

# A STUDY ON RECENT MAJOR HOUSING SCHEMES AND AVAILABILITY OF INSTITUTIONAL HOUSING FINANCE IN GORAKHPUR CITY

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## ABSTRACT

*Objective of the present study is to review the running major Housing Schemes and availability of Institutional Housing Finance in Gorakhpur City. This study is divided into three main sections. It reviews the housing scenario and challenges of Housing Sector in India, intervention made by the Government and Housing Programmes/schemes and Finance availability in Gorakhpur District. The data used for the study is basically secondary data. Various annual reports of The National Housing Bank on Trends and progress of Housing in India, reports of The State Bank of India, The Punjab National Bank, HDFC, LICHL, The Economic Survey, India Year Book, Census Report 2011, official website of Gorakhpur Development Authority etc., are main sources of data. Apart from this, information given by authorities of GDA and offices of the private builders has been used to complete the study.*

**KEYWORDS:** Housing Schemes, Housing Finance, Gorakhpur, PMSAY

## PROBLEMS OF HOUSING SECTOR IN INDIA

Housing at one time was never an issue in the Indian context. The joint family system meant that there was one house for the entire family and all the family members lived in the family home. The trend of migration to cities for jobs first raises the issue of a house for a family. The advent of a nuclear family system further exacerbated the situation with parent and children living away from each other. Rising concentration of people in urban areas also resulted in an increase in the number of people living in the slums and squatter settlements.

The initial expansion of housing finance in India was the outcome of government housing policies. Its evolution can be traced from the successive Five-Year Plans. For long, the focus was on centralized approach to housing development. The government viewed housing within a social perspective, unlike the developed countries which viewed housing as an economic good with important forward and backward linkages with the rest of the economy. However, in the present times, the situation has undergone a change and the Governments have come to realize the potential of housing activities and its contribution to economic development.

In India, majority of home purchases are made through borrowing from banks and financial institutions.

The purpose of a housing finance system is to provide the funds which home-buyers need to purchase their homes. The housing sector in India historically had significant gaps in term of credit flow and market infrastructure. Lack of sufficient and affordable finance and construction has resulted in poor living conditions for a large segment of the urban slum population lacking access to basic civic amenities and sub-standard hygienic conditions.

Most of the towns in India have grown up haphazardly. They have a large proportion of sub-standard houses and slums containing insanitary mud-huts of flimsy construction poorly ventilated, over-congested and often lacking in essential amenities such as water and light. This is specially so in the large industrial cities. These conditions have developed because of insufficient control over building activity by the State or Municipal Authorities. Local Authorities have been generally indifferent to enforcing such bye-laws regarding building and sanitation as have existed. Retrieved

From [http://planningcommission.nic.in/plans/planrel/fiveyr/1st/1pl\\_anch35.html](http://planningcommission.nic.in/plans/planrel/fiveyr/1st/1pl_anch35.html) According to census 2011, the urban population of India increased by 91 million over a period of 10 years. The census projected housing shortage at 18.78 million in the beginning of 2012. Of these, economically weaker section (EWS) alone accounts for 10.55 million units or 56.2 per cent of the total shortage. The low income group

(LIG) requires 7.41 million housing units or 39.4 per cent whereas middle and above income group have a deficit of 0.82 million or 4.4 per cent as indicated in the table and Pie chart given below:

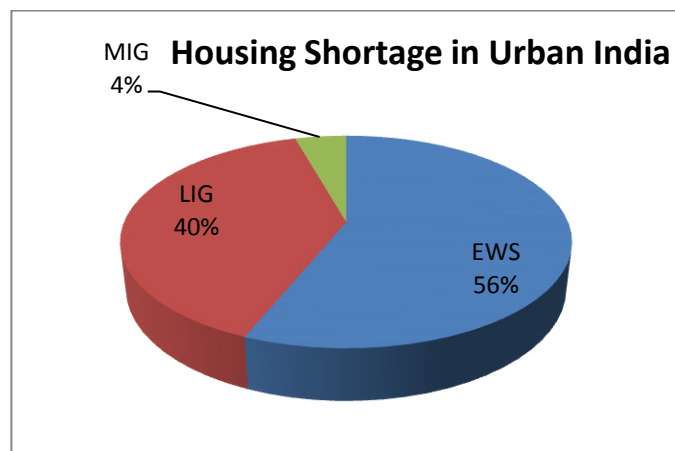
**Table .1**

**Estimated Housing Shortage in India: 2012-2017 ( In millions )**

Urban Housing			Rural Housing		
Category	Shortage	% of Total	Category	Shortage	% of Total
EWS	10.55	56.18	BPL	39.30	90.00
LIG	7.41	39.48	APL	4.37	10
MIG	0.82	4.38			
<b>Total</b>	<b>18.78</b>	<b>100</b>	<b>Total</b>	<b>43.67</b>	<b>100</b>

