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**STANDING COMMITTEE ON
URBAN DEVELOPMENT
(2009-2010)**

FIFTEENTH LOK SABHA

Standing Committee on Urban Development

267

(15th Lok Sabha)
Report No. 9 to ~~11~~ 13
English

URBAN HOUSING

*[Action taken by the Government on the Recommendations contained
in the Fortieth Report of the Standing Committee on
Urban Development (Fourteenth Lok Sabha)]*

NINTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

NINTH REPORT
STANDING COMMITTEE ON
URBAN DEVELOPMENT
(2009-2010)

(FIFTEENTH LOK SABHA)

MINISTRY OF HOUSING AND POVERTY
ALLEVIATION

URBAN HOUSING

*[Action taken by the Government on the Recommendations contained
in the Fortieth Report of the Standing Committee on
Urban Development (Fourteenth Lok Sabha)]*

Presented to Lok Sabha on

Laid in Rajya Sabha on

09 AUG 2010



LOK SABHA SECRETARIAT
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CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER I Report	1
CHAPTER II Recommendations/Observations that have been accepted by the Government	13
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	27
CHAPTER IV Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	45
CHAPTER V Recommendations/Observations in respect of which replies of the Government are still awaited	55

APPENDICES

I. Minutes of the Fourteenth sitting of the Standing Committee on Urban Development (2009-10) held on 20th July, 2010	60
II. Analysis of the Action Taken by the Government on the recommendations contained in the Fortieth Report of the Committee (14th Lok Sabha)	62

COMPOSITION OF THE STANDING COMMITTEE ON
URBAN DEVELOPMENT (2009-2010)

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1. Shri T.K. Mukherjee — *Joint Secretary*
2. Shri K.D. Muley — *Director*
3. Smt. Emma C. Barwa — *Under Secretary*

INTRODUCTION

I, the Chairman of the Standing Committee on Urban Development (2009-10) having been authorized by the Committee to submit the Report on their behalf, present the Ninth Report (15th Lok Sabha) on the action taken by the Government on the recommendations contained in the Fortieth Report (14th Lok Sabha) of the Standing Committee on Urban Development on the subject "Urban Housing" of the Ministry of Housing and Poverty Alleviation.

2. The Fortieth Report was presented to Lok Sabha on 2nd July, 2009. Replies of the Government to all the recommendations contained in the Report were received in February, 2010.

3. The Standing Committee on Urban Development considered and adopted this Report at their sitting held on 20th July, 2010.

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

5. For the facility of reference and convenience, the Recommendations/Observations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;
20 July, 2010
29 Asadha, 1932 (Saka)

SHARAD YADAV,
Chairman,
Standing Committee on
Urban Development.

CHAPTER I

REPORT

This Report of the Standing Committee on Urban Development deals with the action taken by the Government on the recommendations contained in their Fortieth Report (14th Lok Sabha) on the subject "Urban Housing" relating to the Ministry of Housing and Urban Poverty Alleviation, which was presented to Lok Sabha and laid in Rajya Sabha on 2nd July, 2009.

1.2 Action Taken Notes have been received from the Government in respect of all the 26 recommendations contained in the Report. These have been categorized as follows:

- (i) Recommendations/Observations, which have been accepted by the Government (Chapter-II):

Para Nos. 1, 2, 3, 6, 9, 13, 15, 16, 24 and 25 (Total 10)

- (ii) Recommendations/Observations, which the Committee do not desire to pursue in view of Government's replies (Chapter-III):

Para Nos. 8, 10, 11, 12, 17, 20, 21 and 23 (Total 8)

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration (Chapter-IV):

Para Nos. 5, 7, 14 and 22 (Total 4)

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

Para Nos. 4, 18, 19 and 26 (Total 4)

1.3 The Committee trust that utmost importance would be given by the Government to the implementation of their Recommendations. In cases, where it is not possible for the Government to implement the Recommendation(s) in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation.

1.4 The Committee further desire that Action Taken Notes on the Recommendations/Observations contained in Chapter-I of this Report and final replies in respect of the Recommendations for which only interim replies have been furnished by the Government (included in Chapter-V) should be furnished to the Committee within three months of the presentation of the Report.

1.5 The Committee will now deal with Action Taken by the Government on some of their recommendations in the succeeding paragraphs.

A. Housing Shortage in Delhi

(Recommendation Serial No. 5)

1.6 The Committee had recommended as below:

“In their Fortieth Report, Taking note of the fact that a Technical Group constituted by the Government has assessed a total housing shortage of 1.13 million units in Delhi at the end of the 10th Five Year Plan, the Committee felt that the figures of all India housing shortage of 40,000 units in upper income groups appears to be unrealistic as even most of the persons belonging to Middle Income Groups also do not enjoy the luxury of owning a house in a city like Delhi or Mumbai. The Committee, therefore, would like to know the basis on which the figure of 40,000 was arrived at. They recommend the Government to reassess the real shortage in all the metropolitan cities including Delhi and come out with a concrete Action Plan to overcome it in a time bound manner. The Committee would also like to be apprised of the steps taken by the Government to overcome the housing shortage in Delhi at the earliest.”

1.7 The Ministry in their Action Taken Reply furnished to the Committee has informed as under:

“The Technical Group constituted by the Ministry under the chairmanship of Prof. Amitabh Kundu, Jawaharlal Nehru University (JNU) to assess the total urban housing shortage in the country at the end of the 10th Five Year Plan, has noted in its report that the National Sample Survey Organisation in its Report No. 488 (58th Round, July–Dec. 2002) had estimated that out of the total urban households, 3.24% of the households were living in kutchha houses. The data on percentage of households by type of structure and area type for each Monthly Per Capita Expenditure

(MPCE) as per National Sample Survey (NSS) 58th Round, 2002 (Report No. 488) was further considered by the Technical Group and it estimated that the share of households who were living in kutcha houses belonging to EWS category to the total number of households living in kutcha houses worked out to be 88.13%. The corresponding figures for LIG was 11.69% and MIG and HIG taken together constituted 0.18%. The total housing shortage was distributed amongst the categories by taking this to be collinear with the percentages of households living in kutcha houses, as mentioned above. Accordingly, the Technical Group estimated the category-wise housing shortage as follows:

Category	Housing shortage (in Mn. as on 2007)
EWS	21.78
LIG	2.89
MIG } HIG }	0.04
Total	24.71

Having noted the fact that estimation of EWS, LIG and MIG households was made by a Technical Group set up in 2006 in the context of formulation of 11th Plan, and the figures based on 2001 census take into account income criteria prevailing in January, 2007 and shortage estimated at the beginning of 11th Plan; the Ministry has since decided to undertake an exercise of estimating the number of households category-wise and those that would constitute the category needing 'affordable housing' and has constituted a Committee under the Chairmanship of Prof. Amitabh Kundu; Dean, Jawaharlal Nehru University, who was Chairman of the Technical Group that looked into housing shortage in 2006. The Committee is expected to give its report shortly.

In so far as Delhi is concerned, as informed by Ministry of Urban Development, under the MPD-2021, the proposed housing strategy incorporates specific approaches for development of new housing areas, up-gradation and re-densification through redevelopment of existing housing areas including unauthorized colonies, housing in villages and special areas. Looking at the possible distribution of housing types, the future requirement of shelter provision will be dominated by small DUs.

It proposes to adopt a multi-pronged housing strategy for provision of housing stock and for delivery of serviced land, involving the private sector to a significant extent, public agencies and co-operative societies etc. The overall responsibility for provision of land and facilitation of adequate housing to meet the projected demand lies with the DDA in collaboration with GNCTD and other agencies.

MPD 2021 envisages for Rehabilitation/Relocation of Slum & JJ Clusters from areas required for public purpose and in-situ up-gradation at other sites.

The position of various housing projects under execution and planning in DDA has been reported as below:

- EWS Housing: 2870 DUs under EWS housing schemes targeted to be completed between January, 2010-October, 2010 are under construction. A total of 41,120 DUs (23,340 EWS & 17,780 LIG) are proposed to be constructed out of which 10,000 DUs will be taken up on yearly basis from 2009-10 to 2014-15. DDA expects to complete the first lot of 10,000 DUs in 2011-2012 and the last lot by 2014-2015. Further, 4740 EWS houses are planned to be constructed with the JNNURM funds of Rs. 19.32 crores already sanctioned by the Ministry, which are expected to be ready by July, 2011. It further proposes to construct EWS Houses (out of 23,340 EWS units proposed above) under JNNURM scheme.
- In-situ rehabilitation: DDA has taken various steps to formulate action plan for creating additional housing stock such as construction of 23 clusters generating 47,591 DUs for in-situ rehabilitation of JJ dwellers over a period of 5 years.
- Non-EWS Housing: About 12,856 non-EWS DUs are under construction by DDA with expected date of their completion by September, 2009 to November, 2010."

1.8 The Committee note that their advise has been acted upon and the Ministry has decided to undertake an exercise of estimating the number of household category-wise and those that would constitute the category needing affordable housing and has constituted the Committee under the Chairmanship of Prof. Amitabh Kundu; Dean, JNU, who was Chairman of the Technical Group that

looked into housing shortage in 2006, the report of which is expected shortly. However, the Committee would like to be informed of the Report along with Governments action plan to overcome the shortage in a time bound manner.

In so far as Delhi is concerned, the Committee are concerned to note the position of various housing projects in execution and planning in Delhi by DDA. The overall responsibility for provision of land and facilitation of adequate housing to meet the projected demand lies with the DDA in Delhi. The number of dwelling units under execution by DDA during 2010-15 will hardly solve the total housing shortage of 1.13 million in Delhi as assessed by the Technical Group constituted by Government at the end of 10th Five Year Plan. The reply merely states certain features/ objectives of the MPD 2021, and no concrete plan/ steps have been taken to achieve those objectives. The Committee therefore desire that the Government should take more pains to plan and execute more housing projects under various categories to meet the housing shortage in Delhi.

B. Jawaharlal Nehru National Urban Renewal Mission: Basic Services to Urban Poor (BSUP) and Integrated Housing Slum Development Programme (IHSDP)

(Recommendation Serial No. 7)

1.9 The Committee had recommended as under:

“The Committee note that the Basic Services to Urban Poor (BSUP) component of JNNURM addresses the needs of integrated slum development, slum improvement and rehabilitation projects, affordable housing for urban poor, water, sanitation, etc. for urban poor in 63 Mission cities. Further, Integrated Housing Slum Development Programme (IHSDP) provides shelter and basic amenities in other Non-Mission cities. The duration of the Mission is 7 years beginning from 2005-06 till 2011-12. However, the funding pattern under JNNURM for the States has shown uneven trend for BSUP as well as IHSDP. To cite an example, in 2008-2009, only 19 projects in 5 States were funded under BSUP. The Committee further observe that under BSUP during 2007-08, the allocation by the Planning Commission for Andhra Pradesh was Rs. 95.00 crore, whereas fund released was Rs. 149.83 crore. On the other hand, for Maharashtra, the Planning Commission had allocated Rs. 359.86 crore, whereas funds released were just

Rs. 185.59 crore. Taking note of the huge gaps between funds allocated by the Planning Commission and funds actually released to a State under BSUP and IHSDP and an instance of diversion of funds at RE stage too, the Committee feel that the demand from States has not come up to the expected levels which, perhaps, is because the projects were not planned satisfactorily. The Committee are concerned to note that some of the States are quite slow in bringing the new projects resulting in funds from these quite slow performing States being diverted to other States. The Ministry of Housing and Urban Poverty Alleviation have further taken the stand that States are taking considerably more than the stipulated time in completing their projects due to various reasons leading to cost and time-overruns. The Committee, therefore, desire that the Government should give further boost to their initiatives to encourage peer-learning among States so that allocated funds are utilized by the slow moving States too and the impact of BSUP and IHSDP is holistically visible in all the States. The Committee would also like to know the present status of completion of targeted 15,00,000 houses during Mission period for urban poor under BSUP and IHSDP, as more than half of the Mission period is already completed. Besides, as technical support structure and a web-enabled project tracking system are already in place for tracking the progress of projects and reforms under JNNURM, the Committee would like to be apprised of the latest progress of housing projects under the Mission mode in the country."

1.10 The Ministry in their Action Taken Reply have stated as under:

"In the initial years of the Mission, annual State-wise allocations were fixed. However, as the Mission progressed, it was noticed that some States are performing better than the others due to higher capacity in so far as preparation and implementation of the projects was concerned. This required diversion of funds from non-performing States to the performing States based on demand. This diversion, though, was from the annual allocation for a State and in no way affected the overall Mission period allocation for the State. No State-wise allocations were made for the year 2008-09.

The Ministry has held various capacity building and hand-holding workshops for the States in general and for lagging States in particular. About 95 programmes have been conducted and more than 12,500 officials have been trained. With the efforts of the

Ministry and the States, it is noticed that barring a few States, most of the states have now started performing and have got considerable percentage of their ACA committed.

Now there is country-wide progress in the implementation of the programme. Due to economic stimulus package many States have committed more than original allocated ACA. In fact, more than 100% of original ACA allocation of Rs. 18,100 crores was committed under BSUP and IHSDP by Feb. 2009. The Planning Commission enhanced the BSUP and IHSDP budget for the Mission period by Rs. 5043 crores due to demand pickup.

19 States/UTs. have made commitment for more than 75% of their revised allocation under BSUP. Another 9 States/UTs. have made commitment of more than 50% of their allocation. Similarly under IHSDP 16 States have committed more than 75% of their revised allocation and another 8 States/UTs. have made commitment more than 50% of allocation. As on 31st December, 2009, 82% of the allocated ACA under BSUP & IHSDP together has been committed through a number of projects approved by the Ministry.

