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Housing in India: Status, Policy and Interventions

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INTRODUCTION

Housing is an important aspect of living of human beings. In general, it is referred to as a composite of land (or, floor space) and built structure. This standard definition assumes the use of appropriate materials, technology, and welldeveloped land with clear titles. However, this standard definition applies well to housing in developed world, whereas in the developing countries like India it is often referred to what is known as 'formal' housing, the contribution of which is somewhat low. As a corollary, most of the housing in developing countries is characterised by 'informal' nature of housing. Both these sectors of housing, however, are characterised by great contrast not only in terms of what constitutes housing, but also in terms of the production process, financing and tenancy (Nallathiga 1999). These characteristics render complexity to the understanding of housing. Moreover, most of the formal sector housing is adherent to local planning and building regulations, whereas, informal sector housing is largely present on public land, often illegally squatted and present in dangerous conditions (ibid).

The differences in formal and informal housing, to some extent, are reflected in the nature of housing stock differentiated by material, quality of construction and durability, which is what reflected in the occasional surveys carried out by the National Sample Survey Organisation (NSSO) in India. NSSO uses the classes – *Kutcha*, *Semi-Pucca* and *Pucca* – reflecting an increasing level of quality in all the above parameters. The census definition of these house classes is as following: 'Kutcha' house refers to the one whose wall and rood are built with non-durable materials like unburnt bricks, mud, thatches, leaves and bamboo; 'Pucca' house

refers to the one whose wall and roof are built with any of the materials like burnt bricks, stone, cement concrete, jack board or timber; and, 'Semi-Pucca' house refers to the one whose either wall or roof is built with 'Kutchra' and 'Pucca' house materials.

Apart from the quality of house, whether it has been provided with basic infrastructure, like water supply, electricity and sanitation, is another important indicator. Besides, a good measure of habitable condition in the housing unit is the number of rooms per person, which is reflected in the number of rooms per household and the household size. Moreover, the tenure status of housing unit, to some extent, depending on the level and the composition of the economy, reflects the welfare state of household i.e., tenure state providing some kind of ownership is considered to be more secure, e.g., at one time, Holland had 78 per cent house owners; England had 62 per cent; and Singapore had 80-90 per cent (Nallathiga 1999). However, this argument is sometimes disputed, particularly in urban housing, where housing becomes an investment in which the poor can obtain shelter and be better off with the rented accommodation. It becomes little more complex when the tenure positions are of wider range with a mix of owning and renting, which is the case in developing countries where more than half-a-dozen tenure classes are reported to be prevailing.

All these aspects, referring to the definitional aspects of housing, will be reflected in the section on housing status. Before that, the importance of housing to Indian economy is explained first, followed by which the challenges to urban housing imposed by emerging trends of urbanisation are explained. In doing so, both formal and informal sectors are taken as a whole. In the sections following, the shifts in

housing policy and various interventions made by government in housing sector are explained, which includes the thrust given in both plans and programmes.

CONTRIBUTION OF HOUSING TO THE INDIAN ECONOMY

As housing constitutes an important element of human life, which many aspire to achieve in their lifetime, it has the potential to contribute to a rise in national income, because of the linkages with various other sectors providing goods and support services, and has the potential to add value over a longer duration even after house construction; because of this advantage, it also contributes to the employment to a good extent (Gupta 1985). In India, the income accruing from housing sector as a proportion of national income had been fairly stable during 1960s and 1970s at around 3.5 per cent (at constant prices), though the national income from housing sector has risen from INR 9.15 billion in 1960 to INR 16 billion in 1977 (NBO, 1987). During this period, the Gross Capital Formation (GCF) as a proportion of national income (i.e., GDP at factor cost) has grown from 17 to 23 per cent, whereas the share of GCF in Residential dwellings (GCFR) to the GCF was somewhat stable at 12-13 per cent. Yet, the GCFR/GDP ratio was stable at around 2.5 per cent. The Gross Capital Formation in Residential dwellings in Urban areas (GCFRU) was high at around 50 per cent, reflecting the importance of the dwellings in urban areas (Gupta 1985).

Housing production is labour intensive process in India, since the cost of labour is low and the relative cost of capital is high. Different components of a house demand a variety of products supplied by other sectors and skilled persons,

creating demand for a variety of goods and services, thereby generate greater employment. The indirect employment generation that takes place from these backward linkages tends to be very high. Typically, about 1 per cent of total workers were involved in construction sector until 1970s, of which almost 60% were engaged in house construction (Gupta 1985). The proportions were relatively high at about 3.5 and 75 per cent in urban areas when compared to 0.35 and 50 per cent respectively in rural areas. In year 2001, construction sector accounted for 5.4 mn workers (1.9 per cent of total employment), up from 3.7mn (1.7 per cent) in 1981 (Mukhopadhyay 2002), good amount of which (60-70 per cent) would have taken place in house construction.

Even though these figures reflect the importance of housing sector in the economy, in terms of both income generation and capital formation, the updated figures for the 1980s and 1990s are not easily and readily available. During these periods, economic growth has been higher, particularly when a boom prevailed after 1990, and an addition to housing stock would have taken place at much rapid rate. Nevertheless, they signify the importance of housing sector in Indian economy in general and serve as a guide to making estimates for the later periods.

