

**Presentation on**

# **Housing Scenario for Poor in India**

**Dr. Debolina Kundu**  
**Associate Professor**

**National Institute of Urban Affairs**  
**New Delhi**

# Introduction

- ❖ Public housing programmes have come up in countries following market based development as also with state interventions
- ❖ Housing sector has not been left to the market forces because of certain specificities: forward and backward linkages being significant for macro processes
- ❖ Returns to investment in housing comes not only in terms of rent but also increases in real estate prices
- ❖ In India, too, public sector interventions have been significant in the fifties and sixties through social housing programmes.
- ❖ Housing investments being promoted now to create internal demand for getting out of current economic crisis. Housing Start up Index will be launched by RBI as a key indicator for monitoring the national economy.

# Objectives

- ❖ Analyse the housing situation in the context of macro economic development in India.
- ❖ Overview of the policies and programmes relating to low-cost housing adopted by the central and state governments, including JNNURM
- ❖ Analyse the impact of legislative and judicial interventions on the tenurial security of the poor and their access to shelter.

## Objectives.. contd

- ❖ Analyse the system of financing: Recent housing initiatives in public, private and joint sectors. Can this institutional arrangement reach the poor and at the same time be financially self sustaining in the long run.
- ❖ Conclusions and A policy perspective for regulating land and housing market that can provide easier access to land and shelter to the poor.

# Housing in Indian Economy

- ❖ In 2006-07, this sector contributed to 4.5 percent of the country's gross domestic product and comprised approximately 7 percent of the total urban work force
- ❖ The 'Task Force on Affordable Housing' estimates that investment in this sector for alleviating urban housing shortage could potentially raise the rate of growth of GDP by at least 1 - 1.5 percent
- ❖ 42.8 million persons or 15 per cent of total urban population of India lives in slums (2001 Census)

