Chapter-I Introduction

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Chapter 1: Introduction

1.1 Introduction

Housing is satisfying one of the basic necessities. It is an important economic activity and it play significant role in the socio-psychological development of the individual. The traditional concept of housing needs center on fulfillment of minimum food, cloth and shelter. Shelter is one of basic human needs. Today a provision of shelter to every household is a threatening task for every nation. Housing not only provides shelter and sanitation facilities but also offers accessibility and education services. It is a source of employment generation it also makes a significant contribution to national income. The increasing rate of rural to urban migration is the main cause of population growth in urban area. The populations add more demand for the provision of shelter in urban areas.

At present India is on the path of urbanization and more than 50 per cent of world population lives in urban areas. In India at present around 60% of national income contribute to national economic growth. At the same time urban area are experiencing several challenges such as low level of urban services, increasing number of poor peoples and lack of adequate housing.

1.2 Urbanization and economic development

Urbanization provides both opportunity and challenges while opportunity are in the form of increase in income, employments, and growth of urbanization. It also throws many challenges as it occurs at rapid speed putting pressure on land housing and basic services such as water supply, sanitation and solid waste management. There is positive relation between urbanization and economic development.

Urban development takes account with planned development action and concerted efforts of land acquisition. Its development and its disposal for various usages such as slum clearance and rehabilitation of inhabitants, provision of social and economic infrastructure with a quality of working and living environment in urbanized area. Urban local government helps in reducing the burden on channel of communication between the state government and the community.

In India urban development is a state subject which assists in their programmers of urban development, policy framework, legislation support by the way
of constitutional amendment, to implement a number of centrally sponsored schemes. Processing multilateral/bilateral institution for state government projects and finally providing technical support and advice for promoting orderly urbanization.

The urban population in India in 1991 stood at 217 million and increased to 285 million in 2001 and in census 2011 resulting in an urbanization level of 31.16 percentages.

### Table 1.1 Urbanization in India 1991-2011

<table>
<thead>
<tr>
<th>Census Years</th>
<th>Number of Towns</th>
<th>Urban Population (In Millions)</th>
<th>Urban Per Cent</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>4689</td>
<td>217.6</td>
<td>25.7</td>
<td>3.1</td>
</tr>
<tr>
<td>2001</td>
<td>5161</td>
<td>284.53</td>
<td>27.8</td>
<td>2.7</td>
</tr>
<tr>
<td>2011</td>
<td>7935</td>
<td>377.00</td>
<td>31.16</td>
<td>3.2</td>
</tr>
</tbody>
</table>

*Source: Various censuses India Reports*

1.3 Housing:

The concept of housing need has included under basic need. The traditional concept of housing need centered on fulfillment needs of food, clothing and shelter. The need for housing like the need for health service, roads, education, nutrition, sanitation and recreational facilities is dependent upon the recognition and differentiation of several problems. Housing is the critical issue in global urbanization which has a tremendous impact on the environment as a key element in urban development. Housing plays a vital role in attaining the goal of sustainable development.

Housing creates self employment opportunities in countries with substantial under utilize labor, material and financial resources. Housing makes use of such resources at low cost. It is recognized as a profitable investment proposal, since the net asset value increases year after year. India has also been experiencing a spectacular growth in its urban population and in number and size of its Cities.
1.4 Housing in India

Housing serves the basic purpose of providing shelter and plays an important role in providing some of the socio-economic objectives to the nation. The National Planning Commission observed that “in fulfilling the basic needs of the population, housing ranks next only to food and clothing importance”. Minimum standard of housing is essential for healthy and civilized existence. Housing activity serves to fulfill many of the fundamental objectives of plan providing shelter, raising the quality of life, particularly of the poor sections of the population creating conditions which are conducive to the achievement of crucial objectives in the terms of health, sanitation and education creating substantial additional employment and dispersed economic activity, improving urban-rural and interpersonal equity through the narrowing down of differences in standards of living and generating additional voluntary saving.

The National Importance of Housing analyzed in terms of:

- GDP Contribution
- Capital Formation of capital.
- Employment Generation.

GDP Contribution

Housing increases the quantum of national income.

Capital Formation

House property is a fixed capital which means an investment in the long term assets of the Nation. It increases housing facilities in capital formation.

Employment Generation

Housing industry is labor intensive. An investment of Rs.1 crore in housing was estimated to generate 923 man years of direct employment. In developing countries, un-employment is a never-ending problem. Housing is one of the important industries which create an employment opportunities on a larger scale Significant because of the range of benefits and such investment can support number of benefits.
1.4.1 Growth of Population after Independence in India:

The growth of population during the last six decades can be observed from the following table:

**Table 1.2. Population and its Growth after Independence in India**

(Population in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Decade</th>
<th>Growth</th>
<th>Percentage of growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>36,10,88,090</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1961</td>
<td>43,93,34,771</td>
<td>1951-61</td>
<td>7,81,46,681</td>
<td>21.6%</td>
</tr>
<tr>
<td>1971</td>
<td>54,81,59,652</td>
<td>1961-71</td>
<td>10,89,24,881</td>
<td>24.8%</td>
</tr>
<tr>
<td>1981</td>
<td>68,51,84,692</td>
<td>1971-81</td>
<td>13,70,25,040</td>
<td>25.0%</td>
</tr>
<tr>
<td>1991</td>
<td>84,63,02,688</td>
<td>1981-91</td>
<td>16,11,17,996</td>
<td>23.0%</td>
</tr>
<tr>
<td>2001</td>
<td>1,01,24,00,000</td>
<td>1991-01</td>
<td>16,60,97,312</td>
<td>19.6%</td>
</tr>
<tr>
<td>2011</td>
<td>121,00,00,000</td>
<td>2001-11</td>
<td>19,76,00,000</td>
<td>19.51%</td>
</tr>
</tbody>
</table>


