



REPORT
OF THE
WORKING GROUP ON HOUSING
FOR THE
FOURTH FIVE-YEAR PLAN

(1 9 6 9 — 7 4)

September, 1968.

GOVERNMENT OF INDIA,
MINISTRY OF WORKS, HOUSING & SUPPLY
(Department of Works & Housing)

R E P O R T

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(1 969—74)

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(DEPARTMENT OF WORKS & HOUSING)

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PREFACE

THE FOURTH FIVE YEAR PLAN (1969—74) AND THE PLANNING GROUP

In April 1968, the Planning Commission informed the various Ministries/Departments of the Government of India that it was proposed to formulate a new Fourth Five Year Plan beginning from April, 1969, and that a Planning Group had been constituted under the chairmanship of Shri B. D. Nag Choudhuri, Member (Science), Planning Commission, for formulating the plans relating to Health, Family Planning, Water Supply and Sanitation, Housing and Urban Development. The Secretary, Department of Works and Housing, the Joint Secretary (Housing) and the Director, National Buildings Organisation, were appointed members of the Planning Group.

Constitution of the Working Group on Housing

In order to assist the Planning Group, as suggested by the Planning Commission, a Working Group on Housing was constituted by the Department of Works and Housing, under the chairmanship of the Secretary of the Department. Representatives of all connected Departments and Organisations as indicated in the attached list, participated in the various discussions of the Working Group. In formulating the proposals and drafting the Report, the Working Group was assisted by S/Shri R. N. Dayasagar and N. D. Tuteja, two Research Assistants (Housing) of the Ministry of Works, Housing and Supply.

Guide-Lines

The Working Group was required to examine the nature and extent of the housing need and formulate proposals in consistence with the size, contents, priorities, availability of personnel etc., for the Fourth Five Year Plan, on the basis of a Ten-year Perspective. It was also indicated to the Working Group that their proposals would have to be contained more or less within the limited outlay envisaged in the Draft Outline of the old Fourth Five Year Plan—i.e., on the basis of an outlay of Rs. 283 crores (Rs. 233 crores for social housing schemes, including Rs. 60 crores from the Life Insurance Corporation of India, *plus* Rs. 50 crores for General Pool Accommodation).

Meetings, Progress and Conclusion of the Working Group

Five preliminary meetings were held on the 27th April, 1968, and on the 8th, 12th, 19th and 20th July, 1968, respectively. At these meetings, the general approach to the Fourth Five-Year Plan and the basic

(ii)

papers prepared by the various officers were discussed in detail. The Working Group also decided to have a practical assessment carried out of the Rural Housing programme. Accordingly, four Study Teams were sent out to eight selected States to make a quick field level sample-survey. The observations of the Study Teams helped in arriving at certain positive conclusions. In the light of the basic papers on different subjects, the observations of the Study Teams on Rural Housing and the discussions in the various meetings, a Draft Report was prepared and finalised at the concluding meeting held on the 12th September, 1968.

The Working Group have been keenly alive to the magnitude and importance of the task allotted to them. In balancing the huge housing need against the extremely limited resources, the Working Group have suggested some new methods/approaches for tackling the problem. Some of these suggestions are new to this country but they have been of immense help in tackling the housing problem in most of the developed countries. The Working Group feel convinced that they could be adopted with advantage in this country also.

FOURTH FIVE YEAR PLAN (1969-74)
WORKING GROUP ON HOUSING

List of Participants

Ministry/Department/ Organisation	Sl. No	Name and Designation
CHAIRMAN		
Department of Works and Housing.	1	Shri B. R. Patel, Secretary to the Govt. of India.
PARTICIPANTS		
Do.	2	Shri P. Prabhakar Rao, Joint Secretary (Housing).
Do.	3	Shri B. L. Chak, Joint Secretary (Admu.).
Do.	4	Shri Kartar Singh, Joint Secretary (Works).
Do.	5	Shri T. N. Srivastava, Officer on Special Duty (Hous- ing).
Do.	6	Shri C. R. Bose, Under Secretary (Housing).
Do.	7	Shri S. Gautamas Section Officer.
Do.	8	Shri L. M. Sukhwani, Section Officer.
Department of Agriculture	9	Shri Saran Singh, Joint Secretary.
Do.	10	Shri P. C. Suri, Officer on Special Duty.
Do.	11	Shri Gurmel Singh, Asstt. Commissioner(L.R.).
Department of Community Development	12	Dr. N. A. Agha, Joint Secretary.
Do.	13	Shri P. P. Singla, Deputy Secretary.
Do.	14	Shri Sunil Guha, Director (W. P. & R. N.).
Do.	15	Shri G. C. Mathur, Research Officer.

Ministry/Department/ Organisation	Sl. No.	Name and Designation
Department of Cooperation	16	Shri V. V. Nathan, Deputy Secretary.
Do.	17	Shri Hira Prasad, Under Secretary.
Department of Health and Urban Development	18	Shri S. N. Varma, Deputy Secretary.
Department of Industrial Development	19	Shri K. Balachandran, Joint Secretary.
Do.	20	Shri B. N. Bhargava, Chief, Project Planning & Development.
Department of Labour and Employment	21	Dr. S. T. Merani, Joint Secretary.
Do.	22	Shri R. B. Shukla, Director (Industrial Relations).
Do	23	Shri C. R. Nair, Under Secretary.
Do.	24	Shri Daljit Singh, Under Secretary.
Department of Social Welfare	25	Shri Mir Nasrullah, Deputy Secretary.
Department of Expenditure, Ministry of Finance	26	Shri D. J. Madan, Financial Adviser.
Do.	27	Shri B. N. Chaddah, Dy. Financial Adviser.
Do.	28	Shri R. P. Capoor, Deputy Financial Adviser (W&D).
Do.	29	Shri S. S. Pradhan, Assistant Financial Adviser(E).
Do.	30	Shri Kirpa Singh, Assistant Financial Adviser.
National Buildings Organisation	31	Shri Rabinder Singh, Director.
Do.	32	Dr. C. M. Palvia, Joint Director (SE).
Do.	33	Shri B. D. Ahuja, Joint Director (Designs),
Do.	34	Shri G. C. Mathur, Deputy Director (Inf).

(v)

Ministry/Department/ Organisation	Sl. No.	Name and Designation
National Buildings Organisation	35	Shri P.C. Jain, Deputy Director.
Planning Commission	36	Shri S. S. B. Raghavan, Joint Director (Housing).
Do.	37	Shri S. N. Khanna, Senior Research Officer.
Do.	38	Shri Raja Ram, Research Officer.
Central Public Works Department	39	Shri S. K. Joglekar, Chief Architect.
Do.	40	Shri S. P. Satsangi, Chief Architect (officiating).
School of Planning and Architecture	41	Shri T. J. Manickam, Director.
Do.	42	Prof. D. V. R. Rao, Head of the Deptt. of Housing.
Central Statistical Organisation	43	Shri S. Raghavachar, Dy. Director.
Do.	44	Dr. M.K. Premi, Assistant Director.

REPORT OF THE WORKING GROUP ON HOUSING FOR FOURTH PLAN

CHAPTER I

Ten-Year Perspective Plan: 1969—79

The Working Group believes that the next decade will witness an unprecedented pressure on our housing resources. Not only will it commence with a backlog of 837 lakh housing units, but also add about 100 lakh new families to the effective demand. Further, with the expected improvement of our food situation, the public opinion will try to assert itself, as strongly as possible, for the satisfaction of the next basic need of every family *i.e.*, shelter. And in a democracy, like ours, based on adult universal suffrage, it would be difficult to ignore this opinion for long. In fact, public authorities, at all levels, should anticipate this and take suitable measures to meet the challenge.

2. Before spelling out remedial measures, it is necessary to assess the extent and nature of our housing problem and our present construction rate. Our housing shortage, as earlier stated, is not only stupendous but also aggravating rapidly every year.

Urban Housing.—The urban housing shortage amounted to 28 lakh units in 1951, 50 lakhs in 1956, 93 lakhs in 1961, 118 lakhs at the end of 1967 and is likely to rise to about 119 lakhs by April, 1969, when the urban population is likely to be 9.72 crores. Another 25 lakh units are likely to be required to cover the new families during the next decade. Again, ten lakh units of the existing housing stock of 110 lakhs would need replacement during the next ten years. Thus, in all, there would be an estimated shortage of about 154 lakh units (119 plus 25 plus 10).

Against this, our rate of new house-construction has been extremely low. The private sector could roughly build about 2 lakh housing units per year. The social housing schemes of the Department of Works and Housing barely provided 4 lakh housing units during the last three Plans. Other Ministers, State Governments, Public Undertakings and local bodies etc., might have also built about 4 lakh housing units during the last three Plans. This works out to about 3.5 units per 1000 persons per year.