Housing and Urban Development sector has been one of the thrust areas of economic planning in India. Housing and urban development received attention and priority in most of the five-year plans, in which investments were made regularly. The plan investments made in this sector are shown in table 1. Yet, the relative priority to housing (in comparison to urban development) appear to have been declining, as claims have been made that the allocations to housing alone as

a proportion of total plan investments have declined from 34 per cent during First five-year plan to 2.4 per cent in Tenth five-year plan (Rao 2003, NBO 1987). This reflects the policy departure from state assistance given to house building to state's enabling of housing provision, which is discussed in section 5 in detail.

EMERGING TRENDS OF POPULATION GROWTH AND URBANISATION: CHALLENGES TO HOUSING

As housing needs are largely driven by population and demographic changes, it is important to review the trends in the past and emerging patterns, particularly in terms of urbanisation, which is what attempted in this section. India has been undergoing a rapid population rise, since after independence, which only somewhat stabilised in the recent decades (Rakeshmohan 1996). The trends of rising population are shown in table 2. The number of households has been growing due to increase in family size and nucleation of families.

An important phenomenon accompanying such rapid population growth is urbanisation. The share of urban population in total population has been increasing from 20% in 1950s to touch almost 30% now (MoEF 2002). Moreover, among all classes of cities, the cities with already large population have a major share of total urban population (which is shown in table 3) and are experiencing further growth. Mega cities (i.e., cities with more than one million population) share almost 40% of the urban population and the remaining 30% is shared by other Class I cities (Rakeshmohan 1992). This polarisation of growth towards cities and mega cities is posing a greater challenge to provide housing in these urban areas, which are

rapidly becoming areas of crowded habitations. This gets reflected in an increasing proportion of slum population which constituted 35 % of the urban population during 1980s and 1990s (NBO 1987). In fact, the proportion of slum population in the mega cities (with more than 10 million population) of Mumbai, Delhi and Kolkata is rapidly reaching the levels of 40%. In Mumbai, it has reached a level of almost 60% of total population according to latest survey. (Dadich 2002)

It is also noteworthy that the growth of housing stock has not been adequate to meet with urban housing demands, which are exacerbated by in-migration to urban areas. Addition to housing stock has not been taking place to meet the requirement for various other reasons such as prevalence of outdated legislations, planning and development control regulations in the urban areas. There were also hindrances to private house building in the past, by a host of legislative hurdles, limiting access to technology, finance and investments, all of which have affected its performance to a good extent. Besides, the general characteristics of housing such as long production time, greater cost of housing, competition with other areas for investment and the level of technology all affect the housing production process making it not instantaneously responsive to demands (Gupta 1985). It is also empirically proven that there are always supply lags in spite of supply responsiveness, making it almost difficult to bridge the gap in a growing economy. Moreover, the growth of urban population and its share does not obviously reflect the problems being faced by cities, such as, slums and squatter settlements, infrastructure provision etc. The conditions of housing stock under the effects of ageing and dilapidation and their locating on some of the worst land are not well reflected in the growth patterns. The physical renewal of many of the urban areas

is much neglected issue in the Indian context. The outdated legislations, incompatible planning standards and regulatory policies all of them contribute to the exacerbation of the housing problems faced by the cities in India.

HOUSING STATUS

The above sections have provided an overview of the importance of housing sector in the Indian context and the challenges faced by it in the light of population growth and urbanisation. However, current housing conditions as well as emergent patterns also need to be looked at, which is what attempted in this section.

The formation of housing stock has not been adequate to the needs of population as indicated in table 4. There has been a gap, of the order of 5-10 million, between houses occupied and the number of households, which indicates the number of homeless households. This gap has been becoming steeper in rural housing rather than urban housing, which is reflected in table 5. This housing shortage would actually be reflected in the households living in slums and squalor conditions. The rising share of slum population from 17.5 per cent in 1981 to 21 per cent in 1991 vindicates it (NSSO 1999).

The condition of housing stock and households is reflected in the occasional publications of the NSSO. The 50th round of survey conducted by it in 1993-94 provided the latest estimates, which show that the proportion of houses under *semi-pucca* and *kutcha* i.e., houses of moderate or limited strength and durability, has been high at 60 per cent in rural areas and relatively low at 22 per cent in

urban areas (NSSO 1999). It reflects that rural areas are still dependent upon traditional material and construction methods which render them with poor housing stock. Furthermore, as high as 85 per cent of housing stock in rural areas is independent houses; whereas, in urban areas, the corresponding figure is 36 per cent (the remaining are: 15 per cent flats, 15 per cent *slums*/squatter settlements and 34 per cent unclassified). The habitability of housing stock is reflected in table 6, which imply inhabitable conditions of current housing stock when almost 70% of total households (similar proportion of urban households) reside in one to two room houses (or, 3-5 persons per room assuming an average household size of 5) (*ibid*).

