

**46**

**STANDING COMMITTEE ON  
RURAL DEVELOPMENT  
(2008-2009)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF RURAL DEVELOPMENT  
(DEPARTMENT OF RURAL DEVELOPMENT)**

*[Action taken by the Government on the recommendations contained  
in the Twenty-second Report of the Standing Committee on Rural  
Development (Fourteenth Lok Sabha) on Rural Housing]*

**FORTY-SIXTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

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(2008-2009)

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*Presented to Lok Sabha on 25.2.2009*

*Laid in Rajya Sabha on 25.2.2009*



LOK SABHA SECRETARIAT  
NEW DELHI

*February, 2009/Phalguna, 1930 (Saka)*

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COMPOSITION OF THE STANDING COMMITTEE ON  
RURAL DEVELOPMENT (2007-2008)

Shri Kalyan Singh — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Mani Charenamei
3. Shri V. Kishore Chandra S. Deo
4. Shri Sandeep Dikshit
5. Vacant\*
6. Vacant@
7. Shri Zora Singh Mann
8. Shri Hannan Mollah
9. Shri D. Narbula
10. Shri A. F. G. Osmani
11. Adv. Renge Patil Tukaram Ganpatrao
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13. Shri Neeraj Shekhar
14. Shrimati Jyotirmoyee Sikdar
15. Shri Sita Ram Singh
16. Shri Bagun Sumbrui
17. Vacant@@
18. Shri Chandramani Tripathi
19. Shri Beni Prasad Verma
20. Vacant\$
21. Vacant

*Rajya Sabha*

22. Shri Balihari Babu
23. Shrimati T. Ratna Bai
24. Shri Prabhat Jha
25. Shri Pyarelal Khandelwal
26. Dr. Chandan Mitra
27. Shri P. R. Rajan
28. Shri Bhagwati Singh
29. Ms. Sushila Tiriya
30. Shrimati Kanimozhi
31. Smt. Kusum Rai<sup>#</sup>

SECRETARIAT

1. Shri P.K. Grover — *Joint Secretary*
2. Shrimati Sudesh Luthra — *Director*
3. Shri V.K. Gupta — *Under Secretary*

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\* Vacancy caused due to the resignation given by Shri George Fernandes, MP from the membership of Lok Sabha and accepted by the Hon'ble Speaker *w.e.f.* 11 November, 2008 *vide* Bulletin Part-II, Para No. 6205 dated 11 November, 2008.

§ Vacancy caused due to change of nomination of Shri Dharmendra Yadav, MP, Lok Sabha by Hon'ble Speaker from Standing Committee on Rural Development to Committee on Personnel, Public Grievances, Law & Justice *w.e.f.* 5 December, 2008 *vide* Bulletin Part-II Para No. 6267 dated 5 December, 2008.

@ Vacancy caused due to the resignation given by Smt. Kiran Maheswari, MP (LS) from the membership of Lok Sabha and accepted by the Hon'ble Speaker *w.e.f.* 23 December, 2008 *vide* Notification No. 21/3/2008/T dated 23 December, 2008.

@@ Vacancy caused due to change of nomination of Smt. Susmita Bauri, MP (LS) by Hon'ble Speaker from Standing Committee on Rural Development to Standing Committee on Energy *w.e.f.* 9 January, 2009 *vide* Lok Sabha Bulletin Part-II, Para No. 6426 dated 9 January, 2009. Earlier, Hon'ble Speaker had changed the nomination of Shrimati Susmita Bauri, MP (LS) from Standing Committee on Energy to Standing Committee on Rural development in place of Shri Tarit Baran Topdar, MP (LS), *w.e.f.* 18 December, 2008 *vide* Lok Sabha Bulletin Part II, Para No. 6373 dated 18 December, 2008.

# Chairman, Rajya Sabha has nominated Smt. Kusum Rai, MP, Rajya Sabha *w.e.f.* 18 February, 2009 *vide* Rajya Sabha Parliamentary Bulletin Part II, Para No. 45865 dated 18 February, 2009.

## INTRODUCTION

I, the Chairman of the Standing Committee on Rural Development (2008-2009) having been authorised by the Committee to submit the Report on their behalf, present the Forty-sixth Report on the action taken by the Government on the recommendations contained in the Twenty-second Report of the Standing Committee on Rural Development (Fourteenth Lok Sabha) on Rural Housing.

2. The Twenty-second Report was presented to Lok Sabha on 3 August, 2006. The Ministry furnished their replies on 31st July, 2007. Since most of the replies of the Government furnished on 31st July, 2007 were of interim nature and replies to 6 recommendations were not received, the Ministry on 1 September, 2008 informed that the revised action taken replies would be sent to Lok Sabha Secretariat shortly. The revised replies of the Government to all the recommendations contained in the Report were received on 19 November, 2008. The Ministry again furnished revised replies in respect of two recommendations *viz.* 2.69 and 2.70 on 13 January, 2009.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 24th February, 2009.

4. An analysis of the action taken by the Government on the recommendations contained in the Twenty-second Report (Fourteenth Lok Sabha) of the Committee is given in Appendix-IV.

NEW DELHI;  
24 February, 2009  
5 Phalgun, 1930 (Saka)

KALYAN SINGH,  
Chairman,  
Standing Committee on  
Rural Development.

## CHAPTER I

### REPORT

The Report of the Committee on Rural Development (2008-2009) deals with the action taken by the Government on the recommendations contained in their Twenty-second Report on Rural Housing of the Department of Rural Development (Ministry of Rural Development).

2. The Twenty-second Report was presented to Lok Sabha on 3 August, 2006 and was laid on the Table of Rajya Sabha on 3 August, 2006. It contained 56 recommendations/observations.

3. Action taken notes in respect of all the 56 recommendations/observations contained in the Report have been received from the Government and categorised as follows:—

- (i) Recommendations which have been accepted by the Government:

Para Nos. 2.32, 2.47, 2.50, 2.73, 2.81, 2.82, 3.28, 3.31, 3.32, 3.45, 3.69, 3.72, 3.82, 3.83, 3.84, 3.96, 3.97, 3.98, 3.101, 3.105, 4.22, 4.23, 4.24 and 4.36

Total : 24

Chapter-II

- (ii) Recommendation which the Committee do not desire to pursue in view of Government's reply:

Para No. 3.33

Total : 1

Chapter-III

- (iii) Recommendations in respect of which replies of the Government have not been accepted by the Committee:

Para Nos. 2.12, 2.13, 2.15, 2.16, 2.33, 2.48, 2.49, 2.51, 2.69, 2.70, 2.71, 2.72, 2.77, 2.83, 3.25, 3.26, 3.27, 3.29, 3.30, 3.70, 3.71, 3.73, 3.99, 4.25, 4.26, 4.27, 4.35 and 4.37

Total : 28

Chapter-IV

- (iv) Recommendations in respect of which final replies of the Government are still awaited:

Para Nos. 2.5, 2.14 and 3.100

Total : 3

Chapter-V



4. While examining the action taken notes furnished by the Department, the Committee have noted that the replies to some of the recommendations do not indicate the latest status with regard to various issues raised in the recommendations and responded to in the action taken note. For example, even when per unit assistance under IAY has already been enhanced from Rs. 25,000 to Rs. 35,000 in plain areas and from Rs. 27,500 to Rs. 38,500 in hilly/difficult areas w.e.f. 1st April, 2008, the reply furnished by the Department on 19 November, 2008 indicates that the matter is being considered by the Ministry. However, the Department in their updated reply dated 13th January, 2009 has indicated the latest status mentioned above. Further on the issue of Land Acquisition (Amendment) legislation, it has been indicated in the action taken note that the amendment to the aforesaid legislation is under consideration of the Government, even when the aforesaid legislation was introduced in Lok Sabha and referred to the Standing Committee and on which the Committee have already presented the report on 21st October, 2008. The Committee disapprove the way the Department has responded to the recommendations more so when the revised replies were furnished by the Department on 19 November, 2008. It is strongly recommended that utmost care should be taken before furnishing the information to the Committee and such instances of furnishing outdated information should not be repeated in future.

5. The Committee trust that utmost seriousness will be shown by the Department while implementing the recommendations/observations accepted by the Government. In cases, where it is not possible for the Department to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee further desire that Action Taken Notes on the recommendations/observations contained in Chapter-I and final action taken replies to the recommendations contained in Chapter-V of this report should be furnished to them at an early date.

6. The Committee will now deal with action taken by the Government on some of their recommendations in the succeeding paragraphs.

#### **A. Rural Housing—Constitutional position**

##### **Recommendation Serial No. 1 (Paragraph No. 2.5)**

7. The Committee had recommended as under:

“The Committee find that the Union Ministry of Rural Development *i.e.* the nodal Ministry for dealing with the subject Rural Housing,

in response to some of the issues raised by the Committee with regard to the subject has stated that rural housing is a State subject and as such it is the responsibility of the State Government. The Committee find from the position as indicated above that rural housing as such do not find place in either of the three lists viz Union List, State List and Concurrent List of Seventh Schedule of the Constitution. Various items related to rural housing have been dealt with in a fragmented manner in the State and Concurrent List. Further the Committee also note that rural housing finds place only in the Eleventh Schedule of the Constitution as one of the 29 subjects that need to be devolved to Panchayats in pursuance of Article 243G of the Constitution. The Committee observe that whereas various sources of revenue like land revenue, stamp duty, taxes of land and buildings etc. find place in State and Concurrent List, as indicated above, the rural housing has been indicated as the responsibility of Panchayati Raj Institutions as per the Eleventh Schedule of the Constitution. The Committee further observe that a lot has to be done for financial empowerment of a Panchayats by various State Governments. In this scenario, the Committee share the observation of the erstwhile Standing Committee on Urban and Rural Development whereby the Committee had observed that such kind of fragmented arrangement of power has posed question about the nature of functioning and necessity of coordination in the field of housing. Housing for the poor, weaker and disadvantageous sections of the society is the responsibility of State as well as Union Government. Union Government is supplementing the efforts made by State Governments in this regard. The Committee feel that there is a need to review the Constitutional position with regard to rural housing and would like to reiterate the recommendation made by the earlier Committee. The Committee would like the Government to explore the possibility to include housing as a subject in the Concurrent List of the Seventh Schedule of the Constitution through the Constitutional amendment."

*Recommendation (Para No. 2.5)*

8. The Department in the action taken reply has stated as under:-

"The Ministry of HUPA have conveyed their 'no objection' to the initiative of the Standing Committee of the Ministry of Rural Development to put Housing in the Concurrent List provided the same is endorsed by the Ministry of Rural Development. The matter is under consideration."

*Reply to Recommendation (Para No. 2.5)*

9. The Committee are happy to note that the Ministry of Housing and Urban Poverty Alleviation has conveyed their 'no objection' to the initiative of the Committee to put Housing in the Concurrent List provided the same is endorsed by the Ministry of Rural Development. The issue is under consideration of the Department of Rural Development. The Committee desire that the Department should take immediate steps for inclusion of Housing as a subject in the Concurrent List of the Seventh Schedule of the Constitution through a Constitutional Amendment so that adequate emphasis is given on the subject by the Union and State Governments and proper coordination is ensured.

#### B. National Housing Policy

**Recommendation Serial Nos. 2, 3, 5, 6 and 13  
(Para Nos. 2.12, 2.13, 2.15, 2.16 and 2.51)**

10. The Committee had recommended as under:

The Committee understand from the position as indicated above that at present there is a combined policy for rural and urban areas in the country. The Committee are concerned to note the response of the Department whereby the Department has simply stated that various objectives set under the housing policy *viz* removing legal, financial and administrative barriers for facilitating access to land, finance and technology, creation of surplus in housing stock, forming strong partnership between private, public and cooperative sectors to enhance the capacity of the construction industry, modernization are not concerned with rural housing. The Committee find that as per the existing position, the housing in rural areas means only *kutcha* and *pucca* minimum required *jhopri* type structure. It seems as if there is no vision to reform the position of housing in rural areas. On the one hand initiatives like 'Providing Urban Amenities to Rural Areas (PURA)' are being taken by the Government, on the other hand, there is least concern to improve the housing position in rural areas.

*Recommendation (Para No. 2.12)*

The rural housing is perceived to be people's responsibility. The role of the Government is limited to grant based schemes like Indira Awaas Yojana under which some sort of financial assistance is provided to the beneficiary without ensuring the other pre-requisites required for construction of a house. The quality of construction is the least concern of the Government. Housing in

rural areas is considered to be simply construction of a house by the user himself with the traditionally known technologies. Adequate attention is not being paid to facilitate various resources, lending facility, infrastructure etc. by the Government in this regard.

*Recommendation (Para No. 2.13)*

While examining the various aspects related to rural housing, the Committee note that foremost issue to be considered is what is a house. The Committee are constrained to note the definition of the house according to which houses constructed with permanent concrete material is pucca house whereas houses constructed with some of the traditional temporary material is kutchra house and houses constructed with the mixed permanent and temporary material is the semi-pucca house. The Committee are of the view that the aforesaid definition of housing considers a house only as a structure of four walls and a roof for a family. It ignores the fact that the residents of a house need various facilities like infrastructure facilities, water, sanitation, sewage disposal arrangements, transport, security etc. In the rural context it is much more important to relate the housing with the work place because in rural areas most of the population is dependent upon agriculture. Housing need to be integrated with the habitat development. Besides providing a place to live for the family, the house in the rural areas acts as an additional place for the livelihood work of the family. It is a place where agricultural implements are kept and crops/seeds stock is stored. Besides it is much more important to ensure the structural safety of the building in which the families live. It is important to integrate housing with all these related issues.

*Recommendation (Para No. 2.15)*

The Committee further find that as per the definition of a house as given by the Government *pucca* house is a house constructed with concrete material etc. *i.e.* the permanent material and a *kutchra* house is a house constructed with some of the traditional material like thatch, bamboo etc. *i.e.* temporary material for construction. The Committee note that with the advancement of technology, it has become possible to construct durable house with the traditional material of construction, the detailed analysis in this aspect has been done in the later part of the report. Here the Committee may like to state that this definition of the house is

responsible for the mind set of the people in rural areas according to which only the concrete houses are considered to be as durable houses and least attention is being paid to construct houses with low cost locally available material. Besides there is an urgent need to consider housing in the light of the structure of Panchayati Raj Institutions as envisaged under Part IX of the Constitution. Housing need to be integrated with various developmental programmes of the Government specifically the National Rural Employment Guarantee Legislation and Bharat Nirman. Keeping all these aspects in view there is an urgent need to change the definition of the housing in the context of rural areas. The Committee urge the Department to take the desired action in this regard.

*Recommendation (Para No. 2.16)*

The Committee further find that there is a strong relation between the construction activity and employment generation and economic development of an area. Moreover, there is a relation between the economic standard of a family and the type of house that it occupies. Housing activity in a way triggers employment opportunity which may enhance the per capita income of a family in an area which further may improve the demand of housing. Not only that effective housing activity can be instrumental to arrest migration of population from rural to urban areas. Thus the Committee perceive that there is an urgent need for effective Government funding along with other initiatives like improving lending for rural housing which has been addressed in detail in the later part of the report. Here the Committee may like to emphasize to the Government to pay more attention to rural housing since it can be a major instrument for providing employment to unemployed persons in rural areas. The housing activity can be a major source of providing employment under the ambitious programme of the Government *i.e.* National Rural Employment Guarantee Scheme.

*Recommendation (Para No. 2.51)*

11. The Department in the action taken replies has stated as under:—

It is with an objective to provide pucca houses with plinth area of at least 20 sq. mts. in the rural areas that the scheme of IAY is being implemented by the Ministry of Rural Development. Under the scheme, assistance is provided to rural BPL families

for both new construction of houses and for upgradation of existing houses. Also as per the existing guidelines, the State Governments/ZPs/DRDAs need to make an effort to encourage use of appropriate technology.

*Reply to Recommendation (Para No. 2.12)*

It is felt that houses taken up by the beneficiaries themselves will be constructed with more concern for quality and with usage of appropriate technology. Hence there is a ban on involving contractors or Government Departments in the construction of IAY houses. However, the Government Departments/ZPs/DRDAs can give technical assistance or arrange for coordinated supply of raw materials if the beneficiary so desires. The Government also has to make efforts to utilise to the maximum possible extent, local materials and cost effective disaster resistant and environment friendly technologies developed by various institutions. In addition to this, provision has also been made in the IAY guidelines that dwelling units are built in the main habitation of the village in a cluster so as to facilitate the development of the infrastructure such as internal roads, drainage, drinking water supply etc. and other common facilities. Besides, construction of sanitary latrine and smokeless chullas is an integral part of construction of IAY houses. Existing guidelines also provide for construction of houses under Credit-cum-Subsidy scheme.

*Reply to Recommendation (Para No. 2.13)*

As already stated under recommendation 2.12, under IAY guidelines, provision has been made that dwelling units be built in the main habitation of the village in a cluster so as to facilitate the development of the infrastructure such as internal roads, drainage, drinking water supply etc., and other common facilities. Construction of sanitary latrines and smokeless chulhas is an integral part of construction of IAY houses. An understanding with the M/o Power has been reached to provide free electricity connection to the IAY houses. Hence there is an attempt to provide various facilities to the extent possible.

*Reply to Recommendation (Para No. 2.15 )*

The Rural Housing component of Bharat Nirman is being implemented through IAY. Under IAY, the beneficiary is expected to build the house by contributing his own unskilled labour.

*Reply to Recommendation (Para No. 2.16)*

As per IAY guidelines, the beneficiary is expected to construct his house by contributing his own labour. Thus linking the house construction programme with NREGA may not have much impact. As regards lending, the existing guidelines provide for construction of houses under Credit-cum-subsidy scheme which involves loan from the Banks. The need for other financial products and the feasible options has been examined by the 'Working Group on Rural Housing'.

*Reply to Recommendation (Para No. 2.51)*

**12. The Committee in the earlier recommendation had observed that the existing definition of a house i.e. *pucca* and *kutchha* house according to the material used for construction of houses, needs to be revised so as to integrate housing with the habited development. Besides, the Committee had also desired to integrate rural housing with various development programmes of the Government. The Department, instead of addressing the issue in the context of scenario of housing in rural areas as a whole has limited the reply to the grant based scheme Indira Awaas Yojana. In fact, the Committee in the earlier recommendation had expressed concern over the attitude of the Department to restrict the housing in rural areas to Indira Awaas Yojana. In spite of that, the routine reply indicating the details of the Indira Awaas Yojana has been reproduced in the action taken replies. The Committee again emphasize that there is a need to change this attitude of the Government and housing needs to be viewed in a comprehensive way so as to include the various issues related to housing in rural areas irrespective of BPL/APL status. Besides the Central grant based schemes, the responsibility of the Union Government is also to act as a facilitator so that quality houses are constructed in rural areas in the country. In this context, the Committee reiterate their earlier recommendation and would like that the definition of rural house should be revised and housing integrated with various infrastructural facilities as well as with the welfare schemes as recommended earlier. Besides, more emphasis needs to be given by the Government to provide quality houses in rural areas and the issue needs to be looked into comprehensively particularly when housing can be instrumental in providing employment opportunities to the rural poor and as such result into economic growth of rural areas.**



### C. Action Plan to end the shelterlessness in the Country

#### **Recommendations Serial No. 8, 10 and 11 (Paragraph Nos. 2.33, 2.48 and 2.49)**

13. The Committee had recommended as under :

As regards the methodology to find out the number of shelterless persons in rural areas in the country, the Committee note that the Department relies on the data of 2001 Census. To find out the status of shelterlessness in the years after 2001, the method for finding out the data is that the number of houses constructed under IAY are subtracted from the initial shortage as per 2001 Census whereas the additional requirement of houses *i.e.* around 9 lakh shelterless households is added to this figure. The Committee note that besides Indira Awaas Yojana as indicated above, the houses are being constructed for shelterless persons under various other schemes of Union Government as well as the schemes of the State Governments. Various financial institutions, NGOs etc. may also be contributing in this regard. The system of calculating the data of shelterlessness after 2001 Census solely depends upon the Indira Awaas Yojana. In this scenario, the Committee find that there is an urgent need to have some system whereby the position of shelterlessness is calculated at the ground level. Panchayati Raj Institutions can play an important role in this regard. The Committee would like to emphasize that there should be some system of periodic calculation of data with regard to shelterlessness at the village level so as to have some authentic information about the ground situation in this regard. The said data may help the Government to analyse the performance of various schemes as well as this can be helpful in future planning.

*Recommendation (Para No. 2.33)*

To add to what has been stated above, the Committee note that as per the Government planning, the instrument to end the shelterlessness is Indira Awaas Yojana, which targets to provide houses to BPL category of persons. The following factors substantiate how difficult it is to achieve the objectives of shelterlessness depending only upon the flagship programme Indira Awaas Yojana since the Yojana targets shelterlessness in a partial way:

- (i) Under Indira Awaas Yojana, 20 per cent of the outlay can be used for upgradation. Actually, around one third of the



total number of houses constructed under IAY are upgraded houses, the analysis of which has been given in the subsequent part of the Report.

- (ii) 5 per cent of the outlay under IAY can be earmarked for natural calamities. Thus the effective outlay to end shelterlessness is further reduced by 5 per cent.
- (iii) IAY targets certain disadvantaged category of BPL persons. As per the data furnished by the Department only 32.99 per cent of the houses were provided to non-SC/ST category. Under non-SC/ST category too 88,527 houses were provided to some disadvantaged category of persons *viz.* freed bonded labourers, physically mentally challenged, ex-servicemen and war-widows.
- (iv) The Committee have repeatedly been recommending in their respective Reports about the faulty system of preparing list of BPL persons by various State Governments. Not only that the recent data of BPL persons are not available as the results of BPL Census 2002 are still to be made available by the various State Governments. The arbitrary cut off limits imposed by Planning Commission further aggravates the position and the genuine poorest of the poor are being deprived of the benefits envisaged under different Schemes of the Department.
- (v) There is no methodology to coordinate the data at the ground level with regard to number of houses constructed for poor with the assistance provided by various sources *viz.* State Governments, financial institutions, NGOs etc.

*Recommendation (Para No. 2.48)*

In view of the aforesaid scenario, the Committee deplore the way the planning with regard to providing houses to all in rural areas is being done under the different Five Year Plans. The Committee would like to emphasize that while formulating the strategy for Eleventh Plan the Department first of all should get the data of shelterlessness as well as action plans from the different State Governments. The plans of the different State Governments should be chalked out from bottom to top approach *i.e.* the data as well as action plan of village Panchayats should be combined to get the district plans and the district level plans should be combined to have the State level plan.

*Recommendation (Para No. 2.49)*

14. The Department in the action taken replies has stated as under:—

The States/UTs have already been asked to prepare the Permanent IAY Waitlists based on the BPL Census 2002, involving Panchayati Raj Institutions which is likely to give a more accurate estimate of the housing shortage in rural areas.

