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# COMPARATIVE STUDY OF RELATIONSHIP BETWEEN GDP AND AFFORDABLE HOUSING

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## ABSTRACT

*The increasing economic performance of the major states in India has transformed the trends of urban development but the effects of their impact on housing affordability have not been well comprehended. The study concentrates on eight cities in Maharashtra, Tamil Nadu, Karnataka and Gujarat, the relationship between economic development at the state level and the dynamics of the housing market, as well as the capacity and affordability of institutions. A comparative framework on the basis of secondary data incorporates the GDP and GSDP development, long term and quarterly housing prices indexes, migration flows and outcomes of implementing PMAY-U to examine changes between metropolitan and secondary cities. The economic indicators show stable growth in the last decade and the House Price index sees constant increase, which implies that the increasing economic output has been correlated with increasing housing prices. Cities like Mumbai, Chennai, Bengaluru and Ahmedabad are metropolitan cities and thus have high migration inflows thereby increasing the pressure of affordability. On the other hand, secondary cities such as Nagpur, Madurai, Mysuru, and Rajkot demonstrate fewer extreme levels of demand and institutional and administrative obstacles that limit housing delivery through PMAY-U. The results point to a structural duality: economically strong cities at the centre of their urban areas experience price-based marginalization, and smaller cities have to battle governance constraints despite being in high-GDP cities. These trends affirm that it is not the macroeconomic growth that can ensure better affordability, and that institutional efficiency, fiscal responsiveness and administration coordination defines the outcomes of housing. It is crucial to strengthen systems of governance and harmonize economic development with the inclusive planning structures to bring equitable and sustainable housing futures.*

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**KEYWORDS:** GDP, Affordable Housing, PMAY-U, Governance Capacity, HPI Trends.

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## 1. Introduction

Gross Domestic Product (GDP) is among the most significant indicators of economic well-being of the country because it is the aggregate of the market value of all goods and services produced in a country at a given time. It remains the primary pillar in measuring macroeconomic and one of the most important points to gauge the progress and productivity of the nation. The broadness that GDP has in the quantification of economic growth however conceals the underlying social and geographical inequality at least in the instance where growth gains are not evenly distributed in case of developing economies. Even though economic growth is associated with the ability of countries to possess enough fiscal resources, it does not always imply that individuals will have equitable access to such basic needs as affordable housing (Kumar et al., 2021). This discrepancy in the performance in the aggregate economy and social inclusivity has been particularly outstanding in India which is characterized by high levels of urbanization, demographic changes and rising levels of income disparity. India has experienced steady GDP growth over the last 20 years, along with notable developments in industrial production and the growth of the service sector. Nevertheless, in the case of large sections of the population, this impressive trend has not led to corresponding gains in the accessibility of housing or the quality of living (Dua, 2025).

Affordable housing is a major social and economic problem that cuts across real estate markets. It shows how economic systems can contribute to the inclusive urban development, social stability, and human dignity (Ranganath, 2022). The right to decent housing is defined by the international human rights frameworks as the key to a long-term, stable economic development. The housing shortage has now gone out of proportions in India where urban migration and population growth continues to increase. The Ministry of Housing and Urban Affairs estimates that nearly 600 million Indians will be urban in 2036. This will impose much pressure on urban housing and infrastructure (Habitat, 2023). Examples of industrial centers that attract a steady influx of migrant workers include Mumbai, Bengaluru and Chennai. This heightens the housing needs and raises the price of land. The reality that property prices have increased significantly higher than the incomes has left middle- and low-income individuals out of the formal housing market. This trend shows the structural paradox of the Indian economic model whereby rising GDP has generated

wealth without the delivery of social equity (Tang et al., 2022).

In theory, economic growth increases the availability of resources to be used in the construction of infrastructure, but the benefits are not distributed equally across geographical areas. Indian states such as Maharashtra, Tamil Nadu, Gujarat, and Karnataka, which constitute the high-GDP blocks have high levels of industrialization and inflows of investments, yet the housing market inflation is also very high. Conversely, the secondary cities within these states Nagpur, Madurai, Mysuru, and Rajkot though economically smaller, continue to struggle with limited investment, weaker institutional capacity, and slower housing development. This disparity in housing has led to two housing crises; in the economically developed regions, the housing is too costly, and in the less developed states, there is a lack of housing. These differences indicate the multifaceted interaction of economic development, urbanization, spatial inequality and imply that residential outcomes in India are not only dependent on GDP, but also institutional capacity and fiscal management and efficiency in governance (Lammi, 2024).

