



DESCRIPTIVE STUDY ON CURRENT STATUS, CHALLENGES, AND APPLICABILITY OF AFFORDABLE HOUSING IN INDIA

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Abstract

One of the most important problems facing emerging nations is providing adequate housing for all of its citizens. Over 17.6 million dwelling units are needed in India immediately. House ownership is becoming increasingly out of reach for many families, especially those with lower and moderate incomes. In order to make it possible for regular people to affordably build homes, it is now essential to use new housing technologies that are both creative and environmentally beneficial. This review paper examines the current state of affordable housing in India. Even though it has one of the world's fastest-growing economies, India is struggling to meet its housing needs. This paper provides a comprehensive overview of the housing sector in India, including its history, policy frameworks, and challenges faced in achieving affordable housing for all. The article also highlights the various initiatives taken by the Indian government to address the affordable housing crisis, such as "The Pradhan Mantri Awas Yojana (PMAY) scheme", In addition, the article examines the role of private developers, financial institutions, and civil society organizations in promoting affordable housing in India. Finally, the paper concludes by suggesting possible solutions and recommendations to achieve the goal of affordable housing for all in India.

Keywords: Affordable Housing, Pradhan Mantri Awas Yojana, Urban Development

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1 INTRODUCTION

Housing units that are affordable to those whose income is less than the average household income is referred to as Affordable housing. It is a serious problem in developing nations such as India, where the bulk of the people is unable to purchase homes due to high market prices. Because land is a major barrier in metropolitan regions, plans for affordable housing in rural and urban areas must be adapted accordingly. According to (Rakesh Mohan), Deputy Governor of Reserve Bank of India, (“...future national competitiveness and economic success will depend on the comparative efficiency of cities”) which was quoted by the Affordable Housing Institute in 2007. This statement succinctly captures the significance of affordable housing. The amount, quality, availability, and affordability of housing becomes a critical factor in national economic competitiveness because that is where jobs go to sleep at night. Focusing on AFFORDABLE HOUSING can not only improve people's living conditions, but also provide the economy a considerable boost. Recognizing the necessity of regulating affordable housing to the poor, the Govt. has implemented a series of policies during the previous 15 years. ‘*The National Urban Housing and Habitat Policy (NUHHP)*’ 2007

established the goal of affordable home(shelter) for all as priority. The government estimated that in 2015, around 40 million families had housing shortages. This number comprises people who were either homeless or living in overcrowded or inadequate conditions. The maximum of the world's population lives in rural regions, where the housing scarcity is most severe, especially for those with lower incomes.² After that, the Government designated 2022 as the target year for achieving this goal by launching housing-related measures. The government announced two components under the **PM AWA'S YOJANA – THE PMAY (URBAN) AND PMAY (RURAL)** - to achieve homes for all by 2022. According to FM Nirmala Sitharaman's budget 2022, 80 lakh affordable dwellings will be constructed at a cost of Rs 44,000 crore under the PM Awa's Yojana. States/Union Territories (UTs) satisfy the shelter needs of three income categories in urban areas: ‘Economically Weaker Sections, Lower Income Group, and Middle-Income Group.’ According to the “Ministry of Housing and Urban Development and Urban Affairs”, approximately 69 lakh dwellings had been sanctioned as of January 2019, with 13.59 lakh having been finished. In the 59th CSMC meeting, 2.02 lakh new dwellings were approved under PMAY(U).

| Category of Receiver | Annual income in lakhs | interest subsidy (%) | loan amount (₹ in lakhs) | carpet area (sq.m) |
|-----------------------------------|------------------------|----------------------|--------------------------|--------------------|
| (EWS) Economically Weaker Section | Up to ₹ 3L | 6.5% | 6L | 30sq.m |
| (LIG) Lower Income Group | ₹3-6 L | 6.5% | 6L | 60sq.m |
| (MIG-I) Middle Income Group | ₹6-12 L | 4% | 9L | 120sq.m |
| (MIG-II) Middle Income Group | ₹12-18 L | 3% | 12L | 150sq.m |

