

WATERSHED FOR RURAL HOUSING IN INDIA: A REVIEW OF THE POLICY DEVELOPMENTS, CHANGES AND MAJOR ISSUES

M. Mahadeva*

ABSTRACT

Owing to the skewed nature of the housing market, the rural housing sector of the country has been facing the development exclusion for a very long period. In the absence of the major players, particularly the private sector and cooperative institutions, the sector has been historically depending only on the public investment through a number of social housing schemes. Lack of a well conceived rural housing policy and inclusive housing finance system have been the hard realities for over six decades of the development history. However, the sector has witnessed a watershed in the last decade with an exclusive policy design for the development for the first time and a number of public financial commitments like Rural Housing Fund, Golden Jubilee Rural Housing Finance Scheme, Housing Micro Finance and Refinancing Scheme of the National Housing Bank have been in vogue. Having been the first, these initiatives have impacted the sector positively in terms of creating new housing stock and in creating access to housing services, especially drinking water and household electricity, which are nearing total coverage of the households. Unfortunately, misconception of the rural housing realities, the poverty has doubled itself both absolutely and relatively. That apart, the paper has identified a number of major policy issues and offers a few policy implications for the effective development administration by making the finance system more inclusive, promotion of voluntary actions among the houseless families and evolving an integrated approach for development of housing amenities within the social housing framework. What demands for the transformation are strong political will as well as amalgamation of the housing and amenities charges.

Keywords: Watershed, Rural Housing, Policy Developments, Changes and Issues.

*Formerly, Research Professor of Economics, Institute for Social and Economic Change (ISEC) and Member, Karnataka Public Service Commission. madaiahm1657@gmail.com.

Introduction

The housing development experience of about seventy years of independent India has been highly skewed and largely biased towards the urban areas. This means that the housing development has not taken place evenly between the rural and urban areas in response to their ground realities. This has been largely due to lack of widespread operation of the housing market, that consists of the public authorities (government), private sector (real promoters and builders), third sector (cooperative building societies) and communities (needy and homeless families). Having been highly demarcated and compartmentalised of the end goals and activities, the benefits of the housing market have clearly cornered towards the target sections and generally do not meet the cross sectional needs of the homeless. Apart from being characterised so, one of the major functional disabilities of the housing market is its concentration in only urban areas and substantial neglect of the rural areas, which has resulted in the conspicuous development exclusion. To be precise, the role of the private sector - a major player in promoting housing production - has been highly centric to urban areas and has altogether missed the rural focus. Similarly, the activities of housing cooperatives, with a history of over a century, have been awfully negligible in rural areas (NABARD, 2005). It had a very minimum presence and exposure in creating housing stock in countryside unlike other forms of the cooperatives. In the absence

of these two important sources of investment, the production and distribution of housing benefits are by and large left to the state action or public interventions, under the gamut of the social housing programmes (Mahadeva, 2008) targeting only the disadvantaged sections than meeting the housing needs from its entirety. However, to some extent, rural housing development has been supplemented at the family level with limited investment, which would have either come from own savings or from informal borrowings from rural moneylenders.

If this has been the overall scenario of the market, the case of the housing finance has not been entirely different, but is lamentable. It goes without saying that institutional source of the financing for rural housing has been grossly disappointing and excluded the needy from its operation altogether. The investment of the housing finance institutions in general, and private sector and the cooperative societies, in particular has been continuing to concentrate mostly in urban areas, having left the rural needs to the public domain. Unfortunately, even the public financing under the social housing schemes during the period between First and Eighth Five Year Plans (1951-1997) has been abysmally negligible at around three per cent of the total investment for housing development in the country (Mahadeva, 1994). Thus, it only mirror the fact that public expenditure for housing development in the country has been garnered by the urban housing sector to a very large extent (97 per

cent) than that of the rural segment, which was neglected all through.

Despite these major public lacunae of the skewed financing system and the market, rural housing sector has achieved a comparable progress over the years with community actions and homeless families' participation, which has been supplemented by the public social housing schemes. Further, increase in the housing amenities or services (drinking water, sanitation and lighting, as can be discussed subsequently) have been an added development in the housing sector and have minimised the deprivation levels in rural areas. It is further significant to note two very important changes in rural housing front in the recent time. First, the growth of housing stock in rural areas has been over half of the total growth of the country, which is laudable, especially the good ones (standard) as well as livable stock. Secondly and complementarily, there has been a small decline in the composition of the rural households itself. But a real worrisome situation is the increasing stock of the dilapidated housing units in rural areas, which has both enhanced the housing stress for the dwellers as well as deterred the progress of households' access to chief housing amenities. In fact, dilapidated stock as percentage in the total housing stock constitutes exactly half of the total. It is further evident that the deprivation index of four important critical amenities (safe drinking water, good sanitation, household connection to drainage and electricity) is more in rural areas

than urban areas. Undoubtedly, the rural areas of the country have been historically facing housing poverty in all measures, which needs corrective public action. This has been largely to have not attempted to understand the rural housing dynamics from its actual perspectives, the development exclusion, ineffective public interventions, conspicuous absence of the community/cooperative activities and what not. Fortunately, these limitations have also been highlighted in the housing development literature emanated in the recent time. Within the Millennium Development Goals (MDGs) framework, it is proved undoubtedly how public housing interventions (development of housing efforts, water supply, sanitation programmes, etc.) have been ineffective in term of their achievement, especially in rural areas (Darshini M, 2013). Yet, other important limitation identified by the development literature is the lack of community option through microfinance approach to realise the housing dreams of the homeless families of the country, based on the international experience (Manoj, 2008).

The housing policy initiatives of the recent time, their impact on the housing conditions and of the houseless families, overall increase in the quality stock, receding trend in the livable and dilapidated stock and other changes have not been researched and documented unfortunately by the scholars in the country. Therefore, this research is an attempt in that direction to shed light on the rural housing realities and the development

challenges of the sector. The paper has four major objectives: (a) to review the major initiatives as contemplated by the National Rural Housing and Habitat Policy-2005 (NRHHP); (b) to discuss the scheme-based initiatives to resolve the rural housing financial exclusion, particularly in regard to Rural Housing Funds- 2009, Golden Jubilee Rural Housing Finance Scheme (GJRHFS)-1998, Housing Micro Finance (HMF)- 2004 and Refinancing Scheme of NHB- 1997-98; (c) to ponder over the policy issues of the sector, in terms of the mismatch between the housing stock and houseless families, housing shortage, extent of deprivations of housing amenities, etc.; and (d) to propose alternative policy options to overcome the housing poverty and amenities deprivations and to improve the rural housing situation on par with rest of the country. This research has mainly analysed its objectives using the census data from 2001 and 2011 owing to its compatibility - in order to capture the development performance and to highlight the changes. The unavowed purpose of the paper is to offer the research-based inputs for public policymaking in order to improve the rural housing scenario.