The urban housing policy structure in India provides an example of how the state is changing its policy to address these challenges in several cycles of reform. Programmes like the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Pradhan Mantri Awas Yojana (Urban) [PMAY-U], and the Smart Cities Mission is an evolutionary step to ensure that no other model is based on theory, rather, a more sustainable and inclusive multi-stakeholder approach is adopted (Chattopadhyay and Kumar, 2024). Nevertheless, the results of their implementation are still disproportionate among states. The higher the income level, the more the regions are characterized by successful project implementation and institutional performance because of superior administrative powers and financial resources, and the worse low-income areas are because of poor budgetary autonomy and infrastructural limitations (T. Charumathi and Princiya, 2024). The ensuing imbalance itself shows that the growth of GDP, without the reform of the governance and decentralization of the fiscal funds, will not guarantee the accessibility of houses on equal terms. Effective governance encompassing transparent fiscal management, coherent planning, and regulatory oversight emerges as a critical determinant of success (Protection, 2024).

There is still a big gap in research that looks at the real-world link between economic performance and

the availability of affordable housing, even though there is a lot of writing on urban development and housing policy. Most of the studies that are out there look at GDP growth and housing affordability as separate issues, looking at macroeconomic progress or urban housing shortages on their own. The connection between the economic growth on the state level and the housing price in the city has not been systematically investigated by many people. To find out whether the money created by raising the GDP really leads to the development of the quality of life, we have to close this gap. The difference in fiscal capacity, regulatory frameworks, and policy implementation can be compared in a relatively way and demonstrate how the differences in the mentioned aspects can influence housing equity in different cities in India (Agarwal et al., 2022).

This research paper presents a comparative study of the correlation between GSDP and affordable housing in eight cities in India namely Mumbai, Nagpur, Chennai, Madurai, Bengaluru, Mysuru, Ahmedabad, and Rajkot. It is a four-state high-GDP framework representing an economic diversity balanced representation with similar governance situations. The study will assess the relationship between economic prosperity and better housing access or institutional inefficiencies limiting improvements in housing access through the analysis of variables like the GDP contribution, population growth, policy implementation, budget allocation and affordability. It also provides a comparative evaluation of governance performance to identify structural barriers that hinder the translation of economic growth into equitable housing outcomes.

The essence of the hypothesis of the study is that being in a better position in terms of higher GDP level of states imply a better financial capability and more investment in infrastructure, but it does not imply proportionate improvement in housing affordability of the low- and middle-income levels. Growth in the economy usually triggers speculative real estate construction resulting into price inflation and exclusion development of cities. On the contrary, the states with low GDP, though with a lesser inflation in the market, have few private involvement and administrative inefficiencies that inhibit housing supply (ESCAP, 2025). Thus, the cost of housing in India is determined not only by the rate of economic growth, but also by the quality of governance, fiscal decentralization and inclusiveness of the institutional processes. The comparative angle of the present research is very close to the intentions of the United Nations Sustainable Development Goal 11, in

which cities are to become inclusive, safe, resilient, and sustainable by incorporating social equity in urban development (Singh and Shankar, 2025). It is therefore important to understand how GDP and affordable housing operate to come up with policy frameworks that would balance economic modernization and distributive justice and human development.

Lastly, the paper aims at creating an evidence-based knowledge on the congruence between the macroeconomic growth and the inclusive governance and equitable urban planning in India. It contributes to the scholarly debate of the economic social nexus of development policy by implying that institutional reform, policy consistency, and spatial justice should follow the long-term growth. Only when economic development is linked with the development of appropriate governing system and social justice structures, the cities in India will become the place where dignity and opportunities, as well as affordable living, will be offered to both rural and urban citizens.

## 2. Literature Review

The economic theories of development give a theoretical background on the interaction of national income growth with the social outcomes like the housing affordability. Both classic and recent economic approaches claim that even as growth triggers production, employment and consumption the fruits of growth can be unfairly spread on both social and spatial fronts. The Keynesian model, as an example, assumes that the increase in the economy caused by the state spending and aggregate demand can raise the level of employment and quality of life. Without redistributive fiscal policies, however, the growth will lead to concentration of wealth amongst higher income earners increasing inequality and reducing access to the basic social amenities like housing. In such a way, the kind and form of economic policy can ensure the improvement of GDP growth either as an increase in welfare or as a further polarization of society. This view can be augmented by the urban growth models that illustrate how the development of the industrial sphere and the development of the service sector cause migration between rural and urban areas, increasing population density and straining the facilities of the urban infrastructure. Spatial inequality theory also complicates these processes as it postulates that the gains of growth are geographically concentrated in areas of high performance at the expense of the structural disadvantaged peripheral economies (Ahrend et al., 2022).

