

Draft

National Urban Housing and Habitat Policy- 2005

**Ministry of Urban Employment and Poverty
Alleviation
Govt. of India**

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National Urban Housing and Habitat Policy - 2005

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NATIONAL URBAN HOUSING AND HABITAT POLICY- 2005

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1. PREAMBLE

The Need for Policy

- 1.1 Shelter is one of the basic human needs just next to food and clothing. Need for a National Housing and Habitat Policy emerges from the growing requirements of shelter and related infrastructure. These requirements are growing in the context of rapid pace of urbanization, increasing migration from rural to urban centres in search of livelihood, mis-match between demand and supply of sites & services at affordable cost and inability of most new and poorer urban settlers to access formal land markets in urban areas due to high costs and their own lower incomes, leading to a non-sustainable situation. This policy intends to promote sustainable development of habitat in the country, with a view to ensure equitable supply of land, shelter and services at affordable prices.

Urbanization and Development

- 1.2 Urbanization and development go together and rapid pace of development leads to rapid growth of urban sector. Urban population of India is likely to grow from 285.3 million in 2001 (Census 2001) to 360 million in 2010, 410 million in 2015, 468 million in 2020 and 533 million in 2025 (Annexure-I), as per the projections based on historical growth pattern of population (1901 – 2001).
- 1.3 India is undergoing a transition from rural to semi-urban society. Some States (Maharashtra, Mizoram, Tamilnadu and Goa), as per Census 2001, have already attained urbanization level of 35 to 50%. As per the projections based on historical growth pattern (1901 – 2001), nearly 36% of India's population is likely to be urbanized by 2025. However, since the current pace of development (with around 7% growth of GDP) is particularly high and will increase further with growing investments, the actual growth of urban population is likely to be more than these projections.
- 1.4 The decadal growth rate of urban population in India is significantly higher than rural population, being 23.9 & 20.0 during 1981 – 1991 and 21.4 & 18.0 during 1991-2001 respectively. Average annual rate of change (AARC) of total population in India during 2000-2005 is estimated at 1.41% as compared to 2.81% for urban and 0.82% for rural sectors (Annexure-II). AARC for urban areas during 2025-30 will increase to 2.25% whereas the AARC for total population will decline to 0.77% during the same period, as per United Nations estimates (1999).

- 1.5 Although India is undergoing rapid pace of development, job opportunities are not growing in the same proportion. This is largely attributed to a near stagnation of employment in agriculture during 1993-2000, although employment in the services such as trade, hotel, restaurant, transport, insurance, communication, financial, real estate and business services have shown significant increase in a range of 5-6%. (NSSO - Different Rounds). This factor contributes to rapid pace of urbanization.

Rural to Urban Shift of Labour Force

- 1.6 The share of agriculture in the total workforce has shown considerable decline from 60% in 1993-94 to 57% in 1999-2000. The share of primary sector is likely to decline further to 37% in 2030 (see Annexure-III). This means a large number of rural workforces will migrate to urban areas in search of jobs in secondary and tertiary sector. It is important for them to have access to employment, shelter and related services failing which they will contribute to mushrooming growth of slums and substandard habitat.
- 1.7 The growth of rural population is declining constantly. As per the UN (1999) estimates, average annual rate of change of total rural population will decline from 0.82% during 2000-2005 to (-) 0.40% during 2025-30. This indicates the shift of agricultural workforce to other sectors.

Regional Balance

- 1.8 In this context of rural to urban shift in the labour force distribution and rapid pace of urbanization, there is a need to ensure a balanced regional growth along with suitable supply of land, shelter and employment opportunities with the overall focus to divert flow of migrants across various urban centres and contain concentration of urban population in mega/metro cities.

In-situ Urbanization

- 1.9 At the same time, it is also important to promote in-situ urbanization to reduce overall pace of rural to urban migration. This again has to among others focus on supply of land, shelter, related infrastructure and employment opportunities among rural areas. Budget speech for Union Budget 2005-06 included a special reference to provision of Urban Amenities in Rural Areas through expansion of unorganized enterprises around existing clusters of individual activities and services as well as formation of new clusters. These activities under PURA shall promote four connectivities namely, physical, electronic, knowledge and economic to hinterland of selected clusters.

Role of Housing

- 1.10 Housing, besides being a very basic requirement for the urban settlers, also holds the key to accelerate the pace of development. Investments in housing like any other industry, has a multiplier effect on income and employment. It is estimated that overall employment generation in the economy due to additional investment in the housing/construction is eight times the direct

employment (IIM-Ahmedabad Study, 2000). The construction sector provides employment to 16% of the work force (absolute number 146 lakh-1997). It is growing at the rate of 7%. Out of this, the housing sector alone accounts for 85.5lakh workers. However nearly 55% of them are in the unskilled category. Skill upgradation would result in higher income for the workers. Housing provides employment to a cross-section of people which importantly include poor. Housing also provide opportunities for home-based economic activities. At the same time, adequate housing also decides the health status of occupants. Therefore, on account of health and income considerations, housing is a very important tool to alleviate poverty and generate employment.

Housing Requirements

1.11 Magnitude of Housing requirements is linked to pattern of growth, settlement status and overall shelter quality. Cities and towns which are growing at faster rate need to develop and deliver a faster and greater supply of housing. Growth of slums in India has been at least three times higher than the growth of urban population, leading to sizeable number of urban population living in slums. As per TCPO estimate 2001, 21.7 percent urban population lives in slums. Housing activities are to be planned according to the growth pattern of different settlements/cities. Second area of concern for adequate housing is the upgradation of existing houses including access to minimum services. As per Planning Commission estimates, the total requirement of urban housing during the 10th Plan period (2002-2007) works out to 22.44 million dwelling units in urban areas consisting of urban housing backlog of 8.89 million dwelling units at the beginning of 10th Plan (2002) and additions of new housing of 13.55 million dwelling units.