Above table show that during 1951-61 decade percentage of growth of population 21.6%, 1961-71 decade the growth rate of population 24.8%, 1971-81 decade the growth rate of population 25.0%, 1981-91 decade 23.5% growth rate of population. The growth rate from the year 2001 to 2011 is 19.51%. The percentage during the nineties is hopefully lower than that during the fifties when government launched development through planning. It is important to note that during fifties, sixties, seventies & eighties there is increase in growth of population.

1.4.2 Availability of Houses in India:

National Building Organization (NBO) had expected that the shortage of about 21 million housing units in the country of which 16 million are in rural areas and 5 million are in urban areas. The number of total useable housing units was about 94 million. About 39.6% of urban household are living in single room and about 3.5% in ‘Katcha’ houses. 36.1% people do not have toilet facilities, 57% are without electricity and 66% manage without water supply facilities. It is expected that nearly 40-50 million of urban population are currently residing in slums. In India, shelter
related sector continue to get a low priority for development investment, particularly in the rural areas. The population of the Country contributes tenants housing and the other socio-economic and physical infrastructural demand.

### 1.4.3 Housing Shortage in India

The following table shows household, housing shortages/gap useable housing stock in Rural and urban area in 2001 and 2011.

**Table 1.3 Shortage of Housing in India**

(No of houses in millions)

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Particular</th>
<th>2001</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rural</td>
<td>Urban</td>
</tr>
<tr>
<td>1</td>
<td>Households</td>
<td>113.5</td>
<td>47.1</td>
</tr>
<tr>
<td>2</td>
<td>Useable Housing</td>
<td>92.9</td>
<td>36.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(89.9)</td>
<td>(77.9)</td>
</tr>
<tr>
<td>3</td>
<td>Housing shortage</td>
<td>20.6</td>
<td>10.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(18.1)</td>
<td>(22.1)</td>
</tr>
</tbody>
</table>


A fast rise in population results in higher demand of dwelling units for housing purposes. This coupled with the growth in household formation and increased rural-urban migration resulting in non-availability of opportunities in rural areas, which resulted in strict pressure on urban infrastructure in recent years. The consequence has been overcrowding and unhealthy living environment, shortages of basic amenities and finally social and economic scarcity. All major urban areas in our country are gradually being occupied by houses.

In 2002 urban housing shortage at 8.89 million dwelling units estimated according to tenth Five Year Plan. Further, the total number of houses that would be required cumulatively during the Tenth Plan Period is estimated at 22.44 million dwelling units. With the continuance of the 2 Million Housing Programmers, it is expected that the investment requirement from public sector institutions would be around Rs.4,15,000 crores. Apart from this, extensive contribution from private players would be required to tackle the growing housing shortage.
1.5 Problems of Housing in India

Housing activity generates local employment and local income. Since house construction is highly decentralized production activity, it has the advantage of creating dispersal of employment. In a country like India with regional disparities in income and employment, it is quite desirable that investments in both public and private are channeled to housing. House construction activity can take place at any time except during monsoon season. Hence, it is possible through careful planning to provide alternate employment to agricultural laborers during off-season. Despite all these benefits accruing to the housing sector, it is not free from problems and they are as under.

The problem of housing in under-developed countries is more severe than in developed countries, which are as follows:

- The rate of growth of population is rapid and high.
- Large part of the population is below the poverty-line.
- The quality of building material is lower.

India being an underdeveloped country has the following problems relating to housing:

- Number of well-planned colonies is less.
- Shortage of water supply in rural as well as urban areas.
- There is a very common problem of shortage of power supply.
- Material used for construction are of lower quality and do not have built-in resistance against fire and water.
- Cost of construction is continuously rising in the Country.
- There are no considerable attempts to produce prefabricated component parts of housing.
- Research & Development (R&D) in the field of housing is deprived.

On account of the above problems, housing facilities are not increasing at the required space. Private imitation is also not found as a measure that is expected. Since, it is a facility available only to rich sections of the population.

According to “Indian National Planning Commission, about 373 million people did not have adequate income even for the bare minimum food.” A large percentage of the population above the poverty line also cannot pay for to acquire houses as they can hardly have savings. Unrealistic housing standard and the feeling...
that slum clearance should be an essential and direct step in housing programmers’
resulted in serious problems in many countries including India.

Many governments have insisted on maintaining high standards, which raises
the cost of housing and ban self help construction by low income households,
unaffordable building codes, costly land acquisition procedures and other barriers stop
the poor from build permanent houses with legal title. Charles Abraham said that
“wholesale slum clearance and building of costly housing must be abandoned and that
some fresh thinking must be bring to bear on the shelter problem.

It has been observed that slums are National problem; a person who suffers
from any disease in slum area is a national legal responsibility. According to 1981
census, the predictable slum population in India was about 30 million, accounting to
nearly 1/5 of total urban population of the Country.¹

1.5.1 Urban Housing Problems:
The problems of the urban housing are poor slums and squatter settlements
which are an extension of the process of urbanization, poverty and lack of economic
and social opportunities in rural areas. It may not be possible to connect directly the
problems and quality of urban shelter with that of the villages but there can be no
doubt those migrants to cities bring with them their culture, economic skills and
patterns of settlement that are clearly reflect in the urban surroundings. The process of
urbanization in India has been much slower than expected by economic planners.

