



FACTORS AFFECTING RISE IN AFFORDABLE HOUSING IN DELHI NCR

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Article DOI: <https://doi.org/10.36713/epra12463>

DOI No: 10.36713/epra12463

ABSTRACT

Within the attractive real Estate industry, affordable housing seems to be a dazzling prospect in India. Affordable accommodation is an important concern in India where most of the population is not able to purchase own houses due to the high market price. Affordable housing projects required differently modified policy as land is the chief limitation in the metro cities.

The prospective of affordable houses are high, by the very nature of its business model, which is attached with India's main part of population, which in middle class citizens. However simultaneously, there are some issues came across by private players in affordable housing projects such as taxes, land, government sanctions, financial scheme, etc. This study examines the key factors affecting rise in affordable houses in Delhi region. The study also tried to identify the major problems encountered by private builders and the buyers of low income people. This research study aimed to assess the impact of the government initiatives on and the purchasers and tries to summarize their perception and attitudes towards government policies to enhance the affordable housing sector.

KEYWORDS: *Affordable housing, Government initiatives*

INTRODUCTION

Because of speedy urbanisation there is gigantic gap made in demand and supply of affordable housing segment. After 73rd years of independence also there is 95 percent deficiency for affordable houses. There are also a lot of schemes and proposals by the government, but the construction of affordable houses are low because of strict laws and procedures of housing infrastructure. This study examines opportunities and barriers for the growth of affordable houses and also it proposes suitable strategies to be implementing. There is also necessity of modern construction technologies so the cost of creation will diminish and lower and middle class popularize will obtain their own home at affordable price.

With the Ministry of Housing being so dedicated on its purpose of achieving the housing necessities of every segments of the community, there has obviously been an extraordinary increase in the affordable housing sectors in urban cities of India. Such initiatives have been flourishing mainly because they are delivering the same class of standard of living and amenity that luxury schemes offer at a low cost. And, there are more reason than one that have caused this important transformation in the Indian housing sector.

Initiatives of Government have proposed that service tax wouldn't be charge on constructing affordable homes upto 60 sq.metre. Furthermore, real estate associations are creating meticulous attempts to endorse affordable housing in India. This private organization of real estate developers is targeting on instigating affordable houses on a large scales in metro cities.

There has been a considerable increase in populace in major cities in India. With more citizens moving to town area, the requirement for low cost houses in towns has also increased. With growing urbanization, India is also practicing a rising background of home possession, where public not only from the urban classes but also from the backward classes are aim to have their own dream house. Land Availability at affordable prices, easy land



accessibility, which too, at low cost, mainly in suburban regions further reinforces the advancement of affordable houses. It has been studied that the financial companies, different the commercial banks, are proactively financing the expansion actions in the E.W.S and L.I.G class.

It is true that financial development causes increase in profits but this has caused even quicker increase in reality cost leaving it too expensive for majority of people. The Indian government recognizes the significance of housing concern in India and had Introduced an enormous campaigns which assures to give housing to all every people by 2022. Reports of “Ministry of Housing and Urban Poverty Alleviation”, the dream would need expansion of about 11 crore homes with investments of over US\$2 trillion. It is projected that about one fourth of Indian households need sufficient housing facilities.

The idea of affordable houses appears to be an easy solution to present housing situation. The majority of the home development might require to be done for financially backward class or low income people whose revenue is below 3 lakh per annum. Affordable houses might be a fine approach to this home-buyers problem and may assist guarantee housing all over various classes of community.

PROBLEM STATEMENT

The three fundamental needs of life food, clothing, and shelter are gradually becoming a luxury and no longer viewed as an affordable cost. It is reality that financial development causes increase in revenue but it has caused better expansion rate of housing prices leaving it unachievable for most of population in India. Many less income households living in poor situations and aren't happy with their housing situation, their search for affordable houses have been a failed effort. Individuals are ready to pay but they have no guarantee of affordable houses of their own. Therefore, affordable housing in India is the necessity of the age The problem of this a study is “What are key factors influencing in the affordable housing sector?”

LITERATURE REVIEW

Kalpana Gopalan(2015) reveals that affordable housing denotes to residential units that are reasonable by that segment of civilization whose revenue is under the medium family revenue. Although various nations have various concepts for affordable housing, however it is mainly the similar, i.e. affordable housing must identify the housing requirements of the lower or middle income family. Affordable housing becomes an important concern particularly in emerging countries where most of the people is not capable to purchase houses at affordable price. Disposable incomes of the citizens stay the main factor in gauging the affordability. Consequently, it becomes the improved liability of the administration to pamper the increasing requirement for affordable houses. The Indian Government has initiated numerous measures to convene the rising necessity for affordable housing with some property dealers and pressuring on public-private partnerships (.P.P.P) for expansion of these entities.

