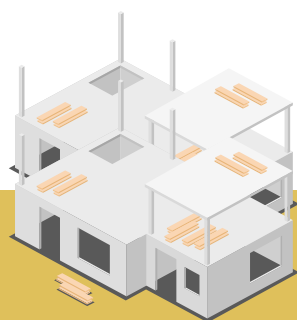


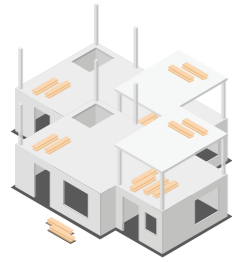
HOMES



BENEFICIARY-LED INDIVIDUAL HOUSE CONSTRUCTION

AN ANALYSIS FROM
ODISHA, KERALA, AND TAMIL NADU





IMPRINT

Prepared by:

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Registered offices:

Bonn and Eschborn, Germany
B-5/2, Safdarjung Enclave, New Delhi 110029
T: +91 11 49495353
F: +91 11 49495391
I: www.giz.de/india

Responsible:

Georg Jahnsen
Project Manager
Sustainable Urban Development - Smart Cities (SUD-SC)
E: georg.jahnsen@giz.de

Authors:

Shubhagato Dasgupta (Centre for Policy Research), Aparna Das (GIZ India), Anindita Mukherjee and Baisakhi Sarkar (Centre for Policy Research)

Knowledge partner:

Scaling City Institutions for India (SCI FI) initiative at the Centre for Policy Research, New Delhi

Acknowledgement

The authors are grateful to the officials of the state and city officials for providing their guidance, support, valuable time and information during the field assessment. We thank the GIZ team members in Delhi and in the three states of Odisha, Kerala and Tamil Nadu for their invaluable contribution to the process. We are also grateful for the research assistance received from Arushi Gupta and Aastha Jain.

Publication design

Trinankur Banerjee
E: trinankur@gmail.com

New Delhi, India, Nov 2020

Suggested citation: Dasgupta, S., Das, A., Mukherjee, A., Sarkar, B. (November 2020) Homes: Beneficiary-Led Individual House Construction: An analysis from Odisha, Kerala, and Tamil Nadu. New Delhi: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) & Centre for Policy Research.

DOI: 10.13140/RG.2.2.31068.00648

GIZ is responsible for the content of this publication.

HOMES

BENEFICIARY-LED INDIVIDUAL HOUSE CONSTRUCTION

AN ANALYSIS FROM ODISHA, KERALA, AND TAMIL NADU





CONTENTS

	1	SETTING THE CONTEXT	12
	2	APPROACH AND METHODOLOGY	16
	3	PROFILING OF BLC BENEFICIARIES ACROSS THE THREE STATES	20
	4	AN ANALYTICAL VIEW OF BLC IMPLEMENTATION IN THE THREE STATES	28
	4.1	Excessive reliance on informal borrowings to finance construction	29
	4.2	Number of factors across the construction value chain contribute to time and cost overruns	32
	4.3	BLC beneficiaries reported high satisfaction across the various administrative processes	36
	4.4	Limited Access to Basic Civic Infrastructure and in-house toilets in newly constructed houses	37
	4.5	Limited Information Dissemination often impedes BLC uptake	38
	4.6	Majority of the female BLC applicants were reported to be the land owners	30
	5	IMPROVING BLC IMPLEMENTATION: STATE INNOVATIONS, CHALLENGES AND RECOMMENDATIONS	40
	5.1.	Any land transfers, enabling access to BLC subsidy, need to be registered and updated in the revenue records	41
	5.2.	Slum upgradation needs to be integrated into the scheme to ensure access to basic services at HH and community level	43
	5.3.	Provisions of improved access to institutional financing needs to be ensured to reduce instances of informal borrowing	44
	5.4.	Release of first instalment needs to be upfront to ensure higher uptake of the BLC scheme	46
	5.5.	Mechanisms like incentivising the HH, streamlining the raw material supply chain and decision support system need to be encouraged to avoid cost overrun and timely completion of BLC houses	47
	5.6.	Existing community linkages, setting up of single window and grievance redressal system needs to be encouraged to strengthen the information dissemination process	48
	5.7.	States need to be encouraged to enforce building plan approval to ensure resilience in housing with habitable rooms and in-house basic amenities	48
	5.8.	States need to be encouraged to provide options for transit accommodation during ongoing construction in vacant public buildings to ease the financial burden	50
	6	WAY FORWARD: A SECTORAL PERSPECTIVE	52
	7	BIBLIOGRAPHY	54

LIST OF FIGURES

Figure 1: Housing shortage in India	13	Figure 11: Difficulties of sourcing materials for house construction	34
Figure 2: City class-wise distribution of BLC houses sanctioned	14	Figure 12: Difficulty in procuring labour	34
Figure 3: Study locations	17	Figure 13: Relocation undertaken during construction	35
Figure 4: Extent of borrowing among BLC beneficiaries	29	Figure 14: Cost of relocation during construction	35
Figure 5: Sources of borrowing for construction of BLC houses	30	Figure 15: Access to water and electricity in BLC houses	37
Figure 6: Rates of interest of formal and informal borrowings	30	Figure 16: Access to piped water, metered electricity, and pucca road	37
Figure 7: Sources of financing cost overruns during construction	31	Figure 17: Sources of information for BLC scheme	38
Figure 8: Difficulties of sourcing materials for house construction	32	Figure 18: Gender of the land owners	39
Figure 9: Difficulties in procuring labour	32		
Figure 10: Reasons for cost overruns during construction	33		

LIST OF TABLES

Table 1: Profile of surveyed states: Odisha, Kerala and Tamil Nadu	18
Table 2: Odds ratio for informal borrowings	31
Table 3: Satisfaction with the BLC process	36
Table 4: Comparing levels of satisfaction among BLC beneficiaries	36
Table 5: Stages of subsidy disbursal	46



LIST OF ABBREVIATIONS

AMRUT	Atal Mission for Rejuvenation and Urban Transformation
AHP	Affordable Housing in Partnership
BIS	Bureau of Indian Standards
BLC	Beneficiary-Led Individual House Construction/Enhancement
CLSS	Credit-Linked Subsidy Scheme
CRGF	Credit Risk Guarantee Fund
CSMC	Central Sanctioning and Monitoring Committee
EWS	Economically Weaker Section
GSDP	Gross State Domestic Product
HFAPoA	Housing for All Plan of Action
HH	Household
H&UDD	Housing and Urban Development Department
IHHL	Individual Household Latrine
INR	Indian Rupee (₹)
ISSR	In-Situ Slum Redevelopment
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
KII	Key Informant Interviews
LIG	Low Income Group
LIFE	Livelihood Inclusion and Financial Empowerment
LRC	Land Right Certificate
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
NBC	National Building Code
PMAY	Pradhan Mantri Awas Yojana
RAY	Rajiv Awas Yojana
RBP	Relationship-Based Procurement
SBM	Swachh Bharat Mission
SDG	Sustainable Development Goal
SHG	Self Help Group
SLSMC	State Level Sanctioning and Monitoring Committee
SUD-SC	Sustainable Urban Development - Smart Cities
TN	Tamil Nadu
TNSCB	Tamil Nadu Slum Clearance Board
UASRRC	Urban Area Slum Redevelopment and Rehabilitation Committee
ULB	Urban Local Body
USD	United States Dollar (\$)

GLOSSARY

Beneficiary family comprises husband, wife, and unmarried children. The beneficiary family should not own a pucca house (an all-weather dwelling unit) either in his/her name or in the name of any member of his/her family in any part of India.

Carpet Area is area enclosed within the walls (actual area to lay the carpet) and does not include the thickness of the inner walls.

EWS house is an all-weather single unit or a unit in a multi-storeyed super structure having carpet area of upto 30 sq. m. with adequate basic civic services and infrastructure services like toilet, water, electricity, etc.

EWS households are households having an annual income up to INR 300,000 (USD 4,286). However, states/UTs have the flexibility to redefine the annual income criteria as per local conditions in consultation with the centre.

Implementing Agencies are the agencies, such as the Urban Local Bodies, Development Authorities, Housing Boards, etc., which have been selected by the respective state government/SLSMC for implementing Pradhan Mantri Awas Yojana – Housing for All (Urban) Mission.

Land Right Certificate (LRC) grants the right to occupy a particular piece of land.

Record of Rights (ROR) contains complete information regarding the land property and history of holders of land and is a crucial indicator of the legal status of a property.

Slum is a compact area of at least 300 population or about 60-70 households of poorly built congested tenements, in unhygienic environment usually with inadequate infrastructure and lacking in proper sanitary and drinking water facilities.

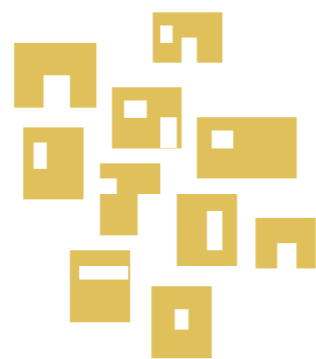
Tenable settlement is a settlement where existence of human habitation does not entail undue risk to the safety or health or life of the residents or habitation or such sites are not considered contrary to public interest or the land is not required for any public or development purpose

Urban Local Bodies (ULBs) are constituted for local planning, development and administration in the urban areas

All conversions are done @ USD 1 = INR 70



EXECUTIVE SUMMARY



Recognising the inadequacies in the state of housing in India, the national agenda of housing for all has emerged as one of the top priorities of the government. Despite the launch of numerous schemes to improve the housing conditions of economically weaker sections (EWS) and low income groups (LIG), approximately 95 per cent of the housing shortage of 18.8 million units prevails among the EWS and LIG categories as of 2012. To address the housing requirements of the urban poor, including slum dwellers, the Pradhan Mantri Awas Yojana (PMAY) or the mission of 'Housing for All by 2022', was launched by the Hon'ble Prime Minister in 2015.

Among the four verticals of PMAY, Beneficiary-Led Individual House Construction (BLC) has emerged as the front runner with about 60 per cent of the total PMAY houses sanctioned under this vertical. Along with its ease of implementation resulting from the availability of land rights, this vertical also attained significant traction from the innovative approaches adopted by various state governments to expedite the disbursement of the BLC subsidy. These innovations have enabled the states to facilitate house construction among the urban poor through the provision of land rights, increased subsidies, and financial assistance.

To understand the process of BLC implementation and the innovative interventions by states to streamline this process, household surveys were conducted across three states: Odisha, Kerala and Tamil Nadu.

Studies from the three states have revealed high incidence of informal borrowing among the beneficiaries to finance construction. Despite the subsidisation of house construction, the financial contribution required from the beneficiaries is significantly high, forcing them to resort to borrowing from informal sources. The cost burden on the beneficiaries was exacerbated as the final cost

of construction for many beneficiaries amounted to more than the estimated costs, owing to significant supply chain fragmentation.

While the overall satisfaction levels for various administrative processes were high, except in Odisha where beneficiaries faced delays in receiving the subsidy thereby incurring increased costs, the studies observed considerable gaps in the administrative processes. There were instances of beneficiaries undertaking construction without obtaining building approvals because it is not mandated by the states. Further, there was limited attention to the relocation of beneficiaries during the construction phase, and the costs for the same remained unaccounted for. As the construction period lasted an average of 40-50 weeks, the costs of relocation came to a hefty amount for some beneficiaries.

Despite the mandate to ensure the provision of basic amenities in the houses constructed under PMAY, there continues to be a sizeable lack of basic infrastructure in many BLC houses built. Approximately 96 per cent of the beneficiaries in Odisha lacked access to an individual household latrine (IHHL) in both their old and new houses, and the bulk of them lacked a primary water source within the premises. Most houses in Kerala had metered electricity and a high proportion had water supply within premises. In Tamil Nadu, merely 7 per cent of the BLC houses had access to all three basic amenities: piped water within premises, metered electricity, and pucca road.

As per its mandate, PMAY has gained traction in its goal to empower women as most of the BLC beneficiaries in the three states were women. However, there continues to be a lack of a mechanism for proper information dissemination, along with limited participation from awareness-raising institutions/agents such as community mobilisers, slum committees and women self-help groups (SHGs).

KEY RECOMMENDATIONS

Based on the learnings of the process of BLC implementation in the three states, this report outlines key recommendations for the PMAY guideline to enable better integration of the scheme with the local specificities, thereby benefitting the most vulnerable sections. It advocates leveraging of three primary enablers – access to land, holistic city planning, and access to institutional finances – to achieve the national ‘Housing for All’ agenda.

Land



Ensure tenure security as a key component of the BLC scheme to achieve improved traction of the BLC subsidy among slum dwellers, particularly in the smaller cities.

Ensure mandatory involvement of the Revenue Department in the process of either land allocation or streamlining ownership documentation for the slum dwellers to secure updated land records.

Include a range of tenorial options to increase access to affordable housing, including rental housing for the migrant population.

Planning



Enable holistic city planning including slums/urban poor settlements, while focusing on improved habitat conditions beyond mere construction of dwelling units.

Ensure efficient convergence of PMAY with other schemes like Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Swachh Bharat Mission (SBM) to provide mandatory access to household amenities such as toilets and access to basic infrastructures at the settlement level.

Redesign the BLC component to integrate slum upgradation to enable improved habitat condition at the slum level.

Enable local urban administration, at the settlement level, to prioritise infrastructural investments delinked from tenorial status.

Institutional Financing



Enable access to institutional finance for the urban poor to increase the coverage under BLC, expedite construction, and preclude beneficiaries from getting trapped in a cycle of debt and poverty.

Implement mechanisms to strengthen the construction supply chain by ensuring the provision of raw material and labour at a wholesale rate. This reduces the costs incurred by the beneficiaries on construction delays, thereby minimising their dependence on informal credit.

Develop a more efficient subsidy disbursement model for BLC beneficiaries to encourage the upfront release of state/ULB share as the first instalment. This not only expedites the construction process, but also reduces instances of uninitiated houses, due to limited trust in receiving the public subsidy after the demolition of the existing house.





1 SETTING THE CONTEXT



1.1 OVERVIEW

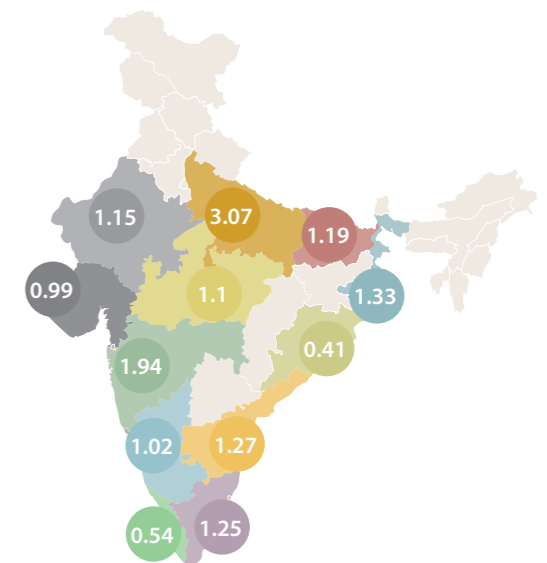
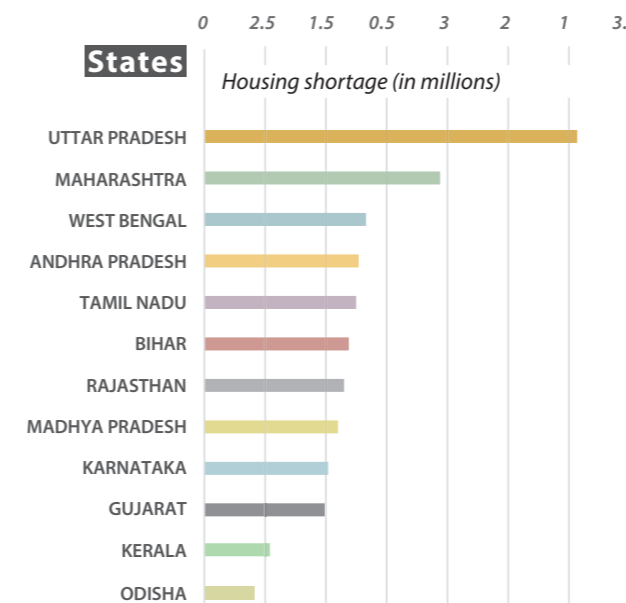
The challenge of affordable housing for all has persisted in India since Independence, manifested in the form of an increasing housing shortage and homelessness, and has been exacerbated by rapid urbanisation. After accounting for non-serviceable temporary houses, obsolete houses, congestion among households (HHs) and the prevailing extent of homelessness, the housing shortage in India was estimated at 1.8 million in 2012 by the Technical Group on Urban Housing Shortage (Figure 1), with 95 per cent of the housing shortage being concentrated among the EWS and LIG categories. The shortage of affordable housing has forced millions of people to reside in slums and unauthorised housing/informal settlements, with poor living conditions, lack of basic amenities and a looming threat of eviction (Jain, Chennuri, & Karamchandani, 2016). In addition, the lack of tenure security in slums and the disparities in land ownership disincentivise slum dwellers from investing in housing and basic amenities (Rains, Krishna & Wibbels, 2018).

Aiming for provisioning housing for all by 2022, PMAY was launched in 2015, primarily addressing the housing requirement of the urban poor, including slum dwellers, through four verticals: a) In-Situ Slum Redevelopment (ISSR) using land as resource, b) Credit Linked Subsidy Scheme (CLSS), c) Affordable Housing in Partnership (AHP), and

d) Beneficiary-Led Individual House Construction/Enhancement (BLC) of individual houses. As of April 2020, approximately 10 million houses have been sanctioned under PMAY, with around 60 per cent of the total houses sanctioned under the BLC vertical; approximately INR 1.65 trillion (USD 21.4 billion) of central assistance has been committed.