However, the problems connected with the second largest urban population in
the world are the same of not worse than those in other developing countries.
Regional disparities are also been fairly noticeable as one of the reason. Many Cities
have a technically inflated slum population even after huge relocation efforts because
the ‘old walled city’ is enumerate as a slum. The densities of many individual slums
are higher and the actual spaces available in the dwelling unit are greatly lower.

The NSS 1981 also exposed that about 58% of the slum houses in cities were
in areas which were logged during monsoon. The slums are particularly characterized
by unceasing problem in respect of sanitation and other essential facilities. For
example, in ‘Dharavi’ the largest slum in Asia has an expected population of 4 lakhs.
There is only 1 tap for 320 people and one toilet for over 300 people. Water supply in
nearly all the Cities of India is not satisfactory. The water supply situation in Chennai
is desperate. Each resident there gets hardly half the minimum recommended amount
of water per day. Chaotic scenes at public taps are routine, sometime the water is unhealthy for human consumption. The high rate of incidence of death and diseases among urban poor can be attributed to the poor quality of water and sanitation facilities.

Thus housing problem in the Country has many dimensions. A large availability of housing stock in India in brief is characterized by poor conditions of the structure, lack of essence of facilities and amenities, unsafe and unhygienic environment. These problems are grave in the slums and unlawful resident settlements.

1.6 Government interventions:

Government of India accepted housing as principal requirement of urban population since independence. It has therefore focused on providing housing in urban it has therefore focused on providing housing in urban areas since the beginning of planned era in the country. The urban development policies in India were expressed mainly through five year plans. The five year plans focused on creating devoted institution and formulating programmers’ and schemes with an emphasis on weaker sections and the poor

Five Year Plans and Urban Policy

<table>
<thead>
<tr>
<th>Five Year Plan</th>
<th>Urban Policy Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Five Year Plan (1951-56)</td>
<td>Setting up of ministry of works and housing, National building organization and town and country planning organization of refugees from Pakistan and building of Chandigarh city housing schemes for industrial workers, govt. employees and weaker sections.</td>
</tr>
<tr>
<td>Second Five Year Plan 1956-61</td>
<td>Introduction of 3 schemes viz rural housing slum clearance Act 1956 and sweepers housing scheme. Formulation of town and country planning legislation and setting up of town planning organization states. Formulation of rent control act building bye leas land acquisitions and development housing and slums improvement</td>
</tr>
<tr>
<td>Third Five Year Plan</td>
<td>Emphasis on low housing introduction of scheme to provided loan to state government for a period of 10 year for acquisition</td>
</tr>
<tr>
<td>(1961-66)</td>
<td>and development of land preparation of master plans for major cities development of Gandhinagar and Bhubaneswar cities, committee on urban land policy</td>
</tr>
<tr>
<td>Four Five Year Plan (1969-74)</td>
<td>Emphasis on small and medium towns establishment of housing and urban development corporation (HUDCO) Introduction slums (EIUS) scheme for provisions of basic services in slums and creation of urban development authorities in metropolitan cities</td>
</tr>
<tr>
<td>Fifth Five Year Plan (1974-79)</td>
<td>Integrated urban development programme for large cities setting up of a task force for development of small and medium towns enactment of urban land (ceiling and regulation) act</td>
</tr>
<tr>
<td>Six Five Year Plan (1980-85)</td>
<td>Thrust on integrated approach to provision of service along with services with a focus on poor. Introduction of integrated development of small and medium towns scheme (IDSMT) for towns with less than one lakh population low cost sanitation scheme for weaker sections</td>
</tr>
<tr>
<td>Seven Five Year Plan (1985-1990)</td>
<td>Emphasis on private sector housing and creation of private housing finance intuitions. Constitution of National commission on urbanization Increased role for public sector housing with a focus on mobilization of resources for housing provision of subsidized housing to the poor and acquisition and land development of land formulation of national housing policy 1988 and establishment of national housing bank reconstitution of national building material technology promotional council (BMTPC) introduction of urban basic services to the poor (UBSP) programme.</td>
</tr>
<tr>
<td>Nine Five Year Plan</td>
<td>Introduction of national slum development programmer (NSDP) and swarna jayanti shahri rojgar yojana. Two million</td>
</tr>
</tbody>
</table>
1.7 Role of Government in Housing

For majority of household, housing has been mainly a self help activity. It has made it necessary of the state government to commence housing schemes for weaker sections of the population. In India, the formulation and implementation of the housing programmers’ is the responsibility of the State Governments. The Central Government however, supplements to the effects of the State Governments.

1.7.1 Housing Schemes by Government of India:

The following are some of the housing schemes formed by government for development of housing schemes for weaker Sections of the population. In India, the formulation and implementation of the housing program is the responsibility of the State Governments. The Central Government however, supplements to the effects of the State Governments.

Housing Schemes by Government of India:

The following are some of the housing schemes produced by government for development of housing in India.

- **Integrated Subsidized Housing Scheme**: This scheme was introduced in 1952 aims to providing residential accommodation to the low paid industrial worker for the low paid workers at subsidized rates and other Economically Weaker Sections (EWS) of the community. Under EWS Housing Scheme, financial support of
Rs.5,000/- will be given for the eligible persons whose monthly income will not exceed Rs.700.

