



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

भारत में आवास की प्रवृत्ति एवं प्रगति रिपोर्ट

REPORT ON
TREND & PROGRESS
OF HOUSING IN INDIA
2017



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दक्षिता दास

प्रबन्ध निदेशक एवं मुख्य कार्यपालक अधिकारी

Dakshita Das

Managing Director & Chief Executive Officer



Letter of Transmittal

NHB (ND)/MD&CEO/A3346/2018-19
December 18, 2018

The Finance Secretary
Government of India
Ministry of Finance
North Block
New Delhi - 110 001

Sir,

In pursuance of the provision of Section 42 of the National Housing Bank Act, 1987, I have pleasure in transmitting herewith a copy of the Report on Trend and Progress of Housing in India 2017.

With regards,

Yours faithfully,

Dakshita Das

(Dakshita Das)

Encl: As above

कोर 5-ए, इंडिया हैबिटेट सेंटर, लोधी रोड, नई दिल्ली-110003
दूरभाष (सी.) : +91-11-2464 2722, 2460 3470 (पीबीएक्स) : +91-11-2464 9031-35 फैक्स : +91-11-2464 9030
ई-मेल : mdceo@nhb.org.in

Core 5-A, India Habitat Centre, Lodhi Road, New Delhi-110003
Phone : (D) +91-11-2464 2722, 2460 3470 (PBX) : +91-11-2464 9031-35 Fax : +91-11-2464 9030
e-mail : mdceo@nhb.org.in

"बैंक हिन्दी में पत्राचार का स्वागत करता है"

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Shahid Bhagat Singh Marg
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ABBREVIATIONS

ACHF	Apex Cooperative Housing Federation
AHP	Affordable Housing in Partnership
BPL	Below Poverty Line
BSUP	Basic Services to the Urban Poor
CERSAI	Central Registry of Securitisation Asset Reconstruction and Security Interest of India
CEO	Chief Executive Officer
CIDCO	City and Industrial Developmental Corporation
CLSS	Credit Linked Subsidy Scheme
CNA	Central Nodal Agency
CoR	Certificate of Registration
CPI	Consumer Price Index
CRGF	Credit Risk Guarantee Fund
CRR	Cash Reserve Ratio
DAY-NULM	Deendayal Antyodaya Yojana—National Urban Livelihoods Mission
DAY-NRLM	Deendayal Antyodaya Yojana—National Rural Livelihoods Mission
DBT	Direct Benefit Transfer
DPR	Detailed Project Report
DU	Dwelling Units
EME	Emerging Markets Economy
EWS	Economically Weaker Sections
FDI	Foreign Direct Investment
FSI	Floor Space Index
GDP	Gross Domestic Product
GNPA	Gross Non Performing Asset
GRIDS	Grievance Registration & Information Database System
GST	Goods and Services Tax
HFC	Housing Finance Company
HPEC	High Powered Expert Committee
HPI	House Price Index
IAP	Integrated Action Plan
IAY	Indira Awaas Yojana
ICD	Inter Corporate Deposit
ICDS	Integrated Child Development Services
IHSDP	Integrated Housing and Slum Development Programme
ITC	Input Tax Credit
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
KYC	Know Your Customer
LIG	Lower Income Group

LTV	Loan To Value
MFI	Micro Finance Institution
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MHADA	Maharashtra Housing and Area Development Authority
MHUPA	Ministry of Housing and Urban Poverty Alleviation, Government of India
MIG	Middle Income Group
MMR	Mumbai Metropolitan Region
MMRDA	Mumbai Metropolitan Region Development Authority
MoA	Memorandum of Agreement
MoUD	Ministry of Urban Development, Government of India
MoU	Memorandum of Understanding
NBFC	Non-Banking Financial Company
NHB	National Housing Bank
NIPFP	National Institute of Public Finance and Policy
NNPA	Net Non-Performing Asset
NOF	Net Owned Funds
NPA	Non-Performing Asset
NUHHP	National Urban Housing and Habitat Policy
OECD	Organization for Economic Co-operation and Development
ORMIS	Online Reporting Management Information System
PLI	Primary Lending Institution
PMAY	Pradhan Mantri Awaas Yojana
PMAY-G	Pradhan Mantri Awaas Yojana –Gramin
PMAY-U	Pradhan Mantri Awas Yojana-Urban
PPP	Public Private Partnership
PSB	Public Sector Bank
RBI	Reserve Bank of India
RERA	Real Estate (Regulation and Development) Act, 2016
RLEGP	Rural Landless Employment Guarantee Programme
RRB	Regional Rural Bank
SBM	Swachh Bharat Mission
SCB	Scheduled Commercial Bank
SECC	Socio Economic and Caste Census
SLNA	State Level Nodal Agency
SPV	Special Purpose Vehicle
SUH	Shelter for Urban Homeless
TDR	Transferable Development Rights
TOLIC	Town Official Language Implementation Committee
UHF	Urban Housing Fund
ULB	Urban Local Body
UT	Union Territory

1. Perspective and Policy Environment

Housing is not only one of the three basic necessity of human being but also an indicator of nation's progress in terms of human development. Housing is considered as means of long term wealth accumulation. At the macro level, housing generates considerable employment and dispersed economic activity. Housing has always been an important agenda for the government across nations because it is a vital sector of national economy with various backward and forward linkages resulting in large multiplier effect on the overall economy . According to the Report of High Level Task Force constituted by the Ministry of Housing and Urban Poverty Alleviation in 2008 on "Affordable Housing for All", the alleviation of housing shortage could potentially raise the rate of growth of GDP by at least 1 per cent -1.5 per cent and have a decisive impact on the basic quality of life. Providing housing to its citizens in lower and middle income category at affordable cost remains the biggest challenge for developing as well as advanced economies.

1.1 Housing Ecosystem - A Perspective

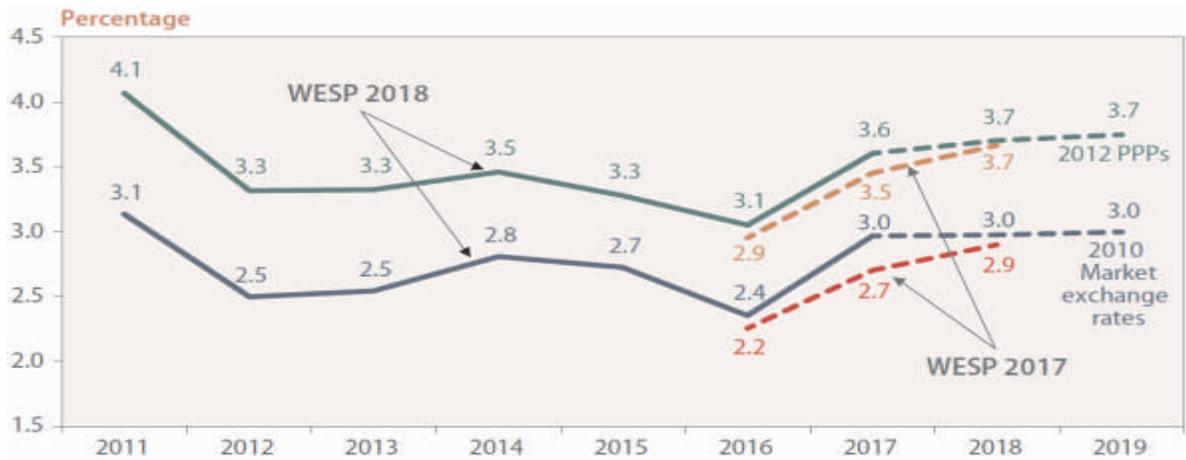
1.1.1 Article 25 of the Universal Declaration of Human Rights (UDHR) adopted by the United Nations General Assembly in Paris during December, 1948 sets out housing as one of the fundamental human rights to be universally protected. Improvement in housing has a direct impact on productivity, health, and other measures of well-being. Housing sector is employment intensive, it generates employment during its construction period and also during its life for proper maintenance.

1.2 Global Economy and Housing Scenario

1.2.1 The world economy has strengthened after facing a series of broad-based economic crises and negative shocks, starting with the global financial crisis of 2008–2009, followed by the European sovereign debt crisis of 2010–2012 and the global commodity price realignments of 2014–2016. According to World Economic Situation and Prospects 2018 by the United Nations, the global economic growth was estimated to have reached 3 per cent during 2017 compared to 2.40 per cent during 2016 which was the highest global growth rate recorded since 2011. Confidence and economic sentiment indicators have also generally strengthened, especially in developed economies. Investment conditions have improved, amid stable financial markets, strong credit growth, and a more solid macroeconomic outlook. The World Gross Product (WGP) is expected to expand at a steady pace of 3 per cent in 2018 and 2019 (Graph 1.1). While developing economies remain the main drivers of global growth, the economic sentiment indicator have also strengthened in developed economies. Nearly half of global growth in 2017 is accounted for by East and South Asia; the Chinese economy alone contributing about one-third of global growth during the year. Against the backdrop of stronger economic growth and benign inflationary pressures in developed countries, the world economy has reached a turning point in macroeconomic policy conditions. Many of the world's major central banks are now able to start withdrawing the exceptional stimulus measures that have been in place for nearly a decade¹.

¹ World Economic Situation and Prospects 2018: United Nations

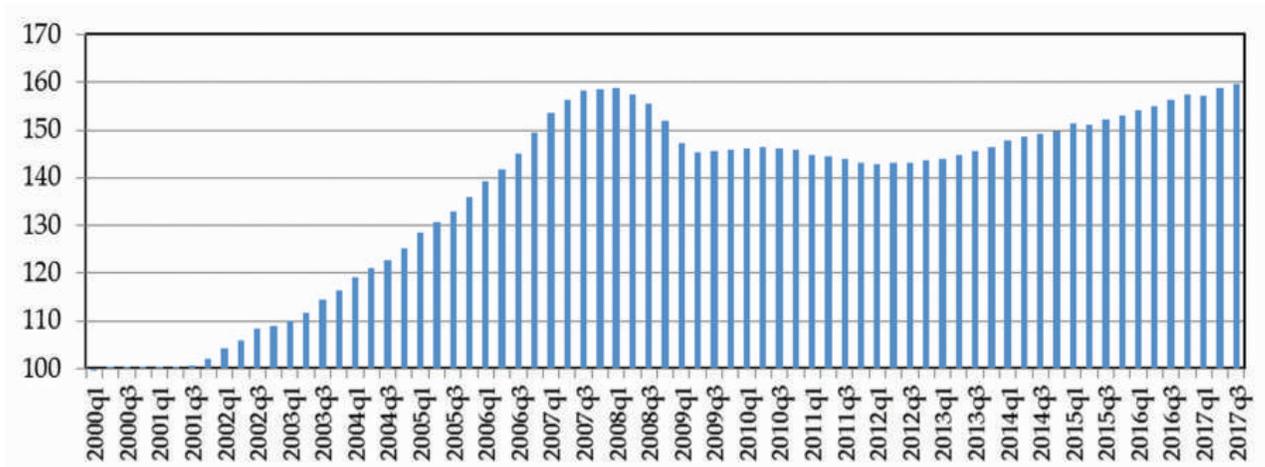
Graph 1.1: Growth of World Gross Product



Source: WESP 2018- UN/DESA

- 1.2.2 As per the World Economic Outlook 2018, the global economy recorded the fastest growth since 2011 at 3.8 per cent in 2017 and is expected to grow at 3.9 per cent during 2018 and 2019. While advanced economies will grow faster than potential, the growth in emerging market and developing economies is projected to firm further, with continued strong growth in emerging Asia and Europe and a modest upswing in commodity exports after three years of weak performance. However, the positive momentum will eventually slow, leaving many countries with a challenging medium-term outlook².
- 1.2.3 The IMF Global House Price Index is nearly back to its prior peak around 2008. One possible reason attributed to more stable and sustainable pace of price increases in the index is that there has been a notable step-up in the implementation of macro-prudential policies designed to curb excesses in the provision of mortgage credit. According to Global Housing Watch by IMF, the real house prices have increased over past years in most countries:

Graph 1.2: Global House Price Index

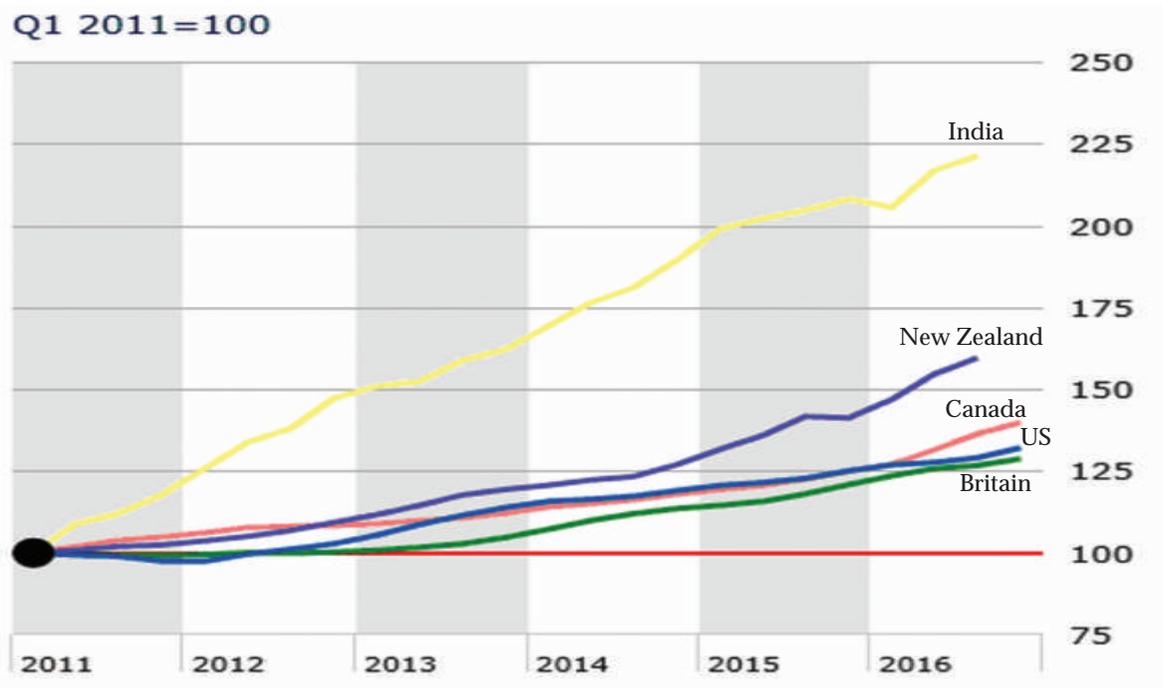


Source: Global Housing Watch, International Monetary Fund

² World Economic Outlook – April 2018: IMF

1.2.4 According to “The State of Nation’s Housing 2017” published by the Joint Centre for Housing Studies of Harvard University, the US house prices rose 5.6 per cent during 2016, surpassing the high reached nearly a decade earlier though the extent of recovery differed significantly across different segments. The national housing market returned to normal with the nominal home prices gaining ground in 97 of the nation’s 100 largest metros. The rental markets were extremely tight with the rental vacancy rate falling for the seventh straight year in 2016 to its lowest level in more than three decades. However, the overall share of Housing in the economy was still low by historical standards with Residential Fixed Investment (RFI) contributing just 3.8 per cent of GDP in 2016, compared with average annual rate of 4.5 per cent since 1959.³

Graph 1.3: House Price Index of Five Major Countries



Source: Economist

1.2.5 According to the Economist’s Global Housing Price Index, the housing prices in Britain, Canada, and New Zealand have risen largely unabated in the recent years. However, some of these rises can be attributed to the influence of foreign capital flows on housing markets. As a result, home prices look severely overpriced across Canada, New Zealand, and to a lesser extent, Britain, thereby affecting the affordability for the citizens.

1.3 Indian Economy and Housing Scenario

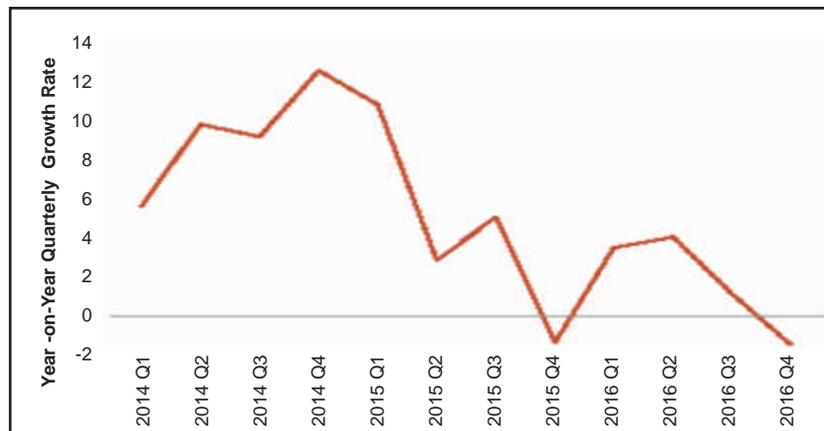
1.3.1 The two major domestic policy developments viz. the passage of the constitutional amendment for implementing the Goods and Services Tax (GST) and the action to demonetize the two highest denomination notes marked the FY 2016-17. These measures have the potential for long term benefits in terms of reduced corruption, greater digitalization of the economy, increased flows of financial savings, and greater formalization of the economy, all of which could eventually lead to higher GDP growth, better tax compliance and greater tax revenues. Implementation of GST will create a common Indian market, improve tax compliance, boost investment and growth – and improve governance.⁴

³ The State of Nation’s Housing 2017: Joint Centre For Housing Studies of Harvard University

⁴ Economic Survey 2016-17

- 1.3.2 India became one of the world's largest recipient of foreign direct investment as result of implementation of FDI reforms. India remained among the world's fastest growing major economies with stable macro-economic indicators. Headline CPI (combined) inflation declined sharply to 4.50 per cent in FY 2016-17 from 4.90 per cent in FY 2015-16 and 5.90 per cent in FY 2014-15. CPI based core inflation (CPI excluding food and fuel group) though increased marginally to 4.80 per cent in FY 2016-17 from 4.60 per cent in FY 2015-16.
- 1.3.3 The Indian economy slowed down in 2016-17, with the gross domestic product declining from 8 per cent in FY 2015-16 to 7.1 per cent during FY 2016-17. The lower rate of global economic growth in 2016, along with a reduction in gross fixed investment to GDP ratio, stressed balance sheets of the corporate sector, lower credit growth in industry sector were some of the reasons for the low growth rate in 2016-17.
- 1.3.4 The demonetization could have a negative impact on the real estate sector which was already experiencing a declining trend. Graph 1.4 depicts the weighted average price of real estate in eight major cities. However, much of the accumulated black money which was used to evade taxes on property transactions in past, would diminish in future to the extent that financial transactions would increasingly take place through electronic means.⁵

Graph 1.4: Real Estate Prices across eight major cities in India



Source : Knight Frank and Economic Survey 2016-17

- 1.3.5 The affordable housing which was hitherto overlooked by developers, investors and financial institutions is now being looked as an opportunity with potential demand. With rising purchasing power, continuously rising population, growing aspirations, increasing nuclear families, rapid urbanization, government's intervention to provide affordable housing and so on, the housing sector in India is anticipated to register strong growth in the coming years.
- 1.3.6 The gap in Affordable Housing can only be met through larger participation from the private sector. However, the government through its demand and supply side interventions like offering fiscal incentives and ensuring adequate flow of resources can act as a facilitator in meeting the shortage. The National Urban and Habitat Policy 2007 also highlighted the need of partnership of public sector with private and cooperative sector in increasing the affordable housing stock in the country. The Government is committed to providing every family with pucca houses by the time the nation completes its 75 years of independence. The Pradhan Mantri Awas Yojana under Housing for All 2022 adopts a holistic approach with multi-pronged intervention to mitigate the housing shortage.

⁵ Economic Survey 2016-17

1.4 Role of National Housing Bank

1.4.1 The National Housing Bank (NHB) was established under the National Housing Bank Act, 1987, with the charter to promote housing finance institutions, provide regulatory guidance, financial support, knowledge and research support for the development of the housing finance system in India. The NHB, which is a wholly-owned subsidiary of the Reserve Bank of India, is a multi-functional Development Finance Institution for the housing sector. Its functions include regulation & supervision of housing finance companies, financing, and promotion & development of housing finance in India. The NHB aims to promote a sound, healthy, viable and cost effective housing finance system to cater to all segments of the population and to integrate the housing finance system with the overall financial system.

- Regulation & Supervision

During the year 2016-17, the NHB granted Certificate of Registration (CoR) to 11 HFCs. As of June 30, 2017, there were 85 HFCs registered with the NHB. To ensure that HFCs are conducting their business affairs in a manner that is not detrimental to the interest of depositors, customers and the public at large, NHB intervenes in the executional and governance frameworks of HFCs. NHB, as the regulator of HFCs, guides, monitors and inspects the activities of HFCs so that their efforts are channelized in that direction. To provide value to the stakeholders, an online Grievance Registration and Information Database System (GRIDS) has been set up by NHB to look into the grievances of customers against HFCs. Another key area where NHB actively intervenes is fraud containment in the housing finance industry. NHB collects information about frauds in the housing finance industry and regularly disseminates consolidated information on frauds to all the HFCs through caution advices. This helps the HFCs become more aware of the market events and safeguard their exposures. NHB regularly interacts with other regulators in the country for information sharing and coordination.

- Financing

During the year 2016-17, aggregate refinance disbursements of ₹ 22,684 crore were made with almost 75 per cent disbursements being made to HFCs and rest to Scheduled Commercial Banks (SCBs). Institution-wise breakup of refinance disbursements made during last three years are shown in Table 1.1 and the state wise distribution of the refinance disbursements are captured in Graph 1.5. The scheme-wise and tenure-wise details are captured in the Graphs 1.6 and 1.7.

Table 1.1: Institution-wise Refinance Disbursements for the last three years

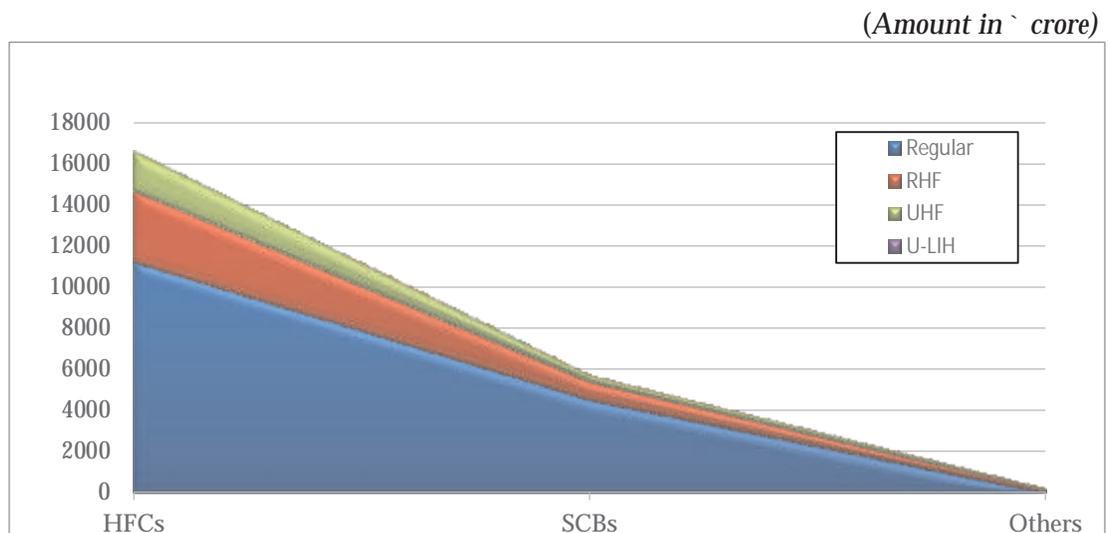
(Amount in ₹ crore)

Primary Lending Institutions	2014-15		2015-16		2016-17	
	Amount Disbursed	% to Total	Amount Disbursed	% to Total	Amount Disbursed	% to Total
Housing Finance Companies	7,390	33.8	10,852	50.3	16,779	74.0
Scheduled Commercial Banks	14,114	64.6	10,275	47.6	5,696	25.1
Regional Rural Banks	253	1.2	463	2.1	209	0.9
Cooperative Sector	90	0.4	-	-	-	-
Total	21,847	100.0	21,590	100.0	22,684	100.0

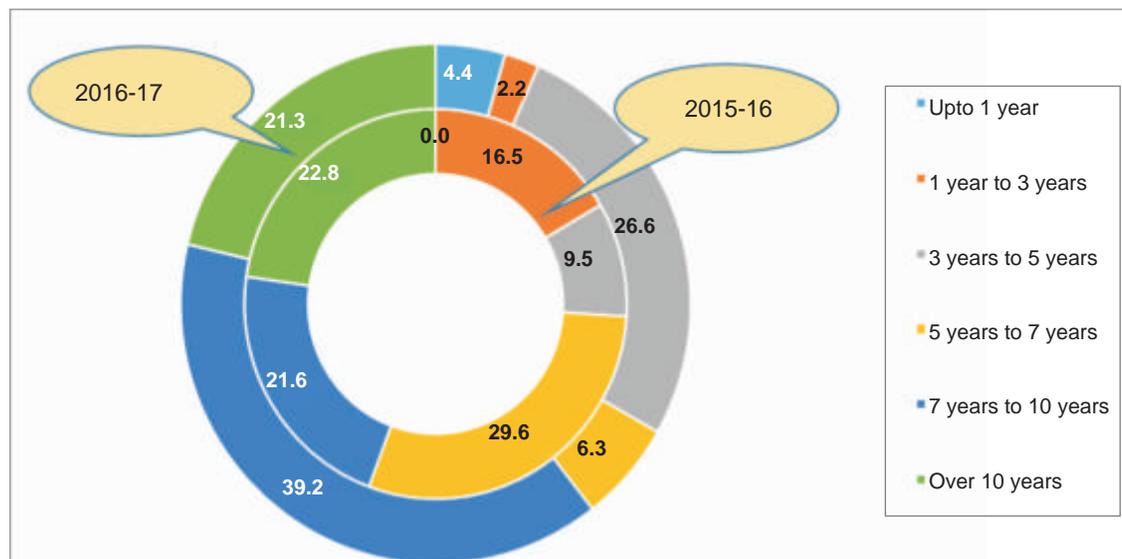
Graph 1.5: Trend in State-wise Refinance Disbursements during 2016-17



Graph 1.6: Scheme-wise Refinance Disbursements as on June 30, 2017



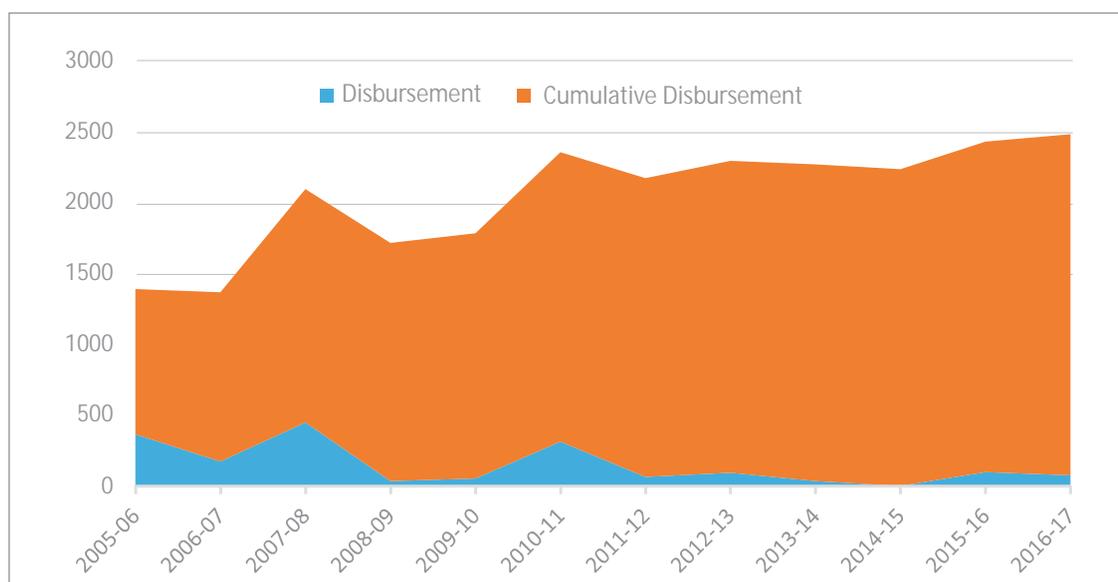
Graph 1.7: Tenure-wise Refinance Disbursements (in %) as on June 30, 2017



During the year 2016-17, NHB sanctioned project finance term loan of ₹ 200 crore for construction and development of 7,032 (5,088 for EWS, 1,368 for LIG & 576 for MIG) dwelling units under Pradhan Mantri Awas Yojana in Indore, Madhya Pradesh. During the year, NHB disbursed project finance to the tune of ₹ 75 crore towards construction of 7,602 flats for BPL families in Haryana and 6,296 flats for EWS/LIG in Chhattisgarh. Cumulatively, till 30-06-2017, NHB has sanctioned project finance facilities to 449 projects with project cost of ₹ 10,228 crore and loan component of ₹ 5,722 crore. The cumulative project finance disbursement till 30-06-2017 stood at ₹ 2,406 crore. The trend in the last 10 years is shown in Graph 1.8.