The BLC vertical focuses on improving housing conditions of the urban poor by providing financial assistance to individual eligible families belonging to the EWS category to either construct new houses or expand existing houses, subject to owning a land parcel in the city. This vertical has made substantial progress because, in providing housing assistance, public institutions have found it easier to deal with HHs having access to land. The progress under other verticals has been relatively modest due to the lack of affordability among the poor (unable to repay even the heavily subsidised loan), low level of private sector participation, and the reluctance of the private players to adhere to various stipulations, as envisaged under the PMAY-Urban (PMAY-U) (Kundu & Kumar, 2017). Although AHP emerged as the second most preferred vertical (27 per cent), experience has revealed that private sector investment in affordable housing was feasible only in centrally-located slums, where land prices were high. Private investments in the peripheral areas were unviable, as observed in the case of Ahmedabad (Mahadevia, Bhatia, & Bhatt, 2018).

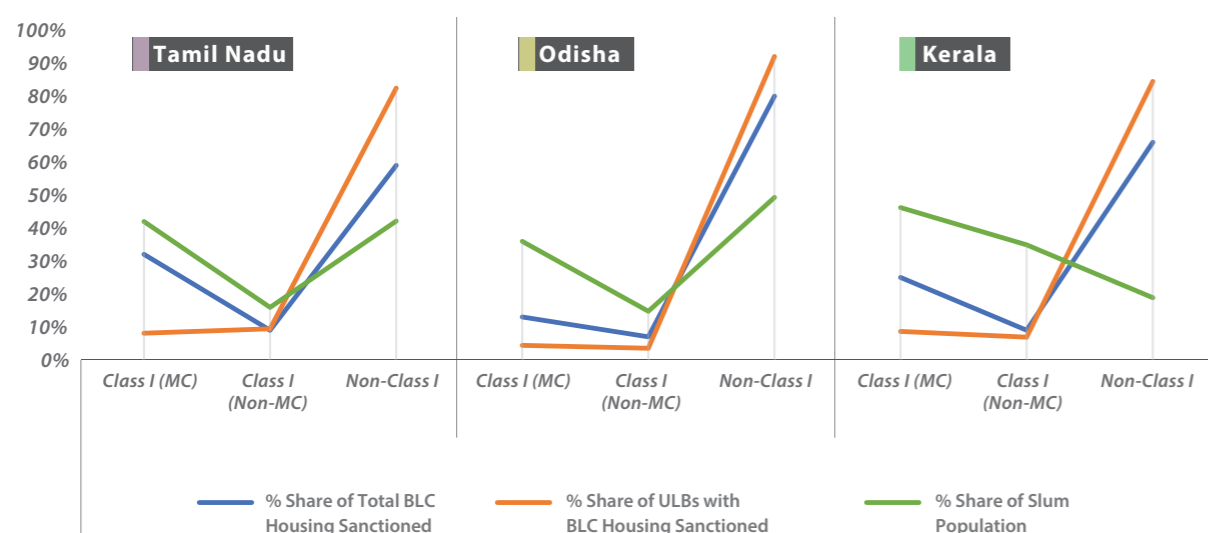
Figure 1: Housing shortage in India



Source: Technical Group on Urban Housing Shortage, 2012



Figure 2: City class-wise distribution of BLC houses sanctioned



A disaggregated analysis of the uptake of BLC across three Indian states – Odisha, Kerala, and Tamil Nadu (TN) – reveals that there is a higher traction of BLC subsidy in smaller cities (Figure 2). The uptake of the scheme has also been shaped by the distinctive patterns of urbanisation observed in the three states. Kerala's urbanisation is characterised by the development of the peripheral areas adjacent to the towns/cities, which has resulted in a spatially distributed urban population. Similarly, TN has experienced a spatially dispersed pattern of urbanisation, with an even spread of small, medium, and major towns, due to rural-urban migration in search of employment opportunities. On the other hand, Odisha is one of the least urbanised states in India, with its urban population concentrated along the eastern belt, in proximity to its coastline; about 20 per cent of the geographical area of the state accounts for 52 per cent of the urban population (Mishra & Daspatanayak, 2019). In this milieu, smaller towns/cities have emerged at the forefront in the BLC implementation process.

Further, in smaller cities, the slum dwellers are not necessarily encroachers (Das & Mukherjee, 2018). As the phenomenon of in-situ urbanisation engulfs unserved rural pockets, a large number of informal settlers reside on their own land with/without services, in dilapidated housing conditions, and without adequate documentation. Given that the land and property records in India are in a dismal

state, with the frequent and widespread problem of unclear titles (D'Souza, 2019), predicating access to subsidy on clear land titles also keeps many otherwise eligible beneficiaries outside the purview of the scheme. Further, despite the availability of subsidies, the BLC beneficiaries are required to self-mobilise a considerable share of the financial requirements towards house construction/expansion. However, the availability of tenure security often does not have a significant impact on their ability to access formal credit, compelling them to rely on informal sources that entail high interest rates. There is not enough evidence to suggest that tenure formalisation has significantly increased access to mortgage credit, especially for low-income HHs (Durand-Lasserve, 2006).

Against this background, with support from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH India, this study is designed with a two-fold objective: i) to synthesise the learnings of BLC implementation in terms of existing conditions and challenges in the three states – Odisha, Kerala, and TN, and ii) to outline policy recommendations for the central and the state governments to streamline the BLC implementation process under PMAY. The study analyses the implementation of the BLC vertical under PMAY and the innovative approaches adopted to enable housing for all under this scheme across the three states. It subsequently outlines recommendations for a better integration and adaptability of PMAY for improved localisation across the country.

1.2. STRUCTURE OF THE REPORT

Based on the learnings from the states of Odisha, Kerala and TN, this report is structured to discuss the context for the study, followed by the objectives in Chapter 1. Chapter 2 discusses the approach and methodology adopted for this study. This chapter also delineates the profiles of the selected states and elucidates the procedure used to conduct the survey in the three states.

Chapter 3 provides an overview of the demographic and economic profiles of the BLC beneficiaries, along with the profile of their constructed houses and the status of the building construction. Chapter 4 explores the key findings emerging from the implementation of BLC in the three states. This section discusses the sources of finance opted for by

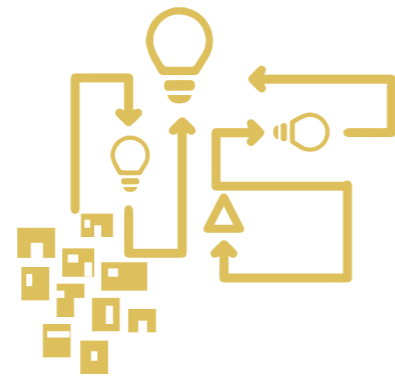
the BLC beneficiaries, the building material supply-chain factors, administrative procedures, and access to basic civic services in the newly constructed houses, among others. Substantiated by data from the three states, it aims to highlight critical pointers for the stakeholders in the process of BLC implementation.

Based on the demographic analysis and the assessment of the process of BLC disbursement in the previous sections, Chapter 5 outlines recommendations for strengthening various provisions under PMAY, while discussing and critiquing the innovative approaches followed by the states, which could provide inputs to the overall scheme guideline. The conclusion that follows culls the learnings from this report for an overview of the key enablers for housing: land, planning and financing.



2

APPROACH AND METHODOLOGY



This report is prepared under the ‘Sustainable Urban Development - Smart Cities’ (SUD-SC) project, jointly implemented by the Ministry of Housing and Urban Affairs and GIZ India. The project supports the national ministry and the state governments (Odisha, Kerala, and TN) in the policy formulation for housing for all, basic services, planning framework, and monitoring of the Sustainable Development Goal (SDG) number 11. It also supports the three selected Smart Cities (Bhubaneswar, Coimbatore, and Kochi) in implementing concepts of integrated spatial planning approaches. A brief profile of each state is given in Table 1 (pg 18).

The recommendations outlined in this report are based on the key findings from the detailed reports for the three states, which outline state specificities for land regulation, financial assistance, convergence of PMAY with other schemes, extension of basic services, design regulations, etc. These recommendations are further developed in accordance with the factors that have acted as enablers and barriers in the process of BLC dissemination in the three states.

The study had a predetermined sample size of 250 HHs for each state. These 250 HHs in each state were further distributed across three select cities, each arrived at in consultation with the respective state governments. Stratified purposive sampling was followed for the selection of HHs in each of the cities. The state-wise study locations (Figure 3) were:

- **Odisha:** Dhenkanal, Gopalpur, and Behrampur
- **Kerala:** Thiruvananthapuram (Trivandrum), Kochi, and Mukkam
- **TN:** Chennai, Coimbatore, and Uthiramerur

Based on the quantitative HH surveys and key informant interviews (KIIs), these studies sought to understand the processes of the BLC implementation and the experiences of the beneficiaries in leveraging the subsidy. For these studies, data was collected digitally using the Cadasta Platform and Survey 123 application, with several validation checks to minimise errors, and detailed survey questionnaires were developed to conduct the survey at HH level.

Figure 3: Study locations

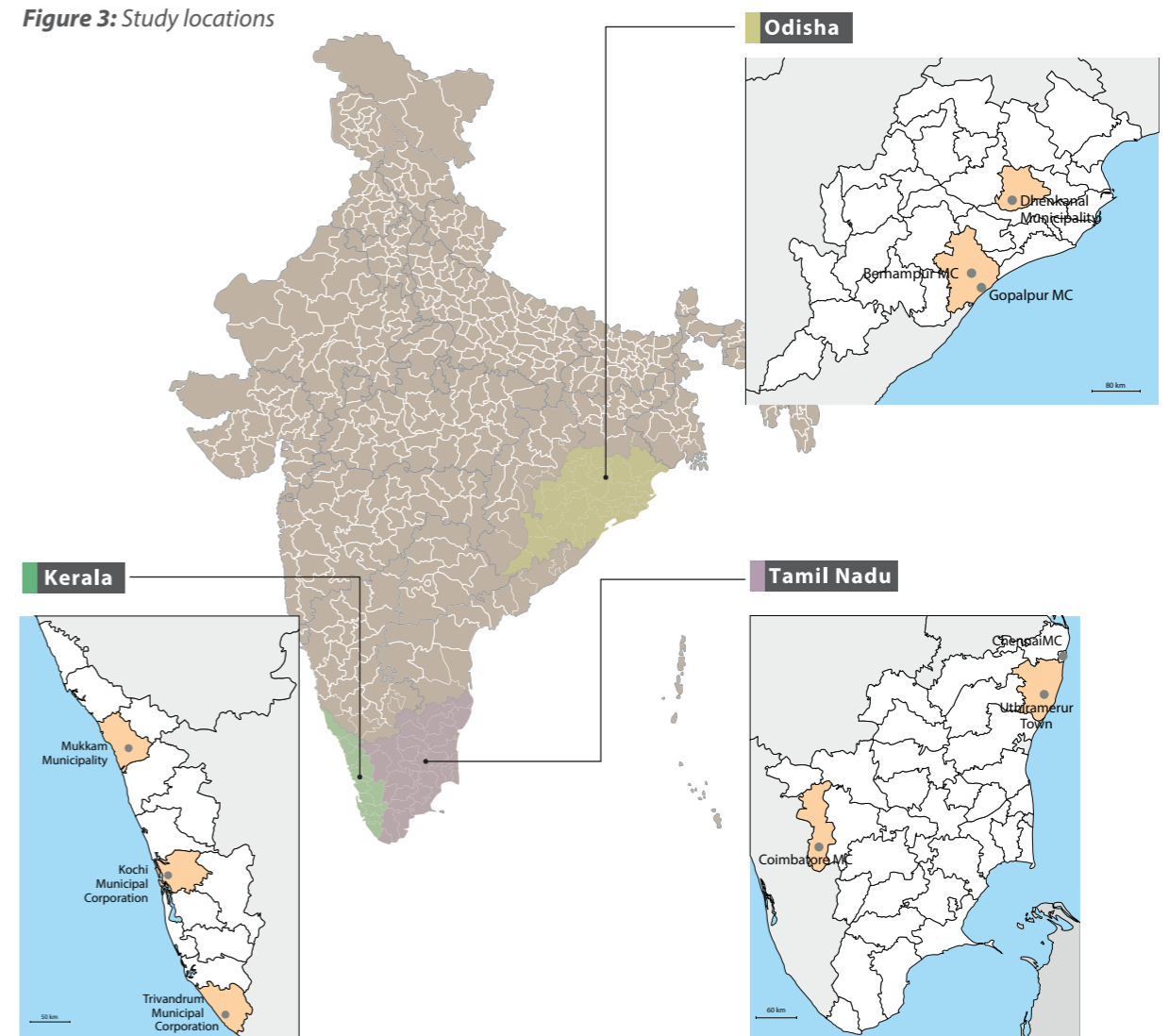













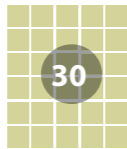
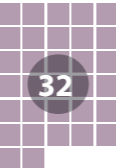



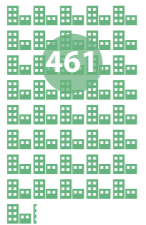

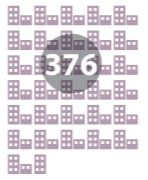


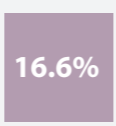










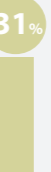






Table 1: Profile of surveyed states - Kerala, Odisha, and TN

	 KERALA	 ODISHA	 TAMIL NADU
Total population	33,387,677 	41,947,358 	72,138,958 
Proportion of urban population	48% 	17% 	48% 
Rate of urban decadal growth in the state	93% 	28% 	27% 
No. of districts	14 	30 	32 
No. of Urban Local Bodies	59 	114 	719 
No. of Census Towns	461 	116 	376 
Proportion of slum population	1.3% 	23% 	16.6% 

18

	 KERALA	 ODISHA	 TAMIL NADU
Total no. of urban households	4,706,920 	1,517,073 	8,929,104 
Housing ownership	86% 	66% 	61% 
Rental housing	10% 	31% 	37% 
GSDP in 2018-19 (INR Cr)	781,653 	492,229 	1,630,208 

19

Source: Census 2011; State Domestic Product and other aggregates, 2011-12 series, Ministry of Statistics and Programme Implementation

LIMITATIONS

The surveys in the three states were undertaken over two different time periods: first in TN during 2018, and then in Kerala and Odisha during 2019. The questionnaires for Kerala and Odisha were subsequently improved, resulting in some data points, which were not comparable with TN. Owing to the focus of the study on BLC beneficiaries, the sampling was designed based on specific inclusion criteria. This prevented the study from delving into

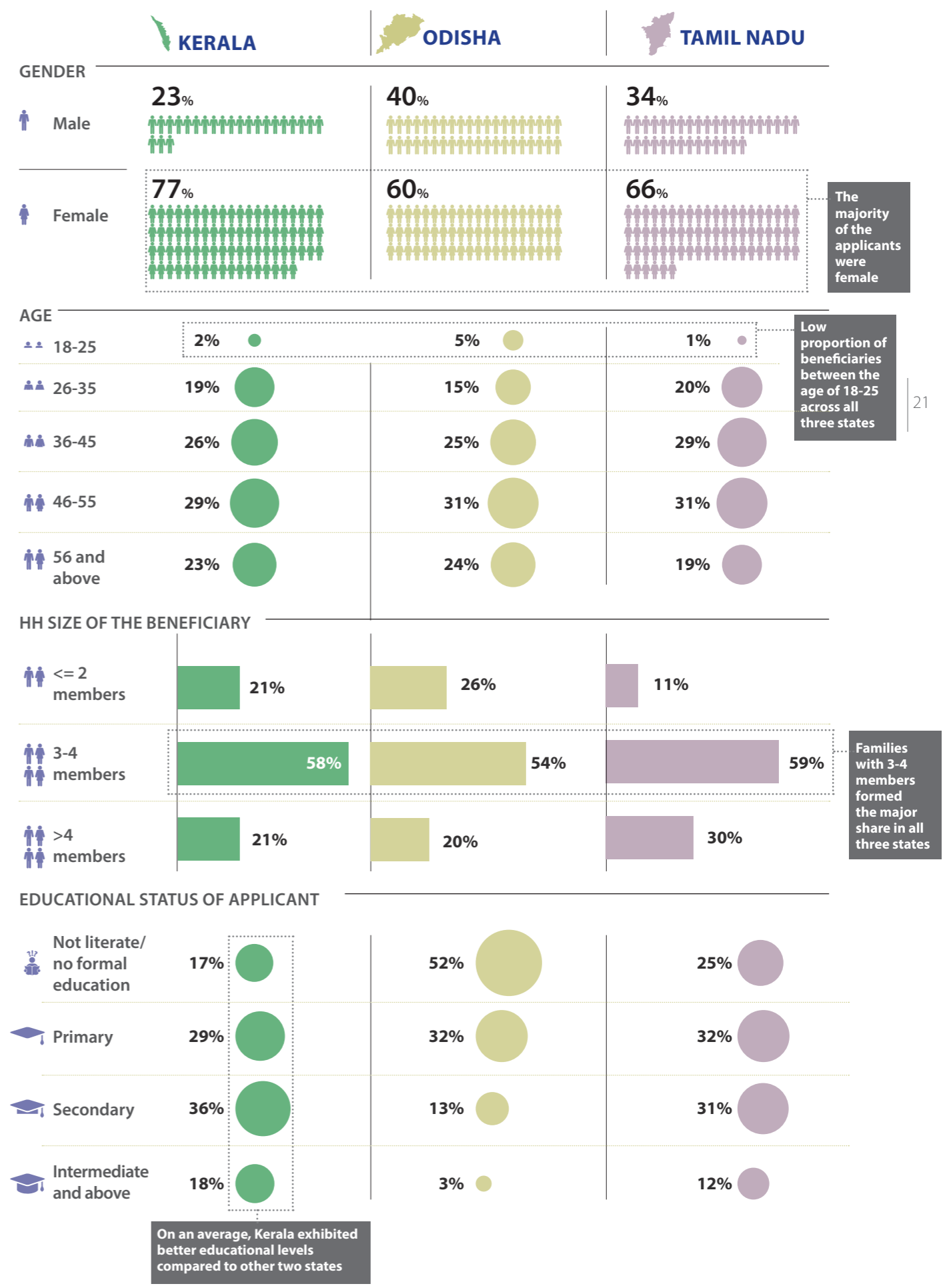
the category with neither land nor BLC, which remained excluded. Additionally, the responses of the HHs in stating the nature of the settlement (slum/unauthorised colony/authorised colony/resettlement colony) in which they reside may not be entirely reliable, given the complexity of administrative classification. The inferences were drawn for the study based on the opinions/responses expressed by the respondents, at times on behalf of the BLC beneficiary in the household.