Source- Working Group Report on Housing for 12th five year plan (2012-2017)

**Chart No. 1**



Report of Technical Group highlights a housing deficit of 18.78 million; 11.07 million houses were vacant in 2011 in urban India as per the Census of India. This brings to the mismatch in demand and supply in the housing market. Also, the housing surplus is in the higher income groups while 95 per cent of the deficit is in the EWS and LIG categories.

Further, projections indicate that India's urban population which registered an annual growth rate of 2.76 in 2011 is estimated to grow to 814 million people by the year 2050. This will pose a major challenge in provision of housing and basic amenities to the growing population especially the poor. This may lead to a growth in the number of homeless population as well as short term migrants.

High land prices force the poor to live in slums and squatter settlements or to occupy the lands in the periphery of the city. This results in the haphazard and unplanned development. Scarcity of developed and encumbrance-free

land, increased cost of construction, lack of private sector participation, absence of viable rental market, inaccessibility to home loans by poor are some of the challenges which need to be addressed for development of the affordable housing market. The technological innovations in low cost building material and construction practices lack popular acceptance in the market. There are also certain regulatory constraints such as long and cumbersome approval process, environment clearance, lack of clarity in building by-laws and implementation of the master plan. (Mishra, 2017),

Affordable housing has, thus, become one of the biggest challenges of the present time. Planning for a home has become imperative for the younger generation today who are often forced to begin their career with the quest for a permanent home for themselves. Ever rising rents, fleecing builders unapproved land use, substandard building material etc. has all widened the gap between supply and demand.

**INTERVENTIONS OF THE GOVERNMENT**

In India, the necessity of providing accommodation for their own employees specially in smaller towns and remote places has been long recognized by Governments, both Central and Provincial, and some housing activity of this description has been a regular feature throughout. Later on, it has also been realized that housing for low-income groups, who are not necessarily Government servants, will have to be undertaken, at least in the bigger cities, to cope with the acute shortage of accommodation. (Retrieved From. <http://www.planningcommission.nic.in/plans/planrel/fiveyr/2nd/2planch26.html>)

Since Independence, the Government of India has adopted a number of programmes to provide homes to the poor. These include:

- Integrated Subsidized housing schemes (1952)
- Low Income Group Housing Scheme (1956)
- Slum Improvement/Clearance Scheme
- Environmental Improvement of urban Slums (1972)
- National Slum Development Programme (1996)
- Scheme for Housing and shelter Upgradation (1989)
- Night Shelter (1988-89)
- Two Million Housing Programmes
- VAMBAY (2001)
- Jawaharlal Nehru National Urban Renewal Mission (JNNURM) 2005
- Rajiv Awas Yojana (RAY)
- Rajiv Rinn Yojana (RRY)

- Pradhan Mantri Awas Yojana-Urban (PMAY-U) which has launched in June 2015, to provide housing for all by 2022. The scheme provides central assistance to Urban Local Bodies (ULBs) and other implementing agencies through States/UTs. The programme has four verticals: the credit linked subsidy scheme (CLSS) and the other three centrally sponsored schemes namely, in-situ rehabilitation of existing slum dwellers using land as a resource through private participation; affordable housing in partnership; and subsidy for beneficiary-led individual house construction/enhancement. In addition various Ministries have had their own programmes targeted towards their area of work. (Retrieved From <http://mohua.gov.in/cms/schemes-or-programmes.php>)