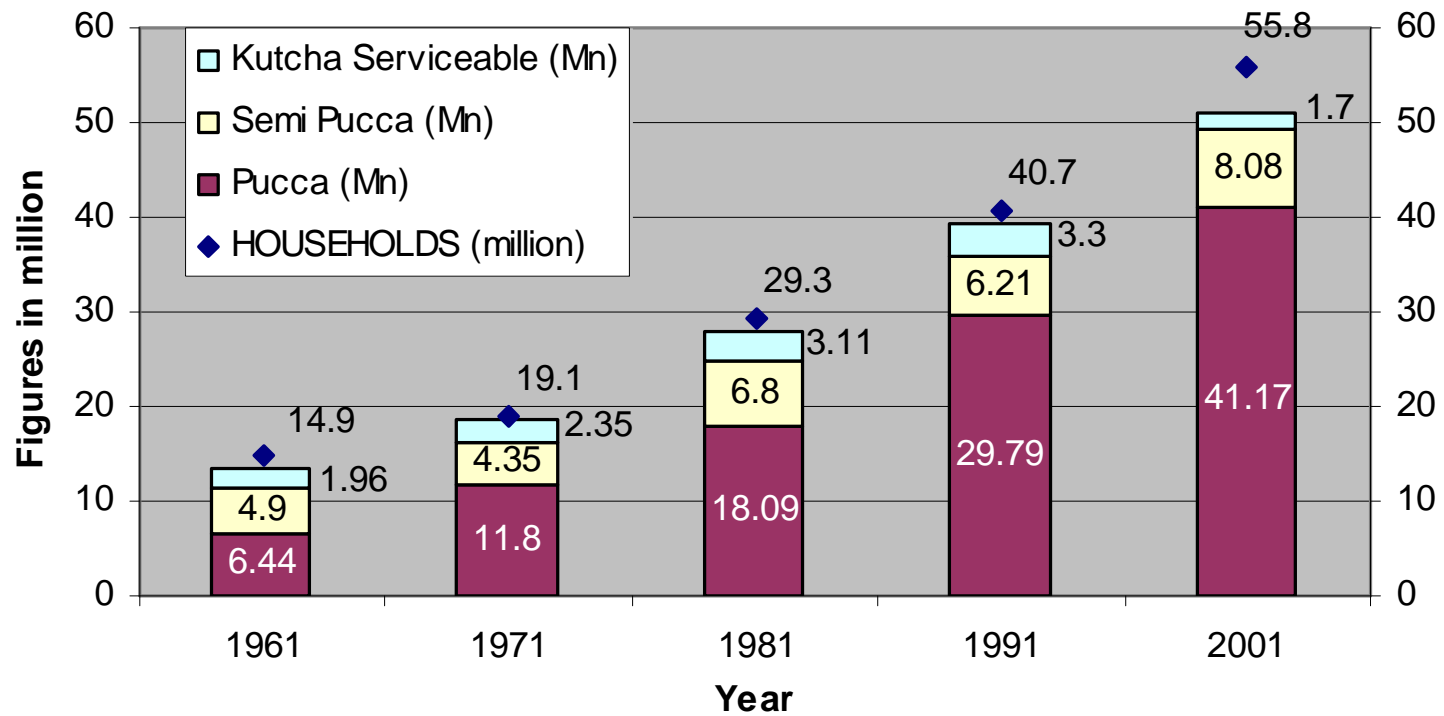
## Housing in Indian Economy ..contd

- ❖ Over time the number of slums has decreased with a corresponding increase in slum population leading to densification of the existing slums, although the percentage of slum population has declined marginally over the last decade
- ❖ The percentage of poor in metro cities have come down from about 18 to 12 over the last decade
- ❖ The decadal growth rate in the number of households has been modest at 38 per cent only during eighties and nineties, as compared to 54 per cent during seventies.

## Housing in Indian Economy ..contd

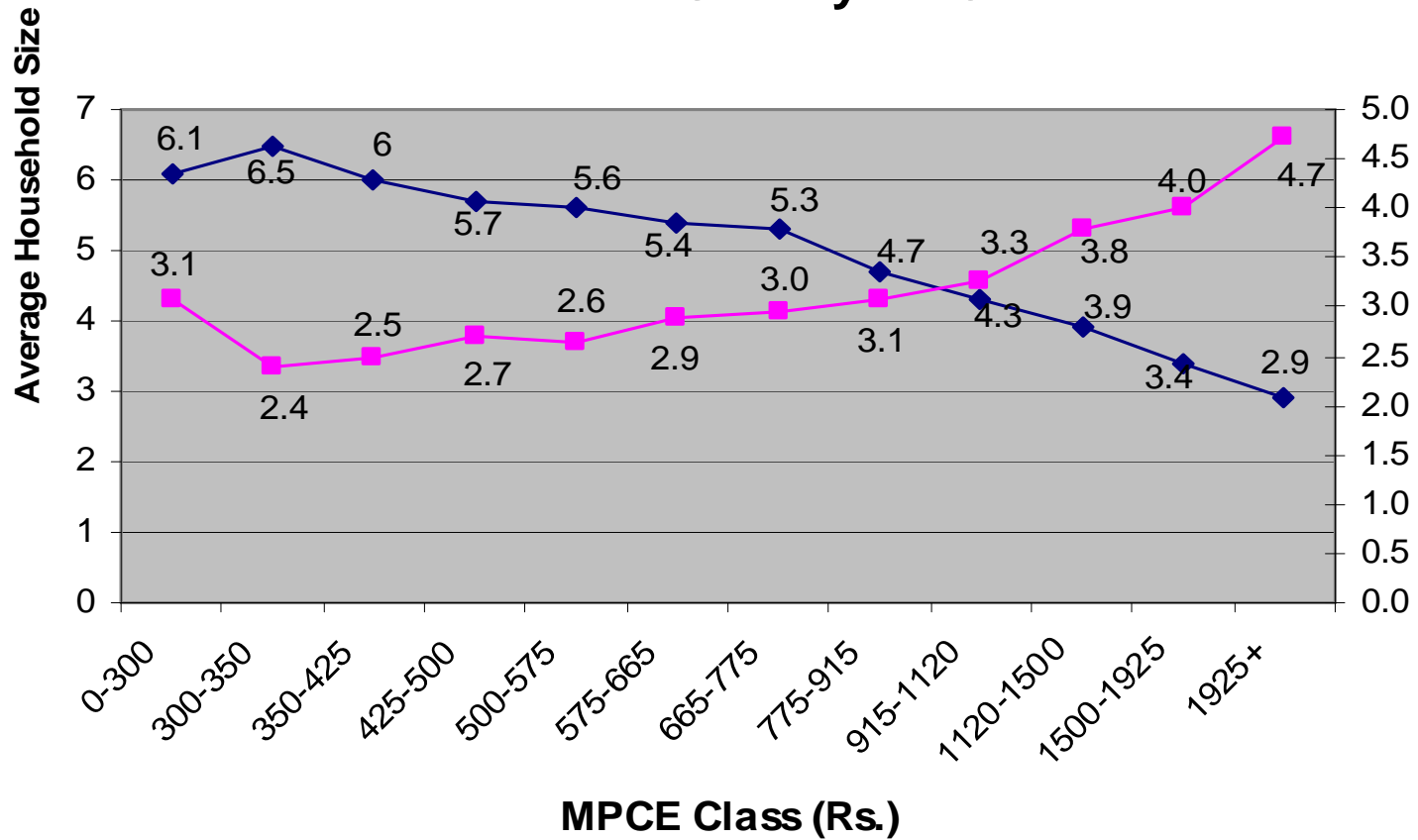
- ❖ The decadal growth rate in pucca housing registered a decline from 53.30 per cent and 64.68 per cent during seventies and eighties to 38.20 per cent only during nineties.
- ❖ The growth rates of semi pucca and kutcha houses were very high during seventies, similar to that of the pucca houses, the rates being 56 per cent and 32 per cent respectively. It registered an increase of 30.11% in the following decade.
- ❖ The growth in kutcha dwelling units was as low as 6 per cent during eighties while the number came down to fifty per cent during 1991-01.

