CHAPTER 28

HOUSING

28.1   The paradox of Indian economic growth manifests itself in several ways. On one hand Urban India has high housing shortage , on the other hand there is a massive and rapidly growing stock of vacant houses. In case we adapt business as usual scenario, with no major change in the interventions envisioned by public agencies, we may take trends in the growth in number of households (HHs) and housing stock and consider the difference of the second from the first as the shortage. This approach was adopted partially by the Ministry of Housing & Urban Poverty Alleviation (HUPA).Interestingly, despite the rapid growth in number of urban households, there will be no housing shortage by the middle of Twelfth Plan period, as per this approach . This is because the growth in the housing stock has been high in recent years , despite the speculation of the bubble bursting all the time.

28.2   Housing shortage would not be a major problem if there is no mismatch between the people for whom the houses are being built and those who need them. It would, however, be unrealistic to assume that those living in '*housing poverty*' would have affordability and access to the burgeoning supply in the market. Within the urban population, there is a rapidly growing informal sector whose ability to borrow from the formal market is not adequately recognized. This is also posing a new challenge to the Policymakers and financiers. Although there has been continued deepening and broadening of the financial system, through a series of comprehensive financial reforms, the outstanding housing loans account for only 7.25 per cent of India's GDP, when compared with China (12 per cent), Thailand (17 per cent), and Malaysia (29 per cent)

28.3   India is a part of Global trend that is advancing towards an increasing urbanization, according to which more than half of the world's population is living in towns and cities. According to Census 2011, India has a total population of 1.21 billion out of which 31.1 % live in urban areas. Therefore, the urgent need of the national policy makers, at present, is authentic data on Housing viz, the housing stock, addition to housing stock, investment in housing, housing conditions and needs (Structure, Congestion, obsolesce) role of public and private sector in the housing, prices of building materials etc. An idea about the size of shortage is essential so that the interventions may be scaled up accordingly.

Estimation of Urban Housing Shortage(2012):

28.4   About nineteen million (**18.78 million**) households grapple with housing shortage in Urban India (2012) as per the estimate of the Technical Group on Urban Housing Shortage (TG-12) (2012-17) constituted by NBO, M/o Housing & Urban Poverty Alleviation. The estimate is based on Census & NSS 65th Round results on Housing conditions and Urban Slums (July 2008-June 2009) with usual inputs like obsolescence factor, congestion factor & homeless households.

- **The Obsolescence Factor** : Non serviceable Units (**0.99 million** as per Census 2011) is taken out of the housing stock. All bad houses excluding those that are less than 40 years of age (1.39 per cent NSS 65th Round results) and all houses aged 80 years or more (1.43 per cent – NSS 65th Round results) constitute the obsolescence factor **(2.27 Million)** . The estimated figure regarding the same works out to be **3.26 million** as on 1.3.2012

- **The Congestion Factor** :The ratio of households that are residing in unnaceptably 'congested conditions' from physical and socio cultural view point (viz married couples sharing the room with other adults etc) was worked out using NSS results – 65th round. The number of households requiring a separate dwelling unit on account of congestion comes out to **14,986,312** (18.42 per cent congestion rate from NSS was applied to the estimated population on 1.3. 2012 based on Census 2011 & inter census growth rate).

- **Homeless People** : Census 2001 data of 0.8 million homeless people has been assumed to remain constant during 2001-11. Considering that half of the homeless are single migrants and the other half have average household size of three, Technical Group calculated total housing requirement of **0.53 million** (0.4 Million for single migrants and 0.13 for rest with average hh size of 3)
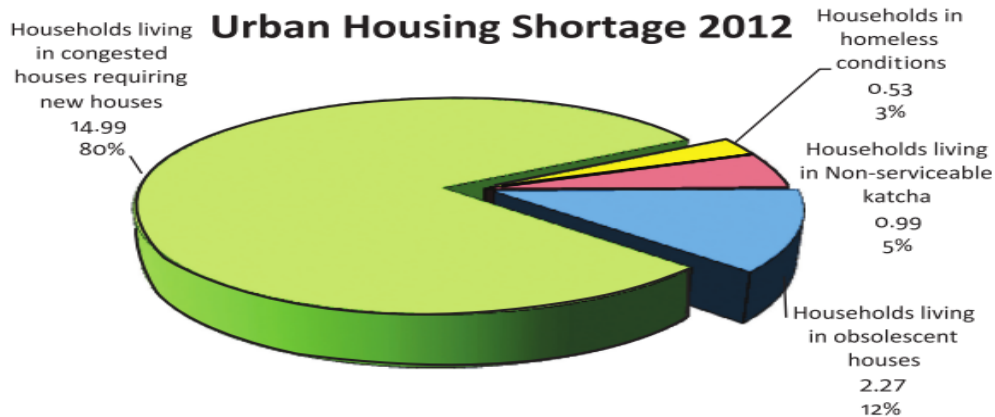
Distribution of Housing shortage across major States:

