



सत्यमेव जयते

**Working Group on
Rural Housing
For XII Five Year Plan**



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**Ministry of Rural Development
Krishi Bhawan, New Delhi - 110001**

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EXECUTIVE SUMMARY

The Planning Commission of India has constituted a 'Working Group on Rural Housing' to provide a perspective and approach to rural housing under the Twelfth Five Year Plan. The key recommendations of the Working Group have been derived from an intent to enable meaningful collaborations between diverse stakeholders – Central and State Governments, Panchayati Raj institutions (PRIs), beneficiary families, Non-Governmental Organizations (NGOs) and, corporate bodies to address housing shortage in rural India, estimated at 40 million households until the end of the twelfth plan period. The Working Group advocates measures to address the need for safe and sustainable housing by all segments of the rural population with the state governments taking a primary role in facilitating access, supported by other stakeholders such as NGOs and corporate sector for ensuring quality as part of a 'holistic habitat development' approach.

The following line of action is recommended :

1. Enabling Access to Finance for Rural Housing

The working group recommends a multi-pronged approach to service the financial needs of different segments of the rural population for house construction and up-gradation.

a. Support to Below Poverty Line households under Indira Awaas Yojana

- i. For Below Poverty Line (BPL) households, unit assistance for house construction under Indira Awaas Yojana (IAY) may be enhanced to Rs 75,000. Unit assistance may be enhanced incrementally each year to absorb escalation in cost of materials and labor. It is also recommended that loan under Differential Rate of Interest be enhanced up to Rs 50,000 at 4% rate of interest along with extended repayment tenure to up fifteen years. It is imperative that provision of DRI loans for IAY beneficiaries should be made obligatory on the part of the banks given the investment that the government commits when sanctioning an IAY house. It is also recommended that BPL households that may not be covered under IAY but under any other rural housing scheme of the state government should be eligible for loan under DRI. For repair and maintenance of houses constructed under IAY, credit cum subsidy scheme may be explored for those houses constructed over fifteen years ago.
- ii. Given the developments in the rural landscape of the country, allocation of physical and financial targets under IAY need to be reworked. The Working Group recommends that Ministry of Rural Development may continue to fix IAY targets centrally for all the states based on housing shortage (75%) and poverty ratio (25%). However, district level targets may be fixed by the states based on housing shortage (75% weightage) and rural population in the district (25% weightage). It is recommended that the target coverage for Scheduled Caste (SC) / Scheduled Tribe (ST) households in the district would be twice the percentage of SC / ST population in the district with a ceiling of 80%. Target coverage for minorities other than SC / ST households would be twice the percentage of minority population in the district.
- iii. With a view to ensuring smooth flow of funds for IAY and easy reporting, it is proposed that a State Fund may be created on the lines of Mahatma Gandhi National Rural Employment Scheme (MGNREGS). Central releases as well as state contribution would be credited to the

State Fund and the states would release funds to District Rural Development Authorities (DRDAs) on the basis of pre-determined criteria as defined in the guidelines.

b. Assistance to Above Poverty Line Families

The Working Group recommends additional instruments for easy housing finance for Above Poverty Line (APL) families in rural areas. For loans upto Rs 2 lakh for construction of new house and 1 lakh for addition/up-gradation/repair of old houses, 5% interest subsidy is recommended. For a loan amount of 2-3 lakhs for construction of new house and 1.5 lakh for addition/up-gradation/repair of old houses loan, 4% interest subsidy is proposed. For loans of Rs 3-5 lakhs, priority sector lending rate without any subsidy is recommended.

c. Productive Housing loan for BPL and APL families

With a view to shifting the focus from 'housing' to 'productive housing' in rural areas, loan products are recommended for housing in combination with loan for income generation with an interest subsidy of 5%. Maximum loan amount for BPL families may not exceed Rs 90,000 for new construction or Rs 25,000 for upgradation in combination with a loan of Rs 10,000 for income generation. This provision would be independent of any other assistance received by the BPL family from the government. For APL households, maximum loan amount would be Rs 2,70,000 for new construction and Rs 50,000 for upgradation in combination with a, maximum loan amount of Rs 30,000 for income generation.

Flexible repayment schedules should be prescribed depending upon the periodicity of the cash flow of the borrower considering his/her source of income. There is also a need for policy changes with regard to linking of repayment of rural housing loans to crop cycle and permitting defaults of two crop season installments for housing loans of upto Rs.5 lakhs.

In addition, it is proposed that a "Rural Risk Fund" be set up with contributions from all stakeholders including beneficiaries and to encourage insurance linked products with housing so as to reduce the cost of housing finance to various stakeholders.

In order to incentivize states actively pursuing rural shelterlessness in a saturation mode using their own resources, interest subsidy based schemes may not be limited to any priority population targets. States should be able to leverage these schemes based on the demand from rural areas as indicated in the State Action Plans submitted to MoRD at the beginning of each financial year. In addition, a corpus equivalent to 10% of annual allocation of Rural Housing at the national level may be reserved for distribution among the states in proportion to the resources committed by them for rural housing; this will work as incentive for them to put in more resources from their own budget. These funds would be available to the states to be used by them for rural housing purposes as indicated in their Annual Plans. Details of all of these financial instruments need to be worked out by Ministry of Rural Development in consultation with relevant financial institutions.

2. Enhancing Access to Land by the Poor

Given the ground level constraints faced by the states in the provision of homestead sites, the Working Group recommends that the unit assistance for purchase of homestead plots under IAY may be increased to Rs 20,000 on IAY assistance pattern, i.e. 75:25 contribution by the Centre and the State. In addition, supportive working arrangements need to be developed between various departments for land identification, allocation and development.

The Working Group also proposes that a dedicated officer at the district level may be designated by the state government to address various bottlenecks faced by beneficiaries in accessing homestead sites. Cluster approach needs to be adopted for developing homestead land for groups of homeless families. The designated officer would ensure that land identification is carried out as per guidelines, keeping in view principles of environmental sustainability and disaster risk reduction. Land of appropriate size needs to be provided in line with local ways of living so that livelihood and nutritional needs of the families are promoted through access to homestead plots.

3. Improving Quality of IAY Houses

a. Access to Appropriate Technological Solutions and Skills

To improve the quality of houses in rural areas, especially IAY, key recommendations of the Working Group are:

- i. Rural Building Centres/ Nirmithi Kendras at district or block level need to be set up in a Public -Private Partnership mode as a single window access for guidance to PRIs and home owners on quality construction, alternate materials, skill building of artisans, etc.
- ii. To enhance affordability, decentralised production of low energy yet high performance building materials suitable to the local geo-climatic conditions needs to be set up.
- iii. Large scale campaign for knowledge building is required to raise awareness on quality and safety features in habitat among different stakeholder groups.
- iv. A platform for providing comprehensive knowledge and experiences of application of alternate technologies for habitat development for various geo-climatic zones of India needs to be developed. Besides construction, technologies for other components of habitat such as rainwater harvesting, energy saving lighting solutions and clean cooking solutions also need to be identified and adopted.
- v. Proven alternate and indigenous technologies that are cost effective and environment friendly need to be standardized and included in Schedule of Rates for construction.

b. Emphasis on Disaster Risk Reduction

Multi-hazard prone districts as identified by the Vulnerability Atlas of India may be designated as “difficult areas” and provided higher unit assistance under IAY for incorporation of safety features. In addition, all new houses may be insured through group insurance to cover losses due to natural disasters and other calamities such as fires.

c. Training of Masons, Artisans and Others involved in Delivery

A program for large scale capacity building of masons and other artisans within the framework of IAY is recommended. For all type designs developed for the varied geo-climatic vulnerabilities of different states, training and certification of sufficient number of masons and other artisans needs to be taken up for all future construction activity - irrespective of the nature of the initiative: IAY, state schemes or own initiative of the people. A partnership with the corporate sector for training, certification and possible absorption of trained workforce can be developed.

d. Collaboration with Self-help Groups, Non-Governmental Organisations and Panchayati Raj Institutions

Given the scale of shelterlessness and the need for improving efficiency, it is important that local stakeholders are able to effectively participate in housing delivery. PRIs need to be supported to take a lead in micro-planning and prioritizing habitat development needs. NGOs can be professionally engaged to support PRIs to facilitate safe and sustainable habitat development in rural areas. A certain amount of budgetary allocation may be earmarked for engaging such agencies.

4. Holistic Habitat Development through Convergence

It is recommended that for the purpose of habitat development, a 'hamlet' should be treated the "unit of convergence" rather than a village. Convergence of IAY with schemes delivering other elements of a holistic habitat such as sanitation, water supply, domestic energy and insurance cover need to be strengthened. Convergence also needs to be explored with MGNREGA and Backward Regions Grant Fund (BRGF) for physical development of habitats. It is suggested that upto 10% funds should be earmarked for infrastructure development through a habitat approach for clusters of families.

5. Monitoring and Review Mechanisms

States need to adopt a strategic approach to addressing housing shortage in a time bound manner; therefore State Action Plans need to be developed and pursued rigorously. A strong and competent system of supervision, compliance and complaints redressal needs to be set up at the local level. Participatory monitoring and social audits with representation from the households, PRIs and civil society needs to be encouraged. Ground Positioning System (GPS) based monitoring of physical targets with photographs to ensure correct reporting needs to be pursued.

A Programme Management Unit set up at the state and district level would be critical for effective monitoring of the scheme. 6% of the IAY funds may be earmarked for the same.

6. Budget

The budget estimate for rural housing under Twelfth Plan includes grant assistance for 3 crores households and subsidy assistance for 1 crore households. In addition, the budget includes allocation for infrastructure development for cluster of houses under a habitat approach, capacity development of various stakeholders and management support. Taking all of these factors into account, the proposed budget for rural housing for the XII Five Year plan is Rs 1,50,000 crores.

1. Introduction

1.1 Constitution of the Working Group

The Planning Commission of India has constituted a Working Group on Rural Housing vide their Order dated 11th July 2011, to provide a perspective and approach to rural housing under the Twelfth Five year Plan; a copy of the order is at *Annexure-1*. The Chairperson of the Working Group is Secretary, Ministry of Rural Development and the Member Secretary is Joint Secretary, Ministry of Rural Development. The terms of reference of the working group are as follows :

- i. Review of IAY Mission Document and Framework of Implementation and physical and financial progress in 11th Plan and make suggestion for improvement.
- ii. Suggest a framework for participation of civil society organization in IAY.
- iii. Examine the guidelines of the Indira Awaas Yojana and make suggestion for improvement.
- iv. Suggest financial allocations for the 12th Plan.

1.2 Meeting of the Working Group

The Working Group on Rural Housing met on 01.08.2011 in New Delhi and deliberated on the issues put forth in the terms of reference. A background paper was also shared with the members of the Working Group. In his Opening Remarks at the meeting, Secretary (RD) emphasized the need to upscale housing interventions in rural areas of the country to include all families who do not have a house and who may not be covered under Indira Awaas Yojana (IAY).

The report of the “Committee to Formulate Concrete Bankable Schemes for Rural Housing” constituted by the Ministry of Rural Development (MoRD) was also shared with the Working Group for their consideration of the proposed recommendations. Suggestions were also received from representatives of state governments, financial institutions and civil society for improving the quality of rural housing initiatives through meetings and workshops.

The Working Group agreed that in order to address housing shortage within the twelfth plan period, a multi-pronged approach would be required to re-invigorate the entire supply chain for housing delivery, both for IAY as well as non-IAY households. The Working Group nominated a sub-group from amongst the members for a closer discussion on various issues; a meeting of the subgroup was subsequently held on 17th August 2011.

Based on these inputs, the Working Group in its concluding meeting on 20th September 2011 finalized its recommendations on the approach to Rural Housing under the XII Five Year Plan in this report.

1.3 Vision for Rural Housing

A thorough understanding of the strengths and limitations of existing policies and practices is important to chalk out the future direction for rural housing in the country. However, with changes in the economic condition of families and their aspirations, there is a need to develop a common understanding of the complex issues in relation to rural housing and recognize the potential contribution different stakeholders can make within the limitations of their own mandates.