Magnitude of Poverty

1.12 Adequacy of housing is directly linked to magnitude of poverty. Poor lack housing in terms of tenure, structure and access to services. As per Planning Commission (1999-2000) estimate, 23.6% of urban population in India lives below poverty line. There is a strong correlation between slum and poverty. As per Planning Commission estimation 67.1 million urban population in 1999-2000 lived below poverty line whereas the population living in slums in 2001 has been estimated by TCPO at 61.8 million. Therefore, adequate access to shelter and habitat is also linked to state of poverty. In quantitative terms, access to basic amenities in urban areas reflects 9% deficiency in drinking water, 26% in latrine and 23% in drainage (Census of India, 2001). However, the gap in qualitative terms could be much higher.

Emergence of Sustainable Habitat

1.13 In order to generate suitable strategies for housing and sustainable development of human settlements, this Policy takes note of shelter conditions, access to services and opportunities for income and employment generation with particular reference to poor. This policy also takes into account the growth pattern of settlements, the investment promotion

opportunities, environmental concerns, magnitude of slums and sub-standard housing. This policy also examine the importance of sustainable urban structure which is able to (i) absorb urban population with suitable access to shelter, services and employment opportunities and (ii) also able to serve as service centre to their vast hinterland.

- 1.14 This policy re-affirms the importance of small and medium sized urban centres which have vast potential for future urban growth and also promoting a regional balance. These Centres, as per Census 2001, constitute only 31% of urban population, although they constitute over 90% of cities and towns, being 3975. Our policy should be able to promote growth potential of these 3975 towns to divert rural to megacity/metro city migration and contain urban to urban migration in a desirable manner (Annexure-IV). At the same time, this policy also focuses on in-situ urbanization of rural settlements so that connectivity at cluster level is improved for better provision of shelter, services and employment opportunities.

Policies and Programmes

- 1.15 This Policy is in continuation of Public Sector interventions and related developments of human settlement sector in India during a period of last 15 years which began with the Economic Liberalization Policy of 1991, National Housing Policy, 1994, National Housing & Habitat Policy, 1998 and follow up of 74th Constitution Amendment of 1992. These policy initiatives focused on transition of Public Sector role as 'facilitator', increased role of the private sector, decentralization, development of fiscal incentives and concessions, accelerated flow of housing finance and promotion of environment-friendly, cost-effective and pro-poor technology.

Positive Policy Results

- 1.16 The policy frame-work and subsequent development of programmes and schemes covering Two-million Housing, VAMBAY, NSDP, SJSRY, etc. have yielded fairly positive results in the area of housing and human settlements. There has been a quantum jump in the supply of serviced land, habitable shelter and related infrastructure. For example, in the first 2 years of the 10th Plan period, financial assistance was provided (which was 93% of the targeted amount) for construction of 218764 dwelling units under VAMBAY scheme. Similarly, total number of beneficiaries under NSDP and SJSRY were 37.28 million and 31.77 million respectively during the same period. As per Census 2001, the period of 1991 to 2001 witnessed a net addition of 19.52 million dwelling units in the urban housing stock, amounting to average annual construction of 1.95 million houses. The share of ownership housing in urban areas has increased from 63% in 1991 to 67% in 2001 (Census, 2001). It is important to note that households having one room accommodation declined significantly in urban areas from 39.55 per cent to 35.1 per cent during the period 1991 to 2001 (Census, 2001). This is a result of upward shift of accommodation and accelerated supply of housing stock.

- 1.17 This policy recognizes that despite appreciable increase in the supply of housing and related infrastructure, the magnitude of backlog is fairly high. As per Planning Commission estimates, the difference of households over houses in 2002 was to the tune of 2.16 million dwelling units in urban areas. This difference if added with the housing requirements to replace, upgrade or reconstruct houses to remove congestion, obsolescence and unserviceable kutcha houses, leads to a fairly high backlog of 8.89 million dwelling units for urban areas only. This deficit and subsequent additions would need huge investments.

Focus Areas

- 1.18 It is in this context that a housing and habitat policy is needed to focus on status of livelihood covering shelter and related infrastructure to promote sustainable development of habitat. In this regard, cities play significant role to operate as engines of economic growth and also rural development by providing linkages to their hinterland. At the same time, in-situ urbanization has also to be promoted to improve connectivity of rural sector clusters by inter-alia providing shelter, services and income generating activities.
- 1.19 This policy takes note of Government's special focus on shelter for all and development of related infrastructure with a particular reference to poor and promotion of economic development, quality of life and safe environment. In this regard, Government of India has initiated NURM (National Urban Renewal Mission) with the objective to accelerate the supply of land, shelter and infrastructure taking into account the requirements of economic development with a particular reference to balanced regional development, poverty alleviation and rapid economic development.
- 1.20 The NURM with the annual outlay of approximately Rs.5,500 crores in 2005-06 would support 60 cities (7 mega cities, 28 metro cities and 25 category 'C' cities) across the country in terms of investments into infrastructure gaps, taking the urban system from a non-conforming state to a conforming state with proper planning and all urban infrastructure in place – having roads, water, sanitation, sewerage, etc. after removing deficiencies. The Mission approach will be reform based with releases being made subject to specified reform agenda. It will encourage private sector participation with the Government providing viability gap funding through the Mission to such housing and urban infrastructure projects. In addition to these 60 cities, urban infrastructure and slums would also be addressed in the remaining Non-Mission cities through specific programmes/schemes which will also be reform based.
- 1.21 This policy seeks a solution to bridge the gap between demand and supply of housing and infrastructure to achieve a policy objective to increase supply at affordable prices. In this regard, specific initiatives are suggested to further reorient the public sector role as facilitator. At the same time, convergence of resources is also essential to provide synergy by involving various

stakeholders in the supply of housing and infrastructure in the overall context of sustainable development of human settlements.

