



An Analytical study of Housing Problems in India

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Abstract

Along with food and clothes, housing or a shelter is one of the three most important requirements of Human being. If the total population of about 1200 million population is divided by 5, the average number of members in a family, the country requires housing for 240 million families. Of this, 2.4 million around 30% are either house-less or live in thatched cottage or houses made of tree and plant live in and bamboo and mud houses. This paper deals with the problems and solution of housing problem in India.

Keywords: The National Building Organization (NBO), Town & Country Planning Organization (TCPO), National Urban Housing and Habitat Policy, Urban Land Ceiling and Regulation Act (ULCRA)

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1. INTRODUCTION:

Shelter is the basic human requirement. Even after 57 years of independence, the country is still grappling with the growing shelter problem, especially of the poor. The problem has further been compounded by the rapid increase in urban population. Constant migration of rural population to cities in search of jobs is causing unbearable strain on urban housing and basic services.

There is a severe housing shortage in the urban areas with demand – supply gap increasing day-by-day. The National Building Organization (NBO) had estimated the 1991 urban housing shortage at 8.23 million, and had expected the absolute shortage to decline progressively to 7.57 million in 1997 and 6.64 million in 2001. Housing shortage in urban areas at 18.78 million units in 2014, where 95 percent shortage in economic weaker section.

In some small towns in India, the problem is not the lack of housing facilities but the lack of adequate housing facilities. Here, there is a surplus of houses when compared with households but these houses are unfit to reside.

The people who are most likely to become homeless are those who have least resources as providing housing is a profit-oriented industry. They cannot purchase houses nor can they afford high rent, so they live in unfit accommodation, as the rents demanded for such an accommodation is much low. Some very poor people prefer to squat rather than even rent an accommodation, thus leading to the growth of slums.

The requirement of house building is a massive program and the Indian Government is aware of it but cannot do much about it because of the following reasons:-

1. Lack of investment and funds.
2. Lack of building materials like red bricks, timber, steel sections, flats, angles, rods etc. as well as glass, tiles, sanitary-wares and cement and sand, as well as lime and plaster.
3. Lack of a definite housing program.
4. Non-availability of low cost housing ideas to be built for village and rural areas.

The problems of housing are most acute among the lower-middle class and the villages. The various housing estates made by private promoter, joint venture (PPP) and small private contractors are very few compared to the huge population particularly in rural areas where people require houses but they do not have either the finance or the other resources of materials.

2. INDIAN HOUSING PROBLEMS SCENARIO:

2.1. Homelessness:

Homelessness is a complex problem; the circumstances of homeless people vary greatly. Homelessness is sometimes a product of shortage of houses, but in some cases homelessness is caused due to other reasons also. Four main issues are found to be the causes for homelessness:

- (i) **Shortages of housing:** If there are not enough places for people to live, then someone has to go without and those who are excluded are generally the poorest people.
- (ii) **Entitlement to land:** People erect temporary shelters rather than be homeless. Squatters usually build temporary shelters at first, but over time these settlements are given concrete shape and become more established.
- (iii) **Entitlement to housing:** If people are not entitled to use the houses which exist, they may be homeless, even when there is no apparent shortage. Some people are excluded because

of their circumstances—street children are an example. The main reason for exclusion, however, is financial i.e., homeless people are those who cannot afford the housing which is available.

- (iv) **Personal situation of homeless people:** Homelessness is often attributed to the characteristics of the homeless person, such as alcoholism and psychiatric illness; or to the social situation of homeless people, such as unemployment and marital breakdown (this condition mostly happens with women in India). People in these situations only become homeless if they are excluded from housing, or do not have enough resources to secure alternative housing.

2.2. Congestion:

Many households in urban areas have to cope with increasingly crowded conditions, although this is certainly not true for everyone. The housing conditions improve when people build high buildings, sometimes more than five storeys, to increase the number of houses. Many urban centers have very high population densities. The house owners, therefore rent out numerous rooms to migrants. Poor migrants live under the most crowded conditions. They do not have access to ancestral residential land.