(b) **Rural Housing.**—The overall shortage in rural areas was 565 lakh units (including those which had to be completely rebuilt or improved substantially) in 1961, 696 lakhs at the end of December, 1967, and is expected to shoot up to 718 lakhs by April, 1969, when the rural population is likely to be 43.6 crores. Another 75 lakh housing units would be required to cover the anticipated increase in rural population. About eleven lakh housing units would be required to replace the deterioration in the existing housing stock in our villages. Thus, about 800 lakh new units are required to be provided in the next decade.

Against this demand, the rate of construction of new houses in our rural areas has been extremely low. Only 37,125 houses have been provided under the Village Housing Projects Scheme during the last ten years. About 1,459 houses have been provided through the Plantation Labour Housing Scheme. The Department of Social Welfare have provided about 2.05 lakh houses/house-sites during the first three Plans. The Ministry of Industrial Development are said to have provided about 6,000 houses for the handloom weavers. Reliable figures for construction of rural houses in the private sector are not available. The N.B.O. has, however, estimated that the rate of annual construction of pucca houses (including under the social housing schemes) is about 0.44 units only for 1,000 persons.

3. The overall rate of construction in both urban and rural areas thus works out to 2 houses per 1,000 persons annually. Against this, an expert body of the United Nations has recommended construction of 10 houses per year per 1,000 persons. The following annual rates of house construction achieved by certain developed countries are illustrative of the modern trend:—

1. U.S.S.R.	. . . . .	10.3
2. West Germany	. . . . .	10.2
3. Sweden	. . . . .	10.0
4. Finland	. . . . .	8.7
5. Australia	. . . . .	8.4
6. Denmark	. . . . .	7.6
7. France	. . . . .	7.3
8. Japan	. . . . .	7.2
9. Hong Kong	. . . . .	6.8
10. U.S.A.	. . . . .	6.5

We may not be able to achieve this rate in the Fourth Five Year Plan with the existing level of investment on housing in the private and public sectors. However, to meet the situation within the available resources and to minimise further deterioration, the Working Group recommends that the country should aim at the annual construction rate of at least 5 houses per 1,000 persons in the Fourth Plan and the tempo should be stepped up to 10 houses per 1,000 persons in the Fifth Plan.

4. For achieving the above rates, a bold housing policy will have to be evolved and followed. Housing suffers from a very low priority in our national Plan. As a result, the outlay on social housing schemes during the first three Plans has been extremely low, as illustrated in the following table :—

S.No.	Plan	Public Sector outlay	Outlay on Social Housing Schemes	% of col. 4 to col. 3
1	2	3	4	5
		(Rs. in crores)		
1	First	2,356	38.5	1.6
2	Second	4,600	84.00	1.8
3	Third	7,500	122.00	1.6

It is of interest to note that the above outlays on special housing were much less than the corresponding cumulative outlays on education and health during the three Plans; the total outlay on social housing was Rs. 244.5 crores while it was Rs. 1,034 crores on education and Rs. 656 crores on health. This was notwithstanding the fact that education and health cannot improve greatly amidst poor housing conditions. Even in the Draft Outline of the old Fourth Plan, only a meagre sum of Rs. 173 crores was earmarked for social housing schemes which worked out to a little over 1 per cent of the total public sector outlay of Rs. 16,000 crores. (If L.I.C.'s expected contribution of about Rs. 60 crores is taken into account, the total would be Rs. 233 crores which would be barely sufficient for providing 3 lakh housing units).

The lower priority to housing at the national level has multiple reactions. Apart from lower outlays, the allocations made to States under the schemes are diverted to other heads of development. Because of these diversions, the overall utilisation of funds in the Third Plan was 60 per cent in the States while in the Union Territories (where diversions are impossible) it was more than 100 per cent. The lower priority is not conducive to the adequate exploitation of resources for housing purposes from the financial institutions in the private sector. The lower priority acts as an inhibitive factor in securing foreign assistance in the field of

housing from the Asian Development Bank etc. In view of these considerations, the Working Group strongly urges upon the Government to consider housing as a basic necessity and accord it an appropriate priority. The Working Group feels that such a priority would have a favourable multiplier effect on employment, increasing productivity and reducing recurring expenditure on the maintenance of health and law and order. Accordingly, the Working Group recommends that outlay on social housing schemes in the Fourth Plan should be raised to Rs. 400 crores, inclusive of the funds to be provided by the Life Insurance Corporation and from the Employees' Provident Funds. The Central Government's assistance to the States should, however, be 'earmarked' so that it is not diverted to other heads of development. The outlay for the Fifth Plan should be at least Rs. 800 crores.

5. Another postulate of a bold housing policy should be through selective approach to the housing problem in view of the limited resources available so that some perceptible impact is made. The principle of selective approach has already been accepted as a matter of policy by the Planning Commission and the Government of India in the Intensive Agricultural Areas/Districts Programmes. What is now required is its extension to other fields where it will prove effective. There is a great scope for adoption of this method in the field of social housing. There is, for instance, much difference in the nature of housing problem of metropolitan cities, other cities (with population upto 3 lakhs), and the cities having a population of less than 1 lakh. The present policy does not favour metropolitan areas and other major cities etc., excepting by giving a little weightage in the fixing of ceiling costs under the subsidised housing schemes. Similarly, a differential approach can be made for amelioration of living conditions in rural areas covered by programmes in newly irrigated areas (where *per capita* income has shown a sharp spurt) and other villages. Further details of such approach have been indicated in the respective chapters in Urban and Rural Housing of this Report (cf. chapters V and VI).

6. The third principle of new housing strategy should be through maximum exploitation of the resources of the private sector for housing, particularly for the low income brackets. Hitherto, the private investment has been confined to luxury houses and that also in metropolitan areas and growing new townships. In view of the meagre public and institutional finances available for housing, it is necessary to attract private sector to invest in new house construction for low income groups in big and small cities and also in rural areas covered by new irrigation programmes which are having large scale immigration from neighbouring districts. To encourage them to invest in housing, they will have to be given definite incentives through relaxations in rent control acts (of the States), through tax laws (of the Centre, States and local bodies), and through other fiscal

and administrative measures. Where circumstances justify (like new townships at Durgapur and Ennore), private sector should be associated from the beginning for integrated programmes for meeting public and private housing needs.

7. The fourth principle of new housing policy should be an effective institutional framework. It may be pointed out that nowhere, throughout the world, housing shortages have been resolved with the help of purely official machinery. In all developed and in many developing countries, housing programmes are being planned, financed and implemented through a central housing authority. The need of such an authority for India has been emphasised since the First Five Year Plan but it has not yet been set up due to various reasons. Independent bodies like the Estimates Committee of the Lok Sabha, the Parliamentary Committee on Public Undertakings and the Ford Foundation's Study Team on Urban Housing have urged for the early establishment of such an authority.

At the State level, the best agency for implementing the housing programmes is the State Housing Board. But despite consistent recommendations for the first three Plans and persuasion at the highest level, only seven States have set up Housing Boards (two in Maharashtra). The Working Group feels that a token Central subsidy (say upto Rs. 2 lakhs per annum per Board) to cover the administrative expenditure of the State Governments on the Housing Boards may be granted to them during the Fourth Five Year Plan only, as an incentive for the setting up of Housing Boards in the States.

Similarly, for encouraging and activating housing cooperatives, each State should have an Apex Housing Cooperative Society. At present, only six States (Andhra Pradesh, Gujarat, Maharashtra, Mysore, Orissa and West Bengal) have these bodies. To encourage their formation in the remaining States, financial assistance (e.g. loans for share capital and subsidy for managerial personnel) may be given.

8. The Working Group note that almost all developed countries and many developing countries undertake/promote/support housing programmes through statutory enactments. In India, no housing law has yet been introduced though the need for the same is very pressing. The Government may, therefore, consider the desirability of enacting a central housing law, as early as possible.

9. The Department of Agriculture have stressed that a part from the four principles discussed above, the new housing policy should have an-

other (fifth) principle. They observed that the already grave urban housing situation in the country is likely to worsen further due to the present policy of preservation of agricultural land, (ii) the consequential high cost of acquisition of land for housing; and (iii) the low paying capacity of the bulk of our urban population. It was, therefore, urged that all efforts should be made for the reduction of the cost of a house so as to bring it within the paying capacity of an average urban family. Since cost of land forms a substantial portion of the investment on a house, the fifth principle should be to evolve a sound urban land policy whereby only non-agricultural land is used for housing through the device of the regional plans. Such a policy should, among other things, prescribe for intensive use of the urban land by following progressive norms for densities and sizes of houses etc., in relation to the paying capacity of the different sections of the population.