28.5   Taking into account the fact that the shortage in housing is significant in lower income group, for 2012 , TG-12 distributed the shortage on the basis of State's contribution to the total , on the basis of average of total number of households below poverty line in urban areas & households with katcha houses in urban areas . In the past national level housing shortage was distributed among the states in proportion to number of urban households.

Distribution of Housing shortage across major States
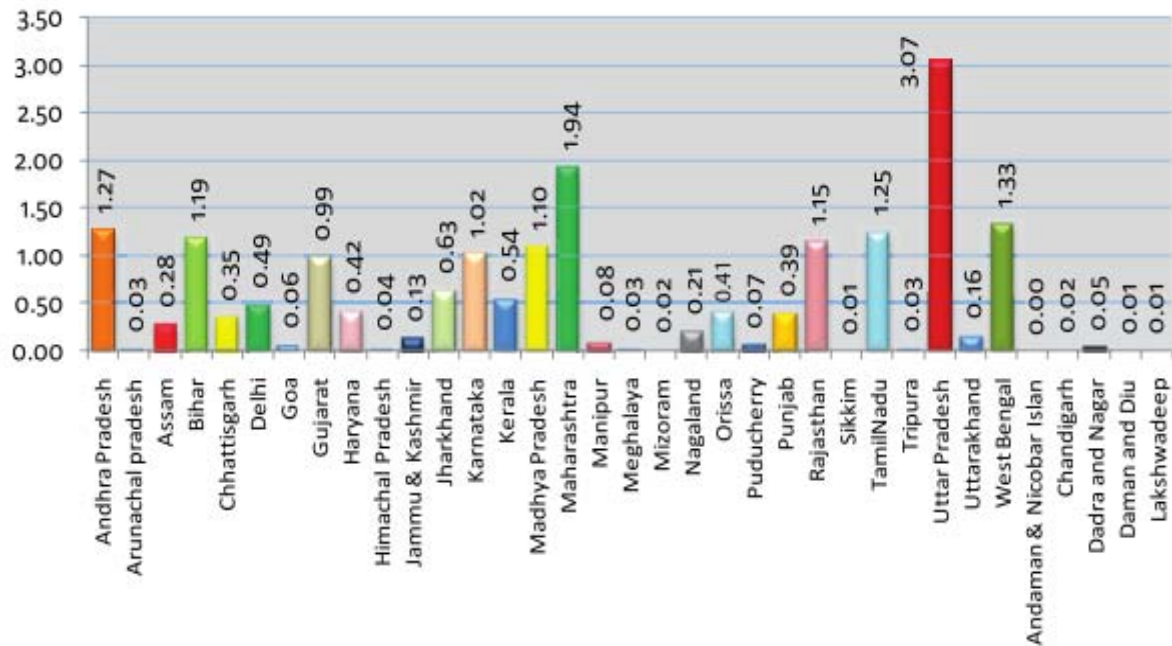
Distribution of Housing shortage across Economic categories:

28.6   Three fourths of the shortage is in the EWS(Economically Weaker Section-income up to Rs 5000 per month) category and another quarter of the shortage is in LIG (Lower Income Group- Income between Rs 5001- 10,000 per month) category. In the latter, a significant proportion of shortage is on account of congestion in living conditions.

| Category	Distribution of Housing Shortage among different Economic categories as on 2012	
	No. (in Millions)	In Percentage
EWS	10.55	56.18
LIG	7.41	39.44
MIG and above	0.82	4.38
Total	18.78	100.00

International Scenario :

