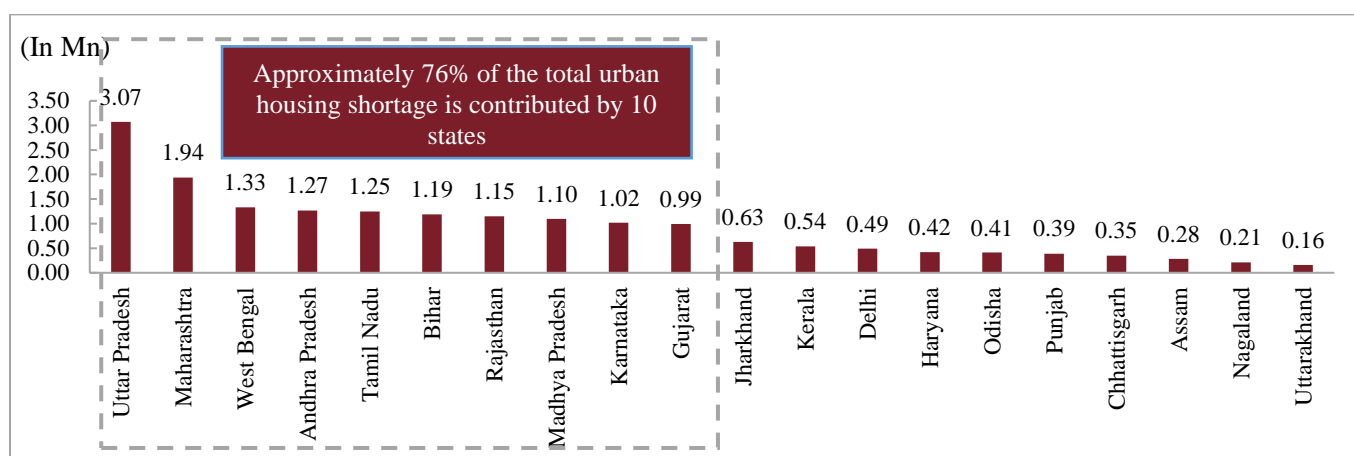


3.2.1 76% of total urban housing shortage is contributed by top 10 states (2012)

State-wise housing shortage



Source: Report of the Technical Urban Group on Urban Housing Shortage (TG-12), CRISIL MI&A

Amongst the top states with high shortage of homes, some states such as Uttar Pradesh, Bihar, West Bengal, Rajasthan and Madhya Pradesh have a lower per capita income, as compared to the national average. This shows that there is significant headroom for growth in terms of increasing per capita income and reducing the housing shortage in India.

3.2.2 Estimated shortage and requirement of approximately 100 million houses in 2022

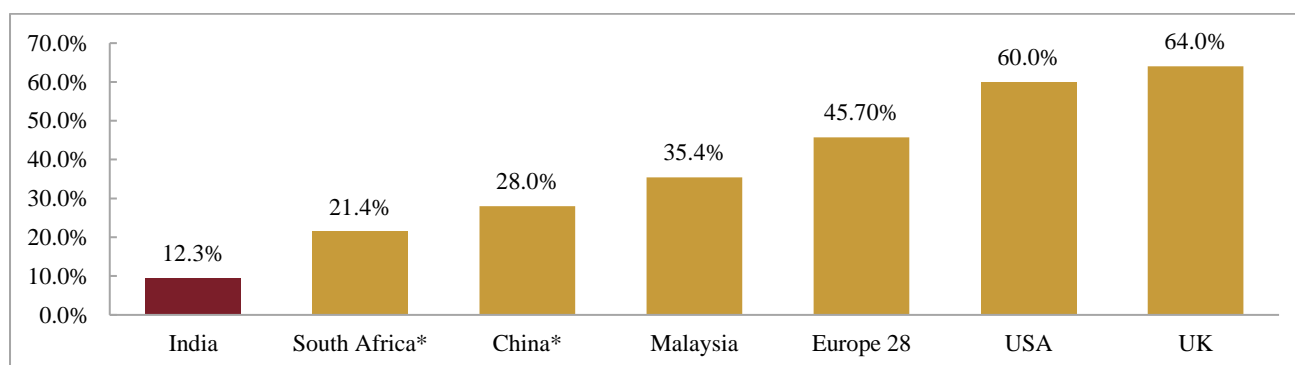
The housing shortage in India has only increased since the estimates at the time of the twelfth five-year plan. As per the report of RBI-appointed Committee on the Development of housing finance securitization market (September 2019), the housing shortage in India was estimated to increase to 100 million units by 2022. Majority of the household shortage is for LIG and EWS with a small proportion of shortage (5-7%) of the shortage coming from MIG or above. Total incremental housing loans demand, if this entire shortage is to be addressed, is estimated to be in the region of ₹ 50 trillion to ₹ 60 trillion, as per the Committee report. In comparison, the overall housing loans outstanding (excluding Pradhan Mantri Awas Yojana (“PMAY”) loans) as of March 2023 was around ₹ 31.1 trillion. This indicates the immense latent potential of the market, in case, a concrete action is taken for addressing the shortage of houses in India.

3.3 Opportunity for financiers well established in Affordable Housing segment

As per the report of RBI-appointed Committee on the development of housing finance securitization market (September 2019), the total value of units to fulfil the entire shortage is estimated at ₹ 149 trillion, out of which ₹ 58 trillion is estimated to be the aggregate loan demand for housing.

India’s mortgage penetration is lower than other economies

Mortgage-to-GDP ratio in India (FY23) compared with other countries (CY18)



Note: (*) – As of CY17, Indian mortgage to GDP is for Fiscal 2023 – 12.3%; Europe 28 includes the 28 European Union Member states as of December 2018;
Source: HOFINET, European Mortgage Federation, National Housing Bank (“NHB”), CRISIL MI&A

3.3.1 State-wise mortgage penetration in India

The mortgage-to-GDP ratio varies widely based on home loan market size, ranging between approximately 4% and approximately 42% in Fiscal 2023. Chandigarh has the highest housing loan penetration with approximately 41% of GDP followed by Maharashtra and Telangana at second and third position, respectively, in Fiscal 2023.