Graph 1.8: Trend in Project Finance Disbursements

(Amount in ₹ crore)



- Promotion & Development

Equity Participation: In terms of the mandate given to the NHB towards the promotion and development of the housing finance system in the country, the NHB participates in the equity share capital of HFCs and other related companies. Currently, NHB is a participant in the equity share capital of five companies.

Implementation of Government Schemes: The NHB acts as a Central Nodal Agency (CNA) for the implementation of the Government of India's schemes. The schemes where NHB performs this role include the following:

- o Interest Subsidy Scheme for Housing the Urban Poor, Rajiv Rinn Yojana, and Pradhan Mantri Awas Yojana (Urban) – Credit Linked Subsidy Scheme under the Mission for Housing for All by 2022 of the Ministry of Housing and Urban Poverty Alleviation. Under the PMAY-CLSS as on 30-06-2017, NHB has disbursed ₹ 744 crore (loan disbursement amounting to ₹ 3,536 crore) to 90 Primary Lending Institutions (PLIs) benefitting 39,390 households;
- o 1 per cent Interest Subvention Scheme under the Ministry of Finance, and
- o Capital Subsidy Scheme for the Installation of Solar Water Heating and Solar Lighting Systems in Homes under the Ministry of New and Renewable Energy.

In addition, the NHB also manages the Credit Risk Guarantee Fund Trust for low-income housing on behalf of the Ministry of Housing and Urban Poverty Alleviation.

Capacity Building: The NHB regularly undertakes measures towards the training and capacity building of various stakeholders in the sector. This includes regular interaction with various PLIs in forums such as the Chief Executive Officer (CEO) Meetings for the Housing Finance Companies (HFCs) and round tables, as well as imparting and conducting training programmes. In 2016-17, the NHB conducted 16 training programmes across India, which were attended by 650 participants from various PLIs. Out of these 16, four were customised programmes for two Regional Rural Banks (RRBs) operating in Uttar Pradesh and two Small Finance Banks. With a view to create awareness and sensitising PLIs and SLNAs, the NHB undertook a campaign in 2016-17 and conducted 17 regional workshops on the Pradhan Mantri Awas Yojana - Credit Linked Subsidy Scheme. A public awareness drive was also carried out in the print, electronic and social media.

- 1.4.2 While performing these synergistic and mutually reinforcing roles, the NHB has contributed immensely to the growth and expansion of the housing finance market, as well as to its stability. Partnering with other institutions and policy-makers at the Centre and State levels, the NHB has formulated a number of schemes and programmes, which target at penetrating the low and middle-income segments.

2. Housing in India

The housing shortage in Urban India is pegged at around 1.8 crore units and the Government has recognized the need to fill the gap in Urban Housing. The drive to bring homes to the country's 1.3 billion people is expected to bring a colossal \$1.3 trillion wave of investment to the housing sector over the next seven years.

The 2011 census counts 17,73,040 homeless people in India --- 52.9 per cent in urban areas and 47.1 per cent in rural areas. A person or family is defined as homeless if they do not live in a 'census house,' or a 'structure with roof'. 146 of every 1,00,000 people in India are homeless ---- 100 for every 1,00,000 people in rural India and 249 for every 100,000 in urban India. The Government is pushing for a home for every family by 2022 and promoting Affordable Housing.

2.1 Levels of Urbanization

2.1.1 Among all the States and Union territories, the National Capital Territory of Delhi and the Union territory of Chandigarh are most urbanized with 97.5 per cent and 97.25 per cent urban population respectively, followed by Daman and Diu (75.2 per cent) and Puducherry (68.3 per cent).

2.1.2 Among States, Goa is now the most urbanized State with 62.2 per cent urban population, a significant increase since 2001 when urban population of Goa was 49.8 per cent. Another significant instance of rapid urbanization is that of Kerala, its urban population is now 47.7 per cent, while a decade ago it was just 25.9 per cent. Among the North-Eastern States, Mizoram is most urbanized with 51.5 per cent urban population, though in terms of absolute contribution to total urban population in the country, Mizoram's contribution is just 0.1 per cent. Similarly Sikkim, which was just 11 per cent urbanized a decade ago became almost 25 per cent urbanized in 2011. Among major states, Tamil Nadu continues to be the most urbanized state with 48.4 per cent of the population living in urban areas followed now by Kerala (47.7 per cent) upstaging Maharashtra (45.2 per cent).

2.1.3 The proportion of urban population continues to be the lowest in Himachal Pradesh with 10.0 per cent followed by Bihar with 11.3 per cent, Assam (14.1 per cent) and Orissa (16.7 per cent). In terms of absolute number of persons living in urban areas, Maharashtra continues to lead with 50.8 million persons which comprises 13.5 per cent of the total urban population of the country. Uttar Pradesh accounts for about 44.4 million, followed by Tamil Nadu at 34.9 million.

2.2 Urban Growth and Urban Infrastructure

2.2.1 The results of Census 2011 reveals that there is an increase of 2,774 towns comprising 242 Statutory and 2,532 Census towns over the last decade. Growth rate of population in urban areas was 31.8 per cent. Further the number of million plus cities/urban agglomeration (UA) has increased from 35 in Census 2001 to 53 in Census 2011.

2.2.2 According to the High Powered Expert Committee (HPEC) appointed by the Ministry of Urban Development, which gave its recommendations to the Government in the year 2011, there is a requirement of investment in urban infrastructure to the tune of ₹ 39 billion (₹ 39.2 lakh crore at 2009-2010 prices) over the next 20 years. As per estimates of the HPEC, as the backlog in urban roads is very large, 44 per cent of this investment requires to be for urban roads, while water,

sewerage, solid waste management, storm water drains, streetlights would require another 20 per cent of investment, while 14 per cent investment would be required for transport and traffic related infrastructure. Among others, urban renewal including redevelopment of slums would require 10.5 per cent of investment and capacity building for better urban governance 2.5 per cent of investment.

2.3 Urban Reforms

2.3.1 India is a part of the global trend towards increasing urbanization in which more than half of world's population is living in cities & towns. 31.16 per cent of India's population, 377 million people live in urban areas as per 2011 Census.

2.3.2 Enhancing the productivity of urban areas is central to the policy pronouncements of the Ministry of Urban Development. Cities hold tremendous potential as engines of economic social development, creating jobs generating wealth through economies of scale. They need to be sustained and augmented through the high urban productivity for country's economic growth. National economic growth and poverty reduction efforts will be determined by the productivity of these cities. For Indian cities to become growth oriented and productive, it is essential to achieve a world class urban system.

2.3.3 The Fourteenth Finance Commission has, for the first time in the history of Finance Commissions, brought in an element of performance based grant in addition to basic grant, in which the onus is placed on the State Governments to empower and build capacity in the local bodies.

2.4 Housing as a catalyst

2.4.1 The housing industry of India is one of the fastest growing sectors. A large population base, rising income level and rapid urbanization leads to growth in this sector. The Union Government is responsible for formulation and implementation of Social Housing Schemes. The estimate of housing shortage in urban areas has been revised downwards to about 10 million units from 2011 projection of 1.87 crore, and the Government is mitigating housing shortage by 2022 through its various schemes. The government will use its own surplus land to build affordable homes and address this shortage and has asked the builders/developers to focus on affordable housing projects. India's urban housing shortage is being primarily driven by the Economically Weaker Sections (EWS) and Lower Income Group (LIG) categories. In the past three decades, government has adopted several policies assisting the delivery of affordable housing for the EWS, LIG and lower Middle Income Group (MIG). These policy initiatives focused on transition of public sector role as 'facilitator', increased role of the private sector, decentralization, development of fiscal incentives and concessions, accelerated flow of housing finance and promotion of environment friendly, cost-effective and pro-poor technology. Taking into account the emerging challenges of required shelter and growth of slums in urban areas, government further launched Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in 2005 and formulated the National Urban Housing and Habitat Policy (NUHHP) in 2007. The real estate sector in India underwent considerable changes post the global liquidity crisis. Downturn and liquidity crunch forced developers to adopt a two pronged strategy - smaller units at lesser prices and to focus on the Affordable Housing segment.

2.4.2 The Union Budget for FY-2018 sharpened its focus on expansion of the Affordable Housing sector. The allocation under the Pradhan Mantri Awas Yojana (PMAY) for FY-2018 was increased by 39 per cent to `29,000 crore. Affordable Housing has been accorded the infrastructure status. The eligibility criteria under the Credit Linked Subsidy Scheme (CLSS) of PMAY were expanded in December 2016. Two new middle income categories under the Scheme MIG-I and MIG-II,

namely loans up to ₹ 9,00,000 and ₹ 12,00,000 with subvention of 4% and 3per cent respectively have been introduced. These Schemes shall act as a stimulant for the housing finance sector and have the potential to make the sub ₹ 20 lakh segment an attractive segment for lenders, given the volumes it could generate over the long term, (potential of over ₹ 2,000 crore till 2022), though the credit risk could also be higher. The affordable housing segment is expected to drive the growth of the entire housing finance sector over medium to long term.

- 2.4.3 Developing affordable housing projects are eminent today for India's developers as there is so much of real requirement in this segment. The Government is determined to provide “Housing to All” and they are giving support to the developers through new reforms in policies in order to achieve the target.
- 2.4.4 After the enactment of the 'The Real Estate Regulatory Authority' Act (RERA), which emphasizes on the need for timely completion of projects, adoption of modern technologies has become the need for hour for the developers. Construction of projects and delivery of projects on time has become prime priority for developers. The overall scheme of things will promote Affordable Housing in current scenario. The impact of recent reforms on housing sector is to keep the cost low for the affordable housing segment and this has made the Scheme more attractive.
- 2.4.5 Goods and Services Tax (GST) will bring down the cost of construction for the developers. Global investors are now looking at the Indian Real Estate sector as an attractive proposition. In the long-term, GST is likely to be positive for the Real Estate as India becomes tax neutral, irrespective of the location.
- 2.4.6 Developers who did not get the benefit of Input Tax Credit (ITC) in the pre- GST era shall now be able to avail the benefits. Both, in case of under construction projects and new projects buyers are entitled to full ITC. This would provide a strategic push to the affordable housing segment.
- 2.4.7 Housing is a basic need and like any basic human need it will be constantly in demand. The potential for housing in this country is huge and a lot of investment may come in.
- 2.4.8 Foreign Direct Investment (FDI) will add to the capabilities of the financial sector in meeting the requirements in the area of housing. They may on the other hand enable the local entrepreneurs to organize the construction industry in a more stable way. Finance has been one of the areas of uncertainties as far as investments into the construction industry are concerned. FDIs might end up strengthening this area by bringing in finance and steadying the construction industry through the joint venture route.
- 2.4.9 Banks have come into this sector at a time when credit off take in the industrial sector has been low. With lot of funds waiting to be deployed, the housing scene presented an attractive option to the banks to channelize their funds. This was particularly so, because in the housing sector advances are given against mortgage of assets, which continue to carry value, and therefore make the loans considerably safe. Even by the experience of the housing sector in India, NPAs have been one of the lowest as compared to any other sector of advances.
- 2.4.10 The other significant factor, in the housing area, is today's steadily falling interest rates of loans. The customers today enjoy tremendous choice and can approach those giving out finance at lowest rates. The fall in the rates has been phenomenal over the last 4 to 5 years. From rates that were around 15per cent and over, they have plummeted to around 9per cent and even lower. There has been lowering in Bank Rate and Cash Reserve Ratio (CRR) constantly thus, enabling Banks to have recourse to greater liquidity at lower cost. For the Housing Finance Companies however, there has been a difficulty to match such interest rate reductions, since the cost of funds

borrowed earlier kept the average cost at fairly high level. This has brought down the spread for the Housing Finance Companies.

- 2.4.11 The customer has not only the option of competitively lowest rates of interest, but also choice of different types of loans starting from the house-purchase or house-building loans to house-improvement loans, home equity loans (loans on mortgage of property), home extension loans, NRI loans etc.
- 2.4.12 Majority of the Developers are not being able to avail institutional finance. This has been an area of major concern for the Builders/Developers. The platforms of developers at National levels like CREDAI and NAREDCO have been trying to deal with this issue to bring about stability in this problem.

2.5 Impact of RERA on Real Estate Sector

- 2.5.1 RERA and the government's model code, aims to create a more equitable and fair transaction between the seller and the buyer of properties, especially in the primary market. RERA shall make real estate purchase simpler, by bringing in better accountability and transparency, provided that states do not dilute the provisions and the spirit of the Act. The RERA will give the Indian real estate industry its first regulator. The Real Estate Act makes it mandatory for each state and union territory, to form its own regulator and frame the rules that will govern the functioning of the regulator.
- 2.5.2 The most positive aspect of RERA is that it provides a unified legal regime for the purchase of apartments and seeks to standardise the practice across the country. The Act will further boost consumer sentiments for fair transaction, especially in the primary markets. With this policy, established players in the market will grow in strength, which will bring in better planning, pricing, execution and timely delivery. RERA was aimed at improving transparency and it has been successful in enhancing the overall sentiment towards real estate. The entire process, right from buying of land, funding of projects to delivery of the final product to the buyer has witnessed a positive change, which has proven to be beneficial to both customers and developers. The efficient and transparent property market has made India far more attractive to both global and Indian investors and will increase demand for organized real estate.

Benefits of RERA

Industry	Developer	Buyer	Agents
<ul style="list-style-type: none"> • Governance and transparency • Project efficiency and robust project delivery • Standardization and quality • Enhance confidence of investors • Attract higher investments and PE funding • Regulated Environment 	<ul style="list-style-type: none"> • Common and best practices • Increase efficiency • Consolidation of sector • Corporate branding • Higher investment • Increase in organized funding 	<ul style="list-style-type: none"> • Significant buyers' protection • Quality products and timely delivery • Balanced agreements and treatment • Transparency – sale based on carpet area • Safety of money and transparency 	<ul style="list-style-type: none"> • Consolidation of sector (due to mandatory state registration) • Increased transparency • Increased efficiency • Minimum litigation by adopting best practices

- 2.5.3 RERA has made it obligatory for States and Union Territories to structure their own regulator and outline the rules that will administer the operation of the regulator within their jurisdiction. RERA is a big step forward, but it will take some more time for all the States to comply with the norms for bringing in the much-required protection and transparency. Despite the initial turbulence, RERA can transform the industry. It could become more organized and can be driven by clearer product definitions, standardized technologies, well-defined branding and positioning and intensive customer service orientation. Other value chain elements such as land acquisition and project approvals, which were the mainstay in the past, could become supplementary inputs.
- 2.5.4 The realty market is experiencing consolidation as unorganized players are struggling to cope with stringent compliance norms under RERA. It is now clear that only credible developers will survive in the future. This is good from a buyer's perspective as one is assured of a quality product within stipulated timelines. With RERA in place, home buyers can also hope for a risk-averse journey. Under RERA, the developer has to provide a written affidavit to the buyer stating that the legal title to the land on which the construction is planned contains legitimate documents of ownership.
- 2.5.5 RERA in States
- 2.5.5.1 Twenty three (23) States and Union Territories (UTs) have either established their permanent or interim regulatory authorities. Under the RERA, every State and UT must have its own regulator. Developers will not be able to market their ongoing or upcoming projects, till they register either with the permanent or interim regulator in States. For ongoing projects, where completion or occupancy certificate has not been given, the deadline for registration has ended on July 31, 2017. Only four States – Gujarat, Maharashtra, Madhya Pradesh and Punjab – have established their permanent Real Estate Regulatory Authority, while 19 states/UTs have established interim authorities.
- 2.5.5.2 Twenty three (23) States/UTs have notified the rules under the Act, while six States have drafted the rules but have not yet notified. A total of nine States/UTs have appointed interim Appellate Tribunals under the Real Estate Act, while only seven States have started the online registration under the Act.
- 2.6 Rural Housing
- 2.6.1 A Working Group on Rural Housing was constituted in 2006 by the Ministry of Rural Development for the 11th Five Year Plan in 2006 (MoRD 2007). It estimated the quantum of housing shortage for Rural India to the tune of 47.4 million houses. Another Working Group was once again formed for assessing the shortages for the 12th Five Year Plan. It estimated a total housing shortage of 48.8 million houses for the plan period (2012-17) (MoRD 2011). According to it, 90 per cent of these shortages are for BPL families which turn out to be 43.93 million houses. Alternatively, the Working Group for 12th Plan also arrived at another figure of shortage of 43.7 million houses based on the data generated by projecting growth trends of housing stock, households, pucca and semi-pucca houses.
- 2.6.2 In June, 1985, Indira Awaas Yojana (IAY) was launched as a sub- scheme of Rural Landless Employment Guarantee Programme (RLEGP) by earmarking a part of the fund for construction of houses for SCs/STs and freed bonded labourers. IAY was made an independent scheme with effect from 1st January, 1996. It was a flagship programme of the Ministry of Rural Development,

Government of India aimed at providing assistance to BPL families who are either houseless or having inadequate housing facilities for constructing a safe and durable shelter. Under IAY, financial assistance of ₹ 70,000/- in plain areas and ₹ 75,000/- in hilly/difficult areas including IAP districts, was being provided to the rural BPL households for construction of a dwelling unit. Since inception of the scheme, 351 lakh houses were constructed, incurring a total expenditure of ₹ 1,05,816 crore.

- 2.6.3 Although IAY addressed the housing needs in the rural areas, certain gaps were identified such as non-assessment of housing shortage, lack of transparency in selection of beneficiaries, low quality of house, lack of technical supervision, lack of convergence etc. which were limiting the impact and outcome of the programme.
- 2.6.4 To address these gaps in the rural housing program and in view of Government's commitment to provide "Housing for All" by 2022, the scheme of IAY was re-structured into Pradhan Mantri Awaas Yojana - Gramin (PMAY-G) w.e.f. 1st April, 2016. PMAY-G was launched on 20th November, 2016.
- 2.6.5 The expenditure involved in implementing the project in a span of 3 years from 2016-17 to 2018-19 is ₹ 81,975 crore. A total of 2.95 crore houses are set to be constructed by 2022 to achieve the set objective of PMAY-G which has been decided to be achieved in phases. In the first phase the target is construction of 1 crore pucca houses by 31st March, 2019. It is proposed that one crore households would be provided assistance for construction of pucca house under the project during the period from 2016-17 to 2018-19. The scheme would be implemented in rural areas throughout India except Delhi and Chandigarh. The cost of houses would be shared between Centre and States.
- 2.6.6 PMAY-G aims at providing a pucca house, with basic amenities, to all houseless households and those households living in kutchha and dilapidated house, by 2022. The immediate objective is to cover 1 crore households living in kutchha house/dilapidated houses in three years from 2016-17 to 2018-19. The minimum size of the house has been increased to 25 sq. mt. (from 20 sq. mt.) with a hygienic cooking space. The unit assistance has been increased from ₹ 70,000 to ₹ 1.20 lakh in plains and from ₹ 75,000 to ₹ 1.30 lakh in hilly states, difficult areas and IAP districts. The beneficiary is entitled to 90/95 person days of unskilled labour from MGNREGS. The assistance for construction of toilet shall be leveraged through convergence with Swachh Bharat Mission – Gramin (SBM-G), MGNREGS or any other dedicated source of funding. Convergence for piped drinking water, electricity connection, LPG gas connection etc. under different Government programmes is also to be attempted.
- 2.6.7 The cost of unit assistance is to be shared between Central and State Governments in the ratio 60:40 in plain areas and 90:10 for North Eastern and Himalayan States. From the annual budgetary grant for PMAY-G, 95 per cent of funds shall be released to States/UTs for the construction of new houses under PMAY-G. This would also include 4 per cent allocation towards Administrative expenses. 5 per cent of the budgetary grant is to be retained at the Central Level as reserve fund for Special Projects. The annual allocation to the states is to be based on the Annual Action Plan (AAP) approved by the Empowered Committee and the funds to States / UTs is to be released in two equal installments.
- 2.6.8 A total of ₹ 62.30 crore rural houses have been completed over the last three years (2014-15 to 2016-17).

- 2.6.9 One of the most important features of PMAY-G is the selection of the beneficiary. Selection of beneficiaries under Pradhan Mantri Awaas Yojana-Gramin (PMAY-G) is based on housing deprivation parameters of Socio-Economic and Caste Census (SECC), 2011, subject to 13 point exclusion criteria, followed by Gram Sabha verification. Households that are houseless or living in zero, one or two room kutchha houses (kutchha wall and kutchha roof) are provided financial assistance for construction of pucca houses under PMAY-G. The pace of construction of houses in rural areas has picked up recently. A study conducted by National Institute of Public Finance and Policy (NIPFP), New Delhi, has concluded that the average time of construction of a house under PMAY-G has gone down to 114 days as against 314 days under the erstwhile rural housing scheme, i.e. IAY.
- 2.6.10 New designs, local construction material, use of technology through rural mason training, geo-tagging of assets and payment directly into the account of beneficiary through IT-DBT platform have ensured transparent, hassle-free and quality programme implementation. All States and UTs are trying hard to facilitate beneficiaries to complete their homes on time. The use of Socio Economic Census (SECC 2011), validation by Gram Sabha and use of Space Technology for geo-tagging has ensured that there are least inclusion errors and it is only the homeless and those living in one kuccha room with kuccha roof or two kuccha rooms with kuccha roof are the beneficiaries of this pro-poor programme. Technology has been used to empower the poor. The homes are designed by the best of institutions after studying the existing local design typologies and are constructed by beneficiaries as per their need. These homes are not only changing the rural landscape but also bringing about a social transformation in villages across the country. The poor are getting safe homes and can live with dignity with facilities like toilet, LPG connection, electricity connection, drinking water facility etc.
- 2.6.11 In PMAY-G, programme implementation and monitoring is to be carried out through an end to end e-Governance model – AwaasSoft and Awaas App. While AwaasSoft is a work-flow enabled, web-based electronic service delivery platform through which all critical function of PMAY-G, right from identification of beneficiary to providing construction linked assistance (through PFMS), will be carried out; AwaasApp the mobile application is to be used to monitor real time, evidence based progress of house construction through date and time stamped and geo-referenced photographs of the house. IT application help identify the slip ups in the achievement of targets during the course of implementation of the programme. All payments to beneficiary has to be through Direct Benefit Transfer (DBT) to beneficiary's Bank/post office accounts registered in Awaas Soft MIS. The progress of PMAY-G can be seen by any person on Awaassoft.nic.in platform with geo-tagged photographs and complete details of beneficiaries and payments made to them.
- 2.6.12 The States shall come up with their Annual Action Plan of PMAY which will include a plan for convergence with other Government programmes. The mechanism for convergence in PMAY-G is also to be strengthened through a system to system real-time transfer of information between the programme that are to converge with PMAY-G. A willing beneficiary is facilitated to avail institutional finance up to ` 70,000/- which would be monitored through the State Level Bankers Committee (SLBC) and District Level Bankers Committee (DLBC). The programme implementation is to be monitored not only electronically, but also through community participation (Social Audit), Member of Parliament (DISHA Committee), Central and State Government officials, National Level Monitors etc.

Some Major Achievements of PMAY - Gramin

- *Conducted a study and proposed state-specific appropriate, affordable housing designs for 13 states. These states are: Assam, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Odisha, Sikkim, Tripura, Uttar Pradesh and West Bengal;*
- *Proposed more than 100 housing designs, approved by the State Governments and vetted by a Central Agency;*
- *Book of Appropriate, Affordable Rural Housing designs 'Pahal' unveiled by the Hon'ble Prime Minister during the launch of Pradhan Mantri Awas Yojana- Gramin;*
- *Support for the states of Sikkim, Tripura, Madhya Pradesh, Maharashtra and Odisha in construction of demonstration houses and the setting up of project management units in some states;*
- *Demonstration houses completed in Maharashtra and Tripura, with the coordination and support of respective state government departments;*
- *More than 500 masons trained in block work and more than 50 trained in bamboo treatment and construction with bamboo;*
- *Traditional modules and tools for diverse housing construction materials such as bamboo, mud, timber etc. are under development;*
- *Integration of drinking water, sanitation and domestic energy requirements into the housing typologies is underway.*

2.6.1 Rural Housing Interest Subsidy Scheme (RHISS)

2.6.1.1 A new Scheme for promotion of Rural Housing in the country has been approved by the Central Government. The Government would provide interest subsidy under the scheme. Interest subsidy would be available to every rural household who is not covered under the PMAY(G). The Scheme would enable people in rural areas to construct new houses or add to their existing pucca houses to improve their dwelling units. The beneficiary who takes a loan under the Scheme would be provided interest subsidy for loan amount upto ₹ 2 lakh.

2.6.1.2 National Housing Bank (NHB) would implement the Scheme as the Central Nodal Agency. The Government would provide net present value of the interest subsidy of 3 per cent to NHB upfront which will, in turn, pass it to the Primary Lending Institutions (Scheduled Commercial Banks, HFCs, NBFCs etc.). As a result, the equated monthly installment (EMI) for the beneficiary would be reduced.

2.6.1.3 Under the Scheme, the Government would also take necessary steps for proper convergence with PMAY-G including technical support to beneficiary through existing arrangements. The new scheme is expected to improve housing stock in the rural areas, as well as create employment opportunities in rural housing sector.

2.6.1.4 Rural Housing Interest Subsidy Scheme seeks to provide easy access to institutional loan to all such needy households for construction/modification of their dwelling units. This scheme would cover any rural household which does not appear / figure on the permanent waitlist for PMAY-G. The beneficiaries availing housing loans from Banks, Housing Finance Companies and other notified institutions, for construction/modification of pucca houses in rural areas, would be eligible for an interest subsidy with the following features:

Interest Subsidy (% p.a.)	3
Maximum Housing Loan Tenure (In years)	20
Eligible Housing Loan Amount for Interest Subsidy (₹)	2,00,000
Discount Rate for NPV calculation of interest subsidy (%)	9

2.7 Housing Initiatives in Select States

2.7.1 Some of the housing initiatives in select States outlining various State Policies & Programmes and their achievement are placed at *Appendix I* of the Report.

3. Housing Finance Business by Primary Lending Institutions

The National Housing Bank, under its promotional and regulatory roles, has developed the market oriented housing finance system over the years, through its inputs on policy and regulatory framework. Primary Lending Institutions (Housing Finance Companies, Scheduled Commercial Banks, co-operative institutions) have engaged actively in the market and have thereby contributed immensely to the growth of housing credit. As of March, 2017, the housing loan book created in the country by these PLIs put together was ₹ 14.6 lakh crore. Based on past trends, the housing finance market in the country is expected to grow annually at an average of over 18 per cent, in the next five years. The Housing Finance Companies have been steadily growing their share in the housing finance market.

3.1 Primary Lending Institutions in Housing Finance

3.1.1 Primary Lending Institutions (PLIs) that primarily include Housing Finance Companies and Scheduled Commercial Banks, have over the years, established their approach to lending for housing finance. In the evolution of housing finance over the last three decades, the PLIs have engaged actively in the market and thereby contributed immensely to the growth of housing credit. While for HFCs, housing finance is their primary business activity, a large number of Scheduled Commercial Banks have also focussed on housing finance by creating separate housing finance verticals and leveraging their extensive branch network. Given the diversity in the market and the complex nature of issues, it took some time for the market to evolve. As of today, housing finance has evolved to be a successful business model for many companies and has emerged as a key aspect of the housing ecosystem.