10. The Draft Outline of the old Fourth Plan had recommended a sum of Rs. 173 crores for social housing, apart from Rs. 60 crores which were expected to be provided by the Life Insurance Corporation. It has been indicated to this Working Group that in the new Fourth Plan, the outlay for social housing might not exceed the above amounts. As mentioned in para 4 above, however, the Working Group felt that the outlay for social housing should be stepped up to Rs. 400 crores (inclusive of LIC/E. P. Funds), though the representative of the Ministry of Finance thought this figure to be rather on the high side.

Whatever outlay is finally agreed to, the Working Group would like to distribute it under the various schemes, in the manner indicated in the table on next page.

As regards provision for the Land Acquisition and Development Scheme, the representative of the Ministry of Finance pointed out that a sum of Rs. 50 crores had been agreed to for this programme by the Working Group on Health, LSG etc. while Rs. 25 crores (or Rs. 50 crores if the outlay is fixed at Rs. 400 crores) had been suggested by this Group. He added that he had no objection to provide Rs. 50 crores for this purpose but it should be under one Ministry. The representatives of the Ministry of W. H. & S. pointed out that they had a continuing Scheme (since 1959) of this title while Health Ministry had no such scheme at present. Besides, a major portion of the land to be acquired and developed under this programme would be required for housing (and allied purposes) under the social housing schemes of the Ministry of W. H. & S. The Working Group is, therefore, of the view that the provision for this Scheme should continue to be made under the Ministry of Works, Housing and Supply.

S.No.	Scheme/Programme	Distribution in the Draft Outline	Tentative distribution in the new 4th Plan on the basis of outlays at	
		Rs.173 crores	Rs. 233 crores (including Rs. 60 crores of LIC)	Rs.400 crores (including LIC/EPF)
		(Rs in crores)		
			Govt. fund	LIC fund
1	Integrated Subsidised Housing Scheme for Industrial Workers and Economically Weaker Sections of Community	34.00	34.00	61.00
2	Low Income Group Housing Scheme	30.00	30.00†	60.00
3	Subsidised Housing Scheme for Plantation Workers	1.00	2.00	2.00
4	Village Housing Projects Scheme	11.00	11.00	25.00
5	Slum Clearance/Improvement Scheme*	58.00	50.00	90.00
6	Land Acquisition & Development Scheme	25.00	25.00‡	50.00
7	Middle Income Group Housing Scheme	4.00	4.00†	65.00
8	Rental Housing Scheme for State Govt. Employees . . . . .	..	..	‡ 10.00†
9	Dock Labour Housing**	2.5	3.5	5.00
10	Cellular Concrete Factories & Scheme for encouraging building material industries	3.7	4.00	7.00
11	Experimental Housing, Research & Housing Statistics	3.8	3.3	5.00
12	Promotion of Housing Institutions like National Housing Authority, State Housing Boards, Apex Societies etc. . . . .	..	6.2	10.00
13	General Pool Accommodation (Office & Residential)	173.00 50.00	173.00† 50.00	60.00† 400.00 70.00
GRAND TOTAL		Rs. 223.00	Rs. 223.00† 283.00	60.00† 470.00

*Now being administered by the Ministry of Health, F. P. & U. D.

**Being administered by the Ministry of Labour, Employment & Rehabilitation.

‡ As a revolving fund.

†LIC funds.

‡Including departmental charges and cost of ancillary buildings.

CHAPTER II

HOUSING FINANCE

1. Housing and other policies

Shelter is essentially a consumer commodity. But, unlike other commodities, its financing implies certain peculiar characteristics. First and foremost is the huge initial cost involved in the construction of a house. A very large number of families cannot afford it even in their lifetime. Hence, their housing is to be assisted, partly or wholly, by the richer sections of the community or by the state itself. Secondly, the investment in housing has a close relationship with other economic and fiscal measures like land-ownership, tax structure and credit-terms etc. Financing of housing influences and is, in turn, influenced by such policies. Thirdly, a judicious use of the methods of house-finance can stimulate savings, employment and industry. All these policies should, therefore, serve a common objective.

2. Savings in Developing Economies.

In the ultimate analysis, the bulk of development (including housing) is to be financed by internal savings. In fact, all developed countries have resolved their housing shortages through such savings. But the savings have to be motivated and directed towards housing by official policies. Therefore, of late, all governments (whether having 'free', 'totalitarian' or 'mixed' economies) have been promoting and encouraging house-construction. But developing countries like India (which is beset with grave food and power shortages) cannot afford larger funds for direct construction of houses. Our annual target through the social housing schemes has been nearabout 35,000 units only. Besides, our aggregate rate of savings is very low; it has shown downward trend from 10½ per cent in 1964 to 8 per cent in 1967-68. The situation is further aggravated by the fact that these savings are held in forms that do not permit or encourage the development of a capital market. A special study on house-hold savings in India indicated that the percentage of urban families' disposable income (saved in long term financial assets) is six times greater than that of the country as a whole. But even in this situation, only a small fraction of the savings were invested in the housing sector. This is because the developing countries suffer, by and large, from the absence of a well-knit institutional framework through which savings could be mopped up on a much greater scale. These countries should, therefore, for the time being concentrate their meagre

resources (available for housing) for promotional schemes and for establishing sound institutional framework. For this purpose, both traditional and non-traditional sources would have to be tapped to the maximum.

Traditional Sources of House-Finance in India

3. Budgetary resources.

Hitherto, social housing schemes have been financed by annual allocations of the Central Government and the Life Insurance Corporation. The former are supposed to be based on the Plan outlays. As indicated in Chapter I, (paragraph 4), the outlays on social housing, in the first three Plans, have been extremely low. Their utilisation has been still lower being 72 per cent only (i.e., Rs. 88 crores out of Rs. 122 crores) in the Third Five Year Plan—mainly due to the following three factors:—

- (a) The annual budgetary allotment is less than the amount due on pro-rata basis (of the total plan outlay of Rs. 122 crores), except in two years, as indicated below:—

Year	Allocation	Year	Allocation
	Rs. in crores		Rs. in crores
*1961—62	24.85	*1962—63	24.67
1963—64	12.97	1964—65	19.94
1965—66	20.00	1966—67	14.5
1967—68	13.00	1968—69	13.5

It is interesting to note that annual allocations during the last three years have been about 50 per cent of the allocations made in the years 1961-62 and 1962-63. Such heavy reductions, coupled with intervening increase in the building costs, have gravely affected the physical performance, and highlighted the urgency of mopping up other sources for housing programmes.

- (b) As all social housing schemes are centrally aided, the provisions are to be made by the States in their annual plans within the prescribed ceilings. It has been experienced that the States, by and large, do not make adequate provisions for housing schemes in their plans. Further, even the low provisions made are diverted to other heads of development. The solution to the problem lies in categorising the schemes as Centrally sponsored or by earmarking the Central assistance given for these schemes, as suggested in the Ten-Year Perspective Plan (Cf. Chapter I).

- (c) As house-construction involves considerable pre-planning, States and other agencies require tentative indications as to the likely funds that might be made available to them in the next five years. For this purpose, the States have been permitted to sanction projects up to 125 per cent of their plan outlay. To ensure full utilisation of allocations, it is suggested that this limit should be raised to 150 per cent of the State's Plan outlay under each Scheme provided that the expenditure is limited to annual budget allocations.

4. L. I. C. funds for Housing

Insurance funds are ideally suited for long-term programmes like housing. The savings from premia etc. have some contractual embargoes as only limited funds can be withdrawn from these at a particular time. Though in developing countries like India, life insurance is at initial stages, it has a great potential and its assets are likely to rise steadily. However, the L. I. C.'s contribution to social housing commenced from the year 1959-60. In the Second Five Year Plan (its last two years only) Rs. 17.15 crores were given for housing schemes. During the Third Plan, a total sum of Rs. 60 crores was drawn by the States from the L.I.C. Similarly, in the three years ending 1968-69, the L.I.C.'s contribution has been at the uniform figure of Rs. 12 crores per annum. Thus, till now the L.I.C. has advanced a sum of Rs. 113.15 crores, which works out to 13.31 per cent of its investible funds amounting to Rs. 1,052 crores (in 1966-67). In addition, the L.I.C. have contributed some amount to Housing Finance Societies and on mortgages of house-properties etc. The overall investment of the L.I.C. on social housing schemes and other housing programmes therefore, works out to about 15 per cent of its investible funds against the average of about 40 per cent in many developed countries. In India too, the L.I.C.'s contribution needs to be stepped up to at least Rs. 120 crores in the Fourth Five Year Plan. As a matter of fact, the L.I.C. was earlier agreeable to step up its contribution for social housing schemes, gradually every year, but has not done so due to various reasons. Investment in housing would, incidentally, be in accordance with the preamble of nationalisation which laid down that the L.I.C. would invest its funds in ventures which further the social advancement of the country.

