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Pradhan Mantri Awas Yojana (PMAY): Government of India's Approach to Affordable Housing for the Urban Poor

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Abstract

Affordable housing is primarily a market-based notion that emphasises the significance of one's ability to pay for housing. The main issue with India's urban poor is that some households can never, ever, ever afford suitable accommodation. Affordable home in India is a distant goal due to the interaction between their poverty and the country's housing market. The article tests Engel's law to ascertain the disposable income of the poor for housing using data from the National Sample Survey Office's 68th Round Consumer Expenditure Survey and India's Consumer Economy (ICE 360) Survey. The poor have less spare income and spend a larger percentage of their income on essentials, making it difficult for them to buy a home. The Pradhan Mantri Awas Yojana (PMAY), the government's lauded flagship initiative, is distant from the market reality, according to data compiled from a private property website for 22 cities.

Keywords: *Affordable Housing, Housing for All, PMAY, Urban Poor, Engel's Law*

1. Introduction

In the realm of providing urban housing, particularly for the poor, affordable housing has emerged as the latest catchphrase. During the period of the unregulated real estate "bubble," which was characterised by increasing prices, the notion that a home should be "cheap" was cherished by all. The massive housing scarcity in India, which is mostly affecting households in the Economically Weaker Section (EWS) and Low-Income Group (LIG), presents a significant challenge to the government. The government has also been drawn to the concept of "affordable" housing, which has evolved into the government's main strategy for achieving "housing for all" in urban India. The government's intention was expressly stated in the National Urban Housing and Habitat Policy (NUHHP) 2007: "The core focus of this Policy is [the] provision of "Affordable Housing for All" with a special emphasis on vulnerable sections of society such as Scheduled Castes/Sheduled Tribes, Backward Classes, minorities, and the urban poor" (Ministry of Housing and Urban Poverty Alleviation [MoHUPA], 2007). The policy, however, did not establish any standards. Later in 2008, the government established a committee with Deepak Parekh as its chairman to draught a national affordable housing policy.

The Parekh Committee did provide some standards for affordability. To fulfil the objectives of the NUHHP (2007) to provide affordable housing for the urban poor in India, the Rajiv Awas Yojana (RAY), Rajiv Rinn Yojana (RRY), later changed to the Credit Linked Subsidy Scheme (CLSS), Affordable Housing in Partnership (AHP), and the Pradhan Mantri Awas Yojana- Urban (PMAY-U) have all been implemented. For the time being, all programmes have been incorporated into the PMAY-U to address the housing requirements of the nation's urban poor. Although the concept of "affordable housing" is beneficial for households in the Low Income Group (LIG) and Middle Income Group (MIG), it has significant drawbacks when it comes to housing the urban poor in India. The EWS's classification of urban poor people is also difficult, made more so by the restriction on income's increase from Rs. 1 lakh to Rs. 3 lakh. We go into more detail on this topic in later sections to make the case that there is a significant mismatch between the official statistics on the level of poverty among India's urban poor, the affordable housing policy (which requires the poor to spend a set percentage of their monthly income on housing for twenty long years), and the country's actual real estate market. In fact, we concur with the claim that "affordable housing" is a market-based notion and that its application is unavoidable given that housing and its provision in the age of globalisation have come to be perceived as increasingly free-market-related issues (Sendi, 2011). Some have labelled the marketization of housing necessities as the commercialization of housing (Allen, 2006; Chiu, 2001; Forrest & Murie, 1990; Malpass & Murie, 1999; Sendi, 2014). Along with food and clothing, housing is one of the three essentials for human survival that the Indian Supreme Court has linked to the right to life under Article 21 of the Indian Constitution. Millions of poor people have basic needs that cannot be met by market forces, hence it is imperative that the government consider providing free housing for those in greatest need or doing a genuine assessment of the poor's contribution.

The following is the breakdown of the article. In addition to the introduction in the first section, the second section explores the term "affordability" to demonstrate that it is a market-based concept and how it is problematic for providing housing for the poor, both in terms of its literal meaning and its relevance and applicability to the housing sector. The study critically analyses the government's strategy in the third segment to see how it views the concept of "affordable housing" in India. The 68th round consumption experiment data from the National Sample Survey Office (NSSO) and the income data from India's Consumer Economy (ICE 360) were used to analyse the urban poor's ability to spend money on housing in the fourth segment. The application of Engel's law to estimate the poor's housing-related disposable income is also covered in this section. In the fifth section, the current minimum market rates for homes in 22 Indian cities have also been compiled from a real estate website to highlight the disconnect between the government's strategy and the state of the market. Finally, we wrap up the conversation in the final portion.