The Policies Turnaround

It is indeed essential to ponder over the public policy and public interventions that have been perused in the last decade, as the drivers of the changes in rural housing front. The National Rural Housing and Habitat Policy-2005 (NRHHP), as prepared by the National Housing Bank (NHB) and endorsed

by the Ministry of Rural Development (See The Hindu), has rightly admitted the need for such a policy for promoting rural housing activities and recognised the necessity of housing amenities inter alia (NHB, 2012). In fact, this has happened for the first time in the history of housing development of the country, especially after the mid-eighties, which is considered as a housing watershed in itself. Giving impetus to rural housing development and to overturn the development exclusion being its unstated objectives, the contemplated NRHHP is a welcoming step in the recent time. Considering the rural housing dynamics and development finance with equal importance, such a policy has been overdue ever since Independence or for a very long time. Because, the National Housing and Habitat Policy, 1998 (NHHP) was not intended to promote rural housing development on par with the rest of the country and has not deliberated the institutional arrangement for the same. Also, the NHHP has never sought to change the functional character of the housing market - the production players and housing investment in rural India. Above all, it did not also deal with the rural housing needs of the various sections of homeless in all measures (Gol, 1998). Similarly, the National Urban Housing and Habitat Policy (2007), being highly focused for urban areas did not expect to correct the housing sector anomalies and to address the various development limitations of rural areas. Thus, the new National Rural Housing and Habitat Policy (NRHHP), 2007 has assumed its

own prominence in the housing development arena. The NRHHP promised (a) to set up systems to facilitate growth of the affordable housing stock to the extent of eliminating existing housing shortage, particularly unserviceable stock; (b) to supply homestead plots for the poorest and vulnerable landless and to develop planned rural habitations with all housing amenities; (c) to provide adequate funds and grants from the government and private sources, respectively, to meet the needs of the poor/vulnerable groups and to develop the housing infrastructure needs; (d) to address the special housing needs of the scheduled castes, scheduled tribes, backward classes, women-headed households, minorities, disabled, single women, etc.; and (e) to strengthen the Panchayati Raj Institutions (PRIs) to develop strong partnership among civil society, public and private sectors to achieve the goals of the policy.

Developed or serviced land being a critical input for housing development, the responsibility of supplying the same lies hereafter with Panchayati Raj Institutions (PRIs) in rural areas, which are the local governments. Hitherto, there were no such clear demarcations of responsibility for supply of land for housing in rural areas. PRIs are mandatorily need to maintain land records of government, surplus, waste and community lands and develop land inventory, prepare details of landless houseless, land use planning by various purposes and allot homestead plots to the landless vulnerable/ below poverty line families. Additionally, PRIs

have to identify specific housing shortage, consolidate action plan, facilitate flow of finances, sustainable development of housing and infrastructure, management of village and community resources like water bodies, energy, etc., with suitable participation of private sector. The policy has authorised State governments to regularise the houses built by the BPL families and acquire/purchase land for homestead/house sites for meeting the needs of the target groups, especially women households and displaced families. The other critical need of rural housing is the finance, and the policy has rightly pointed to thrust upon the emerging community based option (self-help approach), given the rural financial dynamics - characterised by inaccessible formal institutional finance, inadequate public financing, and high cost borrowings from informal sources, etc. In order to overcome the acute rural financial need, the policy prescribed that the Centre and State governments should continue to provide grants adequately under social housing schemes, supply finances with differential rate of interest and interest subsidy to the poorest, vulnerable, BPL and economically weaker sections for their housing activities. Coverage of rural housing loans under insurance, creation of National Rural Shelter Fund (NRSF), inclusion of rural housing under the district credit plan, exemption of rural housing investment under the income tax, fiscal incentives for private sector investment on rural infrastructure, rationalisation of stamp and registration charges, creation of special

reserves for rural housing, customised housing loan products by the banks, considering rural housing investment on par with infrastructure investment - are some of the first time initiatives for rural housing financial expansion directed by the policy. National Housing Bank (NHB) being the controlling authority of the housing finance system and administrator of the national rural housing fund is also authorised to include rural housing as sub-target under the priority sector lending of the primary lending institutions (PLIs) and raise funds by floating capital gains and special bonds for rural infrastructure development. Further, given the emergence of the community-led financial service, as an alternative source, the policy pronounced that the PLIs should promote Self-Help Groups (SHGs) and Micro Finance Institutions (MFIs) for rural housing purposes and to take advantage of their presence to credit rural housing activities. Even more critical role prescribed to the financial institutions is to develop inclusive strategy for the poor and backward regions and to ensure financial inclusion for rural housing in the annual district plans, besides developing customised financial products and to supply credit for rural housing.

The policy has made it compulsory for PRIs to include basic amenities (like water, power supply, sanitation, hygienic environment, medical care, education, community infrastructure, etc.) in all the rural habitat development projects and to manage them in association with civil society

organisations, as the critical needs to promote quality of life (UNCHS, 1996). This integrated initiative is indeed timely to ensure all the basic amenities to all the rural families based on the local needs, along with the construction of houses. What is notable is that this mandate (integrated approach) puts an end to the widely practiced compartmentalised approach in the provision of the basic amenities to the rural communities. PRIs can mobilise finances for habitat development and to improve the availability of the basic infrastructure from its own resources, local economic activities of private sector and with the support of the government investment. The policy expects the civil society to promote common opinion in regards to rural housing and habitat projects, participate in social audit and to provide monitoring support of the infrastructure development programmes. Private sector as a last stakeholder to realise the potentials in rural habitat projects, customise the projects, invest in rural habitat infrastructure, use corporate social responsibility funds for rural housing and habitat projects in partnership with PRIs, community organisations, etc. Lastly, the policy has pointed to a mission approach for rural housing development, which is a unique feature, given the precarious housing condition, the housing poverty, the financial exclusion and the credit gap. This mission includes seven sub-components, viz. house sites for the landless, in-situ reconstruction of unserviceable houses, upgradation of the vulnerable sections' houses, village

infrastructure and habitat development, building livelihood and technology development, financial mobilisation and delivery, institutional capacity building and community mobilisation.

Defining the roles and responsibilities of various agencies for rural housing development is yet another laudable aspect of the NRHHP. Though a few agencies like Central and State governments and PRIs have been historically playing important part, defining the roles of financial institutions, civil society and private sector is entirely first and thereby their participation is new as well. Accordingly, the Central government should operationalise and implement the NRHHP throughout the country in a time-bound manner, devise the flow of resources/funds under NRSF, ensure integrated habitat development and monitor implementation of the goals of the NRHHP. Similarly, States must adopt the policy, allot homestead plots to poorest and vulnerable, contribute to realise the housing development, prepare master-district-regional plans, incentivise the participation of local private sector, corporate sector for promoting rural habitat projects, and ensure basic amenities through medium and long-term strategies with decentralised production and indigenous technologies and to develop management information system. The success of the policy lies in the hands of the PRIs, because they work at grassroots level and play critical roles in ensuring housing the homeless in coordination with the district level agency

Zilla Panchayat (ZPs). ZPs have to compile habitat action plans and implement them by allotting homestead plots to the target groups, ensure basic amenities, facilitate flow of the credit, implement the government sponsored rural housing schemes, establish information centres and so on.