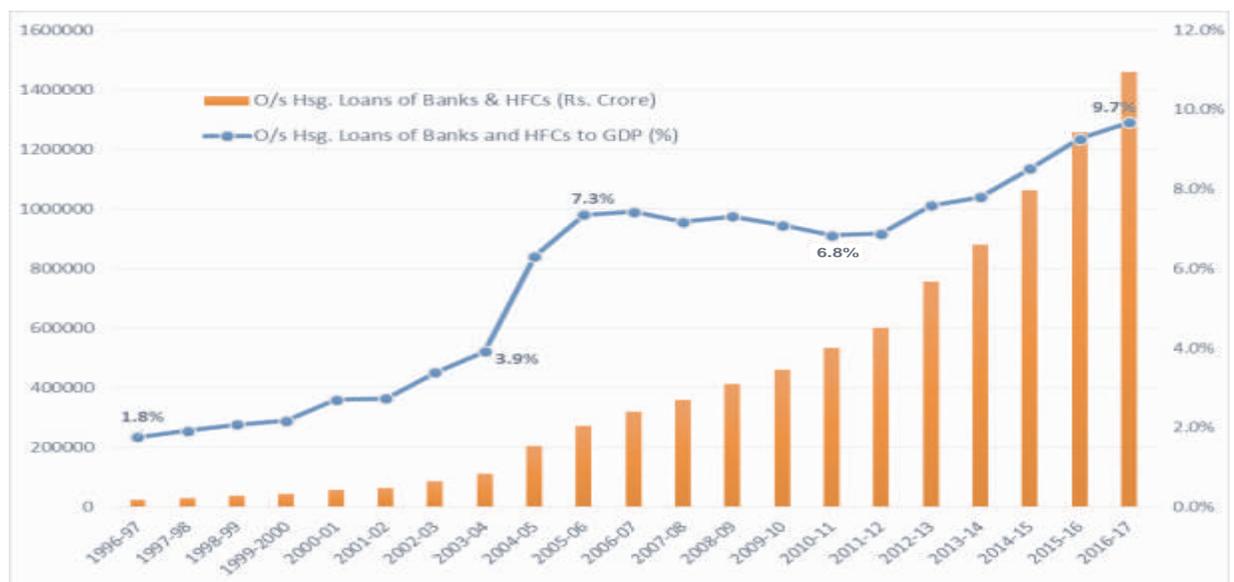
3.1.2 NHB was set up in 1988 to be the apex institution for housing finance in the country. The preamble of NHB reads as “to operate as a principal agency to promote housing finance institutions both at local and regional levels and to provide financial and other support to such institutions and for matters connected therewith or incidental thereto.” Over the years, through a multipronged approach, NHB has significantly facilitated broadening and deepening of the housing finance market in the country. There were 83 specialised housing finance institutions in the country as of 31st March, 2017. NHB’s active engagement in this sector has given shape to a new finance eco-system in India in which housing finance has come to be looked at as an important retail lending product for all major PLIs.

3.1.3 The Scheduled Commercial Banks have always been offering housing loans to their customers, but it was not until the late 1990s and early 2000s, when they forayed into this industry in a concerted manner. The market gathered momentum as the number of entities offering housing finance grew fast. This helped in deepening the existing markets and expansion into newer markets, particularly the tier 2 and 3 cities of the country. In that period of late 1990s and early 2000s, the country also witnessed good economic growth that fuelled the growth of the housing industry and in-turn the housing finance sector. This growth of economy and within that the growth of housing stock through private builders becoming active in urban centres, led to

overall growth of the housing finance industry in the country. Over the years, supported by the policies of the Government of India and interventions by the Reserve Bank of India and National Housing Bank, the housing loan portfolio of both the SCBs and the HFCs has grown significantly. The RBI's monetary policy measures in terms of reserve requirements, credit growth limits, liquidity requirements, and policy rates, among others have had a direct impact on housing finance credit. RBI has prescribed prudential norms for housing finance and so has NHB along similar lines. These regulations are aimed at ensuring that the housing finance portfolio that is being built is healthy and resilient to systemic risks which may arise in the economy due to any global and / or local disruptions.

- 3.1.4 In this backdrop and a fairly stable economic growth witnessed by the country, the institutional housing finance mechanism consisting of Banks, HFCs and Cooperative institutions has expanded considerably. The growth of the housing loans portfolio created by Banks and HFCs over the years is depicted in the Graph 3.1 below. The Graph also shows the growing contribution of outstanding housing loans to GDP.

Graph 3.1: Outstanding Housing Loans of Banks and HFCs



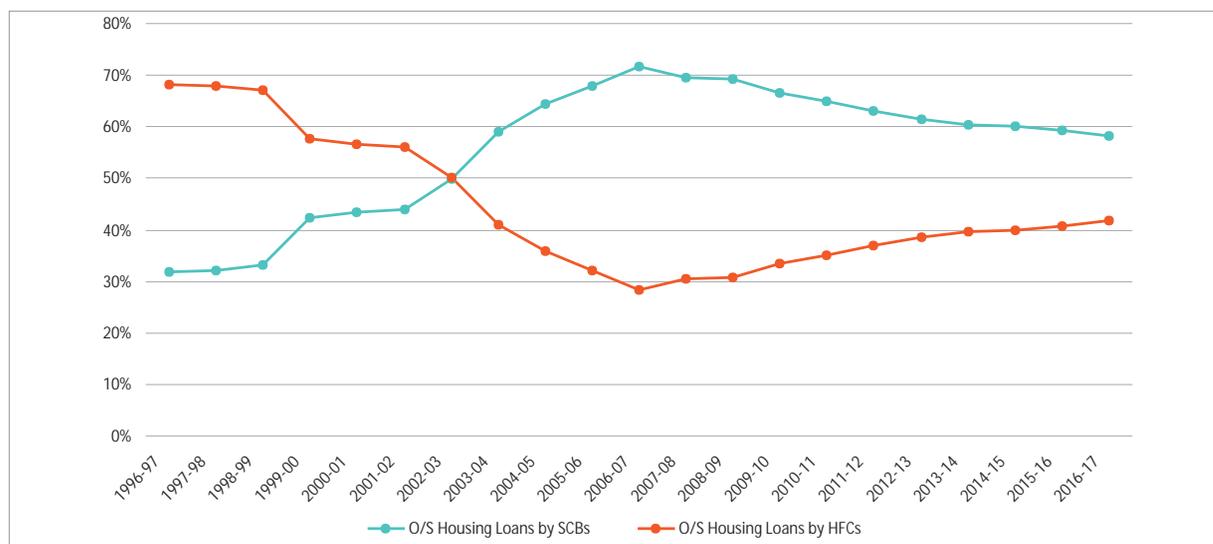
Source: RBI and NHB

- 3.1.5 The outstanding housing loans as a percentage of the GDP have increased from 1.8 per cent in 1996–97 to 9.7 per cent in 2016–17. The outstanding housing loans of Banks and HFCs have grown from less than ` 25,000 crore in 1996-97 to more than ` 14,50,000 crore in 2016-17.

- 3.1.6 In the early stages of the development of the housing market, the HFCs had a much larger share of the overall market, with the SCBs playing a smaller role. This was also an important factor in the slow growth of the market, owing to the limited network and reach which the HFCs had at that time. With the increased participation of the SCBs from 2003–04 onwards, the housing finance market started to grow at a much faster pace, with the SCBs occupying a major market share for the next few years. However, gradually, the HFCs also increased their disbursement,

leading to redistribution in the market share. The distribution of the housing finance market between the SCBs and the HFCs over the past two decades is shown in Graph 3.2 below.

Graph 3.2: Housing Loans Market Share between Banks and HFCs



Source: RBI and NHB

3.2 Performance of Public Sector Banks (PSBs)

3.2.1 In the case of PSBs, the credit for housing loans increased significantly in 2016–17. The individual housing loan data from the PSBs on a yearly basis in five different slabs—up to ₹ 2 lakh, above ₹ 2 lakh to ₹ 5 lakh, above ₹ 5 lakh to ₹ 10 lakh, above ₹ 10 lakh to ₹ 25 lakh and above ₹ 25 lakh is shown in Table 3.1.

Table 3.1: Performance of PSBs on Individual Housing Loans

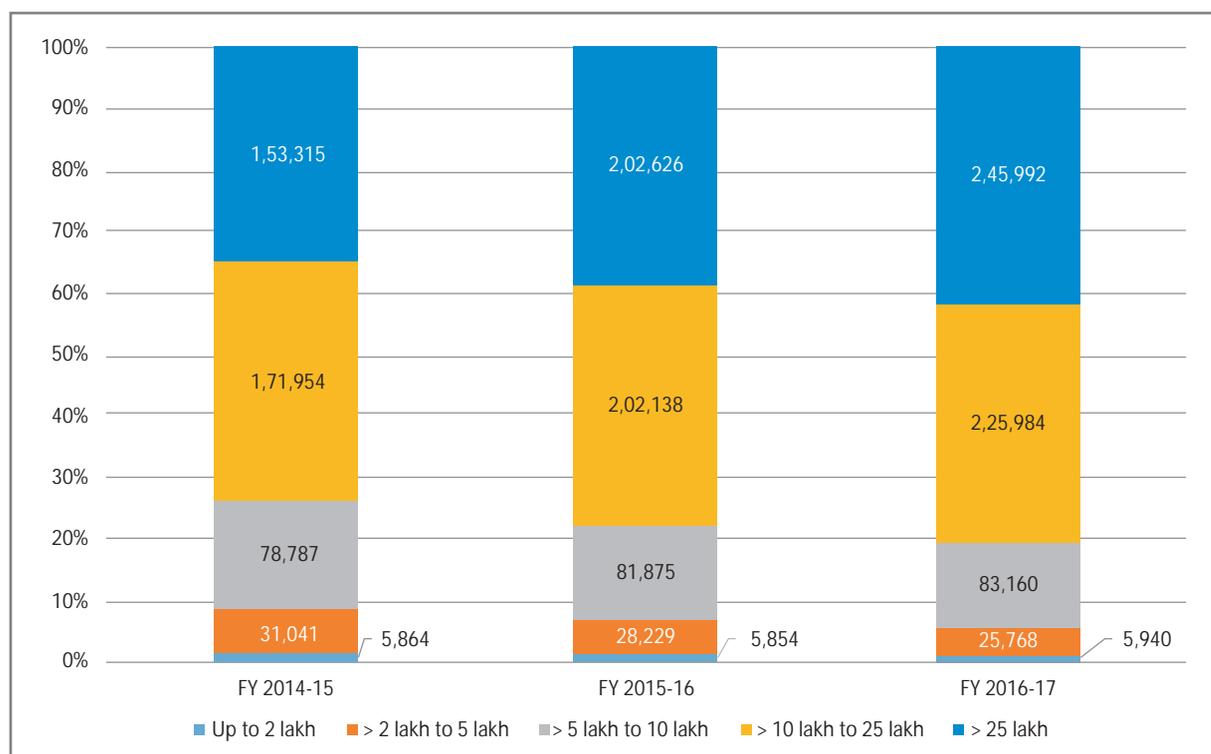
(Amount in ₹ crore)

Housing Loan Slabs (₹)	2015-16			2016-17				
	Disbursement	Outstanding	GNPA (%)	Disbursement	Growth YoY (%)	Outstanding	Growth YoY (%)	GNPA (%)
Up to 2 lakh	1,365	5,854	11.89	1,224	-10.3	5,940	+1.5	11.55
> 2 lakh to 5 lakh	3,581	28,229	3.33	4,868	+35.9	25,768	-8.7	3.22
> 5 lakh to 10 lakh	12,866	81,875	1.91	17,173	+33.5	83,160	+1.6	1.82
> 10 lakh to 25 lakh	49,341	2,02,138	1.07	52,149	+5.7	2,25,984	+11.8	1.14
> 25 lakh	62,574	2,02,626	0.94	67,926	+8.6	2,45,992	+21.4	1.21
Total	1,29,727	5,20,722	1.40	1,43,340	+10.5	5,86,844	+12.7	1.46

Source: Based on compilation of data submitted by Public Sector Banks

3.2.2 The total individual outstanding housing loans of the PSBs stood at ₹ 5,86,844 crore as on March 31, 2017. The individual housing loans disbursement during 2016–17 by the PSBs was ₹ 1,43,340 crore. This marks an 11 per cent increase in disbursement and a 13 per cent increase in the total outstanding over the last financial year. In terms of disbursements, majority of the growth was witnessed in the slabs of above ₹ 2 lakh to ₹ 5 lakh and above ₹ 5 lakh to ₹ 10 lakh.

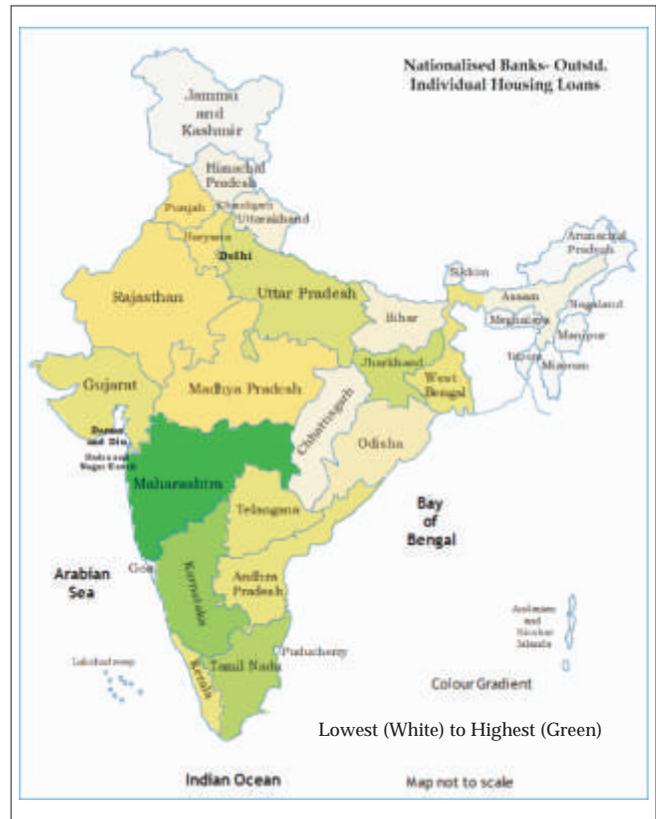
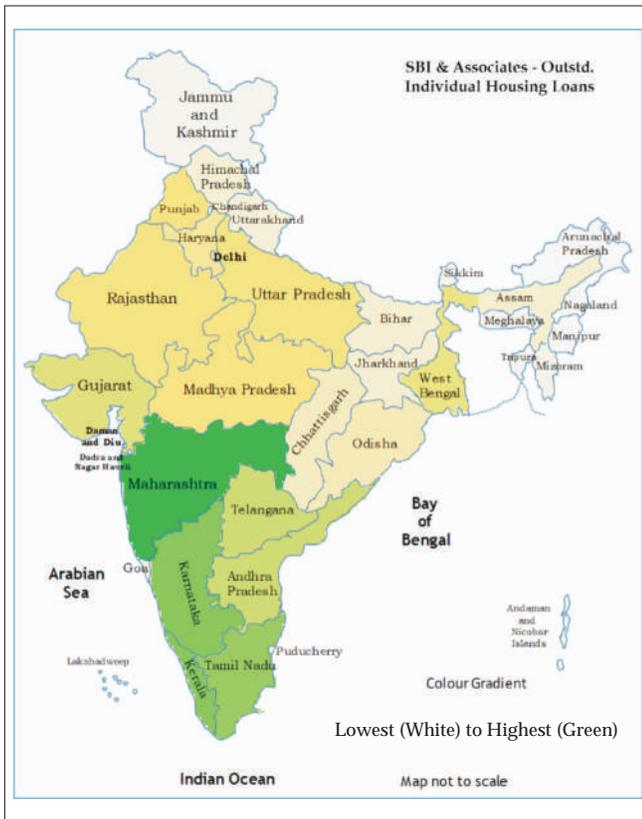
Graph 3.3 - Slab Wise Outstanding Individual Housing Loan of PSBs



Source: Based on compilation of data submitted by Public Sector Banks

3.2.3 Graph 3.4 reveals that SBI and nationalized banks have performed well in the Western and Southern regions of the country. Maharashtra tops among all States and UTs with respect to higher housing finance penetration.

Graph 3.4: Institution type wise Outstanding Individual Housing Loans of PSBs as on March 31, 2017



Source: Based on compilation of data submitted by Public Sector Banks

3.3 Operations and Performance of Housing Finance Companies

Housing Finance Companies (HFCs), specialized lending institutions for housing, registered with the National Housing Bank (NHB) have come as a major player of the mortgage market in India. As on March 31, 2017, there were 83 HFCs registered with NHB under Section 29A of the National Housing Bank Act, 1987 and operating through a network of around 4,300 branches/ offices spread across the country. Some of these HFCs also had representative offices for liaison work, abroad.

The Directions, Policy Circulars, Guidelines etc., issued by NHB for HFCs on the issues relating to Capital Adequacy Ratio, Loan to Value Ratio, assignment of Risk weights and Provisioning, Know Your Customer, Anti Money Laundering, Fair Practices Code, Asset Liability Management etc. were intended to ensure sound and healthy growth of housing finance sector on sustainable basis.

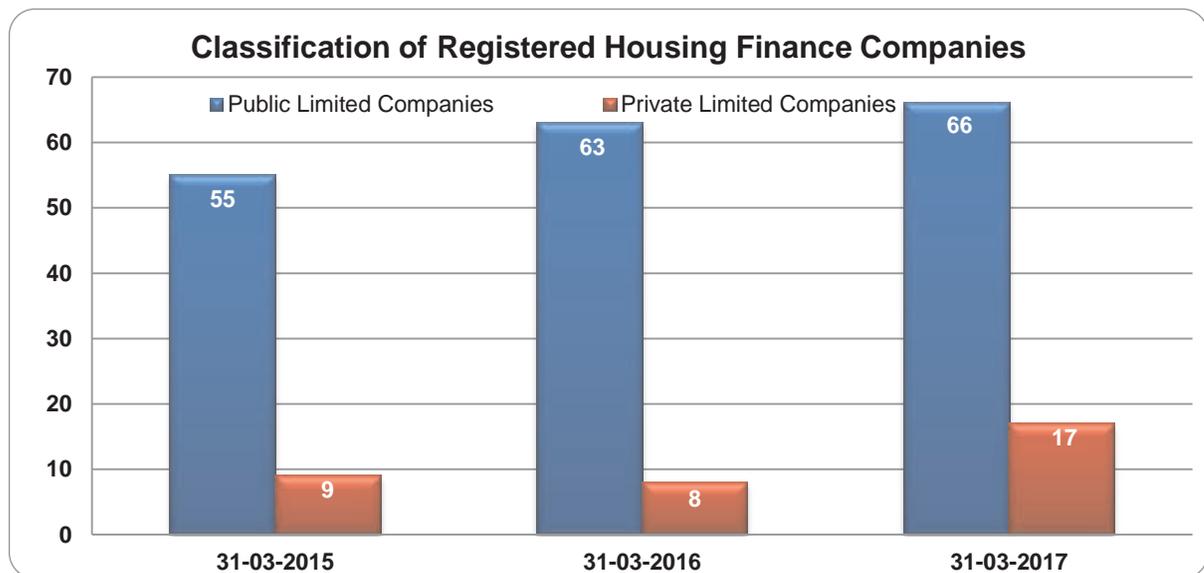
Some of the key highlights of the performance HFCs are as under-

- *Number of registered HFCs increased from 71 as on 31-03-2016 to 83 as on March 31, 2017, registering YOY growth of 17 per cent.*
- *Number of branches/offices of registered HFCs increased from 3,512 as on March 31, 2016 to 4,298 as on March 31, 2017, registering YOY growth of 22 per cent.*
- *Total loan portfolio of HFCs grew by 20.17 per cent from ` 6,81,118 crore on March 31, 2016 to ` 8,18,508 crore as on March 31, 2017. Of which,*
 - *housing loans increased by 16.75 per cent from ` 5,12,589 crore as on 31-03-2016 to ` 5,98,454 crore as on March 31, 2017, and*
 - *non-housing loans increased by 30.57 per cent from ` 1,68,529 crore as on March 31, 2016 to ` 2,20,053 crore as on March 31, 2017.*
- *Housing loans to total loans & advances decreased from 75.26 per cent as on March 31, 2016 to 73.12 per cent as on March 31, 2017 while non-housing loans to total loans & advances increased from 24.74 per cent as on 31-03-2016 to 26.88 per cent as on March 31, 2017.*
- *GNPAs as on March 31, 2017, which were ` 9,126 crore increased by about 22 per cent over the previous year (` 7,452 crore as on March 31, 2016). However, in percentage term, GNPA to total loans & advances marginally increased to 1.11 per cent as on March 31, 2017 from 1.09 per cent as on March 31, 2016.*
- *NNPAs as on March 31, 2017, which were ` 4,164 crore increased by about 18 per cent over previous year (` 3,537 crore as on 31-03-2016). However, in percentage term, NNPA to total loans & advances marginally decreased from 0.52 per cent as on 31-03-2016 to 0.51 per cent as on March 31, 2017.*
- *Total Net Owned Funds of HFCs increased by 27.84 per cent, from ` 74,665 crore as on March 31, 2016 to ` 95,451 crore as on March 31, 2017.*
- *Outstanding Borrowings of HFCs (including Public Deposits) increased by 22.45 per cent from ` 6,17,761 crore as on March 31, 2016 to ` 7,56,450 crore as on March 31, 2017.*
- *Outstanding Public Deposits which were ` 86,573 crore as on March 31, 2017 increased by 16.64 per cent from ` 74,222 crore as on March 31, 2016.*

3.4 NUMBER OF HOUSING FINANCE COMPANIES

3.4.1 As on March 31, 2017, 83 HFCs were holding the Certificate of Registration (CoR) from NHB under Section 29A of the National Housing Bank Act, 1987. Of these, 65 HFCs were granted CoR without permission to accept public deposits. Out of 83 HFCs, 66 were public limited companies and 17 were private limited companies. In 2016-17, NHB has granted CoR to 13 new companies namely Lodha Housing Finance Private Limited, IKF Housing Finance Private Limited, Five-Star Housing Finance Private Limited, West End Housing Finance Limited, Ummeed Housing Finance Private Limited, Aviom India Housing Finance Private Limited, Indostar Home Finance Private Limited, Essel Finance Home Loans Limited, Bee Secure Home Finance Private Limited, KIFS Housing Finance Private Limited, Centrum Housing Finance Limited, Manibhavnam Home Finance India Private Limited, Anand Housing Finance Private Limited and has cancelled a CoR in respect of one of the HFC, namely Equitas Housing Finance Limited.

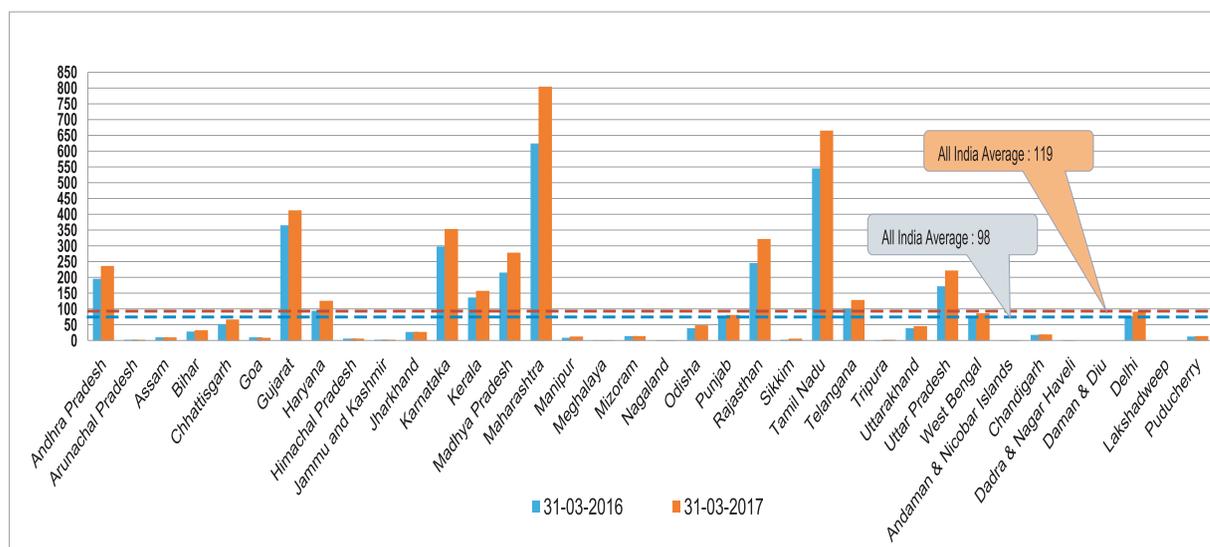
Graph 3.5: Classification of HFCs under Public Limited and Private Limited Companies for the last three years



3.4.2 Network of the HFCs

HFCs were operating through 3,512 branches/offices as on March 31, 2016 which increased to 4,298 branches/offices as on March 31, 2017 with YOY growth of about 22 per cent. The following chart provides the State/Union Territory-wise branches/offices of HFCs.

Graph 3.6: State/ Union Territory-wise Distribution of Branches/Offices of Registered HFCs in the last two years



3.5 FINANCIAL PROFILE OF HFCs

3.5.1 The financial year for the HFCs registered with NHB is from April 1 to March 31, and the data provided under this Chapter is as on March 31, 2017. A summary of key financial indicators of 83 HFCs is given in Table 3.2.