Probing Affordability

In the 1980s, the concept of "affordability" gained popularity as a result of a shift away from public concern for the misery of the poor (Stone, 2006). The word "affordability" literally refers to a price or rent that does not place an excessive burden on household income. According to Maclennan and Williams (1990), securing a certain standard of housing (or alternative standards) for a price or rent that does not, in the view of a third party (often the government), put an excessive burden on household incomes. In order to put the notion into effect, a number of judgments and assumptions are made. Broadly speaking, though, affordability is determined by the relationship between a chosen definition of housing costs and a chosen measure of household income in some given period (Maclennan & Williams, 1990). Affordability is a normative, nebulous, and relative concept that depends on defining other elements beforehand such as sufficiency, decency, and sanitary conditions (Edgar et al., 2002). Housing affordability can be defined as "the ability to pay for the purchase of a home" or "the ability to pay rent for a rental property" (Sendi, 2011). The fundamental difficulty remains that many households in all societies cannot afford adequate housing, either at some stage of their housing careers or at any stage (Forrest & Lee, 2003).

According to Sendi (2011), the concept of affordability in the market refers to one's ability to pay. It won't be available to those who are unable to pay for it. If the housing is good, individuals who cannot afford the rent will not be able to live there. Governments have been compelled to rescind welfare state policies, including those that were formerly intended to guarantee access to adequate housing for the underprivileged and vulnerable, as a result of the adoption of neoliberal policies, the main goals of which are to achieve maximum efficiency, market competitiveness, cost-effectiveness, and profitability (Sendi, 2011). Furthermore, it has been suggested that the goal of ensuring everyone's right to housing is implied by accessibility, a humanitarian idea. It acknowledges that housing is a right that must be protected for every human being, not a marketable good (Kasyap, 2016). Some people can afford any type of accommodation, regardless of cost, while others can only afford free housing (Stone, 2006). According to Sundaram and Krishnamurthy (1978), who critically examined the employment and poverty reduction statistics in the draught Five-Year Plan, only individuals who already own the specific asset in question will benefit from any asset enhancement and the programme. The eligibility requirements for receiving the benefits of the PMAY-U in the context of housing, such as having a house (in the case of ISSR [In Situ Slum Redevelopment]), land (in the case of BLC [Beneficiary-led Individual House Construction], or disposable income (in the case of CLSS and AHP), are problematic. Millions of Indian households lack these resources, including discretionary income. How can one guarantee that they, too, receive housing? We further add to this point by saying that the approach to affordable housing is challenged not only by the lack of assets but also by the fact that the foundational assumptions are at odds with the realities of the market. In light of this, it is unclear how "housing for all" would be achieved by the 75th anniversary of India's independence.

Affordability Approaches

In order to define housing affordability, Stone (2006) outlined five general methods. The family budget approach, a financial benchmark based on aggregate housing expenditure patterns, the ratio approach, which takes into account the maximum acceptable housing cost/income ratios, and the residual approach, which is used when normative standards of a particular measure are not met, are the four main approaches. Gradually, the gross usage of housing spending to income approach is utilised as a measure of housing affordability. If the ratio falls below a certain threshold, housing units might be categorised as affordable. When a household spends more than a specific percentage of their income for suitable housing, there is a problem with housing affordability. In his study challenging the notion of affordability, Hulchanski J. David (1995) demonstrates that households earning the same amount of money spend very differently on housing. Stone (2006) instead focuses on the residual income approach, which acknowledges that real affordability is sensitive to variations in household structure and income. The residual income method of determining home affordability looks at how much different household types can afford to spend on housing after accounting for other living expenses. The disposable income approach is a further strategy that has seen widespread use. After paying for all of the household's necessities, including taxes, disposable income is what's left over. In society, wealthier households are generally thought to have more disposable income than their less fortunate counterparts. The urban poor have very little or no disposable money. Additionally, they do not have enough money to buy necessities. Their spending on necessities including food, transportation, healthcare, clothing, and housing consumes a larger percentage of their income. (Schanzenbach et al., 2016).