Impetus to Social Housing Schemes

Apart from formulating an exclusive policy commitment and new housing finance mechanisms for the benefit of the rural areas, the other initiative was to give impetus to the existing social housing schemes with additional financial support. Additional public investment has been already made available to the Indira Awaas Yojana (IAY) to provide construction grants for new houses for the targeted beneficiaries and for upgradation of unserviceable houses in rural areas. But for this very important scheme and critical intervention, many of the Scheduled Caste (SC), Scheduled Tribe (ST), freed bonded labourers and other houseless families would not have realised their housing dreams. In this regard, the efforts of the IAY have been augmented by the introduction of Bharat Nirman Programme, which has a rural housing component as well as financial earmarking exclusively for IAY. Between 2002-03 and 2011-12, over two crore housing units were created under IAY with a public investment of Rs. 70,041 crore (Gol, 2013). Similarly, National Rural Drinking Water Programme (NRDWP), Accelerated Rural Electricity Programme (AREP) and Total

Sanitation Campaign (TSC) have been given a major thrust in order to increase the coverage of the families and to minimise the deprivation of the respective services. The policy initiatives during the Tenth and the Eleventh Plan periods in rural areas were to give additional impetus and financial assistance to State governments under the Centrally sponsored National Rural Drinking Water Programme (NRDWP), which was introduced during 1972-73. In this regard, creation of a separate department for drinking water supply with a mission approach to implement the programmes in rural areas has been only a testimony. During the Tenth Plan, all the uncovered and slipped back rural habitations have been fully covered with drinking water at 40 litres per day per capita (LPCD) with a source under the Bharat Nirman. Similarly, during the Eleventh Plan, the strategy was to migrate to multi sources like surface and groundwater, apart from rainwater harvesting and conserve and revive the traditional water bodies in rural areas (Gol, 2012). Especially, the financial support of the Bharat Nirman for providing drinking water under NRDWP has been a big leap.

A major turnaround in the last decade is the provision of sanitation facility at household's level and public places like schools and pre-schools, since it constitutes a basic determinant of quality of life and central to good hygienic health of the people (UNCHS, 1996, p 268). Total Sanitation Campaign- 2007 (TSC) - a reinvigorated programme of the Central Rural Sanitation Programme (CRSP) has

been in vogue to provide privacy and dignity for women by ensuring household sanitation to all and to motivate communities, PRIs to promote sustainable sanitation facilities through awareness and health education (Gol, 2010). The TSC has eight important components to achieve the objectives: (a) Individual Household Latrines (IHL) in rural areas with financial assistance/incentives of Rs. 12,000 per unit by the Centre for the poor families; (b) Institutional Toilets (ITs) at schools and pre-schools; (c) Community Sanitary Complex (CSC) with unit cost of Rs 2 lakh at 60:20:20 ratio of Central, State and community contribution, respectively, and Gram Panchayat (GP) holds the maintenance responsibility; (d) District Project Implementation Plan (DPIP); (e) Revolving Fund (RF) at district level; (f) Solid and Liquid Waste Management in rural areas; (g) Rural Sanitary Marts and Production Centres (RSMPC); and (h) Information, Education and Communication (IEC). The TSC being a Centrally assisted programme, the project proposal for sanitation, emanated from district would be funded to the implementing agencies. Further, TSC has been made a community-led, people-centric and demand-driven programme, which is widely accepted in rural areas.

Availability of household electricity has a direct bearing on the rural electrification intervention ever since First Five Year Plan (Ravikiran B and Ravi D, 2012), although there have been mismatch in their individual coverage. Kutir Jyoti Programme (KJP) intended to provide single point light connection to all

BPL families with one time 100 per cent Central grant was a significant intervention, which was subsequently merged with Accelerated Rural Electricity Programme (AREP) in 2002 that has entitled States to get interest subsidy on loans of the Rural Electrification Corporation, Power Finance Corporation and Rural Infrastructure Development Fund of NABARD for electrification of un-electrified villages and households. The AERP, which was renamed as Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) has three laudable objectives of electrification of all Indian villages, electricity access to all rural households and free electricity connection to BPL households. However, in reality, the rural electrification coverage of over 86 per cent of Indian villages has not commensurately facilitated the household electrification (Kamalapur and Udaykumar, 2012), as can be evidently noticed subsequently.

The Developmental Changes

Keeping the above policies and the development interventions between the periods 2001 and 2011, it is imperative to capture the changes in the rural housing arena, as it holds crux of the changes in the country itself. Before assessing changes in the housing front, measurement of the change in the growth pattern of the households is absolutely essential, as the same has been the unit of measurement. There has been an inverse growth in rural households increased absolutely and have declined relatively. The

number of rural households has increased to 1678.27 lakh in 2011, as against 1382.72 in 2001- with a net addition of 299.55 lakh households. However, the rural household share in the total has dwindled to 68.03 per cent from 72.03 per cent (Table 1). In other words, against an overall growth of 28.51 per cent of the total households during the period, rural areas accounted for 54 per cent, which is more than the national average. A disaggregated view of rural households with sizes ranging from 1 to 9+ persons is equally important from the planning and development perspectives. Along with rest of India and simultaneously, four changes are apparent to observe in the composition of household size. First, erosion of large size households is very conspicuous, especially in the 6-8 and 9+ person's households. Respectively, the erosion of the households has taken place from 29.56 lakh to 26.90 lakh and from 12.15 lakh to 7.20 lakh, and the net erosion is in the order of 2.66 and 4.95 lakh, respectively. Another interesting point is that the share of these households, which was together at around 42 per cent in 2001, has declined to 34 per cent in 2011- a net erosion of 7.61 per cent. The incidence of decline need not be misconstrued, as the same has fall in line with the national trend, which has recorded a drop from 39.46 to 31.52 per cent with a net erosion of 7.94 per cent. The growing orientation for the nuclear families coupled with mobility could be attributed for the changing scenario in the rural households. Secondly, against

Table 1: Growth of Households and Housing Stock in Rural India: 2001-2011
(Figures in Lakh and Percentage)

Households & Housing Stock	2001		2011		Change (+ or -)	
	Total	Rural	Total	Rural	Total	Rural
Households by Size						
Total	1919.64	1382.72 (72.03)	2466.93	1678.27 (68.03)	547.29 (28.51)	299.55 (54.00)
Single	3.55	3.48	3.67	3.69	0.12	0.21
Double	8.19	8.17	9.72	9.80	1.53	1.63
Three	11.08	10.45	13.65	12.58	2.57	2.13
Four	19.03	17.71	22.69	20.96	3.66	3.25
Five	18.69	18.48	18.75	18.87	-0.06	0.39
Six- Eight	28.11	29.56	24.89	26.90	-3.22	-2.66
Nine +	11.35	12.15	6.63	7.20	-5.91	-4.95
Housing Stock by Type						
Total Stock	1870.63	1350.51	2360.63	1599.29	490.00	248.78
Good	50.21	44.89	53.43	46.14	3.22	1.25
Liveable	44.28	48.88	41.19	47.29	-3.09	-1.59
Dilapidated	5.51	6.23	5.38	6.57	-0.13	0.34

Source: Census of India (2001), Tables on Houses, Household Amenities and Assets, Series 1, Registrar General and Census Commissioner, Government of India, New Delhi & Census of India (2011), Tables on Houses, Household Amenities and Assets, Series 1, Registrar General and Census Commissioner, Government of India, New Delhi

this dramatic scenario, households that have posted positive growth are the two persons (possibly married/unmarried couple), three persons (couple with a child or a relative or a guest) and four persons (couple with two children or two parents or a child and a parent) households. These households have together registered a net growth of 7 per cent by increasing their share from 36 per cent in 2001 to 43 per cent in 2011. Thirdly, households that have almost maintained constant growth are the single and five person's ones, whose share is around 22 per cent during the period. Lastly, rural hard realities like inadequate employment opportunities, lack of decent living environment, inadequate educational and health services have not bogged down the households' growth, especially in the two-four persons sized households. At the same time, high income earnings in urban areas coupled with availability of economic and social opportunities (if not in abundance), good educational facilities and health services have not influenced the rural households to migrate, more so among the single and five-person households. It can be even said that a good number of households have not prepared to face the aftermath of migration and new settlement challenges in urban areas.