*Reply to Recommendation (Para No. 2.33)*

As per IAY guidelines, up to 20% of the funds available under IAY can be utilized for upgradation of existing kutcha houses and toward subsidy for construction of houses with credit from Banks/Financial Institutions. However, during the year 2006-07, out of the total funds utilized under IAY, only Rs. 275.51 crore were utilized for upgradation which comes to 6.48%. Further, out of 14.98 lakh houses constructed during the year, 2.06 lakh houses were upgraded which is 13.75% only. Further, out of the 5% funds kept for natural calamities, only Rs. 11.60 crore were released during the year 2006-07 which come to 0.4%. It is also submitted that upgradation and release of funds under 5% IAY are also a part of construction of houses under IAY and this also helps in mitigating the rural housing shortage.

As regards construction of houses for non-SC/STs, IAY guidelines provide that at least 60% of the total IAY allocation during a financial year should be utilized for construction/upgradation of dwelling units for SC/ST BPL households and a maximum of 40% for non-SC/ST BPL rural households. However, it has been clarified therein that if any particular category is exhausted or not available in a district, allocation can be utilized for other categories as per priorities given in the guidelines after it has been certified to this effect by the Zilla Parishad/DRDA concerned. Accordingly, during the year 2006-07, the utilization of funds was less than 60% for SC/STs by the States of Assam (55%), Bihar (58%), Goa (28%), Himachal Pradesh (56%), J & K (50%), Karnataka (57%), Kerala (59%), Sikkim (51%) Uttarakhand (40%) and Pondicherry (29%).

As regards houses constructed by State Governments, financial institutions, NGOs, etc. it is submitted that around 27 lakh houses were constructed by various States during the last five years under their State-run Schemes, as per the information furnished by them.

*Reply to Recommendation (Para No. 2.48)*

The preparation of Permanent IAY Waitlist is going on, as indicated in reply to para 2.33 above. This would help for a bottom to top approach.

*Reply to Recommendation (Para No. 2.49)*

**15. The Committee in the earlier recommendation had observed that Indira Awaas Yojana can partially address the issue related to rural housing keeping in view the objective of the Yojana to provide assistance to the targeted poor. To address the issue of shelterlessness there is an urgent need to have the authentic data of shelterlessness which further needs to be updated periodically through a structured mechanism having bottom to top approach. The Committee are constrained to observe that the Department has again restricted the reply to the waitlist being prepared for IAY. The Committee feel that even APL persons who are just above the poverty line may also be shelterless. Besides BPL list is not foolproof. The Committee, therefore, reiterate that there is an urgent need to find out the ground situation with regard to shortage of housing in rural areas through some structured mechanism. Concrete action in this regard should be taken by the Department and the Committee informed accordingly.**

#### **D. Evaluation of Indira Awaas Yojana**

##### **Recommendation Serial No. 14 (Paragraph No. 2.69)**

16. The Committee had recommended as under:

The Committee find that various initiatives have been taken by the Government since Independence to address the housing problem of poorest of the poor in rural areas in the country. Since 1985-86 one of the important programmes Indira Awaas Yojana was launched as a sub-scheme of RLEGP. Massive investments have been made under Indira Awaas Yojana under different plans. The plan-wise allocation as given above indicates that there is considerable enhancement in each plan as compared to the previous plan. Although there is considerable enhancement of allocation during each plan the percentage enhancement has decreased since Ninth Plan. The percentage enhancement which was 397.02 per cent during Eighth Plan reduced to 147.38 per cent during Ninth Plan and then during Tenth Plan the percentage enhancement is 55.68 per cent. The Committee further note that the existing per unit assistance under Indira Awaas Yojana is Rs. 25,000 in normal and Rs. 27,500 in hilly and difficult areas.

As regards the pace of enhancement of allocation, the Committee note that during 21 years of implementation of Indira Awaas Yojana (since 1985-86) the per unit allocation has merely been enhanced a little more than double of the assistance. The Department has stated that the basis of fixed rate of assistance is cost of material etc. The Committee note that the enhancement in per unit of assistance is much lower than the rate of inflation in terms of cost of material etc. The Committee find that the existing Rs. 27,500 per unit assistance is not sufficient to construct a durable house. The Committee also note that National Housing Bank has estimated the minimum cost of construction of a house in rural areas as Rs. 1,50,000. They also note that as per the Department of Rural Development's own estimates, minimum required outlay is Rs. 40,000-50,000 in plain areas and Rs. 50,000-60,000 in hilly/difficult areas for construction of a durable house. The Committee feel that one of the major reasons for lower quality of construction of IAY houses is the inadequate assistance provided *i.e.* far below than the cost of construction. The Committee, therefore, strongly recommend to the Government to enhance the per unit assistance from the existing rate to Rs. 50,000 in plain areas and Rs. 60,000 in hilly/difficult areas. Besides the assistance provided for upgradation of a house should be enhanced from Rs. 12,500 to Rs. 20,000. While recommending for almost doubling the existing rate of per unit assistance, the Committee would like to strongly recommend to the Government to enhance the allocation during Eleventh Five Year Plan considerably so that the number of houses constructed during each year of the plan do not in any case reduce to the number of houses constructed during the previous years and further the construction of houses should match to the targets fixed under the ambitious programmes of the Department.

*Recommendation (Para No. 2.69)*

17. The Department in the action taken reply dated 17.11.2008 stated as follows:

The matter is already being pursued by the Ministry.

*Reply to Recommendation (Para No. 2.69)*

The Department in its updated action taken reply dated 13.1.2009 has now stated as under:—

The matter for enhancement of 11th Plan allocation is still being pursued. However, the unit assistance provided under IAY has

since been enhanced *w.e.f.* 1.4.08 from Rs. 25,000 to Rs. 35,000 in plain areas and from Rs. 27,500 to Rs. 38,500 in hilly/difficult areas. Unit assistance for upgradation of kutcha house into pucca/semi pucca house has been enhanced from Rs. 12,500 to Rs. 15,000 across the Country. In addition an IAY beneficiary can avail a loan of upto Rs. 20,000 under Differential Rate of Interest (DRI) at interest rate of 4% with the change of unit cost. An additional allocation of Rs. 350 crore has also been provided at supplementary stage to keep the physical target at the level of last year.

Further, an additional allocation of Rs. 3050 crore has also since been made available at 2nd supplementary stage for 2008-09 under Rural Housing, as a stimulus package to the economy. The amount is sufficient for providing first instalment for additional 22.40 lakh houses during the current financial year.

*Updated Reply to Recommendation (Para No. 2.69)*

**18. The Committee had earlier recommended to enhance the per unit assistance provided under Indira Awaas Yojana from the existing Rs. 25,000 in plain areas and Rs. 27,500 in hilly and difficult areas to Rs. 50,000 in plain areas and Rs. 60,000 in hilly/difficult areas keeping in view the rate of inflation in terms of cost of material etc. The Committee had also recommended to enhance per unit assistance for upgradation from Rs. 12,500 to Rs. 20,000. The Finance Minister in his Budget Speech for the year 2008-09 had announced in the Parliament that the Government have proposed enhancement in the per unit subsidy from Rs. 25,000 to Rs. 35,000 in plain areas and from Rs. 27,500 to Rs. 38,500 in hilly/difficult areas. Besides, the upgradation assistance was proposed to be enhanced from Rs. 12,500 to Rs. 15,000. The Secretary at the time of evidence had informed the Committee that Cabinet had already approved the aforesaid proposal. It is also understood that the enhanced per unit subsidy is being implemented by the Government *w.e.f.* 1.4.2008. Even after the passage of more than 7 months, it has been stated that the matter of enhancement of per unit subsidy is being pursued by the Ministry. Though the Department in their updated reply dated 13th January, 2009 has now reflected the factual position, yet the Committee deplore the casual way the Department has furnished the action taken replies. The Committee would like to have a justification from the Department in this regard.**

The Committee also note the fact that during the course of examination of the subject 'Rural Housing', the Department itself

had informed that as per its own estimate, minimum required outlay for housing is Rs. 40,000-50,000 in plain areas and Rs. 50,000-60,000 in hilly/difficult areas for construction of a durable house. In view of this, the Committee feel that even the enhanced outlay is not sufficient to enable the beneficiary to construct a durable house. As such the per unit assistance should be further increased to Rs. 50,000 in plain areas and Rs. 60,000 in hilly/difficult areas and upgradation assistance to Rs. 20,000 as recommended earlier.

**Recommendation Serial No. 15 and 16  
(Paragraph No. 2.70 and 2.71)**

19. The Committee had recommended as under:

The Committee further note that there are serious irregularities in implementation of Indira Awaas Yojana as pointed out in Comptroller and Auditor General of India Report 3 of 2003. The irregularities include diversion of funds, overlapping the objectives of multiple rural housing schemes, misdirecting targeting of beneficiaries, construction of houses through contractors etc. The details of the various irregularities pointed out by have been indicated at Appendix VII. The Committee would like to be apprised of the action taken on each of the issue pointed out by CAG so as to enable them to review the position and comment further in this regard.

*Recommendation (Para No. 2.70)*

Besides one of the irregularities as pointed out by CAG Report is that construction of smokeless *chulahs* and sanitary latrines were found in respect of 50 per cent and 57 per cent of houses respectively. The Committee are constrained to note the comment of the Department on the aforesaid irregularities as pointed out by CAG. The Department has shifted the responsibility to DRDAs who are supposed to persuade the beneficiary in this regard. The Committee are further unhappy to note the provision made in the guidelines whereby in case the beneficiary does not construct a latrine or install a smokeless *chulah*, a meager amount of Rs. 600 for latrine and Rs. 100 for *chulah* is deducted from the total subsidy provided to such beneficiary. The Committee while examining the Demands for Grants (2006-07) of the Department of Drinking Water Supply have been informed that only 38 per cent of the rural households could so far been provided with sanitation facilities. The Committee were also informed that only 80 per cent of the toilets constructed under Government schemes

are actually being used. The Committee conclude that no efforts are being made to ensure the quality houses under the Government schemes. The Committee also take strong objection to the provisions made in the guidelines whereby the defaulter has merely to pay a meager penalty and can easily forgo the provisions made in the guidelines for smokeless *chulahs* and toilets. The Committee strongly recommend to the Department to ensure that the provisions of smokeless *chulahs* and toilets are mandatorily followed by the beneficiaries failing which the beneficiary should be deprived of the allocation made under Indira Awaas Yojana. The existing provision in the guidelines should suitably be revised.

*Recommendation (Para No. 2.71)*

20. The Department in the action taken replies dated 17.11.2008 has stated as under:

Replies to the irregularities indicated in Appendix IV have already been submitted before the Committee. The latest position of settlement of these paras is at *Appendix-I*.

*Reply to Recommendation (Para No. 2.70)*

In order to facilitate the construction of sanitary latrines, IAY guidelines have been recently revised to provide for additional amounts out of total Sanitation Campaign (TSC) programme over and above the IAY assistance for the purpose of construction of sanitary latrines. Those who construct sanitary latrine and smokeless *chulah* will get additional funds under TSC. However, it may not be justifiable to recover full amount of IAY assistance from the beneficiary for not constructing sanitary latrine and smokeless *chulah*.

*Reply to Recommendation (Para No. 2.71)*

The Department in its updated reply dated 13.1.2009 to Recommendation (Para 2.70) has stated as under:

The latest position of settlement of these paras is at *Appendix-II*.

*Updated reply to Recommendation (Para No. 2.70)*

**21. The Committee are unhappy at the very slow pace of action being taken by the Government on the irregularities in**



implementation of Indira Awaas Yojana as pointed out by the C&AG and would like an expeditious action on all the audit paras. Out of 283 Audit Paras, clarification/supplementary information on 30 audit paras was still pending with respective States according to further update provided by the Department on 13 January, 2009. This indicates the lackadaisical attitude of the Department while responding to the Committee's recommendations. Similarly, instead of taking action to suitably revise the IAY guidelines to make provision of Smokeless *Chulahs* and sanitary latrines mandatory as per recommendation of the Committee, the Department has taken half hearted action to provide additional amount out of Total Sanitation Campaign (TSC) programme over and above the IAY assistance for the purpose of construction of sanitary latrines. The Committee feel that besides providing financial assistance, it is imperative to ensure that smokeless *Chulhas* and sanitary latrines are actually constructed and used by the beneficiaries. As such the Committee would like to reiterate their recommendation to suitably revise the existing IAY guidelines to make smokeless *Chulahs* and sanitary latrines mandatory.

**Recommendations Serial Nos. 17, 54 and 56  
(Paragraph Nos. 2.72, 4.35 and 4.37)**

22. The Committee had recommended as under:

The Committee are further constrained to note the replies of the Department whereby the onus of use of appropriate construction technologies and land material, use of disaster proof technology in the calamity prone areas has been shifted to beneficiaries. As regards infrastructure the onus has again been shifted to the beneficiaries or the line departments in that area. It is really a matter of concern that safety and securities of families and houses have not been accorded any importance in the disaster prone areas. Safe individual houses can minimize disaster losses to a great extent. The Committee also find that whereas houses constructed with HUDCO assistance have to mandatorily use the disaster proof technology/material no such provision exists under IAY houses. The Committee are unable to understand the rationale behind leaving the responsibility of using disaster proof technology to the beneficiaries. If this is the condition of the houses constructed with the 100 per cent Government assistance (Central + State Government's assistance in the ratio of 75:25), the fate of the remaining housing stock can be well imagined. The Committee strongly recommend to the Government to revise



the guidelines and make the use of disasters proof material/ technology as mandatory for the IAY houses. Besides as regards the infrastructure arrangement, the Committee feel that there should be some sort of linkage between the various schemes of the Government rural schemes like Pradhan Mantri Gram Sadak Yojana (PMGSY), Employment Guarantee Scheme, SGSY etc. The proper coordination can ensure the adequate infrastructure to the houses constructed under IAY scheme. The Committee disapprove the tendency of the Department to shift the onus to the beneficiaries or to some other agency whereas the houses are being constructed with the Government assistance. The Committee urge the Department to take the desired action in this regard and apprise the Committee accordingly.

*Recommendation (Para No. 2.72)*

The Committee are alarmed to note that over 67.4 per cent area of the country is vulnerable to natural disasters like earthquakes (54 per cent), cyclonic winds and storms (8.4 per cent) and by floods (5 per cent). As such house, buildings and infrastructure in these regions are prone to such vagaries of nature. The Committee find that under the guidelines of Indira Awaas Yojana (IAY) the site of IAY houses, to the extent possible should not be located in the disaster prone areas for example floodable areas. The Committee further note that as per the guidelines the beneficiary is required to construct the house on the land available with him. However if the land is not available with the beneficiary the State Government are required to provide land at a place which is not a disaster prone area. The committee find that as per the guidelines of IAY the onus of using disaster proof technology has been shifted to the beneficiaries or the State Government. The committee are at a loss to understand how the State Government would ensure that the land provided for IAY houses do not fall in the vulnerable category when the 67.4 per cent area of the country is vulnerable to natural disaster. The Committee feel that the aforesaid guidelines do not address to the issue of threat to house by natural disasters in a right way. The answer to this issue is to make the use of disaster proof technology compulsory for the houses constructed with the Government assistance. The issue has been dealt in details in the preceding part of the report where the Committee have recommended to make the use of disaster proof technology mandatory as has been done by HUDCO. The Committee may here like to recommend to review the existing policy in this

regard in consultation with other institutions working in this field and take the desired action.

*Recommendation (Para No. 4.35)*

The Committee find that the BMTPC has done a commendable work for ensuring suitable policy initiatives by the State Governments and dissemination of disaster proof technology to the post disaster areas. In pursuance of the issue with the State Governments, several States have amended their building by laws by incorporating disaster resistant features. The Council has done a laudable work in post earthquake area of Gujarat and as well as post Tsunami areas in Tamil Nadu. The Committee feel that similar initiatives to set up the Disaster Management Centers at local level in all the disaster prone areas are necessary. The Department in consultation with BMTPC should find out ways and means to ensure dissemination of technology available with regard to construction of disaster proof houses as well as retrofitting of existing housing stock in the vulnerable areas.

*Recommendation (Para No. 4.37)*

23. The Department in the action taken replies has stated as under:-

Existing guidelines already provide for use of cost-effective, disaster resistant, technologies but as far as making it mandatory is concerned, it is stated that the Department is not able to accept this recommendation of the Committee because the basic feature of the scheme is that the beneficiary has the choice to construct the house as per her/his needs and desires. Moreover, even though Indira Awaas Yojana is termed as full subsidy scheme, the fact is most of the beneficiaries have to put in money/ contribution from other sources. Secondly, the Government gives a very limited amount and if the Ministry has to make the use of disaster proof material/technology as mandatory for the IAY houses, then it may be necessary for the Government to provide actual cost to the beneficiaries which may not be possible at present considering the constraints of funds.

Regarding linkage to the various schemes, it is submitted that all programmes do not have a direct linkage with IAY. However, scheme having a complementarity will be linked. We have already linked Total Sanitation Campaign closely to the IAY scheme.

*Reply to Recommendation (Para No. 2.72)*

Existing guidelines already provide for use of cost-effective, disaster resistant, technologies but as far as making it mandatory is concerned, the Department is not able to accept this recommendation of the Committee because the basic feature of the scheme is that the beneficiary has the choice to construct the house as per her/his needs and desires. Moreover, even though Indira Awaas Yojana is termed as full subsidy scheme, the fact is most of the beneficiaries have to put in money contribution from other sources. Secondly, the Government gives a very limited amount and if the Ministry has to make the use of disaster proof material/technology as mandatory for the IAY houses, then it may be necessary for the Government to provide actual cost to the beneficiaries which may not be possible at present considering the constraints of funds.

*Reply to Recommendation (Para No. 4.35)*

BMTPC have replied that, Active Rural Building Centres may act as nodal hub for dissemination of disaster resistant construction technologies and training of masons and other artisans in disaster resistance construction technologies.

Further, as per Indira Awaas Yojana guidelines, DRDAs are empowered and authorized to disseminate information in this regard.

*Reply to Recommendation (Para No. 4.37)*

**24. The Committee disapprove the way the Department has addressed one of the important recommendations of the Committee whereby it has been emphasised to pay attention to provide disaster proof houses particularly in the disaster prone areas. In this regard, the Committee had strongly recommended to make the use of disaster proof technology/material mandatory for IAY houses. The Department in a casual way has cited the financial constraints as the reason for not agreeing to the recommendation of the Committee. The Committee cannot appreciate the reasons given by the Department particularly when efforts have not been made to know about the cost of earthquake proof houses under IAY. More so no reason whatsoever can justify the construction of unsafe houses for the rural poor with the Government assistance. As such the Committee would like to reiterate their earlier recommendation to revise the IAY guidelines to make the use of disaster proof technology/material mandatory. Besides, the Committee would also like to be apprised**

**of the cost difference between a normal IAY house constructed without earthquake proof technology/material and that constructed with the use of such technology/material to understand the financial implications of agreeing to the recommendation of the Committee.**

**Recommendation Serial No. 19  
(Paragraph No. 2.77)**

25. The Committee had recommended as under:

The Committee find that various schemes meant to achieve the different objectives were initiated during 1999 and 2000-01 the details of which have been indicated as above. The schemes could not achieve the desired objectives and as such have been discontinued/merged with IAY. The Committee find that the objectives of different schemes as envisaged were quite different than IAY, Innovative Stream for Rural Housing and Habitat Development was launched with an objective of promoting and propagating cost effective technologies and upto Rs. 50 lakh was to be provided to NGOs, Development Institutions, Corporate Bodies, State Government etc. Rural Building Centre Scheme was launched for setting up Rural Building Centres and Samagra Awaas Yojana aimed at convergence of activities such as construction of house, sanitation, drinking water etc. Credit-cum-subsidy Scheme was for rural households having annual income upto Rs. 32 thousand per year. The Committee fail to understand how the objectives set under different schemes would be achieved with the merger with IAY without changing the basic parameters of IAY. In this scenario, the Committee deplore the way new schemes with different objectives are being launched and then discontinued. The Committee have repeatedly been recommending in the respective reports for proper planning before launching new schemes. The Committee while disapproving the way new schemes are launched without proper planning would like to be apprised of the efforts made by the Department for the effective implementation of these schemes. Besides, the Committee may like to be informed how the laudable objectives set under the different schemes are now planned to be achieved as the merger with IAY without changing the basic parameter cannot yield the set objectives under these schemes.

*Recommendation (Para No. 2.77)*

26. The Department in the action taken reply has stated as under:

For effective implementation of IAY, both Government of India and State Government monitor the performance by reviewing periodical reports from Zilla Parishads/DRDAs. In addition, field visits are made by the concerned Officers. Besides, the performance is also reviewed by the Area Officers at Centre Level.

*Reply to Recommendation (Para No. 2.77)*

**27. Deploring the way in which new schemes with different objectives were being launched and then discontinued, the Committee had desired to be informed how the laudable objectives set under different schemes were planned to be achieved by merging these schemes with IAY without changing the basic parameters. The Department in its reply has failed to show how objectives of different schemes are now being achieved under IAY. The Committee would like to have a specific reply in the matter.**

**Availability of land for construction of houses for BPL persons**

**Recommendation Serial No. 21  
(Paragraph No. 2.82)**

28. The Committee had recommended as under:

The Committee are at a loss to understand how the houses as per the priority list of BPL persons could be provided in case the beneficiary does not have land. In view of this scenario, the Committee are of the opinion that there is an urgent need to explore the possibility of providing land to landless persons for construction of a shelter. The Committee feel that most of the land in rural areas might be belonging to Gram Panchayat State Governments and as such the possibility of providing land to BPL persons for the purpose of housing may be examined. Besides, the aforesaid recommendation of the Committee with regard to using wasteland may also be examined in consultation with the State Governments, the Department of Land Resources and the Ministry of Panchayati Raj and the viable solution in this regard should be arrived at. Further, as regards the solution by acquiring private land, the Committee may like to recommend to the Government to explore the possibility of inviting private sector in the field of rural housing with the condition that a certain percentage of houses are mandatorily provided for the BPL category of persons.

*Recommendation (Para No. 2.82)*

29. The Department in the action taken reply has stated as under:-

Every State has its own scheme for providing land to landless for construction of IAY house. However, keeping in view the recommendation of the Committee, Ministry has initiated a Homestead plot scheme for landless rural people. The draft guidelines have been prepared and are being submitted to EFC for approval. Planning Commission has already sanctioned Rs. 100 crore for the scheme during 2008-09. The role of Private Sector in construction of houses in rural areas, has been included in the draft "National Rural Housing & Habitat Policy".