Since the inception of the JNNURM, Ministry of HUPA has sanctioned more than 14.75 lakh houses under BSUP & IHSDP together. With this, the Mission's target of construction 1.5 million houses during the period 2005 to 2012 would be achieved. The progress of construction is as follows:—

No. of houses for which construction is in progress	— 4,39,422
No. of houses completed	— 1,96,781

1.11 The Committee were concerned that the demand from States has not come up to the expected levels which perhaps was because the projects was not planned satisfactorily and therefore desire that the Government should take the further boost to their initiatives to encourage peer learning among States so that allocated funds are utilized by the slow moving States too and the impact by BSUP and IHSDP is holistically visible in all the States. To this, the Committee have been informed through their action taken notes from the Ministry that with the efforts of the Ministry and the States barring the few States, most of the States have now started performing and have got considerable per cent of the ACA committed and now there is country wide progress in the implementation of the programme. However, the Committee feel that still there is more efforts needed from the non-performing States

to realize the urgent need to utilize the available opportunity and addressing the urban infrastructure challenges through JNNURM as early as possible as only 19 States/Union Territories have made commitment for more than 75 per cent of their revised allocation under BSUP and another 9 States/Union Territories have made commitment of more than 50 per cent of their allocation. Similarly, under IHSDP only 16 States have committed more than 75 per cent of their revised allocation and another 8 States/Union Territories have made commitment more than 50 per cent of allocation. The Committee therefore, feel that the Ministry should identify the cities/States that are non-performing and must continue in their efforts to encourage them to participate in the urban reform.

C. National Housing Bank (NHB)

(Recommendation Sl. No. 14)

1.12 The Committee had recommended as below:

“National Housing Bank (NHB), a statutory body under an Act of Parliament and wholly owned subsidiary of the Reserve Bank of India (RBI), has the mandate to undertake financing, regulatory and promotional functions as laid down in the NHB Act, 1987 (as amended till date). The Committee acknowledge NHB’s initiatives towards developing a sound and sustainable housing finance system, designing Residential Price Index (RESIDEX) for various cities, catalyzing the flow of investments and lending, providing technical and advisory support to the housing sector, regulating the activities of housing finance companies, providing inputs into the formation of the NUHHP-2007 and facilitating the flow of Housing Micro-finance. However, as per a 2005 NHB report, between 2001 and 2004, the average loan size was Rs. 4,08,450, the average area of property financed was 105.37 square metres and those who availed themselves of loans had a monthly income of Rs. 20,761. The Committee infer that the housing finance have largely gone to the HIG and MIG categories and thus, EWS/LIG sections appear to be neglected. They feel that the primary goal of supporting housing for the urban poor by making them credit worthy has been totally missed. The Committee have been given to understand that the reasons for low disbursements to EWS/LIG groups include high risk perception of the lenders, with regard to such low income borrowers due to their seasonal or irregular incomes. From the foregoing, the Committee feel that there is a strong case for development of alternative channels for delivery of housing finance

to the poor who is invariably the last person to get institutional financing. As the EWS/LIG category borrowers have extremely limited channels to source the required funds for housing, the Committee strongly urge NHB to ponder over this issue and suggest measures to ensure that these sections of society are not sidelined."

1.13 The Ministry in their Action Taken Reply informed as under:

"National Housing Bank has reported that its focus through its Housing Micro Finance (HMF) window is to develop sustainable housing finance programmes for the poor who are attached to the Self Help Groups (SHFs). As of now most of the MFIs/NGOs have not ventured into housing as the amounts involved are larger and the agencies are not equipped to deal with long term debts. To attract MFIs towards the housing sector, especially to administer loans to the under privileged urban persons, it is important that the MFIs be provided with long term loans at cheaper rates of interest. Long term loans will enable them to provide long term loans to the beneficiaries and cheaper credit will ensure that there is no excessive interest burden on the beneficiaries. The MFIs also need to be provided with technical assistance in the form of grants for strengthening their monitoring and recovery mechanism.

The housing loans are provided by the MFIs to Self Help Group (SHG) or Joint Liability Group (JLG) member attached to the MFIs either for fresh construction or for renovation/repair of their existing houses. Work sheds form an integral part of all housing projects with necessary water and sanitation facilities. Incremental housing (repair/renovation) with loan maximum component of Rs. 50,000/- assumes much significance in the context of affordability and sustainability of the programme. For new constructions the loan amount ranges upto Rs. 2.00 lakhs. The loans are repayable within a period of maximum 10 years and collaterals are not insisted upon loans upto Rs. 50000/-.

During 2004, the Bank has started Housing Microfinance pilot projects in those states which have been in the process of nurturing SHGs for a long time. In the pilot projects those beneficiaries in rural and urban areas were sought to be identified for housing loans who would have already completed 2-3 loan cycles so that their repayment histories are established.

As on date NHB has sanctioned Rs. 82.92 crore to 22 agencies in the states of Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra, Orissa, Assam and Gujarat both in urban and rural areas. On

completion, the above sanctioned projects will result in construction/renovation of 15607 dwelling units and 1612 toilets in urban and rural areas. So far, the Bank has disbursed Rs. 30.14 crore to 16 agencies.

The demand for housing microfinance is not picking up because of the long term nature and larger size of the loans as the MFIs do not have the necessary skills to handle the interest rate and tenor risk.

Apart from the MFI's, National Housing Bank is also financing housing projects for EWS/LIG segment undertaken by various public agencies and Public Private Partnership."

1.14 The Committee while noting that housing finance was mostly being provided to the rich and middle class for construction of HIG/MIG houses had strongly recommended for development of alternative channels for housing finance to the poor. Instead of addressing the issue threadbare NHB has simply elaborated on the existing status of housing finance to the poor under Housing Micro Finance (HMF) window and Micro Finance pilot projects. The Committee are unhappy to note that NHB has so far only sanctioned Rs. 82.92 crore to 22 agencies that too only in Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra, Orissa, Assam and Gujarat where SHG are more active. The reason put forth by NHB for the demand of having micro finance not picking up because of long term nature and larger size of the loans are not acceptable to the Committee at all. The Committee are of the strong view that certainly there is a demand for housing finance from the urban poor. The real issues involved are problem of security and the higher rate of interests. There is an urgent need to look into the matter seriously. While reiterating the earlier recommendation, the Committee exhort the Ministry to look into the matter urgently in consultation with NHB so that the last person of the society get the housing finance which would certainly help in solving the problem of shelterlessness in urban areas in the country. The Committee is not at all satisfied with the response of the Government on the suggestion of the Committee for providing of housing finance to EWS/LIG groups. Instead of suggesting ways and means to provide institutional finance to the urban poor the Ministry just talked about the factors attributing to long term and large size of the loan required by there marginalized section of the society. Further, it is also not a encouraging picture that out of Rs. 82.92 crores sanctioned by NHB in Andhra Pradesh, Karnataka, Tamil Nadu, Orissa, Assam

and Gujarat only Rs. 30.14 crores could be disbursed for construction/renovation. The Committee, therefore, reiterate its suggestions that Government must strengthen the MFI so that they could handle loans to these section of society for long term and the bigger size of the loan amount.

D. Maintenance of Dwelling Units

(Recommendation SI. No. 22)

1.15 The Committee had recommended as below:

“Maintenance of assets created is a very important part of housing activity. The Committee are pained to note that the maintenance exercise in the EWS/LIG dwelling units has largely remained poor and unsatisfactory. In fact, poor maintenance has become the hallmark of a Government asset. Therefore, the Committee feel that the Government needs to pay urgent attention to this important aspect. In their view, the Government should explore the possibilities of offering a warranty clause for a minimum period of five years for EWS/LIG dwelling units, whereby any damage to these dwelling units within this period, should be repaired free of cost. The Government must also ensure timely, and prompt service to the beneficiaries. There should be a provision for an efficient network of service-centers with a suitable complaint recording and monitoring system and a single window where complaints and grievances should be registered and acknowledged immediately indicating the time limit within which action is expected to be taken. The Committee are aware of the facility created by CPWD to register maintenance and repair complaints on-line and would like to know the response received by them so far. They hope such efforts would rectify the poor image of Government’s maintenance service. The Committee also desire that senior Government officials, both at the Centre and State level, responsible for maintenance of assets should be sensitized to coordinate with the concerned Residential Welfare Association (RWA) so as to ensure a better repair and maintenance service for the dwelling units.”

1.16 The Ministry in their Action Taken Reply submitted as under:

“The construction quality of houses is emphasized upon while sanctioning the projects under Basic Services to the Urban Poor (BSUP) and Integrated Housing & Slum Development Programme (IHSDP). The Ministry has published a “Design Toolkit’ to standardize the building (houses and other structures) designs and layouts for BSUP and IHSDP. As regard the recommendation of

the Committee for exploring the possibilities of offering a warranty clause for a minimum period of five years for EWS/LIG dwelling units, whereby any damage to these dwelling units within this period, should be repaired free of cost; this will be considered in consultation with the States. The Ministry on its part is advocating creation of a fund for basic services to the urban poor and for creating group housing for them. The Ministry is also emphasizing that the ULBs be partners and beneficiary of such an initiative.

In so far facility created by CPWD to register maintenance and repair complaints on-line is concerned, it has been informed by Ministry of Urban Development that a fully computerized complaint receiving and monitoring system is already being used by CPWD in Delhi. The service can be accessed at "<http://cpwdsewa.nic.in>"<http://cpwdsewa.nic.in>. This has been upgraded to NET technology. CPWD has made special efforts to usher in improvement in its maintenance operations and all field officers have been directed to be more responsive and pay personal attention to the grievances brought to their notice."

1.17 The Committee in their earlier recommendation had stated that the Government should explore the possibility of offering a warranty clause for a minimum period of five years for EWS/LIG dwelling units whereby any damage to these dwelling units within period, should be repaired free of cost. Also the Government must ensure timely, and prompt services to the beneficiaries. There should be a provision for an efficient network of service-centres with a suitable complaint recording and monitoring system and a single window where complaints and grievances should be registered and acknowledged immediately indicating the time limit within which action is expected to be taken. The Committee note that the Government has initiated action for exploring possibility of offering a warranty clause for a minimum period of five years for EWS/LIG dwelling units, whereby any damage to these dwelling units within this period, should be free of cost and this will be considered in consultation with the States. Further, the Government is also advocating creation of a fund for basic services to the urban poor and for creating group housing for them. It is also emphasised that ULBs should be partners and beneficiary of such an initiatives. While expressing satisfaction over the proposed initiatives of the Ministry, the Committee desire that the issue need to be followed further in consultation with the States so that the system of warranty is in place expeditiously which would be great help to the urban poor. The Committee should be kept apprised of the progress made in this regard.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation [Sl. No. 1, Para No. 1 (Part II)]

2.1 Housing is a basic human need. Urban housing is of a vital importance to the macro-economy of the country and its citizens and for the satisfaction of social and cultural aspirations of the people. However, due to the rapid pace of urbanization and huge rush of population from rural to urban areas in search of livelihood, there has been a yawning gap between the demand and supply of urban housing units. As per 2001 census, India's urban population constituted 27.8% of the total population while urban India occupied just 6% of the nation's land. At the end of the 10th Five Year Plan, the urban housing shortage in the country stood at an alarming 24.71 million dwelling units. The problem has been compounded due to severe shortage of basic urban services. In such an alarming scenario, there is an urgent need to weigh the Government's present initiatives *vis-a-vis* the actual housing requirements in order to identify all legal and administrative impediments and remove them so that the goal of 'Affordable housing for All' could be realized. The Committee feel that drastic intervention that *inter alia* combines incentives, subsidies and regulation, is the need of the hour. Their observations/recommendations relating to the issues involved in the overall urban housing scenario are given in the following paragraphs.

Reply of the Government

2.2 Comments are indicated against individual recommendations.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 2, Para No. 2 (Part II)]

National Urban Housing and Habitat Policy-2007 (NUHHP-2007)

2.3 The Committee commend the formulation of NUHHP-2007 with its fundamental goal of 'Affordable housing for All' with special emphasis on SC/ST/OBC/Minorities/Disabled and Women. The

Committee also observe that the policy *inter alia* focusses on symbiotic development of rural and urban areas, integrated townships and Special Economic Zones, Public Private Partnership (PPP), Cooperative housing, in-situ slum rehabilitation, increased flow of funds specially through micro-finance, spatial incentives, detailed city plans and cost effective technology. While the objectives of the Policy are laudable, the Committee are disappointed to learn that only two States *i.e.* Maharashtra and Madhya Pradesh have so far announced their State housing policies based on the NUHHP-2007. Punjab has reportedly circulated a draft housing policy. In view of the overall lukewarm response from the State Governments to draw their own urban housing policies, the Committee recommend to the Ministry of Housing and Urban Poverty Alleviation to strongly urge the States to formulate their State Housing Policies based on the NUHHP, 2007 without further delay.

