

Third Asian Forum





Housing Policy and the Market Focus India

A Presentation by
**Construction Industry Development
Council**



Preamble

'Housing for all' is a top priority area in India.

Indian population is estimated to reach 1.35 billion by the year 2021.

To shelter this population, India needs at least 200 million dwelling units.

Against this the present housing stock is nearly 167 million houses.



Preamble

To accomplish the daunting task of bridging this gap, the funds required amount to the tune of at least Rs. 1500 billion, whereas the present availability is only of the order of Rs. 520 billion and the Government's housing policy therefore assumes significance for the global building community.

This presentation aims to discuss the vital issue of Indian Housing and Habitat Policy and Market.



National Housing & Habitat Policy



Scope for Development of Housing sector



Housing is the basic necessity to be provided to every citizen of the country as enshrined in the constitution.

Housing is an Industry that has a multiplier effect that passes benefits to other sectors through forward and backward linkages in the economy.



Economic Scenario



- 9th plan estimates (1997- 02) had an investment outlay of Rs 1500 billion, demand and supply gap of 33 million housing units.
- As per 10th five year plan (2002-07) estimates, India has a shortage of 41 million units.
- The backlog of housing shortage is increasing every year as construction of the house has not kept pace with the population growth.

Plan Outlays in successive Five year Plans in Housing and Urban Development Sector:



Plan	Total Outlay	Housing & Urban development	Percentage Share in the Total (Rs. In million)
First Plan	20688	488	2.1
Second Plan	48000	1200	2.5
Third Plan	85765	1276	1.5
Annual Plan (1966-69)	66254	733	1.1
Fourth Plan	157788	2702	1.7
Fifth Plan	394262	11500	2.9
Annual Plan (1977-80)	121765	3688	3.0
Sixth plan	975000	24884	2.6
Seventh Plan	1800000	42295	2.3
Annual Plan (1990-92)	1338350	3001	2.2
Eighth Plan	4341000	105000	2.4



Inception

National Housing and Habitat Policy came into being in 1998

- ◆ The long Term goal of NHP is to eradicate:
 - Houselessness.
 - Improve the housing conditions of the poor/badly built houses.
 - Provide minimum level of basic services and amenities to all.



Role of Governments

Ministry of Urban Development & Poverty Alleviation

is the apex authority of Government of India. Matters pertaining to the housing and Urban development have been assigned to the state governments.

However the Govt. of India plays a much more important role and exercises a larger influence to shape the policies and programmes of the country as a whole .



Role of State Government



Under NHP State Governments have the following roles:

- ◆ Provide shelter for the poor and vulnerable.
- ◆ Facilitate other income groups and private sector for growth of housing through supply of land and services.
- ◆ Liberalize legal and regulatory regime

Role of State Governments



(Contd.)

- ◆ Promote private sector
- ◆ Define role of public and private sectors
- ◆ Reforms to easy access to land
- ◆ Training of construction workers
- ◆ Decentralized production of Materials
- ◆ Empower local bodies



Role of Local Bodies

Similarly Local Bodies have the following roles

- Identify specific housing shortages;
- Prepare district Housing Action Plans;
- Plan expansion of Urban infrastructure services;
- Promote sustainable development;
- Enforce regulatory measures for planned development.



Housing Market



Housing Market and Demand

The housing sector happens to be one of the very few industries in India which has not only braved the economic slow-down, but has continued to grow at a healthy rate of about 30% every year for the last three years.

The huge demand-supply gap guarantees a steady growth rate in the next few years as well.



Market (Contd.)

The Demand for Housing is increasing at a fast pace and is propelled by:

Realistic Property prices.

Low interest rates.

Tax Incentives.

Innovative credit schemes offered by Banks and Housing Finance Institutions.

Rising Income levels of family.



Housing Market Prospects

Each successive tax incentive pushed more and more potential consumers to seek new homes,

it also forced the private sector developers to start offering products, which would match the needs of the tax-paying salaried individuals.

This spurred what has essentially been a sellers market to become a buyers market.