As mentioned earlier, apart from the quality of housing stock and tenure status, the provision of basic amenities is an important indicator of habitability conditions. Whereas the households in rural areas of India have high ownership, the corresponding figure for urban areas is around 55 per cent. Rental housing share in rural areas has been expectedly low (less than 5 per cent), and fluctuating in urban areas (NSSO 1999). In terms of basic amenities, about 30 per cent of the housing stock in urban areas is without water supply and sanitation, and about 20 per cent of it is without electricity. The corresponding figures of 85 per cent and 65 per cent in rural areas reflect even glimmer picture of housing in rural India (*ibid*). Achieving an improvement in the conditions of amenities in rural houses is a formidable task, given limited resources, but there is a good scope for improvement in urban areas given that their resource base is somewhat strong, particularly by the way of establishing public-private partnerships in providing housing.

HOUSING POLICY

The current and past state of housing can be better understood when the various approaches taken towards it are understood, which is reflected in policy stance. Until 1990s, there was no comprehensive assessment of the sector. In 1992, the Union government came out with draft 'National Housing policy' explaining the approach towards the sector and the policy objectives. This document was revised later in 1998, and brought forth as 'National Habitat and Human Settlements Policy'. The Key features of these policies are presented in Annexure I and II respectively. This section, however, attempts to provide an overview of housing policy, which is reflected in the strategic focus laid down in economic plans and the policy focus laid down in various programmes.

Policy Focus in Economic Planning

In the era of mixed economic planning in India i.e., 1950-1990, housing sector policy was largely driven by the approach to address housing 'needs' in the government's role of 'provider' (Pugh 1990). In this era, housing needs were estimated, and public as well as private sector targets for achieving them were laid down alongwith the investment outlays. This was more of a technical exercise of anticipating population growth and its housing needs, and then setting-up targets; but, each plan envisaged housing development in a different way while balancing the needs of housing with those of other sectors of the economy. Housing made through this channel primarily catered to middle and low income groups in urban areas and low income groups in rural areas respectively (Pugh 1990).

A turnaround in the policy took place in 1991, when India pursued the path of economic reforms and liberalised various sectors of the economy. The hitherto thrust given to public sector was withdrawn, and market forces were given greater opportunity to prioritise and invest in the areas they would wish. Moreover, enhancing the access to and the availability of credit at moderate lending rate to both producers and consumers was envisaged. This required making use of finance as an important instrument to give a boost to housing stock. The incentives in the form of tax advantages of home buying made it further attractive to go for home ownership. This stance had percolated all sectors, to which housing is not an exception. As a result, the role of government took a shift from 'provider' of housing to 'enabler' or 'facilitator' of housing provision (Rao 2003). This is evident from the stance of policy document (Gol 1992):

'The government has to create a facilitating environment for growth of housing activity rather than itself taking on the task of building. However, this shift in the role has not yet taken place with the result that the government is still called upon to act as a provider. The other partners, like private and co-operative sectors, have not stepped-in to fill the void' (National Housing Policy 1992)

Policy Focus in Housing Programmes

Whereas the shift in policy in terms of plan investments of public and private sector was a turning point, the programmatic focus was taking different directions providing scope for understanding how meso-level operations were changing over time with changes in macro-environment. It may be noted that most of the public housing programmes targeted low and middle income groups. The programmatic focus on housing urban poor was consistent with the prevalent focus made

elsewhere with intervention of multilateral agencies like the World Bank. A good review of such experience elsewhere is provided in Tebbal & Ray (1999).

In the early years after independence i.e., in 1950s and 1960s, the government focussed on house building for people, with a preference to disadvantaged socio-economic groups, using its own machinery. The central plan targets were divided between various states, which were supposed to oversee house construction by their department in the provinces. It placed emphasis on building medium rise apartments, social housing for poor and providing rent subsidies (Pugh 1990). In this era, model towns were built near large cities and town planning schemes were adopted for providing housing in urban areas (Rao 2003). The system was delivering, but at a pace not sufficient to meet the needs of both existing and growing population. Moreover, it was marked by failures like bureaucratic red tape and delays, caught in the frails of favouritism and corruption and the beneficiary selection based on socio-political position was ensuring that only limited amount of housing would reach the poor and needy people (Rao 2003).

Recognising the inadequacies of the program and its limitations, the government sought the help of the World Bank, focusing more on improving habitability conditions. Understandably, the housing policy of 1970s therefore emphasised on increasing the life-span of house and/or improving habitat conditions through 'Slum Improvement Programmes' undertaken in select cities (Pugh 1990). The programme achieved limited success over limited time. Since improvements made from this programme were temporary and the identification of beneficiaries was

difficult (Wadhwa 1988), a new thrust was laid on 'Sites and Services' programme, again with the support of the World Bank (Pugh 1990).