*Reply to Recommendation (Para No.2.82)*

**30. The Committee are happy to note that the Department has initiated a homestead plot scheme for landless rural people in pursuance of the recommendation of the Committee. The Committee also note with satisfaction that the role of private sector in construction of houses in rural areas has been included in the draft "National Rural Housing & Habitat Policy". The Committee would like to be apprised of the follow up action in the matter on regular basis.**

**Recommendation Serial No. 22  
(Paragraph No. 2.83)**

31. The Committee had recommended as under:

Besides, the Committee note that Land Acquisition Act which addresses to various issues related to acquisition of land for public purpose is an old Act of 1894. The Committee have repeatedly been recommending to amend the aforesaid legislation in their respective reports. The Committee reiterate at their earlier recommendation to expedite the amendment of the aforesaid legislation so that the process of acquisition of land may be much easier and it may facilitate the process of acquisition of land by various State Governments for making the land available for construction of houses for BPL persons. Besides, the Committee may emphasise that by taking the aforesaid initiatives State Governments may be persuaded to have the land banks from where land could be allocated for construction of houses for BPL persons. The such a mechanism would help the State Governments to address the problem of shelterlessness in a planned and systematic way. Necessary guidelines in this regard

should be issued to the State Governments. Besides, suitable provisions may be made in the housing policy, which the Department has proposed to formulate in the near future.

*Recommendation (Para No. 2.83)*

32. The Department in the action taken reply has stated as under:—

Department of Land Resources has informed that to make the land acquisition process time-bound and effective, proposal for amendment in the Land Acquisition Act, 1894 has been under consideration in consultation with the State Governments for some time past. However, a draft Land Acquisition (Amendment) bill, 2007 has been prepared. This, along with the draft of the National Rehabilitation & Resettlement Policy, 2007, is under consideration of Group of Ministers (GoM), which is in the process of finalizing the drafts.

Meanwhile, Ministry has taken the initiative and a draft Homestead Scheme has been formulated to which Planning Commission has also approved and sanctioned Rs. 100 crore for implementation of the scheme. As soon as guidelines of the scheme are finalized, State Government would be requested to provide land for the landless.

*Reply to Recommendation (Para No. 2.83)*

**33. The Committee are constrained to note the casual way in which the Department has responded to their recommendation and given an obsolete reply. Even when the Land Acquisition (Amendment) Bill, 2007 was introduced in Lok Sabha and referred to the Committee and on which the Committee have already presented the report on 21 October, 2008, the Government's reply (given on 18 November, 2008) indicates that the proposed amendment is under consideration of the Government. The Committee would like to have a justification from the Department for not furnishing the updated information to the Committee.**

#### **E. Rural Housing Finance**

##### **Recommendation Serial No. 23, 24 and 25 (Paragraph No. 3.25, 3.26 and 3.27)**

34. The Committee had recommended as under :

As stated in the earlier part of the Report, 161 lakh of houses would be needed during Eleventh Plan period to end the



shelterlessness in rural areas in the country. As per the Government's own estimates, Rs. 55,000 crore would be required to tackle the problem. Further as per the NHB estimates, only 36 per cent housing stock in the rural areas are *pucca* houses which means 64 per cent require frequent maintenance and eventual replacement over a period of 5 to 10 years. The real problem to be addressed with regard to housing in rural areas may be much grim. To tackle this problem the grant based schemes like Indira Awaas Yojana (IAY) are not sufficient. Besides in rural areas the problem of housing needs to be addressed keeping in view the overall position of the population in rural areas. There may be three sections of Society *viz* (i) Affluent rich farmer; (ii) Middle Class; and (iii) Rural poor *i.e.* BPL persons in rural areas

*Recommendation (Para No. 3.25)*

Indira Awaas Yojana to some extent addresses the problem of shelterlessness in rural areas in the country. As stated in the earlier part of the Report even Indira Awaas Yojana, addresses to the housing problem of BPL category of persons in a partial way. To take care of the needs of the other sections of the society affordable lending for housing can play an important role.

*Recommendation (Para No. 3.26)*

From the data made available by National Housing Bank the Committee find that although during the period 2001-05, the housing loan disbursed by PLIs has doubled from Rs. 3246.03 crore in 2001-02 to Rs. 6440.95 crore during 2004-05, it is much below as compared to the boom in housing lending witnessed in urban areas. The data indicated by NHB is self evident according to which out of Rs. 75,000 crore, lending to rural areas during the period 2001-05 is just 10-11 per cent. The Committee understand that even today, the rural people depend on the mercy of the landlords who charge heavy rate of interest on the borrowings and exploit the rural people.

*Recommendation (Para No. 3.27)*

35. The Department in the action taken replies has stated as under:

At present, Government's efforts are to help the poorest of the poor/shelterless household to get a *pucca* house of their own to lead life with dignity. Other sections of the rural society can



avail themselves of various financial instruments available through Banks to get credit.

*Reply to Recommendation (Para No. 3.25)*

Housing finance is available through Banks for all sections of the society. Government will also look into the matter to initiate action to make credit more easily accessible in rural areas.

*Reply to Recommendation (Para No. 3.26)*

At present, Government's efforts are to help the poorest of the poor/shelterless household to get a *pucca* house of their own to lead life with dignity. Other sections of the rural society can avail themselves of various financial instruments available through Banks to get credit. Government will also look into the matter to initiate action to make credit more accessible in rural areas.

*Reply to Recommendation (Para No. 3.27)*

**36. Since the grant based schemes like IAY cater to the housing problems of BPL category of persons in a partial way, the Committee in their 22nd report had felt that the rural housing problem should be addressed by taking care of the needs of the other sections of the society for which affordable lending for housing could play an important role. Instead of taking concrete action in the matter, the Department has given a very general reply. The Committee reiterate their recommendation and desire that the Department should take immediate steps to provide affordable lending for housing in rural areas to all sections of the society. The Committee would like to be informed of the action initiated by the Department to make credit more accessible to all sections of the Society in rural areas.**

**Recommendation Serial No. 27**

**(Paragraph No. 3.29)**

37. The Committee had recommended as under:

The Committee find that NHB and NABARD are the main agencies of Government of India involved in refinancing of housing loan to different financial institutions. NABARD is refinancing at the lowest rate of interest *i.e.* 6 per cent upto 50,000 and 6.25 per cent for the amount exceeding 50,000. However in case of North-Eastern States, Sikkim, Mizoram, Andaman & Nicobar Islands, the rate of refinance is 6 per cent

even above Rs. 50,000. In case of NHB, the main agency which has the mandate for rural housing, the rate of refinance is 6.25 per cent. The Committee find that the problem of shelterlessness is highest in North Eastern States. The issue has been examined in detail in the preceding part of the report. Whereas NABARD is providing 0.25 per cent lower rate of refinance to North-Eastern States and Sikkim and also to Andaman & Nicobar Islands, no such benefit has been given by NHB to these States by NHB. The Committee feel that the relaxation at the rate of refinance to North Eastern and aforesaid States should also be provided by NHB on the lines of NABARD.

*Recommendation (Para No. 3.29)*

38. The Department in the action taken reply has stated as under:

Ministry of Finance have informed that taking into account cost of its resources, NABARD periodically effects revisions in the interest rates for all purposes. The present rate of interest on refinances for the North Eastern States has been fixed at 9.0 % which continues to be less by 50 basis points over the rate applicable for the rest of the country. As regards NHB, with the withdrawal of Capital Gains Bond Schemes by the Govt., in 2006, it does not have access to low cost funds & is, therefore, not in a position to provide concessional rate of refinance for rural housing as suggested by the Committee. However, in the Central Budget for 2008-09, there is a proposal to set up a Rural Housing Development Fund under NHB which should help it to extend refinance for housing purposes at cheap rates.

According to NHB, NHB had been providing concession of 0.50% (later on reduced to 0.25%) to primary lending institutions providing housing loans in rural areas under the Golden Jubilee Rural Housing Finance Scheme. With the withdrawal of Capital Gain Bonds Scheme by the Government in 2006, NHB does not have access to low cost funds and is therefore not in a position to provide concessional rate of refinance for rural housing and hence the earlier concessions have been withdrawn.

*Reply to Recommendation (Para No. 3.29)*

**39. The Committee fail to understand the reasons due to which National Housing Bank (NHB) is unable to relax the rate of refinance for North-eastern and certain other States, while NABARD is refinancing at the lowest rate of interest. NHB and NABARD, both**

are the main agencies of the Government of India involved in refinancing of housing loan to different financial institutions. The Committee recommend that NHB should also be provided access to low cost funds by the Government of India on the lines of NABARD in order to enable it to provide concessional rate of refinance for rural housing.

**Recommendation Serial No. 28**  
**(Paragraph No. 3.30)**

40. The Committee had recommended as under:

As regards the rate of interest charged by various financial institutions with regard to lending for rural housing, the Committee find that there is sharp variation. The rate of interest varies between 7.5% to 10.75% (fixed) and between 7% to 9% (floating) in case of Public Sector Banks. With regard to other housing finance companies, the rate varies between 8% to 10.5% (fixed). Further, for private sector and foreign banks, the rate of interest varies between 8% to 11% (fixed) and 7.5% to 8.5% (floating). The Committee find from the position of rate of interest and refinance as indicated above that whereas refinance at lower rate of interest is being made available to certain financial institutions by NHB and NABARD, the benefit of getting refinance at lower rate is not being percolated to the poorest of the poor in rural areas in the country. Besides the Committee also note that there is variation of around 3% of rate of interest between the minimum and the maximum rate of interest charged for housing from the poor in rural areas. The Committee find that even 1% of rate of interest matters a lot to the poorest of the poor in the country. In this scenario, while appreciating the policy of the Government to move away from administered interest rates, the Committee feel that some sort of regulation is necessary in case of the housing loan made available to the poor in rural areas in the country specifically when these institutions are getting the benefit of lower rate of refinance from certain Government Institutions like NHB and NABARD.

***Recommendation (Para No. 3.30)***

41. The Department in the action taken reply has stated as under:

Ministry of Finance have stated that since October 18, 1994, the interest rates on advances by scheduled commercial banks have been gradually deregulated. At present, individual banks

determine interest rates to be charged to a particular borrower subject to BPLR & spread guidelines, except in the case of small loans upto Rs. 2 lakhs, which carry the prescription of not exceeding the BPLR. In respect of loans covered under refinancing schemes of term-lending institutions, banks are free to determine the rates of interest as per the stipulations of refinancing agencies, without reference to BPLR. The variation in interest rates offered by different banks could be attributed to the differences in their BPLR (reflecting cost of funds, operating expenses & a minimum margin to cover regulatory requirement of provisioning/capital charges & profit margins) as also the credit ratings of borrowers. It may not be possible to introduce the regulations in interest rates for just the housing sector which will be anomalous to existing interest rate regime in the country. However, measures are taken by the Government to enable loans to be available to the poor for housing purposes at low rates as described in answer to para 3.29.

According to NHB, as regards rate of interest to be charged by primary lending institutions (PLIs) on housing loans provided to the borrowers, NHB has not prescribed any ceiling. In this context, it may be mentioned that PLIs determine the rate of interest on the basis of their cost of funds and other parameters adopted by them from time to time. However, it may be mentioned that rate of interest being charged from borrowers both in urban and rural areas are at par and there is no difference in lending rates in urban and rural areas.

To encourage PLIs to increase their lending for housing in rural areas, NHB had provided concession of 0.25% in the then applicable interest rates, on its refinance scheme known as "Golden Jubilee Rural Housing Finance Scheme". However, no ceiling on the interest rates was prescribed by NHB as the said scheme was envisaged and based upon the market principles.

As a result of the above incentivisations, there has been marked improvement in the housing loan portfolio of PLIs in the rural areas resulting in financing of more than 20 lakh houses by PLIs in rural areas during the period 1997-2007.

*Reply to Recommendation (Para No. 3.30)*

**42. The Committee are not inclined to accept the helplessness shown by the Government on the issue of providing affordable lending for housing in rural areas. The Committee during the course**

of examination of the subject had found that there is variation in rate of interest between the minimum and maximum rate of interest charged for housing by different Commercial Banks and as such recommended for some sort of regulation in case of housing loan made available for rural poor. Without consulting the matter with the Commercial Banks and the Ministry of Finance, the Department has expressed its inability to accept the recommendation of the Committee. Various reasons highlighting the administered interest rates policy of the Government which are already known to the Committee had been reproduced. The Committee further during the course of examination of Demands for Grants and in the action taken note to the Demands for Grants report of the Department of Rural Development had been informed that the Ministry of Finance had written to the Reserve Bank of India to include IAY houses under the differential rate of interest scheme for lending upto Rs. 20,000 per unit at the interest rate of 4 per cent. The Committee feel that similar concession in interest rates also needs to be provided also to the rural poor who are unable to get the benefit under Indira Awaas Yojana. Such persons may not be covered under BPL but yet are not financially sound to bear the burden of rate of interest charged by Commercial Banks. In view of this, the Committee while reiterating their earlier recommendation would like the Department to consult the Ministry of Finance and Commercial Banks and apprise the Committee about their reaction in the matter.

**Recommendation Serial No. 34  
(Paragraph No. 3.70)**

43. The Committee had recommended as under:

The Committee further find that equity support was being provided to HUDCO since 1998-99 and up to the year 2004-05, Rs. 415 crore was provided as subsidy by the Department of Rural Development. Against this subsidy, HUDCO was to garner and mobilize additional resources (approximately 8 times the size of the equity contribution from the market). The funds so leveraged were to be utilized exclusively for financing the construction of additional rural housing units over and above what HUDCO normally finances through their existing resources. The Committee further observe that HUDCO has now been declared as 'Navratna' and as such Government has stopped providing subsidy. The Committee apprehend that the stoppage of the equity support may adversely affect the activities of HUDCO in the field of rural housing for the poorest of the poor

in the country. In view of this, the Committee would like the Department to analyze the position and find out ways and means to support HUDCO's programme for rural housing.

*Recommendation (Para No. 3.70)*

44. The Department in the action taken reply has stated as under:

In case any proposal for supporting the rural housing programme is received from HUDCO, it will be appropriately examined and desirable support will be extended.

*Reply to Recommendation (Para No. 3.70 )*

**45. Apprehending that the stoppage of equity support may adversely affect the activities of HUDCO in the field of rural housing, the Committee had desired the Department to analyze the position and find out ways and means to support HUDCO's programme for rural housing. In a vague manner, the Department has tried to shift the responsibility to HUDCO by stating that any proposal from HUDCO was to be given due consideration. The Committee cannot understand the reasons for giving low priority for rural housing by the Government and HUDCO. The Committee emphasise that the Department on its own should take up the matter urgently with HUDCO so that rural areas are benefited by this premier organisation and the Navratna status of HUDCO does not come in the way of the organisation in extending its activities in the rural areas.**

**Recommendation Serial No. 35  
(Paragraph No. 3.71)**

46. The Committee had recommended as under:

The Committee further find that HUDCO has been entrusted with the responsibility of providing loan assistance under various ambitious programmes of the Department of Rural Development. Under the housing programmes of Government in providing 13 lakh dwelling units in rural areas and 7 lakh units in urban areas, HUDCO has been entrusted with the responsibility of providing loan assistance for construction of 6 lakh houses in rural areas. Further, out of 60 lakh houses to be constructed under Bharat Nirman, HUDCO has been given a quota of 6 lakh. As regards the performance of HUDCO with regard to targets provided under different ambitious programmes up to 2004-05, HUDCO has sanctioned 68.39 lakh dwelling units out of

which 29.84 lakh dwelling units are for normal and 38.55 units for natural calamities. The Committee observe that the major portion of the dwelling units sanctioned by HUDCO related to natural calamities and as such HUDCO's contribution to the task of addressing to the problem of shelterlessness is limited. Keeping in view this scenario, the Committee recommend to the Department to review the position in this regard so that the goal set under different ambitious programmes are achieved.

*Recommendation (Para No. 3.71)*

47. The Department in the action taken reply has stated as under:—

In case of any calamity so as to meet immediate requirement of huge funds, HUDCO's assistance has been sought for by State Governments. In the past few years, it has also been observed that international funding at cheaper rate is available to support the programmes for natural calamities affected areas leading to less demand for funds from State Governments e.g. funding by ADB, World Bank in Tsunami affected areas at very low interest rates, backed by Sovereign Guarantees, thereby reducing demand for HUDCO loan.

*Reply to Recommendation (Para No. 3.71)*

**48. Since HUDCO had been entrusted with the responsibility of providing loan assistance for construction of 6 lakh houses in rural areas under Bharat Nirman, the Committee had asked the Department to review the position in this regard so as to ensure achievement of goals set under different programmes. The reply of the Department is restricted to only houses in natural calamities affected areas. Nothing has been indicated with regard to the measures proposed to achieve the set targets for HUDCO. The Committee would like a categorical reply of the Department in this regard. Besides, the year-wise details of rural housing loans provided by HUDCO for rural housing during the last three years should also be furnished.**

**Recommendation Serial No. 37  
(Paragraph No. 3.73)**

49. The Committee had recommended as under:

HUDCO has informed that there is a lack of participation by a number of States resulting in uneven geographical distribution of HUDCO's loan assistance. The States of Andhra Pradesh,



Kerala, Karnataka, Orissa, Tamilnadu, West Bengal, Gujarat, Himachal Pradesh, Jharkhand, Maharashtra, Uttar Pradesh and Rajasthan have taken up the programme in a big way. Further, HUDCO has informed that poor recovery rate of loan by Government agencies has led to declining demand. Interesting point raised by HUDCO is lack of interest of the State Government/Government agencies HUDCO's loan based rural housing programme in view of the ongoing Indira Awaas Yojana which is 100% subsidy based programme and under which 75% of the allocation is being provided by the Union Government. The Committee would like the Department to analyze the aforesaid issues as pointed out by HUDCO and analyze the position critically. The Committee may be informed about the reaction of the Department in this regard so as to enable the Committee to recommend further in this regard.

*Recommendation (Para No. 3.73)*

50. The Department in the action taken replies has stated as under:—

Even though HUDCO has schemes/funds for Rural Housing, financial assistance is based on States demand and it has found that there is a lack of participation by a number of States in taking up rural housing programmes, resulting in uneven geographical distribution of HUDCO loan assistance. It is seen that States of A P, Kerala, Karnataka, Orissa, TN and WB have taken up the programme in a big way. Other States like Gujarat, H P, Jharkhand, Maharashtra, Rajasthan and Uttar Pradesh have also taken up rural housing programme with HUDCO's assistance.

Loan recovery from BPL families is a problem without creating income for repayment. Hence, draft "National Rural Housing & Habitat Policy" has suggested various other means for funding Rural Housing.

*Reply to Recommendation (Para No. 3.73)*

**51. On being pointed out by HUDCO about the lack of interest shown by the State Governments/Government agencies in its loan based rural housing programmes, the Committee had asked the Department to analyze the issue. Instead of analyzing the issue State-wise, the Department has tried to circumvent the issue and has furnished a vague reply. The Committee would like the Department to analyze the issue in detail and furnish a specific reply in the matter.**



**Recommendation Serial No. 44**  
**(Paragraph No. 3.99)**

52. The Committee had recommended as under :

The Committee further note that in the context of rural areas the issue of security for lending for housing need to be analysed in a different way specifically for the poorest of the poor. This category of persons need much lesser amount as compared to the housing loan in urban areas. Some sort of security provision other than mortgage of land can be explored for getting loan for housing in rural areas. The Committee may also like to highlight here that whereas for the purchase of costly movable items like air conditioners, cars, banks and other financial institutions are providing loan without any security, in case of meagre loan for construction of a house in rural areas these institutions require mortgage. There is an urgent need to relax these requirements on a loan upto some limit which may be say Rs. 1 lakh or so. The Committee appreciate the fact that banks and other financial institutions are Commercial organisations and the risk of repayment may be the major argument by these institutions. In this regard also the Committee may like to highlight almost 100 per cent recovery rate in case of lending made available by some of the Commercial Banks in rural areas as has been stated in the earlier part of the report. The linking of housing loan with certain employment generating Government schemes may be another solution in this regard. In case of SGSY the saving of groups may be considered as security for the loan to be extended to an individual member of the group whereas the liability to repay the loan should rest with the individual member. Such initiatives need to be deliberated with Commercial Banks and other financial institutions. The Committee would like the Department to undertake desired consultation with the all concerned and inform the Committee about the follow up action in this regard.

*Recommendation (Para No. 3.99)*

53. The Department in the action taken reply has stated as under:

Financing Institutions will not agree to this as this is against prudential norm. Department is not able to accept this recommendation.

*Reply to Recommendation (Para No. 3.99)*

54. Instead of broaching the alternatives on the issue of security for lending for housing with Commercial Banks, as suggested by the Committee, the Department has flatly refused to accept the recommendation. The Committee are dismayed at the Department's such approach and would like the Department to take up the matter with the Commercial Banks and afterwards furnish a reply on the basis of the deliberations.

**Recommendation Serial No. 46  
(Paragraph No. 3.101)**

55. The Committee had recommended as under :

The Committee recommend to analyse the aforesaid scheme in consultation with the Ministry of Finance and NHB and inform the Committee about the final outcome to enable them to analyse the position further and comment in this regard. NHB during the course of deliberations with the Committee has informed that they have taken up the issue of rationalisation of stamp duty charges for creation of mortgage with various State Governments. A few States have reduced these charges to a nominal level whereas most of the States are yet to accede to this request of NHB. NHB has suggested that the stamp duty charges on creation of simple mortgages be reduced to 0.50 per cent (as prevalent in the State of Maharashtra, Gujarat and Karnataka) across the States with a maximum cap of registration fee to be fixed at nominal rates say Rs. 200. The Committee appreciate the initiatives taken by NHB and would like if to continue further in persuading the State Governments in this regard. Besides the Committee feel that the Department of Rural Development has also the responsibility to persuade the State Government to bring the land reforms and the issue of rationalization of stamp duty and registration charges should be taken up with the State Governments vigorously.

*Recommendation (Para No. 3.101)*

56. The Department in the action taken reply has stated as under:

Ministry of Finance has responded and stated that :

As per information provided by NHB the following States have reduced duty on creation of simple mortgage of housing property:—

(i) Maharashtra :

*Previous*—1% subject to maximum of Rs. 5 lakh

*Present*—0.5% subject to minimum of Rs. 100/- & maximum of Rs. 10 Lakh.

(ii) Karnataka :

*Previous*—Rs. 3 for every hundred rupees or part thereof for the amount secured by such deed subject to a maximum of Rs. 3 lakh.

*Present*—50 paise for every hundred rupee or part thereof for amount secured by such deed.

(iii) Delhi :

*Previous*—Bifurcated value.

*Present*—2% with a monetary ceiling of Rs. 2 lakh.

(iv) Tamil Nadu :

*Previous*—Rs. 4 for every hundred rupees or part thereof.

