

Affordable Housing: Future of Urban Development

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**Pradhan Mantri
Awas Yojana**
-Housing For All

The scale and scope being attempted under PMAY (U) cannot be compared to the experience of any other country in the world. As a result, the success of the Indian model of affordable housing will define the future of urban development the world over, both in theory and practice

Addressing a Joint Session of Parliament in July 2014, just a month after being elected, the Prime Minister said, "By the time the Nation completes 75 years of its Independence, every family will have a pucca house with water connection, toilet facilities, 24x7 electricity supply and access."¹ To achieve this vision, the PM launched the Pradhan Mantri Awas Yojana (PMAY), or Affordable Housing for All Mission. The Mission was divided into two parts – PMAY (Gramin), which came under the ambit of the Ministry of Rural Development, and the PMAY (Urban), which fell under the Ministry of Housing and Urban Affairs' domain.

The target for PMAY (Urban), launched in June 2015², is to build approximately 1.2 crore affordable homes in urban centers by the year 2022. In the four years of the present government, the Ministry of Housing and Urban Affairs has already sanctioned the construction of over 47.5 lakh affordable homes, and over 8 lakh homes have been completed and handed over to the respective beneficiaries. By comparison, between 2004 and 2014, only 13.46 lakh homes

were sanctioned, and 5.65 lakh were occupied. It is instructive to recall that when JNNURM was launched, it was considered India's biggest urban development programme. And yet, in 4 years, the present government has already quadrupled the number of affordable houses sanctioned when compared to the previous 10 years of JNNURM.

Embracing Urbanisation

To understand the success of PMAY (U), it is important to understand the philosophical change taking place in India vis-à-vis urbanisation. It is for the first time in the country's history that the Union Government has embraced the concept of urbanization. For much of India's post-independence history, the country was labeled a 'reluctant' urbaniser. The reluctance was predicated on the fact that agriculture was the economy's mainstay, both in terms of income and employment. Today, while agriculture continues to employ over 40 per cent of India's workforce, its contribution to India's Gross Value Added has fallen to 16.4 per cent.³ On the other hand, the contribution of services has significantly increased, and is today at 55.2 per cent.⁴ By its very nature, the services sector resides

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The Minister of State for Housing and Urban Affairs (I/C) Shri Hardeep Singh Puri addressing the session on 'The Knowledge Coalition-Intelligent Conversations' on World Environment Day.

in urban areas. Given the growing aspirations of India's citizens, it is only natural they would seek employment in services, and thereby seek out urban centers - it is estimated that by 2030, almost 600 million Indians or 40 per cent of India's population will live in Indian cities.⁵

Given this demographic shift in India, the Prime Minister embraced urbanization from the outset. Elements of Goal 11 of the Sustainable Development Goals (SDGs), titled "Make cities and human settlements inclusive, safe, resilient and sustainable", were incorporated by India in its development efforts and plans even before the SDGs and the 2030 developmental agenda were formally adopted by the United Nations in 2015. PMAY (U) is a case in point - the Government launched the Mission in June 2015, and announced its intention to do so in July 2014. Moreover, while the SDGs seek to achieve their objectives by 2030, PMAY (U) looks to ensure each Indian has a home by 2022 - the celebration of the nation's 75th anniversary.

The philosophical shift in the larger urban development discourse has, in turn, prompted a philosophical shift in affordable housing as well. Under PMAY (U), an affordable house goes beyond the construction of four walls using bricks and cement -

PMAY (U) seeks to build homes, not merely houses. A PMAY (U) home, by its very definition, must have a functioning toilet, an electricity connection, a tapped water connection, and door-to-door waste collection. Most importantly, the title of a PMAY (U) home can be registered under the lady of the house, or co-jointly. As a result, through a PMAY (U) home, families not only have a roof over their heads, but have access to all amenities that will allow them to lead a life of dignity, security and prosperity.

Redefining the Role of the State

India has never been short of good ideas - our intellectual classes along with our famed 'steel frame' have published numerous papers and recommendations, offering

solutions that would change our urban landscape. Ever so often such ideas have been stuck in precisely their foundation - ideas. The success of PMAY (U) is a testament to the Prime Minister's commitment that the state's foremost responsibility is to deliver goods and services. And goods and services cannot be provided through philosophical deliberations - success on the ground requires implementation, which includes constant and consistent monitoring and evaluation.

PMAY (U) Implementation

The implementation of PMAY (U) is undertaken through four verticals - in-situ slum redevelopment; Affordable Housing in Partnership (AHP); Credit Linked Subsidy Scheme (CLSS) and Beneficiary Led Construction (BLC). Through these verticals, the Mission covers the entire canvas of affordable housing - from the slum dweller living in the most inhumane conditions; to those belonging to the economically weaker sections and middle income groups who need affordable banking finance; and to those who own a piece of land, but require additional funding to build their house. More importantly, by offering a bouquet of options to choose from, the PMAY (U) makes a significant departure from previous top-down models. The Mission trusts the judgment of the beneficiary to make the most optimal decision, based on her needs.

