stabilized since then, partly reflecting temporary factors in the rural areas.

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The brown line with cross shows the price trend in the rural part of the country, but in urban areas, the price went considerably high as seen in the image. As for the survey, the gaps in the price to income ratio across different income groups affected incentives to build various types of housing.

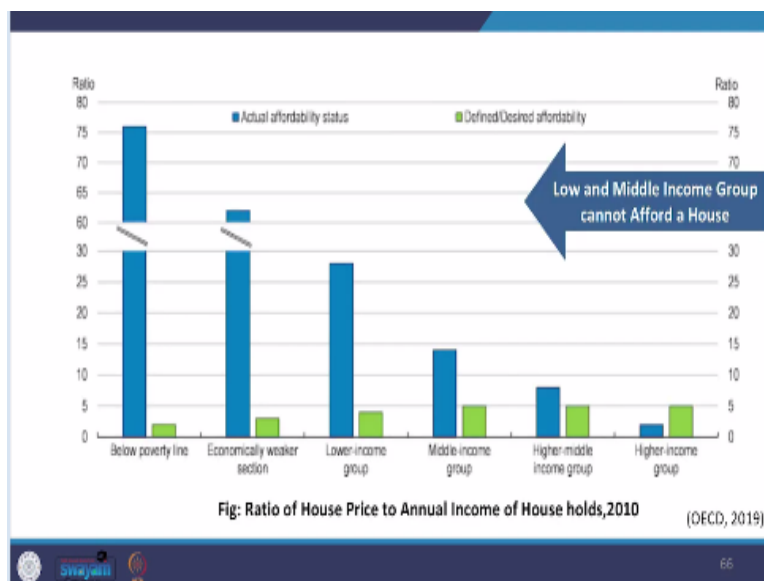
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The increase in Real Income per capita, especially for the **wealthiest 1% and 10%** (by 6 and 2 percentage points respectively between 2000 and 2018), led developers to favor large and luxury apartments.

(OECD, 2019)

The increase in a real income per capita especially for the wealthiest 1% and 10%, by 6 and 2% point respectively between 2002 and 2018, led developers to favor large and luxury apartments.

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In this figure, we see the defined desired affordability which is defined as the ratio of house price to annual income assuming that the house is financed by home loans with equated monthly installment which we call EMI is not exceeding a certain amount for each income groups. EMI also should not exceed 5% of the household gross monthly income for below poverty line.

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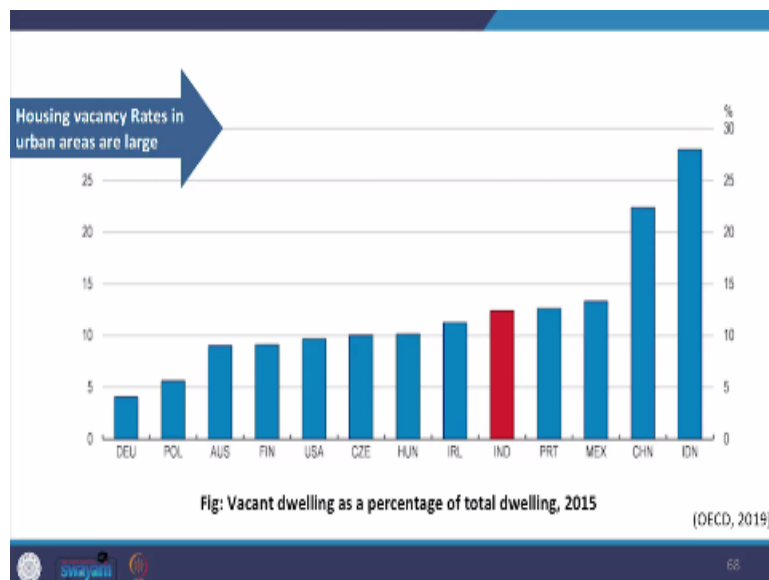
**EMI should not exceed**

- 5% for **BPL**: Below Poverty Line
- 20% for **EWS**: Economically weaker sections
- 30% for **LIG**: Lower-income groups
- 40% for **MIG**: Middle-income group

(OECD, 2019)

20% for economically weaker section; 30% for lower income groups; 40% for middle income groups. In the figure, we can see huge gap between actual affordability status shown in the blue to desired affordability indicated in the green color particularly in below poverty segment, economically weaker section and the middle income group. In the cities, we also see that many dwelling units remain vacant. In 2011 census showed 11 million vacant urban housing units in the country.

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We can see in the figure that the housing vacancy rates of 2015 in the country were lower than in other emerging economies. But we were higher than the advanced OECD countries.

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- Now we see, another aspect of housing, Rental housing.
- Rental housing is a key to spatial mobility, as it makes it easier for people to move closer to the places where they can find a job.

(OECD, 2019)

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## Aspect of Adequate Housing

### Rental Housing

- Rental housing is a key to **spatial mobility**,
- It is important for migrants moving to cities
  - Temporarily or Permanently
  - Youth
  - Low Income Groups
  - Disadvantaged People

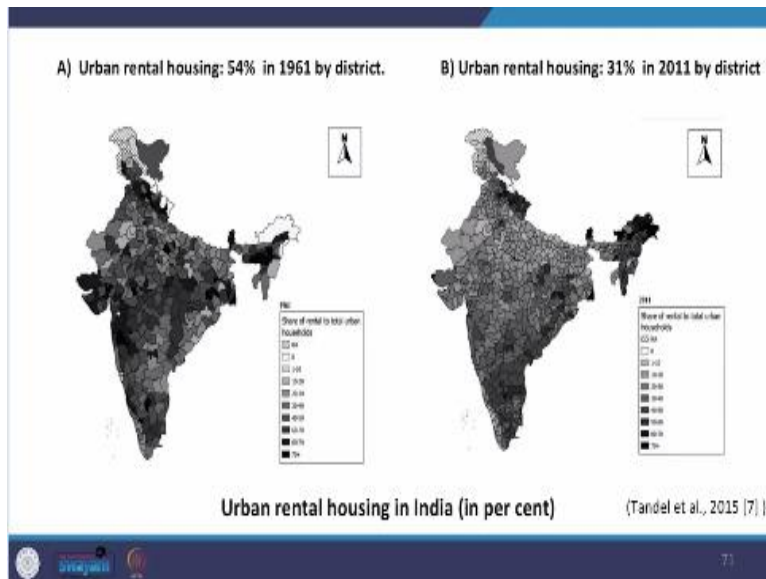


Migrants Moving to Cities  
(Thuener, 2021)

(OECD, 2019)

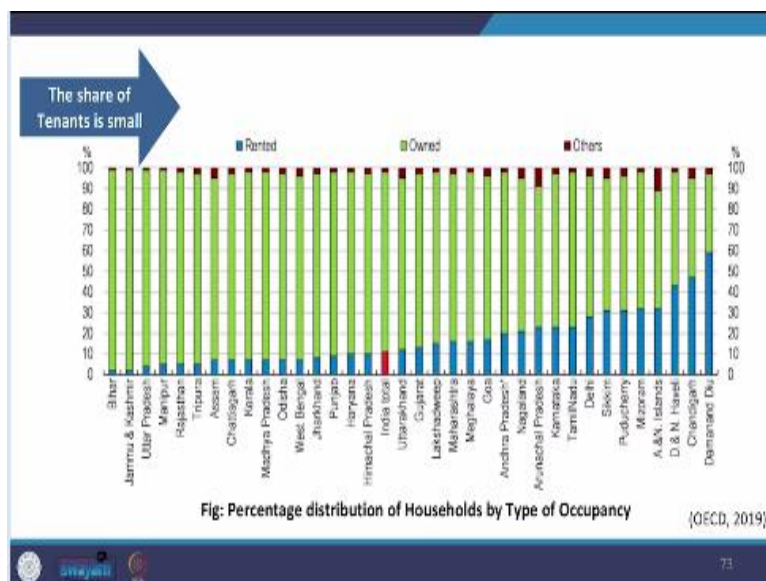
Now, we see another aspect of housing: rental housing. Rental Housing is a key to spatial mobility, as it makes it easier for people to move closer to the places where they can find a job. It is important for migrants moving to cities temporarily or permanently and for youth, low income groups and disadvantaged people who want or need to live in cities but cannot afford to buy a house.