Reply of the Government

2.4 The Committee has earlier been apprised that the need for formulation of State Housing and Habitat Policy and State Action Plans has been emphasized at various stages and platforms by the Ministry. In line with the recommendation of Hon'ble Committee the matter is again being taken up with the States/UTs with legislatures.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 3, Para No. 3 (Part II)]

2.5 The Committee are in agreement with the view that the Government's focus should not be just on building concrete houses alone but also on creating an overall quality habitat for the urban city dwellers, which includes, the basic services *viz.* potable water, well laid drainage system, sewerage network, sanitation facilities, electricity, recreational space, etc. need to be developed to provide housing and habitat in a holistic manner. The Committee also desire that as envisaged in the Policy, the goals of constructing-'green' and 'intelligent' buildings, removal of legal, financial and administrative barriers for facilitating access to tenure, land and finance, careful review of authorized Floor Area Ratio (FAR) in line with international practices, increased supply of land and establishment of a Management Information System (MIS) in the Housing Sector, if realized in a time bound manner, could bring a real difference in the country's cities and other urban areas. They, therefore, urge the Ministry to act as a catalyst in taking requisite policy initiatives and interventions in the

right places. The Committee may be apprised of the progress made on all these fronts in due course.

Reply of the Government

2.6 The National Urban Sanitation Policy adopted by the Government of India in October 2008 envisages that "All Indian cities and towns become totally sanitized, healthy and liveable and ensure and sustain good public health and environmental outcomes for all their citizens with a special focus on hygienic and affordable sanitation facilities for the urban poor and women." Towards the achievement of this vision, the activities such as awareness generation, integrated city wide sanitation planning through formulation of city sanitation plans, rating of cities etc. will be taken up by the nodal Ministry, namely Ministry of Urban Development.

The National Mission on Sustainable Habitat which is a component of Prime Minister's National Action Plan for Climate Change assigns great importance to energy conservation in the residential and commercial sector through construction of green buildings. The matter is being actively pursued by Ministry of Urban Development and the mission document is under finalization.

The construction quality of houses is emphasized upon while sanctioning the projects under Basic Services to the Urban Poor (BSUP) and Integrated Housing & Slum Development Programme (IHSDP). The Ministry recognized that a quality habitat also denotes a house with basic amenities of water supply and sewerage and includes social infrastructure such as recreational centre or community centre with basic health and crèche facility and structures like livelihood centre or informal sector market to support the livelihood of slum dwellers. For this purpose, the Ministry has published a 'Design Toolkit' to standardize the building (houses and other structures) designs and layouts for BSUP and IHSDP. The States have found toolkit very useful for designing the houses, colony layouts and other social infrastructures. The provision of sufficient open spaces and green cover in the project is also recommended while sanctioning the projects.

Though in-situ slum redevelopment is the desired norm so as to cause minimum distress to the slum dwellers, the States are advised to prepare relocation projects where in-situ upgradation is not possible. For this the States are advised to explore the option of creating multi-storeyed buildings in order to create and increase the supply of virtual land. The Mission Directorate has also established a Management Information System for tracking the implementation of BSUP and IHSDP Projects.

Further, the Ministry is in the process of formulating Rajiv Awas Yojana for the slum dwellers and the urban poor in an effort to promote a slum-free India. The scheme will focus on according property rights to slum-dwellers/urban poor by States/UTs, providing basic amenities such as water supply, sewerage, drainage, internal and approach roads, street lighting and social infrastructure facilities in slums and low income settlements adopting a 'whole city' approach and enabling the construction of houses by the slum-dweller/urban poor through access to subsidized credit.

It will also explore partnerships between the urban poor, municipalities, parastatal authorities, State and Central Governments and private developers to create affordable homes for the urban poor. The Government would extend support to States that are willing to assign property rights to people living in slum areas.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 6, Para No. 6 (Part II)]

Budgetary Allocation

2.7 As per the detailed Demands for Grants (2008-09) of the Ministry of Housing and Urban Poverty Alleviation, an amount of Rs. 120.71 crore had been provided for the year 2008-09 in regard to Housing, as against a sum of Rs. 52.89 crore during 2007-08, i.e. an increase of 128.23% in the budgetary allocation. The Committee trust that the increased allocation has provided the requisite boost to the schemes suffering for want of funds and would like to know as to how this increased allocation was utilized. The Committee also hope that in view of the huge housing shortage of 26.53 million during the 11th Five Year Plan that requires a staggering requirement of Rs. 60,2000 crore, the trend of progressively increasing fund allocation to urban housing sector would be maintained to facilitate steady finance to the schemes under operation. They expect the Ministry to continue playing an active role in the matter.

Reply of the Government

2.8 The recommendation of the Committee has been noted and the Ministry would continue to strive for providing for schemes envisaging creation of additional housing stock particularly for the urban poor under the ongoing and proposed schemes. Details of fund utilization during 2007-08 and 2008-09 for various housing sector

schemes is annexed to reply. As would be seen, except for the new schemes which could not be finalized during the years, the utilization has been largely on track.

Annexure to Reply to Recommendation No. 6

2007-08

(Rs. in crore)

Sl.No.	Name of the Scheme	BE	Actual Expenditure	Remarks
1	2	3	4	5
1.	National Buildings Organization	1.25	1.0864	-
2.	Research & Survey Schemes (NBO) (USHA)	7.60	7.2720	-
3.	Building Materials & Technology Promotion Council (BMTPC)	7.00	7.00	-
4.	Central Government Employees Welfare Organisation (CGEWHO)	0.10	0.10	-
5.	Contribution to UNCHS	0.38	0.36	
6.	National Cooperative Housing Federation of India (NCHF)	0.40	0.40	
7.	Interest Subsidy for construction of Two Million Houses (2 MHP)	0.01	0.00	No releases could be made to HUDCO due to restriction on budgetary support to Miniratna PSUs.
8	Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)	30.00	0.00	No expenditure could be incurred as the scheme did not receive approval during the year
9.	Building Centre Scheme	1.00	0.00	No expenditure could be incurred as the scheme did not receive approval during the year.
10	UNDP Assistance for National Strategy for Urban Poor	5.00	2.18	RE reduced to 2.68.

1	2	3	4	5
11.	Membership Fee for CLGF	0.05	0.0389	Rupee equivalent to 4990.00 Pound Sterling was released.
12.	Inter-Ministerial Conference of Asia-Pacific Region a dealing with UN-HABITAT	0.10	0.10	-
2008-09				
1.	National Buildings Organization	1.75	1.7101	-
2.	Research & Survey Schemes (NBO) (USHA)	10.00	9.939	-
3.	Building Materials & Technology Promotion Council (BMTPC)	7.00	7.66	(RE 7.66)
4.	Central Government Employees Welfare Organisation (CGEWHO)	0.10	0.10	-
5.	Contribution to UNCHS	0.40	0.37	-
6.	National Cooperative Housing Federation of India (NCHF)	0.40	0.40	-
7.	Interest Subsidy for construction of Two Million Houses (2 MHP)	0.01	0.00	No releases could be made to HUDCO due to restriction on budgetary support to Miniratna PSUs.
8.	Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)	95.00	0.00	No expenditure could be incurred as the scheme did not receive approval during the year.
9.	Building Centre Scheme	1.00	0.00	No expenditure could be incurred as the scheme did not receive approval during the year.
10.	UNDP Assistance for National Strategy for Urban Poor	5.00	1.09	RE reduced to 1.10.

1	2	3	4	5
11.	Membership Fee for CLGF	0.05	-	Rupee equivalent to 6765.00 Pound Sterling was released out of enhanced RE of Rs. 0.06 crore
12.	Inter-Ministerial Conference of Asia-Pacific Region a dealing with UN-HABITAT	0.00	0.00	-

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 9, Para No. 9 (Part II)]

Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)

2.9 The Committee observe that in order to make housing affordable, the recently launched ISHUP seeks to provide interest subsidy of 5% per annum to the urban poor for loans of Rs. 1 lakh taken during the 11th Plan. The loan repayment period would be 15-20 years. The subsidy is fixed keeping in mind the repayment capacity of the EWS and LIG categories with estimated income range of Rs. 3300 and Rs. 3301 to Rs. 7300 per month respectively. A subsidy of Rs. 1100 crore is envisaged under the Scheme which can leverage formal institutional finance of Rs. 3870 crore and this would result in creation of additional housing stock of 3.10 lakh for EWS/LIG segments over the next 4 years (2008-12) i.e. 2.13 lakh dwelling units for EWS and 0.97 lakh for LIG. The Committee, however, are apprehensive since the minimum cost of an LIG dwelling unit, particularly in Metros like Delhi, Mumbai and Bangalore is several times higher than Rs. 1 lakh. They feel that although the subsidy would be provided on Rs. 1 lakh, for the remaining cost, the borrower would have to borrow from other sources at a much higher rate of interest, which may put an adverse impact on his capacity to afford a house. In this context, the Committee have been apprised by the Ministry that the scheme is primarily aimed at such borrowers in urban areas, who hold pattas (or land) or are looking for conversion of kuchcha houses into pucca houses. The Committee infer that the scheme completely overlooks the interests of a huge portion of the poor urban population, who don't own any land, yet are in need of a roof over their heads. The Committee, therefore, recommend that the limit of the amount comprising the subsidy component may have

to be revised keeping in view the present situation and make it more realistic. Meanwhile, the Committee would like to be apprised of the actual achievement status with regard to the target of 0.36 lakh units during 2008-2009 under this scheme.

Reply of the Government

2.10 The loan limit under the Scheme for Economically Weaker Sections (EWS) and Low Income Group (LIG) is Rs. 1 lakh and Rs. 1.6 lakh respectively, with the subsidy under the Scheme available for loan amount upto Rs. 1 lakh only. The income ceilings of EWS and LIG are presently defined as household having an average monthly income upto Rs. 3300 and household having an average monthly income between Rs. 3301 and Rs. 7300 respectively. The repayment capacity of EWS and LIG category is generally taken as 25%-30% and 30% respectively. If the loan amount is raised it will go beyond the repayment capacity of these income categories thus driving out the intended beneficiaries.

Further, as guidelines of the scheme of Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) could be firmed up only in February 2009 post approval of CCEA to the Scheme in December, 2008, the provision could not be utilized for the scheme and no progress made in 2008-09.

[Ministry of Housing & Urban Poverty Alleviation OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 13, Para No. 13 (Part II)]

The Building Material & Technology Promotion Council (BMTPC)

2.11 The Committee are of the opinion that application of cost effective innovative building materials and construction technology in Housing Projects has a potential to bring their overall cost down upto an affordable level. In this context, they were informed that the Building Material & Technology Promotion Council (BMTPC) was established in June, 1990 as apex level organization with the prime objective of bridging gap between the laboratory development and large scale field application of cost effective, environment-friendly and energy-efficient innovative building materials and technologies. The Committee appreciate the efforts of the Council to offer and promote alternate technologies for housing in different geo-climatic zones in urban areas in the country, as well as other initiatives to spread awareness on environment-friendly and cost-effective building

materials, which is available on the Council's website. However, the Committee are of the view that use of alternate building materials and technology is still far from popular in urban housing sector. They further feel that since private builders and promoters, largely commercial in their orientation, are now being actively involved in Government housing schemes in urban areas, use of cost-effective materials by them can increase their profit shares, and thus sustain their interest in taking up more such schemes. The Committee, therefore, recommend that the Government should make optimal use of the alternate proven building materials and technology in their housing projects by extending required duty exemptions and other measures as suggested by BMTPC, wherever feasible, and continue in their efforts to convince the private sector to explore and utilize local, cost-effective materials. Further, building centres should be actively involved by the housing agencies in promoting cost-effective new building materials and techniques.

Reply of the Government

2.12 The Ministry agrees that affordable housing, within the socio-economic context, would need major interventions to reduce the cost of construction using conventional technologies and construction practices. The Ministry has also recognized the need for by using appropriate and cost effective technologies and an equally important concern of low level of awareness about these technology options at the level of practicing professionals, artisans dealing with house construction and from the general public.

The Ministry has accordingly decided to introduce a scheme with the objective of wide-spread dissemination of cost effective and sustainable building technologies in a manner that will promote confidence in adoption of such materials and building techniques. The Scheme proposes to include:—

- (a) Identification of potential technologies to suit local condition
- (b) Validation
- (c) Formulation of Indian Standards for the validated materials and technologies
- (d) Incorporation of CPWD and State Specification and Schedule of Rates
- (d) Training through development of course material and curriculum in professional courses
- (e) Skill upgradation of masons etc.
- (f) Field application

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 15, Para No. 15 (Part II)]

2.13 Further, the Committee are concerned to note that NHB do not maintain targets fixed for disbursement of funds for affordable housing for EWS/LIG category, while they do have such targets for rural housing. The Committee, therefore, cannot but recommend that NHB should also maintain such targets for EWS/LIG sections in the urban areas. They also hope that NHB would explore the possibility of designing a scheme like 'Productive Housing in Rural Areas (PHIRA)' for urban dwellers too.

Reply of the Government

2.14 With regard to fixing targets for HFCs and PSBs to finance for EWS/LIG categories under the Programme in urban areas, NHB has indicated that NHB has been assigned a target of 1 lakh units per annum under the Two Million Housing Programme and during the year 2008-2009, HFCs and Banks have reported construction of 2,60,081 units against the target assigned. Further, NHB is also in the process of exploring the possibility of designing a scheme like Productive Housing in Rural Areas (PHIRA) for urban dwellers too.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 16, Para No. 16 (Part II)]

2.15 In so far as housing micro-finance is concerned, the Committee note from the submission made by NHB, that it is yet to gain popularity in India, due to high risk factor as well as large amount of money needed by a beneficiary. In this context, setting up of a National Housing Micro Finance agency seems to be the need of the hour, a view endorsed by NHB too since micro-finance directly benefits the low income groups. The Committee desire the Government to examine the merits of having such an agency and would like to be apprised of the same.

