

## **CHAPTER –VII**

### **GOVERNMENT HOUSING INITIATIVES**

The progress of any nation can be appreciated by the quality of life attained by its people. Besides the basic requirement of food and clothing, availability of decent and safe shelter is also an important component of quality living. With a view to freeing millions of Indians from the shackles of human indignity, the National Housing and Habitat Policy 1998 was formulated with a promise to serve the underprivileged through institutional assistance.

One of the major obstacles facing the public initiative for housing is the unrestrained population explosion. Further, the constant migration of people from rural areas to cities in search of jobs puts housing and basic services in the urban areas under considerable strain. The NHHP 1998 has therefore envisaged addressing the need for conserving our resource as well as the most effective utilization of available resources in tune with global concerns in this regard. The Government adopts the role of a facilitator instead of a provider. The other partners, private and cooperative sectors, are being encouraged through suitable fiscal incentives. As per the Tenth Five year Plan estimates, housing sector's investment requirement would be to the tune of Rs. 7,26,300 crore, with Rs.3,11,000 crore coming from the public sector. Thus, the private sector participation will assume enormous significance in the coming years.

The National Agenda for Governance envisages construction of 2 million dwelling units every year and also emphasizes that housing activity would be an engine for substantial generation of employment in the country. To this end, all legal and administrative impediments that stand in the way would be removed forthwith. Building upon past experience, the NHHP 1998 aims at correcting the imbalance caused by excessive dependence on the public agencies. The central theme of this Policy is creating strong Public - Private partnerships for tackling the housing and habitat issues. The Government's intervention will be limited through fiscal concessions, legal and regulatory reforms and creating an enabling environment while the private sector as the other partner would be encouraged to take up land assembly, housing construction and invest in infrastructure services.

#### **URBAN HOUSING**

Urbanization is an inevitable menace of progress of civilization. With unplanned urbanization comes the associated evils of congestion, creation of slums, health and sanitation hazards, social safety and security concerns. The integrated approach towards urbanization, therefore, must cater to all these aspects. The Government of India is currently implementing a gamut of housing and habitat development

programmes through the Ministry of Urban Development and Poverty Alleviation to redress the problems related to urban housing and basic infrastructure facilities especially being faced by urban poor. Some of the major initiatives are discussed below:

#### **A. Valmiki Ambedkar Awas Yojana (VAMBAY)**

The Scheme was launched in December, 2001 to provide shelter and upgrade the existing shelter for the urban slum dwellers living below poverty line. The Scheme involves a Government of India subsidy of 50% while the balance 50% is expected to be arranged by the State Governments with funds from any source in the form of subsidy or loan from HUDCO or any other agency. The Scheme also aims at providing health and enabling urban environment facilities through community toilets under Nirmal Bharat Abhiyan. Reputed NGOs can also be associated with the Scheme, especially in regard to the Nirmal Bharat Abhiyan.

The Scheme received very encouraging response from the State / UT Governments. Against the Government of India's allocation of Rs.69 crore during 2001-02, huge demands from 16 States/ UTs necessitated release of additional amount of Rs.4.56 crore, with the final figure reaching Rs.73.56 crore. During 2002-03, a budgetary provision of Rs.256.86 crore was made out of which Central subsidy of Rs.217.60 crore was released. The budgetary provision for 2003-04 is Rs.238.50 crore.

#### **Yearly performance under VAMBAY**

Year	Central Release (Amt.)	Target		Achievement	
		Dwelling Units	Toilet Seats	Dwelling Units	Toilet Seats
2001-2002	Rs.73.56 crore	Not Fixed		27271	4605
2002-2003	Rs.217.60 crore	100000		110263	21488

*Data received from Ministry of Urban Development & Poverty Alleviation*

#### **B. National Slum Development Programme (NSDP)**

This programme was launched in 1996 for providing additional central assistance to States/ UTs for the development of urban slums by providing physical amenities like water supply, storm water drains, community bath, widening and paving of existing lanes, sewers, community latrines and street lights etc. Besides, funds under NSDP can be used for provision of community infrastructure and social amenities like pre-school education, non-formal education, adult education, maternity, child health, primary health care including immunization etc. The programme also has a component of shelter upgradation or construction of new houses. The allocation of additional central assistance is made by the Planning Commission annually on the basis of the slum population of the State. During 1996-97 to 2001-02, a total amount of Rs.1807.33 crore was released under this programme. During 2002-03, Rs.365.00 crore was allocated for NSDP out of which Rs.202.54 crore was released

till February 2003. The programme has reportedly benefited 3.48 crore slum dwellers so far.