- 1.22 This policy also draws from the innovations in the area of housing and infrastructure in India and elsewhere. It also gives a menu of actionable points which inter alia includes promotion of FDI (Foreign Direct Investment), Public-Private- Partnerships, securitisation & development of secondary mortgage markets, and encourage savings to accelerate supply of investible funds, pro-poor development of partnerships, conservation of natural resources, development of environment-friendly, pro-poor, investment-friendly and revenue-generating regulations and bye-laws, etc. The purpose is to guide various stakeholders to take well-planned, concerted, transparent, mutually-acceptable and pro-poor initiatives in a best possible manner.
- 1.23 This policy also plans further expansion of fiscal concessions and incentives to motivate, persuade and encourage various stakeholders to participate in the delivery of housing and infrastructure. However, the public sector shall continue its direct interventions to safeguard the interests of the poor and marginalized sections of the Indian society.
- 1.24 Finally, this policy tends to build synergy, convergence and integration of housing and related infrastructure interventions. This policy also aims to act as complementary to poverty alleviation, generation of income and employment to achieve overall objective of shelter for all and sustainable development of human settlements.
- 1.25 This policy dwells upon role of various stakeholders and specific actions pertaining to Land, Finance, Legal and Regulatory Reforms, Technology Support and Transfer, Infrastructure, Sustainability concerns, Employment issues in the building sector, Slum Improvement and Upgradation, Social Housing, etc. along with Action Plan and Follow up related aspects.

2. Aims

The Housing & Habitat Policy aims at :

- (i) Creation of adequate housing stock both on rental and ownership basis.
- (ii) Facilitating accelerated supply of serviced land and housing with particular focus to EWS and LIG categories and taking into account the need for development of supporting infrastructure and basic services to all categories.
- (iii) Facilitate Upgradation of infrastructure of towns and cities and to make these comparable to the needs of the times.
- (iv) Ensuring that all dwelling units have easy accessibility to basic sanitation facilities and drinking water.

- (v) Promotion of larger flow of funds to meet the revenue requirements of housing and infrastructure using innovative tools.
- (vi) Providing quality and cost effective housing and shelter options to the citizens, especially the vulnerable group and the poor.
- (vii) Using technology for modernizing the housing sector to increase efficiency, productivity, energy efficiency and quality. Technology would be particularly harnessed to meet the housing needs of the poor and also specific requirements of `green` housing.
- (viii) Guiding urban and rural settlements so that a planned and balanced growth is achieved with the help of innovative methods such as Provision of Urban Amenities in Rural Areas (PURA) leading to in-situ urbanisation.
- (ix) Development of cities and towns in a manner which provide for a healthy environment, increased use of renewable energy sources and pollution free atmosphere with a concern for solid waste disposal, drainage, etc.
- (x) Using the housing sector to generate more employment and achieve skill upgradation in housing and building activity, which continue to depend on unskilled and low wage employment to a large extent.
- (xi) Removing legal, financial and administrative barriers for facilitating access to tenure, land, finance and technology.
- (xii) Progressive shift to a demand driven approach and from a subsidy based housing scheme to cost recovery-cum-subsidy schemes for housing through a pro-active financing policy including micro-financing, self-help group programmes.
- (xiii) Facilitating, restructuring and empowering the institutions at state and local governments to mobilize land and planning and financing for housing and basic amenities.
- (xiv) Forging strong partnerships between private, public and cooperative sectors to enhance the capacity of the construction industry to participate in every sphere of housing and urban infrastructure.
- (xv) Meeting the special needs of SC/ST/disabled/freed bonded labourers/ slum dwellers, elderly, women, street vendors and other weaker and vulnerable sections of the society.
- (xvi) Involving disabled, vulnerable sections of society, women and weaker sections in formulation, design and implementation of the housing schemes.
- (xvii) Protecting and promoting our cultural heritage, architecture, and traditional skills.

- (xviii) Establishing a Management Information System in the housing sector to strengthen monitoring of building activity in the country.

3. Role of Government and other Agencies

- 3.1 The objectives of the Policy would be carried out through action-oriented initiatives at all levels of Government.

3.1.1 *The Central Government would:*

- take steps to bring in planning, housing, financial, regulatory, institutional and legal reforms.
- devise macro economic policies to enable flow of resources to the housing and infrastructure sector.
- evolve plans, strategies and parameters for optimal use of available resources including land for sustainable development.
- devise action plans for the provision and creation of adequate infrastructure facilities like water sources, connectivity and power supply.
- develop and enforce appropriate ecological standards to protect the environment and provide a better quality of life in human settlements;
- continue and pursue urban reforms with focus on revision of bye-laws, municipal laws, simplification of legal and procedural framework, initiation of partnership, reduction of municipal manpower, introduction of property title, introduction of regulators, implementation of urban street vendor policy, etc.
- provide fiscal concessions for housing, infrastructure, regulatory and monitoring mechanism to ensure that the concessions are correctly targeted and utilised.
- develop convergence and integration between urban sector initiatives and financial sector reforms.
- mobilize global resources (including FDI) in housing and urban infrastructure sectors
- advise and guide respective State Governments to adopt and implement the National Urban Housing & Habitat Policy 2005 in a time bound manner.
- strengthen a nation-wide Management Information System (MIS) on house building activities to help in designing and developing housing programmes and also assist in decision making.

- promote Research & Development, innovative building material, transfer of technology, energy efficient construction to these sectors.

3.1.2 *The State Government would :*

- prepare the State Urban Housing & Habitat Policy.
- prepare long term programmes and short term strategies to tackle problems in housing and basic services and synergise the provision of adequate infrastructure facilities like Water Sources, Connectivity, drainage, sewerage, sanitation, solid waste management and power supply;
- review the legal and regulatory regime to give a boost to housing and supporting infrastructure
- Facilitate, restructure and empower the local bodies in regulatory and development functions.
- amend the existing laws and procedures or promulgate legislation for the effective implementation of SUHHP with a particular reference to easy and affordable access to land by government/private sector.
- promote and incentivise private sector and cooperatives in undertaking housing and infrastructure projects for all segments in urban areas.
- Encourage NGOs/CBOs and Partnership with ULGs/Govt. Bodies .in housing, micro finance and infrastructure activities.
- facilitate training of construction workers by converging other development programmes.
- promote and incentivise decentralised production and availability of building material
- develop MIS at state and local levels.
- R & D activities in the field of housing through appropriate capacity building programmes.

3.1.3 *The Urban Local Governments/ Development Authorities would :*

- identify specific housing shortages and prepare local level Urban Housing Action Plans.
- Promote planning of housing and industrial estates together with infrastructure services including roads, safe water supply, waste

treatment and disposal, public transport, power supply, health, educational and recreational facilities, etc.

