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HOUSING SITUATION AND HOUSING AFFORDABILITY IN INDIA

AR. GARIMA SINGH, AR. PREETI CHAUHAN, AR. SALIL DOGRA

ABSTRACT

This paper talks about that India's Housing should not be restricted to merely creating the housing stock to tackle the shortage. Instead, an affordable housing strategy must be done by an understanding of the multiple factors for housing poverty, including the factors that are liable for the proliferation of slums. In this paper we will be talking about the affordability will vary from city to city and for different categories of households within each income group and Adequate Affordable Housing needs to be defined at the local level. The approach offered in this paper understands an effective housing scheme as a means to correct market distortions and provide the housing strategy according to the affordability of different group rather than just providing the housing stock which is not affordable.

1. BACKGROUND & INTRODUCTION

India's urban population has fully grown quickly over the last century from 25 million in 1901 to 377 million in 2011 that represent 31.2 % of the full population within the country. However, the urban areas have didn't meet the strain of this increasing population pressure resulting in massive gaps in provisioning of basic amenities of housing, sewerage, transportation etc. Deprivation of such services has resulted in formation of slums with conditions unfit for human habitation. Most of the urban poor area unit concerned in informal sector activities wherever there is a continued threat of eviction, removal, confiscation of product and nearly non-existent social insurance cover. At present, 17.7% of population(urban) comprising sixty-five million individuals lives in slums as per Census 2011. The pace of urbanisation is perhaps about to accelerate over time and it's calculable that by 2030, another 250 million individuals would be more to the Indian cities. If not handled suitably, this could turn out to creation of additional slums and rise in urban poor. The report of 'Expert group to review the methodology for measuring of Poverty' lead by C. Rangarajan has place the number of urban poor at 102.5 million in 2011-12, extant on daily consumption expenditure of Rs.47 or less. However, it's argued by many that instead of measurement urban poverty simply in terms of consumption expenditure, it should be outlined in terms of access/non-access to basic amenities.

India could be a part of world trend that's advancing towards an increasing urbanization, according to that more than half the world's population lives in towns and cities. according to Census 2011, India contains a total population of 1.21 billion out of that 31.1 % live in urban areas. Therefore, the pressing need of the national policy makers, at present, is authentic information 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 within the housing, costs of building materials etc. about concerning the size of shortage is crucial in order that the interventions could also be scaled up accordingly.

2. UNDERSTANDING OF HOUSING SHORTAGE IN INDIA

According to 2012 report of the technical group on Urban Housing Shortage for the twelfth plan (TG-12)—setup by the Ministry of Housing and urban poverty Alleviation to estimate the urban housing shortage within the country for 2012-2017—pegged the complete range of households while not “decent” housing in cities at 18.78 million. This number reflects AN aggregate of those who sleep in non-liveable, temporary, overcrowded and dilapidated homes: those people who live in unacceptable conditions additionally as those who are homeless. This, therefore, reflects the “housing poverty” in urban India.

TABLE-1HOUSEHOLDS IN URBAN INDIA WITHOUT DECENT HOUSING (2012)

Category of Households	Number (in million)
Households living in non-serviceable kutcha houses	0.99
Households living in Obsolescent Houses	2.27
Households living in congested houses requiring new houses	14.99
Households in homeless condition	0.53
Total	18.78

(Source: Technical Group on Urban Housing Shortage for the 12th Plan(TG-12))

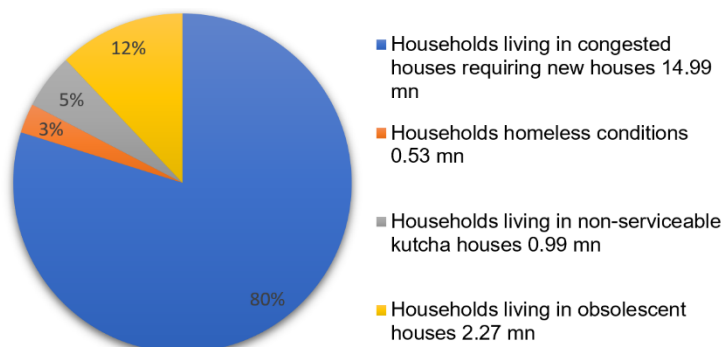
As estimated by Technical Group on Urban Housing Shortage (TG-12) (2012-17) constituted by NBO and M/o Housing & Urban Poverty Alleviation, 28.4percent about nineteen million(18.78million) households grapple with housing shortage in Urban India (2012).The estimate is predicated on Census & NSS 65th Round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

The obsolescence factor: As per Census 2011, 0.99million houses those that are non-serviceable units is taken out of the housing stock. All houses that are in dangerous conditions excluding the houses that are of less than forty years aged (1.39% NSS 65th round results) and all houses aged over eighty years (1.43% NSS 65th Round results) represent the obsolescence factor of 2.27 million. As estimated, 3.26 million houses come out be obsolescence factor as on 1.3.2012.