Table 1(credit link subsidy scheme npv calculation) Source pmay.urban

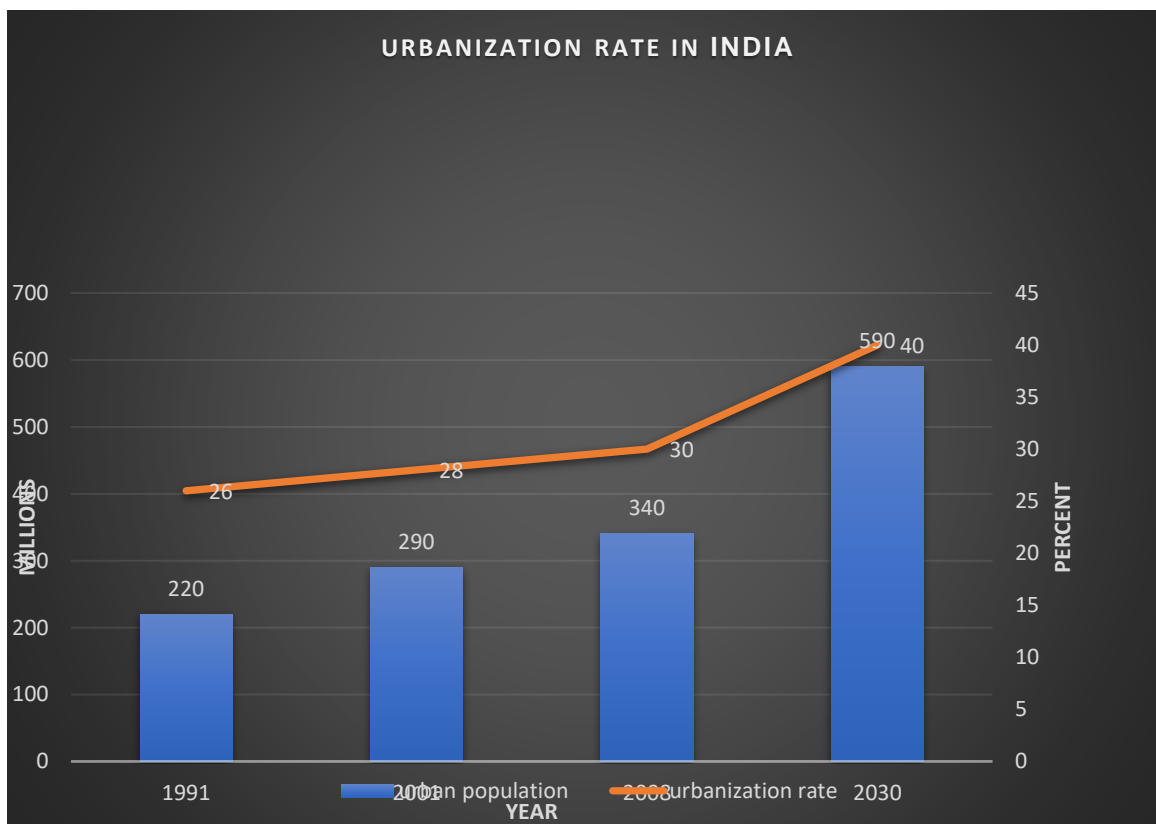
1.1 Demand And Need For Affordable Housing

As our nation undergoes an economic transformation marked by increased demand for better housing, the gap between demand and supply is expanding. There are insufficient housing amenities in both urban(city) and rural(village) locations. As per the Technical Group Report, the housing problem (shortage) in India is 96 percent due to two low-income groups:(EWS) Economically weaker sections and low-income group (LIG). Housing facilities in urban areas must be expanded to meet the growing demand for housing and the increasing trend of urbanization. By 2030, roughly 40% of the nation's population will be living in city areas, based on current urbanization trends. Many factors contribute to the high demand for AH in India. The first is the ever-increasing urban population, which has risen to 662 million from 109 million in 1971.up from 377 million in 2011 and expected to hit 600 million by