Together, these theoretical approaches stress that GDP growth, much as a key component of modernization, cannot assure equitable access to housing when systemic inequities in the distribution of income, governance and urban policy continue to exist. In the sphere of housing economics, the affordability has been examined with the help of the various methodological approaches, including the price-to-income ratio and the residual income approach. Price-to-income ratio research involves a comparison of the median housing price ratio to the median household income, which is among the most basic measures of financial access. Residual income model on the other hand is the measurement of the amount of household disposable income that is left after the housing expenditure to meet other needs that are of paramount importance such as food, healthcare and education. Both plans refer to the necessity of the balance between the rise in income and housing prices stability. Empirical evidence indicates that boom economies with speculative capital formation and increased land prices lead to poor-affordability condition especially when there is no commensurate increase in wage rate with the increase in the property prices (Rao and Biswas, 2025). This implies that the housing affordability within the macroeconomic environment must be quantified using a multidimensional methodology that includes fiscal capacity, governance and socio-spatial equity.

The empirical research on the association between GDP growth and housing performance provides conflicting evidence since various countries and the level of the institutional maturity embrace various variations. The international studies always demonstrate that as much as the economic growth can boost the housing construction and the mortgage supply it can also increase the real estate prices in the highly speculative areas in urban areas. In the developed economies, the volatility is tamed by the effective fiscal regulation system and long term planning system which provides relative stability in the market. However, harsh regulatory environments in developing economies also help to compound the multiplied impact of speculative investment and stimulate the housing demand beyond the wage-based affordability. These findings underscore the significance of the governance and fiscal management in transforming the macroeconomic growth to social welfare. United Nations, Economic and Social Commission for Asia and the Pacific (ESCAP) reports also indicate that the institutional strength, regulatory transparency, and fiscal accountability are the factors that define the

level at which GDP growth would bring about inclusive housing results.

These insights are also strengthened by the Indian experience. Although the GDP growth has been persistent over the last twenty years, the issue of housing affordability has never been resolved. Such high growth states as Maharashtra, Tamil Nadu, Gujarat and Karnataka are characterized by highly industrialized and urbanized areas and the rise of property prices and land speculation. Indeed, such states are the focus of most housing capital but, empirically, these areas have become less affordable to households with low income because of increased land prices and lax standards of regulation (Gopalan and Venkataraman, 2015). Within these states, secondary cities such as Nagpur, Madurai, Mysuru, and Rajkot experience slower housing growth due to limited fiscal autonomy and reduced private-sector participation. Government-supported policies like the Pradhan Mantri Awas Yojana (Urban) [PMAY-U] have grown housing stock considerably expanding the set of housing needs although still insufficient in the world of peri-urban and distant areas (Chawla and Gupta, 2025). These tendencies point to the structural imbalance in which the economic growth and housing inclusivity develop in opposite directions.

Social and governance aspects leading to the accessibility of housing in India have also been examined by a few studies. It has been examined that institutional fragmentation, bureaucratic overlaps, and financial ineffectiveness often prevent successful execution of housing programs, particularly in states with lower GDPs. This has led to duplication and inefficiency of policies by the lack of coordination between the urban planning authorities, financial institutions and housing boards. Besides, the poor cohesion between the urban planning systems and financial inclusion policies limits the provision of affordable housing credit to the economically disadvantaged sections (Malik and Sikarwar, 2025). The financial inclusion view holds that microfinance through inclusive credit systems, interest subsidies, and accessibility of mortgage are key in reducing the disparity in cost and ownership. In the absence of institutional processes that guarantee the availability of finances, GDP growth only enhances the macroeconomic capability and fails to make individual welfare outcomes better.

Recent research has also highlighted how India's housing crisis is primarily an administrative issue rather than just an economic one. To create a sustainable and inclusive housing ecosystem, the wider policy changes argue that decentralization,

infrastructure financing, and land governance reforms should be in place (Kumar and Shukla, 2022). The empirical evidence of the applicability of effective housing delivery being contingent on the quality of institutional governance as opposed to the quantity of economic output is further substantiated by empirical evidence on different regions. Compared to states with fragmented bureaucratic systems, states with fiscal transparency, administrative coordination and accountability systems better convert GDP gains into apparent housing outcomes.

The observations are in line with the global data that multi-level governance and fiscal decentralization significantly enhance the transformation of economic progress into inclusive housing systems. To solve the structural divergence between growth and housing equity, recent research has suggested the concept of resilience-oriented urban strategies, which transcend governance and fiscal dynamics. The integrated spatial, economic, and environmental planning frameworks of cities can more effectively sustain housing affordability even in the context of demographic and economic pressures, as the World Economic Forum (2024) claims. The cross-sectoral coordination, inclusive zoning, and long-term flexibility are the key resilience-based strategies that emphasize the equitable urbanization. In spite of these theoretical and empirical advances, there are still important research gaps, however. The current literature has separated GDP and affordable housing as two different fields that study macroeconomic growth or the housing policy in cities in isolation. It is not common to compare different cities with different GDP levels and there are little longitudinal data to assess the changes in institutional and fiscal aspects over time. In addition, little research has taken a systematic approach to the role of state capacity, governance efficiency and fiscal autonomy as mediators in the relationship between economic growth and social equity.

