Chapter - II

Review of Literature

In the past years academicians, professionals and journalists have conducted research or written articles on issues of housing finance. A comprehension of these research works is essential in order to develop conceptual clarity of explored areas and also build insight into areas, which have been inadequately captured by previous empirical researches.

This chapter deals with some of the studies, which help generate insight into housing finance growth and its impact.

Research and Evaluation Unit, Minnesota Housing (2011) in a study examined the economic impact of Minnesota housing investment on the job and employment of the country. The study analyzed the three effects (direct, indirect and induced) of housing on the development of the country. The data was collected for five types of housing activities - multifamily new construction, multifamily rehabilitation, multifamily project with mix of new construction and rehabilitation, single family new construction and single family rehabilitation and home improvement. Single family rehabilitation and home improvement programs generally support more jobs per million dollars of spending than the other programs.

Saikia (2011) examined inter sectoral linkages in India among three major sectors- agriculture, industry and service using Input-Output framework. The study reveals that both the production and demand linkages from agriculture to industry have increased during both the pre and post reform periods, whereas both the linkages from industry to agriculture have declined for both the periods. There is no significant interdependence between agriculture and service sectors, there is strong interdependence between industry and service sectors and it has improved in the post-reform period.

Farshchi, Castro and Royer (2010) examined the historical trends in housing finance and explores the interrelationship between financial and housing market in the
US, UK and Brazil. The study revealed that with the change in the financial market, technological advancement as well as policies related to housing finance market are changed. The growing private partnership in housing market allowed the newly join home owners to draw equities out of their mortgages and contribute to the consumer society.

Favilukis, Ludvigson and Nieuwerburgh (2011) examined the macroeconomic effects of housing wealth, housing finance and limited risk sharing in general equilibrium. The study examined a two-sector general equilibrium model of housing and non-housing production. Because of limited financial market, households face limited risk sharing opportunities. Home prices declined in 2007 because of economic contraction. The model showed that procyclical increased in equilibrium price rent.

Karamujic (2011) examined the fluctuations in Australian housing finance commitments during 1988-2009. Variations contribute to understanding housing market works. The study concluded that cyclically and seasonality is present in HFCs. The presence of statistically significant factors for January, February, March, April, May, September, October and November are attributed to spring, summer and autumn seasonal effects.

Monsod (2011) examined the working of housing market in India and the strategic role of housing in the economy. The multiplier effect of housing on Indian economy was studied. It was revealed that government’s usual approach to the urban housing problems like reliance on below-market priced housing loans, does not really solve the housing problem. The net impact of the government on the housing production side is not well understood.

Boamah (2010) examined the impact of prevailing macroeconomic environment on the housing finance market in Ghana. The study revealed the effect of inflation, exchange rate and interest rate and short term investment opportunities for the attainment of a sustainable housing finances system. Macroeconomic volatility has made the Ghanaian mortgage market unattractive to both mortgagers and mortgages in the country. It is germane for the state to improve the macroeconomic environment.
Centre Strategic Economic research (2010) in a study examined the economic benefits of housing in California. The housing industry provided 77000 jobs per year and constituted 0.4 per cent of the state’s output. According to the study entire housing industry generated close to $ 347.3 billion of output and accounted for 11 per cent of all economic activities in California. The study examined the economic contribution of California’s housing industry and contribution towards new housing construction. The input output model was used to define the direct and indirect impact of housing construction and this model provided much more comprehensive view of the interrelated economic impacts. It was revealed that housing industry showed the multiplier effects on the economy like with the use of every additional dollar the State will see another $0.8 of output. Multiplier effects of housing industry generates additional output and jobs within the country boundaries as well as housing construction provided considerable economic benefits to every country in a specific state.

