INFRASTRUCTURE, HOUSING & SME FINANCE DEPARTMENT

STATE BANK OF PAKISTAN

Quarterly Housing Finance Review

April-June 2011

The Infrastructure, Housing & SME Finance Department of State Bank of Pakistan presents its Quarterly Housing Finance Review for the quarter ending June 30, 2011.

This review contains data on housing finance, collated on a periodic basis from public sector banks, private banks, foreign banks, DFIs and House Building Finance Corporation (HBFC). It portrays trend of different parameters like disbursements, outstanding and recoveries. Some news pertaining to housing & housing finance are also presented in it.

Team Members

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Contents

State of Housing Finance

In Pakistan, rapid urbanization has become a challenge for increasing number of people. Studies indicate that lack of finance from a formal source is primarily a supply-side problem. Most of the housing finance is arranged through personal resources. The formal financial sector caters to only 1 to 2 percent of all housing transactions in the country, whereas the informal lending caters up to 10-12% of such transactions. Presently, the formal financial sector provides housing support through two major sources namely the Government owned House Building Finance Corporation (HBFC) and private commercial banks.

The property development industry suffers from low public confidence. Financial weaknesses and the absence of clear, uniform and fair business practices have affected its credibility contributing to the reluctance of financial institutions in providing development and construction finance. There is a strong need to strengthen the property titling and land administrative procedures including improvements of the legal provisions, standardization of processes, and computerization of all relevant revenue records. These steps will enhance the financing by the formal sector. Weakness in the existing legal framework also impedes the financing opportunities of the formal financial sector. Though the Financial Institution Recovery Ordinance, 2001 empowers the financial institutions in case of default to foreclose a mortgage property without recourse to the court of law, lack of full implementation of the recovery law in its letter and spirit dilutes its effectiveness in protection of rights of the respective parties, i.e., the financial institutions, mortgagors, landlords and tenants, thus needing a major improvement.

Although the regulatory framework for land registration and transfer regime exists in Pakistan, the process by which land is acquired and registered is cumbersome at times, because of number of institutions and registration procedures required to execute property transactions. Land records are manually maintained leading to errors and omissions and resultantly they have modest commercial value for the mortgagee financial institutions especially in rural and some urban areas. The lack of efficient and reliable system of ascertaining the bona-fide of property titles has forced banks to limit the access of housing finance to a certain number of urban localities within the urban centers.

National and local master plans for town planning and housing facilities are either inadequate or poorly enforced, which lead to inefficient allocation of land and uncontrolled urban development. Lack of transparency and accountability in the planning process also give opportunities to land grabbers/mafias to have valuable inside information as to future infrastructure developments or to be able to influence such plans so that value of its land increases. Over-restrictive building codes and laws on subdivision limit the efficient use of urban land and increase the price to consumers, especially in zones having relatively higher prices of lands in high land price zones. Moreover, the large scale projects often get delayed due to failure of utility companies in connecting new housing developments in time.

The “property valuers” have professional conduct requirements that were established by SBP and the Pakistan Banks’ Association (PBA), whereas majority of real estate builders and developers are working as sole proprietorships or partnerships with limited capital and informal corporate governance structures. Absence of sound governance structure within the housing developer industry creates lack of good practices, illegal construction, unreliable building permits, and legally unprotected advance purchase of units that are required to be built in future. The unstructured and unsupervised nature of business of real estate brokers/ agencies, which could serve as natural arrangers for the provision of financial services, is also a significant constraint to the provision of housing and housing finance. Consequently, it is difficult for financial institutions to verify the character, capital, and capacity of potential clients. Risk assessment and portfolio valuation is also fragile, which is another factor for the lenders’ extreme caution for transaction initiated by these venture. As a result, financial institutions are reluctant to enter this market, which in turn causes scarcity of finance and constraints in the supply of housing. In the absence of the formal arrangements between the housing developers/real estate agents etc and financial institutions, the protection of individual purchasers remains limited as the market is dominated by cash transactions with limited availability of systematic information in a transparent manner. Without using a strong regulatory authority to enforce corporate governance and allied standards for this stratum of business entrepreneurship, the quality of availability of housing facilities across population spectrum will not improve.

At present, 27 commercial banks, House Building Finance Corporation (HBFC), one DFI and two microfinance banks are catering to housing finance needs. HBFC is the only specialized housing bank in the country, which has been providing housing finance to public since 1952. Commercial banks entered the mortgage business during 2003 contributing very small share in the housing finance system. Although HBFC's share in the total housing finance has reduced in absolute terms, it is still the only institution that continues to cater to the lower-middle and low-income groups and enjoys the largest customer base. Recently microfinance banks have also started serving the lower-middle income groups.

After demonstrating a promising growth trend till 2008, the housing finance sector has recently been showing a declining trend. The total outstanding reported by banks and DFIs as on June 30, 2011 was Rs. 61.90 billion as compared to Rs. 70.33 billion as on June 30, 2010 (a decline of 12**%**) and Rs. 65.43 billion at the end of March, 2011. The total number of outstanding borrowers has also decreased from 101,632 to 95,553 since June 30, 2010; showing a fall of 5.98%.

Approximately 898 new borrowers were extended house finance during the quarter (April-June, 11), accounting for Rs. 1.50 billion of new disbursements. HBFC accounted for 56.68% of these new borrowers and contributed 22.43% of the new disbursements equivalent to Rs. 337 million.

Financing for outright purchase continued to dominate financing for construction and renovation by comprising almost 57% share in gross outstanding portfolio. Outstanding portfolio for construction and renovation was 34% and 9**%** respectively.

Non-performing loans have increased from Rs. 17.37 billion (June 30, 2010) to Rs. 18.70 billion (June 30, 2011); a 7.62% increase over the year. The stock of NPLs as on March 31, 2011 was Rs. 18.93 billion. However; this rise in NPLs is not unique to housing finance and is only depicting the overall increase in NPLs of all sectors witnessed in the banking industry during the past year.