Government of India's Approach to Affordable Housing

The EWS and LIG categories are chiefly responsible for India's urban housing deficit. However, the majority of the housing supply created by private real estate developers across metropolitan India is out of the price range of the EWS and LIG categories. To address the severe housing shortages in the EWS and LIG categories, the Government of India has developed an affordable housing strategy. By organising and encouraging housing finance, the government has actively contributed to housing provision and home ownership since independence. Rural areas were the only places where the poor's housing was given priority (Kumar et al., 2016). The Indian government included budgetary requirements in its five-year plans, which serve as a basis for financial planning, and executed a number of housing-related programmes in each plan (Parashar, 2014). In 2007, the Indian government announced the NUHHP. The purpose of the strategy was to promote different public-private partnership (PPP) approaches in order to achieve the phrase "Affordable Housing for All." The NUHHP is essentially a set of guidelines that supports policies like setting aside 10–15% of land and 20–25% of the floor area ratio (FAR) in new housing developments for affordable housing. The private sector has been given possibilities by this policy to build this housing stock by assembling land, and it has worked toward in situ development. The MoHUPA established a high-level Task Force under the leadership of Deepak Parekh to "look at various elements of delivering Affordable Housing for All" (Parekh et al., 2008). The Task Force defined affordable housing for EWS/LIG categories of households as "a unit with a carpet area most likely between 300 and 600 square feet with (a) the cost not exceeding four times the household gross annual income (b) the equated monthly instalment (EMI)/rent not exceeding 30% of the household's gross monthly income," realising that a "one-size-fits-all" approach would be counterproductive in a country like India. The carpet space for the MIG was extended to 1,200 square feet, the cost was raised to five times the household's gross income, and the EMI/rent could not be more than 40% of the household's gross monthly income. This definition was based on the gross application of the housing expense to income method. While this strategy has worked well for industrialised nations, extending it to emerging nations—and especially to their poorest strata—is problematic and far from the truth. Later, Wadhwa (2009) examined the affordability criterion put forward by the Parekh Committee in a document produced by the National Resource Centre of the School of Planning and Architecture, New Delhi, with assistance from the Indian government's Ministry of Housing and Poverty Alleviation. Since the EWS and LIG are treated as separate categories in the majority of institutional and government programmes, the paper supported their separation. In addition, a more recent standard for affordable housing for those who live below the poverty line (BPL) was also established. It was suggested that for BPL households, the cost should not be more than twice the household's gross yearly income and that the EMI or rent should not be more than 5% of the household's gross monthly income. Additionally, the report cut the EMI/rent for EWS from 30% (as recommended by the Parekh Committee) to 20% and stated that housing costs should not exceed three times yearly income rather than the Parekh Committee's recommendation of four times. LIG and MIG categories weren't changed. This strategy was criticised on the grounds that, while affordable housing guidelines aimed to provide decent housing for all, their practical implementation was found to be difficult, missing all three criteria at once, especially for LIGs where the difference between the household income and house price was extremely high (Tiwari & Rao, 2016). In comparison to the Parekh Committee's recommendations, Wadhwa's approach to affordable housing was far more practical. However, we contend that in the case of BPL, it is preferable to avoid using the ratio technique. We demonstrate why it is challenging to utilise the ratio technique in the case of BPL in the following sections with the use of statistics. Previous initiatives including the RAY, AHP, and RRY have all been included under the current mission, "Housing for All by 2022." On June 25, 2015, a brand-new programme called PMAY-U was introduced as part of the "Housing for All". envisions a variety of ways to achieve the objective of housing for all by 2022, including tax breaks, financial support, loosened development laws, reduced mortgage rates, and more (The Hindu, 2017). In Situ Slum Redevelopment (ISSR), Credit Linked Subsidy Scheme (CLSS), Affordable Housing in Partnership (AHP), and Beneficiary-led Individual House Construction or Enhancement are the four verticals that make up PMAY-U. (BLC). The foundation of this strategy is still affordability. Except for vertical three, all four of PMAY-verticals U's implicitly strive to make things more affordable for individuals. For instance, ISSR uses the latent potential of land to try and relocate slum dwellers into formal homes. A slum rehabilitation subsidy of Rs 1 lakh per dwelling is typically provided under this programme. States and communities have some latitude in how they use this central payment for the redevelopment of other slums. To make projects financially viable, the states and cities must contribute additional floor space index, FAR, or Transfer of Development Rights; central government entities are not allowed to charge for land costs. While the AHP provides direct support for the affordable housing programme, the CLSS makes an effort to increase affordability through a credit-linked subsidy. Cash assistance is given to households under the BLC vertical so they can build or renovate homes. The EWS (annual income not exceeding Rs 3 lakh) and LIG (annual income not exceeding Rs 6 lakh) groups were the intended beneficiaries of the programme at first, but as of January 1, 2017, the MIG has also been included. The MIG has been divided into two groups: MIG-I (annual income of Rs. 6–12 lakh) and MIG-II (annual income of Rs. 12–18 lakh) [MoHUA, 2018]. Despite making an effort to meet the requirements of various groups of people, the plan has been unable to keep up. It's interesting to note that the government, based on a needs assessment survey, reduced the number of housing shortages from 18 million to 12 million. 4 Although it has been in place for five years, just 3.67 million homes will be finished by 14 August 2020. (Table 1). The government will face a significant struggle in completing the remaining 8.39 million homes, out of a reduced target of 12 million, during the course of the next two years. Aside from CLSS, there is no publicly available information on how the 3.67 million completed homes are divided among the four PMAY verticals. Only 8,31,899 households had used CLSS subsidy advantages as of January 21, 2020. The location of these houses within the city is also hidden by the data. Concerningly, the limited budgetary allotment is also causing delays in the scheme's subsidy delivery.