Table 3.2: Key Financial Indicators of HFCs

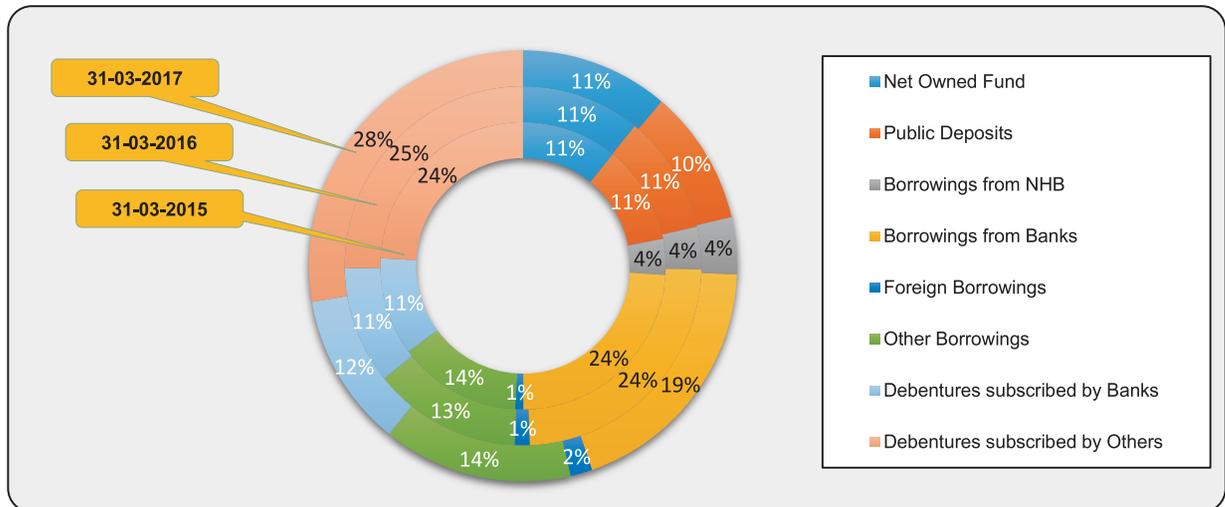
(Amount in ` crore)

Particulars	31-03-2015	31-03-2016	YOY Growth	31-03-2017	YOY Growth
Paid up Capital	6,629	7,904	19.23%	9,331	18.05%
Free Reserves	62,994	74,673	18.54%	94,605	26.69%
Net Owned Fund	61,790	74,665	20.84%	95,451	27.84%
Public Deposits	63,681	74,222	16.55%	86,573	16.64%
Other Borrowings	4,45,335	5,43,539	22.05%	6,69,877	23.24%
Housing Loans	4,23,346	5,12,589	21.08%	5,98,454	16.75%
Total Loans & Advances	5,62,315	6,81,118	21.13%	8,18,508	20.17%
GNPA as %age to Total Loans & Advances	1.08	1.09	-	1.11	-
NNPA as %age to Total Loans & Advances	0.47	0.52	-	0.51	-

3.5.2 Aggregate NOF of HFCs which was ` 74,665 crore as on 31-03-2016 increased to ` 95,451 crore as on March 31, 2017 registering a growth of 27.84 per cent over the previous year. Trend analysis on resources data of HFCs as on March 31, 2017 revealed that HFCs raised about 31 per cent of their resources from banks through borrowings and subscription to debentures, and the debentures subscribed by others constituted around 31 per cent of

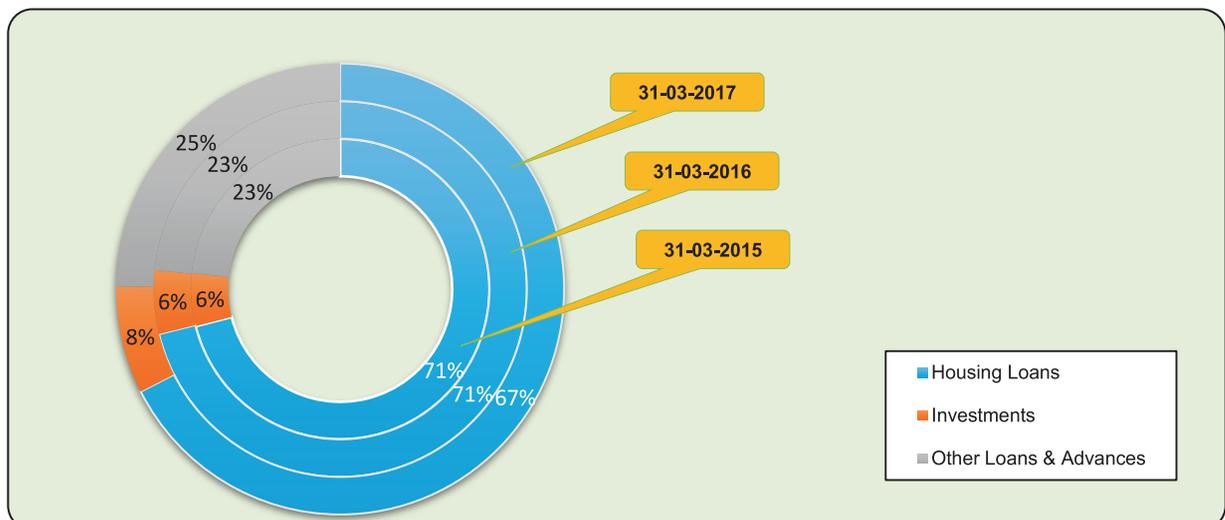
the total resources. National Housing Bank's refinance support constituted around 4 per cent of the HFCs resources. Public deposits which grew by 16.64 per cent from ₹ 74,222 crore as on March 31, 2016 to ₹ 86,573 crore as on March 31, 2017 constituted about 10 per cent of the total resources raised by HFCs. The following chart depicts the trend in HFCs outstanding resources in the last three years.

Graph 3.7: Trend of Outstanding Resources of HFCs in the last three years



3.5.3 Housing loans of HFCs as at the end of March, 2016 which were ₹ 5,12,589 crore increased to ₹ 5,98,454 crore as at the end of March, 2017, registering YOY growth of about 17 per cent in 2016-17. The housing loan portfolio of HFCs has retained the highest share in the entire loan portfolio at around 73 per cent during 2016-17. Aggregate investments of HFCs stood at ₹ 68,348 crore as on March 31, 2017 as against ₹ 39,437 crore as on March 31, 2016, thereby registering an increase of 73.31 per cent. The following chart provides the trend in the distribution of earning assets of HFCs in the last three years.

Graph 3.8: Trend of Earning Assets of HFCs in the last three years



3.6 KEY PERFORMANCE INDICATORS OF HFCs.

3.6.1 On the basis of Public Ltd and Private Ltd Categorization of HFCs :

The key financial parameters of Public Ltd. and Private Ltd. HFCs are provided in the Table 3.3.

Table 3.3: Performance of Public Ltd and Private Ltd. HFCs

(Amount in ` crore)

Particulars	31-03-2015			31-03-2016			31-03-2017		
	Private Ltd	Public Ltd	Total	Private Ltd	Public Ltd	Total	Private Ltd	Public Ltd	Total
Paid up Capital	6,447	182	6,629	7,712	192	7,904	8,894	436	9,331
Free Reserves	62,710	284	62,994	74,476	198	74,673	94,231	374	94,605
Net Owned Fund	61,336	454	61,790	74,283	382	74,665	94,657	794	95,451
Public Deposits	63,681	---	63,681	74,222	-	74,222	86,573	-	86,573
Housing Loans	4,22,324	1,022	4,23,346	5,11,856	734	5,12,589	5,97,088	1,366	5,98,454

3.6.2 On the basis of Public deposit accepting and Non Public deposit –accepting HFCs :

The share of Private Limited HFCs were negligible. As on 31-03-2017, there were 18 HFCs which have been granted CoR with permission to accept public deposits. However, 6 of these are required to obtain prior written permission from the NHB before accepting any public deposits. The key financial parameters of HFCs for the past three years provided in Table 3.3 above, further segregated on the basis of classification into public deposit accepting and non-public deposit accepting HFCs is given in Table 3.4.

Table 3.4: Performance of Public Deposit accepting and Non Public deposit accepting HFCs

(Amount in ` crore)

Particulars	31-03-2015			31-03-2016			31-03-2017		
	Deposit Accepting HFCs	Non Deposit Accepting HFCs	Total	Deposit Accepting HFCs	Non Deposit Accepting HFCs	Total	Deposit Accepting HFCs	Non Deposit Accepting HFCs	Total
Paid up Capital	4,240	2,389	6,629	4,577	3,327	7,904	4,520	4,810	9,331
Free Reserves	54,358	8,636	62,994	60,894	13,779	74,673	76,752	17,853	94,605
Net Owned Fund	51,091	10,699	61,790	57,916	16,749	74,665	73,473	21,978	95,451
Public Deposits	63,681	-	63,681	74,222	-	74,222	86,573	-	86,573
Housing Loans	3,70,191	53,155	4,23,346	4,32,266	80,323	5,12,589	4,85,455	1,12,999	5,98,454

3.6.3 HFCs sponsored by commercial banks and a Multi-State Co-operative Bank :

As on March 31, 2017 there were five HFCs sponsored by the Scheduled Commercial Banks and one HFC sponsored by a Multi-state Co-operative Bank, the details of which are as follows –

- CanFin Homes Ltd., sponsored by Canara Bank
- Cent Bank Home Finance Ltd., sponsored by Central Bank of India
- ICICI Home Finance Company Ltd., sponsored by ICICI Bank Ltd.
- Ind Bank Housing Ltd., sponsored by Indian Bank
- PNB Housing Finance Ltd., sponsored by Punjab National Bank
- REPCO Home Finance Ltd., sponsored by REPCO Bank (a multi-state co-operative Bank).

3.6.4 There has been no change in the number of HFCs sponsored by the Scheduled Commercial Banks and Multi-State Co-operative Banks since the previous year. The key financial parameters of HFCs classified on the basis of HFCs sponsored by the Scheduled Commercial Banks and Multi-State Co-operative Banks, and Other HFCs are summarized in Table 3.5.

Table 3.5: Performance of HFCs sponsored by the Scheduled Commercial Banks and Multi-State Co-operative Bank vis-a-vis other HFCs

(Amount in ` crore)

Particulars	31-03-2015			31-03-2016			31-03-2017		
	HFCs sponsored by SCB & MSCB	Other HFCs	Total	HFCs sponsored by SCB & MSCB	Other HFCs	Total	HFCs sponsored by SCB & MSCB	Other HFCs	Total
Paid up Capital	1,327	5,302	6,629	1,350	6,554	7,904	1,389	6,554	9,331
Free Reserves	3,429	59,565	62,994	4,267	70,406	74,673	8,098	70,406	94,605
Net Owned Fund	4,525	57,265	61,790	5,177	69,488	74,665	8,933	69,488	95,451
Public Deposits	5,554	58,127	63,681	6,835	67,387	74,222	9,637	67,387	86,573
Housing Loans	29,448	3,93,898	4,23,346	40,859	4,71,731	5,12,589	52,930	4,71,731	5,98,454

3.6.5 Borrowings Profile of HFCs

Paid-up capital of the HFCs (including the preference shares which are compulsorily convertible into equity) increased by 18.05 per cent from ` 7,904 crore as on March 31, 2016 to ` 9,331 crore as on March 31, 2017, while Net Owned Funds increased by 27.84 per cent from ` 74,665 crore as on March 31, 2016 to ` 95,451 crore as on March 31, 2017.

HFCs were primarily dependent on borrowings from banks and financial institutions through loans, issuance of bonds and debentures. Borrowings through inter-corporate deposits (ICDs), commercial papers and public deposits are other sources of funds for HFCs. The HFCs resources details for the last three years is given in Table 3.6.

Table 3.6: Composition of borrowings by HFCs

(Amount in ` crore)

Particulars	31-03-2015	31-03-2016	YOY Growth	31-03-2017	YOY Growth
National Housing Bank	23,027	26,440	15%	36,347	37%
Foreign Government, Foreign Authority and Foreign Citizen or Person	5,261	9,398	79%	14,135	50%
Banks	1,36,746	1,66,744	22%	1,63,090	-2%
Debentures secured by mortgage of immovable properties or convertible debentures	2,00,804	2,47,863	23%	3,34,383	35%
Of the above, <i>a. debentures subscribed by banks</i>	62,941	73,258	16%	98,559	35%
<i>b debentures subscribed by others</i>	1,37,863	1,74,606	27%	2,35,824	35%
Others	79,497	93,093	17%	1,21,923	16%
Public Deposits	63,681	74,222	17%	86,573	17%
Total	5,09,016	6,17,761	21%	7,56,450	22%

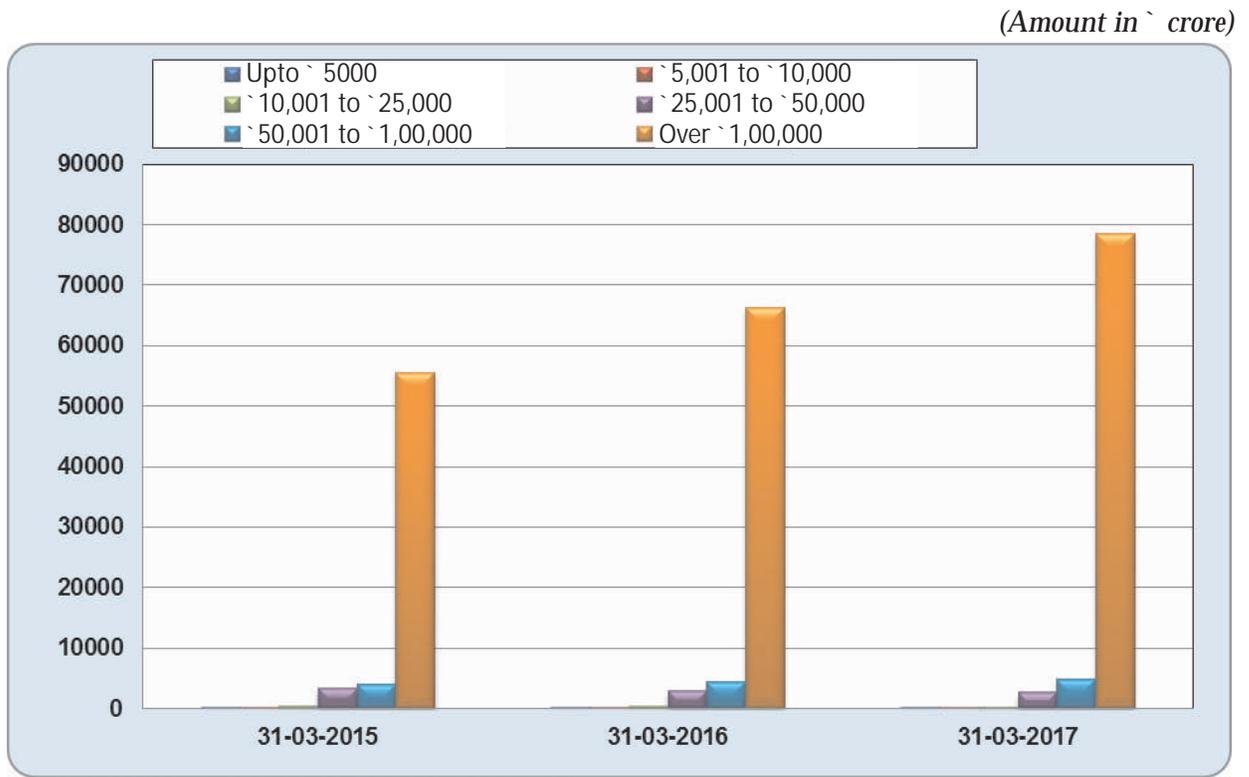
3.6.6 The outstanding borrowings of HFCs, excluding public deposits, increased by about 23 per cent from ` 5,43,539 crore as on March 31, 2016 to ` 6,69,877 crore as on March 31, 2017. Borrowings from banks decreased by about 2 per cent and stood at ` 1,63,090 crore as on March 31, 2017 as against ` 1,66,745 crore as on March 31, 2016. Other borrowings increased from ` 3,76,795 crore as on March 31, 2016 to ` 5,06,787 crore as on March 31, 2017, registering a growth of about 34 per cent.

3.6.7 Outstanding public deposits with the HFCs increased by about 17 per cent from ` 74,222 crore as on March 31, 2016 to ` 86,573 crore as on March 31, 2017.

3.6.8 Public Deposits with HFCs

Outstanding public deposits with the HFCs have shown an increasing trend during the year 2016-17. As on March 31, 2017, public deposits over ` 1,00,000 accounted for maximum with a share of 90.74 per cent of the total public deposits. The trend in size-wise outstanding public deposits at the end of last three years is shown in the Graph 3.9.

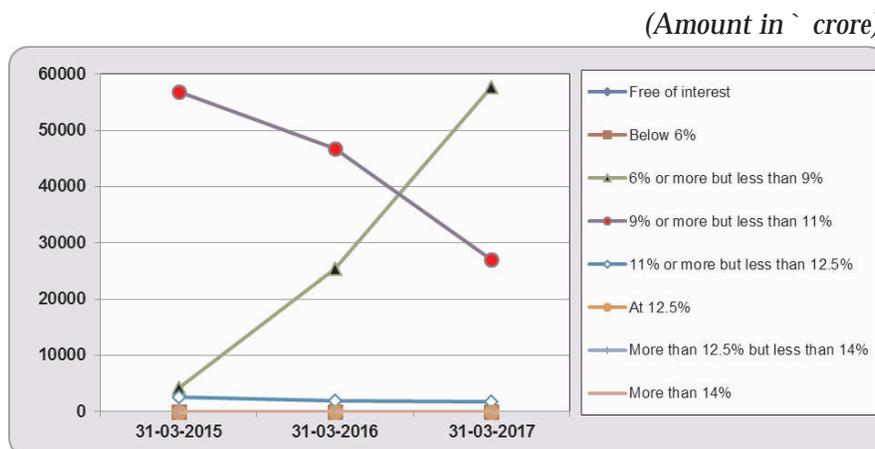
Graph 3.9: Size-wise Trend of Public Deposits of HFCs in the last three years



As on March 31, 2017, 66.63 per cent of the total public deposits held by the HFCs fell in the interest slab of 6 per cent to 9 per cent per annum, which showed a drastic increase over previous year. HFCs had 31.29 per cent of public deposits in the interest rate slab of 9 per cent to 11 per cent per annum, which showed a drastic decrease over previous year. The trend in interest rate-wise classification of outstanding public deposits at the end of last three years is shown in the graph 3.10.

HFCs cannot accept or renew any public deposit at a rate of interest exceeding twelve and half per cent per annum with effect from July 06, 2007.

Graph 3.10: Interest rate-wise Trend of Public Deposits of HFCs in the last three years

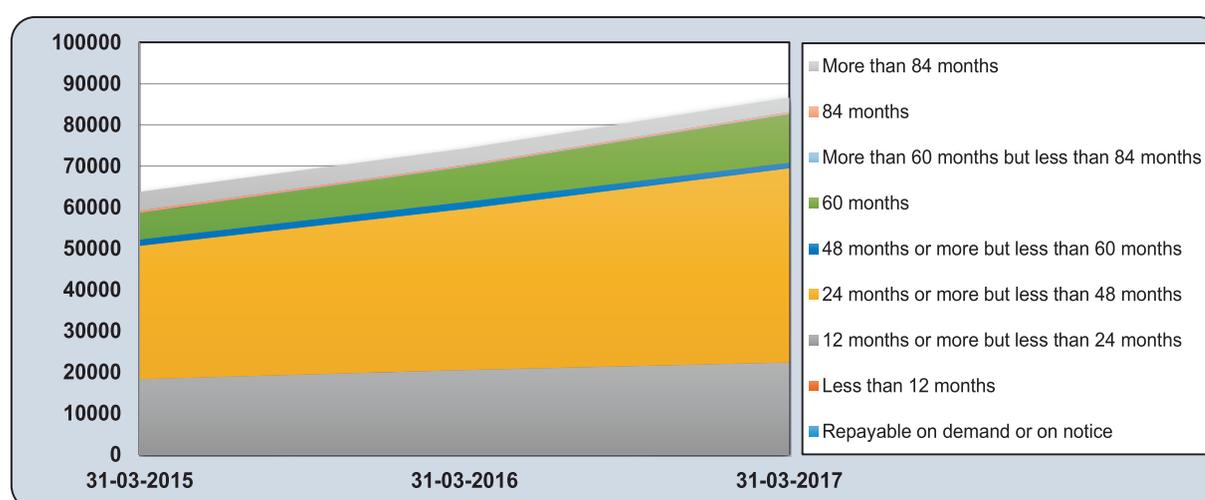


3.6.9 Maturity-wise Public Deposits of HFCs:

Analysis of maturity-wise classification of public deposits in the last three years indicates that the majority of the public depositors' preference was for a maturity period between 24 months to 48 months. The share of the public deposits in this category has shown an increasing trend during the period 2016-17 over 2015-16. The trend in maturity-wise classification of outstanding public deposits at the end of last three years is shown in the graph 3.11.

Graph 3.11: Maturity-wise Trend of Public Deposits of HFCs in the last three years

(Amount in ` crore)



3.6.10 Assets Profile of HFCs

Assets profile of HFCs comprising of earning assets namely housing loans, other loans & advances and investments was at ` 886,856 crore as on March 31, 2017. As on March 31, 2017, housing loans contributed around 67 per cent of the total earning assets of HFCs, with a growth of about 23 per cent as on March 31, 2017 as compared to a growth of about 21 per cent as on March 31, 2016. Other Loans and Advances constituted about 25 per cent while investments constituted about 8 per cent of the total assets of HFCs as on March 31, 2017. The outstanding position of major assets along with their annual growth, is shown in Table 3.7.

Table 3.7: Outstanding Loans and Advances and Investments of HFCs

(Amount in ` crore)

Particulars	31-03-2015	31-03-2016	YOY Growth	31-03-2017	YOY Growth
1. Loans and Advances	5,62,316	6,81,118	21.13%	8,18,508	20.17%
a) Housing Loans	4,23,346	5,12,589	21.08%	5,98,454	16.75%
b) Other Loans & Advances	1,38,970	1,68,529	21.27%	2,20,053	30.57%
2. Investments	33,817	39,437	16.62%	68,348	73.31%
Total	5,96,132	7,20,555	20.87%	8,86,856	23.08%

3.6.11 Outstanding Loans and Advances and Investments of HFCs

3.6.11.1 Housing loans of HFCs which stood at ` 5,12,589 crore as on March 31, 2016 increased by 16.75 per cent to ` 5,98,454 crore as on March 31, 2017. Other loans and advances which stood at ` 168,529 crore as on March 31, 2016 increased by 30.57 per cent to ` 220,053 crore as on March 31, 2017. The ratio of housing loans and other loans & advances remained around 3:1.

3.6.11.2 Aggregate investments of HFCs stood at ` 68,348 crore as on March 31, 2017 as compared to ` 39,437 crore as on March 31, 2016, an increase of 73.31 per cent over the previous year.

3.6.12 Housing Loans of HFCs

The outstanding housing loans of HFCs stood at ` 5,98,454 crore as on 31-03-2017 showing a growth of 16.75 per cent as compared to ` 5,12,589 crore as on 31-03-2016. The percentage of outstanding housing loans to total loans & advances which was at 75.29 per cent and 75.26 per cent as on March 31, 2015 and March 31, 2016 respectively, further declined to 73.12 per cent as on March 31, 2017.

Table 3.8: Comparison of Housing Loans with Total Loans of HFCs

(Amount in ` crore)

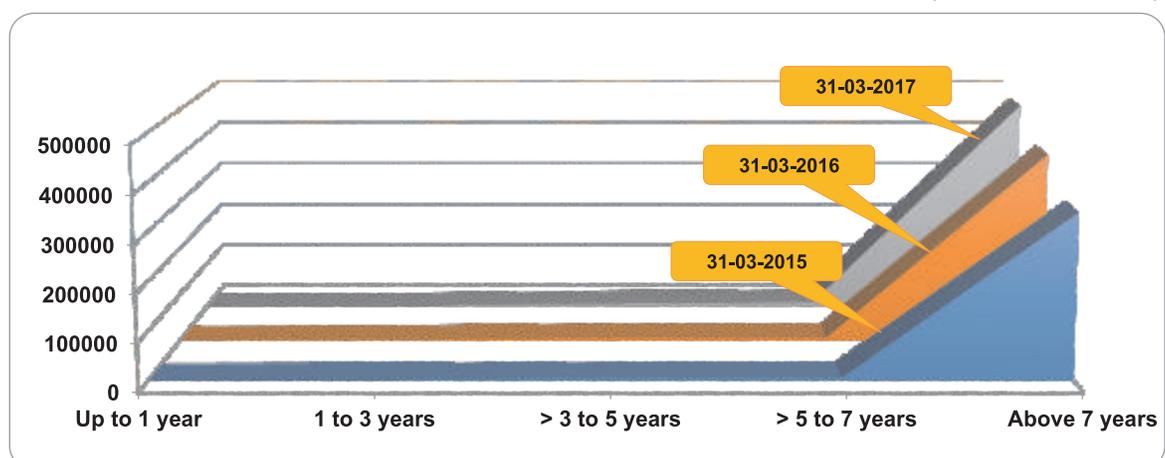
Particulars	31-03-2015	31-03-2016	YOY Growth	31-03-2017	YOY Growth
Housing Loans	4,23,346	5,12,589	21.08%	5,98,454	16.75%
Total Loans	5,62,316	6,81,118	21.13%	8,18,508	20.17%
Housing Loans to Total Loans & Advances	75.29%	75.26%	-	73.12%	-

3.6.13 Maturity pattern of Housing Loans of HFCs

Analyzing the trend on the maturity pattern of housing loans outstanding to Individuals with HFCs, it was observed that around 97 per cent of these housing loans were having maturity of over 7 years. This indicates that the preference of majority of HFCs housing loans to individuals was for housing loans on a long tenure rather than short or medium tenure. The maturity pattern of outstanding housing loans to individuals at the end of last three years was shown in Graph 3.12.

Graph 3.12: Maturity-pattern wise Trend of Housing Loans to Individuals by HFCs

(Amount in ` crore)

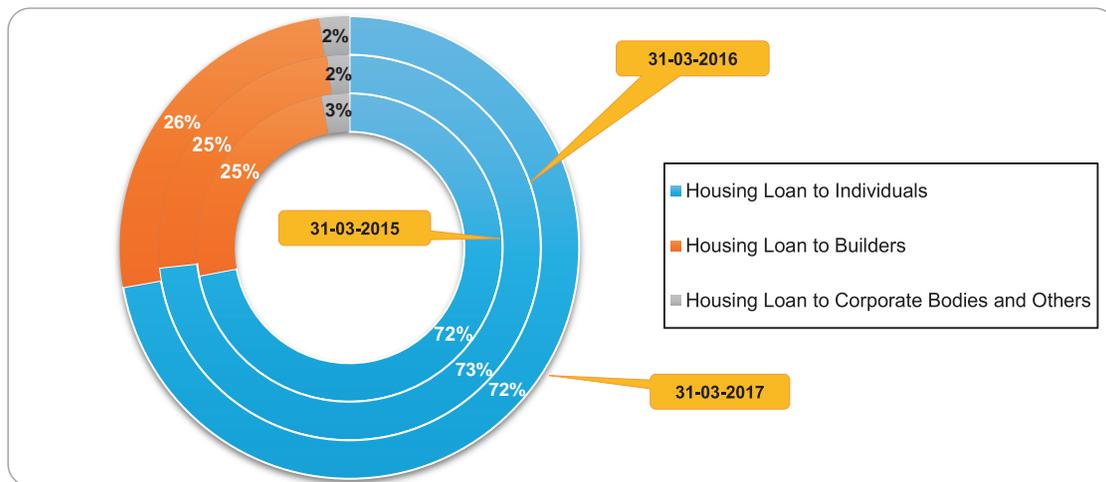


3.6.14 Borrowers' type-wise disbursements of housing loans:

The disbursements on housing loans by HFCs had a growth rate of about 14 per cent in 2016-17 over 2015-16. Borrowers' type-wise distribution of disbursement of housing loans in 2016-17, further revealed that around 72 per cent of their housing loans were to individuals, 26 per cent to builders and 2 per cent to corporate bodies & others. The disbursement in the last three years is depicted in Graph 3.13.

Graph 3.13: Borrowers' type-wise Disbursement Trend of Housing Loans by HFCs

(Amount in ` crore)

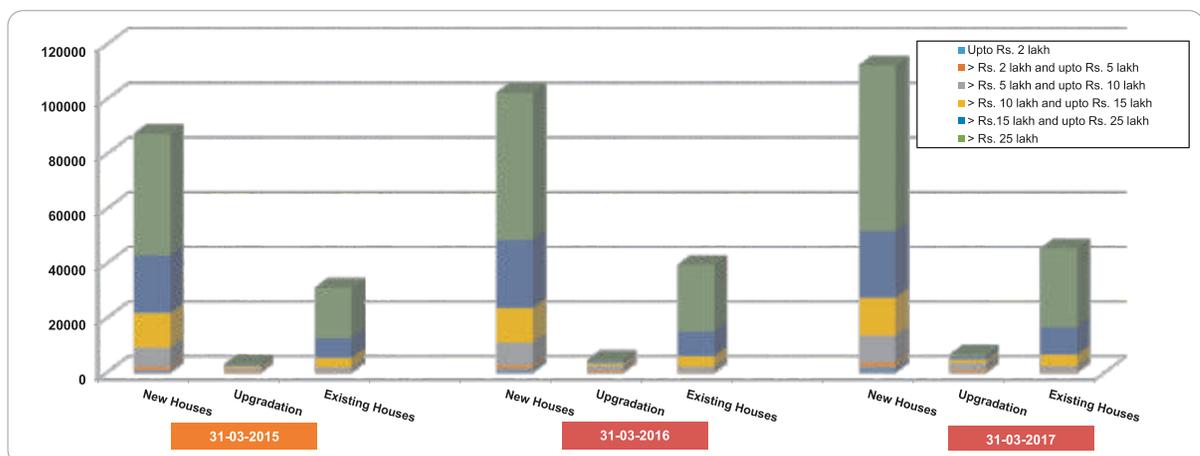


3.6.15 Purpose-wise disbursements of housing loans to individuals:

Analysis of purpose-wise HFCs disbursements on housing loans disbursed to individuals revealed that about 68 per cent of the loans were for acquisition/ construction of new houses, 4 per cent for up-gradation including major repairs, and the balance 28 per cent for purchase of old/existing houses. This showed that new assets creation were the main component of the total housing loans disbursed by HFCs. The trend in disbursement during the last three years is shown in Graph 3.14.

Graph 3.14: Purpose-wise Disbursement Trend of Housing Loans to Individuals by HFCs

(Amount in ` crore)



In 2016-17, HFCs disbursed ₹ 1,64,510 crore for 11,05,842 loan accounts for acquisition/construction of new houses, up-gradation (including major repairs), and purchase of old/existing houses (resale).