Reply of the Government

2.16 The High Level Task force under the Chairmanship of Shri Deepak Parekh, Chairman, Housing Development Finance Corporation Limited (HDFC) while examining the issue of fiscal and financial framework for affordable housing has also observed that there is a dearth of institutions that are systematically giving housing loan, especially to the poor in the informal sector. The Task Force has

noted that this sector requires a different kind of financial framework to meet its credit needs; and has visualized the need for a housing finance company whose main focus will be on micro-housing loans. It has further recommended that at the same time, existing micro-finance institutions should be encouraged, supported and upscaled by effecting changes in the existing regulations that constraint their operations, the taking of deposits being one of them.

The Ministry having considered the recommendation of the Task Force has set up a committee under Chairmanship of Shri S. Sridhar, CMD, National Housing Bank (NHB) and CMD, Central Bank of India to develop and suggest measures to flesh out the recommendations of the Deepak Parekh Task Force in regard to strengthening the housing loan functions of micro-finance institutions and to establishing housing micro-finance institutions that meets the housing finance need of the poor in the information sector. The report of the Committee is awaited.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 24, Para No. 24 (Part II)]

2.17 A major problem, which needs attention in this context is that many a time Government plots/houses allotted to EWS/LIG persons change hands as the original beneficiaries sell those off to a second party in the open market at a premium, thus defeating the very purpose of allotment. The Committee are aware that some States like Gujarat have opted for bio-metric identification cards and joint ownerships for wife and husband for checking this trend. However, they feel that the Government must identify the socio-political reasons responsible for this trend of EWS/LIG plots/units often changing hands, which may include loss of livelihood, transportation problems, etc. The Committee feel that such problems need to be addressed realistically so that Government houses/plots allotted to EWS/LIG categories are actually used by them. Besides appropriate legal deterrent needs to be explored to bar resale of Government EWS/LIG Government plots/units by the original allottees for at least a period of 5 to 10 years from the date of allotment. The Committee would like to be apprised of the views of the Government in this connection as well as the measures, if any, being taken to check sale of Government plots/houses by EWS/LIG beneficiaries.

Reply of the Government

2.18 The Ministry agrees that the State Governments, through legislative measures and other means, are required to check the sale of houses by the beneficiaries. The Ministry's perception is that if the house is affordable for the urban poor there would not be incidents leading to beneficiaries selling their EWS/LIG house. Accordingly, the Ministry has been advising the States to keep affordability of the urban poor foremost in view while working out beneficiary contribution. Any contribution amount beyond their financial capacity may lead to the imposition of undue burden on them. Therefore, States have been advised to take special care while deciding upfront beneficiary contribution or EMI payment. The States have also be requested to arrange loans under Differential Rate of Interest for beneficiaries. Overall construction cost of the housing unit is generally kept at a minimum.

Further, as per guidelines the patta has to be given in the name of women and in extreme cases in the joint name of husband and wife. The GOI is also insisting upon biometric identification of the beneficiaries under the scheme. The States are advised to constitute 'Beneficiary Committees'. Most States have provisions in place that restrict sale of concessional dwelling units provided for first few years. On its part, the Ministry is also devising a mechanism for 'Social audit' of the scheme and a 'Social Audit Manual' is being developed for this purpose.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 25, Para No. 25 (Part II)]

Report of Task Force on Affordable Housing for All

2.19 The Committee welcome the suggestion of the High Level Task Force's Report on 'Affordable Housing for All' that Affordable Housing needs be treated a 'public purpose', which is necessary for effectively addressing the issue of land for affordable housing. They agree with the view of the Task Force that the benefits and gains of treating affordable housing as 'public purpose' are significantly greater than the risks involved. This alone will justify affordable housing as developmental priority. The Committee hope that the Ministry would act upon the Task Force's suggestions early and categorize 'Affordable Housing' as a 'public purpose' activity. The Committee would await the proposed action plan of the Government to implement the recommendation contained in the Task Force's Report.

Reply of the Government

2.20 The Ministry set up a Committee under Secretary (HUPA) to examine the recommendations and put up its views to the Ministry. Based on the recommendations of the Committee on the Task Force Report, the Ministry has initiated action on such recommendations which fall within the business allocation of the Ministry *viz.*

- (a) A Committee has been constituted under the Chairmanship of Prof. Amitabh Kundu, Dean, School of Social Sciences, Jawaharlal Nehru University; who earlier headed the Technical Group that estimated the shortage of housing at the inception of the 11th Plan. The Committee which has representation from the Planning Commission, Dept. of Expenditure and National Buildings Organisation will (a) estimate the number of households that need affordable housing; (b) quantify the requirement of affordable housing in the categories of Economically Weaker Section/Lower Income Group, Lower Middle Income Group, Middle Income Group based on the aforesaid parameters; and (c) work out parameters for any other category requiring affordable housing.
- (b) The Ministry having considered the recommendation of the Task Force has set up a committee under chairmanship of Shri S. Sridhar, CMD, National Housing Bank (NHB) and CMD, Central Bank of India to develop and suggest measures to flesh out the recommendations of the Deepak Parekh Task Force in regard to strengthening the housing loan functions of micro-finance institutions and to establishing housing micro-finance institutions that meets the housing finance need of the poor in the information sector. The report of the Committee is awaited.
- (c) The National Buildings Organization (NBO) has initiated action in consultation with RBI to undertake regular compilation of data on housing starts and completions at the national and State levels under the new scheme for Urban Statistics for HR and Assessments (USHA).
- (d) The Task Force has recommended "security of tenure" as an important and integral tool for relieving pressures on the housing market and recommends its formal recognition. This is being advocated through the new Rajiv Awas Yojana (RAY)."

- (e) In line with the recommendation of the Task Force for a proper recognition to the Non-Governmental Organizations and Community Based Organisations to ensure that they function as representative bodies of the community, and build their capacities in managing the different aspects of "in-situ development", Non-Governmental Organizations and Community Based Organisations are being actively associated in the various schemes of the Ministry including Jawaharlal Nehru National Urban Renewal Mission. Further, Non-Governmental Organizations/Community Based Organisations are proposed to be encouraged through social audit and encouragement and support to a voluntary technical corps of professionals. Emphasis on community participation is being placed in the proposed Rajiv Awas Yojana.
- (f) The allocations under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) have been enhanced and a new scheme has been announced through Rajiv Awas Yojana.
- (g) This Ministry is encouraging Ground +3 structures under Jawaharlal Nehru National Urban Renewal Mission where land prices are high and land availability is limited.
- (h) In order to promote planned and healthy real estate development of colonies and apartments with a view to protecting consumer interest on the one hand and to facilitate smooth and speedy urban construction on the other, this Ministry has held preliminary discussions with various stakeholders and has drafted a Model "Real Estate (Regulation of Development) Act 200__" which was put on the website of this Ministry (<http://mhupa.gov.in>) seeking comments by 06.11.2009. Comments have also been sought from various States/UTs and other stakeholders through formal communications and issue of public notice. Over 350 responses have been received by post/email and being examined.

As regard, such recommendation on which action is needed in consultation with concerned Ministries or which have wider implications, the Ministry has prepared a draft note for Cabinet for in-principle approvals and directions. This is undergoing the process of consultation with other Ministries.

[Ministry of Housing & Urban Poverty Alleviation, OM
No. H-11021/3/2009-H, Dated 19th February, 2010]

CHAPTER III

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

Recommendation [Sl. No. 8, Paragraph No. 8 (Part II)]

Unsatisfactory Progress of 2 Million Housing Programme

3.1 The Committee note that under the Two Million Housing Programme, out of the annual target of 20 lakh dwelling units, 7 lakh are to be constructed in urban areas. Out of these 7 lakh units, 4 lakh units were to be constructed by HUDCO during the last Fiscal Year (2007-2008). However, the actual performance showed that a mere 19406 dwelling units could be constructed by HUDCO during the period. Further, out of the target of 2 lakh dwelling units to be constructed by the HFIs and Public Sector Banks, only 96531 were constructed during the year 2007-08. The Committee are dismayed to note such an astronomical gap between the targets fixed for construction of urban dwelling units and the achievement thereon. They cannot but express their deep anguish at the under performance of all the agencies responsible for implementing the programme, particularly since most of these agencies enjoy a sound financial health and an otherwise good track record. Obviously, these agencies/institutions are either facing genuine difficulties or simply lack an active interest in Government's Housing programme, which, if not checked in time, can cast doom over all such efforts. The Committee would, therefore, like to be apprised of the reasons for the huge shortfall in meeting annual targets by HUDCO, HFIs and Public Sector Banks under the programme. They strongly feel that the Ministry must coordinate and vigorously pursue with these agencies/institutions to bring those on board so that the annual target of 7 lakh urban dwelling units could be met. The Committee would also like to be apprised of the initiatives taken by the Government, if any, to rejuvenate the Two Million Housing programme alongwith the initiatives taken by these agencies to achieve the targets.

Reply of the Government

3.2 The Two Million Housing Programme (2 MHP) was launched during 1998-99 with particular stress on the needs of the Economically Weaker sections and Low Income Group categories. This was devised

as a loan based scheme, which envisages facilitating construction of 20 lakh additional units every year (7 lakh DUs in Urban areas; 13 lakh DUs in Rural areas). Housing & Urban Development Corporation Ltd. (HUDCO) was to meet the target of 4 lakh dwelling units in Urban areas and 6 lakh dwelling units in Rural areas annually. The target of 2 lakh dwelling units in Urban areas was to be met by Housing Finance Institutions [HFIs] recognized by the National Housing Bank & Public Sector Banks and the balance 1 lakh dwelling units in Urban areas by the Co-operative Sector.

The primary responsibility for fulfillment of the targets in physical terms rested with the State Governments, while HUDCO and other agencies were to make the funds available in the form of loans. Hence the successful implementation of the scheme largely depends upon the cooperation of the agencies of the State Governments responsible for launching and implementation of various housing schemes.

In the case of National Housing Bank (NHB) since the inception of 2 MHP, more than 40 lakh dwelling units have been completed against the target of about 22 lakhs. In the case of National Cooperative Housing Federation of India (NCHF), in last 10 yrs. as against the total target of 1 million DUs they have sanctioned 8.88 lakh DUs. Against the target of 44 lakh units up to the end of Financial Year 2008-09, HUDCO had sanctioned 38.11 lakh dwelling units. It was however, observed from the figures provided by HUDCO that in absolute numbers dwelling units sanctioned/constructed by HUDCO have decreased in the recent years.

In a meeting to review the performance of HUDCO it emerged that off take for loans for social housing has been decreasing for several reasons. Chiefly, the escalating urban land prices & the growing dysfunctionality of the State Housing Boards & the country *vide* institutional structure for social housing which earlier used to build & provide dwelling units to the EWS & LIG have been cited as causes. The NUHHP 2007 has taken stock of the growing housing shortages and drawn up a strategy to increase housing supply with the involvement of multiple partnerships & all stakeholders, and recognized the need for financial subsidies & concessions. The Mission programmes of JNNURM are a consequence. In order to revive the institutional structure for social housing, the Ministry set up a committee to make recommendations. The recommendations required the restructuring of HUDCO. HUDCO has meantime initiated a dialogue with the State Governments and the State agencies for increase in off-take of loan assistance by these agencies. A separate Strategic

Business Unit (SBU) under the charge of an Executive Director has been created to strengthen business association with the State Governments with focus on social housing. Further, in order to make its loans more attractive, HUDCO has reduced the applicable interest rates for weaker section programme. HUDCO has also introduced the concept of in-principle sanctions to improve the potential pipeline list and taken up direct consultancy for weaker housing programme in few States.

[Ministry of Housing & Urban Poverty Alleviation, OM
No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 10, Paragraph No. 10 (Part II)]

Poor Performance of 'Sub Ke Liye Awas' under the Twenty Point Programme, 2006

3.3 The Committee note that under the 'Sub Ke Liye Awas' mentioned in Twenty-Point Programme, 2006 the Government had a target of 1,33,704 EWS/LIG houses to be constructed in the urban areas during 2007-08 out of which the actual achievement was 28599 houses. In the view of the Committee, a mere 21.05% achievement under this programme, is a very dismal performance. Moreover, they are perturbed to note that out of 16 States/UTs, only four-five States have performed adequately and that comparatively developed States like Maharashtra and Punjab have nil progress to show. The Committee feel that such non-performing schemes, which require spending precious Government resources without any concrete result, should be re-looked and restructured and revised or merged with better performing schemes so as to remain focussed. Meanwhile, the Committee also desire to know the reasons for the shortfall in the construction of dwelling units as targeted during 2007-2008. The Committee, also recommend that the Government should fix the responsibility for failure of the 'Subke Liye Awas' programme and would like to be apprised of the Action Taken by the Government in this regard. At the same time, the Committee would like to be apprised of the funds utilized and units constructed under the above programme in the period 2006-2009 in due course.

Reply of the Government

3.4 The Committee in informed that this Ministry is not releasing any funds towards the scheme and it is a monitoring item under the 20 Point Programme, where the onus of performance primarily lies with the State Governments/UTs, as the targets are fixed in

consultation with the respective States/UTs. Ministry of Statistics and Programme Implementation is the nodal Ministry for the twenty point programme, 2006 at the Central level. Ministry of Housing & Urban Poverty Alleviation has however, taken up the matter with the State/UTs seeking the reasons for the shortfall in the construction of dwelling units in the context of targets assigned. Despite repeated reminders only eight States/UTs have furnished information.

The Ministry has also taken several initiatives revolved around facilitating affordable housing to the urban poor. The Ministry formulated the first National Urban Housing & Habitat Policy, 2007 focusing on needs of urban area focused to promote a symbiotic development of rural and urban areas with focus on provision of "Affordable Housing For All" with special emphasis on vulnerable sections of society such as Scheduled Castes/Scheduled Tribes, Backward Classes, Minorities and the urban poor.