Manoj (2010) examined the operational efficiency and competitiveness of HFCs in India. This study analyzed the problems and challenges faced by HFCs particularly in comparison with commercial banks and operational efficiencies of major HFCs. It concluded that HFCs are facing more number of challenges in comparison with commercial banks and HFCs concentrate more on operational efficiency in order to survive. With the vital development of ROE (Return on Investment) the HFCs need constant control to enhance the operational efficiency of HFCs and large HFCs having an advantage over the smaller ones in sourcing cheap funds and better efficiency.

Manoj (2010) in a study examined the exact nature of housing microfinance in India, its problems and prospects and particularly deterrents to its growth, with a view to suggesting suitable remedial strategies for its faster development based on an empirical study of ‘Bhavanshree’. The study concluded that in spite of various shortcomings of the housing microfinance scheme ‘Bhavanashree’ sponsored by the Government of Kerala, it has got immense potential to come up if suitable strategies are adopted. Due to the wide range of microfinance activities currently being undertaken by ‘Kudumbashree’ and the excellent nexus with banks, initiating
productive housing scheme and obtaining better terms from banks like fixed rate loans appear to be quite feasible.

**Manoj (2010)** examined the determinants of superior financial performance of HFC’s using Multivariate Discriminant Analysis (MDA) methodology. The study examined the detail of challenges of HFC’s in the emerging housing finance market in India. It was revealed that HFC’s in India are facing a number of challenges and handicap in comparison with Commercial Banks and the HFC’s have to concentrate more on operational efficiency in order to survive and prosper in this ongoing era.

**Monk, Tang and Whitehead (2010)** examined the social and economic impact of housing in Scottish country. Investment in housing finance impacts the economy directly and indirectly. Housing finance investment impacts the employment, GDP, productivity and many other important factors. The study revealed the various multiplier effects of housing like output multiplier, income multiplier, employment multiplier and GVA multiplier on the economy. Housing is an important indicator for increasing the wealth of nations. It was concluded that Scottish housing policy objective is to improve the quality standard of housing as well as to increase the investment in household sector.

**Bhalla, Arora and Gill (2009)** examined the level of competition in Indian housing finance industry amongst HFCs. The study suggested that NHB has to increase the amount of refinance to HFCs to make them competent to compete with banks. The main business of housing finance in India is concentrated around a few players like banks and major HFCs. The large players are increasing market share while small payers are decreasing their competition ability. It was also brought out that housing finance demand is also influenced by the customer demand.

**Bhalla (2009)** examined the financial performance of selected HFCs. The study aimed to examine the effect of various selected independent variables on profitability of selected HFCs. The independent variables considered are interest income, interest expenses, non interest income, operating and administrative expenses and employee costs. Various financial measures and financial ratios were used to analyze the
In all the companies there is positive correlation of interest income and interest expenditure as percentage of capital employed with return on capital employed. The study concluded that HFCs have to spread out geographically while ensuring consistency in the processing and service standards.

**Bhalla, Arora and Gill (2009)** examined the performance of housing sector as well as the problems and challenges faced by this sector. The study showed that due to continuous changes in the global financial environment banks and financial institutions have brought sea changes in their strategies related to this sector so that slowly and gradually growth is shown by this sector. It was revealed that due to globalization process, India is witnessing competition among banks that has reduced the cost of finance for housing users.

**Econsult Corporation (2009)** in a study examined the impact of State funded Pennsylvania housing trust fund on economic and financial environment. The study revealed that the investment in housing finance was very significant in both qualitative and quantitative terms. It also revealed that direct investment yield is an impressive multiplier of indirect and induced expenditure, creating employment opportunities and tax revenue as well as providing significant positive benefits to direct recipients of affordable homes as well as to blocks, neighborhoods, municipalities, and regions.

**Housing Policy Department, NABH (2009)** in a study examined the local impact of home building in a typical metro area. According to this study house building generates various local activities like job for local residents and revenue for the local governments. A model developed by National Association of Home Builders to estimate the economic benefits. This model was applied to construction in over 500 projects, local jurisdiction, and states across the country. The results of the model showed that house building produce impacts income and employment of the country.