28.7   The figure for estimated housing shortage across the world according to the internationally recommended standards ,(PPD: people per dwelling 3.5) is 428,700,000 units. However this figure is more than the double if it is calculated using Dutch standards (PPD 2.4); 1,088,219,000 units.
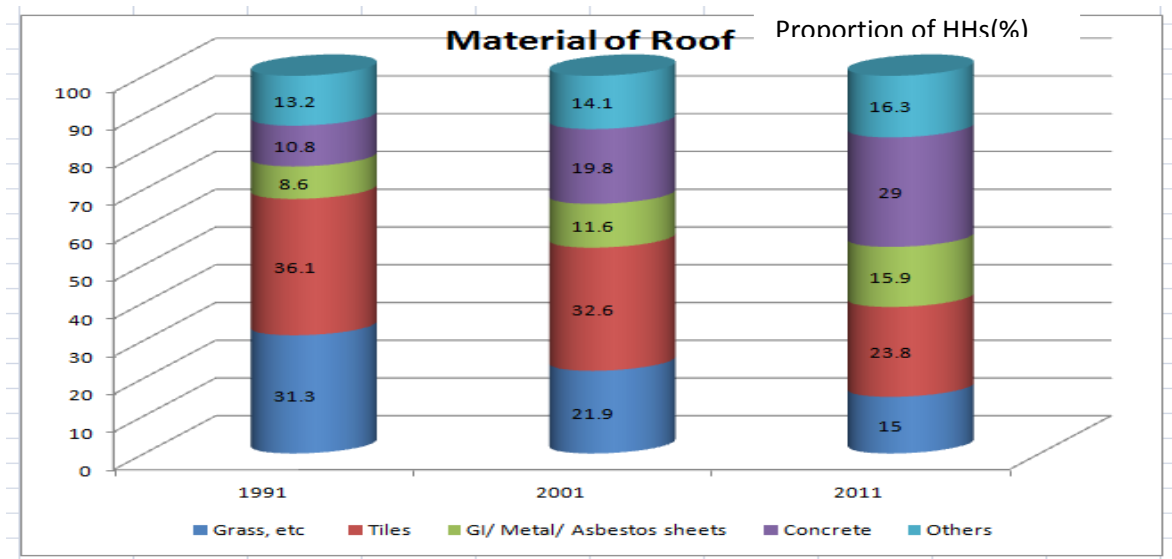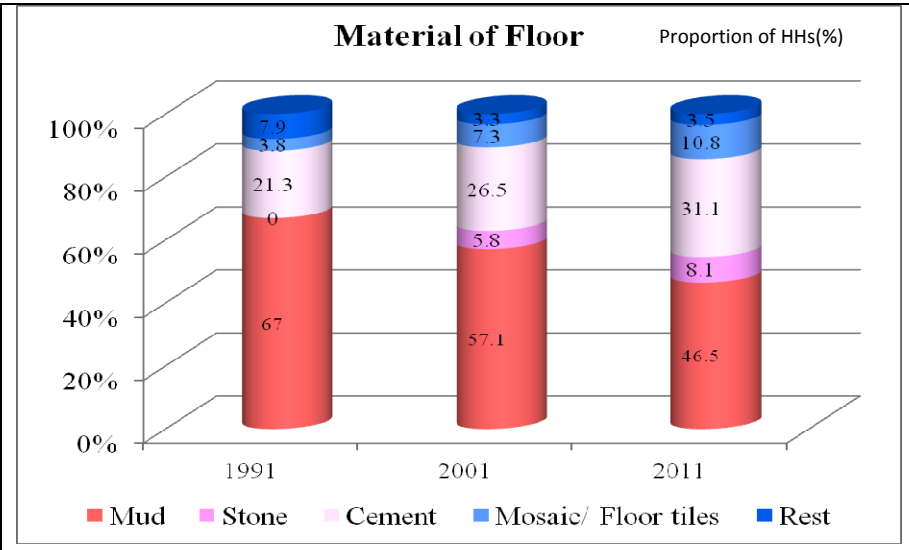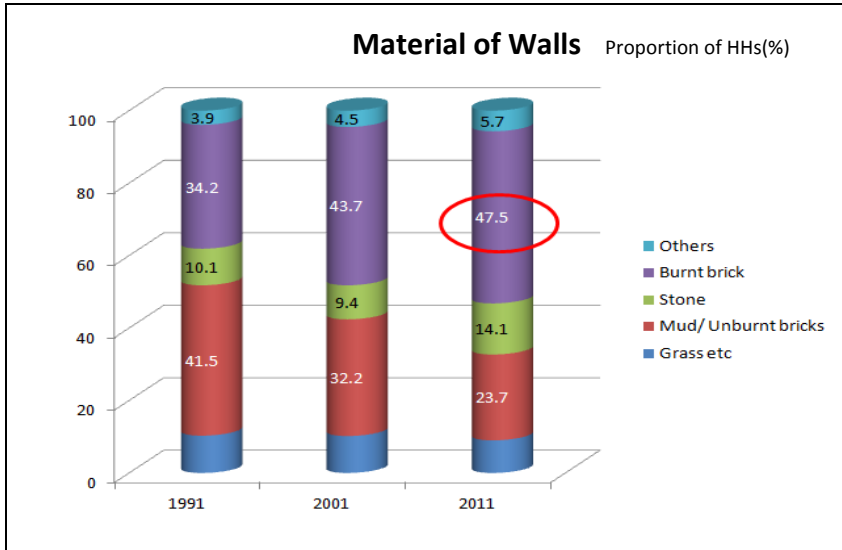
Key statistics:

- By the year 2030, an additional 3 billion people, about 40 percent of the world's population, will need access to housing. This translates into a demand for 96,150 new affordable units every day and 4,000 every hour. (UN-HABITAT: 2005)

- One out of every three city dwellers – nearly a billion people – lives in a slum and that number is expected to double in the next 25 years. (Slum indicators include: lack of water, lack of sanitation, overcrowding, non-durable structures and insecure tenure.) (UN-HABITAT: 2006)

- As much as 70 percent of the urban housing stock in sub-Saharan Africa, 50 percent in South Asia, and 25 percent in Latin America and the Caribbean is of poor quality and not in compliance with local regulations. (Kissick, et al: 2006)

- Access to land is fundamental to adequate shelter. Having legal title to that land encourages families to invest and improve their homes and allows them to access credit and other public services such as water and electricity. Nearly one sixth of the world's population is living without secure tenure (UN-HABITAT: 2008).

- The quality of housing stock & amenities directly affect health & quality of life

One's health is directly linked to housing and housing related basics such as water and sanitation. In Mexico, researchers at the World Bank and University of California, Berkeley, found that replacing dirt floors with concrete floors improved the health of children.

- 2.6 billion people or 39 per cent of the world's population live without access to improved sanitation and 751 million people share their sanitation facilities with other households or only use public facilities. (World Health Organization, 2009)

28.8 **Gap in Housing Stock as per Census 2011:** Eight Crore Census houses have been added. Figures of houseless population and infirm structures would also be required for making accurate estimation of housing shortage, more so in view of increasing number of vacant houses owned by people who already own/rent a house.

Gap in Housing Stock

	Households	Housing Stock
1991	15.1	14.7
2001	19.2	18.7
2011	24.7	24.5
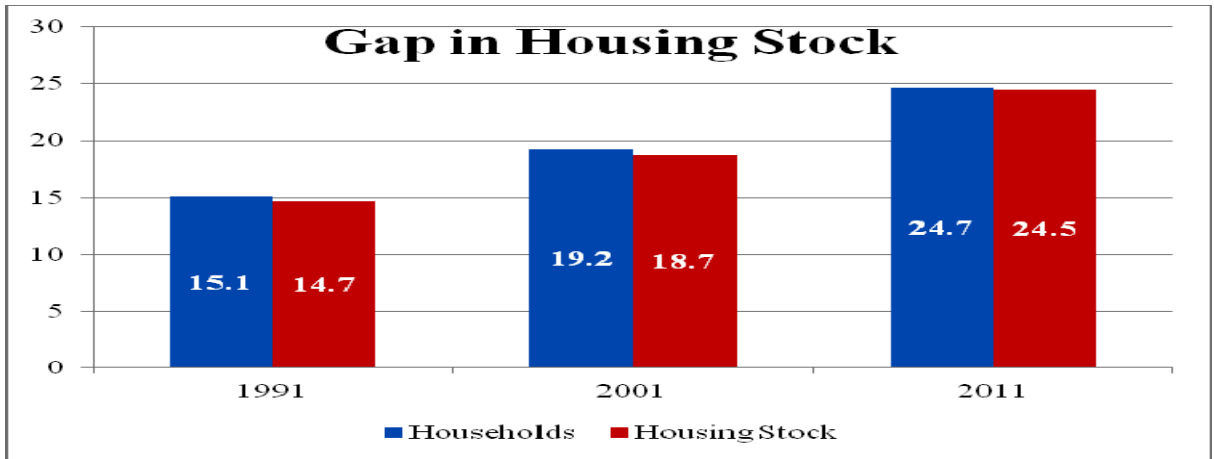
28.9 **Quality of Housing :** As per results of Census 2011, **significant improvement** in quality of housing has been observed with increased proportion of population moving away from katcha materials like thatch, grass , bamboo, mud etc both for walls and roof and decline in mud as material of floor.