### **C. Urban Reforms Incentives Fund (URIF)**

An Urban Reforms Incentive Fund (URIF) has been set up with an initial outlay of Rs. 500 crore to provide reforms linked assistance to States in the housing and real estate sector. Out of the total corpus for a State, 10% will be allocated for repeal of the Urban Land Ceiling and Regulation Act, 20% for rationalization of stamp duty, 20% for reforms of rent control laws to stimulate private investment in rental housing, 10% for computerizing the process of registration, 10% for reform of property tax to enhance the collection efficiency to at least 85 per cent, 20% for levying reasonable user charges by Urban Local Bodies and the rest 10% for introduction of double entry accounting system in Urban Local bodies. The State-wise allocation of funds is made on the basis of share of each State in urban population. The States are required to enter into a commitment for reforms by signing a Memorandum of Agreement.

### **D. Technology Extension**

It has been felt that a strong policy support is essential for shelter construction with appropriate building materials and better availability of alternate materials at affordable prices and by minimizing commercial exploitation of biomass. The Ministry of Urban Development & Poverty Alleviation has initiated the following actions in this regard:

- i) Building Centres:** The National Network of Nirman Kendras (Building Centres) has been established with central assistance through HUDCO to impart training to artisans in low cost construction skills and produce building materials and components by utilizing agro-industrial wastes. Till December 2002, 589 centres have been sanctioned out of which 469 centres have become functional. These centres have imparted training to more than 2.10 lakh construction workers and artisans. Government of India has provided grant amounting to Rs. 15.51 crore to such centres.
- ii) BMTPC:** The Building Materials and Technology Promotion Council (BMTPC) was established to provide for an appropriate platform for technology promotion, transfer and application in the housing sector and commercial production of innovative building materials. BMTPC has taken several initiatives for utilization of fly ash and other waste based products, introduction of new specifications and promotion of entrepreneur's interface with financial institutions and research agencies.

### **E. Night shelter and Sanitation facility for Urban Footpath Dwellers**

The objective of this centrally sponsored scheme is to provide adequate shelter to the footpath dwellers in the urban areas. It had per capita cost limit of Rs. 20,000/

- with 50% coming as subsidy from Central Government and rest 50% flowing in from implementing agencies or through HUDCO. Till October 2002, HUDCO had sanctioned 115 schemes for providing 16959 beds, 28980 WC, 2147 baths and 1928 urinals while 23 schemes were completed with 8,340 beds, 3,937 WC, 435 baths and 313 urinals. The guidelines under the scheme were revised in October 2002. Now only composite night shelters with in-built sanitary system can be sanctioned under the scheme whereas the independent sanitation component is now covered under VAMBAY.

A 20-point programme was launched in 1986 to eradicate poverty, reduce income disparity and socio-economic inequalities, and also to ensure availability of basic amenities including housing for overall improvement of quality of life of the poor and other weaker sections of the society. There are three component points related to housing under the 20-point programme being monitored by the Ministry of Urban Development & Poverty Alleviation, which are detailed below:

#### **F. Housing Scheme for Economically Weaker Sections (EWS)**

This programme was launched to provide housing to the economically weaker segment of the urban populace. Apart from investments made by State and UT Governments through Plan provisions, this programme is supported by institutional finance. Refinance is also provided by National Housing Bank to the State Govt. agencies, Co-operatives and other organizations involved in EWS housing.

#### **Yearly performance under EWS Housing Scheme**

<b>Year</b>	<b>Target</b>	<b>Achievement</b>
1998-99	1,18,000	1,17,000
1999-00	69,000	1,02,000
2000-01	1,96,000	2,39,000
2001-02	2,48,000	19,000*
2002-03	96571	28541**

*\*Provisional; \*\* Till September 2002 Source : Ministry of Urban Development & Poverty Alleviation*

The annual target for 2003-04 is 58760 dwelling units.