Thus, they depend on the rented accommodation, which they often share with many others to save money. Some poor households of the original population also live in very crowded dwellings for two other reasons. First, many families expand and split up into multiple households, while the land available for construction becomes unaffordable. They are, thus forced to fit more people into the same space or house or else to split up the existing plots and dwellings to accommodate a new household. Second, in the absence of sufficient income from other sources, some households are inclined to rent out a portion of their living space or sheds to tenants.

2.3 Consequences of Congestion:

Some of the consequences of congestion (over crowdedness) are as follows:

- i. According to official estimates, the present shortage of houses is about 7 million in urban areas. About 19 per cent of the Indian families live in less than 10 square metres of space leading to congestion. For example, about 44 per cent of families in the urban areas live in one room only.
- ii. The economics and health costs of congestion and haphazard movement of traffic are very heavy, besides exposing commuters and pedestrians to a high risk of accidents. Urban environment also suffers from degradation caused due to overpopulation. The dust load in the air in these cities is very high.
- iii. Crowding (higher density of population) and peoples apathy to other persons' problems is another problem growing out of city life. Some homes (which consist of one single room) are so overcrowded that five to six persons live in one room. Overcrowding has very deleterious effects. It encourages deviant behaviour, spreads diseases and creates conditions for mental illness, alcoholism and riots. One effect of dense urban living is people's apathy and indifference. Most of the city dwellers do not want to get involved in others affairs even if others are involved in accidents, or are molested, assaulted, abducted and sometimes even murdered.

2.4 Un-Planned Growth of Settlements:

A number of housing clusters have mushroomed in and around various metropolitan centers in haphazard and unplanned manner, without a proper layout and devoid of service lines and other essential facilities. These unauthorized developments are encroachments on land parcels belonging to Govt. bodies, public- private-institutions or areas meant to be green belts. The removal/ re-settlement of these overcrowded un-hygienic clusters, commanding massive vote banks, is a serious challenge to correcting these aberrations for a planned growth of cities, especially in our democratic set-up? Therefore, massive concerted effort needs to be made with best of administrative actions and deft political handling for the sake of our future generations.

2.5 Non availability of developed land and ineffective and unfavorable land management

There is dearth of developed and serviced land parcels at reasonable rates, especially to meet the needs of most needy section of society. The slum clusters currently inhabited by these deprived sections are located in high land cost neighborhoods near central business districts of the metropolitan centers. These land parcels dotted with shanties apart from being eye sores and not properly serviced also mean in-appropriate and gross under utilization of precious land banks. There is lack of development and enforcement of master planning for long-term growth of cities with earmarked areas for different sectors of growth like light/heavy industry, commercial, Education, health, housing forests and parks etc. serviced by appropriate infrastructure and transportation system. Therefore earmarking of appropriately serviced land with needed infrastructure and growth promoting land management policy are the urgent need of the time.

The current system of management of land records manually by a junior level functionary at district level in different units of measurement, complicated by conflicting hereditary claims are subject to exploitation and lead to long drawn out legal battles. Moreover, the land development rules, permitting very low FSI utilization even in costliest central business districts is irrational and far below the international norms. The fees for registration of property deeds is also unreasonably high and needs urgent rationalized.

2.6 Lack of Financial Resources

The National Housing Bank (NHB) and NCAER estimate the market size of the underserved segment at over a 100 million households. Most of this population have limited or no access to affordable housing or housing finance despite being able to afford simple habitable units.

The International Finance Corporation (IFC), the private sector arm of the World Bank Group, however, has indicated that estimated investments to meet this housing requirement through 2012 as close to \$80 billion. IFC is a leader in sustainable investment in emerging markets. IFC promotes private sector development and economic growth as a way to reduce poverty and improve people's lives.

A number of Housing Finance Companies and Microfinance institutions have shown interest in entering/expanding housing finance product offerings. However, such institutions have limited experience in managing long-term collateralized financial products and require substantial assistance in capacity building.