Material of Roof — Proportion of HHs(%)

	Grass, etc	Tiles	GI/ Metal/ Asbestos sheets	Concrete	Others
1991	31.3	36.1	8.6	10.8	13.2
2001	21.9	32.6	11.6	19.8	14.1
2011	15	23.8	15.9	29	16.3

Material of Walls Proportion of HHs(%)

	1991	2001	2011
Others	3.9	4.5	5.7
Burnt brick	34.2	43.7	47.5
Stone	10.1	9.4	14.1
Mud/Unburnt bricks	41.5	32.2	23.7

Material of Floor Proportion of HHs(%)

|	1991	2001	2011
Rest	7.9	3.3	3.5
Mosaic/ Floor tiles	3.8	7.3	10.8
Cement	21.3	26.5	31.1
Stone	0	5.8	8.1
Mud	67	57.1	46.5

28.10   Apart from the type of material used for construction, qualitative improvements have also been observed on the count of decline in proportion of households having no exclusive room & 1 room , increase in proportion of households having 2 & 3 rooms along with decrease in proportion of households with 3 or more married couples.

India 2001

India 2001

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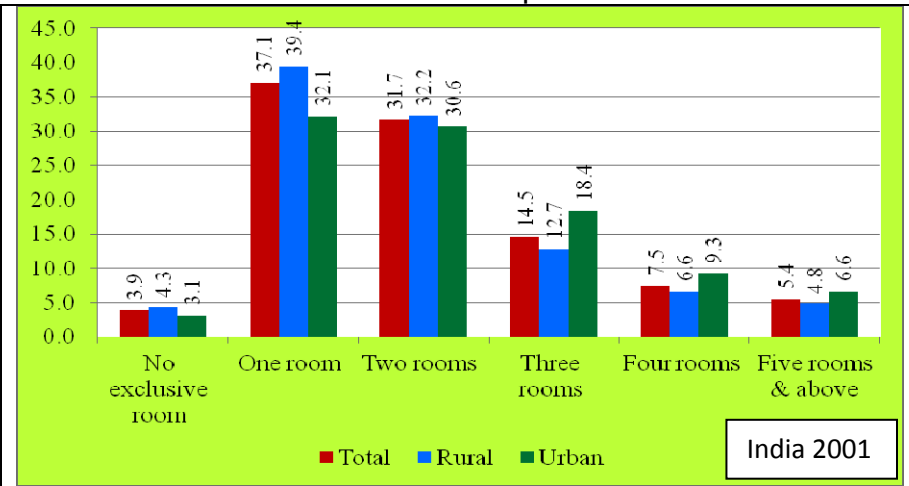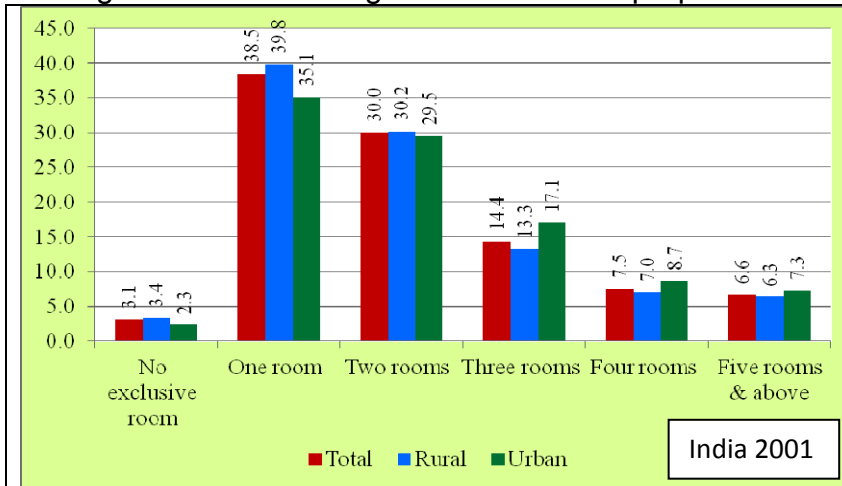
28.11 Household Amenities(Census 2011 results)