The government has also taken up several policy measures to address the challenges of affordable housing. The first National Housing Policy was announced in 1988. A revised policy came into existence in 1994 with the change in central government. A new Housing and Habitat Policy was announced in 1998 with greater emphasis on the aspect of 'Habitat' as a supplementary focus to housing. This policy envisaged some major landmark initiatives such as repeal of Urban Land Ceiling and Regulation Act (ULCRA) and increased Foreign Direct Investment (FDI) in real estate. The new policy was announced in 2007 as 'National Urban Housing and Habitat Policy'. This policy sought to promote various types of public-private partnerships for achieving the goal of 'Affordable Housing for all'. The policy envisaged specific roles for the central government, state governments, local bodies, banks, housing finance institutions and public agencies. Realizing the growing challenges of housing sector, the government now intends to revise this policy. (Retrieved From. <http://hi.m.wikipedia.org/wiki/housing-policies/nuhhp>)

### HOUSING PROGRAMMES IN GORAKHPUR

Gorakhpur is a city located along the banks of [Rapti River](#) in the north-eastern part of the Indian State of [Uttar Pradesh](#). It is located near the [Nepal](#) border, 273 kilometers east of the state capital [Lucknow](#). It is the administrative headquarters of [Gorakhpur district](#) and [Gorakhpur division](#). The city is home to the [Gorakhnath Math](#), a [Gorakshanath](#) temple. The name "Gorakhpur" comes from the Sanskrit Gorakshapuram, which means abode of [Gorakshanath](#), a renowned ascetic who was a prominent saint of the Nath Sampradaya. As per provisional reports of Census India, population of Gorakhpur in 2011 is 673,446; of which male and female are 353,907 and 319,539 respectively. Total no. of Slums in Gorakhpur city numbers 8,056 in which

population of 49,268 resides. This is around 7.32% of total population of Gorakhpur city.

The Economy of Gorakhpur Mahanagar is primarily based on the services. There are branches of all major nationalized banks as well as of private bank in the city. In 2006 The Ministry of Panchayati Raj named Gorakhpur one of the country's 250 most backward districts out of total 640. It is one of the 34 district in U. P. Currently receiving funds from the Backward Regions Gran Fund Programme (BRGF). (Retrieved From <https://en.wikipedia.org/wiki/Gorakhpur>)

Gorakhpur Development Authority (GDA) has taken up the responsibility of undertaking construction of residential and commercial spaces as well as implementing their projects in accordance with guidelines of UNESCO so as to preserve the Heritage of the City. Gorakhpur Development Authority (GDA) was formed by Uttar Pradesh State Government under the act of UP Government Municipal Corporation and urban development 1973 for the Construction and Development of Infrastructure in the City.

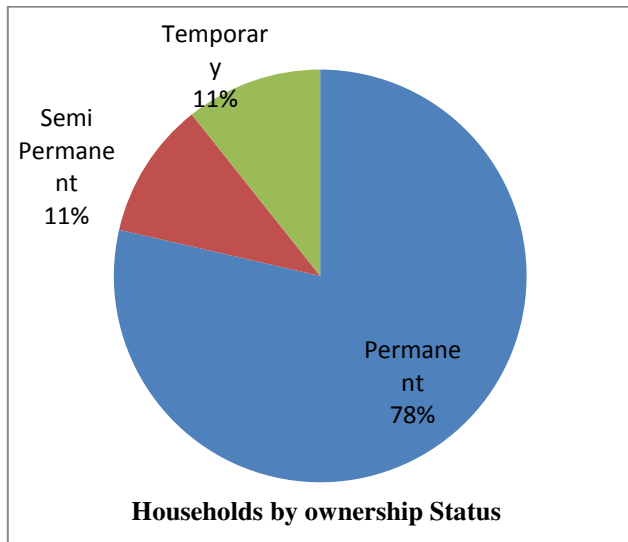
According to census 2011, there are 695336 households in the district. Out of them 22147 households lived in rented house which indicate the demand for houses for future. In Gorakhpur 78 % households live in permanent houses, 11 % in semi-permanent houses while 11 % households live in temporary houses. Households by Ownership Status and by Number of Dwelling Rooms Occupied in the Gorakhpur District along with percentage distribution of households live in permanent, semi-permanent and temporary houses are given below by table and Pie-Chart respectively.

**Table 2,**  
**Households by Ownership Status and by Number of Dwelling Rooms Occupied in the Gorakhpur District**

Ownership Status	Numbers of Households		
	Rural	Urban	Total
<b>Owned</b>	549915	116896	666811
<b>Rented</b>	5612	16535	22147
<b>Others</b>	3535	2843	6378
<b>Total</b>	559062	136274	695336

**Source- Census of India 2011, HH series Table on Houses, Household Amenities and Assets**

Chart 2



### HOUSING SCHEMES DEVELOPED BY GORAKHPUR DEVELOPMENT AUTHORITY

Following are some of the major housing schemes developed by Gorakhpur Development Authority (GDA) Gorakhpur.

