

“A Critical Study of National Housing Bank in Achieving the Target of ‘Housing for All by 2022’ Programme”

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ABSTRACT

Housing is basic human needs therefore Government of India has taken initiatives in providing Housing for All By 2022. Scheme- Pradhan Mantri Awas Yojana has four vehicles namely in Situ Slum Redevelopment, Credit Linked Subsidy Scheme, Affordable Housing in Partnership, Beneficiary Led Construction. NHB as apex housing finance institution regulates housing finance framework and Central Noble Agency for PMAY (Housing for All: 2022).

The present research paper examined the role of National Housing Bank in achieving the target of housing for all by 2022.

The rapid urbanisation has brought pressure on urban infrastructure including demand for housing. The demand and supply of housing in eight major cities of India indicate total mismatch and the gap is much higher in economically weaker section than middle and higher income group. 46 million is the urban housing demand whereas financial disbursement potential is Rs. 8.6 lakh crore.

National housing problems cannot be solve in few years so NHB has to mobilise more resources to meet the rising demand for housing and housing finance.

KEY WORDS: Affordable Housing, Housing for All, NHB, PMAY, CLSS, HFC.

INTRODUCTION:

Housing is the basic human necessity hence central government has undertaken a mission “Housing to All by 2022” to provide housing to everyone with basic amenities. Government set a target to construct 1.12 crore houses in urban areas and 2.95 crore houses in rural areas. Pradhan Mantri Awas Yojana (PMAY) programme started under mission mode for urban and rural areas. PMAY (Urban) has four verticals namely-

- In Situ Slum Redevelopment (ISSR)
- Credit Linked Subsidy Scheme (CLSS)
- Affordable Housing in Partnership (AHP)
- Beneficiary led construction BLC/ BLE

Central government has set up a specialised financial institution namely National Housing Bank (NHB) to provide financial assistance and create strong, stable system for housing finance. Earlier RBI owned NHB but now it's owned by central government. NHB is an apex housing financial institution to promote, regulate and monitor housing finance policies.

OBJECTIVES:

To assess the present status of housing in country To review the role of NHB in providing housing finance

To find out the status of PMAY in urban areas

To investigate the major housing problems

REVIEW OF LITERATURE:

Sanjay Datta (2019) pointed out a rise in demand for housing and by 2022 the number of additional houses required will be 46 million in urban areas and 40 million in rural areas. Demand for housing in urban areas will be 18 million by Economically Weaker Section, 14 million by Lower Income Group, 9 million by Middle Income Group and 5 million by High Income Group.

Reporter Financial Express (2019) found that NHB will infuse additional fund of Rs. 10000 crore into the housing finance companies to improve liquidity position and this additional fund provided to housing companies through present refinance scheme.

Kalpana Gopalan (2015) focused on critical issues in the affordable housing segment which include shortage of land, rising cost of land, title issues, regulatory problems, delay in the construction of houses, higher cost of construction, etc.

V Sajeew Kumar (2018) assessed role of NHB in providing finance to banks and HFC's under various housing schemes such as general fund, urban and rural housing fund, affordable housing fund, special urban housing scheme for lower income group through World Bank credit arrangement. NHB suggests government to reduce stamp duty and registration charges for housing so as to improve affordability.

Sobia Khan (2021) points out that current situation of Pandemic may adversely affect the implementation of PMAY housing for all programme. Completion target is lower than the planned target. There is greater need to push for quick implementation to achieve the target of housing for all by 2022.

Special Correspondent (2021) focused on the funding issues in implementation of housing for all project. As a result the target of 50 million houses by 2022 is scaled down to 32.6 million. This will require 1.24 lakh crore.

Milan Sharma (2019) found that there is delay in receipt of the subsidies under government PMAY Urban Credit Linked Subsidy Scheme and claim of 1.57 lakh beneficiaries are pending. Lack of fund with NHB is one of the major issue in implementation of housing for all programme.

Advait Rao Palepu (2019) analysed that more and more HFC are getting the refinance facilities from NHB. Till the end of 2018 NHB has given 2.11 lakh crore refinance of which HFC share is 55 percent. There is a need to infuse more fund with NHB to meet growing requirements of refinance.

Piyush Tiwari (2016) focused on current status of country's homeless population. In 2001 total population was 1028 million and the homeless were 1.94 million. In 2011 total population is 1210 million and the homeless is 1.77 million. Homeless in the urban area was 0.78 million and 0.94 million in 2001 and 2011 whereas 1.16 million and 0.83 million in the rural area respectively.

Subrata Panda (2019) found that new rules of NHB tightened capital adequacy are not taken into consideration the liquidity position of NHB. Under revised rules, capital adequacy ratio has been raised

from 12 percent to 15 percent and reduces borrowing limit from 16 times to 12 times of net worth. Public deposits are up to three times of net worth.