- promote participatory planning and funding based on potential of local level stakeholders
- devise programmes to meet housing shortages and augment supply of land for housing, particularly for the vulnerable group
- support private sector participation in direct procurement of land and subsequent development of housing.
- devise capacity building programmes at the local level
- Implement central and state sector schemes and programmes pertaining to housing and infrastructure sector.
- enforce effectively regulatory measures for planned development.

3.2 The Housing Finance Institutions (HFIs) would –

- reassess their strategies and identify potential areas for further expansion of their operations towards housing projects and slum improvement and upgradation and infrastructure.
- Promote innovative mechanism like mortgage guarantee and title insurance to augment fund for housing sector
- Devise innovative lending schemes to cover poorer segments, which depend on the informal sector e.g. micro credit for housing to the EWS and LIG of the population. The funding of these programmes could be done through NGOs/CBOs who could undertake the tasks of confidence building and mobilizing small savings from the beneficiaries.
- HFIs would also look at ploughing part of their resources towards financing slum improvement and upgradation programmes.
- Adopt a more flexible and innovative approach in their credit appraisal norms.
- Encourage EWS and LIG housing beneficiaries to take insurance cover.

3.3 Public agencies / parastatals would:

- revisit their method of working and redefine their role for facilitating land assembly, development and provision of infrastructure

- devise flexible schemes to meet the users' requirement.
- suitably involve private sector including to the advantage of the poor and the vulnerable sections and forge partnerships with the private sector and cooperatives in the provision for housing .
- use land as a resource for housing with a particular reference to economically weaker sections and low income groups.
- reduce their dependence on budgetary support in a phased manner.

3.4 Private and Cooperative Agencies would:

- undertake an active role in terms of land assembly, construction of houses and development of amenities within the projects.
- work out schemes in collaboration with the public sector institutions for slum reconstruction on cross subsidization basis.
- create housing stock on ownership and rental basis.

4. Research & Development Organisations would:

- (i) undertake research to respond to the different climatic conditions with a focus on transition from conventional to innovative, cost effective and environment friendly technologies.
- (ii) develop and promote standards on building components, materials and construction methods including disaster mitigation techniques
- (iii) Intensify efforts for transfer of proven technologies and materials
- (iv) accelerate watershed development to conserve water, stop soil erosion and re-generate tree cover in order to improve the habitat.

5. Specific Action areas

5.1 Land

- i. Public agencies would continue to undertake land acquisition for housing and urban services along with more feasible alternatives like land sharing and land pooling arrangements, particularly in the urban fringes, through public and private initiative with appropriate statutory support. Statutory cover to land acquisition by/for private builders for housing and urban infrastructure may also be considered subject to guidelines.

- ii. Land assembly and development by the private sector would be encouraged.
- iii. The repeal of the Urban Land (Ceiling & Regulation) Act, 1976 is expected to ease the availability of land and development of suitable follow-up..
- iv. In the local plans, it is necessary to earmark a portion of land at affordable rates for housing for the EWS & LIG. This could be for e.g. 20-25% in any new housing colony in public/private sector. This would also help in checking the growth of slums.
- v. An action plan needs to be initiated to provide tenurial rights either in-situ or by relocation at affordable prices to urban slum dwellers with special emphasis on persons belonging to the SC/ST/Weaker sections/physically handicapped.
- vi. Urban Land needs to be planned to provide for rationalized and optimum density use.
- vii. While allotting house-sites/houses in urban areas developed by either state agencies or the private sector with finance from financial institutions/banks, some percentage as specified by the State Government would be allotted to the families belonging to the Scheduled Castes/Scheduled Tribes communities, weaker sections, BC/OBC and physically handicapped.

5.2 Finance:

- i. Affordable finance is the next most critical input for housing and infrastructure services. It is imperative to develop a debt market for housing and infrastructure, fully integrated with the financial market, in the country.
- ii. A secondary mortgage has already been initiated by the National Housing Bank (NHB). HUDCO and other leading HFIs act as market makers and supporters. NHB would take necessary and adequate measures required to strengthen and develop a sound and sustainable Secondary Mortgage Market. The Government would provide a conducive and supportive fiscal and regulatory framework.
- iii. Stamp Duty on the instruments of residential mortgage-backed securitisation (RMBS) across all the states would be rationalized (waived/reduced) on the lines of Gujarat, Tamil Nadu, Karnataka, West Bengal etc. The Central Government would incentivise the state governments for undertaking such reform-oriented measures. Regulatory framework for banks to engage in RMBS transactions, both as originator and investor would be supportive.

- iv. Housing is to be considered at par with infrastructure as far as funding and concessions are concerned, in order to encourage investment in these sectors.
- v. Incentives are to be provided for encouraging investments by financial institutions, HFIs, Mutual funds, Companies, Trusts and Foreign Institutional Investors into rental housing.
- vi. For encouraging Rental Housing including building of service apartments, fiscal concessions in the form of imposition of flat rate of 10 percent of tax on the income on renting of new properties for first five years and depreciation allowance of 50 percent per year on investment made by employers in housing projects for employees, is recommended.
- vii. Housing Finance companies would develop innovative instruments to mobilize domestic saving in the country to meet their need for finance, along with resources from Provident Funds, Insurance funds. Mutual funds in the real estate sector would also be encouraged as a means of finance. Provident Fund Managers would be persuaded to come forward to provide long term funds for housing at reasonable rates.
- viii. A National Shelter Fund with an initial contribution of Rs.500 crores from the Government is recommended to be created under the aegis of NHB to provide financial support to primary lending institutions to address the housing requirement of poor/EWS. Further it is recommended that additional resources for the NSF be allowed to be raised through Tax-Free EWS Housing Bonds, on tap. An investment by general public in EWS Housing Bonds upto Rs.20,000 is recommended to be allowed as eligible deduction over and above the limits prescribed under Section 80 C of IT Act by incorporating a new section.
- ix. "A Risk Fund" with an initial corpus of Rs 500 crore (to be contributed by the government) under the aegis of NHB is recommended to be set up. To enlarge the corpus of Risk Fund, the housing finance institutions including commercial banks would be asked to contribute 1 percent of their incremental housing loans disbursed, on yearly basis. The contribution made by HFIs in this fund would be allowed complete tax exemption. For this purpose, it is recommended that Government bring in the necessary legislation/ guidelines for all lending institutions.
- x. Private sector would be incentivised to invest a part of their profits for housing needs of the poor. Development Authorities/Private Sector would be advised to earmark 20-25% in new Housing developments for EWS/LIG Sections of population.
- xi. Foreign Direct Investments, Investment from Non Resident Indians and Persons of Indian Origin would be encouraged in housing, real estate

and infrastructure sectors. FIs would also be allowed to invest in RMBS issues.