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

Homeless People: As per Census 2001 data of 0.8 million homeless people has been assumed to remain same during 2001-11. Considering that half of the homeless are have average household size of 3 and rest half are single migrants, Technical Group calculated total houses required for homeless are 0.53 million (0.4million for single migrants and 0.13 for rest with average House Hold size of 3).

FIGURE-1 URBAN HOUSING SHORTAGE 2012

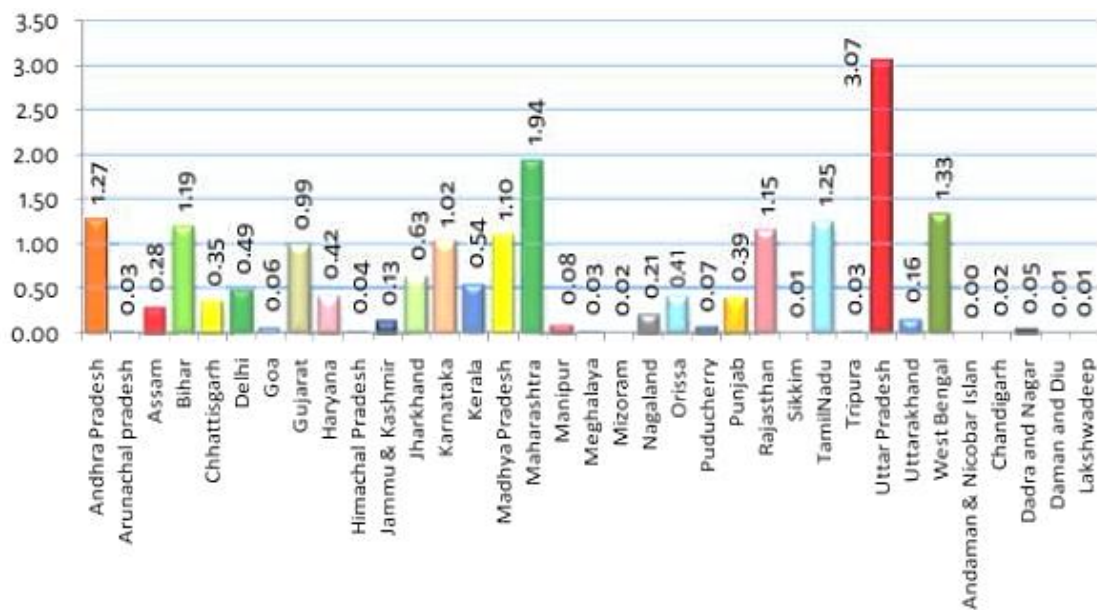


(Source: Technical Group on Urban Housing Shortage for the 12th Plan (TG-12))

2.1 Distribution of Housing shortage across major States

Majorly the housing shortage is significant in lower income group for 2012. TG-12 distributed the housing shortage on the basis of State wise contribution to the total number, on the basis of total number of households below poverty line in urban areas & households which are kutcha houses in urban areas.

FIGURE-2 DISTRIBUTION OF HOUSING SHORTAGE ACROSS MAJOR STATES (MILLION)



(Source: Technical Group on Urban Housing Shortage for the 12th Plan (TG-12))