3

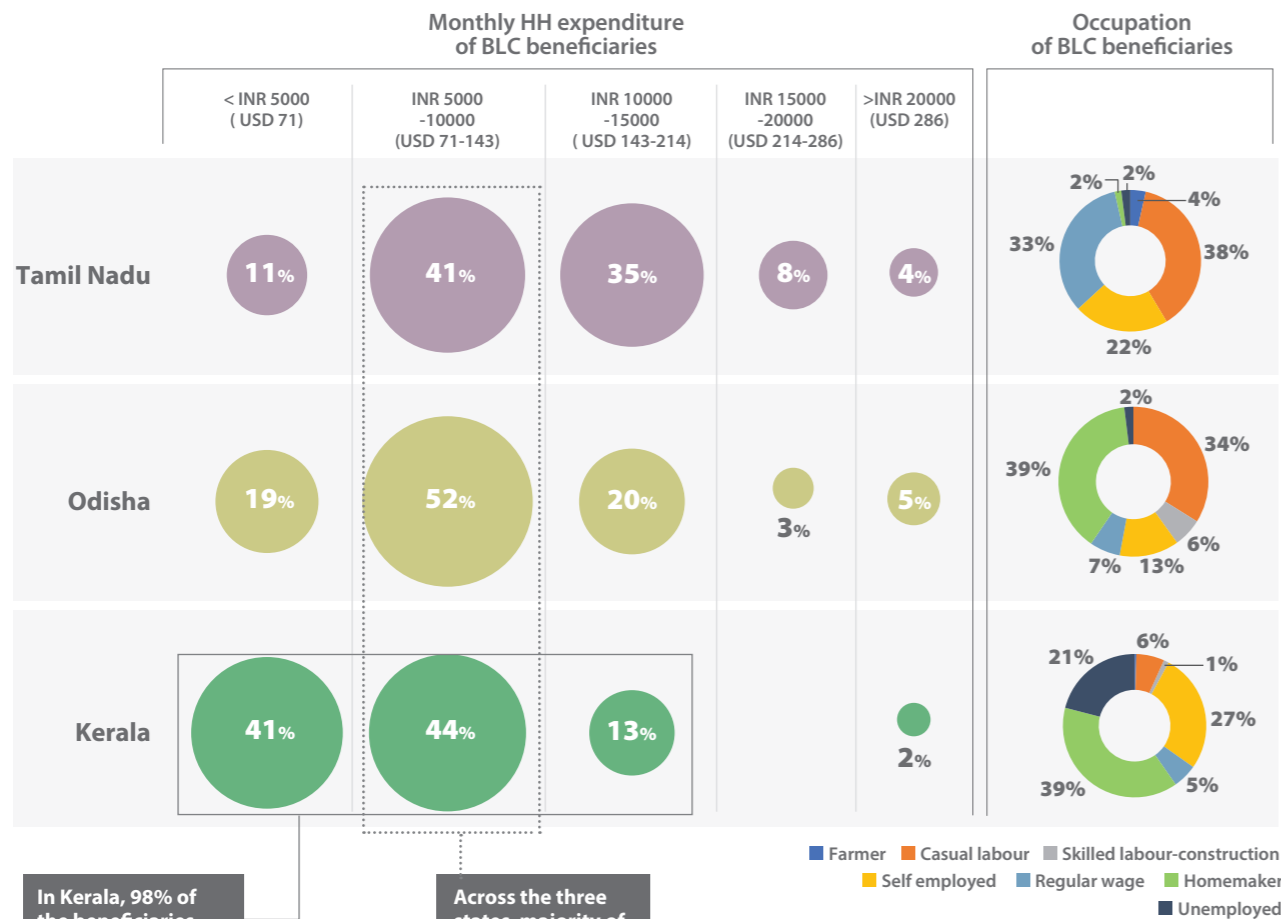
PROFILING OF BLC BENEFICIARIES ACROSS THE THREE STATES



DEMOGRAPHIC PROFILE OF BLC BENEFICIARIES



ECONOMIC PROFILE OF BLC BENEFICIARIES



In Kerala, 98% of the beneficiaries had a monthly HH expenditure less than INR 15,000 (USD 214)

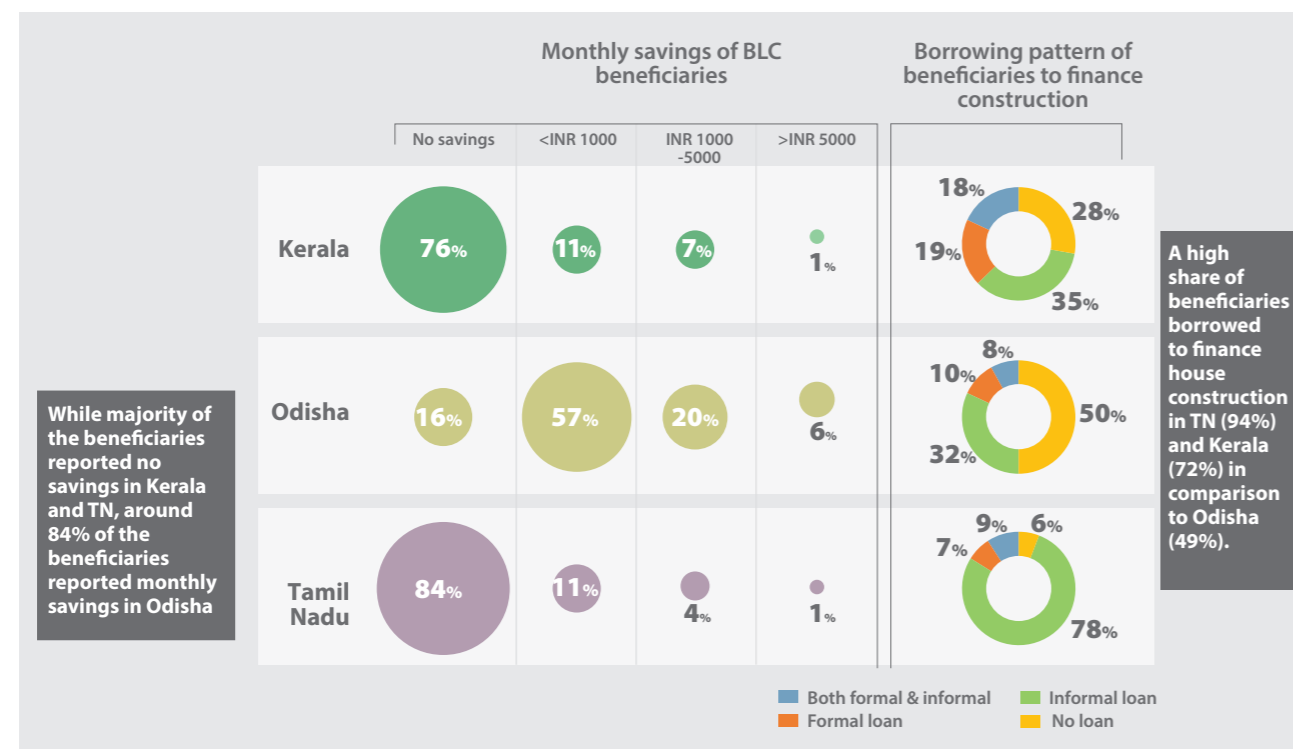
Across the three states, majority of the beneficiaries had monthly HH expenditure in this range



"I took almost one and half years to construct the house, due to financial obstacles. Being the sole bread earner of my family, even an investment of INR 35,000 (USD 500) required to demolish my old thatched house and lay the foundation for the new one was a big challenge. We did not approach the banks because we were not sure if we will get loan. Even informal borrowing was difficult because we did not have anything to mortgage. However, we resorted to borrow small amounts from friends and repay them once we got the subsidy and completed the construction" – *A tea stall owner from Odisha*

DOCUMENTS SUBMITTED FOR ACCESSING BLC SUBSIDIES

List of documents	KERALA	ODISHA	TAMIL NADU
Aadhar card (photocopy)	98%	99%	98%
Patta document/Land document given by government	69%	73%	94%
Record of Rights (RoR)	17%	20%	
Affidavit of annual income (self-certified)	14%	10%	5%
Affidavit stating the beneficiary does not own a pucca house anywhere (self-certified)	24%	12%	3%
Affidavit of annual income (government certified)	26%	3%	2%
Affidavit stating that the beneficiary does not own a pucca house anywhere (government certified)	60%	3%	16%
Front page of bank passbook (photocopy)	36%	2%	96%
Holding/water/light/tax receipts	88%	82%	34%
Affidavit and undertaking by beneficiary	70%	31%	1%
Photograph of house/plot	37%	16%	2%
Others (ration card/voter ID/group photo)	58%	38%	84%

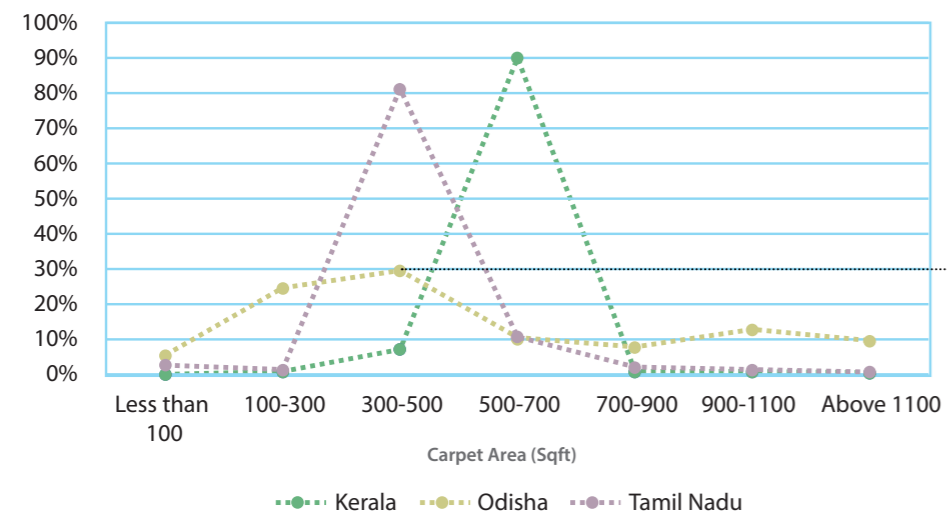


While majority of the beneficiaries reported no savings in Kerala and TN, around 84% of the beneficiaries reported monthly savings in Odisha

A high share of beneficiaries borrowed to finance house construction in TN (94%) and Kerala (72%) in comparison to Odisha (49%).

PROFILE OF HOUSES CONSTRUCTED UNDER THE BLC SCHEME

CARPET AREA OF THE NEW HOUSES



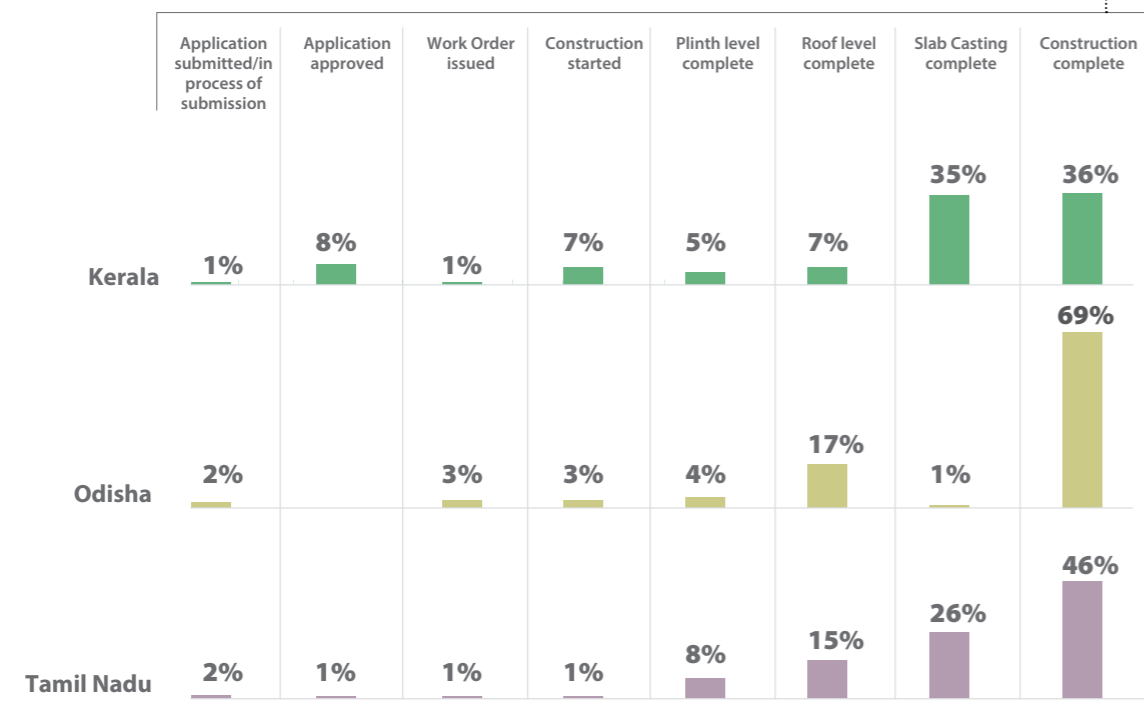
While there is uniformity in terms of carpet area in Kerala and TN, in Odisha, the carpet area varies from less than 300 sq. ft. to more than 500 sq. ft.

24



“The only condition for obtaining a No Objection Certificate (NOC) is that the house should be pucca, not more than 600 sq.ft area, and should have atleast one toilet, separate kitchen and a septic tank. There are building plans provided by the government, but the beneficiaries are free to follow their own design” – *A female mason from Kerala*

CURRENT STATUS OF THE CONSTRUCTION



For all three states, the majority of the houses were in the final stages of construction.

ACCESS TO BASIC SERVICES

	Kerala	Odisha	Tamil Nadu
Metered Electricity	17% No, 83% Yes	10% No, 90% Yes	17% No, 83% Yes
Door to Door Solid Waste collection	87% No, 13% Yes	80% No, 20% Yes	0% No, 0% Yes
Piped Water	70% No, 30% Yes	70% No, 30% Yes	89% No, 11% Yes
Toilet	0% No, 100% Yes	32% No, 68% Yes	13% No, 87% Yes
Pucca Road	15% No, 85% Yes	19% No, 81% Yes	21% No, 79% Yes
Covered Pucca Drain	88% No, 12% Yes	87% No, 13% Yes	0% No, 0% Yes
Seperate Kichen	24% No, 76% Yes	25% No, 75% Yes	0% No, 0% Yes

25

Majority of the beneficiaries have access to toilet, metered electricity, and pucca road across the three states.

Access to garbage collection, water supply and pucca drain is limited.