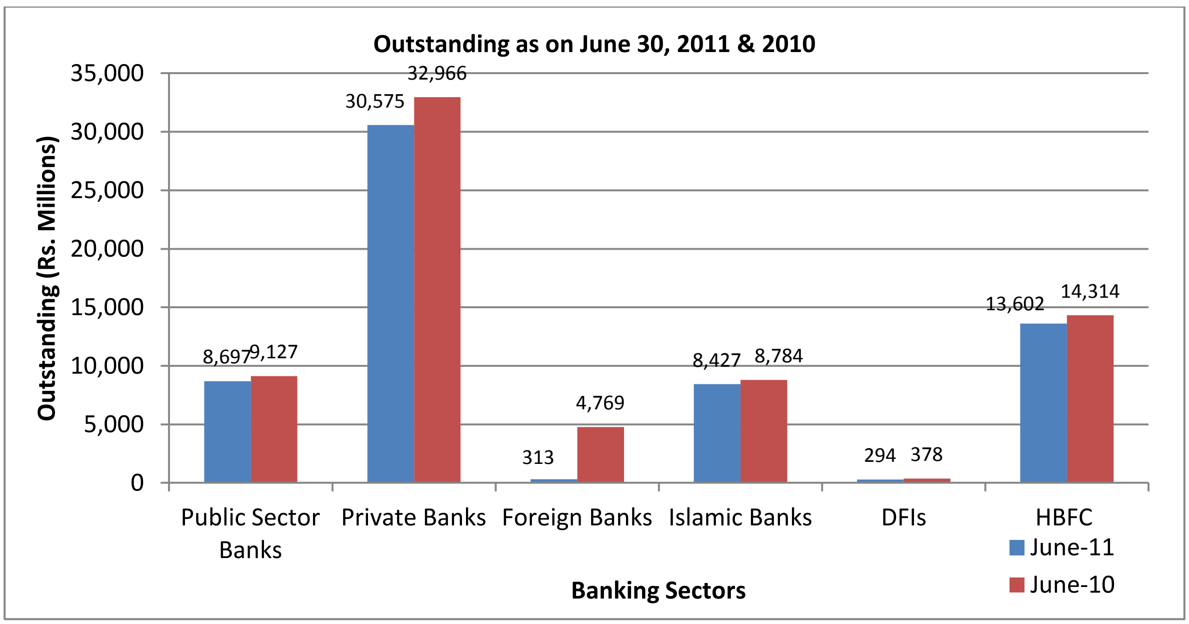
Major Trends

Gross Outstanding

The total outstanding finance as on June 30, 2011 of all banks and DFIs stood at Rs. 61.90 billion, as compared to Rs. 65.43 billion as on March 31, 2011, showing a decrease of Rs. 3.53 billion (5.39%). Compared to quarter ending June 30, 2010, outstanding of all commercial banks and DFIs collectively decreased by 12%.

Banking sector-wise total outstanding on quarters ending June 30, 2010 & 2011 are shown in Figure 1. Of the total outstanding as on June 30, 2011, commercial banks accounted for Rs. 48.01 billion; a 13.72% decline since quarter ending June 30, 2010. Private banks reported Rs. 30.57 billion followed by Islamic banks of Rs. 8.42 billion, public sector banks of Rs. 8.69 billion and foreign banks with Rs. 0.312 billion. The outstanding loans of HBFC were Rs. 13.60 billion; down by 4.98% over the last year. Other DFIs have a meager share of Rs. 0.293 billion in outstanding loans.

Figure 1



The total outstanding housing finance as on June 30, 2011 of Islamic Banking Industry (05 Islamic Banks & 13 Islamic Banking Divisions of Conventional Banks) stood at Rs. 12.49 billion. Compared to quarter ending March 31, 2011 (Rs. 13.96 billion), outstanding of Islamic banking Industry decreased by 10.51**%.**

Of the total outstanding Islamic housing finance, Islamic banks accounted for Rs. 8.42 billion (a 12.86% decrease over the last quarter March 31, 2011) and IBDs of conventional banks posted Rs. 4.06 billion (a 5.21% decline since quarter ending March 31, 2011).

Non-Performing Loans

NPLs have increased from Rs. 17.37 billion (June 30, 2010) to Rs. 18.70 billion (June 30, 2011); a 7.62% increase during the year. The stock of NPLs as on March 31, 2011 was Rs. 18.93 billion, showing an decrease of 1.21 % during a quarter (April-June, 2011). Figure 2 shows a comparison of existing NPLs status of different banking sectors with last year. Figure 3 compares NPLs as a percentage of outstanding portfolio at the end of quarters on June 30, 2011 and June 30, 2010. NPLs as a proportion of total outstanding have witnessed an increasing trend over the last twelve months. This overall rise in NPLs is primarily due to rising inflation and high interest rates.

HBFC's NPLs have increased from Rs. 6.41 billion to Rs. 6.93 billion during the year; an 8.02% increase.

Although growth of its NPLs remains relatively low in absolute terms when compared to some of the other banking sectors, its percentage share in its total outstanding, however, is the greatest, as 50.95% of its total outstanding constitutes NPLs (Figure 3). HBFC's percentage share in total NPLs is 37.05%.

Excluding HBFC, NPLs for all banks and other DFIs have increased by 7.38% over the year from Rs. 6.41 billion to Rs. 6.93 billion. The percentage share of NPLs that all banks and other DFIs (excluding HBFC) constitute is 24.37% of their total outstanding portfolio, compared to a 19.57% as on June 30, 2010.

Among banks, non-performing finances (NPFs) of Islamic banks witnessed the sharpest increase of almost 64.84% during the year, from Rs. 840 million to Rs. 1.38 billion. Their NPFs constitute 16.43% of total outstanding, which was only 9.56% on June 30, 2010. NPLs of the public sector banks have increased from Rs. 1.26 billion to Rs. 1.87 billion (an increase of 48.25%) which are 21.57% of their total outstanding. Private banks' NPLs have increased by 6.86%, from Rs. 7.73 billion to Rs. 8.26 billion which is 27.04% of their total outstanding as against 23.47% on June 30, 2010. NPLs of foreign banks as a percentage of their outstanding portfolio increased from 21.42% at the end of last year to 44.80. NPLs of DFIs (excluding HBFC) have increased from Rs. 100 million to Rs. 106 million, a 5.49% increase with 36.08% of its total outstanding classified as NPLs, which was 26.56% on June 30, 2010.