Provider of Institutionalized Housing Finance in India

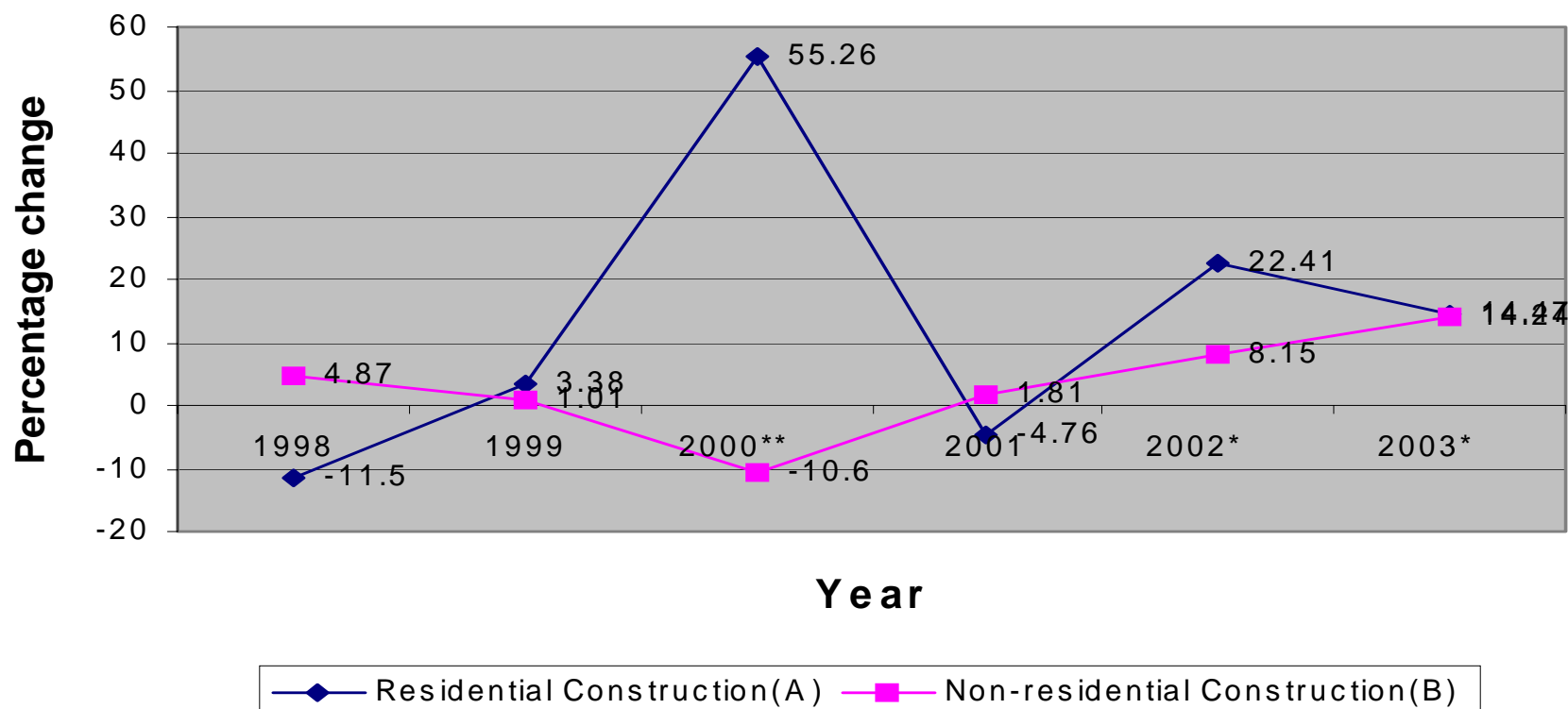


- Commercial Banks
- Regional Rural Banks
- Housing Finance Companies
- Co-operative banks
- National Housing Bank – Directly and Indirectly through Refinance.



