

Seeking Growth The **ESG** Way





AFFORDABLE HOUSING

More than just a roof over the head

- ▲ Population in urban India to touch 600 million by 2030; 80 million homeless
- ▲ 'Housing for All' targets 50 million homes
- ▲ A large socioeconomic business opportunity
- ▲ Potential to reach market size of USD 150 billion
- ▲ Benefits for ecosystem – home financiers, cement, paints and consumer durables, among others

More than just a roof over the head

Housing shortage in India has doubled over the past decade with nearly 80 million people currently living without proper housing. Worse still, this number may well continue to rise as urban population is estimated to shoot up 50% to 600 million by 2030. From an ESG standpoint, therefore, Affordable Housing presents a kaleidoscope of socioeconomic opportunities.

In past decades too, Indian housing demand-supply has been completely out of balance with steep land prices, inadequate infrastructure, high interest rates, and red tape deterring serious players. Quite clearly, previous governments' efforts to provide housing to the needy failed to make a mark. The incumbent government's 'Housing for All by 2022' with a specific target of building 50 million low-cost houses by 2022 offers a ray of hope though. It is backing up the goal via interest subsidy to economically weaker sections and has accorded Affordable Housing the infrastructure status to ease availability of funds for such projects.

Since the business opportunity (to the tune of USD 150 billion as per some estimates) is huge with potential for momentous socioeconomic benefits, favourable housing policies are likely to remain the dominant motif across governments. These dynamics open up a universe of potential investment opportunities not just in housing or real estate, but related sectors such as cement and home décor, to name just a couple of them. In fact, the longevity of growth in housing construction and the benefits thereof can well last a few decades—virtually a financial, political and social goldmine ready to be exploited by the far-sighted.

Of late, interest subsidy schemes for low-income groups along with existing tax breaks have set this market on fire. While traditional mortgage financiers and banks are making hay, new financiers focused solely on the affordable housing segment are expanding rapidly, and beyond traditional urban centres. A deeper thought into the repercussions for businesses such as cement, home décor and consumer durables reveals the real expanse of the opportunity, its multiplier effect and its ESG quotient. To sum it up, the scale as well as scope afforded by this segment is staggering.