The Ministry of Rural Development has formalized the following vision for Rural Housing: ***“Ensure adequate and affordable housing for all and, facilitate development of sustainable and inclusive habitats in rural areas by expanding government support, promoting community participation, self-help and public-private partnership within the framework of Panchayati Raj”.***

The Working Group felt that this vision should guide the approach to rural housing under the XII Five Year Plan through the following actions :

- A. **Enabling structured access to land, appropriate finance and risk mitigants** required by different sections of the rural population as critical and fundamental pre-requisites for habitat development in a manner that is safe and sustainable in the long run.
- B. **Creating a facilitative environment for promotion of appropriate building materials and technologies as well as development of human resources** required for disaster resilient and sustainable habitat development required by different sections of the rural population.
- C. **Providing and enforcing a well defined techno-legal regime** to ensure that access to housing is available to all sections of the rural population through community and Panchayat based processes, and is transparent and monitorable.

1.4 Guidance from Planning Commission - Approach to the Twelfth Plan

As a guiding force, the Planning Commission has provided strategic direction for the various initiatives including rural housing during the XII plan period in their paper on “Issues for the Approach to the Twelfth Plan¹”. As per this document, efforts need to be made to :

- i. “..Reduce the number of Centrally Sponsored Schemes to only a few major schemes which are of a national character and dictated by the rights and entitlements of citizens. For all the rest, it is proposed to create flexi-funds in the concerned Ministries which can be used to support state-level innovations and/or up-scaling of successful experiments.”
- ii. Make “people as active agents of change and this can be achieved only if flagship programmes provide human and financial resources for social mobilization, capacity building and an information strategy...”

¹ http://planningcommission.gov.in/plans/planrel/12appdrft/issues_pc.pdf

- iii. Ensure “training of service delivery personnel and periodic review of performance..” Complaint recording and redressal systems have to be created at an arm’s length from the delivery system, and these should be empowered to enforce and monitor compliance.
- iv. Converge the activities of various Government departments engaged in related areas. There is also a need for effective mechanisms for resolution of inter-Ministerial and inter-departmental differences.

These issues highlighted by the Planning Commission have also been flagged at various fora by representatives of state governments as well as civil society organizations engaged with rural housing at the field level. The approach to rural housing is guided by these observations.

2. Assessment of Rural Housing Shortage

2.1 Approach and Definitions

To understand the magnitude of the challenge posed by the shortage of rural housing and formulate appropriate interventions, it is important to understand the extent of shortage as accurately as possible. Shortage can be drawn from the data on growth and changes in population, households and housing conditions is compiled through the decennial census in the country.

Census of 2001 used the following definitions to define classify different types of houses:

- i. Permanent houses: Houses, the walls and roof of which are made of permanent material.
- ii. Semi-permanent houses: Houses in which either the walls or the roof is made of permanent material.
- iii. Temporary houses: Houses in which both the walls and roof are made of materials that need to be replaced frequently.
- iv. Serviceable temporary houses: Temporary houses, in which walls are made of mud, unburnt bricks or wood.
- v. Non-serviceable temporary houses: Temporary houses in which walls are made of grass, thatch, bamboo, plastic etc.

2.2 Key Considerations Used for Calculating Shortage

An estimate of housing shortage for the Eleventh Five Year Plan was drawn by the Office of the Registrar General and Census Commissioner of India, Housing and Urban Development Corporation (HUDCO), National Housing Bank (NHB) and the Working Group for Rural Housing under the XI Plan. Although slightly different considerations were followed by these entities, the primary data for estimation was drawn from the Census of India 2001.

An examination of the methodology followed by these different agencies for estimating housing shortage provides inputs on the key considerations that need to be taken into account for calculating housing shortage.

2.2.1 Office of the Registrar General and Census Commissioner of India

The shortage of rural housing was calculated by the Office of the Registrar General of India (RGI) by adding together, excess of rural households over the number of occupied rural houses, the number of non-serviceable temporary houses, and the number of rural houseless.

2.2.2 Housing and Urban Development Corporation

The assessment by Housing and Urban Development Corporation (HUDCO) took into consideration excess of rural households over rural houses and non-serviceable kutchra houses based on census data. In addition, obsolescence and congestion factors were estimated. For the XI plan, as per the forty-ninth round of National Sample Survey (NSS) results, obsolescence factor of 4.14% was considered. In line with the calculation for the Working Group on Urban Housing under the Tenth Plan, congestion was calculated as 4.86% of the acceptable housing stock – pucca as well as semi pucca.

2.2.3 National Housing Bank

Apart from the factors taken into account by RGI, National Housing Bank (NHB) also took into account serviceable kutchra (temporary) houses for arriving at the shortage of rural housing. The estimate of congestion was based on the difference between the average household size at the national and rural levels multiplied by the number of rural households.

Another factor that was taken into account by NHB for assessing shortage of housing over a period of time was additional requirement for housing. This was calculated as the difference between the projected number of households at the end of the period and the number of houses at the beginning of the period.

2.2.4 Working Group on Rural Housing for the XI Five Year Plan

The Working Group for Rural Housing under Eleventh Plan drew up its methodology for calculating housing shortage from the methodology adopted by the Working Group on Urban Housing. The assessment first calculated the projected figures of Households, Housing Stock, Pucca Houses, Semi-Pucca Houses, Serviceable Temporary Houses and Unserviceable Temporary Houses for the years 2007 onwards upto 2012. Growth rates for the Households, Housing Stock, etc., were calculated using the census figures of 1991 and 2001. Since the RGI figures of 1991 did not include the figures of J&K, the figures for 2001 excluding J&K were used. The growth rates were then applied on the figures of 2001, consisting of J&K figures, to project the number of Households, Housing Stock etc upto 2012.

Congestion factor of 6.5% of households was estimated based on 2001 census data of number of couples not having a room to themselves. Obsolescence factor of 4.3% of Households was considered as indicated by the 58th round of National Sample Survey. Houses that were more than 80 years old and those with a life span of 40 to 80 years that were of bad quality were considered obsolete. In addition to the above considerations, the annual incremental increase in demand for rural housing was estimated by MoRD at around 9 lakh houses for the purpose of XIth plan document. This was done on the basis of the housing shortage of 137 lakhs as per the 1991 census, the housing shortage of 148.33 lakh as per the 2001 census, and the 65 lakh houses that were constructed under IAY from 1991-2001. Therefore increase in housing shortage was around 76 lakhs over ten years, amounting to an average increase of 7.6 lakh houses per year. Taking houses likely to be affected by natural calamities, incremental shortage of 9 lakh houses per year was adopted.

2.3 Estimation of Rural Housing shortage for XII plan period

The figures of 2011 census were not available at the time of compilation of this report. An estimate of shortage was also not available with HUDCO or NHB. Hence data was generated by projecting the growth trends of housing stock, households, pucca and semi-pucca houses based on the following methodology of the Working Group for Eleventh Five Year Plan:

Year	Numbers (Million)	Year	Numbers (Million)
Housing stock (growth @ 2.09%)		Household (growth @ 2.1%)	
2006	149.84	2006	153.41
2007	152.97	2007	156.63
2008	156.16	2008	159.92
2009	159.43	2009	163.28
2010	162.76	2010	166.70
2011	166.16	2011	170.21
2012	169.63	2012	173.78
2013	173.18	2013	177.43
2014	176.80	2014	181.16
2015	180.49	2015	184.96
2016	184.27	2016	188.84
2017	188.12	2017	192.81
Pucca houses (growth @ 4%)		Semi-pucca (growth @ 2.6%)	
2006	67.44	2006	54.94
2007	70.14	2007	56.37
2008	72.95	2008	57.83
2009	75.86	2009	59.34
2010	78.90	2010	60.88
2011	82.05	2011	62.46
2012	85.34	2012	64.09
2013	88.75	2013	65.75
2014	92.30	2014	67.46
2015	95.99	2015	69.22
2016	99.83	2016	71.02
2017	103.82	2017	72.86

(Source: Calculations of the Working Group on Rural Housing for XI Five Year Plan)

S. No	Factors taken into account for assessing Housing shortage	Calculation	Shortage (in million)
1	No. of Households not having houses in 2012	No. of Households – No. of Housing Stock in 2012	4.15
2	No. of Temporary Houses in 2012	No. of Housing Stock – No. of Permanent Houses (Pucca + Semi Pucca)	20.21
3	Shortage due to Congestion in 2012	6.5% ² x No. of Households	11.30
4	Shortage due to Obsolescence in 2012	4.3% ³ x No. of Household	7.47
5	Additional Housing Shortage arising between 2012 to 2017	No. of Households projected for 2017 over 2012 – No. of excess Housing Stock projected for 2017 over 2012	0.55
Total Rural Housing Shortage 2012 – 2017			43.67
Assuming 90% of total Rural Housing Shortage for BPL families 2012 -2017			39.30

(Source: Derived from the calculations of the Working Group on Rural Housing under the XI Plan)

The above calculation is based on the formula used by the Working Group on Rural Housing for XI Five Year Plan.

² Congestion factor of 6.5% of Households was estimated based on 2001 census data of number of couples not having a room to themselves

³ Obsolescence factor of 4.3% was based on data of 58th round of NSS. Houses that were more than 80 years old and those with a life span of 40 to 80 years that were of bad quality were considered obsolete.

In the absence of precise data from the census of India 2011 at the time of preparation report,

S No.	Factors taken into account for assessing housing shortage	Calculation	No. (million)
1	Shortage in XI plan	Assessment of Working Group of XI FY Plan	47.43
2	IAY houses constructed	Data from MoRD	10.97
3	Houses constructed by states under their own housing schemes	Estimated using data from some of the states	3.00
4	Houses constructed in rural areas by families themselves using their own resources	As per NSSO, over a 365 day period, 12% of rural households undertook construction, 14% of which were new constructions. 66% of construction was undertaken using own funds	8.96

shortage can also be estimated as follows:

5	Balance of houses left during XI Five year Plan	S No. 1 – (S No. 2+3+4)	24.50
6	Additional Housing Shortage due to Obsolescence and congestion	Obsolescence @ 3% ⁴ , Congestion @6.5% ⁵	16.57
7	Increase in .number of households during the XII Plan Period	No. of households in 2017 – No of households projected for 2012 (based on calculations of the WG for XI Plan)	7.75
8	Total Housing Shortage for XII Plan period	S No. (5+6+7)	48.81
	Assuming 90% of total Rural Housing Shortage for BPL families 2012 -2017		43.93

At this stage therefore, housing shortage under the XII plan can safely be assumed to be of the order of about 40 million.

3. Progress Under the Eleventh Five Year Plan

Housing has been a priority for the government both at the national and the state levels. The Eleventh Plan recommended that “the focus should be on targeting the poorest of the poor as far as IAY is concerned while targeting the remaining shortage with other interventions.”⁶

Rural Housing through Indira Awaas Yojana is also one of the six components of Bharat Nirman Programme. With experience over time, it was found that many rural houseless households were not able to avail of the assistance under the scheme because they did not have house-sites. The Planning Commission thus included provision of “homestead sites to all by 2012 and to step up the pace of house construction for rural poor to cover all the poor by 2016- 17”⁷ as one of the 27 monitorable socio-economic targets.