2.2 DISTRIBUTION OF HOUSING SHORTAGE ACROSS ECONOMIC CATEGORIES

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

TABLE-2 DISTRIBUTION OF HOUSING SHORTAGE ACROSS ECONOMIC CATEGORIES

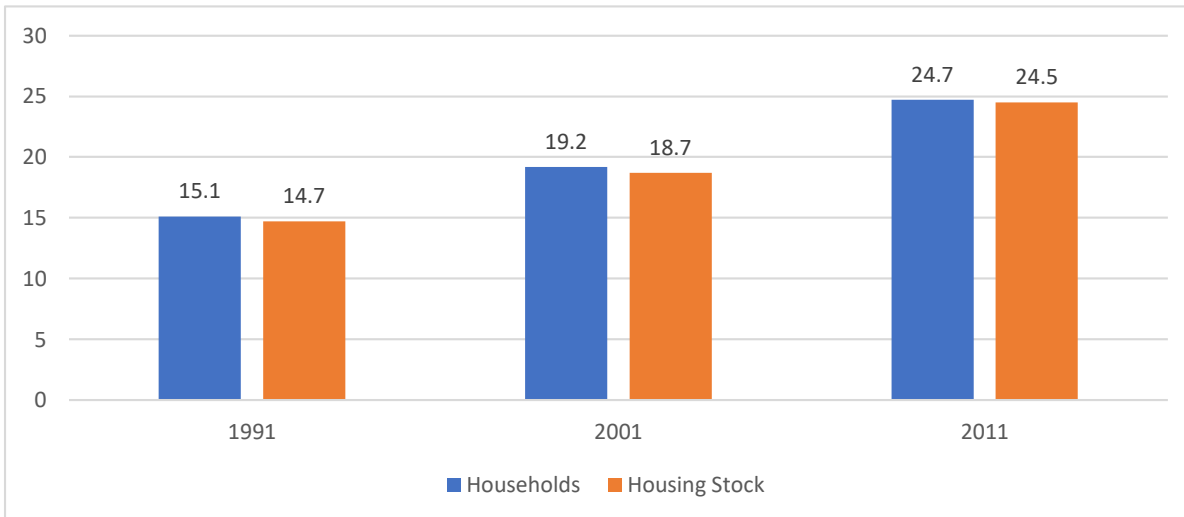
Category	Distribution of Housing Shortage among different Economic categories as on 2012	
	No. (in Millions)	In Percentage
EWS	10.55	56.18
LIG	7.41	39.44
MIG and above	0.82	4.38
Total	18.78	100.00

(Source: Technical Group on Urban Housing Shortage for the 12th Plan (TG-12))

2.3 GAP IN HOUSING STOCK AS PER CENSUS 2011

Eight crore Census houses are added. Figures of houseless population and infirm structures would even be needed for making correct estimation of housing shortage, additional therefore visible of increasing number of vacant houses owned by those who already own/rent a house.