- **Low Income Housing Scheme (LIG):** This scheme was started in 1954 to support whose income ranges between Rs.701 to Rs.1,500 per month. This scheme covered those houses, whose price of construction was not exceeding Rs.30,000/-. The loan assistance approved by the government was Rs.23,500 which represent 80% of cost of production.

- **Middle Income Housing Scheme (MIG):** The MIG housing scheme launched in 1959, is financed by LIC as loans were given to the eligible persons whose monthly income ranges between Rs.1500/- to 2500/-. Loan assistance was limited to 80% of the cost of building subject to a maximum of Rs.40,000/-. Loans were also granted for purchase of readily built houses.

- **Jawaharlal Nehru National Urban Rural Mission (JNNURM):** This scheme was launched by Ministry of Urban Development, Government of India at National level. The aim is to promote reforms and fast track planned development of known Cities. Focus is to be on efficiency in urban infrastructure and service delivery mechanisms, community participation and accountability of housing agencies towards citizens. **Objectives:** - The objectives of the JNNURM are to make sure that the following are achieved in the urban sector are:
  
  i. Paying attention to integrated development of housing infrastructure services in cities.
  
  ii. Ensuring sufficient funds to meet the deficiencies in urban infrastructural services.
  
  iii. Considered development of identified cities including peri-urban areas, outgrowths and urban corridor leading to discrete urbanization.
  
  iv. Provision of basic services to the urban poor including security of tenure at reasonable prices, better housing, water supply and sanitation, and ensuring delivery of other existing universal services of the government for education, health and social security.

- **Valmiki Ambedkar Awas Yojana (VAMBAY):** Valmiki Ambedkar Awas Yojana (VAMBAY) is a centrally sponsored scheme by Ministry of Urban Development, Govt. of India for the assistance of Slum Dwellers. The scheme is mainly aimed at ameliorating the housing problems for the Slum Dwellers living
Below Poverty Line in different towns and cities of the State. The objective of Valmiki Ambedkar Awas Yojana (VAMBAY) is primarily to provide shelter or improve the existing shelter for people living Below Poverty Line in Urban Slums, with a view to achieve the goal of ‘Shelter for All’.

- **National Housing Policy (NHP) 1998**: The Government through a National program declared ‘HOUSING FOR ALL’ as a priority area and has set a target of construction of 2 million houses every year with stress on the poor and deprived, out of which 0.7 million houses shall be constructed in the urban areas. By 1997 the total housing shortage in the country was predictable to be 13.66 million units, out of which 7.57 million units would be in the urban areas. More than 90% of this shortage is for the poor and the low income category. It was estimated that an investment of Rs.1, 51,000 crores would be required to bridge this deficit.

But, not more than 25% of this will flow from banks, financial institutions, central and state governments. It was further estimated that Rs.2,50,000 crores shall be required for urban infrastructure during the ninth plan. But not more than 10% would be available from Government sources. Therefore, no significant development can be achieved without substantial participation of the private sector. This called for creation of enabling environment by way of legal and regulatory reforms and fiscal concessions to encourage non-government sector to take up land assembly, housing construction and investment in infrastructure services. With this back ground, the New National Housing and Habitat policy (NHHP) was formulated in 1998.

**Objectives of National Housing Policy**: The Housing and Habitat Policy 1998 aims at the following:

i. Formation of surpluses in housing stock either on rental or ownership basis.

ii. Providing quality and cost effective shelter options, especially to the helpless groups and the poor.

iii. With infrastructure sector Ensuring that housing, along with the sustaining services, be treated as priority and at par.

iv. Removing legal, financial and administrative barrier for facilitating right to use land, finance and technology.

v. Forging well-built partnership between private, public and cooperative sectors to develop the capacity of the construction industry to participate in every sphere of housing and habitat.
Chapter-I Introduction

1.8 Housing Finance in India

There are a number of sources from where finances for houses building can be obtained like public financial distribution, provident fund and state and central governments. The responsibility of providing housing finance largely rested with the Government of India till the mid-eighties. The setting up of the National Housing Bank (NHB), a fully owned subsidiary of the Reserve Bank of India (RBI) in 1988 as the apex institution marked the beginning of the appearance of housing finance as a fund based financial service in the country. It has grown in volume and depth with the entry of a number of specialized financial institutions/companies.

1.8.1 Housing Finance System:

The implementation of housing finance policies pre-supposes efficient institutional provision. Although there were a large number of agencies providing direct finance system to individuals for house production, there was no well established finance system till the mid 80s in as much as it had not been included with the main financial system of the country. The setting up of the National Housing Bank (NHB) a fully owned subsidiary of the Reserve Bank of India (RBI) and as an apex institution was the culmination of the fulfillment of a long overdue need of the housing finance industry in India. The system has also been characterized by the appearance of several specialized financial institutions which have considerably strengthened the organization of the housing finance system in the country. At present there are about 320 housing finance companies of which only 37 are register with the NHB which accounts for 98% of the total housing loan disbursed.