Housing Stock:

The description of changes in rural areas never ends with changing pattern of households but is extended to a very significant sphere to human settlement issue as well as the housing stock. Three major

changes can be highlighted in the housing front. First, the total housing stock in rural areas has increased to 1599.29 lakh units from 1350.51 lakh units during this period- a net addition of 248.78 lakh units or a growth of over 18 per cent. As can be clearly noted, rural areas have accounted for 51 per cent of the total housing stock created in the country. Undoubtedly, Indira Awaas Yojana (IAY)¹ has played a major part in creating the rural housing stock by adding 201.79 lakh housing units between 2002-03 and 2011-12, at a public investment of over Rupees 70,000 crore (Gol 2013, p10). The second most important change is in regard to very composition of the housing stock. The overall increase in the rural housing stock has resulted in the creation of the standard/acceptable housing units, which have increased their share from 44.89 per cent in 2001 to 46.14 per cent in 2011 - a net increase of 1.25 per cent. It may be said that much of the success achieved in the creation of standard housing stock has come from the upgradation process of the sub-standard/livable stock. It is evident that the sub-standard units, which were in the order of almost 49 per cent of the total stock in 2001, have scaled down to 47 per cent in 2011. However, as compared to the national performance, the rural areas have been far behind in the creation of standard housing stock. It goes again without saying that the scale of upgradation activities of the livable stock in rural areas is much below the national level, owing to non-availability of the finance for housing improvement. A third but

an unsatisfactory trend is the presence of the dilapidated housing stock in the rural areas. Its composition in terms of the share has remained intact and has increased marginally in the recent time from 6.23 per cent to 6.57 per cent. In other words, about 0.34 per cent of the stock has acquired dilapidated status additionally in rural areas, against the declining incidence of -0.13 per cent in the country's performance. Although the accumulation could be for any number of reasons, but certainly for want of reconstruction, the dilapidated units need corrective policy action with public financial support.

Scheme Based Housing Finances:

Notwithstanding the poverty of the institutional finance, the country has achieved some headway in housing finance to meet the housing financial needs of the hitherto excluded sections of rural areas. This has positively impacted the hitherto excluded categories of people (RCFI, 2008) such as vulnerable groups (scheduled castes, scheduled tribes and other backward classes) weaker sections (marginal/ small farmers and women) and low income groups (petty traders, artisans, dairy workers, etc.,) to get the financial services for housing activities. In this regard, the role of the National Housing Bank (NHB) is not only significant in terms of the new initiatives but also commendable for voluminous increase in its refinancing programmes, which has channelised flow of finances for rural housing. Four major

housing finance strategies (NHB, 2014) can be highlighted. First, setting up of corpus oriented Rural Housing Fund (RHF) is a major initiative to enable Primary Lending Institutions (PLIs) to access funds for extending housing finance to the targeted groups. Having been operational from 2008-09, the RHF corpus was gradually developed to the order of Rs.1877.80 crore and PLIs facilitated construction of 12 lakh rural housing units. It should be noted that the scheduled commercial banks have played a greater part in deploying the funds of over 70 per cent in the rural areas and but for the Rural Housing Fund, the SCBs would not have come forward for financing housing activities. Unfortunately, the SCBs have been generally and constantly maintaining rigid attitude towards the rural business and evidently have a least financial exposure on rural housing at 6.69 per cent against over 93 per cent on urban housing (NHB 2014, P 157). Even more disappointing reality has been that cooperative housing societies have totally failed to administer the RHF at all. Second, Golden Jubilee Rural Housing Finance Scheme (GJRHFS), which is in vogue since late 90s, has been aiming at improved access to housing credit for new houses and improvement of the old dwellings in rural areas. The NHB, as a nodal authority of the scheme, has supplied a total housing credit of Rs. 1459.31 crore for the creation of 42.9 lakh housing units. A notable feature in the performance is that the NHB has been successful in supplying credit to the order of Rs. 753 crore (52 per cent) in the immediate

last four years, against the remaining sum in the past 13 years. This only confirms the thrust given by the Bank for the rejuvenated efforts for the implementation of the scheme in rural areas. Third, promotion of Housing Micro Finance (HMF) is a feather in the cap of the NHB, in order to deliver housing finance to the excluded sections of the society, with SHGs linked banks model. The HMF model, in one decade of its existence (since 2004) in 11 major States, has channelised Rs. 102 crore to create over 40,000 housing units in the country, with an edge of covering more than 90 of the women beneficiaries. These housing units were constructed with water and sanitation connectivity. Lastly, refinancing programme of the NHB has come to be a big leap in rural housing, especially from 2010-11. NHB has been refinancing the various housing schemes consistently and has been maintaining around 44 per cent of the total volume of finances (Rs.1785.60 crore) towards the rural areas through PLIs. Historically, it is a major milestone achieved by the NHB, compared to any other financial institutions. Inclusion of women in the refinancing programme of the NHB is a feature by itself to meet the housing financial needs and to acquire residential property in their own names. A total credit of Rs. 938 crore has been made available at concessional rate of interest by the PLIs.

Deprivation Heralded Amenities:

The housing literature emphasised development of housing as well as housing

amenities integratedly or simultaneously but not separately at different points of time. It is argued that decent housing must include housing amenities as well and they cannot be provided separately. However, in reality, the development practice though confined with the integrated method in urban areas of the country, is a far-reaching practice in rural areas, wherein the compartmentalised approach is in vogue largely. The unit cost of construction, especially under the social housing schemes, has never been included with the costs of housing amenities and as a result these amenities would be a reality as and when the financial progress is achieved by the beneficiaries. This is also the case of the housing activities of the non-beneficiary families of the social housing schemes in rural areas. Having taken note, the provision of housing amenities (safe drinking water, household sanitation (latrine), drainage and electricity connectivity) in rural areas is far from satisfaction and the deprivation is continuing to herald. This practice apart from being ineffective in terms of the cost, has failed to facilitate attaining a decent and orderly living in rural areas.

Of the two sources of drinking water, safe source (taps, hand pump and tube wells) has been catering to over 83 per cent of the rural households, which is 10 per cent points more than the 2001 progress (Table 2). Hand pumps have been constantly catering to over 43 per cent of the rural households, apart from increasing role of taps in the public domain to 31 per cent from 24 per cent in

Table 2: Growth of Household Access to Amenities in Rural India: 2001-2011
(Figures in Percentage)

Housing Amenities	2001		2011		Change (+ or -)	
	Total	Rural	Total	Rural	Total	Rural
Drinking Water by Source						
Tap*	36.70	24.28	43.54	30.81	6.84	6.53
Well**	18.17	22.23	11.02	13.31	-7.15	-8.92
Hand pump	35.66	43.20	33.48	43.64	-2.18	0.43
Tube well	5.56	5.74	8.48	8.28	2.92	2.54
Spring	0.74	0.93	0.53	0.71	-0.21	-0.22
River/Canal	1.01	1.33	0.63	0.84	-0.38	-0.49
Tank/Pond	1.01	1.28	0.84	1.06	-0.17	-0.22
Other	1.15	1.01	1.48	1.35	0.33	0.34
Toilet Facility						
Water Closet	18.03	7.11	36.42	19.43	18.39	12.32
Pit Latrine	11.50	10.30	9.45	10.54	-2.05	0.24
Other Latrine	6.88	4.51	1.05	0.76	-5.83	-3.75
No Latrine	63.59	78.08	53.08	69.27	-10.51	-8.81

contd.,

Table 2 contd.,

Drainage Connectivity						
Closed	12.46	3.91	18.14	5.75	5.68	1.84
Open	33.93	30.27	33.01	31.01	-0.92	0.74
No Drainage	53.61	65.82	48.85	63.24	-4.76	-2.58
Source of Lighting						
Electricity	55.85	43.52	67.25	55.30	11.40	11.78
Kerosene	43.30	55.61	31.43	43.16	-11.87	-12.45
Solar Energy	0.27	0.28	0.44	0.55	0.17	0.27
Other Oil	0.10	0.11	0.21	0.24	0.11	0.13
Any Other	0.16	0.16	0.20	0.22	0.04	0.06
No Lighting	0.32	0.32	0.47	0.53	0.15	0.21

Source: As in Table 1.