FIGURE 3 GAP IN HOUSING STOCK

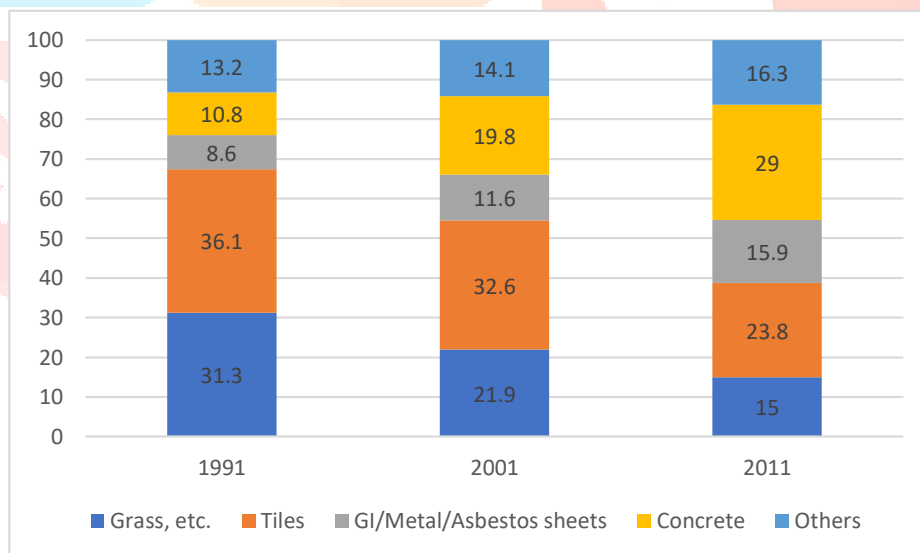


Source: Census

2.4 QUALITY OF HOUSING

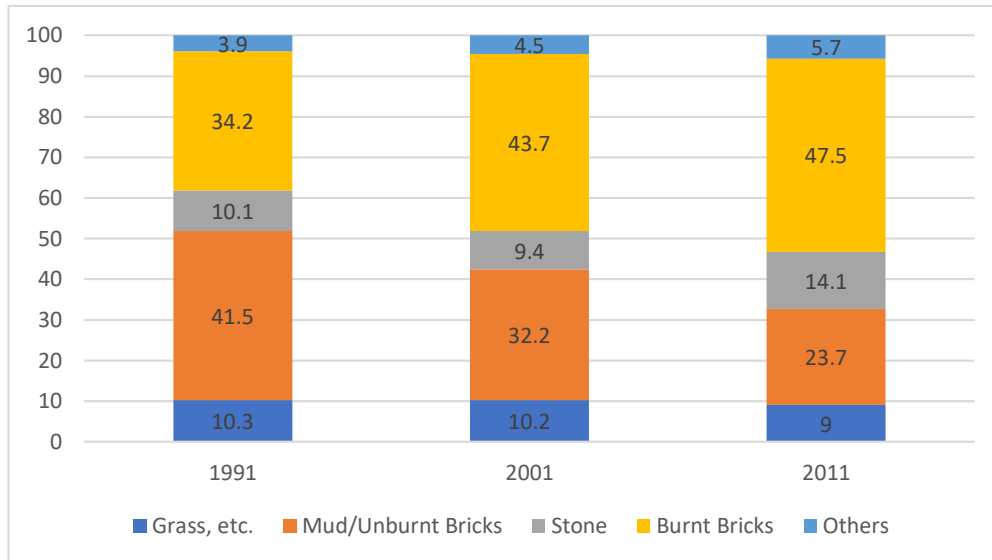
As per Census 2011, a significant improvement in the quality of housing has been observed with increased proportion of population moving away from kutcha materials like thatch, mud, bamboo, grass, etc for both walls and roof and also observed there is a decline in mud as material of floor.

FIGURE-4 MATERIAL OF ROOF (PROPORTION OF HHS(%))



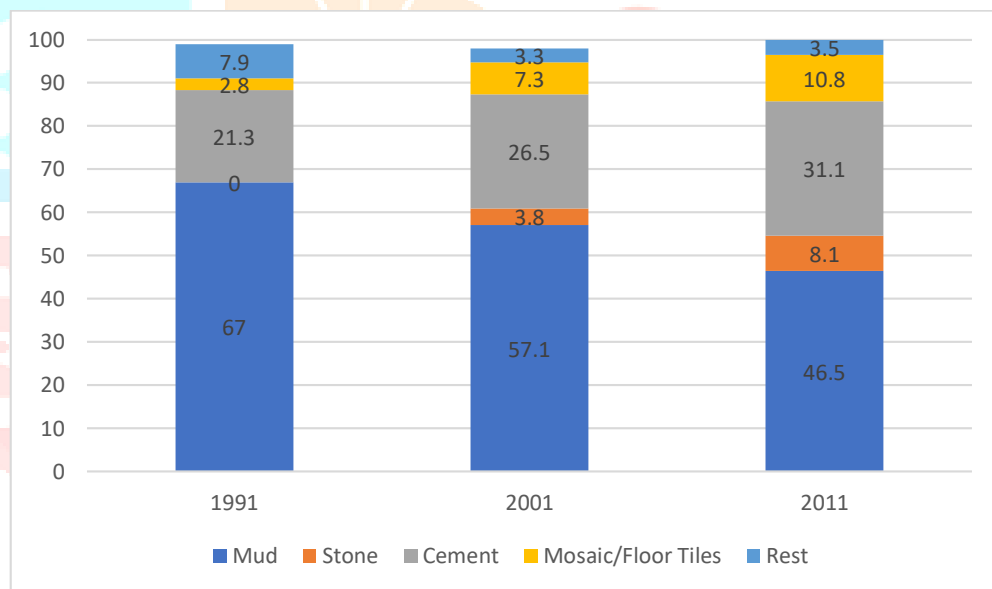
Source: Census

FIGURE-5 MATERIAL OF WALLS (PROPORTION OF HHS(%))