Investment Trends

Market Trends for Construction Investment





Housing Finance

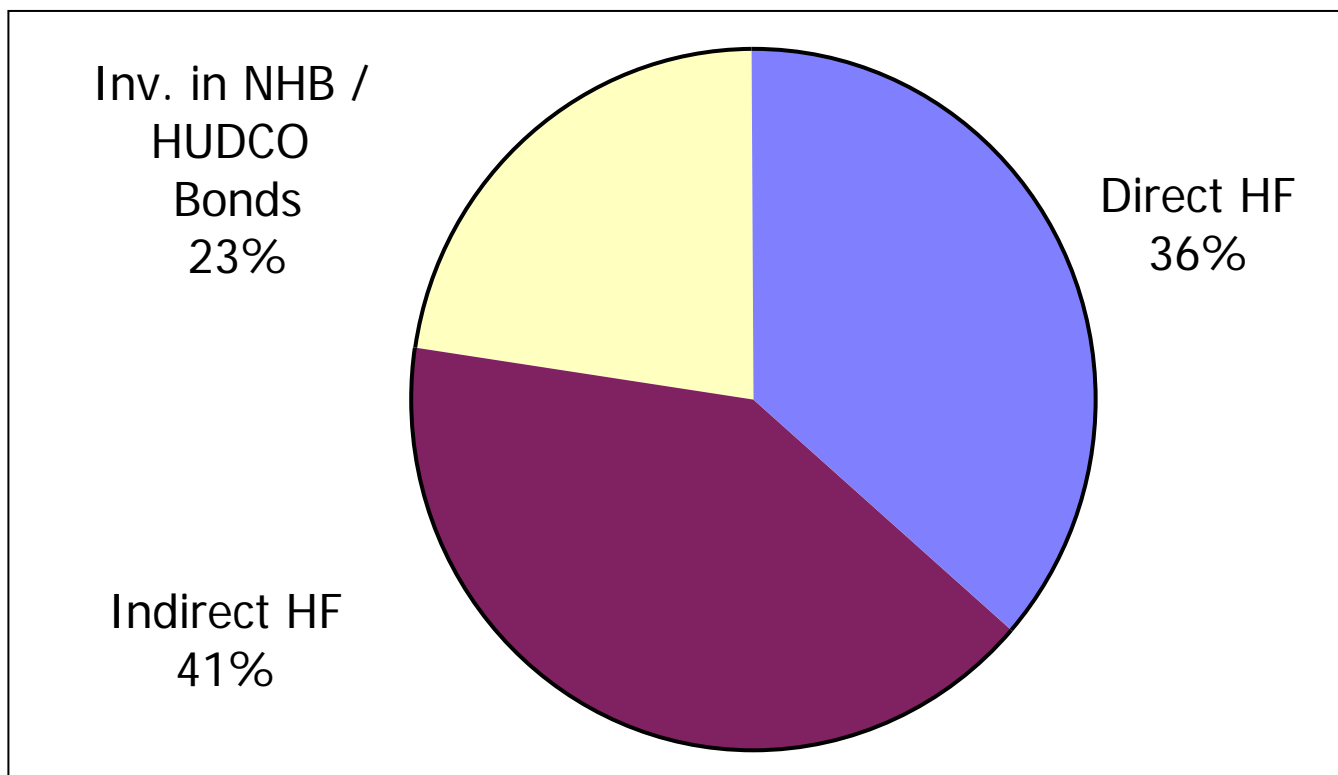


Housing finance has been a key facilitator in ensuring the consistent growth of the sector in the past few years.

From the time Government permitted Foreign Direct Investment (FDI) upto 100% for development of integrated townships, including housing, commercial premises, hotels, resorts, city and regional level urban infrastructure facilities, the housing finance market has seen the entry of private and foreign banks in recent years. In India there are about 30 Housing finance Companies with the National Housing Bank



Composition of Housing Finance Disbursal by Commercial Banks : 1999-2000





Sum Up Housing Finance

- Huge Market coupled with steady growth rates.
- Government will continue its support to this sector to kick start the economy.
- Low level of NPAs makes it attractive for banks to lend to this sector.
- Housing is a red hot sector with tremendous potential available for exponential growth.



Concluding Remarks

With substantial investment poised to be made in the Indian Housing Sector role of Stakeholders is important.

National Housing & Habitat Policy is a well conceived policy approved by the Parliament and a rigorous implementation at all levels is most important meet the basic need of "SHELTER T ALL".



OPEN HOUSE

Construction Industry Development Council



Thank You