Note: * Includes treated as well as untreated sources. ** Includes covered and uncovered sources.

the recent years. Further, tube wells over the years have also been increasingly catering to drinking water needs of over 8 per cent of the rural households. The additional coverage of households in rural areas is 10 per cent, which is much more than the national coverage of 7.6 per cent. Owing to whatever the success achieved in the drinking water supply, the number of households depending upon the unsafe source (wells, spring, river/canal, tanks/ponds and others) has declined to 17 per cent in 2011 from 27 per cent. Perhaps the increase in focus and upscaling public expenditure would facilitate a total coverage with safe drinking in rural areas.

The development performance with regard to rural sanitation and drainage connectivity is not as impressive as rural drinking water supply, due to late realisation of the development importance. Being a basic necessity, the supply of drinking water has begun from early 70s, whereas the development need of rural sanitation and drainage facilities was felt in late 90s - two decades later. Although, the overall deprivation of the facilities has slightly receded in rural areas due to the improvement of the situation, the overall situation remain unsatisfactory. As a result, the incidences of open defecation and environment degradation are more prevalent and conspicuous undoubtedly even to date. However, the period under review has witnessed a few positive improvements, bringing respite to what used to be called a dismal situation in the eighties and nineties.

The coverage of rural sanitation facility has augmented to around 31 per cent from 22 per cent and to that extent, the level of the deprivation has brought down to 69 per cent from 78 per cent. At the same time, it should not be miscarried with the development performance of the country as a whole, which is also facing same order of deprivation by and large. But it is significant to note that not only has there been the development gap between the country and the rural areas is marginalised from 10.51 in 2001 to 8.81 per cent in 2011 but also rural areas have caught up with all concern of the development. With regard to drainage connectivity, the development discourse is not entirely different from that of the other amenities. Of the closed and open drainage systems, the latter has an edge over the former with the overall progress being very marginal. Two marked differences in the development of drainage system can be highlighted between the country as a whole and rural areas. If the country's development progress and coverage is over half of the households, the rural areas performance is just above one-third of the households. Thus, the development gap is straightforwardly at 14.39 percentage point, which only means that rural areas have to go a long way in the development performance.

Secondly, as result of the maldevelopment in the drainage connectivity, the deprivation level is conspicuously very high in rural areas, although there was a marginal drop over the years, as compared to the position of the country. About two-third

of the rural households are deprived of access to drainage facility as against less than half of the households of the country. Lastly, with regard to access to household electricity, the discourse continues with the development gap between the rural and the rest of the country. But, undoubtedly the development progress achieved in the last decade is appreciable, if not eye-catching. Unlike the other housing amenities that are social goods (to be supplied by the State to promote welfare), electricity is an economic good with a price; its access is largely determined by household affordability. Higher the affordability, higher is the access to electricity and vice-versa. Those who can afford would go for the priced good, considering its various benefits and those who cannot would resort to alternative energy sources in rural areas. Therefore, it is important to note that kerosene as an alternatively less priced economic good, its use is very significant even to date, since the other energy sources have yet to take deep roots in the development practices. Despite the constraint for the good, the household access to electricity has uniformly increased at around 12 per cent in the country and proportionately, the dependence on other sources has been declined more so on kerosene. However, what is disheartening is that given the substitute and abundant availability, use of the solar energy has not been encouraged with public financial incentives nor harnessed by rural households.

The Major Policy Issues:

Ever since the India's planning process in general, and enlisting of houses in particular, mismatch between the number of rural households and the housing stock has been a phenomenon in itself. The successive enlisting has exposed the extent of the mismatch, which has always led to housing shortage in rural areas. Under these circumstances, the households either formed newly or separated from joint families resorted to housing adjustments with their relatives and friends, as first option or seek temporary housing in the public places and face the problem absolutely. Second, construct sub-standard or livable housing units with whatever the resources in their command and face the incidence relatively without upgrading them from time to time. These housing units become dilapidated gradually and largely pose dwelling threats subsequently. Together these two critical sources (absolute and relative) constituted the total housing shortage of rural India (Kumar A, 2014). Two important observations can be made with regard to changing character in the housing shortage of rural India. First, the total rural housing shortage has increased quantitatively from 115.96 lakh units in 2001 to 212.61 lakh units in 2011 – a net increase of 96.65 lakh units or over 83 per cent (Table 3). Along the line, rural families facing the housing shortage (as percentage) of the total families has also increased from 8.39 per cent to 13.03 per cent during the period - a net increase of 4.64 per cent, which only mean that new

Table 3: Change in Rural Housing Shortage of India: 2001-2011
(Figures in Lakh)

S. No.	State & Union Territory	Housing Shortage - 2001		Housing Shortage - 2011		Change + or -	
		Total	%in Total Rural Families	Total	%in Total Rural Families	Total	Percentage
A. States of Effective Performance of the Housing Shortage							
1	Gujarat	6.96 (6.00)	11.82	2.80 (1.32)	4.14	-4.16	-59.77
2	Goa	0.09 (0.08)	6.38	0.06 (0.03)	4.80	-0.03	-33.33
3	Nagaland	0.11 (0.09)	4.15	0.10 (0.05)	3.51	-0.01	-9.09
4	Delhi	0.13 (0.11)	7.65	0.06 (0.03)	7.59	-0.07	-53.85
	Total (A)	7.29 (6.29)	7.50	3.02 (1.42)	5.01	-1.07	-39.01
B. States with Aggravated Housing Shortage							
1	Uttar Pradesh	16.15 (13.93)	7.84	37.62 (17.69)	14.77	21.47	132.94
2	West Bengal	11.82 (10.19)	10.59	32.78 (15.42)	23.90	20.96	177.33
3	Bihar	19.34 (16.69)	15.28	25.07 (11.79)	14.81	5.73	29.63
4	Maharashtra	8.35 (7.20)	7.60	16.45 (7.74)	12.63	8.10	97.01
5	Orissa	9.65 (8.32)	14.23	14.34 (6.74)	17.61	4.69	48.60
6	Assam	5.20 (4.48)	12.32	12.71 (5.98)	23.65	7.51	144.42
7	Andhra Pradesh	8.77 (7.56)	6.92	12.70 (5.97)	8.91	3.93	44.81
8	Madhya Pradesh	3.95 (3.41)	4.86	9.97 (4.67)	8.96	6.02	152.41
9	Rajasthan	3.36 (2.90)	4.69	8.67 (4.08)	9.14	5.31	158.04
10	Karnataka	4.86 (4.19)	7.28	8.33 (3.92)	10.59	3.47	71.40
11	Punjab	1.70 (1.47)	6.13	5.00 (2.35)	15.08	3.30	194.12
12	Tamil Nadu	1.64 (1.41)	1.98	4.72 (2.22)	4.94	3.08	187.80