**Karnad (2009)** examined the various issues related to housing finance in South Africa. The paper revealed that there were various causes of crisis like credit underwriting, traditional business, housing price inflation, funding lines, capital
The study concluded that because of crisis in housing finance the HFCs’ main target was finance.

Sebehala (2009) has examined the impact of subprime mortgage financial crisis on housing finance in South Africa. This study clarified that at present South African government seems to have adopted the right macroeconomic policies. The study clarified that for improving economic conditions financial institutions should pay more attention to the individual borrower’s financial capabilities as well as high economic growth consumers should be encouraged to use their own money and limit their borrowing.

Akinwunmi, Gameson, Hammond and Olomolaiye (2008) examined the effect of macroeconomic policies on housing finance in emerging economies. The government adopted different criteria of regulation for developed and emerging economies. Various factors affect the housing finance in developing economies like macro economic trends and development, advance in information technology and deregulation and financial liberalization. The study revealed that macroeconomic and financial stability of a country improves because of development of local currency bond market.

Beltas (2008) in a paper relates the efforts of the Algerian government in setting up a mortgage market. It describes that technical assistance is required by government to create a primary and secondary mortgage market, as well as economic reforms including economic liberalization, reforms to the legal environment to boost the mortgage market. In order to boost the development of mortgage market Algeria managed the economy at macroeconomic level.

Bhalla (2008) in a paper discussed the current scenario, development, performance, problems, challenges and future prospects of housing finance as an industry segment. According to this study housing finance grow at the rate of 36 per cent. With the changes in strategies of banks and financial institution policies there is shift from buyer market to seller market.
**Dinesha (2008)** examined the regional imbalance in rural housing in India. The study revealed that housing problem has remained unchanged in India. According to this study main serious dimension of housing problem was related to housing amenities like drinking water, sanitation, lighting and drainage connection, because of that the number of rural household deprived of all these amenities has increased from 73.1 to 78.5 million. The study suggested that priority should be given to rural area while allocating resources as the rural sector represent country’s worst housing situation. The study concluded that all-round efforts and developments as well as efforts from the people to achieve the goal of housing for every household with sustainable manner is the need of the hour.

**Kohli (2008)** examined the performance of HFC’s in terms of financial, operational, and organizational aspects in the light of the changing macroeconomic scenario of financial market in India. The study suggested that there must be greater degree of flexibility in rules and regulations as well as value added services and schemes linked to some festival occasions can be introduced. It concluded that companies should concentrate on the equity capital and long term debt and by providing loan in the rural areas the market share of the companies’ increases.

**Rizvi (2008)** examined the housing finance as a social challenge and economic opportunity in South Asian countries. Many financial players played a role in due growth of housing sector by stimulating housing finance. There were various opportunities provided by the housing to the financial sector. The study concluded that once the countries start implementing large scale construction programs, the financial sector, the insurance sector and the capital market will all witness a substantial growth and sizeable contribution to income, employment and GDP.

**Siniavskia (2008)** examined the effect of the home building contraction on state economies. The study revealed the housing building’s effect on the GDP and Gross State Product (GSP). According to this study, boom was higher in housing finance in 2005 in US economy but it decreased dramatically ‘between’ 2005 to 2007 and the slide continued in the first quarter of 2008. The Residential Fixed Investment (RFI) is a significant component of the US economy. It includes construction of new single
family and multi-family structures and production of manufacturing homes. The study forecasted that in 2008 residential fixed investment in Arizona, Utah and Florida are expected to shrink.

Arunodayam and Thangavel (2007) examined the developments in the housing finance in India in the early 21st century and the problems of housing in the country. The study evaluates the performance of selected housing finance institutions and their involvement in meeting the financial requirement of the urban housing beneficiaries and their perceptions about borrowing. It was revealed that for expanding the volume of business housing finance institutions are now operating on squeezed margins.