2030. Land and housing shortages, as well as crowded public transportation, as well as strains on essential services like water, electricity, and air quality, are all the result of the increasing concentration of people in metropolitan areas. During the 12th five-year plan period, the Ministry of Housing predicted an 18.78 million-home deficit, with 99 percent of those homes needed by those with low and middle incomes. (*Gopalan & Venkataraman (2015)*) The Government of India announced an estimated 18.78 million people in need of a place to live as part of its twelfth five-year plan (2012-2017).This goal will be impossible to attain unless suitable shelter is provided India's cities have struggled to provide adequate housing for all people, particularly migrant populations, as the country's urban population has grown significantly in recent decades, from 62.4 million in 1951 to 62.4 million in 2011. considerable housing

deficit looms in Urban India, and a massive disparity exists between housing demand and supply, both in terms of number and quality,"

according to a 2012 Research. **Jha(2020)**



Graph: 1 (urbanization rate in India), Source: (P may Urban)

2 National And International Approach for Affordable Housing

In 1970, the Housing and Urban Development Corporation was formed as a private limited corporation under the Companies Act 1956 to aid in the development of inexpensive housing. This was the first major policy step to address the urban housing crisis. (Jha, R. (2020). *Urban Rental Housing in India: Towards 'Housing For All'*.) The government expanded the UBS in the 1990s with the Urban Basic Services for the Poor, the Nehru Rozgar Yojana (NRY), which provided housing, employment, training, and start-up capital, and (The National Slum Development Programme) was an effort to integrate the NRY's 16 housing components with the goal of reducing poverty. (Renita D'Souza,). The Rajiv Awas Yojanas, Valmiki Ambedkar Awas Yojanas, Basic Service for Urban Poor, and Integrated Housing and Slum Development Project all followed as part of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). From its inception in 2007, the ("National Urban Housing and Habitat Policy") has worked towards the objective of providing ("affordable housing for all") by preserving the government's participation in social

housing and allocating more space in new developments for those with lower incomes. ("National Urban Housing and Habitat Policy 2007") By 2022, India will have a housing shortage of 29.5 million rural housing units and 11.2 million urban housing units, according to the real estate sector. It is urgent to implement new construction technologies to handle such a large demand in a sector that currently has many issues. Traditional building is labor-intensive and costly; hence construction quality is of paramount importance. The Indian government has initiated the Pradhan Mantri Awa's Yojana to address this problem, with the goal of providing shelter to every citizen of India, urban and rural alike, by 2022. The BMTPC has authorized 54 new innovations under this programmed in 6 different categories. There are therefore many technologies for affordable housing available, but it is difficult to select one technology for a nationwide practice. P.Pawar et al. (2022) Although though it has seen a precipitous downturn in recent years, Turkey's construction and real estate sector remains the country's most important economic driver. As a result, in August of 2020, a fresh choice was made as investors flocked to dollar and gold assets thanks to the Central Bank's

injection of cheap liquidity sources and the low-interest loans offered by banks. So even as the Fed began to lower inflation by means of monetary tightening, even if the policy interest rate has been held steady at 8.25% (Ahsan, M.M., & Sadak, C) (2021)

Housing in Vienna has remained reasonably priced for almost a century because to extensive municipal land ownership and the construction of low-cost apartment buildings. The successful Limited-Profit Housing Associations in Austria have a long history of subsidising the supply of both multi-family and single-family dwellings (LPHA). 80% of the population presently lives in rented housing, with over half of those renters paying social-rent, and this practise has its roots in the 'Red Vienna' era in the 1920s. This cultural practise is maintained,

although housing costs are rising as the City's land reserves shrink and the expanding population puts pressure on the limited supply of available homes. (Deloitte. (2016, August 20).)

Building energy-efficient, large homes has been a national priority in Denmark for decades, but in recent years, residents have begun to move back into the city. The increased usage of cooperatives and the availability of high-quality, bicycle-friendly infrastructure have both contributed to this trend. In order to prevent the kind of social segregation that plagued previous constructions on the outskirts of cities, building codes now mandate that 25% of all apartments be priced below market value. Cooperatives in Denmark are well-known for their role in reducing expenses and increasing citizen participation.