*Present*—1% subject to maximum of Rs. 20,000/-.

(v) Rajasthan :

*Present*—5% of the amount of value secured.

As regards, problems faced by the borrowers in title deed, it is observed that in cases of old properties, the problem of title deeds is in existence in almost all the States as these properties have undergone divisions & sub-divisions due to partitions in the family without any proper format documentation. Hence, there is difficulty in availability of title deeds. However, in some cases, entry is available in Municipal/Local Bodies records but that is not regarded as evidence of title in the court.

As far as State Governments are concerned, Govt. of Bihar, Himachal Pradesh, Mizoram, Nagaland, Uttar Pradesh and A&N Islands have furnished the reply. It has been opined by the States that if land provided by Government is free of cost to the beneficiaries there is no need for any stamp duty.

*Reply to Recommendation (Para No. 3.101)*

**57. The Committee appreciate the steps taken by the various State Governments to reduce the stamp duty and would like the Department to pursue the matter further with the remaining State Governments vigorously. The Committee may be apprised of the outcome in the matter.**

**Recommendation Serial Nos. 51, 52 and 53  
(Paragraph Nos. 4.25, 4.26 and 4.27)**

58. The Committee had recommended as under :

The Committee further find that as per guidelines of the flagship programme Indira Awaas Yojana, Zila Parishad/DRDAs should contact various organizations/institutions for seeking expert opinion on innovative technologies material design etc. Besides it has been indicated in guidelines that State Governments may also arrange to make available information on cost effective environment friendly technology material design etc. It has further been mentioned by the Department that this information should only be guidance and any suitable location specific technology can be adopted by the beneficiaries. The Committee note that whereas 75 per cent assistance under IAY is being provided by the Union Government the onus of constructing quality houses has been shifted to State Governments/Zila Parishads/DRDAs or beneficiaries. There is no way whereby the beneficiaries could be made aware of the technology options available for them. The Committee find that as per the Concurrent Evaluation, close to 55 per cent of the houses constructed under IAY in Kerala and Maharashtra have not used the local material for construction of houses. The Committee feel that the aforesaid provision in the guidelines responsible for not use of cost effective and environment friendly technology by the beneficiaries. Under IAY guidelines it should be made mandatory to use the cost effective and environment friendly technology.

*Recommendation (Para No. 4.25)*

While recommending for compulsory use of cost effective technology the Committee feel that there is an urgent need to make technical skill/material available to the beneficiaries. Besides Technology Resource Center at district level as recommended above there should be one cost effective material Mart at the block level so as to help the beneficiaries. The Committee recommend to the Department to take the necessary action in this regard.

*Recommendation (Para No. 4.26)*

The Committee further note that under the 'Rural Building Center Scheme', rural building centers are to be established under the guidance of HUDCO. 85 RBCs were approved against which 54 RBCs could become functional by September, 2005 in the aforesaid scheme. However the Department has informed that the aforesaid scheme has been merged/discontinued from

April 1, 2004. The Committee would like to be apprised of the status of the remaining RBCs which were approved but could not become functional. Besides the Committee may be apprised how the objective of the scheme would be achieved by merging or discontinuing the scheme.

*Recommendation (Para No. 4.27)*

59. The Department in the action taken replies has stated as under:

As per existing guidelines, we can only encourage the usage of cost effective and environment friendly technology and not make it mandatory.

*Reply to Recommendation (Para No. 4.25)*

Though the scheme of Rural Building Centres (RBCs) has been discontinued as per the existing guidelines the State Governments/ZPs/DRDAs have to encourage usage of cost effective materials.

*Reply to Recommendation (Para No. 4.26)*

Out of 79 RBCs sanctioned, 3 were closed because those could not fulfil initial required documentation. Out of the remaining 76, 23 have been completed, 24 and 29 are due for release of 2nd and 3rd instalment respectively.

*Reply to Recommendation (Para No. 4.27)*

**60. The Committee are unable to understand why use of the cost effective and environment friendly technology cannot be made mandatory that too when the Union Government is providing 75% assistance and State Government is providing 25% assistance under IAY. The Committee persist with its earlier recommendations in the matter and would like the Department to take necessary steps accordingly. The Committee would also like to know the specific reasons for discontinuation of Rural Building Centres (RBCs) by HUDCO.**

The Committee may be apprised of the steps taken by the State Governments/ZPs/DRDAs to encourage usage of cost effective materials in the absence of RBCs which have been discontinued by HUDCO. The Committee may also be informed of the steps taken by the Department for setting up of cost effective material Marts at Block level.

## CHAPTER II

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### **Recommendation (Serial No. 7, Para No. 2.32)**

The Committee find from the data provided by the Department that so far 146 lakh houses could be constructed under the flagship programme of the Department *i.e.* Indira Awaas Yojana with an expenditure of Rs. 26669.64 crore. In addition to it, a small number of houses have been constructed under different small schemes of the Department like credit-cum-subsidy scheme, Innovative Stream for Rural Housing and Habitat Development etc. Besides, State Governments have their own schemes to provide houses to shelterless persons in rural areas. In spite of the massive investment made so far the Government's data indicate that housing shortage in rural areas is 148.25 lakh as per 2001 Census. The housing shortage is maximum in Assam and North-Eastern States. Further if the estimated annual incremental shortage is added the data of shelterlessness would be to the tune of Rs. 161 lakhs during Eleventh Plan. Not only that the position of available housing stock is also not very good. As per the estimates of National Housing Bank only 36 per cent houses in rural areas are pucca houses which means 64 per cent houses require frequent maintenance and eventual replacement over a period of 5 to 10 years. The Committee also note that against 36 per cent of the pucca houses in rural areas, in urban areas the position is much more better where 77 per cent houses have been reported to be pucca houses. In this scenario, the Committee conclude that there is a great challenge before the Government to end shelterlessness in the country particularly in rural areas. The Department has to work in a mission mode with the effective planning and strategy for implementation to meet this challenge. Besides, there is an urgent need to chalk out a strategy to deal with the problem in the States particularly Assam and North Eastern States where the shortage is maximum.

#### **Reply of the Government**

While noting the recommendations of the Committee for further action, it is submitted that to end the shelterlessness in the country particularly in rural areas including States like Assam and NE States

where the shortage is maximum, some of the steps already taken up are as follows:

- (i) In order to directly address the problem of the housing in rural areas, the criteria for allocation of fund under IAY has been revised from the year 2005-06 to assign a greater, 75% weightage to housing shortage and 25% to poverty ratio as against equal weightage earlier being given.
- (ii) Bharat Nirman Programme is a business plan of the Government of India and Rural Housing is one of the six components for augmenting the rural infrastructure base of the country. Under this programme 60 lakh houses are to be constructed during the four years from 2005-06 to 2008-09 under IAY programme. Hence, 15 lakh houses are to be constructed every year. During the first two years *i.e.* 2005-06 and 2006-07, the target has been achieved with the construction of 30.5 lakh houses.
- (iii) At present around 15 lakh houses are being constructed under IAY. Ministry is seeking enhancement of budgetary allocation for IAY to aim to construct 30 lakh houses every year during 11th plan. The budgetary allocation for rural housing has been enhanced to Rs. 4040 crore in 2007-08 as compared to Rs. 2920 crore in 2006-07.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

**Recommendation (Serial No. 9, Para No. 2.47)**

The Committee find that the targets to end the shelterlessness in rural areas in the country were earlier fixed during 9th Plan in pursuance of the objectives set under National Housing and Habitat Policy of 1998. The targets could not be achieved and further spilled over to 10th Plan and now to 11th Plan. Further under the ambitious programme Bharat Nirman, housing is one of the component and 60 lakh houses are planned during four years starting from the year 2005-06. Even if the Government succeeds to construct 60 lakh houses by 2008-09 *i.e.* the target period of Bharat Nirman, 101 lakh houses would still be left to be constructed as per the Government's own data. To achieve the objective of eradicating shelterlessness, the Government thus needs to construct balance 101 lakh houses during the remaining three years of Eleventh Plan period (excluding Bharat Nirman period

of two years). The annual backlog which needs to be cleared is to the tune of more than 30 lakh houses.

### **Reply of the Government**

The Planning Commission have since agreed in principle to provide funds for construction of 159.5 lakh houses for rural BPL families during the 11th Plan period. During the 1st year of the 11th Plan *i.e.* 2007-08, 21.27 lakh houses have been targeted for construction and thus 138.23 lakh houses would be required to be constructed during the next four years. Accordingly, a budgetary outlay of Rs. 7923.97 crore has been projected to the Planning Commission in the Annual Plan 2008-09 which is sufficient for construction of 34.56 lakh houses @ Rs. 30,000/-per unit in plain areas and Rs. 35,000/-in hilly/difficult areas.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Recommendation (Serial No. 12, Para No. 2.50)**

The Committee further note that as per the estimates made by National Housing Bank to end shelterlessness by the end of Eleventh Five Year Plan, Rs. 1,86,000 crore would be required. NHB has estimated an average cost of construction of a dwelling unit as Rs. 1.50 lakh. Further as per the estimates of NABARD Rs. 1,46,000 would be needed to meet the shortfall in rural houses. The Department consider the average cost of construction of per dwelling unit as Rs. 1.50 lakh in rural areas as estimated by NHB on a higher side. The Committee note that even if the estimates of Department of Rural Development are taken into consideration, Rs. 55,000 crore would be required by the end of Eleventh Plan. Thus the annual requirement of funds as per the Government's own estimates will be around 11,000 crore per year. The existing allocation of resources is merely Rs. 2920 crore *i.e.* the allocation made during 2006-07. The Committee find that with the meagre allocation of resources, it is not possible to end the shelterlessness in the country. Further the Committee note the trend of percentage allocation of GDP in rural housing in the country as indicated above. Percentage allocation of GDP for rural housing which was 0.17 per cent during the year 1998-99, increased to 0.19 per cent during 1999-2000 and then decreased to 0.18 and subsequently to 0.17 per cent during the following two years. Then, it is stagnating at 0.17 per cent since 2001-02 to 2003-04 (upto which the data is made available to the Committee). The Committee feel that to achieve the



targets there is an urgent need to accord priority to substantially step up the allocation for rural housing. Besides, a multi pronged strategy involving the different institutions involved with the task, the detailed analysis of which is made in the subsequent part of the report is the only answer to tackle the problem of shelterlessness in the rural areas.

### **Reply of the Government**

The requirement of higher allocation has been made to the Planning Commission repeatedly. There has been an increase of allocation from Rs. 2920 crore last year to Rs. 4040 crore in 2007-08. The multi-pronged strategy has been examined by the 'Working Group on Rural Housing for the 11th Plan'.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Recommendation (Serial No. 18, Para No. 2.73)**

The Committee further note that IAY was launched during the year 1985-86. Since the 21 years of its inception, no village based impact assessment study of different rural housing schemes have been done by the Department. Besides, the Committee while examining the Demands for Grants of the year 2004-05 had found that no attempt has been made to verify the houses constructed under IAY since inception. The Committee had recommended (refer Para 3.93 of Third Report—14th Lok Sabha ) to initiate a study without further wastage of time. The Committee deplore the way the Yojana is being implemented and strongly recommend to initiate a village based impact assessment study under which different aspects *viz.* the existing condition of houses constructed under IAY and other Government schemes, satisfaction level of beneficiaries, condition of infrastructure, the comparative analysis of the houses constructed with the help of different agencies *viz.* NGOs, Banks, IAY etc. should be done. Such a study would help the Government to analyse the realistic position with regard to the houses constructed with the assistance provided by the Government.

### **Reply of the Government**

Research and Impact Studies covering most of the aspects indicated in the recommendation have been undertaken to assess the different aspects of the programme. A concurrent study done in 1998 indicated that 85 percent of the beneficiaries were satisfied with the house. It may be stated here that construction of the house is done by

beneficiaries themselves according to their own choice. The process to evaluate the implementation of the scheme is continuous and Ministry keeps on assigning Research Studies in various States. Nevertheless it will be ensured that aspects mentioned above are incorporated in future too.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Recommendation (Serial No. 20, Para No. 2.81)**

The Committee find from the position as indicated above that the benefits of Government grant based schemes meant for rural housing are being taken by the persons who have land. However, the landless persons who may be the poorest of the poor in the area are being deprived of the benefits of the schemes specifically Indira Awaas Yojana. As admitted by the Department and revealed by Concurrent Evaluation, around 90% of the Indira Awaas Yojana houses are built on the land owned by beneficiaries. Providing land to the landless persons is the biggest challenge to address the problem of shelterlessness in rural areas in the country. While appreciating the fact that land is a State subject and it is the responsibility of the State Government to provide land to the landless poorest of the poor for the construction of a minimum required shelter, the Committee feel that there is an urgent need to provide some sort of guidelines through the national policy of the Government.

The Committee would in this regard like to draw the attention of the Department on various recommendations made in report on Demands for Grants for the year 2006-07 of the Department of Rural Development. The Committee had appreciated the initiative taken by the Department to instruct the State Governments to prepare the waitlist of Indira Awaas Yojana as per the rank of BPL list and display it at the prominent places (para 3.106 of 18th Report). Further, while examining the Demands for Grants (2006-07) of the Department of Land Resources, the Committee had recommended to explore the possibility of using wastelands for setting up agricultural universities and for constructing houses under Government schemes for the landless persons in consultation with various State Governments.

#### **Reply of the Government**

The Central Government provides financial assistance for construction of houses by rural BPL families. Land being the State

subject, it is for the State Governments to provide house sites by acquiring land or allotting government land including wastelands.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Recommendation (Serial No. 21, Para No. 2.82)**

The Committee are at a loss to understand how the houses as per the priority list of BPL persons could be provided in case the beneficiary does not have land. In view of this scenario, the Committee are of the opinion that there is an urgent need to explore the possibility of providing land to landless persons for construction of a shelter. The Committee feel that most of the land in rural areas might be belonging to Gram Panchayat State Governments and as such the possibility of providing land to BPL persons for the purpose of housing may be examined. Besides, the aforesaid recommendation of the Committee with regard to using wasteland may also be examined in consultation with the State Governments, the Department of Land Resources and the Ministry of Panchayati Raj and the viable solution in this regard should be arrived at. Further, as regards the solution by acquiring private land, the Committee may like to recommend to the Government to explore the possibility of inviting private sector in the field of rural housing with the condition that a certain percentage of houses are mandatorily provided for the BPL category of persons.

#### **Reply of the Government**

Every State has its own scheme for providing land to landless for construction of IAY house. However, keeping in view the recommendation of the Committee, Ministry has initiated a Homestead plot scheme for landless rural people. The draft guidelines have been prepared and are being submitted to EFC for approval. Planning Commission has already sanctioned Rs. 100 crore for the scheme during 2008-09. The role of Private Sector in construction of houses in rural areas, has been included in the draft "National Rural Housing and Habitat Policy".

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Comments of the Committee**

(Please see Para No. 30 of Chapter-I of the Report)

### **Recommendation (Serial No. 26, Para No. 3.28)**

The Committee observe that to some extent the Government is responsible for this plight of the rural people. Even when the recovery-rate for the lending in rural areas is almost hundred per cent which has been admitted by Commercial Banks, Banking Division and NHB, the Department of Rural Development which is the nodal Department to deal with the various aspects for rural housing has doubted the creditworthiness of rural poor. The Department has stated that rural people are poor and cannot avail of loan from Banks or financial institutions. The Committee fail to understand, if that is the position why the rural poor is borrowing from the lenders at exorbitant rate of interest. The real problem is the mindset of the financial institutions. Even when the rural poor have proved their trustworthiness as is evident from the excellent rate of recovery, the financial institutions are not coming forward to help the rural poor. The Committee are moved by the instance quoted by the representative of SBI. The simple query of an honest rural helpless customer, (why the Banks was not giving housing loan when they are repaying the loan honestly) was instrumental in launching a housing scheme for housing by SBI *i.e.* SBI Sahyog Niwas. The Committee strongly recommend to the Department to take this matter seriously with Reserve Bank of India, Ministry of Finance (Banking Division), NHB, Commercial banks and all other concerned and take all the desired action to extend the formal lending and make housing loan affordable to the rural poor.

### **Reply of the Government**

The Govt. has noted the concerns from various quarters of credit availability for rural housing including those raised by this Hon'ble Committee and has taken the following measures recently to extend housing loans at affordable rates to the rural poor. With effect from June, 2007 the credit limit for housing under the Differential Rate of Interest (DRI) scheme was enhanced from Rs. 5,000/-to Rs. 20,000/-. The Department of Financial Services has advised the RBI to include the IAY loans in the Differential Rate of Interest (DRI) scheme for providing loan upto Rs. 20,000/-per IAY house at 4% interest rate. Priority sector is an important instrument for influencing allocation of credit in the banking system to certain sectors including the housing sector. To give a fillip to credit flow to this sector, housing loans upto Rs. 20 lakh are covered under priority sector advances.

In a recent report on Finance for Rural Housing by NHB (December, 2006) a number of suggestions were made for increasing

the flow of institutional loans to rural housing including the option of using title guarantee. These suggestions are under consideration to further ease the flow of credit to the housing sector.

The draft "National Rural Housing and Habitat Policy" recognizes the need to take all necessary action for ensuring greater credit flow for rural housing and has suggested ways to do so.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Recommendation (Serial No. 29, Para No. 3.31)**

The Committee also find that on the issue being raised during the course of oral evidence with the representatives of Department of Rural Development, the Department has informed that the Government is examining the proposal of National Housing Bank in providing 3% subsidy in the rate of interest to banks and financial institutions to introduce greater credit flow in rural housing and to provide housing loans to rural poor at comparative and lower rates. The Committee appreciate the aforesaid gesture of the National Housing Bank and would like the Department to finalize the issue in consultation with National Housing Bank, Reserve Bank, Banking Division and all other concerned expeditiously. The observations made by the Committee in the preceding para with regard to the differential rate of interest of refinance and rate of interest charged from individuals may also be kept in view while taking decision in this regard.

#### **Reply of the Government**

Ministry of Finance has stated that in the Budget Announcement for 2008-09, a fund of Rs. 1200 crore is to be created in NHB to enhance its refinance operations in rural housing sector at cheaper rates. The guidelines for the facility to make housing refinance available at cheaper rates is being finalized by the Govt. in consultation with the RBI.

Ministry has included the provision of interest subsidy scheme as part of draft "National Rural Housing and Habitat Policy".

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Recommendation (Serial No. 30, Para No. 3.32)**

Some of the experts who appeared before the Committee were of the view that there should be a separate National Housing Bank for rural areas. The mandate of NHB has been to promote housing finance institutions and to provide financial and other support to such institution in the field of housing. The data given by NHB indicates that only 10 to 11 per cent of the housing lending could be made available to rural areas. The role played by the Public Sector Banks who have wider coverage in rural areas is also not to the desired extent. Keeping in view the scenario of shelterlessness in rural areas in the country there is an urgent need to give more focused attention to the issue related to institutional finance. *The suggestions given by NHB for creation of a National Shelter Fund and National Risk Fund to augment the resources of NHB may be critically analysed by the Department.* In view of this the Committee recommend to the Government to analyse the role of NHB critically in the context of housing in rural areas and consider either to extend the activities of NHB in the rural sector or set up separate National Housing Banks for rural areas. The Department of Rural Development should deliberate this issue in consultation with the Reserve Bank of India and Ministry of Finance (Banking Division). The Committee may be kept informed about the decision taken in this regard.

### **Reply of the Government**

Ministry of Finance has stated that NHB was created for the purpose of promoting housing finance institutions and extending credit support to such institutions for on lending to borrowers including in rural areas. However, with the phasing out of low cost resources as also structural changes in the housing finance sector observed in recent years, the business model of NHB is becoming unviable. Under these circumstances, a separate NHB, exclusively for rural areas, cannot be expected to be commercially viable. It would be appropriate that the existing institutions reorients its focus for rural lending. In fact, NHB envisages increase in its financial disbursements towards poor, EWS and LIG segments of rural and urban areas from 36 % to about 56% over a period of the next three years. The focus areas of the Medium Term Business Strategy (MTBS) for 2006-09 of NHB for rural housing include:

- Supplementing on-going Central and State Govt. schemes for poor and EWS segments e.g. top-up loans.
- Launching new schemes like Composite Loan in partnership with PLIs, Insurance Linked Housing Products in

consultation/arrangements with LIC, SBI Life, HDFC Std. Life &/or any other such institutions.

- Using “Neighbourhood Concept” to provide housing micro credit to members of SHGs through PLIs.
- Involving select State & District Co-operative Banks, NGOs/ MFIs & other local institutions like PACS , Dairy Co-operatives, APMCs including industrial corporates both in rural & urban centre through partnership arrangement for origination & servicing of loan *e.g.* Escrow mechanism route for capturing of payments effectively.
- Encouraging direct finance through Public Private Partnership &/integrated rural development projects.
- Act as catalyst for increased flow of credit & investment in rural housing to help in generating employment & thereby, the income through housing activities.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Recommendation (Serial No. 32, Para No. 3.45)**

The Committee find that the Golden Jubilee Rural Housing Finance Scheme (GJRHFS) was formulated in the year 1997 and the scheme aims to address the problem of housing shortage in the rural areas through improved access to institutional housing finance. The scheme is being implemented through Scheduled Public Sector Commercial Banks, Scheduled State Co-operative Banks, Regional Rural Banks, dedicated housing finance institutions *viz.* Housing Finance Companies (HFCs), Apex Cooperative Housing Finance Societies (ACHFS) as also through the Agriculture Rural Development Banks (ARDBs). The scheme is applicable in a rural area, the population of which does not exceed 50,000 as per 1991 census. As regards the performance of the scheme, the achievement as compared to the targets is more than 100% since 1997 till date. Under the scheme, Rs. 6621.18 crore has been disbursed to legible primary lending institutions. The Committee note that GJRHFS is the only scheme of the Government of India related to lending for housing. Although the performance of the scheme *vis-a-vis* targets is quite satisfactory, as indicated in the datas given by NHB, the targets fixed under the scheme are quite low. A total number of 13,25,000 dwelling units have been fixed from 1997 to 2004-05. During the year 2005-06, the targets were fixed for 2,75,000 dwelling



units. As informed by NHB, Government of India sets the national targets under the scheme. The Committee are of the view that the targets set under the scheme are too low keeping in view the scenario of shelterlessness in the country. The Committee strongly recommend to the Government to enhance the targets under the scheme considerably specifically when the achievement of targets has been quite impressive. The enhancement of targets would further put pressure on different Public Sector Banks, Cooperative and RRBs and other financial institutions involved with the scheme to extend more loans for housing in rural areas. This will help to address the problem of rural housing to some extent.

### **Reply of the Government**

The targets under the GJRHFS are set by the Government of India & the NHB. These targets have been increased in a phased manner over the last nine years of operation of the Scheme from a modest 50,000 units in 1997-98 to 2,75,000 units during 2005-06.