Figure 2

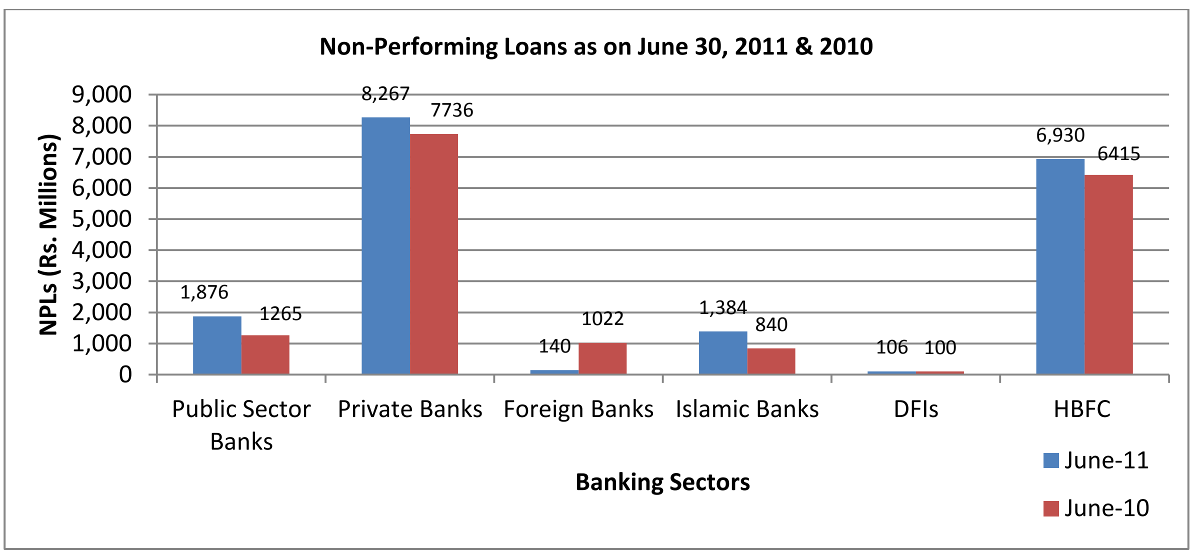
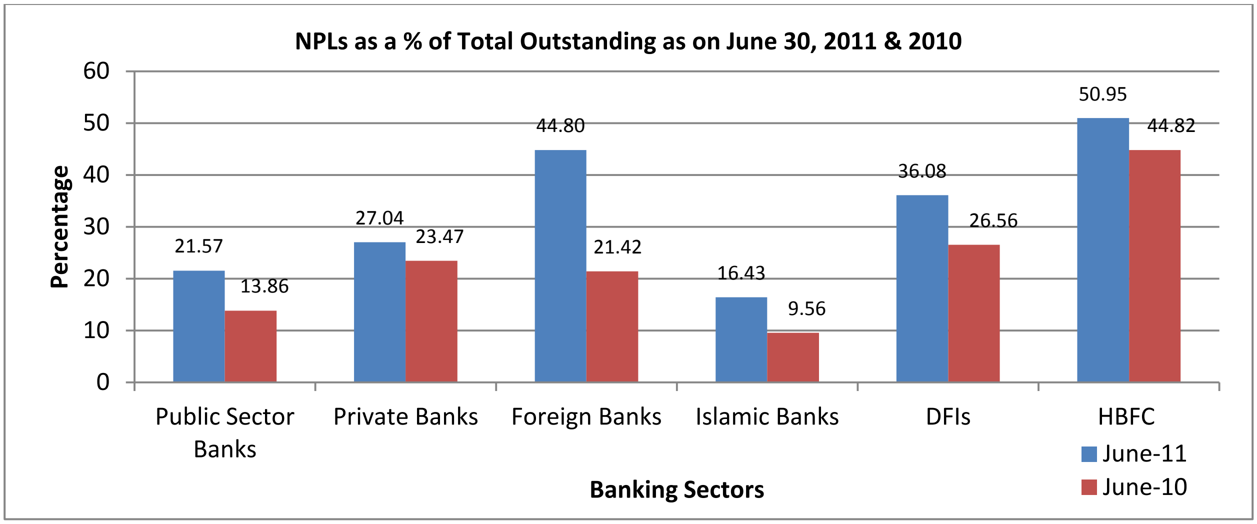


Figure 3



Non-Performing Finances (NPFs) for Islamic Banking Industry (IBs & IBDs) were reported 2.18 billion on June 30, 2011, which were Rs. 2.26 billion at the end of last quarter (Jan-Mar, 2011) showing decrease of 3.57%.

Number of Borrowers

Total number of outstanding borrowers has decreased from 101,632 to 95,553 since June 30, 2010; a decline of 5.98%. As shown in Figure 4, there is a decrease in no. of borrowers in each category except Islamic banks and private banks, where numbers increased from 2,240 to 2,895 and 12582 to 14154 respectively.