RESEARCH METHODOLOGY: Research design adopted for research paper describes below:-

Nature of Research Design: The researcher has adopted 'Descriptive Research Design'. It describes current status of housing in country and role of NHB and HFCs in fulfilling goal of housing for all by 2022.

Sources of Data: Present research paper is based on the available secondary data. There is plenty of published material available on the research subject.

Tools of Data Analysis: Data is presented in tables and charts and analysed in terms of simple percentage growth rate and percentage share to the total.

Limitations:

- It has not considered primary data from the respondents
- It has analysed problem at macro level and not at micro level

DATA ANALYSIS:

Demand and Supply of Housing in Major Eight Cities (2016-2020): Current demand and supply of housing in eight major cities of India can be seen from following:-

Table No. 1

Income Group	Demand (000)	Supply (000)	Gap (000)
High Income	717	351	366
Middle Income	1457	647	810
Low Income	1982	25	1957
Total	4156	1023	3133

Source: Statista 2021

Eight cities include Delhi, Mumbai, Ahmadabad, Pune, Kolkata, Hyderabad, Bangaluru and Chennai. Total housing demand in these cities is 4156 thousand houses while supply is only 1023 thousand houses and gap is 3133 thousand houses. Thus supply is 24.61 percent of demand. This shows there is continuous housing problem in these cities. Problem is more acute in the lower income group, as there is big gap in demand and supply and only 1.2 percent of the current demand is met. Shortfall is 1957 thousand houses. When we correlate housing problem with level of income we observe that lower the income higher is housing problem and higher the income lower is housing problem. Hence there is need to focus on housing problem of lower and middle income group which accounts for 88.31 percent.

Key Performance Metrics of NHB: NHB is the apex housing finance institution undertaking the role of financing and refinancing for housing. It provides finance to HFC's, SCB and other institutions. The following section gives an overview of key performance metrics of NHB which will help in assessing the extent to which the housing problem is resolved.

Institution Wise Refinance Disbursement: from period 2015-16 to 2019-20 can seen below:-

Table No. 2

Institution Wise Refinance Disbursement by NHB

Year	HFC	SCB	Others	Total
2015-16	10852	10275	413	21540
2016-17	16779	5696	209	22684
2017-18	11508	13283	130	24921
2018-19	21736	3300	141	25177
2019-20	27551	1550	2157	31258

Source: NHB Annual Report 2019-20

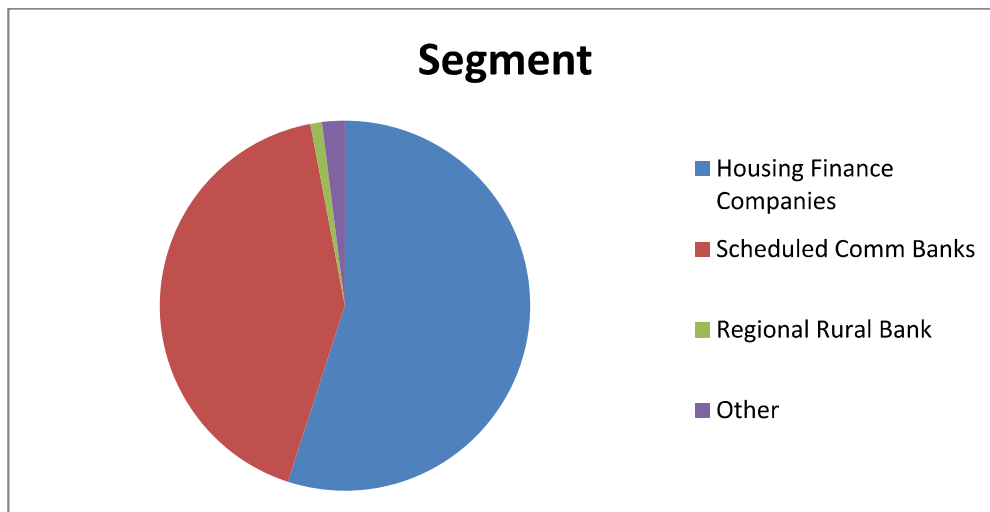
It can be seen from above table that refinance disbursement which was Rs. 21540 crore in 2015-16 increased to Rs. 31258 crore in 2019-18. Percentage increase is 11.19 percent p.a.

Refinance disbursement to Housing Finance Companies increased from Rs. 10852 crore in 2015-16 to Rs. 27551 crore in 2019-20. It increased by 38 percent p.a. whereas refinance to Scheduled Commercial Banks declined from Rs. 10275 crs. in 2015-16 to Rs. 1550 crs. in 2019-20.

The share of HFCs in 2015-16 was 50 percent which increased to 88 percent in 2019-20. Thus NHB focused HFC considering liquidity crunch.