Key highlights of the progress under XI five Year plan are as follows:

⁴ Obsolescence factor of 3% was based on data of 65th round of NSSO. The houses that were more than 60 years old were considered obsolete

⁵ Congestion factor of 6.5% of Households was estimated based on 2001 census data of number of couples not having a room to themselves

⁶ http://planningcommission.nic.in/plans/planrel/fiveyr/11th/11_v3/11v3_ch6.pdf

⁷ http://planningcommission.nic.in/plans/planrel/app11_16jan.pdf

3.1 Enhancing Effectiveness of IAY in Delivering Housing to the Rural Poor

Indira Awaas Yojana (IAY) is a flagship scheme of the Ministry of Rural Development that endeavors to provide houses to the Below Poverty Line (BPL) families in rural areas. Over the years, there have been important revisions in the scheme and related institutional processes for making IAY accessible to the poorest in rural India. These revisions have been implemented on ground and key features of the scheme are given below:

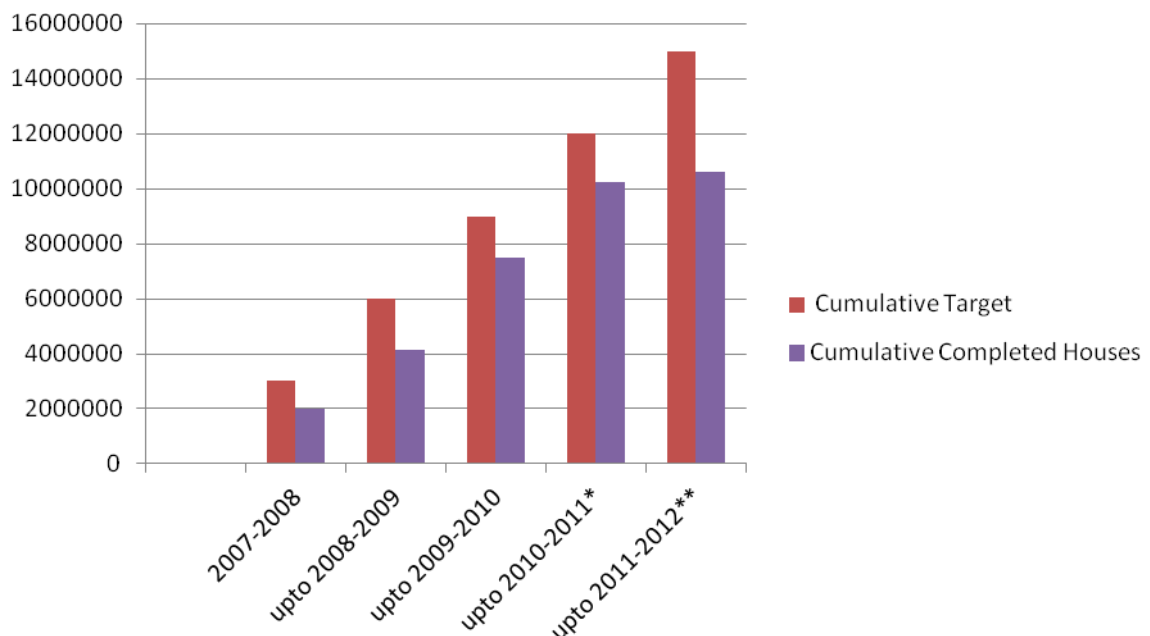
- i. IAY waitlists have been prepared gram panchayat-wise by the states/UTs on the basis of their housing and poverty status as per the BPL list. In order to introduce transparency in selection of beneficiaries, permanent waitlists are supposed to be displayed in all Gram panchayats.
- ii. IAY houses are allotted (in this order of preference) in the name of the woman or jointly between the husband and the wife.
- iii. Financial assistance provided under IAY currently for construction of a new house is Rs. 45,000/- in plain areas and Rs. 48,500/- in hilly/difficult areas. IAY beneficiaries have been covered under the Differential Rate of Interest (DRI) scheme for lending upto Rs.20,000/- per housing unit at 4% interest.
- iv. Sanitary latrine and smokeless chullah are required to be constructed along with each IAY house. For construction of the sanitary latrine, financial assistance is made available from the Total Sanitation Campaign (TSC) funds in addition to IAY assistance.
- v. There is a provision for making available homestead sites to those rural BPL households whose names are included in the Permanent IAY Waitlists but do not have a house site. Rs.10,000/- per homestead site is currently provided, this funding being equally shared by the centre and the states. States are also incentivized by allocating additional IAY houses equal to the number of homestead sites provided through any of the stipulated means - regularization of existing occupied land, allotment of government land or purchase/acquisition of land, as the case may be. If the amount per beneficiary falls short, the balance amount is contributed by the state government. BPL families allotted land through purchase are, to the extent feasible, provided assistance for house construction in the same year.

3.1.1 Achievement of Physical Targets

The target set for IAY under the XI Five year plan was 150,00,000 houses over a period of five years. As of 30th June 2011, 10593557 were constructed with an achievement of 86.54% as shown below :

As part of the Results Framework Document (RFD) prepared by MoRD for its various schemes, since 2010-11, targets for IAY are also set at the beginning of each year. Each scheme is evaluated against the RFD where scores are given for various indicators of performance. Against RFD of 2010-11, IAY scored 14.31 on a total score of 15.

Progress of IAY house construction		
Year	Targeted Cumulative (as per XI Plan)	Completed Cumulative
2007-2008	3000000	1992349
upto 2008-2009	6000000	4126410
upto 2009-2010	9000000	7512029
upto 2010-2011*	12000000	10227482
upto 2011-2012	15000000	10593557
Note: * - some states are yet to report progress upto 31 March 2011. ** - progress upto 30 th June 2011		



Cumulative Performance of House Construction under IAY during the XI Plan period

Source: MoRD

3.1.2 Beneficiary selection

IAY beneficiaries have been identified as per the BPL survey of 2002. This survey was conducted using thirteen parameters against which scores were attributed to each rural family. Using these scores, a list of families based on decreasing level of vulnerability was developed and called the BPL list. From the BPL list developed through this process, the list of IAY beneficiaries was drawn up. Over the course of the Tenth and Eleventh five year plans, errors of exclusion of deserving families and inclusion of some non-deserving families were reported.

The Eleventh Plan document also noted irregularities in the method of selection of IAY beneficiaries. It stated “25 to 50 per cent of the beneficiaries are not being selected through the Gram Sabhas. Allocation among panchayats has been influenced by PRIs/MLAs. The vocal and active segments of beneficiaries influence the selection process. The poorest among BPL households are left out and non-BPL families get selected. Besides, illegal gratification of PRIs is a common complaint brought out by several studies.”⁸

The socio-economic and caste census for India 2011 is underway at the time of finalising this report. In the current process, the 13 parameters adopted for the BPL survey of 2002 have been replaced with a fresh methodology which is expected to be more objective than the previous one. Under the new methodology, rural households have been classified as under :

- i. First, a set of households that clearly do not need government assistance are EXCLUDED.
- ii. Second, a set of households are compulsorily INCLUDED – all households that are without a shelter belong to this category.
- iii. Third, remaining households are RANKED as per the number of deprivation indicators including the quality of their house.

It is hoped that such a process would simplify the process of identification of those families that truly require government assistance for housing and minimise various kinds of pressures that might influence the process.

3.1.3 Convergence of IAY scheme for rural housing with other schemes

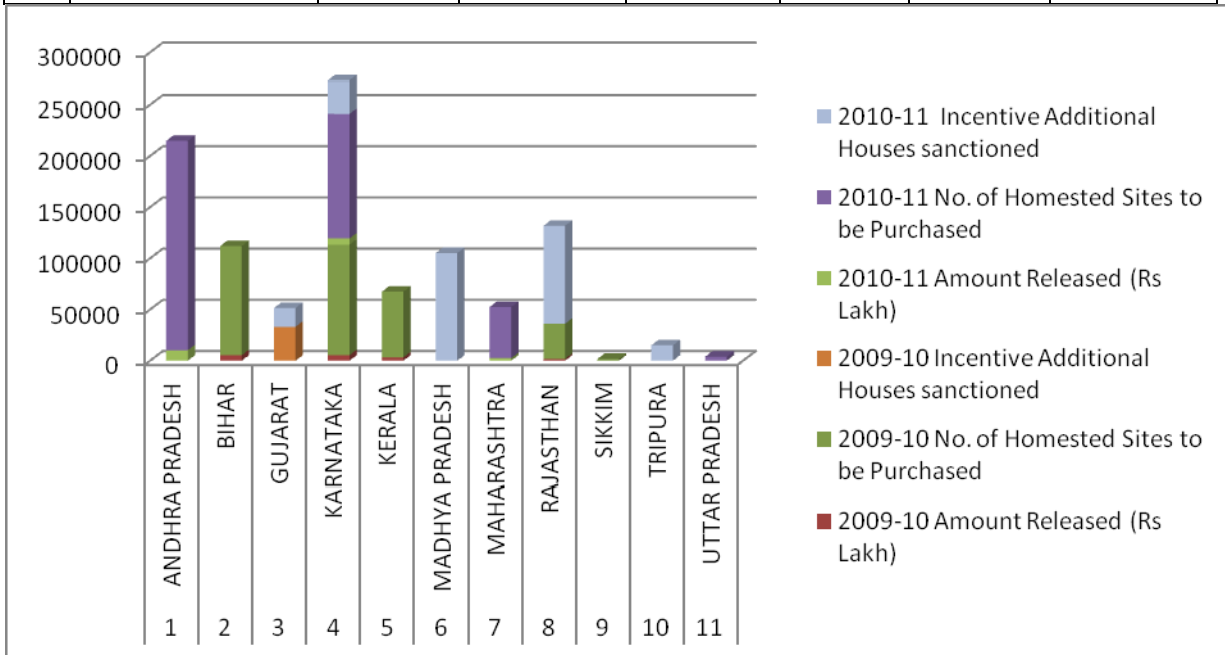
There has been a concerted effort within the Ministry of Rural Development to converge and integrate government schemes and programmes such as Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Total Sanitation Campaign (TSC). Efforts have also been made to achieve convergence with insurance schemes such as Janashree and Aam Aadmi Bima Yojana.

Progress on convergence has been very slow, primarily due to lack of awareness on the part of the local level officials of the implementing agency as well as beneficiary families. The table below indicates the progress on convergence of different schemes with IAY:

⁸ http://planningcommission.nic.in/plans/mta/11th_mta/chapterwise/chap12_rural.pdf

Few states : Gujarat, Karnataka, Rajasthan, Tripura, Madhya Pradesh have been allotted such incentive targets on account of provision of homestead sites. So far a total of 2,99,254 additional IAY houses have been sanctioned to these states as shown below:

Progress of Homestead Scheme for Purchase of Homesite and Incentive for Additional Target under IAY							
S.No	State/ UT	2009-10			2010-11*		
		Purchase of Homesite		Incentive	Purchase of Homesite		Incentive
		Amount Released (Rs Lakh)	No. of Sites to be Purchased	Additional Houses sanctioned	Amount Released (Rs Lakh)	No. of Sites to be Purchased	Additional Houses sanctioned
1	Andhra Pradesh				10228	204568	
2	Bihar	5334	106674				
3	Gujarat			33154			18342
4	Karnataka	5400	108000		6082	121634	31806
5	Kerala	3209	64189				
6	Madhya Pradesh						105200
7	Maharashtra				2500	50000	
8	Rajasthan	1721	34412				95702
9	Sikkim	83	1666				
10	Tripura						15050
11	Uttar Pradesh				190	3790	
	Total	15747	314941	33154	19000	379992	266100



Note: * = Some districts are yet to report performance upto to March 2011

Progress of Homestead Sites under IAY during the XI Plan Period

Source: MoRD

3.2 Rural Housing Delivery through Other Sources

IAY is indeed the largest State sponsored programme for delivery of rural housing given its geographical scale and scope. However, rural housing is also facilitated by assistance from State Governments and Financial Institutions / Banks.

3.2.1 Role of State Governments

State governments have been working to provide rural housing to the poor in their states both, by **supplementing IAY grant assistance** as well as **complimenting IAY with state level schemes** for rural housing delivery.

To supplement IAY grant assistance, some states have been providing additional funds for construction of IAY houses over and above the state share of 25% of the grant. For instance, Government of Kerala provides additional resources to enhance the unit cost to Rs 75,000 for general category households, Rs 100,000 for SC households as well physically and mentally handicapped persons and Rs 1,25,000 for ST households and destitute families. Government of AP also provides additional Rs 20,000 to SC/ ST beneficiaries of IAY. This enhances the unit cost to Rs 65,000 in case of SC / STs while the unit cost for general category remains Rs 45,000. Government of Gujarat has a provision of additional Rs.7,000/- as mandatory beneficiary contribution and convergence with TSC Program for toilet construction of Rs.3,500/- bringing the total value of assistance to Rs.55,500/- per unit. Thus there is a variation in the unit cost of IAY houses based on supplementary grant provided / facilitated by some of the states.

To complement IAY grant assistance, several state Governments are also facilitating housing delivery through **their own schemes** with a view to provide affordable housing to all particularly for the poorer segment, of the population. Although some of the state run schemes have been reported to even precede the formal IAY intervention, most of these schemes are essentially variants of the IAY. Around 15 States/UTs have reported to have their own schemes, which enable them to extend coverage under rural housing to a much larger group beyond IAY. During the eleventh five year plan, about 30 lakh houses were constructed under the various housing schemes of state governments.