To address these gaps, the present study deploys a combined comparative framework that includes governance framework, policy assessment, and economic indicators of eight cities in India. The paper provides a comprehensive perspective of the relationship or disconnection between the national prosperity and the housing affordability outcomes by looking at both high and low-GDP situations. This method broadens the area of research of the earlier studies focusing on the intersections of the institutional design, as well as social inclusion and fiscal management in terms of sustainable urban development. It makes so because it will add to

existing discussions on how developing nations, like India can find a balance between GDP growth and equitable housing and urban sustainability.

### **3. Methodology**

#### **3.1 Research Design**

The study design is comparative and descriptive research design, which solely relies on secondary data as a method of research. The method compares eight cities in four high-GSDP Indian states, which allows examining the effects of macroeconomic strength, population pressures, and the efficiency of governance on changes in housing affordability. The design will combine demographic, housing market, policy, and economic indicators to the single analytical instrument that would capture multidimensional trends across states and cities.

#### **3.2 Selection of Study Units**

Maharashtra, Tamil Nadu, Karnataka and Gujarat were selected due to their stable top rankings in terms of GSDP, different urban systems, and well-built economies. One metropolitan city (Mumbai, Chennai, Bengaluru, Ahmedabad) and other secondary city (Nagpur, Madurai, Mysuru, Rajkot) were selected in each state to have intra-state variations in the housing conditions and institutional capacity. This combination helps in a successful comparison of economically dominant cities and small urban centres that run on similar policy and governance structures but have a vast disparity in their financial ability and market features.

#### **3.3 Data Sources**

Official secondary data sources consisting of government institutions are solely analyzed, which makes it reliable and consistent. The Ministry of Statistics and Programme Implementation (MoSPI) sources provided economic indicators such as national GDP series and State Domestic Product database. The indicator of the housing market was based on real House Price Index (HPI) provided by the reserve bank of India on long-term basis and rebased. Census of India data sources provided demographic data of population and migration patterns. The results of housing delivery and financial development were taken in the Pradhan Mantri Awas Yojana Awas Yojana reports released by the Ministry of Housing and Urban Affairs. The Results section is based on all figures and visualization that are obtained directly out of these official sources.

### 3.4 Study Period

The study provides a ten-year span to have sufficient time to study the economic cycles, demographic changes, and adoption of housing policy. The national GDP and state GSDP indicators are measured between 2011-12 and 2024-25, long-term housing price dynamics are measured based on the HPI series of 2012-24, and the quarterly price dynamics are measured between 2023-24 and 2025-26 and implementation of PMAY-U is measured between 2015-2024. Migration indicators will be based on Census 2011 which is the latest comprehensive data in the city.

### 3.5 Variables and Indicators

The research employs a multidimensional indicator of measures in determining the association between the economic output and affordable housing. Economic variables comprise the trends in national GDP, GSDP on state level and inferred city-level economic situation. The variables of the housing market consist of the long term HPI series, quarterly rebased HPI values and structural price movements. Demographic factors involve the intensity of migration and inflow of the population to the eight cities. There exist policy and governance indicators such as PMAY-U indicators of approved, grounded and finished housing units and financial aid approved and disbursed. The factors of affordability are evaluated indirectly via housing prices patterns,

delivery efficiency, and demographic pressures, which is in line with the accessible datasets.

### 3.6 Analytical Framework

The analysis is a blend of comparative, trend-based, and descriptive methods to investigate the relationship between economic growth and housing achievements among states and cities. GSDP growth trajectories and macroeconomic variables are compared on the state level, whereas the comparisons on the city level are based on migration patterns, HPI flows, PMAY-U delivery achievement, and monetary development. The interpretation of long-term and short-term economic and price cycles is done by trend analysis and the visual analysis by tables and figures is used to point out the variation in the efficiency of the implementation and affordability pressures and the performance of the institutions in the eight cities.

## 4. RESULTS

### 4.1 Macroeconomic and State-Level Economic Context

The macroeconomic environment in the four states of Maharashtra, Tamil Nadu, Karnataka and Gujarat depicts a sound long-term growth pattern within which the dynamics of housing domains in the identified cities is patterned. The estimates of the national GDP between 2011-12 to 2024-25 indicate a consistent growth, a short term decline in 2020-21, and robust recovery thereafter (Figure 1).