Keeping in mind the observations, the target for the year 2006-07 was set at financing 3,30,000 units i.e. enhanced by 20% over the previous years limit which is substantially higher than in the previous years. The target for 2007-08 was further enhanced to 3.5 lakh units.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Recommendation (Serial No. 33, Para No. 3.69)**

The Committee note that HUDCO started rural housing activity from 1977-78 and since then HUDCO has sanctioned 2473 schemes with loan amounting to Rs. 7089.17 crore for construction of 93.04 lakh dwelling units in various States of the country up to 31st July 2005. Further, the data indicated by HUDCO for the work done during 8th, 9th and 10th Plan indicate that there is sharp decline in the number of schemes during 10th Plan up to the year 2004-05. Against 823 schemes taken up during 9th Plan, during the first 3 years of 10th Plan, only 30 schemes have been taken by HUDCO. Further, the Committee note that there is sharp difference between the loan amount sanctioned and loan amount released during different plans. During 10th Plan, whereas 3024.89 crore has been indicated as loan amount sanctioned, the amount released for the said period is Rs. 922.90 crore. The Committee would like the Department to explain the reasons for decline in the activities of HUDCO during 10th Plan and also the



difference between the loan amount sanctioned and released during different plans.

### Reply of the Government

Though, HUDCO has been extending financial assistance for rural housing scheme, in recent years, there has been a gradual decline in borrowings by the Government agencies because of Poor recovery of loans from the EWS beneficiaries, non-availability of Government. Guarantee and Budgetary provision for repayment of HUDCO loan, lack of interest of State Government/Government agencies towards HUDCO's loan based Rural Housing Programme in view of subsidy based schemes promoted by the Ministry of Rural Development, etc.

From HUDCO's past performance, it may be seen that loan release effected in each year is not more than 50% of sanctions made. This is because loan releases are made on completion of legal documentation and seeing the progress/utilization in each scheme. Details of past 3 years loan sanctions and loan releases in housing sector are indicated below:

(Rs. in cores)		
Year	Sanctions	Releases
2003-2004	2974	1135
2004-2005	3567	992
2005-2006	1487	1053

It has been observed that during the 10th Plan, the gap between loans sanctioned and released is even more, which is mainly because of one scheme sanctioned to Bihar State Housing Board in the year 2004-2005 for a total loan amount of Rs. 1250.00 crore, the scheme was subsequently withdrawn. Details of the scheme are underlined below:

Name of the Scheme	Agency	Loan Amount	No. of Dwellings	Sanction Date
Programme loan for EWS Housing Scheme for flood affected areas	BSHB	1250 crore	500000	12.10.2004

Due to poor recoveries from EWS families, HUDCO insists on Government Guarantee from the State Government towards security for its loan. Most State Governments are reluctant to provide such

guarantees since their own financial health is adversely affected due to poor recoveries from the beneficiaries. State Government/State level agencies are availing financial assistance from other Banks/HFIs at lower rate of interest as compared to HUDCO as many State Governments *viz.* Government of Tamil Nadu, Karnataka etc. are finding HUDCO's interest rates on higher side. Finance is being provided by Banks in a big way towards housing sector now as it is covered under their mandate of priority sector lending (which was not there earlier) on comparatively easier terms and lower rate of interest.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Recommendation (Serial No. 36, Para No. 3.72)**

Another problem pointed out by HUDCO is that in most of the States there are no separate State level agency for taking up rural housing schemes. The Committee recommend to have consultation with State Governments and find out way and means to address the various difficulties encountered by HUDCO. In this regard, the Department first of all should get the information of States where State level agencies for taking up housing activity do not exist. Such States should be persuaded to constitute State level agencies so as to give focused attention to rural housing. The Committee may be kept apprised about the action taken by the Department in this regard.

#### **Reply of the Government**

Ministry of Housing and Urban Poverty Alleviation (HUPA), HUDCO has reported that States of Gujarat, Karnataka, Orissa, U.P & Tamil Nadu are having Rural Housing Boards as State Level agencies for taking up rural housing activities. In rest of the States, rural housing activities are being generally undertaken through other nodal agencies like housing boards/rural departments/industrial Department etc. as no specific agency exists for taking up rural housing activities.

According to the replies received from the States, the most of the States stated that they do not have substantial dealings with HUDCO. However, Meghalaya State has informed that Meghalaya State Housing Board has taken quite a substantial amount of loan from HUDCO for implementation of Loan-cum-Subsidy Scheme, but due to poor recovery of loan from the laonee, the Government have stopped further availing of loan since the year 2000.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Recommendation (Serial No. 38, Para Number 3.82)**

The Committee note that Commercial, Co-operative and Regional Rural Banks have great access to rural masses in the rural areas as these banks have a large number of branches in these areas. As stated by the NHB, these banks are very much engaged in agricultural finance. However, in the field of rural housing, these banks are not doing so well. The Committee also note that as regards the data with regard to credit flow to rural housing, the Ministry of Finance Banking Division has informed that the number of accounts which were 7,47,972 during March 2002 have enhanced to 20,48,318 during March 2005. The Committee during deliberations with some of the leading Commercial Banks have found that some of the laudable initiatives have been taken by these banks to make the housing loan attractive for rural areas. Under State Bank of India Gram Niwas Scheme, there is waiver of security requirement upto Rs. 0.50 lakh. Under State Bank of India Sahyog Niwas home loan, concessional interest rate @ 0.25% below applicable home loan interest rates, have been provided and loan amount up to 10 times the savings of the corpus of self help groups subject to a maximum of Rs. 0.50 lakh per member of SHG is provided. Another scheme of the State Bank of India *i.e.*, SBI Tribal Plus has been formulated keeping in view the peculiar property rights in tribal areas and the provision of loan against other securities including third party guarantee has been made. Similarly, the representatives of Bank of Maharashtra informed that during festival season, the rate of interest charged from housing loan is 1% below the existing rate of interest. Despite these laudable initiatives taken by the various Commercial Banks, the data of loan amount sanctioned during different years is not very impressive. For example, Punjab National Bank, a leading bank in North India has disbursed only 184 crore during the year 2003-04 and 2004-05 respectively.

### **Reply of the Government**

Disbursal of loan by commercial Bank is demand driven and so Banks are not in a position to force loan on individuals. However, Ministry will pursue the matter with banking authorities to request them to generate awareness among the people about loan facilities one can avail of.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of  
Department of Rural Development (Ministry of Rural Development)]

### **Recommendation (Serial No. 39, Para No. 3.83)**

The various aspects limiting institutions credit flow for housing in rural areas have been analyzed in the following chapter of the Report. Here the Committee observe that there is an urgent need to enhance the credit flow for housing in rural areas and banks can play a very important role in this regard. There is an urgent need to deliberate on the various issues involved in the housing finance in consultation with Reserve Bank, Banking Division and Commercial Banks, National Housing Banks and all other concerned. Besides, housing loan need to be linked with credit schemes to various other centrally sponsored schemes which ensure income of the rural poor like SGSY, Rural Employment Guarantee Scheme etc. Besides, the recovery schedule should be drawn according to crop cycle of the farmers. There is an urgent need to take the necessary steps for publicity of the various schemes of these banks. The illiterate people in rural areas residing in interior and backward areas need different publicity campaigns to inform them about the various aspects of the housing scheme. As done in urban areas, housing melas could be arranged in rural areas where people could be informed of these schemes. To make the schemes more popular and effective, there is an urgent need for a proper coordination between District/Block Level Officials and the Panchayati Raj institutions. The Committee strongly recommend to take the desired action in consultation with the all concerned to ensure a greater role of these banks in the field of housing in rural areas.

### **Reply of the Government**

Ministry of Finance has stated that the income limits as well as the limit for housing loans have been recently been enhanced under the DRI scheme. The subsidy limit for IAY houses has also been increased. Banks have been advised to give top up loan upto Rs. 20,000/-for IAY house at 4% interest rate. However, greater awareness needs to be generated about the provisions under various schemes at the District/Block/Village levels in a manner that would be easily understood by illiterate persons in rural areas.

To generate awareness among the people, all DRDAs/Block Level officials etc. have been informed about the new initiatives, who further pass on this information to the beneficiaries. Advertisements are also issued in National as well as vernacular newspapers to disseminate information.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Recommendation (Serial No. 40, Para No. 3.84)**

The Committee find from the Information provided by the Bank of Maharashtra that on the Kisan Gold Card one of the components embedded is rural housing and Rs. 50 thousand can be provided without any collateral security. Further, the representative of Reserve Bank has informed the Committee that RBI has recently advised the banks to introduce a General Purpose Card for all customers in rural areas. Any person having this card can draw money upto Rs. 50 thousand and when he repays he can again drawback. The Committee find that the aforesaid guidelines if implemented by banks on the lines of Bank of Maharashtra can provide a great relief to the rural poor and the amount of Rs. 50 thousand drawn by virtue of credit card, if used for housing purpose can solve the problem of housing to some extent. As stated by the representatives of RBI said provision will overcome the problem of documentation procedure. The Committee strongly recommend to the Government to instruct the RBI to pursue these guidelines with Commercial Banks and the said provision should be made mandatory for all the banks. The Committee may be informed about the follow up action in this regard.

### **Reply of the Government**

M/o Finance had advised the banks to introduce a General Credit Card (GCC) Scheme for issuing GCC to their constituents in rural & semi-urban areas, based on the assessment of income & cash flow of the household similar to that prevailing under normal credit card. Under the scheme, there would not be any insistence on security & the purpose or end-use of the credit. Interest rate on the facility may be charged, as considered appropriate & reasonable. The limit may be periodically reviewed & revised/cancelled depending on track record of the account holder. With a view to targeting women as beneficiaries of bank credit, they may be given a preferential treatment under the GCC Scheme. Banks may utilize the services of local post offices, schools, primary health centers, local Govt. functionaries, farmers' association/club, well-established community-based agencies & civil society organizations for sourcing of borrowers for issuing GCC. NABARD has agreed to the recommendation.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of  
Department of Rural Development (Ministry of Rural Development)]

### **Recommendation (Serial No. 41, Para No. 3.96)**

The Committee find that to get the credit from Banks and other financial institutions, the customer has to mortgage his property. The clear title of the land on which the customer desires to construct house is required to avail of housing loan from the bankers/financial institutions. Lack of clear title is the basic impediment for extending housing loan in rural areas as has been highlighted by NHB and other organizations who appeared before the Committee. In *abadi* areas, the problem is still worse as in these areas there are no land records and people are living in the ancestral houses for centuries without any title deed. The people pay house tax which in some way serve as token title. Further, in North Eastern States the position of land records is quite different where the land is in the name of Community.

To solve the aforesaid problems various land reforms initiatives need to be taken by the various State Governments. In case of *abadi* land the State Governments need to be persuaded to give the clear title to the owners of the land who have been living there for centuries. Further to address this problem NHB, various organization, experts and Commercial Banks who appeared before the Committee have made reference to an act of West Bengal in which the provision has been made to create a charge by declaration for agricultural land. Besides, the reference has also been made to an act of Uttar Pradesh wherein the construction of a house for personal use in rural areas on *abadi* land or repair, modernization or alternate energy plan and machinery or matters connected therewith shall be deemed to be an agricultural purpose for this act. NHB and other organizations and experts were of the view that similar initiatives need to be taken by other State Governments. The Committee while noting the aforesaid position strongly recommend to the Department to study the position of various States acts which provide a solution to the problem of title for the purpose of getting loan in rural areas. The initiatives taken by some of the State Governments need to be replicated in other State Governments. While noting that land is a State subject and the initiatives need to be taken by the State Governments, the Committee find that the Union Government has to persuade to the State Governments and provide guidelines and model laws after studying the various State laws in light of the aforesaid observations made by the Committee. The initiatives taken in this regard may be informed to the Committee.

### **Reply of the Government**

As rightly pointed out by the Committee, in the absence of clear title of the land, the landholders are facing problems to avail credit

from the banks/financial institutions. This has primarily been due to neglect of revenue and land records administration in the country which suffers from inadequate staff with large jurisdictions, poor infrastructure and office facilities, lack of equipment and other office aids, dearth of office and residential accommodation, lack of training facilities etc.

With a view to assisting the States/UTs in the task of strengthening their revenue administration, updating of land records & computerization of land records, two Centrally-sponsored schemes of Computerization of Land Records (CLR) & Strengthening of Revenue Admn. and Updating of Land Records (SRA&ULR) are under implementation since 1988-89 & 1987-88 respectively. Since inception, funds to the tune of Rs. 545.36 crores & Rs. 373.88 crores have been released to the States/UTs under the Schemes of CLR and SRA&ULR respectively. While significant progress has been made under the two schemes of CLR & SRA&ULR, the desirable outcomes are yet to be achieved.

Under the scheme of SRA&ULR, the States and UTs have made progress towards adopting modern technology for survey and resurvey of land, training of survey and settlement staff, storage of land records, office-cum-residential accommodation for grass root level staff etc. However, the existing survey and settlement organizations have not completed their job of periodic resurveys for updating land records. Records are outdated or not in good shape in most States. In some North Eastern States, even the original survey work has not taken place in many districts. A similar situation prevails in some UTs and also in some parts of other States. The earlier technology of lattha and chains for survey is cumbersome, painful time-taking and costly, and there is need for adopting modern technology across the country on a large scale to accomplish the task in a timely and efficient manner.

Under the scheme of CLR, good progress has been made in some States, but not consistently across the country. Many States have digitized basic land records data and have started the process of effecting mutations and distribution of Records of Rights (RoRs) through computers. Some States have stopped manual issue of RoRs. A few States have also placed land records data on the Internet websites for easy access and dissemination of this information.

Some achievements under the scheme of CLR

(A) States which have completed RoR data entry:

AP, Goa, Gujarat, Karnataka, TN, Chhattisgarh, MP, Maharashtra, Rajasthan, UP, Uttarakhand & WB.



(B) States which have stopped manual issue of RoRs:

Karnataka, TN, Gujarat, MP, Maharashtra, UP, Uttarakhand & WB.

(C) States which have placed RoR data on websites:

Gujarat, MP, Chhattisgarh, Rajasthan & Uttarakhand.

However, the emphasis of CLR so far, has been more on computerization & digitization of records, and less on having a system that maintains accurate & up-to-date records of rights & securely generates such records on demand. Also lacking, are the integration of textual & spatial data on RoRs, linkage of registration with mutation & updating of RoRs, backend reconciliation of village records, and a comprehensive & standard database of land records across the country that is necessary for understanding land & immovable property markets & for efficient administration & policy making in a modern economy.

Computerization of the property registration process is another area where some progress has been made in a number of States, largely on their own initiative, and not covered under the schemes of CLR or SRA&ULR. However, the prime focus of these initiatives has been on automation of the deed registration procedures, and there is hardly any linkage with the land records management system.

With this backdrop, a National Land Resource Management Programme (NLRMP) has been formulated to replace the two schemes of CLR and SRA&ULR from the year 2007-08. The programme will integrate and harmonize three layers of data (a) spatial data from satellite imagery/aerial photography, (b) topographic maps and other data from the Survey of India and Forest Survey of India, and (c) revenue records—cadastral maps and Records of Rights (RoRs) details, on a Geographic Information System (GIS) platform to facilitate citizen services based on land data as well as a comprehensive tool for planning, developmental, regulatory and other activities where location-specific information is needed, to benefit both public and private sector stakeholders.

The main focus of the programme will be on delivering citizen services such as providing records of land titles with maps; other land-based certificates such as caste certificates, income certificates (particularly in rural areas), domicile certificates; information on eligibility for development programmes; land passbooks with the relevant land information; and facility for easy access to land-based credit for agriculture, rural development, livelihood and other



programmes (by providing access to land records data to Cooperative and other financial institutions). The citizen services will also include points of service such as, touch screens, kiosks, common service centres, etc.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Recommendation (Serial No. 42, Para No. 3.97)**

The Committee further note that laudable initiatives have been taken by the Union Government under the two schemes (i) Centrally Sponsored Schemes *viz.* Strengthening of Revenue Administration and Updation of Land Records (SRA&ULR), and (ii) Computerisation of Land Records. The land records maintained properly and updated periodically can make the lending for housing in rural areas much smoother. The Committee have repeatedly been emphasizing on ensuring the basic data with regard to land records in rural areas. Unless the core information with regard to land records is made available no purpose will be served by computerizing the land records under the said schemes. The Committee have repeatedly been stressing for some sort of coordination between these two schemes. The Committee while reiterating their earlier observations in this regard would like the Department to continue these efforts in a bigger way which may be quite helpful in solving the various impediments for lending for housing in rural areas.

#### **Reply of the Government**

Although significant progress has been made under the two schemes of CLR and SRA&ULR, the desirable outcomes are yet to be achieved. Accordingly, it has been decided to go for a comprehensive revision of the schemes from the 11th Plan period in the shape of the National Land Resource Management Programme (NLRMP), conceptualized as a major system & reform initiative that is concerned not merely with computerization, updating & maintenance of land records & validation of titles, but also as a programme that will add value & facilitate & support delivery of citizen services based on land data as well as provide a comprehensive tool for development planning wherever location-specific information is required.

The programme will take various land data/information & integrate them in a comprehensive framework. Three layers of data, *viz.*, satellite imagery/aerial photography data, Survey of India & Forest Survey of

India maps, and land records—plot details and cadastral maps—will be integrated on a Geographic Information System (GIS) platform.

All cadastral maps in the country will be digitized and data included with plot numbers and unique id for each land parcel. Administrative unit boundaries from village level upwards (including panchayat, block, tehsil, circle, sub-division, district, division, State & national boundaries), forest, water bodies & other physical attributes of land and land use details will be overlaid, and other developmental layers (e.g., watersheds, road networks, etc.) added to the core GIS.

The activities proposed to be supported under the Programme, *inter alia*, include completion of computerization of the Records of rights (RoRs), digitization of maps, computerization of mutation data and updating of land records, adoption of modern survey technology, computerization of registration, automatic generation of mutation notices, and training & capacity building of the concerned officials & functionaries. Connectivity amongst the land records & registration offices & data centres at various levels (e.g., district, State & National data centres) may also be supported. Access to land records data may also be provided to Cooperative & other financial institutions for facilitating credit operations. The necessary data security protocols, authentication and access control mechanisms will be put in place.

The primary focus of the Programme will be on citizen services, such as providing records of rights (RoRs) with maps, land-based certificates such as caste certificates, income certificates (particularly in rural areas), domicile certificates; information for eligibility for development programmes; land passbooks, etc.

In addition, the Programme will be of immense usefulness to the Governments—both Central & State Government—in modernizing and bringing efficiency to the land revenue administration as well as offering a comprehensive tool for planning various land-based developmental activities, e.g., locating schools, hospitals, tourism circuits, etc; development of roads, bridges, highways, rail lines, airports, telecommunication networks, and other utility mapping. Usefulness will also be there in civic amenities planning, watershed management, requisition & acquisition of land, and resettlement & rehabilitation of displaced persons. Land resources management in general & Rural Development programme in particular (such as rural connectivity and road networks under the PMGSY; watershed management & other development works under the NREGS, SGSY, etc.) will benefit from the Programme. Regulatory & disaster

management activities will also get the needed location-specific information through the Programme.

The knowledge base created through the programme would be available to private enterprises also.

The programme will be managed professionally, with multi-disciplinary teams at district, State & National levels. The programme will be implemented in a mission mode.

To begin with, the programme is proposed to be piloted in several districts across the country. These districts will be selected carefully in consultation with the States and UTs. The experience of these pilots will help in refining the methodology and approach, following which the Programme will be scaled up to cover the entire country over a period of time.

Since the States and UTs are at different levels of development & preparedness, a detailed sizing exercise has been undertaken to assess the magnitude of the problem and to design State-specific strategies and approaches automated to the local situations.

With a view of imparting a clear understanding of the components and activities to be taken up under the Programme, the roles & responsibilities of the various stakeholders, the technological options, availability of resources, the expected outcomes & deliverables etc., a national workshop was organized on 14th-15th June, 2007 at New Delhi with participation from the State Governments, UTs Administration, domain experts & specialized agencies, such as the NRSA, Survey of India, NIC etc. The Programme has since been renamed as National Land Records Management Programme and approved by the Cabinet in its meeting held on 21.8.2008. Guidelines are being formulated for release of funds to the States.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

**Recommendation (Serial No. 43, Paragraph No. 3.98)**

The Committee further would like to draw the attention of the Department to their recommendation made with regard to laudable idea given by the Secretary, Department of Rural Development during the course of oral evidence held in connection with the examination of Demands for Grants (2006-07). The Secretary had suggested to link up

the land record information with the computers with lending bankers so that the rural people do not even need to procure the copy of the land records every time. The bankers can access the land records directly without any charge. The Committee strongly recommend to the Department to see how this idea can be made practicable under the existing schemes of land records. If implemented it can make the lending process easier and cheaper. While recommending in this regard, the Committee may like to highlight their observations with regard to updation of land records as made above. Unless the land records are correct and reflect the actual ground situation, no system of computerization or linking the computerized data with the lending banks can work. The Committee would like the Department to pay more emphasis on updation of land records so that the benefits of the schemes meant to computerize the land records can actually be availed of by the rural people. Keeping in view the aforesaid observation, the Department may take the necessary action and apprise the Committee accordingly.

#### **Reply of the Government**

Reply as per para 3.97.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Recommendation (Serial No. 46, Para No. 3.101)**

The Committee recommend to analyse the aforesaid scheme in consultation with the Ministry of Finance and NHB and inform the Committee about the final outcome to enable them to analyse the position further and comment in this regard. NHB during the course of deliberations with the Committee has informed that they have taken up the issue of rationalisation of stamp duty charges for creation of mortgage with various State Governments. A few States have reduced these charges to a nominal level whereas most of the States are yet to accede to this request of NHB. NHB has suggested that the stamp duty charges on creation of simple mortgages be reduced to 0.50 per cent (as prevalent in the State of Maharashtra, Gujarat and Karnataka) across the States with a maximum cap of registration fee to be fixed at nominal rates say Rs. 200. The Committee appreciate the initiatives taken by NHB and would like if to continue further in persuading the State Governments in this regard. Besides the Committee feel that the Department of Rural Development has also the responsibility to persuade the State Government to bring the land reforms and the

issue of rationalization of stamp duty and registration charges should be taken up with the State Governments vigorously.

### **Reply of the Government**

Ministry of Finance has responded and stated that:

As per information provided by NHB the following States have reduced duty on creation of simple mortgage of housing property:—

(i) Maharashtra:

*Previous*—1% subject to maximum of Rs. 5 lakh

*Present*—0.5% subject to minimum of Rs. 100/- and maximum of Rs. 10 Lakh.