“I have built the house without toilet because we could not afford to construct one, nor was it a priority. Moreover, we were not informed that the construction of a toilet was mandatory under the BLC scheme. However, now I have applied for a scheme for the construction of toilets but have not heard back from the local government yet”. – *A beneficiary from Tamil Nadu*





4

AN ANALYTICAL VIEW OF BLC IMPLEMENTATION IN THE THREE STATES

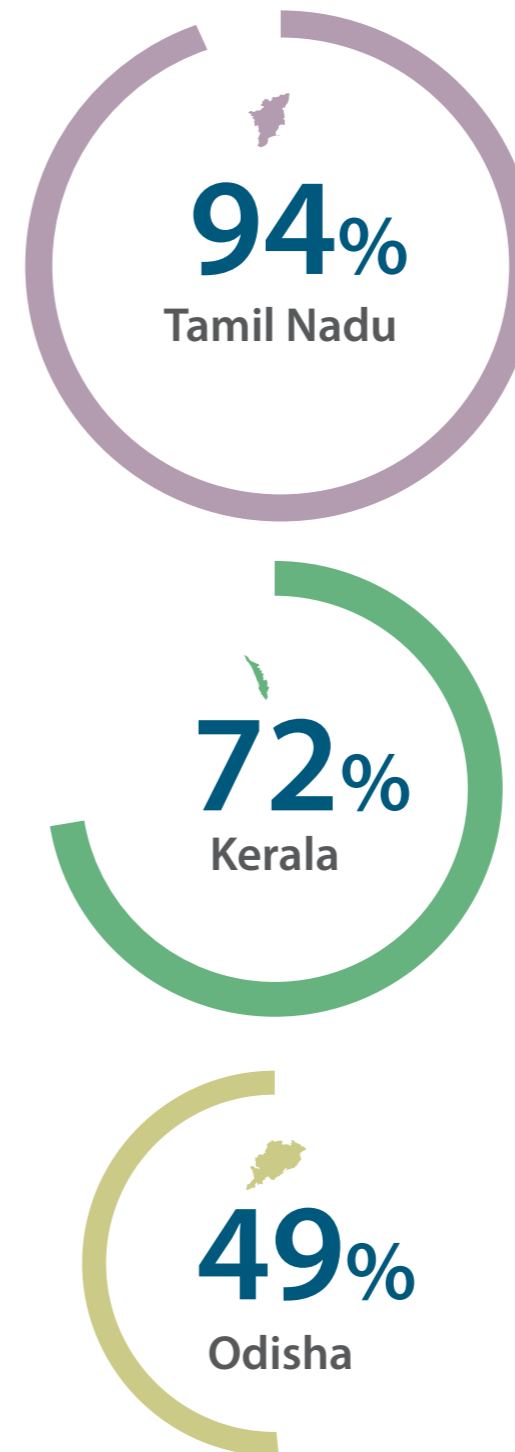


This chapter captures the key findings emerging from the analysis of the implementation practices of BLC in three states: Odisha, Kerala, and TN.

4.1 EXCESSIVE RELIANCE ON INFORMAL BORROWING TO FINANCE CONSTRUCTION

BENEFICIARIES FINANCED THE HOUSE CONSTRUCTION BY BORROWING FROM MULTIPLE SOURCES

Figure 4: Extent of borrowing among BLC beneficiaries



Construction of houses under PMAY-BLC requires substantial beneficiary contribution. Given that the beneficiaries belonged to the EWS category and had limited savings, they had to borrow funds to finance their house construction in 8 out of 10 cases.

on average
80%

of the beneficiaries borrowed to finance their house construction.

In majority of the cases, however, households relied on multiple sources of borrowing, either a combination of formal and informal or a combination of multiple informal sources. Only Odisha had a relatively lower level of borrowings, at 49 per cent. The remaining half of the beneficiaries in the state augmented the housing subsidies by drawing on their savings and income.





INFORMAL BORROWING AMONG THE BENEFICIARIES WAS HIGH

It is well known that informal credit markets often display patterns and features not commonly found in formal structures. These include advancement of loans based on oral agreements rather than written contracts, with limited to no collateral, long-term exclusive relationships, and repeat-lending with significant interlinkages with other markets such as materials, labour, transportation, etc. However, such informality is often associated with significantly high interest rates on account of the high risk accompanying this type of lending.

BLC beneficiaries reported not borrowing from banks owing to the following reasons: excessive documentary and collateral requirements, perceived high rates of interest, and inability to pay the equated monthly instalments over the loan term. Relatives/friends – with whom trust-based lending/ repeat-lending is more accessible – emerged as the primary source of informal borrowings among the majority of the beneficiaries. Borrowing from informal money lenders was also prevalent across the three states, despite high interest rates.

The informal markets are conventionally characterised by high rates of interest, often due to the inability of the poor to repay loans, reducing the creditworthiness of borrowers (Purushotham, 2009). However, informal markets remain popular owing to the convenience of door-step services with flexible timings and the possibility of saving small amounts (Ananth and Öncü, 2013). In Odisha, charging high interest rates on informal loans was a common practice, as many beneficiaries in Odisha reported an informal rate of 60 per cent. In Kerala, on the other hand, a majority of beneficiaries reported zero or significantly low interest rates when borrowing from relatives/friends.

Figure 5: Sources of borrowing for construction of BLC houses

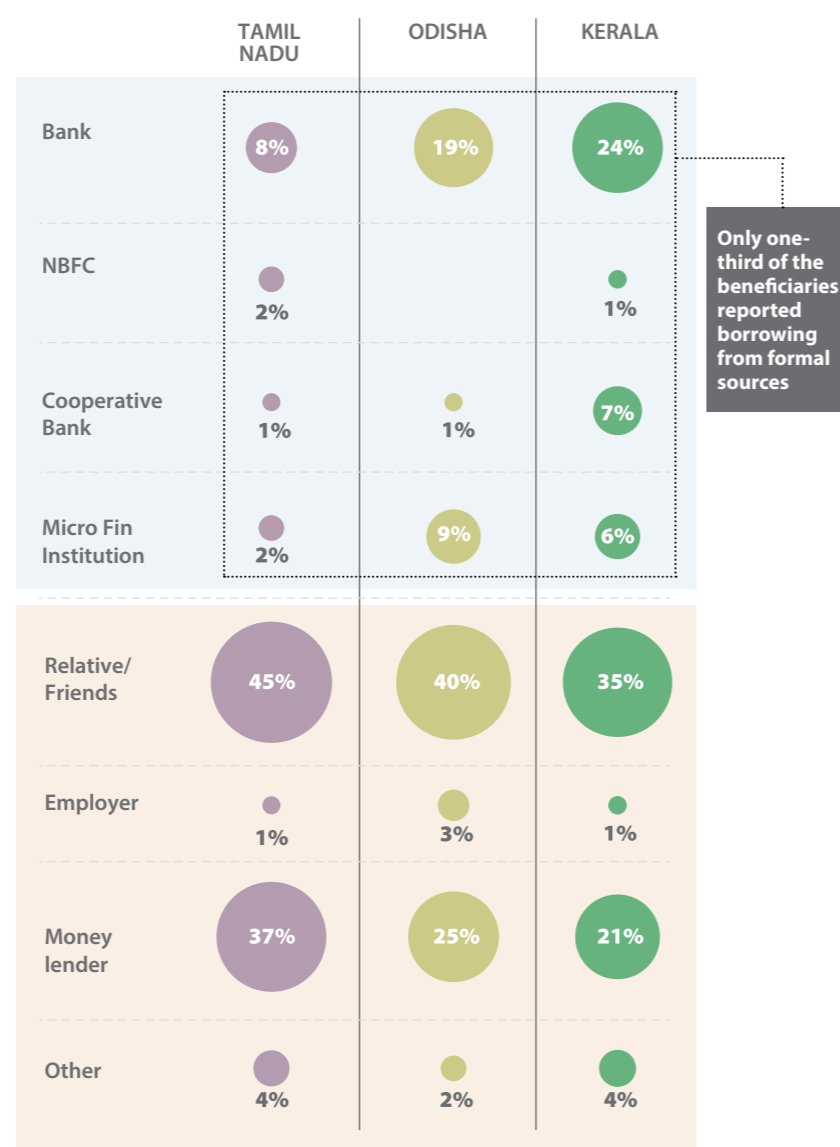
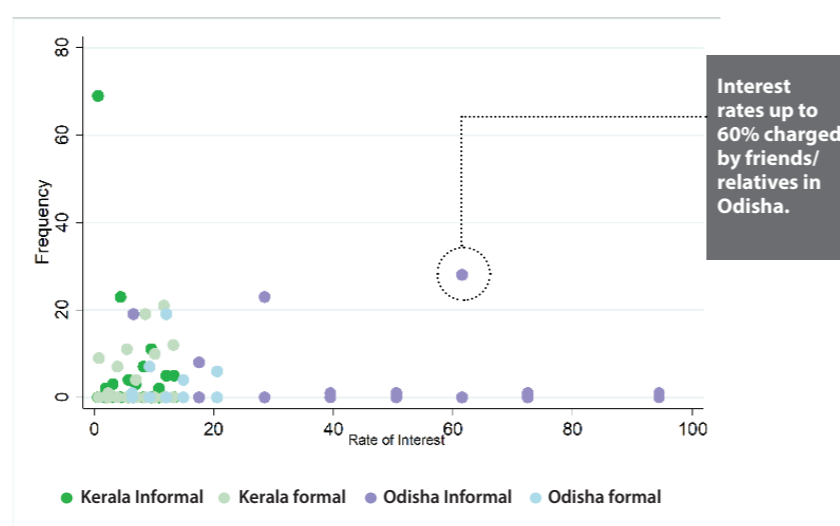


Figure 6: Rates of interest for formal and informal borrowings



This data-point was not available in the case of Tamil Nadu.

INSTANCES OF INFORMAL BORROWINGS WERE HIGHER AMONG THE POORER SECTION OF THE BENEFICIARIES

Urban poor, often employed in the informal sector, do not possess documented income proofs and therefore are unable to borrow from formal financial institutions, which in turn perceive the urban poor as a high-risk, unbankable segment. Expectedly, the poorer BLC beneficiaries reported a higher dependence on informal borrowing than their better-off counterparts. In Kerala however, beneficiaries reported access to formal credit across the various income categories.

Odds of borrowing informally were 2x higher for the lowest quintile compared to the highest quintile in Odisha and 5x higher in TN

Table 2: Odds ratio for informal borrowings

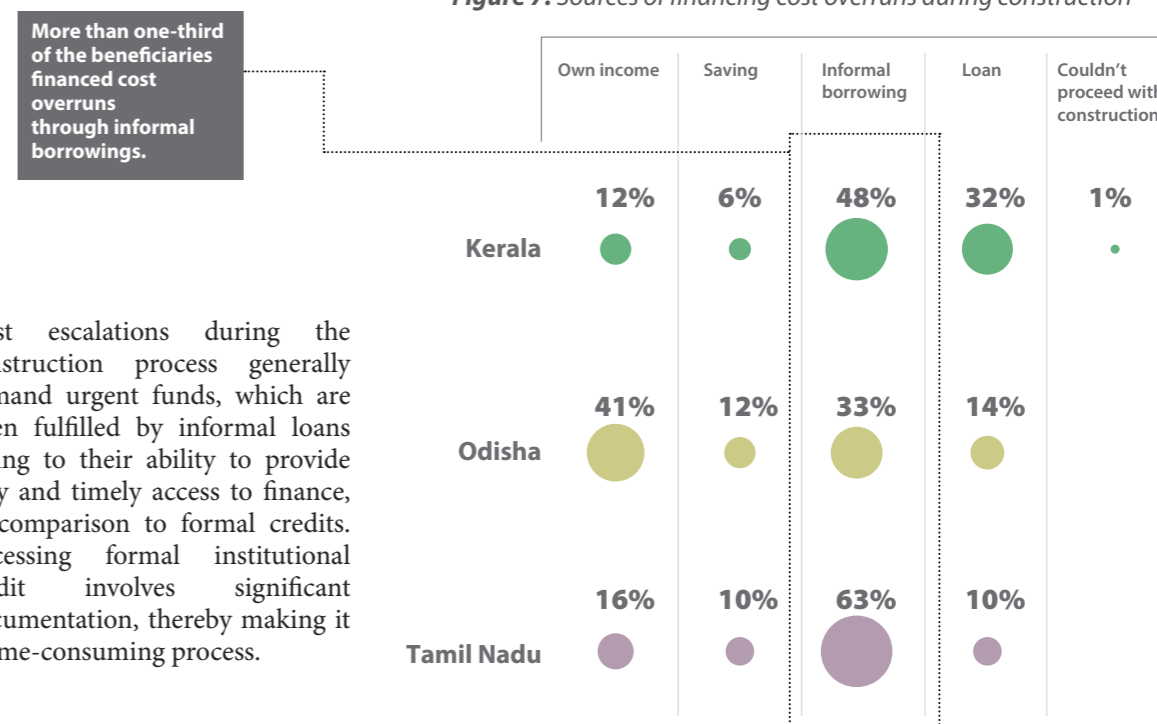
Y variable – Informal Borrowings (Yes-1, No-0)							
		Odds Ratio	Std. Err.	z	P>z	[95% Conf.	Interval]
Base quintile – Q3							
Odisha	Q1	2.175	0.818	2.07	0.039	1.041	4.546
	Q2	2.351	0.863	2.33	0.02	1.145	4.827
Tamil Nadu*	Q1	5.444	2.688	3.43	0.001	2.068	14.331
	Q2	1.574	0.701	1.02	0.309	0.656	3.771
Kerala	Q1	0.479	0.151	-2.33	0.02	0.258	0.890
	Q2	0.608	0.192	-1.57	0.117	0.326	1.132

Q denotes quintile; Q1 is the poorest while Q3 is the richest quintile in the state sample.

*In case of Tamil Nadu, total HH expenditure categories have been used, instead of Monthly Per Capita Expenditure (MPCE) quintiles, owing to limited data availability.

HOUSEHOLDS OFTEN USED HIGH-COST INFORMAL BORROWINGS TO FINANCE COST OVERRUNS

Figure 7: Sources of financing cost overruns during construction



Cost escalations during the construction process generally demand urgent funds, which are often fulfilled by informal loans owing to their ability to provide easy and timely access to finance, in comparison to formal credits. Accessing formal institutional credit involves significant documentation, thereby making it a time-consuming process.

4.2 NUMBER OF FACTORS ACROSS THE CONSTRUCTION VALUE CHAIN CONTRIBUTE TO TIME AND COST OVERRUNS

In the construction process, procurement activities occur during all stages. Ensuring a working chain for raw materials and labour supply is a major challenge in housing construction. Any shortage/rise in the cost of inputs for dwelling unit construction/enhancement can cause significant time and cost overruns. While delays can increase cost of relocation for the beneficiary, any unexpected cost escalations can force quick borrowings, often at a high interest rate, potentially trapping them in long-term debt.

In the entire BLC process, from submission of application to completion of construction, the construction stage was the most time-consuming process.

40-50 weeks

Average time taken for BLC house construction

The construction stage took much longer, especially for the lowest consumption quintile compared to higher quintiles. For instance, in TN and Kerala, the lowest quintile took about eight more weeks for the completion of construction compared to the higher quintiles. About 64 per cent of the beneficiaries in TN reported a delay in the construction process compared to only 31 per cent in Kerala. However, the average time taken in the entire construction process was reported to be 12 weeks longer on an average (median time taken) in Kerala compared to TN.

Figure 8: Time taken for construction of BLC houses

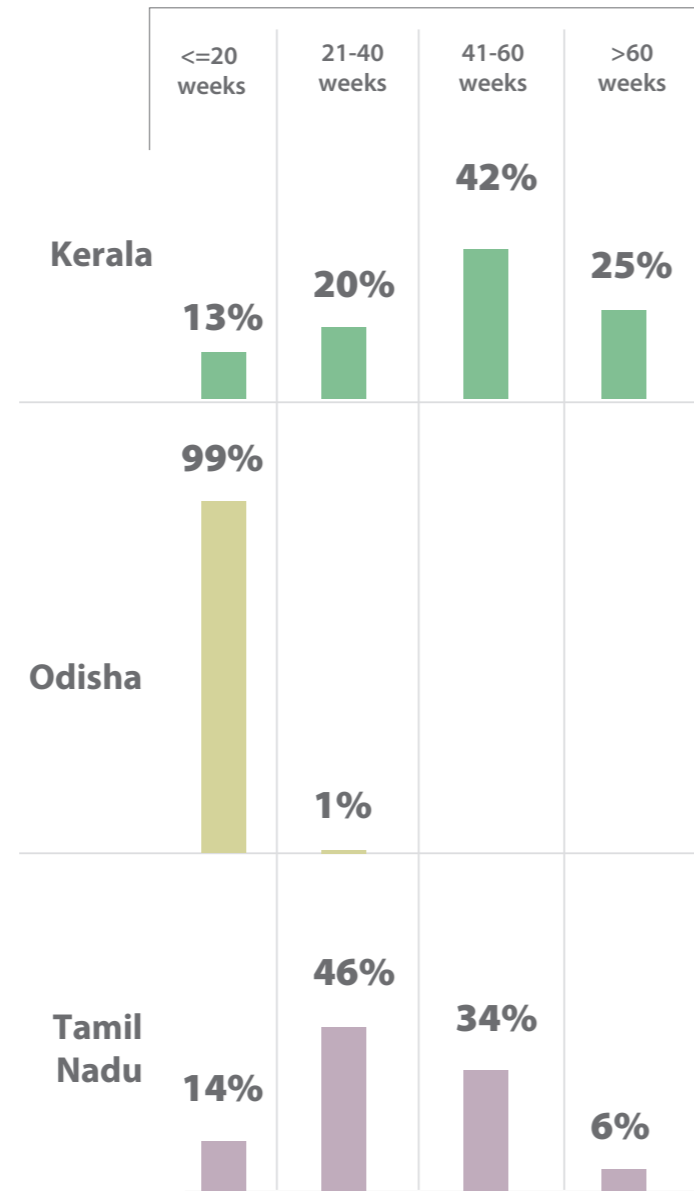
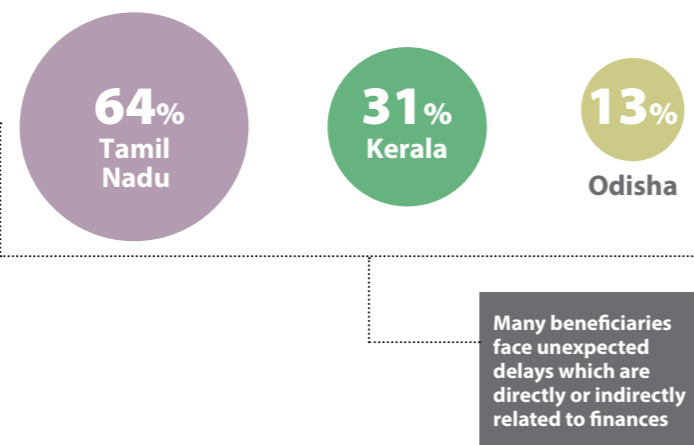


