

A REVIEW OF THE NEED OF LOW COST AFFORDABLE HOUSING IN INDIA

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Abstract- *Being a highly heavily populated nation, India suffers from over social population. Total Population of India in year 2018 is predictable to be 1.35 billion. In Next 10 years, India will become most populated country in the world leaving behind China. This paper aims to provide the framework of the housing challenge in India and discuss the facilitating tactics and operational strategies which need to be put in place to achieve the 'housing for all' vision. In this paper, we have reviewed the various provisions of affordable housing in India, and suggested the steps to minimize the issues through affordable housing projects. Prevention of slums and ensuring homes for all is one of the serious challenges to India and we have to address these issues on a priority to transform our nation.*

Keywords- *Low Income Group, Major Income Group, Economical Weaker Section, RAY, PMAY, CLSS*

I. NEED OF LOW COST HOUSING IN INDIA

Housing is a demanding problem across the world, especially in emerging countries like India. Apart from being one of the three basic necessities of life, adequate housing helps to prevent diseases, injury and death, provides security, and increases household and national income. It has become a topmost priority of the government and the society at large to address this issue. This is particularly severe in cities because, by 2025, more than 50% of the population is expected to reside in urban settlements in search of stability and income. This would lead to a shortage of 25 Million housing units—99% of it being in the Economically Weaker Section and the Low Income Housing space. Through this study we intend to find viable solutions to address this growing problem of low cost urban housing in India.

1. Slum due to inadequacy

Most slum dwellers are limited to low-quality housing in precarious areas, often prone to flooding. Several slum-related factors contribute to the perpetuation of poverty, including poor health outcomes; an inability to access finance or leverage property assets; and lack of access to basic services. Poverty is about not having enough money to meet basic needs including food, clothing and shelter. However, poverty is more, much more than just not having enough money.

2. Slum developed due to urbanization

The cost of living in urban areas is very high. When this is collective with unplanned and unexpected growth as well as unemployment, there is the spread of unlawful resident settlements represented by slums and residents. The growth of slums and residents in urban areas is even further exacerbated by fast-paced industrialization, lack of developed land for housing, large influx of rural immigrants to the cities in search of better life, and the elevated prices of land beyond the reach of the urban poor.

3. Fundamental right under article -21

Article 21 of the Constitution of India, 1950 provides that, "No person shall be deprived of his life or personal liberty except according to procedure established by law." 'Life' in Article 21 of the Constitution is not just the physical act of living. It does not connote mere animal existence or continued labor through life. It has a much wider meaning which includes right to live with human dignity, right to livelihood, right to health, right to pollution free air, etc. Right to life is fundamental to our very existence without which we cannot live as human being and includes all those aspects of life, which go to make a man's life meaningful, complete, and worth living.

It is the only article in the Constitution that has received the widest possible interpretation. Under the canopy of Article 21 so many rights have found housing, progress and nutrition. Thus, the bare necessities, minimum and basic requirements that is essential and unavoidable for a person is the core concept of right to life.

2. STUDY OF SCHEME OF LOW COST HOUSING

In India different types of Low cost housing schemes are promoted by Central & State government. These schemes are catering the need of poor people and meeting the provisions of constituents of India, the details of schemes are given below:

Pradhan Mantri Awas Yojana (PMAY) ³

Pradhan Mantri Awas Yojana, a government initiative, following the goal of “Housing for all by 2022” while aiming to make the dream of owning a house for thousand a reality. Under the initiative, the Credit Linked Subsidy Scheme offers affordable home loans for Economically Weaker Section, Low Income Group and Middle Income Group 1 & 2 customers. The product aims to target EWS, LIG and MIG-1 and MIG-2 customers in the urban market. First time home buyers i.e. a household who does not own, at present, any pucca residential house in India and wishes to buy a dream home for his/ her stay may avail the benefit under this scheme.

The increased loan amount under the PMAY will suggestively reduce the monthly instalments. The central government instead of 6.5% subsidy on loans up to Rs. 6 Lakh, now providing 4% subsidy on loans up to Rs. 9 Lakh and 3% for home loans up to Rs. 12 Lakh. The loans under PMAY can be availed for a maximum tenure of 20 years.