IFC provides advisory services by establishing partnerships with donors, governments, and the private sector to design and deliver technical assistance programs and advisory services that

promote entrepreneurship, improve the investment climate, mobilize private sector investment and enhance the competitiveness of micro, small and medium enterprises.

The Working Group on Urban Housing pertaining to the 11th Plan has, however, made different assumptions on unit cost of construction of houses in million plus cities and other urban areas for estimating the investment required for overcoming the housing shortage. The total estimated investment for meeting the housing requirement up to 2012 was estimated by it to be of the order of Rs.3,61,318.10 crores. This consisting of Rs.1,47,195 crores for mitigating housing shortage at the beginning of 11th Plan and Rs.2,14,123.10 crores for new additions to be made during the 11th Plan period (this includes construction of pucca houses & upgradation of semi-pucca and kutcha housing units).

The National Urban Housing and Habitat Policy issued by the Government of India recognizes the fact, that public sector resources alone cannot meet this high demand. It advocates for the involvement for multiple stakeholders and seeks to promote public private partnerships to meet this demand.

2.7 Inadequate Fiscal Incentives

There is a lack of fiscal incentives to encourage housing sector in general. The sector does not get the preferred funding treatment from financial institutions for not being defined as an "Industry." The mortgage rates for the buyers are still high for the majority of families. Moreover, there are very limited personal taxation incentives for acquisition of such long-term fixed assets for self-occupation or renting.

2.8 Manpower Shortage

There is a tremendous shortage of supervisory, as also skilled manpower to meet the needs of the construction sector. Even the availability of unskilled labour, said to be available in plenty, is also prone to seasonal shortage during local festivals and harvesting times. Not just unskilled workers, there is a severe shortage of electricians, plumbers, fitters, carpenters, bar-benders, etc to work on big infrastructure projects and in the manufacturing sector.

The Indian construction industry, which is set to witness massive investments in the next five years, is facing an acute shortage of skilled workforce. The construction industry employs about 31 million people, second only to the agriculture sector the workforce requirement is about 5 million people every year over the next seven years to eight years to sustain the current 8 percent growth rate. With only 10 million work force available in the country every year, the construction industry will face a daunting task in future in terms of recruiting and retaining skilled manpower. According to a Planning Commission report, the economy needs to invest nearly \$500 billion in infrastructure over the next five years. And, to implement such mammoth projects, the manpower required would be huge. In fact, by 2013, India's total manpower requirement would balloon to 92 million, of which, 57 million would be blue-collar workers, the report says. Where will industry find so many workers?

A study undertaken by the Association of Indian Chambers of Commerce and Industry (Assocham) has shown that the number of vocationally trained workers in India stands at just 5.3%, compared to 95.8% in Korea, 80.4% in Japan, 78.1% in Canada and 75.3% in Germany. The report points out that nearly 93% of workers (or, 353 million people) in India's un-organized

sector do not get employment-related training. The country is likely to face a shortage of nearly 50 million skilled workers by 2010, it cautions.

The only way industry can beat the crunch is to start training its own manpower. Take, for instance, the case of L&T, which set up Construction Skills Training Institutes in five metros of the country. The institute trains people in essential skills like masonry, carpentry, bar-bending, steel-fixing, plumbing and electrical wiring. L&T personnel who work on construction sites are drafted and professionally trained to instruct workers at these institutes. They are assisted by other experienced workers who demonstrate field practices. The trained workers are eventually posted to different work sites. L&T has, so far, managed to train nearly 8,500 people.

The CIDC has since initiated a number of such workmen training institutions in different states to train and certify workmen and construction supervisors. With a pan India footprint, the programme is increasingly being patronized by both corporate and development sectors. The sustainability of the programme lies in the fact that it has now spread to 17 states and has benefited over 200,000 citizens with a target to train, test and certify over 500,000 people in 2008-09.