Figure 9: Beneficiaries who faced delay during construction

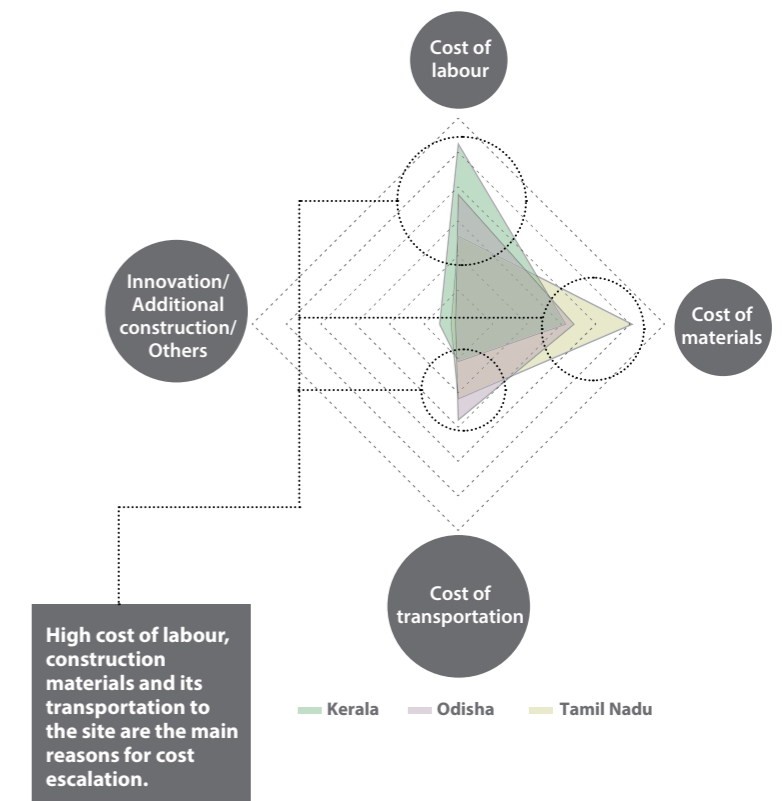


BENEFICIARIES FACED MAJOR DELAYS DUE TO COST ESCALATIONS DURING CONSTRUCTION

In practice, a construction project requirements often change in the design phase and even during the execution, due to market changes and sudden adjustments in the budget, among others. Further, the design and construction processes are often described as sequential tasks, but this is rarely true at the job site as tasks often overlap (UNEP, 2018). These issues often trigger cost overruns in construction. Only around 1-3 per cent of beneficiaries reported cost overruns due to additional construction or innovations by the households.

Most beneficiaries reported to have incurred a higher cost for construction compared to the initial estimated cost, which was commonly financed through informal borrowings.

Figure 10: Reasons for cost overruns during construction





THE SUPPLY CHAIN WAS FRAGMENTED AND THERE WERE MULTIPLE DETERRENTS IN ACCESSING RAW MATERIALS AND LABOUR FOR BUILDING HOUSES

Raw materials and labour are the two main components in the supply chain. If the process is fragmented, the resources are not available at the right time and in the right quantity. Survey data indicated that beneficiaries faced more difficulties in sourcing raw materials than labour.

While 44 per cent beneficiaries in Kerala and 46 per cent in Odisha reported no difficulties in sourcing materials, in TN, a staggering 93 per cent reported difficulties in sourcing building materials.

The high cost of building material was a problem in all three states. However, it was the most prominent in TN, as 45 per cent beneficiaries reported to have faced this problem. Besides this, shortage of materials and difficulty in the transportation of materials to the construction sites were reported as critical bottlenecks in all the three states.

Figure 11: Difficulties of sourcing materials for house construction

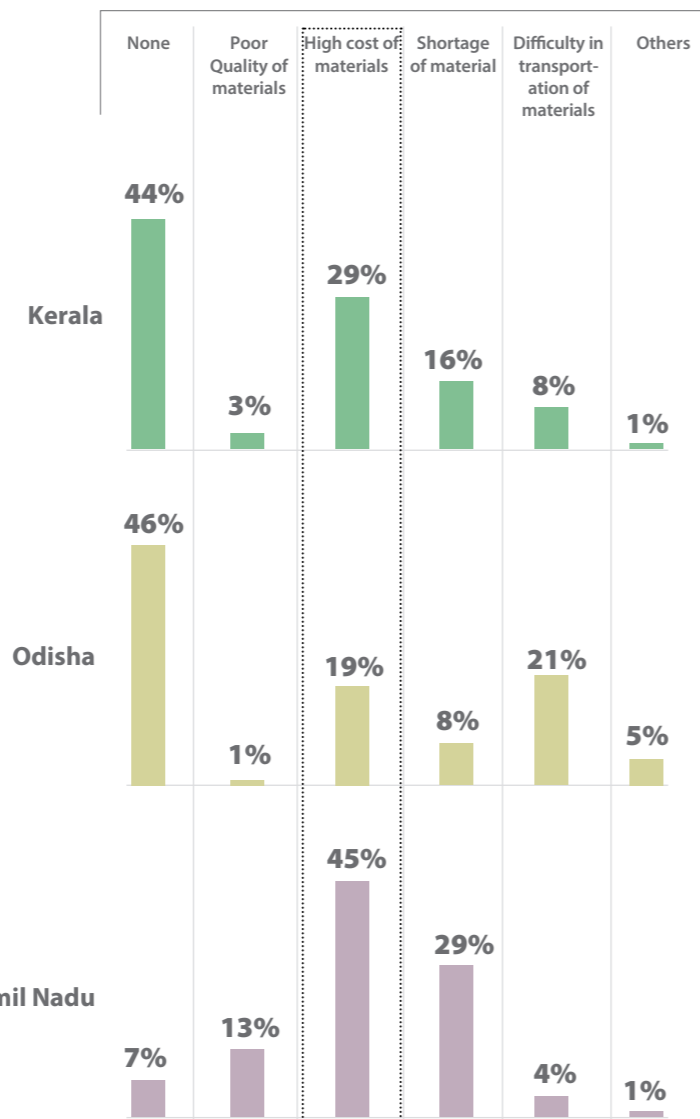
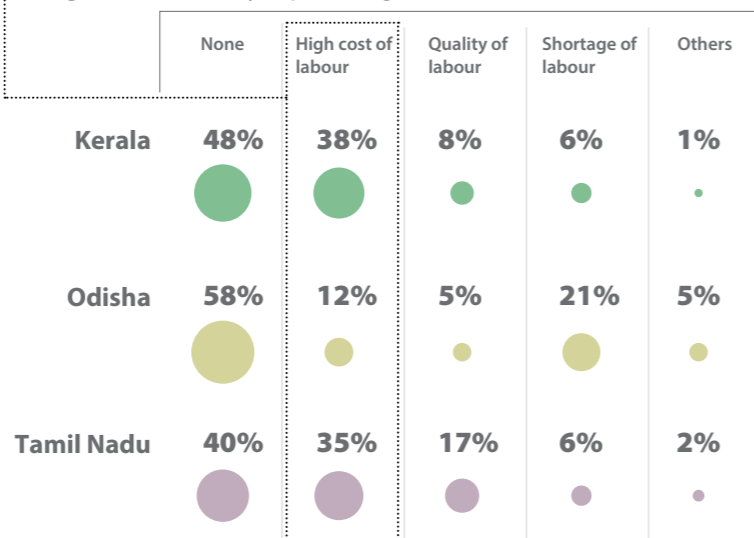


Figure 12: Difficulty in procuring labour



High material and labour cost are major impediments in the construction process

"Though there was no delay in disbursement of subsidy, delays in construction were faced, primarily due to inflation in the price of sand, because of which we were forced to shift to m-sand, which is cheap but the quality is also very low". – A beneficiary from Tamil Nadu.

On the labour front, 50 per cent of the beneficiaries reported high labour costs as a major concern. Also, a shortage of labour in case of Odisha and poor quality of labour in TN were reported by about one-fifth of the beneficiaries (Figure 12).

THE RELOCATION PERIOD WAS PROLONGED FOR MANY BENEFICIARIES DUE TO DELAY IN CONSTRUCTION

Relocation during construction is a crucial aspect that often remains inadequately addressed in housing schemes, especially for self-built units. The duration of the entire application process and construction phase can be both long and uncertain. An adequate relocation of the beneficiary is one that is affordable, provides basic amenities, is conveniently located to maintain livelihood linkages, and takes into account a flexible duration of stay.

During the period of construction, 69 per cent of the beneficiaries in Kerala and 86 per cent in Odisha relocated to houses of extended family. While in Odisha, the case of renting outside the neighbourhood was significantly low at 0.5 per cent, in Kerala, 5 per cent of beneficiaries reported relocating to rented accommodation outside the neighbourhood. Living in temporary shelters/small sheds during the period of construction was also reported.

Beneficiaries who relocated in rented accommodations within the same neighbourhood incurred rent below INR 5,000 (USD 71) per month in Odisha. However, it varied significantly between INR 1,000 (USD 14) to INR 10,000 (USD 143) in Kerala. Any delays in the construction process thus led to higher costs of relocation, thereby forming an essential element of the BLC process for the beneficiary.

Figure 13: Relocation undertaken during construction

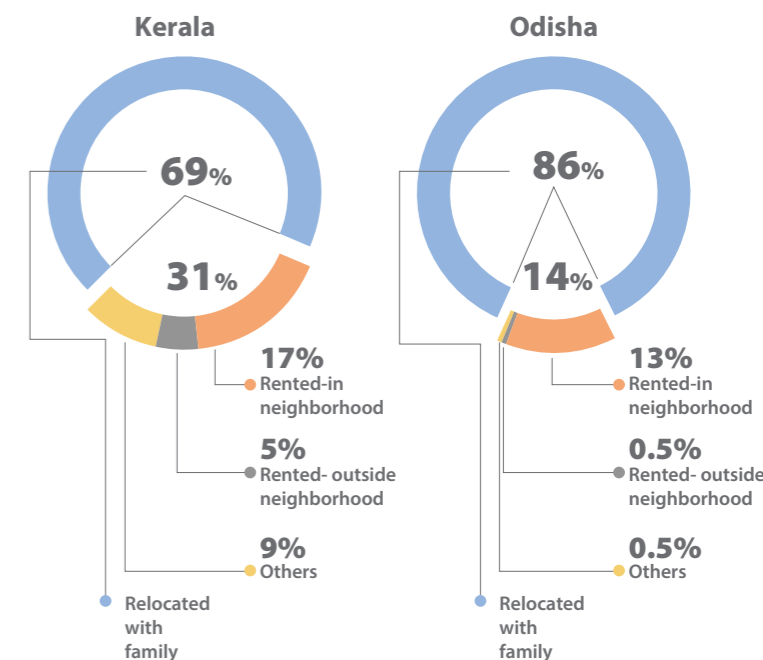
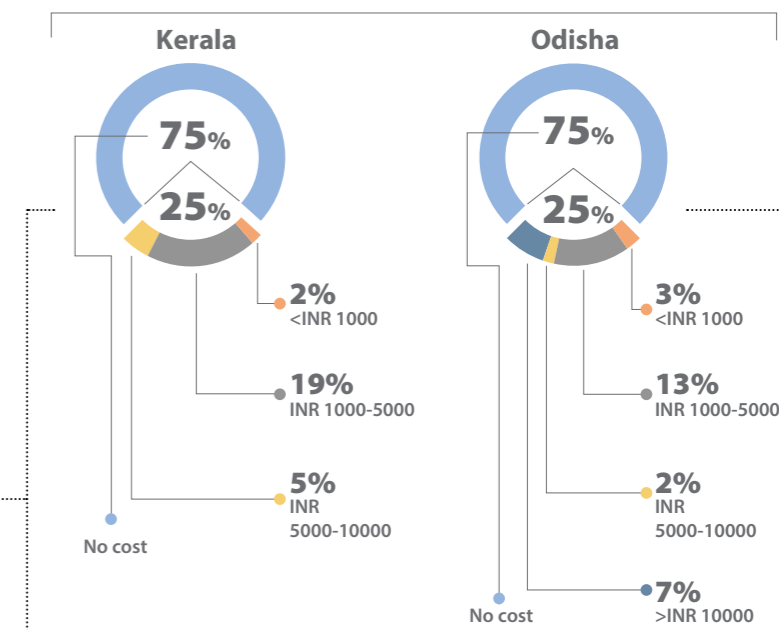


Figure 14: Cost of relocation during construction



One-fourth of the beneficiaries incurred costs for relocating during construction



4.3 BLC BENEFICIARIES REPORTED HIGH SATISFACTION ACROSS THE VARIOUS ADMINISTRATIVE PROCESSES

The beneficiaries were requested to rate their satisfaction on a scale of 1 to 10 for each of the six stages of the BLC process. In TN and Kerala, the level of satisfaction across the stages was higher compared to that of Odisha. The average scores are given in Table 4.

Table 3: Satisfaction with the BLC process

Satisfaction	Kerala	Odisha	Tamil Nadu
Application submission			
Verification process			
Building design			
Obtaining building plan approval			
Verification of ongoing construction			
Disbursal of subsidy			

Highly Satisfied
 Satisfied
 Moderately satisfied
 Indifferent

High overall satisfaction in TN and Kerala in comparison to Odisha

A logistic regression analysis was undertaken to compare the overall satisfaction among the BLC beneficiaries across the three states, which revealed higher satisfaction levels among beneficiaries of Kerala and TN.

On comparing Kerala and TN, it was observed that the odds of having a high level of satisfaction for application submission and the verification process were around two times (1/0.4=2.5) higher for TN than for Kerala.

However, the odds for obtaining approval for building plan were around 1.6 times higher for Kerala when compared to TN. No significant difference was found in the level of satisfaction between Kerala and TN for the verification of ongoing construction and disbursal of subsidy.

Table 4: Comparing levels of satisfaction among BLC beneficiaries

Stage wise	Kerala compared to Odisha	Tamil Nadu compared to Odisha	Kerala compared to Tamil Nadu
Stage 1: BLC application submission	2	6	0.40
Stage 2: BLC verification process	4	9	0.47
Stage 3: Building design	6	4	2
Stage 4: Obtaining building plan approval	4	3	2
Stage 5: Verification of ongoing construction	4	5	
Stage 6: Disbursal of subsidy	5	5	

*NS means not significantly different, indicating that the satisfaction levels of the two states are similar.

Odds of high satisfaction for application submission (score=>8) were 3x higher in Kerala and 6x higher in TN, when compared to Odisha.

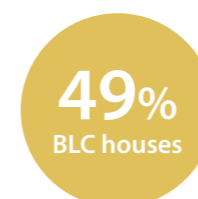


"I received approval almost two years after application. I have even applied for Ujjwala and have not received anything yet. I was unaware of the application process and eligibility criteria. Some handholding could have made the process easier for me". - A beneficiary from Odisha.

4.4 LIMITED ACCESS TO BASIC CIVIC INFRASTRUCTURE AND IN-HOUSE TOILETS IN NEWLY CONSTRUCTED HOUSES

In Odisha, 96 per cent of the beneficiaries who reported not having an IHHL in the old house had not constructed a toilet in the new house as well. A septic tank remained the most common on-site sanitation choice in both old and new houses. In Kerala, some households improved their septic tank with no outlet in the old house to a septic tank with soakpit in the new house. Moreover, septic tanks were more common in the higher consumption quintile in both Odisha and Kerala.

Most of the beneficiaries lacked a primary water source within their premises. Instances of using public taps outside the premises were common. In Kerala, however, more than half of the BLC houses reported having water within the premises, while the rest relied on open wells outside their premises. Overall, 25 per cent of the beneficiaries lacked a separate kitchen, and 10-20 per cent of the houses had no access to electricity. While 80 per cent of the beneficiaries had access to a pucca road, only 12-13 per cent of the houses had covered pucca drains.



reported access to both water within the premises and metered electricity in Kerala, compared to TN (27%) and Odisha (31%).

