

**Press Information Bureau
Government of India
Ministry of Housing and Urban Poverty Alleviation**

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Phase-I of Rajiv Awas Yojana approved

In pursuance of the announcement made in June 2009 of creating a 'Slum-Free India' the Cabinet Committee on Economic Affairs has approved the launch of the Phase-I of Rajiv Awas Yojana (RAY) to provide financial assistance to States that are willing to assign property rights to slum dwellers for provision of shelter and basic civic and social services for slum redevelopment, and for creation of affordable housing stock.

The scheme is expected to cover about 250 cities, mostly with population of more than one lakh, across the entire country by the end of 12th Plan (2017). The scheme will progress at the pace set by the States.

The Central Government will bear 50% of the costs of slum redevelopment. To encourage creation of affordable housing stock the existing schemes of Affordable Housing in Partnership and Interest Subsidy Scheme for Housing the Urban Poor have been dovetailed into RAY. To encourage private sector participation in slum redevelopment, Central government assistance can be used by the states and cities towards viability gap funding.

Credit enablement of the urban poor and the flow of institutional finance for affordable housing is an important component of the scheme. The Government has agreed to establish a Mortgage Risk Guarantee Fund to facilitate lending to the urban poor for housing purposes with an initial corpus of Rs.1000 crore.

This scheme has been designed on the basis of experience of the Jawaharlal National Urban Renewal Mission (JNNURM) sub-mission of Basic Services to the Urban Poor (BSUP) and the Integrated Housing and Urban Development Programme (IHSDP). Under these schemes, Government had sought to take action for inclusive urban growth by enabling the redevelopment of slums with basic amenities and decent housing with security of tenure. The foundation laid by the JNNURM is now being built upon by aiming at creation of a Slum-Free India through assignment of Property Rights to slum dwellers with greater inflow of additional Central assistance for slum redevelopment and creation of new affordable housing stock.

As in JNNURM, the central assistance is conditional to reforms by the states. The reforms required here are directly linked to the objectives of the scheme, and necessary for the scheme to be successful. These reforms include the enactment of law and the assigning of property rights, as also reforms in the policy to ease the land and affordable housing shortages. The scheme is expected to begin in 250 cities which have an estimated 32.10 million people living in slums. They will benefit by way of property rights and access to decent shelter, basic amenities and a dignified life. The inclusive city growth process will lead to enhancement of productivity at the bottom of the pyramid and will sustain the contribution of cities to the Gross Domestic Product (GDP).
