Chapter-VI
CHAPTER – VI
GOVERNMENT POLICIES AND URBAN HOUSING
SCHEMES IN CHINA AND INDIA

The urban population of China and India has increased at a fast pace in the recent years - according to official statistics rate of urbanization in China and India is 41.8 per cent and 29 per cent respectively. New research from the McKinsey Global Institute expects this pattern to continue, with China forecast to add 400 million to its urban population, which will account for 64 per cent of the total population by 2025, and India to add 215 million to its cities, whose populations will account for 38 per cent of the total in 2025.\(^1\) Further, both China and India are seen as indicating a major shift in the international division of labour through changes in their own output and employment patterns: thus, China is typically described as becoming the “workshop” or “factory” of the world through the expansion of manufacturing production, and India as becoming the “office” of the world, in particular because of its ability to take advantage of IT-enabled services off-shoring. Accordingly, there is a large scope for rural-urban migration to contribute to urbanization process, besides rural settlements upgrading to urban and natural growth rate of population.

Housing Policies in China and India:-

Housing policies in China and India have gone through many changes since the establishment of Socialist China in 1949 and after India’s independence in 1947 and in both countries governments have increasingly shifted from direct provision of housing to facilitating housing through various policies. Both China and India are welfare states and as welfare States, both are committed to the welfare and development of their people, particularly the weaker sections. However, the problem of housing shortages has not been solved. Further, the housing policies in the developing countries are in for fundamental changes due to urban poverty and slums. Poverty is fast becoming an urban phenomenon – cities do not make people poor but attract poor people with dreams of making it big in cities and improving their lot in life as cities offer advantages which they could not find in their previous homes. By some estimates, more than 50 per cent of the world’s poor people will live in urban areas by 2035.\(^2\)
The housing sector has shown that it has hugely untapped potential for wealth and job creation. Darshini Mahadevia et al. have mentioned in their article, “Housing Options and Mobility of Urban Migrants in India and China” that housing ensures protection against elements of nature, violence of society, emotional security, privacy, dignity, a risk-hedging asset, secure environment for children to study, hygienic living and hence good health, and above all wellness of being. Hence, housing security becomes much more than improvement in basic living conditions in both the countries.

Though India and China have very different institutional settings and have very different approach to urban housing policies, the national urban housing policies in both the countries are somehow targeted towards the legal residents of the cities. In China, subsidized public housing is accessible only to those with urban hukou. Temporary residents can however purchase a house in a city in the private market, called commercial housing, in case the household can afford it. Thus, better off temporary residents of urban areas are able to purchase a house in the cities. For the low income temporary residents, however, this option is not available. In the recent years, however, some initiatives can be seen.

In India, whether a rural resident or an urban resident is free to migrate to any part of the country as many times as she or he wants to. However the migrants has to make efforts to get the legal identity through procuring any or some of the documents mentioned in the footnote, after which, they gain eligibility to access public housing programme. Hence, housing policies in India do not have much to say on the housing access of the new residents/migrants, like in China.

In China, recently, there have been some changes in viewing policies related to new residents/migrants. To begin with, the highest national policy making body,

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1 Hukou is a residential permit system that classifies Chinese residents into urban and rural, with those having urban hukou or residential permit, entitled to live and work in cities and access benefits of employment programmes, subsidised housing, public education and healthcare system, social security and all other programmes that urban local governments finance.

2 In India the citizenship of a place is defined through various documents that a person or a household holds: (1) a ration card which has the permanent address of the person/household; (2) An election card, that is a Voter’s Identity Card issued to all those above age of 18 for the purpose of voting in elections; (3) for those having access to electricity and having electricity meters in their house, and getting an electricity bill, (4) in urban areas, an Identity (ID) Card issued by the urban local government, (5) in urban area a property tax payment receipt, (6) in rural area land tax payment receipt, and (7) a letter of identity issued by the local elected representative.
the National Development and Reform Commission (NDRC), together with other departments have begun to relook at the urbanization policies with the view of assisting the rural migrants settling down in the cities. “There are 140 million migrant workers nationwide, and that figure can increase to 300 million, taking their families into account. If these people can afford to buy or rent an apartment to settle down in cities, the potential for expanding consumption is huge,” eventually leading to expanding overall consumption in the economy. Boosting of internal consumption, through making migrants spend in the urban economy, not just on consumption goods but also on housing, was one of the options available before the national planners. The National Development and Reform Commission (NDRC) has also realized that average urbanization rate for a country with a per capita income of $3,000 should be around 55 per cent”, which is only 45 per cent, indicating under-urbanization because of migration controls.

Before 2007 there were no particular national housing policies for the low-income migrants in the Chinese cities. Generally, the employers used to build dormitories for them near or in their work premises. Researchers, policy makers and government officials begun to notice the poor living conditions of this group of Chinese population and then followed the national government policy announcement followed by individual city’s efforts in reaching out to the migrants. The general principles of the housing policy for the migrants are:

(i) to meet their essential housing demand;
(ii) solving their housing demand step by step and
(iii) making the employers responsible for the housing of their employees

Following from this, some regulations have been enacted. These are:

(i) provision of housing by the employers to the migrant workers in accordance with the safety standard and accepted sanitation conditions,
(ii) building of dormitories for the low-income migrants in the developing zones and industrial garden areas,
(iii) creation of a special fund for housing for low-income migrants and contribution of the employers to this fund and ensuring that the employers comply through entering into contract with the workers,
(iv) drawing up of housing security plan at the city level and including low-income migrants in the plan and
(v) issuance of a national government plan in March 2009 to include the low-income migrants in necessary preparation of a city level housing security plan.

In India, National Housing Policy, 1994 sought to increase supply of land serviced by basic minimum services with a view to promoting a healthy environment. The National Housing & Habitat Policy, 1998 laid greater emphasis on the aspect of “Habitat” as a supplementary focus to housing. The emphasis on “providing” housing continued in this Policy with emphasis on both quality and cost effectiveness especially to vulnerable sections of society. The National Urban Housing & Habitat Policy (NUHHP), 2007 seeks to enhance the spotlight on ‘habitat’ with a ‘Regional Planning approach’ as well as further deepen the role of Government as a ‘facilitator’ and ‘regulator.’ Moreover, the Policy lays emphasis on earmarking of land for the EWS/LIGiii groups in new housing projects. The Policy lays emphasis on Government retaining its role in social housing so that affordable housing is made available to EWS and LIG of the population. The National Urban Housing & Habitat Policy, 2007 is now supported by two major national programmes:

(i) housing under the Basic Services for the Urban Poor (BSUP) component of the largest national level urban development programme called Jawaharlal Nehru National Urban Renewal Mission (JNNURM) launched in 2005 December and
(ii) Rajiv Awas Yojana (RAY), a slum redevelopment programme and affordable housing programme, launched in 2009.