- xii. In view of the limited domestic institutional capacity to fund fully the investment requirement, HFCs would be allowed to raise External Commercial Borrowings (ECBs) from the international markets in line with the guidelines of Fully Convertible Commercial Bonds (FCCB). This would enlarge resource base for housing sector as also bring in international stake holding.
- xiii. In the matter of resource mobilization by HFCs, Section 80 C (xvi) (a) of IT Act. may be amended to permit the benefit to all companies in public or private sector. This will widen the deposit base for the HFCs in the private sector. Currently, the section allows subscription to deposit schemes of only a public sector company in housing finance.
- xiv. "Real Estate Investment Trusts (REITS)" / Real Estate Mutual Funds (REMF) would be recommended to be set up to serve as a mutual fund for real estate development. REITs through the pooling in of resources would allow individuals with small amounts of cash to take advantage of returns available from the buoyant housing and real estate market. Larger funds would thus, become available for investment in housing related projects.
- xv. To enable housing finance institutional mechanism to serve all segments of society in urban areas, constraints like non-availability of clear land title, absence of guarantee mechanism for weaker segments may be removed. Appropriate Insurance Scheme to cover disputes/default in title deeds may be introduced. One time premium in this regard may be shared by Government and the primary lending institutions.
- xvi. To encourage primary lending institutions to enhance their credit flow to poor/EWS in urban and slum settlements, Government may allow complete exemption of profit derived from the business of long term housing finance for these segments. In this context, the existing institutional mechanism as available through Self-Help Groups/NGOs in N-E Region and Micro Finance Institutions would be actively involved in extending housing loans to poor and EWS.
- xvii. To encourage HFCs to increase their lending for EWS and LIG categories which involves comparatively higher risk and operational costs, the benefit under Section 36 (1) (viiia) of IT Act. as available to banks, public finance institutions etc. may be extended to HFCs.
- xviii. Government would encourage Public-Private Partnership (PPP) to undertake Integrated Housing Projects. Tax incentives for such projects and provision of atleast 20-25% of the houses for economically weaker sections and lower income groups; should be given.

- xix. Financial Institutions would be encouraged to forge joint ventures to augment supply of funds for development of housing and related infrastructure.
- xx. Plan Funds and other assistance for housing and infrastructure would be dovetailed according to the Action Plan prepared and followed by the States.
- xxi. Micro-financing especially for the poor residing in Urban Slums and Squatter Settlements should be encouraged. In this context, Micro-credit for housing should be given a strong push to provide formal finance to non-eligible segments of households who do not qualify norms for formal sector lendings.

5.3 Legal and regulatory reforms

- (i) In line with the Union Government's decision to repeal the Urban Land Ceiling Act, the States, other than those who have already repealed the State Act, may adopt the repealing Act.
- (ii) Procedures for sanctioning building plans would be simplified to eliminate delays through strict enforcement of rules and regulations along with simplified approval procedures to ensure that the system is made user friendly. A single window approach would be developed. Chartered Registered Architects would be allowed to sanction building plans, who would be responsible for enforcement of the norms. Professional responsibility would be vigorously enforced.
- (iii) The preparation of a master plan would be made time bound and be put in place before expiry of current plan. The laws and procedure for notification of new master plan would be simplified.
- (iv) Master Plans would make specific provision for the involvement of private sector, who should inevitably heap 20-25% of housing units reserved for EWS/LIG.
- (v) All states would be advised to adopt any " Model Municipal Law" prepared by central government. Provisions relating to housing and basic services may be examined in line with the model law to make specific recommendations for implementation at the state and municipal level.
- (vi) Rent Control Legislations in the States would be amended to stimulate investment in rental housing in line with a Model Rent Control Act as may be adopted by the Union Government along with such modification as may be necessary.

- (vii) FAR/FSI need to be optimised and increased wherever possible in relation to the adequacy of social and physical infrastructure services (e.g. water, drainage, solid waste management, electricity, road work, sewerage system etc.)
- (viii) Considering the specific requirements of housing and urban infrastructure projects, a land policy would be drawn up. The provision in Land Acquisition Act 1894 to acquire land for private companies, has not been used so far in the interest of the real estate developer. The existing rules, guidelines, government orders would be reviewed and necessary directions with guidelines would be issued by the concerned Governments.
- (ix) The concerned land policy and land-use regulations should provide statutory support for land assembly, land pooling and sharing arrangements.
- (x) NGOs and CBO would be promoted as part of P-P-P housing schemes.
- (xi) The Acts relating to the Insurance Sector would be amended to facilitate Mortgage Insurance in the country.
- (xii) Title Insurance would be encouraged for housing to prevent fraudulent transactions.
- (xiii) SARFAESI Act would be made available to all HFCs for speedy foreclosure and faster recovery of NPAs.
- (xiv) The laws relating to housing cooperatives need amendment to facilitate housing cooperatives to take up Slum Rehabilitation projects.
- (xv) States will, as part of the Reform Agenda of Urban Reforms Incentive Fund (URIF)/National Urban Renewal Mission (NURM) be strongly advised to bring down and rationalise the scale of stamp duty on residential and non-residential properties to about 2-3%.
- (xvi) With the introduction of information technology, States would be persuaded to simplify registration procedures in the conveyance of immovable properties. The Indian Registration Act and the rules, circulars, guidelines and government orders issued by the respective State Government would be amended within a time-frame. The procedure of the process of registration would be made easy, and for that non-encumbrance certificate and other details would be readily available for any transaction of land.
- (xvii) The land revenue records of the States and other governments would be computerized and put on GIS mode within a time frame.