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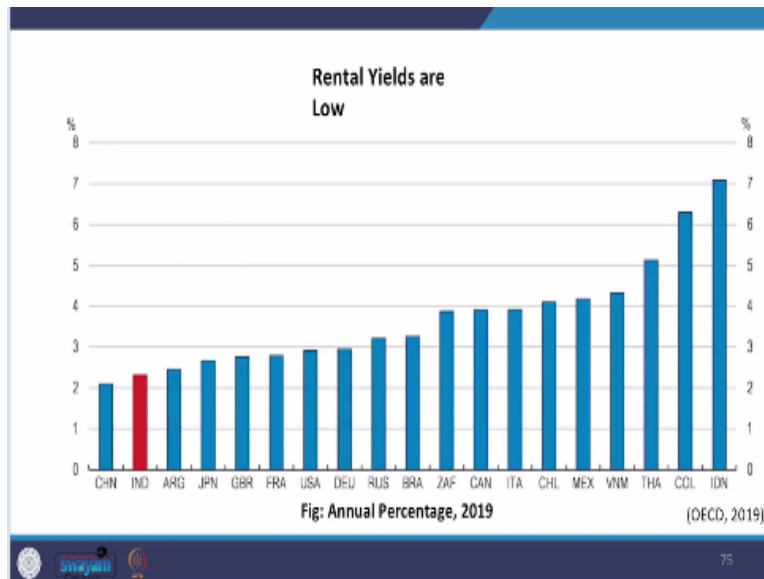
The rental market is very small in India. Even in urban areas, the share of rental housing has decreased from 54% in 1961 to 31% in 2011 out of the total stock. In the rural area, it is even smaller. There are also stock regional differences ranging from almost 30% in Delhi to less than 5% in Bihar and Uttar Pradesh.

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As we can see in the image and the blue color we can see household in rented houses. The green color indicates the own houses and reddish brown indicates the other kind of occupancy.

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The OECD survey suggests that the reason for small rental market in India is partly due to low rental yields in major cities. Compared to the other emerging economies and OECD countries or other forms of investment due to mostly too strict rent controls.

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### Aspect of Adequate Housing

#### The Rent Control System

Many countries have started to eliminate Rent control system

- In most OECD countries, **the Initial rent level is unrestricted.**
- The rate at which rents can be increased during the term of a contract and/or the frequency of such increases is regulated in most countries, with some exceptions.

(OECD, 2019)

Many countries have started to eliminate rent controls. In most OECD countries, the initial rent level is unrestricted. However, the rate at which rent can be increased during the term of contract and frequency of such increases is regulated in most countries with some exceptions. It is suggested that in India, the state should continue to modernize the rent control system.

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**Progress of amendments in the rent control in different states**

State	Act	Recent Amendment
Uttar Pradesh	The UP Buildings (Lease, rent and eviction) control Act, 1962	
Bihar	UP Urban Building Act (Regulation of letting, rent and evictions), 1972	
Delhi	The Delhi Rent Control Act, 1958	The Delhi Rent Control (Amendment) Act, 1995 (passed by Parliament but pending before the legislature, not implemented)
Punjab	The Punjab Rent Act, 1935	The Punjab Rent (Amendment) Act, 2015, suppression of the standard rate, implemented
Orissa	Orissa House Rent Control Act, 1947	
Gujarat	The Saurashtra Rent Control Act, 1931	The Saurashtra Rent Control Act, 1991

(OECD, 2019)

The progress of amendments in the rent control in different states are slow.

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**Progress of amendments in the rent control in different states**

State	Act	Recent Amendment
Himachal Pradesh	The Himachal Pradesh Urban Rent Control Act, 1971	
Tamil Nadu	The Tamil Nadu Buildings (Lease and Rent) Tamil Nadu Regulation of Rights and Responsibilities of Control Valuation of Proceedings Act, 1971	Latekanda and Tenants Act, 2017 (similar to 2015 the Union Government model), implemented in February 2019
Karnataka	The Karnataka Rent Control Act, 2001	Union Government Model January 2011 (yet to be passed)
Jammu and Kashmir	The Jammu and Kashmir Houses and Shops Rent Control Act, 1966	
Andhra Pradesh/ Telangana	Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Act, 1960	Andhra Pradesh Residential and Non-Residential Building Act, 2017 (similar to 2015 the Union Government model), implemented in January 2018
Kerala	The Kerala Buildings (Lease and Rent Control) Act, 1965	

(OECD, 2019)

As we see in the figure, we see the reason measures in the country which have helped to contain the prices. With the introduction of housing for all programs in the country and the related measures to support the low and middle income homebuyers as seen in the image, developers have reduced the size of dwellers.

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Moreover, recent regulations such as the real estate regulation and development act, known as RERA and the benami act have reduced speculations. This has also improved housing affordability, all the large disparities remain between low and higher income groups.

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**Recent Measures**

**The Real Estate (Regulation and Development) Act 2016-17**

**Purpose of RERA**

- To promote **Transparency and Accountability**
- To protect the **Rights and Interests** of the buyers
- To promote **Fair and Standard Builders Practices**
- To achieve **Symmetry Of Information Between The Promoter and the Purchaser**
- To improve **Transparency Of Contractual Conditions.**
- To introduce a **Fast-track Dispute Resolution Mechanism.**

(DFCD, 2019)

The implementation of 2016 Real Estate regulation and development act RERA started in 2017. The prime purpose of RERA is to promote transparency and accountability, protect the rights and interests of the buyers, promote fair and standard builders practice, achieve symmetry of information between the promoters and the purchasers and improve transparency of contractual conditions. It also introduced the fast track dispute resolution mechanism.

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## Recent Measures

### The Benami Transactions Act, 2008

#### Aim

- To limit cash transactions in the real estate sector.

The **2015 amendment** is more stringent:

- The law also established **Adjudicating Authorities** and an **Appellate Tribunal** to deal with Benami transactions and penalty for entering into Benami transactions .
- By **Reducing the Demand**, the Bill has probably contributed to price moderation.

(OECD, 2019)



Now, looking at the benami transaction act, the benami transaction act passed in 2008 and amended in 2015. It aimed at limiting cash transaction in the real estate sector. The 2015 amendment is more stringent; it expanded the definition of benami transaction. It also included where a property is held by or transferred to a person, but has been paid by another person.

The law also established adjudicating authorities and appellate tribunal to deal with the benami transactions and penalty for entering into benami transaction. By reducing the demand, the bill has probably contributed to price moderation. Now, we also look at other measures to regulate the housing issues, which the government has taken.

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## Recent Measures

### The Permanent Account Number (PAN)

- **PAN** has been made mandatory for all transactions above **INR 2 lakh** and in July 2016
- The Supreme Court recommended a ban on cash transactions above **INR 3 lakh and an upper limit for cash holdings of INR 15 lakh.**
- As per the OECD survey study Demonetization also had a temporary impact on prices.
- The measure has restrained demand for some time and held back price increases.

