



International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

PMAY's Contribution and Economic Growth- A Study

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ABSTRACT

The Pradhan Mantri Awas Yojana (PMAY), India's flagship affordable housing scheme, aims to provide housing for all. This study examines PMAY's economic impact on key variables like employment and investment. Construction under the scheme directly and indirectly influences the Indian economy. Housing projects generate substantial employment opportunities, along with growth in allied industries and the consumption of raw materials like cement and steel. This increased demand for materials and labour provides a significant boost to the economy. The study identifies critical challenges, including optimizing project implementation, addressing regional housing disparities, and ensuring the program's long-term sustainability. These findings are crucial for policymakers seeking to maximize PMAY's economic benefits and effectively address implementation hurdles.

Introduction

Housing is not just a basic right or source of shelter. Housing is a universal human right, being the basis for personal well-being, and by extension, social stability and economic growth. Recognizing this multi-dimensional importance, the Indian government initiated the Pradhan Mantri Awas Yojana (PMAY) in 2015. This ambitious program has far-reaching implications, not only for social inclusion by redressing housing deficits and improving living standards but also for stimulating economic activity. By boosting construction, generating employment, and increasing demand for related industries, PMAY aims to create a ripple effect throughout the economy. This paper conducts an empirical study on the economic contributions of PMAY by analysing its effects on certain critical economic indicators such as employment levels, investment levels, and sectoral growth. Analysing these impacts provides a basic understanding necessary for assessing the program's effectiveness in policy decisions. A thorough analysis of the economic impact that PMAY contributes will allow for better refinement of strategies toward the goal and maximizing its benefits. Such analyses will help policymakers understand its overall effectiveness as well as the scope for improvement regarding employment, investment, and sectoral growth.

The PMAY aims to reduce the housing deficit in both rural and urban regions. By combining components like subsidies, facilitated credit support, and support for infrastructure, it will trigger housing construction activity. Thus, employment within the construction industry and allied businesses will increase, along with increased demand for cement and steel used as construction materials. The enhanced demand can therefore create a multiplier effect, boosting further economic development, employment creation, and eventual poverty reduction. For instance, with affordable housing alternatives and empowerment, PMAY offers the chance of home ownership in an effort to enhance living standards and promote safety and belonging among the population. This study seeks to evaluate how PMAY affects different economic variables. An analysis using official data directly from the scheme will be insightful into its realization, successes, and challenges, as well as broader impacts on the economy. The policy implications emerging from this paper will provide valuable evidence and support further housing sector policy intervention in India for future housing program design. High-quality evaluation of the output for PMAY is necessary for the long-term sustenance and achievement of maximum positive gains in the Indian economy and society.

Review of Literature:

1. Rajput and Mehta (2020) Financial Inclusion. The paper studied how PMAY had transformed Indian finance with improvements in financial inclusion. It identifies how the access to formal credits is enhanced on account of scheme provisions to more poor families excluded so far in India from participating in the broader system of banking and credit and allowed these people to make much needed long-term savings investments besides becoming richer.

2. Gupta (2020) – Employment Generation

Gupta's (2020) study examines the substantial employment generation through PMAY. The article highlights employment generation in urban and rural regions, especially in the construction and ancillary sectors. The paper indicates that industries such as construction, manufacturing, and real estate have gained from the scheme, which has further resulted in lowering unemployment rates and energizing economic activities.

3. Mishra (2021) – Resurgence of Real Estate

An in-depth analysis by Mishra (2021) showed that PMAY had dramatically changed the real estate sector, especially among low-income and suburban regions. The research indicated that the demand for residential properties increased as a result of the subsidies and affordable housing loans provided by the scheme. This easily trickled down to construction, home appliance sales, and the general increase in GDP growth.

4. Sharma and Kumar (2021)-Economic Development

Sharma and Kumar (2021) discuss the more significant role of schemes in providing housing such as PMAY in stimulating economic development. Their study highlights how affordable housing increases living standards and also boosts economic activities through employment opportunities in construction, cement, and steel sectors. They further postulate that the scheme supports the formal economy through the increase in demand for goods and services in cities.

5. Desai and Joshi (2021) – Empowerment of Women

Desai and Joshi, 2021 present the socioeconomic advantages of PMAY for women. In their analysis, they state that homeowner access, a direct result of PMAY, has enabled many women to be more financially independent and take control of more decisions in the house, thereby becoming more stable socially and economically.