- (xviii) The present process of issue of stamp papers from Collectorate, Treasuries and Stamp vendors would be modified to pay the stamp duty directly in the proper head of account of the State Govt. in the specified bank.
- (xix) Property Tax reforms (such as Unit Area Method) would be undertaken.
- (xx) The States would be persuaded to enact Apartment Ownership Legislations. In this regard, Model bye laws may be framed by the Union Government.
- (xxi) In areas where several Acts have concurrent jurisdiction, the provision of Town & Country Planning Act and Development Act (or any other similar Act) only would operate. The concerned State Governments would amend respective provisions of Acts accordingly including that the ceiling on agricultural land would not be operative in a Development Area covered by the Town Planning and Development Acts.
- (xxii) Urban renewal of inner cities is becoming imperative. The Municipal laws/building bye-laws and planning regulations may be amended to take care of upgradation. There would be an Urban Renewal Mission to take up urban renewal in a systematic manner for tackling deteriorating housing conditions, high magnitude of slums and the dilapidated structures in the cities. Restrictions imposed by CRZ and Rent Control Act would be reviewed.
- (xxiii) Clean environment and quality of life in the settlements depend on various legislations and coordination among the regulatory authorities. There is a need to integrate policies regarding air and water pollution, solid waste disposal, use of solar energy, rain water harvesting, energy recovery from wastes and electricity supply in the planning process. Maintenance of internal feeder/distribution lines free from pollution would be the obligation of the developer/local bodies.
- (xxiv) The notification issued by Ministry of Environment & Forests dated 7.7.2004 is recommended to be reviewed in the context of provision of low income housing to exclude housing projects. There would also be provision in the notification under which the State/Development Agency or a builder (whosoever recover the external development charges for developing the trunk services) would only be made responsible for creation, maintenance and treatment of disposals; and for prevention of pollution which may be caused due to such reasons.
- (xxv) The definition of 'developed land' may be specified in order to encourage marketability of housing.

5.4 Technology support and its transfer

- i. Technology support would continue to play a vital role in providing affordable shelter for the poor.
- ii. Bio-mass based housing would be encouraged to increase the life and quality of the shelter till it is possible to construct a house of more permanent nature considering the needs and geo-climatic conditions.
- iii. The government would take an active lead in promoting and using building materials and components based on agricultural and industrial waste, particularly those based on fly ash, red mud, etc.
- iv. Use of wood has already been banned by CPWD. State PWDs need to take similar steps in this direction. Use of bamboo as a wood substitute and in other building components, would be encouraged.
- v. In order to reduce energy consumption and pollution, low energy consuming construction techniques and materials would be encouraged.
- vi. Use of prefabricated factory made building components would also be encouraged, especially for mass housing, so as to achieve speedy, cost effective and better quality construction.
- vii. Enforcement of the code for disaster resistant construction technologies and planning would be made mandatory and this would be ensured by all State Governments/UTs.
- viii. Through appropriate technological inputs, effectiveness of local building materials can be enhanced. Innovative building materials, construction techniques and energy optimizing features would be made an integral part of curricula in architecture, engineering colleges polytechnics and training institutions.
- ix. Transfer of proven cost effective building materials and technologies, from 'lab to land', would be intensified through the vast network of institutions.
- x. States would include the specifications of new building materials in their schedule of rates and promote them vigorously.
- xi. Government would promote use of such innovative and eco-friendly materials through fiscal concessions and tax such materials which are high consumers of energy.
- xii. Standardization of various building components, based on local conditions would be emphasized so as to get better quality products at competitive rates, through mass production.

5.5 Infrastructure

- i. There is a need to find ways to achieve the required upgradation of infrastructure of towns and cities and to make these comparable to the needs of the times.
- ii. The areas that fall within the ambit of infrastructure in all human settlements encompass the provision and creation of a network of roads for safe and swift commuting, adequate and safe water supply, efficient waste treatment and disposal, convenient public transport, adequate power supply, a clean & healthy environment. Infrastructural amenities consist of educational facilities (School, Colleges, Universities, Research Institutes), recreational facilities (Parks, Public Gardens, Play Grounds, Entertainment Centres), sports fields and stadiums, medical facilities (hospitals and allied health care), connectivity via rail, road, air and waterways and e-Connectivity.
- iii. `Public- Private - Partnership approach for Infrastructure would be devised for the development of all the areas referred to in (ii) above. Macro-economic strategies would be devised to enable flow of resources including attracting private capital to the infrastructure sector.
- iv. The Policy would also address issues to compensate investments made by the private sector through numerous innovative viable alternatives other than direct monetary compensation. A `Habitat Infrastructure Action Plan' would be developed to prevent and plug losses, leakages and wastages that are existing in the system at various levels.
- v. All States would be encouraged to develop `Habitat Infrastructure Action Plan' for all cities with a population of over 1,00,000.
- vi. Specific initiatives would be taken to use Provision of Urban Amenities in Rural Areas (PURA) at different locations in a participatory manner using contribution from various stakeholders. In this regards, feedbacks would be taken from demonstration projects being implemented by some of the states.
- vii. Financial institutions, State Governments and Central Government would encourage and support `local' infrastructure development efforts being made by local authorities as well as by the private sector for the development of all areas referred to in (ii) above.
- viii. The Central Government would take steps to declare that infrastructure areas referred to in (ii) above be treated at par with infrastructure status under the Income Tax Act (in order to attract private capital).

- ix. Steps would be taken to attract FDI as per Govt. of India guidelines into infrastructure development at the local town and city levels.
- x. Steps covering transparent and scientific monitoring and assessment system would be taken up to rationalize the Property tax collection and other revenue instruments at local levels and improving the fiscal management of the local administrations to improve revenue at local level to fund infrastructure as above.
- xi. Urban transport has a strong impact on urban growth. An optimum mix of reliable and eco-friendly public transport systems would be planned to meet the city's requirement.