(ii) Karnataka:

*Previous*—Rs. 3 for every hundred rupees or part thereof for the amount secured by such deed subject to a maximum of Rs. 3 lakh.

*Present*—50 paise for every hundred rupee or part thereof for amount secured by such deed.

(iii) Delhi:

*Previous*—Bifurcated value.

*Present*—2% with a monetary ceiling of Rs. 2 lakh.

(iv) Tamil Nadu:

*Previous*—Rs. 4 for every hundred rupees or part thereof.

*Present*—1% subject to maximum of Rs. 20,000/-.

(v) Rajasthan:

*Present*—5% of the amount of value secured.

As regards, problems faced by the borrowers in title deed, it is observed that in cases of old properties, the problem of title deeds is in existence in almost all the States as these properties have undergone divisions & sub-divisions due to partitions in the family without any proper format documentation. Hence, there is difficulty in availability of title deeds. However, in some cases, entry is available in Municipal/ Local Bodies records but that is not regarded as evidence of title in the court.

As far as State Governments are concerned, Govt. of Bihar, Himachal Pradesh, Mizoram, Nagaland, Uttar Pradesh and A&N

Islands have furnished the reply. It has been opined by the States that if land provided by Government is free of cost to the beneficiaries there is no need for any stamp duty.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Comments of the Committee**

(Please see Para No. 57 of Chapter-I of the Report)

### **Recommendation (Serial No. 47, Para No. 3.105)**

The Committee note that whereas there is some improvement in the flow of credit by housing finance companies in the field of rural housing, credit flow by cooperatives is reducing drastically as could be seen from the data indicated above. The credit flow of housing finance companies has almost doubled during the year 2004-05 as compared to the year 2001-02. However, in case of cooperative sector institutions, the credit flow has reduced from Rs. 171.03 crore in year 2001-02 to a negligible amount of Rs. 3.86 crore during the year 2004-05. Further, with regard to the number of housing cooperatives operating in different States, the Committee find that in some of the States like Gujarat, Maharashtra and Rajasthan a good number of cooperatives are working. As regards the role of nodal Department of Rural Development for the purpose of housing, the Committee are constrained to note the vague reply on the issue of involving cooperatives, that excepting DRDA no other agency is involved under IAY. It seems that for the Department of Rural Development the only responsibility is towards Indira Awaas Yojana. The Committee feel that being the nodal Ministry/Department it is the responsibility of the Department of Rural Development to coordinate the activities being undertaken by different agencies in the field of rural housing so as to have an overall scenario of the subject. The Committee recommend to the Department to analyse the performance of cooperatives in the aforesaid States where these are functioning well. There is an urgent need to study how more cooperatives can be involved in rural areas. Besides, more stress need to be given to housing finance companies. These issues should be dealt with in tandem with the initiatives taken by the Government to bridge the urban rural divide particularly the initiatives being taken through PURA.

### Reply of the Government

NABARD being an Apex Financial Institution, does not provide credit directly to the borrowers, but has been extending refinance at concessional rates to banks for financing Rural Housing from the year 2001-02 onwards. Details of agency-wise refinance provided by NABARD for rural housing during the period from 2001-02 to 2005-06 is showing in the statement below.

It may be observed from the Table below that the refinance off-take by banks for rural housing has been steadily increasing since NABARD started extending refinance for this purpose in 2001-02 (except a marginal decline during 2005-06). The total refinance availed by Cooperative banks under rural housing has shown steady increase from Rs. 278.37 crore in 2001-02 to Rs. 758.51 crore in 2005-06. Further, the share of Cooperative Banks in the total refinance provide by NABARD for rural housing is more than 50% consistently. Since NABARD refinance forms only a portion of the actual ground level lending for this purpose, the actual quantum of loan disbursed by cooperative banks/other banks for rural housing is presumed to be much higher.

#### No. of units constructed out of NABARD's Refinance

Purpose	(Rs. in crore)									
	2001-02		2002-03		2003-04		2004-05		2005-06	
	Units	Amt.	Units	Amt.	Units	Amt.	Units	Amt.	Units	Amt.
New	43,856	370.16	53,849	457.48	44,018	563.70	86,207	895.75	80,544	1003.92
Repairs	23,333	131.70	64,512	312.05	34,354	466.53	86,258	381.19	48,341	238.88
Total	67,189	501.86	118,361	769.53	78,372	1030.23	172,465	1276.94	128,886	1242.80

Details of State-wise disbursements of refinance under rural housing to cooperative banks during the years 2004-05 and 2005-06 are given below. It may be observed therefrom that during 2004-05 cooperative banks in three States *viz.* Punjab, West Bengal & Kerala have availed Rs. 186 crore, Rs. 100 crore & Rs. 209 crore refinance respectively from NABARD under rural housing. The other major States, in which the performance of cooperative banks is comparatively better are Haryana (Rs. 59.46 crore) and HP (Rs. 59.30 crore), similarly, during 2005-06 cooperative banks in two States *viz.* Punjab & Kerala have also availed Rs. 245 crore & Rs. 146 crore refinance under rural housing. Cooperative banks in four States *viz.* Haryana, HP, Orissa & WB have

availed more than Rs. 50 crore. In the case of Gujarat, Rajasthan & Karnataka, it ranges between Rs. 18 crore to Rs. 33 crore. As regards cooperative banks in Maharashtra the amount of refinance availed under rural housing during the year declined to Rs. 5.06 crore. While a good number of cooperative banks are working in Gujarat, Maharashtra & Rajasthan, their performance of cooperatives in the matter of dispensation of credit for rural housing cannot be considered as satisfactory.

(Rs. in crore)

Agency	2001-02	2002-03	2003-04	2004-05	2005-06	Cumulative as on 31.3.2006
CBs	99.39 (19.80)	40.83 (5.30)	138.47 (13.44)	109.09 (8.54)	291.64 (23.47)	679.42 (14.09)
RRBs	124.10 (24.73)	270.56 (35.16)	295.21 (28.66)	401.51 (31.44)	192.65 (15.50)	1284.03 (26.63)
Coop. Banks	278.37 (55.47)	458.14 (59.54)	596.56 (57.80)	766.34 (60.02)	758.51 (61.03)	2857.91 (59.28)
Total	501.86	769.53	1030.23	1276.94	1242.80	4821.36

(Figures in bracket show percentage to total)

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

**Recommendation (Serial No. 48, Para No. 4.22)**

The Committee deliberated the issues related to appropriate an cost effective and environment friendly technology for rural housing with various institutions like BMTPC, CBRI, CAPART, HUDCO and various experts. The Committee during the deliberations have found that laudable work is being done by these institutions. Some of the NGOs like Development Alternatives are also doing commendable work in this field. Besides, CSIR the premier institute for industrial research, I.I.Ts. and other bodies of Government are doing research in this field and have developed various innovative technologies in the field of rural housing. BMTPC is an inter-Ministerial organization and personnel working in different Ministries which include the Ministry of Rural Development work on deputation with BMTPC. The research done by various research laboratories is upgraded either through a prototype



development center or a mini manufacturing unit by CAPART. Various popular projects have been developed by BMTPC with joint efforts of Research and Development Institutions. As regards, the system of dissemination of information CAPART identifies the technologies and after identifying the NGOs, the CAPART send them for training. So far, only 644 persons identified by 10, NGOs who have experience on housing have been trained in various building construction technologies by these NGOs. The Building Construction Technology was disseminated in Bihar, Uttar Pradesh, Maharashtra, Himachal Pradesh, Tamil Nadu, Kerala, Madhya Pradesh, Karnataka, Uttaranchal, Jharkhand, Andhra Pradesh, Chhattisgarh, Orissa, Rajasthan and West Bengal with the efforts of CAPART. As per the information provided by CAPART only 995 houses have been constructed by the initiatives of CAPART.

Besides, the aforesaid mechanism to disseminate the technology there are 22 Technology Resource Centers which act like mother NGOs. The Committee feel that inspite of having the mechanism of dissemination of information through CAPART adequate work has not been done in this regard. The data furnished by CAPART *i.e.* only 995 houses could be constructed by the dissemination process, speaks volume about the inadequacy of dissemination process.

### **Reply of the Government**

CAPART has taken note of the suggestions given by the Committee and efforts are being made to establish Technology Resource Centres in the States not covered earlier and gradually at the district level.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Recommendation (Serial No. 49, Para No. 4.23)**

On the issue of dissemination Strategy, the Committee feel that different agencies are working independently and the commendable work done by these agencies could not be used for the benefit of rural poor. The Committee strongly recommend to the Department to analyse the scenario of dissemination of technology in the country and take the desired steps in this regard. Besides there is an urgent need to set up Technology Resource Center at district level. The publicity with regard to activities of Technology Resource Centres should be given so that the rural people are aware of the technology options available and can take benefit of these options.

### **Reply of the Government**

CAPART has taken note of the suggestions given by the Committee and efforts are being made to establish Technology Resource Centers in the States not covered earlier and gradually at the district level.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Recommendation (Serial No. 50, Para No. 4.24)**

The Committee note that there is no system to review the work done by various agencies in the field of R&D in housing for rural areas. The Department of rural Development which is the nodal Department for rural housing and CAPART which has the mandate for advancement of rural technology have no mechanism to review the work done by these agencies in the field of R&D. The Committee feel that there is an urgent need to have some mechanism to review the work done by various agencies in the field of R&D so that the strategy to transfer the technology from lab to land can be evolved for the benefit of rural people. The Committee would like to recommend to the Department to take action in this regard and inform the Committee accordingly.

### **Reply of the Government**

As suggested, seminars and workshops would be organized to publicize the R&D work.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Recommendation (Serial No. 55, Para No. 4.36)**

Another area that has attracted to attention of the Committee is lack of awareness among the masses especially the rural poor about disaster proof technology developed by HUDCO and details regarding Vulnerability Atlas brought out by BMTPC. The Committee are constrained to find that whatever awareness drive launched by institutions like HUDCO with State Governments, local bodies, housing boards, rural housing corporations have been made hardly adequate to accomplish the benefits arising out of such Disaster Proof Technology and Vulnerability Atlas details. The Committee therefore recommend that administrative Ministry of Rural Development should take up the issue with the BMTPC and HUDCO so that benefits of disaster proof technology can be availed of by rural poor.

### **Reply of the Government**

In order to create awareness among the masses especially the rural poor about disaster proof technology, 78 rural building centres in rural areas have been sanctioned along the length and breadth of the country by Ministry of Rural Development in collaboration with HUDCO with grant assistance of Rs. 11.49 crore out of which Rs. 7.29 crores have been released to these centres. Out of 78 more than 55 are doing good work in the field of technology transfer production of cost effective energy efficient and environment friendly building components, construction of affordable and acceptable houses and generation of employment opportunities through training to the local artisans. These building centres have so far trained more than 11,112 artisans in various cost effective building trades and works executed/production for more than Rs. 3730 lakhs.

Ministry of Housing and Urban Poverty Alleviation/HUDCO has reported to have adopted a comprehensive approach in dealing with earthquake rehabilitation based on community participation, grass root planning & design with skill upgradation & employment generation through the network of Building Centres in urban areas. Revival of the Building Centre Scheme after suitable improvements is being contemplated again during the Eleventh Five Year Plan for urban areas. These Building Centres can also be used for training personal who work in rural areas.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### CHAPTER III

#### RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

##### **Recommendation (Serial No. 31, Para No. 3.33)**

The Committee find from the deliberations with the Commercial Banks that the existing limit of refinance to each financial institution is Rs. 1,000 crore. As per the Reserve Bank of India such limit has been fixed to diversify the risk. The Committee further note that whereas some of the Public Sector Banks are not availing of the refinanced facility the refinance is falling short in case of other Banks. State Bank of India which has the largest number of Branches in India, has requested to extend this limit. The Committee while appreciating the policy of the Government not to give the refinance to one basket and to diversify the risk, feel that some consideration should be given to the size of the Bank *i.e.* the network of Branches it has in rural areas. Besides, when some of the Banks are not availing of the refinance facility, the other Banks who are availing of and fall short of the refinance can be provided more refinance. The Committee also note that the interest rates which have been at the lowest in the recent past have started moving upwards. In view of the rising interest scenario the financial institutions may lack liquidity and their own resources may be costlier and may need more refinance facility from the Government agencies like NHB and NABARD. The Government should analyse the position in view of the recent scenario, keeping in view the aforesaid observation of the Committee regarding limit of refinance. The Committee may be kept apprised of the decision taken in this regard.

##### **Reply of the Government**

Comments of M/o Finance were called and they have stated that the limits of refinance are fixed by FIs based on their risk perception. From the prudential perspective, the refinancing institutions have been advised to evolve their own credit exposure limits, with the approval of their Board of Directors, even in respect of their refinancing portfolio. Such limits could, *inter alia*, be related to the capital funds/regulatory capital of the institution. Reserve Bank agrees with the suggestion made by the Committee that some consideration should be given to

the size of the bank (*i.e.*, network of its rural branches) while fixing the limits for refinance.

However, any relaxation/deviation from such limits, if permitted, should be only with the prior approval of the Board. However, NABARD has reported that it does not foresee that the extant risk exposure norms in respect of any Agency or sector will hinder flow of refinance from NABARD.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

## CHAPTER IV

### RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE GOVERNMENT

#### **Recommendation (Serial No. 2, Para No. 2.12)**

The Committee understand from the position as indicated above that at present there is a combined policy for rural and urban areas in the country. The Committee are concerned to note the response of the Department whereby the Department has simply stated that various objectives set under the housing policy *viz* removing legal, financial and administrative barriers for facilitating access to land, finance and technology, creation of surplus in housing stock, forming strong partnership between private, public and cooperative sectors to enhance the capacity of the construction industry, modernization are not concerned with rural housing. The Committee find that as per the existing position, the housing in rural areas means only *kutcha* and *pucca* minimum required *jhopri* type structure. It seems as if there is no vision to reform the position of housing in rural areas. On the one hand initiatives like 'Providing Urban Amenities to Rural Areas (PURA)' are being taken by the Government, on the other hand, there is least concern to improve the housing position in rural areas.

#### **Reply of the Government**

It is with an objective to provide *pucca* houses with plinth area of at least 20 sq. mts. in the rural areas that the scheme of IAY is being implemented by the Ministry of Rural Development . Under the scheme, assistance is provided to rural BPL families for both new construction of houses and for upgradation of existing houses. Also as per existing guidelines, the State Governments/ZPs/DRDAs need to make an effort to encourage use of appropriate technology.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Comments of the Committee**

(Please see Para No. 12 of Chapter-I of the Report)

### **Recommendation (Serial No. 3, Para No. 2.13)**

The rural housing is perceived to be people's responsibility. The role of the Government is limited to grant based schemes like Indira Awaas Yojana under which some sort of financial assistance is provided to the beneficiary without ensuring the other pre-requisites required for construction of a house. The quality of construction is the least concern of the Government. Housing in rural areas is considered to be simply construction of a house by the user himself with the traditionally known technologies. Adequate attention is not being paid to facilitate various resources, lending facility, infrastructure etc by the Government in this regard.

### **Reply of the Government**

It is felt that houses taken up by the beneficiaries themselves will be constructed with more concern for quality and with usage of appropriate technology. Hence there is a ban on involving contractors or government departments in the construction of IAY houses. However, the Government departments/ZPs/DRDAs can give technical assistance or arrange for coordinated supply of raw materials if the beneficiary so desires. The Government also has to make efforts to utilise to the maximum possible extent, local materials and cost effective disaster resistant and environment friendly technologies developed by various institutions. In addition to this, provision has also been made in the IAY guidelines that dwelling units are built in the main habitation of the village in a cluster so as to facilitate the development of the infrastructure such as internal roads, drainage, drinking water supply etc. and other common facilities. Besides, construction of sanitary latrine and smokeless chullas is an integral part of construction of IAY houses. Existing guidelines also provide for construction of houses under Credit-cum-Subsidy scheme.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Comments of the Committee**

(Please see Para No. 12 of Chapter-I of the Report)

### **Recommendation (Serial No. 5, Para No. 2.15)**

While examining the various aspects related to rural housing, the Committee note that foremost issue to be considered is what is a house. The Committee are constrained to note the definition of the

house according to which houses constructed with permanent concrete material is pucca house whereas houses constructed with some of the traditional temporary material is kutchra house and houses constructed with the mixed permanent and temporary material is the semi-pucca house. The Committee are of the view that the aforesaid definition of housing considers a house only as a structure of four walls and a roof for a family. It ignores the fact that the residents of a house need various facilities like infrastructure facilities, water, sanitation, sewage disposal arrangements, transport, security etc. In the rural context it is much more important to relate the housing with the work place because in rural areas most of the population is dependent upon agriculture. Housing need to be integrated with the habitat development. Besides providing a place to live for the family, the house in the rural areas acts as an additional place for the livelihood work of the family. It is a place where agricultural implements are kept and crops/seeds stock is stored. Besides it is much more important to ensure the structural safety of the building in which the families live. It is important to integrate housing with all these related issues.

#### **Reply of the Government**

As already stated under recommendation 2.12, under IAY guidelines, provision has been made that dwelling units be built in the main habitation of the village in a cluster so as to facilitate the development of the infrastructure such as internal roads, drainage, drinking water supply etc., and other common facilities. Construction of sanitary latrines and smokeless chulhas is an integral part of construction of IAY houses. An understanding with the M/o Power has been reached to provide free electricity connection to the IAY houses. Hence there is an attempt to provide various facilities to the extent possible.

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#### **Comments of the Committee**

(Please *see* Para No. 12 of Chapter-I of the Report)

#### **Recommendation (Serial No. 6, Para No. 2.16)**

The Committee further find that as per the definition of a house as given by the Government pucca house is a house constructed with



concrete material etc. *i.e.* the permanent material and a kutch house is a house constructed with some of the traditional material like thatch, bamboo etc. *i.e.* temporary material for construction. The Committee note that with the advancement of technology, it has become possible to construct durable house with the traditional material of construction, the detailed analysis in this aspect has been done in the later part of the report. Here the Committee may like to state that this definition of the house is responsible for the mind set of the people in rural areas according to which only the concrete houses are considered to be as durable houses and least attention is being paid to construct houses with low cost locally available material. Besides there is an urgent need to consider housing in the light of the structure of Panchayati Raj Institutions as envisaged under Part IX of the Constitution. Housing need to be integrated with various developmental programmes of the Government specifically the National Rural Employment Guarantee Legislation and Bharat Nirman. Keeping all these aspects in view there is an urgent need to change the definition of the housing in the context of rural areas. The Committee urge the Department to take the desired action in this regard.

#### **Reply of the Government**

The Rural Housing component of Bharat Nirman is being implemented through IAY. Under IAY, the beneficiary is expected to build the house by contributing his own unskilled labour.

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#### **Comments of the Committee**

(Please *see* Para No. 12 of Chapter-I of the Report)

#### **Recommendation (Serial No. 8, Paragraph No. 2.33)**

As regards the methodology to find out the number of shelterless persons in rural areas in the country, the Committee note that the Department relies on the data of 2001 Census. To find out the status of shelterlessness in the years after 2001, the method for finding out the data is that the number of houses constructed under IAY are subtracted from the initial shortage as per 2001 Census whereas the additional requirement of houses *i.e.* around 9 lakh shelterless households is added to this figure. The Committee note that besides Indira Awaas Yojana as indicated above, the houses are being

constructed for shelterless persons under various other schemes of Union Government as well as the schemes of the State Governments. Various financial institutions, NGOs etc. may also be contributing in this regard. The system of calculating the data of shelterlessness after 2001 Census solely depends upon the Indira Awaas Yojana. In this scenario, the Committee find that there is an urgent need to have some system whereby the position of shelterlessness is calculated at the ground level. Panchayati Raj Institutions can play an important role in this regard. The Committee would like to emphasize that there should be some system of periodic calculation of data with regard to shelterlessness at the village level so as to have some authentic information about the ground situation in this regard. The said data may help the Government to analyse the performance of various schemes as well as this can be helpful in future planning.

#### **Reply of the Government**

The States/UTs have already been asked to prepare the Permanent IAY Waitlists based on the BPL Census 2002, involving Panchayati Raj institutions which is likely to give a more accurate estimate of the housing shortage in rural areas.

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#### **Comments of the Committee**

(Please see Para No. 15 of Chapter I of the Report)

#### **Recommendation (Serial No. 10, Para No. 2.48)**

To add to what has been stated above, the Committee note that as per the Government planning, the instrument to end the shelterlessness is Indira Awaas Yojana, which targets to provide houses to BPL category of persons. The following factors substantiate how difficult it is to achieve the objectives of shelterlessness depending only upon the flagship programme Indira Awaas Yojana since the Yojana targets shelterlessness in a partial way:

- (i) Under Indira Awaas Yojana, 20 per cent of the outlay can be used for upgradation. Actually, around one third of the total number of houses constructed under IAY are upgraded houses, the analysis of which has been given in the subsequent part of the Report.

- (ii) 5 per cent of the outlay under IAY can be earmarked for natural calamities. Thus the effective outlay to end shelterlessness is further reduced by 5 per cent.
- (iii) IAY targets certain disadvantaged category of BPL persons. As per the data furnished by the Department only 32.99 per cent of the houses were provided to non SC/ST category. Under non SC/ST category to 88,527 houses were provided to some disadvantaged category of persons *viz.* freed bonded labourers, physically mentally challenged, ex-servicemen and war-widows.
- (iv) The Committee have repeatedly been recommending in their respective Reports about the faulty system of preparing list of BPL persons by various State Governments. Not only that the recent data of BPL persons are not available as the results of BPL Census 2002 are still to be made available by the various State Governments. The arbitrary cut off limits imposed by Planning Commission further aggravates the position and the genuine poorest of the poor are being deprived of the benefits envisaged under different Schemes of the Department.
- (v) There is no methodology to coordinate the data at the ground level with regard to number of houses constructed for poor with the assistance provided by various sources *viz.* State Governments, financial institutions, NGOs etc.

#### **Reply of the Government**

As per IAY guidelines, up to 20% of the funds available under IAY can be utilized for upgradation of existing kutchha houses and toward subsidy for construction of houses with credit from Banks/ Financial Institutions. However, during the year 2006-07, out of the total funds utilized under IAY, only Rs. 275.51 crore were utilized for upgradation which comes to 6.48%. Further, out of 14.98 lakh houses constructed during the year, 2.06 lakh houses were upgraded which is 13.75% only. Further, out of the 5% funds kept for natural calamities, only Rs. 11.60 crore were released during the year 2006-07 which come to 0.4%. It is also submitted that upgradation and release of funds under 5% IAY are also a part of construction of houses under IAY and this also helps in mitigating the rural housing shortage.