- 3.6.16 Disbursements of housing loans to individuals for acquisition/ construction of new houses increased by 9.75 per cent in 2016-17 as compared to 17.22 per cent in 2015-16. Of the total housing loans disbursements, HFC's loans below ₹ 25 lakh constituted 46.11 per cent in 2016-17 as compared to 47.49 per cent in 2015-16. Disbursements of housing loans in the category above ₹ 25 lakh increased by 12.64 per cent while loans upto ₹ 25 lakh by 6.56 per cent. Details in this regard are provided in Table 3.9.

Table 3.9: Disbursement of Housing Loans by HFCs to Individuals, for acquisition/ construction of new houses

(Amount in ₹ crore)

Particulars	2014-15	2015-16	YOY Growth	2016-17	YOY Growth
Upto ₹ 2,00,000	826	1,324	60.29%	1,963	48.23%
Above ₹ 2,00,000 and upto ₹ 5,00,000	1,386	1,549	11.76%	1,942	25.43%
Above ₹ 5,00,000 and upto ₹ 10,00,000	7,088	8,166	15.21%	9,662	18.32%
Upto ₹ 10,00,000	9,300	11,039	18.70%	13,568	22.91%
Above ₹ 10,00,000 and upto ₹ 15,00,000	12,502	12,623	0.97%	13,912	10.21%
Above ₹ 15,00,000 and upto ₹ 25,00,000	21,144	24,954	18.02%	24,325	-2.52%
Above ₹ 25,00,000	44,384	53,750	21.10%	60,541	12.64%
Total (1)	87,330	1,02,366	17.22%	1,12,346	9.75%

- 3.6.17 Disbursements of housing loans to individuals for upgradation (including major repairs) went up by 44.60 per cent in 2016-17 as compared to 43.02 per cent in 2015-16. Of the total housing loans disbursements made by HFCs in 2016-17, loans below ₹ 25 lakh constituted 88.77 per cent of the same as compared to 90.02 per cent in 2015-16. Disbursements of housing loans in the category of above ₹ 25 lakh went up by 62.89 per cent while loans upto ₹ 25 lakh went up by 42.57 per cent. Details are provided in Table 3.10.

Table 3.10: Disbursement of Housing Loans by HFCs to Individuals, for up-gradation (including major repairs)

(Amount in ₹ crore)

Particulars	2014-15	2015-16	YOY Growth	2016-17	YOY Growth
Upto ₹ 2,00,000	49	59	20.41%	99	68.53%
Above ₹ 2,00,000 and upto ₹ 5,00,000	559	735	31.48%	881	19.80%
Above ₹ 5,00,000 and upto ₹ 10,00,000	1,176	1,757	49.40%	2,545	44.80%

Upto ` 10,00,000	1,784	2,551	42.99%	3,524	38.14%
Above ` 10,00,000 and upto ` 15,00,000	653	895	37.06%	1,317	47.07%
Above ` 15,00,000 and upto ` 25,00,000	501	696	38.92%	1,065	53.04%
Above ` 25,00,000	279	459	64.52%	747	62.89%
Total (2)	3,217	4,601	43.02%	6,653	44.60%

3.6.18 Disbursements of housing loans to individuals for acquisition of old/existing houses went up by 15.18 per cent in 2016-17 as compared to 26.97 per cent in 2015-16. Of the total housing loans disbursements, HFC's loans below ` 25 lakh constituted 36.63 per cent in 2016-17 as compared to 38.22 per cent in 2015-16. Disbursements of housing loans in this category above ` 25 lakh went up by 18.14 per cent while Loans upto ` 25 lakh went up by 10.39 per cent. Details as depicted in Table 3.11.

Table 3.11: Disbursement of Housing Loans by HFCs to Individuals, for acquisition of old/existing houses

(Amount in ` crore)

Particulars	2014-15	2015-16	YOY Growth	2016-17	YOY Growth
Upto ` 2,00,000	25	23	-8.00%	58	153.30%
Above ` 2,00,000 and upto ` 500,000	301	325	7.97%	295	-9.40%
Above ` 5,00,000 and upto ` 10,00,000	1,722	1,960	13.82%	2,109	7.63%
Upto ` 10,00,000	2,048	2,308	12.70%	2,462	6.66%
Above ` 10,00,000 and upto ` 15,00,000	3,367	3,810	13.16%	4,127	8.31%
Above ` 15,00,000 and upto ` 25,00,000	7,237	8,985	24.15%	10,084	12.23%
Above ` 25,00,000	18,466	24,409	32.18%	28,838	18.14%
Total (3)	31,118	39,512	26.97%	45,511	15.18%

3.6.19 Overall disbursements of housing loans to individuals went up by 12.31 per cent in 2016-17 as compared to 20.40 per cent in 2015-16. Of the total housing loans disbursements, HFC's loans below ` 25 lakh constituted 45.21 per cent in 2016-17 as compared to 46.33 per cent in 2015-16. Disbursements of total housing loans above ` 25 lakh went up by 14.64 per cent while Loans below ` 25 lakh went up by 9.61 per cent. Details as depicted in Table 3.12.

Table 3.12: Total Disbursement of Housing Loans by HFCs to Individuals

(Amount in ` crore)

Particulars	2014-15	2015-16	YOY Growth	2016-17	YOY Growth
Upto ` 2,00,000	900	1,406	56.22%	2,119	50.77%
Above ` 2,00,000 and upto ` 5,00,000	2,246	2,609	16.16%	3,118	19.50%
Above ` 5,00,000 and upto ` 10,00,000	9,986	11,883	19.00%	14,317	20.48%
Upto ` 10,00,000	13,132	15,898	21.06%	19,553	22.99%
Above ` 10,00,000 and upto ` 15,00,000	16,522	17,328	4.88%	19,356	11.70%
Above ` 15,00,000 and upto ` 25,00,000	28,882	34,635	19.92%	35,474	2.42%
Above ` 25,00,000	63,129	78,618	24.54%	90,127	14.64%
Total (4) = (1) + (2) + (3)	1,21,665	1,46,479	20.40%	1,64,510	12.31%

3.6.20 Out of total housing loan disbursements of ` 1,64,510 crore to individuals in 2016-17, HFCs disbursed housing loans of ` 5,237 crore constituting 3.18 per cent in the category of housing loan upto ` 5 lakh and ` 19,553 crore constituting 11.89 per cent in the category of housing loans upto ` 10 lakh. Loans above ` 10 lakh and upto ` 15 lakh were ` 19,356 crore constituting 11.77 per cent of the total housing loans disbursed by HFCs in 2016-17.

3.6.21 Out of ` 4,017 crore disbursed in the category of slab of housing loan upto ` 5 lakh, ` 36 crore, ` 368 crore, and ` 3,613 crore were disbursed to the category of borrowers having income per month upto ` 5,000, ` 5,001 to ` 10,000 and more than ` 10,000, respectively. The above details are shown in Table 3.13.

Table 3.13: Disbursement of Housing Loans by HFCs to Borrowers, during 2016-17, as per income category

(Amount in ` crore)

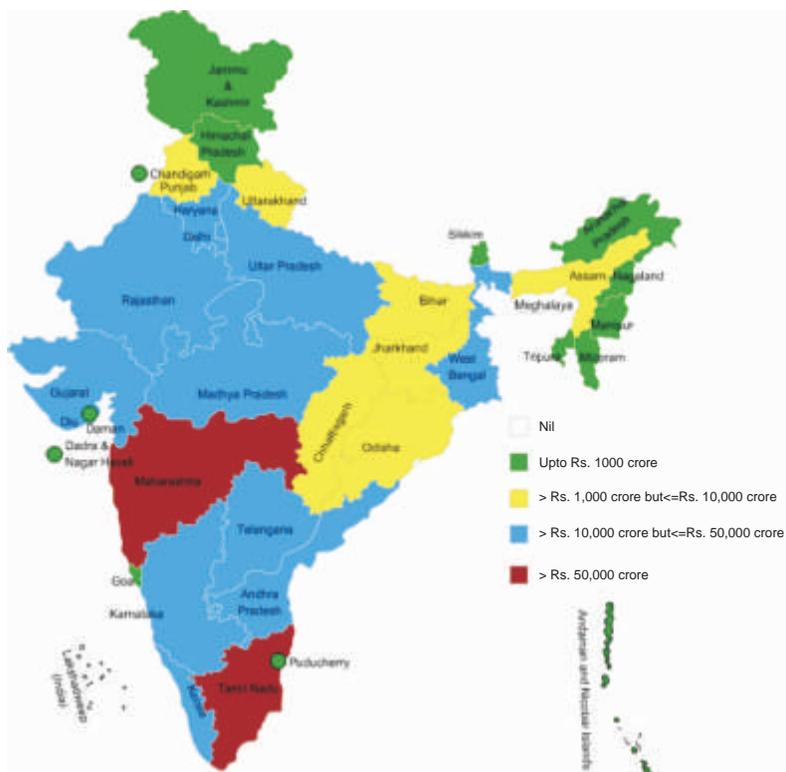
Size of Housing Loan	Income < ` 5,000 p.m.		Income ` 5,001 to ` 10,000 p.m.		Income > ` 10,000 p.m.		Total	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt
Upto ` 3 lakh	2,790	25	42,783	368	1,63,812	2,379	2,09,385	2,771
Above ` 3 lakh and upto ` 5 lakh	207	8	1,294	45	56,877	2,403	58,378	2,456
Total	2,997	33	44,077	413	2,20,689	4,781	2,67,763	5,227

3.6.22 NHB also compiles the State/ UT-wise data on housing loans to Individuals and Builders, both on the basis of disbursements as well as outstanding, and also on the housing loan disbursements in rural and urban areas. Details are provided in shown in Appendix II, and depicted pictorially through graphs 3.15 to 3.19.

Graph 3.15: State-wise distribution of disbursements of housing loans to Individuals



Graph 3.16: State-wise distribution of outstanding housing loans to individuals



Graph 3.17: State-wise distribution of disbursements of housing loans to Builders



Graph 3.18: State-wise distribution of outstanding housing loans to Builders



Graph 3.19: State-wise distribution of disbursement of housing loans for acquisition/ construction of new houses to individuals



3.7 Other players in Housing Finance

- 3.7.1 The National Co-operative Housing Federation of India is the nationwide organisation of the Indian co-operative housing movement. The basic intent of its formation was to have an organisation at the national level that will assume the responsibility of promoting, developing and coordinating the activities of housing co-operatives in the country. The co-operative housing structure consists of primary housing co-operatives at the grass-roots level and Apex Cooperative Housing Federations (ACHFs) at the national level. These federations have disbursed ` 12,711 crore to primary housing co-operatives for the construction of DUs for their members till the end of FY 2016-17 and is shown in Appendix III and IV. Their outstanding loan portfolio of ACHFs was ` 1,640 crore.

Chapter 4: Housing Price Indices

Housing prices are an important determinant of household sector's gross and net wealth and thereby of consumption and savings. In many countries, including India, house property is the household's largest asset, and price developments in housing markets can impact growth directly but mainly through credit channel since real estate can serve as collateral for consumer borrowing. Furthermore, housing cycles can influence the economic activity through wealth effects on consumption and private residential investments mainly due to changes in profitability and the impact on employment and demand in property related sectors. The decision to purchase a house is a policy decision of the households to demonstrate a different kind of life. The increase in home ownership has its origin in housing boom which has been evident in Australia, Canada, China, France, India, Italy, Korea, Russia, Spain, UK and the USA.

Sweden's Central Bank, the Riksbank is one of the few Central Banks that have taken the approach of targeting the real estate prices. Policy of the Riksbank is to look at property prices while taking decisions about interest rates. In comparison with larger countries, the smaller ones have a stronger monetary transmission through the housing channel but a robust financial system is an imperative requirement for such transmission to be successful. Cross country studies indicate that the growth in housing finance depends upon a number of factors such as credit history of the borrower, ability of the financing institution to secure collateral, macroeconomic stability prevailing in the economy and trends in household income. Locational factors such as accessibility, schools, construction costs, and age of housing stock and industrial organization of the housing market also influence movements in housing prices.

If housing prices are not aligned with the fundamentals they can threaten the economic and financial stability of the country mainly because of the macro-financial linkages. One of the most important causes of financial crisis has been collapses in real estate prices, either residential or commercial or both.

4.1 Background

4.1.1 A change in the housing price affects the households' perceived lifetime wealth and hence influences the spending and borrowing decisions of households. An increase in the housing price raises the value of the housing variable relative to construction costs; hence a new construction is profitable when housing price rise above the construction costs. Residential investment is, therefore, positively related with housing price increase. Further, housing price gains increase housing collateral and hence housing credits. The potential two-way link between bank lending and housing prices give rise to mutually reinforcing cycles in credit and real estate markets. These indicate that housing prices may affect economic activity through private consumption of households, residential investment and credit allocation of the financial systems. Over the last few years, housing and real estate has emerged as a major area for creation of both physical and financial assets and it is a fast expanding component of the service sector and constitutes an increasing proportion of national wealth. However, information on housing prices is not easily accessible; lack of transparency in the residential property market and limited availability of

price information pose significant challenges for identifying the nature of real estate price dynamics and their relationship with financial stability and monetary policy. Therefore, it becomes necessary to prepare an accurate measure of aggregate housing price, despite limited availability of data, in order to understand the behaviour of housing markets and their influence on the economy. Housing indices help to gauge the housing prices reflecting a balance between demand and supply of houses in any country.

- 4.1.2 To construct an index across the nation or a region is a complex exercise because home sales do not occur in centralized markets. House price transactions are infrequent and apply to a highly heterogeneous item. Comparing the prices of different things because each house is different, on a regular basis is highly problematic. Moreover, secondary source data are generally used for Housing Price Index (HPI), and their nature depends on the institutional arrangements in a country for selling, financing, taxing, and registering the sale of a residential property. (*Silver; 2012*). Internationally, the house price index is compiled using three methodologies. The first methodology is based on simple average of observed prices. The second looks at repeat sales of the same property. The third treats a house as a bundle of attributes, each with its own price that changes over time and makes use of the hedonic methodology. In practice, development of an aggregate HPI is difficult because of its inherent heterogeneity and infrequent nature of sales. This means houses vary in quality across sectors and over time. As no two houses are the same, the observed difference in characteristic (quality) between two houses will be reflected in difference in price. Also, since a transaction on any specific house occurs relatively infrequently, it is hard to know the amount at which a specific house will transact on a particular day. Thus, the characteristics of heterogeneity and infrequency of sales together make it all the more difficult to find a representative sample of house prices on which an aggregate price index can be estimated.
- 4.1.3 Hedonic models relate the selling prices of dwellings to measure their physical and locational characteristics and to some representation of time. Hedonic pricing models based on multiple regression techniques have the advantage of being able to use several times as much data since all sales may be included, repeat or otherwise. Attempts to adjust for quality and quantity changes are based upon regression models that inherently control for these influences. However, the major disadvantage associated with the hedonic-price method is the cost of data collection. Constant-quality methodologies are ideal for many uses and applications. In this type of analysis, the pure price signal is what should be identified and analysed in an attempt to see if pricing has become irrationally high (*Case and Hachter; 2005*).
- 4.1.4 *Case and Shiller (1987, 1989, 1990)* were the first to produce repeat sales indices in real time and these are now produced by Corelogic, Inc., and the major indices are managed by Standard and Poor's Corporation (*Shiller, 2014*). Repeat Sales indices are estimated by analyzing data where all units have sold at least twice. Such data allow us to annualize the percentage growth in sales prices over time. These are time series indices in their pure form. They do not provide information on the value of individual house characteristics or on price levels but they have the advantage of being based on actual transactions prices. The advantage of the repeat sales index approach is that there is an attempt to control for changes in the quality or quantity of the homes represented. Homes may age and wear out over time, so such an index is appropriate for those with a typical home who wish to estimate changes in price. Over the years, repeat sales models have come to wide and even commercial use. Small sample problems constitute a special concern

in repeat sales models, since sample sizes tend to be smaller than hedonic methods based on all transactions in a given period of time. Moreover, a cluster of observations in one time period does not only influence the index corresponding to that particular time period, but all other estimated indices (*Miller and Skalarz; 2008.,Sommervoll; 2006*).

4.2 The Indian scenario

4.2.1 Housing is an important subject for any economy. Its volatility concern banks as well as corporates having large exposure to real estate. Further house prices are an important consideration for policy makers in framing monetary and fiscal policies. Granular information on movement of these prices is an important relevant indicator for the local authorities in formulating their property tax policies.

4.2.2 Closely following the supply side is the housing finance industry which has been a complementary focus of shelter programs of the Government. One of the major considerations in housing finance is the proper valuation of the properties which has critical bearing on the assessment of collateral security.

4.3 Reserve Bank of India's (RBI's) House Price Index (HPI)

4.3.1 The Reserve Bank is compiling quarterly house price index (HPI) (base: 2010-11=100) for ten major cities, viz., Mumbai, Delhi, Chennai, Kolkata, Bengaluru, Lucknow, Ahmedabad, Jaipur, Kanpur and Kochi. Based on these city indices, an average house price index representing All-India house price movement is also compiled. These indices are based on the official data of property price transactions collected from registration authorities of respective State Governments.

The Reserve Bank's HPI uses the data on transacted houses at the point of Registration of houses. The data are collected from the registration departments of respective state governments. The HPI is developed on the basis of this registration price data and estimated as a stratified weighted average measure, stratification being done according to administrative zones within a city. This measure captures prices relating only to those houses sold during a period and not relevant to all houses in the economy.

4.3.2 Methodology

Aggregate House Price Index is a weighted average price index using Laspeyres' method with 2010-11 as the base year. First, the simple average of price (per square meter) of houses in each category, classified by small, medium and large for each ward/administrative zone in each quarter based on floor space area (FSA) is calculated. Second, the proportion of number of houses transacted in the three categories of FSA within a ward/zone during the period April 2010 – March 2011 is taken as the weights. Then, based on an average per square meter price for three FSA category houses in each ward/zone, price-relatives are calculated for each quarter. The price relative is nothing but a ratio of current period price to the base period price. The quarterly ward/zone weighted average price relatives are calculated next. These weighted relative prices are again averaged, using the proportion of number of houses transacted in each ward to the total number of houses transacted in the city during the period April 2010 – March 2011 as the weights. The city-wise price indices are averaged using the population proportion (based on 2011 census) of the ten cities to its total to obtain the all-India index.

4.4 NHB RESIDEX - Review and Revamp

4.4.1 NHB RESIDEX, India's first official housing price Index, was an Initiative of the National Housing Bank (NHB) undertaken at the behest of the Ministry of Finance, Government of India. NHB at the behest of the Ministry of Finance undertook a study to examine the feasibility of preparing an index at a national level which could track the movement of prices in the residential housing segment.

4.4.2 To analyse the data and chart the course of action for computing indices a Technical Advisory Group (TAG) with representations from Government, RBI and market players, was constituted. The Index was formulated under the guidance of a Technical Advisory Committee (TAC) comprising of stakeholders from the housing market. The TAG after reviewing international best practices decided to use both the hedonic regression model and the basic Laspeyres weighted index for constructing a housing index for Delhi for their pilot study. The year 2001 was taken as the base year for the study to be comparable with the WPI and CPI. Since registered prices are grossly under estimated due to high registration fee and stamp duty, information was also collected from property dealers, Residents Welfare Associations, Municipal Corporations and private builders. For the housing index, basic data was collected for each year since 2001 for select 5 cities. For each selected colony of the 5 cities and for each year, information was collected for 20 transactions which took place during that year.

4.4.3 It was launched in July, 2007 and updated periodically till March 2015, taking 2007 as the base year.

Period wise change in RESIDEX calculation followed the following timeline:

- 2001-2007 – Calculated yearly, only 5 cities which are Delhi, Mumbai, Kolkata, Bengaluru and Bhopal were included and 2001 was the base year.
- 2008- 2009 – Calculated half yearly, 10 more cities namely Ahmedabad, Faridabad, Chennai, Kochi, Hyderabad, Jaipur, Patna, Lucknow, Pune and Surat were added and base year was shifted to 2007.
- 2010 - 2011 - Calculated quarterly, total 15 cities, 2007 as base year.
- January 2012 - December 2012 - Calculated quarterly, expanded to cover five more cities - Bhubaneswar, Guwahati, Ludhiana, Vijayawada and Indore.
- January 2013 - September 2013 - Calculated quarterly, following 6 more cities added - Chandigarh, Coimbatore, Dehradun, Meerut, Nagpur and Raipur.

4.4.4 NHB RESIDEX tracks movement in prices of residential properties across select cities. Initially, the index covered 15 cities, which was later expanded in stages to ultimately cover 26 cities. The index was updated up to March, 2015 (Jan-Mar, 2015).

4.4.5 NHB recognized that development of a credible database on actual price trends has emerged as a crucial element of market development and for enhancing the efficiency of market process.

4.4.6 Data for computing the Index

4.4.6.1 Primary data on housing prices was being collected from the real estate agents/property dealers,

private builders, Development Agencies, municipal corporations and resident welfare associations. The data was then collected from the HFCs and Banks, which is based on housing loans contracted by these institutions.

- 4.4.6.2 The data coverage was further expanded in order to increase and expand the coverage of NHB RESIDEX and also the frequency of updating; a single point source was adopted from October-December, 2013. CERSAI collects data related to mortgages from all Banks, HFCs and other lending institutions. It provides housing transaction data every quarter for all the NHB RESIDEX cities in a prescribed format.
- 4.4.6.3 Initially, NHB RESIDEX was computed using market data, which 2010 onwards, was shifted to valuation data received from Banks and HFCs. Thereafter, data was sourced from CERSAI from 2013 to 2015. The current data sources are valuation data of Banks/HFCs for HPI @ Assessment Prices and primary and secondary market data for HPI @ Market Prices for under-construction properties.
- 4.4.7 Scope of NHB RESIDEX
- 4.4.7.1 With a view to make the NHB RESIDEX more current and up-to-date with the prevailing macro-economic scenario, NHB undertook a review of the processes and methodology used for computation of the index along with the base year and segmentation used. Based on the findings of the review, NHB RESIDEX has now been revamped.
- 4.4.7.2 The scope has been widened under NHB RESIDEX, to include Housing Price Indices (HPI). Under Housing Price Indices (HPI), the Bank is covering Housing Price Index @ Assessment Prices and Housing Price Index @ Market prices for under construction properties and plans to cover Housing Price Index @ Registered Prices. Registration data of States/UTs are being collected so that they may be used for construction of HPI @ Registered Prices. Land Price Indices will be built using market data and registration data. Land being the raw material for housing and industrial development, it is important to track its prices for maintaining economic efficiencies. Under Building Materials Price Indices (BMPI), the Bank plans to cover Traditional BMPI @ Market prices and Energy Saving BMPI @ Market prices. Building Materials Price Indices will comprise of price trends of traditional building materials (like cement, steel, sand, brick, wood etc.) and energy saving building materials (like glass, fibre, panels, concrete forms etc.). The Bank also plans to cover Housing Rental Index (HRI) under Rental Index. Like HPI, NHB RESIDEX shall also track the movement in housing rental prices over a period of time using market data. NHB plans to cover all the 50 cities covered under HPI also under Housing Rental Index (HRI).
- 4.4.7.3 A NHB RESIDEX Technical Advisory Committee (TAC) has been constituted to monitor the progress of the project and guide in developing the new systems/processes for the preparation and publication of the indices. It consists of representatives of Government of India, Reserve Bank of India, National Housing Bank, HDFC Ltd., State Bank of India and NAREDCO, eminent professors experienced in statistical index computation and expert from the field of housing / housing finance. The TAC has several meetings for finalization of the methodology and indices prepared based on approved methodology for Housing Price indices (HPIs) based on Banks/HFCs data and under construction property data.

4.4.8 Methodology

- 4.4.8.1 The first phase of revamped NHB RESIDEX was published on 10-07-2017, for the period starting from quarter ended June, 2013 to March, 2017, using FY 2012-13 as base year. HPIs track the movement in prices of residential properties on a quarterly basis. It included two housing price indices viz. HPI @ Assessment Prices and HPI @ Market Prices for under-construction properties, for 50 and 47 cities respectively. The HPI@ Assessment Prices is based on valuation data of residential properties received from Banks and HFCs, while HPI @ Market Prices for under-construction properties is based on data collected through market survey. The housing prices are classified on the basis of carpet area size at city level (/sq.ft.) for units under three product categories classification based on carpet area (≤ 60 sqm, >60 sqm & ≤ 110 sqm, >110 sqm).
- 4.4.8.2 The Current Quarter Indices are computed using Laspeyres Methodology. A Four Quarter Weighted Moving Average Index is also computed by taking four quarter moving average prices using dynamic weights at product category level and again applying Laspeyres Methodology.

4.5 Coverage

- 4.5.1 NHB RESIDEX is now available on-line with wider geographical coverage covering 50 cities. The HPI represents the price changes in residential housing properties. At present, the geographical coverage consists of 50 cities in India including 18 State/UT capitals and 33 smart cities, which will progressively be expanded to over 100 cities including all State/UT capitals and smart cities.

4.6 Analysis of HPI movements during the Quarter April- June, 2017

4.6.1 HPI @ Assessment Prices

The Index has shown an overall increase in 14 cities, decrease in 26 cities and no change in 10 cities on Q-o-Q basis, and increase in 36 cities, decrease in 13 cities and no change in 1 city on Y-o-Y basis, at the end of the quarter April - June, 2017. The same has been captures in Appendix V.

Q-o-Q Variation:

- Of the 14 cities exhibiting increase in index, significant rise was witnessed in Vizag (4.5per cent), Pimpri Chinchwad (3.7 per cent) and Kochi (3.7 per cent), Surat (2.6 per cent) and Ranchi (2.4 per cent).
- Marginal quarterly increase in index was witnessed in Lucknow (0.7 per cent), Mumbai (0.7 per cent) and its suburbs Mira Bhayander (0.8per cent) and Vasai Virar (0.8 per cent).
- Index remained stable in 10 cities namely Ahmedabad, Dehradun, Delhi, Faridabad, Gurugram, Kalyan Dombivali, Nagpur, Pune, Raipur and Rajkot.
- Among the 26 cities witnessing a fall in index, Bhiwadi (-6.0 per cent), Jaipur (-5.2 per cent), Thiruvananthapuram (-4.6 per cent) and Kolkata (-4.4 per cent) observed significant decline.
- Marginal quarterly decrease in index was witnessed in Vadodara (-0.9 per cent), Noida (-0.9 per cent), Panvel (-0.8 per cent), Nashik (-0.8 per cent), Hyderabad (-0.8 per cent), Chennai (-0.8 per cent), and Bidhan Nagar (-0.7 per cent).

Y-o-Y Variation:

- Of the 36 cities exhibiting increase in index, significant rise was witnessed in Vizag (15.7 per cent), Kochi (12.8 per cent), Faridabad (11.7 per cent), Surat (11.2 per cent), Howrah (10.2 per cent), Raipur (9.6 per cent) and Nagpur (9.4 per cent).

- Marginal increase in index was witnessed in Noida (0.9 per cent), Ludhiana (1.4 per cent) and Vasai-Virar (1.6 per cent).
- Index remained stable in Greater Noida
- Among the 13 cities witnessing a fall in index, Bhiwadi (-10.6 per cent), Coimbatore (-6.6 per cent), Chandigarh (-5.9 per cent) and Ranchi (-5.9 per cent) observed significant decline.

4.6.2 HPI @ Market Prices for under-construction properties

The Index has shown an overall increase in 27 cities, decrease in 11 cities and no change in 9 cities on Q-o-Q basis, and increase in 25 cities, decrease in 17 cities and no change in 5 cities on Y-o-Y basis, at the end of the quarter April - June, 2017. The same has been captured in Appendix VI.