Since the Policy did not define affordability the Ministry set up a Task Force under the Chairmanship of Mr. Deepak Parekh, Chairman—HDFC Ltd. to study and make recommendations as to affordability and the strategy to provide affordable housing pursuance of the Policy.

At the same time, aware that finance is a critical issue and noting that the Policy aims at promoting larger flow of funds from governmental and private sources for meeting housing needs, with suitably designed fiscal concessions, the Ministry set up the Ashok Jha Committee to study if HUDCO can be rejuvenated and restored to make construction and social housing programmes.

The Ministry has also launched several schemes in the recent years to encourage the State Governments to participate in social housing in big way.

In 2005, the Government launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), to make provision, *inter-alia*, of housing and basic services for the urban poor by a holistic and integrated development of slums in 65 specified cities under the Sub Mission Basic Services to the Urban Poor (BSUP) and in other cities and towns under the Integrated Housing and Slum Development Programme (IHSDP).

In December 2008, another new scheme—Interest Subsidy Scheme for Housing for the Urban Poor (ISHUP) was announced for providing interest subsidy to make housing loans affordable and within the

repayment capacity of Economically Weaker Sections (EWS)/Low Income Group (LIG). The scheme makes available loans upto Rs. 1 lakh through Commercial Banks/Housing Finance Companies for the purposes of construction/acquisition of houses with an interest subsidy of 5%.

With a view to encourage allotment of land for EWS housing, another Scheme for 'Affordable Housing in Partnership', was started under which Central Government assistance is available for infrastructure connectivities for housing projects which provide houses upto 80 Sq.mt. carpet area of which at least 25% are for EWS/LIG.

In June 2009, with the intention to comprehensively address the issue of slums, and to provide for housing in urban areas the Rajiv Awas Yojana (RAY) has been announced.

The initiatives of the Govt. of India need to be supported and supplemented by the efforts at the level of State Governments and Urban Local Bodies (ULBs). The emphasis of State Housing Boards needs to be calibrated to address the needs of Economically Weaker Sections(EWS) and Low Income Group (LIG) housing and policy initiatives for legal and regulatory reforms implemented by the States for bringing in more land for urban housing.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 11, Paragraph No. 11 (Part II)]

HUDCO for Better Services to Urban Poor–Ashok Jha Committee Report

3.5 The Committee note that the Ministry of Housing & Urban Poverty Alleviation had set up a High-Powered Committee under Shri Ashok Jha to rejuvenate HUDCO with a view to strengthen its financial position and expansion of activities, and to provide better services to poor and weaker sections of the society. In its Report submitted to the Government on 12th December, 2008, several issues of concern for HUDCO have been spelt out by the said High-Powered Committee *viz.* continued emphasis on social sector lending for housing for weaker sections at subsidized lending terms resulting in a financial sacrifice, withdrawal of Government support in form of tax/duty concessions, assets and liabilities, downgrading HUDCO's credit rating and discontinuation of Government's equity support to HUDCO. The Report, has drawn support from an earlier recommendation made by

this Committee, which had stated that the Ministry of Housing and Urban Poverty Alleviation should earnestly seek the help of Ministry of Finance so as to make HUDCO eligible for low cost funds as well as to ensure that the facilities earlier extended to HUDCO, that is, before it was awarded a Mini Ratna status, are continued. The Committee note that High-Powered Committee has delved deep into the need to rejuvenate HUDCO financially so that it can perform better in achieving targets, particularly for low cost housing. Suggested measures include permitting HUDCO to raise funds under the purview of Municipal Tax Free Bonds, availing a letter of comfort from the Government to enable HUDCO to raise cheaper resources, allowing Plan funds allocation towards repayment of over-dues of HUDCO, permission to issue 54 (EC) bonds resulting in saving of Rs. 608 crore in three years, allowing HUDCO to follow RBI restoration of equity support to HUDCO for a period of 7 years specifically to support weaker section lending by HUDCO and introduction of an appropriate monitory mechanism. The Committee expect the Ministry to assess these recommendations in the light of prevailing circumstances and apprise them of the Plan of action *vis-a-vis* these recommendations.

Reply of the Government

The Ministry has examined the Report and is of the view that it would not be able to convince the Ministry of Finance to allow such concessions, without HUDCO first being able to restructure its internal systems of finance management and functioning to reduce its operating expenses and considerably enhance to focus on social housing and present a credible plan on reducing cost of borrowing or enhanced profitability from lending to other sectors. The HUDCO is working on a credible restructuring plan.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 12, Paragraph No. 12 (Part II)]

3.6 The Committee also are broadly in agreement with the views of the High Powered Committee that HUDCO may have to diversify its revenue streams gradually to gain a substantial receipt from non-interest based/fee based streams. They hope that once appropriate action is taken, the financial position of HUDCO would be improved substantially and it would be able to address the Government's agenda of 'Affordable Housing for All' with special reference to Economically Weaker Sections (EWS) and Lower Income Group (LIG) to a significant

level. The Committee also recommend that HUDCO should strive its best to reposition itself to become a self-sustaining entity to meet the requirement of the housing sector on its own.

Reply of the Government

3.7 The Ministry has examined the Report and is of the view that it would not be able to convince the Ministry of Finance to allow such concessions, without HUDCO first being able to restructure its internal systems of finance management and functioning to reduce its operating expenses and considerably enhance to focus on social housing and present a credible plan on reducing cost of borrowing or enhanced profitability from lending to other sectors. The HUDCO is working on a credible restructuring plan.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 17, Paragraph No. 17 (Part II)]

Special Residential Zones (SRZ)

3.8 The Committee note *CREDAI's advocacy of the case for a Special Residential Zone (SRZ) in line with the concept of 'Special Economic Zone', in order to create an economic vehicle that supports and receives the demand for good quality affordable housing. According to them, an SRZ as per the concept, is a notified geographical region which would be free of domestic taxes, levies and duties (both for the creation, operation and maintenance of the SRZ) with special development rules to promote large-scale, affordable housing projects for the country's masses. It has been suggested that the SRZ could have a prescribed minimum number of dwelling units with a maximum prescribed size, and each SRZ could also have adequate social infrastructure including schools, medical facilities, transportation, play-areas etc. The Committee have been given to understand that the benefits of having SRZs *inter alia* include decreased housing cost, uniform infrastructure & housing plan, employment generation, improved per capita income, economic growth of the region, controlling slum population and planned urban development. Considering these benefits, the Committee are of the opinion that the Government should consider the suggestion and if found feasible, may initiate a dialogue with the Ministry of Finance on the same.

Reply of the Government

*Confederation of Real Estate Developers' Association of India (CREDAI).

3.9 The suggestion of CREDAI has been considered by the Ministry. The Special Residential Zones (SRZs) have been proposed on the lines of Special Economic Zones (SEZs). SEZs have been developed with idea of export promotion, where a tax exemption is provided to manufacturers who establish their business units/industry in such areas for export goods only. Extension of similar tax holidays to SRZs on building materials used in such SRZs as proposed by CREDAI, is not in consonance with this fiscal logic as there is no export involved, and is also difficult to monitor due to attendant risk of diversion of such material that has wide uses.

However, the Ministry is in support of development of inclusive integrated townships with reservation of 10 to 15 percent of land in every new public/private housing project or 20 to 25 percent of FAR/Floor Space Index (FSI), which is greater for EWS/LIG housing through appropriate legal stipulations and spatial incentives.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 20, Paragraph No. 20 (Part II)]

Public-Private Partnership (PPP)

3.10 The Committee note that the earlier dependence on the Government for tackling the urban housing and habitat issues is now slowly giving way to creating a strong public-private partnership. While the Government's intervention is required for fiscal concessions, legal and regulatory reforms and creation of an enabling environment, the private sector can be effectively utilized as the other partner to take up land assembly, housing construction and investment in infrastructure services. In this connection, the Committee note the Ministry's efforts towards encouraging PPP in housing sector as specified in the Preamble of NUHHP-2007. However, the Committee have also been apprised of certain serious handicaps in the Government's scheme of things by few prominent private players in the field resulting in a large portion of the private investment not going to the EWS and LIG housing segments. The Committee are of the view that the Government should make sustained efforts to create proper fiscal and administrative environment to sustain the interests of private sector in the urban housing schemes, while ensuring fair practices either through law or otherwise. On the other hand, it is a cause for concern that the Ministry has no mechanism so far for regulation of private players in the housing sector. The Committee, therefore, desire that a mechanism to encourage as well as regulate

the private players in housing sector should be put in place in consultation with the concerned Ministries at the earliest. The issue concerning tax incentives on housing also needs to be re-looked in present circumstances and the Committee would like the Ministry of Housing and Urban Poverty Alleviation to revisit the said tax requirements alongwith the Ministry of Finance to arrive at a plausible solution. Further, the Ministry should ensure that at least 25% of houses are reserved for EWS and LIG segments by the private developers in order to realize the goal of 'social housing'.

Reply of the Government

3.11 The National Urban Housing & Habitat Policy, 2007 recognizes that given the magnitude of the housing shortage and the staggering requirement of funds for overcoming the shortage, it is obvious that public sector efforts alone will not suffice in fulfilling the requirement due to budgetary constraints of both Central and State Governments. Involvement of multiple stakeholders namely; private sector, co-operative sector, industrial sector for labour housing and the services, institutional sector for employee housing has been emphasized in the NUHHP. The Ministry is also contemplating preparing a menu of options for such partnerships for adoption by the States as per their needs and requirements.

This Policy seeks to emphasize appropriate fiscal concessions for housing and designing suitable fiscal concessions in congruence with the Housing and Habitat Policy. Towards this objective the Ministry has made steps to develop suitable fiscal concessions in collaboration with the Ministry of Finance for promotion of housing and urban infrastructure with special focus on EWS/LIG beneficiaries combined with a monitoring mechanism for effective targeting. Further, facilitate viability gap funding of integrated slum development programmes with the consent of Planning Commission and Ministry of Finance. An additional allocation of Rs. 5000 crore has been made under Jawaharlal Nehru Urban Renewal Mission (JNNURM) and concessions given under Section 80 IB of the Income Tax Act for developers engaged in affordable housing projects, where in view of the special circumstances prevailing in the economy and with a view to give a boost to the realty sector, the Finance (No.2) Act, 2009 has extended the sunset date for approval by local Authority to 31.03.2008. Therefore projects approved between 01.04.2007 and 1.03.2008 would also get the tax benefits subject to their fulfilling the specified conditions.

Reserve Bank of India has announced a package for borrowers in

the two categories—(i) upto Rs. 5 lakhs and (ii) Rs. 5 lakhs to 20 lakhs. In line with the RBI initiative, Public Sector banks have designed concessional loans for these two categories.

- (a) Interest rate of 8.5% per annum on home loans upto 5 lakhs.
- (b) 9.25 per cent on home loans between Rs. 5 lakhs to Rs. 20 lakhs.
- (c) No processing fee for prepayment charges for loans under these categories; and
- (d) Free insurance cover for loans upto Rs. 20 lakhs.

Further, the Government maintaining that lower and middle income housing deserves to be supported to stimulate this segment of house owners, has announced one per cent interest subsidy to individuals for loans up to Rs 10 lakhs for houses that do not cost more than Rs 20 lakhs. The interest subsidy will be routed through the scheduled commercial banks and the housing finance companies registered with the National Housing Bank. This interest subsidy will be available for a period of one year. A subsidy of Rs 1,000 crore will be provided this purpose by the Ministry of Finance, which is implementing this Scheme.

The Ministry is also pursuing the matter with Ministry of Finance in regard to recommendations made by the Deepak Parekh Task Force on fiscal and financial issues.

In pursuance of the resolution of the Housing Minister's Conference held in January, 2009 and with a view to encourage allotment of land for EWS housing, the Ministry has launched the Scheme for 'Affordable Housing in Partnership', under which Central Government assistance is available for infrastructure connectivities for housing projects which provide houses upto 80 Sq.mt. carpet area of which at least 25% are for EWS/LIG.

To supplement the efforts through legal/legislative initiatives and in order to promote planned and healthy real estate development of colonies and apartments with a view to protecting consumer interest on the one hand and to facilitate smooth and speedy urban construction on the other, the Ministry in consultation with various stakeholders has drafted a draft Model Real Estate (Regulation of Development) Act 200____. The draft bill was put on the website of the Ministry (<http://mhupa.gov.in>) seeking comments/suggestions on the draft bill by 06.11.2009. Comments/suggestions on the draft bill

were also invited from public and other stakeholders by 06.11.2009 through issue of public notice and through communications to States/ UTs, business chambers etc. More than 350 responses have been received by email/post and being examined in the Ministry.

[Ministry of Housing & Urban Poverty Alleviation, OM
No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 21, Paragraph No. 21 (Part II)]

Cooperative Housing

3.12 The NUHHP-2007 has underlined the need for developing urban housing cooperatives. The Committee acknowledge the efforts of the Ministry in encouraging cooperative housing through the National Cooperation Housing Federation (NCHF), an apex body for various State level cooperative housing federations, towards this end. The Committee have been made to understand that the Ministry has requested all the State Governments to reserve 30% of land acquired by them to cooperative group housing societies at concessional rate and on priority basis, apart from exempting members of housing cooperatives from payment of stamp duty and registration fee. The Committee feel that the cooperative housing concept, if utilized with the right approach, can prove to be a boon for persons with lesser incomes, who require houses in urban areas. They would like to be apprised of the progress made by the State Governments in this regard as well as initiatives taken by the NCHF to promote and popularize cooperative housing in a detailed note on the same.