In the 1980s, the World Bank took an active interest in implementing this programme, which enabled the people living in slums and squatter settlements to have basic infrastructure provided with and secure tenancy rights were established (Gupta 1985). States like Andhra Pradesh and Tamil Nadu took major interest in the programme and had successfully given the land titles to slum dwellers for improving their houses and living condition (Banerjee 2000). The policy stance undertaken in this programme has empowered slum dwellers with secure tenancy and infrastructure services, and provided them an opportunity to design and construct a house of their choice (Banerjee 2000). This programme achieved good success in those cities that had good amount of land available for transfer and regularisation, but it suffered from defects in design and implementation (Gupta 1985). However, this programme faced difficulty in cities like Mumbai, where such settlements were along the public transport lines and land was not easily available for development (Banerjee 2000).

In the 1990s, the policy stance focused on provision of affordable housing to the urban poor (Rao 2003, Gol 1992). Complete redevelopment of slums was actively pursued. As laid down in the new economic policy, the emphasis was on providing incentives to private homebuilders to redevelop slum areas. This was done through incentive development rights and partnership based development approaches, which were initially looked at with a lot of suspicion. Although it achieved good success during early 1990s when real estate boom was prevalent

due to its innovative design, this programme exposed limitations in the event of real estate market burst in mid-1990s and the redevelopment was no longer profitable to private builders (Banerjee 2000).

The emphasis laid in the late 1990s as well as early 2000 was on developing efficient housing markets, particularly in urban areas, which were for the first time considered as engines of economic growth. This is somewhat consistent with such policy changes elsewhere. Apex financial bodies like National Housing Bank (NHB) and Housing and Urban Development Corporation (HUDCO) were given the mandate to provide loans to homebuilders in order to reduce the high capital costs borne by the industry. Likewise, homebuyers were provided tax incentives to purchase their own house and retail home financing was given encouragement in order to reach the common man (Sivakumar 1989). This is not a simple strategy of providing incentives for owner-occupied housing; it also made use of favourable macro-economic conditions that led to the downfall of interest rates and inflation and encouraged the citizens to invest in buying house (Anon 2003). However, the major criticism of this policy is that it benefited middle income groups, but was not able to address the needs of the poor. In cities like Mumbai, land and construction costs together are several times the annual income of poor households (Nallathiga 2003). Moreover, development control regulations in various cities prevent housing in line with the needs of poor people, and legislations like ULCRA restricted land supply to housing (ibid). These basic issues at local level have to be dealt with in order to achieve 'affordable housing' in cities.

INTERVENTIONS IN HOUSING

Housing provides the crucial security to households, thereby, it aids in the positive contribution of them to the economy by engaging in a variety of activities. It is also a social entity for the family, wherein the family members, their friends and relatives find the social relations formed, built and fostered. All of these undoubtedly raise the welfare state of individual household members. Moreover, a well housed individual/family poses fewer burdens to government in the maintenance of law and order. Given these merit good characteristics of housing, most of the governments intervene in its provision so as to maximise the inherent benefits and welfare improvement of housed population, and they attempt to either provide or facilitate the process of its delivery. However, such welfare arguments for provision of housing fail to meet with complete success due to inherent limitations of governments, particularly in developing countries like India wherein the resource limitations are high. India has also followed the intervention path whose course shifted from direct provision to regulatory system, but followed limited success. A turnaround came after pursuing liberalisation policies, but land and housing sector reforms are yet to be touched and institutional innovations for achieving housing began to emerge only recently. The experience of such interventions, in the form of plan strategies and programmes as well as regulations, is explained below.

Direct intervention

India has undertaken, from time to time, various programmes aiming at the provision of housing, as a part of both the strategy laid down in the five-year plans

as well as the designated independent programmes. Besides the programmes of Union government, the state governments have also announced, at times, their own housing programmes, which were funded through their own budgets. Furthermore, several central and state government enterprises had the policy of housing provision to their employees from their own outlay, which also contributed, to some extent, housing from public sector. A list of the various programmes undertaken by the government is given in the table 7.

Despite numerous such programmes launched, their success was somewhat limited. However, a good evaluation of these programmes and their impact assessment is missing, except for few such programmes which reflect a major change in the approach. As a result, the precise effects of such direct intervention, in terms of how and which target groups received benefits, and to what extent, are unknown. Yet, some general conclusions can be drawn about the success of intervention and reasons for their failure. Some of the reasons for failure are laid down below:

- First, the difficulty in ensuring that the funds would reach target groups. There was a difference between the beneficiaries of programmes and target groups. Beneficiaries were those who could become eligible through political, social and bureaucratic contacts, which played crucial role in selection of beneficiaries.
- Second, the poor percolation of benefits and poor translation of housing on ground resulting from it. The programmes laid physical and fiscal targets, but the monitoring of housing units construction was neglected, which led to serious 'moral hazard' problems. Bureaucrats, contractors and politicians reaped benefits in some schemes, leaving little left for translation into housing units.

- Third, housing supply was not efficient and responsive to the needs. The production costs were high, construction periods were long and 'rationing' was resorted to in the provision of houses.
- Fourth, the lack of participation of beneficiaries in the home building process. Beneficiaries did neither contribute to capital nor labour and, indeed, lacked the sense of ownership of house built. Uniform house layouts were not reflective of the needs of people and beneficiary participation in their design was missing.