Table 1: State-wise Progress (since 2014) of Pradhan Mantri Awas Yojana (Urban)— Housing for All (HFA) (14 August 2020)

Name of the	**Project Proposal**	**Physical Progress (Nos.)**		
		Houses	**Houses Groundeda for**	**Houses**
State/UT	Considered	Sanctioned	Construction	Completeda
Andhra Pradesh	1,023	2,015,891	688,119	342,255
Bihar	505	359,280	201,669	72,555
Chhattisgarh	1,639	257,886	207,049	99,147
Goa	10	1,240	1,182	1,181
Gujarat	1,350	693,111	603,912	422,875
Haryana	538	273,840	54,556	27,611
Himachal Pradesh	159	10,656	8,838	3,798
Jharkhand	388	201,825	149,767	82,054
Karnataka	2,603	657,740	410,002	187,290
Kerala	510	120,983	107,034	78,425
Madhya Pradesh	1,463	799,900	697,116	339,476
Maharashtra	1,014	1,234,231	581,875	345,387
Odisha	616	156,384	110,939	72,878
Punjab	885	96,742	54,148	29,102
Rajasthan	404	212,587	126,414	101,275

Tamil Nadu	3,454	682,462	549,389	308,385
Telangana	286	195,072	186,963	121,448
Uttar Pradesh	4,286	1,747,926	1,229,367	600,680
Uttarakhand	209	39,084	22,651	15,932
West Bengal	466	466,988	350,281	209,723
Arunachal Pradesh	48	7,262	7,214	2,862
Assam	340	122,089	63,239	20,691
Manipur	37	50,154	33,031	4,364
Meghalaya	36	4,702	1,606	1,025
Mizoram	44	35,222	11,815	3,448
Nagaland	64	32,002	21,290	4,193
Sikkim	11	553	525	260
Tripura	82	85,591	62,658	42,955
A&N Island (UT)	4	1,168	37	21
Chandigarh (UT)	-	651	5,611	5,611
UT of DNH & DD	9	6,398	5,929	3,815
Delhi (NCR)	-	20,200	60,780	44,180
J&K (UT)	332	55,088	29,703	8,569
Ladakh (UT)	8	1,777	910	370
Lakshadweep (UT)	-	-	-	-
Puducherry (UT)	30	13,645	14,398	3,793
Grand Total	22,853	10,660,330	6,660,017	3,607,634

Source: http://mohua.gov.in/cms/progress-pmay.php

Note: aIncluded incomplete houses of earlier NURM.

The government's ability to keep its commitments will be put to the test in the coming years. However, in order to reflect the inequities that exist in the method, we now turn to highlight the issue with the strategy by displaying the degree of consumption among the poor, their disposable income for housing, and the existing real estate realities in 22 cities.

Probing Urban Poverty

The former Planning Commission of India has calculated poverty in India and has provided poverty statistics for both rural and urban areas. A comprehensive report on urban poverty was presented in 2012 by an expert panel chaired by S.R. Hashim. The research recommended applying the multi-dimensional poverty model to urban regions (Planning Commission, 2012). The report, however, was no longer relevant. In order to comprehend the extent of urban poverty in India, we thus turn to two of the most current poverty estimates produced by the Tendulkar Committee and the Rangarajan Committee. According to the Rangarajan Committee's (2014) assessment, 26.4% of Indians live in urban poverty. It amounts to 102.5 million people in absolute terms. The monthly per capita poverty level was set at Rs 1,407, of which Rs 656 went toward food, Rs 407 went toward four non-food necessities (education, clothes, shelter, and transportation), and Rs 344 went toward miscellaneous non-food things. It's interesting to note that of the four important non-food items, the proportionate percentage of spending on housing (rent) is the lowest (5.1%). (Planning Commission, 2014). Rent and transportation costs were combined by the Tendulkar Committee (2009)7 and included in the calculation of the poverty line based on the actual spending share for each state's rural and urban districts. The combined budget share for rent and transportation for those in the poverty line class was 5.3%. This committee estimated that there were 53.1 million urban poor people, or 13.7% of the population. In order to calculate the poverty line, both committees could use a five percent share of the rent for housing (Planning Commission, 2009). The effects of urban poverty include slum living or homelessness, poor sanitation, illiteracy, and an unfair distribution of income. The majority of urban poor people work in the informal sector, where they are constantly under danger of being evicted, having their property seized, and having little to no social security coverage. Under these conditions, it is incorrect to assume that they will spend 30–50% of their salary on housing.

Engel's Law and Housing

Despite the fact that everyone spends their money differently, there is a striking consistency in the overall pattern of their spending. The first person to notice this pattern was Ernst Engel (1857), who discovered that disadvantaged households spend a bigger percentage of their income on food and that as their income rises, the percentage of income spent on food falls. Engel's second law noted that regardless of income level, the percentage spent on clothing, housing rent, lighting, and fuel remained the same. Later research, however, revealed that while identifying such a relationship with regard to food was simple, doing so with regard to more intricate budget categories was quite challenging (Hulchanski, 1995). However, any attempt to house provide through shelving off a sizable percentage of poor people's income is doomed to fail because a large portion of their income is spent on necessities like food. In his third law, Engel added that as a family's income rises, so does the percentage spent on things like recreation, health, and education. So, free provisioning of housing will allow households to have more disposable income for education, health and recreation.