contd.,

Table 3 contd.,

13	Meghalaya	0.24 (0.21)	7.27	0.58 (0.27)	13.74	0.34	141.67
14	Sikkim	0.08 (0.07)	8.70	0.12 (0.06)	13.04	0.04	50.00
Total (B)		95.11 (82.02)	8.26	189.06 (88.92)	13.68	6.71	116.44
C. Others with Moderate Performance and Incidence							
1	Kerala	4.78 (4.12)	9.67	5.29 (2.49)	12.92	0.51	10.67
2	Jharkhand	2.69 (2.32)	7.08	4.39 (2.06)	9.37	1.70	63.20
3	Chhattisgarh	1.83 (1.58)	5.45	3.76 (1.77)	8.58	1.93	105.46
4	Haryana	1.36 (1.17)	5.54	3.01 (1.42)	10.15	1.65	121.32
5	Jammu & Kashmir	1.06 (0.91)	9.13	1.28 (0.60)	8.54	0.22	20.75
6	Uttaranchal	0.57 (0.49)	4.77	1.08 (0.51)	7.69	0.51	89.47
7	Tripura	0.53 (0.46)	9.81	0.65 (0.31)	10.69	0.12	22.64
8	Himachal Pradesh	0.39 (0.34)	3.55	0.44 (0.21)	3.36	0.05	12.82
9	Manipur	0.17 (0.15)	5.74	0.32 (0.15)	9.52	0.15	88.24
10	Arunachal Pradesh	0.11 (0.09)	6.67	0.14 (0.07)	7.14	0.03	27.27
11	Mizoram	0.02 (0.02)	2.53	0.09 (0.04)	8.57	0.07	350.00
12	Pondicherry	0.01(0.01)	1.39	0.04 (0.02)	4.21	0.03	300.00
13	A & N Islands	0.03 (0.03)	6.00	0.03 (0.01)	5.08	-	-
14	Chandigarh	0.01 (0.01)	4.76	0.01 (0.07)	14.29	-	-
Total (C)		13.56 (11.69)	5.86	20.53 (9.66)	8.58	0.50	86.56
Grand Total (A+B+C)		115.96	7.21	212.61	9.09	3.60	101.50
Crowded/Housing Adjustment		29.78 (25.68)		106.31 (50.00)			
Dilapidated/Unsafe Stock		86.18 (74.32)		106.30 (50.00)			

Source: As in Table 1

Note: The Union Territories of Dadra & Nagar Haveli, Daman & Diu and Lakshadweep are not included in the table, as the shortage is statistically insignificant.

housing efforts of the public and communities (needy and homeless families) have not been in commensurate with the increasing number of homeless families. Second, between the two sources of housing shortage, there have been paradigm changes. Against the unequal incidence (lower the crowded and higher the dilapidated) scenario in 2001, the incidence is poised equally in 2011 between the sources, although housing adjustment has doubled its incidence and dilapidated stock has receded over the years. Straightforwardly, crowded families have increased from 29.78 lakh (25.68 per cent) to 106.31 lakh (50.00 per cent) and similarly dilapidated stock from 86.16 lakh (74.32 per cent) to 106.30 lakh (50.00 per cent) - a positive change in rural housing front. It goes without mention that dilapidated dwelling is nothing but minimum basket of housing and does not ensure safe housing around the changing climatic conditions round the year, which is the hardest reality. The dwellers of the dilapidated units would always face one or the other life threats like falling roof/walls, washing away of houses, etc., especially during the rainy season. This apart, the same number of families have resorted to housing adjustment with their relatives and friends, knowing fully the pressure they exert on the existing housing services, besides directly contributing to crowded dwelling. Notwithstanding, a good number of families consciously prefer crowded dwelling, as such adjustment/living provides many benefits like social life, tender and old aged care, sharing cost of maintenance, etc.

The rural housing shortage dynamics points directly that, the issue shall be addressed not only by increasing the new housing stock to new homeless families but also by replacing the dilapidated housing units, in order to provide safe housing.

The sub-national perspective of the housing shortage clearly points that the incidence is widespread across rural India and is more conspicuous in many pockets. Based on the performance, in mitigating the housing shortage between the period 2001 and 2011, States and Union Territories can be broadly classified into three categories – (a) that have achieved significant progress in housing development and brought relief to the housing shortage absolutely and relatively; (b) that have been facing aggravated housing shortage over the years; and (c) that have moderate performance in the creation of housing stock and facing the shortage moderately. The four regions in the first category have significantly reduced the housing shortage and the share of the group in the total incidence as well. Interestingly, the group has created over one lakh housing units on an average, which is not the case with any other regions. This category is led by Gujarat that has achieved eye-catching performance in the entire country and mitigated the incidence substantially from 6.96 lakh (11.82 per cent) in 2001 to 2.80 lakh (4.14 per cent) in 2011. In essence, the State has arrested the housing shortage to the tune of 4.16 lakh families and brought down the incidence by around 60 per cent, which in itself

a notable performance. The other regions that have followed the suit are Goa (from 6.38 to 4.80 per cent), Nagaland (from 4.15 to 3.51 per cent) and Delhi (from 7.65 to 7.59 per cent).

In contrast, the second category of 14 major States has experienced drastic increase in housing shortage, along with their national share. The rural families have been encountering the shortage at an average of 6.71 lakh units, which is more than the national average. In these regions, either the development would not have taken place proportionate to the incidence or the progress achieved would have eaten away by a few fortunate households. These States have accounted for a very larger share of the total shortage at 189.06 lakh units or about 89 per cent of the national incidence. Uttar Pradesh being in the top, the housing shortage is in the order of (37.62 lakh units or 17.69 per cent of the total) in 2011, followed by West Bengal (32.78 or 15.42 per cent), Bihar (25.07 or 11.79 per cent), Maharashtra (16.45 or 7.74 per cent), Orissa (14.34 or 6.74 per cent), Assam (12.71 or 5.98 per cent), Andhra Pradesh (12.70 or 5.97 per cent), Madhya Pradesh (9.97 or 4.67 per cent), Rajasthan (8.67 or 4.08 per cent), Karnataka (8.33 or 3.92 per cent), Punjab (5.00 or 2.35 per cent), Tamil Nadu (4.72 or 2.22 per cent), Meghalaya (0.58 or 0.27 per cent) and Sikkim (0.12 or (0.06 per cent). With an average increase of over 116 per cent incidence, overcoming or meeting the challenge have major implications in the housing development scenario of the country at large. Lastly, the scenario of the other

regions (11 States and 3 UTs) is not completely different but for the share in the total incidence and the average shortage. Undoubtedly, the overall shortage and the rural families facing the incidence increased but at the same time the share of the category has declined. Anyway, the growth of the incidence by about 87 per cent of the small States and the UTs is a cause of concern.