(OECD, 2019)



The permanent account number PAN has been made mandatory for all transactions above 2 lakh rupees and in July 2016, the Supreme Court recommended a ban on cash transaction above 3 lakh rupees and upper limit for cash holdings for 15 lakh rupees. As per the OECD survey study, demonetization also had a temporary impact on prices. The measures has retained demand for some time and held back price increase.

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**Recent Measures**

**Tax Incentives**

To promote **Investments in Housing Sector**, the government introduced **tax incentives** for some housing categories.

- In 2019, **the GST rate on housing construction was reduced from 12% with an input tax credit to 5% without an Input Tax Credit** for housing outside the “**affordable housing segment**”.
- For the affordable housing segment the **GST rate was reduced from 8% with an input tax credit to 1% without an Input Tax Credit**.

(OECD, 2019)

swajani

We also see that in order to promote investments in housing sector, the government introduced tax incentives for some housing categories. In 2019, the GST rate on housing construction was reduced from 12% with an input tax credit to 5% without an input tax credit for housing outside the affordable housing segment. And for the affordable housing segment, the GST rate was reduced from 8% with an input tax credit to 1% without an input tax credit.

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**Recent Measures**

**Tax Incentives**

To promote **Investments in Housing Sector**, the government introduced **tax incentives** for some housing categories.

- In 2019, **the GST rate on housing construction was reduced from 12% with an input tax credit to 5% without an Input Tax Credit** for housing outside the “**affordable housing segment**”.
- For the affordable housing segment the **GST rate was reduced from 8% with an input tax credit to 1% without an Input Tax Credit**.

(OECD, 2019)

swajani

However, the impact of the lower rate may be partly offset by the withdrawal of the input tax credit, which can lead to an increase in the selling price if the developers passes the additional cost to the buyer. Moreover, it could also reintroduce cash transaction in the market.

(Refer Slide Time: 19:27)

**Recent Measures**

**Tax Incentives**

- The government widened the definition of the **"Affordable Housing Segment"** by considering dwellings priced up to INR 45 lakh and with a carpet area of 90 m<sup>2</sup> in non-metropolitan areas and 60 m<sup>2</sup> in metropolitan areas.

(OECD, 2019)

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To allow more people to benefit from the tax incentives, the government widen the definition of affordable housing segment by constraint dwelling priced up to 45 lakh and with a carpet area of 90 square meter in non-metropolitan area and 60 meter square in metropolitan areas.

(Refer Slide Time: 19:46)

**Recent Measures**

**Factors influencing Housing Prices**

Housing Prices are pushed up by

- **Population Growth and Structural Factors**
  - High Cost of Construction from Various Zoning
  - Regulations, Difficulties in Land Acquisition
  - High Transaction Costs.
  - Difficulty in Transactions including Registering Properties

(OECD, 2019)

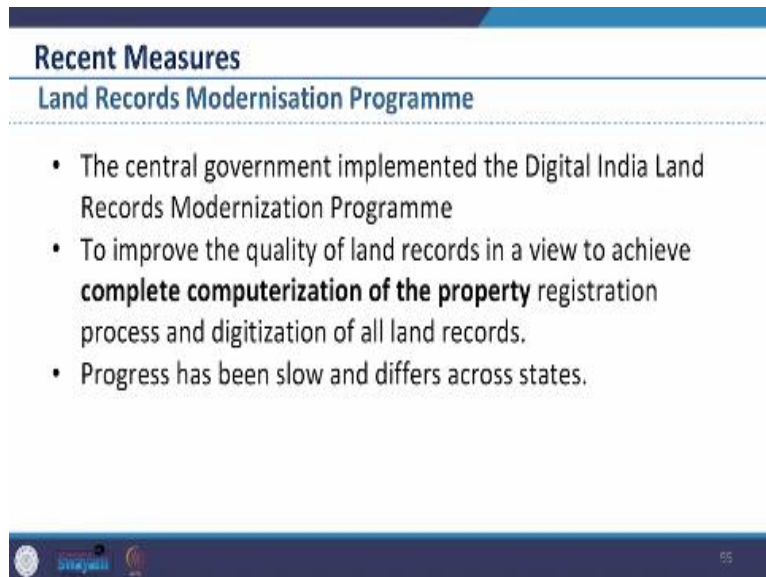
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Housing prices are pushed up by population growth and structural factors such as high cost of construction from various zoning and other regulation, difficulties in land acquisition and higher transaction costs and also by difficulty in transaction including registration registering

properties. More recently, we see some cities such as Bengaluru, have attached a unique ID number to each property.

And similarly extending this practice to more cities will allow clarify property ownership, facilitate transaction and contain benami transaction.

**(Refer Slide Time: 20:27)**



The slide is titled "Recent Measures" and "Land Records Modernisation Programme". It contains three bullet points:

- The central government implemented the Digital India Land Records Modernization Programme
- To improve the quality of land records in a view to achieve **complete computerization of the property** registration process and digitization of all land records.
- Progress has been slow and differs across states.

The slide also features logos for the Government of India and the Ministry of Panchayats at the bottom left, and the number "55" at the bottom right.

We also see land records poorly maintained and difficult to access in the country. The central government implemented the Digital India land Record Modernization Program, which was earlier named as National Land Record Modernization Program to improve the quality of land records in view to achieve complete computerization of the property registration process and digitization of all land records.

Progress has been slow and differs across states. While many states such as Telangana, Orissa and Karnataka have nearly completed the computerization of land records. However, many states have not started the process.

**(Refer Slide Time: 21:16)**

## Recent Measures

### Land Records Modernisation Programme

- **Telangana, Odisha and Karnataka** have nearly completed the computerisation of their land records, however, many states have not started the process.
- Nineteen states and Union territories, including **Goa, Odisha and Tripura**, have started to record property transactions and link them to **cadastral maps**.

(OECD, 2019)

19 states and union territories including Goa, Odisha and Tripura have started to record property transactions and link them to cadastral maps. As per the OECD studies, we see that prices are also pushed up by the floor space index limiting, the height of buildings in cities and by overall high population density.

**(Refer Slide Time: 21:16)**

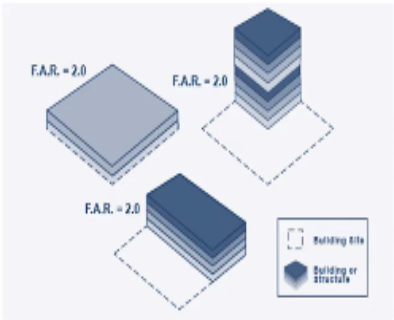


India is one of the most landscapes country in the world and the rapid urbanization has put more pressure on land. Our population density is over 450 percent per square kilometer. We also see that the floor space index, which is a measure of height limit regulation and it is particularly low in India. Floor space index is determined by a ratio of built up area of a building to the plot area on which it stands.




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## Floor Space Index

- Floor Space Index is determined by the **ratio of the built-up area** of a building to the **plot area** on which it stands.
- Floor Space Index affects both the **selling and rental markets** as it prevents the construction of taller buildings.



[Mishra, 2020]




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We will see this later in detail in our later lectures.