As regards construction of houses for non-SC/STs, IAY guidelines provide that at least 60% of the total IAY allocation during a financial year should be utilized for construction/upgradation of dwelling units

for SC/ST BPL households and a maximum of 40% for non-SC/ST BPL rural households. However, it has been clarified therein that if any particular category is exhausted or not available in a district, allocation can be utilized for other categories as per priorities given in the guidelines after it has been certified to this effect by the Zilla Parishad/DRDA concerned. Accordingly, during the year 2006-07, the utilization of funds was less than 60% for SC/STs by the States of Assam (55%), Bihar (58%), Goa (28%), Himachal Pradesh (56%), J & K (50%), Karnataka (57%), Kerala (59%), Sikkim (51%) Uttara Khand (40%) and Pondicherry (29%).

As regards houses constructed by State Governments, financial institutions, NGOs, etc. it is submitted that around 27 lakh houses were constructed by various States during the last five years under their State-run Schemes, as per the information furnished by them.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Comments of the Committee**

(Please see Para No. 15 of Chapter-I of the Report)

#### **Recommendation (Serial No. 11, Para No. 2.49)**

In view of the aforesaid scenario, the Committee deplore the way the planning with regard to providing houses to all in rural areas is being done under the different Five Year Plans. The Committee would like to emphasize that while formulating the strategy for Eleventh Plan the Department first of all should get the data of shelterlessness as well as action plans from the different State Governments. The plans of the different State Governments should be chalked out from bottom to top approach *i.e.* the data as well as action plan of village Panchayats should be combined to get the district plans and the district level plans should be combined to have the State level plan.

#### **Reply of the Government**

The preparation of Permanent IAY Waitlist is going on, as indicated in reply to para 2.33 above. This would help for a bottom to top approach.

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#### **Comments of the Committee**

(Please see Para No. 15 of Chapter-I of the Report)

### **Recommendation (Serial No. 13, Para No. 2.51)**

The Committee further find that there is a strong relation between the construction activity and employment generation and economic development of an area. Moreover, there is a relation between the economic standard of a family and the type of house that it occupies. Housing activity in a way triggers employment opportunity which may enhance the per capita income of a family in an area which further may improve the demand of housing. Not only that effective housing activity can be instrumental to arrest migration of population from rural to urban areas. Thus the Committee perceive that there is an urgent need for effective Government funding along with other initiatives like improving lending for rural housing which has been addressed in detail in the later part of the report. Here the Committee may like to emphasize to the Government to pay more attention to rural housing since it can be a major instrument for providing employment to unemployed persons in rural areas. The housing activity can be a major source of providing employment under the ambitious programme of the Government *i.e.* National Rural Employment Guarantee Scheme.

### **Reply of the Government**

As per IAY guidelines, the beneficiary is expected to construct his house by contributing his own labour. Thus linking the house construction programme with NREGA may not have much impact. As regards lending, the existing guidelines provide for construction of houses under credit-cum-subsidy scheme which involves loan from the banks. The need for other financial products and the feasible options has been examined by the 'Working Group on Rural Housing'

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### **Comments of the Committee**

(Please *see* Para No. 12 of Chapter-I of the Report)

### **Recommendation (Serial No. 14, Para No. 2.69)**

The Committee find that various initiatives have been taken by the Government since Independence to address the housing problem of poorest of the poor in rural areas in the country. Since 1985-86 one of the important programmes Indira Awaas Yojana was launched as a

sub-scheme of RLEGP. Massive investments have been made under Indira Awaas Yojana under different plans. The plan-wise allocation as given above indicates that there is considerable enhancement in each plan as compared to the previous plan. Although there is considerable enhancement of allocation during each plan the percentage enhancement has decreased since Ninth Plan. The percentage enhancement which was 397.02 per cent during Eighth Plan reduced to 147.38 per cent during Ninth Plan and then during Tenth Plan the percentage enhancement is 55.68 per cent. The Committee further note that the existing per unit assistance under Indira Awaas Yojana is Rs. 25,000 in normal and Rs. 27,500 in hilly and difficult areas. As regards the pace of enhancement of allocation, the Committee note that during 21 years of implementation of Indira Awaas Yojana (since 1985-86) the per unit allocation has merely been enhanced a little more than double of the assistance. The Department has stated that the basis of fixed rate of assistance is cost of material etc. The Committee note that the enhancement in per unit of assistance is much lower than the rate of inflation in terms of cost of material etc. The Committee find that the existing Rs. 27,500 per unit assistance is not sufficient to construct a durable house. The Committee also note that National Housing Bank has estimated the minimum cost of construction of a house in rural areas as Rs. 1,50,000. They also note that as per the Department of Rural Development's own estimates, minimum required outlay is Rs. 40,000-50,000 in plain areas and Rs. 50,000-60,000 in hilly/difficult areas for construction of a durable house. The Committee feel that one of the major reasons for lower quality of construction of IAY houses is the inadequate assistance provided *i.e.* far below than the cost of construction. The Committee, therefore, strongly recommend to the Government to enhance the per unit assistance from the existing rate to Rs. 50,000 in plain areas and Rs. 60,000 in hilly/difficult areas. Besides the assistance provided for upgradation of a house should be enhanced from Rs. 12,500 to Rs. 20,000. While recommending for almost doubling the existing rate of per unit assistance, the Committee would like to strongly recommend to the Government to enhance the allocation during Eleventh Five Year Plan considerably so that the number of houses constructed during each year of the plan do not in any case reduce to the number of houses constructed during the previous years and further the construction of houses should match to the targets fixed under the ambitious programmes of the Department.

### **Reply of the Government**

The matter is already being pursued by the Ministry.

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The matter for enhancement of 11th Plan allocation is still being pursued. However, the unit assistance provided under IAY has since been enhanced *w.e.f.* 1.4.08 from Rs. 25,000 to Rs. 35,000 in plain areas and from Rs. 27,500 to Rs. 38,500 in hilly/difficult areas. Unit assistance for upgradation of *kutchha* house into *pucca/semi pucca* house has been enhanced from Rs. 12,500 to Rs. 15,000 across the Country. In addition an IAY beneficiary can avail a loan of upto Rs. 20,000 under Differential Rate of Interest (DRI) at interest rate of 4% with the change of unit cost. An additional allocation of Rs. 350 crore has also been provided at supplementary stage to keep the physical target at the level of last year.

Further, an additional allocation of Rs. 3050 Crore has also since been made available at 2nd supplementary stage for 2008-09 under Rural Housing, as a stimulus package to the economy. The amount is sufficient for providing first instalment for additional 22.40 lakh houses during the current financial year.

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#### **Comments of the Committee**

(Please *see* Para No. 18 of Chapter-I of the Report)

#### **Recommendation (Serial No. 15, Para No. 2.70)**

The Committee further note that there are serious irregularities in implementation of Indira Awaas Yojana as pointed out in Comptroller and Auditor General of India Report 3 of 2003. The irregularities include diversion of funds, overlapping the objectives of multiple rural housing schemes, misdirecting targeting of beneficiaries, construction of houses through contractors etc. The details of the various irregularities pointed out by CAG have been indicated at Appendix VII. The Committee would like to be apprised of the action taken on each of the issue pointed out by CAG so as to enable them to review the position and comment further in this regard.

#### **Reply of the Government**

Replies to the irregularities indicated in Appendix IV have already been submitted before the Committee (copy enclosed). The latest position of settlement of these paras is at *Appendix-I*.

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The latest position of settlement of these paras is at *Appendix-II*.

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### **Comments of the Committee**

(Please see Para No. 21 of Chapter-I of the Report)

### **Recommendation (Serial No. 16, Para No. 2.71)**

Besides one of the irregularities as pointed out by CAG Report is that construction of smokeless *chulahs* and sanitary latrines were found in respect of 50 per cent and 57 per cent of houses respectively. The Committee are constrained to note the comment of the Department on the aforesaid irregularities as pointed out by CAG. The Department has shifted the responsibility to DRDAs who are supposed to persuade the beneficiary in this regard. The Committee are further unhappy to note the provision made in the guidelines whereby in case the beneficiary does not construct a latrine or install a smokeless *chulah*, a meagre amount of Rs. 600 for latrine and Rs. 100 for *chulah* is deducted from the total subsidy provided to such beneficiary. The Committee while examining the Demands for Grants (2006-07) of the Department of Drinking Water Supply have been informed that only 38 per cent of the rural households could so far been provided with sanitation facilities. The Committee were also informed that only 80 per cent of the toilets constructed under Government schemes are actually being used. The Committee conclude that no efforts are being made to ensure the quality houses under the Government schemes. The Committee also take strong objection to the provisions made in the guidelines whereby the defaulter has merely to pay a meagre penalty and can easily forgo the provisions made in the guidelines for smokeless *chulahs* and toilets. The Committee strongly recommend to the Department to ensure that the provisions of smokeless *chulahs* and toilets are mandatorily followed by the beneficiaries failing which the beneficiary should be deprived of the allocation made under Indira Awaas Yojana. The existing provision in the guidelines should suitably be revised.

### **Reply of the Government**

In order to facilitate the construction of sanitary latrines, IAY guidelines have been recently revised to provide for additional amounts out of total Sanitation Campaign (TSC) programme over and above



the IAY assistance for the purpose of construction of sanitary latrines. Those who construct sanitary latrine and smokeless *chullah* will get additional funds under TSC. However, it may not be justifiable to recover full amount of IAY assistance from the beneficiary for not constructing sanitary latrine and smokeless *chullha*.

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### **Comments of the Committee**

(Please see Para No. 21 of Chapter-I of the Report)

### **Recommendation (Serial No. 17, Para No. 2.72)**

The Committee are further constrained to note the replies of the Department whereby the onus of use of appropriate construction technologies and land material, use of disaster proof technology in the calamity prone areas has been shifted to beneficiaries. As regards infrastructure the onus has again been shifted to the beneficiaries or the line departments in that area. It is really a matter of concern that safety and securities of families and houses have not been accorded any importance in the disaster prone areas. Safe individual houses can minimize disaster losses to a great extent. The Committee also find that whereas houses constructed with HUDCO assistance have to mandatorily use the disaster proof technology/material no such provision exists under IAY houses. The Committee are unable to understand the rationale behind leaving the responsibility of using disaster proof technology to the beneficiaries. If this is the condition of the houses constructed with the 100 per cent Government assistance (Central + State Government's assistance in the ratio of 75:25), the fate of the remaining housing stock can be well imagined. The Committee strongly recommend to the Government to revise the guidelines and make the use of disasters proof material/technology as mandatory for the IAY houses. Besides as regards the infrastructure arrangement, the Committee feel that there should be some sort of linkage between the various schemes of the Government rural schemes like Pradhan Mantri Gram Sadak Yojana (PMSGY), SGSY, Employment Guarantee Scheme, SGSY etc. The proper coordination can ensure the adequate infrastructure to the houses constructed under IAY scheme. The Committee disapprove the tendency of the Department to shift the onus to the beneficiaries or to some other agency whereas the houses are being constructed with the Government assistance. The Committee urge the Department to take the desired action in this regard and apprise the Committee accordingly.

### **Reply of the Government**

Existing guidelines already provide for use of cost-effective, disaster resistant, technologies but as far as making it mandatory is concerned, it is stated that the Department is not able to accept this recommendation of the Committee because the basic feature of the scheme is that the beneficiary has the choice to construct the house as per her/his needs and desires. Moreover, even though Indira Awaas Yojana is termed as full subsidy scheme, the fact is most of the beneficiaries have to put in money/contribution from other sources. Secondly, the Government gives a very limited amount and if the Ministry has to make the use of disaster proof material/technology as mandatory for the IAY houses, then it may be necessary for the Government to provide actual cost to the beneficiaries which may not be possible at present considering the constraints of funds.

Regarding linkage to the various schemes, it is submitted that all programmes do not have a direct linkage with IAY. However, scheme having a complementarity will be linked. We have already linked Total Sanitation Campaign closely to the IAY scheme.

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### **Comments of the Committee**

(Please see Para No. 24 of Chapter-I of the Report)

#### **Recommendation (Serial No. 19, Para No. 2.77)**

The Committee find that various schemes meant to achieve the different objectives were initiated during 1999 and 2000-01 the details of which have been indicated as above. The schemes could not achieve the desired objectives and as such have been discontinued/merged with IAY. The Committee find that the objectives of different schemes as envisaged were quite different than IAY, Innovative Stream for Rural Housing and Habitat Development was launched with an objective of promoting and propagating cost effective technologies and upto Rs. 50 lakh was to be provided to NGOs, Development Institutions, Corporate Bodies, State Government etc. Rural Building Centre Scheme was launched for setting up Rural Building Centres and Samagra Awaas Yojana aimed at convergence of activities such as construction of house,

sanitation, drinking water etc. Credit-cum-subsidy Scheme was for rural households having annual income upto Rs. 32 thousand per year. The Committee fail to understand how the objectives set under different schemes would be achieved with the merger with IAY without changing the basic parameters of IAY. In this scenario, the Committee deplore the way new schemes with different objectives are being launched and then discontinued. The Committee have repeatedly been recommending in the respective reports for proper planning before launching new schemes. The Committee while disapproving the way new schemes are launched without proper planning would like to be apprised of the efforts made by the Department for the effective implementation of these schemes. Besides, the Committee may like to be informed how the laudable objectives set under the different schemes are now planned to be achieved as the merger with IAY without changing the basic parameter cannot yield the set objectives under these schemes.

#### **Reply of the Government**

For effective implementation of IAY, both Government of India and State Government monitor the performance by reviewing periodical reports from Zilla Parishads/DRDAs. In addition, field visits are made by the concerned Officers. Besides, the performance is also reviewed by the Area Officers at Centre Level.

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#### **Comments of the Committee**

(Please *see* Para No. 27 of Chapter-I of the Report)

#### **Recommendation (Serial No. 22, Para No. 2.83)**

Besides, the Committee note that Land Acquisition Act which addresses to various issues related to acquisition of land for public purpose is an old Act of 1894. The Committee have repeatedly been recommending to amend the aforesaid legislation in their respective reports. The Committee reiterate at their earlier recommendation to expedite the amendment of the aforesaid legislation so that the process of acquisition of land may be much easier and it may facilitate the process of acquisition of land by various State Governments for making the land available for construction of houses for BPL persons. Besides,

the Committee may emphasize that by taking the aforesaid initiatives State Governments may be persuaded to have the land banks from where land could be allocated for construction of houses for BPL persons. The such a mechanism would help the State Governments to address the problem of shelterlessness in a planned and systematic way. Necessary guidelines in this regard should be issued to the State Governments. Besides, suitable provisions may be made in the housing policy, which the Department has proposed to formulate in the near future.

### **Reply of the Government**

Deptt. of Land Resources has informed that to make the land acquisition process time-bound and effective, proposal for amendment in the Land Acquisition Act, 1894 has been under consideration in consultation with the State Govts. for some time past. However, a draft Land Acquisition (Amendment) Bill, 2007 has been prepared. This, along with the draft of the National Rehabilitation & Resettlement Policy, 2007, is under consideration of Group of Ministers (GOM), which is in the process of finalizing the drafts.

Meanwhile, Ministry has taken the initiative and a draft Homestead Scheme has been formulated to which Planning Commission has also approved and sanctioned Rs. 100 crore for implementation of the scheme. As soon as guidelines of the scheme are finalized, State Government would be requested to provide land for the landless.

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### **Comments of the Committee**

(Please see Para No. 33 of Chapter-I of the Report)

### **Recommendation (Serial No. 23, Para No. 3.25)**

As stated in the earlier part of the Report, 161 lakh of houses would be needed during Eleventh Plan period to end the shelterlessness in rural areas in the country. As per the Government's own estimates, Rs. 55,000 crore would be required to tackle the problem. Further as per the NHB estimates, only 36 per cent housing stock in the rural areas are *pucca* houses which means 64 per cent require frequent maintenance and eventual replacement over a period of 5 to 10 years. The real problem to be addressed with regard to housing in rural

areas may be much grim. To tackle this problem the grant based schemes like Indira Awaas Yojana (IAY) are not sufficient. Besides in rural areas the problem of housing needs to be addressed keeping in view the overall position of the population in rural areas. There may be three sections of Society *viz*

- (i) Affluent rich farmer,
- (ii) Middle Class, and
- (iii) Rural poor *i.e.* BPL persons in rural areas

#### **Reply of the Government**

At present, Government's efforts are to help the poorest of the poor/shelterless household to get a pucca house of their own to lead life with dignity. Other sections of the rural society can avail themselves of various financial instruments available through Banks to get credit.

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#### **Comments of the Committee**

(Please *see* Para No. 36 of Chapter-I of the Report)

#### **Recommendation (Serial No. 24, Para No. 3.26)**

Indira Awaas Yojana to some extent addresses the problem of shelterlessness in rural areas in the country. As stated in the earlier part of the Report even Indira Awaas Yojana, addresses to the housing problem of BPL category of persons in a partial way. To take care of the needs of the other sections of the society affordable lending for housing can play an important role.

#### **Reply of the Government**

Housing finance is available through Banks for all sections of the society. Government will also look into the matter to initiate action to make credit more easily accessible in rural areas.

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#### **Comments of the Committee**

(Please *see* Para No. 36 of Chapter-I of the Report)

### **Recommendation (Serial No. 25, Para No. 3.27)**

From the data made available by National Housing Bank the Committee find that although during the period 2001-05, the housing loan disbursed by PLIs has doubled from Rs. 3246.03 crore in 2001-02 to Rs. 6440.95 crore during 2004-05, it is much below as compared to the boom in housing lending witnessed in urban areas. The data indicated by NHB is self evident according to which out of Rs. 75,000 crore, lending to rural areas during the period 2001-05 is just 10-11 per cent. The Committee understand that even today, the rural people depend on the mercy of the landlords who charge heavy rate of interest on the borrowings and exploit the rural people.

### **Reply of the Government**

At present, Government's efforts are to help the poorest of the poor/shelterless household to get a pucca house of their own to lead life with dignity. Other sections of the rural society can avail themselves of various financial instruments available through Banks to get credit. Government will also look into the matter to initiate action to make credit more accessible in rural areas.

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### **Comments of the Committee**

(Please see Para No. 36 of Chapter-I of the Report)

### **Recommendation (Serial No. 27, Para No. 3.29)**

The Committee find that NHB and NABARD are the main agencies of Government of India involved in refinancing of housing loan to different financial institutions. NABARD is refinancing at the lowest rate of interest *i.e.* 6 per cent upto Rs. 50,000 and 6.25 per cent for the amount exceeding Rs. 50,000. However in case of North-Eastern States, Sikkim, Mizoram, Andaman & Nicobar Islands, the rate of refinance is 6 per cent even above Rs. 50,000. In case of NHB, the main agency which has the mandate for rural housing, the rate of refinance is 6.25 per cent. The Committee find that the problem of shelterlessness is highest in North Eastern States. The issue has been examined in detail in the preceding part of the report. Whereas NABARD is providing 0.25 per cent lower rate of refinance to North-Eastern States and Sikkim and also to Andaman & Nicobar Islands, no such benefit has been given by NHB to these States by NHB. The Committee feel

that the relaxation at the rate of refinance to North Eastern and aforesaid States should also be provided by NHB in the lines of NABARD.

### **Reply of the Government**

Ministry of Finance have informed that taking into account cost of its resources, NABARD periodically effects revisions in the interest rates for all purposes. The recent rate of interest on refinances for the North Eastern States has been fixed at 9.0% which continues to be less by 50 basis points over the rate applicable for the rest of the country. As regards NHB, with the withdrawal of Capital Gains Bond Schemes by the Govt., in 2006, it does not have access to low cost funds and is, therefore, not in a position to provide concessional rate of refinance for rural housing as suggested by the Committee. However, in the Central Budget for 2008-09, there is a proposal to set up a Rural Housing Development Fund under NHB which should help it to extend refinance for housing purposes at cheap rates.

According to NHB, NHB had been providing concession of 0.50% (later on reduced to 0.25%) to primary lending institutions providing housing loans in rural areas under the Golden Jubilee Rural Housing Finance Scheme. With the withdrawal of Capital Gain Bonds Scheme by the Government in 2006, NHB does not have access to low cost funds and is therefore not in a position to provide concessional rate of refinance for rural housing and hence the earlier concessions have been withdrawn.

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### **Comments of the Committee**

(Please see Para No. 39 of Chapter-I of the Report)

### **Recommendation (Serial No. 28, Para No. 3.30)**

As regards the rate of interest charged by various financial institutions with regard to lending for rural housing, the Committee find that there is sharp variation. The rate of interest varies between 7.5% to 10.75% (fixed) and between 7% to 9% (floating) in case of Public Sector Banks. With regard to other housing finance companies, the rate varies between 8% to 10.5% (fixed). Further, for private sector and foreign banks, the rate of interest varies between 8% to 11% (fixed)

and 7.5% to 8.5% (floating). The Committee find from the position of rate of interest and refinance as indicated above that whereas refinance at lower rate of interest is being made available to certain financial institutions by NHB and NABARD, the benefit of getting refinance at lower rate is not being percolated to the poorest of the poor in rural areas in the country. Besides the Committee also note that there is variation of around 3% of rate of interest between the minimum and the maximum rate of interest charged for housing from the poor in rural areas. The Committee find that even 1% of rate of interest matters a lot to the poorest of the poor in the country. In this scenario, while appreciating the policy of the Government to move away from administered interest rates, the Committee feel that some sort of regulation is necessary in case of the housing loan made available to the poor in rural areas in the country specifically when these institutions are getting the benefit of lower rate of refinance from certain Government Institutions like NHB and NABARD.

#### **Reply of the Government**

Ministry of Finance have stated that since October 18, 1994, the interest rates on advances by scheduled commercial banks have been gradually deregulated. At present, individual banks determine interest rates to be charged to a particular borrower subject to BPLR & spread guidelines, except in the case of small loans upto Rs. 2 lakhs, which carry the prescription of not exceeding the BPLR. In respect of loans covered under refinancing schemes of term-lending institutions, banks are free to determine the rates of interest as per the stipulations of refinancing agencies, without reference to BPLR. The variation in interest rates offered by different banks could be attributed to the differences in their BPLR (reflecting cost of funds, operating expenses & a minimum margin to cover regulatory requirement of provisioning/ capital charges & profit margins) as also the credit ratings of borrowers. It may not be possible to introduce the regulations in interest rates for just the housing sector which will be anomalous to existing interest rate regime in the country. However, measures are taken by the Govt. to enable loans to be available to the poor for housing purposes at low rates as described in answer to para 3.29.

According to NHB, as regards rate of interest to be charged by primary lending institutions (PLIs) on housing loans provided to the borrowers, NHB has not prescribed any ceiling. In this context, it may be mentioned that PLIs determine the rate of interest on the basis of their cost of funds and other parameters adopted by them from time to time. However, it may be mentioned that rate of interest being charged from borrowers both in urban and rural areas are at par and there is no difference in lending rates in urban and rural areas.