Figure 4

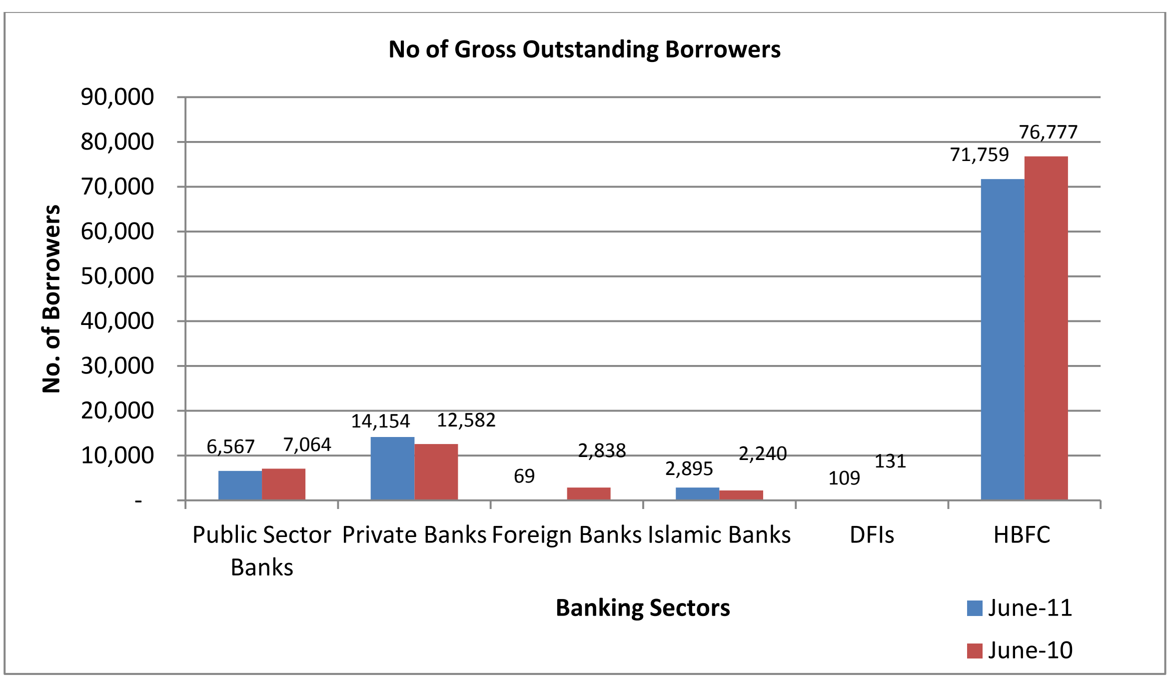
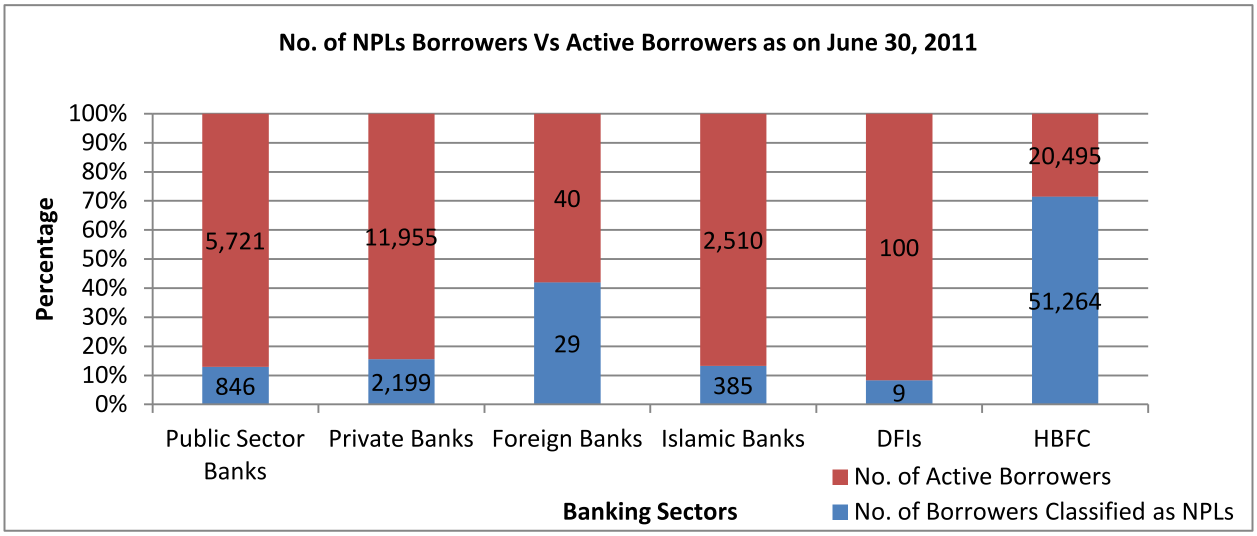


Figure 5 shows number of borrowers that has been classified as NPLs as a percentage of total borrowers. In terms of numbers, approximately 57.28% of total borrowers of housing finance borrowers have been classified as non-performing. However, this is primarily due to HBFC's number (51,264) of non-active borrowers, classified as non-performing, which comes to 71.44% of its total borrowers. Thus, excluding HBFC in such an analysis will be important as it caters to 78% of the total borrowers in housing finance sector which accounts for only 22% of total outstanding portfolio. Thus, by excluding HBFC, 15% of total borrowers of housing loans have been classified as non-performing.

Figure 5

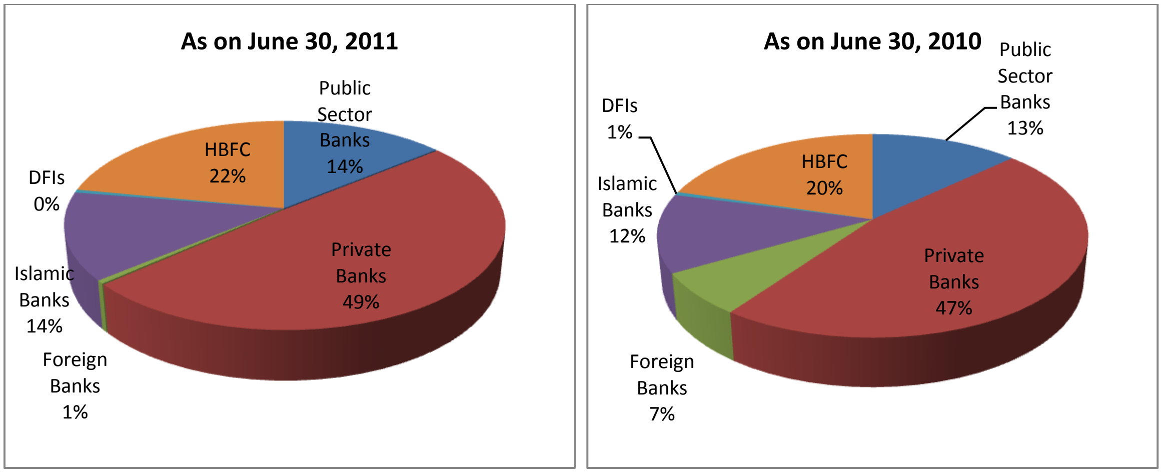


Total number of customers served by Islamic Banking Industry increased from to 4,065 to 4,089 (an increase of 0.59%) since March 2011.