**(Refer Slide Time: 22:20)**



Mumbai (Adobe Star, 2021)
Bangalore (123RF, 2021)
New Delhi (Delhi Insider, 2019)

Chennai (Internet, 2021)
Kolkata (Internet, 2021)

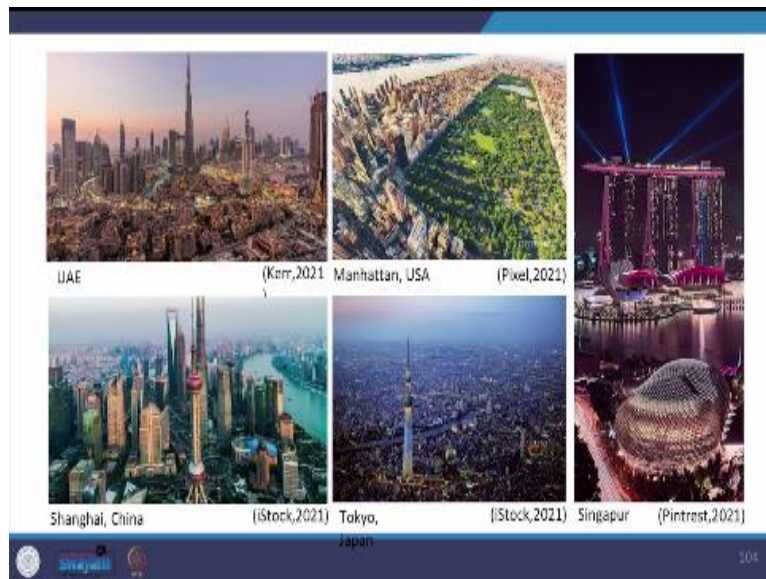



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We can see that floor space index in the major 5 cities Mumbai majorly Bandra Kurla complex area, Bangalore, New Delhi, Chennai and Kolkata range from 3 to 4.

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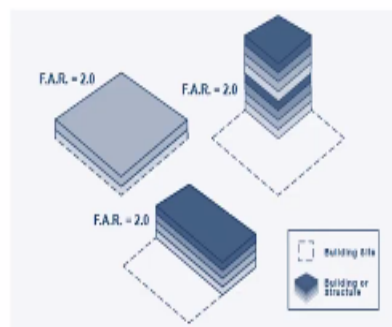


While in UAE, we see floor space index of 34; in Bahrain, we see of 17; USA, we see 15; China, we see 13; Japan, we see 20 and Singapore ranges from 12 to 25.

**(Refer Slide Time: 22:53)**

## Floor Space Index

- Floor Space Index is determined by the **ratio of the built-up area** of a building to the **plot area** on which it stands.
- Floor Space Index affects both the **selling and rental markets** as it prevents the construction of taller buildings.



[Mishra, 2020]

Floor space index affects both the selling and rental market as it prevents the construction of taller buildings. Limiting the height of the building in cities often leads to urban sprawl that contributes to air pollution with higher emissions from road transport.


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## Floor Space Index

### Consequences of Urban Sprawl

- Limiting the height of the building in cities leads to **urban sprawl** that contributes to **air pollution**, with higher emissions from road transport.
- **Economic Consequences:** it puts Pressures on **Local Public Finances**, it is more expensive to provide Public Services to remote **Low-density Areas**
- Generates notable time losses due to **Traffic Congestion** .

(OECD, 2019)



Economic consequences of urban sprawl are also numerous. It puts pressure on local public finances, as it is more expensive to provide public services to remote and low density areas and generates notable time losses due to traffic congestion. The different government have launched several initiative to provide good quality affordable housing for all.

**(Refer Slide Time: 23:38)**


## Governments Initiatives

### Initiatives to Provide Good Quality, Affordable Housing for All

Governments have launched several initiatives to provide good quality, affordable housing for all.

- In **1988**, the **National Housing Policy** aimed at providing a
  - comprehensive strategy to housing by **Encompassing Finance, Technology, Land, Materials, Targeted Poverty Alleviation**.
- In **1998**, the **National Housing and Habitat Policy** aimed at the
  - Construction of **twenty lakh dwelling units each year**
  - Ensure priority to the **housing sector**

(OECD, 2019)



In 1988, the National Housing Policy aimed at providing a comprehensive strategy to housing by encompassing finance, technology, land, material and targeted poverty elevation. In 1998, the National Housing and Habitat Policy aimed at the construction of 20 lakh dwelling units each year and ensure priority to the housing sector.

**(Refer Slide Time: 24:11)**

**Governments Initiatives**

**Initiatives to Provide Good Quality, Affordable Housing for All**

- In 2005, the **Jawaharlal Nehru National Urban Renewal Mission (JNNURM)** was launched and included two components:
  - Basic Services for Urban Poor
  - Integrated Housing and Slum Development Programme

The Mission was initially launched for a seven-year period and was extended up to 2017.

(MoHUA,2015)

In 2005, the Jawaharlal Nehru National Urban Renewal Mission, JNNURM was launched and included 2 components. First one was basic services for urban poor and next being integrated housing and slum development program, which aimed at integrated development of slums to provide shelter, basic services and other related civic amenities to the urban poor. The mission was initially launched for 7 years period and was extended up to 2017.

**(Refer Slide Time: 24:42)**

**Governments Initiatives**

**Initiatives to Provide Good Quality, Affordable Housing for All**

- In 2009, the **Rajiv Awas Yojana (RAY)** programme
  - launched to promote a slum-free India in 5 years.
  - In 2013, it included the **Affordable Housing in Partnership (AHP)** scheme to increase the **stock of affordable housing**.
  - In June 2015, **RAY was replaced by the Housing for All programme.**

(MoHUA,2015)

We further see in 2009, the Rajiv Awas Yojna, RAY program was launched to promote a slum free India in 5 years. In 2013, it included the affordable housing in partnership AHP scheme to increase the stock of affordable housing. In June 2015, RAY was replaced by housing for all program.


**(Refer Slide Time: 25:10)**

## Governments Initiatives

### Initiatives to Provide Good Quality, Affordable Housing for All

- The Impact of those programmes were limited as the **budget allocated to them were too small** even though the **objectives were distinct and relevant**.
- Some programmes were constrained due to **lack of coordination** among different stakeholders.
  - Different components of the JNNURM involved separate ministries at the Central level and were implemented by different entities at the local level.


(OECD, 2019)



The OECD study indicates that the impact of those programs were limited as the budget allocated to them were too small even though the objectives were distinct and relevant. Moreover, some programs were constrained due to lack of coordination among different stakeholders. For example, different components of JNNURM involves separate ministries at central level and were implemented by different entities at the local level.

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- OECD study indicates that The impact of those programmes were limited as the budget allocated to them were too small even though the objectives were distinct and relevant.
- Moreover, some programmes were constrained due to lack of coordination among different stakeholders.
- For instance, different components of the JNNURM involved separate ministries at the Central level and were implemented by different entities at the local level.




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**Governments Initiatives**

**Initiatives to Provide Good Quality, Affordable Housing for All**

- In 2015, Government launched the *Housing for all* (Pradhan Mantri Awas Yojana) programme
  - Aim of providing every family with “a pucca house with water connection, toilet facilities, 24x7 electricity supply and access” by 2022.
  - The programme is split in an urban and a rural schemes. The target is to construct 11.2 million houses in urban areas and 29.5 million in rural areas
  - In March 2019, 83% of the 10 million rural targets had been achieved.

(MoHUA,2015)




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In 2015, we see that Indian government launched the housing for all Pradhan Mantri Awas Yojana program with the aim of providing every family with a pucca house, solid house with water connection, toilet facilities, for 24 bar 7 electricity supply and access by 2020. The program is split in an urban and a rural scheme. The target is to construct 11 million houses in urban areas and over 29 million in rural areas.