Both the countries have realised that there is a specific need to address the housing problem as in both China and India housing is a major economic, political and social issue. Following adoption of more liberal economic policies and the pledge to raise living standards, state investment in the housing sector has increased in both China and India. In China housing investment as a proportion of gross national product and gross fixed asset formation increased from 3.7 per cent and 14.8 per cent in 1979 to 6.8 per cent and 25.8 per cent in 1989 respectively. Based on the latest

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iii EWS=Economically Weaker Section
LIG=Low Income Group
statistical data from the National Bureau of Statistics of China (NBSC), in 2009 real estate investment climbed to CNY 362.31 billion Yuan, accounting for 10.8 per cent of GDP and 18.6 per cent of gross fixed asset formation in the year.\textsuperscript{6} Most of the countries round the globe have developed because of the priority given to the housing needs. China for instance spends 6 per cent (ADB, 2004) of its GDP on housing and India 4 per cent (Planning Commission Report 2002).\textsuperscript{7}

While China is now well underway with a major government-driven social housing programme that plans to add further 36 million affordable homes to its stock between 2011 and 2015, India is by comparison still starting the progress. Moreover, total annual capital investment is forecast to average US$5 trillion in China between 2011 and 2020, compared to just US$1.6 trillion in India. Unable to come close to China’s level of state capital spending, India must overcome a number of major obstacles if the private sector is to fill the vast funding deficit created by years of underinvestment in affordable homes and rapid urbanisation. Many critics point out in India that most social housing schemes, which have been in vogue for over 50 years, have yet to address the housing and amenities needs of the vulnerable groups.\textsuperscript{8}

Government policies and housing schemes of Indian and Chinese governments are given below:-

(1) Housing Policy in China:-

The Chinese socio-political environment has influenced national urban development policies. The urban housing system of the People’s Republic of China (PRC’s) before market reforms was a government-funded and government-run welfare housing system, in which land could not be granted or transferred. Laws in the People’s Republic of China (PRC’s) regard ownership of buildings as separate from land, buildings normally could not be sold or bought before the reforms.

A brief summary of the urban housing policies through the diverse ideological changes that have taken place in China since 1949 are as given below:

1. Welfare Allocation Period (1949-1978):-

After People’s Revolution in 1949, the new government of People’s Republic of China confiscated the land and buildings belonging to the Kuomintang government and bureaucratic capitalists and laid the foundation of State-owned real estate. The
ideological thought that the housing is a fundamental welfare for urban residents led to establishment of a socialistic public housing system as majority of the urban residents were working class. Implementation of the socialistic public housing system led to eliminating the private house-building. The Party saw the provision of urban housing as the responsibility of the socialist system. Under this system, the government or public entities began to build and hold title to most urban housing. This resulted in the large-scale development of low-rent socialistic public housing for urban residents. In most cases, the Danwei (Work Unit) as representative of the state (or the collective), including the public-owned enterprises, institutions and the governmental offices, directly took charge of the public housing development, distribution and management for its employees. Therefore, the socialistic public housing system is also called “Danwei welfare housing distribution system” in China.

Public housing had two categories: Directly-managed Housing (zhi guan fang) directly managed by the local government housing administration, and Self-managed Housing (zi guan fang) built, distributed and managed by Stated-owned enterprises and institutions for their employees and families. In practice, those enterprises who needed land or housing applied to the government instead of purchasing from the market. Once the government approved the use, the government would allocate land to the applicant for free. Moreover, the applicant would also receive funds from the government to construct buildings for their business or for the accommodation of their employees. Once completed, the residential building would be leased to occupants at nominal rents.

Public housing were built by government owned enterprises and institutions (work units) and distributed directly to their employees as part of a comprehensive welfare provision system. Other elements in this welfare system include free education, health care, and pensions.

The housing was owned by the State or work units. Employees only had a bundle of rights of possession, use and benefit, not of disposition. Under this socialistic housing policy most urban families in the China spent only 1–3 per cent of their total income on rent, with the average rent being only 6.5 per cent of the full cost rent. The rent was so nominal that the State had to subsidize maintenance fees and other expenditures related to housing services. Therefore, housing investment became a one-way capital flow and a drain on the State’s resources. At the same time, low-
rents policy stimulated demand by residents for more and better housing. But chances of obtaining allocation of desired housing were difficult. An individual’s housing allocation depended on the work unit to which he belonged and additional factors such as his rank, years of service, family size, and existing living area. This caused unfairness and corruption in the housing distribution process. Moreover, undesirable attitudes towards housing consumption had been created. Individuals has begun regarding housing as a welfare benefit for which the State and work units should be responsible.

(a) **Reconstruction Period (1949-1952):**

On the first day of October 1949, when Mao Zedong proclaimed the founding of the People's Republic of China, eager to gain the population's trust and faith by demonstrating its concern and efficiency, the new government immediately launched a series of programs to reconstruct and reorganize the country. One of the first achievements of the Party in the field of housing was the nationalization of housing and the introduction of the equalization process in the early 1950s. Private homeowners were allowed to keep the portion of their dwelling necessary to house their family and the rest of the housing was confiscated by the state and distributed among the population.

(b) **First Five-Year Plan (1953-1957):**

The First Five-Year Plan, which was launched in the early days of 1953, had a strong Soviet influence. The Soviet planners focused on the development of strategies and planning concepts, giving priority to the strengthening of urbanization, development of suburbs, and urban renewal through slum clearance.

(c) **The Great Leap Forward (1958-1961):**

This period, which was a turning point in modern Chinese history, is characterized by an increase of Chinese sovereignty and the end of good relations with the Soviets. The adopted strategy advocated the abandonment of foreign concepts and concentration on the development of local and indigenous techniques addressing local needs, using local resources and avoiding ready-made solutions.
Emphasis was on quantity, quality, speed and economy, seeking to increase production while reducing investment.

There was considerable urban population growth during this period. The principle of registration (hukou) was introduced in 1958 to control urban migration, and surplus population was transferred to rural areas. Abundant and relatively cheap labor triggered an unprecedented large-scale construction process. Principal building activities were devoted to the construction of factories and housing for workers in the suburban areas, where the new industrial complexes were developed. In the housing field, the new strategy was to house a maximum number of people in minimum space with maximum comfort and at minimum cost.

**Recovery and Adjustment (1961-1966):**

The Chinese economy that suffered considerably during the so-called Great Leap Forward, saw a period of consolidation from 1961-66. The economic orientation during the period is towards development priorities, with focus more on rural development than on urban development. The reorientation of priorities resulted in an almost complete halt in housing construction. However the year 1962 saw stabilization of the Chinese economy and the more economical mass housing projects were initiated.

**The Cultural Revolution (1966-1976):**

During the Great Proletarian Cultural Revolution great importance was placed upon political ideology and cultural conformity. The focus was on production-oriented, industry related buildings, and efforts were concentrated on the development of appropriate technologies and progress in rural areas. As a result, housing production and design were neglected, public construction was reduced to a minimum and city planning offices were entirely closed down. Throughout the Cultural Revolution, the quality of urban housing production remained very low. The cost-cutting approach was reintroduced, leading to a drastic decrease in comfort level, which eventually reached the lowest housing standards ever seen in China.
During the period, the “rustication” or *xia fang* movement was launched with a view to decongest the cities by forcibly sending urban residents to rural areas. The results of these anti-urban policies can be seen in the fact that the proportion of citizens classified as urban went from only about 13 per cent in 1950 to 18 per cent in 1978.¹⁰

(f) Post-Cultural Revolution Years (1976-1979):-

The Cultural Revolution- considered by some to have been an uninterrupted disaster for Chinese society as a whole, finally came to an end in October 1976. The year 1976 also featured the death of Mao Zedong and the fall of the Gang of Four. The new period which was one of reflection and reassessment, efforts was made to carry out policies of reform, consolidation, and improvement. Western concepts were reintroduced, along with the notion of urban renewal.