#### Vaishali Housing Scheme

Gorakhpur Development Authority has launched a housing scheme under the name ‘Vaishali Housing Scheme’ in August 2014. Registration for the scheme was commenced from 16 August, 2014. The Scheme has offered a total of 152 plots are available in the scheme in which there are 38 LIG, 101 EWS plots and 13 Commercial plots. The project is just 03 km. from Gorakhpur railway station nearby Ramgarhtal Lake, Circuit House and Planetorium. (Retrieved From. <http://www.masterplansindia.com/housing/gda-vaishali-housing-scheme>)

#### Vasundhara Enclave: “Affordable Housing Schemes”

Gorakhpur Development Authority announces new affordable scheme “Vasundhara Enclave” under ‘Samajwadi Awas Yojana’ of Uttar Pradesh Government at Gautam Vihar Extension in 2015. Board offers 240 three storey flats of 2BHK for Middle Income Group. There are 80 flats in each floor which consists of a seprate study room in addition to 2 Bedroom, Hall and Kitchen. The estimated area and tentative cost of these are 107.70 square meter and Rs26, 09,000/. Gorakhpur Development Authority (GDA) has launched new Affordable housing scheme Vasundhara Enclave Phase-II under Gautam Vihar Extension Awasiya

Yojna, Gorakhpur. The new housing scheme will be offering a total of 240 Three-storey flats of 3BHK for Middle Income Group. (Retrieved From <https://www.futureplansnews.com/gda-gorakhpur-new-vasundhara-enclave-phase-iii-housing-scheme/>)

#### New Flat Scheme at Champa Devi Park

Gorakhpur Development Authority (GDA) has launched a new housing scheme 2016-17 for the allotment of 192 flats. Under this scheme, 2BHK and 3BHK will be available in AwasiyaYojana. According to the source, the cost of the flats has not been fixed and the official is working of the task. The estimated cost of flats will be low which would help the people to buy a house. In this scheme, all flats will have a separate parking space and parking area of the building, lift facility will also be provided. (Retrieved From. <http://authoritieschemes.com/city/gorakhpur/>)

#### Lohia Enclave Awasiya Yojana

Gorakhpur Development Authority has launched new housing scheme named as Lohia Enclave Awasiya Yojana for the allotment of 112 3BHK flats for all segments of the society. Houses under Lohia Enclave Housing scheme 2016 are available for Middle Income Group of the society. Along with Lohia Enclave Awasiya Yojana, the GDA Gorakhpur also invites applications for the allotment of commercial units at GDA Tower Golghar Commercial Complex Scheme. The registration amount for general category is 10% of estimated cost of units while the reserved applicants will have to pay only 5%. (Retrieved From. <http://www.masterplansindia.com/housing/lohia-enclave-awasiya-yojana-2016-phase-i-by-gda-gorakhpur>)

#### Lohia Enclave Phase-II Housing Scheme

Gorakhpur Development Authority announces new housing scheme related to the allotment of 218 residential flats under Ramgarh Taal Project. The new housing scheme is launched under the name of GDA Lohia Enclave Phase-II housing Scheme 2016. These housing units are location at Gorakhpur Deoria Bypass. In the new housing scheme, the authority has offered total 218 1BHK and 2BHK residential flats for allotment for all categories of the society. Out of 218 units, 2 units are 2BHK and remaining 216 1BHK is available in four different types. The 1BHK flats are available in the size of between 37.00 Square Meters to 51.42 Square Meters while 2BHK unit’s size is 72.88 Square Meters. (Retrieved From. <http://www.masterplansindia.com/housing/lohia-enclave-awasiya-yojana-2016-phase-i-by-gda-gorakhpur>)

### Lake View Apartment Yojana

Gorakhpur Development Authority has come up with another housing scheme and this time the scheme is launched at Lake View Apartment Yojana 2017. The scheme launched for the allotment of 2BHK and 3BHK flats. The scheme has 168 units of 3BHK flats and 34 units of 2BHK flats offering in the covered area of 102.00 square meter for 3BHK and 82.00 for 2BHK flats. The carpet area of 2BHK and 3BHK flat is 73.00 and 87.50 square meter. (Retrieved From: <http://www.awasyojana.in/gda-gorakhpur-new-scheme-2016-17-lake-view-apartment-yojana/>)