## Housing Condition in India





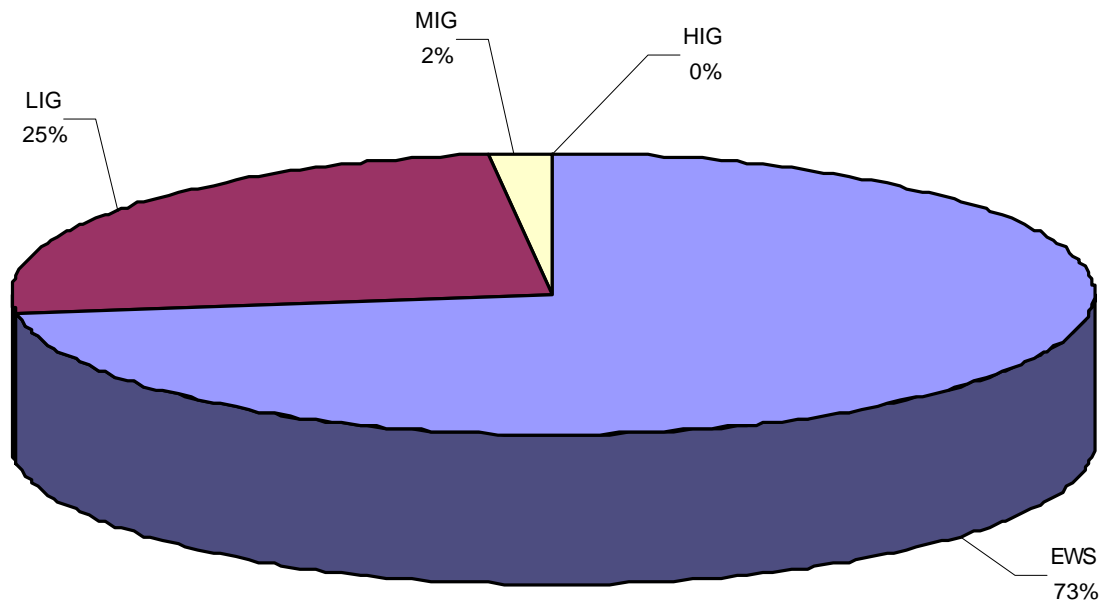
## Household Size by MPCE



## Housing in Indian Economy..contd

- ❖ Inequity in housing: Higher the expenditure class lower is the household size and larger is the number of rooms available
- ❖ Congestion factor is acute at the lower expenditure classes
- ❖ 99 per cent of the shortage is in the EWS and LIG category

## Category-wise housing shortage in Mn. as on 2007



<b>Estimation on housing shortage</b>	
	<i>As on 2007</i>
1. Households (Mn)	66.3
2. Housing Stock (Mn)	58.83
2.1 Pucca	47.49
2.2 Semi Pucca	9.16
2.3 Kutcha	2.18
3. Excess of HHs over Housing Stock (Mn) (1 – 2)	7.47
4. Congestion factor (%)	19.11
4.1 Congestion in Hhs. (Mn)	12.67
5. Obsolescence factor (%)	3.6
5.1 Obsolescence in Hhs. (Mn)	2.39
6. Upgradation of Kutcha (Mn) (2.3)	2.18
7. Total Housing Shortage (3+4.1+5.1+6)	24.71
<i>Source: Report of the 11<sup>th</sup> Five Year Plan (2007-12) Working Group on Urban Housing with Focus on Slums Government of India Ministry of Urban Poverty Alleviation Nirman Bhavan, New Delhi</i>	