Land shortage became an issue as it was realized that between 1949 and 1960, 50 per cent of agricultural land around major cities had been taken over by urban expansion.¹¹ This justified the construction of new twelve-to fourteen-story apartment buildings throughout the country. In fact, very few buildings constructed during that period had fewer than five stories.

2. The Experiment Period (from 1978 to 1991):-

Since 1978, the economic structure of the People’s Republic of China has been transformed from a planned economy, first to a planned commodity economy, then eventually to a socialist market economy. The housing system in the cities also underwent the transition from a centrally directed, welfare-oriented system to a more decentralized, market based paradigm. Therefore housing system reform, as part of the overall economic system reform, bears transitional characteristics.

At the Third Plenary Session of the Chinese Communist Party's Eleventh Central Committee in December 1978, Deng Xiaoping proposed a series of reforms that reflected a shift in national priorities. Pursuant to Deng Xiaoping’s declaration that ‘to get rich is glorious’ and that ‘it is all right for some people to get rich first,’ after the launching of economic reforms and opening up to the outside world in 1978,
the China aggressively pursued urban development policies. The new Open Door policy was introduced; leading to China's opening to the world and to the introduction of international concept at all levels. The new national goal was to achieve the modernization of industry, agriculture, science and national defense by the year 2000.

The first housing reform experiment which began in 1978 as consequences of Deng Xiaoping’s speeches on the need and direction for housing reform can be divided into two stages: the pilot trial stage from 1978 to 1991 and the real estate market development stage from 1992 to the present. Table 6.1 given below summarizes the key reform initiatives since 1979 while Figure 6.1 provides Time Frame of major housing policy changes.

**Table 6.1:- Key Housing Reform Initiatives, the People’s Republic of China**

<table>
<thead>
<tr>
<th>Year</th>
<th>Policy Initiatives</th>
<th>Range of Execution</th>
<th>Results/Evaluations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>Commercial housing sold at building cost</td>
<td>Xian, Nanning</td>
<td>Experiments terminated due to demand constraint and low affordability</td>
</tr>
<tr>
<td>1982-1985</td>
<td>Commercial housing subsidized by employer and city government</td>
<td>Zhengzhou, Changzhou, Siping and Shashi</td>
<td>Experiments terminated due to high cost to the public sector and limited demand</td>
</tr>
<tr>
<td>1986-1988</td>
<td>Raise rents in the public sector; introduce housing subsidy for public-sector employees; and promote sales of public-sector housing</td>
<td>Yantai</td>
<td>A successful plan with a comprehensive approach, later used as a model for other cities</td>
</tr>
<tr>
<td>1988-1992</td>
<td>National Housing Reform Plan 1988: contents similar to Yantai reform plan implemented on a national scale</td>
<td>National, with local variations, e.g., Shanghai Housing Reform Plan 1991</td>
<td>Progress in the sales of public-sector housing; housing situation still linked to employer; a housing market was not established</td>
</tr>
<tr>
<td>1993-1997</td>
<td>Decision on Deepening the Urban Housing Reform 1993: socialize housing investment, provision and management</td>
<td>National</td>
<td>Preparation for the establishment of a commercial housing market</td>
</tr>
<tr>
<td>1998-</td>
<td>Termination of Welfare Housing Allocation and the Monetarisation of Housing Subsidies</td>
<td>National</td>
<td>Establishment of a commercial housing market</td>
</tr>
</tbody>
</table>

**Source:** Yi Xu, “Effects of Housing Policies on Intra-urban Inequality in Transitioning China
During the Experiment Period, pilot housing reforms at the local levels first focused on rent increases and sales of public housing, and then turned to the land allocation and use system, in which land users were charged on the basis of land grade (land lot locations and geological conditions). Various reform measures emphasized the commoditization of the housing sector. In other words, the housing reforms mainly emphasized shifting housing from a “free good”, to a “subsidized good”, and eventually to a “commodity”, the price of which (i.e., sale price or rent) reflects true production costs and a market profit margin.

In 1979, Xi’an and Nanning started selling homes at full production cost, an attempt that failed later because of the lack of affordability and the coexistence of low rental costs. The second wave of experiments were implemented in Changzhou, Siping, Shashi and Zhengzhou between 1982 and 1985, aiming at selling housing to households at one-third of the production cost, with the other two-third being subsidized by the buyers’ employers and local governments. To address the affordability problem, installments were introduced. Actually the financial burden on the employers was increased through such experiments. Between 1986 and 1988, a third wave of experiments was introduced through a comprehensive reform strategy directed by the newly established Housing Reform Steering Group at the central level. This wave of experiments emphasized reducing the cost difference between rental and home purchase by raising rent (with the aid of increased housing subsidies in salaries), while selling housing at production costs. In 1988 the first housing reform nationwide was carried out after the successful trials in Yantai.
The basic features of the housing reform programs in different cities included:-

(a) Increasing rent (by different increments and times);
(b) Selling existing units either by the government or the work units at discounted prices;
(c) Introducing housing allowance into the salary structure to allow wage earners to pay off the increased rent and
(d) Establishing development companies to build housing for sale to non-state-owned work units and individuals at market prices.

In 1988, constitutional amendments abolished the original ban on land transfers, stating that “land use rights may be transferred according to law.” The Land Administration Law was amended correspondingly. The introduction of state-owned land use rights laid the foundation for the PRC’s real estate market. 

In 1991, Shanghai took the first step to establish a public Housing Provident Fund (Zhufang Gongjijin) system, following Singapore’s experience. Soon after, this experience was replicated in other parts of the country by 1994. Basically, all employees and employers are required to contribute a proportion of their salaries to HPF for housing development. Construction Bank of China is responsible for managing the accounts for individual workers, who are allowed to withdraw their HPF savings when they retire or when they need to use their HPF savings to purchase homes. While households with access to HPF (Zhufang Gongjijin) savings did purchase larger units, virtually all of the units purchased by both HPF beneficiaries and non-beneficiaries were privatized public sector housing. Unit size was therefore determined prior to the decision to purchase the home: households simply used whatever funds were available to them to purchase the unit they already occupied.

3. Market Reforms (1992 to the present):-

The year 1992 was the turning point in the PRC’s real estate market development and the real estate industry developed rapidly thereafter under favorable
political and economic environments. In 1991, the growth rate of GDP reached 9.2 per cent; and the rate reached 13.5 per cent in 1992 and again in 1993, peaking the economic cycle. That period saw a very active real estate market. Real estate became a new investment point and attracted billions in the first several months of 1992. Since 1992, especially since 1998, China’s housing market grows very fast along with the progressive maturation of socialist market mechanism. The graph 6.1 given below shows the growth of China’s real estate (in billions).