5.6 Sustainability concerns

- i. No settlement can support unbridled consumption of natural resources, such as land, water, forest cover and energy. Norms for consumption of these resources and also conservation techniques would be specified and enforced.
- ii. Sustainable strategies would be devised for the maintenance of housing and infrastructure services.
- iv. Settlements would be planned in a manner which minimize energy consumption in transportation, power supply, water supply and other services.
- v. The urban services are inter-tuned with ecological and environmental growth of housing and settlements. Development strategy and regulatory measures would be combined to direct planned urban growth and services.
- vi. Growth of a city beyond its capacity imposes unbearable strain on its services. City planners would lay down norms for development of urban sprawls and satellite townships.
- vii. Decongestion and decentralization of metro and mega cities is urgently needed through development of regional planning linked with fast transport corridors for balanced growth.
- viii. Model bye-laws would be drawn up for use of renewable energy source particularly solar water heating systems in residential and commercial buildings.
- ix. Poverty and unemployment are detrimental to healthy growth of any settlement. States Government and local authorities need to vigorously implement poverty alleviation and employment generating programmes. Development of income augmenting activities, expansion of the services sector and imparting of training and skill upgradation would be taken up.

5.7 Employment issues in the housing sector

- i. The construction workers also need to be trained to keep up with the technological advancement in this sector.
- ii. The construction industry is the biggest employer of women workers and is perhaps their biggest exploiter in terms of disparity in wages. The solution lies in skill upgradation and induction of women at supervisory levels and also encouraging women as contractors. Public agencies would take a lead in this. All training institutions must enroll women on a preferential basis.
- iii. Adequate provisions for the safety and health of women engaged in construction activities which are hazardous in nature would be made by the authorities executing the project.
- iv. Support services like crèches and temporary accommodation would be provided by the implementing authority at the construction site.
- v. A training and education cess would be levied on all construction projects except those being done on a self help basis. This amount could be spent on training and imparting new skills to the construction workers.
- vi. Concerned states would be advised to provide decentralised training both for men and women. Several schemes of Government for imparting training and skill enhancement could be converged to integrate efforts in this direction.

5.8 Slum improvement and upgradation

- i. Slum improvement programmes for upgrading the services, amenities, hygiene and environment would be taken up.
- ii. Slum reconstruction programmes for creating a better environment would be encouraged by schemes with cross subsidization. These would be based on the basis of audit of slum areas covering health status, education, sanitation, environment, employment status and income generation.
- iii. Land sharing and pooling arrangements would be resorted to in order to facilitate development of land and improvement of basic amenities in slums.
- iv. Transferable development rights and additional FAR would be released as an incentive for providing shelter to the poor. The private sector, community based organisations (CBOs), non-governmental

organisations (NGOs) and self help groups would be involved in such activities.

- v. The land or shelter provided to the poor / slum dweller would as far as possible be made non-transferable for a period of ten years.
- vi. 'Land as a resource' would be used while taking up slum rehabilitation.
- vii. Specific projects would be taken up based on poverty alleviation strategies of National Urban Renewal Mission (NURM).
- viii. Income generating activities in slums have a direct bearing on housing and other environment issues. The various development programmes would be converged to cover the target group completely.
- ix. It is realized that there is a need for integrating VAMBAY and NSDP. This process would be completed. Hurdles faced by the states and implementing agencies in any integrated scheme would be removed. Issues like present unit cost, area norms and subsidy would be reviewed and would be revised upwardly, if necessary.
- x. Formation of multi-purpose cooperative societies of urban poor and slum dwellers would be encouraged across the country for providing better housing and environment to improve the quality of life as well as for undertaking multifarious activities for the economic and social development.

6. ACTION PLAN / FOLLOW UP

- (i) The Central Government will support the States to prepare a State level Urban Housing and Habitat Policy and also specific action plans. This would cover preparation of Model Acts, legal & regulatory reforms, fiscal concessions, financial sector reforms and innovations in the area of resource mobilization, etc.
- (ii) In order to augment sustainable housing stock with related infrastructure including water, drainage and sanitation facilities, the action plans and programmes will focus upon flow of funds for housing, including various cost effective shelter options, promotion of a planned and balanced regional growth, creation of employment, protection of weaker sections and vulnerable groups, promotion of partnerships, conservation of urban environment and development of MIS.
- (iii) States will prepare a SUHHAP (State Urban Housing and Habitat Action Plan) giving a road map of actions pertaining to (a) institutional, legal, regulatory and financial initiatives in relation to (i) supply of land (ii) modification of Acts/Bye-laws (iii) technology promotion (iv) infrastructure provision (v) slum improvement, etc.

- (iv) SUHHAP would also cover actions to motivate, guide and encourage participatory approach including private sector, NGOs, CBOs, State parastatals and ULBs for institutionalizing community sector and private sector resources along with the Government resources.
- (v) A National Commission on Human Settlements (NCHS) may if necessary be set up by Government of India to :
 - (a) assess the status of `Human Settlements in India' in terms of `sustainability', `balanced regional development', `shelter status', access to basic services, nature and dimension of poverty.
 - (b) review the progress made on the decentralization process initiated by the 74th Constitution Amendment
 - (c) suggest inter-sectoral action plan to achieve Housing and Habitat related policy objectives
 - (d) carry out research, undertake field visits, meetings, etc. to gather information on (a), (b) and (c) above.
- (vi) Monitoring framework at state level may be set up to review implementation of SUHHDP.
- (vii) Urban Housing and Habitat Development Plan (UHHDP) shall be prepared at local level, which would be an integral part of `State Urban Housing and Habitat Development Plan'.
- (viii) A High Level Monitoring Committee at Central Government level would be set up to periodically review the implementation of National Urban Housing & Habitat Policy 2005.

7. The ultimate goal of this Policy is to ensure sustainable and inclusive development of human settlements including “shelter for all” and a better quality of life to all citizens using potential of all the stakeholders.