#### **G. Housing Scheme for Low Income Group (LIG)**

This is primarily a long-term scheme which is being executed by the State Governments/UTs through Housing Boards and Housing Departments. The Budget provisions are made under Plans of States/UTs and are supplemented by institutional finance.

### Yearly performances under LIG Housing Scheme

Year	Target	Achievement
1998-99	57,828	41,244
1999-00	44,000	27,000
2000-01	27,000	17,000
2001-02	44,630	2277*
2002-03	27,443	1,528**

\* Provisional; \*\* Till September 2002 Source: Ministry of Urban Development & Poverty Alleviation

The annual target for the year 2003-04 is 6918 dwelling units.

### H. Environmental Improvement of Urban Slums (EIUS)

This scheme was formulated to ensure environmental improvement of urban slum areas. The aim of this scheme is to provide and improve the infrastructural amenities, viz., water supply, sewerage and other drains, community baths & latrines, street lighting, widening & paving pathways and other community facilities for slum dwellers. The number of individual beneficiaries against the target during the last 5 years is given below:

#### Yearly performance under EIUS Scheme

Year	Target	Achievement
1998-99	43,30,000	33,44,000
1999-00	47,05,000	55,73,000
2000-01	50,97,000	60,88,000
2001-02	60,83,000	12,92,000*
2002-03	54,28,332	15,56,436**

\* Provisional; \*\* Till September 2002; Source: Ministry of Urban Development & Poverty Alleviation

The target number of individuals to be covered by this scheme in the year 2003-04 is 4506368.

Besides above programmes, various other initiatives are being undertaken by the Central Government solely or with international assistance for development of slums and housing and urban infrastructure as well as for poverty alleviation.

### RURAL HOUSING

The Census 2001 figures show that 72% of the total population of India still lives in the rural areas where the problem of housing shortage and the lack of civic amenities have become a serious cause for concern. House ownership does not only reflect the economic well-being of an individual, it also provides him with a sense of

belonging, an identity and more than anything, a social entity. This perception of social integration ultimately helps every member of the household to attain the zenith of his /her potential. There is undoubtedly a positive correlation between the poverty and shelterlessness.

With a view to ameliorating the rural housing shortage, the National Housing and Habitat Policy was announced in 1998 which aims at providing “*Housing for All*” and envisages construction of 20 lakh additional housing units (13 lakh in Rural Areas and 7 lakh in Urban Areas) annually with an emphasis on extending benefits to the poor and the deprived. The Union Government is committed to the goal of ending all shelterlessness by the end of the Twelfth Five Year Plan Period.

For achieving these objectives, the Ministry of Rural Development has chalked out a comprehensive Action Plan for Rural Housing that consists of the following elements:

- a. *Provision for upgradation of unserviceable kutcha houses under the Indira Awaas Yojana (IAY) in addition to the new construction*
- b. *Credit-cum- Subsidy Scheme for Rural Housing*
- c. *Innovative Stream for Rural Housing & Habitat Development*
- d. *Setting up of Rural Building Centres*
- e. *Samagra Awaas Yojana*
- f. *Enhancement of equity contribution by the Ministry of Rural Development to HUDCO*
- g. *National Mission for Rural Housing & Habitat*

#### **A. Indira Awaas Yojana (IAY)**

The Government of India is implementing the Indira Awaas Yojana since the year 1985-86 with the objective of providing assistance primarily to the below poverty line (BPL) rural households belonging primarily to the Scheduled Castes, Scheduled Tribes and freed bonded labour categories. From the year 1993-94, its scope has been expanded to cover non- scheduled castes and non-scheduled tribes rural BPL poor subject to the condition that non SC/ST households shall not receive more than 40% of the IAY allocation. Benefits of the scheme have also been extended to the families of the ex-servicemen of the armed and paramilitary forces killed in action. 3% of the houses are reserved for the BPL physically and mentally challenged persons living in rural areas. The ceiling on construction assistance under the Indira Awaas Yojana currently is Rs. 20,000/- per unit for plain areas and Rs. 22,000/- for hilly/ difficult areas. The ceiling on upgradation of a kutcha house to semi-pucca/ pucca house is Rs. 10,000/-. Under the IAY, Gram Sabha is empowered to select the beneficiaries. Further, the allotment of dwelling units should be in the name of female member of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife. Sanitary latrine and smokless chullah are the integral part of an IAY house. The construction of the house is the responsibility of

the beneficiary. The IAY house is not to be constructed and delivered by any external agency such as Government Departments, NGOs, contractors, etc. Since inception of the scheme till December, 2002 about 92 lakh houses have been constructed under the IAY by incurring an expenditure of Rs. 15839.83 crore approximately.