1. Central and State Governments:

Till mid eighties, the dependability to provide housing finance rested by and large with the govt. The Central and State government supports the housing building effort indirectly. The Central govt. has introduced, from time to time, various social housing schemes. The Central govt. had set up the Housing and Urban Development Corporation (HUDCO). The Central government supports the equity support to HUDCO and guarantees the bonds issued by it. Both Central and State government provides house building advances to their employees. While the Central government formulates the housing schemes, the State governments are the actual implementation agencies.\textsuperscript{13}
2. Housing and Urban Development Corporation (HUDCO):

HUDCO was an expression of the concern of the Central government with regard to the failing housing conditions in the country and a desire to assist various agencies in dealing with it in a positive manner. The principle mandate of HUDCO was to improve the housing conditions of all groups with a thrust to the needs of the Low Income Group (LIG) and Economically Weaker Sections (EWS). HUDCO today has emerged as the leading national techno financing institution with the major objective of financing/encouraging the housing activity in the country and alleviating housing gap of all groups in rural and urban areas and also the development of urban infrastructure of various shades in human settlements.

Objectives: The following are the objectives of HUDCO:

i. To provide long-term finance for construction of houses for residential purposes in urban and rural areas and finance or undertake Housing and urban infrastructure development programmes in the country.

ii. To finance or undertake, wholly or partly, the setting up of the new or satellite towns.

iii. To subscribe to the debentures and bonds issued by the state Housing and Urban Development Boards, Improvement Trusts, Development Authorities etc. especially for the purpose of Housing and Urban Development programmes.

iv. To finance or undertake the setting up of industrial enterprise for building material.

v. To administer the funds received from time to time, from the Government of India and other sources as grants or otherwise for the purpose of financing or undertaking housing and urban development programmes in the country.

vi. To promote, establish, assist, collaborate and provide consultancy services for the projects of designing and planning of works relating to housing and Urban Development in India and abroad.

Major important Activities: The major activities of HUDCO include the following:

i. HUDCO has improving the living conditions of the people and providing shelter & services by implemented a variety of schemes.

ii. HUDCO is also contributing to improve the quality of life by augmenting providing basic community facilities & infrastructural services.
iii. Projects relating self help by the beneficiaries are promoted by encouraging sites & services schemes, core housing, skeletal housing, shelter up gradation & so forth.

iv. financial assistance for basic sanitations schemes is being extended on liberalized terms where adequate sanitary disposal systems are not available,

3. National Housing Bank (NHB):

The National Housing Bank (NHB), the apex level financial institution for the housing sector in the country, was established on 9th July 1988 under the National Housing Bank Act, 1987. The NHB works as a launch pad in promoting Housing Institutions and providing financial and other support to such institutions. As per its mission to promote an effective and cost effective housing finance system in the country, the NHB frames guidelines for housing finance institutions to ensure their growth on sound lines.

The NHB provides loans and financial assistance to scheduled banks and housing finance institutions or to any authority established by or under any Central, State or local Act. Being the chief regulatory body, NHB regulates the activities of housing finance companies based on regulatory and decision-making authority resulting under the NHB Act as per the amendments to certain provisions of the Act, NHB is empowered to grant certificate of registration to companies for beginning/carrying on the business of a housing finance institution. NHB also raises resources for the housing sector towards increasing new housing stock and provides refinance to a large set of retail lending institutions.

These include scheduled commercial banks, specialized housing finance institutions, apex co-operative housing finance societies and agriculture and rural development banks. Besides the lending operations, NHB’s dedicated training division conducts regular training programmer’ in areas relating to housing and housing finance for development of management capabilities of officials working in the sector.

The most important objectives of NHB are:

I. To promote, establish, support or assist in the promotion, establishment and support of housing finance institutions

II. To make loans and advances or give any other form of financial assistance whatever to housing finance institutions and scheduled bank or to any
authority established by any Central or State Act and engaged in slum clearance.

III. To subscribe to or purchase stocks, shares, bonds, debentures and securities of every other description.

IV. To assurance the financial obligations of housing finance institutions and underwrite the issues of stocks, shares debentures and securities of every other description of housing finance institutions.\(^{14}\)

4. LIC Housing Finance Limited (LICHFL):

LIC Housing Finance Limited (LICHFL) as a subsidiary of LIC was built-in on June 19th 1989, to speed up the development of housing. LIC Housing Finance Ltd is the second largest Housing Finance Company in India. LIC Housing Finance provides long term finance of individuals and commercial for the purchase, construction, repair and renovation of new/existing flats/houses. The Company is the only one of its kind that offers a Life Insurance Policy as collateral security to back its loans. LICHFL provides finance on existing property of business/personal needs. The company has been growing steadily over the last one decade both in terms of business and profits.

**Aim of LICHFL:**

The main objective of LICHFL is To each one a home of his own. It renders liberal financial assistance to policy holders and other for purchase/construction of residential houses/flats.

The following are the main objectives of LICHFL.

I. To provide loans to public sector/ private sector employees to construct residential housing for their employees.

II. To activate insurance linked long-term savings from the public to deploy such funds in long-term finance in the housing sector.

III. To facilitate approval of builders in advance and offer them construction finance to improve customer servicing with a real estate market information.\(^{15}\)

5. Housing Development Finance Corporations (HDFC):

The Housing Development Finance Corporation (HDFC) was formally promoted and built-in on October 17, 1977 under the Chairmanship of Mr H.T.Parekh. It is a financing agency which provides money to individuals, cooperative societies and companies for the construction of houses. An organization built on the basis of fairness, kindness, efficiency and for effectiveness. It had
gradually built trust among the people by strengthening communications and participative management style. Trust is the very cement for meaningful relationships and an open and creative management style. It is the very foundation for measuring worth.