### **Housing requirement during the 11<sup>th</sup> Plan Period (2007-2012)**

1.Housing Shortage as on 2007 (Mn)	24.71
2.Households (Mn)	75.01
3.Pucca Houses (Mn)	53.49
4. Semi Pucca Houses (Mn)	10.05
5. Katcha Houses (Mn.)	2.56
6. Addition to households (Mn.)	8.71
7. New Pucca Houses (Mn.)	6
8. Upgradation of Semi Pucca Houses (Mn.)	0.89
9. Upgradation of Katcha Houses (Mn.)	0.38
10. Additional requirement (Mn.)	15.98
11.Total requirement (Mn.)	40.69

*Source:Report of the 11<sup>th</sup> Five Year Plan (2007-12) Working Group on Urban Housing with Focus on Slums, Government of India Ministry of Urban Poverty Alleviation Nirman Bhavan, New Delhi*

# Impact of Market on the Housing Sector

- ❖ The global meltdown has affected the Indian economy adversely including the housing market
- ❖ In recent months, various measures have been taken by the government to revive the housing sector
- ❖ The RBI has reduced the repo rate five times from 9 per cent to five per cent and reverse repo rates thrice from six per cent to 3.5 per cent
- ❖ There have been efforts to further lower lending rates for home purchases below Rs 20 lakh

# Policies and Programmes under Globalisation

- ❖ Cities makes land available to many international and national organisations and private corporate sector by pushing out slums as also informal manufacturing.
- ❖ Interventions by the judiciary since the mid nineties, mostly upholds the claims of land owning agencies and orders evictions, shattering the perceived sense of security among squatters.
- ❖ Delhi government announces giving plots to poor migrants coming during 1991-98 and land titles on a freehold basis in resettlement colonies. Unfortunately, the decisions not backed up by programmes
- ❖ Supreme Court takes Delhi government to task for failing to stall growth of slums and wants strengthening of relocation and resettlement schemes.

# Impact of legislative and judicial interventions on the tenurial security of the poor

- ❖ In the "Vision Mumbai" document prepared by the private consultancy firm McKinsey, mass housing on the salt pan lands outside the city is proposed
- ❖ The proposed area, under the plan is not just environmentally fragile but is also poorly linked to the city where the poor people are expected to live with no concern shown to livelihood or other needs
- ❖ The plan envisages developing hundreds of acres of prime land in the heart of Mumbai, formerly occupied by textile mills as "islands of elite housing "



# Impact of legislative and judicial interventions on the tenurial security of the poor

- ❖ In 1991, in response to the plea of mill owners that they are to be allowed to sell some of their land to generate revenues to pay off debts and workers dues, the Maharashtra Government introduced Section 58 in the Development Control Rules that permitted mill owners to sell or redevelop one third of the land they owned.
- ❖ However, one-third had to be given to the municipal corporation for open spaces or other public facilities and one-third was designated for public housing.

# Impact of legislative and judicial interventions on the tenurial security of the poor

- ❖ This formula remained on paper and only very few of the private mills actually sold their land to pay the workers their dues.
- ❖ The mill owners got to keep most of the land on which their closed mills stood.
- ❖ In recent years, there has been a spurt of new construction on the mill lands with no public housing.
- ❖ Most of it consists of luxury housing and shopping malls.

# Impact of legislative and judicial interventions on the tenurial security of the poor

- ❖ During the 1970s and 1980s, due to strong judicial activism, the poor got certain perceived tenurial security.
- ❖ The developments since the mid 90s, assessed through policy statements by the central, state governments and local bodies taken in conjunction with the orders passed by the Supreme Court and High Court give an opposite signal with regard to security of tenure to low-income households.
- ❖ There have been certain administrative decisions that may be considered as positive for the poor, but many of these have soon been made inoperative by other pronouncements or judicial orders.
- ❖ The developments with regard to giving land-linked benefits to the high/middle class have, however, been by and large positive.

# Policies and Programmes under Globalisation

- ❖ ***Proposals for Regularisation of Unauthorised colonies in the Name of the Poor***

No legality of the settlements as these have come up in total violation of the Master Plan, land use restrictions and building standards. The percentage of poor here would be less than 15 per cent.