Only 24% BLC beneficiaries in Odisha, 21% in Kerala and 7% in TN had access to all three services (piped water within premises, metered electricity, and pucca road)

Figure 15: Access to water and electricity in BLC houses

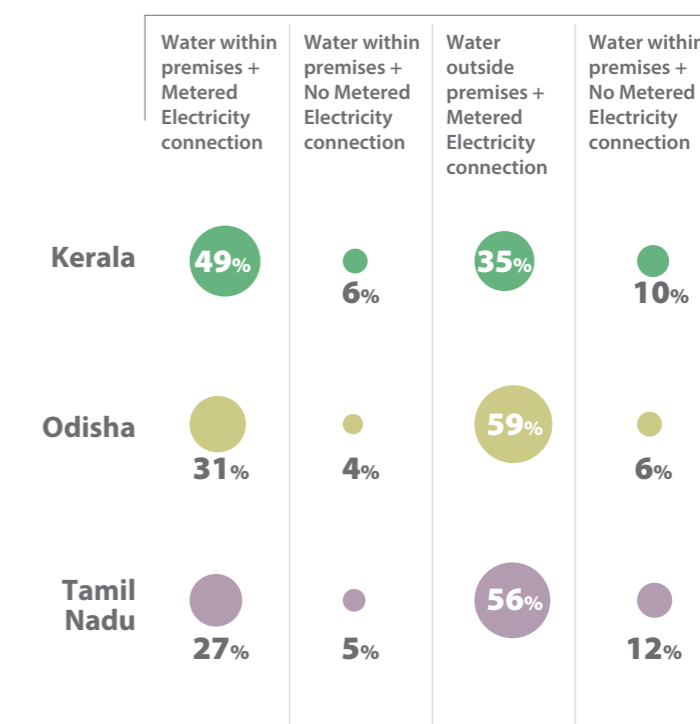
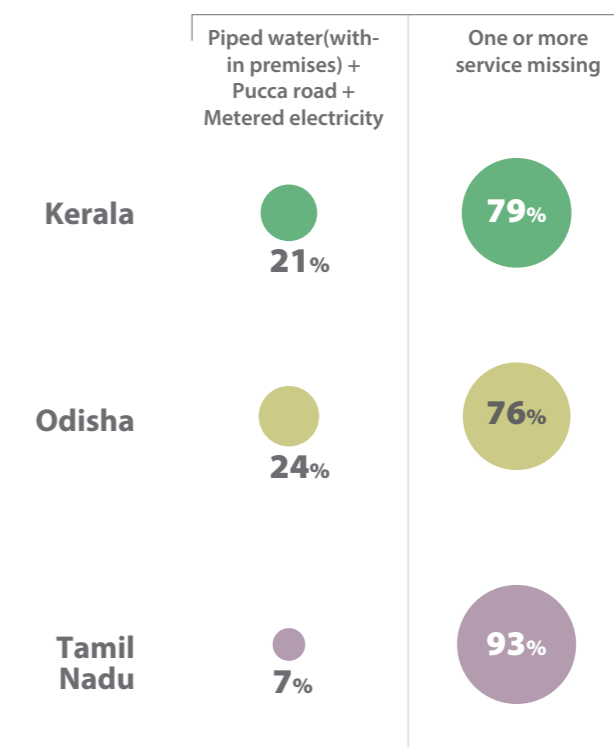


Figure 16: Access to piped water, metered electricity, and pucca road

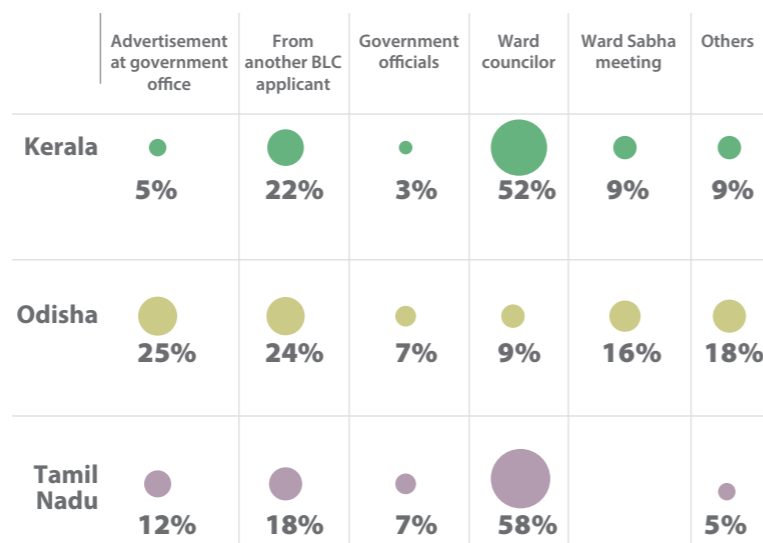


While comparing across five parameters – including access to pucca uncovered drains and door-to-door solid waste collection in addition to the three services discussed above – the share of HHs with access to all the five basic services plummeted to only 3 per cent in Kerala and none in case of Odisha (data on drainage and solid waste collection in TN was not available). This highlighted that, although amenities like HH water supply and electricity were relatively accessible, the extent of public infrastructure in terms of roads, drainage, etc. remained deficient owing to limited focus on settlement level infrastructure upgrading and habitat planning.



“All the houses have a toilet, but electricity and water are still not available in a few houses, and the road condition is very poor” – *A mason from Kerala.*

Figure 17: Sources of information for BLC scheme



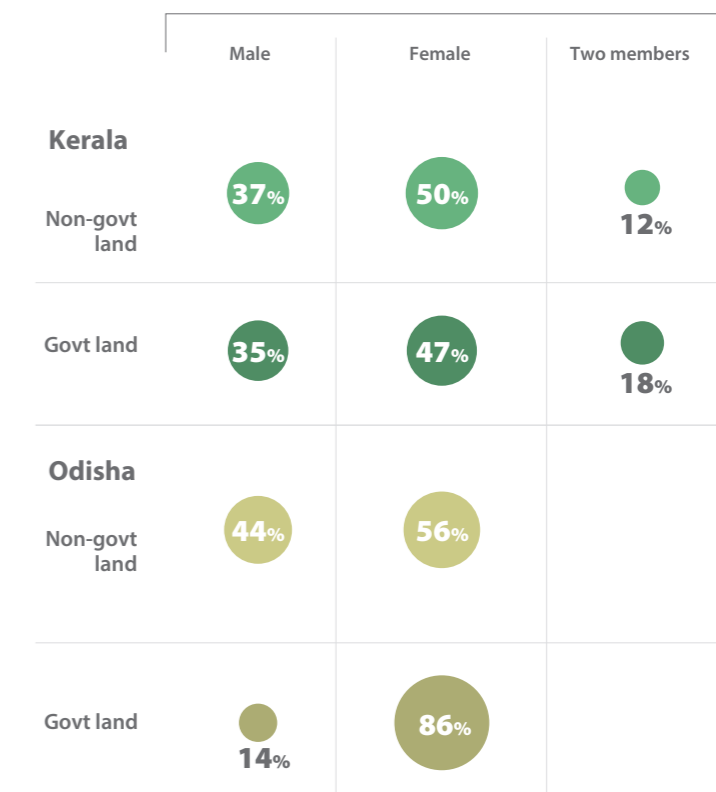
“I inherited a parcel of land and applied for the BLC subsidy. However, the application process was tedious for me, and I had to make 12 visits to complete it. Some handholding and more transparent information dissemination could have saved the ordeal.” – *A female beneficiary from Odisha.*

4.6 MAJORITY OF THE FEMALE BLC APPLICANTS WERE REPORTED TO BE THE LAND OWNERS

The majority of the BLC applicants were female, in accordance with the PMAY mandate. In most of the cases, the land ownership was also reported in the name of the female member of a household. However, the framework of the study did not allow for such document verification. Interestingly, in Odisha, the share of female ownership of land was reported to be relatively higher in the case of government-provided land, in comparison to the ownership patterns reported for privately procured/inherited land parcels. There were about 15 per cent cases in Kerala where land was registered under the name of the married couple. Additionally, out of the 77 per cent female BLC applicants in Kerala, 63 per cent also reported to have the land registered in their name. In comparison, among the 60 per cent female BLC applicants in Odisha, about 88 per cent reported to have the land registered in their name.

Majority of the female BLC applicants also reported to have land registered in their name.

Figure 18: Gender of the land owners



4.5 LIMITED INFORMATION DISSEMINATION OFTEN IMPEDES BLC UPTAKE

In Kerala and TN, the majority of the urban poor households learnt about BLC through ward councillors. In Odisha, however, advertisement at government offices was one of the major sources of awareness regarding BLC.



of the beneficiaries became aware about the scheme through word of mouth from another BLC applicant

In Kerala, the ULBs organised ‘Adalat’, an awareness camp, to inform citizens about the available housing schemes and the key criteria for beneficiary selection. Awareness-generation through institutions/agents such as community mobilisers, slum committees, and women Self Help Groups (SHGs) was very low in all three states. The majority of the non-BLC respondents in Odisha reported a lack of awareness of the BLC scheme as the reason for not applying.





5

IMPROVING BLC IMPLEMENTATION: STATE INNOVATIONS, CHALLENGES, AND RECOMMENDATIONS



5.1 ANY LAND TRANSFERS, ENABLING ACCESS TO BLC SUBSIDY, NEED TO BE REGISTERED AND UPDATED IN THE REVENUE RECORDS

As per the PMAY guideline, a certificate of house ownership from the revenue authority of a beneficiary's native district needs to be integrated into the database of the Housing for All Plan of Action (HfAPoA) to avoid duplication of benefit to an individual family. However, this provision was revoked and was replaced by self-certification. PMAY does not highlight the role of the Revenue Department in mobilising land for housing, although submission of land ownership documents is the critical first step for availing the BLC subsidy. It only indicates that the Secretary, Revenue/Land Administration, is a member of the State Level Sanctioning and Monitoring Committee (SLSMC) under the mission. However, the guideline does not provide any explicit framework for making the land/land ownership documents available to the beneficiaries.

Given that proof of land ownership is a prerequisite for availing the subsidy, states have taken steps to provide land ownership. But slum dwellers in the smaller cities are falling out of the purview of the scheme due to the lack of appropriate land ownership documents. To overcome the issue of lack of proof of land ownership, the TN government proactively ensured transfer of rights before the commencement of the BLC approval process. This prevented delays once the application process for the selection of the eligible candidates began. In the case of Odisha, progress in the scheme was noticeably delayed because of lack of land rights. Thus, the Odisha government resorted to granting land rights transfer in specific areas to expedite the BLC process. Kerala, on the other hand, through state support, has extended subsidies to people to buy land. In states like Odisha, it is seen that while bigger cities could leverage the subsidy because of land ownership, smaller cities like Dhenkanal and Gopalpur could only benefit after the government decided to provide Land Right Certificates (LRCs) to the slum dwellers. Slum dwellers in the smaller cities do not possess valid legal documents owing to procedural bottlenecks and the fact that registering property or recording transfer of the property is cost- and time-intensive. Therefore, if the process of land transfer is not streamlined for the slum dwellers, they will keep falling out of the purview of these schemes, which in turn will come in the way of achieving the target of housing for all in the states as well as for the national government as a whole.

Land records at the state level are neither clear nor updated. In Kerala, the Revenue Department is involved when the Record of Rights (RoR) provided

by the beneficiaries is matched with the revenue record. If the government is buying land, the Revenue Department is involved during the identification of land for development and for updating the RoR. In TN, the Revenue Department is responsible for land acquisition and land transfers to other departments of the state government. Odisha is the only state to have started transferring land to enable access to the BLC subsidy to slum dwellers. To distribute LRCs to slum dwellers, the Odisha government constituted the Urban Area Slum Redevelopment and Rehabilitation Committee (UASRRC) for approving the LRCs, which has the Tehsildar and the revenue administration at Tehsil level as members. In Odisha, the Revenue Department is involved in three stages: while collecting cadastral maps; while matching the survey data with the cadastral map; and in updating the RoR. Interestingly, the RoR is updated with the name of the Housing and Urban Development Department; it does not contain the data of individual households, and since registration of property is not mandatory, there is no record of the actual owner of the land.

Since the PMAY guideline does not provide any direction on land transfer, states, which could dovetail their land-related schemes to provide ownership to the beneficiaries, enabled higher leveraging of BLC subsidy by involving the Revenue Department across various stages. It is important to clarify that, in smaller cities, most of the slum dwellers are non-encroachers; they simply lack adequate ownership proof of their land parcels. In India, the dual land record-keeping system – the deed registration system and the land revenue system of RoR – renders the land records neither clear nor updated. Potential beneficiaries of the housing scheme find the process of obtaining property documentation cumbersome, since property records come under the purview of the Revenue Department, which is not the department responsible for housing issues.

Recommendations:

- *The PMAY guideline may be strengthened to encourage state governments to ensure availability of land to the urban poor:* The central government could strengthen the guideline by including provisions for encouraging states to ensure that land is made available to the urban poor, especially in the smaller cities. These could be the potential beneficiaries, who are falling off the purview of the scheme because they do not possess valid legal documentation. This will ensure that the right category of beneficiaries is targeted.
- *The guideline may be strengthened to include mandatory involvement of the Revenue Department at the state level for land transfer to*



avail BLC subsidy: The guideline may direct the states to be accountable for streamlining the land ownership process as also for making the mandatory involvement of the respective state

Revenue Department in the land distribution schemes so as to ensure updating of RoRs; in the absence of such an update, the beneficiary may face the threat of eviction in future.



BOX 1: Committee for formalisation of informal settlements: Urban land titling programme in Peru

By 1996, informal human settlements in Peru contained more than one million properties in eight of the country's largest cities. In 1996, COFOPRI (the Comisión de Formalización de la Propiedad Informal) assumed responsibility for formalising informal urban property using a registry known as 'Registro Predial Urbano' (Urban Real Estate Registry) or RPU. Its target for 2001 was to establish legal titles for over one million informal urban properties in urban Peru. The RPU system formalised property rights by recognising the community's extra-legal norms and practices, using simplified procedures and a parcel-based registry.

COFOPRI assumed the competencies regarding the formalisation of the urban informal properties that had pertained to municipal governments earlier, and was authorised to pass administrative rules regarding the formalisation process. COFOPRI and the RPU enjoyed full independence in terms of technical, functional, and administrative autonomy. All public institutions linked to the formalisation process were required to comply with the statutes and requirements dictated by COFOPRI on formalisation matters, and COFOPRI was given title holding to all government lands, whether fiscal or municipal. Creating an efficient property formalisation system to secure poor families' rights to their principal assets required a consensus on the need for reform among the executive and legislative branches, the people in the informal settlements, and civil society in general. Therefore, functions of administering the formalisation process had to be concentrated into a single entity.

The formalisation has proved to be advantageous as municipal governments have made use of the graphic databases compiled in the land survey process for planning and urban development. COFOPRI shared with public institutions all its information and maps, and helped them in their tasks. At the same time, COFOPRI worked with the beneficiaries of the reform in developing the administrative rules (feedback in the production of norms process). Further, all the administrative rules introduced accountability mechanisms applicable to the whole process.

By June 2003, COFOPRI had titled 1,313,795 plots. The success of the programme was possible because it generated the right incentives for obtaining support from the public institutions and the beneficiaries of the reform.

Source: Cantuarias, F., & Delgado, M. (2004, May). Peru's urban land titling program. In Scaling-up poverty reduction conference, Shanghai, China, May.

5.2 SLUM UPGRADING NEEDS TO BE INTEGRATED INTO THE SCHEME TO ENSURE ACCESS TO BASIC SERVICES AT HOUSEHOLD AND COMMUNITY LEVEL

The PMAY guideline directs the ULBs to ensure that individual houses under BLC have adequate provision for basic civic infrastructure, such as water, sanitation, sewerage, road, electricity, etc. Further, all houses built or expanded under the mission shall have a toilet facility. Accordingly, the guideline defines an EWS house as 'an all-weather single unit or a unit in a multi-storeyed superstructure having carpet area of up to 30 sq. m. with adequate basic civic services and infrastructure services like toilet, water, electricity, etc'.

The study reveals instances of new BLC houses built without a toilet. PMAY encourages the states to ensure convergence with the national sanitation programme, Swachh Bharat Mission (SBM), for the provision of toilets in new houses. But there is a lack of interdepartmental linkage, coordination, and cooperation that has led to gaps in efficient convergence of the schemes. There are instances in Odisha of newly built BLC houses without a toilet, despite the state's efforts to converge with SBM. While states like Kerala could attain universal coverage, in TN and Odisha, the toilet coverage in the completed BLC houses was 86 per cent and 68 per cent respectively.

There are instances where new BLC houses lacked access to adequate basic civic infrastructure. States have not been able to provide adequate access to all the households with basic services despite efforts to converge with the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and even with the help of reforms for earmarking ULB share for laying infrastructure. In Odisha, the BLC projects are linked with existing infrastructure, and in some ULBs, provisioning of infrastructure, such as water, sanitation, electricity, road, etc. is supposed to be addressed with the ULB/state share. Similarly, the state policy of Kerala ensures access to basic infrastructure like water, electricity and sanitation before releasing the final instalment. The ULBs reserve 20 per cent of the budget for the Livelihood Inclusion and Financial Empowerment (LIFE) Mission, which has been converged with PMAY. In TN, Tamil Nadu Slum Clearance Board (TNSCB), the nodal agency for implementing housing for the urban poor, does not have the mandate to provide basic civic amenities, which is under the purview of the ULBs. TNSCB maintains that it is the responsibility of the beneficiary to install the required amenities in compliance with the provisions laid out by the respective ULB in this regard.

Inadequate focus on holistic spatial planning and ensuring access to basic civic infrastructure as part of PMAY (U) could potentially put opportunity of habitat improvement at risk. HfAPoA mandated under PMAY does not provide for spatial planning and also ignores holistic city-level planning. This results in a house-only approach rather than neighbourhood habitat development in line with the past scheme, Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Further, the absence of any financial contribution from the central government towards improving the last-mile basic civic infrastructure for the newly built houses makes it a non-essential item for the states. Given that smaller cities are the primary recipients of these newly built houses, their limited capacity to raise additional finances for infrastructure improvement may result in improved houses, but without the necessary infrastructure access. Unavailability of city-level planning tools may further entrench this gap.