Reply of the Government

3.13 The National Urban Housing & Habitat Policy, 2007 seeks participation by the cooperative sector for construction of new housing. The Ministry has been pursuing greater participation by the cooperative sector through National Cooperative Housing Federation (NCHF), the apex body for various State level cooperative housing federations. The Ministry has requested various States for allotment of 30% of land acquired to housing cooperative functioning in the State at concessional rate and on priority basis so that they could undertake housing programme at large scale. In addition, State Governments have also been requested to exempt members of housing cooperative from payment of stamp duty and registration fee.

Availability of adequate land at reasonable cost, a proper funding support, subsidized or low rate of interest, concessions in of taxes/duties and creation of a facilitative legal frame work will help the cause of cooperative housing in big way. However, most of these issues being subject matter assigned to States, the State Governments are being continuously urged to put in place a facilitative environment for increased participation by the cooperative sector.

A detailed note bringing out the initiatives taken by the Federation is annexed.

Annexure to Reply to Recommendation No. 21

INITIATIVES TAKEN BY NCHF TO PROMOTE COOPERATIVE HOUSING

Housing cooperatives are formed by the people of small means for the purpose of improving their living conditions. These functions as non-profit organisations and construct flats/houses only for their members and not for sale on profit to general public. They have been recognized as an ideal mechanism for providing low-cost housing, as members save about 20-25% in cost because of self-help, voluntary management and adoption of cost-effective technologies. They have shown the capacity to provide qualitatively superior homes through cost-effective and efficient process of housing supply. By providing housing related community facilities, housing cooperatives foster better social environment and thereby improved quality of life. They bring together people of all communities and walks of life. Incidentally, it is mentioned that there have been hardly any incidence of riot, human or property loss in housing cooperatives. As such, housing cooperatives contribute substantially to national development and national integration.

1. Promotion of Housing Cooperatives

The National Cooperative Housing Federation of India (NCHF) was established in the year, 1969 as an apex organization of cooperative housing sector. The primary objective of NCHF is to promote housing cooperatives across the country and to coordinate and facilitate their operations. In pursuance of its objectives, NCHF has achieved substantial progress in the growth and development of housing cooperatives as well as the delivery of a large number of housing units especially for the people in the lower income groups.

Under the overall guidance of NCHF, the cooperative housing movement has grown from strength to strength over the years. In

the year 1969-70 when NCHF came into being, there were only 16,308 primary housing cooperatives in the country with a membership of 11.1 lakh. At present their number has increased to 92,000 with a membership of over 65 lakh. Also due to vigorous efforts of NCHF with the State Governments/Union Territory Administrations, it has been able to promote 20 apex cooperative housing federations raising their number from earlier 6 to 26 at present.

NCHF is in constant touch with the State Governments of Jharkhand, Nagaland and Sikkim to promote State level Apex Cooperative Housing Federations in the States.

2. Model Law on Housing Cooperatives

In order to meet the specialized needs of housing cooperatives, NCHF drafted a Model Cooperative Housing Societies Law which has been approved by the Government of India. The above Model Law has been sent to State Governments with a request to enact their Cooperative Housing Societies Acts based on it keeping in view the local conditions and requirements. The States of Delhi, Goa, J & K and M.P. have included a Separate Chapter on Housing Cooperatives in their existing Cooperative Societies Acts. Member Federations are being requested to pursue the matter with their State Governments at regular intervals.

3. Allotment of Land to Housing Cooperatives

NCHF has been requesting State Governments to allot 30% of the land acquired to housing cooperatives on priority basis and at reasonable cost. The Ministry of Housing and Urban Poverty Alleviation has also requested the State Governments to do the needful. It may be mentioned that the State Government of Madhya Pradesh have since decided to allot one-third of the acquired land to housing cooperatives functioning in the State. Some of the State Governments like Delhi are also allotting land to housing cooperatives on merit at concessional rates. Member Federations of NCHF are pursuing the matter with their respective State Governments.

The State Governments/Union Territory Administrations were also requested by NCHF to authorize their respective State level Apex Federations to acquire land for housing cooperatives. It may be mentioned that the Government of Uttar Pradesh has authorized their State level Apex Federations to acquire land for development and allotment of the same to housing cooperatives.

4. Exemption from Stamp duty and Registration fee

Some of the State Governments are charging stamp duty and registration fee from members of housing cooperatives. Since these cooperatives have mostly been formed by members belonging to low income families, so they cannot afford to pay stamp duty and registration fee. NCHF has been requesting the States to exempt housing cooperatives from payment of these charges. So far 12 State Governments/Union Territories namely Andhra Pradesh, Assam, Chandigarh, Delhi, Jammu & Kashmir, Kerala, Maharashtra, Meghalaya, Puducherry, Punjab, Tamil Nadu and West Bengal have granted full/partial exemption to housing cooperatives from payment of stamp duty and registration fee.

5. Contribution to Share Capital of Apex Federations by State Governments

The State Governments contribute towards the share capital of Apex Federations in order to strengthen their financial base and to enable them to raise more funds from financial institutions which are providing loans to these Federations on the strength of their share capital base. Taking into consideration the increased fund requirement of the cooperative housing sector and in accordance with the important role assigned to it in the National Urban Housing and Habitat Policy and Two Million Housing Programme, NCHF has been requesting State Governments to contribute liberally to the share capital base of their respective Apex Federations to increase their borrowing power. The contribution of the State Governments have increased substantially over the years. As on 31st March, 2009, the share capital of Apex Federations was Rs. 432.58 crore, out of which Rs. 103.93 crore (about 24 per cent) has been contributed by State Governments.

6. Structural Audit of Housing Cooperatives

Natural disasters like earthquakes, cyclones, floods, fire etc. not only take a toll on human lives; they also cause severe damages to houses and properties of the masses. Shoddy construction with ignorance for safety regulations, building bye-laws in general and seismically active zones in particular are prone to disasters. In retrospect, ironically the loss of lives in any earthquake was due to collapse of buildings. It is, therefore, necessary to enforce certain disaster prevention measures for mitigating the extent of devastation. This thought evokes the importance of model bye-laws for housing cooperatives containing the provision for

Structural Audit in the interest of proper upkeep and maintenance of housing cooperatives. The model bye-laws of housing cooperatives in Maharashtra already contain the provision for Structural Audit.

In the same context, NCHF took up the matter with other State Governments through Registrar of Cooperative Societies (RCS) with a request to advise housing cooperatives to incorporate the provision for Structural Audit in their bye-laws or issue orders for the same. It may be mentioned that RCS in the States of Andhra Pradesh, Delhi, Goa, Gujarat, Himachal Pradesh, Jammu & Kashmir, Kerala, Rajasthan and Uttarakhand have issued orders for provision of Structural Audit in the bye-laws of housing cooperatives.

7. Facilitate Loans from National Funding Institutions

NCHF has been engaged in facilitating flow of funds to Apex Federations from funding institutions like Life Insurance Corporation of India (LIC), National Housing Bank (NHB), Housing and Urban Development Corporation (HUDCO), Commercial and Cooperative Banks. These Federations have mobilized a sum of Rs. 10,159 crore and disbursed loans of Rs. 10,709 crore to their affiliated primary housing cooperatives as well as individual members for construction/financing of 23.84 lakh housing units.

8. Two Million Housing Programme

Cooperatives have been asked to build one lakh houses each year under the Two Million Housing Programme launched by the Government of India in 1998-99. NCHF is reviewing the progress made by cooperatives especially housing cooperatives and collecting data from various types of cooperatives under the said programme. Cooperatives have contributed about 9.51 lakh housing units during 11 years under the Two Million Housing Programme.

9. Education, Training, Research and Conferences

NCHF has been organizing periodically many need based training programmes for improving the knowledge and managerial skills of the personnel of housing cooperatives so as to bring efficiency in their working. So far, NCHF has organized 77 training programmes. It has also been organizing conferences/seminars to discuss various problems faced by housing cooperatives and

through these activities have helped in tackling the problems of housing cooperatives functioning at different levels. Till date, NCHF has organized over 75 such events. NCHF also conduct Research and Studies for the benefit and use of all concerned Government Departments, persons and institutions engaged in cooperative housing activities. So far, it has undertaken about 25 research studies on various aspects of cooperative housing.

10. Publications

NCHF has been bringing out a large number of publications covering the current topics in the field of cooperative housing policies and programmes from time to time. Besides, a monthly journal 'NCHF Bulletin', monthly News Letter 'Housing Voice' and half yearly Hindi Patrika 'Sahakari Awas' including special issues of NCHF Bulletin on World Habitat Day in October and Cooperative Week Celebrations in November each year are the regular publications.

11. Role in Environment Protection

NCHF has made an appeal on 'Coping with Climate Change' to the State apex housing federations, district housing federations, primary housing cooperatives as well as other cooperative institutions to play an effective role in protecting environment. All the 65 lakh members of housing cooperatives have been requested to join hands in protecting the nature and consequently helping the mankind to breathe fresh air; they have been urged to plant at least one sapling each for the cause. NCHF Secretariat has received encouraging response regarding the appeal of tree plantation from housing and other cooperatives in various States. Some of the cooperatives are proactive enough in conducting awareness programme on global warming and benefit of planting trees, while others are contributing their bit by undertaking plantation in collaboration with the State Governments and NGOs.

12. General Insurance

NCHF has made arrangements with the United India Insurance Company and Bajaj Allianz General Insurance Company for undertaking general insurance of the properties of housing cooperatives across the country under which a uniform cover is provided to housing cooperatives at reduced premium rates against the magnitude and spread of the risk to cooperative projects.

Keeping in view the positive role played by housing cooperatives in solving shelter problems of needy people, they deserve all possible patronage and support from the Government. The various initiatives taken by NCHF needs to be further strengthened so that housing cooperatives may play their expected role as envisaged in the National Urban Housing and Habitat Policy.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 23, Paragraph No. 23 (Part II)]

***In-situ* Rehabilitation and Development of Slums**

3.14 The idea of relocation of slum population to a new area in the overall urban housing scenario doesn't find favour with the beneficiaries as it deprives them, in most of the cases, their means of livelihood. Hence, the Committee feel that *in-situ* up-gradation, *in-situ* redevelopment or rehabilitation of slum population in the vicinity can be a better option. In their opinion, redevelopment of slums far away from the original place should be done only as a last resort when it is impossible to rehabilitate the original site. In this connection, the Committee urge the Ministry to advise the States to put more emphasis on slum rehabilitation and *in-situ* development of slum areas while making provision of suitable basic amenities, with regular maintenance.

Reply of the Government

3.15 The National Urban Housing & Habitat Policy, 2007 advocates primacy to provision of shelter to the urban poor at their present location or near their work place and efforts will be made to ensure that rights provided are non-transferable for a period of 10-15 years. Only in cases, where relocation is necessary on account of severe water pollution, safety problems on account of proximity to rail track or other critical concerns relocation of slum dwellers will be undertaken. In such cases, special efforts will be made to ensure fast and reliable transportation to work sites.

Accordingly, the Ministry has always emphasized that States should give more importance to *in-situ* development of slums. Out of the total number of more than 14.75 lakh houses approved for construction, 65% belong to *in-situ* development. The States have been advised to prepare relocation projects only where *in-situ* development is not possible. Even these projects should be located within a

reasonable distance from their original place of stay to ensure that there is no major disturbance in the livelihood activities of the urban poor. Special emphasis in such projects is given to incorporate all basic infrastructure as regards water supply, drainage, sewerage etc. and include social and livelihood infrastructure components such as space for informal sector markets, livelihood centres and multi-purpose community centre. States have also been advised to do Social Counselling of the slum dwellers and use Community Development Department Personnel/Community Organizers in ULBs to work closely with beneficiaries to ensure that the process of transition to the new multi-storeyed housing complex/environment location is as smooth as possible.

[Ministry of Housing & Urban Poverty Alleviation, OM
No. H-11021/3/2009-H, Dated 19th February, 2010]

CHAPTER IV

RECOMMENDATION IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation [Sl. No. 5, Paragraph No. 5 (Part II)]

Housing Shortage in Delhi

4.1 Taking note of the fact that a Technical Group constituted by the Government has assessed a total housing shortage of 1.13 million units in Delhi at the end of the 10th Five Year Plan, the Committee feel that the figures of all India housing shortage of 40,000 units in upper income groups appears to be unrealistic as even most of the persons belonging to Middle Income Groups also do not enjoy the luxury of owning a house in a city like Delhi or Mumbai. The Committee, therefore, would like to know the basis on which the figure of 40,000 was arrived at. They recommend the Government to reassess the real shortage in all the metropolitan cities including Delhi and come out with a concrete Action Plan to overcome it in a time bound manner. The Committee would also like to be apprised of the steps taken by the Government to overcome the housing shortage in Delhi at the earliest.