**Figure 1. Annual GDP Estimates and Growth Rates at Constant Prices (2011-12 to 2024-25)**

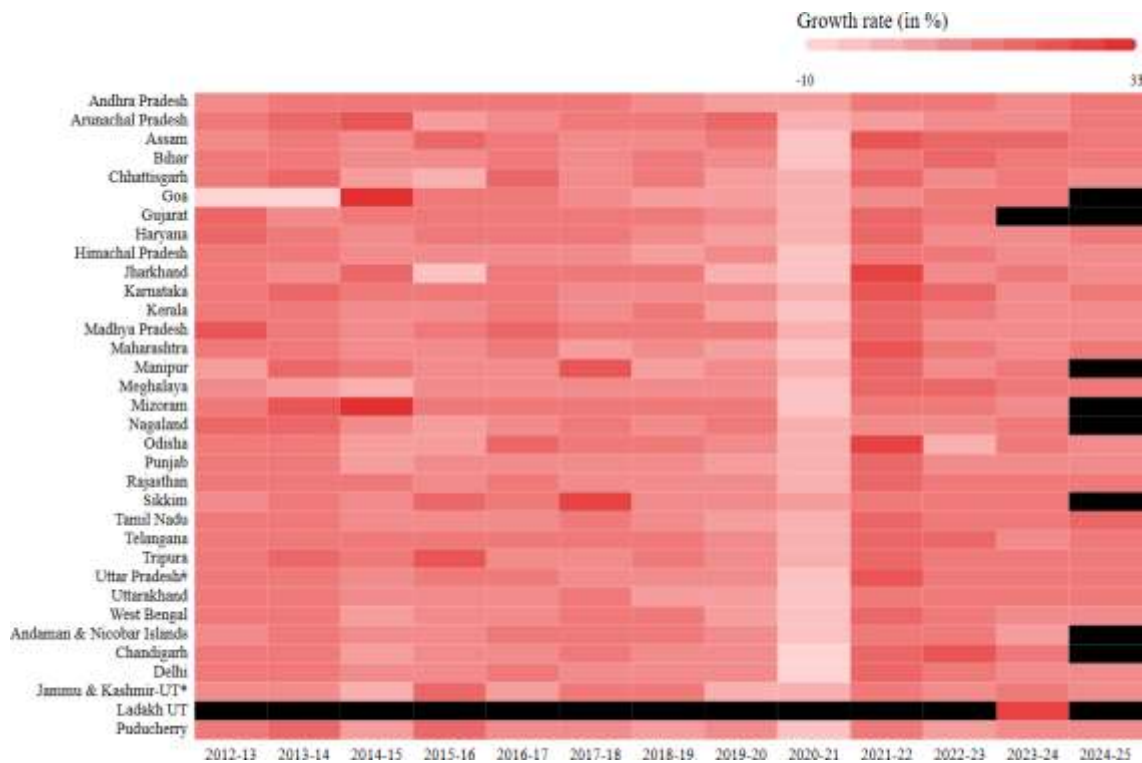
(Source: Ministry of Statistics & Programme Implementation. (2025, November 18))

The study design is comparative and descriptive research design, which solely relies on secondary data as a method of research. The method compares

eight cities in four high-GSDP Indian states, which allows examining the effects of macroeconomic strength, population pressures, and the efficiency of

governance on changes in housing affordability. The design will combine demographic, housing market, policy, and economic indicators to the single

analytical instrument that would capture multidimensional trends across states and cities.



**Figure 2. State-wise GDP Growth Rates (%) at Current Prices (Base Year 2011-12)**  
 (Source: Ministry of Statistics & Programme Implementation. (2025, August 1))

**4.2 Population and Migration Characteristics**

Migration patterns based on Census show that there is high pressure in terms of population within the cities being studied. Interstate migration in Mumbai, Chennai, Bengaluru and Ahmedabad is high because of their high economic background and employment

availability. The Tier-2 cities Nagpur, Madurai, Mysuru and Rajkot have a moderate yet high migrant inflow due to regional service industries, educational centers and developing industrial belts. The migration flows increase the intensity of housing demand in the metropolitan and secondary cities.

**Table 1. Migration Characteristics of the Study Cities (Census-Based Summary)**

City	Migration Intensity	Key Observation
Mumbai	Very High	Strong interstate labour inflows
Chennai	High	Sustained regional and interstate attraction
Bengaluru	Very High	Largest interstate inflow among southern metros
Ahmedabad	High	Industrial workforce from neighbouring states
Nagpur	Moderate	Regional service-sector inflows
Madurai	Low-Moderate	Primarily intrastate migration
Mysuru	Moderate	Education and service-linked movement
Rajkot	Low-Moderate	Manufacturing-oriented inflows

**4.3 House Price Trends in the Selected Cities**

The house price patterns show a consistent demand pressure in the major urban centres. The All-India House Price Index (HPI) which has been rebased to 202223 = 100, shows a consistent increasing trend in the period between Q1 202324 and Q4 202425, then

slightly decreased in Q1 202526 (Figure 3). HPI trends of Mumbai, Chennai, Bengaluru, Ahmedabad and Nagpur at city level have also been moving in the same direction, as residential markets are affected by the increasing urbanisation, migration, and economic activity.



