

## *Housing Needs*

Housing shortage is perhaps one of the most formidable challenges before the Government of India. It is estimated that there was a shortage of 10.56 million houses in 2001 in the urban areas, alone. And by the beginning of the Eleventh Five Year Plan, i.e. 2007, this shortage sharply escalated to 24.71 millions. Now, it is estimated by the government officials that the shortage in urban housing will grow even higher to 26.53 million units by the year 2012. Further, ninety nine percent of this shortage pertains to the economically weaker sections and low income groups. The Government is taking various kinds of direct and indirect measures, to ease out the acute shortage of houses, like, operation of Jawaharlal Nehru National Urban Renewal Mission (JNNURM), income tax relief on house loan repayment, and interest subsidy on low value house loans, etc.

But from the continuing shortage of houses as mentioned above, it is evident that the housing crunch will not ease out soon. To my mind, the policies of the Government are largely responsible for perpetuating shortage of houses in the country. Existing laws are perceived rather hostile towards property owners and thus cast a negative effect on the flow of private money towards the housing sector. People would have invested money from their savings - of which there is no dearth in India - in the housing sector, if they had thought it to be safe and profitable to invest in the housing sector. And the biggest impediment in its path is that the people are not convinced, first, whether they can receive regular rental income from their house property without hindrance because

they may stumble upon some problematic tenant and secondly, whether they can get back possession of their property, when they want it.

Laws have a natural bias towards the weak/oppressed, and the tenants are considered as oppressed. Therefore, usually people hesitate to invest in the building of house property, for fear of potential trouble from some difficult tenant, which can sometime even turn into a life-time nightmare for the landlord while trying to take back possession of his house from such a tenant. It may be true in case of rented shops and other business establishments that these cannot be shifted from their premises at a very short notice, for obvious difficulties in re-establishing the business at a new place but the same is not applicable to residential accommodations.

To ease out problems of property owners, a reasonable time-frame can be stipulated under which every kind of rented property should be vacated and restored to its legitimate owner, if so desired by him. It will provide a soothing environment as well as alleviate fear among the potential investors, who can be roped in to invest in the housing sector. Say, a maximum notice period of one year for rented residential accommodation and three years or so for rented business establishments can be considered, to safeguard interests of the landlords as well as the tenants. However, after the stipulated notice period, it should be obligatory on the part of the Government to arrange transfer of rented property instantly to its owner, without the owner being put to any hardship whatsoever.

Moreover, clear-cut guidelines in such cases will drastically reduce the number of court cases because a large number of landlord versus tenant disputes end up in courts. Our courts are already brimming up with an estimated 38.5 million cases,

which itself may take more than many decades to be settled even if no fresh cases are added.

Therefore, it can be construed that if some fool-proof and easy-to-operate safeguards could be created to protect interests of the property owners, a flood of private money as well as foreign direct investment would flow in the housing sector of the country and at least bottleneck in urban housing can be removed to a large extent, quickly. In addition to it, a lot of existing property which is not let out by their owners, for the fear that they will not be able to handle potential trouble from their tenants, will be offered in the rental house market. This, too, will greatly help to ease out immediate housing problems in the urban areas. Moreover, such market-friendly measures will unleash competition in the house rental market, also, which will be mostly beneficial to those who need rented accommodation. Further, clear-cut, straight-forward, and simple rules for leasing of accommodation will also be conducive towards fostering mutually respectful relationship among the property owners and their tenants.

However, in this context, I would also like to add that laws in our country are usually soft on the defaulters and it inculcates a shady feeling among people that getting away after committing an unlawful activity is pretty easy; the earlier we change this mindset, the better for the long-term health of the nation. If a bank tries to take possession of a mortgaged vehicle from a person who has stopped paying its monthly instalment, the bank is dragged to court with the accusation that the bank officials/agents are exerting undue pressure on the defaulter. In these circumstances, the defaulter is considered as an oppressed entity and the bank is branded as an oppressor, consequently the one who is considered as an oppressor has to bear the fury of the court, whereas the truth

remains otherwise. I do not understand the logic that if a person has defaulted more than once on repayment of his loan then what right has he got to move in his mortgaged vehicle? Instead, it should be obligatory on his part to surrender such a vehicle to the bank which has financed its purchase, till he restarts repaying his loan. Such a simple concept will only improve loan repayment culture in the country. On the contrary, by showing undue consideration and sympathy towards the defaulters, we only encourage more defaults with all kinds of excuses.

In view of the above, it can be said that unless the Government takes adequate measures which can effectively safeguard the interests of the property owners, private money will not flow freely towards the housing sector and thus shortage of houses cannot be assuaged easily. Because even for building 25 million small houses, 450 square feet each, about Rs.10,000/- billion will be required, even if the cost of each house is kept at a measly Rs.400,000/-. And even this amount will be difficult to be shelled out by the people belonging to the economically weaker sections and the low income groups, who are the very people for whom these houses are required.

Therefore, it appears that the shortage in urban housing can be quickly addressed only by two ways, without unduly straining national exchequer, first, the Government should make friendly and straight-forward laws whereby rental market for houses could be developed and second, it should help people in attaining quick empowerment by extending the umbrella of basic comprehensive social security (CSS) to all, as proposed earlier in this book, as it can help in creation of superior jobs for the people, which in turn will enable these people to earn and save enough so as to realize the dream of their own house sooner than later.

To address housing problems in the rural areas, the Government is already running *Indira Awaas Yojana* (IAY), but I feel that this scheme is skewed in design. IAY is targeted on the rural people, who are identified as belonging to the Below Poverty Line (*BPL*) category, this identification is itself fraught with corruption and all sorts of anomalies as discussed earlier in this book. Besides the above, under the IAY, only Rs.35,000/- per unit is sanctioned in plain areas and Rs.38,500/- per unit is granted in hilly/difficult areas, for construction of houses. Who can build a house from this financial assistance? First, this financial assistance is just not sufficient to build a reasonable *pucca* house and second, the poor sometimes have other emergent needs which take precedence over housing thus the money provided for housing under IAY sometimes end up in fulfilling other needs of the people than housing. Therefore, I feel that instead of having piece-meal welfare schemes, including IAY and JNNURM - which can target only a small fraction of all the needy - all the people should first be brought under the umbrella of the basic CSS and investment should be made to develop rural infrastructure besides enacting entrepreneur friendly laws. This alone can create enormous job opportunities of higher order, which in turn will ultimately enable people to take care of their housing needs as well.

However, at the same time, I would also stress that the Government should initiate immediate steps for building safe community shelters for the homeless people of the country, in the urban areas as well as in the rural areas, even if it requires diverting a large chunk of funds which are being spent, presently, on other housing schemes of the Government, like, IAY and JNNURM. The homelessness is mostly caused by extreme poverty, crippling physical/mental debility, family abuse, withdrawal of family support, etc. So these homeless

are the neediest people for whom support of the Government should reach first, come what may. In any case, these unfortunate people should not be left to live under the open sky and then undergo all kinds of physical, financial as well as mental abuses at the hands of the miscreants as well as the black sheep among law enforcement agencies. Moreover, these poor souls are also the first, to bear the brunt of extreme weather conditions. A sizeable section of the homeless comprise migrant workers, too, who fall on bad times. If the basic CSS is provided to all, most of these homeless may return to their native places, to live and work there with dignity.

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