POPULATION PROJECTION FOR 2001 – 2025
(In Million)

Year	Total	Urban	Rural
2001	1027.30	285.30 (27.75%)	742.00 (72.25%)
2005	1091.78	316.33 (28.97%)	781.70 (71.03%)
2010	1178.52	360.38 (30.58%)	834.32 (69.42%)
2015	1272.16	410.57 (32.27%)	890.48 (67.63%)
2020	1373.23	467.74 (34.06%)	950.34 (65.94%)
2025	1482.34	532.87 (35.95%)	1014.41 (64.05%)

Source : Projections based on historical growth rate of Census Population figures from 1901 – 2001 using semi-log regression analysis.

ANNEXURE -II

Average Annual Rate of Change of Urban and Rural Population (2000 – 2030) in percentage in India

Year	Urban	Rural
2000 – 05	2.81%	0.82%
2005 – 10	2.73%	0.43%
2010 – 15	2.70%	0.12%
2015 – 20	2.74%	(-) 0.09%
2020 – 25	2.52%	(-) 0.22%
2025 – 30	2.25%	(-) 0.40%

**Source : United Nations (1999) : World Urbanization Prospects,
The 1999 Revision**

ANNEXURE - III

Sectoral Employment Growth Projection

(Employment in Million)

Sector	1999-2000	2000	2001	2002	2003	2004	2005	2006
Agriculture(0.02%) (% Share)	190.94 <i>56.70</i>	190.98 <i>56.08</i>	191.02 <i>55.46</i>	191.05 <i>54.83</i>	191.09 <i>54.20</i>	191.13 <i>53.57</i>	191.17 <i>52.94</i>	191.21 <i>52.31</i>
Industry (2.84%) (% Share)	59.15 <i>17.57</i>	60.83 <i>17.86</i>	62.56 <i>18.16</i>	64.33 <i>18.46</i>	66.16 <i>18.77</i>	68.04 <i>19.07</i>	69.97 <i>19.38</i>	71.96 <i>19.69</i>
Services (2.41%) (% Share)	86.65 <i>25.73</i>	88.74 <i>26.06</i>	90.88 <i>26.38</i>	93.07 <i>26.71</i>	95.31 <i>27.03</i>	97.61 <i>27.36</i>	99.96 <i>27.68</i>	102.37 <i>28.01</i>
Total	336.74 100.00	340.55 100.00	344.45 100.00	348.46 100.00	352.56 100.00	356.78 100.00	361.10 100.00	365.54 100.00
Sector	2007	2008	2009	2010	2011	2012	2013	2014
Agriculture(0.02%) (% Share)	191.25 <i>51.68</i>	191.28 <i>51.04</i>	191.32 <i>50.41</i>	191.36 <i>49.78</i>	191.40 <i>49.14</i>	191.44 <i>48.51</i>	191.48 <i>47.87</i>	191.51 <i>47.24</i>
Industry (2.84%) (% Share)	74.00 <i>20.00</i>	76.11 <i>20.31</i>	78.27 <i>20.62</i>	80.49 <i>20.94</i>	82.78 <i>21.25</i>	85.13 <i>21.57</i>	87.54 <i>21.89</i>	90.03 <i>22.21</i>
Services (2.41%) (% Share)	104.84 <i>28.33</i>	107.36 <i>28.65</i>	109.95 <i>28.97</i>	112.60 <i>29.29</i>	115.31 <i>29.61</i>	118.09 <i>29.92</i>	120.94 <i>30.24</i>	123.85 <i>30.55</i>
Total	370.08 100.00	374.75 100.00	379.54 100.00	384.45 100.00	389.49 100.00	394.65 100.00	399.96 100.00	405.40 100.00
Sector	2015	2016	2017	2018	2019	2020	2021	2022
Agriculture(0.02%) (% Share)	191.55 <i>46.61</i>	191.59 <i>45.98</i>	191.63 <i>45.35</i>	191.67 <i>44.72</i>	191.71 <i>44.09</i>	191.74 <i>43.47</i>	191.78 <i>42.84</i>	191.82 <i>42.22</i>
Industry (2.84%) (% Share)	92.59 <i>22.53</i>	95.22 <i>22.85</i>	97.92 <i>23.17</i>	100.70 <i>23.50</i>	103.56 <i>23.82</i>	106.50 <i>24.14</i>	109.53 <i>24.47</i>	112.64 <i>24.79</i>
Services (2.41%) (% Share)	126.84 <i>30.86</i>	129.89 <i>31.17</i>	133.02 <i>31.48</i>	136.23 <i>31.79</i>	139.51 <i>32.09</i>	142.88 <i>32.39</i>	146.32 <i>32.69</i>	149.85 <i>32.98</i>
Total	410.98 100.00	416.70 100.00	422.57 100.00	428.60 100.00	434.78 100.00	441.12 100.00	447.63 100.00	454.30 100.00
Sector	2023	2024	2025	2026	2027	2028	2029	2030
Agriculture(0.02%) (% Share)	191.86 <i>41.60</i>	191.90 <i>40.99</i>	191.94 <i>40.37</i>	191.97 <i>39.76</i>	192.01 <i>39.16</i>	192.05 <i>38.55</i>	192.09 <i>37.95</i>	192.13 37.35

Industry (2.84%)	115.84	119.13	122.51	125.99	129.57	133.25	137.03	140.92
(% Share)	25.12	25.44	25.77	26.10	26.42	26.75	27.07	27.40
Services (2.41%)	153.46	157.15	160.94	164.82	168.79	172.86	177.03	181.29
(% Share)	33.28	33.57	33.86	34.14	34.42	34.70	34.98	35.25
Total	461.15	468.18	475.39	482.78	490.37	498.16	506.15	514.34
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Economic Survey 2003-04.

Figures in Brackets indicate average annual growth rate (in percentages) for the period 1993-94 to 1999-2000.

Projections for the period 2000-2030 are made based on the average annual growth rate for 1993-2000.

ANNEXURE-IV

SHARE OF URBAN POPULATION IN 2001

Class/ Category	Population	No. of Towns	Urban Population (Percentage)
I	> 1 lakh	393	68.67
II	50,000 to 1 lakh	401	9.67
III	20,000 – 50,000	1151	12.23
IV	10,000 to 20,000	1344	6.84
V	5,000 to 10,000	888	2.36
VI	< 5,000	191	0.23
	All	4368	100

Source : Census of India 2001