- **Drinking water** : Eighty Seven per cent of households use tap, tube well, hand pump and covered well as source of drinking water including 32% households using Tap water from treated sources. 47% of households have source of water within the premises (R – 35%; U – 71%) whereas 36% of households have to fetch water from a source located within 500 m in rural areas/100 m in urban areas.18% still fetch drinking water from a source located more than 500 m away in rural areas or 100 m in urban areas

Source of Drinking Water Tap, Hand pump & Well — Proportion of HHs(%)
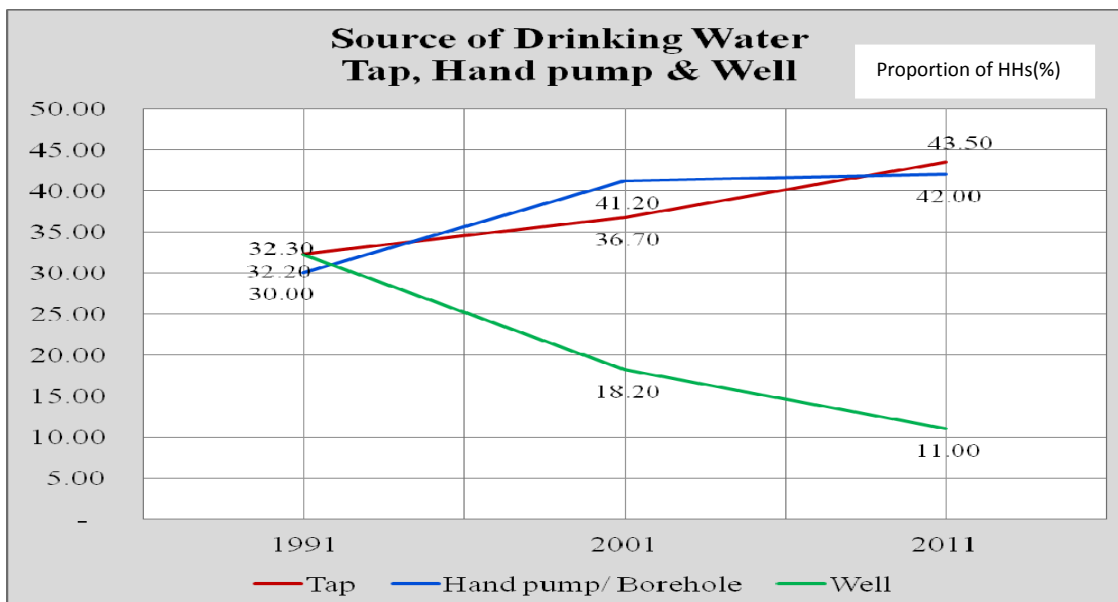
- **Electricity**: Use of electricity as main source of lighting has increased by11 pts to 67 % (compared to 2001) whereas use of kerosene has declined by 12 pts accounting for 31 % of households in 2011. Proportion of households using electricity (%) is tabulated below

	1991	2001	2011	Change(pts) 2001-11
Total	42.4	55.9	67.3	11.4
Urban	27.2	43.5	55.3	11.8
Rural	64.8	87.6	92.7	5.1

- **Latrine Facility :** Forty seven % of households have latrine facility (R-31%, U-81 %) including 36 % with water closet. There has been 11% decline in households having no latrine .

	Households having latrine facility within premises		Households not having latrine facility within premises	
	2001	2011	2001	2011
Total	36.4	46.9	63.6	53.0
Urban	73.7	81.4	26.3	18.6
Rural	21.9	30.7	78.1	69.3

Govt Policies for affordable housing –

28.12 First National Housing Policy in India was formulated in 1988, followed by a new National Housing Policy in August 1994. Further, in July, 1998 , another National Housing & Habitat Policy was announced with some landmark initiatives like involvement of multi-stakeholders, repeal of Urban Land Ceiling Act, permitting Foreign Direct Investment in housing and real estate sector, etc.