Brar (2007) examined the prospects of housing finance in the state of Punjab and studied the operational and financial performance of the selected institutions providing housing finance. The study showed that the percentage investment in housing sector has considerably reduced from 34 per cent during first five year plan period to 13.38 per cent in ninth year plan. According to the study, the total absolute housing shortage for the state of Punjab has considerably decreased from 94413 units in 1991 to 51409 units in 2011. The study revealed that among all the institutions selected under the study HDFC contributed maximum for financing housing sector by sanctioning and disbursing highest amount of loan as compared to any other institution under study. It was concluded that more funds should be allocated to lower income groups and economically weaker sections for housing and more savings should be encouraged for housing sector.

Gyntelberg, Chan, Eric and Davis (2007) examined the role of government-supported housing finance agencies in Asia. It examined the size of the government subsidies received by these agencies, and their distribution among households, financial institutions and the agencies themselves. The study concluded that the level of government support provided to housing finance agencies in Asia varies, but is generally small relative to the economy.

Kim (2007) examined the role of housing finance in the Korean housing market during 1970 to 1986. Various factors influencing the demand and supply of housing
finance in Korea were studied. The study analyzed the effect of housing investment in national income. It was based on model for Korean housing and housing finance market to determine the effects of variables of housing finance on demand and supply of housing. This study explained that a new value measured housing price index for an exclusive analysis of the housing sector.

Saravanann (2007) in a study on housing finance sector analyzed the housing finance growth in India. The housing finance sector continues to grow in India as well this sector has a significant contribution in development and growth of the country. It was revealed that there is a huge demand of housing due to high growth rate of population and migration of people from rural to urban areas.

Sreelaxmi (2007) examined that housing has always been an important agenda for the Government of India. This study brought out that housing generates national income by creating employment and helps the individuals in their socio–economic development and it gives impetus to the economy by enhancing capacity utilization of related industries such as steel, cement, transportation, etc. The industry has been constructing stories on a safe foundation. It will continue to thrive so long as it plays safe averting NPAs. This study concluded that necessary measures like takeover of bad loans, fair assessment of property and employee morale may be taken by the financial institutions by improving their performance and avoiding NPAs.

Tesfaye (2007) examined the problems and prospects of housing development in Ethiopia with particular emphasis on the city of Addis Abada. This study revealed that there is imbalance between the demand and supply of housing units in Addis Abada. The prices are pushed beyond the reach of the majority of the residents in the country because of accumulated demand for residential housing on the one hand and low supply of residential land on the other hand. For overcoming the housing problem, requires effort in housing demand, housing supply and institutional framework and for improving the conditions in this requires the combined efforts from Government of Ethiopia, regional administrations and donor agencies.
**Warnock and Warnock (2007)** examined the extent of housing finance in 62 countries and presented a framework for analyzing housing finance system. The study analyzed that these countries have stronger legal rights for borrowers and lenders, deeper credit information system and more stable macroeconomic environment having strong housing finance system. There can be a difference in housing finance system in various countries on the basis of number of factors.

**Uzoigwe (2007)** examined the agriculture, manufacturing and mining & quarrying sectors of Nigerian economy. The study revealed that these sectors are proved to be very important sectors for sustaining long run growth as identified by econometric modeling. The paper has concluded that the agriculture, manufacturing and mining & quarrying sector help to propel other sectors through linkage effect with others, i.e. there is a positive relationship between the above sectors’ output and labor input.

**Ansari (2006)** examined the relationship between the US stock market and the housing market during the period from 1963 to 2005. Results show strong evidence of casualty from stock market to housing market. The study revealed that the casual nexus seems to get stronger during periods of stock market decline, because of investors substituting real assets for financial assets.