Ankit Pahade and Pranay Khare (2015) points out that with speedy urbanization and increasing people, deficiency of land is main trouble in Indian towns. Expansion in urbanization has caused strain on the accessibility of lands and infrastructures in city, there is fall in housing situations of the backward classes of people, there is better figure of slums and illegal arrangements all around. It is projected that India's town population to achieve more than 81 crores by 2050. An own house is an essential requirement for every human and is a significant sector for every country as it has inter-linkage with nearly 270 other industrial sectors. Indian housing sector provides 2nd top employment, beside the agriculture segment and is ranked 4th with regards to multiplier impacts, prior to farming and transportation. The expansion of housing segment has direct effect on job creation, G.D.P expansion of nation and buying patterns in the economy. Affordable housing sector provided gigantic 18 percent to overall sales for cities like Delhi, Mumbai, Bangalore, Cochin, Chennai, Hyderabad and Kolkata. New launches are stimulating selling volume across every real estate sectors in such cities. There are several finance plans which are performing as development variables with competitive possessions pricing and customized housing configuration.

What is the existing demand - supply condition?

The affordable housing segment rose velocity only after the N.D.A government came into control. Surveys revealed that there is a huge shortage of close to 2 million houses. In these, 95% were in E.W.S and L.I.G classes. The studies identified that by 2030 the need of homes will increase to 30 millions. Presently the policies were

prepared to undertake this issue, but, the shortage continued to rise. A number of society attempts were carried out to solve the problem, comprising mushrooming of slums, which denotes that government strategies, growth plans of different municipal bodies and numerous other government interferences didn't stand fruit and the crisis stayed unsolved.

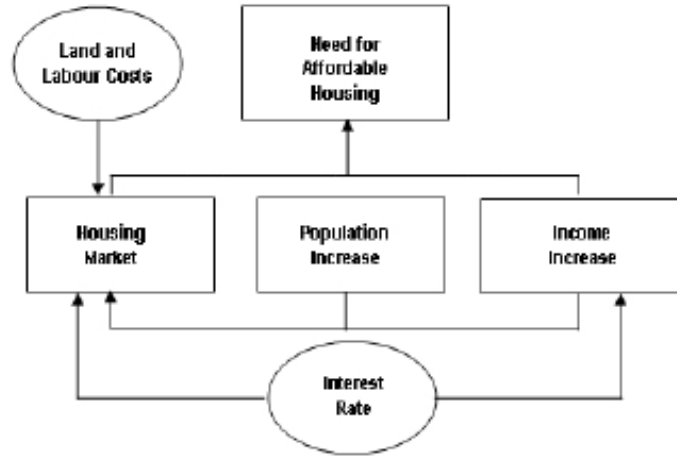
The more critical concern is, in spite of having every policy prepared why it couldn't be tackled? The employment to give affordable housing to E.W.S and L.I.G sector was provided to housing board of many states. The unorganised construction segment was flourishing, where the realtors were generally indulging the requirement of the higher and higher middle class. After the successive property market boom of 2007 (Mumbai Metropolitan) and 2011 (Delhi N.C.R), the industry started to disregard the market demand and continued to build bigger homes, although the necessity for smaller (1 BHK) houses kept expanding. After R.E.R.A was set up all over India in 2016, more than 13,000 ventures have been listed in Maharashtra. Out of this, 52 per cent of the housing stock is unsold these were created in the past thinking that they will be going into the "investors" pocket. However, that has not happened and there is a severe mismatch among the stock that is available in the market and the type of stock that is needed by the households falling in E.W.S.-L.I.G class. This resulted in surplus and now the industry is glow with unsold inventories of approximately 7 lakh homes across India.