The State-run schemes target different groups of beneficiaries and involve a range of unit costs with varying proportions of subsidy, credit and beneficiary contribution. The implementation agencies also vary from scheme to scheme and from state to state.

Key elements of some of the state specific schemes are given below:

- i. **Government of Tamil Nadu** started “Kaliagnar Housing Scheme (KVVVT) in 2010 as an add-on to IAY, but much larger in scope and scale. Under the scheme, all huts in rural areas were to be replaced by permanent houses with a concrete roof. Innovative processes were developed for scheme implementation such as for enumeration of huts, identification of beneficiaries etc. The scheme has been discontinued. The state government has recently announced the “Green House” Scheme. Planned to be

implemented from 2011 – 12, the scheme entitles each beneficiary family to a house of 300 sq.ft. and solar lights at a unit cost of Rs.1,80,000/-

- ii. **Government of Andhra Pradesh** provides the following additional financial support over and above the unit cost of the state scheme 'INDIRAMMA':
 - a. Rs.5,000/- loan for strengthening of foundations in low lying areas/weak soils; Rs.20,000/- as loan from Housing Budget for all rural SC and ST beneficiaries.
 - b. The state govt. has waived seignorage charges on sand and quarry material for INDIRAMMA houses and cement is supplied at concessional rates. There is an official Complaint Redressal System for responding within 7 days of registering a complaint through a designated Toll Free number.
 - c. A State Monitoring Unit is established in Corporate Office and 55 reputed NGOs are deployed for checking at field level independently.
- iii. **Government of Kerala** is implementing "EMS Housing Scheme" that encompasses various other schemes. Some of these are: 'Bhavanashree' which is a loan linked scheme under the state wide anti-poverty mission. Under the scheme, families having a two years membership of Neighborhood Groups and having at least 1.5 cents of land are eligible. A subsidy of Rs.10,000 is provided with a loan from commercial banks upto Rs 50,000 with a repayment period of ten years. Under the housing scheme of SC Department Rs. 1 lakh assistance is provided to each BPL SC family. Similarly, under the housing Scheme of ST Department, an assistance of Rs 1.25 lakh is provided to eligible ST families. The Department of Fisheries also provides housing assistance to their target group.
- iv. **Government of Gujarat**, in addition to IAY, is implementing nine other schemes for rural housing. Among these, the main ones are Sardar Awas Yojana implemented by District Panchayats, Dr. Ambedkar Awas Yojana for assisting SC families and Deen Dayal Upadhyay Awas Yojana for primitive tribal groups. The state government in the year 2009, brought all rural housing schemes to a common platform with uniform financial assistance of Rs.55,500/- per unit and selection of beneficiaries from BPL list. Thus, the effect of these state housing schemes has been to augment the efforts for rural housing under IAY. The state government has also been pursuing the provision of homestead plots to houseless in a campaign mode. There is a major thrust in all BPL housing schemes to construct earthquake resistant housing design and construction. Type designs and detailed instructions are provided to beneficiary households along with sanction letters. In coordination with the State Level Bankers' Committee (SLBC), loans at Differential Rate of Interest are being provided to IAY beneficiaries in a big way. Towards this end, a common standardized loan form approved by SLBC has been adopted by all banks to facilitate the application process by IAY beneficiaries.
- v. **Government of Jharkhand** is implementing the Birsa Awas Yojana and Siddho- Kanu Awas Yojana. Birsa Awas Yojana is a state government scheme implemented by Welfare department, Government of Jharkhand for providing houses to 44,163 identified households of Primitive Tribal groups in the state. The current estimate approved for per unit assistance is Rs. 100,000. As per the resolution of state government issued by Welfare

Department, the funds under Birsa Awas Scheme and IAY are to be dovetailed for construction of a unit in the ratio Rs. 65,000/- and Rs. 35,000/- respectively. Siddho-Kanu Awas Yojana is being implemented by Housing department of Government of Jharkhand. The cost norms of the scheme are similar to that of IAY.

- vi. **Government of Himachal Pradesh** is implementing a scheme for SC / ST and Other Backward Classes (OBC) in rural areas. The assistance provided and other terms and conditions are as per IAY guidelines.
- vii. In **Karnataka** three schemes: Basava Vasathi Yojane, Housing for Special Occupational Groups and Ambedkar Housing Scheme are being implemented. Under Basava Vasathi Yojane for economically weaker sections in rural areas, the assistance provided is Rs 63,500/- of which Rs 50,000 is subsidy provided for all categories, Rs 10,000 is provided as loan under DRI Scheme and Rs 3,500 is beneficiary contribution. Ambedkar Housing Scheme meant for economically weaker sections among rural SCs/STs is based on a total subsidy of Rs 50,000 and Rs 10,000 is bank loan under DRI Scheme and Rs 3,500/- is beneficiary contribution. Financial assistance for the special occupational groups varies from project to project based on the subsidy provided by the concerned departments.
- viii. **Government of Madhya Pradesh** has announced the “Chief Minister’s Rural Housing Mission” in 2011. In the pilot phase of the Mission, the strategy is to test and verify all aspects related to delivery of rural housing and habitat and develop a comprehensive policy solution. Simultaneously various financing options are being explored; designs of dwellings unit and habitat are being made, institutional mechanisms to train NGO’s and MFI’s are being developed along with market linkages for ensuring smooth supply of building materials.
- ix. **Rajasthan Government** has launched the '*Mukhya Mantri Gramin BPL Awaas Yojana*' on 3rd June, 2011. This innovative scheme has been launched with the objective of wiping out the huge backlog of waiting list of BPL households eligible under IAY scheme but who, in the normal course, would have to wait for almost 15- 20 years to get a house sanctioned under IAY going by the current rate of annual targets allotted under the Scheme. This Scheme, along with IAY and IAY incentive (additional IAY targets allotted to the State in lieu of grant of housing pattas to the BPL households free of cost), would enable the state government to provide housing for about 10 lakh rural BPL households within the next three years. The scheme has been financed through a loan of Rs.3400 Crores arranged by the state government from HUDCO for Zilla Parishads in the state.
- x. The method of delivery of the state specific schemes also varies between states. In Karnataka and Andhra Pradesh, Housing Corporations have been set up which not only leverage finances, but also provide technical guidance to beneficiaries at district and block level for construction of houses.

3.2.2 Role of Financial Institutions

The three leading Financial Institutions in the country viz. National Housing Bank (NHB), National Bank for Agriculture and Rural Development (NABARD) and Housing and Urban Development Corporation (HUDCO) have supported rural housing for many years in the following ways :

National Housing Bank (NHB) Initiatives

The National Housing Bank (NHB) being the apex financial institution for housing in the country is responsible for the development and promotion of housing and housing finance market in a holistic manner. The agency emphasizes on the fulfillment of housing and housing finance needs of the entire population with particular focus on rural and urban poor. Some of the schemes of NHB include refinance schemes funded by GoI, these are: Rural Housing Fund (RHF), Golden Jubilee Rural Housing Refinance Scheme (GJRHFS) and Productive Housing in Rural Areas (PHIRA).

Out of the total refinance releases of Rs. 8,107.76 crore made during the year 2009-10, 45.58 per cent aggregating Rs. 3,695.82 crore have been made under the RHF and the GJRHRS in respect of loans given by Primary Lending Institutions (PLUs) in rural areas⁹.

Rural Housing Finance by National Bank for Agriculture and Rural Development (NABARD)

Recognizing the importance of housing in rural areas, NABARD made refinancing for rural housing as an eligible activity in the year 2001-02 under the sub-segment of Rural Non-Farm Sector (NFS) Refinance Products. Under the Rural Housing Scheme, NABARD extends refinance to banks for provision of loans to individuals/ cooperative housing societies. The proportion of Rural Housing refinance to the total refinance disbursed under Non-Farm Sector by NABARD has declined as shown in the table below:

Year	Total refinance -NFS	Disbursement - rural housing	Percentage
2006-07	2265.16	1087.63	47
2007-08	2747.95	876.41	31
2008-09	2706.79	268.47	9
2009-10	3465.99	704.69	20

(Source: National Housing Bank, 2010, Report on Trend and Progress of Rural Housing in India)

Social Housing Finance provided by Housing and Urban Development Corporation (HUDCO)

According to a communication received from HUDCO in July 2011, HUDCO has been supporting Housing Boards, Panchayati Raj Institutions (PRIs), Development Authorities and other para-statal by extending loan assistance for weaker sections at 8% to 8.5% against its borrowing rate of 10.25%. Of the total 14.97 million housing units supported by HUDCO till date, 8.93 million units constituting about 60% have been constructed in rural areas.

⁹ National Housing Bank, 2010, Report on Trend and Progress of Rural Housing in India.

4. New and emerging realities – challenges and opportunities for increased effectiveness

IAY norms have been consistently revised especially during the last decade to improve the responsiveness of the scheme to the needs of the targeted beneficiaries and in response to ground realities in the context of socio-economic and climatic change. At the end of the XI Five Year Plan, challenges and opportunities that could inform the future course reported by different actors are :

4.1 Saturation of IAY beneficiaries (SC/ST, Minorities, others) in some districts.

The current permanent IAY beneficiary wait list has been drawn out of the BPL Census 2002. Under the current norms, 60% of IAY funds and physical targets are allocated to SC /ST population and 15% funds and physical targets are allocated for minorities. In addition, several states have their own housing schemes to address the needs of those households that are not eligible for IAY. Given these circumstances, the following developments have been reported:

- i. Few states such as Punjab, Gujarat and UP have **reported saturation of their targets for IAY in some districts as per BPL survey 2002**. Consequently these states have requested the Ministry of Rural Development for reallocation of targets to other districts that have a greater housing deficit.
- ii. Some states such as Andhra Pradesh, Kerala, Rajasthan, Uttar Pradesh and Tamil Nadu in addition to IAY, have dedicated programmes to cover all shelter-less families in rural areas in their state in a time-bound manner. **These states are likely to similarly achieve their targets during the period of the XII plan**. There is a need to rework the format of fund allocation for IAY assistance in such states.
- iii. Few states such as Tamil Nadu also have programmes for strengthening existing houses that are considered “kutchha”. The potential of central assistance under IAY and state schemes working in tandem is tremendous. **This is an important opportunity that can be built upon in order to meet the national target of eradicating homelessness in a time bound manner**.
- iv. Few states such as Punjab, Gujarat, Kerala, Uttarakhand and Uttar Pradesh have **saturated their targets for covering SC / STs and minorities in some districts**. Consequently these states had requested MoRD for reallocation of these targets to other districts that have a greater housing deficit to meet the state target of 60% coverage of SC / ST population and 15% minorities.
- v. Some states have also reported that **minority population in the state itself is less than 15%**. For instance Andhra Pradesh is reported to have 6.5 % minority population, Madhya Pradesh has 4%, Rajasthan has 11% and Tamil Nadu has 8%. These states have thus expressed their inability to meet the state level target of 15%.