Source: Census

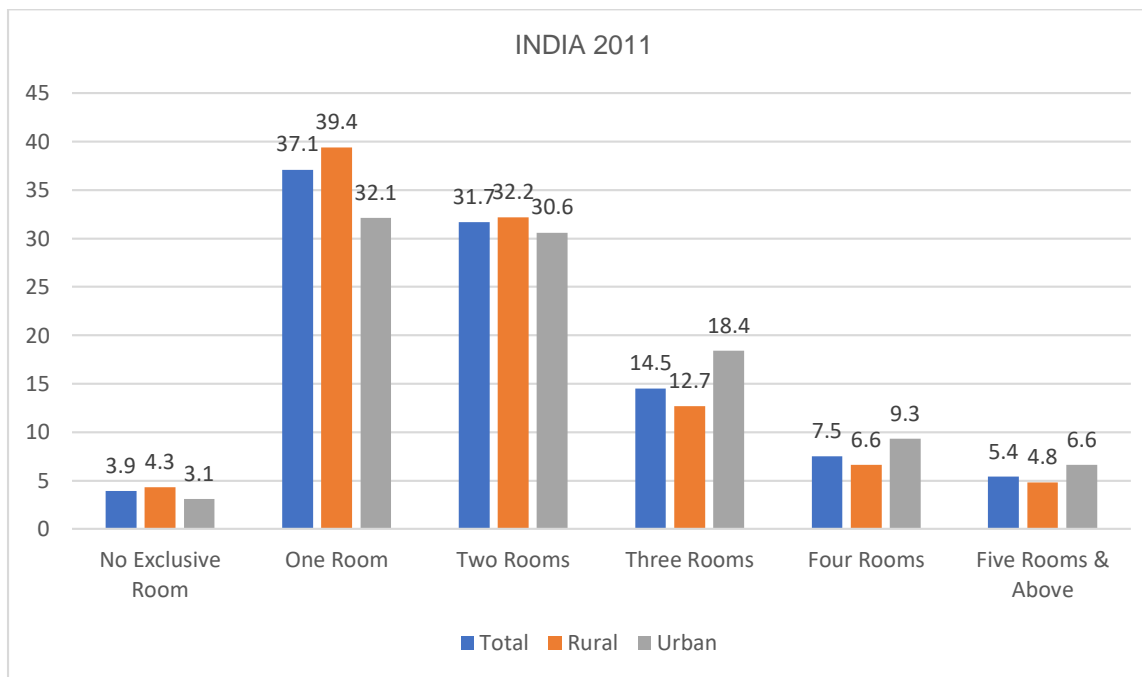
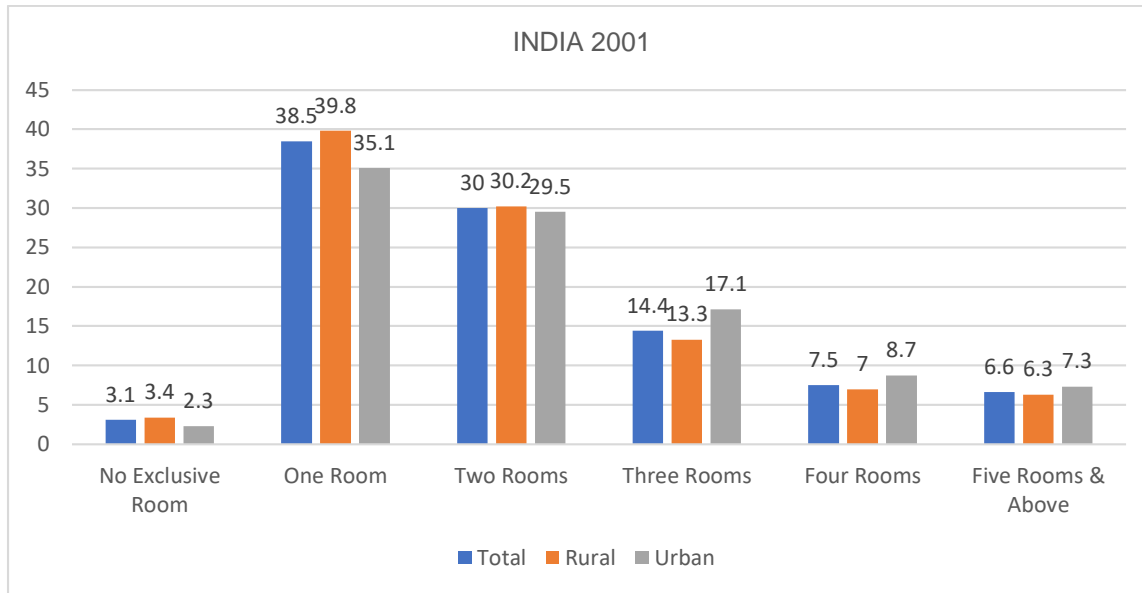
FIGURE-6 MATERIAL OF FLOOR (PROPORTION OF HHS(%))



Source: Census

Not only the type of material used for construction, qualitative improvements have also been observed with decline in proportion of households having no exclusive room or 1 room. With increase in proportion of households having 2 & 3 rooms along with decrease in proportion of households with 3 or more married couples.