**Bhattacharya and Rajeev (2006)** examined the linkages to identify key sectors of the Indian Economy. The study reveals that in terms of direct and indirect forward linkage the key sectors are ‘mining & quarrying (energy + non-energy)’, ‘ferrous & non-ferrous metals’, ‘electricity, gas & water supply’ and ‘chemicals & pharmaceuticals’ which maintain their trend in all the years under study. Whereas, in terms of direct and indirect backward linkage, the sectors like ‘all machineries’, ‘manufacturing of transport equipment’, ‘ferrous &non-ferrous metals’ are proved to be the key sectors. The study concluded that by focussing on these sectors a sustainable growth of the overall economy can be ensured.

**Everhart, Heybey and Carleton (2006)** examined the importance of housing finance in economic development and opportunities for foreign investment in the Egyptian housing sector. The study revealed that housing sector support economic development
through several channels; increasing saving, investment and employment, strengthening and deepening financial sector and reducing poverty. The Egyptian Government has begun the process of building out the institutional capacity and infrastructure that will bring broad economic and social benefit.

Kissick et al. (2006) in a paper examined housing as a driver of economic, social and civic development. This study also analyzed the housing as a foundation for democracy, governance and security. Urbanization and development can mean substantial opportunities in the interest of all. There is a positive correlation between urbanization and household income and wealth. The study concluded that urbanization was a natural and continuing consequences of economic growth in all countries weather the economies are rich or poor.

Singh and Sharma (2006) examined the development of housing finance in India. The study was based on the case study of LIC Housing Finance Limited. From time to time the government introduces a number of loan schemes for the development of housing finance system in rural and urban areas. Half of the population of India lives in slums and shabby shelters in rural areas. As per the development of housing finance the National Housing Policy (NHP), was introduced in 1988 and the NHB was set up in 1988 as an apex institution for housing finance and a wholly-owned subsidiary of RBI.

Sriniwas (2006) examined the delinquency in housing finance. The study revealed that disbursement of home loan increased at increasing growth rate during 2002-03 as compared to the previous year 2000-01. The study clarified that banks have also concentrated on housing loans because the housing loans are totally secured as the mortgage on the property securities the loan and because of extensive use of utilization of technology. The processing and documentation of housing loan is very easy. The study also discussed the common frauds occurring in housing finance like individual’s inflate their income statement, manipulate the income tax returns, inflate the value property, lack of appraisal & follow up etc. The NPL (Non-Performing Loan) in the Indian housing finance sector are much higher than in a developed market and NPL rise in India is because of willing defaulters and an emerging
population of fraudsters. The banks have not taken the prudential norms for housing loans they have to conduct recovery mela instead of present loan mela.

Rao (2006) examined the housing finance is a long term proposition involving many risks for the lenders, borrowers and even for the economy in general. As housing finance is a long term game, it requires proper asset-liability management strategy, the borrowers also face interest rate risk, especially when they are locked in fixed rates when interest rates are falling and floating rates are rising. Home loans have been registering exponential growth in India during the last six years and easy liquidity conditions, low interest rates, availability of tax shelters on repayment of principal and interest surging demand from middle income group borrowers, lower regulatory capital, the comfort of tangible security have all collectivity contributed to the spurt in home loans. HDFC, ICICI and SBI are the major players in disbursement of home loans and these banks sanction up to 85 per cent of the cost of the property as home loan for a maximum period of 20 to 30 years. The interest rates on home mortgage loans have become relatively cheaper and affordable for middle and low income groups. Europe has a very advanced mortgage market and in Italy foreclosure will fructify in 120 months whereas it takes just 6 months in Sweden and 9 months in the Netherlands. Securitization route is employed by banks essentially to raise finance. Securitization process have given tremendous thrust to housing finance in countries like the US and Europe.

Windt and Dauskardt (2006) examined the impacts that the European Fund for Southeast Europe (EFSE) financed housing loans of Partner-Lending Institutions (PLIs) have had on the final household borrowers, on the local financial institutions themselves, and on the domestic financial sectors. The financial sectors reforms also contributed for the growth of the country. The study concluded that EFSE contributed to establishing healthy financial institutions for growing new housing market in a country and this is a great contribution to overall financial sector.