The Cumulative Refinance Disbursement till June 2020 was Rs. 267962 crore. The share of different institutions can be seen as below-

Segment	% Share
Housing Finance Companies	55
Scheduled Commercial Banks	42
Regional Rural Bank	01
Other	02
Total	100



Source: NHB Annual Report 2019-20

Thus NHB provided more refinance to Housing Finance Companies. Percentage share of HFC is 55% while that of SCB is 42%. In other words NHB has provided sufficient fund to housing finance companies in fulfilling their demand for housing loan.

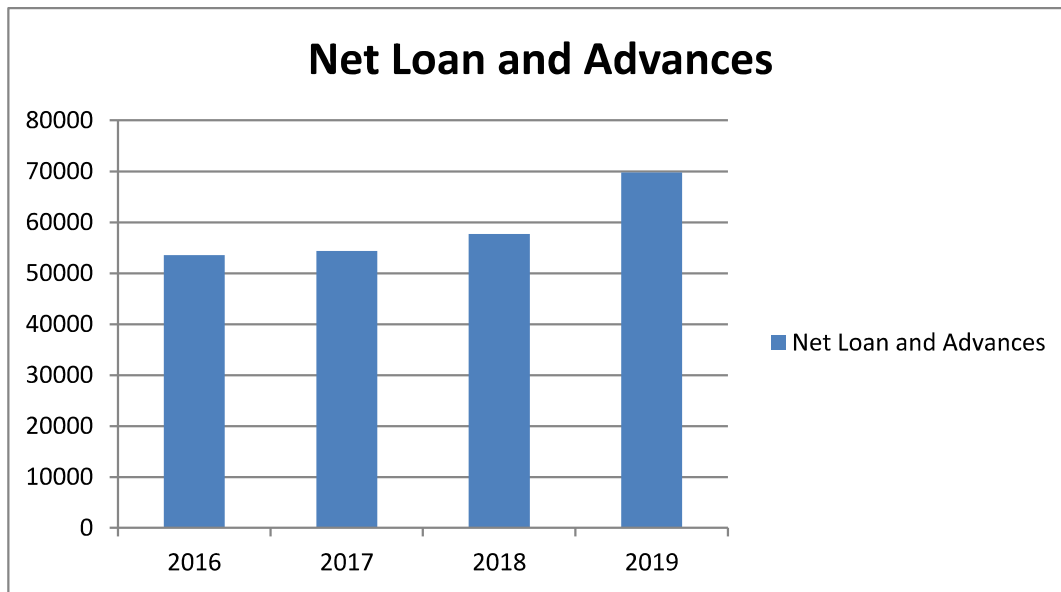
Net Loan and Advances: Details regarding net loan and advantages of NHB can seen below:-

Table No. 3

Net Loan and Advances

Year	Rs / Crore
2016	53573
2017	54385
2018	57684
2019	69805
2020	81750

Source: NHB Annual Report 2019-20



It can be seen from above table that net loan and advances of NHB increased from Rs. 53573 crore in 2016 to Rs. 81750 crore in 2020. The percentage increase is 13.14 percent p.a.

Total Borrowing of NHB: The details can be seen from following table-

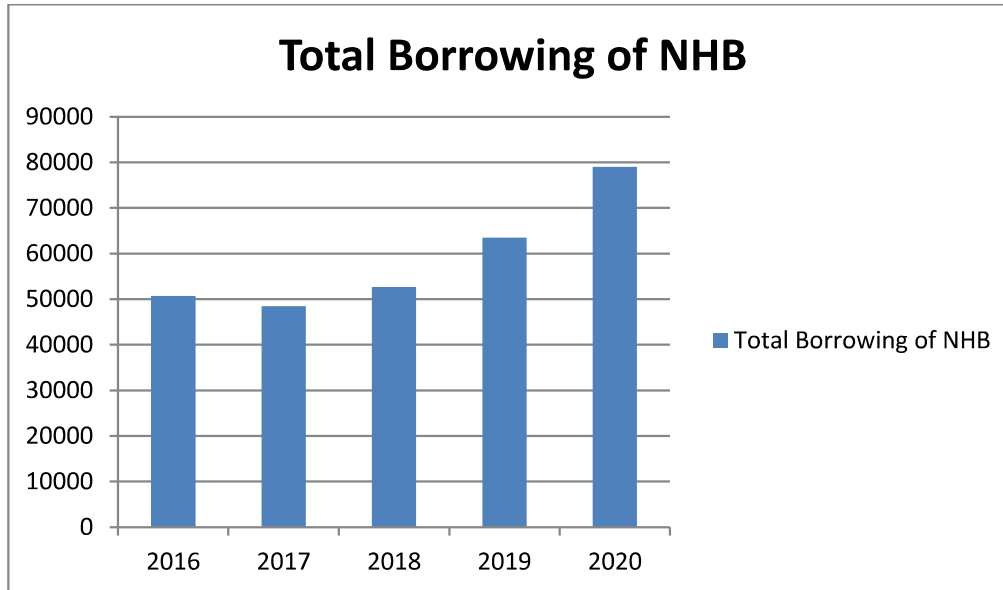
Table No. 4

Total Borrowing of NHB

Year	Rs / Crore
2016	50674
2017	48437

2018	52686
2019	63489
2020	78993

Source: Annual Report NHB 2019-20



It can be seen from above table that total borrowing of NHB which was Rs. 50674 crore in 2016 increased to Rs. 78993 crore in 2020. It has increased by 13.97 percent.