Alongwith these housing programmes, many other constructive programmes which are related to Housing Schemes/ Commercial Scheme, Commercial Complex Parks, Residential Schemes are completed and running by GDA. (Retrieved From [http://gdagkp.org/webpages.php?tag=Projects\\_of\\_GDA](http://gdagkp.org/webpages.php?tag=Projects_of_GDA))

- Railway Station Residential Scheme
- Janpriya Vihar, Raptinagar 1st Phase
- Raptinagar 2nd Phase
- Raptinagar 3rd Phase
- Raptinagar 4th Phase (112 acre)
- Shastripuram Housing scheme
- Lalitapuram and Lalitapuram Extension
- Shastripuram Extension Housing Scheme
- Budha Vihar Housing scheme part A, B, C,
- Siddharth Enclave Housing scheme
- Budha Vihar Commercial /Residential Scheme
- Siddharthpuram Housing Scheme
- Shastri Nagar housing scheme.

### MAJOR PRIVATE BUILDERS AND DEVELOPERS , HOUSING SCHEMES IN GORAKHPUR

Following builders and developers are providing various types of housing requirements of the customers and bridge the gap between supply and demand of housing according to their need and eligibility.

#### Residential Projects by Gemini Developers

Incorporated in 2010, Gemini Developers builds infrastructure-related projects used by millions of people. They strive to provide a comfortable and happy living for their customers in all their projects. Creating quality "Homes with Hearts" has always been the driving force, motivation and inspiration throughout their journey. Gemini Gardenia is a lavish residential project that invites one to impeccable lifestyle of unparalleled levels of luxury and pleasurable living. All the basic amenities are

available in the apartments and special care is being taken to ensure that the residents do not miss out on any luxuries. Every room is spacious and properly ventilated to keep refreshing throughout the day.

Gemini Paradise Estate offers luxurious residential apartments with excellent lifestyle elements and beauty of living in comfort and style conceptualized with perfection. The elegant and smartly designed living spaces are a privilege of hassle free connectivity and convenient living. With all sorts of provisions and amenities nearby, this property provides a lifestyle that is as desirable as it could be. (Retrieved From <https://housing.com/in/buy/projects/page/29934-gemini-gardenia-by-gemini-developers-in-rail-vihar-colony-phase-3rd>)

#### Paalm Paradise Housing Project by Aishpra

Paalm Paradise project launched by Aishpra Lifespaces and offers 2 BHK, 3 BHK, 4 BHK bedroom residences with modern interiors, that are meticulously designed and exclusively planned with world class amenities and top line specifications. Consider the property to find perfect blend of luxury and comfort. Paalm Paradise is an ongoing premium residential property. Paalm Paradise is India's one of the most sought after locations in Gorakhpur. The area has well connectivity to hospitals, recreation areas and malls etc. Residents can enjoy a great work-life balance by staying in these Apartments. (Retrieved From: <https://housing.com/in/buy/projects/paalm-paradise-by-aishpra-developers/>)

#### Dream City Home Project by M.S. Infracity Pvt. Ltd.

M.S. Infracity is one of the most promising Real Estate Developers in Northern India. The company has wide experience in residential segment under execution and planning. The expertise of the company is in developing excellent residential Apartments, Plots & Commercial complexes with quality amenities for better standard of living. The company's commitment for timely completion of quality projects is remarkable. A wide range of satisfied clientele vouches for their value for money being associated with this company. M.S. Infracity Introduce You Its Premium Project- DREAM CITY "A Perfect Choice for Your Dream Home

#### Basera Infracity Private Limited, Park Road, Gorakhpur

Established in the year 2008, Basera Infracity Private Limited in Park Road, Gorakhpur is a top player in the

category Builders in the Gorakhpur. This well-known establishment acts as a one-stop destination servicing customers both local and from other parts of Gorakhpur. Over the course of its journey, this business has established a firm foothold in its industry. (Retrieved From <https://housing.com/in/buy/projects/basera/infracity/>)