Joint Centre for Housing Studies, Harvard University (2005) analyzed the role of housing market in the development of the Indian country. Various facilities are provided by housing industry as well as many persons get employment because of this,
so the wealth of the nation is also increased, because of all these, well functioning housing markets operate in India and the Indian economy is greatly benefitted. Better overall living conditions improved urban infrastructure, enhanced social and economic stability etc. The study concluded that there is causal link between housing demand, housing finance, financial sector development and economic growth. GDP of the country is also increased because of development of housing finance.

Cirman (2004) examined the key role of national housing fund in Slovenia. The study analyzed that with the development of mortgage financing in Slovenia more development in housing financing is possible. Mortgage financing operate as a provider of financial resources mainly for nonprofit sector in order to boost housing construction. With the introduction of housing saving scheme people were more attracted towards the market and that was also beneficial for the construction industry. With the introduction of housing fund in Slovenia more housing developments is taking place.

Cooper (2004) examined the long term fixed rate mortgages in UK market. The study showed the contribution of housing market to macroeconomic volatility by using Operation Enduring Freedom (OEF) model of simulation. The housing market has been a contributor to volatility in the UK economy. If in UK fixed interest rate structure is used then it can reduce the impact on key macroeconomic indicators.

Kim (2004) in a study explored the nexus between housing and the Korean economy. It starts with an overview of the size, growth, and volatility of residential investment in conjunction with long-term resource allocation and short-term macroeconomic fluctuations. Then, the evolution of housing finance and its implications for recent house price run-up are discussed. The relationships among housing price, consumer spending, and inflation are also investigated. Particular attention is paid to the debate over house price bubbles, housing wealth effects on consumption, and the causality between house price and inflation. The paper concluded with a brief assessment of government intervention to stabilize house prices.
Manoj (2004) in a paper systematically traced the growth and development of the housing finance in India. The significance of housing to the economy, prospects of the industry, the risk factors and challenges to housing finance (along with suitable remedial strategies) were explained. The study suggested that models like ‘Grameen Bank’ of Bangladesh should pick up in India also for faster and inclusive housing development.

Montezuma (2004) examined the empirical issues related to housing investment in an institutional portfolio context. The empirical issues include residential property effectiveness against inflation and its diversification benefit in a mean–variance markowitz framework. The study explained that mainly the demand of household comes from the tenants who use the space and that depends upon many things like economic, demographic and political factors.

Nair (2004) in a study examined the various social commercial dimensions of housing finance in Ernakulam district. The study finds out that India spends about 2 to 3 per cent of Gross National Product on housing. The rate of house construction in India has been quite disappointing, the problem of housing is even worse than the national scene.

Wood (2004) examined the economic and employment effects of non-construction federal and state housing subsidies in Utah by classifying as income the $ 61.4 million paid by the United Sates Department of Housing and Urban Development (HUD) to landlords and other housing providers in 2003. Wood estimates that this spending translates into $ 17.2 million in direct, indirect and induced wages in the Utah economy and supports 1100 jobs. The study concluded that the State’s $ 6.2 million in down payment assistance as income to recipient households, which, when spent in Utah, as a result app. $ 2.4 million in earnings and 95 jobs in the State’s economy.

National Association of Realtors (2003) examined the role of housing market and its contribution to overall economy. According to this study the housing sector contributes directly to overall production activities of the economy like job growth, tax revenue, wages, and the benefits of shelter and wealth accumulation for
households. The housing sector is very important for both local and national economy. The study showed that each dollar increased in direct housing activity will increase the overall GDP by $1.34 to $1.62. The construction of 1000 single-family homes generates 2448 full-time jobs in construction and construction-related industries, $79.4 million in wages, and $42.5 million in combined federal, state and local revenues and fees. The construction of 1000 multifamily units generates 1030 full-time jobs in construction and construction-related industries, $33.5 million in wages, and $17.8 million in combined federal, state and local tax revenues and fees. Furthermore, NAHB estimates that roughly 30 per cent of the new home occupant’s income is spent on items produced by local businesses, such as hospitals, daycare centres, dry cleaners, and auto repair shops.