Share of Banks

The overall market share (based on gross outstanding) of commercial banks (excluding DFIs) remained the same since the end of last year, as 78%. In comparison with last quarter (March 2011), there was 79%. Within commercial banks, the share of private banks in the total outstanding increased marginally from 47% to 49% and the share of foreign banks decreased from 7% to 1% due to take over of RBS portfolio by Faysal Bank (Figure 6). The share of public sector banks and Islamic Banks in the total outstanding increased from 13% to 14% and 12% to 14%. Share of HBFC in the total outstanding increased from 20% to 22% since the end of last year.

Figure 6: Share of Banks in Total Outstanding



The share of Conventional Banking (excluding HBFC), Islamic Banking Industry and HBFC in the total outstanding was 58%, 20% and 22% respectively on June 30, 2011 (Figure 6.1). IBDs (13 windows) and Islamic banks (05 banks) have 69% and 31% share in housing finance portfolio of Islamic Banking Industry (Figure 6.2), which shows that conventional banks also consider the Islamic mode of financing an important part of their business strategy. One of reasons of increasing Islamic banks outstanding portfolio is the purchase of Citibank's portfolio of Rs. 888 million by BankIslami in the quarter ending Dec 31, 2010.

Figure 6.1: Share of Islamic Banking Industry & Conventional Banking in Total Outstanding.

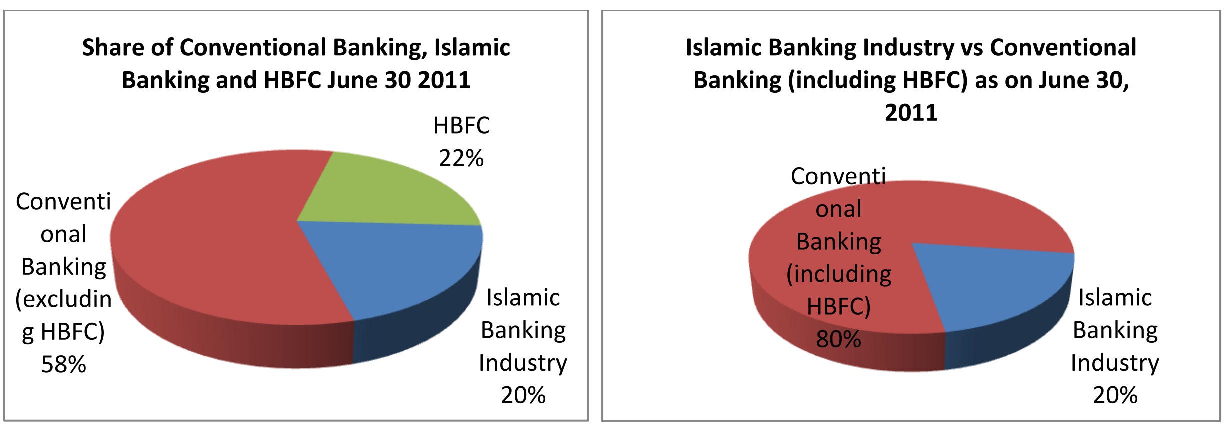
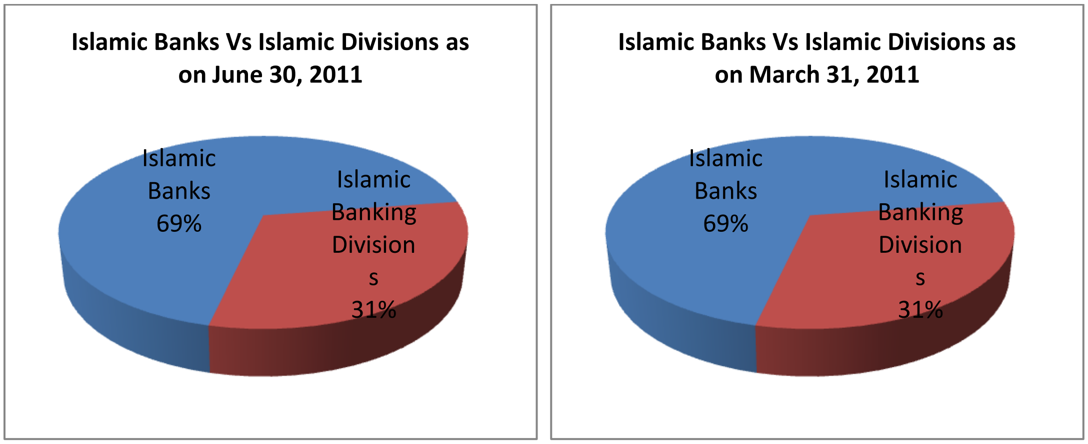


Figure 6.2: Share of Islamic Banks and Islamic Banking Divisions within Islamic Banking Industry in Total Outstanding.



Disbursements

Fresh disbursements to the tune of Rs. 1.50 billion were made to 898 borrowers during the quarter ending June 30, 2011 (Table 1). Private banks extended new disbursements with Rs. 637 million followed by Islamic banks with Rs. 449 million public sector banks with Rs. 48 million and foreign banks with Rs. 0.31 million. HBFC's fresh disbursements for the quarter were reported to be Rs. 337 million. Among commercial banks, the number of new borrowers totaled 389, with private banks serving 221 borrowers and Islamic banks 136 borrowers. HBFC extended loans to 509 new borrowers during the reporting quarter.

Fresh disbursement for Islamic Banking Industry was Rs. 586 million to 174 new borrowers during the quarter ending June 30, 2011 (Table 1). This includes new disbursements of Rs. 137 million to 38 customers by IBDs of conventional banks.