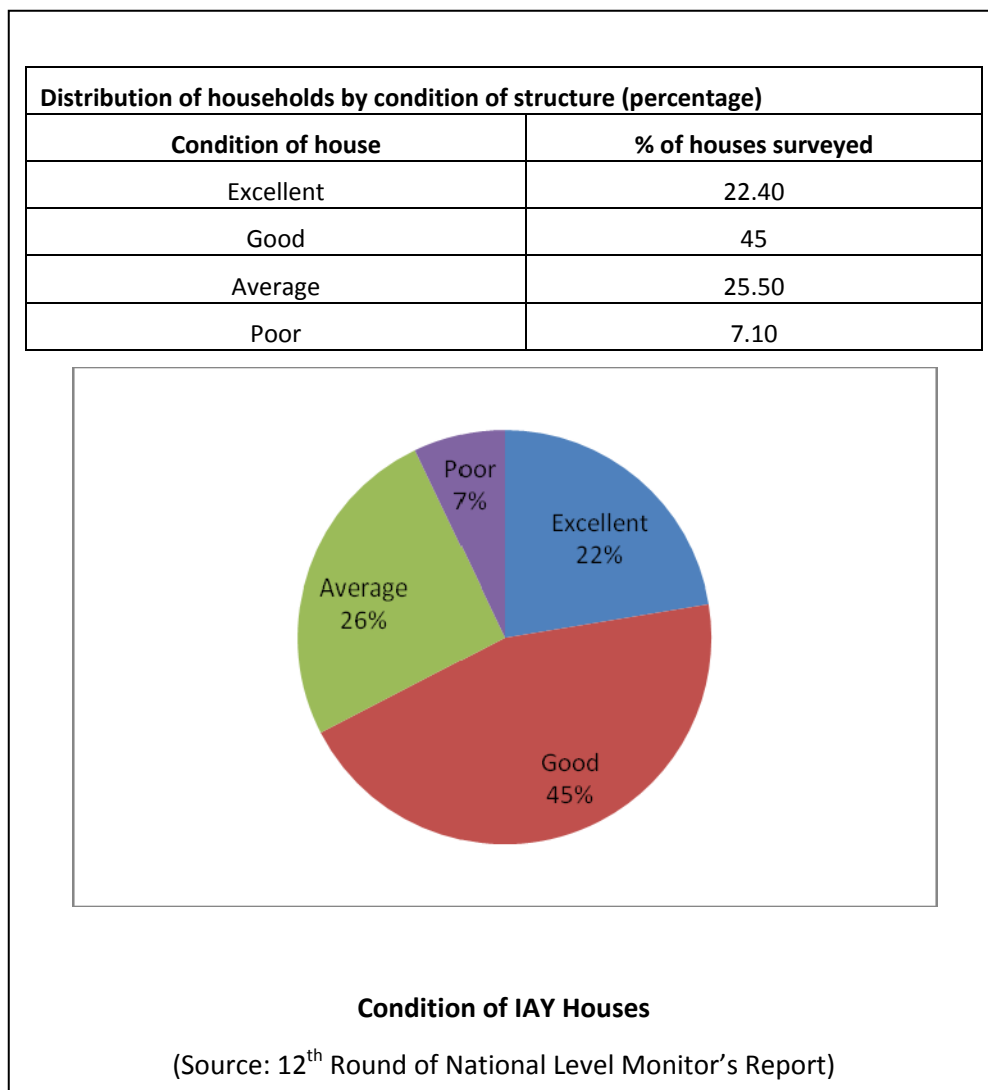
Under the existing norms, although it is possible to re-allocate physical targets between districts, financial targets cannot be transferred between states. Thus **there is a need to rework the formula of allocation of physical as well as financial targets.**

4.2 Quality and performance of IAY houses

4.2.1 Quality of Construction

Based on the mid term review of IAY during the XI Plan, the Planning Commission notes, “although ‘high user satisfaction’ is reported under IAY, the quality of housing remains a problem. Several examples have been reported of poor quality of construction, sagging foundation, use of temporary materials for roofing or leaving the construction incomplete because of inadequate finance.”¹⁰

As per the report of the 12th round of General Monitoring of Programmes of MoRD, National Level Monitors appointed by the Ministry, having visited 478 districts in 28 states and 2 Union Territories reported that 22.4% of the houses were found 'Excellent' in terms of quality of construction, 45% were rated 'Good', 25.5% were rated as 'Average' and 7.1% were found to be 'Poor' in terms of quality of construction.



¹⁰ http://planningcommission.nic.in/plans/mta/11th_mta/chapterwise/chap12_rural.pdf

One of the reasons for poor quality of construction has been inadequacy of the financial assistance provided for construction. During the mid-term review of IAY during the XI Plan, the Planning Commission also notes that, “a significant number of families are not able to complete the house in all respects, and most houses remain without plastering or flooring...the poor quality of houses constructed is partly due to the low unit cost. State Governments have been asking for enhancement of unit assistance to between Rs. 50,000 and Rs. 70,000. This is in line with the recommendations of HUDCO, Auroville Earth Institute, BMTPC and CBRI...” Thus there is a need to revise the unit assistance provided under IAY.¹¹

Further, there has been limited success at ensuring the availability of technical knowledge and skills at the local level to construct quality housing. Technical soundness may not always imply rejection of traditional building technologies and decentralized labour intensive and biomass based housing production and maintenance processes that are often treated as undesirable kutcha or substandard. While this has been contested both in terms of technical efficiency of resource use as well as appropriateness with regard to local climatic and environmental considerations, the inclination of both rural families as well as many government sponsored programmes has been towards high energy and often climatically inappropriate material. There is a visible transformation of building stock from biomass/earth segment directly to the pucca RBC/RCC burnt brick segment. The insistence on “pucca” in terms of structurally stronger houses per se is certainly the need of the hour; interpretation of “pucca” as energy intensive materials may not be well-founded as an argument. There are several examples of traditional materials – even mud and bamboo construction performing better than the so-called “pucca” materials in natural disasters as well as with regard to local climate suitability.

It is important to address the issue of inadequate unit cost as well as limited access to quality materials and technologies to create a disaster resilient and environmentally sustainable housing stock so that the assistance provided can be utilized meaningfully and with a longer term perspective.

4.2.2 Disaster Risk Reduction

According to the Vulnerability Atlas of India, about 57% of the country is prone to earthquakes, about 12% of these being prone to severe earthquakes. Further, about 12% of the land is prone to floods and 10% land is prone to cyclones. It is also important to note that the poor – the primary clients of social housing initiatives are invariably located at the periphery of the villages, along the coast and river banks. If any of the expected hazards were to be realized, a large part of the housing stock and consequently the population would be at risk. Given the risk of life, building assets as well as the scale of investment, it is important for the states to evolve a mechanism to ensure that houses and habitat infrastructure being constructed is disaster

¹¹ http://planningcommission.nic.in/aboutus/committee/wrkgrp11/wg11_rdhous.pdf

resilient. Currently, there is severe paucity of technology solutions as well as manpower to supervise construction to ensure quality and disaster resilience.

Integration of Disaster Risk Reduction (DRR) into national and local development policies and plans is one of the key processes initiated by the National Disaster Management Authority (NDMA) to promote a sustainable and resilient development paradigm. **It is important to dovetail rural housing initiatives with efforts on disaster risk reduction led by other ministries and departments to improve quality, safety and longevity of housing.**

4.2.3 Repair and Maintenance Support

For various reasons, some of the houses that were constructed earlier-on in the implementation of IAY are in a state of disrepair. One of the main reasons for this trend has been the limited technical knowledge and understanding of homeowners as well as construction workers both, at the time of construction as well as for post-construction maintenance.

This has an implication not only on the safety of houses and their inhabitants, it will also ultimately impact the total shortage of houses in the country. Some states like Bihar have requested for supporting grant to families to maintain and repair such houses. Under the current provisions of the scheme, there is no such allocation.

There is an urgent need for a structured response to quality issues of IAY houses both during construction (in response to local geo-climatic and natural resource contexts) as well as after construction to ensure longevity of the houses and habitat infrastructure.

4.3 Uptake of homestead plot provision under IAY

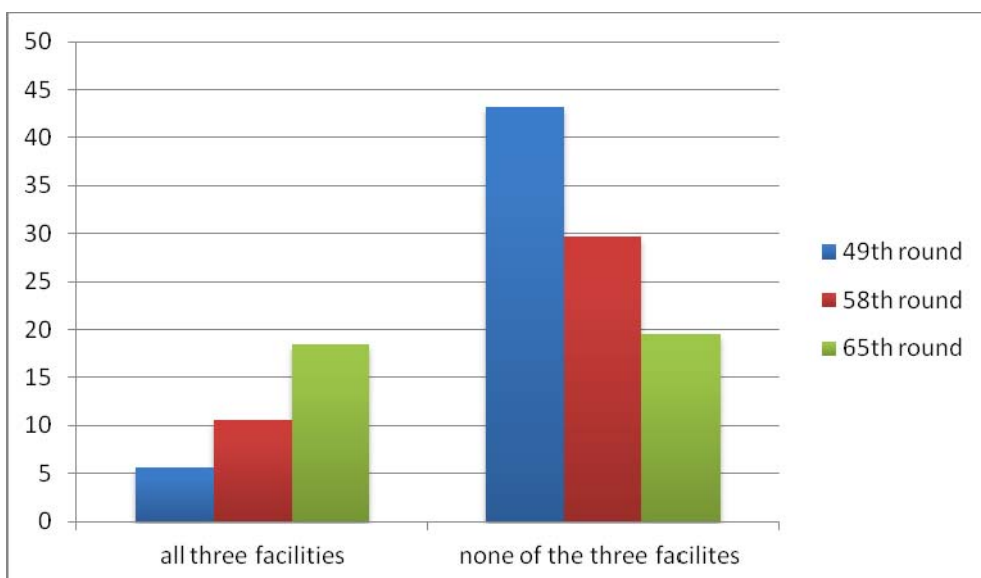
In order to address the need of 7.7 million rural BPL households in India who do not have a house due to the absence of a housesite, the Government is currently facilitating access to housesites for such families under IAY. State Governments are also incentivized by the Centre in the form of additional houses for housesites allocated to the landless rural BPL households through any of the three methods viz; regularization of already occupied land, allotment of Government land or purchase/acquisition of land. This would not only provide a piece of land for house construction but also facilitate habitat development so that the human potential of BPL families can be realized through small horticulture and kitchen garden efforts.

While it was expected that the state governments will meet the needs of homestead sites for all the eligible target groups by 2011-12, the progress in most states has been slow. The key reasons attributed to the current status have been inadequate assistance provided given the high cost of land and as well as insufficient coordination between different departments involved in the final access to homestead and house by the family. **There is a need to address the issue of inadequate assistance for purchase of house-sites as well as streamline homestead plot provision through collaborative working of various departments.**

4.4 Access to habitat

Rural housing problem in India has traditionally been viewed as a matter of facilitating access to a “shelter”. While this may be a simple enough starting point, for homeless families, housing is not restricted to erection of a roof on four walls but they need a space wherein a life with dignity and hope for the future can be pursued. When the focus moves from “access to shelter “ to “access to habitat” implying access to civic infrastructure as well as livelihood and community infrastructure such as anganwadis, primary health centres etc, an opportunity is created for unleashing the human potential of poor families to pursue a life of quality and dignity. Such a focus is missing presently. There have been efforts to include the provision of basic services such as sanitation and electricity in addition to assistance for housing, nonetheless a holistic approach has largely been missing . A similar observation can be made from a comparison of the National Sample Survey rounds of 1993 (49th round), 2002 (58th round) and 2008-09 (65th round). Although the percentage of households having all the three basic facilities - drinking water within premises, electricity for domestic use and latrine has increased over the years, it is still very low at 18.4%.

Households with drinking water within premises, electricity for domestic use and latrine during 49th round, 58th round and 65th round (percentage)		
NSS rounds	all three facilities	none of the three facilities
49th round	5.6	43.2
58th round	10.6	29.7
65th round	18.4	19.5



Households with drinking water within Premises, Electricity and Latrine during 49th round, 58th round and 65th round of NSS (percentage)

(Source: NSSO, 65th Round of NSS)

Efforts towards larger planning of rural habitations to ensure basic disaster safety, environmental sustainability and reinforcing habitat – livelihood linkages through this process are required. The Planning Commission, during the mid term appraisal of IAY under the XI plan also notes, “The IAY must ultimately metamorphose into a larger habitat development programme. This needs to include at least provision of domestic water, sanitation, clean fuel and electricity and calls for much deeper convergence between various departments, currently functioning in silo mode.”¹²

There is a need to facilitate convergence of schemes as well as collaborative working of various departments to facilitate habitat development.

4.5 Uptake of Differential Rate of Interest (DRI) loan provision under IAY

It has been highlighted that unit assistance provided under IAY is inadequate at the current level of material and labour costs. The Reserve Bank of India has thus included IAY beneficiaries under the Differential Rate of Interest (DRI) scheme for lending upto Rs.20,000/- per housing unit at interest rate of 4%.