Recommendations:

- *The PMAY guideline may ensure mandatory access to toilets by enforcing an inspection mechanism before releasing the final instalment:* If BLC beneficiaries continue to build new houses without toilets, the gains made under the SBM in its first five years of implementation would be compromised. Therefore, the guideline can encourage states to devise mechanisms to inspect completed houses to make sure it includes a toilet, before releasing the final instalment.
- *The guideline may ensure coverage of the houses already built without a toilet to be taken up under SBM 2.0:* In the current scenario of the Covid-19 pandemic, access to a toilet has emerged as the most important aspect of urban housing programmes. In this regard, there is a need to ensure universal coverage of toilet by achieving better coordination of schemes, like SBM, with PMAY.
- *The BLC vertical of PMAY may be redesigned to include slum upgrading, thereby encompassing a holistic planning of the cities, including slums/urban poor settlements, focusing on improved habitat conditions:* Going forward, the BLC vertical could be redesigned to allow upgrading of slums/urban poor settlements to ensure overall development of such settlements. The HfAPoAs should provide for spatial planning and enforce holistic city planning instead of adopting the house-only approach. The slums should be accorded due recognition by making them an integral part of city planning and the development process.



BOX 2: Extending legal property rights and municipal services to the residents of Monwabisi Park in Cape Town

In 2009, South Africa's second-most populous metropolitan area, Cape Town, adopted a new strategy to usher in the rule of law into shanty towns that had sprung up on the outskirts on municipal land. Without legal property rights, most of the residents of those communities were vulnerable to eviction and had access to neither municipal services nor home addresses they could use to obtain cell phone contracts or other basic goods.

In a partnership with the Violence Prevention through Urban Upgrading (VPUU) programme, the city agreed to issue occupancy certificates that recognised residents' rights to remain on the land, that protected against arbitrary eviction, and that laid the groundwork for eventual access to the services enjoyed by city residents living in legal housing. The pilot project focused on Monwabisi Park, a community of about 25,000 on the south-eastern edge of Cape Town. Beginning with a full enumeration of land, structures, and occupants, the project helped construct a community register, issue occupancy certificates, and extend electric power throughout the area. Using their occupancy certificates, residents could obtain cell phones, register their children in schools, receive medication from the health department, and open furniture store accounts.

This project was also an opportunity for the city to expand municipal services in Monwabisi Park. Prior to the VPUU programme, the municipality installed 30 communal taps during 2001-02, and also installed 358 communal toilets and provided basic solid-waste removal services in 2006 and 2007. In 2011, as part of the new upgrade, the city's Water and Sanitation Department began working with the VPUU on plans to provide a further 153 standpipes with two taps per pipe. Between 2011 and 2012, the key stakeholders also developed a plan to expand electrification in the settlement by using data from the community register.

Source: Barry M, & Schreiber L (2017), *Land Rights in The Township: Building Incremental Tenure In Cape Town, South Africa, 2009 – 2016*, Princeton University.

component of PMAY. The guideline could lay out provisions like:

- Group lending to ensure low interest rates to borrowers and, at the same time, reduce risk for the banks.
- Ensuring a realistic estimate that would prevent short-term repeated borrowings from informal sources.
- Enabling higher uptake of the Credit Risk Guarantee Fund (CRGF) scheme, which

provides credit guarantee for the banks, enabling them to distribute collateral-free loans to the urban poor.

- Encouraging banks to simultaneously develop customisable financial products for this segment with reduced repayment periods and flexible payment options, among others.
- Improving financial literacy and thereby overcoming behavioural barriers.



Box 3: Providing microfinance loans to low-income households for shelter improvement in Cambodia

In 2017, Habitat for Humanity's Terwilliger Center for Innovation in Shelter partnered with the Hattha Kaksekar Limited (HKL), a microfinance institution in Cambodia, for providing housing microfinance services to low-income households in Cambodia to enable them to improve their homes at an affordable cost.

The Terwilliger Center works with housing market systems by supporting local firms and expanding innovative and client-responsive services, products, and financing, so that households can improve their shelter more effectively and efficiently. The Terwilliger Center's market systems programme aims to make housing markets work more effectively for people in need of decent, affordable shelter, thereby improving the quality of life for low-income households.

The Center has also created 'MicroBuild', a housing-specific social investment vehicle, to demonstrate the financial viability and scalability of housing microfinance and to provide low-income families with access to capital to undertake home improvements.

HKL is one of the leading institutions in Cambodia and has successfully expanded its operations to an extensive network of 153 branches. It has a total portfolio of USD 445 million and saving deposits of USD 360 million. It provides financial products and services to 118,000 active borrowers and 222,000 depositors.

Terwilliger Center assisted HKL with its housing microfinance product development in March 2013 and also helped build up its capacity. MicroBuild then invested USD 2 million in HKL in 2014, to be put toward home improvement and housing loans. Beneficiaries of this microfinance loan claim to have incrementally improved their homes and attained shelter safety and security. These loans have not only enabled the beneficiaries to avoid delays in home improvements, but have also provided them capital at low rates, thus ensuring economic efficiency in the process. As of December 2016, HKL's housing portfolio had over 6,800 active borrowers, with an outstanding portfolio size of USD 39.4 million across all its branches.

Source: MicroBuild annual report FY 2017, Habitat for Humanity. Available at: <https://www.habitat.org/sites/default/files/MicrobuildFY17-report-web.pdf>

5.3 IMPROVED ACCESS TO INSTITUTIONAL FINANCING NEEDS TO BE ENSURED TO REDUCE INSTANCES OF INFORMAL BORROWING

The study reveals that the households used high-cost informal borrowing to deal with cost overruns.

The primary survey indicated frequent incidence of informal borrowing among the beneficiaries. It also indicated increased costs of informal borrowing to deal with cost overruns during construction. Though beneficiaries have bank accounts, only one-third of them resorted to formal borrowing. Given that a beneficiary can only avail subsidy under one vertical unlike the Rajiv Awas Yojana (RAY), poor people with undocumented income proofs struggle to arrange their cost share for house construction (Mukherjee et al., 2016). The flow of institutional

finances being unavailable to this segment, there is further marginalisation of already marginalised poor families; most of them depend on informal borrowing sources with interest rates as high as 40-60 per cent per annum. Informal borrowing, in turn, may pull the urban poor into a debt trap where the first thing they forego is the house they acquired through availing public subsidy in the grey market, defeating the very purpose of the mission (Kundu & Kumar, 2017).

Recommendation:

- *The PMAY guideline may be strengthened to encourage states to emphasise on improving beneficiary access to institutional financing: The access to institutional financing needs to be viewed as a key enabler for higher coverage under the BLC*



5.4 RELEASE OF FIRST INSTALMENT NEEDS TO BE UPFRONT TO ENSURE HIGHER INTAKE OF THE BLC SCHEME

The central government provides an assistance of INR 150,000 (USD 2,143) to every BLC beneficiary. For financing the remaining cost of construction, states and cities are to decide on their share of subsidy amount themselves. The Government of India (GoI) subsidy, however, remains contingent on ensuring tying up with required finances for constructing the planned house. The guideline clearly articulates that ‘in no case, GoI assistance will be released for the house where balance cost of construction is not tied up, as otherwise, the release of GoI assistance may result in half-constructed houses.’

State governments are directed to release financial assistance to the beneficiaries in three/ four instalments depending on the progress of construction of the house. The guideline also states that the beneficiary may start the construction using his/her resources, and GoI assistance will be released in proportion to the construction by the individual beneficiary only after it reaches plinth level. The last instalment of INR 30,000 (USD 428) of GoI assistance is mandated to be released only after completion of the house.

Unavailability of public subsidy upfront has resulted in many approved but uninitiated houses. States have been provided with much flexibility in deciding the stages of construction and the amount to be released in each stage. One of the critical implementation bottlenecks in BLC house construction has been the non-release of

upfront subsidy, compelling the beneficiaries to start construction with their own resources. Unavailability of public subsidy upfront resulted in many approved but uninitiated houses, owing not only to the unavailability of funds, but also to the limited faith in receiving the public subsidy after the demolition of the existing house. States like Kerala have gone around this provision by releasing their subsidy share immediately after the signing of agreement between the ULB and the beneficiary, and the verification of the vacant site is done. Odisha also revised the programme structure and facilitated the release of the first instalment of state share immediately after the excavation, initiated with the beneficiary contribution. TN releases the first instalments only after completion of the foundation with the beneficiary’s own share, and this has led to non-starter houses. The stages of subsidy disbursal through instalments adopted by the three states are depicted in Table 5.

Recommendation:

The PMAY guideline may be revisited to encourage upfront release of state/ULB share as the first instalment: While the guideline needs to be flexible for the states to adopt provisions according to their capacity in order to enhance the uptake of BLC, the guideline needs to provide for strengthened financial linkages to avoid non-starter houses. The guideline therefore needs to revisit the subsidy disbursal model to include provisions for states/ ULBs to release the state share upfront as the first instalment.



BOX 4: Mobilisation of funds to provide housing to the poorest in Thailand

In 2017, the Thai government launched a housing programme for the country’s poorest citizens, urban and rural, called ‘Baan Por Pieng’ (‘Sufficient Housing Program’), in which 9,000 poor families (about 200 families per province) would receive a subsidy of 18,000 Baht (USD 600) to improve/rebuild their houses. As the subsidy under the programme was significantly small, the Community Organizations Development Institute (CODI) developed a more community-managed and more collaborative way of addressing the housing problems of the poorest families.

CODI is a Thai government institution whose mission is to support the strengthening of communities and their organisations, in both urban and rural areas, to enable them to plan and manage their own development projects, including housing. Besides government budget, CODI’s chief financial tool is the CODI revolving fund, which provides soft loans to community cooperatives and community networks to undertake a variety of development initiatives in housing, land purchase, livelihood, community enterprise, etc.

To facilitate the beneficiaries of the Thai government’s ‘Baan Por Pieng’, CODI mobilised community networks from each of the country’s 76 provinces to discuss the programme, set plans, survey their communities, and identify the poorest members, who required housing. These networks leveraged funds at national scale, through collaborations with local governments, district authorities, provincial governments, local businesses, NGOs, and civil society organisations, which pitched in an additional 300 million Baht (USD 10 million) to complete the houses.

In the first year alone, 10,370 housing units were built all over the country – 370 more houses than the target. The government followed up by increasing the grant for 2018 to 337 million Baht (USD 11.2 million) to subsidise another 15,000 houses. As on May 2019, these projects have provided housing to 28,861 poor families.

Source: Baan Por Pieng is a special program for housing the country’s poorest and most vulnerable families, 2017, Community Organizations Development Institute (CODI).

Table 5: Stages of subsidy disbursal

	Odisha	Kerala	Tamil Nadu
Amount disbursed	INR 40,000 (USD 571) released after excavation started	INR 40,000 (USD 571) released after signing of the agreement	INR 50,000 (USD 714) released after completion of basement
	2nd instalment of INR 60,000 (USD 857) released after completion up to plinth level	2nd instalment of INR 160,000 (USD 2,286) released after completion of the foundation	2nd instalment of INR 50,000 (USD 714) released after completion of the plinth
	3rd instalment of INR 60,000 (USD 857) released after completion of the casting of roof slab	3rd instalment of INR 160,000 (USD 2,286) released after completion of the casting of roof slab	3rd instalment of INR 50,000 (USD 714) released after completion of the casting of roof slab
	The final instalment of INR 40,000 (USD 571) released after construction is completed, including finishing and installation of fixtures	The final instalment of INR 40,000 (USD 571) released after construction is completed, including finishing and installation of fixtures, and obtaining completion certificate	The final instalment of INR 60,000 (USD 857) released after construction is completed, including finishing and installation of fixtures

5.5 MECHANISMS, LIKE INCENTIVISING THE HOUSEHOLD, STREAMLINING THE RAW MATERIAL SUPPLY CHAIN, ENCOURAGING DECISION SUPPORT SYSTEM, TO AVOID COST OVERRUNS AND TIMELY COMPLETION OF CONSTRUCTION

The completion of house construction varies widely across beneficiaries depending on their ability to mobilise funds, building construction materials, etc. Odisha’s plan is to adhere to a strict timeline of 12 months for the completion of construction of houses (CSMC minutes as on 29/05/2017). In order to encourage beneficiaries to adhere to this timeline, the state government offers an incentive of INR 20,000 (USD 285) for the houses completed within four months of getting the work order, and INR 10,000 (USD 143) for houses completed within six months. These incentives are extended to a beneficiary over

and above the regular subsidy of INR 200,000 (USD 2,857) paid by the centre and state combined. Kerala, however, mandates signing an agreement at the beginning of the construction, without necessarily stipulating the construction timeframe and taking into possession the land ownership documents for a period of seven years. Periodic inspections are carried out to ensure none of the beneficiaries exceed the carpet area ceiling for their houses as approved in the agreement.

It is found that incentives have worked well in catalysing speedy construction of houses. In Odisha, 83 per cent of the houses were completed within five months, and the remaining were completed within ten months. In comparison, only 17 per cent of houses in Kerala and 60 per cent in TN were completed within these periods. Notably, the initiation rate of construction in TN remains significantly low at 10 per cent.



The delay in most of the cases was attributed to time taken in release of subsidy and/or loan disbursal. Another prominent reason was the inability to arrange funds to complement the subsidies. While access to finance remains a major cause of delay, escalation in the cost of materials and labour, and difficulty in procuring the same also emerged as critical constraints for timely completion.

Recommendations:

- *The PMAY guideline may be revisited to encourage the states to incentivise the beneficiaries for ensuring timely construction of BLC houses.*
- *The guideline may be revisited to incorporate components for strengthening the building material supply chain and decision support system to reduce time and cost overrun: Time and cost overruns are critical while constructing a house, especially for an urban poor. Hence, it is essential to streamline the process of accessing raw materials, which in turn will expedite the process of house construction and set service standards, especially with respect to time taken at various stages of application. Ensuring timely disbursal of subsidy, and preventing cost escalations by ensuring labour and material availability would encourage timely completion and help in preventing delays to a great extent. Interventions like community procurement of raw materials, training of masons to enhance labour quality, use of local materials, among others, could be encouraged through the scheme.*

5.6 EXISTING COMMUNITY LINKAGES, SETTING UP OF SINGLE WINDOW AND GRIEVANCE REDRESSAL SYSTEM NEED TO BE ENCOURAGED TO STRENGTHEN THE INFORMATION DISSEMINATION PROCESS

According to the study, information dissemination has emerged as one of the significant gaps. States are adopting processes of information dissemination that suit their local conditions while aligning them with the overall mandate. For instance, TN directly intervened to raise awareness about the BLC scheme through advertisements on radio and in newspapers, putting up prominent banners at government offices, undertaking audio announcements in localities, and distributing pamphlets. This was supported by the efforts of the ward councillors, local representatives, technical assistants, and engineers. Ward councillors played a significant role in the dissemination of information in Kerala as well. Both TN and Kerala encouraged online applications. TN conducted ward-level camps to guide the residents through the application process. In Odisha, for information dissemination and collection of application forms, ward sabhas were conducted. The state relies

considerably on banners in government offices for dissemination of information.

However, the inadequate dissemination of information has emerged as a critical gap. It was found that 60 per cent of the non-BLC applicants were not aware of the scheme in Odisha. Even when the urban poor are aware of the scheme, they lack adequate information about the process of application, which keeps them outside the purview.

Recommendation:

- *PMAY guideline may be revisited to include mechanisms to strengthen information dissemination and enable smoother processes of application, through existing community linkages and single window systems: The guideline could encourage the states to focus on information dissemination adequately to reach possible beneficiaries. The existing community linkages, like the NGOs/SHGs/community mobilisers, can be trained to generate awareness about the scheme and application process. The guideline could also encourage the states to set up a single-window system to disseminate information about various central and state government schemes, including eligibility. The process could be streamlined so as to facilitate beneficiaries in applying; camps can be organised for creating awareness and filling forms; and a single-window system for various documents can save the time of the applicants. In addition, a proper grievance redressal mechanism needs to be in place for the applicants, especially to report any delay in subsidy disbursal.*

5.7 STATES NEED TO BE ENCOURAGED TO ENFORCE BUILDING PLAN APPROVAL TO ENSURE RESILIENCE IN HOUSING WITH HABITABLE ROOMS AND IN-HOUSE BASIC AMENITIES

As per the PMAY guideline, the houses should be designed and constructed to meet the requirements of structural safety against earthquakes, floods, cyclones, landslides, etc. conforming to the National Building Code (NBC) and other relevant Bureau of Indian Standards (BIS) codes. It also suggests that the minimum size of rooms constructed should conform to the NBC standards. In case the available plot does not permit building of the minimum-sized rooms, and if beneficiary consent is available for a reduced house size, a suitable decision may be taken by the state government with the approval of SLSMC. All houses built/expanded under PMAY should have a toilet facility.

The study has revealed that houses built under BLC vertical do not always conform to the standards. Given that all three states are located along the coasts,



BOX 5: Information dissemination by the Real Estate Trade Center in Vietnam

In Vietnam's Ho Chi Minh city, the Real Estate Trade Center of Housing Bank emerged as the one of the major sources of information dissemination. The Center recognised that the housing market was still new for the Vietnamese, and that information on housing was confusing and patchworked. It was established in response to the lack of availability of a public sector organisation for the provision of adequate information on housing.

In March 1999, Vietnam formulated the Urban Development Strategy to serve as the nation's guide on emerging urbanisation issues. The strategy targeted the drawing up of urban development master plans for all the designated urban areas by 2005. Further, the country encouraged housing development by individuals and companies. To assist Vietnam with this strategy, the Japan Bank for International Cooperation increased its lending operations for urban infrastructure development in the country.

To address the need for housing among the lower- and middle-income groups, a variety of land certificates had been validated by administrations in the past, even since the colonial time. Under '1993 Law on Land' and relevant regulations, the authorities at present try to change those into new certificates. One is the Land Use Rights certificate designated by the General Department of Land Administration (GDLA) to register land only. The other is the Building Ownership and Land Use Right Certificate to register a house with the land as a whole, designated by the Ministry of Construction with GDLA for houses located inside urban areas.