Testing Engel's Law in India's Urban Households

The Consumer Expenditure Survey (CES) data (Type 2) of the NSSO for the year 2011-2012 (68th Round) has been analysed to better understand the proportion of expenditure on food, clothes, housing, and other non-food items among different quintiles in urban India. With this, we demonstrate how Engel's rule applies to metropolitan areas in India and demonstrate that the poorest quintile's housing spending capability is too low to be taken into consideration for any EMI- or rent-based housing provisioning programme like PMAY. During the years 2011–2012, urban India's average monthly per household expenditure (MPHE) was Rs 10,622. MPHE was Rs 4,783 for the poorest quintile and Rs 15,744 for the richest. In urban India, of the total MPHE, 44.2% went for food, 5.1% toward clothing, 24.3% toward rent, and 26.4% toward other non-food expenditures (Table 2).

Table 2: Quintile-wise Share of Food and Non-food Items in the Total Monthly per Household Expenditure in Urban India (2011–2012)

MPHE	**Food Expenditure**		**Other Non-food Expenditure**		**Total HH Expenditure**
Quintile	(MMRP)	Clothing	Rent	(MMRP)	(MPHE - MMRP)
Poorest	2,917	301	849	717	4,783
	(61.0)	*(6.3)*	*(17.8)*	*(15.0)*	*(100.0)*
Poor	3,691	384	1,195	1,160	6,429
	(57.4)	*(6.0)*	*(18.6)*	*(18.0)*	*(100.0)*
Middle	4,166	444	1,609	1,511	7,729
	(53.9)	*(5.7)*	*(20.8)*	*(19.5)*	*(100.0)*
Rich	4,708	519	2,110	2,270	9,606
	(49.0)	*(5.4)*	*(22.0)*	*(23.6)*	*(100.0)*
Richest	5,763	712	4,331	4,939	15,744
	(36.6)	*(4.5)*	*(27.5)*	*(31.4)*	*(100.0)*
Total	4,699	538	2,582	2,805	10,622
	(44.2)	*(5.1)*	*(24.3)*	*(26.4)*	*(100.0)*

Source: Computed from unit level NSSO 68th Round Consumption Expenditure Survey Data (Type 2), 2011–2012.

Notes: MPHE = monthly per household expenditure; MMRP = modified mixed recall period Figures in parentheses are percentage share. In terms of MPHE spending on food, urban India accounted for Rs 4,699 (44.2% share). The poorest quintile spent 61% of their MPHE ($2,917) on food, compared to the richest quintile's 36.6% (Rs 5,763). Moving from the poorest to the richest quintile shows a pattern of a gradual but consistent drop in the share of food in MPHE. Engel's first law therefore operates effectively in the urban environment of India. 5.1% of MPHE is allocated to clothes. From 6.3% for the poorest to 4.5% for the richest, the proportional share somewhat declines. In terms of MPHE ('2,582), urban India spent 24.3% of that amount on housing. 8 The wealthiest paid 27.5% of their MPHE (Rs. 4,331) on rent, while the poorest only spent 17.8%. (Rs 849). Engel's second law consequently applies to clothes but not to shelter, contradicting itself. Even the poorest quintile (2nd lowest) only spent 18.6% of their MPHE (Rs 1,195) on housing (rent). Therefore, the bottom 40% of urban residents only spent an average of Rs 1,000. Therefore, it is stated that any housing programme that asks the poor for more than their average monthly housing expense will not be embraced. Furthermore, this amount is an average, and based on our calculations, more than 22 million poor households paid even less rent than this average does. If we want to achieve "housing for everyone," they too need shelter. Therefore, the government must provide more assistance to these poorest households.

Disposable Income of the Urban Poor

A 61,000-household household survey on India's consumer economy and citizen environment was carried out in 2016 by ICE 360. With the use of this dataset, we can see each quintile's consumption expenditures and disposable income. The average monthly household disposable income (MHDI) in India is Rs 16,840, and 67 percent of that amount ($11,213) is spent on consumption (Table 3). But there is a significant disparity between the richest and poorest quintiles. Nearly four times as many households in the richest quintile (MHDI of Rs. 29,772) as there are in the poorest quintile (Rs 7,742). The richest quintile households spend 53 per cent of their MHDI on MPHE, whereas the poorest quintile spends 93.5 per cent, suggesting a very low MHDI among the poor to spend on their housing.

