

Affordable Housing policy measures to ensure every Indian family has a HOME by 2022



OPPORTUNITY

- Out of 7,935 cities and towns in India, there are 495 urban cities with population over 1 Lakh¹
- Demand for an additional 1.9 Crore houses, of which approximately 96% is for the Economically Weaker Section (EWS) and Lower Income Group (LIG)²
- Potential to add 11.5 Crore new non-agricultural jobs by 2022³ – concurrent investments required in Affordable Housing
- An estimated 40-45% of households earning INR 10,000 - 25,000 per month live in rented accommodation⁴

DIRECT IMPACT ON ECONOMY

- Real estate projects under construction, including Affordable Housing, valued at INR 8.7 Lakh Crore (FY12)⁵ – if expedited, these projects are expected to add INR 1.6 Lakh Crore to steel, cement and other construction material sectors⁶
- Development of sector will lead to betterment of general health conditions and overall reduction in healthcare costs

IMMEDIATE RECOMMENDATIONS FOR THE BUDGET/ 1ST SESSION OF THE 16TH LOK SABHA

- Infrastructure status for sector to attract greater capital and investment formation
- Improve credit availability and implement interest subvention schemes for the sector
- Insurance and Pension funds to be allowed to be invested in the sector
- Ease conditions for FDI in real estate and reduce minimum capital requirement from INR 59 Crore (USD 10 million) to INR 29.5 Crore (USD 5 million) and minimum tenure before repatriation from 3 years to 1 year
- Review Section 43C of the Income Tax Act (taxation at circle rate) and restore 80 IB (10) (tax exemption on income derived by an undertaking engaged in development and construction of small dwelling units)
- Review RBI norms for project finance; Uniformity in end user income ceiling norms for Affordable Housing units for EWS/LIG/MIG

MEDIUM AND LONG TERM RECOMMENDATIONS

- Impetus to essential infrastructure in outskirts of Tier I and II cities to ensure Affordable Housing clusters are well connected and cities are decongested
- Digitization of land records
- Rationalisation of Direct and Indirect taxes in real estate sector to enable competitive pricing for end user
- Single window approval mechanism for Housing Sector, compared to approvals through approximately 150 tables across 40 departments of Centre and State Governments and Municipal Corporations⁷
- Mandating developers across the country to construct EWS/LIG/MIG units and authority to create enabling environment with increased Floor Area Ratio (FAR)
- Incentivize low cost, innovative technologies, such as prefab, for producing large volumes of Affordable Housing units
- Foolproof mechanism for rental housing and ensuring implementation of REITs and REIMFs
- Availability of higher FSI with relaxed density norms for Affordable Housing projects



“ India is at the crossroads of experiencing rapid urbanization in the current decade. Addressing the Affordable Housing shortage will create a multiplier effect, while improving the living standards of Indian citizens and contribute towards making our cities pillars of comfort, efficiency and security. ”

Rana Kapoor

President, ASSOCHAM

We invite valued inputs from regulatory agencies, economists, real estate industry leaders and bankers for inclusion in the policy submission by ASSOCHAM.

Do write to us with your advice.

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Sources: ¹Census of India - 2011, ²Report of The Technical Group on Urban Housing Shortage - 2012-17 (MoHUPA), ³From poverty to empowerment: India's imperative for jobs, growth, and effective basic services, MGI (2014), ⁴State of the Low-Income Housing Market (Report by Monitor Deloitte), ⁵Real Estate Intelligence Service, Jones Lang LaSalle, ⁶YES BANK Analysis, ⁷Bridging the Urban Housing Shortage in India (Report by KPMG)