**Anant Shree Properties Medical College Road, Gorakhpur**

Established in the year 1996, Anant Shree Properties is a top player in the category Builders in the Gorakhpur city. Anant Shree Properties & Pg in Medical College Road, Chargawan has a wide range of products and services to cater to the varied requirements of their customers. The staffs at this establishment are courteous and prompt at providing any assistance. They readily answer any queries or questions that you may have. Pay for the product or service with ease by using any of the available modes of payment, such as Cash, Cheques. The belief that customer satisfaction is as important as their products and services have helped this establishment garner a vast base of customers, which continues to grow by the day. (Retrieved From <https://www.justdial.com/Gorakhpur/Anant-Shree-Properties-Pg-Near-Jagat-Vidya-Mandir-School/>)

347858 and 423346 in the year 2013, 2014 and 2015 respectively. Percentage of Housing Loans to total Loans is 74.4, 75 and 75.3 in the year 2013, 2014 and 2015 respectively.

Following are the measure players in the city who providing the home loan to home seekers according to their need and eligibility:

**State Bank of India Home Loan**

The State Bank of India offers a variety of SBI Home Loan schemes to individuals so that they can build their dream house. The loans are provided to all kinds of individuals who match the relevant eligibility criteria including rural customers under different products designed specifically for different needs. SBI has developed a strong sense of trust among the masses with its loan processing methods and low rates. The bank was awarded ‘The Most Preferred Home Loan Provider’ title Awaaz Consumer Awards and also the ‘Most Preferred Bank’ Award in a survey carried out by TV 18 in association with AC Nielsen – ORG Marg in 21 cities across India. Home loans by SBI are at low processing charges making them affordable for the customer. The rate of interest are also low compared to interest rate charged on home loans by other providers and interest is charged on a daily reducing balance method which considers the balance at the end of the day for interest calculation. There are no hidden costs or administrative charges which increase the liability burden on the customer and the charge structure is both transparent and reasonable. There is no pre-payment penalty levied on the customer if he or she makes a prepayment of the loan to reduce the liability and consequently the quantum of interest charged. (Retrieved From <http://www.sbihomeloans.co.in/documents.html>)

**Punjab National Bank Home Loan**

PNB Housing excels in providing a complete bouquet of services to customers to meet their Home Loan needs. Ease of applying for a loan with branches spread across India, robust service delivery model and mark to market credit & financial policies help customers build a long term relationship of trust and commitment. (Retrieved from <https://www.pnbhousing.com/home-loan/home-purchase-loan/>) Following are the basic advantages of taking Home Loan from PNB Housing

- Provides an extensive range of home loan products like Home Purchase Loans, Home Construction Loans, Home Extension Loans, Home Improvement Loans and Plot Loans.

**Table. 3**

**Comparison of Housing Loans with Total Loans of HFCs in India. (Rs in Crore)**

Particular	31.03.2013	31.03.2014	Growth	31.03.2015	Growth
<b>Outstanding Housing loans</b>	290427	347858	19.8	423346	21.7
<b>Outstanding Total Loans Housing Loans to Total Loans</b>	390218	463942	18.9	562315	21.2
	74.4	75.00		75.3	

Source-Report on Trend and Progress of Housing Finance in India, 2015

**HOME LOAN BY BANKS AND HOUSING FINANCE COMPANIES.**

There are branches of all major nationalized banks as well as of private bank in the city. Most of which are found along bank road. Following table show the comparison of housing loans with total loans of HFCs in India.

Above table shows that outstanding home loans and percentage of housing loans to total loans by HFCs are increasing in nature. Outstanding housing loans are 290427,

- Pan India branch network
- Robust service delivery model – door step services ensuring easy and fast approval & disbursement of loans
- Excellent post disbursement services
- Facility of enhancement in loan amount in the event of escalations in cost
- Dedicated team of well-experienced employees who work on best-in-class information systems & network to deliver and provide customer satisfaction
- High standards of ethics, integrity and transparency
- Various repayment options.

#### **HDFC Home Loan**

For over three and a half decades, HDFC has delivered consistent performance with its Fixed Deposits. We have earned the trust of more than 6 lakhs depositors. HDFC has received AAA ratings for its deposits programme from two leading credit rating agencies (CRISIL and ICRA) for 23 consecutive years, thus building utmost trust and confidence amongst investors and key partners. Enhanced customer satisfaction has always been at the core of all HDFC product offerings. HDFC Depositors are serviced through its 420 inter-connected offices spread across India with instant services provided at 77 deposit centers. HDFC has set high benchmarks of service delivery on a continuous basis by providing electronic payment facility for interest payment, instant loan against deposit and many more (Retrieved from <https://www.hdfc.com/call-for-new-home-loan>). Due to following basic features taking home loan from HDFC is advantageous.