A host of literature on the selected housing amenities has eminently shown the positive relationship between the safe drinking water - sanitation - other services vis-a-vis health/overall welfare improvement and adverse impact, if these services are not safely/ adequately provided. First, it recognises that provision for drinking water and sanitation are obviously central to good housing, living condition and health besides central to prosperous economies (UNCHS 1997, P 263; Dieterich and Henderson, 1963). Second, it is argued that access to water supply and sanitation is a fundamental need and a human right, apart from being vital for dignity and health of all people. Poor water supply and sanitation would lead to health hazards like diarrhoea, intestinal infections, blindness and Schistosomiasis (WHO & UNICEF, 2000). Notwithstanding the progress achieved in the provision of these facilities, especially after "The International Drinking Water and Sanitation Decade 1981-1991," still a good chunk of the people have not been provided with these facilities in India. More so in the rural context, it is observed that the water

supply and sanitation sectors are financially unviable, short coverage of the people, insufficient and low quality (World Bank, 1999). The water supply to all and poorer segment in particular, which are chiefly financed by the public source, is continuing to face a number of difficulties like inadequate funding, high cost supply, pilferages in the supply system, jurisdictional conflicts, improper mechanism to recover water user charges and others. Similarly, in the case of sanitation, if household latrines are continuing to be the distant dream of the poorer settlements, ill-financing and poor collection efficiency of the solid waste resulted in devastating effects, particularly loss of human life on account of water-borne diseases (Planning Commission, 2008). Despite the concerted and strategic interventions in the last couple of decades, a good chunk of population is still deprived of the safe and adequate supply of drinking water, sanitation and electricity.

The number of families deprived of housing amenities (drinking water, sanitation, drainage connection and lighting) together in rural India has officially declined from 784 lakh families in 2001 to 579 lakh families in 2011, which is one of the positive changes. This means that as many as 205 lakh families have been provided with these facilities and facilitated them to overcome their deprivations. In relative terms, the number of families deprived of these amenities, which was in the order of 56.72 per cent in 2001, has declined to

34.47 per cent in 2011 - a net reduction of over 22 per cent (Table 4). Families inflicted with poverty and subsistence earners, and located in inaccessible places are the deprived ones and they would have either resorted to unsafe means of amenities or would have totally given up, as the public interventions - the only hope has not reached them. Alternatively, depending upon un-piped (unsafe) water sources for drinking, use of open spaces for defecation and use of carbon dioxide emitting materials like kerosene, burning oils, cow dung, fire wood, etc., for lighting have been 'the practices' of the deprived families. These apart, waterlogging around most of the households has been a very common scenario, in the absence of drainage connectivity. Further, wherever open drainage is provided, lack of maintenance and air pollution have been the regular irritants, thus multifaceted implications like deteriorating health conditions of the people and environmental degradation in general.

One of the conspicuous issues that crippled altogether the housing development in rural India has been the housing financial exclusion and lack of the inclusive strategies and public action (Mahadeva, 2009). If rural areas are facing housing poverty and deprivations of housing amenities on an increasing order, it is largely due to non-availability of financial services from the formal financial institutions in general, and from the housing finance system in particular. Because, financial services

Table 4: Deprivation of Housing Amenities in Rural India: 2001-2011 (Figures in Lakh)

Year	Area	Total No of Households	Households Deprived of				All the Four Amenities
			Safe Water	Good Sanitation	Drainage	Electricity/Solar Energy	
2001	Total	1919.64	423.83 (22.08)	1220.78 (63.59)	1028.96 (53.60)	842.32 (43.88)	878.97 (45.79)
	Rural	1382.72	370.20 (26.81)	1079.67 (78.08)	910.11 (65.82)	776.96 (56.19)	784.24 (56.72)
2011	Total	2466.93	85.85 (3.48)	1309.55 (53.08)	1205.25 (48.86)	29.39 (1.19)	657.51 (26.65)
	Rural	1678.27	66.44 (3.96)	1162.51 (69.27)	1061.46 (63.25)	23.92 (1.43)	578.58 (34.47)
Change (+or-)	Total	547.29	-337.98	88.77	176.29	-812.93	221.46
	Rural	295.55	-303.76	82.84	151.35	-753.05	205.66

Source: As in table 1

is very crucial for housing and amenities development without which no progress can be visualised. Straightforwardly, two ground realities can be highlighted in this regard. Traditional financial institutions like Scheduled Commercial Banks (SCBs) and Regional Rural Banks (RRBs) have been maintaining rigidities in their financial operations, more so for the rural housing activities for want of collateral securities (Mahadeva, 2008). Rural housing component under the priority sector lending as directed (NRHHP, 2005) is yet to be a reality in the financial operations, although the policy has mandated this requirement. Primary Agriculture Credit Societies (PACS), which are largely found in rural areas, have their own cap on long-term lending for housing. Secondly, a specialised Housing Finance System (HFS) emerged in the country and became operational since early 90s has confined its operations only to urban areas and of the salaried income earners and has not expanded its services and penetrated its operations to rural areas, despite of the business potentials. Further, from supply side, there are hardly any institutional arrangements like Housing Finance Companies (HFCs) and from the demand side, no people-led institutions like housing cooperatives are operational in rural areas to supply housing financial services, including the credit. Instead, it resorted to scheme-based housing finance, as discussed already than designing a permanent financial inclusion mechanism for the rural communities with tailor-made financial products. Lastly,

social housing schemes being the only source of the vulnerable communities in rural areas are not expected to promote financial inclusion, as they have altogether different objectives to achieve. Moreover, social housing schemes deal with the local governments and not with financial institutions.

Policy Implications:

From the above analysis, a number of issues have emerged with regards to current rural housing scenario and its future development discourse, which have many major policy implications. Mention may be made: (a) skewed market operation and plagued cooperative movement, without the investment; (b) housing finance exclusion or financial distance of the rural communities; (c) continued ad-hoc approach for housing development; (d) uninterrupted growth of the dilapidated housing stock and stressful housing; (e) continued compartmentalised approach for development of housing and housing services; (f) inadequate/lack of development thrust for household sanitation and drainage connectivity; (g) lack of need-based strategy to eradicate rural housing poverty; and (h) special action for regions with the highest incidence. These issues point towards the failures of the development strategies of the public authorities, housing market, housing finance system, community/people's participation and what not. These failures need to be addressed with all the concerns and in all measures, if at all the

housing welfare of the hitherto neglected rural people needs to be promoted. The paper offers the following policy options as inputs for this purpose:

In order to eradicate housing poverty and to arrest housing services deprivation in rural areas, the present strategy of leaving the rural problems to themselves has to be changed. Public intervention cannot alone manage the rural housing development through their grand old social housing schemes. This would call upon a strong and complimentary role of the housing market with all the major players. At the same time, housing market cannot function in isolation leaving behind the rural housing challenges, as has been the case hitherto. Along the similar lines, homeless families also cannot entirely depend upon the limited public action, without participating themselves in solving their housing problem. Correspondingly, all the three segments have to be realistic and effective while alleviating the housing poverty in rural areas. An integrated solution is that the functioning style of the housing market needs immediate correction ensuring the presence of all the players in rural part to bring in the needed investment, which at present is scarce. Public policies and the authorities need to realise this fact for a sustainable housing market with lead players like public, private and third sectors. Participation of local governments and homeless families is also equally important to eradicate the housing

problems of the vulnerable as well as other needy. Secondly, arresting the existing financial distance between the rural homeless and the financial institutions is the need of the hour. The presence of the Indian financial system in general, and the housing finance system of the country can be justified by bridging the gap of the rural needy and the financial services of the formal institutions.