Table 3: Average Monthly Household Disposable Income and Monthly Household Consumption Expenses by All India PCI Quintile and by Place of Residence in India (2016)

	Total			**Urban**		
All India PCI Quintile	Monthly Household Disposable Income	Monthly household consumption expenditure	Percent of MPHE to HH income (%)	Monthly household disposable income	Monthly household consumption expenditure	Percent of MPHE to HH income (%)
Q1 (Bottom 20%)	7,742	7,238	93.5	7,952	7,678	96.6
Q2	10,457	8,751	83.7	11,594	9,969	86.0
Q3	12,704	9,862	77.6	13,909	11,280	81.1
Q4	17,037	11,765	69.1	18,399	13,266	72.1
Q5 (Top 20%)	29,772	15,878	53.3	32,582	17,740	54.4
Total	16,840	11,213	66.6	22,305	14,180	63.6

Source: ICE 360 Survey, 2016.

Notes: PCI = per capita income; MPHE = monthly per household expenditure; HH = household.

This wealth disparity between the richest and poorest people is further accentuated in urban areas. The MHDI in urban regions is Rs 22,305, whereas the MPHE is Rs 14,180. 63.6 percent of MPHE is converted to MHDI. The households in the poorest quintile spend about 97 percent of their MHDI on MPHE and essentially have no spare income that might be used to buy a home. The highest quintile, on the other hand, has 45.6% of disposable income available for home purchases. We contend that it is incorrect to presume that the poorest people will have extra money to spend on housing.

Current Market Price of House

After talking about the extent of urban poverty and how much the poor can afford to spend on housing, we will now talk about the present market value of urban housing. Price information has been compiled from a well-known real estate website (99acres. com). The website includes information on the lowest and highest house prices in 2,274 various areas throughout 22 cities, which represent 13 distinct Indian states. Because it was assumed that the poor would only be able to purchase a house from the poorest neighbourhood of the city, where the prices would be at their most minimal, just the least price of a house for each of the 22 cities was compiled for this article. However, there are two drawbacks to this dataset. First off, it does not give the rate for a house in a slum but does give the rate for a house in an illegal neighbourhood. Second, the analysis lacks information on smaller cities because the data is only reasonably available for mega or million cities. These restrictions were taken into account while averaging the minimum pricing across several localities at the city level. The minimum cost of a dwelling in a city was calculated by multiplying the average price thusly by 323 square feet (30 square metre norms of the PMAY). The government has authorised a 6.5% interest subsidy on loans of Rs 6 lakh, or Rs 2,67,280 for the EWS and LIG groups, according to the PMAY. The cost of the home has been reduced by this subsidy amount. The remaining value's EMI has been estimated using a 20-year amortisation schedule with a 9 percent interest rate. Based on data from 5 March 2020, this computation determines that among the 22 cities, Vadodara is the most affordable, with a rate of Rs 2,618 per square foot, while Mumbai is the most expensive, with a rate of Rs 11,789 per square foot (Table 4).

Table 4: Current Average Minimum Housing Rate and EMI *(in INR)* after PMAY Subsidy for EWS and LIG Category Households in 22 Cities in India (2020)

S. No.	City	Average Minimum Price per sq ft	Price of 323 sq ft House (30 sq m)	PMAY subsidy for EWS/LIG	Loan Amount After Subsidy	EMI After Subsidya (at 9% for 20 Years)
1	Vadodara	2,618	8,45,628	2,67,280	5,78,348	5,204
2	Indore	2,728	8,81,144	2,67,280	6,13,864	5,523
3	Surat	2,916	9,41,889	2,67,280	6,74,609	6,070
4	Greater Noida	3,318	10,71,787	2,67,280	8,04,507	7,238
5	Nagpur	3,322	10,73,029	2,67,280	8,05,749	7,250
6	Bhubaneswar	3,452	11,15,014	2,67,280	8,47,734	7,627
7	Jaipur	3,517	11,35,841	2,67,280	8,68,561	7,815
8	Lucknow	3,730	12,04,925	2,67,280	9,37,645	8,436
9	Ahmedabad	3,741	12,08,315	2,67,280	9,41,035	8,467
10	Faridabad	3,756	12,13,303	2,67,280	9,46,023	8,512
11	Ghaziabad	3,797	12,26,309	2,67,280	9,59,029	8,629
12	Coimbatore	3,953	12,76,695	2,67,280	10,09,415	9,082
13	Kolkata	4,163	13,44,750	2,67,280	10,77,470	9,694
14	Hyderabad	4,164	13,45,127	2,67,280	10,77,847	9,698
15	Noida	4,595	14,84,143	2,67,280	12,16,863	10,948
16	Chandigarh	5,196	16,78,394	2,67,280	14,11,114	12,696
17	Bengaluru	5,226	16,88,041	2,67,280	14,20,761	12,783
18	Chennai	5,253	16,96,731	2,67,280	14,29,451	12,861
19	Pune	5,315	17,16,674	2,67,280	14,49,394	13,041
20	Gurugram	6,260	20,21,921	2,67,280	17,54,641	15,787
21	Delhi	7,521	24,29,405	2,67,280	21,62,125	19,453
22	Mumbai	11,789	38,07,821	2,67,280	35,40,541	31,855

*Source***:** Property website 99Acres (https://www.99acres.com/real-estate-property-rates-index (retrieved 5 March 2020).