3. TECHNOLOGY & MATERIALS - URGENT NEED FOR IMPROVEMENT:

It is matter of great concern that the traditional burnt clay bricks continue to be the primary raw material for housing activity all over India. Brick making consumes fertile top soil from agricultural fields making these unfit for cultivation for many years. Moreover, baking of bricks consumes energy and burning coal emits unhealthy smoke and carbon dioxide into the atmosphere.

It would be worthwhile to note, that the land wasted in the production of current annual requirement of 170 billion bricks deprives the country of food production that could feed 30 Lakh Indians for the whole year. Moreover, production of these bricks consumes around 24 million tonnes of coal and the process emits 61.3 million tonnes of CO₂ into the atmosphere. We, as a nation need to continuously increase our food production to feed our growing millions. Therefore, we can ill afford to waste our precious agricultural land for brick making, since it is against our national interests. This amounts to meeting one basic need of shelter, while sacrificing the other basic requirement of food.

It is, therefore, imperative that we must look for and develop alternative materials, which are energy efficient and more environment-friendly. Fly Ash Clay bricks, Fly Ash lime Sand bricks are some of the alternatives being promoted by CBRI, NTPC, Fly Ash Mission, but with limited success. Fly Ash based Autoclaved Aerated Concrete (AAC) blocks, produced in big plants or more efficient and economical alternative of site produced Cellular Lightweight Concrete (CLC) blocks are gaining increased usage. The latter produced in an environment-friendly process need least intrinsic energy, offer superior thermal efficiency and lower water absorption than clay bricks, need lower raw material inputs and make productive use of fly ash - a waste industrial output. This seems to be one of the ideal futuristic material.

Even on the technology front, we continue to depend on manpower intensive traditional construction practices, which are slow and highly dependent on skilled labor input - a category already scarce in availability. Therefore, in order to be able to meet the huge housing shortage, we need to adopt partially or fully mechanised methodologies, which primarily need some unskilled

labour inputs. Large scale application must be encouraged for semi-mechanised and mechanised systems like monolithic concrete/CLC construction using large area wall-, slab- forms or room sized forms or tunnel forms, with appropriate thermal insulation for external walls. These in-situ technologies are highly effective for mass scale application in earth-quake and tsunami prone conditions in India. These would provide faster, durable, economical dwellings deploying limited unskilled inputs. Use of prefabrication technology or ready-made building components in traditional constructions needs to be urgently encouraged. This can however be feasible, only if the establishments, producing and marketing such components are subject to similar labour laws and taxation structure as applicable to manufacture of clay bricks.

The proposed alternative technologies, which offer safe, durable, energy efficient, economical and environment-friendly green dwellings to our countrymen are recommended to be encouraged for wide scale application.

4. MAGNITUDE OF PROBLEM:

The total housing shortage at the end of tenth plan has officially been assessed as 24.71 million dwelling units for 67.4 million Households, where 98% of this shortage was in the Low Income and Economically Weaker Sections (EWS) segment. The situation even at the end of 11th Plan, despite efforts envisaged to be implemented, is also not projected to improve, but rather this shortage is expected to escalate to 26.53 million houses for 75.01 million households.

5. STEPS OUTLINED IN THE NATIONAL URBAN HOUSING AND HABITAT POLICY:

Some of the steps outlined in the National Urban Housing and Habitat Policy include:

- i. A Secondary Mortgage Market should be promoted by the Reserve Bank of India (RBI)/National Housing Bank (NHB). This will enhance transparency and flexibility in the housing market.
- ii. Residential Mortgage Based Securitization (RMBS) need to be nurtured through NHB, Scheduled Banks and Housing Finance Corporation (HFCs).
- iii. A Model Rent Act should be prepared by the Government of India to promote rental housing on the principle that rent of a housing unit should be fixed by mutual agreement between the landlord and the tenant for a stipulated lease period prior to which, the tenant will not be allowed to be evicted and after the expiry of the said lease period, the tenant will not be permitted to continue in the said housing unit.
- iv. The feasibility of a National Shelter Fund to be set up under the control of the National Housing Bank for providing subsidy support to EWS/LIG housing would be examined in consultation with Ministry of Finance. The NHB will act as a refinance institution for the housing sector.
- v. Efforts should be made to encourage Foreign Direct Investment (FDI) from International institutions, Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) in the housing and infrastructure sector in consultation with the Ministry of Finance and RBI.
- vi. In order to facilitate RMBS transactions, stamp duty on the instruments of RMBS across all states should be rationalized.
- vii. Rental housing provides a viable alternative option to the home seekers and the house providers alike. Incentives are to be provided for encouraging lending by financial