28.13 However, all these policies were generic and applicable to both rural and urban areas. Taking into account emerging challenges of required shelter and growth of slums, the first ever urban areas specific National Urban Housing and Habitat Policy, 2007 was announced in December 2007.

28.14 **The National Urban Housing & Habitat Policy, 2007** has sought to earmark land for EWS/LIG groups in new housing projects for provision of affordable housing for this segment of the population .

28.15 To prevent frauds in loan cases involving multiple lending from different banks/HFCs on the same immovable property, the Government has facilitated setting up of Central Electronic Registry under the SARFAESI Act, 2002. This Registry has become operational with effect from March 31, 2011

28.16 **The Jawaharlal Nehru National Urban Renewal Mission (JNNURM),** was launched in December 2005 with aim to cover construction of 1.5 m houses for urban poor during the Mission period (2005- 2012).
It has two Sub-Missions :
• **Basic Services for the Urban Poor (BSUP)** seeks to provide seven entitlements/ services - security of tenure, affordable housing, water, sanitation, health, education and social security in low income segments in the 65 Mission Cities.
• **The Integrated Housing and Slum Development Programme (IHSDP**) seeks to provide the above mentioned 7 entitlements, services in towns/cities other than the Mission Cities.

28.17 **The Indira Awas Yojana (IAY)** has been focused on the provision of cash subsidy scheme to rural BPL families for construction of dwelling units using their own design and technology. The funding under the Scheme is provided by the Centre and State in the ratio of 75:25 respectively. The Two Million Housing Programme, launched in 1998-99 is a loan based Scheme and seeks to facilitate the construction of 20 lakh additional houses per annum of which 7 lakh are targeted in urban areas and 13 lakh in rural areas.

28.18 **Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)** has sought to enhance affordability of the urban poor through the provision of an interest subsidy of five per cent per annum on a loan amount of up to 1 lakh for the economically weaker sections and lower income groups in the urban areas for acquisition/construction of houses. The Government has also launched a scheme of Affordable Housing in

Partnership with an outlay of 5,000 crore for construction of one million houses for EWS/LIG/MIG with at least 25 per cent for EWS category. The Scheme aims at partnership between various agencies/ Government/parastatals/ Urban Local Bodies/ developers for realizing the goal of affordable housing for all.

28.19 **Rajiv Awas Yojna (RAY) aims to** create a Mortgage Risk Guarantee Fund to enable provision of credit to Economically Weaker Sections (EWS) and LIG households and to encourage the States to adopt policies that will create a slum free India on '***whole City approach'.***

Various Initiatives have been taken by State Governments also.

28.20   **Housing Finance : Housing Finance Companies** (specialized institutions lending for housing) registered with the **National Housing Bank** are a major component of the mortgage lending institutions in India. Commercial Banks also play significant role in catering to the requirements of housing finance.

 Indices related with housing Sector :

28.21 **House Startup Index (HSUI) :** Housing Start indices are considered to be lead economic indicators because these give an idea regarding the level of activities in a number of sectors of the economy in immediate future and in this sense they are forward-looking. The economic "ripple effect" of the housing activity , in the Indian context, has been noted to be substantial. NBO in collaboration with RBI is engaged in the operationalisation of the Housing Start-up Index (HSUI). HSUI would be limited to new private and public built residential units in India, whose construction is authorized through issuance of building permits. The data on building permits issued for the new residential buildings in selected cities/towns across the country on a quarterly basis constitutes basic input for construction of HSUI. Initially, NBO, M/o HUPA has selected 50 cities/towns across the country for generation of the Index. The coverage of HSUI will be expanded gradually to include more cities. NBO, M/o HUPA has also developed a web based HSUI MIS for online collection and compilation of data relating to HSUI. Internationally, countries like Canada, UD, Japan, France, Australia & New Zealand are compiling data related to building permits/ housing starts on regular basis.

28.22   **House Price Index :** To track movement of prices in residential housing segment , **National Housing Bank (NHB)** brings out Residentail Housing Price Index (NHB Residex). Presently , NHB RESIDEX tracks the housing prices in the select 15 cities. It is proposed to cover 35 cities having million plus population. The proposal is to expand NHB RESIDEX to 63 cities, which are covered under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), to make it a truly national index, in a phased manner. It is envisaged to develop a residential property price index for select cities and subsequently an all India composite index by suitably combining these city level indices to capture the relative temporal change in the prices of houses at different levels.