Some states have made reportable progress on providing DRI loans to IAY families as of 31 March 2011. These are: Gujarat (22690 cases sanctioned), Tamil Nadu (9192 cases sanctioned), West Bengal (4277 cases sanctioned), Chhatisgarh (3586 cases sanctioned), Bihar (2686 cases sanctioned), Jharkhand (1156 cases sanctioned) and Assam (252 cases sanctioned). However, in the remaining states, progress has been extremely slow.

The Planning Commission, during the Mid-Term Appraisal of IAY under the XI Plan¹³ also notes, “The Union Budget for 2010-11 has raised the unit cost under IAY to Rs.45,000 in plain areas and Rs.48,500 in hilly areas. Additional costs could be provided by widening the ambit of the DRI scheme and increasing the amount of loan permissible to Rs.50,000 at 7 per cent interest pa (as against Rs. 20,000 per unit at 4 per cent rate of interest currently allowed under IAY). The real challenge is to promote the DRI scheme by radically improving its awareness and implementation. It needs to be promoted through women’s SHGs and dovetailed with the National Rural Livelihoods Mission.”

There is a need to understand and address the various bottlenecks faced by IAY families in accessing DRI loans.

¹² http://planningcommission.gov.in/plans/mta/11th_mta/chapterwise/chap12_rural.pdf

¹³ http://planningcommission.gov.in/plans/mta/11th_mta/MTA.html

5. Recommendations

Based on the observations mentioned in Section 4 and keeping in view the Vision Statement of the Ministry, the following line of action is recommended:

A. Enabling structured access to Land, Appropriate Finance and Risk Mitigating Measures required by different sections of the rural population.

5.1 Enabling Access to Finance for Housing

One of the major reasons for continued shelterlessness in India is shortage of financial resources. According to the NSSO, about 66% financing of new construction in rural areas in the last one year was done by rural families with their own resources; about 27% constructions had some amount financed from non-institutional agencies such as money lenders, family and friends while 9% of new constructions were financed by institutional channels such as government schemes, banks etc. Thus it can be argued that rural families, invariably end up using their own resources for construction irrespective of when those resources become available for the purpose.

A Committee was constituted by the Ministry of Rural Development for formulation of Concrete Bankable Schemes for Rural Housing. The committee has recommended a multi-pronged approach to service the financial needs of different segments of the rural population for house construction and up-gradation. The committee also notes that although credit flow to housing sector has witnessed an average growth of about 30% over the last five years, lending to rural areas has been confined at about 10%. This indicates that there are practical issues in relation to access to finance that need to be addressed.

5.1.1 Finance Enablers for Below Poverty Line Families

a. Enhancing Per Unit Assistance Grant to BPL Families under IAY

It is important to note that housing needs vary between families based on their size, socio-cultural norms, livelihoods and geo-climatic context. Thus uniform assistance to eligible families by the government can best be described as “unit assistance” towards house construction rather than “per unit cost” of a house which may vary between families and between different geographical locations.

Given the current cost of construction of even a basic dwelling that is structurally sound, the Committee on Concrete Bankable Schemes for Rural housing has proposed enhancement of unit assistance for house construction under IAY to Rs 75,000. This was well-received by the members of the Working Group. In addition, it is recommended that unit assistance may be enhanced incrementally each year to absorb escalation in cost of materials and labor.

It is also recommended that DRI loan for IAY families should be enhanced up to Rs 50,000 at 4% rate of interest along with extended repayment tenure up to 15 years. It is imperative that provision of DRI loans for IAY beneficiaries should be made obligatory on the part of the banks given the investment that the government commits when sanctioning an IAY house. Approval of DRI loans should be included as an indicator of financial inclusion by the banks. In addition, to address practical difficulties faced by the rural people with low literacy levels, banks need to develop standard processes that are simple and hassle free to enable easier access to DRI loans by beneficiaries.

It is also recommended that BPL households that are not covered under IAY but under any other rural housing scheme of the state government should be eligible for loan under DRI as is the case with IAY beneficiaries.

For repair and maintenance of houses constructed under IAY, credit cum subsidy scheme may be explored for those houses constructed over 15 years ago.

There has also been a suggestion from the states to incentivize those states which are implementing their special housing schemes to address houselessness in their state.

b. Allocation of IAY targets

Formula based allocation of physical and financial targets under IAY needs to be reworked given the current developments in the rural landscape of the country. The Ministry of Rural Development as the nodal ministry for central assistance for rural housing may continue to fix IAY targets centrally for all the states based on housing shortage (75%) and poverty ratio (25%). However, district level targets may be fixed by states broadly based on the following parameters:

- Devolution of targets from state to district be based on housing shortage (75% weightage) and rural population in the district (25% weightage).
- Target coverage for SC/ ST households at district level would be twice the percentage of SC / ST population of the district with a ceiling of 80%¹⁴. For districts where SC/ ST population is greater than 40%, minimum target for covering SC / ST population would be 80%. The implementing agency may select beneficiaries for the remaining 20% funds from any segment of the population including SC/ ST.
- Target coverage for minorities other than SC / STs in the district would be twice the percentage population of minorities in the rural areas of the district.

Saturation of beneficiary groups in some districts needs to be re-examined with reference to the latest Socio-economic and Caste Census. In case of districts that have saturated the eligible SC/ ST / minority / households identified for IAY benefit, inter-district transfer would be possible

¹⁴ As an illustration, if a certain district has SC/ ST population of 42 %, for this district, the SC / ST population target would remain 80% . The rest of the physical and financial targets can be sanctioned to any segment of the population including SC / ST as decided by the state.

based on a document from the particular Zilla Parishad certifying saturation as is the current procedure under IAY.

For states pursuing saturation of shelterless households through new / on-going schemes with their own resources, IAY funding would be made available in combination with the state scheme for achieving greater coverage of shelterless households provided priority coverage under IAY is not affected.

c. Fund Transfer

It is imperative that the process of fund transfer from the Centre to the States is simplified. This would help facilitate convergence as well as, enhance effectiveness and efficiency in the implementation of various rural habitat schemes.

Until 2010-11 funds were released directly to the districts by the Centre under a single head of account. With effect from 2011-12, funds are being released to the states through three separate sanctions under three minor heads viz:

- Minor Head – IAY
- Minor Head – Special Component Plan for SCs
- Minor Head – ST Sub-Plans

It is proposed that funds be released to the states through a fund to be created by the state on the lines of MGNREGA or TSC . Central releases as well as state contribution will be credited to the State Fund and the states are expected to release funds to DRDAs on the basis of pre-determined criteria as defined in the guidelines. It is expected that these modifications in the administration of the scheme would help in reaching out to the targeted population effectively and in a manner that facilitates smooth functioning between departments.

5.1.2 Finance Enablers for Above Poverty Line Families

In rural India, funds for house construction is a serious constraint for the poor as well as the rural middle class that may not technically be BPL but still be resource constrained. While the BPL are entitled to unit assistance grant, non-BPL families can be supported with housing finance linked with opportunities for income enhancement backed with interest subsidy. Based on the recommendations of the Committee on Bankable Schemes, the Working Group proposes additional financial instruments specifically targeted at non BPL families:

a. Bankable Scheme for Above Poverty Line (APL) Households - Without any subsidy - Loan amount will be decided by the Lending Institution based on the credit worthiness of the borrower. Maximum amount of loan under this scheme would be Rs 5 lakhs¹⁵ at priority sector lending rate.

b. Bankable Scheme for Above Poverty Line (APL) Households - Subsidy based - The maximum loan amount may not exceed Rs 2 lakh for construction of new house and 1 lakh for addition/up-

¹⁵ The loan amount recommended by the Committee on Bankable schemes was 4 lakhs. However, the Working Group felt that this should be enhanced to 5 lakhs to ensure that poorer families do indeed manage to avail the interest subsidy provided by the government.

gradation/repair of old houses *with 5% interest subsidy* **Or** The maximum loan amount may not exceed 3 lakh for construction of new house and 1.5 lakh for addition/up-gradation/repair of old houses *with 4% interest subsidy*.

Contribution to the interest subsidy may be in the ratio 75:25 by the centre and the states. The loan amount limits under these schemes may be reviewed during the Mid Term Review of the XII Five Year Plan.

In order to incentivize states actively pursuing rural shelterlessness in a saturation mode using their own resources either through grants or any other innovative instruments, interest subsidy based schemes may not be limited to any priority population targets. States should be able to leverage these schemes based on the demand from rural areas as indicated in the State Action Plans submitted to MoRD at the beginning of each financial year.

In addition, a corpus equivalent to 10% of annual allocation of Rural Housing at the national level will be reserved for distribution among the states in proportion to the resources committed by them for rural housing; this will work as incentive for them to put in more resources from their own budget. These funds would be available to the states to be used by them for rural housing purposes as indicated in their Annual Plans.

5.1.3 Productive Housing for BPL and APL families

With a view to shifting the focus of rural housing interventions from facilitating housing to Productive Housing in Rural Areas, loan will be extended to the rural households for two purposes: (i) Loan for housing, (ii) Loan for income generation with an interest subsidy of 5%. This provision would be independent of any other assistance received by the BPL family from the government. Loan amount under the Scheme will be decided by the lending institution based on the credit worthiness of the borrower. Maximum loan amount may not exceed:

Nature of houses	BPL		APL	
	Housing	Income Generation	Housing	Income Generation
New Construction	90,000	10,000	2,70,000	30,000
Up-gradation / major repair	25,000	10,000	50,000	30,000

In view of the observations made by various agencies, it is recommended that appropriate banking products applicable to BPL and non-BPL households/groups for rural housing can be developed such that they also encourage low cost technology based on locally available materials and disaster risk resilience. As there are problems of land ownership in rural areas, appropriate solution may be found out in consultation with the state governments. Flexible repayment schedules should be prescribed depending upon the periodicity of the cash flow of the borrower having regard to his/her source of income. There is a need for policy changes with regard to

linking of repayment of rural housing loans to crop cycle and permitting defaults of two crop season installments in respect of housing loans of upto Rs.5 lakhs.

Further, expanding SHG-Bank Linkage model may result in enhancing the availability of micro credit to the rural households. Also, such a model coupled with savings will help to expand the micro-credit operations for housing targeted at women.

It is recommended that Rural Housing Finance be made an integral part of the Financial Inclusion Plan of all Banks. In order to build in necessary safeguards, it is proposed to examine the feasibility of Title Insurance, Mortgage Credit Guarantee, Joint Liability Group/Community mechanism. In addition, it is proposed that a “Rural Risk Fund” be set up with contributions from all stake- holders including beneficiaries and encourage insurance linked products with housing so as to reduce the cost of housing finance to the various stakeholders.

There is thus a need to enhance the availability of financial resources for BPL as well as APL households through additional instruments - grant as well as interest subsidy based, to address different needs of varied households within these groups.

5.2 Enhancing Access to Land by the Poor

Access to a homestead site that is adequate in terms of its locational safety and size to meet the basic livelihood needs of the family, is a critical prerequisite for a safe and sustainable habitat. At various occasions, state governments have proposed that unit cost for purchase of homestead plots under IAY may be increased to Rs 20,000 on IAY assistance pattern, i.e. 75:25 contributions by the centre and the state. The Working Group endorses this proposal as an important step forward.

In addition clear guidelines on land selection and procurement are necessary for guiding the relevant stakeholders. Supportive working arrangements need to be developed between various departments; Rural Development/ Panchayati Raj/ Land and Revenue for identification, allocation as well as development of land for homestead sites. This would be critical for smooth and effective implementation of the scheme.

These recommendations can be carried out by identifying a dedicated officer at the district level designated by the state government to address various bottlenecks faced by the beneficiaries in accessing homestead sites. Cluster approach needs to be adopted for developing homestead lands for group of homeless families. The dedicated officer needs to ensure that land identification is carried out as per guidelines, keeping in view principles of environmental sustainability and disaster risk reduction. Land of appropriate size needs to be provided in a manner that balances local ways of living with availability of land so that livelihood and nutritional needs of the families can also be promoted through provision of homestead sites.

Additional financial assistance as well as smoother institutional processes at the district level therefore, are key to facilitating access to adequate homestead sites for a greater number of deserving households.