As stated earlier, housing construction involves considerable pre-planning. The State Governments and other executive agencies, therefore, require certain tentative indications of the funds likely to be made available to them during the next five years. As far as Government funds are concerned, the States are already permitted to sanction projects upto 125 per cent of their Plan outlays [Cf. para 3 (c) above] which should be raised to 150 per cent. Similar permission in case of the L.I.C. funds would go a long way towards proper planning of housing programmes financed by the

L.I.C. However, in the case of L.I.C. funds the permission would not be up to 125 per cent but for the total agreed amount for the Fourth Plan period.

Non-Traditional Sources of House Finance in India

5. Employees' Provident Funds

(a) These funds, like those of the L.I.C., are ideally suited for long term investment in house-construction. The total accumulation under these funds and the investment stood at Rs. 1135.56 crores and Rs. 762.93 crores respectively, on the 30th April, 1968. A sum of Rs. 138 crores approximately would be available for investment per annum. It has been recently decided that these funds will be invested as under, during the half year from 1st September, 1968, to the 31st March, 1969 :—

- | | |
|--|-----|
| (i) Central Government securities including small savings | 65% |
| (ii) State Government securities and other Govt. guaranteed securities | 35% |

(b) The above pattern of investment is applicable to all establishments (exempted and unexempted) under the Employees' Provident Funds Act, 1952. However, during the above six months, only Rs. 42 crores would be available for investment from the unexempted establishments for the following purposes:—

- | | |
|---|----------------|
| (i) Central Government securities | Rs. 27 crores. |
| (ii) State Government securities | Rs. 10 crores. |
| (iii) Government guaranteed securities
(including loans for Housing Boards). | Rs. 5 crores. |

The Reserve Bank has been requested to make investment on behalf of the Funds in the securities of the Central and the State Governments. As regards investment in Government guaranteed securities, the same will be done directly by the Central E.P.F. organisation. The exempted establishments will similarly make direct investments according to the pattern referred to in (a) above.

(c) It will now be possible to invest these funds into Government guaranteed securities (including loans for the State Housing Boards) upto a maximum of Rs. 5 crores excluding investments to be made directly by exempted establishments upto March, 1969, provided that the rate of interest is not less than 6 per cent. Since this rate is, in fact, half per cent less than that of the L.I.C. loans for housing schemes, the Working Group urges upon the States which have Housing Boards to draw as much of E.P. Funds as possible. The remaining States may, as recommended elsewhere, take early action to set up such Boards.

(d) The pattern of investment of these funds from April, 1969, onwards has not yet been settled. It is, however, expected to provide a larger investment in State Government and Government guaranteed securities. The Working Group welcomes the above decisions of the Government of India. It also hopes that a portion of 65 per cent of the E. P. Funds will be invested in the initial capital (and also in the loans) of the National Housing Authority as and when it is set up. (Cf. para 9 below).

6. P. L. 480 funds

It was suggested to the Working Group that P. L. 480 funds could be used for the promotion of housing in India. These funds fall into the following three categories :—

(a) To be given to the Government of India in the shape of loans and grants for approved development programmes	85%
(b) To be given to U. S. companies having collaboration with Indian firms	5%
(c) To be used by the Government of the U.S.A. in India	10%

The funds of the first category are invested in plan programmes by the Ministry of Finance and the expenditure is shown against P. L. 480 funds. It is thus a mere paper transaction and cannot be treated as an additional source. Similarly, the funds of the third category are obviously not available for housing purposes.

The funds of the second category (also known as Cooley funds) can, however, be used for housing purposes. Total accumulations under this particular category amounted to Rs. 113.63 crores on the 31st March, 1967, out of which Rs. 56.69 crores had been utilised by Indian concerns in collaboration with American firms. Such funds can be profitably used for setting up of building material industries and also as 'seed capital' of the housing institutions discussed later in this chapter.

7. Tapping of additional resources

To check annual deterioration in housing stock and also to liquidate gradually, the backlog, the U.N. has suggested construction of ten houses per thousand persons per annum. Against this, our current rates of house—construction are 3.5 and 0.44 units for urban and rural areas, respectively. The Working Group have proposed a target of 5 units per year per thousand persons in the Fourth Plan which is to be raised to ten units in the Fifth Plan. Even this modest target would involve a total estimated investment of Rs. 1,140 crores per annum or Rs. 5,700 crores for the Plan period. Our current rate of investment in house-construction is however, estimated to be nearabout Rs. 330 crores per annum (i.e. Rs. 200 crores in the private sector Rs. 80* crores for social housing and Rs. 50 crores for other public

*Assuming that the Working Group's proposal for an outlay of Rs. 400 crores is finally agreed to.

sector programmes). Obviously, substantial funds will have to be raised from individual savings, private builders, corporate sector and financial institutions. The scope for mobilising such resources, even in developing countries like India is very great. In the opinion of the Working Group, the difficulty lies in giving undue emphasis on the aggregate statistics in the formulation of policies. But, as is well-known, these aggregate statistics have limited use. For example, average actual income in urban areas is in many cases double or more than the per capita income and in the metropolitan areas, average income of a person is three to five times the per capita income. Secondly, the social customs and practices in developing countries give more credence to family incomes than individual incomes. In these areas, majority of the families have more than one bread earner. Their capacity to pay rents or to purchase houses is obviously much greater. Besides, the desire to have a house is very intense. Precisely, for these reasons, a relatively substantial amount (over Rs. 110 crores) has been accumulated by the housing cooperatives in India, and the money has been blocked up with the cooperative banks etc. Similarly, there is a great scope for tapping private capital for construction of rental houses in major and metropolitan cities. According to rough estimates, about one-third of Delhi's house construction (after 1960) has been financed by the private sector. Almost the entire capital invested in the ownership flats of Bombay has been found by the private sector. The investment from individual savings and the private capital (including unaccounted money) is largely inhibited because of absence of an effective institutional framework for housing, and due to certain impediments as detailed in paragraph 6 of Chapter V on Urban Housing. Besides, financial institutions are, by and large, absent from the housing field in India, though in the other developed and developing countries they are actively participating by investing in it. The usual plea, for example, in the case of commercial banks is that their deposits are of short term nature and, therefore, cannot be invested on long term basis in assets like house-properties. It is, however, felt that all deposits with the commercial banks are not of short term nature and all are not repayable on demand. We also do not favour major participation by the banks in housing but would like to stress that as in other countries, banks should give stimulus to investment in housing by other financial institutions like trusts, insurance companies etc. The Working Group would like the matter to be fully examined by a Commission/Committee of Inquiry as suggested (in para 6 Chapter V of our Report). Meanwhile, the Working Group would urge upon the Government to initiate on the following suggestions (some of which have also appeared in other chapters of the Report):—

- (a) Permission to private colonisers to develop land under adequate control and according to approved layout plans and standards. (Cf. para 4.4 of chapter IV).
- (b) Mortgage Insurance for land development as is operative in the United States. (Cf. para 4.5 of Chapter IV).

- (c) Allotment of land on no-profit no-loss basis to private builders in major cities for construction of housing and barrack type accommodation for unattached individuals on rents predetermined by the Government from time to time. (Cf. Para 7 Chapter V).
- (d) Sale of developed land to commercial interests and to high income groups on profit (Cf. Para 8 Chapter V).
- (e) Introduction of a new scheme under which subsidy may be given upto 10 per cent or Rs. 1000 (whichever is less) for interest free deposits made for purchase of house-sites/houses.
- (f) Introduction of a house-mortgage insurance scheme under which amount advanced by certain approved lenders on house-mortgage are insured by the Government or its agency.
- (g) Introduction of raffles/lotteries though it is conceded that their scope is limited in view of the floating of lotteries by several State Governments. The prizes under the housing lotteries may be in shape of houses or house-sites.