FIGURE 7 PROPORTION OF ROOMS IN HOUSEHOLDS



Source: Census

3. CONCEPT OF AFFORDABILITY

Affordability is generally viewed as a ratio of price/rent of house to the total income of household. This ratio differs for different income groups, Lower income groups can afford to pay much less proportion of their income for house than that of higher income groups. As per Deepak Parekh Committee report defines the affordability ratio for different income groups as follows: -

TABLE-3 AFFORDABILITY RATIO OF DIFFERENT INCOME GROUPS

Income Groups	Size	EMI/Rent Income Ratio	Cost of Housing to Income Ratio
EWS - LIG	300-600 sq.ft	> 30% of household's gross monthly income	> 4 times households gross annual income
MIG	> 1200 sq.ft	> 40% of household's gross monthly income	> 5 times households gross annual income

Source: Deepak Parekh Committee Report

We would like to separate the EWS and LIG since in most of state and Institutional programs these are taken as separate group. whereas keeping the affordability ratio for LIG and MIG as given by the Parekh Committee, the ratio for EWS is lowered to three times of household's gross annual categories and less than twenty per cent for EMI/rent.

BPL is another class of urban poor that is additionally (or need to be) a part of government's inclusive policy for providing affordable Housing. This class isn't a part of EWS and needs to be considered individually. The affordability level of this class would be no more than five per cent of the total household income. The income categories and affordability levels so will be outlined as follows:

TABLE-4 AFFORDABILITY LEVELS AND INCOME CATEGORIES

Income Category (in Rs.)	Affordability to Pay EMI/Rent (% of income)	Affordability to Pay cost of house (multiple of annual income)
BPL <=2690	5	2
EWS 539 - 3300	20	3
LIG 3301 - 7300	30	4
MIG 7301 - 14500	40	5

Source: Deepak Parekh Committee Report

Taking the income classification of various income groups as defined by the Government of India, the affordability levels of various groups would be as follows;

TABLE 5 INCOME CLASSIFICATIONS AND CAPACITY TO AFFORD EMI/RENT/MONTH

Income Group (in Rs.)	Affordable EMI/Rent per month (in Rs.)	Affordable cost of the house (in Rs.)
BPL <= 2690	<= 134	,<=64500
EWS 2691 - 3300	538 - 660	96876--118800
LIG 3301 - 7300	990 - 2190	158448--350400
MIG 7301 - 14500	2920 - 5800	438000--870000

Source: Deepak Parekh Committee Report

It is obvious that not all the households in every category would be concentrating at the upper end of the spectrum. Affordability levels of most of the urban poor would be much less than what's being communicated by the figures in Table. It is also quite evident, that at these current prices they cannot fetch much of a house in most urban areas. It is important to define the lower limits for every income category also in order to plan for provisioning of all lowest of income group in each category.

Affordability is to be defined not only in terms of price of the house (in case of ownership housing) or rent but must also include other charges/fees like search cost, registration charge etc. payable at the time of renting/purchasing of the house as also recurring cost over the lifetime of stay within the house. These would include maintenance cost, taxes, utility cost. One can also include cost of commuting to work place or other places of various members of family.

3.1 AFFORDABLE VS. ADEQUATE HOUSING

Given the restrictions on ATP (Affordability to Pay) of varied (and particularly the lowest) income groups, housing choices for these are determined in terms of whatever is 'available' within these limits. Housing defined as being a whole package of multiple characteristics including location, tenure, size, infrastructure etc. – compromise is made primarily on locations and size. Affordability is an issue, particularly for the lower financial gain cluster is closely linked with location of housing. Most of the lower income group work in the informal sector. Most acceptable locations for these are close to their work places. Since, most of them get paid in keeping with work done, time consumed in travelling from places faraway from (potential) work places would mean fewer hours of labour, lower income and lower ATP. The increased value of travelling from faraway work places would have an additional negative impact on affordability to buy housing. Besides, the target of providing affordable Housing for all is not solely to produce housing inside their affordability limits however to produce a superior package of housing than what they have at the moment. The trade-off between location and tenure/infrastructure won't always be a preferred choice for the lower income group.

Similarly, provision of small sized (one room) units with minimal space to suit within the affordability limits of the lower income groups should be reappraised. At present, the diction of housing problem in various Government documents is not solely in terms of dilapidated housing conditions however additionally sizable number of households living in congested (one room units) conditions. planning for provisioning of one-room units isn't solving the problem of housing. it's going to even be noted that housing may be a durable product and once built will represent next 30-40 years. By providing for small sized high-density units, one would be replacement one forms of slum with different form of slums.