Figure 3. Quarterly Movement of the All-India House Price Index (HPI), 2023–24 to 2025–26 (Base Year: 2022–23 = 100) (Source: Reserve Bank of India. (2025, October 9).

**4.4 Housing Delivery Performance under PMAY-U**

Significant discrepancies exist regarding the performance in PMAY-U implementation in the eight cities. The results of completion in Mumbai and Ahmedabad are excellent with a ratio of 97.37% and 95.60% respectively, and this reflects a high efficiency of governance and execution ability. Chennai and Bengaluru have completion rates of over 85 percent,

which are good indicators of project conversion. Rajkot is doing relatively better among the Tier-2 cities with 87.04% of completion while Nagpur, Madurai and Mysuru have moderate completion rates of between 77 and 78 percent. Such differences indicate the disparity between the ability of the municipalities to transform approved houses into finished homes.

**Table 2. PMAY-U Housing Progress in the Selected Cities (Sanctioned–Grounded–Completed)**

City (ULB)	Sanctioned	Grounded	Completed	Completion %
Greater Mumbai MC	1,41,515	1,41,515	1,37,793	97.37%
Chennai Corporation	7,60,470	6,90,218	6,50,215	85.47%
Bengaluru (BBMP)	6,85,790	6,20,340	5,85,621	85.40%
Ahmedabad MC	2,06,018	2,06,018	1,96,972	95.60%
Nagpur MC	4,85,120	4,10,850	3,80,425	78.44%
Madurai Corporation	3,65,420	3,10,900	2,82,710	77.34%
Mysuru City Corporation	3,55,000	3,10,400	2,75,200	77.46%
Rajkot MC	4,25,300	3,90,500	3,70,250	87.04%

**4.5 Financial Assistance and Implementation Efficiency**

Evaluation of PMAY-U financial aid shows that there is a significant state and central contribution among the eight cities. The Tier-1 cities that perform well have a high level of the alignment between the assistance released and sanctioned, as they have high

completion rates. There is also proper use of financial resources in Rajkot and Nagpur, Madurai and Mysuru are less progressive in terms of funds absorption. Such financial trends indicate the difference in the levels of institutional power and administrative effectiveness among municipal institutions (Figure 4).

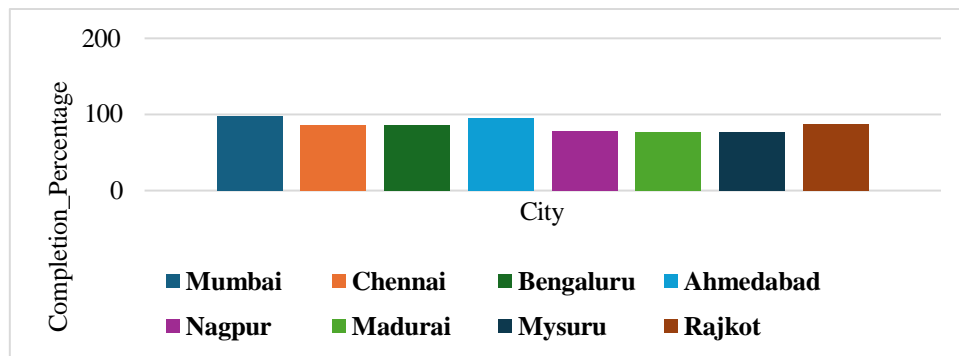


Figure 4. PMAY-U Completion Percentage Across the Eight Selected Cities

#### 4.6 Affordability and Housing Market Pressures

The dynamics of affordability in the eight cities reflect specific patterns in accordance with the house price dynamics, population inflow and performance rates of deliveries. The cities of Tier-1 and Tier-2 have affordability pressures of high and low density respectively because of fast price growth and high economic activity, and relative price stability and slower formal housing delivery respectively. This is a multidimensional affordability pattern, which is determined by the intensity of demand and institutional capacity.

#### 4.7 State-Level GDP and Housing Affordability Comparison

The comparative discussion of the economic performance of the states and housing outcomes at city levels indicates that there is an evident congruence between the macroeconomic and housing market pressures. The GSDP remains consistently high in Maharashtra, Tamil Nadu, Karnataka and Gujarat (Table 3) showing that they have good economic backgrounds that drive the increase in housing demand in their major cities.

**Table 3. State-Level Economic Indicators for the Selected States**

State	Economic Position	Key Economic Characteristics	Implication for Housing Demand
Maharashtra	Highest GSDP	Financial, industrial & services hub	Very high demand in Mumbai & Nagpur
Tamil Nadu	Among top 3 GSDP	Manufacturing, IT & textile clusters	High demand in Chennai; steady in Madurai
Karnataka	Top 5 GSDP	IT, biotech, services economy	Strong demand in Bengaluru & Mysuru
Gujarat	Top 5 GSDP	Industrial & manufacturing belt	High demand in Ahmedabad & Rajkot

When these economic indicators are compared with city-wise PMAY-U outcomes (Table 4), it is possible to notice significant differences. Mumbai and Ahmedabad exhibit a positive correlation between economic capacity and housing delivery whereas Chennai and Bengaluru have a steady but a comparatively moderate implementation performance. The highest completion rate is

observed in Rajkot, which is all Tier-2 cities, but Nagpur, Madurai and Mysuru show slower development yet they are located in high-GSDP states. Collectively, these trends can be used to explain how the relationship between the state level economic conditions and the city level governance capacity influentially determine affordable housing.