Regulation

Indian government, like several other governments, intervened in the provision of housing through regulatory mechanisms. These interventions came in the form of enactments of model acts of Central Government, which were followed by similar enactments of State Governments, and Planning and Development Control Regulations of various states and cities. The major enactments of Government are the Urban Land Ceiling (Regulation) Act (ULCA) and Rent Control Act (RCA), which were enacted by various states and cities, the experiences with which are explained below. Besides, Land Acquisition Act of 1894, authorising the government to acquire land for public purposes is still followed in land acquisition for housing; but some State governments have amended this act to constitute their own model land acquisition acts. Likewise, Transfer of Property Act, 1908 has had a legacy of regulating property transfers for a long time.

Urban Land Ceiling (Regulation) Act

This act was passed in 1972 with the purpose of consolidating the provisions of land acquisition act and providing some distributional benefits of providing land for

housing urban poor. The basic features of the act were (Nallathiga 1999): (a) imposition of ceiling on the vacant land holdings of individuals and companies (b) limiting the size of dwelling units (area) to be built on lots in future through subdivision, and (c) regulating the transfer of land. However, the law was at least ineffective and at most ill effective in its operation (Wadhwa 1983). Because of the lack of established boundaries of plots, the extent of surplus land could not be made out. The land that was collected for redistribution to the poor was not distributed and retained with government for a long time. This alongwith the land supply withdrawal of owners has resulted in supply dead lock, as a result land prices have increased steeply beyond the reach of low income population. As the legislation failed utterly in its objectives and adversely affected land markets, the government has repealed the act through a parliamentary act in 1996, and the suit has been followed by some states, but yet to be followed by few others (Rao 2003).

Rent Control Act

Like several other governments, the Indian government also followed the suit of enacting this act during Second World War period to offer protection to the sitting tenants. Various cities have adopted this enactment, and declared the rent of housing. The adverse effects of this act are still evident in various cities across India. It has dissuaded the supply of new rental housing and has been adversely affecting the property tax revenues of local governments (Nallathiga 1999). Moreover, maintenance of rent control buildings was neglected, which resulted in their reaching dangerous levels of dilapidation. The rent control act adversely affected the housing options of urban poor (Kumar 2000). The immigrants to cities hardly find suitable rented accommodation and are forced to occupy public land to dwell in inhabitable houses in cramped conditions (*ibid*). Moreover, over time, rent

controls have created such a strong vested interest that no political party is in a position to take a hard decision to repeal the act (Wadhwa 2003). It was under the directive of Supreme Court of India, the Union government prepared a Model Rent Act, prescribing norms for fixing and revising the rents, the levels of which themselves are far from the expectations of land lords for upkeep of the building. However, several state governments are yet to follow the suit and repeal the act.

Planning and Development Control Regulations

Few State Governments have formulated their own Town and Country Planning legislations and few cities have devised town and country planning institutions in large cities. The government is yet to enact a Town and Country Planning Act and establish a framework for the system. A model act, however, has been passed instead. In the absence of institutions for carrying out planning, most of the states carry out this function using their departments. These departments are ill-equipped and inadequately trained to carry out planning functions, leading to enormous delays and corruption in planning functions. However, even in those cities where Town and Country Planning institutions were set-up, they largely confine to zoning, layout preparation, subdivision and development control regulations, which are outdated to current needs. Many a times, the rigid legislative and operational framework under which they operate was not resulting in better housing, rather act against the principle of providing affordable housing (Nallathiga 2003). Development control regulations, such as density regulations, plot sub-division and set back rules, are resulting in high land and property prices and encouraging luxury housing suitable to the needs of affluent, rather than catering to the needs of the poor (Nallathiga 2001). Unfortunately, the need for reforms, in this context, has missed the attention of policy makers.

CONCLUSIONS

Housing is an important economic activity in India, although there has been a shift in the major actor from public to private. As India has been undergoing transformation from mixed economy to market economy, housing witnessed many changes - for example, plan investments in housing were declining and so also the public provision of it. The programmatic focus in housing, in general and urban poor, in particular, has also shifted from time to time reflecting the needs of time and people; but they achieved limited but not lasting success. This led to a conclusion that government has its own limitations in providing housing for all. As a result, the policy focus shifted from delivering of housing unit to achieving affordable housing. In this new role, government seeks to provide incentives to various actors. By expanding the levels of financing and providing tax incentives, government is now encouraging house building by private sector. To what extent the shift in policy stance has affected housing at large is more of a guess work, as an assessment has not been made to quantify it. It has, however, neglected some major reforms like removing land ceilings and rent controls, thereby, acted to the detriment of rental housing (an important option for urban poor). Reforms in urban planning and local government are still missing, and innovative instruments for managing housing supply e.g., betterment tax, planning agreements and transfer of development rights, are yet to be adopted (Keare 1996). Urban environmental policy document also emphasizes on achieving sustainable urbanisation by means of affordable housing with minimum acceptable habitability standards, low planning standards for urban poor, secure tenure, innovative financing mechanisms and assistance to urban poor (MoEF 2002).