Graph 6.1: Growth of China’s real estate (in billion CNY)

Source: Lei Gao and Shuxi Yin, “Speculative spirit at Chinese housing market”

Meanwhile, the rapid expansion of the market also resulted in many problems in the real estate market: the out-of-control scale of real estate development, the imbalanced structure of the real estate industry, and the prevalence of irregular market practices. After 1992, the PRC central government gradually shifted the welfare housing distribution system to distribution of financial subsidies as part of the salary. An accumulated provident housing fund system was set up, along with the maturation and development of the real estate for high-income families and the affordable housing system for low-income households. Housing finance and insurance system were established. The main purpose was to establish a new housing system that fit the socialist market economy by carrying out housing commercialization and speeding housing construction in order to both improve housing conditions, and satisfy the increasing urban housing demand.
The central government introduced more reform measures in 1994. Through its “Decision on the Deepening of Urban Housing System Reform”, the government diversified the housing supply system into three parts:

(a) High income families were expected to purchase housing at market prices;
(b) Mid-to low-income families were qualified to purchase affordable housing at “full-cost price” and
(c) For low-income families, rental price would further increase to about 15 per cent of average household income in 2000.\(^\text{15}\)

In 1998 the Chinese central government decided to take abrupt action to cut the link between work units and housing provision. Specifically, it issued A Notification from the State Council on Further Deepening the Reform of the Urban Housing System and Accelerating Housing Construction.\(^\text{16}\) This notice terminated the welfare housing allocation and started to provide direct housing subsidies in cash terms. With these reforms there appeared three major methods of housing supply in urban China: commercially built private housing at market prices for the high-income group; commercially built subsidized affordable housing for the middle and low-income groups; and social housing for rent to the very low-income group. By expanding the two programs, the Chinese government hoped to enable most urban households to purchase housing produced by private developers.

Chinese Ministry of Construction had clarified in 1999 that all existing public housing shall be sold to current qualified who are willing to purchase. By 2002, 80 per cent of public housing was sold to its occupiers. As the housing industry became the new engine of growth, urban residents’ living conditions have also significantly improved. The floor space per capita, for example, has increased from 18.7 square meters in 1998 to 24.97 square meters in 2004.\(^\text{17}\) The socialist system of public housing and welfare support has given way progressively to a new system, which is market based and supports home-ownership.\(^\text{18}\)

The Notification from the State Council on Further Deepening the Reform of the Urban Housing System and Accelerating Housing Construction marked a major turning point of China’s housing reform. Despite some initial resistance and setbacks, China has finally established the market mechanism in both housing production and housing consumption. Currently, private market housing transactions are normal for Chinese households.
4. Government Interventions:

Despite the achievements, the housing need of low income groups is mostly unmet in many cities. For example, the share of affordable commodity housing in China’s total housing investment dropped from 16.6 per cent in 1999 to 5.1 per cent in 2006. The number of low income families with housing difficulty is estimated at 10 million, or 10.6 per cent of all urban families with hukou registration.\(^\text{19}\) To improve the situation the Chinese government has taken steps to focus on welfare housing and “Adequate housing for everyone” was first set as the goal of the Chinese government’s housing policy in the CCP’s 17th National Congress in October 2007. It was reiterated by Premier Wen Jiabao in his annual report to the People’s Congress in March 2009. Adequate housing for everyone does not necessarily mean private home ownership for everyone. Rather it refers to a situation where people's multilevel housing demand can be adequately met.\(^\text{20}\)

China’s welfare housing system in urban areas consists of three programs: the low rent public housing program, the economical and comfortable housing program and the price restriction commodity housing program.

(a) Low rent public housing:-

New housing, abandoned properties, and old flats are rented at a low price and called 'Lian Zu Fang' (literally 'low-rent house' or 'low-rent housing'). The concept of the low-cost rental housing can be traced to a 1998 policy statement, but did not truly take off until 2006 due to limited funding and administrative problems. The Chinese government has announced the plan to construct 36 million housing units across the country for social rentals (gong zu fang) and cheaper rentals (lian zu fang) by 2015.\(^\text{21}\) The houses to let are subject to design and qualify control and may not be intended to cover or even satisfy all new migrants coming from other cities rather than rural areas.

To be eligible for low rent public housing, one must satisfy a number of criteria formulated jointly by local governments’ relevant departments. These criteria are often based on varied housing types or housing conditions on offer. Given the marked regional disparity, housing distribution criteria can differ from one city to another. In 2008, for example, an applicant (or a family) in Beijing for in-kind distribution was assessed based on the following: hukou status, marital status, per capita income, total assets, and per head current living floor space. Disadvantaged
families will be given priority, such as families in need of resettlement due to urban upgrading projects, or families with elderly or disabled members.22

The rent level is relatively low, but can vary depending on the location and condition of the housing. In a 400-unit new project in Beijing’s Guangqumen Beili area, for example, the rent is only CNY 2.4 per square meters. A tenant pays CNY 100 per month on average for a unit with area ranging from 30-60 square meters, just one tenth of market prices.23

(b) The Economical and Comfortable Housing (ECH) Program:-

The concept of economical and comfortable housing was first introduced in 1994 as Anju Gongchen (which means “peaceful living”). In 2006, the General Office of the State Council announced the Regulatory Opinions of Nine Ministries and Departments which emphasized the need to construct middle-and small-sized commodity houses for sale at low or intermediate prices - housing is built by providing free land and exemption from fees to estate developers: the resulting houses are called 'Jing Ji Shi Yong Fang' (literally 'the economical and comfortable Housing'). The policy is designed for lower-middle- and middle-income urban residents and involves government subsidies and profit caps for developers.

The main mode to provide subsidy to make the programme successful is administrative allocation of state-owned land at no cost.iv There are three types of affordable commodity housing projects: (1) projects directly developed by the government; (2) projects contracted to commercial developers under preferential conditions, such as free land use and tax incentives. The developers are required to follow certain guidelines in construction standards and selling price; and (3) projects developed by work units on similar conditions enjoyed by commercial developers.

The basic qualification standards for the program set by government include: local residence registration; first time buyers or households officially defined as facing housing poverty; and income below ¥60,000 annually.24 In Beijing, 1998 saw the approval of the first set of The Economical and Comfortable Housing (Jingji Shiyong Fang) consisting of 19 projects containing 70,000 units with a total of 5.6 million square meters of floor space. Most were located in suburban areas, at least in

iv Because compensation must be paid to existing land users the ‘land cost’ of the projects is not zero, however, and can constitute as much as half of total development costs (Wang 2001).
part to reduce the cost of compensating existing land users. Prices ranged from Yuan 2,000 to 4,000 per square meters. A second wave of projects was approved the following year, at prices agreed upon between developers and government officials ranging from Yuan 2,350-4,450 per square meters.\textsuperscript{25} Although they are priced substantially lower than market rates, the Economical and Comfortable Housing (Jingji Shiyong Fang) projects remains out of reach for most households. But this has not deterred investors from middle class to invest in second homes\textsuperscript{7} which in turn pushed both development standards and housing prices beyond the reach of middle- and lower-income families.