5. International/foreign aid in the field of Housing

Hitherto such aid for boosting house-construction in India has been very little. Some aid has been given by the United Nations for setting up a Regional Housing Centre for Hot and Arid Regions of the ECAFE in the N.B.O. The W.H.O. (and the Ford Foundation) have given some aid to the Calcutta Metropolitan Planning Organisation but that is strictly in the field of urban development and housing received only a fringe benefit. There is, however, a great scope for investment of foreign capital for promotion of house construction in India. Cheap foreign loans, with a moratorium of at least ten years, can, for example, be immensely helpful in the advance acquisition of land in major cities and new townships. Similarly, international and foreign aid can be helpful for providing cheap building materials and in improving their durability, through the establishment of a few pilot and demonstration projects for industrialised methods of construction. One such project proposal entitled "A pilot and demonstration project for modernization of the building industry with a view to reduce construction costs" has already been submitted by the Government of India to the U.N. Development Programme, for obtaining assistance equivalent to 20 per cent of the estimated cost (*i.e.* \$2.02 million) from the U.N. Special Fund. The Working Group, however, feels that there is scope for more of such plants in India. Again, there is great scope for assistance by the international and foreign agencies in introducing and promoting housing finance institutions in this country. Such aid could be in the shape of 'seed' capital of the institutions as well as for the training of Indian personnel in

the complex subject of house mortgage insurance and savings/loans associations. Foreign aid can also be helpful in the introduction of self-help housing schemes whereby a portion of food surpluses of the developed nations can be used, as was done in the case of Mali and Morocco, for payment of wages in kind.

Here the Working Group would also like to draw attention to the limitations of international assistance in the field of housing. Hitherto, the international organisations have confined their contribution to the supply of information and rendering advice which many countries are unable to implement due to financial difficulties and institutional gaps. A few pilot projects have been taken up here and there but their cumulative effect on housing situations of the beneficiary countries has been quite negligible. None of the existing international organisations has made serious efforts for ensuring implementation of its advice in the field of housing. The I.L.O., for example, passed a comprehensive resolution (No. 115 of 1961) on Workers' Housing but did not devise any system of aid with the result that in many countries (at least in India) the resolution, though well conceived, has not been fully acted upon. Similarly, the United Nations admitted, in their report on Housing and Urban Development in the Decade of Development (1961-70) that external funds would be needed but, as far as we are aware, no such assistance has been provided. The fact is that the U.N.O. or other international organisations have virtually no means of financing such programmes. Its Special Fund and the like do not go beyond financing cost of experts and a few pilot projects. The World Bank (and its subsidiaries, the International Finance Corporation and the International Development Association) have not been favouring lending for housing and allied matters. And, thus, whatever aid in these fields has flowed to the developing countries, it has been from the U.K., U.S.A., U.S.S.R., and other developed countries. The U.K. advances such assistance through the Commonwealth Development Corporation, France through a network of institutions and the U.S.A. through the Inter-American Development Bank. Similarly, the U.S.S.R. has been aiding in the planning of cities (Accra and Yemen for example), supplying building equipment to a number of countries and helping growth of cooperatives in the East European countries. In the circumstances, the Working Group recommends that Government of India use their good offices with the U.N.O. and the World Bank for the establishment of an international bank for housing and urban development in the developing countries. Meanwhile, the Government of India should seek bilateral assistance to the extent possible from foreign governments and from the specialised agencies. It could simultaneously in association with other developing countries, urge upon the World Bank and its subsidiaries to set apart some percentage of their investible funds for housing and allied purposes. Till that is done, the Committee on Housing, Building and Planning of the Economic and Social Council of the United Nations should

coordinate the aid available from different sources to the various developing and developed countries, according to their need and performance capacity. This would avoid or minimise the disparity which obtains in such aid at present, whereby, for example, South American countries receive much larger aid for housing in comparison to the Asian and African nations though the problems are more acute in the latter.

9. Sound Institutional Framework

The various measures suggested by us for mopping up additional resources for housing can best be administered by a business-like National Housing Authority. Such an institution would also cut out red-tape, build up a housing fund, avoid lapse of government funds at the close of a financial year and (peculiar to India) check diversion of housing outlays to other fields of development. Almost all developed countries (U.K., U.S.A., Canada, Australia, Japan) have resolved their housing shortages with the help of such organisations. Even developing countries like Burma, Ghana, Pakistan, Zambia, Kenya, Tanzania, Uganda, Guinea and Nigeria etc., have established such authorities. In India, the need for such an institution was accepted in the First Five Year Plan itself. Though the proposal has been reiterated in the Third Plan and has been considered, more than once, at very high levels, it has not yet been approved. Meanwhile, two Parliamentary Committees (the Estimates Committee and that on Public Undertakings) have also recommended the creation of such an institution. Independent bodies like the Ford Foundation's Study Team on Urban Housing have also favoured its establishment. The Working Group learns that the main hitch in the establishment of such an institution in India is the lack of initial capital of about Rs. 25 crores. In this connection, the Working Group would like to point out that a portion of this capital can be found from the provisions made in the Plan for social housing schemes. It may be pointed out that the Governments of Kenya and Zambia have set up their central housing authorities with the loan assistance of the Commonwealth Development Corporation of the U.K. Similarly, the Nigerian Housing Corporation has been brought about with the U.S. assistance. Like-wise, the Government of India may also consider the desirability of tapping some foreign sources for a part of the initial capital for its central housing authority.

10. State Housing Boards

At the State level, the best agency for implementing the housing programmes is the State Housing Board. But despite consistent recommendations (of the first three Plans) and persuasion, only seven States have set up such Housing Boards (two in Maharashtra). As recommended in para 7 of the Ten Year Perspective Plan (Chapter I), a token Central subsidy (say upto Rs. 2 lakhs per annum per Board) to cover the adminis-

trative expenditure of the States on the Boards may be granted to them during the Fourth Five Year Plan, to encourage them to set up such Boards.

Simultaneously, the fund-raising capacities of the State Housing Boards should be exploited to the full. Almost all existing State Housing Boards are, for example, statutorily empowered to raise debentures but only one has entered this field so far. Similarly, there is an urgent need for authorising the Boards to accept deposits from intending house-builders.

11. Encouraging and activising Housing Cooperatives

(a) The most effective instrument for harnessing private savings for housing is through the Cooperative Sector. This has in fact provided very substantial resources for resolving housing shortages in all Scandinavian Countries and in the U.S.A., and U.K. Cooperative housing offers several advantages. The beneficiaries can make substantial savings in cost through group action; architectural planning can be done on a large scale; and building materials can be obtained cheaply when purchased in bulk. Cooperative housing also facilitates more satisfactory community surroundings since the entire area is planned out with common amenities. Cooperative housing is the best means of providing decent houses at reasonable costs to persons particularly of low and middle income groups who cannot afford to satisfy their housing needs by individual efforts. In India, where the problem of housing is of enormous magnitude, the housing cooperatives have a significant and vital role to play.

While cooperative housing has gained considerable momentum in the States of Madras, Maharashtra and Gujarat and has also made a steady progress in Andhra Pradesh and Mysore, it has yet to register a significant progress in other States. At the end of 1965-66, there were 11,778 primary societies and 13 regional/state level societies. The societies and members constructed 17,087 houses and 15,128 tenements during the year.

The working Group makes the following recommendations :

- (i) 20-25 per cent of the funds allocated under the housing schemes be earmarked for the cooperative housing sector. This percentage may be raised to 40 in the States where cooperative housing has made good progress.
- (ii) The State Governments should earmark adequate quotas of scarce building materials, if any, for housing cooperatives.
- (iii) Where there is a cluster of housing cooperatives, they may arrange large scale manufacture of building materials on cooperative basis.

(iv) A new venture in the field of cooperative housing has been initiated in the Mysore State by organising the Mysore State Scheduled Castes and Scheduled Tribes Cooperative Housing Corporation. The Corporation was set up in 1966. The State Government have given them a loan of Rs. 3.4 crores and share capital of Rs. 0.10 crores out of funds received from the Life Insurance Corporation. Till 3rd September, 1968, loans amounting to Rs. 3.4 crores were sanctioned to members for construction of 17,224 houses. Loans to the order of Rs. 1.58 crores were disbursed till date. 3310 houses have been completed so far. Thus this Corporation is solving the problem of housing among Scheduled Castes and Scheduled Tribes in Mysore State. There is, however, need to provide for better technical supervision to ensure that the houses constructed are of approved specification. The Working Group recommends setting up of similar corporations in the States where housing problem among Scheduled Castes and Scheduled Tribes is acute.

(b) Our housing cooperatives have not, by and large, created any confidence about themselves in the community. There have been some loopholes in the cooperative laws which have been taken advantage of by unscrupulous management. Besides, the Indian housing cooperatives take an unusually long time (from seven to ten years) in providing their members with houses/house-sites. In other countries (e.g. Israel), they take a maximum of three years. The Working Group would, therefore, like to reiterate its suggestion (Cf. Para 7 Chapter I) that each state should have an Apex Cooperative Housing Society. At present, only six States have these bodies. To encourage their formation in the remaining States, financial assistance (e.g. loans for share capital and subsidy for managerial personnel for an initial period) may be given by the Central Government.