Q-o-Q Variation:

- Of the 27 cities exhibiting increase in index, significant rise was witnessed in Lucknow (3.8 per cent), Chandigarh (2.7 per cent) and Surat (2.5 per cent), Kochi (2.4 per cent) and Guwahati (2.3 per cent).
- Marginal quarterly increase in index was witnessed in 17 cities viz., Ludhiana (0.6 per cent), Jaipur (0.7 per cent), Dehradun (0.7 per cent), Vijayawada (0.7 per cent), Hyderabad (0.7 per cent), Ahmedabad (0.7 per cent), Chakan (0.7 per cent), Bengaluru (0.8 per cent), Mumbai (0.8 per cent), Coimbatore (0.8 per cent), Bhubaneswar (0.8 per cent), Pimpri - Chinchwad (0.8 per cent), Thane (0.8 per cent), Meerut (0.8 per cent), Howrah (0.8 per cent), Bhiwadi (0.9 per cent) and Greater Noida (0.9 per cent).
- Index remained stable in 9 cities namely Bidhan Nagar, Ghaziabad, Gurugram, Kalyan-Dombivali, Mira-Bhayander, Navi Mumbai, Thiruvananthapuram, Vasai-Virar and Delhi.
- Among the 11 cities witnessing a fall in index, Patna (-5.6 per cent), Vadodara (-2.7 per cent), Chennai (-2.2 per cent), Faridabad (-1.6 per cent), Pune (-1.4 per cent) and Kolkata (-1.1 per cent) observed significant decline.
- Marginal quarterly decrease in index was witnessed in Bhopal (-0.9 per cent), Gandhinagar (-0.9 per cent), Noida (-0.9 per cent), Nagpur (0.8 per cent) and Nashik (0.8 per cent).

Y-o-Y Variation:

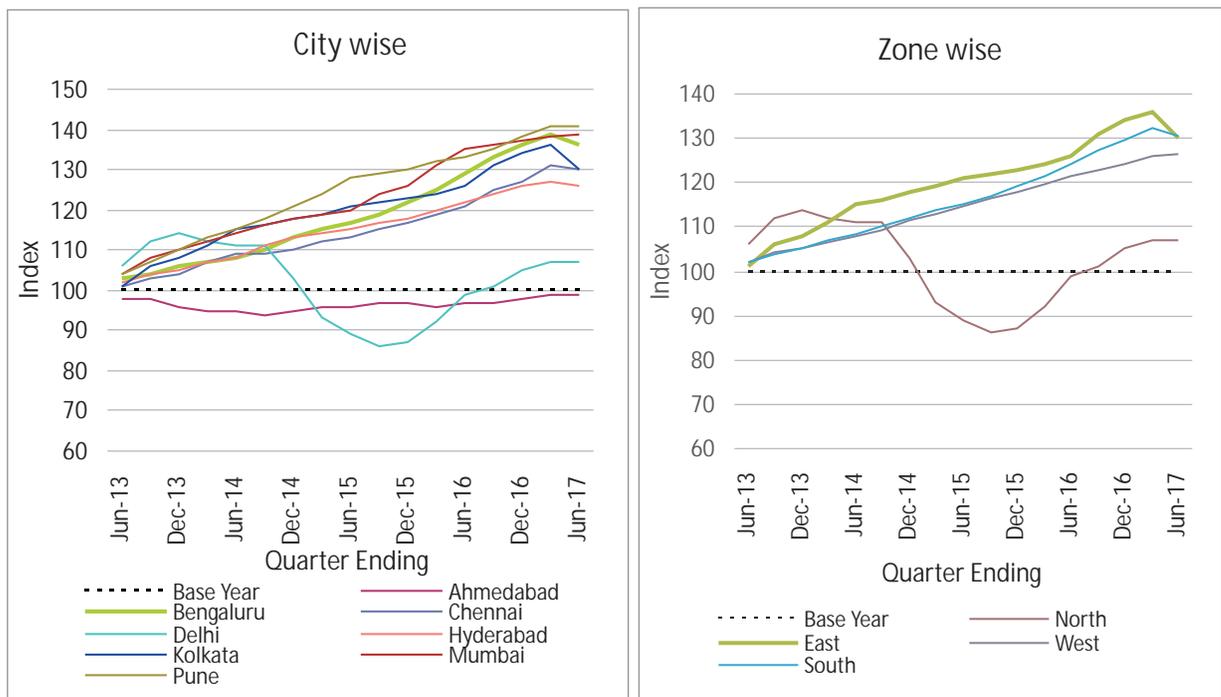
- Of the 25 cities exhibiting increase in index, significant rise was witnessed in Lucknow (7.8 per cent), Indore (7.5 per cent), Bhubaneswar (7.5 per cent), Guwahati (7.4 per cent), Chandigarh (6.6 per cent), Raipur (6.6 per cent) and Surat (5 per cent).
- Marginal increase in index was witnessed in 4 cities viz., Bhiwadi (0.9 per cent), Howrah (0.8 per cent), Navi Mumbai (0.8 per cent) and Bidhan Nagar (0.7 per cent).
- Index remained stable in 5 cities namely Ghaziabad, Kalyan-Dombivali, Mira-Bhayander, Pune and Vasai-Virar.
- Among 17 cities witnessing a fall in index, Chennai (-9.0 per cent), New Town Kolkata (-4.8 per cent), Patna (-4.5 per cent), Kanpur (-4.2 per cent) and Kolkata (-4.1 per cent) observed significant decline.
- Marginal decrease in index was witnessed in Bhopal (-0.9 per cent), Thane (-0.8 per cent) and Nashik (-0.8 per cent).

4.6.3 Movement of Index (HPI@Assessment Prices) in Cities

4.6.3.1 On comparing the April-June with the same quarter last year (Apr-Jun 2016) and with previous quarter (Jan-Mar 2017), it is observed that annual growth in HPI ranged from 15.7 per cent in Vizag to (-) 10.6 per cent in Bhiwadi at the end of the quarter, whereas, the quarterly growth in HPI ranged from 4.5 per cent in Vizag to (-) 6.0 per cent in Bhiwadi.

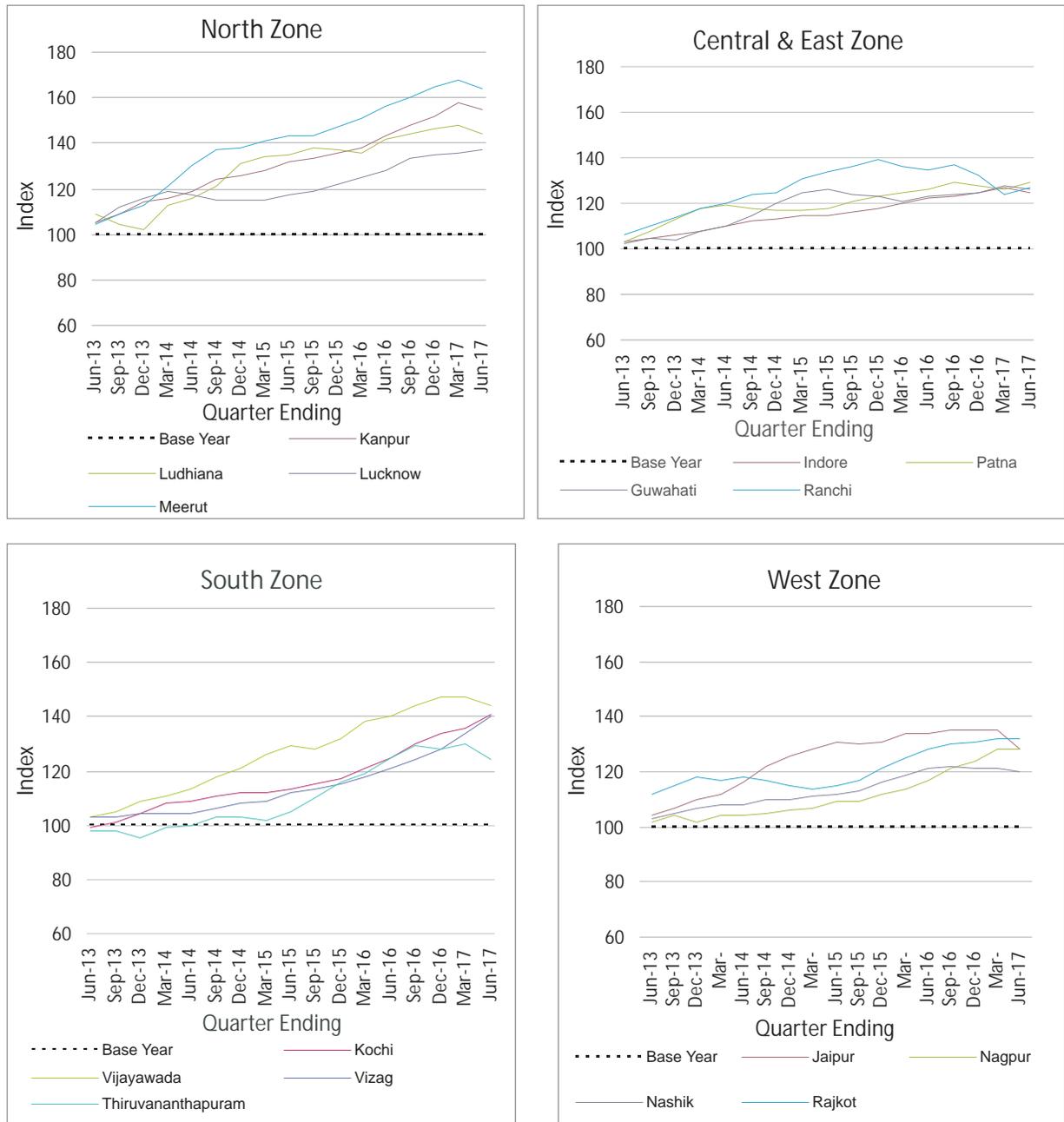
4.6.3.2 Among Tier 1 cities namely Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune; between quarter ending Jun -2016 and quarter ending Jun-2017, all the eight Tier 1 cities witnessed a rise in indices on Y-o-Y basis with Delhi exhibiting a substantial 8.1% rise followed by Chennai (7.4 per cent) and Pune (6.0 per cent). On Q-o-Q comparison between quarter ending Mar-2017 and quarter ending Jun-2017, Ahmedabad, Delhi and Pune saw no change while Kolkata (-4.4 per cent), Bengaluru (-2.2 per cent), Chennai (-0.8 per cent) and Hyderabad (-0.8 per cent) saw a fall in indices. Mumbai saw a moderate rise at 0.7 per cent.

Graph 4.1: HPI @ Assessment Prices for Tier 1 cities (Base Year FY 2012-13 = 100)



4.6.3.3 Of the 29 Tier-2 cities being covered, significant rise in indices was seen in Vizag (15.7 per cent) and Kochi (12.8 per cent), while significant fall in indices was seen in Coimbatore (-6.6 per cent), Ranchi (-5.9 per cent) and Chandigarh (-5.9 per cent), on Y-o-Y basis. On the other hand, on Q-o-Q basis, Vizag (4.5 per cent) and Kochi (3.7 per cent) witnessed maximum increase while Jaipur (-5.2 per cent) and Thiruvananthapuram (-4.6 per cent) witnessed maximum decrease. Movement of HPI@Assessment Prices over 17 quarters for Tier 2 cities is as below:

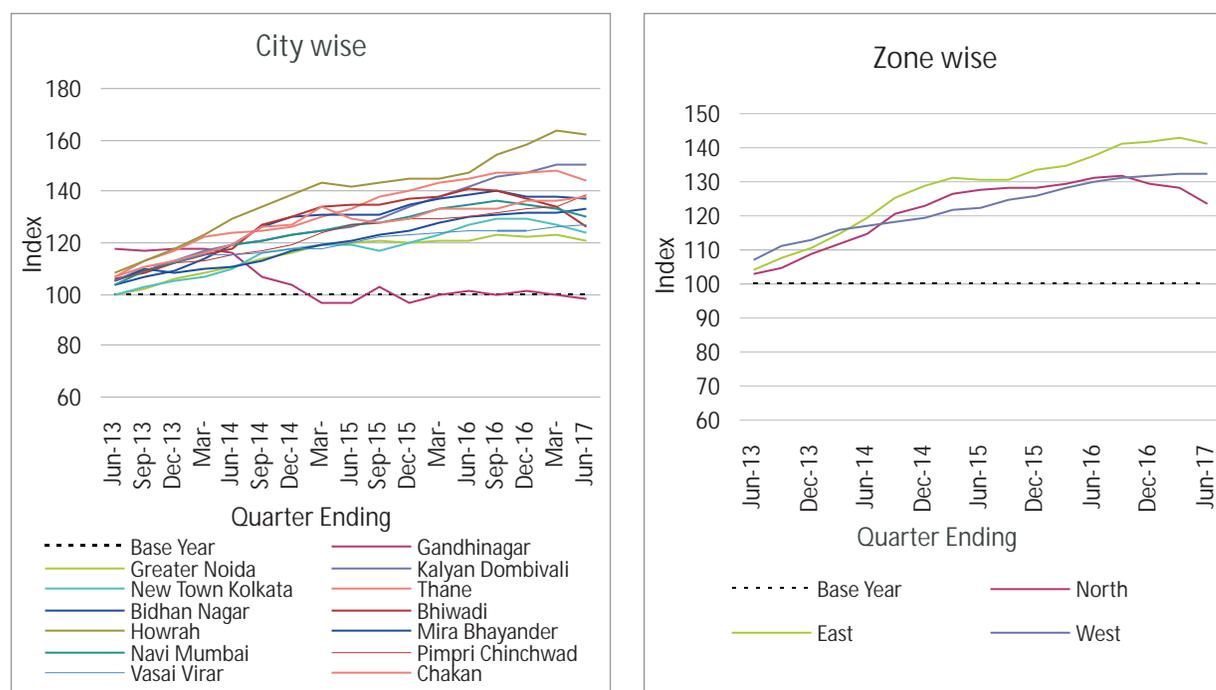
Graph 4.2: HPI @ Assessment Prices for Top 4 (in terms of increase) Tier 2 cities classified as per geographic location (Base Year FY 2012-13 = 100)



4.6.3.4 Among the 13 Tier-3 cities, on Y-o-Y basis, Howrah (10.2 per cent) and Pimpri Chinchwad (6.9 per cent) showed maximum increase in indices while Bhiwadi (-10.6 per cent) showed maximum decrease. On Q-o-Q basis, Pimpri Chinchwad (3.7 per cent) recorded the maximum

increase while Bhiwadi (-6.0 per cent) recorded maximum decrease. Movement of HPI@Assessment Prices over 17 quarters for Tier 3 cities is as below:

Graph 4.3: HPI @ Assessment Prices for Tier3 cities (Base Year FY 2012-13 = 100)



4.6.4 NHB RESIDEX is designed to track changes in housing prices at city and national level. NHB has realized the importance of All India/National level index to provide comparison globally. Price changes will be measured over time and across cities. NHB RESIDEX is built to ensure ease and clarity in decision-making within the sectors of real estate and real estate finance. It aims to provide guidance to stakeholders, not only in terms of a macroeconomic index, but also in decision making in the form of quarterly updated prices. NHB RESIDEX aspires to bring in greater transparency into India's real estate market. The idea is to establish greater trust among stakeholders and encourage wider participation in the housing market. NHB RESIDEX aspires to serve as an effective tool to monitor the health and behaviour of housing markets in India.

4.6.5 NHB RESIDEX plans to help to recognize current trends in micro as well as macro markets, and predict future behaviour of the housing market. The Index shall be of use to banks, HFCs, developers, and home-buyers. The trends provided by NHB RESIDEX will be useful for credit evaluation processes undertaken by lenders. The assessment of present and potential property values will ensure stronger safeguards against financial lending. NHB RESIDEX shall provide developers a standardized tool to gauge housing demand within cities and across the country. NHB RESIDEX will also be of great use to policy makers and research institutions. Through NHB RESIDEX, policy makers can track inflation/deflation in housing prices. NHB RESIDEX can be used to decipher a host of other macro trends, since housing is intimately linked to wider socio-economic factors.

Chapter 5: FUTURE OUTLOOK

5.1 Background

5.1.1 Access to housing is a basic and fundamental right and essential for the achievement of the Millennium Development Goals. It not only provides shelter and the space for households to live, but also a point of reference through which households can access services and utilities, such as basic infrastructure, employment, education, medical services or credit. The housing sector is a key driver of the economy with multiplier effects reaching over 250 other industries. As demonstrated in the past, crises in land and housing markets can trigger crises in capital markets, not only at country level, but region-wide and even globally.

5.1.2 Provision of adequate housing is a key issue in India and the entire Asia and the Pacific region. Over 500 million people or 45 percent of all urban residents of the region live in sub-standard housing, in slums and squatter settlements. Further, there has been a rise in urbanization, slum population, temporary dwellings and the overall housing shortage over the years in most of the countries of the Region. For most people housing is the single most expensive purchase they will ever make and only the richest of households can pay such amounts up-front. Housing finance is therefore crucial to improve access to adequate housing, particularly for the poor.

5.1.3 In India, factors such as urbanization, migration, depletion of existing stock and lack of adequate finance and availability of the appropriate housing stock in the country, has resulted in substantial gaps in the housing industry particularly for the economically weaker sections and low income groups. In additions, issues relating to land costs, delay in approvals, increasing material costs and low profit margins have made low cost housing projects less attractive for private realty investors and developers.

5.2 Affordable Housing – the way forward

5.2.1 Economic development in India has brought increased urbanization in its wake. In 1961, only 18 per cent of the country's households were in urban areas. Almost five decades later, the figure had risen to 28 per cent. Urban population is expected to increase further with a rise in the urbanization levels and in population. This implies that demand for housing would increase at a faster pace in urban India in the short to medium term as the cultural barrier to debt is further breached. According to the *Mckinsey Report (2010)*, India will have 40 per cent of its population living in urban areas with 68 cities with one million plus population (from 42 currently) by 2030. It also estimates that the demand for affordable housing will increase to 38 million housing units in 2030 from 19 million in 2012. As has been highlighted in the Report, the estimated housing shortage in the country is primarily in the EWS and LIG income categories. The supply of affordable housing finance is important for this segment of population. In view of all these factors, affordability has become one of the key concern for housing and housing finance. Methodologies adopted to estimate housing affordability vary from country to country and broadly can be classified as depicted in *Appendix VII*.

5.2.2 Many of the recent initiatives taken by the Central Government and State Governments including the Reserve Bank of India and National Housing Bank (as highlighted in the Report) are likely to spur growth in the affordable housing segment encouraging developers through

several incentives, subsidies and tax benefits and most importantly institutional funding. The accordence of infrastructure status to affordable housing will help developers to mobilise funds from different channels viz External Commercial Borrowings (ECB), Foreign Venture Capital Investors (FVCI) and Foreign Portfolio Investors (FPIs).

- 5.2.3 The anticipation of enhanced transparency and credibility across the real estate sector through implementation of RERA shall help metro cities maintain buoyancy in property prices. Subsequent to its implementation, buyers are expected to return to the market with renewed enthusiasm. However, an immediate upward thrust to property prices is not expected. The growing confidence in the sector shall provide a fillip to institutional funding, resulting in an access to price-competitive options. This will lead to a rationalization of property prices in the mid-term.
- 5.2.4 The implementation of RERA has been nothing short of a game changer for the real estate sector. However, there is a clear disparity between States with regards to the implementation, with regions such as Maharashtra setting the benchmark in the industry. The lack of infrastructure and non-notification of RERA rules by some States have led to delays and loss of revenue to different stakeholders. The RERA tribunals have also not been set up by most States.
- 5.2.5 The Pradhan Mantri Awas Yojana – Housing for All by 2022, mission of the Government of India, can be a game changer and help revive the sector. The Government envisages building affordable pucca houses with water facility, sanitation and electricity supply round-the-clock. The scheme is applicable both in urban (PMAY –U) and rural areas (PMAY-G).
- 5.2.6 Banks and HFCs are the significant players in the industry. Co-operative Institutions, Non-Banking Finance Companies (NBFCs) and Micro Finance Institutions (MFIs) are other players operating in the market. The sector has always been encouraged by the regulators and policy-makers to adopt market-based solutions with due regard to affordability and stability. This, coupled with a robust, forward looking and responsive regulatory regime, has ensured that the system remains stable and well integrated into the overall financial market. The legal and fiscal reforms of the Central and State Governments, and the RBI have made the environment more conducive to the promotion of affordable and low-income housing. This has also helped in the integration of the housing sector with the overall macro economy with enhanced confidence and has aided more investment flow for affordable housing from a wider group of investors. The operationalization of several new HFCs in the recent years, with particular focus on affordable housing, is testimony to the fact that the industry is geared to respond to the challenge of funding customer segments looking for affordable housing.
- 5.2.7 Retail housing finance is now available from a diverse set of institutions at competitive terms. The sector is also equipped with an attendant ecosystem in the form of Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), mortgage guarantee products, widespread use of insurance cover for availing housing loans, which helps portfolio quality. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (also known as the SARFAESI Act) provides suitable legal infrastructure to the lending institutions for ensuring recovery of loans from defaulting customers.

- 5.2.8 Based on past trends, the housing finance market in the country is expected to grow annually at an average of over 18 per cent, in the next five years. The growth of the housing finance industry over the coming years is a function of growth in both the supply side and the demand side. Banks and HFCs have been playing a key role in not just the demand side, but also the supply side. The demand side is addressed by offering retail loans to individuals in the low, middle and high-income households. The supply side is addressed by offering construction finance to developers. Developers who build residential projects are often in need of funds to complete their projects. Several banks and HFCs offer construction finance to developers to complete their projects, which helps developers complete their projects and make the units available for sale. Similarly, it is the affordable housing segment which is driving the home loan growth in India.
- 5.2.9 As per various statistics viz NHB-RESIDEX, RBIs All India House Price Index and research reports of various private sector institutions, indicate that the affordability ratio (property prices to annual income) has remained more or less constant during the last 4-5 years as also the prices of residential properties has recorded a moderation in its growth. Further, the number of launches of affordable housing projects has significantly increased to approximately 30 per cent vis-à-vis total launches. In a sign that could signal the beginning of a recovery in the residential property market, housing sales across top eight cities recorded a 5 per cent jump in the financial year 2017 and likely to be around 13-15 per cent in the year 2018 since the policies like Real Estate Regulatory Authority (RERA) Act is likely to act as a catalyst and infuse fresh buyer interest in the sector.
- 5.3 **Combining Energy Efficient & Green Housing with Affordable housing**
- 5.3.1 We have witnessed rapid development in the past two decades, but it has come at the cost of increasing pollution. A recent Report by the World Health Organisation (WHO) has ranked 14 of India's cities in the top 20 most polluted cities across the world. The housing sector accounts for nearly 30% of energy consumption. To incorporate green elements into affordable housing would be the requirement of the industry as also the country. The present requirement must be to promote innovative, cost-effective, environment-friendly and energy-efficient alternate building materials and technologies at grass-root level.
- 5.3.2 With new technologies constantly being developed to complement current practices in creating greener structures, the benefits of green building can range from environmental to economic to social. Green construction methods when integrated with design and construction provide most significant benefits. By adopting greener practices, we can take maximum advantage of environmental and economic performance.
- 5.4 **Summing Up**
- 5.4.1 Today, the housing sector in India is in a sweet spot as there is inherent demand to buy a house by a young population with steady jobs in an under-penetrated market. A number of players have entered this sector in the past two decades offering easier and flexible financing options. Product differentiation, as a result, is no real differentiator. Interest rates, though an important factor in the entire value chain, are only one link. So, what really differentiates is the quality of customer service and value addition.

- 5.4.2 The slew of measures by Government and institutions both at policy, institution and product level are towards a more inclusive housing finance system particularly for the EWS and LIG categories. The institutional framework for risk mitigants is also in place as depicted at Appendix VIII. The system has been equipped with a large number of institutions catering to different target segments.
- 5.4.3 Whether the existing programs are “affordable” for the desired target segment need to be evaluated on parameters such as (a) reach (b) their meeting the total borrowing needs (c) sensitivity to rise in interest rates (d) land and construction costs (e) terms and conditions for mortgage.
- 5.4.4 However, it is felt that we are on the right track and in the right direction. The need of the hour is scalability so as to result in better flow of funds for the buyers and builders, bring in transparency and accountability in construction industry, mitigate risk for the banks and HFCs, spur secondary mortgage market, reduce transaction costs, and create a win-win situation for all.

Appendix

Housing Initiatives in select States

Andhra Pradesh

Housing & related infrastructure in both urban and rural areas in the State of Andhra Pradesh has a huge potential considering the housing conditions and requirements. The State Government has launched a number of initiatives for the same with focus on affordable housing.

PMAY NTR NAGAR Scheme implemented by Municipal Administration and Urban Development Department

Government of Andhra Pradesh (GoAP) aims to construct 9 lakh houses for urban poor by 2022 and is reportedly done ground work for construction of 6.81 lakh houses already in urban areas. Further the AP Government proposed to construct, complete and hand over 5 lakh dwelling units by March, 2019. In line with the same, 4.81 lakh houses have been sanctioned so far under the PMAY NTR NAGAR Scheme. GoAP has also decided to bear the cost of land procurement and external infrastructure, over and above the fixed share of the beneficiary and the Government of India Subsidy.

Government keeping in view of the orders issued from time to time, with due deliberations have worked out the total project cost at `38,265.88 crore for construction and completion of the 5,00,000 dwelling units under AHP Vertical PMAY (U) by 2019, which include Government of India share, Government of Andhra Pradesh share (includes State Subsidy component, external infrastructure and land acquisition cost) and beneficiary share. Under PMAY-Gramin, Andhra Pradesh had a target set for 75054 houses out of which 662 houses were completed during 2016-17. Under PMAY – Urban including RAY share of Central assistance was `10321.43 crore and houses completed were 28,109.

Accordingly, the financial requirement of total dwelling units in Phase-I, Phase-II and Phase III for 5,00,000 houses under PMAY NTR NAGAR Scheme are envisaged as follows:

Total Project Cost	` 38,265.88 crore
GoI Share	` 7,500.00 crore
Beneficiary Share	` 17,730.88 crore
GoAP Share	` 13,035.00 crore

The Government of AP Share includes the subsidy of ` 1.50 lakh per unit, external infrastructure and the land procurement cost. The breakup is as follows:

Total Government AP subsidy share	` 7,500 crore
Towards external infrastructure	` 4,500 crore
Towards Land Cost	` 1,035 crore
Total	` 13,035 crore

The Beneficiary fixed contribution has been categorized depending on the size of the dwelling unit:

Sl.No.	Category	Beneficiary Share (in `)
1.	I-300 sq. ft.	2,65,000/-
2.	II- 365 sq. ft.	3,65,000/-
3.	III-430 sq. ft.	4,65,000/-

Other Housing Schemes implemented through Andhra Pradesh State Housing Corp Ltd (APSHCL)

1. NTR Rural Housing Scheme dovetailing with MGNREGS-(NTR RH) (State Sponsored): GoAP has sanctioned 2 lakh houses per year from 2016-17 to 2018-19 under the scheme. Salient features of the scheme are as follows:

- a) Mode of Construction: Beneficiary mode of construction
 - b) Plinth area: Minimum Plinth area of the house is 200 sq. ft. plus a toilet upto a maximum of 750 sq. ft. plus a toilet
 - c) Unit Cost: ` 1,50,000 per unit
 - d) Flexibility in type design: Suggestive type designs are made available to beneficiaries to suit the site conditions.
2. NTR Rural Housing (Gramin) Scheme dovetailing with Pradhan Mantri Awaas Yojana (Gramin) and MGNREGS –(NTR RH-G) (Central Assisted)

GoAP has formulated a new scheme NTR Rural Housing (Gramin) dovetailing with PMAY-G and MGNREGS. Salient features of the scheme are as follows:

- a) Mode of Construction: Beneficiary mode of construction
 - b) Plinth area: Flexible type design with minimum plinth area 275 sq. ft. and maximum of 750 sq. ft.
 - c) Unit Cost: The unit cost as per PMAY-G scheme guidelines is ` 1,20,000/- in plain areas and ` 1,30,000/- in IAP i.e. Srikakulam, Vizianagaram, Visakhapatnam, and East Godavari.
3. NTR Urban Housing Scheme dovetailing with PMAY Urban (HFA)-Beneficiary Led Construction – (NTR UH-BLC) (Central Assisted)

Salient features of the scheme are as follows:

- a) Under this programme the families having income less than ` 3,00,000/- are considered to construct houses on self-help basis.
- b) Such eligible beneficiaries shall be identified and a consolidated report has to be submitted to Govt.
- c) GOI provides grant of ` 1.50 lakh per house
- d) The carpet area of the house shall not be less than 30 sq. m. (323 sq. ft.)
- e) Urban poor having no Pucca house in any place in India
- f) Government of Andhra Pradesh (AP) considered APSHCL as the executing agency for construction of houses under BLC.