- institutions, HFIs and Banks for rental housing. Also, Companies and Employers will be encouraged to invest in the construction of rental housing for their employees.
- viii. Plan Funds and other assistance for housing and infrastructure should be detailed according to the Action Plan prepared and adopted by the States under their State Urban Housing and Habitat Policy (SUHHP). This would bring about synergies in the operation of various schemes and funding sources.
- ix. Micro-Finance Institutions (MFIs) to be promoted at Central and State levels to expedite the flow of finance to urban poor. In this regard, suitable mechanisms would be evolved to develop simplified norms for prudential rating and providing finance to MFIs. Adequate regulation of MFIs would be undertaken to ensure that MFIs do not burden the poor by charging usurious interest rates and their operations are kept transparent

6. SOLUTION TO HOUSING PROBLEM:

The solution to housing problem is quite difficult but not impossible. However, the following steps can be taken:

- 1. Large Brick Making Program:** A large brick making program involving setting up of about 100 giant-size mechanized brick making plants each producing 100,000 to 200,000 bricks per day in various parts of the country, approximately one such plant in each district.
- 2. Low Cost Cement Plants:** The second program required is for cement making along with surkhi and lime are required for conventional construction of buildings as well as new type of brick or block making. Blocks like Lime-concrete, Aerated concrete, Foam concrete are new concepts of brick making where clay is not available. Cement for low cost housing can be made in small plants using VSK (Vertical Shaft Kilns).
- 3. Set up Large Size Float Glass Plants:** Glass sheets can be made in existing or new glass plants to be set up specifically for building and housing projects. Though there are automatic or semi-automatic glass plants in India both in container and tube and bulb making sectors, the number of sheet and plate glass plants are only a few. All efforts to set up large size Float glass plants have not yet been fully successful in India. More efforts should be made to either manufacture Float glass in India on a very large scale or partly substitute it with imported glass sheets at a cheaper rate from China, Japan, Korea, Taiwan and other South- East Asian countries.
- 4. Modernization of Mud Houses:** For rural and cheap housing several authorities should be set up modernizing mud housing partly replacing with brick walls with roofs made of clay tiles, Asbestos and corrugated galvanized iron sheets.

It is, therefore, recommended that:

- Suitable fiscal concessions for promoting the housing sector would need to be developed by the Ministry of Housing & Urban Poverty Alleviation in collaboration with the NHB and the Ministry of Finance.
- Develop convergence between urban sector initiatives and financial sector reforms.
- Central Government and Governments of States/UTs should promote innovative forms of public-private partnerships.
- States/UTs are expected to develop 10 years perspective Housing Plans with emphasis on EWS and LIG sectors.

- Special financial and spatial incentives need to be developed for inner-city slum redevelopment schemes.
- The Central and State/UT Governments should develop special packages of incentives for in-situ slum up-gradation.
- In order to facilitate RMBS transactions, stamp duty on the instruments of RMBS across all states should be rationalized.

In India, housing is essentially a private activity. The state intervenes only to provide legal status to the land. The state intervention is also necessary to meet the housing requirements of the vulnerable sections and to create a positive environment in achieving the goal of 'shelter for all' on self-sustainable basis.