CHAPTER III

BUILDING MATERIALS

1. Need for expansion of Building Material Industries

Availability of building materials in requisite quantities is one of the most important factors for increasing the tempo of house building activities and successful execution of building programmes. During the Third Five Year Plan, shortage of essential building materials created serious bottlenecks. In the Fourth Plan, a much higher investment of about Rs. 2,500 crores is envisaged for housing as compared to Rs. 1,567 crores in the Third Five Year Plan. It is expected that the investment in construction during the Fifth Plan will be further increased. Taking into consideration the Ten Year Perspective (Cf. Chapter I), advance action is to be taken for the expansion of various building material industries such as steel, cement, lime, bricks, timber etc., as an essential pre-requisite to the successful implementation of the housing programmes in the Fourth and Fifth Plans.

2. The construction sector accounts for about 2/3rds of the total investment or capital stock of economy. Two-fifths of this investment goes into buildings (residential and non-residential) and the remainder into the non-building sector (such as roads, bridges, ports, dams, canals etc.). Out of the building sector, a sizeable portion is generally represented by the residential buildings.

3. The National Buildings Organisation have collected information on the requirements of building materials from various construction agencies in the country and have estimated the consumption of materials in physical terms according to stipulated norms of consumption of different materials. The proportion of cost represented by building materials in total cost of construction is approximately 70 per cent, of which bricks and tiles, cement, iron and steel, and timber, according to the Central Statistical Organisation study constitute 7.4 per cent, 7.3 per cent, 15.4 per cent and 6 per cent, respectively. This data has been used by the N.B.O. to determine the financial expenditure involved on the four building materials.

4. Requirements of Building Materials

An investment figure of about Rs. 2,500 crores in housing during the Fourth Plan is based on the following assumption:—

1. Private Sector	Rs. 1,800 crores
2. Public Sector (excluding 3 below)	Rs. 400 crores
3. Social Housing	Rs. 233 crores
	<hr/>
	Rs. 2,433 crores
General Pool accommodation	Rs. 50 crores
Cellular Concrete Factories etc.	Rs. 15 crores
	<hr/>
	Rs. 2,498 crores

(Say Rs. 2,500 crores)

In Chapter I (Ten-Year Perspective Plan), however, the working Group have recommended an enhanced provision of Rs. 400 crores for social housing schemes and the total investment in housing may be taken as Rs. 2,700 crores as indicated below:—

1. Private Sector	Rs. 1,800 crores
2. Public Sector (excluding 3 below)	Rs. 400 crores
3. Social Housing	Rs. 400 crores
	<hr/>
	Rs. 2,600 crores
General Pool accommodation	Rs. 50 crores
Cellular Concrete factories etc.	Rs. 22 crores
	<hr/>
	Rs. 2,672 crores

(Say Rs. 2,700 crores)

The size of the new Fourth Plan is taken to be as about Rs. 22,000 crores. On the assumption that the investment in the construction sector will be 50 per cent of this i.e. Rs. 11,000 crores (Rs. 2,500 crores for residential and Rs. 8,500 crores for non-residential) or Rs. 12,100 crores (Rs. 2,700 crores for residential and Rs. 9,400 crores for non-residential) depending on the outlay on social housing, the requirements of major building materials in the construction sector (residential and non-residential) and their estimated production during the Fourth Five Year Plan are given in Annexures I and II.

5. Current rate of production of different Building Materials

(a) **Bricks.**—No exact estimate about the production of bricks is available because it is mostly produced in the unorganised sector. It has been estimated by the National Buildings Organisation through the despatch as of slack coal to brick kilns that in 1966-67 about 20,000 million bricks were produced in the country. With the same level, it is estimated that the production during Fourth Plan would be around 100,000 million bricks.

(b) **Cement.**—The production of cement in 1967 was 11.3 million tons which is 90 per cent of the installed capacity. The capacity of industry at the beginning of Fourth Plan is expected to be about 16.0 million tons due to establishment of new plants and expansion of some of the existing plants. It is assumed that the average growth rate (9% per year) over the last 75 years is maintained in the Fourth Plan and it is estimated that about 87 million tons of cement will be produced in the Fourth Plan period.

(c) **Steel.**—For the period 1966-67 to 1970-71 (the original Fourth Plan period) the Planning Commission has estimated that the production of saleable steel would be 40.2 million tons, out of which about 22.5 million tons was expected to be available for construction.

(d) **Timber.**—The Directorate of Economics and Statistics (Ministry of Food and Agriculture) have given out the turnover of timber as 6.5 million cu. mt. and 5.9 million cu. mt. for the year 1963-64 and 1964-65 respectively. It is estimated that 45 per cent of the timber roughly goes into the construction industry; on this norm 13.5 million cu. mt. of timber would be available for the construction industry and rest will go for alternate uses.

6. Steps necessary to meet the shortage of bricks

As will be observed from the Annexures I and II, with the anticipated investment of Rs. 11,000 to 12,000 crores in construction sector, there is not likely to be any shortage of cement, iron and steel and timber (including wood panel products). But the anticipated shortage of bricks will be between 50,000 to 65,000 million depending on the extent of investment in the construction sector. The National Buildings Organisation have suggested that the shortfall in the availability of bricks may be met as follows :—

- (a) two thousand million bricks by establishing 50 mechanized brick plants of 40 million bricks capacity, each;
- (b) two hundred million sand-lime bricks by establishing ten sand-lime brick plants of average capacity of 20 million bricks per year each;
- (c) three hundred million bricks equivalents by establishing five cellular concrete plants of capacity 1.38 lakh cubic meters per year each.

The establishment of the above new building material plants would require an investment of Rs. 34.25 crores involving foreign exchange of

Rs. 13.5 crores for production of two thousand five hundred million bricks equivalent per year as given in the table below :—

(Brick equivalents in million numbers)

New building material plants	No. of units	Total capacity per year	Total foreign exchange (Rs. in millions)	Total investment (Rs. in millions)
Mechanised brick plants	50	2000	65	200
Sand-lime brick plants	10	200	15	30
Cellular concrete plants	5	300	55	112.5
	65	2500	135	342.5

(13.5 crores) (34.25 crores)

The establishment of the above mentioned new building material industries would also permit application of new construction techniques thereby effecting economy in construction. Two cellular concrete plants are proposed to be set up soon. These plants should be shown as centrally sponsored programmes with 100 per cent Central (Loan) assistance during the Fourth Plan period. As regards other plants, Government should either directly undertake production of the above mentioned building materials or encourage their production in the private sector by giving reasonable facilities to the manufacturers, such as releasing the minimum foreign exchange required for importing machinery and grant of financial assistance to them, and by using these materials in Government construction. In any case, foreign exchange to the extent of about Rs. 13.5 crores should be earmarked for setting up these new building material industries in the Fourth Plan.

7. Reduction in Building Costs

The measures proposed above to ensure an adequate supply of traditional building materials, supplemented with production of competitive non-traditional materials, would go a long way to keep down the building costs. The Working Group further note that the subject of effecting reduction in building costs has been engaging the attention of the National Buildings Organisation and a good deal of action has already been initiated by them during the Third Plan. In this connection, the National Buildings Organisation have tried to minimise the consumption of scarce building materials, promote use of new building materials and techniques, lay down economic norms and standards for repetitive types of buildings, formulate guiding principles and building codes for low-cost housing, and encourage building research and experimental construction. The Working Group recommend that action by the National Buildings Organisation in all these directions should be intensified during the Fourth Plan, in view of the heavy investment and Government subsidies involved in housing and other buildings in successive Five Year Plans.

ANNEXURE I

Building Materials Requirements in the Fourth Plan when investment in Construction Sector is Rs. 11,000 crores (Rs. 2,500 crores in residential sector and Rs. 8,500 crores in non-residential construction sector)

Sl. No.	Material	Unit	Requirements		Total	Estimated production during the 4th Plan	Shortage
			Residential	Non-residential construction sector			
1	2	3	4	5	6	7	8
1	Bricks	Nos. in Millions	61,000	90,000	151,000	100,000	-51,000
2	Cement	Million Tons	23	57	80	87	+7
3	Iron & Steel	Million Tons	3.1	16.0	19.1	22.5	+3.4
4	Timber	Million cub. mt.	4.3	8.1	12.4	13.5	+1.1

ANNEXURE II

Building Materials Requirements in the Fourth Plan when investment in Construction Sector is Rs. 12,100 Crores (Rs 2,700 crores in residential sector and Rs. 9,400 crores in non-residential construction sector)

Sl. No.	Material	Unit	Requirements		Total	Estimated production during the 4th Plan	Shortage
			Residential	Non-residential construction sector			
1	2	3	4	5	6	7	8
1	Bricks	Nos. in Millions	66,000	99,000	165,000	100,000	-65,000
2	Cement	Million Tons	25	61	86	87	+1
3	Iron & Steel	Million Tons	3.4	18.0	21.4	22.5	+1.1
4	Timber	Million Cub. Mt.	4.6	9.0	13.6	13.5	-0.1

CHAPTER IV

LAND ACQUISITION AND DEVELOPMENT

Since land is the essential pre-requisite for all urban development and housing programmes, the most scientific approach to the question of land acquisition and development would be to discuss it as an integral part of the overall concept of urban development. However, Town and Regional Planning and Urban Development are not within the scope of this Working Group. In this chapter, therefore, the subject of land acquisition and development is discussed only in its limited applicability to housing, without losing sight of the basic principles of town planning which are indispensable for any successful housing programme. The wider field of Town and Regional Planning and Urban Development is being covered by the Working Group on Health, L.S.G. etc.