| SCHEMES | STARTED IN | TARGET | DETAILS |
|--|--|--|---|
| INDRA AWAS YOJNA | FROM 1996 | EWS | locally available material focused |
| EWS HOUSING PROGRAMM | 1991 REVISED IN 2007 | EWS | ₹100000/house |
| NATIONAL LEVEL SLUM DEVELOPMENT PLAN | FROM 1996-THEN REVISED IN 2004 TILL 2014 | EWS | annual funding of ₹ 300 cr. |
| NATIONAL HOUSING AND HABITATE POLICY | FROM 1998-2000 | EWS-LIG | planned 2 million houses and 1.64 million units completed |
| RAJIV AWAS YOJNA SCHEME | FROM 2009-2014 | EWS-LIG | 21 to 40 sq.m |
| VALMIKI AMBEDKAR YOJNA | FROM 2001 | URBAN SLUM DWELLERS BELOW POVERTY LINE | It is subsidized by both central govt and state govt at fifty percent partnership |
| JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION PROGRAMM | STARTED IN 2005 | CITIES WITH MINIMUM POPULATION OF 5000 | flagship program for overall development |
| PM (PRADHAN MANTRI) AWAS YOJNA -HOUSING FOR ALL SCHEME | FROM 2015 TILL DATE | EWS IN URBAN AND RURAL AREA RECEIVES 35% OF PROJECT, WHILE LIG AND MIG RECEIVE THE REST. | The main Construction plan was 20 lakh housing units in 404 towns and 500 cities |

Table 2: Different govt schemes for affordable housing in India post-independence, Source: MoHUPA

3 Critical issues in affordable housing

3.1 Serviced Land Unavailability

One of the main concerns was the lack of affordable land in acceptable locations with necessary infrastructural facilities where the lowest income people might build or be given dwellings. In the big metropolises, it is exceedingly difficult to find suitable land. Existing landowners are not clearly motivated or willing to release their property for the development of affordable homes. Additionally, connectivity from far-off regions to the main city or livelihoods is insufficient.

3.2 Scarcity of marketable land parcels

The government owns a lot of prime real estate in the middle of cities, and they use it for things like trains, ports, and defence. As authorities can't easily keep tabs on these undevelopable areas, they become fertile ground for slums and squatter settlements. More importantly, the difficulty in

providing land for mass housing is exacerbated by dispersed and poorly planned settlements.

Property purchasers assess a wide range of considerations beyond project quality and price, including accessibility, connection, infrastructure, and more. As a result, the availability of cheap land that is already set up for human habitation has an effect on market pricing and people's willingness to pay.

Rising cost

The cost of land and construction has gone up, and the cost of building supplies and labour has gone up as well. Because of variations in building costs and household income, AH funding is restricted. Customers who work in the informal economy or who cannot provide the necessary documentation of their income face significant barriers when attempting to secure financing

Regulatory constraints

It may take years to get a project approved, and as many as forty agencies at the federal, state, and local levels (including those dealing with the environment, fire, revenue, water, and the like) must sign off on it first. Many would-be business owners are put off by the extra effort and money

involved. Moreover, the problem is made worse by the absence of clear and open regulation. In metropolitan areas, for instance, building bye rules, floor space index standards, and licensing and development plans can have overlapping regulations and a lack of clarity.



Fig1 :slum in india, Source: internet



Fig1:Solution to slum problem in India Source: Pmay urban

4 Public and Private partnership in affordable housing

The term "public-private partnership" (abbreviated "PPP") refers to an arrangement in which the public and private sectors work together to provide a service, and the public sector's goals for providing that service are coordinated with the private sector's goals for making a profit. (OECD 2012) To get around restrictions on public borrowing, finance, or technical competence, as well as to increase the effectiveness of delivery and project management, these mechanisms are utilised instead of the more conventional forms of procurement. (Savas, Emanuel S., and Emanuel S. Savas (2020))

In India, the term "affordable housing" mostly refers to the country's larger cities. Housing in rural areas is the responsibility of the Ministry of Rural Development, whereas urban housing and human settlements fall under the authority of the Ministry of Housing and Urban Poverty Alleviation. The latter department has been the driving force behind AH's development as a policy and idea. In India,

