

CHAPTER – V

FUTURE STRATEGIES

The housing shortage during the 10th plan was assessed by the Planning Commission at 22.44 million dwelling units. The Technical Group set up to assess the extent of housing shortage has assessed the housing shortage at the beginning of 11th plan period at 24.71 million units. As per the Technical Group, 99% of this shortage accounts for EWS/LIG. The total requirements of the dwelling units during the entire period of 11th plan (2007-2012) will be 26.53 million. As against the assessment of 22.44 million dwelling units shortage during the 10th plan, achievement in sanctions by HUDCO, Cooperative sector and banks/HFIs has been 3.6 million for the period 2002-03 to 2005-06.

The major constraints in the way of making more significant progress to solve the housing problems for EWS/LIG section of society are i) non recovery of loans from the beneficiaries, ii) non availability of government guarantee to the lending institution in respect of the EWS/LIG in the absence of land tenure rights and iii) non affordability. Thus the formal lending scheme by banks/HFIs has made only a marginal dent in solving the housing shortage.

To augment the efforts, the Jawahar Lal Nehru Urban Renewal Mission (JNNURM) with the submission of IHSDP and BSUP was launched with the aim to provide housing to the urban poor/slum dwellers. Under JNNURM which is a grant based scheme with nominal contribution from beneficiary, it is proposed to construct 1-2 lakh housing units per year (say 1 million during 11th plan period) which constitutes only 1% of the total housing shortage at the beginning of the 11th plan period and is only a tip of the iceberg. Thus other measures would also be necessary.

Among the options, Budget neutral Public Private Partnership schemes can be implemented by the State Govts. in collaboration with private developers where the State Govts'. contribution would be land (already under slums) as a resource free to the project which will be given to a private developer alongwith additional Floor Area Ratio (FAR)

and/or Transferable Development Rights (TDR). This will enable the private developer to build commercial space on the slum land which will cross subsidize the houses for the poor.

The proposed National Housing and Habitat Policy, 2006 proposes to keep 10-15% of land in each new colony (private/public) reserved for EWS/LIG, which will be given to them at controlled rates.

It is also proposed to construct the 5 million houses for EWS/LIG to supplement the efforts of HUDCO, HFIs/banks and JNNURM with the help of a proposed new scheme which seeks to provide a 5% interest subsidy to the EWS/LIG section of society for a period of 5 years so that the EMIs become affordable & payable and will be within the affordable limits with EMI to income ratio becoming less than 20%. This scheme is being examined for implementation. Any such scheme should be so tailored to take care of the backlog of shortage of houses in maximum 3 five year plan periods.

Efforts of creating of housing stock through loans from HFIs/Bank/HUDCO will continue.

Secondary Mortgage Market may be created/encouraged and FIIs may be allowed to invest in RMBS to invite the flow of funds in the housing sector.

Real Estate Investment Trust (REIT) may be set up to serve as the mutual fund for development of housing sector.

ULCRA repeal by States would be necessary for encouraging land assembly and will be monitored through JNNURM reforms.

Rental housing will be made more attractive. Rent Control Act is sought to be rationalized and made equitable to balance the interest of landlord and lessee. This too would be monitored through JNNURM reforms.

Microfinance for construction of housing would be encouraged.