In 2006, in response to soaring housing prices and an overheated real estate market, the Chinese central government decided to promote smaller-unit development, hoping to drag down housing prices. Specifically, it required that for every new housing development, at least 70 per cent of the finished space must be devoted to housing units that are no larger than 90 square meters. In 2009, the government further reduced the size - ECH units should not exceed 60 square meters. Yet the reduced development standard did not discourage higher-income families from purchasing ECH or other smaller market housing units; indeed, many bought these units for investment purposes.\textsuperscript{6} As a result, affordable housing projects are not, in fact, affordable to lower-middle-class households that form the policy’s target population.\textsuperscript{26}

(c) **Price Restriction Commodity Housing:**

The price of housing in China’s urban areas has risen very quickly in the recent years. In Beijing, the price-to-income ratio of the average home is 36; that compares with 18 in Singapore, 12 in New York and just 5 in Frankfurt,\textsuperscript{27} much higher than the “reasonable level” of 3-6 recommended by UN. Obviously, even middle income families can hardly afford to buy housing in such a situation.

To cool the market, the State Council had initiated a new housing assistance program, the price restriction commodity housing program, targeting mainly urban middle income families. The program is also referred to as the dual-restriction

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\textsuperscript{7} Second home is a property owned or rented on a long lease as the occasional residence of a household that usually lives elsewhere, and it is mainly for leisure purposes by household members and/or family and friends on a non-commercial base (Dartington Amenity Research Trust, 1977).

\textsuperscript{6} Theoretically, only first-time homebuyers can purchase ECH units, but this requirement is not strictly enforced. Like the income limit, it is easy for higher-income families to get around.
commodity housing program. The government’s land lease tender states that finished units can only be sold to eligible home buyers at fixed prices and commercial developers’ bid is deemed unsuccessful if they do not abide by these requirements. The price is set jointly by relevant departments of local governments, taking into account the actual costs and reasonable profits of developers. For example, in Beijing’s Songjiazhuang project, price restriction housing is sold at CNY 6,200 per square area. It is higher than that of affordable commodity housing at CNY 4,369 in the same community, but is still lower than that charged by a nearby ordinary commodity housing project at CNY 9,000 Yuan.

Buyers under this scheme have to meet certain criteria to be eligible. Compared with the other two programs, this program is more flexible with regard to income and assets. Priority is given to families with elderly or disabled members and families whose residences have been demolished by urban upgrading projects.

It should be noted that China began its mission with an entire population of low-income citizens with substandard housing. Although incomes have grown, housing opportunities to meet that income would not have occurred within the socialist economy without continual commitment on the part of the Chinese government to assist the market in growing to supply housing needs. In fact, the decision to permit incomes to increase was in part a decision to permit residents to have more income to make independent housing choices.

**Housing policy in India:-**

In the pre-Independence India there were no attempts to address the issue of housing in India. In fact, it was only after India’s independence in 1947 that planned efforts in this direction were made. In this regard the role of the public sector as a direct and positive player in housing was realized. The policies of urban development and housing since then have come a long way as the urban population of India has grown rapidly over the past few decades.

In the first three five year plans focus was on housing up gradation and slum clearance programs. During fourth and seventh plans the focus was on urban
community development and environmental improvement of slums. From eighth plan onwards urban poverty began to get attention and a series of programs relating to basic services and livelihoods and employment generation were launched. The evolution of urban development and poverty reduction policies and programs is given in table 6.2 given below.

**Table 6.2: Evolution of Urban Policy and Poverty Programmes in India**

<table>
<thead>
<tr>
<th>Period</th>
<th>Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Plan (1952-56)</td>
<td>- Housing Development.</td>
</tr>
<tr>
<td>Second Plan (1956-61)</td>
<td>- Urban community development started in 1958.</td>
</tr>
<tr>
<td></td>
<td>- Housing, Slum clearance and improvement, Land development.</td>
</tr>
<tr>
<td>Third Plan (1961-66)</td>
<td>- Housing programs for low income groups</td>
</tr>
<tr>
<td></td>
<td>- Loans to State Governments to acquire land to make available building Sites</td>
</tr>
<tr>
<td>Fourth Plan (1969-74)</td>
<td>- Expansion of urban community development</td>
</tr>
<tr>
<td></td>
<td>- Establishment of Housing and Urban Development Finance Corporation to fund housing and urban development programs, especially to the poor</td>
</tr>
<tr>
<td></td>
<td>- Launching of Environmental Improvement of Urban Slums (EIUS) to provide minimum level of services to poor.</td>
</tr>
<tr>
<td>Fifth Plan (1974-79)</td>
<td>- Enactment of Urban Land (Ceiling and Regulation) Act to make available land for construction of houses for the middle and low income groups</td>
</tr>
<tr>
<td></td>
<td>- EIUS was transferred as a state scheme in 1974</td>
</tr>
<tr>
<td>Sixth Plan (1980-85)</td>
<td>- Urban Basic Services (UBS) program was started in 1981 to cater to the basic physical and social needs of the poor</td>
</tr>
<tr>
<td>Seventh Plan (1985-90)</td>
<td>- First conscious effort to directly address problem of urban poverty</td>
</tr>
<tr>
<td></td>
<td>- BS program extended to 168 towns in partnership with UNICEF</td>
</tr>
<tr>
<td></td>
<td>- Adoption of four-pronged strategy to address urban poverty viz., employment generation through micro-enterprises and public works, housing and shelter upgradation, social development with focus on women and children, environmental upgradation of slums.</td>
</tr>
<tr>
<td></td>
<td>- Launching of Nehru Rozgar Yojana (NRY) in 1989 and UBSP in 1990</td>
</tr>
<tr>
<td>Period</td>
<td>Events</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>• Urban poverty alleviation, slum upgradation and protection of interests of weaker sections as legitimate function of ULBs (as part of 12th Schedule of the Constitution)</td>
</tr>
<tr>
<td>Eighth Plan (1992-97)</td>
<td>• Launching of Prime Minister’s Integrated Urban Poverty Eradication Program (PMIUPEP) in 1995 for Class II towns</td>
</tr>
<tr>
<td></td>
<td>• Launching of National Slum Development Program in 1996.</td>
</tr>
<tr>
<td>Ninth Plan (1997-2002)</td>
<td>• Launching of Swarna Jayanti Shahari Rojgar Yojana in 1997 by subsuming NRY, PMIUPEP and UBSP.</td>
</tr>
<tr>
<td></td>
<td>• Launching of Valmiki Ambedkar Awas Yojana (VAMBAY) to provide or upgrade shelter to slum dwellers. National City Sanitation Project called Nirmal Bharat Abhiyan was an integral part of VAMBAY</td>
</tr>
<tr>
<td>Tenth Plan (2002-07)</td>
<td>• Launching of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in 2005 for the identified 65 Mission cities.</td>
</tr>
<tr>
<td></td>
<td>• Basic Services to the Urban Poor is an integral component of JNNURM</td>
</tr>
<tr>
<td></td>
<td>• Integrated Housing and Slum Development Program (IHSDP) was launched for the non-mission cities.</td>
</tr>
<tr>
<td>Eleventh Plan (2007-12)</td>
<td>• Creating and updating database on slums;</td>
</tr>
<tr>
<td></td>
<td>• Granting tenure security and provision of affordable housing;</td>
</tr>
<tr>
<td></td>
<td>• Provision of land for the poor in the master plans;</td>
</tr>
<tr>
<td></td>
<td>• Developing self-employment enterprises and job creation;</td>
</tr>
<tr>
<td></td>
<td>• Protection of economic interest &amp; safety of women and vulnerable sections;</td>
</tr>
<tr>
<td></td>
<td>• City-wise perspective and integrated slum development plans;</td>
</tr>
<tr>
<td></td>
<td>• Augmenting and facilitating access to services for slum dwellers;</td>
</tr>
<tr>
<td></td>
<td>• In-situ upgradation and resettlement options for slum improvement;</td>
</tr>
<tr>
<td></td>
<td>• Using land as a resource for shelter development for slum dwellers.</td>
</tr>
</tbody>
</table>