In view of the above aim, the government introduced Housing and Habitat Policy in 1998, which aimed at ensuring the basic need "*Shelter for all*" and "*Better Quality of Life to All Citizens*" by harnessing the unused potentials in the public, private and household sectors. The central theme of the policy was creating strong Public/Private partnership for tackling the housing and habitat issues.

Under the new policy, government would provide fiscal concessions; carry out legal and regulatory reforms. In short government as a facilitator would create the environment in which access to all the requisite inputs will be in tune in adequate quantum and of appropriate quality and standards.

The private sector, as the other partner, would be encouraged to take up the land for housing construction and invest in infrastructure facilities. Cooperative Sector and Public Housing Agencies are also being encouraged to share the responsibility of providing housing facilities. The government has even repealed the Urban Land Ceiling and Regulation Act (ULCRA), 1976, to facilitate land for housing activity. Upgradation and renewal of old and dilapidated housing is also encouraged.

Another major problem is the lack of resources especially with people belonging to the middle class. To overcome this problem, housing finance institutions such as National Housing Bank, a subsidiary of the Reserve Bank of India, was established in July 1988.

The Housing and Urban Development Corporation (HUDCO) also started functioning with the financial support provided by the Government of India. HUDCO's focus is on providing housing facilities for Economically Weaker Sections (EWS) and for Low Income Group (LIG). With the advent of many private banks, a number of schemes such as providing tax concessions and lower interest rates have been introduced to promote the housing sector.

7. GOVERNMENT SCHEMES TO CURB THE HOUSING PROBLEM:

The government has also introduced some schemes to curb the housing problem. They are as follows.

i. Subsidized industrial housing scheme:

This scheme was started in September 1952, to provide houses to the labourers who worked before 1948 and 1952. The Government of India gave loans to the extent of 65 per cent to various industries, state government, legal housing construction societies and co-operative societies to construct houses for the labourers. The labourers could purchase these houses according to the rules framed by the government.

But these houses could not be sold or alienated without prior permission of the government. But this scheme did not succeed much because of the lack of co-operation of mill owners. In the third Five-Year-Plan, it was made obligatory for mill owners to provide housing facilities to their labourers. In the fourth Five-Year-Plan, a provision of Rs. 45 crore was made for this purpose. The fifth plan also included similar provisions. Apart from the central government, state governments have also formed various Housing Boards and implemented societies and various schemes.

ii. LIG housing schemes:

This scheme was started in 1954. Persons who have income less than Rs. 600 per annum could get a loan up to 80 per cent. Local and co-operative bodies are given such loans.

iii. Slum clearance and improvement scheme:

This scheme was started in the year 1956 to give financial assistance to the state governments and local bodies for improving the slum areas. It was estimated then that about 12 lakh houses were not fit for dwelling. Hence, the long-term and short-term schemes were started. But as it was not possible to provide houses to all the people living in slum areas, this scheme could not progress satisfactorily.

iv. Middle-income group housing scheme:

Under this scheme, the people of middle-income group are given loans for constructing the houses. The state government also gives loans on low rates of interest.

vi. Rental housing schemes:

This scheme was started in 1959 to provide houses on rent to the state government employees.

vi. Land acquisition and development scheme:

The government felt that the LIG and Middle-income group people could construct houses if land was made available to them on a reasonable price. For this purpose, a plan was set up under which the state governments could acquire land and plots at suitable places, develop them and give them away to the needy people.

8. CONCLUSION:

Thus, a huge and massive Housing program should be made by Central Government along with all, state Governments so that by 2050 all people can have some sort of housing and may not stay in dilapidated, thatched, straw made, bamboo made, made of leaves & bamboos.

The people in slum areas and foot paths should also be brought under some sort of housing schemes so that India can as a whole ensure that none of people is houseless in this country.

The government has now started focusing on providing housing facilities but has not thought much about solving problems that are connected with human settlements, such as the problems of improving and managing the civic services, constructing inexpensive houses and conserving energy and recycling waste. Lack of proper water supply and sanitation facilities for drainage system and garbage disposal are major problems in most of the modern urban centres of today.

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