**(Refer Slide Time: 26:11)**

- In 2015, the Indian government launched the *Housing for all* (Pradhan Mantri Awas Yojana) programme with the aim of providing every family with “a pucca house (solid house) with water connection, toilet facilities, 24x7 electricity supply and access” by 2022.
- The programme is split in an urban and a rural schemes. The target is to construct 11.2 million houses in urban areas and 29.5 million in rural areas (10 million to be achieved by March 2019).
- This roughly corresponds to the estimated housing shortage around 2011.
- In March 2019, 83% of the 10 million rural targets had been achieved. While these programme are well targeted, a key concern is whether they can reach the very poor.



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And we see that by nearly 10 million was to be achieved by March 2019. This roughly corresponds to the estimated housing shortage around calculated in 2011. In March 2019, 83% of 10 million rural targets had been achieved. While these programs are well targeted, a key concern is whether they can reach the very poor. This urban program has 4 pillars.

**(Refer Slide Time: 26:47)**

## Governments Initiatives

### Initiatives to Provide Good Quality, Affordable Housing for All

The urban programme ***Housing for all*** has four pillars :

1. **In-situ Rehabilitation** of existing slum dwellers using land as a resource through private participation
2. The **Credit Linked Subsidy**
3. The **Affordable Housing in Partnership**
4. **Subsidy for beneficiary-led individual house construction / enhancement**

(MoHUA,2015)

First one, in situ rehabilitation of existing slum dwellers using land as a resource through private partnership. Second, the credit linked subsidy. Third, the affordable housing in partnership and 4th a subsidy for beneficiary led individual house construction and enhancement.

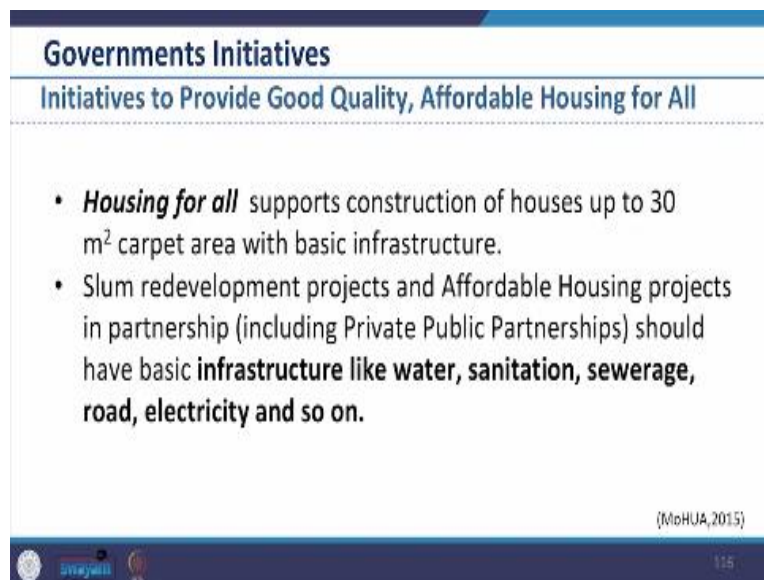
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The screenshot displays the PMAYU (Urban) - Progress dashboard. On the left, there are several colored boxes representing different categories of housing units. On the right, a large yellow graphic features a large number '1' and the text 'CRORE and more', indicating the scale of the program's impact. The dashboard also includes a navigation menu at the top and a footer with the PMAYU logo and the text '(PMAYU,2021)'.

As we see in the picture, from the Ministry of Housing and Urban Affairs website. Pradhan Mantri Awas Yojana in the urban area, PMAYU aims at addressing the housing requirement of urban poor including slum dwellers. Beneficiaries include economically weaker section EWS, low income group groups LIGs and middle income groups MIGs, the annual income cap is up to 3 lakhs for EWS. And for LIG, it is 6 lakhs; for MIG, it is 18 lakh.

EWS beneficiaries are eligible for assistance in all 4 components of the program whereas LIG and MIG categories are eligible under only credit linked subsidy schemes, abbreviated as CLSS components of the program. The beneficiary family should not own a pucca house either in his/her name or in the name of any member of his/her family in any part of India to be eligible to receive central assistance under the program.

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**Governments Initiatives**

**Initiatives to Provide Good Quality, Affordable Housing for All**

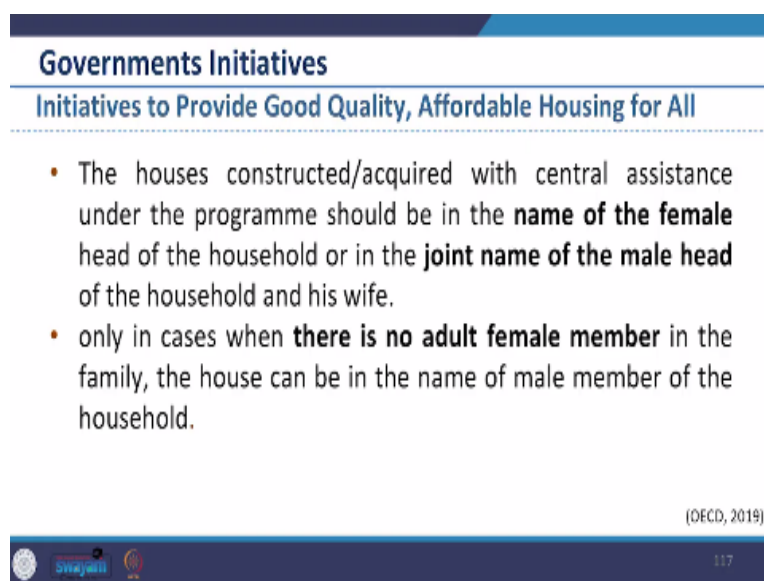
- **Housing for all** supports construction of houses up to 30 m<sup>2</sup> carpet area with basic infrastructure.
- Slum redevelopment projects and Affordable Housing projects in partnership (including Private Public Partnerships) should have basic **infrastructure like water, sanitation, sewerage, road, electricity and so on.**

(MoHUA, 2015)

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The program supports construction of houses up to 30 meter square carpet area with basic infrastructure, slum redevelopment projects and affordable housing projects in partnership including private public partnership should have basic infrastructure like water, sanitation, sewerage, road, electricity and so on.

(Refer Slide Time: 28:46)



**Governments Initiatives**

**Initiatives to Provide Good Quality, Affordable Housing for All**

- The houses constructed/acquired with central assistance under the programme should be in the **name of the female** head of the household or in the **joint name of the male head** of the household and his wife.
- only in cases when **there is no adult female member** in the family, the house can be in the name of male member of the household.

(OECD, 2019)

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The houses constructed or required with central assistance under the program should be in name of the female head of the household or in the joint name of the male head of the household and his wife. And only in cases when there is no adult female member in the family, the house can be in the name of male member of the household. We can see like we had seen earlier that the gender inequality for adequate housing, we see that this particular initiative also addresses the gender inequality and accessing the adequate housing.

**(Refer Slide Time: 29:23)**

**Governments Initiatives**

**Initiatives to Provide Good Quality, Affordable Housing for All**

**Credit Linked Subsidy Scheme**

The Credit Linked Subsidy Scheme first targeted the **EWS and LIG** seeking **housing loans from banks, housing finance companies and other such institutions.**

- It has been extended in December 2018 to the MIG with effect from 1<sup>st</sup> January, 2017.
- The subsidy is available for **housing loans** provided for **new construction** and addition of rooms, kitchen, toilet and so on to existing dwellings as incremental housing.
- The beneficiary can build a larger house, but interest subsidy would be limited to the maximum amount allowed. The generosity of the subsidy further depends on the income groups

(OECD, 2019)

Now, we look at the other component of this program, a credit linked subsidy scheme. The credit linked subsidy scheme, first targeted the EWS and LIG seeking housing loans from banks, housing finance companies and other such institutions. It has been extended in December 2018 to MIG with effect from first January 2017. The subsidies available for housing loans provided for new construction and addition of rooms, kitchens, toilet and so on, to the existing dwelling as incremental housing.