B. Creating Facilitative Environment for Promotion of Appropriate Building Materials and Technologies as well as Development of Human Resources

5.3 Improving Quality of IAY Houses

5.3.1 Access to Appropriate Technological Solutions and Skills

An exhaustive assessment of shortage and identification of beneficiaries for meeting the 5 year target is critical for laying out the details of the future course under IAY. However the assessment criteria for degree of safety and live-ability of houses should be decided by the states based on local geo-climatic conditions and disaster vulnerabilities to further define the scale and scope of national and state level targets.

While the spirit of IAY is that BPL families should have access to basic housing that is structurally safe, has basic amenities and is adequately illuminated and ventilated, the responsibility for proper construction of the house is largely on the beneficiaries themselves. With negligible access to technical knowledge and skills at the local level, quality of construction has been an area of concern.

Based on the midterm review of IAY during the XI Plan, the Planning Commission also notes, “IAY guidelines recommend that State government and implementing agencies should facilitate access to information on innovative technologies, materials, designs and methods, but most States do not have any mechanism to do so. There is a clear need for developing and popularizing appropriate technology through a network of institutions, which could result in low-cost, environment friendly and disaster resistant houses as per local cultural preferences. Developing a menu of specific designs and technology options for each region reflecting variations in environmental and cultural conditions would be the way to go forward.”¹⁶

Rural Building Centres (RBCs) hold tremendous potential as institutions that could play a role in improving quality of houses in rural areas. Through development and dissemination of technologies that essentially minimize the use of industrial and high energy construction materials, building centres have been fairly effective in promoting access to appropriate and cost-effective technologies for housing. The Rural Building Centre Scheme was discontinued in 2004 mainly due to limited financial sustainability of the building centres.

Revival of the Rural Building Centre Scheme may thus be extremely crucial for improving the quality of construction on the ground. However, it is equally important that financial sustainability of building centers is ensured through suitable revenue models such as a Public – Private Partnership arrangement that encourages local entrepreneurs so that survival of such institutions on grants alone is minimised.

¹⁶ http://planningcommission.gov.in/plans/mta/11th_mta/chapterwise/chap12_rural.pdf

To improve the quality of houses in rural areas, especially IAY, the following measures are suggested:

- i. Rural Building Centres / Nirmithi Kendras at the district / block level need to be set – up / revived as a single window solution for guidance on quality construction, direct / indirect supply of alternate materials, skill building of artisans, and other services.
- ii. Special skill- upgradation programmes intended to impart both skills and organisational abilities can be taken up for women’s SHGs to take up rural habitat development through various schemes as well as maintenance of the assets created.
- iii. Through the local Building Centres, Panchayats could be equipped with technical resources for effective monitoring of habitat construction in their village.

It is also important to set up systems for production of low energy yet high performance and cost effective materials in a manner that is decentralized and is consequently more affordable as well as beneficial to the local economy. Materials and technologies need to be identified according to the local geo-climatic and natural resource context for use by IAY families as well as other customers in the rural and peri-urban context.

- iv. A large scale campaign for knowledge building and awareness creation is required in parallel to raise awareness on quality and safety features - both for conventional technologies (perceived to be ‘pucca’) as well as for engineered traditional technologies (mostly perceived to be ‘kutcha’).
- v. A Platform for providing comprehensive knowledge and experiences of application of common alternate technologies for various geo-climatic zones of India needs to be developed. The network would serve to link research institutions with rural habitat practitioners for dissemination of technical know-how. It would also facilitate further development of knowledge on alternate materials and technologies for different geo-climatic zones.
- vi. Proven alternate technologies that are cost effective and environment friendly need to be included in the State Schedule of Rates. Towards this end, partnerships need to be forged by the states with specialized research and development institutions, academic institutions and NGOs that have worked on alternate technologies. For instance, the National Mission on Bamboo Applications can provide advice on treatment, use and costing of bamboo based building elements for use in areas that have bamboo in abundance and have used the material traditionally due to its appropriateness in the specific geo-climatic context.
- vii. Locally appropriate technologies that may not be in the current Schedule of Rates need to be standardized. The Planning Commission may identify a suitable agency centrally to lead the process of standardization and inclusion of these technologies in the Schedule of Rates of different states. Besides construction, technologies for other components of habitat such as rainwater harvesting units, energy saving lighting solutions, clean cooking solutions also need to be identified and adopted.

5.3.2 Emphasis on Disaster Risk Reduction

Along with concerted efforts to demystify and enable access to technical knowledge and skills for good quality construction, it is important that disaster risk in various locations be considered and analysed. Technical guidelines for house construction need to be modified suitably. There is need to organize special training programmes for all the actors involved at various stages of the process such as beneficiary families, SHGs, Masons etc for transfer of necessary understanding and skills in safe construction.

Under the GoI – UNDP Disaster Risk Management Programme, Ministry of Home Affairs has developed “Guidelines for Development and Building Construction including Safety Provisions for Natural Hazards in Rural Areas”. The guidelines provide detailed understanding of the role and responsibility of various institutions including PRIs for addressing disaster risk of buildings in rural areas. In addition, there is detailed guidance on construction details that can make a difference to the safety of a building. There is a need to include such considerations for reducing disaster risk of housing stock in rural India irrespective of the source of funding.

There is a need to pay special attention to “multi-hazard” prone areas spelt out in the vulnerability Atlas of India through incorporation of disaster resistant designs in house construction. These areas may be designated as “difficult areas” and provided higher unit assistance under IAY.

In addition, all new houses should be insured through group insurance to spread the risk of losses due to natural disasters and other calamities such as fires.

5.3.3 Training of Masons, Artisans and Others involved in Delivery

A large pool of skilled workers like masons, bar benders, plumbers, carpenters and other construction related artisans trained in safe and sustainable construction practices needs to be developed for all construction activity in the future. It is important that skill development of these agents of delivery is pursued actively to ensure disaster risk resilience and minimal ecological impact irrespective of the nature of the initiative - IAY, state schemes or own initiative of the people. A partnership with the corporate sector for training of construction artisans and possible absorption can be developed. In parallel, there is a need to identify a credible agency at the central level for i) Standardization of training and, ii) Certification of skills acquired.

5.3.4 Collaboration with Self-help Groups, Non-Governmental Organisations and Panchayati Raj Institutions

Given the scale of shelterlessness and the need for improving efficiency, it is important that local stakeholders are able to effectively participate in housing delivery. Some of the ways in which this can be pursued are:

- i. Panchayati Raj Institutions are central to effective habitat development in rural areas. They need to take a lead in micro-planning and prioritizing habitat development needs.

Services of trained local groups and enterprises to take up innovative implementation of housing and habitat schemes should be made available to PRIs by the state governments.

- ii. Self-help Groups could be an important vehicle for production of building materials and provision of construction services. Such groups could be engaged in delivery of houses.
- iii. Non Governmental Organisations (NGOs) have been playing an important role in facilitating rural housing through promotion of community based processes and alternate technologies across the country. Although, most of this work has been done in a “project” mode funded by external agencies, there is a need for continued involvement of credible NGOs in the sector. Some NGOs have demonstrated their strength in architectural design, housing finance, provision of alternate technology, supervision of construction and promotion of an eco-habitat approach. NGOs could be professionally engaged to support Panchayati Raj Institutions to facilitate safe and sustainable habitat development. A certain amount of budget should be allocated for engaging such agencies.

C. Providing and Enforcing a Well –defined Techno-legal Regime

5.4 Holistic Habitat Development through Convergence

To pursue a habitat development approach, it is imperative to ensure convergence between schemes that deliver different components of habitat. This has been initiated in the provision of sanitary latrine through the Total Sanitation Campaign as an additional input over and above the IAY unit cost assistance. However, convergence with other schemes is still grossly inadequate.

It is recommended that for the purpose of convergence, a hamlet should be treated the “unit of convergence”. There is a need for micro-planning at the village level whereby housing, civic infrastructure as well as community infrastructure can be planned as part of a planned layout. While actual development may happen through convergence of different programmes incrementally, micro-planning at the local level will ensure that all aspects of a rural habitat are covered.

At the policy level, convergence of IAY with the following schemes is recommended:

- Mahatma Gandhi National Rural Employment Guarantee Scheme for development of homestead sites.
- Drinking Water Scheme
- Backward Regions Grant Fund of Ministry of Panchayati Raj for disaster resilient habitats, rain water harvesting structures, additional houses and strengthening of PRIs,
- Rajiv Gandhi Gram Vidyutikaran Yojana (RGVY) of Ministry of Power for electrification,
- Schemes of MNRE for smokeless chulhas and bio gas plants for clean indoor air,
- Ministry of Environment and Forest support for Kitchen gardens,
- National Rural Livelihoods Mission for promoting livelihoods related to habitat construction.
- Life Insurance Corporation of India for Aam Admi Bima Yojana & Janshree Bima Yojana,
- Ministry of Labour for Enrollment under Health Insurance Scheme.
- Swarna Jayanti Gram Swarozgar Yojana for Productive Housing.

Training of PRIs and Implementing Agencies is required for increasing demand for convergence at the grassroots. In addition, it is suggested that upto 10% of IAY funds should be earmarked for infrastructure development through a habitat approach for clusters of families in a project mode.

In line with the letter and spirit of the IAY guidelines thus, convergence needs to be facilitated through an institutional mechanism identified at the district level in order to enable dovetailing with various other schemes delivering different components of rural habitat.

5.5 Monitoring and review mechanisms

To address the problem of housing shortage in a time bound manner, it is important that states adopt a strategic approach; the relevance of State Action Plans to carry the strategic approach forward cannot be undermined. To ensure effective management, Action Plans must clearly spell out qualitative as well as quantitative indicators of achievement that should include number of houses as well as other aspects of a vibrant and progressive rural habitat scenario such as number of masons trained, number of loans sanctioned under DRI, number of houses constructed using alternate materials etc. Within the larger design of monitoring systems at the state level, the following components are recommended:

i. **Information base for design of interventions**

For design of effective programmes at the state level, there is a need for a reliable and easily accessible data base related to housing shortage, land, pricing and local resources. Complete information related to locally applicable building practices especially in relation to sustainable building and safe construction should be made available at least at the Panchayat level in local language.

ii. **Monitoring system :**

For effective delivery of housing and habitat schemes, there is need for a monitoring system which would work under a rigorous regulatory framework. Knowledge dissemination may reduce errors of ignorance but may not help in errors of commission and omission. There is need for a system of supervision, compliance and conformance certification at milestone levels from technical staff. Participatory monitoring at the local level with representation from the households, Panchayat government functionaries and civil society needs to be encouraged. A system of social audit of the IAY, as done under MGNREGA can be helpful in minimizing mal-practices in beneficiary identification as well as implementation.

iii. **Information management and dissemination:**

Government of India has already initiated a computerized information system which will help in monitoring stage-wise progress of implementation as well as disbursement of funds. The System is designed for all stakeholders of IAY including beneficiaries; however this needs to be made more user – friendly. Ground Positioning System (GPS) based monitoring of physical targets with photographs to ensure correct reporting needs to be pursued.

The Ministry has also introduced a monitoring format for convergence of IAY with other Centrally Sponsored Schemes. However this needs to be streamlined further.

iv. **Complaints redressal :**

It is suggested that an effective Complaint Monitoring System with adequate staff should be set up at the state level, independent of the regular execution machinery to report on progress and quality of implementation.

v. **Management Framework :**

A Programme Management Unit set up at the state and district levels would be critical for effective delivery of IAY. 6% of the scheme funds may be earmarked for running the Project Management Unit.

Central Government could support the states to prepare State Housing and Habitat Policies and Plans giving a road map of actions pertaining to institutional restructuring, financial initiatives, supply of land, modifications of Acts / Bye Laws, technology promotion and infrastructure provision.

A high level Monitoring Committee at Central and State Government level could be set up to periodically review the implementation of Housing Policy and Housing Schemes.

A well equipped and competent PMU therefore needs to be set up at the state and district level to lead the process of implementation of rural habitat interventions as well as manage other functions in relation to quality assurance.

6 Proposed Allocation for Rural Housing under XII Five Year Plan

Given the current trends of housing in rural India, it can be safely assumed about half of the current shortage of 40 million houses would require financing through IAY and interest subsidy assistance. The rest of the 20 million households would be able to construct their houses through state schemes, their own sources or informal sources of finance such as money lenders, borrowings from family and friends or family gifts.