Mukhya Mantri Awas Yojana (MMAY) ⁴

Mukhya Mantri GRUH Yojana where GRUH stands for “Gujarat Rural Urban Housing” is an affordable housing scheme especially designed for home seekers belonging to EWS and LIG category of the society. Mukhya Mantri GRUH Yojana was announced during 12th Five-year plan in consideration of growing need for affordable houses in urban areas. The main objective of the scheme is to rehabilitate slums in urban areas of the State by the year 2018. The government is committed to provide affordable housing to Economically Weaker Section and Lower Income Group across the state.

Rajiv Awas Yojana (RAY) ⁶

Rajiv Awas Yojana predicts a “Slum Free India” with inclusive and equitable cities in which every citizen has access to basic civic and social services and decent shelter. In pursuance of this vision of “Slum free India”, Rajiv Awas Yojana was launched in June 2011 in two phases; the preparatory phase for a period of two years which ended in June 2013 and implementation phase. Central Government has approved the implementation phase for the period of 2013-2022. RAY predicts a two-step implementation strategy i.e. preparation of Slum free City Plan of Action and preparation of projects for selected slums.

Credit Linked Subsidy Scheme (CLSS) for EWS/LIG

Beneficiaries of Economically Weaker section (EWS) and Low Income Group (LIG) seeking housing loans from Banks, Housing Finance Companies and other such institutions would be eligible for an interest subsidy at the rate of 6.5% for tenure of 20 years or during tenure of loan whichever is lower.

The credit linked subsidy will be available only for loan amounts up to Rs 6 lakhs and additional loans beyond Rs. 6 lakhs, if any, will be at nonsubsidized rate. Credit linked subsidy would be available for housing loans availed for new construction and addition of rooms, kitchen, toilet etc. to existing dwellings as incremental housing. The carpet area of houses being constructed under this component of the mission should be up to 30 square metres and 60 square metres for EWS and LIG, respectively in order to avail of this credit linked subsidy. The beneficiary, at his/her discretion, can build a house of larger area but interest subvention would be limited to first Rs. 6 lakh only..

Credit Linked Subsidy Scheme for MIG

The newly launched CLSS for MIG covers two income sectors in the MIG viz. Rs.6,00,001 to Rs.12,00,000 (MIG-I) and Rs.12,00,001 to Rs.18,00,000 (MIG-II) per annum. In the MIG-I, an interest subsidy of 4% has been provided for loan amounts up to Rs.9 lakh while in MIG-II, an interest endowment of 3% has been provided for loan amount of Rs.12 lakh. The interest subsidy will be calculated at 9% NPV over maximum loan tenure of 20 years or the actual tenure, whichever is lesser. Housing loans above Rs. 9 lakh and Rs. 12 lakh will be at non-subsidized rates. Credit Linked Subsidy Scheme for MIG will support construction of house of 90 sq. mt. and 110 sq. mt. carpet areas as per income admissibility.

II. SLUM AND ITS IMPACT ON SOCIETY

1. Industry state wise: It has been observed that industrial state is having higher level of slum in their metro cities. This is mainly due to the migration of labor from rural to urban areas in search of employment. Slum has no direct impact on industrial development but in absence of proper industrial policies, slum proliferates in urban areas of industrial cities.

2. Crime Rate: Crime is associated with harmful externalities because of the loss of property and physical death. Crime is based on crime discrimination and is divided into: any crime, property i.e. theft, fraud, and violent crime i.e. rape, robbery, homicide. While this does not capture perceived safety, this indicator would allow us to explore whether slum inhabitants are more likely to be fatalities of crime.

3. City Beauty affected: Due to slum in center and its outer periphery of city the beauty also affected and market value of property and land will be also affected or decrease.

4. New Investment Reduce: Due to the higher level of slum, real estate developers are reluctant to make further investment in new projects. Because of the same city development hampers and economic opportunities also reduced.

5. Transportation system: based on the experience it has been found that in cities like Mumbai and Ahmedabad, projects like metro rail are being affected in terms of completion project in time. In case of Mumbai the metro network passed through major slums located in the city. Due to the issues of human rights and suitable instruments for slum rehabilitation, government fails to complete project in schedule time, resulted in to cost overrun.

6. Land Acquisition: Illegal land encroachment by the people in the form of slum formation and creating legal issues in the context of human rights.