**Aim of HDFC:**

The Primary objective of HDFC is to enhance residential housing stock and to promote house ownership by providing individual household/families with long term mortgage loans at commercially viable rate.

- To finance mostly low and middle income group of people to purchase/construct a single family dwelling unit primarily for self occupation, and
- Granting loans to the cooperative sector for housing their employees

6. **Commercial Banks and Housing Finance Companies:**

Commercial banks lending to individuals for housing emerged in the wake of the report of the working group on the role of Banking System in given that Finance for Housing schemes. They have been lending to the housing sector based on yearly credit allocations made by RBI. The policies of the government have made it easier for banks as well as consumers to seek and acquire home loans.

<table>
<thead>
<tr>
<th>Five Year Plan</th>
<th>Total Plan Outlay (In Crores)</th>
<th>Total Housing Outlay (In Crores)</th>
<th>Percentage of Plan Outlay</th>
</tr>
</thead>
<tbody>
<tr>
<td>First(1951-56)</td>
<td>1960</td>
<td>38.5</td>
<td>1.96</td>
</tr>
<tr>
<td>Second(1956-61)</td>
<td>4672</td>
<td>90.0</td>
<td>1.93</td>
</tr>
<tr>
<td>Third(1961-66)</td>
<td>8597</td>
<td>110.0</td>
<td>1.28</td>
</tr>
<tr>
<td>Fourth(1969-74)</td>
<td>15779</td>
<td>189.0</td>
<td>1.20</td>
</tr>
<tr>
<td>Fifth(1974-79)</td>
<td>39426</td>
<td>494.0</td>
<td>1.25</td>
</tr>
<tr>
<td>Sixth(1980-85)</td>
<td>97500</td>
<td>1302.0</td>
<td>1.34</td>
</tr>
<tr>
<td>Seventh(1985-90)</td>
<td>180000</td>
<td>2435.0</td>
<td>1.36</td>
</tr>
<tr>
<td>Eighth(1992-97)</td>
<td>434100</td>
<td>4923.0</td>
<td>1.13</td>
</tr>
<tr>
<td>Ninth(1997-2002)</td>
<td>547557</td>
<td>9794.0</td>
<td>1.78</td>
</tr>
</tbody>
</table>

*Source: (Karuppannan and Sivam 2002)*
Since independence the outlay has been on the continuous decrease. This shows the government’s lack of interest but the funding more or less was going towards housing provision directly but in the later five year plans the money has gone more to the financial institutions like HUDCO, NHB etc whose role was more of refinancing of the schemes. After the establishment of these organizations the money from the centre used to go to them and they would than refinance the housing boards. The clearer picture can be seen from the share of investment in housing by public and private sector.

### Table 1.5 Housing Investment in India (Rs. In millions)

<table>
<thead>
<tr>
<th>Plan</th>
<th>Public Sector Investment</th>
<th>Percent</th>
<th>Private Sector Investment</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>2500</td>
<td>22</td>
<td>9000</td>
<td>78</td>
</tr>
<tr>
<td>Second</td>
<td>3000</td>
<td>23</td>
<td>10000</td>
<td>77</td>
</tr>
<tr>
<td>Third</td>
<td>4250</td>
<td>27</td>
<td>11250</td>
<td>73</td>
</tr>
<tr>
<td>Fourth</td>
<td>6250</td>
<td>22</td>
<td>21750</td>
<td>73</td>
</tr>
<tr>
<td>Fifth</td>
<td>7960</td>
<td>18</td>
<td>36400</td>
<td>82</td>
</tr>
<tr>
<td>Sixth</td>
<td>14910</td>
<td>8</td>
<td>180000</td>
<td>92</td>
</tr>
<tr>
<td>Seventh</td>
<td>24580</td>
<td>9</td>
<td>290000</td>
<td>91</td>
</tr>
<tr>
<td>Eighth</td>
<td>31500</td>
<td>32</td>
<td>660000</td>
<td>68</td>
</tr>
<tr>
<td>Ninth</td>
<td>52000</td>
<td>34</td>
<td>990000</td>
<td>66</td>
</tr>
<tr>
<td>Tenth</td>
<td>4150000</td>
<td>57</td>
<td>3113000</td>
<td>43</td>
</tr>
<tr>
<td>Eleventh</td>
<td>5073180</td>
<td>58</td>
<td>3735600</td>
<td>42</td>
</tr>
</tbody>
</table>

Source: (Manoj. P.K 2010)

### 1.9 Housing sector in India

Housing sector has become important factor in contributing economic growth. Industrialization and urbanization has resulted in increase in demand and supply gap of housing. In order to bridge this gap, the State has framed housing policy aimed to shelter the homeless and making the State slum free. As per the Census 2011, of the total households in the State, 81.1 per cent households were living in owned houses whereas 15.8 per cent households were living in rented houses. Housing and Urban
Development matters, as per the Constitution of India, have been assigned to the State governments which lie in the sub-national level. Many of these functions are further delegated to related state bodies for housing, regional bodies and local governments within cities. The co-ordinate activities of other ministries, state governments and authorities, which include responsibilities such as allocating resources to the state government through external assisting sources and national financial institutions for housing.