- Highest safety - AAA rating from both CRISIL and ICRA for 23 consecutive years. Attractive and assured returns. Impeccable service through a network of over 420 offices across the country.
- A wide range of deposits products to choose from.
- Prompt doorstep assistance through our key partner network.
- Quick loan against deposit facility.
- Cumulative units housing units financed: 6.3 million
- Gross loans stood at Rs. 4 trillion
- About 1.9 million Deposits Accounts

#### **LIC Housing Finance Limited Home Loan**

Incorporated in 1989, LIC Housing Finance Ltd (LICHFL) is one of the largest Housing Finance Companies in India with a key objective of providing long term finance to individuals for the purchase or construction of house/flat for residential purposes in India. LICHFL also provides finance on existing property for business/ personal needs and also gives loans to professionals for purchase/construction of Clinics/Nursing Homes/ Diagnostic Centers/ Office Space and also for purchase of equipment. The Company also provides finance to builders and developers engaged in the business of construction of houses or flats for residential purpose and to be sold by them. ( Retrieved . [http://www.lichousing.com/resident\\_indian.php](http://www.lichousing.com/resident_indian.php)) Loan Amount starts from Rs. 1, 00,000. Loan to Property Cost: 85% of total Cost of the property for loan up to 20 lakhs and in some case up to 30 lakhs. (Stamp Duty and Registration Charges included) Maximum Loan Term of 20 years. Upfront Fees 1.00% of Loan Amount Sanctioned + Service Tax as applicable Rate of Interest is subject to change as per individual applicant.

#### **CONCLUSION**

Gorakhpur city is located along the banks of Rapti River in the north-eastern part of Uttar Pradesh. It is the administrative headquarters of Gorakhpur District and Gorakhpur Division. Shortage of Housing is a big problem in the Gorakhpur city which is increasing day by day due to rapidly increasing migration from rural areas of the nearby districts like Deoria, Maharajganj, Kushinagar, Siddharthnagar and Balia etc. Rapid migration has generated many problems like shortage of houses, substandard houses and increase in slum areas in the city. With increasing in the level of income and changes in socio-economic life of the people, their housing needs are also changing and as a result there is huge demand for housing credit in the city. Most of the Housing Finance Companies in the city have introduced several new Home Loan products in order to meet the needs of a wide variety of the customers. The customer can choose that scheme which he feels is good for him.

Gorakhpur Development Authority (GDA) has taken up the responsibility of controlling the construction of residential and commercial buildings along with implementing their projects in the city. To fulfill the dreams of individuals to have their own home GDA, Private builders and developers along with Banks and Housing Finance Companies are playing very important role in the city. Though, GDA has prepared a comprehensive housing action plan to overcome the problem of shortage of housing in the city, still there are existing many major problems in housing

sector like, low level of income, continuing heavy migration from rural to urban area, unplanned housing, control over expansion of slum areas, etc. Banks and borrowers are also facing many problems like cumbersome loan processing, high administrative costs and credit risk involved with housing finance etc.

The study reveals that due to low level of income, lack of proper knowledge to avail institutional home loan, lengthy and cumbersome loan procedure adopted by financial institutions, etc., people are not approaching for institutional Housing Finance in Gorakhpur city and therefore the shortage of affordable houses is increasing. To address the problem properly loan providers need to ensure that the procedure of home loan should not be cumbersome but it should be made easy for the ultimate benefit of loan provider and the customers. People believe in public sector banks but employees of public sector banks are not customer friendly. Home Loan Financing Institutions should be supportive and encouraging the common citizen of the city to have their own dream home. Financing institutions should visit to those areas in the city, where constructions are approaching at rapid pace and held some home loan awareness programmes to attract them towards Institutional housing finance.

State Government should improve the state laws to facilitate Gorakhpur Development Authority, Private Builders and individual home makers to construct houses at rapid speed. Government should also launch some programmes which can generate stable source of income to the people in the city. So that banks can easily provide loan, without hesitation, to borrowers. Customers must acquire basic knowledge of important provisions of borrowing related laws and reach to financial institutions to get easy loans for their dream home.

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