In the previous Five Year Plans, the question of land acquisition and development has received only a subjective importance in relation to its value to the various social housing schemes. In the context of the growing need of developed land for housing and allied programmes on the one hand and the relatively limited resources of the Government on the other, this should be treated as a subject of major objective importance and the Fourth and the successive Plans should bring about some dynamic thinking in the matter.

Physical and Financial Requirements

2. It has been estimated that on the basis of the present average gross density of 33 per acre about 24 lakh acres would have to be acquired and developed to accommodate the urban population by 1981. Even assuming that a highly intensive land-use is planned to achieve a gross density of 66 per acre (*i.e.* double the present density) the requirement of urban land would be in the neighbourhood of 12 lakh acres. The corresponding financial involvement would work out to about Rs. 6,000 crores on a modest estimate of Rs. 50,000 per acre (including cost of raw land and development charges). Against the back-ground of a such colossal requirement, the indications are that a meagre sum of only Rs. 25 crores would be available from Government sources for financing land acquisition and development projects in relation to the programmes under the social housing schemes.

3. *Land Policy*.—It would be obviously impossible to attempt to tackle so vast a problem through public sector activity alone. It should be possible to deal with the problem effectively through a *four point programme* as indicated below:—

First, ways and means should be devised to augment the extremely limited funds available from governmental sources and to put them into effective use, especially for meeting the housing shortage of the low and middle income groups.

Secondly, suitable measures should be adopted to induce a steadily increasing measure of activity in the private sector, which has to provide the major effort and the bulk of fund

Thirdly, efforts should be minimised the delay in acquisition proceedings through legislative action to the extent possible and by gearing up the machinery for acquisition.

Fourthly, all urban housing programmes should be planned and implemented on the basis of intensive rather than extensive land-use.

Measures recommended for adoption in the Fourth Plan

In consistence with the policy enunciated in the preceding paragraph, the Working Group would recommend the following measures for adoption.

4. *Revolving Funds*.—(a) In the absence of adequate financial resources, it is necessary to increase the potency of the limited funds available, so as to enable the State Governments to finance larger programmes. For this purpose, it was suggested in the Third Five Year Plan that revolving funds should be created with loan assistance provided under Land Acquisition and Development Scheme as the nuclei. According to the present arrangement, funds for the Land Acquisition and Development Scheme are provided out of the loans advanced by the Life Insurance Corporation of India. Till 1965-66, these were repayable by the State Governments in 25 annual equated instalments of principal and interest; alternatively, it was also open to the State Governments to pay only the interest annually and return the principal in one lumpsum at the end of 25 years. In the latter case, however, the State Governments were required to set up sinking funds to amortize the loans: according to the instructions of the Reserve Bank of India, the annual subscriptions to the sinking funds have to be equal to the annual instalment of principal to be repaid. From the year 1967-68, the Life Insurance Corporation are advancing loans for housing repayable in 25 annual equal instalments of principal and interest being repayable half-yearly. In effect, the return from the investments in the Land Acquisition and Development projects

would be more or less sufficient to meet debt servicing and there is not much margin for the proceeds to be ploughed back. Consequently, it has not been possible to set up Revolving Funds as envisaged in the Third Plan. It is, therefore, suggested that the amount of Rs. 25 crores proposed to be made available in the Fourth Plan should be allocated to the State Governments in the shape of regular Revolving Funds. If necessary, the State Governments may be required to refund the amount so allocated after a period of 30 years with simple interest. Normally, it would take about 3—5 years before the returns from the investments on Land Acquisition and Development projects can be expected to flow. Thereafter the returns could be ploughed back into fresh projects and thus made to revolve at least six times before maturity for repayment. By including an appropriate percentage for debt servicing in the cost of each project and by charging a higher sale price on the parcels of land allotted to commercial interests, it might be possible for the State Governments to refund the entire amount of loan after the period of 30 years without inconvenience. The Working Group strongly recommend that this important proposal be accepted.

(b) The Working Group, further consider that the revolving funds, so constituted may be augmented by pooling the income on account of the following:—

- (a) Ground rent on land allotted on leasehold basis;
- (b) Betterment charges on leasehold land (which may mop up 50 per cent of the un-earned increment in the value of such land), when it is sold or transferred by the owner; and
- (c) Betterment levies on free hold land, when some town improvement results in an appreciation of the value of such land.

The Third Five Plan had recommended the levy of a Capital Tax on transfer of free hold lands. Although the current emphasis is on the allotment of land on leasehold basis, it would be difficult to prevent the perpetuation of freehold rights, where they already exist. It would, however, be reasonable to maintain that the transfer of such privileged rights should also carry a premium. It is considered that the proceeds of the Capital Tax should also be pooled to augment the Revolving Funds.

Inducements to Private Colonisers and Self-Financing Schemes.

5. *Private Colonisers*.—Since the problem is too vast to be tackled by public authorities alone, private colonisers must be permitted to develop land according to approved lay-out plans and standards on payment of betterment levy and charges for provision of trunk services. Wherever possible, such projects could also be carried out by public authorities in

collaboration with private colonisers, cooperatives or other non-profit Organisations: in these cases, the public authorities may provide the land and the lay-out plan, to the collaborators for development and sale according to prescribed principles.

6. *Mortgage Insurance for Land Development*.—It is noteworthy that the Federal Government of U.S.A. have introduced a system of mortgage insurance for land development to promote land developmen in the private sector. The salient features of the relevant provisions are indicated in Annexure I. The Government of India should examine the feasibility of introducing a similar system through the Central Housing Board, if set up or otherwise in collaboration with Land Mortgage Banks and other financial institutions and the Life Insurance Corporation of India. The twin qualities of 'security' and 'liquidity' inherent in such insurance will create a sound land mortgage market and encourage private sector investments in land development. Since land development programmes would involve only short-term credits of 5 to 7 years' duration, large banking institutions would be interested in financing such programmes on the strength of the under-writing.

7. *Self-Financing Projects*.—Apart from the projects which may be financed from funds provided by the Government of India or any other source, the State Governments should also formulate and implement self-financing schemes.

Example.—Let us assume that it is proposed to acquire and develop 500 acres, according to an approved lay-out plan, in say four stages or parcels. By advertising the scheme, about *one-fourth* of the total estimated cost could be collected from applicants (including individuals, cooperatives, small and medium industries, commercial concerns etc.). With the amount so collected, the first stage of development might be completed and building sites allotted by drawing lots. Possession should be given on payment of full sale value arrived at on the basis of cost analysis. Plots for industries or other commercial purposes may be sold at a higher rate, with a premium or surcharge for preferential localities, such profits being turned over to reduce the price of plots for the low income groups. The sale proceeds thus collected should be utilised to finance the second stage of development and so on. Suitable mutations of this procedure may be adopted wherever necessary to render the proposition practicable. The aim should be to complete the entire project expeditiously, say within a period of 5-6 years.

The working of the '*Salt Lake Reclamation Scheme*' of the Government of West Bengal would provide some practical guidance in the matter.

8. *Delay in Land Acquisition Proceedings.*—It is a well known fact that inordinate delay is almost an inevitable feature in land acquisition proceedings. This, in fact, presents the primary bottle-neck in the progress of housing and other development programmes. The following statement of the Law Commission pointedly explains the position:

“The present Central Act has been in force for over 60 years. Experience has shown that inordinate delay occurs in acquisition proceedings. The main complaint of the Governments is that they are greatly handicapped in carrying out large projects in and outside the Development Plans as well as other works of public utility as the machinery provided and the procedure laid down in the Act lead to great delays in obtaining possession of land sought to be acquired. Most of the delay occurs in the initial stages of the proceedings between the date of the notification under section 4 and the declaration under section 6. Further delays arise in the making of the award by the collector, with the result that as under the existing law, the Government cannot obtain possession until the award is made and the taking of possession is indefinitely delayed”.