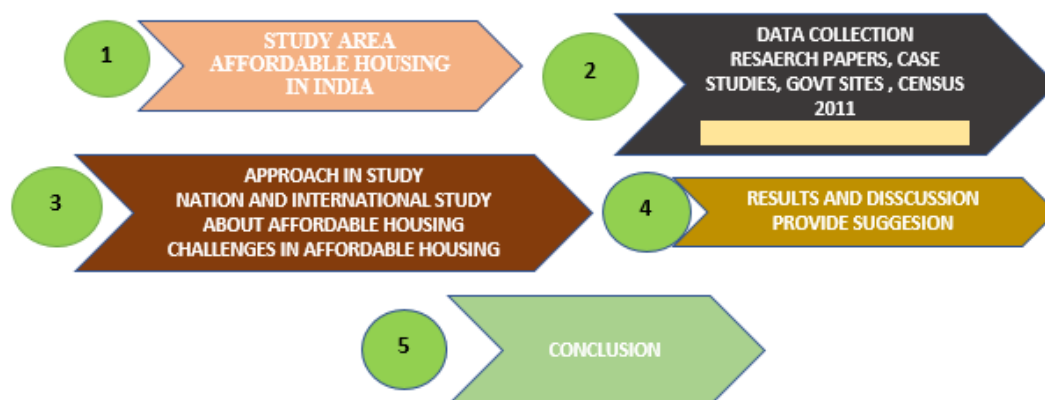
the "National Urban Housing & Habitat Policy (NUHHP2007)", "the Jawaharlal Nehru National Urban Renewal Mission (JNNURM-2005)", "the Basic Services for the Urban Poor (BSUP)", "the Integrated Housing & Slum Development Programme (IHSDP)", and "the Rajiv awas Yojana" all contribute to the policy framework for affordable housing.

Objectives such as urban (town) planning, availability of land, specific provisions for women, management information systems, public private partnerships, and so on are all listed in the NUHHP 2007 document (MoHUPA, 2007). The goals of AH are to speed up the building of homes and other related infrastructure, to build enough homes for rent and sale at affordable prices by utilising investment or interest subsidies, and to use technology to modernise the housing market in order to increase efficiency, productivity, quality, green building, and disaster resilience. (MoHUPA (2007) For a long time, public agencies were responsible for providing low- and middle-income

people with decent places to live. Only recently has the private sector begun to compete with governments in this area. There were many driving forces behind this change. As the luxury housing market slowed in 2008-2009, builders looked for new revenue streams in the more inexpensive housing market. This enthusiasm has been stoked by a number of factors, including the economies of

scale and first mover advantages that come with such projects, the accessibility of facilitating and funding agencies like the National Housing Bank, international developmental organisations, international NGOs, microfinance institutions, and private equity players, and the lower cost of land and improved infrastructure in the suburbs. (*JNNURM, MoHUPA 2009*)

5 Methodology



6 Results and discussion

- Conventional means of building homes will not be able to meet the PMAY's "Housing for All" goal. This audacious goal necessitates the use of novel technical approaches. Many technologies entered the scene during the previous decade, and some of them continue to be groundbreaking.
- Affordable Housing Policy: The government can develop an affordable housing policy that provides tax incentives to developers who build affordable housing.
- Public-Private Partnerships (PPP): The government and private developers can collaborate to provide low-affordable homes. This model has been successful in several cities in India, including Mumbai and Pune.
- Microfinance: Microfinance institutions can provide low-income families with access to affordable financing to purchase a house
- Innovative Building Materials: The use of innovative building materials can reduce the cost of construction and make housing more affordable.

7 Conclusion

The evolution is concluded by summarising the key issues that are important for affordable housing goal (Housing for all). Many technological options exist for economically viable home construction. A nationwide implementation of a single technology is difficult to advocate for. So, Considerations including location, climate, local regulations,

locally accessible assets, tenant preferences, cultural challenges, time, cost, and sustainability must be factored in when choosing the most appropriate technology. moreover, the significance of public-private partnerships cannot be overstated. The gap between public and private sector knowledge, PPP procurement procedures need to be set up in a certain way. To prevent PPP in housing from becoming too profit-driven, private sector engagement must be governed by legal processes. If the private sector had access to guarantees and security measures, it would be more likely to invest in housing. The escalating cost of housing, as well as rising rents, would be easier to manage if this were implemented.

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