### **Criteria of Allocation under Indira Awaas Yojana**

Allocation of funds under Indira Awaas Yojana to the States/UTs is made based on the poverty ratios as approved by the Planning Commission and the rural housing shortage as per the Census 1991. Both parameters are given equal weightage.

### **Physical and Financial Achievements under the IAY since inception till date**

<b>Year</b>	<b>Expenditure (Rs. In Crore)</b>	<b>Number of houses built</b>
1985-1986	57.93	51252
1986-1987	149.18	160197
1987-1988	235.37	169302
1988-1989	149.65	139192
1989-1990	188.50	186023
1990-1991	213.07	181800
1991-1992	263.01	207299
1992-1993	238.81	192585
1993-1994	481.00	372535
1994-1995	500.38	390482
1995-1996	1166.36	863889
1996-1997	1385.92	806290
1997-1998	1591.48	770936
1998-1999	1803.88	835770
1999-2000	1907.63	925679
2000-2001	2185.80	1170926
2001-2002*	2149.55	1171081
2002-2003**	1172.31	640829
<b>TOTAL</b>	<b>15839.83</b>	<b>9236067</b>

Source: Annual Report 2002-03, Ministry of Rural Development \* provisional \*\* up to 31.12.2002

### **B. Credit-Cum-Subsidy Scheme (CCSS) for Rural Housing**

The Credit-Cum-Subsidy Scheme for Rural Housing was launched with effect from 1<sup>st</sup> April, 1999. The Scheme targets rural families having annual income up to Rs.32,000/-. While subsidy is restricted to Rs.10,000/-, the maximum loan amount

that can be availed is Rs.40,000/-. The subsidy portion is shared by the Centre and the State in 75:25 ratio. The loan portion is be disbursed by the commercial banks/regional rural banks/housing finance institutions etc. Since inception of the Scheme upto 2001-2002, against the Central allocation of Rs. 288.00 crore, about 85564 houses were constructed by incurring an expenditure of Rs. 77.79 crore. From the year 2002-2003, the Central allocation under IAY and CCSS have been combined.

### **C. Innovative Stream for Rural Housing and Habitat Development**

During 1999-2000, a rural housing scheme namely Innovative Stream for Rural Housing & Habitat Development was launched as a project based demand-driven scheme with an objective of promoting and propagating the cost effective and environmental friendly construction technologies, materials, designs, etc. for suitable rural human settlements consistent with agro-climatic variation and natural disaster proneness. The potential beneficiaries under the Scheme include recognized educational/technical institutions, corporate bodies, autonomous societies, State Governments, Development Institutions and credible Non-Governmental Organisations (NGOs) with proven track record and experience in the field of rural housing. The maximum permissible assistance in case of an NGO/autonomous society is Rs. 20.00 lakh and for Government Agencies Rs. 50.00 lakh. During 2002-2003, an amount of Rs. 10.00 crore has been allocated and Rs. 5.11 crore has been released so far to implement the projects. Since inception of the Scheme till date, 125 project proposals have been approved.

### **D. Setting up of Rural Building Centres (RBCs)**

This is also a project based demand-driven scheme. The objectives of establishment of the Rural Building Centres are:

- (a) *Technology transfer and information dissemination*
- (b) *Skill upgradation through training and*
- (c) *Production of cost effective and environment friendly materials/components.*

For setting up a Building Centre, a one time grant of Rs.15 lakh is provided. During 2002-2003, Rs. 3.00 crore has been allocated and 22 RBC proposals have been approved. So far, 77 project proposals have been sanctioned.