6. Verma, 2021- Difficulties associated with PMAY

Verma (2021) critically appraises the problem areas that hampers PMAY from coming to its potential economic realization. He points to delays in completion of projects, land acquisition-related problems, and bureaucratic bottlenecks. After considering all of these issues, Verma infers that the PMAY had made a noticeable contribution to India's economy; however, in order to deliver its maximum outcome, better governance and policy adaptations are required.

7. Sinha and Ranjan (2022) Poverty Alleviation

Sinha and Ranjan (2022) study the role of PMAY in poverty alleviation, especially among rural and urban underprivileged sections. The research indicates a direct proportion between the provision of affordable housing and the alleviation of poverty, as it has enabled families to come out of the vicious cycle of poverty by improving their quality of life and access to essential services.

8. Yadav and Patel (2022) – Rural Infrastructure Development

Yadav and Patel (2022) focus on PMAY's impact in rural areas. They highlight how the scheme has been pivotal in developing rural infrastructure, particularly in underserved regions. The availability of housing has led to improvements in basic amenities such as sanitation, electricity, and water supply, fostering overall economic growth in rural areas.

9. Kumar and Yadav (2023) – Long-Term Economic Benefits

Kumar and Yadav (2023) longitudinal study analyse the long-term economic effects of PMAY. The authors argue that whereas the short-run impacts include the creation of employment and stimulation of the economy, the long-term impacts are far more significant. Better access to quality housing leads to improvements in health, education, and productivity for households enrolled in the program, they argue.

10. Patel and Rathi (2020) – Urbanization and Infrastructure Development

Patel and Rathi (2020) explain how PMAY has increased urbanization in India. They argue that the demand for affordable housing has acted as a catalyst for the development of urban infrastructure with better roads, public transport systems, and utilities. Urban growth, in turn, has helped in boosting GDP as it attracts investment and businesses.

11. Yadav and Patel (2022) – Rural Economic Growth

Yadav and Patel's (2022) research also underscore PMAY's contribution to rural economic growth, further emphasizing its role in improving basic amenities and creating new opportunities in rural India. The findings reveal a direct correlation between housing availability and the overall economic development of rural areas.

The research studies collectively make a comprehensive understanding of how the PMAY is influencing India's economy. As the scheme, in addition to improving access to affordable housing, has contributed towards employment generation, financial inclusion, poverty alleviation, infrastructure development, and even gender empowerment. However, these projects face hurdles of delay, and there remains an issue regarding the implementation mechanism that needs attention to be leveraged fully from PMAY.

Statement of the Problem:

PMAY is the flagship housing program for India that seeks to deliver affordable housing for the Economically Weaker Section (EWS), Low Income Group (LIG), and Middle-Income Group (MIG) of the Indian population. Much literature has explored the impact and contribution of housing on the housing sector and economic development. This study analyses economic benefit aspects such as job generation, infrastructure development, and their contribution to the overall growth of the Indian economy. This study aims to fill a gap in the literature by empirically investigating the economic contributions of PMAY, focusing on its role in stimulating economic growth, generating employment, enhancing local economies, and fostering

sustainable development. By analysing key economic indicators such as employment and economic growth, and assessing the outcomes of the PMAY scheme, this study intends to provide valuable insights into its effectiveness as a tool for economic empowerment and inclusive growth. The results of this study will be helpful to policymakers, economists, and other stakeholders in understanding the larger economic implications of the plan and its future scope for economic planning.

Significance of the Study

This study is important because it highlights the economic impacts of the Pradhan Mantri Awas Yojana (PMAY). PMAY seeks to provide affordable housing to the most vulnerable groups of citizens. This study provides an extensive empirical investigation into the economic growth stimulated by the PMAY housing scheme, such as job creation and infrastructural development. It also evaluates the economic benefits generated in the construction sector and related industries. This empirical approach will further guide strategic inputs and maximize resource utilization.

This research also contributes insightful knowledge to the literature regarding the economic impact of government housing programs, especially in developing economies. This insight reveals the capacity of affordable housing initiatives to positively influence a locality's economic well-being through sustainability. More importantly, the research provides actionable information for policymakers, urban planners, and government agencies to refine and improve PMAY implementation. This involves optimizing resource allocation, implementing necessary policy adjustments, and strategically planning for future scaling of the initiative. Ultimately, the significance of this research lies in providing empirical evidence of the economic outcomes of PMAY, along with measurable suggestions for overcoming challenges.

Objectives

1. To assess the contribution of PMAY to India's construction sector and employment generation.
2. To know the activities under the Pradhan Mantri Awas Yojana
3. To identify challenges and opportunities in leveraging PMAY for sustained economic growth.