**Sastry, Singh, Bhattacharya and Unnikrishnan (2003)** examined the importance of sectoral linkages among agriculture, industry and services sector for Indian economy for the years 1968-69 to 1993-94. The analysis clearly reveals the fact that in spite of substantial increase in the services sector share in GDP, agricultural sector continues to play a very important role in determining the long run growth of the economy through its strong linkage with other sectors. Although the agricultural share has declined over time, still it creates more demand for other sectors, especially the industrial sector.

**Mcleod (2001)** examined the community finance, and its significance in financing urban infrastructure and housing for the poor. The study discussed the issues related to poor performance of the formal financial sector, absence of effective linkage between community finance and these financial systems. The study analyzed the performance of micro-finance institutions in addressing urban infrastructure and housing needs. Consideration is given to the resources that the poor bring to the negotiating table when their organizations enter into partnership arrangements with local authorities and formal financial institutions.

**Dholakia and Dholakia (2000)** examined the impact of investment in housing sector on GDP and employment in Indian economy. The study analyzed the inter-industry linkages i.e. backward and total linkages based on input-output tables 1996-1997. The
The construction sector has strong backward as well as total linkage with other sectors of the economy. The study examined the impact of housing on income and employment generation. Construction sector was found to have a significantly higher income and employment multiplier impact than most of other broad sectors of the economy.

Sivalingam (2000) examined the functioning and development programs of the selected housing finance institutions. The study established the performance of the financial and operational achievements of formal housing finance institutions and elicits the opinions of the borrowers about the performance of the formal housing finance. The proportion of investment in public sector housing has declined while the same in the private sector has increased and most of the borrowers have tendency to get loans at cheapest rate of interest.

Krishna and Murthy (1999) examined the housing promotion in India. The banks and the HFCs play an important role in the promotion of housing. The study concluded that by reduction in the housing loan interest and simplified procedure for sanctioning housing loan will boost the construction of houses.

Richupan (1999) examined the relationship between macroeconomic instability and housing finance in Thailand. Many factors contribute for inefficient operations of the housing market like inadequate bank monitoring and supervision, easy entry of unqualified developers, absence of functioning property taxes, excessive speculation, unprofessional property valuation, absence of clear guidelines and adequate housing information. Due to introduction of reforms Thai housing finance sector faces new environment as well as new challenges.

Roy and Mukhopadhyay (1999) in a study assessed the changing structure of the Indian Economy with reference to the primary energy and infrastructure sectors over a period of past 20 years. Analysis was done by standard input-output technique. Results show that the changing structure of the Indian economy has been towards increased specialization. Electricity and energy products sectors are among the important key sectors.
Buist and Yang (1998) examined the housing finance in a Stochastic economy. The capital, mortgage, housing and labor markets have deep and complex interdependencies between them. Simultaneous equations model was used that examined the partial equilibrium in the differentiated products market for fixed-and adjustable-rate mortgage contracts. The study revealed that the complete, multistage modeling and estimation strategy yields numerous results that confirm, consolidate, and extend previous theoretical and empirical results in the mortgage choice and mortgage option pricing literature.

Chant (1997) has put forth that the formal finance institutions are less willing to assist with the purchase of land, especially where the tenure is insecure to provide assistance with improvements to the rental housing stock. These limitations have implicit gendered consequences.

Pan (1997) examined the importance of mining & quarrying sector in Chinese economy by using Leontief Input-Output framework. The paper concluded that mining & quarrying as well as finance & insurance sector have more ability to improve labor productivity growth of other sectors than manufacturing industry through creating more employment opportunities.