Bihar

The total urban housing shortage is 11.90 lakh as per Technical Group (TG-12) (2012- 2017) in Bihar. Out of which more than 85 per cent is in the EWS/LIG category i.e. around 10 lakh.

Affordable Housing Policy- 2017 (With focus on EWS & LIG Housing for Urban Areas/ Planning areas of Bihar)

The 'Affordable Housing and Slum Rehabilitation and Redevelopment Policy 2017' of the Urban Development and Housing Department, was put up for approval. According to the new policy, 15 per cent of the flats in a building over 4000 sq.m. or above of private developers will be reserved for Economically Weaker Sections (EWS) and Low Income Groups (LIG). The quota will be 50 per cent in government projects.

The two categories of people will be charged a flat rate of ` 2,000/sq.ft. irrespective of the city. That is, flats reserved for these sections under this policy will be made available to them at the rate of ` 2,000/sq.ft even in the State capital.

In EWS flats, the carpet area can vary from 290 to 323 sq.ft. It will be from 538 to 646 sq.ft. in LIG flats. Applicants with annual income of up to ` 3 lakh will be categorized as EWS and those with annual income between ` 3 lakh to ` 6 lakh will be considered LIG-category applicants.

A State level Sanctioning and Monitoring Committee headed by the Chief Secretary will monitor and ensure time-bound completion of the sanctioned projects. The incentives under this policy shall be aimed at attracting private sector investment into this sector in a big way. Based on the experience gained, a review of the policy will be undertaken from time to time. With the help of the policy framework and the in-built incentives it should be possible to motivate the concerned agencies, including private developers to take up construction of affordable housing for EWS & LIG categories in urban areas/ planning areas of Bihar.

In order to meet the growing requirement of shortage of affordable housing in EWS & LIG categories, an initial target of construction of 5,00,000 houses for economically weaker sections and lower income groups in the next five years shall be fixed, i.e. 50 per cent of the total 1 million shortage. This is sought to be achieved through Affordable Housing Models and Slum Rehabilitation and Redevelopment Housing under this Policy. The rest 50 percent is presumed to be developed by the beneficiaries and they may avail the Credit linked subsidy and Beneficiary led individual house construction or enhancement schemes of Government of India. Further, based on the progress achieved, the target may suitably be revised. Though the task is difficult and challenging, the State Government endeavours to achieve it through a series of proactive measures and incentives to encourage low cost housing in the State to this section of the society. The policy shall have the following objectives:

- (a) To reduce the housing shortage in the State, especially in EWS/LIG categories by making certain mandatory provisions in all the housing schemes of the Government bodies and the private developers.
- (b) To take up large scale construction of Affordable Housing by attracting private investment for construction of houses for EWS/LIG segment of the society, by offering various incentives to the private developers.
- (c) To attract private developers to construct majority of the EWS/ LIG housing on Government land through PPP mode and by offering them incentives.

- (d) To bring down the cost of EWS & LIG categories of houses to affordable limits by providing benefits under State and Central Government schemes and through cross subsidization.
- (e) To integrate slum settlements and the communities residing within them into the areas as a whole through redevelopment & rehabilitation by providing them with better infrastructure, services and living environment incorporating modern methods, so as to unlock the potential of the land occupied by them.

Under PMAY-Gramin, Bihar had a target set for 6,37,658 houses during 2016-17. Under PMAY-Urban including RAY Central assistance was ₹ 2,306.33 crore and houses completed were 7544.

Credit-cum-Subsidy Scheme for Rural Housing: A large number of households in the rural areas who could not be covered under the IAY, as either they do not fall into the range of eligibility or due to the limits imposed by the available budget. On the other hand due to limited repayment capacity, these rural households cannot take benefit of fully loan based schemes offered by some of the housing finance institutions. The need of this majority can be met through a scheme which is part credit and part subsidy based.

The objective of this scheme for rural housing is to facilitate construction of houses for rural families who have some repayment capacity. The scheme aims at eradicating shelterlessness from the rural area of the country. The scheme provides shelter to rural families who have not been covered under IAY and who are desirous of possessing a house. All rural households having annual income up to ₹ 32,000/- are covered under this scheme. The funds are shared by the Centre and the State in the ratio of 75:25 respectively.

Rural poor just above the poverty line are entitled to get the benefits of the scheme. A maximum subsidy of ₹ 10,000/- per unit is provided for the construction of a house. Sanitary latrine and smokeless chulha are integral part of the house. Cost effective and environment friendly technologies, materials, designs, etc. are encouraged. Sixty per cent (60%) of the houses are allocated to SC/ST rural poor.

State Governments decide the implementing agency, which may be the State Housing Board, State Housing Corporation, specified scheduled Commercial bank, Housing Finance Institution or the DRDA/ZP.

Gujarat

Gujarat Government under the Mukhya Mantri Housing Scheme has undertaken to make urban area slum free for providing housing at reasonable price to poor, lower and middle income group urban families by involving both public institutions as well as private developers in such projects. The State government under this policy plans to construct 50 lakh houses having basic civic amenities at affordable price in next five years out of which 22 lakh houses were planned in urban area for the beneficiaries who fall under EWS/LIG I and II and MIG I.

Government of Gujarat is implementing an Interest subsidy Scheme to cater to the Middle Income Group-III ("MIG-III") named as Credit Linked Subsidy Scheme (CLSS) for MIG-III (hereinafter called as the "Scheme") to address the housing needs of the MIG segment with annual income of ₹ 18.00 lakh to ₹ 22.50 lakh to make it more convenient for the said category to own a pucca house as per their choice in urban areas as part of Mukhya Mantri Gruh Yojana (MMGY). Urban Development & Urban

⁸ <http://urban.bih.nic.in/Acts/AR-01-24-05-2017.pdf>

Housing Department (Government of Gujarat) shall monitor the progress of the scheme and its effective implementation through SLNA for channelizing the Interest Subsidy. State Government will release interest subsidy to SLNA out of the funds released by Gujarat Government as per the Scheme.

Achievements under Housing Schemes: Gujarat always ranks amongst the top position in implementing the schemes of housing by Central Government. Following para shows the position of Gujarat as compared to other States in implementing Centrally Sponsored schemes.

- Under BSUP, Gujarat holds 2nd rank in India with 1, 29,007 sanctioned houses.
- Under RAY scheme, Gujarat holds 1st rank with 28,515 sanctioned houses.
- Gujarat holds 3rd rank with 2, 27,112 sanctioned houses under Pradhan Mantri Awas Yojana (PMAY).
- Gujarat holds 1st rank under CLSS component of PMAY with 53,071 beneficiaries.
- To achieve the objective of the policy of Housing for All by 2022, State Government has integrated its policy - Mukhya Mantri Gruh Yojana with PMAY.
- Gujarat also has comprehensive Slum rehabilitation policy-PPP-2013 and Affordable Housing Policy-2014.

Sardar Patel Awas Yojana : Sardar Patel Awas Yojana for land less agricultural labourers and village artisans living Below Poverty line in rural areas of the State of Gujarat since 1972. A person who has no plot or house may avail benefit of the scheme. The applicant should not have taken benefit of any other housing scheme. Area of construction of house without verandah should not be less than 22.90 sq. m. Total number of houses completed from 1997-98 to 2017-18 under Sardar Patel Awas Yojana-I is 8,91,793 and the total number of houses completed from 2014-15 to 2017-18 under Sardar Patel Awas Yojana-II is 2,69,750.

Jharkhand

Central Government has launched a comprehensive mission "Housing for All by 2022" on June 25, 2015. It seeks to address the housing needs of urban poor including slum dwellers through "in situ" Slum Redevelopment, affordable housing through Credit linked subsidy and in Partnership, provision of subsidy for beneficiary-based individual house construction. To implement this program in Jharkhand, the Urban Development & Housing Department (UD&HD) has selected all the 41 Urban Local Bodies (ULBs) and has made a Memorandum of Agreement (MoA) through the Ministry of Housing and Urban Poverty Alleviation and Jharkhand State. Under PMAY - Urban including RAY Central assistance was ` 22,295.06 crore and houses completed were 29,751.

Rajiv Awas Yojana (RAY)

Under this programme, construction of 3931 dwelling units for the slum dwellers is under progress, out of which 1,565 dwelling units are to be constructed in Ranchi, 1,983 in Dhanbad and 383 in Chas.

Pradhan Mantri Gramin Awas Yojna

In 2015-16, under the flagship program- Indira Awas Yojna, an annual target of constructing 41,901 houses was proposed for the State, out of which the construction of 41,823 new houses were sanctioned. In 2016-17, this programme was restructured and named Pradhan Mantri Gramin Awas Yojna. Under this programme, the state witnessed an increase in both- the scale of the program in terms

of the physical target and increase in the allocated amount of money for building each unit of housing. For the year 2016-17, the central government proposed a plan for building 1,64,121 houses across all the districts of the state. Special focus has been given to the districts like Garwah, Palamu, Sahebganj and Dumka. Till December 2016, a sanction of 8,283 housing units has been already registered. Under PMAY-Gramin, Jharkhand had a target set for 2,30,855 houses out of which 25 houses were completed during 2016-17.

Bhimrao Ambedkar Awas Yojana

Owing to the fact that the women headed families with a low level of income face increased vulnerabilities in finance, social life and residence, Jharkhand Government launched Bhimrao Ambedkar Awas Yojana for women in different circumstances, including widow, divorced or deserted women, female victims of atrocities and those whose husbands are missing for at least 3 years. The scheme aims at building 11,000 houses for widows in 2016-17 with the budgetary allocation of ₹ 80 crore.

Integrated Housing and Slum Development Programme (IHSDP)

IHSDP is a centrally assisted housing scheme under Ministry of Housing and Poverty Alleviation for the construction of houses and infrastructure in class – II towns and smaller towns. It is operational in ten cities of Jharkhand i.e. Chaibasa, Chatra, Mednagar, Giridih, Gumla, Hazaribagh, Lohardaga, Mihijam, Phusro and Sariekhela.

Jammu & Kashmir

The main thrust of the Housing Policy under the scheme is to provide affordable housing to the common masses. In order to provide Low Cost Housing to the citizens of the J&K, the housing Department has proposed in 2016-17 for establishing the new housing colonies at Meencharkian Samba, Battalbalian Udampur, Mujgund Srinagar and Satellite Township at Rakh-i-Gund Aksa Srinagar. The revised State Housing & Habitat Policy is also under formulation.

The following activities / schemes are under implementation under the Housing Sector:

- i) Development of EWS colonies. ii) Building Centre. iii) Upgradation of Civic Amenities in Housing Colonies iv) Construction of Town/Community Halls.

Further, “Housing for All Mission” was launched by the Govt. of India in the year 2015 and in the first phase 25 Cities/Towns of the State were selected for implementation of Mission. To meet the housing demand in the urban areas of the State particularly to the weaker sections, the housing demand survey has been conducted by the State. As per survey, there is a need of 1,21,671 houses for EWS/LIC category to address the shortage of houses in the State. In the first phase 25 District Headquarter Cities and other major towns of the State are being covered under the Centrally Sponsored “Housing for All” mission. (HFA)

The Ministry of Urban Development, GoI has approved 38 projects for construction of around 6000 Houses in Phase 1st and in the 2nd phase from 2017-22. The J&K Housing Board which is designated Nodal Agency for the implementation of HFA mission has prepared Housing for All Plan of Action & Annual Implementation Plan 2015-16 for 25 cities towns where under GoI share would be ₹ 1,920.23 crore & State share projected to the tune of ₹ 136.41 crore only for 3rd & 4th component for the Mission period 2016-22. Similarly, the Annual Implementation Plan 2016-17 has been prepared with GoI share to the tune of ₹ 886.47 crore & State share to the tune of ₹ 60.17 crore.

Karnataka

Karnataka is the seventh most urbanized State in India and has an urban population of about 2.36 crore as per 2011 census. Karnataka's urban housing shortage is 1.02 million dwelling units.

Housing Schemes in Karnataka

1. Basava Vasathi Yojana
2. Pradhana Mantri Awas Yojana (Rural)
3. Pradhana Mantri Awas Yojana (Urban)
4. Vajpayee Urban Housing Scheme
5. Dr.B.R. Ambedkar Nivasa Yojana
6. Devraj Urs Housing Scheme
7. CM's 1 Lakh Bangalore Housing Yojana

Housing Sites Schemes

1. Indira Rural Site Plan
2. Vajpayee Urban Site Plan

Basava Vasathi Yojana: The main purpose of the programme is to make people free from hut dwelling. Grameena Ashraya Vasathi Yojana which was into force, with the help of this Scheme the Housing loan amount is increased by ` 40,000/- to ` 1,20,000/- and was renamed as Basava Vasathi Yojana further which came into force. The scheme was mainly for middle class people and Backward classes only which provided them ` 1,20,000/- subsidy in 4 disbursements.

Dr. B.R. Ambedkar Nivasa Yojana: This scheme is being implemented in both rural and urban areas, mainly to provide housing facility to the houseless families for the scheduled tribes and scheduled caste. The scheme came into force in the year 2015-2016. Every beneficiary in rural areas gets ` 1.75 lakh as subsidy and for beneficiary in urban areas it is ` 2 lakh as subsidy disbursed in 4 installments. The beneficiaries are mainly selected through the Gram Sabhas.

Pradhan Mantri Awas Yojana: This scheme is a centrally sponsored scheme. Its main purpose is to provide House for houseless people who are below the poverty line 60 per cent of the target is marked for SC/ST's, 15 per cent for minorities and remaining, 25 per cent for general category people. At present the Central Government provides ` 1.20 lakh unit cost from 2015-2016 in which ` 72,000/- is from central government and ` 48,000/- is to be borne by the state. The state government is providing an additional subsidy for SC'S and ST's of ` 30,000/-.

Devraj Urs Housing Scheme: This scheme was started from 2014-15 for special category i.e, physically handicapped, leprosy cured persons, HIV affected families, devadasesis, nomadic tribes, safari karmacharies, people affected by communal riots, freed bonded labourers, widows, orphans, people living on foot paths, transgender etc. In this scheme the beneficiaries are selected from the district committee headed by deputy commissioner. In this scheme the people from general category gets ` 1.20 lakh and SC's & ST's category gets ` 1.50 lakh as subsidy.

Vajpayee Urban Housing Scheme: This is a state sponsored scheme implemented for urban poor & it was introduced by the government in the year 1991-92. In this scheme the beneficiaries receive ` 1.20 lakh subsidy. The beneficiaries are selected by the Ashraya committee. The scheme is upgraded with Central Government Scheme of Pradhan Mantri Awas Yojana and the subsidy amount is increased to ` 1.50 lakh.

Mulabutha Soulabhya (Basic Amenities): Government has newly introduced the layouts for which Government makes a contribution of ` 40 lakh for each acre for providing important basic amenities like drainage, roads, drinking water and electricity.

Vasathi Niveshana Yojana (Residential Layouts Scheme): Government has introduced this scheme for farmers in both urban and rural areas who are economically and socially backward to provide site. In rural areas, Indira Grameen Niveshana Yojana and in urban places Vajpayee Urban Housing scheme were implemented. The plot size in rural area was 30×40 sq. ft. and in urban places areas was 20×30 sq. ft. which is given free of cost. The beneficiaries for rural areas are selected by the Gram Sabhas and the beneficiaries for urban areas are selected by the Ashraya Urban Samhiti.

Chief Minister's 1 Lakh Bangaluru Housing Yojana: This scheme will provide one lakh multi-storied houses to the economically weaker sections of the society. Accordingly, the state government will provide a subsidy of ` 2.70 lakh and ` 3.50 lakh for houses. The Mukhya Mantri's 1 lakh houses was started in Bangaluru. The site required for construction will be provided by the government.

Eligibility

- The family income should not exceed ` 87,000/-
- Must be a permanent resident of Bangaluru for 5 years.
- Aadhar card is compulsory
- In addition to this, candidate must not be enrolled or have taken subsidy from any other scheme.
- Beneficiary family should not own a house anywhere in the state.

Reservation

- The state government will provide different reservations for different categories, for SC's-30%, ST's-10%, minorities 10% and general -50%
- The distribution will be done on the basis of computerized listing.

The cost of each flat is Rupees Five (5) lakh.

Sanctioned from	SC-ST	General
Central government	` 1.50 lakh	` 1.50 lakh
State Government	` 2 lakh	` 1.20 lakh
Beneficiaries	` 1.50 lakh	` 2.30 lakh

Recent Developments

- For Housing Schemes 'Indira Mane' mobile app is launched.
- Aadhaar number is linked to beneficiary's Bank account and funds are transferred. The construction is monitored through online GPS.

- Through linking of Aadhaar, bogus/duplicate accounts of beneficiaries are prevented.
- The beneficiary will receive information updates through SMS.
- For queries and information <http://ashraya.kar.nic.in> website is available.
- Technology is used for fast track implementation of the housing schemes.

Maharashtra

The State has established City & Industrial Development Corporation Limited (CIDCO) in 1970 and the Maharashtra Housing and Area Development Authority (MHADA) in 1977 to overcome housing problems in urban areas. It has also established the Slum Rehabilitation Authority in 1995 for redevelopment of slums and construction of houses for slum dwellers in urban areas.

In 2016-17, MHADA has constructed 5,242 dwelling units for the EWS and LIG segments and in 2017-18 (upto December 2017), they have constructed 2051 dwelling units for the EWS/LIG segments. CIDCO is implementing housing development programme in a planned manner. Since its inception, CIDCO has constructed 1,82,942 tenements of which 1,13,075 tenements have been constructed for the EWS/LIG segments till October, 2017. Further, under the Slum Rehabilitation scheme, shelters are being provided to families residing in slums.

Shabari, Pardhi & Aadim Jamati Awaas Yojana are state sponsored schemes and is being implemented in rural areas for the people belonging to Scheduled Tribe community who are houseless or having kutch house. Subsidy of ` 1.20 lakh or ` 1.30 lakh for construction of dwelling units is being provided to beneficiary who is not included in the generated priority list of Socio Economic Caste Census 2011 and having annual income less than ` 1.20 lakh. During the year 2016-17, under Shabari Awaas Yojana, 21,014 dwelling units were sanctioned of which 6,989 dwelling units were constructed, Similarly, under Pardhi Awaas Yojana, 1,333 dwelling units were sanctioned of which 509 were constructed. Further, under Aadim Jamati Awaas Yojana, 1,629 dwelling units were sanctioned of which 425 were constructed. During 2017-18 (till February, 2018) 2,695 and 29 dwelling units are sanctioned under Shabari Awaas Yojana and Pardhi Awaas Yojana respectively.

Ramai Awaas Yojana is also one of the state sponsored scheme which is being implemented in rural areas for the people belonging to Scheduled Cast and Neo-Buddhist community who are homeless or having kutch house. Under the Scheme, subsidy of ` 1.20 lakh or ` 1.30 lakh is being provided for construction of dwelling units to the beneficiary who is not included in the generated priority list of Socio Economic Caste Census 2011 and having annual income less than ` 1.00 lakh.

Assistance for purchase of land under Pandit Deendayal Upadhyaya Gharkul Yojana' has been initiated in the State for those beneficiaries who are eligible under Pradhan Mantri Awaas Yojana & other rural housing schemes but are unable to get the benefit due to unavailability of land. Under this scheme, financial assistance upto ` 50,000/- for purchase of land upto 500 sq.ft. is provided. Till February, 2018, financial assistance have been provided to 890 beneficiaries.

Under PMAY-Gramin, Maharashtra had a target set for 2,30,422 houses out of which 219 house were completed during 2016-17. Under PMAY – Urban including RAY Central assistance was ` 3,817.30 crore and houses completed were 42,687.

RERA and Stamp Duty in Maharashtra

1. Under the Real Estate (Regulation and Development) Act 2016, Government of Maharashtra established Maharashtra Real Estate Regulatory Authority (MahaRERA) vide notification No. 23 dated 8th March, 2017 for regulation and promotion of real estate sector in the State of Maharashtra, with its headquarters in Mumbai. Maharashtra is the first & the only State in India to commence on-line registration of new and ongoing Real Estate projects on the mid-night of 30th April/1st May 2017. Maharashtra is also the only State in India to have the maximum number of Real Estate projects (more than 16,000) registered under RERA. Another unique feature of MahaRERA is establishment of the Conciliation Forum under this Act becoming the first State in the country to establish Conciliation Forum. The Forum comprised of 18 members of Developer Associations namely CREDAI-Maharashtra, CREDAI-MCHI & NAREDCO and 15 members of Mumbai Grahak Panchayat (MGP).
2. Government of Maharashtra has proposed to reduce the stamp duty to `1,000/- (Rupees One Thousand Only) for beneficiaries of the Economically Weaker Sections (EWS) or Lower Income Group (LIG) for allotment of residential premises relating in respect of property located in the areas as approved under the PMAY-Housing for All (Urban).
3. In the Mumbai's Development Plan 2034, the permissible level of residential construction or Floor Space Index (FSI) in South and Central Mumbai has been increased from 1.33 to 3. The Government has also raised residential FSI for suburbs from 2 to 2.5. For other commercial real estate, FSI has been raised from 1.33 to 5 in the island city and from 2.5 to 5 in the suburbs. The new Development plan 2034 has unlocked 3700 hectares of land particularly in the outskirts of the city, of which 2400 hectares have been allocated for affordable housing in a move that aligns with the Central Government's "Housing for All by 2022" mission. Through unlocking land, the Government targets to build 1 million affordable houses and create around 8 million direct and indirect jobs in the construction and real estate sectors.

Odisha

The pace of urbanization in the State between 1941 and 2011 was low as compared to the pattern for the country as a whole. In 2011 census, the proportion of population living in the urban areas of the state stood at 16.68 per cent. Population density of Odisha stood at 269 per sq. km in 2011.

The Housing and Urban Development (H&UD) Department, Government of Odisha has been implementing various National/State policies, programmes, schemes and projects related to urban development. Some of the important schemes and programs implemented are explained in the following sections.

Pradhan Mantri Awas Yojana (PMAY) – Housing for All

In Odisha the PMAY covers 42 cities/towns. 'AWAAS mission' or the 'Odisha Urban Housing Mission (OUHM)' was launched on 11th October, 2015 for implementing an effective and efficient institutional mechanism for achieving the objective of Housing for All.

Odisha has become the first state to sign the MoU for PMAY and constitute SLNA, SLSMC and SLAC and has achieved 5 out of 6 mandatory reforms under PMAY. Policy for Housing for All (HFA) in

⁶ Activity Report 2016-17 Housing and Urban Development Department Government of Odisha
⁷ http://lawodisha.gov.in/files/acts/act_8488_1510660297.pdf

Urban Areas-Odisha, 2015 towards creating a comprehensive, holistic policy framework to address all aspects of housing for the urban poor including slum rehabilitation and redevelopment as well as new housing and rental housing, the state government has notified the 'Policy for Housing for All in Urban Areas, Odisha, 2015' on 14th August, 2015. With a target to provide housing to all in urban Odisha, this Policy was drafted in lieu of the central government scheme PMAY launched in June 2015. The Policy focuses on (a) development models including rental housing, (b) implementation framework, (c) allotment mechanism, and (d) operation and maintenance mechanism for affordable housing projects. This policy overrides the 'Odisha Slum Rehabilitation and Development Policy 2011' and repeal the 'Revised Odisha Affordable Housing Scheme, 2013'. The policy adopts seven models of intervention for creation of affordable housing stock and slum redevelopment, in-situ as well as relocation, through private sector participation mechanism and/or undertaking of projects directly through government agencies. As on 31st March 2017, 55,177 dwelling units were approved/constructed/in-progress.

Under PMAY-Gramin, Odisha had a target set for 396102 houses out of which 443 houses were completed during 2016-17. Under PMAY – Urban including RAY Central assistance was ` 1367.61 crore and houses completed were 3896.

The Odisha Land Rights to Slum Dwellers Act, 2017

The Act was approved by the State Cabinet in August 2017. The Odisha Land Rights to Slum Dwellers Ordinance, 2017 guarantees land rights to the urban poor households in municipalities and notified area councils (NACs) while the EWS in five municipal corporations would get property rights of the dwelling unit under the Odisha Municipal Corporation (amendment) Ordinance, 2017. As a part of the implementation of the Act, the State Government has already handed over land titles to around 2,000 slum dwellers of different urban local bodies in Ganjam and Puri districts.

Rural Housing is the flagship programme of the State Government and Government endeavours to provide pucca houses to all eligible rural households living in the kutcha houses. In this endeavour, four Rural Housing Schemes are implemented across the State as under:

- a. Pradhan Mantri Awaas Yojana (Grameen): Indira Awaas Yojana (IAY), the flagship scheme of the Ministry of Rural Development, Govt. of India has been revamped to Pradhan Mantri Awaas Yojana - Grameen.
- b. Biju Pucca Ghar Yojana : Biju Pucca Ghar Yojana is the State's own flagship programme. The Scheme was launched during the financial year, 2014-15 replacing the old Scheme "MO-KUDIA YOJANA" with a view to achieving the objective of converting all the kutcha houses to pucca houses. The BPGY has two components:
 - i. BPGY (Normal)
 - ii. BPGY (Special)

Biju Pucca Ghar Yojana (Special): Under this component, housing units minimum 25 sq. m. will be sanctioned to the following categories of beneficiaries

- Rehabilitation/ relocation of the Household whose house has been fully/severely damaged by natural/ manmade calamities like fire, flood, cyclone, earth quake, elephant menace, communal violence, LWE violence, major law and order problem etc.
- Victims of river/sea inundation who need re-location/shifting or who are rehabilitated/relocated

due to Government projects like irrigation schemes, roads etc..

- Beneficiaries of the Schedule Tribe and other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006.
 - People affected by Occupational diseases like silicosis, asbestos and overuse of pesticides.
 - Extremely poor, vulnerable and deserving households who need pucca house on compassionate ground but could not be selected under Pradhan Mantri Awaas Yojana (Grameen).
 - Along with the registered SECC 2011 kutchha households, the households either totally left out or wrongly not registered in kutchha household category of SECC list are also eligible, if found to be living in kutchha house as per field verification and if considered deserving by the District Level Selection Committee and approved as such by the Committee.
 - Rehabilitation/ relocation of the Household whose house has been fully/severely damaged by natural/ manmade calamities like fire, flood, cyclone, earth quake, elephant menace, communal violence, LWE violence, major law and order problem etc.
 - Selection process: For BPGY (Normal), selection process is same as that of PMAY (G). The beneficiaries under BPGY (Special) are selected by a District Level Committee chaired by Collector and consisting of all the MP & MLA of the District. Zilla Parishad Chairperson and PD, DRDA are also the members of the Committee.
- c. Biju Pucca Ghar Yojana (Mining): All the kutchha households residing in 691 mining affected villages of 08 Districts viz. Angul, Dhenkanal, Jajpur, Jharsuguda, Keonjhar, Koraput, Mayurbhanj & Sundargarh are provided pucca houses under Biju Pucca Ghar (Mining) Scheme on saturation mode. The Scheme is funded by Odisha Mineral Bearing Areas Development Corporation (OMBADC) and implemented by Panchayati Raj Department. The unit assistance and instalment pattern are same as with BPGY beneficiaries.
- d. Nirman Shramik Pucca Ghar Yojana (NSPGY): Building and other construction workers between the age of 18 years and 60 years having existing valid registration with the Odisha Building and Other Construction Workers Welfare Board under the Building and other construction workers (RE&CS) Act at least for a continuous period of 3 years are eligible for assistance under the "Nirman Shramik Pucca Ghar Yojana". This Scheme is funded by Odisha Building and Other Construction Workers Welfare Board (OB&OCWWB) and implemented by Panchayati Raj Department. The unit assistance and instalment pattern are same as with BPGY beneficiaries.

Punjab

The Government of Punjab has issued the Affordable Housing Policy 2016 in March, 2016 for planning and encouraging the development of Group Housing Projects to ensure increase supply of affordable housing in the State of Punjab. The Government of Punjab vide notification dated 13.03.2018 has issued Affordable Colony Policy 2018 to make available affordable Housing For Lower & Middle Income Group of Society. This policy intends to encourage planning and development of Small size residential plotted and flatted development to ensure an increase supply of small size plots and houses at affordable rates and is applicable in the entire state of Punjab outside Municipal Limits.