**Institutional arrangement of housing delivery in state-Maharashtra**

1.9.1 Housing development authority in India

Housing development authority have played a prominent role in developing the major cities of India have revised the country through efficient planning and judicious utilization of resource. The focus of the development authority in India has been an urban development and residential project like housing and urban restructuring. Development authority have been putting their best effort in uplifting
lower and middle income groups by providing accommodation and residential facilities to them

1.9.2 Maharashtra Housing and area Development authority

All state are having their state housing development authority. In Maharashtra, MHADA is to meet the growing demand of housing policy, the state government has been pro-active in its housing policies, to provide an affordable shelter to the needy people, the state government has set up MHADA (Maharashtra housing and area development authority) CIDCO (City and Industrial development corporation limited), MMRDA (Mumbai Metropolitan region development authority), MUTP (Mumbai Urban Transport project), MUIP (Mumbai urban Infrastructure Project) providing houses for the project affected families.

At the state level, there is primarily the state housing department, which in Maharashtra, is the MHADA (Maharashtra housing and area development authority). It is an apex body which undertakes construction of residential buildings under various housing schemes for different sections of the society. It also takes care of repairs and reconstruction of dilapidated buildings and participates in slum improvement activities of the state.

1.10 The significance of the Study

Many housing programmers and schemes are run by housing institution for all type of income group people. MHADA was to integrate activities and functions performed by statutory bodies to provide for comprehensive co-ordinate approach to the problem of housing. Maharashtra Housing & Area Development Authority (MHADA) is instrumental in housing development by providing houses in Mumbai and some parts of the State at affordable prices.

Important of the study is at the role of MHADA in Aurangabad region. This is done by looking at different kinds of indicators such as the performance indicators of MHADA which would include the output of MHADA such as the houses produced for different income groups. Output data would include the financial packages available for the people to buy the house. Along with this input of MHADA will also be explored as the output is the function of input. The input data would include land provided to MHADA by state government, loan and grants given to MHADA by different agencies and through different acts. Input data would also include the
financial aspects like the finances of MHADA and the source of funding to MHADA. Other input data would also include the relationship of MHADA with the state which would have its bearing on the outputs of MHADA

1.10.1 Selection of topic:

Researcher has selected Aurangabad housing and area development authority which contain eight district of Marathwada, Aurangabad district, Jalna district, Parbhani district, Beed district, Hingoli district, Latur district, Nanded district, Osmanabad district, and special reference given to aurangabad region. For study purpose researcher selected Valmiki ambedkar awas Yojana, Rajiv Gandhi awas yojana BSUP, ISSDP scheme were state and central government provide funds. Under Rajiv Gandhi awas yojana housing loans are provided by state government to the rural area people. Study is focused on following topics

- Housing accommodation in the State.
- Development including provision of amenities in the areas within the jurisdiction of the Authority.
- Clearance and re-development of slums in urban areas.
- Development of peripheral areas of existing urban areas.
- Development of commercial area. And also how its help in urban development

1.10.2 Objectives of the study: The objectives of the present study are state as follows.

1. To study the housing finance and development in Aurangabad region (MHADA)
2. To present a review of housing development program in Aurangabad region (MHADA)
3. To study the housing investment in Aurangabad region (MHADA)
4. To study the various scheme of housing development in Aurangabad region
5. To study the Perception of beneficiaries of MHADA projects
6. To study problem face by MHADA
1.10.3 Hypotheses of the study: The hypothesis of the present study is as follow

1. MHADA facing problem of inadequate funds.
2. MHADA has failed to achieve the targets.
3. There is significant correlation amongst different factor satisfying respondent regarding MHADA flats.
4. Beneficiaries of MAHDA projects are satisfied with different factors related to project.

1.10.4 Limitation of study:

1. Study is limited to 10 year from 2000-2010.
2. Selected Aurangabad housing and area development authority which contain Aurangabad dist., Jalna dist., Parbhani dist. Beed dist., Hingoli dis,Latur dist., Nandeddist. Osmanabad dist

1.11.0 Research Methodology:

1.11.1. Qualitative / quantitative research approach: The study makes use of a quantitative research approach. The research method was chosen because quantitative research allows the researcher to examine relationships and differences among variables.

1.11.2. Sampling design for Primary Data collection:

A. The target population: For the purpose of this, occupants or beneficiaries of MHADA housing projects Aurangabad region were selected. As the population to be covered was very large and spread across the whole of Aurangabad region, a representative sample of beneficiaries was taken from the population towards the collection of primary data. The reason for such an inclusion is because the perception of occupants or beneficiaries of these housing projects is very important to understand the functions of MHADA, their benefits and problems.
The sampling method: A probability random sampling procedure was used. This sampling method was adopted, because it was economical and less time-consuming for the researcher to collect data.

The sample size: The study used a representative sample size of 274 occupants of MHADA flats (respondents) from eight districts of Aurangabad region. The researchers have selected the one division i.e Aurangabad on its effective working situation for the study purpose. From each scheme EWS, LIG, MIG, HIG, 20% percent of beneficiaries selected as sample and taking period of last 10 year 2000 to 2010. Total number of dwelling units constructed by a Aurangabad Housing and Area Development Authority in Aurangabad Region contain category EWS,LIG,MIG,HIG