Vietnamese people usually buy/rent their houses directly from the owners through introduction by friends/relatives. As housing and land information centres developed and advertisement in newspapers became popular, the buyers could access information directly from such sources. However, transactions were undertaken directly between the owners and households due to the lack of trust in housing centres, and time and cost overruns. To address this situation, the Center took the initiative of bridging the gap between the sellers and buyers. The Center also helped in the timely completion of the registration procedures and undertook the paperwork on behalf of the seller/buyer.

Source: Mizuno, K., Ishigami, K., & Kidokoro, T. (2000). Urban Development and Housing Sector in Viet Nam. JBIC REVIEW, (1), 130-135.

thereby being highly vulnerable to cyclones and floods, it is important to encourage the construction of resilient houses that conform to standards. But no measures have been taken by the states to ensure the resilience of the structures. Though all the states have standard building plans, the beneficiaries have the flexibility of designing their own house. Allowing flexibility without any monitoring mechanism may sometimes lead to households using cheap materials to bring down the cost or planning houses without basic amenities like toilets. In Odisha, 68 per cent of the newly built houses did not have toilets.

Kerala has mandated the signing of an agreement at the beginning of construction, and undertakes periodic inspections to ensure none of the beneficiaries exceed the carpet area ceiling for their house (as approved in the agreement). The final instalment is released only after ascertaining the

household's access to water supply, sanitation, and electricity. If, however, the carpet area exceeds the stipulated 60 sq. m., the state government considers the beneficiary as inappropriate for availing the subsidy and mandates repayment of the subsidy at an interest of 12 per cent per annum.

Recommendation:

- *The PMAY guideline may encourage states to enforce approval of building plans having habitable room sizes and access to in-house basic amenities: While allowing flexibility to the beneficiary to design his/her own house is a commendable step, ensuring that each house is resilient and has access to basic amenities is also governments' responsibility. So, even if the building plan is developed by the beneficiary, the states should be encouraged to instruct the ULBs to ensure approval of such*



building plans. A single-window system can be created for submission of documents, obtaining approval, and receiving work orders for the construction of houses.

5.8 STATES NEED TO BE ENCOURAGED TO PROVIDE OPTIONS FOR TRANSIT ACCOMMODATION DURING ONGOING CONSTRUCTION IN VACANT PUBLIC BUILDINGS TO EASE THE FINANCIAL BURDEN

The guideline makes the private developer responsible for providing transit accommodation to the slum dwellers covered under PMAY's in-situ slum redevelopment scheme, but no such provision

is listed for beneficiaries under the BLC vertical.

Households are resorting to renting during ongoing construction, adding to the financial burden. Relocation during construction is a critical aspect that often remains unaddressed in housing schemes. Data shows that while the majority of the beneficiaries relocated to stay with extended family, there are instances where beneficiaries had rented accommodation outside the neighbourhood or lived in temporary shelter/small sheds during the ongoing construction. The rent paid by the beneficiary adds to the overall construction budget, and, given that the duration of the entire application and construction process can be both long and uncertain, this cost burden keeps adding to the woes of the beneficiaries.

Recommendation:

- *The PMAY guideline may include provisions to encourage the states to provide options for free-of-cost relocation during ongoing construction:* The states can be encouraged to open up public buildings such as disaster shelters or community

centres for accommodating the beneficiaries free-of-cost during ongoing construction, if they want to be relocated. This would allow the beneficiary to avoid rented accommodations, which add to the expense of the construction, hence leading to cost overrun.



Box 7: Ensuring efficient allotment of dwelling units in transit camps in Chandigarh, India



The Chandigarh Small Flats Scheme 2006 was launched by the Chandigarh administration in November 2006, with the Chandigarh Housing Board (CHB) as the executing agency. This rent-to-own initiative covered the construction of 25,728 dwelling units benefiting 23,841 families residing in 18 identified slums/unplanned habitations within the city.

Prior to allotment of the flats, done on a random basis, beneficiaries were shifted to transit shelters. Allotment was initiated through a processing fee of INR 900 as a one-time payment. Afterwards, allotment was ensured through monthly license fee-based accommodation. The monthly license fee for those residing in the transit shelters was INR 600 per month and INR 800 per month when they occupy the flats. Metered water and electricity charges were payable to the utility agencies while water supply was provided free of cost in transit camps.

The application and allotment processes employed in this scheme were straightforward, citizen-friendly and time-saving. Beneficiaries filled a simple application form entailing basic identity details and self-declaration sans affidavits/certificates.

Moreover, CHB developed a special purpose software application 'Srishti' (Slum Rehabilitation for Improvement, Security and Hygiene of the Inhabitants); this was used extensively in allotment camps organised at various sites. Biometric details of the family members were recaptured and verified electronically at the time of receiving applications from eligible residents through this software. Allotment letters and possession slips bearing photographs of the joint allottees with their sanctioned flat number and documentation related to utility services (water and electricity connection) were issued on the spot. 'Srishti' speeded up the turnaround time for application and allotment to just a few hours. Through this efficient application process, CHB managed to shift over 700 families from a slum site (Madrasi Colony) to the transit shelters within a matter of a few days; this is a process that generally takes six months to two years in normal circumstances.

This process was further facilitated through the organised coordination and presence of other line departments and offices (Engineering Department, Estate Office, Municipal Corporation, a scheduled commercial bank, notary public) at the transit camps.

Source: India: Promoting Inclusive Urban Development in Indian Cities, 2013, Asian Development Bank, available at: <https://www.adb.org/sites/default/files/project-document/81213/41609-012-tacr-03.pdf>



BOX 6: Streamlining the process of building plan approvals in Singapore

In 2001, under the Government of Singapore's IT2000 Masterplan, the Construction and Real Estate Network (CORENET) building approval online platform was launched, significantly enhancing the quality and agility of construction approvals by allowing online applications and verification.

Before the reform, many of Singapore's construction professionals were not satisfied with the building approval procedures, as the involvement of different standards for collecting information and for reviewing plans made the process less efficient and more costly. In some cases, certain agencies would approve low-risk projects with a fast-track option, while other agencies would not, thus delaying the project, and significantly increasing costs.

Singapore's Building Control Department (BCD), currently the Building and Construction Authority (BCA), led efforts to incorporate IT solutions into the building approval process. The roadmap was to reengineer some of the practices related to the submission of building approvals, including performance standards and common technical specifications, and to incorporate these changes into an electronic platform. BCD created a task force with representatives from both the private sector and public agencies to establish common performance standards.

Initiatives included plans for expediting the approval of simple or low-risk projects, and giving more responsibilities to building/qualified professionals, who could be certified engineers/architects. The task force drafted a set of recommendations for industry standards to achieve uniform practices among industry firms and agencies. Simultaneously, a separate task force was set up to work on automating the new, reengineered building approval process, using a centralised online platform. The CORENET system included an e-submission component that allowed qualified professionals to send applications and building drawings via the internet, and all relevant agencies receive this information and share documents and approvals among themselves.

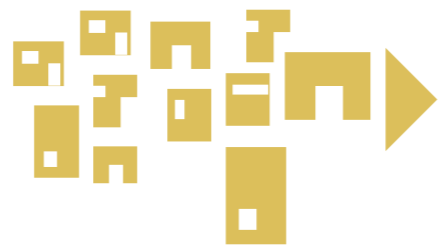
According to the BCA, in 2002, around 7,000 applications for building approvals were submitted using the CORENET system. By 2004, this number was closer to 150,000 – the total number of building approvals submitted that year in Singapore. In following years, the number of CORENET-based applications increased significantly, with submissions in 2010 reaching approximately 470,000. Most of the qualified professionals and public agencies experienced time and cost savings. Common technical standards improved efficiency and quality, rendering Singapore's building sector safer and more agile.

Source: International Finance Corporation, The World Bank & Multilateral Investment Guarantee Agency. (2013). *Good Practices for Construction Regulation and Enforcement Reform: Guidelines for Reformers*. Washington DC: The World Bank Group.

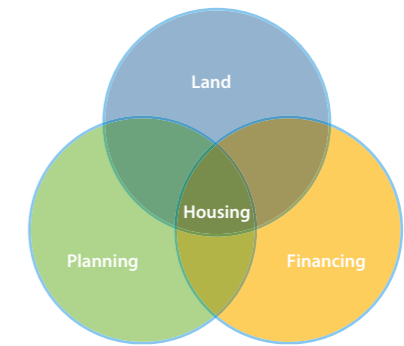


6

WAY FORWARD: A SECTORAL PERSPECTIVE



Affordable housing is taking the centre stage internationally as well as in the national agenda. With housing recognised as a basic need, governments at every level are discussing ways and means to provide this service to every citizen, particularly the urban poor. Housing has three key enablers: access to land, holistic city planning, and access to institutional finance. These are crucial aspects that the government needs to focus on in order to to accomplish the vision of Housing for All.



LAND

The BLC vertical under PMAY has emerged as the most successful among the four verticals in the last five years since the launch of the scheme. It is evident that the success of this vertical is based on the existence of land ownership among the urban poor, especially in smaller cities. Recognising the relevance of land ownership in the dissemination of the subsidy, states are dovetailing their land-related schemes and providing the urban poor with land ownership to enable them to access the BLC subsidy. Consequently, the convergence of land titles with the BLC-PMAY subsidy is a crucial enabler for states to leverage the subsidy, and has scope for incorporation in the national guideline for PMAY.

In many metropolitans and Class I cities, land is unaffordable for the urban poor, owing to extremely high real estate rates. Further, ownership-based housing may not be a preference for these sections not only due to unaffordability of land and housing, but also due to mobility and migratory practices. In such a scenario, the excessive focus on house ownership excludes many from accessing safe and sanitary affordable housing. To address this situation, the PMAY must account for a range of tenurial options, including rental housing.

PLANNING

While the construction of new houses under PMAY has accelerated in recent years, there has been limited attention given to neighbourhood-level habitat development. The deficient focus on holistic spatial planning results in construction of houses without the allied basic infrastructure, thus negatively impacting the lives and livelihood of the scheme beneficiaries. Apart from the lack of emphasis on a habitat approach in the PMAY scheme, the limited financial capacity of the governing agencies of smaller cities deters them from investing in basic infrastructure improvements for the beneficiaries in their jurisdiction. Therefore, unless supplemented with holistic city planning, mere house construction to provide housing for all will lead to the creation of unsustainable and non-resilient cities.

While the PMAY guideline direct the ULBs to ensure that individual houses constructed under BLC have adequate provision for basic infrastructure (including

water, sanitation, sewerage, road, electricity, etc.), the realisation of this objective has been limited. Although the convergence of PMAY with AMRUT and SBM has been expedited in some states, there remains considerable scope for improvement. Despite the strides during the first five years of SBM, the construction of BLC houses without provision of adequate sanitation facilities will prove to be a setback for the country as a whole. Infrastructure improvement is especially required in the country's slums and squatter settlements, which continue to be marked by insanitary conditions and overcrowding. A dwelling unit without access to basic allied infrastructure would not only trigger adverse socio-economic impacts for the beneficiaries, but would also hinder the broader objective of their integration in the cityscape.

Additionally, the excessive focus on standalone housing under BLC has perpetually excluded slums and squatter settlements from availing the subsidy, due to precarious land tenure status. Further, the slump in the real estate sector has discouraged the scope for private sector investment in these settlements, reinforcing the role of the public sector in such investments. Holistic city development will require conscious efforts towards a better integration of slums in the cityscape, which may be addressed by redesigning the BLC scheme to amalgamate slum improvement and upgradation.

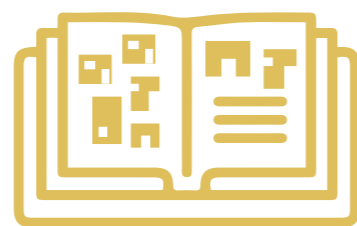
INSTITUTIONAL FINANCING

Despite subsidies from the local and the state government, there is a considerable financial share to be borne by the beneficiaries for house construction, which they may have to mobilise through lifelong savings or borrowings; in most cases, the latter is utilised for this purpose. Despite measures adopted by the states to institutionalise credit for construction, a high dependence on informal sources still persists. The high interest rates for informal borrowing not only deter potential beneficiaries from availing the BLC scheme, but also push beneficiaries, who take recourse to it, into a vicious cycle of debt and poverty. In such a scenario, the convergence of PMAY with other schemes to achieve financial inclusion of the urban poor must be addressed in the broader policy guideline.



7

BIBLIOGRAPHY



Ananth, S., & Öncü, T. (2013). Challenges to Financial Inclusion in India: The Case of Andhra Pradesh. *Economic and Political Weekly*, 48(7), 77-83.

Barry M, & Schreiber L (2017), *Land Rights in The Township: Building Incremental Tenure In Cape Town, South Africa, 2009 – 2016*, Princeton University.

Cantuarias, F, & Delgado, M. (2004, May). Peru's urban land titling program. In *Scaling-up poverty reduction conference*, Shanghai, China, May. Available at: <http://documents.worldbank.org/curated/en/851001468775839619/pdf/308120PE0Land0Titling01see0also0307591.pdf>

Baan Por Pieng is a special program for housing the country's poorest and most vulnerable families, 2017, Community Organizations Development Institute (CODI), Available at: <https://en.codi.or.th/baan-mankong-housing/housing-for-the-poorest/>

D'Souza, R. (2019). *Housing Poverty in Urban India: The Failures of Past and Current Strategies and the Need for a New Blueprint*. Observer Research Foundation.

Das, A., & Mukherjee, A. (2018). *Demystifying Urban Land Tenure Issues*. New Delhi: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

Durand-Lasserve, A. (2006). *Evaluating Impacts of Urban Land Titling: Results and Implications: Preliminary Findings*. Le Centre national de la recherche scientifique, France.

India: *Promoting Inclusive Urban Development in Indian Cities*, 2013, Asian Development Bank, Available at: <https://www.adb.org/sites/default/files/project-document/81213/41609-012-tacr-03.pdf>

International Finance Corporation, The World Bank & Multilateral Investment Guarantee Agency. (2013). *Good Practices for Construction Regulation and Enforcement Reform: Guidelines for Reformers*. Washington DC: The World Bank Group.

Jain, V., Chennuri, S., & Karamchandani, A. (2016). *Informal Housing, Inadequate Property Rights*. Mumbai: FSG.

Kundu, A., & Kumar, A. (2017). *Cost-benefit analysis of housing vertical interventions for urban poor in large cities of Rajasthan: Rajasthan Priorities*. Copenhagen Consensus Center. Retrieved from www.copenhagenconsensus.com

Mahadevia, D., Bhatia, N., & Bhatt, B. (2018). *Private Sector in Affordable Housing? Case of Slum Rehabilitation Scheme in Ahmedabad, India*. *Environment and Urbanization Asia*, 9(1), 1-19. doi:DOI: 10.1177/0975425317748449

MicroBuild annual report FY 2017, Habitat for Humanity, Available at: <https://www.habitat.org/sites/default/files/MicrobuildFY17-report-web.pdf>

Mishra, B., & Daspattanayak, P. (2019). *Urbanisation in Odisha (1991-2011)*. *The research journal of social sciences*, 10(4), 192-201.

Mizuno, K., Ishigami, K., & Kidokoro, T. (2000). *Urban Development and Housing Sector in Viet Nam*. *JBIC REVIEW*, (1), 130-135.

Mukherjee, M., Roy, U. K., Biswas, A., Arora, K., De, B., & Srivastava, A. (2016). Changing paradigms of Affordable Housing in Independent India. 3rd Residential Building Design & Construction Conference, (pp. 410-428). Penn State, University Park. Retrieved from <https://pdfs.semanticscholar.org/02e6/3d995e3a2dc97f1a0e9b5551299a10220852.pdf>

Purushotham, P. (2009). Institutional Credit for Rural Livelihoods – A Study of SGSY in Regions of High Poverty. Hyderabad: National Institute of Rural Development

Rains, E., Krishna, A., & Wibbels, E. (2018). Urbanisation and India's Slum Continuum: Evidence on the range of policy needs and scope of mobility. International Growth Centre.

State Domestic Product and other aggregates, 2011-12 series, Ministry of Statistics and Programme Implementation

United Nations Environment Programme (2018): Guidance Document on Procuring Sustainable Buildings and Construction. Paris: UN Environment. Available at: https://www.efcanet.org/sites/default/files/2019-06/Guidance%20Document%20on%20Procuring%20Sustainable%20Buildings%20and%20Construction_Final.pdf





The Ministry of Housing and Urban Affairs and GIZ India are jointly implementing the "Sustainable Urban Development- Smart Cities" (SUD-SC) project. The project supports the national ministry and state governments (Odisha, Tamil Nadu, and Kerala) in the policy formulation on housing for all, basic services, planning framework, and monitoring of the Sustainable Development Goal 11. It also supports the three select Smart Cities (Bhubaneswar, Coimbatore, and Kochi) in implementing concepts of integrated spatial planning approaches.

The Scaling City Institutions for India: Land, Planning, and Housing (SCI-FI: LPH) programme is a multidisciplinary research, outreach, and policy support initiative. It aims to better understand the intersection of governance and scale in the Indian urbanising landscape with sector specific social and economic characteristics. The SCI-FI: LPH initiative envisages to inform multiple stakeholders, including the three tiers of the government, on demand-driven, sustainable, alternative, and scalable models for delivering and operationalizing housing, basic services, and property rights for the urban poor. The programme is nested at the Centre for Policy Research (CPR), New Delhi, since 2013.