



fitment for existing lenders.

On their part, builders too have got into the act by focusing on units that are more tuned with the affordable housing space in mind. "It should boost the volume of construction activity across the country, which has been struggling with reduction in the number of projects being launched over the last few quarters. The new status will increase the resource allocation for the sector, catalysing housing supply and reducing the supply gap," says Brotin Banerjee, MD and CEO, Tata Housing Development. Increase in supply will be a win-win for developers, home-seekers and the government, which has set a target of building two crore units by 2022 under its 'Housing for All' programme.

However, for long, developers and builders have faced challenges with this segment because of lack of incentives to focus on this target. While demand for affordable housing has existed for long, most big builders did not favour this sector owing to thinner margins in this segment."

"Infrastructure status will provide a boost in volume of construction activity across the country by focusing at the bottom of the pyramid, where growth and potential exist," says Harshil Mehta, CEO of housing finance company DHFL. This will help boost supply in affordable housing space, where the supply of units currently meets less than 10 per cent of the demand. "Smart cities will be a boon to Indians in this age of rapid urbanisation, but they will come with a shift of the Indian populace from villages to Tier I and Tier II cities, increasing the challenge of urbanisation with a shortfall of over 60 million housing units."

Industry-watchers expect housing prices to trudge lower as supply grows. "With corporate houses, builders, developers refocusing their business in this space to take advantage of being classified under 'infra', supply of houses in the range of ₹10-30 lakh will increase," says Kalpesh Dave, head-corporate planning and strategy, Aspire Home Finance Corporation. The infra status

...continued on page 44

Quick Chat



RAKESH SINGH
Director, Aditya Birla
Housing Finance Limited

How do you see the thrust on affordable housing in this budget play for your business?

Affordable Housing segment is one of the fastest growing segments with a CAGR of 18-20%. The growth will receive a further push with the focus on this segment by the present government and the budget. The combination of PMAY – "Housing for All", increase in the loan size under the CLSS, infrastructure status and faster approval mechanism will provide a huge boost to this segment. Consequently, around 90% of demand for Affordable Housing will be from the low and the mid income groups which we at Aditya Birla Housing Finance Limited are positioned to serve. We have business lines and the geographical reach to provide lending solutions, right from lending to the builders to helping the consumer buy the property. To help us achieve this we have set up a team dedicated to serve the affordable housing segment and expect a lot of traction and growth from this segment.

What is the underwriting practice in case of affordable

housing and how much does this segment contribute?

The customer demographic is different from your traditional housing segment, both in terms of the customer profile and nature of the property. Majority of the customers are first time and end use buyers. Our underwriting methods are tailor-made as each customer segment and geography has very unique characteristics. Our team spends time with customers to understand their business model, spending habits, assets built while also helping them through the process of purchasing the property as majority are first time buyers and unaware of the procedures involved. In the next couple of years 35-40% of our customers will be from Affordable Housing segment.

How different are you compared to others?

Aditya Birla Group provides us with an unparalleled reach and access to the affordable housing segment within its ecosystem which is spread across varied segments spanning Manufacturing, Telecom, Apparel, Cement and Financial Services. Anchored by about 12,000 employees and trusted by over 12 million customers, the Aditya Birla Financial Services Group itself has over 1,650 points of sales across multiple asset classes providing us with a huge base of potential customers and business partners. Our in-depth understanding of the customer, complete suite of products, customised credit underwriting and digitally focused offering will help us deliver a superior product to the customer. □