

Estimating Housing Affordability of Urban Poor in Maharashtra State

Anurag Asawa and Rajas Parchure

Affordable housing normally covers both low cost market and subsidized housing that is available to people who cannot afford to rent or buy a house generally available in the open market. This study attempts to define, develop and administer the concept of Affordable Housing for poor and needy population in urban areas of Maharashtra. It is based on primary data collected from four towns (Malegaon, Nanded, Nagpur and Pune) covering 12000 households. Affordability has been calculated through present value of future net savings and the current disposable wealth, as reported by respondents of the survey. The projected profile of net savings over the remaining working life of the respondents duly adjusted for impairments in their repayment capacities on account of morbidity and mortality have been used for this purpose.

I Introduction

A house is a composite and complex possession that fulfils many basic individual and social needs. Apart from providing social security and sense of self-esteem to the owner, it is one of the key economic indicators of economic prosperity. At the onset of the 21st century, 32 per cent of the total workforce resided in urban areas (NUHHP 2007). Since liberalization, India's labour force has been witnessing a rural to urban shift, resulting in a rapid increase in the population of urban areas. As per census, during 2001-2011 the urban population of India grew at a CAGR of 2.8 per cent, resulting in increase in the level of urbanisation from 27.81 per cent to 31.16 per cent (Limaye 2012). The Technical Group has estimated that at the start of the 12th Five-Year Plan (2012-2017), the total housing shortage in the country was 18.78 million (RTGUHS

Anurag Asawa, Assistant Professor, Gokhale Institute of Politics and Economics, Pune 411004, Maharashtra, Email: anurag@gipe.ac.in.

Rajas Parchure, Professor, Gokhale Institute of Politics and Economics, Pune 411004, Maharashtra, Email: rajasparchure@gmail.com.

This paper forms part of a study funded by Maharashtra Transformation Support Unit (MTSU), Mumbai. We are thankful to the MTSU for their financial support. We are also thankful to National Institute of Construction Management and Research (NICMAR), Pune for their support to this study.