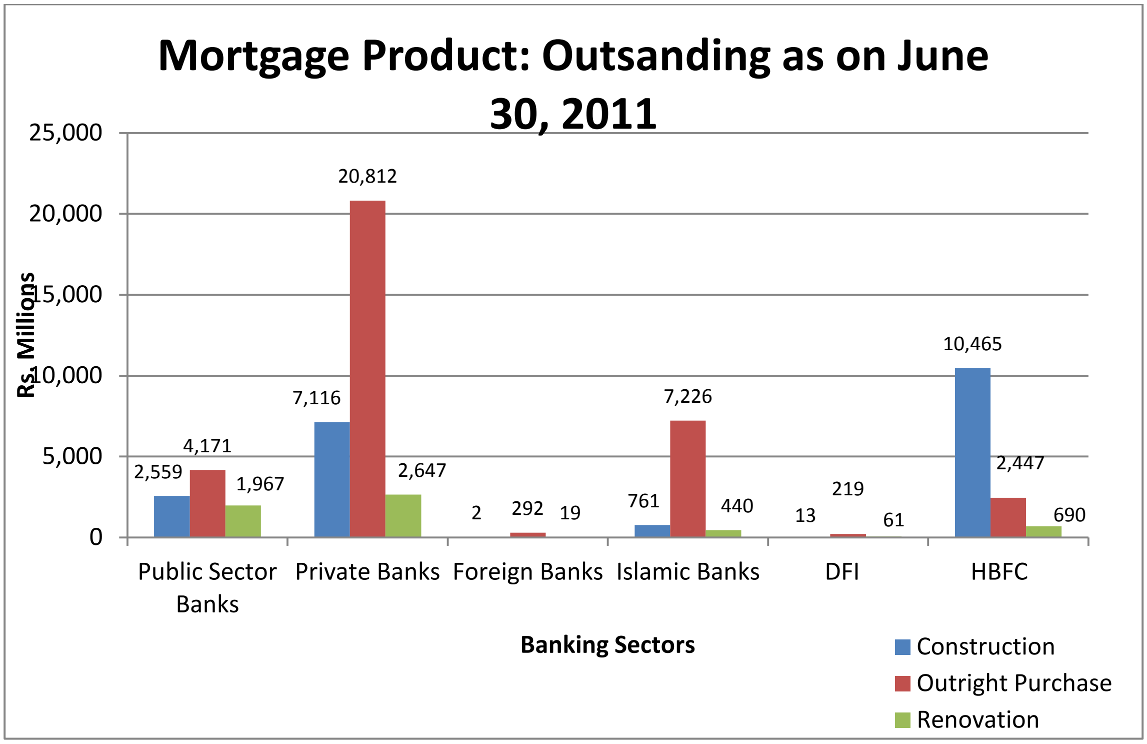
Table 1

New Disbursements during the quarter ending June 30 2011		
	Amount (Rs. Millions)	**No. of Borrowers**
Public Sector Banks	48	25
Private Banks	637	221
Foreign Banks	31	7
Islamic Banks	449	136
All Banks	**1165**	**389**
DFIs	-	-
HBFC	337	509
Total	**1,502**	**898**
Islamic Industry	**586**	**174**

Sectoral Share

The biggest share of housing finance continued to be attracted towards outright purchase (Figure 7).

Figure 7



The outstanding for outright purchase stood at Rs. 35.16 billion as on June 30, 2011; a 57% share in total outstanding of Rs. 61.90 billion. This is followed by the construction category where outstanding reported at quarter-end stood at Rs. 20.91 billion and that of renovation stood at Rs. 5.82 billion. Active portfolio shows that private banks have taken a lead in financing for all three sectors; construction 34%, outright purchase 59% and renovation 45%.

Housing Finance Business of Micro Finance Banks:

Gross Outstanding

The total outstanding housing finance as on June 30, 2011 of Micro Finance Banks (MFBs) stood at Rs. 169.64 millions, which was Rs. 161.60 millions at the end of March 31, 2011, showing an increase of 4.97%, over the last quarter.

Number of Borrowers

Total number of outstanding borrowers has increased from 2,222 to 2,297 since March 31, 2011; an increase of 3.37%.

Non-Performing Loans

NPLs for Micro Finance Banks have increased from Rs. 1.25 million (March 2011) to Rs. 1.57 million (June 2011); a 25.60% increase over the last quarter. NPLs of MFBs arising out of housing finance business are around 1% of their outstanding housing finance portfolio.

Analysis of Loan Variables adopted by Banks/DFIs & HBFC

Tables 1, 2 & 3 summarize loan variables across all banking sectors including weighted average interest rate, Loan-to-Value ratio (% financing by banks), average maturity period, average loan size and average time for loan processing.

Weighted average interest rate

The overall weighted average interest rate was 17.3% at the end of the current quarter. Highest weighted average profit rate was reported by HBFC 17.5%, followed by public sector banks 17.2%, private banks 17.1%, Islamic banks 17% while foreign banks average came to 15.6%.

Average maturity periods

Average maturity period of outstanding loans as on June 30, 2011 came to 12.5 years, which is low as compared to quarter ending June 30, 2010 when it was 13 years. HBFC's average maturity period is reported to be 12.5 years, while that of Islamic banks is 10.7 years. Table 1 shows that among commercial banks, foreign sector banks have extended housing loans for an average tenure of 17.5 years followed by private sector banks with 13.2 years and public sector banks with 10.1 years

Loan to Value ratio

The percentage of financing (Loan to Value ratio) extended by banks and DFIs increased during last year (Table 2) from 42.3% to 42.6%. Average LTVs of commercial banks have increased from 42.3% to 42.6%. The average LTV for HBFC has decreased from 57.2% to 42.8% during the last year, which is a significant change.

Average time for loan processing

The reported average time for loan processing is approx. 25.8 days for all banks and DFIs (except HBFC), which was 27.8 days in June 30, 2010. Average time taken by HBFC presently is 41.7 days. This has increased overall industry average to 33.7 days. Currently, the application processing of most of the banks is a centralized process, where branches forward applications to central branches/head offices for assessment and approvals.