*Note***:** aCalculated EMI from SBI home loan calculator (https://homeloans.sbi/calculators). PMAY = Pradhan Mantri Awas Yojana; EWS = Economically Weaker Section; LIG = Low Income Group; EMI = equated monthly installment.

The minimum EMI after the PMAY subsidy is $5,204 (Vadodara) among the 22 cities for which data is available, which is significant to notice from Table 4. Mumbai's EMI for home ownership is at the opposite end, at '31,855, making it difficult for even middle-class Indian families to afford. One questions if low-income urban Indians will be able to afford this EMI in order to purchase their own homes through a market-based affordable housing programme. This seems quite improbable given their pattern of consumption expenditure and disposable income.

2. Results and Discussion

A person who falls within the EWS group is considered to be poor based on their income. But as of right now, households with an annual income of up to Rs 3 lakh are now included in the EWS group. According to Table 3, which was published in Q1–Q4, 80% of urban households in India had an average yearly discretionary income of up to Rs 3 lakh. The same can be generally approximated using Table 2, where the NSSO consumer spending data is multiplied by the ratio of disposable income from Table 3, in order to obtain the average yearly income of the households. Even this shows that in urban India, 80% of households have an annual income below Rs. 3 lakh. The World Bank's $1.09 per person per day poverty limit is considerably higher than the cap of Rs 3 lakhs on annual household income. It is not an issue to include more people in the EWS categories. The fact that better-off households inside the Rs 3 lakh range will benefit most from the scheme is what is troubling. The lowest beneficiaries of EWS are still not included, despite the government's claims that it served a sizable proportion of them. To ensure that more people can benefit from the scheme, the government justified raising the cap from Rs 1 lakh to Rs 3 lakh. However, the increase in the income cap conceals the fact that those with incomes of Rs. 1 lakh or less do not exhibit a demand for housing because their purchasing power and disposable income, as shown in Tables 2 and 3, are significantly below what is anticipated of them under the government's affordable housing programme. It is also untrue to assume that the poorest people, whose annual income is less than Rs 1 lakh and whose food expenses make up 61% of their total spending, will be able to pay 30% of their income for a house.

Now that we have returned to the PMAY-U, let's critically evaluate which of the four verticals would be able to realise the aspirations of the underprivileged to own a home. The first vertical of ISSR, which aims to use land as a resource, fails in non-megacities where land value is out of proportion to project costs, discouraging private builders from bidding to undertake the project. Several media reports have echoed this. Only 2% of all PMAY-U participants are receiving any benefits under ISSR, according to a report (Vikram, 2017). ISSR implementation is being hampered by a number of issues. To ensure that beneficiaries have legal property papers, the states must conduct land reforms. Additionally, they must set up a single-window, time-limited clearance process for layout approvals and building clearances (Vikram, 2017). The eviction of slum residents and their rehabilitation is also a touchy subject. Such evictions have been halted by the courts in numerous states. For instance, the Dhobiana Basti site in Bathinda has been ordered to remain in its current condition by the Punjab and Haryana High Court (The Tribune, 2017). The main worry of slum residents is losing their rights to their land and roof in the event that they are relocated as part of a multi-story slum redevelopment plan. The government opened the door for private companies to participate in the programme by announcing eight new PPP models for urban affordable housing in September 2017. As a result, PMAY-U now relies heavily on supplemental money that hasn't materialised. The PMAY-U has not been able to attract private firms because they are not particularly motivated by its profitability, as is characteristic of PPP models. Only 210,000 units have been sanctioned under the component, according to information provided to Lok Sabha by the housing and urban affairs ministry in March 2018, and only 43,574 of them are currently occupied by their owners (Das, 2020). As a result, the PMAY-U got off to a poor start, and things still are. However, the Delhi Development Authority (DDA) will redevelop 378 JJ clusters as part of the PMAY-slum U's rehabilitation initiative, according to the Union Housing and Urban Affairs Minister. The minister claimed that efforts are already under way to give the families of 2,800 skilled artists and artisans living in Kathputli Colony in the nation's capital contemporary dwellings that adhere to green standards (PTI, 2019).