The affordability limits in terms of income prices ratio are defined for the country as a whole. Also, the size of housing which is within this affordability limit. It is quite evident that such can't be the case for all urban areas within the country. Thus, there may be only a few households in Mumbai with incomes below the EWS limit but still find it impossible to afford even one sq.ft. of land within the city. In some small cities, income levels of the poor could also be at the lower end of EWS income limits and despite low prices of housing, the problem of unaffordability will remain same. There will be not only interstate but also intra state differences in affordability levels of various income groups. Housing is a location specific issue. The income limits, the affordability levels of the EWS, LIG and MIG got to be defined at the local level. Formulating policies based on such generalized affordability norms might not create desired results.

Another important issue which requires to be considered whether definition of Adequate Housing would be an equivalent for various sorts of households. It must be recognized that house differ not only according to income but also according to household size, profession, composition of household, level of skills, stability or otherwise of job etc. Thus, the housing requirement and preferences would vary accordingly. The definition of Adequate Housing for every household can't be a similar. Thus, housing requirement (in terms of location, size, tenure etc) of single female/male, new migrants will be quite different from other households. To plan for providing dwelling units of a specific size within affordability limits (defined in reference to income) for all may not be a good policy. It may also be noted that willingness to pay will be higher for 'a glove that fits' rather than a misfit. One is to avoid defining Adequate Housing in general terms of 'a' sq.ft. of area for different income groups.

Definition of Adequate Affordable Housing will vary from place to place and for different categories of households within each income group. This needs to be outlined(defined) at the local level.

3.2 REASON FOR UNAFFORDABLE HOUSING

The market does respond to purchasing power of various income groups and provides some reasonably shelter to all. the sole disadvantage is that this housing is far from 'adequate'. the level of inadequacy is highest just in case of the poor and is deficient in almost all characteristics of housing. the explanation for high (unaffordable) price of housing within the market lies in: -

- (i) high land costs,
- (ii) cost of construction
- (iii) transaction cost
- (iv) taxes & legal charges, and
- (v) profit margins of private operators.

3.3 HOUSING PRICES

This table shows that price of housing varies from city to city and affordability limits defined by government of income cannot be defined for the country as a whole. There is a drastic difference between the housing prices in one tier, two tier and three tier cities.

TABLE-6 HOUSING PRICES

CITY	Buy Rates	Rental Rates
	Price range (Rs. Per sq.ft.)	1 Bedroom
Mumbai	Rs. 5,440 - 16,545/sq.ft.	Rs. 6,962 - 7,956
Delhi	Rs. 6,235 - 18,828/sq.ft.	Rs. 5,738 - 8,502
Bengaluru	Rs. 5,634 - 25,170 / sq.ft.	Rs 6,871-8,217
Indore	Rs. 1,725 - 2,800 / sq.ft.	Rs 3,245-6,485

Source: Author

4. INDIA'S URBAN HOUSING PROBLEM, POLICIES AND PROGRAMS

In the past 70 years (1950 onwards) Government of India has adopted a plethora of policies and programs to solve burgeoning of housing problem in the country. The cumulative impact of these policies has been quite limited and will continue to worsening of housing situation especially for the poor. Percentage of urban population living in slums had increased from 17% in 1981 to 27.8% in 2001. As per 2001 Census, population living in slums was 61 million. Percentage of households having no exclusive room or single room increased from 0.04 in 1991 to 2.3 per cent in 2001. The TG (Technical Group) constituted for assessment of housing shortage at the end of 10th Five Year Plan (2007) estimated the entire urban housing shortage within the country to be 24.7 million dwelling units. Approximately 98% to 99% of this shortage pertains within EWS-LIG group.

As per census 2001, In terms of 'quality' of structure defined as permanent housing, 79% of housing stock was permanent. A mere 5.3% was temporary and within that even a smaller portion 2% was unserviceable temporary. The situation was more critical in terms of huge sized families living in small house. Only 12% of households were 1-2 members but 37% lived in one or less room. 48% of married couples didn't have independent room. 68% of the total lived in 2 rooms or less rooms including a significant percentage of large sized families. Comparing the all households living in permanent/semi-permanent/temporary housing with the number of housings in each category, the excess number of households over number of housing units in three categories are 3 million, 1 million and 0.8 million respectively. Thus, a large portion of households living in permanent housing shares accommodation with other households. Congestion factor was noticed higher in permanent housing than in non-permanent. This is often understandable since an outsized number of non-pucca houses would be too small in size to accommodate over one household.