Reply of the Government

4.2 The Technical Group constituted by the Ministry under the chairmanship of Prof. Amitabh Kundu, Jawaharlal Nehru University (JNU) to assess the total urban housing shortage in the country at the end of the 10th Five Year Plan, has noted in its report that the National Sample Survey Organisation in its Report No. 488 (58th Round, July–Dec. 2002) had estimated that out of the total urban households, 3.24% of the households were living in kutchha houses. The data on percentage of households by type of structure and area type for each Monthly Per Capita Expenditure (MPCE) as per National Sample Survey (NSS) 58th Round, 2002 (Report No. 488) was further considered by the Technical Group and it estimated that the share of households who were living in kutchha houses belonging to EWS category to the total number of households living in kutchha houses worked out to be 88.13%. The corresponding figures for LIG was 11.69% and MIG and HIG taken together constituted 0.18%. The total

housing shortage was distributed amongst the categories by taking this to be collinear with the percentages of households living in kutchha houses, as mentioned above. Accordingly, the Technical Group estimated the category-wise housing shortage as follows:

Category	Housing shortage in Mn. as on 2007
EWS	21.78
LIG	2.89
MIG	0.04
HIG	
Total	24.71

Having noted the fact that estimation of EWS, LIG and MIG households was made by a Technical Group set up in 2006 in the context of formulation of 11th Plan, and the figures based on 2001 census take into account income criteria prevailing in January, 2007 and shortage estimated at the beginning of 11th Plan; the Ministry has since decided to undertake an exercise of estimating the number of households category-wise and those that would constitute the category needing 'affordable housing' and has constituted a Committee under the Chairmanship of Prof. Amitabh Kundu, Dean, Jawaharlal Nehru University, who was Chairman of the Technical Group that looked into housing shortage in 2006. The Committee is expected to give its report shortly.

In so far as Delhi is concerned, as informed by Ministry of Urban Development, under the MPD-2021, the proposed housing strategy incorporates specific approaches for development of new housing areas, up-gradation and re-densification through redevelopment of existing housing areas including unauthorized colonies, housing in villages and special areas. Looking at the possible distribution of housing types, the future requirement of shelter provision will be dominated by small DUs.

It proposes to adopt a multi-pronged housing strategy for provision of housing stock and for delivery of serviced land, involving the private sector to a significant extent, public agencies and co-operative societies etc. The overall responsibility for provision of land and facilitation of adequate housing to meet the projected demand lies with the DDA in collaboration with GNCTD and other agencies.

MPD 2021 envisages for Rehabilitation/Relocation of Slum & JJ Clusters from areas required for public purpose and *in-situ* up-gradation at other sites.

The position of various housing projects under execution and planning in DDA has been reported as below:

EWS Housing: 2870 DUs under EWS housing schemes targeted to be completed between January, 2010-October, 2010 are under construction. A total of 41,120 DUs (23,340 EWS and 17,780 LIG) are proposed to be constructed out of which 10,000 DUs will be taken up on yearly basis from 2009-10 to 2014-15. DDA expects to complete the first lot of 10,000 DUs in 2011-2012 and the last lot by 2014-2015. Further, 4740 EWS houses are planned to be constructed with the JNNURM funds of Rs. 19.32 crores already sanctioned by the Ministry, which are expected to be ready by July, 2011. It further proposes to construct EWS Houses (out of 23340 EWS units proposed above) under JNNURM scheme.

In-situ rehabilitation: DDA has taken various steps to formulate action plan for creating additional housing stock such as construction of 23 clusters generating 47,591 DUs for *in-situ* rehabilitation of JJ dwellers over a period of 5 years.

Non-EWS Housing: About 12,856 non-EWS DUs are under construction by DDA with expected date of their completion by September, 2009 to November, 2010.

Comments of the Committee

4.3 Please see para No. 1.8 of Chapter-I of the Report.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 7, Paragraph No. 7 (Part II)]

Jawaharlal Nehru National Urban Renewal Mission: Basic Services to Urban Poor (BSUP) and Integrated Housing Slum Development Programme (IHSDP)

4.4 The Committee note that the Basic Services to Urban Poor (BSUP) component of JNNURM addresses the needs of integrated slum development, slum improvement and rehabilitation projects,

affordable housing for urban poor, water, sanitation, etc. for urban poor in 63 Mission cities. Further, Integrated Housing Slum Development Programme (IHSDP) provides shelter and basic amenities in other non-Mission cities. The duration of the Mission is 7 years beginning from 2005-06 till 2011-12. However, the funding pattern under JNNURM for the States has shown uneven trend for BSUP as well as IHSDP. To cite an example, in 2008-09, only 19 projects in 5 States were funded under BSUP. The Committee further observe that under BSUP during 2007-08, the allocation by the Planning Commission for Andhra Pradesh was Rs. 95.00 crore, whereas fund released was Rs. 149.83 crore. On the other hand, for Maharashtra, the Planning Commission had allocated Rs. 359.86 crore, whereas funds released were just Rs. 185.59 crore. Taking note of the huge gaps between funds allocated by the Planning Commission and funds actually released to a State under BSUP and IHSDP and an instance of diversion of funds at RE stage too, the Committee feel that the demand from States has not come up to the expected levels which, perhaps, is because the projects were not planned satisfactorily. The Committee are concerned to note that some of the States are quite slow in bringing the new projects resulting in funds from these quite slow performing States being diverted to other States. The Ministry of Housing and Urban Poverty Alleviation have further taken the stand that States are taking considerably more than the stipulated time in completing their projects due to various reasons leading to cost and time-overruns. The Committee, therefore, desire that the Government should give further boost to their initiatives to encourage peer-learning among States so that allocated funds are utilized by the slow moving States too and the impact of BSUP and IHSDP is holistically visible in all the States. The Committee would also like to know the present status of completion of targeted 15,00,000 houses during Mission period for urban poor under BSUP and IHSDP, as more than half of the Mission period is already completed. Besides, as technical support structure and a web-enabled project tracking system are already in place for tracking the progress of projects and reforms under JNNURM, the Committee would like to be apprised of the latest progress of housing projects under the Mission mode in the country.

Reply of the Government

4.5 In the initial years of the Mission, annual State-wise allocations were fixed. However, as the Mission progressed, it was noticed that

some states are performing better than the others due to higher capacity in so far as preparation and implementation of the projects was concerned. This required diversion of funds from non-performing states to the performing states based on demand. This diversion, though, was from the annual allocation for a state and in no way affected the overall Mission period allocation for the state. No state wise allocations were made for the year 2008-09.

The Ministry has held various capacity building and hand-holding workshops for the states in general and for lagging states in particular. About 95 programmes have been conducted and more than 12500 officials have been trained. With the efforts of the Ministry and the states, it is noticed that barring a few states, most of the states have now started performing and have got considerable percentage of their ACA committed.

Now there is country-wide progress in the implementation of the programme. Due to economic stimulus package many states have committed more than original allocated ACA. In fact, more than 100% of original ACA allocation of Rs. 18,100 crores was committed under BSUP and IHSDP by Feb. 2009. The Planning commission enhanced the BSUP and IHSDP budget for the Mission period by Rs. 5043 crores due to demand pickup.

19 States/UTs have made commitment for more than 75% of their revised allocation under BSUP. Another 9 States/UTs have made commitment of more than 50% of their allocation. Similarly under IHSDP 16 States have committed more than 75% of their revised allocation and another 8 States/UTs have made commitment more than 50% of allocation. As on 31st December, 2009, 82% of the allocated ACA under BSUP & IHSDP together has been committed through a number of projects approved by the Ministry.

Since the inception of the JNNURM, Ministry of HUPA has sanctioned more than 14.75 lakh houses under BSUP & IHSDP together. With this, the Mission's target of construction 1.5 million houses during the period 2005 to 2012 would be achieved. The progress of construction is as follows:—

No. of houses for which construction is in progress	4,39,422
No. of houses completed	1,96,781

The summary of All India progress is as below :—

Status as on 31.12.2009

(Rs. in Crores)

Jawaharlal Nehru National Urban Renewal Mission

**Ministry of Housing & Urban Poverty Alleviation,
Government of India**

At A Glance: All India

	BSUP	IHSDP	TOTAL
	1	2	3
1. 7-year ACA Allocation (2005-12)-Original	13,674.22	4467.12	18141.34
2. New ACA Allocation	16,356.35	6828.31	23184.66
3. ACA Allocation Under Affordable Housing	5,000.00	0.00	5000.00
4. 5% of ACA for (A&OE)	817.82	341.42	1159.23
5. No. of Mission Cities/town covered	63	753	816
6. Number of Project Cost Approved	467	856	1323
7. Total Project Cost Approved	26150.14	8587.31	34737.45
8. Total Central Share Approved	13207.43	5894.95	19102.38
9. Total State Share Approved	12942.80	2831.00	15773.8
10. 1st installment of ACA sanctioned	3302.17	2856.64	6158.81
11. 2nd installment of ACA sanctioned	980.53	344.33	1324.86
12. 3rd installment of ACA sanctioned	504.89	0.00	504.89
13. 4th installment of ACA sanctioned	35.71	0.00	35.71
14. ACA released (Projects)	4270.27	3028.57	7298.84
15. No. of PMUs Sanctioned	25	0.00	25
16. PMUs released	4.32	0.00	4.32
17. No. of PIUs Sanctioned	108	0.00	108
18. PIUs released	15.13	0.00	15.13

	1	2	3
19. No. of TPIMA Sanctioned	7		7
20. DPR Preparation Charges released	3.35	0.00	3.35
21. Total ACA released	4293.07	3028.57	7321.64
22. ACA Balance Col.2-(4+8)	2331.10	591.94	2923.05
23. Total Dwelling Units Approved for construction (new + up-gradation)	1009506	465898	1475404
24. Dwelling Units Completed	144079	52702	196781
25. Dwelling Units in Progress	310870	128552	439422

Comments of the Committee

4.6 Please see para No. 1.11 of Chapter I of the Report.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 14, Paragraph No. 14 (Part II)]

National Housing Bank (NHB)

4.7 National Housing Bank (NHB), a statutory body under an Act of Parliament and wholly owned subsidiary of the Reserve Bank of India (RBI), has the mandate to undertake financing, regulatory and promotional functions as laid down in the NHB Act, 1987 (as amended till date). The Committee acknowledge NHB's initiatives towards developing a sound and sustainable housing finance system, designing Residential Price Index (RESIDEX) for various cities, catalyzing the flow of investments and lending, providing technical and advisory support to the housing sector, regulating the activities of housing finance companies, providing inputs into the formation of the NUHHP-2007 and facilitating the flow of Housing Micro-finance. However, as per a 2005 NHB report, between 2001 and 2004, the average loan size was Rs. 4,08,450, the average area of property financed was 105.37 square metres and those who availed themselves of loans had a monthly income of Rs. 20,761. The Committee infer that the housing finance have largely gone to the HIG and MIG categories and thus, EWS/LIG sections appear to be neglected. They feel that the primary goal of supporting housing for the urban poor by making them credit worthy has been totally missed. The Committee

have been given to understand that the reasons for low disbursements to EWS/LIG groups include high risk perception of the lenders, with regard to such low income borrowers due to their seasonal or irregular incomes. From the foregoing, the Committee feel that there is a strong case for development of alternative channels for delivery of housing finance to the poor who is invariably the last person to get institutional financing. As the EWS/LIG category borrowers have extremely limited channels to source the required funds for housing, the Committee strongly urge NHB to ponder over this issue and suggest measures to ensure that these sections of society are not sidelined.

Reply of the Government

4.8 National Housing Bank has reported that its focus through its Housing Micro Finance (HMF) window is to develop sustainable housing finance programmes for the poor who are attached to the Self Help Groups (SHFs). As of now most of the MFIs/NGOs have not ventured into housing as the amounts involved are larger and the agencies are not equipped to deal with long term debts. To attract MFIs towards the housing sector, especially to administer loans to the under privileged urban persons, it is important that the MFIs be provided with long term loans at cheaper rates of interest. Long term loans will enable them to provide long term loans to the beneficiaries and cheaper credit will ensure that there is no excessive interest burden on the beneficiaries. The MFIs also need to be provided with technical assistance in the form of grants for strengthening their monitoring and recovery mechanism.

The housing loans are provided by the MFIs to Self Help Group (SHG) or Joint Liability Group (JLG) member attached to the MFIs either for fresh construction or for renovation/repair of their existing houses. Work sheds form an integral part of all housing projects with necessary water and sanitation facilities. Incremental housing (repair/renovation) with loan maximum component of Rs. 50,000/- assumes much significance in the context of affordability and sustainability of the programme. For new constructions the loan amount ranges upto Rs. 2.00 lakhs. The loans are repayable within a period of maximum 10 years and collaterals are not insisted upon loans upto Rs. 50000/-.

During 2004, the Bank has started Housing Microfinance pilot projects in those states which have been in the process of nurturing SHGs for a long time. In the pilot projects those beneficiaries in rural and urban areas were sought to be identified for housing loans who would have already completed 2-3 loan cycles so that their repayment histories are established.

As on date NHB has sanctioned Rs. 82.92 crore to 22 agencies in the states of Andhra Pradesh, Karnataka, Tamilnadu, Maharashtra, Orissa, Assam and Gujarat both in urban and rural areas. On completion, the above sanctioned projects will result in construction/renovation of 15607 dwelling units and 1612 toilets in urban and rural areas. So far, the Bank has disbursed Rs. 30.14 crore to 16 agencies.

The demand for housing microfinance is not picking up because of the long term nature and larger size of the loans as the MFIs do not have the necessary skills to handle the interest rate and tenor risk.

Apart from the MFI's, National Housing Bank is also financing housing projects for EWS/LIG segment undertaken by various public agencies and Public Private Partnership.