Rajeshwari (1997) examined the role played by Tamil Nadu Housing Board in the implementation of housing schemes during the period 1961-1993. It views the share of investment in housing to total plan investment in India and in Tamil Nadu. There study revealed that the main housing problem is due to population explosion and housing shortage has grown faster in rural areas in comparison to urban areas. In the majority of the cases the housing board has not achieved the target.

Tiwari (1997) examined the developments in housing finance in India. During the period of plans slowly and gradually lot of growth was there in housing finance sector. The housing finance in India will undergo a second revolution in which specialized lenders will play an important role for a number of years and the commercial bank will gradually emerge as mortgaged lenders. The paper concluded that recent developments in the financial sector is a need to think carefully on the overall
direction of reforms in the housing finance sector and focusing on expression of development of secondary mortgage markets, down marketing of housing finance on market based terms and on legal and regulatory system.

**Machayo (1997)** examined the broader financial system and provision of housing finance in Kenya. This study revealed that existing financial institutions increase the supply of finance for low-cost housing in Kenya by exploring the new ways. The study concluded that scaling up integrated package and flexible packages responsive to varying user needs in the low income housing industry is necessary.

**Buckley (1996)** in his book 'Housing Finance in Developing Countries' examined the way how various changes have affected the financing and delivery of housing in developing and reforming economies. The study revealed that the demonstration of the gains that can be realized from overcoming the often-blurred distinctions between financial year and financial policies for housing. With the presence of World Bank various projects were undertaken.

**Rakodi (1995)** examined the housing finance system in Zimbabwe. Particular attention was paid to the provision of funds for local authority housing programmes for low income residents, the place of housing finance institutions in the national finance system, the ability of the building societies to attract savings, and their lending programmes. The study evaluated the results of government measures to transfer responsibility for lending to low-income households from local authorities to the building societies since the mid-1980s. Zimbabwe has an unusually well-developed financial sector and housing finance system for a recently independent developing country, although events of the early 1990s demonstrate the vulnerability of such a system to the changes accompanying liberalization.

**David (1994)** provided an introduction to property finance, bringing together the professional disciplines related to finance and property investment and development. The book establishes the basic concept of finance and examines the applications of these concepts in practice and gives an overview of the market, its history and position as of 1993.
Okpala (1994) in a paper argued that an informal housing financing system is a viable option and that in the long-term development of sustainable institutional housing finance systems require government intervention through an effective system of rules, regulations, safeguards and supervisory functions to monitor and to prevent abuses.

Valenea (1992) examined the conditions of Brazil's housing finance system during 1980's as one of 'crisis, chaos and apathy' because of inadequate fund collection and loan enforcement rates exemplified these conditions. By political manipulation the conditions of public sector housing finance institutions was accentuated so that these institutions were passed from one ministry to another at short intervals. The study revealed that the economic crises in 1980s resulted in the fall in the real value of payroll deductions.

Polenske and Sivitanides (1990) have proved large backward linkage of the construction sector compared with other sectors for almost all countries, including India, Malaysia, Indonesia, Philippines, etc.

Buckley and Mayo (1989) examined the role of the housing sector in developing countries. According to this study the traditional approach is misleading because in that more importance is given to on efficiency rather than modest levels of government spending in the sector. The paper revealed that a simplified framework was made to analyze how housing policies influence the housing sector and the macro economy. The study suggested that the macroeconomic implications of housing policy must be given the major importance.

Munjee (1989) examined the recent development of Indian housing financial sector. The study summarized the performance of major operating specialized housing finance institutions in the country. The sound structure of institutions provided real development of housing activity in developing economies.

There have been numerous studies in the field of housing finance. Literature reviewed above evidently points to the fact that there is paucity of empirical research in the field of growth and impact of Institution Housing Finance in India.