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Location</th>
<th>EWS</th>
<th>LIG</th>
<th>MIG</th>
<th>HIG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2000-2001</td>
<td>S.No34/35 Murtizapur</td>
<td>-</td>
<td>343</td>
<td>-</td>
<td>-</td>
<td>343</td>
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<tr>
<td></td>
<td></td>
<td>S.No7,34Mukundwadi</td>
<td>-</td>
<td>-</td>
<td>22</td>
<td>-</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gut No 104/1Tisgaon</td>
<td>-</td>
<td>-</td>
<td>13</td>
<td>-</td>
<td>13</td>
</tr>
<tr>
<td>2</td>
<td>2001-2002</td>
<td>MIDC waluj R-7</td>
<td>-</td>
<td>42</td>
<td>-</td>
<td>-</td>
<td>42</td>
</tr>
<tr>
<td>3</td>
<td>2002-2003</td>
<td>S.No34,35</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>34</td>
</tr>
<tr>
<td>4</td>
<td>2003-2004</td>
<td>Gut No 145 Deolai</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gut No 145</td>
<td></td>
<td></td>
<td>52</td>
<td></td>
<td>52</td>
</tr>
<tr>
<td>5</td>
<td>2004-2005</td>
<td>S.No 145 Deolai</td>
<td>214</td>
<td>101</td>
<td>-</td>
<td>-</td>
<td>315</td>
</tr>
<tr>
<td></td>
<td></td>
<td>S.No R-7Paithan</td>
<td>51</td>
<td>12</td>
<td>-</td>
<td>-</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td></td>
<td>S.No 30,31 Kannade</td>
<td>170</td>
<td>49</td>
<td>-</td>
<td>-</td>
<td>219</td>
</tr>
<tr>
<td>6</td>
<td>2005-2006</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>7</td>
<td>2006-2007</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
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<tr>
<td>8</td>
<td>2007-2008</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>9</td>
<td>2008-2009</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
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<tr>
<td>10</td>
<td>2009-2010</td>
<td>CTS no 20719hergnb</td>
<td>24</td>
<td>8</td>
<td></td>
<td></td>
<td>32</td>
</tr>
<tr>
<td></td>
<td></td>
<td>S.No 74 Deolai</td>
<td>50</td>
<td>80</td>
<td>-</td>
<td>-</td>
<td>130</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>535</td>
<td>597</td>
<td>173</td>
<td>60</td>
<td>1365</td>
</tr>
</tbody>
</table>
In scheme EWS 108 out of 535 (20%) samples selected randomly. In scheme LIG 120 out of 597 (20%), selected. From MIG 34 out of 174 (20%), and HIG 12 out of 60(20%), selected 34 and 12 number of beneficiaries, Total 274 sample selected by simple random method.

**Data collection and measuring instrument**

The researcher used a self-administered survey to conduct the study. The study used structured questionnaires to collect data. This method was chosen for its versatility, as well as the accuracy of the data, since all respondents were asked the same questions.

Primary data is collected with the help of these two structured questionnaires:
1. Questionnaire for Benefitted people in MHADA scheme
2. Questionnaire for (MHADA) officers.

**1.11.3. Secondary data:**

The researcher has also utilized secondary data from published sources wherever necessary
1. Published reports of MHADA
2. Govt. reports
3. Book and articles
1.11.4. Statistical tools:

For the purpose of analysis researcher used statistical package SPSS version 21. In addition to this excel add-in Mega Stat is also used.

1.12.0. Statistical analysis:

Analysis of data can also be defined as the act of transforming data with the aim of extracting useful information and facilitating conclusions. Depending on the type of data and the question, this might include application of statistical methods. Analysis particularly in case of surveys involves estimating the values of unknown parameters of the population and testing of hypothesis for drawing inferences. Analysis therefore may be categories as descriptive analysis and inferential analysis which is often known as statistical analysis.

Thus data analysis is divided into descriptive statistics and inferential statistics. Both, primary as well as secondary data is used while analyzing.

**Descriptive analysis:** This part of study is mainly focused on verifying main objectives of study. Researcher used statistical tools like mean, median, mode, standard deviation and graphs for analysis of primary data.

**Inferential analysis:** Inferential analysis is used to generalize the results obtained from a random (probability) sample back to the population from which the sample was drawn. In the present study researcher used this analysis for hypothesis testing. For testing hypothesis or test of significance we use both parametric and non-parametric tests. Parametric tests assume within properties of the population from which we draw samples. Such assumptions may be about population parameters, sample size etc. In this type of research parametric and non parametric tests are used.

- parametric paired ‘t’ test
- parametric one sample ‘t’ test
- Pearson correlation test
**Chapter Plan of the thesis:** The present study is divided into seven chapters as follows

**Chapters- I: Introduction:** Chapter one introduce Housing in India, Government intervention, Housing schemes by government of India, Housing sector in India, Maharashtra housing and area development authority, significance of the study and Methodology.

**Chapter-II: Review of literature:** Study on review on related housing, housing scheme, housing policy in India

**Chapter-III: Profile of MHADA in Aurangabad Region:** Maharashtra housing and area development authority its set up, rules regulation, allotment criteria, income criteria for MHADA housing allotment, Boards under MHADA

**Chapter-IV: The study of MHADA schemes:** MHADA schemes for EWS, LIG, MIG, HIG income group in Aurangabad region, total number of houses produce, total number of plots develop by authority, amount of expenditure, amount of Provision in each districts.

**Chapter-V: Perception of beneficiaries regarding (MHADA) Project** Factor related to satisfaction and dissatisfaction of beneficiaries.

**Chapter-VI: Performance of (MHADA):** Input and output, acquired of land, use of land, funds, number of houses produces and housing investment, under Awas Yojan, Nirmal, Bharat Yojana, Rajiv Awas Yojaja BSUP, ISSDP scheme.

**Chapter-VII: Finding, Conclusion and Recommendation**
References

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