

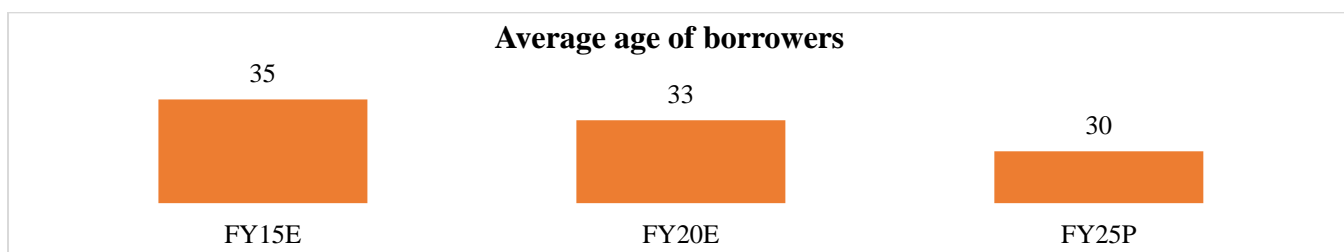
Source: CRISIL MI&A

### 3.4 Favorable Demographic

#### 3.4.1 Shift towards younger age profile for home loan borrowings

India's demographic profile is expected to favor the housing industry, leading to growth in the housing finance market.

##### Declining age of borrowers



Note: E – Estimated, P – Projected, Source: CRISIL MI&A

#### 3.4.2 Continuous increase in share of urban population to boost demand for housing in urban areas

The urban population was 377 million in 2011, marking a CAGR (2001-2011) of 2.8%; rural population was 833 million, up at a CAGR (2001-2011) of 1.15%. Urbanization levels rose from 28% in 2001 to about 31% in 2011. It was expected to have reached about 35% in 2021. This percentage is expected to increase further in the years to come, thereby translating into higher demand for housing and related amenities in the urban areas.

### 3.5 Rise in number of nuclear families leads to formation of new houses

Nuclearization refers to formation of multiple single families out of one large joint family. Each family lives in a separate house, while the ancestral house may be retained or partitioned to buy new houses. Nuclearization in urban areas is primarily driven by changing lifestyle of people, individualism, changing social/cultural attitudes, and increased mobility of labor in search of better employment opportunities. These trends are expected to continue in future.

### 3.6 Rising demand for independent houses

Indians traditionally prefer to live in independent houses. However, the increase in population density, especially in urban areas, has increased the demand for flats. As per Census Data 2011 it has been very clear that Indians do prefer independent housing. This is expected to continue to drive the demand for such homes, which are often self-constructed, especially in the smaller cities.

### 3.7 Higher affordability

CRISIL forecasts that the per capita income will gradually improve with a pick-up in GDP growth and sustained low inflation. This is expected to be an enabler for domestic consumption leading to rise in demand for housing. Further, increase in household savings over the last decade coupled with availability of underwrite and provide credit to the vulnerable or informal segment owing to advancement in technology has also led to higher demand for housing.

## 4. Indian housing finance market

### 4.1 Housing Finance to log a CAGR of 13-15% in the long term between fiscal 2023 and 2026