3. SLUM PERCENTAGES (STATISTICS IN URBAN AREA)

Table: 1 State wise Slum percentage

Sr. No	States	Slum Population based on census 2011(%)
1	Maharashtra	18.1
2	Andhra Pradesh	15.6
3	West Bengal	9.8
4	Uttar Pradesh	9.5
5	Tamil Nadu	8.9
6	Madhya Pradesh	8.7
7	Karnataka	5.0
8	Rajasthan, Chhattisgarh, Delhi, Gujarat, Haryana, Odisha, Punjab, Bihar and Jammu & Kashmir	1.0 -5.0
9	Union Territories	1.0 -5.0
10	Uttarakhand, Jharkhand, Kerala, Assam, Pondicherry, Tripura, Chandigarh, Nagaland, Mizoram, Himachal Pradesh and Meghalaya	0.1-0.7

Source: Censusindia.gov.in

Based on slum population census 2011 the major slum percentages are in two states, such as Maharashtra (18.1%) and Andhra Pradesh (15.6%). Due to higher level of slums in these states, the progress of the states has been affected due to the various uncertainties. The slum of Maharashtra mainly dominated by labors working in industries located in suburban areas; whereas slum of Andhra Pradesh mainly comprises of people engaged in fisheries and coastal business activities. However slum of west Bengal mainly dominated by migrant people from Bangladesh and states of North-East.

Based on the research it has been found that slum has a greater impact on the city, its economics and development. It has been found that due to the slum, urban local bodies have to incur higher expenses for meeting the health criteria; also it has been reported that cities having higher level of slum have higher crime rates, gender issues, lower appreciation of land and no new industrial investment.

III. ISSUES AND BARRIERS IN PROVISION OF AFFORDABLE HOUSING

Developing reasonable housing in Indian cities aspects significant challenges due to frequent economic, governing and urban issues.

1. Unexpected price of land for affordable housing projects.
2. Shortage of suitability of urban land.
3. Lack of merchantable land parcels.
4. Lack of clarity in building rules and strategies.
5. Titling Issues and lack of information.
6. Expanding threshold costs of construction.
7. Limited access to home finance for low-income groups.
8. Monitoring limitations.
9. Long-term endorsement and land use conversion process.
10. Excessive control on growth of land creates artificial shortage.
11. Rising threshold cost of construction.

Policy level barriers – in providing affordable housing

1. Profit seeking private industry players finds it more lucrative to operate in the higher end of the market than the middle or lower end of the market.
2. Few constitutional necessities making it compulsory for private players to by force provide affordable housing.
3. Insufficient or no incentives to make it attractive for private players to enter this segment.

Financial level barriers – In Providing Affordable Housing

1. Obstacles to entry for informal sector
2. High cost of capital
3. Leveraging capital by developers
4. Inability of commercial banks loan to the low income sector
5. Too expensive EMIs

Technical barriers – in providing affordable housing

1. High land cost.
2. Inadequate availability of land.
3. Land litigation.
4. Uncooperative town planning norms viz. zoning, Floor Area Ratio/Floor Space Index, density, height restrictions, etc.
5. Materials and technology for keeping costs to a minimum.
6. Infrastructure issues.

IV. WHAT ARE THE DRAWBACKS OF THE EXISTING SCHEME?

1. Credit linked limit up to 6 lakhs loan amount not for all.
2. Subsidy given on principal amount will be bounced back to government's account if construction is stopped.
3. Carpet area limitation- 60 Sq.mt. only people fall under LIG.
4. Projects are in remote areas and social infrastructure in most of these areas may be non-existent.
5. It may look good on paper, but to get a buyer for an affordable house in a inaccessible location might be difficult.
6. Rentals returns will be minor as the projects are far away and the amenities are minimum

RECOMMENDATION

Based on the prevailing policies in practice, slum development in urban areas, meeting the criteria's of housing for all by 2020 and UN guidelines we are of the opinion to initiates following steps:

1. we need in India is a hands-on approach in which all the sponsors, i.e., the central, state and local governments as well as the people who live in the slums are a part of the entire exercise to decrease or eliminate the slums.
2. In order to increase the effective implementation of housing for all scheme the urban and local body or government can use unique identity card are issued to most of citizen of India.
3. In the government sector Aadhar card is compulsory for further process of application.
4. Aadhar card is link of unique key in terms of RDBMS of computer system.
5. Building a database of all the existing slums and people living in them.
6. Official warning or appreciation of the slum distributes the slum population with an identity.
7. Relating private sector and using land as a source for housing and housing development for slum dwellers.

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