The beneficiary can build a larger house, but interest subsidy would be limited to the maximum amount allowed. The generosity of the subsidy further depends on the income groups.

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Beneficiaries by income groups	Economically Weaker Section	Lower Income Group	Middle Income Group 1	Middle Income Group 2
Annual family income (in thousands Rupees)	Up to 300	Between 300 and 600	Between 600 and 1200	Between 1200 and 1800
Loan eligible for subsidy (in thousands Rupees)	Up to 600	Up to 600	Up to 900	Up to 1200
Maximum loan tenure	20 years	20 years	20 years	20 years
Credit linked subsidy rate	6.5%	6.5%	4%	3%
Carpet area of house	Up to 30 m <sup>2</sup>	Up to 60 m <sup>2</sup>	Up to 160 m <sup>2</sup>	Up to 200 m <sup>2</sup>

Source: Ministry of Housing and Urban Affairs.

**Fig : Credit Linked Subsidy Scheme** (MoHUA,2015)

In the table, you can see beneficiary by income groups such as economically weaker section, low income group, middle income groups and the income capping subsidy, loan tenure, your credit linked subsidy rate and carpet area of the house.

**(Refer Slide Time: 30:28)**

## Governments Initiatives

### Initiatives to Provide Good Quality, Affordable Housing for All

#### *Subsidy for beneficiary-led individual house construction*

- Eligible families belonging to EWS categories to either construct new houses or enhance existing houses on their own to cover the beneficiaries who are not able to take advantage of any other component of the mission.
- Families may avail of central assistance of INR 1.50 lakh and should be part of Housing For All Plan of Action.

Now, we see subsidy for beneficiary led individual house construction within the program. This is assistance to individual eligible families belonging to EWS categories to either construct new houses or enhance existing houses on their own to cover the beneficiaries who are not able to take advantage of any other component of the mission. Such families may avail of central assistance of 1.5 lakh rupees and should be part of the housing for all plan of action.

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## Governments Initiatives

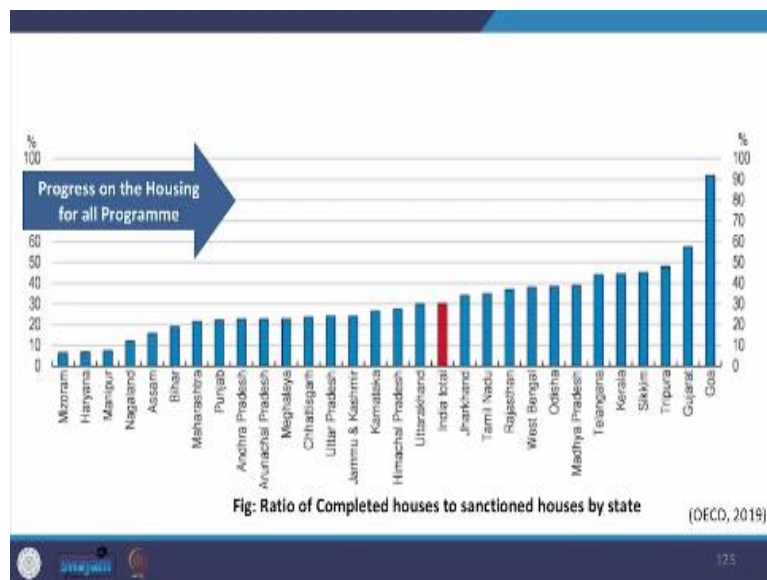
### Initiatives to Provide Good Quality, Affordable Housing for All

- A **minimum** addition of **9 m<sup>2</sup>** of carpet area to the existing house will be required to be eligible
- To access the subsidy, a household **must display adequate documentation** regarding **land ownership**.
- Beneficiaries in slums which are not being **redeveloped** can be covered under this component if they have a **kutcha or semi pucca house**.

A minimum addition of 9 square meter of carpet area to the existing house will be required to be eligible for central assistance under the beneficiary led construction or enhancement component of the house mission. To assess the subsidy, a household must display adequate documentation regarding land ownership. Such beneficiaries may reside either in slums or outside the slums.

Beneficiaries in slums, which are not being redeveloped; can be covered under this component if they have kucha or semi pucca house.

**(Refer Slide Time: 31:41)**



Here in this, we see the progress which we have made under housing for all programs, we see that most of the states have made considerable improve based on the average India's performance. We can see Jharkhand, Tamilnadu, Rajasthan, West Bengal, Odessa, Madhya

Pradesh, Telangana, Kerala, Sikkim, Tripura, Gujarat, Goa, they have completed houses to be sanctioned houses by the state.

There has been gap in urban infrastructure and public service provision leading to an important shortage in waste management, water, energy transport, education and health.

(Refer Slide Time: 32:28)

### Governments Initiatives

#### Initiatives to Provide Good Quality, Affordable Housing for All

- Gaps in Urban Infrastructure and Public Service provision, leading to an important **shortage In Waste Management, Water, Energy, Transport, Education and Health.**
- To address these challenges, the government has launched several initiatives such as the **Swachh Bharat Mission** (urban), the **Atal Mission for Rejuvenation and Urban Transformation** and the **smart cities** programme.

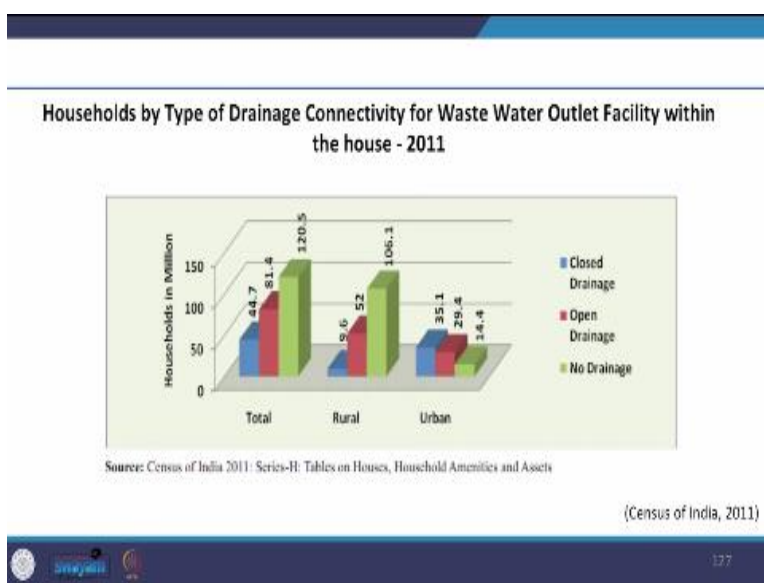
(OECD, 2019)