The problem however is not only limited to number of liveable housing units equalling or exceeding number of households. Unless the supply of housing responds to requirement in different segments, we might have surpluses in some segments and lack in others. This is evidenced by high vacancy rate at 9% in urban housing.

A clear understanding of the nature of housing problem is an important pre-requisite for formulating appropriate policies. Even though the 'need' for housing is the highest at the lower end, it's to not say that require for housing for MIGs/HIGs has been exhausted. Thus, housing policies have to be directed towards meeting requirements of all sections of population.

The Government of India has adopted a dual policy for providing affordable Housing for all. The financial incentives and housing sector reforms mainly targeted the middle- and upper-income groups who are provided housing through the market processes. Special housing programs had been devised for the poor both at the Central and state level. In fact, there has been an excellent success of such programs. in the starting of the planning period, social housing schemes were designed for EWS-LIG-MIG.

But later programs however have been directed towards the poorly solely. These included Integrated subsidized Housing scheme for economically weaker sections and Industrial workers (1952); Slum Clearance/Improvement scheme (initiated in 1956 and discontinued in 1972 at national level); Low group cluster Housing scheme (1956). Environmental Improvement of Urban Slums (1972); National slum development Program (1996), scheme for Housing and Shelter Upgradation (SHASHU as a part of Nehru Rozgar Yojana, introduced in 1989 and discontinued in 1997); the Shelter Upgradation scheme under PMIUPEP (Prime Minister's Urban life span and Employment Program had even a shorter lifetime 1996-97); Night shelter (1988-89). 2 million Housing Programs in VAMBAY (Valmiki Ambedkar Awas Yojana (launched in 2001-02) and therefore the JNNURM (Jawaharlal Nehru National reclamation Mission). in addition to that various ministry have had their own programs targeted towards their constituencies. Ministry of Textile launched work shed-cum-housing scheme for artisans and loom weavers. Ministry of Labour launched housing scheme for workers engaged in 'beedi' industry, for HAMALS (persons engaged in carrying head load at public places like bus terminals, railway stations, market places etc.) and for Mathadi workers. Ministry of agriculture has additionally promoted the fisher housing scheme.

Apart from the centrally sponsored programs, state governments had their own state-level programs. many of the above programs have been launched with much fanfare because the final answer to the housing issues of the poor and replaced by different programs sometimes coinciding with the installing of various political set up. The low success rate could be also one more reason. the reasons for the low success rate have rarely been critically and rigorously explored. the same issues would be thus faced by several of the following programs would the same suffer from the same issues and can need to be jettisoned. Offhand one could surmise 2 major reasons for their limited success; One, the programs were generally totally funded by Government of India initially and after shifted to state government and local bodies. Lack of funding forced the states to discontinue these programs. Inefficient implementation because of absence of requisite skills/capacities at the local level could be another reason.

The short span of most of these programmes has acted as a significant constraint to exploitation of full potential of these programmes. Their substitution by subsequent programs would also be quite costly. The institutional setup to operationalize the programs will have to be substituted by a unique mechanism devised for the new program. Further, hardly they had the administrators acquired the requisite skills for operationalising the program that they have to learn these new skills. it's thus important that any new policy/program is well thought of and carefully designed. The expertise from the old/previous programs ought to be a definite input while coming up with any new program. Same holds for housing policies.

5. CONCLUSION

Unaffordability of desired housing could be a problem faced by a large section of population. Unaffordability of housing of minimal acceptable norms could be a drawback faced by the poor. However, a housing policy that addresses the housing problem of the poor in isolation has much less probabilities of success than a policy that takes an integrated view of the housing problem of all sections of population. subsidy policy for housing must be viewed in this context.

Land has become the foremost expensive element of housing price in urban India. an appropriate land policy will have to be an important element of the housing policy. Second important element could be Tenure. Focus of discussion on housing policies must shift from preoccupation with ownership housing to alternative forms of tenure suitable for various income, professional and age groups. The role of non- housing policies and strategies also cannot be overlooked. These could include transport policy, regional planning etc. In this context it's necessary to take a re-look at Government's existing fiscal and financial policies, particularly those directed towards housing.

Various programs to make affordable housing obtainable to the poor, adopted by the Central and State governments are smart indicators of relative success and failures in achieving desired objectives. Incorporation of lessons learnt from these programs within the new programs would enhance the probabilities of success of the new programs.

The affordability limits in terms of income prices ratio are outlined for the country as an entire. Also, the size of housing which is within this affordability limit. Definition of Adequate affordable Housing can vary from place to place and for various categories of households among each income group. This needs to be outlined at the local level.

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