Out of the four verticals of PMAY-U, the second vertical of CLSS, a centrally financed programme with the highest assistance, is under even greater strain. Banks and home finance organisations continue to respond tepidly to those in need of financial assistance. Poor people find it challenging to choose the CLSS vertical due to collateral, tangible assets, documentation issues (such as land ownership, length of stay, and other qualifying requirements), strict procedures, in addition to their ability to repay loans. All of these discourage the impoverished from ever applying for such a programme. It is further maintained that when the debt is more than Rs lakh, even an EMI with zero interest rates is out of reach for the poor (Kundu & Kumar, 2017). We add to this argument that it is virtually impossible for poor households to purchase a property under a Rs 3 lakh budget due to the country's real estate scenario (Table 4). Therefore, there is a chance that real estate developers, private builders, and the urban middle class will gain control of the subsidies intended for the poor (Kundu & Kumar, 2017), leaving the urban poor without a place to live.

The third vertical is AHP, a selective affordable housing programme that requires its participants to purchase a home at a modest price and make monthly payments using EMIs. It demands that low-income people spend 30% of their salary on a home. This vertical is built upon two erroneous premises. The impoverished will spend up to 30% of their income, according to the first premise. There are two issues with this assumption. The poor are firstly without a consistent source of income, and secondly, they are unable to spend 30% of their available income on housing, as suggested by the PMAY-U and the Deepak Parekh Committee. The second underlying assumption is that cheap housing will be priced below what the poor can afford. Even though the government provides the land and provides Rs. 1.5 lakh per unit as aid through AHP of PMAY-U, the unit cost of a house is too high for the poor to afford. Therefore, the existing obstacles to affordable housing include: a scarcity of affordable land; high capital costs; lack of appeal for private participants; a lack of appropriate technology; and a lack of clarity and openness in the system (Shankar, 2017).

The final vertical of BLC is solely intended for people who own their own home or land. Their current home may be improved with the help of the BLC money. The issue with this vertical is that it is only intended for people who have a home of their own. The majority of poor people do not qualify for funding under BLC because their home or property titles are problematic. People who live in shantytowns on public grounds lack both a home and a piece of land, therefore they will not gain anything from the BLC. The claim made by Sundaram and Krishnamurthy (1978) that only individuals who own the specific asset in question may profit from any asset enhancement programme holds particularly true in the case of BLC. Only individuals with their own homes have responded positively to this vertical, according to its beneficiaries. In contrast to CLSS, which continues to be a center-sponsored scheme and is to be implemented by banks, three verticals other than CLSS are to be implemented through local bodies/state agencies. There are also some concerns about its general implementation, even though it benefits the non-poor, given the weak urban local body's competence to administer programmes in different states. According to the government's progress, which is shown on the MoHUA website, just 800,000 of the 5.1 million residences that had been approved for construction as of July 16th had actually been built. According to the progress data, the states of south India and the northeast have not implemented this system as well as Gujarat, Madhya Pradesh, Maharashtra, Tamil Nadu, West Bengal, Karnataka, and Andhra Pradesh. In the PMAY-U, where housing is viewed as a "marketable commodity" with a significant subsidy component, the emphasis has been on the land title, state agencies, and formalised procedures. This change has the potential to enhance the exclusionary urbanisation paradigm, which would make it harder for LIG households, homeless people, slum residents, and migrants in distress to find housing and live in cities (Kundu & Kumar, 2017).

4. Conclusion

We come to the conclusion that while the current "affordable housing" strategy may work for LIG and MIG households, it will not be sufficient to meet the needs of the millions of low-income households with annual incomes of less than Rs1 lakh. We suggest creating a distinct category for the impoverished from the EWS. The broader EWS category, which includes, as we've shown, approximately 80% of Indian households, should be further divided into the poor and EWS categories. The impoverished should not have an annual income of more than Rs 1 lakh. The Rangarajan Committee (2014) estimates that the average monthly household consumption for people living below the poverty line is close to Rs 7,000, or Rs 84,000 annually. There are more than 20 million households even in this category. It is just unrealistic to ask them to spend roughly Rs 3,000 of their income on accommodation. Therefore, the EWS must be divided into this inferior category. The divided impoverished households should be assisted with a realistic estimate of EMIs that do not exceed their average monthly housing expense, which is close to Rs 849. (Table 2). Any plan that calls for more will not be able to provide the poor with the housing they need. A unique plan must be developed by the government for this group. The programme intended for this population shouldn't be subject to market forces like "affordable housing," for example. The government should view it as a social benefit, either by providing free housing or by offering a small EMI-based scheme that encourages home ownership. If the government does not take into account these factors, the better off EWS categories will end up with the majority of the subsidies provided by the government under PMAY-U, leaving the poor without a place to live. Additionally, the government will need to give them a lot of other assistance in order for them to obtain papers, tenurial rights, credit from banks, and other things. Even after three years of PMAY-U, it is still challenging, if not impossible, for the poor to obtain credit from banks. Banks must be actively encouraged to extend credit to low-income households by the government. Additionally, it should be made sure that administrative procedures do not obstruct obtaining a free or heavily discounted home.

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