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Table 1: Plan Investments in Housing and Urban Development Sector

Plan and Plan period	Total Outlay (INR million)	Housing and Urban Development (HUD) Outlay (INR million)	Percentage share of HUD in the total outlay
First Plan (1951-56)	20 688	488	2.1
Second Plan (1956-61)	48 000	1 200	2.5
Third Plan (1961-66)	85 765	1 276	1.5
Annual Plan (1966-69)	66 254	733	1.1
Fourth Plan (1969-74)	157 788	2 702	1.7
Fifth Plan (1974-79)	394 262	11 500	2.9
Annual Plan (1977-80)	121 765	3 688	3.0
Sixth Plan (1980-85)	975 000	24 884	2.6
Seventh Plan (1985-90)	1 800 000	42 295	2.3
Annual Plan (1990-92)	1 338 350	30 001	2.2
Eighth Plan (1992-1997)	4 341 000	105 000	2.4

Source: Gol (1992)

Table 2: Trends in Population rise and Urbanisation in India

Year	Total Population	Urban Population	Percentage share of urban population	Decadal growth rate of urban population
1901	238 396 327	25 851 873	10.84	-
1911	252 093 390	25 941 633	10.29	0.35
1921	251 321 213	28 086 167	11.18	8.27
1931	278 977 238	33 455 989	11.99	19.12
1941	318 660 580	44 153 297	13.86	31.97
1951	361 088 090	62 443 709	17.29	41.42
1961	439 234 771	78 936 603	17.97	26.41
1971	548 159 652	109 113 977	19.91	38.23
1981	683 329 097	159 462 547	23.34	46.14
1991	844 324 222	217 177 625	25.72	36.19
2001*	1 027 000 000	285 000 000	27.8	31.2

Source: Census of India (1992)

* Figures for the year 2001 are projections, not actuals

Table 3: Trends in the share of various Classes of Cities in urban population in India

Category	1971	1981	1991	2001
(population size)				
Class I (> 100 000)	57.2	60.4	65.2	73.7
Class II (50 000 - 100 000)	10.9	11.6	11.0	9.4
Class III (20 000 - 50 000)	18.0	14.4	13.2	11.0
Class IV (10 000 - 20 000)	10.9	9.5	7.8	4.2
Class V (5 000 - 10 000)	4.5	3.6	2.6	1.3
Class IV (< 5 000)	0.4	0.5	0.3	0.2

Source: Rakeshmohan (1996)

Table 4: Resident Population Trends in India

	1961	1971	1981	1991
No. of Residential houses occupied (in mn)	78.68	90.78	113.94	148.1
Share of housing stock in cities to total (%)	17.48	19.88	24.27	29.1
No. of households (in mn)	84.59	100.47	119.27	153.2
Household size	4.96	5.23	5.45	

Source: NIUA (1995)

Table 5: Trends in growth of households and housing stock in India

Year	Households (mn)			Housing stock (in mn)		
	Total	Rural	Urban	Total	Rural	Urban
1961	83.5	68.6	14.9	79.2	65.2	14.0
1971	97.1	78.0	19.1	93.0	74.5	18.5
1981	122.6	93.5	29.1	114.4	86.6	27.8

Source: NBO (1987)

Table 6: Habitability conditions of housing stock in India

No. of rooms per house	Total Housing Stock (Relative share in %)	Urban Housing Stock (Relative share in %)
1	66 154 743 (40.5)	15 620 078 (39.5)
2	46 180 064 (30.6)	11 992 915 (30.4)
3	20 910 465 (13.8)	5 852 191 (14.8)
4	10 791 101 (6.3)	3 070 829 (7.8)
5	10 608 294 (7.0)	2 751 947 (7.0)
> 5	1 388 231 (0.9)	205 490 (0.5)
Total occupied housing units	151 032 898	39 493 450

Source: NSSO (1999)

Table 7: Housing Programmes in India

Name of the Programme	Year of launch
Integrated Subsidised Housing Schemes for Industrial Workers and EWS	1952
Low Income Group Housing Scheme	1954
Subsidised Housing Scheme for Plantation Workers	1956
Middle Income Group Housing Scheme	1959
Rental Housing Scheme for State Government Employees	1959
Slum Clearance and Improvement Schemes	1956
Village Housing Projects Scheme	1959
Land Acquisition and Development Scheme	1959
Provision of House Sites of Houseless Workers in Rural Areas	1971
Environment Improvement of Urban Slums	1972
Sites and Services Scheme	1980
Indira Awas Yojana	1985
Night Shelter Scheme for Pavement Dwellers	1990
National Slum Development Programme	1996
Two million Housing Programme	1998
Valmiki Ambedkar Aawas Yojana	2001

Source: Rao (2003)

HOUSING AND URBAN POLICY IN INDIA

The policies of urban development and housing in India have come a long way since 1950s. The pressure of urban population and lack of housing and basic services were very much evident in the early 1950s. In some cities this was compounded by migration of people from Pakistan. However, the general perception of the policy makers was that India is pre-dominantly an agricultural and rural economy and that there are potent dangers of over urbanisation which will lead to the drain of resources from the countryside to feed the cities. The positive aspects of cities as engines of economic growth in the context of national economic policies were not much appreciated and, therefore, the problems of urban areas were treated more as welfare problems and sectors of residual investment rather than as issues of national economic importance.