Source:- Module 1 – Urban Governance, Module Prepared by: Administrative Staff College of India (ASCI)
(a) First Five Year Plan:-

The First Five Year Plan (1951–56) observed that “it is not possible for private enterprise by itself to meet the housing needs of the lower income groups. The economic rent for even the minimum standard of accommodation is altogether beyond the means of the working class and a large section of the middle classes”. The Government undertook the task of institution building and construction of houses for Government employees and weaker sections. In 1952 Subsidized Housing Scheme for Industrial Workers and Economically Weaker Sections was introduced. In 1954 the Low Income Housing Scheme was started which gave loan for up to 80 per cent of the cost of a dwelling unit to individuals whose income did not exceed Rs. 6000 per annum.

The First Five Year Plan allocated around 34 per cent of the total investment in the economy towards the housing sector alone only. The Ministry of Works & Housing was constituted and National Building Organization and Town & Country Planning Organization were set up. In fact, a sizeable part of the plan outlay was spent for rehabilitation of the refugees from Pakistan and on building the new city of Chandigarh. An Industrial Housing Scheme was also initiated. The Centre subsidized Scheme to the extent of 50 per cent towards the cost of land and construction.

(b) Second Five Year Plan:-

In the Second Plan (1956-61), the scope of housing programme for the poor was expanded and the Industrial Housing Scheme was widened to cover all workers. Three new schemes were introduced, namely, Rural Housing, Slum Clearance and Sweepers Housing. Necessary organisations were also set up for preparation of Master Plans for important towns. Town & Country Planning Legislations were enacted in many States. The 1956 Slum Clearance and Improvement Scheme and 1959 Rental Housing for State Government Employees were some of the large schemes introduced at that time.

Other schemes during this period include the 1959 Middle Income Group (MIG) Housing Scheme which brought in the Life Insurance Corporation of India (LIC) to provide loans to individuals or co-operatives up to Rs. 33,000 for building
houses with a cost ceiling of up to Rs. 43,000. The 1961 Rent control Act was significant which created huge disincentives for the private sector to invest in private rental housing.

(c) Third Five Year Plan:-

The limited success of the rehabilitation housing was realized and in the Third Plan (1961-66) concerted efforts were made to co-ordinate all agencies and help to orient the programmes to the needs of the low-income groups. In 1959 the Central Government announced a scheme to offer assistance in the form of loans to the State Governments for a period of 10 years for acquisition and development of land in order to make available building sites in sufficient numbers. The third plan recognized the availability of sufficient and affordable land as central to the success of all housing schemes. The other main initiative was preparation of master plans for major cities and the state capitals of Gandhinagar and Bhubaneshwar were developed. The creation of state housing boards was also given a push during this time.

(d) Fourth Five Year Plan:-

The Fourth Plan (1969-74) stressed the need for a balanced urban growth and the Plan emphasized the need to prevent further growth of population in large cities and need for decongestion or dispersal of population. Housing & Urban Development Corporation (HUDCO) was established to fund the remunerative housing and urban development programmes, promising a quick turnover. From 1972-73, a Scheme for Environmental Improvement or Urban Slums was undertaken in the Central Sector with a view to provide a minimum level of services, like, water supply, sewerage, and drainage, street pavements in 11 cities with a population of 8 lakhs and above. The scheme was later extended to 9 more cities.

(e) Fifth Five Year Plan:-

The Fifth Plan (1974-79) reiterated the policies of the preceding Plans to promote smaller towns in new urban centers, in order to ease the increasing pressure on urbanization accordingly, schemes for environmental improvement and upgrading of slums as well as various sites and services schemes were launched. The Urban
Land (Ceiling & Regulation) Act was enacted to prevent concentration of land holding in urban areas and to make available urban land for construction of houses for the middle and low income groups. India’s first retail housing finance company Housing Development Finance Corporation (HDFC) was set up in 1977 to provide financial assistance to individuals, groups and co-operative societies.

(f) Sixth Five Year Plan:--

During Sixth Plan (1980-85) efforts were made to launch schemes recognizing the need for “direct public sector assistance for housing the Economical Weaker Section (EWS) with emphasis on sites and service schemes” as the thrust of the planning was to provide integrated provision of services along with shelter, particularly for the poor. The Integrated Development of Small and Medium Towns (IDSMT) was launched in towns with population below one lakh for provision of roads, pavements, minor civic works, bus stands, markets, shopping complex etc.

(g) Seventh Five Year Plan:--

During the Seventh Plan (1985-90) there was a radical change in government policy. The role of private sector in housing sector was fully realized and major responsibility of housing construction given to the private sector except for the housing for the weaker sections which continued to be highly subsidized, based on the repaying capacity. Another major step in this regard was the setting up of the National Housing Bank to expand the base of housing finance. The Seventh Plan explicitly recognized the problems of the urban poor for the first time and an Urban Poverty Alleviation Scheme known as Urban Basic Services for the Poor (UBSP) was launched. As a follow-up of the Global Shelter Strategy (GSS), National Housing Policy (NHP) was announced in 1988. The long term goal of the NHP was to eradicate houselessness, improve the housing conditions of the poorly housed and provide a minimum level of basic services and amenities to all. With the change in the federal government in 1989, the government came with the new a new draft Housing Policy in 1990. The aims of the policy were to prevent luxury housing, to make the provision of housing for the poor a direct responsibility of the state and to democratize the housing programs. To control the growth of urban luxury housing, the residential plot size was reduced from 2000 square meters to 120 square meters.36
(h) Eighth Five Year Plan:-

The Eighth Plan (1992-97) for the first time explicitly recognized the role and importance of urban sector in the national economy. The Plan assigned importance to policies that would enable the market to produce housing by acting like a facilitator rather than by getting directly involved in the construction of housing. National Housing Policy, 1994 aimed to provide affordable housing for all and strengthen the enabling strategies. The plan encouraged the development of the mortgage market and enhanced the flow of credit to the housing sector through housing finance institutions. There was an increasing focus on developing the housing finance market. Around 25 new Housing Finance Institutions (HFIs) were set up between 1990 and the early 2000s.37

(i) Ninth Plan:-

The Ninth Plan document (1997-02) admits, “Housing has been largely a people’s activity, but constraints of finance, land and other inputs and the absence of stimulating the environment have pushed the urban housing solutions beyond the reach of the majority of the people.”38 After drawing attention to the data concerning the formal market cost of an average house is equal to 13 years’ income in Mumbai, 12 years’ income in Delhi, 11 years in Bangalore, 7 years in Chennai and three to four years in second-grade towns,39 the Ninth Plan document described slum and squatter settlements as an “ingenious solution to get shelter perfected by the people who cannot enter the formal housing market.”