Research Methodology

Data was sourced from the Ministry of Housing and Urban Affairs, official PMAY-G portals, government reports, and publications. Graphs and percentage are used for better presentation of data.

Analysis and Interpretation

This Analysis and Interpretation will explore the Pradhan Mantri Awas Yojana (PMAY) to assess its role in driving India's construction industry and employment creation. We will discuss the particular activities being conducted under the PMAY housing scheme and this research will recognize the problems and opportunities in PMAY housing scheme for long-term economic development.

Contribution of PMAY to India's construction sector and employment generation.

PMAY Housing Progress	Number of Houses
Houses Sanctioned	118.64 Lakh
Houses Grounded	114.3 Lakh
Houses Completed	84.02 Lakh

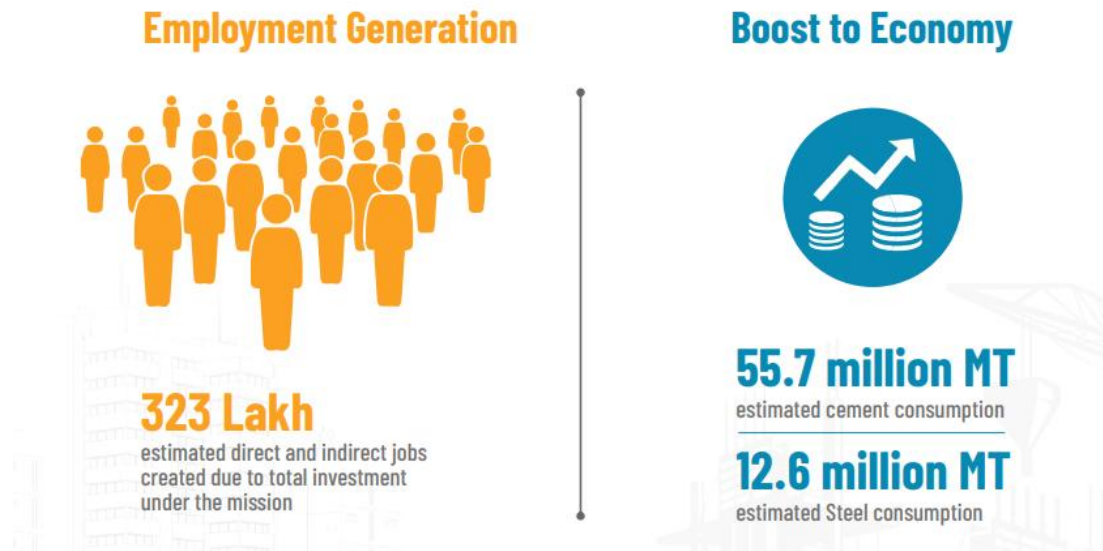
Source: <https://pmay-urban.gov.in/>

PMAY Financial Assistance	Amount
Investment in Projects	8.07 Lakh Cr
Central Assistance Approved	2.00 Lakh Cr
Central Assistance Released	1.64 Lakh Cr

Source: <https://pmay-urban.gov.in/>

Above key statistics are related to a PMAY housing project which highlights the progress made in terms of Physical as well as the financial aspects of the project.

- Physical progress- A total of 118.64 lakh houses have been sanctioned, Out of the sanctioned houses, 114.3 lakh have started construction, 84.02 lakh houses have been fully completed
- Financial Assistance- The total investment in these projects is 8.07 lakh crore rupees. The government has approved 2.00 lakh crore rupees in central assistance. Out of the approved assistance, 1.64 lakh crore rupees have been released
- The data reflects positive progress towards achieving the project's objectives.



Source: <https://pmay-urban.gov.in/>

The statistics associated with the Pradhan Mantri Awas Yojana (PMAY) reveal that it gives a considerable boost to construction-related economic activity and employment generation, creating numerous job opportunities in construction, associated industries, and ancillary services. Higher demand for input resources like steel and cement directly helps these industries contribute more to the Indian economy. The figures for job opportunities (3.23 crore), cement (55.7 million MT), and steel (12.6 million MT) reflect the significant impact of PMAY on economic development. The expansion of housing also has broader implications, such as better living standards, increased property ownership, and social mobility. In summary, the statistics show that PMAY is not only meeting housing requirements but also providing a push for economic growth and employment generation in India.