Thus the proposed budget for Rural Housing for the Twelfth Five Year Plan is Rs 150,000 Crores as per the details given below:

Sno.	Item	Rate	Units (Millions)	Proposed Allocation (Rs Crores)	Comments
1	Construction of Houses (Grant and Subsidy)				
	Grant for 15 million houses @ Rs 75,000 per house	5722.5	15	85,837.50	Av GoI share @ Rs 57225 per unit
	Subsidy for 5 million houses @Rs 45,000 per house	3433.5	5	17,167.50	Av GoI share @ Rs 34335 per unit
	Total for construction component			103,005.00	
2	Infrastructure Development for Habitat Development of Cluster of Houses	20% of construction		20,601.00	
3	Capacity Building - training, sensitisation, IEC	5% of construction		5,150.25	
4	Management Costs (including contingency)	6% of construction		6,180.30	
5	Incentive Amount for states for committing state resources for rural housing	10 % of total allocation of Rural Housing Budget at the national level		14,992.95	
	Total (Rs Crores)			149,929.50	29,686.04 per annum
Proposed allocation for XII Five Year Plan : Rs 150,000 Crores.					

ANNEXURE 1

M-12018/4/2011-RD
Government of India
Planning Commission
(Rural Development Division)

Yojana Bhavan, New Delhi
Dated: 11th July, 2011

Sub: Constitution of Working Group on Indira Awaas Yojana (IAY) and Provision of Urban Amenities in Rural Areas (PURA) for the XII Five Year Plan-reg.

In modification to earlier orders of even number dated 24.06.2011, it has been decided with the approval of Competent Authority to include some more Experts on PURA to the existing Working Group on IAY and PURA. The revised composition of the Working Group is as under:-

1	Shri. B. K. Sinha Secretary M/o Rural Development Krishi Bhawan, New Delhi Tel. 2338447; Fax : 23382408 Email : secyrd@nic.in	Chairman
2.	Dr. Arvind Mayaram, I.A.S Additional Secretary & Financial Adviser Government of India Ministry of Rural Development & Panchayati Raj Krishi Bhawan, New Delhi -110001 Email: arvind.mayaram1@gmail.com Ph: 011-23383880 Fax: 91-11-23381268	Member
3	Shri T. Vijay Kumar, Joint Secretary (PURA), Ministry of Rural Development, Room No.249, 02 nd Floor, Dr. Rajendra Prasad Road, Krishi Bhawan, New Delhi -110001 Ph:(011) 23382313 Fax: (011) 23387536 Email: vjthallam2gmail.com	Member
4	Shri Neerabh Kumar Prasad, I.A.S Managing Director (MD) Andhra Pradesh State Housing Corporation Limited 3-6-184, Street No.17, Himayat Nagar, Hyderabad. Andhra Pradesh Email : md@apshcl.gov.in Mob : 09701451001	Member
5	Shri R. Parsuram, IAS Additional Chief Secretary Rural Development Department Government of Madhya Pradesh Bhopal-462001 (MP) Ph: 0755 – 2441348, 2551114	Member

6	<p>Ms. Rita Teaotia Commissioner & Principal Secretary (RD) Dr.Givraj Mehta Bhawan, Block No.-16/3, 3rd Floor,Gandhinagar - 382010 Phone : 079- 23253461 Fax : 079-23259806 Email:secrd@gujrat.gov.in</p>	Member
7	<p>Thiru T. Udhaya Chandran, IAS Commissioner of Rural Development and Panchayat Raj Directorate of Rural Development & Panchayat Raj Department Panagal Building, Chennai - 600 015 Ph (D) : 24323794; Fax : 24343205; PBX Nos - (044) - 24336105 / 24337436 / 24337440 / 4336102 E-mail - drd.tr@nic.in</p>	Member
8	<p>Shri Om Prakash, IAS Secretary (RD) Department of Rural Development, Govt. of Uttarakhnad 4-B, Subhash Road, Dehradun - 248001 Ph : 0135-2712066, Fax: 2714106 Email:ddn.agriculture@gmail.com</p>	Member
9	<p>Sri A.Santhosh Mathew, IAS Principal Secretary Rural Development Department, Govt. of Bihar Main Secretariat, Patna 800 015 (BIHAR) Ph : 2217496, Fax : 2217857 Mob : 09431818381 E-Mail: rlrsec-bih@nic.in / RDDpat-bih@nic.in</p>	Member
10	<p>Mr Trilochan Singh, IAS Panchayats & Rural Development Department Government of West Bengal Jessop Buildings premises, 1stFloor, 63, Netaji Subhas Road, Kolkata – 700001 Tel: 033-2243-9040/9041 Extn. No.: 105 033-2242-4422. Fax No. : 033-2248-4327 / 033-2243-8719 E-mail : secy-prd@nic.in</p>	Member
11	<p>Shri B.K.Jena Secretary (Panchayati Raj) Panchayati Raj Department Government of Orissa, Orissa Secretariat, Bhubaneswar Ph : 2536680 Fax : 2391413 Email: prsec.or@nic.in</p>	Member
12	<p>Mr. Suresh Babu (IAS) Principle Secretary Department of Rural Development, Govt. of Manipur Secretariat Building, Imphal – 759001 Ph: 0385-2450783</p>	Member

13	<p>Shri V P Baligar, IAS Chairman & Managing Director HUDCO HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi- 110001 Ph: +91 8800444877, 011-2469 3022, Fax: 011-2469 7378 Email: cmd@hudco.org</p>	Member
14	<p>Shri S K Chaudhary Executive Director (Projects)-Consultancy (Govt.Programmes/ Work & Disposal)/Emerging Sectors HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi- 110001 Ph: 011-24627321, Fax: 011-24627439 Email:skchau13@hotmail.com & skchau13@hudco.org</p>	Member
15	<p>Shri R.V.Verma Chairman & Managing Director (CMD) National Housing Bank, Core 5A, India Habitat Centre, 3rd-5th floor, Lodhi Road, New Delhi - 110003 Phone No. +91-11-24649031 to 35 FAX No. +91-11-24646988, 24649041 Email : ho@nhb.org.in</p>	Member
16	<p>Dr Arun Kumar President – Business Initiatives Development Alternatives B-32, TARA Crescent, Qutub Institutional Area New Delhi - 110 016, India Tel: 91 (11) 26134103, 26890380 Fax: 91 (11) 26130817 Email: akumar@devalt.org</p>	Member
17	<p>Shri S. Mitra General Secretary Forum of Scientists, Engineers & Technologists (FOSET) 15n Nelli Sengupta Sarani (Lindsay Street) New CMC building (5th floor) Kolkata – 700 087 Phone: (033) 2252 9675, fax: (033) 2252 0521 Email: foset@rediffmail.com</p>	Member
18	<p>Mr. G Vasudeo Secretary Vivekananda Kendra, (NARDEP) Vivekanandapuram Kanyakumari - 629702 INDIA Phone : +91-(0)4652-247012 Fax : +91-(0)4652-247177 Email : vknardep@gmail.com, info@vkendra.org</p>	Member

19	<p>Mr. Ramesh Ramanathan Janaagraha Centre for Citizenship and Democracy Email: ramesh@janaagraha.org 4th Floor, UNI Building, Thimmiah Road Vasanth Nagar Bangalore - 560052 Ph: +91-80-40790400 Fax: +91-80-41277104</p>	Member
20	<p>Mr. Joe Madiath Founder and Executive Director, Gram Vikas Gram Vikas, Mohuda Village, Berhampur 760 002. Ganjam, Orissa, India. Tel: +91-680-2261866-69 Fax: 2261862 Cell : 9439336853, 9439336854 Email: info@gramvikas.org, gramvikas@gmail.com</p>	Member
21	<p>Shri C.S. Rajan, Additional Chief Secretary (RD & PR), Government of Rajasthan, Jaipur -302001, Rajasthan. Tel: (0141) 2227635 Fax: (0141) 2227635 Email: cs.rajan@nic.in</p>	Member
22	<p>Shri R. Subramaniam, Principal Secretary (RD), Government of Andhra Pradesh, Hyderabad – 500001 Tel: (040) 23454832 Fax: (040) 23450608 Email: subrahdy@gmail.com</p>	Member
23	<p>Shri S.M. Vijayanand, IAS Addl. Chief Secretary, Local Self Government Department, Government of Kerala, Thiruvananthapuram-695001, Kerala Tel: (0471) 2333174/2518455 Fax:(0471)2333174 Email: smvijayanand@yahoo.com prlsecy@lsg.kerala.gov.in</p>	Member
24	<p>Ms. Aparna Bhatia Director (PPP), Department of Economic Affairs, Ministry of Finance, Room No.61, North Block, New Delhi – 110001 Ph: (011)23094443 Fax: (011) 23095150 Email: aparna.bhatia@nic.in</p>	Member
25	<p>Shri Anouj Mehta, Sr. Infrastructure Finance Specialist, Asian Development Bank, 4 San Martin Marg, Chanakyapuri, New Delhi – 110021 Tel: (011) 24107200 Fax: (011) 26870955 Email: anoujmehta@adb.org</p>	Member
26	<p>Shri Subhra Ranjan Mishra PPP Expert, Ministry of Rural Development, Room No. 561, 05th Floor, Hotel Samrat, Kautilya Marg, Chanakyapuri, New Delhi -110021 Tel: (011) 24670530 Fax: (011) 24673554 Email: subhrranjan@gmail.com</p>	Member

27	Shri Rakesh Bangera, Head, M/s CRISIL Infrastructure Advisory, CRISIL Risk and Infrastructure Solutions Limited, The Mira, G-1, FF, Plot No. 1&2, Ishwar Nagar, Near Okhla Crossing, New Delhi -110065 Mob: +91-9849064788 Email: rbangera@crisil.com	Member
28	Shri RCM Reddy, Chief Executive Officer, M/s IL & PS Limited, Core 4B, 4 TH Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003 Tel: (011) 24682060-64 Fax:(011)24682070 Email: Reddyrcm@ilfsindia.com	Member
29	Shri Madan Mohan Rao, Director, M/s SVEC- Yugantar Consortium, Yugantar -3-3-142/6, Barkappura, Hyderabad -500027 Tel: (040) 30511818 Fax: (040) 30511919 Mob:+91-9140466699 Email:madankalleda@gmail.com	Member
30	Shri Kamal Mazumdar, Dy. Adviser, Department of Drinking Water and Sanitation, 9 th Floor, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi -110003 Tel: (011) 24364112 Fax: (011) 24364113 Email: kamal.mazumdar@gmail.com	Member
31	Shri Sanjay Kumar Rakesh Joint Secretary (RH) M/o Rural Development Krishi Bhawan, New Delhi Tel: 23389432, Fax: 23388191 Email : sk.rakesh@nic.in	Member-Secretary


2. The Terms of reference of the Working Group will be

- i. Review of IAY & PURA Mission Document and Framework of Implementation and make suggestion for improvement
- ii. Suggest a framework for participation of civil society organization in IAY, PURA and their integration
- iii. Examine the guidelines of IAY & PURA and make suggestion for improvement
- iv. Any other issue considered relevant by the group

3. The Chairman of the Working Group can constitute separate sub-groups for PURA & IAY. If need be, the Joint Secretaries working in the MoRD and who are members of the Working Group can be designated as Member Secretary's of their relevant sub-groups.

4. The expenditure on TA/DA of official Members in connection with the meetings of the Working Group will be borne by the parent-Department/Ministry/Organisation as per the rules of the entitlement applicable to them. The expenditure in respect of non-official Members will be borne by the Planning Commission as per SR190 (a).

5. The Working Group will submit its report to the Planning Commission by 31st August, 2011.


(S. P. Rawal) 11/07/11
Director (RD)
Telefax : 23096524
E-mail: sp.rawal@nic.in

Copy to:

All Members of the working group

Copy also to:

1. PS to Deputy Chairman, Planning Commission;
2. PS to MOS (Planning), Planning Commission;
3. PS to Member Secretary, Planning Commission;
4. PS to Member (MS), Planning Commission.

Heads of all Divisions

All Officers of the Rural Development Division;
PA to Director (Admn.)/Section Officer (Admn.I);
Reception Officer, Planning Commission.