**Table 4. Integrated Comparison of State GDP Strength and City Housing Outcomes**

State	City	Housing Price Trend	PMAY-U Completion %	Affordability Signal
Maharashtra	Mumbai	Strong upward trend	97.37%	High demand; affordability pressure
	Nagpur	Moderate growth	78.44%	Moderate affordability; slower delivery
Tamil Nadu	Chennai	Rising steadily	85.47%	Growing demand; moderate pressure
	Madurai	Stable/moderate	77.34%	Balanced prices; slow execution
Karnataka	Bengaluru	Strong upward movement	85.40%	High demand; rising pressure
	Mysuru	Moderate movement	77.46%	Stable demand; limited execution
Gujarat	Ahmedabad	Long-term rise	95.60%	Strong delivery; better balance
	Rajkot	Moderate rise	87.04%	Strong alignment of supply & demand

#### 5. Discussion

The results of this comparative analysis indicate that there is a complex and disproportionate connection between the economic performance of the state level and housing affordability in the cities on the urban level selected as eight. Despite the fact that Maharashtra, Tamil Nadu, Karnataka and Gujarat are some of the largest contributors to the GSDP in India and have been experiencing high rate of housing growth in the past ten years, this growth has not been reflected on the affordability of houses.

Rather, this analysis demonstrates an upsurge in GDP is usually accompanied by growth in residential demand, accelerated urbanization and a boom in land and housing values. The long-term trend of the House Price Index (HPI) indicates incessant growth in prices since 2012, whereas the recent quarterly series of HPI reveals that the price has been high even during the recent post-pandemic era. This supports the greater economic observation that macroeconomic growth may further increase affordability issues in case of speculative investment,

uneven distribution of wage, and low regulation (Chadchan and Shankar, 2012).

The affordability and migration interrelationship also makes this process more complicated. Metropolitan cities like Mumbai, Chennai, Bengaluru and Ahmedabad are still receiving large numbers of migrants interested in gaining jobs, education and economic mobility. Such inflows cause enduring and focal forces on the housing demand that drives prices up and shift available units towards high costs. The combination of young and mobile populations and a high rate of employment in the service sector makes the demographic profile of these cities acute as populations increase and demand for rental properties and cheap housing grows. Since the rate of wage rise does not match the housing prices, the lower and middle income families are disproportionately affected. This is in line with urban development literature that the rapid urbanization without a coordinated land-use planning and regulation in the housing market leads to overcrowding, spatial inequity, and exclusion of vulnerable populations in formal housing markets (Sanga, 2022).

Secondary cities like Nagpur, Madurai, Mysuru and Rajkot, on the other hand, have moderately high inflows of migration. There are demand pressures but these are not that high as in metropolitan centres. Nevertheless, this is not necessarily translated into improved affordability results. Rather, these cities have a different array of structural issues based on reduced institutional capacity, reduced administrative processing, poor inter-agency coordination, and reduced municipal finances. This gap is evident in the PMAY-U results: in Mumbai and Ahmedabad, with effectively functioning governance systems, the rates of completion are astronomically high; nevertheless, in the administrative professionalism and financial absorption secondary cities, the transformation of sanctioned houses into finished units is much lower. This comparison shows that affordability results are influenced not just by the rate of economic development but also by the efficiency of local state and local authorities to effectively carry out housing policies, control land supply, clear project passes, and integrate with the higher government.

The performance variations in PMAY-U in the eight cities highlight the importance of the governance capacity. Indicatively, the high completion rate in Mumbai and Ahmedabad is an indicator of well-developed institutional settings such as skilled personnel, operational public agencies, project monitoring systems based on digitalization, and

simplified interdepartmental processes (D'Souza, 2019). Although both Chennai and Bengaluru are moderately performing, they have delays that are linked to high metropolitan complexities like land acquisition, the layers of administration, and the stakeholder coordination challenges. In the meantime, Nagpur, Madurai and Mysuru have the disadvantages of small municipalities: less fiscal autonomy, lack of technical staff, less digital infrastructure, and slower approval processes. The more or less good performance of Rajkot in the category of secondary cities is an indication of how administrative competence can neutralize structural disadvantages in a small city economy in the presence of the competence. These results underline the fact that it can be seen that governance and not GDP will be the determinant of whether national housing policies will be translated to deliver significant housing.