Activities Under the Pradhan Mantri Awas Yojana



Source: <https://pmay-urban.gov.in/>

1. *Angikaar 2019*

Focuses on Change management and convergence with other urban missions. Launched in 2019, Angikaar aimed to integrate PMAY with other relevant urban development schemes. This convergence ensures a holistic approach to urban development, encompassing aspects like sanitation, water supply, and infrastructure, alongside housing. It promotes a sense of ownership and community participation among beneficiaries.

2. *Awaz Par Samwaad*

Focuses on Awareness, discussion, and dissemination of information regarding Housing for All. Launched in 2021, Awaz Par Samwaad serves as a platform for dialogue among stakeholders, including beneficiaries, government agencies, and experts. It facilitates the exchange of ideas, best practices, and information related to affordable housing. This participatory approach strengthens transparency and accountability in project implementation.

3. *Labharthi se Rubaroo*

Focuses on Direct interaction with beneficiaries to monitor project progress and foster inclusivity. Launched in September 2021, Labharthi se Rubaroo emphasizes direct engagement with PMAY beneficiaries. By gathering feedback and insights directly from those residing in the houses, the mission monitors progress, addresses challenges, and ensures that the housing meets the needs of the residents. It also creates a sense of belonging and strengthens communication between the government and beneficiaries.

4. *PMAY(U) AWAS Quiz*

Focuses on Raising awareness about the Pradhan Mantri Awas Yojana-Urban (PMAY-U) mission. The PMAY(U) AWAS Quiz is an engaging way to educate citizens, stakeholders, and beneficiaries about the scheme's objectives, features, and benefits. The quiz format generates interest and promotes knowledge sharing. The overwhelming participation of over 1,25,000 individuals indicates the campaign's success in reaching a wide audience.

5. *Khushiyan Ka Aashiyana - Short Film Contest*

Focuses on Highlighting the positive impact of affordable housing through creative storytelling. The Khushiyan Ka Aashiyana short film contest encourages filmmakers to capture the transformative impact of PMAY on individuals and families. By showcasing real-life stories, the contest celebrates the joy and empowerment that comes with owning a home. It also serves as a powerful medium to communicate the mission's broader social impact.

PMAY initiatives demonstrate a comprehensive approach to urban housing in India. They combine public awareness campaigns and interactive platforms with direct action to ensure effective implementation and maximize citizen benefits. The focus is not just on building houses, but also on encouraging community participation, transparency, and inclusivity.

Challenges and Opportunities in Leveraging PMAY for Sustained Economic Growth

Challenges

- **Land Acquisition and Availability:** This is the most significant barrier. Urban regions, where demand for housing is at its peak, have excessively high land prices. Acquisition of land requires legal procedures that are complicated and often involve many stakeholders, such as government agencies, private owners, etc., besides the problem of resistance from current residents. At times, appropriate land is available only in less desirable locations, affecting accessibility and convenience for residents.
- **Funding and Financing:** Large-scale projects like PMAY require massive financial resources. Acquiring this funding, whether it is through government allocations, private investment, or loans, can be challenging. Moreover, financing needs to be made accessible to the beneficiaries, especially those who are low-income and have less credit history. The interest rates, loan terms, and repayment schedules must be structured in such a way as to make them affordable.
- **Implementation delays:** Failures in coordination of respective government departments, and blocks in logistics availability of materials, labour shortages can cause long delays to complete a project. Such delays can also translate into cost overruns, irritation among recipients, and loss of public confidence.
- **Quality of Construction:** Balancing affordability with quality is a delicate act. Using low-quality materials or cutting costs in construction can compromise the safety and durability of the housing. Ensuring quality control and adherence to building standards is crucial, but it can add to costs.
- **Infrastructure Development:** The projects on affordable housing become viable only when there is enough infrastructure in place. This includes basic amenities such as roads, water supply, sanitation, electricity, and access to public transport. This development of infrastructure, especially in sub-developed areas, becomes a significant task and therefore increases the total project cost.
- **Affordability for the Poorest:** The PMAY houses will still be costlier than even the government subsidized ones, beyond the reach of the poorest and most vulnerable in society. This gap will only be addressed with further innovative financing mechanisms and targeted subsidies. To reach the neediest requires very careful targeting and identification of the beneficiaries.

- **Social and Environmental Issues:** Sometimes, local communities resist PMAY schemes owing to displacement, loss of livelihoods, or encroachment on cultural heritage. Environmental issues such as cutting down forests, waterlogging, or breaking up ecosystems can also be a source of concern. A participatory approach to planning, combined with sustainable development, is necessary for mitigating these concerns.