Current Status and main sources of Housing Statistics in India

28.23 Housing census would be the most ideal method for collection comprehensive data regard to housing and construction activity. But it is a costly affair. Such a census has not been undertaken in India, so far owing to resource constraints. Decennial population census and periodical special data regularly collected by the NBO appear to be the main source of data in regard to housing and construction activity in our country, besides the surveys conducted by National Sample Survey Office .

(i) Registrar General and Census Commissioner of India (RGI): The decennial population census throws up good deal of data on housing, although after a gap of ten years . The items covered from census to census are the number of houses, the uses to which they are put, the nature of construction, the number of rooms, condition of house (2001 onwards) etc.

(ii) National Sample Survey Organization (NSSO): NSSO takes up rounds every five years on various aspects of housing through surveys on housing conditions. In its 32nd, 38th and 43rd rounds, NSSO collected data relating to tenure status, covered area, land possessed, plinth level, type of dwelling, type of structure, no. of floors, monthly rental value (for urban areas only) and housing conditions etc. NSSO data has its own limitation, as it is not comparable over a period of time, because some information collected on a set of form is not repeated in the other subsequent survey, now this limitation is taken care of up to some extent. The other limitation is all the information required by the NBO is not covered in each round. In future surveys, it is expected that this limitation will be resolved.

In the 44th round (July, 1988-June, 1989), 49th round (Jan.-Jul, 1993) and 58th round (July-Dec., 2002) the NSSO collected data on household particulars, housing conditions, environment and building particulars, construction particulars and source of finance for individuals, corporations and contractors. NSSO has conducted the 65th round (July 2008-June 2009) on Housing conditions and Urban Slums.

(iii) National Buildings Organisation (NBO): Apart from the NSSO, and Registrar General of India, National Buildings Organisation is the principal Organisation concerned with the collection of data on various aspects of housing.

(a) System for collection of Housing and Building Statistics: With the setting up of the Socio-Economic Division in the NBO in 1960 , the collection of housing statistics assumed importance. It was felt that a great deal of useful information on current housing activity would be available in the administrative records of major agencies/ departments concerned with construction activity or its regulative wings such as PWD, Local Self Government and Municipal authorities etc. Since the NBO was designed as the nodal agency for organizing collection and compilation of such data from the concerned agencies, it initiated a scheme called "Three Tier Scheme" in 1963 during India's Third Five year plan. The scheme was later transferred to the State Sector in 1967.

(b) The Three Tier Scheme: The scheme envisages direct flow of data to the NBO from the Central construction agencies, namely, CPWD, MES, P&T, Central Public Undertakings as well as States and Union Territories in the country.

o   Under the three-tier arrangement data collection cells have been established- one each in the Public Works Department(PWD), local self Govt. Department (LSGD) and Directorate of Economic and Statistics. The return has to be filed by each of the field units of public sector construction agencies/undertaking, if the total cost of all the projects is Rs 25 lakh or more.
o   In so far as the private sector is concerned, the return has to be filed by all the builders/individuals , big or small , irrespective of the cost of the project. The private sector schedule is to be filled from all the class I and II towns and on 10% sample basis form Class III to VI towns in the State.

o   The data obtained by the State DES from the LSGD and State PWD's and state Public Undertakings are sent to the NBO. The data collected under the three tier scheme relates to location and nature of construction, type of construction, plinth/floor area of the project, estimated cost of the project, number and type of dwellings and value of work done during the reference year. The details of private building construction activity include not only new construction, but also addition and alterations to the existing buildings as in the case of the public sector.

(c) Building Permits and completion Certificates: NBO also collects this information from Cities /Towns having population of 100,000 and above on calendar year basis. Till now the data was being collected from 281 Municipalities on the basis of 1991 census.

(d) Price of Building Materials and Wages: Data on Building Material Prices and Wages of Construction Labor are also being collected on quarterly basis by NBO from 248 centers all over the country. Prices of all important building materials such as bricks, sand, steel, stone, asbestos cement sheets, paints and varnishes, sanitary ware etc. are covered. With regard to wages of building labour, masons, carpenters, unskilled male and female workers are also covered. These returns are also furnished quarterly by the field units of PWD/Directorate of Economic & Statistics/ BDO's.

NBO presently uses MIS - **BRIKS** to manage its information.

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