The State government of Punjab has launched "Punjab Shehri Awas Yojana 2017", an ambitious free housing scheme for the Schedule Caste (SC)/Backward Class (BC) families across the state. The aim of

the new housing scheme is to provide free home facilities to eligible candidates from SC/Schedule Tribe (ST)/BC communities in urban areas in the state.

Highlights

- The State Government will provide loan facilities at low rates for lower income groups having annual income less than ` 6 lakh.
- Middle Income group also having income less than ` 18 lakh will be eligible for loan facility.
- Eligible candidates (Maximum Annual Income ` 3 lakh) will not be charged for following services:
 - o Stamp Duty
 - o Registration
 - o Other Cess
 - o Social Infrastructure Funds

Eligibility Criteria for Punjab Shehri Awas Yojana 2017

- Applicant must be belonging to SC/BC families residing in urban areas of Punjab.
- Having family annual income less than ` 3 lac per annum will be given free houses in the first phase.
- In second phase, households having income less than ` 5 lac per annum will be given houses under the scheme.
- Under this scheme, the consent of the concerned department with the state level sanctioning and monitoring committee (SLSMC) will be authorized to take decision to utilize the land through Local Government department (Urban Local Bodies)/Housing & Urban Development department (development authorities) in their respective jurisdiction.

Tamil Nadu

Tamil Nadu has an urban population of 3.5 crore, which is 48.44 per cent of the total population of 7.2 crore as per 2011 census. The housing shortage is estimated to be 0.911 million of which 50 per cent is in urban areas.

“Vision 2023” of the Government of Tamil Nadu envisages the provision of houses with infrastructure for all the urban slum families in Tamil Nadu and to make the cities/towns slum free before 2023. As part of Vision 2023 programme, approval of Government of India has been obtained for 1,87,679 housing units at a project cost of ` 6,414.97 crore under Housing for All, with committed State Budget Estimate of ` 826.80 crore.

Tamil Nadu Housing Board (TNHB) has constructed/developed 3,013 numbers of new residential units at a cost of ` 727.91 crore during the financial year 2016-17.

Tamil Nadu Slum Clearance Board (TNSCB) has constructed around 14316 housing units under various Schemes during the financial year 2016-17.

Progress under PMAY-HFA: The Central Sanctioning and Monitoring Committee of Government of India for “Housing For All” programme has approved construction of 3.12 lakh tenements in the cities, municipal towns and town panchayats of Tamil Nadu at a cost of ` 10,759.84 crore which is the highest in the country. Out of this sanction, 1,33,335 houses will be constructed in Town Panchayats at a cost

of ₹ 4,159.66 crore and 1,79,005 houses will be constructed in Municipal Towns and Cities at a cost ₹ 6,600.18 crore.

Under PMAY-Gramin, Tamil Nadu had a target set for 1,76,338 houses during 2016-17. Under PMAY – Urban including RAY Central assistance was ₹ 7,113.04 crore and houses completed were 49,033.

Infrastructure and Amenities Fund

The Infrastructure and Amenities fund is an alternative mechanism for funding the Infrastructure and Amenities in the urban/rural areas of the State. These charges aim at making urban development process a self-financing process which generates enough resources for the provision of infrastructure and basic amenities in such a way that all costs of providing social and physical infrastructure are meted out from the fund itself.

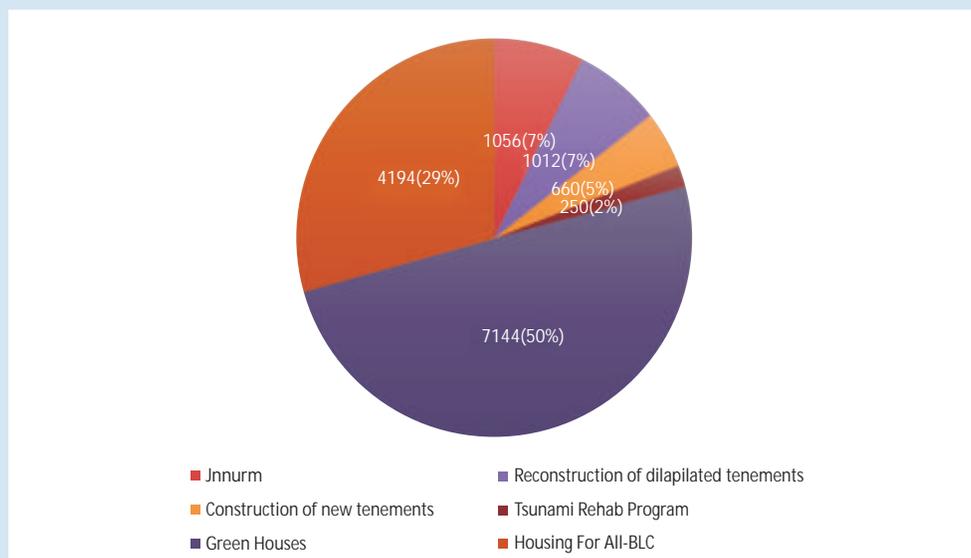
The amount collected under this fund up to March 31, 2017 is ₹ 3,002.98 crore. So far, 48 projects have been sanctioned at an estimated cost of ₹ 2,972.59 crore and these are being implemented by Chennai Metropolitan Water Supply and Sewerage Board, Highways Department, Chennai Metro Rail Ltd., Tamil Nadu Slum Clearance Board and various Corporations and Municipalities of the State.

Steps to promote ease of doing business in the State:

The following reforms have been initiated for promoting ease of doing housing business in the State during 2016-17.

- a) Introduction of facility for online submission of Planning Permission Applications and Plan Drawings for approval: Software was developed and implemented in the Directorate of Town and Country Planning for submission of Planning Permission Applications online along with plan drawings which are scrutinized through software for their conformity to Development Control Regulations.
- b) Simplification of Planning Permission scrutiny process: Submission of application for layout approval and change of land use directly to the concerned planning authorities has been permitted both in the Directorate of Town and Country Planning and Chennai Metropolitan Development Authority areas instead of necessarily coming through local bodies resulting in reduction of time in grant of approvals for layouts and change of land use.
- c) Introduction of procedure for conversion of land use from agriculture to non-agriculture in non-planned areas: In order to arrest large scale conversion of agricultural lands for non-agriculture use in non-planned areas and to ensure food security, Government of Tamil Nadu has notified separate rules for conversion of land use from agriculture to non-agriculture in non-planned areas on the lines of the procedure followed for conversion of land use in planned areas. This would arrest unregulated conversion of land use from agricultural to non-agricultural as a Real Estate exercise.
- d) Notification of rules under Real Estate (Regulation and Development) Act, 2016: The Real Estate Regulatory Authority shall regulate activities of the Real Estate Developers in order to protect the interest of the consumers and bring transparency and accountability in the operation of the Real Estate sector.

The following pie chart indicates the number of units constructed under various schemes by TNSCB during 2016-17 and as percentage of the total units constructed.



Tripura

Tripura Housing and Construction Board (erstwhile Tripura Housing Board) came to being under Tripura Act -2 of 1979. Its specific mandate has been to construct Housing Schemes around the capital city and District Headquarters. Tripura Housing and Construction Board (THCB) is executing number of social housing schemes namely for the i) Economic Weaker Section (EWS) ii) Lower Income Group (LIG) iii) Middle Income Group (MIG). The State Government has also entrusted construction works to the Tripura Housing Construction Board. Besides this, land improvement and ownership flats are also undertaken by the Tripura Housing and Construction Board with no profit and no loss basis. Till 2016-17, 2056 houses have been constructed.

Rural Housing: As per the ratification of the data of SECC-2011 approximately 54,008 beneficiaries have been found eligible for rural housing. Besides this, a survey was taken to identify beneficiaries that have been found eligible for housing assistance but, not included in SECC-2011. Total 23,730 houses have been sanctioned under PMAY-G during 2016-17 & 460 houses have been sanctioned under Tripura State Government House Scheme (TSGHS) during 2016-17.

Pradhan Mantri Awas Yojana (PMAY): There are two projects under PMAY (U) being implemented under supervision of Urban Development Department under the vertical of beneficiary led construction (BLC). The Scheme is being implemented in the ratio of 90:10 (Central Government: State government) financial norms. The selected beneficiaries are entitled to avail central assistance of ` 1.50 lakh and ` 16,666 from State government for construction of houses. Under first DPR, 33,810 beneficiaries have started construction of houses and 4,794 beneficiaries have already completed their houses. The second proposal of Government of Tripura has also been approved by the Ministry of Housing and Urban Affairs for construction of 32,876 pucca houses. All the 20 Urban Local Bodies of Tripura are actively implementing the project.

Rajiv Awas Yojana (RAY): Four (4) Projects for the town of Khowai, Kumarghat, Amarapur and Sabroom are being implemented. There was a provision of 2,027 new dwelling unit and 978 numbers of

toilet constructions. Water supply, drainage, street lighting, solid waste management are also a part of the project.

Under PMAY-Gramin, Tripura had a target set for 23,730 houses during 2016-17. Under PMAY-Urban including RAY Central assistance was ` 1,216.63 crore and houses completed were 8,802.

Telangana

Under the Pradhan Mantri Awas Yojana, the Credit Linked Subsidy Scheme (CLSS) vertical, the State of Telangana has a huge potential in view of the positive measures taken by the State Government and agencies. One of the primary focus area of Telangana Government since the inception of the State has been on providing affordable housing for the underprivileged.

Two (2) BHK Housing Scheme: This hallmark Housing for poor initiative of the Telangana government is intended to provide quality and respectable housing to the poor. Government of Telangana is committed to provide 2 Bed Room Houses to all the houseless poor families in the State through 2 Bed Room Housing Programme in a phased manner. Each house will consist of 2 Bed Room, Hall, Kitchen and two toilets (bath-cum-WC). Administrative sanction orders were issued for construction of 2 lakh houses under 2 Bed Room Housing Programme for the year 2016-17 in Rural, Urban (other than Greater Hyderabad Municipal Corporation - HMC) and GHMC areas in the state.

Under PMAY-Gramin, Telangana had a target set for 50,959 houses during 2016-17. Under PMAY - Urban including RAY Central assistance was ` 2911.26 crore and houses completed were 4086.

Government has decided the unit cost for Two Bed Room Houses in Rural areas is ` 5,04,000/-, Urban areas is ` 5,30,000/- and in GHMC areas it shall be ` 7,00,000/-. The Financial pattern of each unit is as follows:

(` in lakh)

Sl.No	Area	Unit Cost	Govt. Subsidy	Total Subsidy
1.	Rural	5.04	5.04	5.04
2.	Urban	5.30	5.30	5.30
3.	Urban GHMC areas	7.00	7.00	7.00

Infrastructure cost per house of ` 1.25 lakh in rural areas and ` 0.75 lakh in urban areas of (9) districts and GHMC.

Appendix II: HFCs Housing Loans to Individuals disbursements trend in different States/UT (Category -wise)

(Amount in ` crore)

Particulars	2015-16			2016-17			YOY Growth
	Urban	Rural	Total	Urban	Rural	Total	
Andhra Pradesh	3,461.63	1,062.76	4,524.39	3,550.03	1,235.93	4,785.96	5.78%
Andaman and Nicobar Islands	-	-	-	0.08	0.00	0.08	-
Arunachal Pradesh	-	-	-	0.00	0.00	0.00	-
Assam	351.21	6.76	357.97	385.86	11.32	397.19	10.95%
Bihar	408.96	37.15	446.11	590.52	36.04	626.56	40.45%
Chandigarh	552.05	24.37	576.42	555.62	45.97	601.59	4.37%
Chhattisgarh	1,105.44	134.71	1,240.15	1,250.87	196.14	1,447.00	16.68%
Dadra & Nagar Haveli	53.92	0.75	54.67	60.39	0.51	60.90	11.39%
Daman and Diu	15.51	0.60	16.11	13.99	0.18	14.17	-12.06%
Delhi	6,273.43	101.05	6,374.48	6,886.09	389.17	7,275.25	14.13%
Goa	180.89	72.75	253.64	296.42	78.94	375.36	47.99%
Gujarat	7,144.40	2,733.63	9,878.03	10,186.75	3,407.31	13,594.07	37.62%
Haryana	6,641.62	418.87	7,060.49	6,451.58	671.24	7,122.82	0.88%
Himachal Pradesh	34.09	12.80	46.89	33.82	27.40	61.22	30.57%
Jammu and Kashmir	24.08	0.01	24.09	22.41	0.12	22.53	-6.48%
Jharkhand	507.52	69.00	576.52	641.50	64.34	705.84	22.43%
Karnataka	9,773.49	5,036.18	14,809.67	11,996.33	5,389.55	17,385.88	17.40%
Kerala	1,908.29	1,837.32	3,745.61	2,160.30	2,108.49	4,268.79	13.97%
Lakshadweep	-	-	-	-	-	-	-
Madhya Pradesh	4,241.74	962.90	5,204.64	4,790.46	1,225.14	6,015.59	15.58%
Maharashtra	32,802.78	8,569.20	41,371.98	34,551.05	9,762.72	44,313.77	7.11%
Manipur	5.11	0.49	5.60	3.00	0.11	3.11	-44.46%
Meghalaya	-	-	-	-	-	-	-
Mizoram	5.15	0.04	5.19	0.89	0.00	0.89	-82.85%
Nagaland	0.10	0.00	0.10	-	-	-	-100.00%
Odisha	696.78	58.12	754.90	802.77	101.15	903.92	19.74%
Puducherry	217.85	18.11	235.96	282.01	29.59	311.59	32.05%
Punjab	1,715.29	614.66	2,329.95	1,790.60	785.45	2,576.05	10.56%
Rajasthan	4,839.14	1,028.39	5,867.53	5,427.32	1,466.62	6,893.94	17.49%
Sikkim	155.93	0.26	156.19	203.96	0.04	204.00	30.61%
Tamil Nadu	12,643.02	3,055.37	15,698.39	13,657.44	3,434.45	17,091.88	8.88%
Telangana	6,600.32	1,251.51	7,851.83	8,097.25	1,492.66	9,589.91	22.14%
Tripura	0.13	0.00	0.13	19.41	25.10	44.51	34138.46%
Uttar Pradesh	11,410.96	820.09	12,231.05	11,475.54	1,037.26	12,512.80	2.30%
Uttarakhand	1,344.90	245.30	1,590.20	1,454.18	326.55	1,780.74	11.98%
West Bengal	2,977.12	212.96	3,190.08	3,254.71	267.41	3,522.12	10.41%
Total	1,18,092.85	28,386.10	1,46,478.95	1,30,893.13	33,616.90	1,64,510.03	12.31%

Appendix III - Trend in Borrowings, Sanctions and Disbursements of Apex Cooperative Housing Federations (Cumulative) for the last 3 years

(Amount in ` crore)

Type	2014-15	2015-16	2016-17
Amount Borrowed	10,888	11,062	11,193
Loan Sanctioned	12,851	13,008	13,161
Loan Disbursed	12,390	12,581	12,711

Appendix IV - Trend in Housing Loan Disbursed and
Units constructed by ACHFs (State wise) for the last 3 years

(Amount in ` crore)

State	2014-15		2015-16		2016-17	
	Units Constructed/ Financed	Amount	Units Constructed/ Financed	Amount	Units Constructed/ Financed	Amount
Andhra Pradesh	2,404	32.3	NA	NA	NA	NA
Assam	-	-	-	-	-	-
Bihar	-	-	-	-	-	-
Chandigarh	NA	NA	NA	NA	NA	NA
Delhi	239	52.4	238	60.0	145	29.2
Goa	28	2.2	30	4.3	7	1.3
Gujarat	-	-	-	-	-	-
Haryana	NA	6.3	25	1.8	14	0.4
Himachal Pradesh	NA	1.1	NA	1.1	NA	0.8
Jammu & Kashmir	NA	NA	NA	NA	NA	NA
Karnataka	NA	NA	347	9.7	63	3.3
Kerala	1,977	84.6	2,921	98.8	1,457	54.5
Madhya Pradesh	-	-	-	-	-	-
Maharashtra	-	-	-	-	-	-
Manipur	NA	NA	NA	NA	NA	NA
Meghalaya	NA	NA	NA	NA	NA	NA
Odisha	-	-	-	-	-	-
Puducherry	40	1.5	7	2.8	83	4.9
Punjab	1,267	55.0	-	-	-	-
Rajasthan	16	1.5	6	0.5	38	1.1
Tamil Nadu	539	24.2	180	9.2	461	31.2
Uttar Pradesh	-	-	-	-	-	-
West Bengal	NA	NA	1,803	3.0	150	4.0
Others	-	-	-	-	-	-
Total	6,510	261.1	5,557	190.9	2,418	130.1

Appendix V: City-wise HPI @ Assessment Prices for the Quarter APRIL to JUNE, 2017

Cities	Qtr. ending Mar-16	Qtr. ending Jun -16	Qtr. ending Sep-16	Qtr. ending Dec-16	Qtr. ending Mar-17	Qtr. ending Jun-17	Q-o-Q % change	Y-o-Y % change
Ahmedabad	96	97	97	98	99	99	0.0	2.1
Bengaluru	125	129	133	136	139	136	-2.2	5.4
Bhiwadi	138	141	140	137	134	126	-6.0	-10.6
Bhopal	108	107	109	108	108	110	1.9	2.8
Bhubaneswar	113	112	112	113	115	117	1.7	4.5
Bidhan Nagar (Excluding Rajarhat)	137	139	140	138	138	137	-0.7	-1.4
Chakan	133	133	133	136	136	138	1.5	3.8
Chandigarh (Tricity)	104	101	99	97	96	95	-1.0	-5.9
Chennai	119	121	125	127	131	130	-0.8	7.4
Coimbatore	118	121	124	118	115	113	-1.7	-6.6
Dehradun	103	105	108	108	110	110	0.0	4.8
Delhi	92	99	101	105	107	107	0.0	8.1
Faridabad	103	103	108	111	115	115	0.0	11.7
Gandhinagar	100	101	100	101	100	98	-2.0	-3.0
Ghaziabad	111	111	110	111	113	115	1.8	3.6
Greater Noida	121	121	123	122	123	121	-1.6	0.0
Gurugram	113	115	118	120	121	121	0.0	5.2
Guwahati	121	123	124	125	128	126	-1.6	2.4
Howrah	145	147	154	158	164	162	-1.2	10.2
Hyderabad	120	122	124	126	127	126	-0.8	3.3
Indore	120	122	123	125	127	125	-1.6	2.5
Jaipur	134	134	135	135	135	128	-5.2	-4.5
Kalyan Dombivali	138	142	146	147	150	150	0.0	5.6
Kanpur	138	143	148	152	158	155	-1.9	8.4
Kochi	121	125	130	134	136	141	3.7	12.8
Kolkata	124	126	131	134	136	130	-4.4	3.2
Lucknow	125	128	133	135	136	137	0.7	7.0
Ludhiana	136	142	144	146	148	144	-2.7	1.4
Meerut	151	156	160	165	168	164	-2.4	5.1
Mira Bhayander	128	130	131	132	132	133	0.8	2.3
Mumbai	131	135	136	137	138	139	0.7	3.0

Nagpur	114	117	121	124	128	128	0.0	9.4
Nashik	119	121	122	121	121	120	-0.8	-0.8
Navi Mumbai	133	135	136	135	133	130	-2.3	-3.7
New Town Kolkata	123	127	129	129	127	124	-2.4	-2.4
Noida	113	114	116	116	116	115	-0.9	0.9
Panvel	122	124	126	124	122	121	-0.8	-2.4
Patna	125	126	129	128	126	129	2.4	2.4
Pimpri Chinchwad	129	130	132	133	134	139	3.7	6.9
Pune	132	133	135	138	141	141	0.0	6.0
Raipur	112	114	118	121	125	125	0.0	9.6
Rajkot	125	128	130	131	132	132	0.0	3.1
Ranchi	136	135	137	132	124	127	2.4	-5.9
Surat	104	107	110	114	116	119	2.6	11.2
Thane	143	145	147	147	148	144	-2.7	-0.7
Thiruvananthapuram	119	125	129	128	130	124	-4.6	-0.8
Vadodara	109	109	110	111	113	112	-0.9	2.8
Vasai Virar	124	125	125	125	126	127	0.8	1.6
Vijayawada	138	140	144	147	147	144	-2.0	2.9
Vizag	118	121	124	128	134	140	4.5	15.7

Appendix VI: City-wise HPI @ Market Prices for Under-Construction Properties for the Quarter APRIL to JUNE, 2017

Cities	Qtr. ending Mar-16	Qtr. ending Jun -16	Qtr. ending Sep-16	Qtr. ending Dec-16	Qtr. ending Mar-17	Qtr. ending Jun-17	Q-o-Q % change	Y-o-Y % change
Ahmedabad	128	131	134	135	136	137	0.7	4.6
Bengaluru	130	130	130	131	132	133	0.8	2.3
Bhiwadi	117	116	115	116	116	117	0.9	0.9
Bhopal	114	115	114	114	115	114	-0.9	-0.9
Bhubaneswar	116	120	123	126	128	129	0.8	7.5
Bidhan Nagar (Excluding Rajarhat)	148	150	151	150	151	151	0.0	0.7
Chakan	131	132	133	134	135	136	0.7	3.0
Chandigarh (Tricity)	105	106	106	109	110	113	2.7	6.6
Chennai	140	145	143	138	135	132	-2.2	-9.0
Coimbatore	121	124	123	127	128	129	0.8	4.0
Dehradun	144	147	148	150	150	151	0.7	2.7
Delhi	93	93	92	92	91	91	0.0	-2.2
Faridabad	130	130	129	128	127	125	-1.6	-3.8
Gandhinagar	116	117	117	117	116	115	-0.9	-1.7
Ghaziabad	119	119	119	119	119	119	0.0	0.0
Greater Noida	111	110	108	107	107	108	0.9	-1.8
Gurugram	110	110	109	108	107	107	0.0	-2.7
Guwahati	120	122	124	125	128	131	2.3	7.4
Howrah	124	120	119	118	120	121	0.8	0.8
Hyderabad	134	135	137	138	139	140	0.7	3.7
Indore	106	106	107	110	112	114	1.8	7.5
Jaipur	136	140	142	142	144	145	0.7	3.6
Kalyan Dombivali	128	130	130	130	130	130	0.0	0.0
Kanpur	141	143	138	136	134	137	2.2	-4.2
Kochi	126	124	123	124	126	129	2.4	4.0
Kolkata	98	97	96	95	94	93	-1.1	-4.1
Lucknow	103	102	103	102	106	110	3.8	7.8
Ludhiana	164	168	171	172	174	175	0.6	4.2
Meerut	121	121	121	122	122	123	0.8	1.7
Mira Bhayander	121	122	122	121	122	122	0.0	0.0
Mumbai	123	126	129	130	131	132	0.8	4.8

Nagpur	128	129	130	129	128	127	-0.8	-1.6
Nashik	126	127	129	129	127	126	-0.8	-0.8
Navi Mumbai	120	120	120	121	121	121	0.0	0.8
New Town Kolkata	126	125	120	118	117	119	1.7	-4.8
Noida	113	112	110	110	110	109	-0.9	-2.7
Panvel	121	125	127	128	128	130	1.6	4.0
Patna	88	89	90	90	90	85	-5.6	-4.5
Pimpri Chinchwad	125	126	127	127	127	128	0.8	1.6
Pune	136	136	137	137	138	136	-1.4	0.0
Raipur	120	122	123	126	128	130	1.6	6.6
Surat	119	119	120	121	122	125	2.5	5.0
Thane	123	125	124	124	123	124	0.8	-0.8
Thiruvananthapuram	137	140	142	136	137	137	0.0	-2.1
Vadodara	111	113	112	112	113	110	-2.7	-2.7
Vasai Virar	113	113	114	114	113	113	0.0	0.0
Vijayawada	141	142	143	144	145	146	0.7	2.8

Appendix VII: Methodologies Adopted to Estimate Housing Affordability

Policy Initiatives	Objective/Vision	Key Features - Risk Mitigants
Expenditure Method or Housing Cost Burden	The ratio of housing expenditure to household income is used to measure affordability.	Housing expenditure covers all costs related to housing including rentals, mortgage repayments, utilities and maintenance costs. Housing units can be classified as affordable if the ratio is less than some cut-off value. Usually as a thumb rule, it is taken as 30 per cent. <i>Thus housing is deemed affordable if it costs less than 30 per cent of the household income.</i>
Median Multiple Indicator	The median house price is divided by median household annual income to derive affordability.	The Median Multiple is widely used for evaluating housing markets. It has been recommended by the World Bank and the United Nations. <i>An organization known as Demographia International, which conducts surveys across countries for affordable housing, considers price to income ratio below 3 to classify as affordable.</i>
Housing and Transport (H+T)	In this method, transport costs are also included with housing costs to measure affordability.	The underlying idea is that congestion in cities has led to rise in human settlements at long distances from the city centre, which has resulted in increase in costs and time spent in commuting.

In India, the *Report of the High Level Task Force Affordable Housing for All (December 2008)* recognized that any attempt to fix a definition of affordable housing for a country as large and diverse as India, using the concept of "one-size-fits-all" is counter-productive. Several factors enter the equation: gross household incomes; cost of the tenement excluding land costs where the cost differentials are large; the size of a tenement; and so forth. The suggested parameters by the Task Force were as under:

- EWS/LIG category: A unit with a carpet area most likely between 300 and 600 sq. ft., with (i) the cost not exceeding four times the household gross annual income (ii) EMI/rent not exceeding 30 percent of the household's gross monthly income.
- MIG category: A unit with a carpet area not exceeding 1,200 sq. ft., with (i) the cost not exceeding five times the household gross annual income (ii) EMI/rent not exceeding 40 percent of the household's gross monthly income.

More recently the Pradhan Mantri Awas Yojana (PMAY) – Housing for All, has classified the EWS and LIG categories as under:

- EWS category: Households with annual incomes below ` 3 lakh and carpet area upto 30 sq.m.
- LIG Category: Households with annual incomes of ` 3 lakh to ` 6 lakh and carpet area upto 60 sq. m.

Appendix VIII: Broad Framework of Risk Mitigants in Housing Finance

Policy Initiatives	Objective/Vision	Key Features - Risk Mitigants
Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI Act)	The Act employs three significant tools for asset management of financial institutions – asset securitization, asset reconstruction and powers for security interest enforcement.	The Act enforces the security interest without Court's intervention and give powers to banks and financial institutions to take over the immovable property that is hypothecated or charged to enforce the recovery of debt.
Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI)	Operates as a registration system for the purpose of filing security interest in immovables created through all type of mortgages.	It acts as a risk mitigant tool for the banks/HFCs, FIs and public at large to prevent multiple financing against the same property.
Indian Mortgage Guarantee Corporation (IMGC)	Provides mortgage guarantee backed home loans to manage credit risk	Helps the homebuyer to secure higher loan amount through various product structures; Lender also benefits from the scheme as mortgage guarantee provides additional protection thereby significantly reducing the element of risk. Also acts a valid credit risk mitigant for capital adequacy computation purpose.
Credit Risk Guarantee Fund Scheme for Low Income Housing (CRGFTLIH)	To enable availability of bank credit without collaterals /third party guarantee and to strengthen credit delivery system and facilitate flow of credit to low income housing.	It provides credit risk guarantee to lending institutions for loans up to 8 lakh given to EWS and LIG categories of people in urban areas without any third party guarantee or collateral security. Helps FIs to maintain capital adequacy as the guaranteed portion attracts zero risk weight. Also in case the advance covered by CRGFTLIH guarantee becomes non-performing, no provision need be made towards the guaranteed portion.
Insolvency & Bankruptcy Code 2016 (IBC)	An Act to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner.	Insolvency and bankruptcy petition can be filed against the developers who have delayed repayments of loan. The creditors will be able to recover a large part of their investment faster for reinvestment.



तृतीय-पंचम तल, कोर 5-ए, भारत पर्यावास केन्द्र,
लोधी रोड, नई दिल्ली - 110 003
दूरभाष : 011-24649031-35,
फैक्स: 011-24649030
वेबसाइट : <https://www.nhb.org.in>

3rd-5th Floor, Core 5-A, India Habitat Centre,
Lodhi Road, New Delhi -110 003
Tel.: 011-24649031-35 Fax : 011-24649030
<https://www.nhb.org.in>