Finance being the chief and principal input for housing development, financial inclusion should be seen as the driver of change in rural areas. Towards this end, efforts should be made to organise cooperative housing societies at the first instance in large numbers to supply principal housing inputs like land and finance to the vulnerable communities, besides promoting housing thrift as a strategy of financial inclusion. Apart from imparting cooperative education, these societies should participate in the development of new rural habitats and settlements independently, on the lines of the urban areas or in association with village panchayats. Equally important is the roles of private sector for housing investment in rural areas and housing finance companies with financial and other incentives, in order to cater to the housing needs of the other affordable sections. To bring in more visibility to the financial inclusion process, rural institutions like cooperative credit societies, self-help groups, post offices and even village panchayats should shoulder the responsibility, not only to enrol the excluded people to

financial institutions but also to get financial services for various purposes including housing. Tailor-made financial products, both for savings and credit, would go a long way in building people's confidence and the inclusion. Thirdly, ad-hoc interventional strategies to address the rural housing problem through a host of social housing schemes, has left the housing poverty untouched by and large and affected only a limited target groups. This trend has contributed to perpetual presence of housing poverty by one or the other type or by one or the other social/target group. Therefore, from the public financial effectiveness, it is necessary to merge/combine all the rural social housing schemes and strengthen the existing Rural Housing Fund (RHF) at NHB to refinance new housing units as well as to replace the dilapidated units through financial institutions and Village Panchayats.

Fourthly, the rural housing development strategy over the years is a blemished one and has never been comprehensive in its approach. It has tried to address the housing shortage which aroused from only one source (crowded/new families) and left behind the other equally important source of the shortage (dilapidated/stressful housing) in terms of the priority. In fact, this is one of the reasons as to why dilapidated stock has accumulated in rural India posing serious threat to the lives. Therefore, public policy should view the housing development mistakes seriously and redesign its intervention objectively to emphasise equal weightage to

construction of new houses and improvement (replacement) of dilapidated houses, which has social (community living) and economic benefits (cost-effective) for the rural families. Given the present order of dilapidated housing units (50 per cent) and the housing insecurity and threats that the dwellers are facing in rural areas, strategic intervention for the total replacement is indeed warranted. A national commitment in the form of a mission with public financing is imminent for the rural areas, as this strategy would be a double-edged weapon both to eradicate half of the housing poverty and to ensure safe dwelling. The financing system also has to consider this critical intervention for replacement of the dilapidated stock. Fifthly, it is unreasonable/ridiculous to pursue compartmentalised model of housing development for rural areas, ensuring housing amenities at different points of time. Given the importance of the housing amenities (drinking water as lifeline, sanitation and drainage as good living environment and lighting for good health), public policy needs to adopt integrated approach for rural areas as well. Such a shift can be managed by the public cost/expenditure of all the amenities along with the unit cost of housing and this would put an end to the deprivation or postponement of access to the housing amenities. Sixthly, given the rampant practice of open defecation and waterlogging around the rural households, public policy should attach paramount priority for the development of household sanitation and development of drainage facilities, which

are private and public goods. For this purpose, what is needed is the mission mode approach for the development, hike in public expenditure and financial incentives and the community participation to ensure these facilities. Because, deprivation of these two services for a majority of the rural families does not reflect good on the rural development administration but

would certainly obstruct the quality of life. Lastly and undoubtedly, as is already pointed out in the analysis, the housing poverty is very conspicuous in good number of States and this hub has an important policy implication on the entire country. Keeping this in view, there shall be a special drive to arrest the housing poverty in these regions.

NOTE

1. One of the flagship programmes of the Ministry of Rural Development, Government of India, meant to provide houses to the Below Poverty Line (BPL) families in rural areas. The target groups are the Scheduled Castes/Scheduled Tribes, freed bonded labourers and non-SC/ST rural poor families, widows of defense personnel, ex-servicemen and retired paramilitary personnel. Central and States share the funds at 75:25 ratio, respectively, of the programme.

References

- Darshini, Mahadeva (2013), "Urban Poverty in India and Post-MDG Framework," Oxfam India Working Paper Series- XVII, Oxfam India.
- Dieterich, Bernd. H and John M. Henderson (1963), "Urban Water Supply Conditions and Needs in Seventy-Five Developing Countries," World Health Organisation: Geneva.
- Government of India (2013), "Rural Housing: Indira Awas Yojana-Reference Note to the Members of Parliament," Lok Sabha Secretariat: New Delhi.
- National Housing and Habitat Policy (1998), Ministry of Urban Affairs and Employment: New Delhi.
- Rural Water Supply Sector-Background Paper (2012), National Rural Drinking Water Program, Ministry of Drinking Water and Sanitation: New Delhi. Website: indiawater.gov.in/imis/reports/nrdwpmain.aspx
- Guidelines of Central Rural Sanitation Programme-Total Sanitation Campaign (2010), Department of Drinking Water Supply: New Delhi
- Kamalapur G.D. and Udaykumar R.Y (2012), "Rural Electrification in the Changing Paradigm of Power Sector Reforms in India," *International Journal of Electrical and Computer Engineering*, Vol 2 (2), pp 147-54
- Kumar, Arjun (2014), "Estimating Rural Housing Shortage," *Economic and Political Weekly*, Vol. XLIX (26 & 27), June 28.
- Mahadeva, M (2009), "Challenges of Sustainable Housing Finance System in India," *Margin, The Journal of Applied Economic Research*, Vol 3. No 1, NCAER, Pp 41-61.
- Poverty of Housing in Rural India: Status (2008), Issues and Policy Options, *Review of Development and Change* (XIII) 2, MIDS. Pp 137-157.
- Financial Growth in India: Whither Financial Inclusion? *Margin* (2008a), *The Journal of Applied Economic Research*, Vol 2. No 2, NCAER, Pp 177-197.
- Housing Policies in India- An Overview (1994), *Nagarlok* (XL) 3, IIPA, Pp 249-256.
- Manoj.PK (2008), "Learning from Cross Country Experiences in Housing: A Micro Finance Approach for Inclusive Housing in India," *Journal of Global Economy*, Volume 4 No 3&4, July-October-December.
- NABARD (2005), "Statistical Statements Relating to Cooperative Movement in India: Part II-Non-Credit Societies (52 Housing Societies)," National Bank for Agriculture and Rural Development: Mumbai.

NHB (2012), National Rural Housing and Habitat Policy-2005: New Delhi, National Housing Bank. Website: www.nhb.org.in/Rural_Housing/Draft_RHP.php

Report on Trend and Progress of Housing in India (2014), National Housing Bank: New Delhi.

National Rura Housing & Habitat Policy: www.nhb.org.in/Rural_Housing/Draft_RHP.Php

Planning Commission (2008b), Eleventh Five Year Plan (2007-2012), Volume II: Government of India, New Delhi.

Ravikiran, Bilolika and Ravi Deshmukh (2012), "Rural Electrification in India-An Overview", National Power Training Institute, Faridabad.

RCFI (2008), "Report of the Committee on Financial Inclusion" (Dr.C.Rangarajan and others). New Delhi.

The Hindu (2006), "Draft National Rural Housing and Habitat Policy Endorsed," November 10.

UNCHS (1996), "An Urbanising World: Global Report on Human Settlements 1996", Habitat, Oxford: UK, Oxford University Press.

World Bank (1999), "Urban Water Supply and Sanitation, South Asia Rural Development", Series: The World Bank, Washington, D.C. Allied Publishers: New Delhi.

WHO & UNICEF (2000), "Global Water Supply and Sanitation Assessment Report."