However, the Ninth Plan, during which the 1998 National Housing and Habitat Policy was formulated, said that it would focus especially on households on the lower end of the housing market particularly BPL98 (Below Poverty Line) households, women headed homes and SC/STs. The plan has also made a few suggestions to improve the ways and means of promoting easy access and affordability of the poor to housing and basic services. In these cases, direct intervention and subsidies would be used with attempts to make the flow of these funds more transparent. The Two Million Housing Programme launched in 1998 is a

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98 Below Poverty Line: - Planning Commission on 19 Mar 2012 further reduced poverty line to Rs.28.65 per capita daily consumption in cities and Rs.22.42 in rural areas.
loan based scheme aimed at facilitating the construction of two million homes every year using funds from Housing and Urban Development Corporation (HUDCO) and Housing Finance Institutions (HFIs).

(j) Tenth Five Year Plan:-

According to estimates of the Technical Group constituted by the Ministry of Housing and Urban Poverty Alleviation (MHUPA), the urban housing shortage in the country at the end of the 10th Five-Year Plan was estimated to be 24.71 million for 66.30 million households. The group further estimated that 88 per cent of this shortage pertains to houses for Economically Weaker Sections (EWS) and another 11 per cent for Lower-Income Groups (LIG). For Middle- and High-Income Groups (MIG and HIG), the estimated shortage is only 0.04 million. During the 11th Five-Year Plan, the group estimated that the total housing requirement in Indian cities (including backlog) by end-2012 will be to the tune of 26.53 million dwelling units for 75.01 million households. If the current increase in backlog of housing is maintained, a minimum of 30 million additional houses will be required by 2020.

The Planning Commission suggested modification of the Housing policy to incorporate affordable housing program for the below poverty line category. Considerable efforts were made during Ninth and Tenth Five Year Plans to extend the resource base and initiate advanced institutional mechanisms to boost housing delivery in urban areas. Focused efforts were also introduced to cover the poor and weak groups of society to enable them to access basic shelter related services. Fiscal concessions coupled with legislative measures were also introduced to encourage increased investments in housing by individuals and corporate.

However, it was with the introduction of Jawaharlal Nehru National Urban Mission (JNNURM) in the Tenth Plan (2002-2007) that for the first time an integrated, big budget schemes for housing, infrastructure, poverty alleviation and systematic urban reform was undertaken. In 2001, Valmiki Ambedkar Awas Yojana (VAMBAY) (another centrally sponsored construction and upgrading scheme) was launched that targeted poverty line households which were lacking adequate shelter. It also aimed to provide health services and access to community toilets through Nirmal Bharat Abhiyan with 20 per cent of the funding under VAMBAY to be allocated to
sanitation. The program was the first of its kind to be implemented through a 50 per cent central Government subsidy with the remaining contribution coming from state or local governments or through a loan from HUDCO.43

(k) Eleventh Plan:-

A McKinsey Report in 2010 estimated that 25 million urban households cannot afford housing, and estimates the demand to rise to 38 million by 2030. The Government of India has estimated an additional housing requirement of 26.53 million during the 11th Five Year Plan (2007-12).44 Urban administrators and infrastructure specialists in the country are facing one of the biggest challenges of bridging this deficit. Further, in view of the growing importance of urban growth (urban areas contributed 58 per cent of GDP in 2008 itself), this is critical to sustaining our economic growth itself.45

State governments across the country have adopted several policy variations to address this. In order to improve the quality of life in urban areas, the Eleventh Five Year Plan (2007-2012) has stressed the need for improved housing stock through urban renewal, in situ slum improvement, and development of new housing stock in existing cities as well as new townships. State governments have merged funds from various Central Government schemes and bank loans to develop large numbers of housing units.

As part of efforts to achieve the goal of "Affordable Housing for All", the National Urban Housing and Habitat Policy, 2007 (NUH&HP) mandates the reservation of "10-15 per cent land in new public/private housing projects or 20-25 per cent of floor area ratio (FAR) for EWS/LIG housing through appropriate legal stipulations and special initiatives".46 The new policy proposes to promote foreign direct investment in integrated townships, real estate and public-private partnerships, dwelling units for the economically weaker sections (EWS) and low income group (LIG) segments. India has opened its door to Foreign Investors and Foreign Direct Investment (FDI) of up to 100 per cent under the automatic route has been permitted in housing, built-up infrastructure and construction-development projects.

The Housing and Urban Poverty Alleviation ministry has formulated new income criteria for two categories only- economically weaker section (EWS) and low
income group (LIG). Families living in cities and towns with annual income of up to Rs. 1 lakh or monthly earning of up to Rs. 8,334 will fall in the category of economically weaker section (EWS). Households having income between Rs. 1 lakh and Rs. 2 lakh or monthly earning of up to Rs. 16,667 will be classified as low income group (LIG). The ministry, however, did not revise the income criteria for middle income group (MIG) and high-income group (HIG) segment, arguing that these segments did not fall under its purview. The decision to raise the bar on annual income needed to qualify for benefits under housing schemes such as Rajiv Awas Yojana and credit risk guarantee fund for EWS and LIG is expected to benefit 20 lakh people over the next five years.

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The scheme Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched in 2005 with a 7 year mission period (2005-12) to facilitate fast-track, planned development and renewal of urban areas in the country. The Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) was launched in December, 2008 with a view to enabling the access of urban poor to the long term institutional finance. The scheme seeks to provide interest subsidy to Economically Weaker Section (EWS) and Low Income Group (LIG) beneficiaries on availing loans from the Banks /Housing Finance Companies (HFCs) to enhance affordability of these income segments. The loan repayment period would be 15-20 years. The innovative Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) is being redrafted into two parts as (i) Revised ISHUP Scheme and (ii) Rajiv Rin Yojana (RRY) to be implemented in the 12th Plan period.

Provision of affordable housing is one of the most formidable challenges that India currently faces. Ministry of Housing & Urban Poverty Alleviation had set up a High Level Task Force on the 15th January, 2008 to look into the various aspects of providing Affordable Housing for all under the Chairmanship of Mr. Deepak Parekh.

Furthermore, the Bharat Nirman Program has also recognized and accorded due priority to the need to end shelterlessness. The program set a target to construct 60 lakh houses from 2005 to 2009. The housing component under the Program is being implemented in parallel with Indira Awas Yojana scheme.
Urban Housing Schemes in India:-

Housing schemes in the urban areas were as under:-

(1) **Social housing schemes** for different income groups, operated by the States and city level agencies with budgetary support and loans from HUDCO, LIC and other financing agencies were started. Housing and Urban Development Corporation was established in 1970, Housing Development Finance Corporation (HDFC) in 1977 and National Housing Bank in 1987.