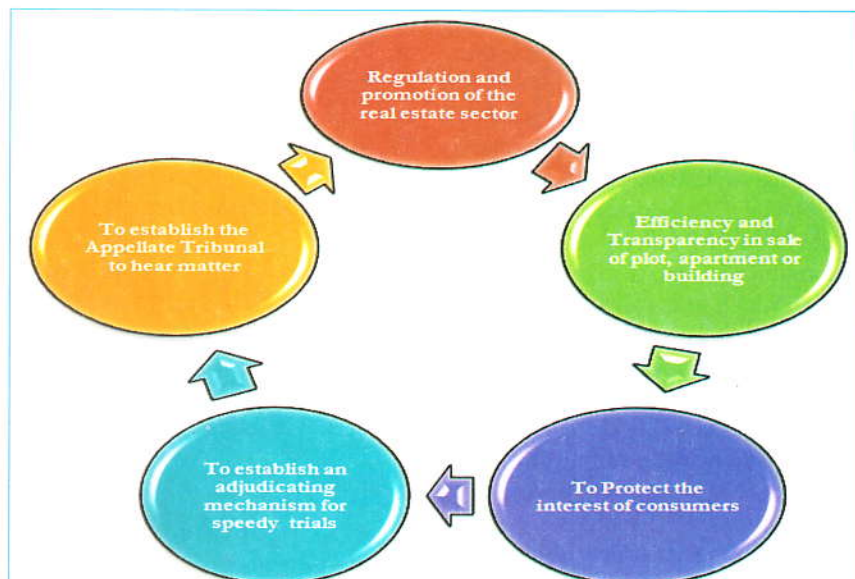
In his first address to the Lok Sabha after the 2014 general election



the Prime Minister emphasized the need for cooperative federalism.⁶ Having served as the Chief Minister of an important state, he was well aware of the inherent limitations of governing India from New Delhi. Far too often, missions conceptualized and implemented through the national capital lost traction because the state governments were not brought on board. PMAY (U) is one of several flagship programmes, which is anchored in, and thriving under, the cooperative federalism model -in earlier housing schemes, the state governments needed the federal government to approve their projects. Under PMAY (U), the state governments themselves accord these approvals, with only minor suggestions, if any, made at the central level.

Government as Catalyst

In a marked departure from past frameworks, the central government has chosen to play the role of a catalyst -in the budget for 2017-18, affordable housing was given infrastructure status⁷ and the budget for 2018-19 institutionalized an Affordable Housing Fund under the National Housing Bank⁸, to boost financing in the sector. In addition to these measures, Section 80-IBA of the Income Tax now provides for 100 per cent deduction of profits for Affordable Housing Projects, to encourage private participation in the mission.



Regulatory Framework

Any mission of the scale and size of PMAY (U) necessitates adequate regulatory frameworks to ensure its smooth functioning. And given that PMAY (U) falls under a sector broadly defined as Real Estate, the need is even more pertinent.

The real estate sector in India has historically been characterised as one where unscrupulous behavior is rewarded, and honesty punished. A politician-bureaucrat-builder nexus sets the rules of the game, and as per their terms, any individual wanting to buy a house was forced to indulge in corrupt practices, and even then, there

was no guarantee that the property purchased would be handed over to its true owner. To put an end to this culture of impunity, the government enacted the Real Estate (Regulation and Deregulation) Act 2016, or RERA. RERA institutionalized in the country for the first time in 70 years, a regulator for the real estate sector. As a result of this Act of Parliament, the hard earned life savings of a homebuyer are no longer at the mercy of a corrupt system, which was designed to circumvent and undermine India's legal framework. The Insolvency and Bankruptcy Code, which bars willful defaulters from submitting a resolution plan,⁹ and which puts the home-buyer alongside financial creditors¹⁰, has given a further fillip to weed out corrupt actors in the sector.

Conclusion:

Estimates suggest, for India to meet its urban demand, the country will have to build 700 to 900 million square meters of residential and commercial space every year, till 2030.¹¹ To put this statistic in perspective, between now and 2030, India will have to build a new Chicago every year, if it has to meet its citizens demand for urban living.¹²

Given this context, the success of PMAY (U) needs to be viewed in conjunction with the entire gamut of planned urbanization underway in the



country. The Swachh Bharat or Clean India Mission, has today become a *Jan Andolan*, or a social movement. Its emphasis on ODF seeks to not only build the requisite number of toilets, but bring about behavioral change in the country. The construction of 57 lakh individual toilets, and 3.8 lakh community toilets, is over and above the 47.5 lakh plus toilets that will be built in each affordable home under PMAY (U). The 500 cities under Atal Mission for Rejuvenation and Urban Transformation (AMRUT), which will have universal water supply coverage and improved sewage networks, will further improve the quality of life of those living in affordable homes. Under the Smart Cities Mission, the 99 cities selected have had extensive citizen engagement to ensure those living in affordable homes too have an equal say in the development of their city.

The PMAY (U) epitomizes the seismic shifts taking place in our urban centers, and the efforts that are being made to make Indian cities

best in their class. It is anchored in the Prime Minister's commitment of providing Indians 'Ease of Living', and is predicated on the *Sabka Saath, Sabka Vikas*, or Development for All, ethos of this government. The scale and scope being attempted under PMAY (U) cannot be compared to the experience of any other country in the world. As a result, the success of the Indian model of affordable housing will define the future of urban development the world over, both in theory and practice.

Endnotes

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