- ❖ ***The Union Minister for Urban Development declared in 2002, that all unauthorised settlements developed before March 2002 would be regularised***

# Policies and Programmes under Globalisation

- ❖ **The State is generous also to those who build without authorisation in formal settlements**

Accepting Malhotra Committee recommendations, government in one stroke legalises several illegal structures, additions and alterations.

- ❖ **Minister for Urban Development announces in 2003 that DDA flat owners are allowed another 15 percent extra space**

several extensions/ alterations allowed in the building as well as layout plans.

# Policies and Programmes under Globalisation

❖ *Permission to convert DDA houses from leasehold to freehold.*

Halving the rate of conversion; sharing of unearned income and paying other fees not needed.

❖ *Master Plan encourages development of land through Private builders, land pooling system, higher FAR and freehold title to those who can afford.*

Private housing projects in plots of 30 acres or more by paying 20 percent of the market value to government's shelter fund.

# Policies and Programmes under Globalisation

- ❖ The Master Plan 2021 for Delhi has recently been announced with the basic objective of maintaining the tempo of economic growth and improving infrastructure base for making the national capital a global city.
- ❖ The Plan envisages engagement of private sector and relaxation of regulatory controls over usages of land.
- ❖ The Plan considers it is the responsibility of the Resident Societies not only to get the lay out plans approved but also to implement it.



# Policies and Programmes under Globalisation

- ❖ Ministry is currently taking a generous view towards regularization, reflected in relaxation of norms and standards of service provision
- ❖ The Basic Services for the Urban Poor (BSUP) under JNNURM seeks to provide security of tenure and affordable housing among other services - in low income settlements in the 63 Mission Cities.
- ❖ The Integrated Housing and Slum Development Programme (IHSDP) seek to provide the services in towns/cities other than Mission cities. The core focus of this Policy is provision of “Affordable Housing For All” with special emphasis on vulnerable sections of society such as Scheduled Castes/Scheduled Tribes, Backward Classes, Minorities and the urban poor.



# Policies and Programmes related to housing under Globalisation

- ❖ For those families who do not own land, the states would release land at “controlled prices” and hand over to housing boards, cooperatives or private builders to construct housing complexes that would then be allotted to the BPL families.
- ❖ The benefit to private builders would be that they would get a certain portion of the built-up area for commercial use or market sale, depending on state specific norms.

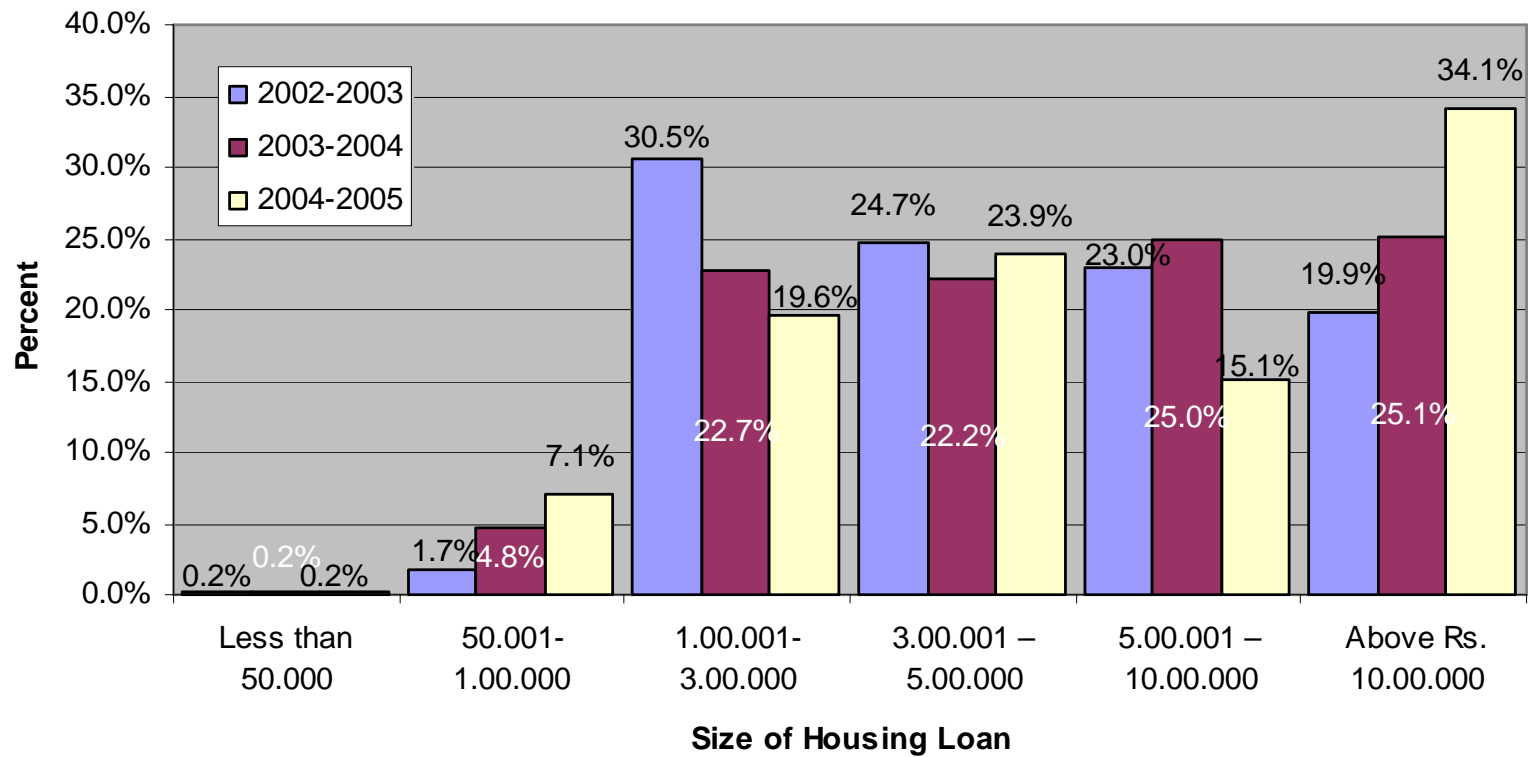
# Policies and Programmes related to housing under Globalisation