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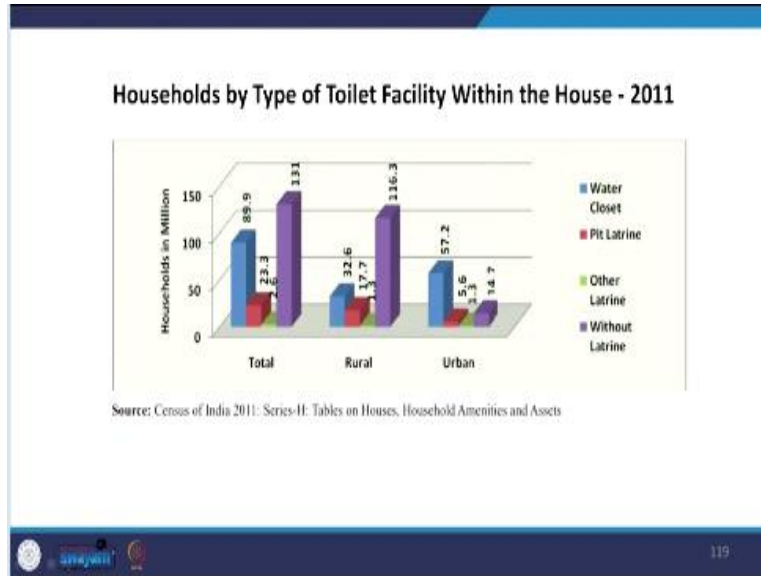
To address these challenges, the government has launched several initiatives such as Swachh Bharat Mission in the urban area, the Atal mission for rejuvenation and urban transformation called as AMRUT and smart cities program which we had seen earlier. So, government has made all these intervention.

(Refer Slide Time: 32:55)



We see that connection with the services is some important and how the gaps are, we see that in the urban areas nearly 29% of people or houses are all have open drainage or have no drainage. So, is this is state of wastewater facility within the houses as per the 2011 census.

**(Refer Slide Time: 33:24)**



Likewise, we see that number of households according to the type of toilet facility which they have. We see that nearly 14.7% are without latrine facility in the urban area. Or they use nearly the green shows other latrine facilities nearly 1.3 and 5.6 showing the pit latrine and only a 57.2 shown in blue color has water closet.

**(Refer Slide Time: 34:22)**

### Governments Initiatives

#### Initiatives to Provide Good Quality, Affordable Housing for All

- The Delhi Metro, which began at the end of the 1990s, has developed quickly of **343 km metro lines**
- By December 2017, **425 km of metro lines** were operational in **Delhi-Noida-Gurugram, Kolkata, Mumbai, Chennai, Bengaluru, Hyderabad, Jaipur, Lucknow and Kochi**
- **684 km** were under construction in various cities

(Ministry of Finances, 2018)

Further, regarding the other infrastructure, we see that as for the intervention into with respect to transportation, the Delhi Metro, it began at the end of 1990 has developed quickly nearly more than 300 kilometers; by 2017, 425 kilometers of metro lines were operational in Delhi,

Noida, Gurugram, Kolkata, Mumbai, Chennai, Bengaluru, Hyderabad, Jaipur, Lucknow and Kochi and 684 kilometers are under construction in various cities.

(Refer Slide Time: 34:40)

**Governments Initiatives**

**Initiatives to Provide Good Quality, Affordable Housing for All**

**Social Housing to Low Income Households**

In **2008**, the Mumbai Metropolitan Regional Development Authority (**MMRDA**) launched the **Rental Housing Scheme**

- Aim : To develop flats for **Renting**, by **extending the Floor Space Index (FSI)** and **allowing builders to purchase additional FSI**.

(OECD, 2019)

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So, we can see what initiatives have been taken. We also see that some states government have also provided social housing to low income households. For instance, we see that the Mumbai Metropolitan Regional Development Authority MMRDA launched the rental housing scheme in 2008 with the aim of developing flats for renting by extending the floor space index and allowing builders to purchase additional FSI.

(Refer Slide Time: 35:08)

**Governments Initiatives**

**Initiatives to Provide Good Quality, Affordable Housing for All**

- After the construction of the buildings, management of the rental scheme by the MMRDA was **poorly organized**.
- As a result, the government had to sell these units because of its difficulty in :
  - Identifying **rental users** in a fair and transparent manner
  - **Raising rents**
  - **Forcing eviction** in case of non-payment and/or misbehavior .

(OECD, 2019)

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As per the report of OECD, it is indicated that somehow after the construction of the buildings management of the rental scheme by the MMRDA was poorly organized. As a result, the government had to sell these units because of its difficulty in identifying rental

users in a fair and transparent manner, raising rents and forcing eviction in case of non-payment or misbehavior.

**(Refer Slide Time: 35:39)**

**Governments Initiatives**

**Initiatives to Provide Good Quality, Affordable Housing for All**

India could consider developing some forms of **social rental housing** in cities to tackle the **needs of seasonal and permanent migrants**.

(OECD, 2019)

Despite the difficulties encountered in some states and taking into account large ongoing urbanization, India could consider developing some forms of social rental housing in cities to tackle the needs of seasonal and permanent migrants.

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**Governments Initiatives**

**Housing Financing**

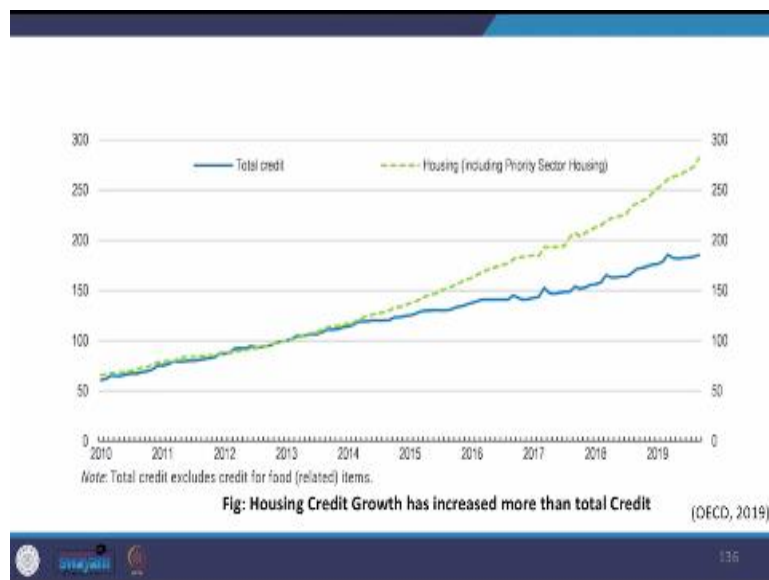
- Housing financing is mainly provided by **housing finance companies, banks and co-operative institutions**.
- Banks and housing finance companies (HFC) are not allowed to finance land purchases. Since the late 1990s, the number of housing finance entities has increased and the market has deepened.
- Outstanding housing loans increased from 6.8% of GDP in 2010-11 to 10.3% in 2017-18

(National Housing Bank, 2018)

We also see that improving the housing financing can contribute in addressing housing shortage. Housing financing is mainly provided by housing finance companies, we see that around 80% are public limited and 20% private limited banks and to a much lesser extent, we see cooperative institutions. Bank and housing finance companies are not allowed to finance land purchases.

Since the late 1990s, the number of housing finance entities has increased and the market has deepened. Outside housing loans increased from nearly more than 6% of GDP in 2010 to 11 and 10.3% in 2017 to 18. The housing financing companies share in total loans to the housing sector has increased in past decades, to reach almost 44% in 2017 and 18.

**(Refer Slide Time: 37:03)**



The figure, we see the blue line indicates the total credit and the green line indicates housing sector credit. We see that it has increased considerably in the country to help fight this shortage.

**(Refer Slide Time: 37:16)**

### Governments Initiatives

#### Housing Financing

- In June 2018, the RBI raised the housing loan limits under the **priority sector lending scheme** to converge with the Affordable housing scheme.
- This Measure can help **low-income people** to buy a house, it can also lead to an **increase in Non-Performing Loans** in the construction sector.