### **E. Samagra Awaas Yojana (SAY)**

Samagra Awaas Yojana is a comprehensive housing scheme launched in 1999-2000, with a view to ensuring integrated provision of shelter, sanitation and drinking water. During the first phase of its implementation, it has been decided to take up Samagra Awaas Yojana in one block each of 25 districts of 24 States and one Union Territory which have been identified for implementing participatory approach under the Accelerated Rural Water Supply Programme. The existing schemes of housing, drinking water and sanitation follow the normal funding pattern. However,

a special central assistance of Rs.25 lakh is provided for each block for undertaking the overall habitat development and Information, Education and Communication (IEC) activities with 10% contribution coming from the people. During 2002-2003, an amount of Rs. 0.43 crore has been released. Since inception of the Scheme, 33 proposals have been approved.

#### **F. Pradhan Mantri Gramodaya Yojana: Gramin Awaas (PMGY:GA)**

Pradhan Mantri Gramodaya Yojana: Gramin Awaas (PMGY: GA) was launched from the year 2000-2001. The implementation of PMGY has been reviewed by the Planning Commission. As a follow up action of this review as well as the feed back received from the States, from the year 2002-2003, Planning Commission has decided to directly manage the Programme once again as was being done under the earlier Basic Minimum Services (BMS) programme.

#### **G. Equity Support to HUDCO**

To meet the housing requirement of economically weaker households in rural areas and to improve the outreach of housing finance in rural areas, equity support to HUDCO was hiked from Rs.5 crore in the Eighth Plan Period to Rs.350 crore during the Ninth Five Year Plan period and the entire amount has been released to HUDCO. As per information received, HUDCO has sanctioned 23.54 lakh dwelling units under 2 million housing programme in last 4 years i.e. an average of 5.89 lakh dwellings per year. Above sanctions were in addition to a sanction of Rs.1136.39 crore as against HUDCO's allocation for normal rural housing in last 4 years of Rs. 873.70 crore. This loan has helped to sanction a further 26.65 lakh dwelling units. On an average HUDCO has sanctioned approx. 12.54 lakh rural dwellings per year in the last 4 years, as against approx. 9-10 lakh dwellings to be sanctioned based on the MoU signed with the Ministry. During 2002-2003, an amount of Rs. 50 crore has been allocated for Equity support to HUDCO.

#### **H. National Mission for Rural Housing and Habitat**

A National Mission for Rural Housing and Habitat has been set up by the Ministry of Rural Development to facilitate the induction of science and technology inputs, on a continuous basis in the sector and to provide convergence to technology, habitat and energy-related issues in order to provide affordable shelter for all in the rural areas, within a specified time-frame, and through community participation. Towards this end, an Executive Council and an Empowered Committee has been constituted. A Working Group was constituted by the Empowered Committee to specify the aims and objectives of the Mission, firm up specific time framework to achieve these aims and objectives, formulate a road map to facilitate the entry of private capital in housing development in the rural areas, shortlist the agencies which could undertake the task of preparing a techno-legal regime for rural planning for consideration by this Ministry etc. The Action Plan prepared by the Working Group is under consideration.

Besides the above initiatives, the Ministry of Rural Development has been organizing various specialized training programmes through HSMI with the objective of promoting State specific technologies, materials, designs etc. for cost effective rural housing. A National Workshop on Rural Housing and Habitat Development was also organized in collaboration with CAPART in October 2002 to sensitize the Government and the Non-Government bodies about the nuances of rural housing problems.

## OTHER INITIATIVES

### National Agenda for Governance- 2 Million Housing Programme

The National Agenda for Governance has taken up housing as priority area. The Agenda envisages giving major thrust on housing for vulnerable and deprived sections. In order to meet this objective Government has launched the 2 Million Housing Programme (2 MHP) in 1998. Under this programme, target taken up is of 20 lakh additional housing units every year with a focus on EWS & LIG housing. Out of these 20 lakh units, 7 lakh are reserved for urban areas and 13 lakh units are to be constructed in rural areas. The National Housing Bank monitors the performance of housing finance companies and public sector banks under this programme.

### Yearly Performance (PSBs & HFCs) under NAG-2MHP

(Amount in Rs. crore)

Year	Rural		Urban		Total	
	Units	Amount	Units	Amount	Units	Amount
2000-01	115839	1917.48	333736	8871.66	449575	10789.14
2001-02	127941	2325.03	458615	12870.12	586556	15195.15
2002-03	178467	3594.33	637107	19188.77	815574	22783.10

\* Excluding HUDCO; Data provisional; As per information provided by the primary lending institutions