Refinance Disbursement to Individual Housing Loan Slab-wise (2019-20): Details below:-

Table No. 5

Refinance Disbursement to Individual Housing Loan During 2019-20:

Loan Amount	No. of Units	%
Upto Rs. 2 lakh	21970	9.22
Rs. 2 –Rs. 5 lakh	18850	7.91
Rs. 5 – Rs. 10 lakh	62774	26.36
Rs. 10 – Rs. 15 lakh	55852	23.45
Rs. 15 – Rs. 20 lakh	39928	16.76
Rs. 20 – Rs. 25 lakh	31094	13.06
More than Rs. 25 lakh	7708	3.24
Total	238176	100.00

Source: NHB Annual Report 2019-20

From above it can be seen that in year 2019-20 about 238176 units were given individual loan. Maximum refinance to Rs. 5 lakh– Rs. 10 lakh counts 26.36 percent of total it is followed by loan amount Rs. 10 lakh– Rs. 15 lakh counts 23.45 percent.

Affordable Housing Fund Disbursement: Details below:-

Table No. 6

Affordable Housing Fund Disbursement

Year	Allocation Rs / Crore	Disbursement Rs / Crore	No. of Units
2018-19	10000	7694.90	137176
2019-20	10000	4887.89	36565
Total	20000	12582.79	173741

Source: Annual Report NHB 2019-20

From above it can be seen that out of allocation of Rs. 20000 crore for affordable housing fund, total disbursement was Rs. 12582.79 crore, given to 173741 units.

Urban Housing Demand: Total housing demand will be 46 million units by 2022, details below:

Table No. 7

Urban Housing Demand and Total Disbursement Potential:

Income Group	Demand Units (Million)	Price/ Unit	Disbursement Potential Rs. (Lakh Crore)
EWS	18	Less than Rs. 10 lakh	1.9
LIG	14	Rs. 10 – Rs. 20 lakh	2.9
MIG	09	Rs. 20 – Rs. 40 lakh	3.7
HIG	05	--	--
Total	46	--	8.5

Source: Defining Affordable Housing Finance Deloitte September 2019

From above it can be seen that total demand for housing in urban areas is 46 million and disbursement potential for meeting this demand is Rs. 8.5 lakh crore. Thus additional financial resources have to be mobilised to meet this demand.

Indian Housing problem cannot be solved in few years so NHB and central government requires long term strategy to regulate housing finance on constitutional mandates and to achieve target of 'Housing for All' mission extend beyond 2022.

SUMMARY AND CONCLUSION:

Housing has become major issue in India as there is big gap between demand and supply of housing. In eight major cities total demand is 4156 thousand houses and the supply is only 1023 thousand houses resulting in a deficit of 3133 thousand houses.

Housing problem is more acute in lower income group or economically weaker section than middle and higher income group.

Urban housing problem is much serious due to continuous migration from rural areas resulting pressure on urban infrastructure, higher demand and price, higher cost of construction, shortage of land, etc.

Central Government by various policy initiatives set an ambitious target of housing for all by 2022. NHB is a Central Nodal Agency for Pradhan Mantri Awas Yojana (PMAY).

PMAY has four verticals namely InSitu Slum Redevelopment, Credit Linked Subsidy Scheme, Affordable Housing in Partnership and Beneficiary led Construction.

Till June 2020, NHB mobilised Rs. 267962 crore as Cumulative Refinance Disbursement.

Net loan and advances of NHB has increased from Rs. 53573 crore in 2016 to Rs.81750 crore in 2020. Total borrowing of NHB increased from Rs. 50674 crore in 2016 to Rs. 78993 crore in 2020.

However present housing demand in the urban areas is about 46 million units houses which will have financial potential of Rs. 8.5 lakh crore.

NHB done commendable work in promoting housing finance sector and serving housing needs of people. However extent of housing problem is so large that even target of achieving housing for all by 2022 look difficult. The government has scaled down target of housing under the present situation.

NHB and central government both need to formulate long term strategy to regulate housing finance sector on constitutional mandates, mobilise higher resources and establish more housing finance companies so that housing needs of all people can be met in few years.

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