In the **First Five Year Plan** (1951-56), the emphasis was given on institution building and on construction of houses for Government employees and weaker sections. The Ministry of Works & Housing was constituted and National Building Organisation and Town & Country Planning Organisation were set up. A sizeable part of the plan outlay was spent for rehabilitation of the refugees from Pakistan and on building the new city of Chandigarh. An Industrial Housing Scheme was also initiated. The Centre subsidised Scheme to the extent of 50% towards the cost of land and construction.

The scope of housing programme for the poor was expanded in the **Second Plan** (1956-61). The Industrial Housing Scheme was widened to cover all workers. Three new schemes were introduced, namely, Rural Housing, Slum Clearance and Sweepers Housing. Town & Country Planning Legislations were enacted in many States and necessary organisations were also set up for preparation of Master Plans for important towns.

The general directions for housing programmes in the **Third Plan** (1961-66) were co-ordination of efforts of all agencies and orienting the programmes to the needs of the Low Income Groups. A Scheme was introduced in 1959 to give loans to State Govts. for a period of 10 years for acquisition and development of land in order to make available building sites in sufficient numbers. Master Plans for major cities were prepared and the State capitals of Gandhi Nagar and Bhubaneswar were developed.

The balanced urban growth was accorded high priority in the **Fourth Plan** (1969-74). The Plan stressed the need to prevent further growth of population in large cities and need for decongestion or dispersal of population. This was envisaged to be achieved by creation of smaller towns and by planning the spatial location of economic activity. Housing & Urban Development Corporation (HUDCO) was established to fund the remunerative housing and urban development programmes, promising a quick turnover. A Scheme for Environmental Improvement or Urban Slums was undertaken in the Central Sector from 1972-73 with a view to provide a minimum level of services, like, water supply, sewerage, drainage, street pavements in 11 cities with a population of 8 lakhs and above. The scheme was later extended to 9 more cities.

The **Fifth Plan** (1974-79) reiterated the policies of the preceding Plans to promote smaller towns in new urban centres, in order to ease the increasing pressure on urbanisation. This was to be supplemented by efforts to augment civic services in urban areas with particular emphasis on a comprehensive and regional approach to problems in metropolitan cities. A Task Force was set up for development of small and medium towns. The Urban Land (Ceiling & Regulation) Act was enacted to prevent concentration of land holding in urban areas and to make available urban land for construction of houses for the middle and low income groups.

The thrust of the planning in the **Sixth Plan** (1980-85) was on integrated provision of services along with shelter, particularly for the poor. The Integrated Development of Small and Medium Towns (IDSMT) was launched in towns with population below one lakh for provision of roads, pavements, minor civic works, bus stands, markets, shopping complex etc. Positive inducements were proposed for setting up new industries and commercial and professional establishments in small, medium and intermediate towns.

The **Seventh Plan** (1985-90) stressed on the need to entrust major responsibility of housing construction on the private sector. A three-fold role was assigned to the public sector, namely, mobilisation for resources for housing, provision for subsidised housing for the poor and acquisition and development of land. The National Housing Bank was set up to expand the base of housing finance. NBO was reconstituted and a new organisation called Building Material Technology Promotion Council (BMTPC) was set up for promoting commercial production of innovative building materials. A network of Building Centres was also set up during this Plan period. The Seventh Plan explicitly recognised the problems of the urban poor and for the first time an Urban Poverty Alleviation Scheme known as Urban Basic Services for the Poor (UBSP) was launched.

As a follow-up of the Global Shelter Strategy (GSS), National Housing Policy (NHP) was announced in 1988. The long term goal of the NHP was to eradicate houselessness, improve the housing conditions of the inadequately housed and provide a minimum level of basic services and amenities to all. The role of Government was conceived, as a provider for the poorest and vulnerable sections and as a facilitator for other income groups and private sector by the removal of constraints and the increased supply of land and services.

The National Commission of Urbanisation submitted its report. The Report eloquently pointed out the reality of continuing and rapid growth of the urban population as well as the scale and intensity of urbanisation, the critical deficiencies in the various items of infrastructure, the concentration of vast number of poor and deprived people, the acute disparities in the access of shelter and basic services, deteriorating environmental quality and the impact of poor governance on the income and the productivity of enterprises.

In the backdrop of this report the **Eighth Plan** (1992-97) for the first time explicitly recognised the role and importance of urban sector for the national economy. While growth rate of employment in the urban areas averaged around 3.8% per annum, it dropped to about 1.6% in the rural areas. Therefore, the urban areas have to be enabled to absorb larger increments to the labour force. The Plan identified the key issues in the emerging urban scenario:

- the widening gap between demand and supply of infrastructural services badly hitting the poor, whose access to the basic services like drinking water, sanitation, education and basic health services is shrinking
- unabated growth of urban population aggravating the accumulated backlog of housing shortages, resulting in proliferation of slums and squatter settlement and decay of city environment
- high incidence of marginal employment and urban poverty as reflected in NSS 43rd round that 41.8 million urban people lived below the poverty line.