Average loan size

Average loan size for disbursements made during the quarter ending June 30, 2011 is Rs. 3.2 million for all banks, except HBFC. The average loan size for HBFC is reported to be Rs. 1.9 million for the reporting quarter. Islamic as well as private banks reported an average finance size of Rs. 1.9 and 4.7 million, foreign banks Rs. 2.5 million and public sector banks reported Rs. 0.8 million. The housing finance market is still inclined towards lending to high income groups.

Table 1

	Weighted Average Interest Rate (%)					Average Maturity Period (Years)				
	June-10	Mar-11	Dec-10	Sep-10	June-10	June-10	Mar-11	Dec-10	Sep-10	June-10
Public Sector Banks	17.2	16.8	15.9	13.8	13.7	10.1	13.2	10.6	9.8	11.3
Private Banks	17.1	17.1	16.4	15.0	15.1	13.2	13.0	11.0	10.0	13.0
Foreign Banks	15.6	14.1	16.1	16.9	16.3	17.5	20.0	14.8	9.5	11.6
Islamic Banks	17.0	17.3	16.6	16.3	16.9	10.7	12.2	10.0	11.4	12.6
All Banks	17.0	16.9	16.3	15.5	15.5	12.3	13.2	11.1	10.4	12.3
DFIs	-	16.8	16.6	16.3	16.2	-	-	-	-	-
All Banks & DFIs	17.0	16.9	16.3	15.6	15.6	12.3	13.2	11.1	10.4	12.3
HBFC	17.5	17.5	17.0	16.2	16.1	12.7	13.5	13.3	12.9	13.6
Total Average	17.3	17.2	16.7	15.8	15.7	12.5	13.4	12.2	11.7	13.0

Table 2

	Loan to Value Ratio					Average Time for Loan Processing (days)				
	June-10	Mar-11	Dec-10	Sep-10	June-10	June-10	Mar-11	Dec-10	Sep-10	June-10
Public Sector Banks	31.7	49.6	62.1	52.4	35.1	38.0	38.4	32.6	16.8	24.6
Private Banks	44.6	49.4	55.0	45.9	39.7	22.6	28.5	21.3	19.7	25.1
Foreign Banks	63.4	65.5	50.1	33.2	54.1	30.0	30.0	25.5	30.0	33.2
Islamic Banks	39.7	42.2	53.2	51.4	32.7	23.2	25.0	28.4	29.1	25.5
All Banks	42.6	48.5	55.2	48.1	42.3	25.8	28.8	26.2	23.3	27.8
DFIs	-	-	-	-	-	-	-	-	-	-
All Banks & DFIs	42.6	48.5	55.2	48.1	42.3	25.8	28.8	26.2	23.3	27.8
HBFC	42.8	44.7	43.5	48.5	57.2	41.7	39.1	40.4	48.3	47.8
Total Average	42.7	46.6	49.3	48.3	49.8	33.7	33.9	33.3	35.8	37.8

Table 3

	Average Loan Size				
	June-10	Mar-11	Dec-10	Sep-10	June-10
Public Sector Banks	0.8	2.5	1.1	1.4	1.3
Private Banks	4.7	4.5	2.9	3.2	4.9
Foreign Banks	2.5	2.4	1.7	2.2	2.1
Islamic Banks	1.9	2.1	2.9	2.6	3.1
All Banks	3.2	3.5	2.5	2.6	3.5
DFIs	-	-	-	-	-
All Banks & DFIs	3.2	3.5	2.5	2.6	3.5
HBFC	1.9	1.2	1.2	1.6	1.2
Total Average/Total	2.5	2.3	1.9	2.1	2.3

Conclusion

The quarter ending June 30, 2011 depicted a slight decrease as compared to quarter ending June 30, 2010, in overall portfolio. NPLs of the housing finance portfolio display a decreasing trend and banks continue to show signs of cautious lending amidst decreased affordability of the borrowers. LTVs and maturity periods have decreased over the last year. However, the lack of a conducive institutional framework and secondary mortgage market and high interest rates are still the major constraints towards the growth of housing and housing finance sector which is one of the potential key drivers of the economy.

Major Initiatives and Achievements

Recognizing the importance of housing sector in boosting the domestic economy, following initiatives have been taken by SBP to further develop market based mechanisms and enhance the flow of credit to this priority sector.

Implementation of Housing Advisory Group's Recommendations

As part of its earlier efforts, SBP had established a Housing Advisory Group (HAG) with an intention to conduct a thorough analysis of the existing regulatory and policy framework affecting housing finance. The HAG made number of recommendations stressing on the need to enhance access of financial services for the development of housing sector. These include reforms in legal and regulatory framework, establishment of secondary mortgage market, development of market intelligence, provision of affordable/low income housing finance products. SBP disseminated the recommendations to the concerned stakeholders and is currently coordinating with Provincial Governments, Pakistan Banks' Association (PBA), Association of Mortgage Bankers (AMB) and Association of Builders and Developers (ABAD) for implementation of some of the key recommendations.

Mortgage Refinance Company

Work on the establishment of Mortgage Refinance Company is being pursued aggressively. IFC developed a detailed business plan and feasibility for the Mortgage Refinance Company. Principal buy-in of the Ministry of Finance has been elicited and equity commitments from the GoP, commercial banks and HBFC have been received. Memorandum & Articles of Association of the proposed company have been developed and consultant is being hired to assist in incorporation of the company during the current financial year (2010-11).

Capacity building Program

In addition to initiatives taken to institutionalize housing finance, SBP realizes that a simultaneous development of human capital will play a critical role in ensuring sustainability of housing finance. Few training programs have been conducted on different aspects of housing finance including product development, loan marketing/distribution and origination & loan underwriting, servicing and risk management. Till date, approximately 400 bankers from over 20 banks have been trained in the mortgage business.

Development of Housing Finance Guidelines

To increase the efficiency of mortgage bankers, Housing/Mortgage Finance Guidelines have been developed, by adopting best international practices, and after consultation with internal and external stakeholders, including PBA.