Comments of the Committee

4.9 Please see para No. 1.14 of Chapter I of the Report.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 22, Paragraph No. 22(Part II)]

Maintenance of Dwelling Units

4.10 Maintenance of assets created is a very important part of housing activity. The Committee are pained to note that the maintenance exercise in the EWS/LIG dwelling units has largely remained poor and unsatisfactory. In fact, poor maintenance has become the hallmark of a Government asset. Therefore, the Committee feel that the Government needs to pay urgent attention to this important aspect. In their view, the Government should explore the possibilities of offering a warranty clause for a minimum period of five years for EWS/LIG dwelling units, whereby any damage to these dwelling units within this period, should be repaired free of cost. The Government must also ensure timely, and prompt service to the beneficiaries. There should be a provision for an efficient network of service-centers with a suitable complaint recording and monitoring system and a single window where complaints and grievances should be registered and acknowledged immediately indicating the time limit within which action is expected to be taken. The Committee are aware of the facility created by CPWD to register maintenance and repair complaints on-line and would like to know the response received by

them so far. They hope such efforts would rectify the poor image of Government's maintenance service. The Committee also desire that senior Government officials, both at the Centre and State level, responsible for maintenance of assets should be sensitized to coordinate with the concerned Residential Welfare Association (RWA) so as to ensure a better repair and maintenance service for the dwelling units.

Reply of the Government

4.11 The construction quality of houses is emphasized upon while sanctioning the projects under Basic Services to the Urban Poor (BSUP) and Integrated Housing & Slum Development Programme (IHSDP). The Ministry has published a 'Design Toolkit' to standardize the building (houses and other structures) designs and layouts for BSUP and IHSDP. As regard the recommendation of the Committee for exploring the possibilities of offering a warranty clause for a minimum period of five years for EWS/LIG dwelling units, whereby any damage to these dwelling units within this period, should be repaired free of cost, this will be considered in consultation with the States. The Ministry on its part is advocating creation of a fund for basic services to the urban poor and for creating group housing for them. The Ministry is also emphasizing that the ULBs be partners and beneficiary of such an initiative.

In so far facility created by CPWD to register maintenance and repair complaints on-line is concerned, it has been informed by Ministry of Urban Development that a fully computerized complaint receiving and monitoring system is already being used by CPWD in Delhi. The service can be accessed at HYPERLINK "<http://cpwdsewa.nic.in>"<http://cpwdsewa.nic.in> . This has been upgraded to NET technology. CPWD has made special efforts to usher in improvement in its maintenance operations and all field officers have been directed to be more responsive and pay personal attention to the grievances brought to their notice.

Comments of the Committee

4.12 Please *see* para No. 1.17 of Chapter I of the Report

[Ministry of Housing & Urban Poverty Alleviation, OM
No. H-11021/3/2009-H, Dated 19th February, 2010]

CHAPTER V

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

Recommendation [Sl. No. 4, Paragraph No. 4 (Part II)]

Urban Housing Shortage

5.1 As per the estimates of the Technical Group constituted by the Ministry, the total urban housing shortage in the country at the end of the 10th Five Year Plan was 24.71 million. This has been projected to go up to 26.53 million during the 11th Five Year Plan (2007-2012). The Committee have been given to understand that out of the 24.71 million housing shortage, 21.78 million pertains to EWS and 2.89 million to the LIG category. Together, these two groups account for 99% of the total housing deficit. On the contrary, housing shortage in upper income groups is reported to be a meager 40,000. The Committee are appalled at the gross insufficiency of houses for the poor categories. Apparently, the Government's policies, schemes and initiatives so far have failed in providing affordable housing for the EWS/LIG categories despite being well aware of the increasing urban pull for rural and semi-urban migrants and the resultant surge in the requirement of dwelling units for people residing in urban areas. The Committee, therefore, recommend that the Government should strive to address the housing shortage among the EWS/LIG on priority basis. The Committee also feel that in order to have a more realistic picture, a city-wise and State-wise data on urban housing shortage needs to be prepared, planned and executed in a time bound manner. They would like to know whether such figures are available with the National Institute of Urban Affairs (NIUA)/other agencies, and if so, desire to be apprised of the same.

Reply of the Government

5.2 The High Level Task force set up by the Ministry under the Chairmanship of Sh. Deepak Parekh while examining the issue of "affordable housing" in its report has recommended to undertake an exercise of estimating the number of households in the categories of Economically Weaker Section (EWS), Lower Income Group (LIG) and Middle Income Group (MIG). The recommendation of the Task Force has been accepted by the Ministry. Having noted the fact that

estimation of EWS,LIG and MIG households was made by a Technical Group set up in 2006 in the context of formulation of 11th Plan, and the figures based on 2001 census take into account income criteria prevailing in January, 2007 and shortage estimated at the beginning of 11th Plan; the Government has decided to undertake an exercise of estimating the number of households categorywise and those that would constitute the category needing 'affordable housing' and has constituted a Committee under the Chairmanship of Prof. Amitabh Kundu, Dean, Jawaharlal Nehru University. The Committee is expected to give its report shortly.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 18, Paragraph No. 18 (Part II)]

Problems of Real Estate Sector

5.3 The Committee are surprised to learn that although there are about 22 publicly listed real estate companies in India and the total market share of all these real estate companies, combined together, is not even four per cent of the total real estate development in the country, yet the money lent to them by the HFIs is more than 55 per cent of the total money lent to the real estate market. Thus, the developers who have real estate share of 96%, just get 45% of total money lent to the real estate market. The Committee feel that the Ministry need to verify this fact and if found correct, should take it up with HFIs as more support needs to be given to the unlisted developers, who have 96% real estate market share.

Reply of the Government

5.4 The Ministry is pursuing the matter with Dept. of Finance Services to ascertain veracity of the figures.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 19, Paragraph No. 19 (Part II)]

5.5 The Committee are also dismayed to note the plethora of clearances required, which act as impediments in the completion of a project, as those lead to time and cost-overruns. At the same time, they also feel that the time has come to establish a proper regulatory mechanism for the real estate sector. The Committee, therefore,

recommend that, in line with the provision of NUHHP-2007, the legal requirements should be simplified and rationalized and ambiguities in transaction of conveyance deeds, lease deeds, mortgages etc. should be eliminated to achieve speedy clearances. Setting up of an appropriate regulatory mechanism for the sector should be accorded priority. The Committee also feel that option of granting industry status and infrastructure classification to real estate sector may be explored by the Government, which will help in creating a lot of support for the unlisted real estate developers. Such measures, in their view, can help in gathering active support of the country's real estate sector for various housing schemes meant for low and middle income groups.

Reply of the Government

5.6 The recommendation of the Committee has been noted. The Ministry is already pursuing the matter for award of 'Infrastructure' status to mass affordable housing with the concerned Ministries/ Departments.

Further, in order to promote planned and healthy real estate development of colonies and apartments with a view to protecting consumer interest on the one hand and to facilitate smooth and speedy urban construction on the other, the Ministry in consultation with various stakeholders has drafted a draft Model Real Estate (Regulation of Development) Act 200____, in which there is provision for the Real Estate Regulator to play a policy advocacy & promotional role to facilitate speedy clearances and rationalization of connected procedures. The draft bill was put on the website of the Ministry (<http://mhupa.gov.in>) seeking comments/suggestions on the draft bill by 06.11.2009. Comments/suggestions on the draft bill were also invited from public and other stakeholders by 06.11.2009 through issue of public notice and through communications to States/UTs, business chambers etc. More than 350 responses have been received by email/post and being examined in the Ministry.

[Ministry of Housing & Urban Poverty Alleviation, OM No. H-11021/3/2009-H, Dated 19th February, 2010]

Recommendation [Sl. No. 26, Paragraph No. 26 (Part II)]

National Shelter Fund

5.7 The Committee observe that for funding the Affordable Housing, the Task Force *inter alia* has aptly recommended levying a

cess of 0.5% on all Central Government taxes to be credited into a dedicated National Shelter Fund, that can be managed by the National Housing Bank. Further, the Task Force is stated to have recommended reinforcement of such a Fund with budgetary support of equal amount, so as to make a long term impact on Affordable Housing. The Committee would like to know as to how the proposed Fund will be different from the National Housing Credit (Long Term Operations) Fund established under the RBI Act, 1934 as well as the probability of setting up of such Fund. They would like to have a note on the matter from the Ministry.

Reply of the Government

5.8 The National Urban Housing & Habitat Policy, 2007 provides that the feasibility of a National Shelter Fund to be set up under the control of the National Housing Bank for providing subsidy support to EWS/LIG housing would be examined in consultation with Ministry of Finance. The NHB will act as a refinance institution for the housing sector.

The proposed National Shelter Fund is intended as source of funding for facilitating affordable housing for EWS and LIG households with multi-interventions *viz.* (i) low interest or below the market interest rates for housing loan through re-financing; (ii) Direct project financing (for low cost housing and slums rehabilitation & slums redevelopment projects by the public housing agencies, private and PPP agencies); and (iii) For selling interest rate caps to housing finance institutions in order to enable them to lend for financing EWS and LIG housing.

The Deepak Parekh Task Force has recommended imposition of cess of 0.5 per cent on all central government taxes for crediting to a dedicated Shelter Fund. The matter is in discussion with Ministry of Finance.

As regards its difference *vis-à-vis* the National Housing Credit (Long Term Operations) Fund established under the RBI Act, 1934; the said was established by the Reserve Bank in terms of Section 46-D(1) of the Reserve Bank of India Act, 1934 in January 1989 with an initial corpus of Rs. 50 crore with the intention of crediting to the Fund every year such sums of money as it may consider necessary. Annual contribution to the Fund is being made from the profits of the Reserve Bank. The amount in the said Fund can be applied by RBI only for (i) making loans and advances to National Housing Bank (NHB) for its business and (ii) purchasing bonds and debentures

issued by NHB. NHB was required to pay interest on the amount availed from this fund with rate of interest ranging from 5 to 8% per annum. Consequent upon a decision of Government of India announced in the Union Budget for the year 1992-93, the Reserve Bank discontinued the practice of crediting large sums to the said Fund and since then only a token amount of Rupees one crore is being transferred to the Fund every year. As per the balance sheet of the Reserve Bank of India for the year ended June 30, 2009, the accumulated balance in NHC (LTO) Fund was Rs. 192 crore.

[Ministry of Housing & Urban Poverty Alleviation, OM
No. H-11021/3/2009-H, Dated 19th February, 2010]

NEW DELHI;
20 July, 2010
29 Asadha, 1932 (Saka)

SHARAD YADAV,
Chairman,
Standing Committee on
Urban Development.

APPENDIX I

STANDING COMMITTEE ON URBAN DEVELOPMENT (2009-2010)

MINUTES OF THE FOURTEENTH SITTING OF THE COMMITTEE HELD ON TUESDAY, 20 JULY, 2010

The Committee sat from 1100 hrs. to 1300 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Sharad Yadav — *Chairman*

MEMBERS

Lok Sabha

2. Shri Gajanan D. Babar
3. Shri Partap Singh Bajwa
4. Shri Mohinder Singh Kaypee
5. Shri Ramesh Kumar
6. Shri Sakti Mohan Malik
7. Shri Sanjeev Ganesh Naik
8. Shri P.C. Mohan
9. Shri Baijayant 'Jay' Panda
10. Dr. (Prof.) Ramshankar
11. Shri Adagooru H. Vishwanath
12. Shri Kirit Premjibhai Solanki

Rajya Sabha

13. Shri Manohar Joshi
14. Shri Rajeev Shukla
15. Shri Surendra Moti Lal Patel

SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Shri K.D. Muley — *Director*
3. Smt. Emma C. Barwa — *Under Secretary*

WITNESSES

1. Shri Navin Kumar — Secretary (UD)
2. Shri B.K. Chugh — DG (CPWD)
3. Shri A.K. Mehta — Joint Secretary (UD)
4. Shri P.K. Srivastava — Joint Secretary (Mission)
5. Smt. Sudha Krishnan — JS & FA
6. Shri K.S. Mehra — Commissioner, MCD
7. Shri Parimal Rai — Chairman, NDMC
8. Shri A.K. Bajaj — Engineer Member, DDA
9. Shri S.K. Singh — Joint Secretary (Housing)
10. Shri R.S. Thakur — Addl. Chief Engineer (NDMC)
11. Shri Anshu Prakash — Addl. Commissioner (Eng.), MCD

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration the draft Action Taken Reports on the Fortieth Report (Fourteenth Lok Sabha) on 'Urban Housing', First Report (Fifteenth Lok Sabha) on 'Demands for Grants (2009-2010)' of the Ministry of Urban Development and Second Report (Fifteenth Lok Sabha) on 'Demands for Grants (2009-2010)' of the Ministry of Housing and Urban Poverty Alleviation. The Committee recommended some minor changes and thereafter adopted the draft Reports without any further changes.

3. The Committee then authorized the Chairman to present these Reports to Lok Sabha.

4. ***

5. ***

6. A verbatim record of the proceedings was kept.

The Committee then adjourned.

APPENDIX II

[Vide para 4 of the Introduction]

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE FORTIETH REPORT OF THE STANDING COMMITTEE ON URBAN DEVELOPMENT (FOURTEENTH LOK SABHA)

I.	Total number of recommendations	26
II.	Recommendations/Observations which have been accepted by the Government: Recommendation Nos. 1, 2, 3, 6, 9, 13, 15, 16, 24 and 25	(Total 10)
	Percentage to total recommendations	(38.46%)
III.	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies: Recommendation Nos. 8, 10, 11, 12, 17, 20, 21 and 23	(Total 8)
	Percentage to total recommendations	(30.76%)
IV.	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee: Recommendation Nos. 5, 7, 14, and 22	(Total 4)
	Percentage to total recommendations	(15.38%)
V.	Recommendations/Observations in respect of which final replies of the Government are still awaited: Recommendation Nos. 4, 18, 19 and 26	(Total 4)
	Percentage to total recommendations	(15.38%)

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