To encourage PLIs to increase their lending for housing in rural areas, NHB had provided concession of 0.25% in the then applicable interest rates, on its refinance scheme known as “Golden Jubilee Rural Housing Finance Scheme”. However, no ceiling on the interest rates was prescribed by NHB as the said scheme was envisaged and based upon the market principles.

As a result of the above incentivisations, there has been marked improvement in the housing loan portfolio of PLIs in the rural areas resulting in financing of more than 20 lakh houses by PLIs in rural areas during the period 1997-2007.

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#### **Comments of the Committee**

(Please see Para No. 42 of Chapter-I of the Report)

#### **Recommendation (Sl. No. 34, Para No. 3.70)**

The Committee further find that equity support was being provided to HUDCO since 1998-99 and up to the year 2004-05, Rs. 415 crore was provided as subsidy by the Department of Rural Development. Against this subsidy, HUDCO was to garner and mobilize additional resources (approximately 8 times the size of the equity contribution from the market). The funds so leveraged were to be utilized exclusively for financing the construction of additional rural housing units over and above what HUDCO normally finances through their existing resources. The Committee further observe that HUDCO has now been declared as ‘Navratna’ and as such Government has stopped providing subsidy. The Committee apprehend that the stoppage of the equity support may adversely affect the activities of HUDCO in the field of rural housing for the poorest of the poor in the country. In view of this, the Committee would like the Department to analyze the position and find out ways and means to support HUDCO’s programme for rural housing.

#### **Reply of the Government**

In case any proposal for supporting the rural housing programme is received from HUDCO, it will be appropriately examined and desirable support will be extended.

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#### **Comments of the Committee**

(Please see Para No. 45 of Chapter-I of the Report)

### **Recommendation (Serial No. 35, Para No. 3.71)**

The Committee further find that HUDCO has been entrusted with the responsibility of providing loan assistance under various ambitious programmes of the Department of Rural Development. Under the housing programmes of Government in providing 13 lakh dwelling units in rural areas and 7 lakh units in urban areas, HUDCO has been entrusted with the responsibility of providing loan assistance for construction of 6 lakh houses in rural areas. Further, out of 60 lakh houses to be constructed under Bharat Nirman, HUDCO has been given a quota of 6 lakh. As regards the performance of HUDCO with regard to targets provided under different ambitious programmes up to 2004-05, HUDCO has sanctioned 68.39 lakh dwelling units out of which 29.84 lakh dwelling units are for normal and 38.55 units for natural calamities. The Committee observe that the major portion of the dwelling units sanctioned by HUDCO related to natural calamities and as such HUDCO's contribution to the task of addressing to the problem of shelterlessness is limited. Keeping in view this scenario, the Committee recommend to the Department to review the position in this regard so that the goal set under different ambitious programmes are achieved.

### **Reply of the Government**

In case of any calamity so as to meet immediate requirement of huge funds, HUDCO's assistance has been sought for by State Governments. In the past few years, it has also been observed that international funding at cheaper rate is available to support the programmes for natural calamities affected areas leading to less demand for funds from state Governments e.g. funding by ADB, World Bank in Tsunami affected areas at very low interest rates, backed by Sovereign Guarantees, thereby reducing demand for HUDCO loan.

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### **Comments of the Committee**

(Please see Para No. 48 of Chapter-I of the Report)

### **Recommendation (Serial No. 37, Para No. 3.73)**

HUDCO has informed that there is a lack of participation by a number of States resulting in uneven geographical distribution of HUDCO's loan assistance. The States of Andhra Pradesh, Kerala, Karnataka, Orissa, Tamil Nadu, West Bengal, Gujarat, Himachal Pradesh, Jharkhand, Maharashtra, Uttar Pradesh and Rajasthan have taken up the programme in a big way. Further, HUDCO has informed that poor recovery rate of loan by Government agencies has led to declining demand. Interesting point raised by HUDCO is lack of interest

of the State Government/Government agencies HUDCO's loan based rural housing programme in view of the ongoing Indira Awaas Yojana which is 100% subsidy based programme and under which 75% of the allocation is being provided by the Union Government. The Committee would like the Department to analyze the aforesaid issues as pointed out by HUDCO and analyze the position critically. The Committee may be informed about the reaction of the Department in this regard so as to enable the Committee to recommend further in this regard.

### **Reply of the Government**

Even though HUDCO has schemes/funds for Rural Housing, financial assistance is based on States demand and it has found that there is a lack of participation by a number of states in taking up rural housing programmes, resulting in uneven geographical distribution of HUDCO loan assistance. It is seen that states of Andhra Pradesh, Kerala, Karnataka, Orissa, Tamil Nadu and West Bengal have taken up the programme in a big way. Other States like Gujarat, Himachal Pradesh, Jharkhand, Maharashtra, Rajasthan and Uttar Pradesh have also taken up rural housing programme with HUDCO's assistance.

Loan recovery from BPL families is a problem without creating income for repayment. Hence, draft "National Rural Housing and Habitat Policy" has suggested various other means for funding Rural Housing.

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### **Comments of the Committee**

(Please see Para No. 51 of Chapter-I of the Report)

### **Recommendation (Serial No. 44, Para No. 3.99)**

The Committee further note that in the context of rural areas the issue of security for lending for housing need to be analysed in a different way specifically for the poorest of the poor. This category of persons need much lesser amount as compared to the housing loan in urban areas. Some sort of security provision other than mortgage of land can be explored for getting loan for housing in rural areas. The Committee may also like to highlight here that whereas for the purchase of costly movable items like air conditioners, cars, banks and other financial institutions are providing loan without any security, in case of meagre loan for construction of a house in rural areas these institutions require mortgage. There is an urgent need to relax these requirements on a loan upto some limit which may be say Rs. 1 lakh or so. The Committee appreciate the fact that banks and other financial institutions are Commercial organisations and the risk of repayment

may be the major argument by these institutions. In this regard also the Committee may like to highlight almost 100 per cent recovery rate in case of lending made available by some of the Commercial Banks in rural areas as has been stated in the earlier part of the report. The linking of housing loan with certain employment generating Government schemes may be another solution in this regard. In case of SGSY the saving of groups may be considered as security for the loan to be extended to an individual member of the group whereas the liability to repay the loan should rest with the individual member. Such initiatives need to be deliberated with Commercial Banks and other financial institutions. The Committee would like the Department to undertake desired consultation with the all concerned and inform the Committee about the follow up action in this regard.

#### **Reply of the Government**

Financing Institutions will not agree to this as this is against prudential norm. Department is not able to accept this recommendation.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Comments of the Committee**

(Please *see* Para No. 54 of Chapter-I of the Report)

#### **Recommendation (Serial No. 51, Para No. 4.25)**

The Committee further find that as per guidelines of the flagship programme Indira Awaas Yojana, Zila Parishad/DRDAs should contact various organizations/institutions for seeking expert opinion on innovative technologies material design etc. Besides it has been indicated in guidelines that State Governments may also arrange to make available information on cost effective environment friendly technology material design etc. It is has further been mentioned by the Department that this information should only be guidance and any suitable location specific technology can be adopted by the beneficiaries. The Committee note that whereas 75 per cent assistance under IAY is being provided by the Union Government the onus of constructing quality houses has been shifted to State Governments/ Zila Parishads/DRDAs or beneficiaries. There is no way where by the beneficiaries could be made aware of the technology options available for them. The Committee find that as per the Concurrent Evaluation, close to 55 per cent of the houses constructed under IAY in Kerala and Maharashtra have not used the local material for construction of houses. The Committee feel that the aforesaid provision in the guidelines responsible for not use of cost effective and environment friendly technology by the beneficiaries. Under IAY guidelines it should be made mandatory to use the cost effective and environment friendly technology.

### **Reply of the Government**

As per existing guidelines, we can only encourage the usage of cost effective and environment friendly technology and not make it mandatory.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Comments of the Committee**

(Please *see* Para No. 60 of Chapter-I of the Report)

### **Recommendation (Serial No. 52, Para No. 4.26)**

While recommending for compulsory use of cost effective technology the Committee feel that there is an urgent need to make technical skill/material available to the beneficiaries. Besides Technology Resource Center at district level as recommended above there should be one cost effective material Mart at the block level so as to help the beneficiaries. The Committee recommend to the Department to take the necessary action in this regard.

### **Reply of the Government**

Though the scheme of Rural Building Centres (RBCs) has been discontinued as per the existing guidelines the State Governments/ ZPs/DRDAs have to encourage usage of cost effective materials.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Comments of the Committee**

(Please *see* Para No. 60 of Chapter-I of the Report)

### **Recommendation (Serial No. 53, Para No. 4.27)**

The Committee further note that under the 'Rural Building Center Scheme', rural building centers are to be established under the guidance of HUDCO. 85 RBCs were approved against which 54 RBCs could be become functional by September, 2005 in the aforesaid scheme. However the Department has informed that the aforesaid scheme has been merged/discontinued from April 1 , 2004. The Committee would like to be apprised of the status of the remaining RBCs which were approved but could not become functional. Besides the Committee may be apprised how the objective of the scheme would be achieved by merging or discontinuing the scheme.

### **Reply of the Government**

Out of 79 RBCs sanctioned, 3 were closed because those could not fulfil initial required documentation. Out of the remaining 76, 23 have been completed, 24 and 29 are due for release of 2nd and 3rd instalment respectively.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

### **Comments of the Committee**

(Please see Para No. 60 of Chapter-I of the Report)

#### **Recommendation (Serial No.54, Para No. 4.35)**

The Committee are alarmed to note that over 67.4 per cent area of the country is vulnerable to natural disasters like earthquakes (54 per cent), cyclonic winds and storms (8.4 per cent) and by floods (5 per cent). As such house, buildings and infrastructure in these regions are prone to such vagaries of nature. The Committee find that under the guidelines of Indira Awaas Yojana (IAY) the site of IAY houses, to the extent possible should not be located in the disaster prone areas for example floodable areas. The Committee further note that as per the guidelines the beneficiary is required to construct the house on the land available with him. However if the land is not available with the beneficiary the State Government are required to provide land at a place which is not a disaster prone area. The committee find that as per the guidelines of IAY the onus of using disaster proof technology has been shifted to the beneficiaries or the State Government. The committee are at a loss to understand how the State Government would ensure that the land provided for IAY houses do not fall in the vulnerable category when the 67.4 per cent area of the country is vulnerable to natural disaster. The Committee feel that the aforesaid guidelines do not address to the issue of threat to house by natural disasters in a right way. The answer to this issue is to make the use of disaster proof technology compulsory for the houses constructed with the Government assistance. The issue has been dealt in details in the preceding part of the report where the Committee have recommended to make the use of disaster proof technology mandatory as has been done by HUDCO. The Committee may here like to recommend to review the existing policy in this regard in consultation with other institutions working in this field and take the desired action.

### **Reply of the Government**

Existing guidelines already provide for use of cost-effective, disaster resistant, technologies but as far as making it mandatory is concerned, the Department is not able to accept this recommendation of the

Committee because the basic feature of the scheme is that the beneficiary has the choice to construct the house as per her/his needs and desires. Moreover, even though Indira Awaas Yojana is termed as full subsidy scheme, the fact is most of the beneficiaries have to put in money contribution from other sources. Secondly, the Government gives a very limited amount and if the Ministry has to make the use of disaster proof material/technology as mandatory for the IAY houses, then it may be necessary for the Government to provide actual cost to the beneficiaries which may not be possible at present considering the constraints of funds.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Comments of the Committee**

(Please see Para No. 24 of Chapter-I of the Report)

#### **Recommendation (Serial No. 56, Para No. 4.37)**

The Committee find that the BMTPC has done a commendable work for ensuring suitable policy initiatives by the State Governments and dissemination of disaster proof technology to the post disaster areas. In pursuance of the issue with the State Governments, several States have amended their building by laws by incorporating disaster resistant features. The Council has done a laudable work in post earthquake area of Gujarat and as well as post Tsunami areas in Tamil Nadu. The Committee feel that similar initiatives to set up the Disaster Management Centers at local level in all the disaster prone areas are necessary. The Department in consultation with BMTPC should find out ways and means to ensure dissemination of technology available with regard to construction of disaster proof houses as well as retrofitting of existing housing stock in the vulnerable areas.

#### **Reply of the Government**

BMTPC have replied that, Active Rural Building Centres may act as nodal hub for dissemination of disaster resistant construction technologies and training of masons and other artisans in disaster resistance construction technologies.

Further, as per Indira Awaas Yojana guidelines, DRDAs are empowered and authorized to disseminate information in this regard.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Comments of the Committee**

(Please see Para No. 24 of Chapter-I of the Report)



## CHAPTER V

### RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

#### **Recommendation (Serial No. 1, Para No. 2.5)**

The Committee find that the Union Ministry of Rural Development *i.e.* the nodal Ministry for dealing with subject Rural Housing, in response to some of the issues raised by the Committee with regard to the subject has stated that rural housing is a State subject and as such it is the responsibility of the State Government. The Committee find from the position as indicated above that rural housing as such do not find place in either of the three lists *viz* Union List, State List and Concurrent List of Seventh Schedule of the Constitution. Various items related to rural housing have been dealt with in a fragmented manner in the State and Concurrent List. Further the Committee also note that rural housing finds place only in the Eleventh Schedule of the Constitution as one of the 29 subjects that need to be devolved to Panchayats in pursuance of Article 243G of the Constitution. The Committee observe that whereas various sources of revenue like land revenue, stamp duty, taxes of land and buildings etc. find place in State and Concurrent List, as indicated above, the rural housing has been indicated as the responsibility of Panchayati Raj Institutions as per the Eleventh Schedule of the Constitution. The Committee further observe that a lot has to be done for financial empowerment of a Panchayats by various State Governments. In this scenario, the Committee share the observation of the erstwhile Standing Committee on Urban and Rural Development whereby the Committee had observed that such kind of fragmented arrangement of power has posed question about the nature of functioning and necessity of coordination in the field of housing. Housing for the poor, weaker and disadvantageous sections of the society is the responsibility of State as well as Union Government, Union Government is supplementing the efforts made by State Governments in this regard. The Committee feel that there is a need to review the Constitutional position with regard to rural housing and would like to reiterate the recommendation made by the earlier Committee. The Committee would like the Government to explore the possibility to include housing as a subject in the Concurrent List of the Seventh Schedule of the Constitution through the Constitutional amendment.

#### **Reply of the Government**

The Ministry of HUPA have conveyed their 'no objection' to the initiative of the Standing Committee of the Ministry of Rural Development to put Housing in the Concurrent List provided the same



is endorsed by the Ministry of Rural Development. The matter is under consideration.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Comments of the Committee**

(Please see Para No. 9 of Chapter-I of the Report)

#### **Recommendation (Serial No. 4, Para No. 2.14)**

The Committee understand that the Department is in the process of formulating a separate policy for rural areas. The Committee strongly recommend that while formulating the policy, it should be ensured that the role of the Government is not limited to grant based schemes and the policy addresses to the needs and aspirations of all sections of the society in rural areas in the country. The policy should address to the various areas related to housing which have been examined in detail in the subsequent chapters of the Report.

#### **Reply of the Government**

Recommendation is accepted. These issues are being addressed in Working Group Report on the 11th Plan. The programme size, however, will be limited by resources available.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

#### **Recommendation (Serial No. 45, Para No. 3.100)**

The Committee further note that NHB has suggested the 'Title Insurance Scheme' to safeguard the creditors interest for any dispute/default in title deeds. It has also been proposed that the premium for this scheme can be shared by the Government and the primary lending institutions since it would attract one time premium.

#### **Reply of the Government**

NHB has reported that it is in the process of studying the feasibility of the "Title Insurance Scheme" taking into account international experience.

This Ministry has sought the updated information from NHB on this study.

[O.M.No.H-11024/9/2005-RH(Pt.I), Dated: November 17, 2008 of Department of Rural Development (Ministry of Rural Development)]

NEW DELHI;  
24 February, 2009  
5 Phalgunā, 1930 (Saka)

KALYAN SINGH,  
Chairman,  
Standing Committee on  
Rural Development.

**APPENDIX I**  
(As on 17.11.2008)

MINISTRY OF RURAL DEVELOPMENT  
RURAL HOUSING DIVISION

**Status of C&AG Report No. 3 of 2003 on Rural Housing**

The Comptroller and Auditor General of India, in his Report No. 3 of 2003, had pointed out their observations regarding implementation of Rural Housing Scheme for the period from 1997-98 to 2001-2002. This Para is in the form of a Chapter in which the progress of Rural Housing Schemes, with special emphasis on IAY, covering 171 districts in 28 States and 3 Union Territories, has been reviewed. The specific comments of the Audit were forwarded to the concerned States/Union Territories and sought Action Taken Notes/replies from the concerned State Governments.

Based on the replies/comments received from the States/Union Territories, the Action Taken Notes of 230 Paras have been forwarded to the Office of the Principal Director of Audit, Economic and Service Ministries, AGCR Building, for vetting, after the same had been got vetted from the Integrated Finance Division of the Ministry.

There are 54 Audit Paras, which were examined in the Section and some of them were also examined by the IFD. It is submitted that additional information/clarifications are needed for further processing of these Paras. The IFD have also viewed that without additional information/clarification, these Paras could not be processed further.

All these Audit Paras have been sent to the States/UTs concerned, incorporating the views expressed by IFD. The necessary clarifications/documents as called for are awaited from the respective States/Union Territories.

The respective States/Union Territories have been reminded *vide* letters dated the 7th August, 2006 followed by reminders dated the 26th September, 2006 and the 15th May, 2007. Further, 64 paras which have been finalized by the Audit are sent to the Monitoring Division of the Ministry of Finance *vide* letter dated the 25th April, 2007. In the meantime, the Office of the Principal Director of Audit had returned the second batch of Audit Paras (77 numbers) requesting to furnish

some additional information/further clarification in respect of 25 Paras out of the 77 Audit Paras which was also sent to the respective States requesting to furnish the information as called for *vide* letter dated the 15th May, 2007.

Total Number of Audit Paras	284 numbers
Number of Paras sent to Monitoring Cell, Ministry of Finance	120 numbers
Number of Paras sent for vetting to Director (Audit), AGCR	50 numbers
Number of Paras pending with respective States for further clarification/additional information	114 numbers

## APPENDIX II

### MINISTRY OF RURAL DEVELOPMENT RURAL HOUSING DIVISION

#### **Status of C&AG Paras—C&AG Report No. 3 of 2003 on Rural Housing (As on 13.1.2009)**

The Comptroller and Auditor General of India, in its Report No. 3 of 2003, had made some observations regarding implementation of Rural Housing Scheme for the period from 1997-98 to 2001-2002. The Para is in the form of a Chapter in which the progress of Rural Housing Schemes, with special emphasis on IAY, covering 171 districts in 28 States and 3 Union Territories, has been reviewed. The specific comments of the Audit were forwarded to the concerned States/Union Territories and sought Action Taken Notes/replies from the concerned State Governments.

In all there were 283 Paras out of which 228 Paras have since been settled by sending Action Taken Notes to the Monitoring Cell of the Ministry of Finance duly vetted by Audit. Besides, other 22 Paras have also been vetted by Audit but certain supplementary informations are to be received from the concerned States. Meanwhile, replies to other 25 Paras are being finalized in the Ministry based on the information furnished by the concerned State Governments.

An abstract showing the present status of these Paras is also given in the following Table:

Total No. of Audit sub-paras	283 (Earlier 284 Paras were indicated)
No. of Audit Paras sent to Monitoring Cell	228
No. of Paras being finalized in the Ministry	25
No. of Paras pending with States	22—Suppl. information desired by Audit 8—Information sought by this Ministry Total-30

### APPENDIX III

#### COMMITTEE ON RURAL DEVELOPMENT (2008-2009)

#### EXTRACTS OF MINUTES OF THE TWELFTH SITTING OF THE COMMITTEE, HELD ON TUESDAY, THE 24 FEBRUARY, 2009

The Committee sat from 1500 hrs. to 1600 hrs. in Committee Room No. 139, First Floor, Parliament House Annexe, New Delhi.

#### PRESENT

Shri Kalyan Singh — *Chairman*

#### MEMBERS

#### *Lok Sabha*

2. Shri Mani Charenamei
3. Shri Hannan Mollah
4. Shri D. Narbula
5. Shri Neeraj Shekhar
6. Shrimati Jyotirmoyee Sikdar
7. Shri Chandramani Tripathi

#### *Rajya Sabha*

8. Shri Balihari Babu
9. Shrimati T. Ratna Bai
10. Shri Pyarelal Khandelwal
11. Dr. Chandan Mitra

#### SECRETARIAT

1. Shri P.K. Grover — *Joint Secretary*
2. Shrimati Sudesh Luthra — *Director*
3. Shri A.K. Shah — *Deputy Secretary*
4. Shri Vinod Gupta — *Under Secretary*

2. At the outset, the Hon'ble Chairman welcomed the members to the sitting of the Committee.

3. The Committee thereafter took up for consideration the Memorandum No. 5 regarding draft action taken report on the recommendations contained in the Twenty-second report on the subject 'Rural Housing' of the Department of Rural Development (Ministry of Rural Development). After consideration the Committee adopted the aforesaid draft report without any modifications.

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5. The Committee then authorized the Chairman to finalize the aforesaid draft Reports and present/lay the same to the respective Houses of Parliament.

*The Committee then adjourned.*

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\*not related to the report.

#### APPENDIX IV

[Vide Para 4 of the Introduction]

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTY SECOND REPORT OF THE STANDING COMMITTEE ON RURAL DEVELOPMENT (14th LOK SABHA)

I. Total number of recommendations	56
II. Recommendations that have been accepted by the Government Para Nos. 2.32, 2.47, 2.50, 2.73, 2.81, 2.82, 3.28, 3.31, 3.32, 3.45, 3.69, 3.72, 3.82, 3.83, 3.84, 3.96, 3.97, 3.98, 3.101, 3.105, 4.22, 4.23, 4.24 and 4.36	
Total	24
Percentage to the total recommendations	(42.86%)
III. Recommendations which the Committee do not desire to pursue in view of the Government's replies Para No. 3.33	
Total	1
Percentage to total recommendations	(1.78%)
IV. Recommendations in respect of which replies of the Government have not been accepted by the Committee Para Nos. 2.12, 2.13, 2.15, 2.16, 2.33, 2.48, 2.49, 2.51, 2.69, 2.70, 2.71, 2.72, 2.77, 2.83, 3.25, 3.26, 3.27, 3.29, 3.30, 3.70, 3.71, 3.73, 3.99, 4.25, 4.26, 4.27, 4.35 and 4.37	
Total	28
Percentage to total recommendations	(50%)
V. Recommendations in respect of which final replies of the Government are still awaited Para Nos. 2.5, 2.14 and 3.100	
Total	3
Percentage to total recommendations	(5.36%)