- ❖ Eighth plan onwards envisages increased involvement of the private sector and the shift in the role of the government from 'provider' to 'enabler'
- ❖ Allotment of plots to new migrants are to be made on license fee basis in select cities
- ❖ The Government is working out a policy of 25-square-metre house for each of the estimated 2 crore urban households below the poverty line (BPL) across the country.
- ❖ With an upfront subsidy of Rs 40,000 to each family for the house estimated to cost Rs 1 lakh each, the scheme envisages a Rs. 80,000-crore package

# Pattern of Financing

- ❖ Institutional flow of funds to house the poor has been marginal
- ❖ This is due to the difficulties faced by State Housing Agencies in getting the required Government guarantee for raising funds for EWS/LIG housing and also due to shortfall in recoveries from the EWS/LIG beneficiaries
- ❖ With the launching of Centrally Sponsored Schemes like VAMBAY and JNNURM, which have a grant Component, the role of HUDCO' s institutional project finance/loan has declined

## Pattern of Financing of Housing Finance Companies



# Pattern of Financing

- ❖ The size-wise disbursement of housing loans by Housing Finance Companies (HFCs) which are regulated by NHB show that only 0.2% of housing loans extended by HFCs is less than Rs 50,000/- and about 7 per cent of housing loans is of value between Rs 50,000- Rs 1,00,000/-.
- ❖ More than 73 per cent of housing loans extended by HFCs is of value exceeding Rs. 3 lakh and about 93 per cent of value exceed if Rs. 1 lakh.

# Conclusion

- ❖ **Benefits are being targeted to middle class households: leading to exclusionary growth**
- ❖ **The programmes are not affordable to real poor**
- ❖ **No policy to guarantee of shelter to the houseless that is affordable to them**
- ❖ **Strengthening of the Legal System and formalisation of land rights have led to pushing the poor out of the City**
- ❖ **Threat of eviction continues to the squatters and slum (with informal land tenure)**
- ❖ **Relocation of the poor in the Periphery and sanitization of cities**

## **Conclusion...**

**Regularisation of illegal extension/alteration in the dwelling units in formal settlements, launching of many of the development projects such as flyovers, greening drives, mass rapid transport system, etc. were not envisaged in the Plan. Modification in the Master Plan would be necessary for all these. Hence, minor modification in Master Plan to provide land for the poor should pose no problem**

# Conclusion...

- ❖ If the plan can be modified time and again to accommodate global interests, this could be done for *in situ* upgradation of slums as well. Instead of making land for the poor a matter of competitive politics, Master Plan must make explicit provision for land and minimum basic services for the poor.
- ❖ Land must, therefore, be in the hands of neither the central nor state government agencies but regulated through the Master Plan in a transparent manner.





Thank You