Opportunities

- **Stimulating Economic Growth:** PMAY can act as a significant catalyst for economic growth. The construction sector is labour-intensive, and large-scale housing projects create numerous jobs. The demand for building materials (cement, steel, etc.) also boosts related industries. This has a multiplier effect, generating economic activity across various sectors.
- **Improving Living Standards:** The most direct benefit of PMAY is the improvement in the living standards of millions of people. Access to safe, affordable, and permanent housing provides families with security, stability, and improved health outcomes. It also creates a better environment for children's education and overall development.
- **Promoting Inclusive Growth:** PMAY can play a vital role in reducing poverty and inequality. By providing housing opportunities to marginalized and vulnerable groups, including those living in slums and informal settlements, the scheme can contribute to social inclusion and upliftment.
- **Empowering Women:** When women are given ownership rights to houses under PMAY, it can significantly empower them. Secure housing can enhance their social and economic standing within the family and community. It provides them with a valuable asset and greater control over their lives.
- **Promoting Sustainable Development:** PMAY projects can be designed and implemented in a way that promotes environmental sustainability. Incorporating green building technologies, energy-efficient designs, rainwater harvesting, and waste management systems can reduce the environmental footprint of housing and contribute to climate change mitigation.
- **Creating Urban Renewal:** PMAY can be used as a tool for urban renewal and slum redevelopment. By replacing dilapidated and unsafe housing with new, well-planned residential complexes, the scheme can improve the liveability and infrastructure of cities. This can also lead to better sanitation, reduced health risks, and improved overall quality of life in urban areas.
- **Attracting Private Investment:** PMAY can create attractive opportunities for private sector participation in affordable housing development. By offering incentives and streamlining regulatory processes, the government can leverage the expertise and resources of private developers to increase the supply of affordable housing. Public-private partnerships can be a particularly effective model for implementing large-scale projects.

Major Findings

1. Over 1.18 crore houses sanctioned, with construction started for 1.14 crore and 84 lakhs already completed, indicating strong progress in the project. This data reflects a positive trend towards achieving the project's housing objectives.
2. The project has a total investment of ₹8.07 lakh crore, with ₹2.00 lakh crore approved as central assistance. Of that, ₹1.64 lakh crore has already been released.
3. PMAY has significantly boosted construction activity and generated numerous jobs, increasing demand for resources like steel and cement. This has created a multiplier effect, stimulated related industries and acted as a catalyst for economic growth.
4. Housing schemes like PMAY improve living standards and increase property ownership, thus enhancing social mobility. This empowers beneficiaries and contributes to their overall well-being.
5. These initiatives focus on improving urban development through stakeholder dialogue (Awaz Par Samwaad, Angikaar) and direct beneficiary interaction (Labharthi se Rubaroo). Awareness campaigns like quizzes and contests further promote the schemes and their benefits.

Suggestions

1. **Streamline Land Acquisition:** Implement a fast-track land acquisition process specifically for PMAY projects, including pre-approved land banks and single-window clearances to reduce delays.
2. **Innovative Financing Models:** Explore blended finance options combining public funds, private investment, and microfinance institutions to increase funding availability and accessibility for beneficiaries. Consider developing a specialized "Housing Bond" to attract investment.

3. Technology Integration: Leverage technology such as Building Information Modeling (BIM) to streamline project planning, design, and construction for cost savings and quality control. Introduce online portals for approvals and tracking progress to avoid bureaucratic delays.
4. Skill Development Programs: Invest in skill development programs for construction workers, which will focus on modern techniques and quality standards, to address labor shortages and improve the quality of construction.
5. Focus on Infrastructure: Building Road, water, sanitation, and electricity infrastructure in those locations would foster long-term viability and desirability of housing units.
6. Targeted Subsidies: Encourage a finer subsidy mechanism with attention to the most vulnerable of the poor so that affordability is not a concern while accessing PMAY housing.
7. Local Community Participation: Involving in planning and implementation of PMAY schemes, which can address social and environmental concerns, with projects being sensitive to the needs of local communities and causing least possible displacement.
8. Green Housing: The use of green building materials, use of energy-efficient technology, and other sustainable inputs in PMAY schemes as incentives to reduce environmental footprint and promote sustainable development.
9. Public-Private Partnerships: Strengthen public-private partnerships by providing clear incentives and streamlined regulatory processes to attract private developers to invest in affordable housing projects.
10. Post-Construction Support: Provide post-construction support to beneficiaries, including guidance on maintenance, community management, and access to basic services, to ensure the long-term success and sustainability of PMAY housing projects..

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