Patterns of financial assistance also indicate inequalities among institutions. Cities with a high level of administrative capacity have a high correspondence of approved and disbursed funds of PMAY-U that reflect efficient use of the funds, observation of the reporting provisions and development of the projects. On the other hand, a slower rate of fund uptake in the secondary cities points to the limitation of the capacity in the systems. These are delays in submitting utilization certificates, inability to coordinate the work of state and municipal authorities, insufficient planning skills, and inability to meet technical conditions that are needed to release funds. These contradictions show that the financial aid is not enough to guarantee successful housing provision; effective governance frameworks are a core to transform financial resources and allocate the required funds into the ready-made dwelling units (Nandi and Gamkhar, 2013). Regardless of these obvious results, the research should be read within the framework of the broken urban information landscape in India. One significant shortcoming relates to the inaccessibility of the GDP on city levels. As MoSPI and the state statistics agencies release only GSDP data at the state level, economic comparisons on cities are based on proxies like migration rates, population level, and housing market dynamics. In the same way, population and migration data at the city level are never updated on yearly basis. The last fully published data is Census 2011 since Census 2021 results of the enumeration have not been published yet. This limits the possibility of measuring the demographic change that has occurred in the past ten years with the help of standardized annual data.

The housing policy and the market datasets are also published on an irregular basis. The reports by PMAY-U are not reported at the same frequency as the other reports and tend to include cumulative figures instead of annual figures. Moreover, national economic data sets like GDP and GSDP contain partial and updated estimates, which might bring some temporal discrepancies across data sets. These are common characteristics of the government reporting but should be considered in the comparative studies. Moreover, the price-to-income ratios, rental burden, pattern of household expenditure, or residual income indicators are city-level affordability indicators, which are not released by any national agency. Consequently, affordability in this research is measured indirectly by movements of housing prices, policy performance in delivery and demographic pressures a method that is analytically sound but limited by the lack of more detailed information. The absence of city-by-city, standardized, annually-refreshed, datasets restricts the accuracy of longitudinal analysis but does not reduce the informational frameworks of the paper. The data still shows clearly that the increase in economic growth in the high-GDP states has not equally resulted in the provision of fair housing. In metropolitan centres, the issues of affordability are mainly due to the high pace of prices growth, lack of land and high economic concentration, whereas in secondary cities, it is the institutional constraints, slow project implementation, and the limited administrative capacity. The two-fold paradox of strengthened economy exclusion through price-driven practices, weak cities through governance-driven supply shortages supports the key thesis of the research, namely the fact that economic growth is not necessarily accompanied by inclusive and affordable housing unless there is coordination of governance policies and reinforcement of the institutional frameworks in this scenario. Integrated urban reforms are required to include economic growth with institutional capacity-building, enhanced fiscal decentralization, and enhanced regulatory control. To make sure that a transformation of the benefits of economic growth into equitable housing access is achieved, the strengthening of governance systems, better integration of interdepartmental coordination, greater financial absorption, and modernization of planning institutions are essential steps to achieve. The absence of such reforms means that urban housing issues in India

will perpetuate the same inequalities in the same manner, making the amount of GDP-based development that can be used to offer inclusive and sustainable urban futures constrained.

## 6. Conclusion

The current study examined the connection between state level economic development and affordable housing outcomes in eight cities in Maharashtra, Tamil Nadu, Karnataka and Gujarat. The comparative analysis demonstrates that despite the fact that these states have some of the highest GSDP levels and the best economic performance in India, the fruits of growth have not been evenly distributed in the form of the better housing affordability. Mumbai, Chennai, Bengaluru and Ahmedabad, the metropolitan centres, are highly dynamically economic and high in terms of migration induced demand, but they are also characterized by a dynamic increase of housing prices, increased market pressures and inaccessibility to many. On the other hand, secondary cities like Nagpur, Madurai, Mysuru and Rajkot are found in the same high-growth states but have institutions and administrative capacity limitations, as well as limitations on implementation and execution of housing programmes such as PMAY-U. The findings show a structural paradox that economic growth is a factor that has led to increase in opportunities in urban development but has at the same time increased exclusion in formal housing markets in the absence of robust governance frameworks. The placement of the housing performance within the PMAY-U framework is that the administrative capacity and institutional alignment are essential in the process of stipulating whether economic benefits are converted into finished and available housing units. These results show that GDP is not a sufficient predictor of housing equity, but the relationship between governance efficiency, demographic pressures and market dynamics determines the housing results within cities. All in all, the paper highlights the dire necessity of concerted policy interventions that would entail economic growth and enhanced governance structures, enhanced fiscal decentralization and better planning systems in cities. The lack of such reforms will keep increasing economic output to widen existing spatial and social inequalities rather than create inclusive and affordable urban futures in India.

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