(2) **Footpath Dwellers Night Shelter Scheme** was introduced in 1988-89 to provide shelter, and later on also sanitation facility, to the pavement dwellers in cities;

(3) **Housing and shelter up gradation scheme** for the urban poor, as part of Nehru Rozgar Yojana (NRY) was introduced in 1990 in cities with population between 1 and 20 lakhs;

(4) **Various other schemes** are ownership housing scheme for Central Government employees, working women scheme, subsidized housing scheme for plantation workers, industrial workers and economically weaker sections, slum clearance and improvement scheme, land acquisition and development scheme, rental housing schemes for employees of public sector undertakings, sites and services schemes operated by various State Governments.

(5) **Valmiki Ambedkar Awas Yojana** (VAMBAY) was launched in December 2001. VAMBAY was a centrally sponsored scheme with an in-built subsidy for undertaking construction of dwelling units for slum dwellers. The scheme was successful in providing affordable houses to the urban poor and with the launch of Jawaharlal Nehru National Urban Renewal Mission (JNNURM), elements of this scheme were merged into JNNURM.

(6) **Jawaharlal Nehru National Urban Renewal Mission** was launched in 2005 with an aim to cover construction of 1.5 million houses for urban poor during the Mission period (2005-2012). About 1300 projects have been sanctioned covering urban India. These projects involve an outlay of more than Rs. 33,860 crore and Central Govt. subsidy of Rs. 18,500 crore.\(^{51}\)
It has two Sub-Missions :-

(a) **Basic Services for the Urban Poor** (BSUP) seeks to provide seven entitlements/services - security of tenure, affordable housing, water, sanitation, health, education and social security in low income segments in the 65 Mission Cities.

(b) **The Integrated Housing and Slum Development Programme** (IHSDP) seeks to provide the above mentioned seven entitlements, services in towns/cities other than the Mission Cities.

(7) **Affordable Housing in Partnership (AHP):**- This aims at operationalizing the strategy envisaged in the National Urban Housing and Habitat Policy (NUHHP) of 2007 and was launched in April 2009. It seeks to promote various kinds of public-private partnerships-government with the private sector, the cooperative sector, the financial services sector, urban local bodies, etc.-to create affordable housing stock. Under the scheme, the Government provides subsidy at the rate of Rs. 50,000 per affordable unit or 25 per cent of the cost of infrastructure (internal and external), whichever is lower.52

(8) **Interest Subsidy Scheme for Housing the Urban Poor:**- The Ministry of Housing and Urban Poverty Alleviation (MH&UPA), Government of India has designed an Interest Subsidy Scheme in December, 2008 as an additional instrument for addressing the housing needs of the EWS/LIG segments in urban areas. The Scheme envisages the provision of interest subsidy to EWS and LIG segments to enable them to buy or construct houses. The broad features of this scheme are:-

The scheme will provide a subsidized loan for:-

(a) 15–20 years for a maximum amount of Rs. 1,00,000 for an EWS individual for a house at least of 25 square meters. Additional loans, if needed would be at unsubsidized rates.53

(b) A maximum loan amount of Rs. 1,60,000 for a LIG individual for a house at least of 40 square meters will be admissible. However, subsidy will be given for loan amount upto Rs. 1 lakh only. Additional loans, if needed would be at unsubsidized rates.54
The total interest subsidy requirements for the construction of 3.10 lakhs houses for EWS/LIG segments financed during the next 4 years (2008-12) is projected at Rs. 1100 crore.\(^{55}\) The innovative Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) is being redrafted into two parts as (i) Revised ISHUP Scheme and (ii) Rajiv Rin Yojana (RRY) to be implemented in the 12th Plan period.

(9) Rajiv Awas Yojana: - In June 2009, President of India announced “Rajiv Awas Yojana” with a vision of a slum-free India. "The scheme for affordable housing through partnership and the scheme for interest subsidy for urban housing would be dovetailed into the Rajiv Awas Yojana which would extend support under JNNURM to states that are willing to assign property rights to people living in slum areas," President Pratibha Patil said while addressing Parliament. "My government's effort would be to create a slum free India in five years through Rajiv Awas Yojana," she said.

The Minister for Housing and Urban Poverty Alleviation Kumari Selja has said that in fulfillment of the Government’s vision of creating a Slum-free India, a new scheme ‘Rajiv Awas Yojana’ (RAY) has been launched on June 2, 2011. The key features of the scheme include:

- A ‘whole city, all slums, whole slum’ approach;
- Pace of progress to be set by the states;
- Central Government to bear 50 per cent of slum re-development costs;
- The two schemes of Affordable Housing in Partnership (AHP) and Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) have been dovetailed into Rajiv Awas Yojana (RAY);
- RAY encourages the use of Central Government assistance by the states and cities towards viability gap funding;
- Mortgage Risk Guarantee Fund will be established to facilitate lending to the urban poor for housing with an initial corpus of Rs. 1,000 crore from the Centre;
- Reform-driven approach to urban poverty alleviation crucial to the process; no fresh sanctions after the 1st year of project sanction without reforms and
- Centrality of community participation across all activities of the scheme.
The duration of Rajiv Awas Yojana will be in two phases: Phase I of Rajiv Awas Yojana is for a period of two years from the date of approval of the scheme with a budget of 5,000 crore and expenditure limited to actual plan outlays.\textsuperscript{56} The scheme is expected to cover about 250 cities (with a population of 1 lakh and above) covering about 32.1 million slum dwellers by the end of the 12th Five Year Plan (2012-2017).\textsuperscript{57} Phase-II which will cover the remaining period of the Twelfth Five Year Plan 2013-17, RAY will be run in a Mission Mode.

**Conclusion:-**

This comparative study shows that, inspite of different policy and institutional regimes, the housing policies in both countries have failed to facilitate or ensure economical and comfortable housing for the urban residents. The housing policies in both countries have been fueling price hike in housing which is making housing an unfulfilled dream for low and middle income residents. While the concept of economical and comfortable housing seems to be a simple solution to current housing woes, its execution remains complicated due to the unclear policy framework. To make economical and comfortable housing work in China and India, it would require “will” from all the stakeholders by slightly adjusting their interests towards a wider social cause.

Besides, there is need to remove biases against sections of the urban residents in both countries. India needs to learn from China with regards to employer housing for certain segments of urban residents. China can learn from India with regards to policies for incremental housing. But, both the countries have to go a long way with regards to ensuring a decent and affordable housing to the low income urban population in their cities, given that both would continue to urbanize rapidly in the coming decades.

The Group Housing Sector plays a major role in the delivery of social housing. In order to ensure that these strengths are fully employed, governments should work more closely with Community Housing Associations to support them in meeting their social housing commitments and to explore options for attracting more investment, including private sector investment, into not-for-profit models of housing provision.
With a view to build more sustainable social housing in the longer term the pool of social housing stock be increased to at least 10 per cent of housing stock, facilitating the entry into social housing of a more diversified mix of low to medium income earners.

Governments should target the development of new affordable rental properties in areas of greatest need and/or for communities needing affordable housing for essential services workers.
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