Factors affecting Demand For Affordable Housing In India

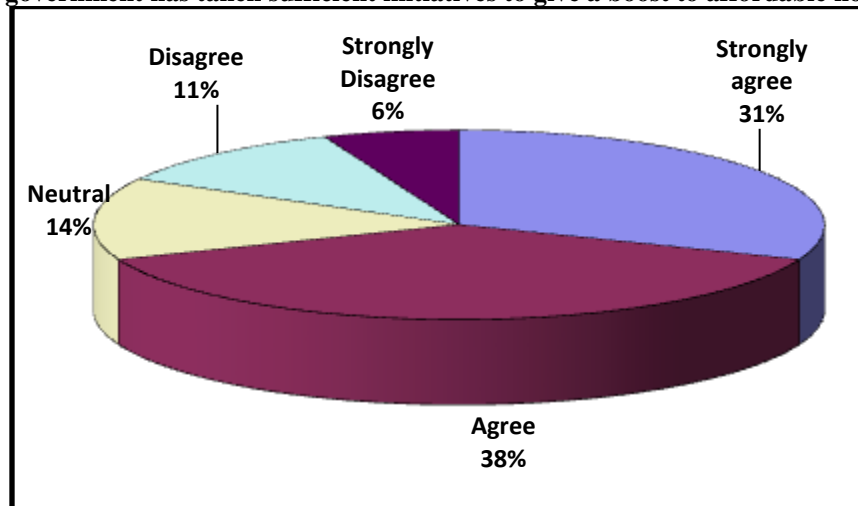
With the government of India being so intense on its purpose of achieving the housing requirements of each and every class of people, there has obviously been an extraordinary increase in the affordable housing all over India. Such initiatives have been winning mainly as they deliver the similar standard of lifestyle and amenity that luxury housing projects provide at a reasonable price. And, there are more causes than one that have initiated this important transformation in the Indian real estate industry. Harini (2016) identifies some of them:

Figure 1. Factors Affecting Housing Affordability



An important variable has been the lower interest rate on housing loans with Government encouragements for affordable houses. The Government has presently provided infrastructure position to affordable housing and there is less G.S.T rate for this segment. The loan tenor in the C.L.S.S of the P.M.A.Y has also been raised with income tax advantages for apartment with carpet area of 645 sq.ft. Many construction companies have identified that the greater part of sale volumes has come from apartments priced below Rs. 50 lac. This reveals that the market is being driven mainly by affordable houses. Compact apartments and lower price points are enhancing requirement in the Indian construction industry as per experts.

The government has taken sufficient initiatives to give a boost to affordable housing



The survey result reveals 69% of the participants agreed that the govt. has taken good schemes to enhance affordable housing. The respondents believe that if applied properly they can advantage many from this move of the government.

INITIATIVES FOR AFFORDABLE HOUSING

Recognizing the significance of giving housing to the weaker classes, government has initiated a group of measures over the last 15 years. Initially, the N.U.H.H.P, 2007 has put the purpose of Affordable Housing for All as a major target.



Later, the government has set 2022 as the target year to realize this aim by making specific initiatives for the promotion of housing. Two components under P.M.A.Y (Urban) and P.M.A.Y (Rural) were launched by the government for attaining housing for all by 2022.

P.M.A.Y (Urban): affordable housing for the urban poor

For the urban poor, the government target is to construct 20 million houses by Mar.31, 2022 under PMAY-Urban, that was introduced in June 2015. The scheme gives financial assistance to States/ U.Ts in to support housing requirements of 3 identified income types: E.W.S, LIGs and MIGs in urban areas.

According to the Ministry of Ministry of Housing and Urban Affairs, as on January 2019, nearly 69 lakh houses were approved while 13.59 lakh of these were completed.

P.M.A.Y (Rural) -affordable housing for the rural poor

The P.M.A.Y – Gramin was launched in 2016 to construct affordable houses in rural areas and complete it by 2022 (date extended). As on end Jan 2019, nearly 1.25 crore houses were constructed under the scheme. In Feb 2019, the Cabinet has redefined target for P.M.A.Y-G to 1.95 crore houses under P.M.A.Y-G Phase-II upto 2022. Construction of affordable houses in the both programme goes well and the government has constructed nearly 1.53 crore houses under the two programmes as on end Jan 2019.

GOVERNMENT MEASURES TO SUPPORT AFFORDABLE HOUSING

There are several government initiatives some of them working for helping poor people to build new houses. Many of the supporting measures were launched in the past budgets. In the Union Budget the government:

- Permitted infrastructure status to affordable houses - Infrastructural status will assist less priced house builders to avail funds from various channels, such as E.C.B, F.V.C.I and F.P.Is.
- Improved the time for project achievement to affordable housing promoters from earlier 5 years to 5 years;
- Given one year time to builders to pay tax on notional rental income on completed but unsold houses;
- Decreased the tenure for long-term capital gains for affordable housing from 3 to 2 years;
- Modified the qualifying criterion for affordable housing from commercial locality to the carpet area;
- Boosted the refinancing facility by NHB for personal finances for the affordable housing sector.

CONCLUSION

The current government policy on affordable housing are a boon to the home buyer and developer as it provides them subsidized loans, service tax exemption, tax exemptions, and possible stamp duty exemptions, but at the same time it does not give enough breathing margins to the developer which is required to successfully complete and deliver a project.

If the state governments successfully implement the measures suggested by central government for the affordable housing projects like, providing single-window clearance, pre-approved building permission and layout approval system, additional FAR, and higher density, it will give the developers a desired margin and will help them in completing the projects in time without the unnecessary delays caused due to multiple approvals

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