(OECD, 2019)

We further see that in June 2018, the RBI raised the housing loan limits under the property sector lending scheme to converge with the affordable housing scheme. While this measure

can help low income people to buy a house, it can also lead to an increase in non-performing loans in the construction sector. The RBI has also constituted a committee on development of housing finance securitization market with a view to review the existing state of mortgage securitization in India and various issues constraining market development and to develop the market further.

**(Refer Slide Time: 37:58)**

**Governments Initiatives**

**Insolvency and Bankruptcy Code (IBC)**

- Insolvency and Bankruptcy Code (IBC) that Aims at **Simplifying and Shortening the closure of construction businesses** mainly by recovering large parts of non-performing assets.
- IBC has led to the recognition of home-buyers as financial creditors, which allowed them to receive a proportionate share of the liquidation proceeds just like financial institutions.
- The IBC, in line with the RERA, also allows home-buyers to claim interest to compensate for a delayed possession.

We further see that the housing sector benefited from the introduction of the Insolvency and Bankruptcy Code IBC that aims at simplifying and shortening the closure of construction business, mainly by recovering large parts of non-performing assets. The introduction of the Insolvency and Bankruptcy Code IBC has led to recognition of homebuyers as financial creditors, which allowed them to receive a proportionate share of the liquidation process just like financial institution.

The Insolvency and Bankruptcy Code IBC in the line with the RERA also allows homebuyers to claim interest in to compensate for a delayed possession.

**(Refer Slide Time: 38:49)**



Main Recommendations for providing better housing for all	
Findings (main findings in bold)	Recommendations (key recommendations in bold)
Property rights are weak as land records do not guarantee ownership, constraining housing supply	Continue to improve clarity on property ownership by extending the use of a unique property ID and geo-tagging, and by shifting to a system of registered property titles (as opposed to sale deeds) as the primary evidence of ownership
Rent controls are still in place in many states. They prevent development of the rental market as they lower return to investment and incentives for maintenance for owners	Ease rent controls by aligning states' rent regulation to the 2019 development of the rental market as they lower return to investment and central government's Model Tenancy Act
The rental market is small and developers have favored construction of high-end buildings.	Continue to provide incentives (through subsidies and PPPs) to the private sector to construct buildings for rent and dwellings for D & A
Land use regulation is stringent, limiting affordable housing supply	Relax the Floor Space Index to allow the construction of higher buildings
Housing shortage is high and the urbanisation will put increasing pressure	Accelerate the completion of the Housing for All scheme in urban areas
The provision of public social rental housing is almost negligible, except some parts for social housing rental in the slum, hindering mobility of low income people	Expand social rental in the slum through PPPs
Transaction costs are high. They reduce mobility by increasing the cost, lower transaction costs, in particular stamp duty of moving	Lower transaction costs, in particular stamp duty

(OECD, 2019)

We have seen that what the adequate housing means and then we also saw various where do we really struggle in terms of housing, providing housing and what are the real challenges and what kind of interventions we have taken. We further see that the OECD document gives us further recommendation, we see that the major problems which has been identified in a market include on the left hand side.

We can see include property rights in our country or weak as land records do not guarantee ownership which constrains housing supply. So, certain recommendations which can help to improve the situation is to continue to improve clarity on property ownership by extending the use of unique property ID and geo tagging and by shifting to a system of registered property titles, as opposed to sale deeds as the primary evidence of ownership.

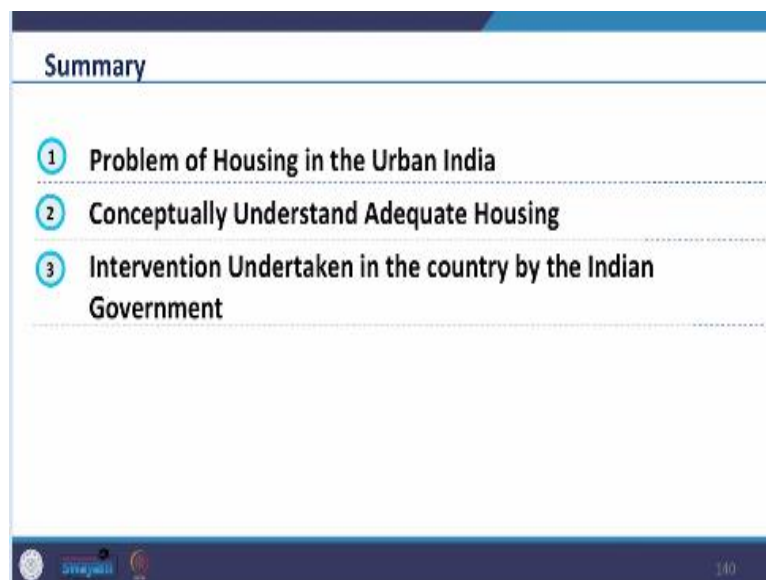
We see the other finding include rent controls are still in place in many states. They prevent the development of rental market as the lower rents to investment and incentives for maintenance or for owners. We see that by easing the rent control by aligning state rent regulation to 2019 central government model tenancy act, we can improve it. We further see that the rental market in our country is small. We have already seen this.

And developers have favored construction of high end buildings. So, we need to continue to provide incentives through subsidies and public private partnership to private sector to construct buildings for rent and dwellings for the poor. We have seen land use regulation is stringent in our country limiting affordable housing supply. So, there are suggestion to relax the floor space index to allow the construction of higher buildings.

And then we also see that housing shortage is high and the urbanization, we are seeing that it will put further pressure in the area. For that, maybe accelerating the completion of the housing for all scheme in the urban areas could help. The provision of public social rental housing is almost in existence. It hinders mobility of low income people. That is the observation we see in our market.

So, the suggestion what is made by the report is to keep some part of social housing rental in slum rehabilitation program. Lastly, we see transaction costs are high in the market, they reduce mobility by increasing the cost of moving. So, the suggestion which is made is to lower the transaction costs, in particular the stamp duty.

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So, summarizing as what we have really covered today, we see that we looked at the problems of housing in the urban India. We try to conceptually understand the adequate housing what does that really means and then we looked at compared ourselves with the countries or the countries and state wise and looked at what real problems we have in terms of housing and why there is so much of shortage.

And then we looked at various interventions which are our government has taken in the country and then certain recommendation which we see through the OECD document.

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So, these were the major references which we used.

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## Suggested Watch and Readings


(to contemplate the Housing Issues )

<https://mhponline.org/communications/sold-out-affordable-housing-at-risk>  
<https://www.youtube.com/watch?v=uq6DR-RNuw8>  
<https://www.youtube.com/watch?v=TWmszutZjkg>  
<https://www.youtube.com/watch?v=fZvKY9tb9Kw>  
<https://www.youtube.com/watch?v=VlwTB27Cgk8>  
<https://www.youtube.com/watch?v=UfXk6OUwduw>  
[https://www.youtube.com/watch?v=YMAGN\\_4PuTg](https://www.youtube.com/watch?v=YMAGN_4PuTg)





Our coverage is limited with the scope to make you aware of the topic. There are enormous readings and movies available to explore. Few are suggested here. This is not an extensive list. You may feel free to suggest more from your experience.


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 Please feel free to ask Questions.

Let us know about any Concerns you have .

 Do share your Opinions, Experiences and Suggestions.

Looking forward to Interacting and  Co-learning with you while exploring Cities and Urban Planning.



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Please feel free to ask questions. Let us know about your concerns. You have to share your opinion experiences and suggestions, looking forward to interacting and co-learning with you while exploring cities and urban planning. Thank you.