The response of the Plan to this scenario was the launching of Urban Poverty and Alleviation Programme of Nehru Rojgar Yojana (NRY)

Source: Government of India, Ministry of Urban Development

Housing for All: National Housing and Habitat Policy

Housing for All has invariably been proclaimed as national priority by all major political parties from time to time. Indeed, National Housing and Habitat Policy unveiled in 1998 called for nothing less than "A HOUSING REVOLUTION". Among other things, it contained significant specific action areas to improve the housing scenario in the country. It may be worthwhile to recall some of its important policy propositions as follows:

- Land is the most critical input for housing. Public agencies would continue to undertake land acquisition proceedings for housing and urban services. Other more feasible alternatives like land sharing and pooling arrangements, particularly in the urban fringes, would be considered through public and private initiatives with appropriate statutory support. Land assembly and development by the private sector would be encouraged.
- The repeal of the Urban Land (Ceiling & Regulation) Act, 1976 is expected to ease the availability of land.
- Town and country planning regulations would be modified to provide a portion of land at affordable rates for housing those who provide essential services. This would also help in checking the growth of slums.
- Land in the rural context is a matter of granting homestead rights. States need to provide this right to the landless category with special emphasis on persons belonging to the SC and ST community.
- Urban Land use needs to be optimised. Town and country planning regulations would be amended to provide for higher density use.
- Designation of no-development zones in high population areas of cities and towns have led to the growth of slums. Planning authorities should re-plan these zones to meet the need of a growing population after taking adequate care for provision of green areas.

Apart from covering the whole canvass of issues relating to finance, sustainability concerns, employment issues, technology support, etc. This policy stressed on series of legal and regulatory reforms.

- Legal and regulatory reforms would form the backbone of housing activity as government becomes more enabler and creates a suitable environment for the private sector and others to shoulder more responsibility in the sector. The reform agenda, which had been set in motion, would not only be speeded up, but also widened.
- It has been decided to repeal the Urban Land Ceiling Act to correct the distortions in the land market. States, other than those who have agreed to repeal the Act, would be persuaded to adopt the repealing Act when it is passed by the Parliament.
- The Procedure of sanctioning building plans has, in the past, been vitiated by corruption and unconscionable delays causing frustration and anger, leading in some cases to abandonment of useful housing projects. This, in turn, compels the needy to turn to unauthorised construction and the growth of ugly slums, which today totally disfigure the national landscape. Chartered Registered Architects would be allowed to sanction building plans. They would be made responsible for enforcement of the norms. Professional responsibility will be vigorously enforced and heavy punishment imposed for false certification.
- Rent Control Legislations in the States would need to be amended to stimulate investment in rental housing which is the viable shelter option for the low-income groups in large and medium cities. New constructions should be specifically excluded from Rent Control in order to encourage investment in Rental Housing. Some states have taken steps to reform their Rent Control Acts. However most of the states have yet to bring in the reforms. In case these States face difficulties, the Union Government could consider framing a National Rent Control Legislation to apply to these states.

- Considering the specific requirements of housing and urban infrastructure projects, both in public and private infrastructure, a land acquisition legislation would be drawn up for the urban areas. Alternatively, the existing Land Acquisition Act would be suitably amended.
- The concerned Town Planning laws and land-use regulations would be amended to provide statutory support for land assembly, land pooling and sharing arrangements.
- With an increased role of the private sector in land assembly, housing and infrastructure sectors, appropriate legislation would be framed to guide and regulate the activities of promoters/builders in the interests of the people.
- The Acts relating to the insurance sector would be amended to facilitate Mortgage Insurance in the country.
- States would be strongly advised to bring down and rationalise the scale of stamp duty to eliminate large-scale evasion, the growth of the power of attorney regime, and avoidable and time-consuming litigation in courts. While maintaining some difference between the residential and non-residential properties, states would be strongly advised to bring down stamp duty on the former to about 2-3%. They would also be advised to reduce the stamp duty on asset securitisation to help in setting up the secondary mortgage market.
- States must update and modernise the system of maintenance of land records. They may also adopt the Torren System for Land Records and title investigation. This would go a long way in providing information and facilitating transactions in land.
- Urban renewal of inner cities is becoming imperative. The Municipal laws/bye-laws and planning regulations need to be amended to take care of upgradation.
- Clean environment and quality of life in the settlements depend on various legislations and coordination among the regulatory authorities. There is a need to integrate policies regarding air and water pollution, solid waste disposal, use of solar energy, energy recovery from wastes and electricity supply in the planning process.

"The ultimate goal of this policy is to ensure that the basic need of 'Shelter to all' is fulfilled and a better quality of life provided to all citizens by harnessing the unused potential in the public, private and the household sectors. The policy may be reviewed from time to time taking into account advancements in sciences and technology and the economic situation."

Source: Government of India, Ministry of Urban Development