News on Housing Finance

Benazir model villages to revolutionise lifestyle

MUZAFFARGARH (APP): Former PPP central information secretary Fauzia Wahab has said that poor flood-hit communities would enjoy all civic facilities comparable to any modern housing scheme at under construction Benazir model villages across Pakistan's affected belt. She said this while visiting an under construction model village in Sinawan town, tehsil Kot Addu, some 35 kilometres away from the city.Fauzia said that twelve more projects would be undertaken by the PPP-led government in all flood affected areas of the country.After suffering an ordeal caused by devastating floods in 2010, affected rural people are now set to enter a modern era and taste model civic facilities, Fauzia added. She added that Benazir model villages marked the beginning of a revolutionary change in the lifestyle of rural populace. The Benazir model village in Sinawan is being built at a cost of Rs 250 million. The modern residential facility for the poor flood hit people is covered by a security wall on all four directions and 300 homes, each measuring six marlas, will be built over the 20 acre area. Initially, 175 homes are under construction in the first phase that are expected to complete shortly, the PPP information secretary said. Each home will have two rooms, a kitchen, a store and a bathroom, she added. The model village will have roads, primary school, dispensary, playground, commercial area, administration block, besides water supply, electricity and sewerage system. The PPP-led government wants the process of change continue ceaselessly to provide modern civic facilities to rural populace comparable to facilities available in cities, Fauzia said.

City Govt plans to go into construction of low cost housing

Karachi—City Government has decided to mobilize its public housing department and to construct residential apartments on its empty plots. In this way not only the citizens would avail low cost quality residential facility but the revenue of city government would also get a sizeable boost.

In a meeting chaired by DCO Karachi Muhammad Hussain Syed a committee was also formed in the convenorship of District Officer Contract Management. Other member of this committee includes District Officer Land I-II, District Officer Public Housing, District Officer of State, Master Plan, Works & Services and Revenue Department.

The committee will submit its report within a week so that work on this project could start from the current month. The meeting which was attended by EDO Master Plan Iftikhar Qaimkhani, EDO Works & Services Altaf G. Memon, EDO Transport & Communication Atique Baig and other officers of Revenue, Land, State and Works & Services department.

DCO Karachi on this occasion said to officers to put up their suggestions on the increase in the revenue of city government. He said auction of government plots must be thoroughly reviewed prior to the auction by auction committee so that it could decide on the auction of the plot. Members of auction committee or their representatives should also present at the auction.

Rs.1,395 m for Ministry of Housing and Works

ISLAMABAD - According to the statistic of Public Sectors Development Plan (PSDP), in the budget 2011-2012, Ministry of Housing and Works has been allocated Rs 1395.968 million, out of which, Rs25.374 million are for ten new schemes while Rs1370.594 million are for incomplete schemes of previous budget 2010-2011.

The details of allocation for new schemes in budget 2011-2012 were, for the construction of office cum accommodations and residential accommodation of intelligence bureau at Ghallani Mohamamd Agency Rs 3.0 million, at Hangu Rs1.19 million and at Kalaya Orakzai Agency Rs1.230 million, for enhancement of security arrangements of survey of Pakistan Rawalpindi Rs3.0 million. Moreover, for enhancement of security arrangements of survey of Pakistan Murree Rs3 million, for anti shatter proofing of all glass window doors and ventilators at Prime Minister House Islamabad Rs2 million, for construction of fibreglass shed and allied works at Prime Minister Secretariat Islamabad Rs1.931 million, for renovations of government owned flats at I-9/4 Islamabad Rs3.0 million, for fire prevention and fire fighting arrangements in prime minister house Islamabad Rs3.0 million, for extension of Mosque in Gushan-e-Jnnah complex F-5/1 Islamabad Rs 4.023 million have been allocated. It would be relevant to mention here that, in 2010-2011 budget, Rs9935.91 million were allocated to ministry of housing and works for 93 schemes.

Strong regulatory mechanism for housing demanded

In stamping out the inequitable distribution of land, the government must devise a proper mechanism such as a "housing price index" to regulate and control the prices of houses as the overall population of the country is increasing at 2.6percent per annum while urban settlement is growing at 4.7percent annually. Amid this scenario, housing needs to evolve as a corresponding measure.

This was stated by the Chairman, Department of Architecture and Planning, NED University, Dr. Noman Ahmed during his presentation on "Housing Crisis in Pakistan" at the Urban Resource Centre on Wednesday. He said the 45 percent of the population in Urban Sindh and 50 percent in Urban Punjab lived in one room, while 53 percent had access to water sources in urbanised areas of the country.

"Keeping in view such a dismal situation, the poor and downtrodden segment of the society can only dream of acquiring housing facilities," he said. He said Karachi had become an urban region with 55 percent of the population living in unplanned localities. "Everybody can set a house price as per his choice; nobody can prevent him from doing so as there is no law in effect"

Discussing the housing policy measures taken by the government since independence, he said the Ministry of Rehabilitation was established in 1949 for addressing the housing issues, while subsequently the government started to make five-year housing plans.

PHA launched several housing schemes

ISLAMABAD: Pakistan Housing Authority (PHA) has launched several housing schemes in various parts of the country under the Prime Minister Housing Programme with a view to provide housing facilities to Federal Government Employees and general public on affordable cost.

Expression of Interests (EOIs) have been sought to launch housing schemes in small cities of the country aimed at providing inexpensive residential facilities to the common man. An official of Ministry of Housing told APP that the Pakistan Housing Authority (PHA) invited EOIs to launch first phase of the proposed 5-Marla housing schemes from individuals and firms having land and capacity to develop the projects in different cities of the country. He said an advertisement was being given seeking EOIs to launch the scheme in collaboration with private sector.

The government has initiated work on various long and short term housing projects keeping in view the growing demand of the houses. Soon after taking over the charge the government announced to construct one million houses. Project construction of housing units is in full swing in Karachi, Peshawar, Lahore and Quetta. About 3000 kanals of land in Bara Kahu has been purchased, where flats and plots would be built and allotted to government employees, general public and journalists.

The allotment would be on `no profit and no loss basis'. About two percent quota for journalists and non-journalists each has been allocated in the federal schemes. Investors are showing keen interest in Pakistan's housing sector. Federal Government Employees Housing Foundation (FGEHF) has registered thousand of employees under the government's scheme to provide houses to government servants.