In order to eliminate the delay, the Law Commission recommended the incorporation of certain specific time-limits in the existing Act for different stages of the proceedings; but the Government of India were not in favour of any such statutory limitation. It was considered that if the time-limit happened to be transgressed at any particular stage, owing to some fortuitous circumstances beyond the control of the authorities concerned, the entire proceedings might become *null and void* and would have to be instituted *ab initio*. While there is considerable force in this argument, the necessity for elimination of the delay cannot also be overstressed. The Thacker Committee set up by the Housing Ministers' Conference, Chandigarh, recommended a compromise solution in this regard. The Committee suggested that in exercise of the power conferred under Section 55 of the Land Acquisition Act of 1894, the State Governments should frame rules specifying appropriate time-limits for completing the different steps of proceedings: the rules should be carefully worded so as to be purely directory in character and not susceptible of being construed as mandatory. This is a very helpful suggestion which would go a long way in expediting land acquisition proceedings. The Working Group would, therefore, recommend that this should be included as a specific directive in the Fourth Plan.

9. *Public Purpose*.—Another vexing factor is the absence of a clear-cut definition of the term 'public purpose' in the Land Acquisition Act of 1894. This frequently leads to disputes and litigations and consequently hampers or vitiates land acquisition proceedings. In this connection, the Law Commission had observed as under:

“The determination that a purpose is a 'public purpose' is no longer a matter for the subjective satisfaction of the appropriate Government. The existence of a public purpose is a necessary condition to the acquisition or requisitioning of property and that the existence of such a purpose must be established objectively has been settled by the decision of the Supreme Court in *Bella Banerjee's case* . . .”

The existing Act contains only an inclusive definition relating to the provision of village sites in districts where it is customary for the Government to make such provision. While the Law Commission was not in favour of an exhaustive definition as it might militate against changing circumstances, they however, considered it necessary to provide an enlarged inclusive definition; accordingly they suggested an alternative definition, which would have brought the acquisition of land for housing and allied programmes under the scope of the term "public purpose", unequivocally within the meaning of the Act. This suggestion was not accepted by the Government of India as it was felt that there was sufficient case law available to determine the scope of "public purpose".

10. Experience, since then, has shown that the absence of a statutory definition of the nature proposed by the Law Commission is indeed a serious handicap in the implementation of housing programmes. The determination of "public purpose" is justiciable; the rulings of the Courts are not always helpful; and disputes in this regard could hold up housing programmes for years. On the other hand, if the land acquisition statute itself could contain some positive guide-lines for the interpretation of "public purpose", it would help to avoid unnecessary litigations and accelerate housing programmes. The Working Group, therefore, recommend that the definition of the term "public purpose", as contained in the existing Land Acquisition Act (Central Act) should be amended to reflect the latest decisions of the Supreme Court in the matter.

Organisational weakness of the normal machinery in the State Governments would also appear to contribute to the delay in the acquisition of land for housing and allied programmes. The Thacker Committee observed that "the Land Acquisition Collectors and other officers are generally unable to devote sufficient time to land acquisition work, which is only

a secondary part of their executive or judicial functions. As a result, acquisition proceedings are abnormally delayed and hearing of cases is frequently adjourned". The Committee, therefore, suggested that the State Governments should examine the feasibility of authorising the State Housing Boards/Departments to acquire land for housing schemes instead of through the Revenue Departments.

The suggestion is, no doubt useful; but since Housing Boards are autonomous statutory bodies it may be difficult to invest them with the powers of the State Governments in the matter of Land Acquisition, except to the extent envisaged in section 38 of the Act. The Working Group would, however, recommend that the State Governments should consider the feasibility of delegating necessary authority in this regard to their Housing Departments or otherwise the existing machinery should be suitably strengthened to facilitate expeditious acquisition of land for housing and allied programmes.

11. *Land Use*.—We now come to the last item of this Chapter, which however, deals with the most important aspect of urban land problem.

A Team of Ford Foundation experts, who examined the problem of urban housing in India, in 1965, have described the situation most succinctly, as under:—

"The search for suitable building sites has become a major preoccupation of the public and private construction sectors. Regardless of improvements made in housing finance and construction methods, there can be no hope of a significantly enlarged housing programme unless something is done to correct the chronic shortage and steeply rising costs of urban land.

The problem seems to defy solution. The prospects for developing large supplies of inexpensive suburban land are severely limited by an inadequate public transport system and highway network. And efforts to establish administered prices for land acquired under eminent domain have been frustrated by a recent Supreme Court ruling that current market value must be the basis for the settlement of claims."

This refers to the decision of the Supreme Court, as contained in two separate judgements (of 5th October 1964) which struck down the Land Acquisition (Bombay Amendment) Act, 1948, and the Land Acquisition (Madras Amendment) Act, 1961. The Bombay amendment sought to freeze land value at January, 1948 level, whereas the Madras amendment provided for compensation on the basis of the market value of land at the

date of publication of the notification under Section 4 of the Central Act of 1894 or an amount equal to average market value during the five years immediately preceding the notification whichever is less. The Supreme Court considered this as "a fraud on power" and maintained that the compensation should be relevant to the value of the property at the time of acquisition.

12. The problem is not peculiar to India, but is common all the world over, especially in and around growing cities. The scarce and expensive quantum of urban land has to be carefully balanced with expensive elements of growing population and rapid industrialisation. Regional planning, progressive urbanisation of rural areas, promotion of productivity potential through village industries etc. are some of the long range measures which might seem to provide lasting solution. But the immediate answer indubitably lies in the conservation of urban land by intensive land-use methods. This has come to be accepted as a vital necessity in all the developed countries.

13. "If urban land is to be conserved, it is necessary to develop every parcel of land to the highest density consistent with accepted environmental standards. This means that despite innate preferences for one-storey, individual homes, a much larger proportion of new housing should be in the form of multi-storey structures. It also means that the height limitations of the present zoning regulations should be liberalized and the minimum as well as maximum limits should be placed on floor-area ratio. Property owners should be encouraged to build additional storeys on existing structures and to sub-divide large flats into smaller ones, which will increase the supply of housing without simultaneously increasing the demand for sites." These remarks of the Team of Ford Foundation merit serious consideration. If an appropriately high density is to be achieved, it also implies that the following factors should be kept in view:—

Three-Dimensional use of Land.—The surface, the sub-surface and the super-surface should be fully utilised: the sub-surface for sewer and water laterals and foundations, as also for basements, garages, godowns etc. as the case may be; the surface for the basic ground-floor structure; and the super-surface for double, triple or multiple storeys (especially in large cities).

Air Rights.—Wherever possible, buildings might be erected on the basis of air rights (i.e. right to the use of super-surface by virtue of the right of possession of the surface of the land) even over rail-tracks, roads etc. This might be followed in congested metropolitan cities: The Merchandise Mart in Chicago which is a huge-structure built on stilts above rail-road tracks and the Life Insurance Corporation building, "YOGAKSHEMA" at Bombay-built over a road, are good examples.

Sub-Division.—“Site preparation is often loosely referred to as ‘sub-dividing’ or ‘plotting’”. “A tract of land may be sub-divided in alternate ways, some yielding more buildable area than others. Local authorities should supervise both public private sub-division to assure that the land is carved up without waste, that only the necessary minimum is devoted to streets and that future structures will be grouped to provide more open space for the community use and less for the individual parcel”. In other words, in the planning of housing projects sub-division of a large area should be made in such a manner as to yield optimum land-use. It should be remembered that the economic value of land can be markedly influenced by the shape and proportions of the parcels. Again in forming the lay-out, it is to be borne in mind that ‘streets are not only a factor in the arrangement of land use, but also a major user of land area, upto 25 or 30 per cent in most cities’.

14. The Working Group have made the foregoing proposals after a careful study and analysis of the current situation and they have no doubt that the position could be improved greatly in the coming years to the extent to which the proposals are adopted in the Fourth Plan and followed up in the succeeding Plans.

ANNEXURE I

Salient features relating to Mortgage Insurance for Land Development, as provided in the Housing and Urban Development Act of 1965 (U.S.A.)

- (a) The scheme is applicable only to agencies other than a Public Body.
- (b) The Mortgage should be made to and held by an approved mortgagee.
- (c) The mortgage will cover the land to be developed and the improvements to be made.
- (d) The extent of Insurance obligation *shall not exceed* 75 per cent of the estimated value of the property upon completion of land development, 50 per cent of the value of land before development and 90 per cent of the cost of such development.
- (e) The maturity of the period of land development mortgage shall be limited to 7 years.
- (f) The land development project should be a fully approved project under an overall development plan and should possess a sound economic base, involving sound land-use patterns, provision of proper community facilities etc.
- (g) The project should be capable of encouraging diversified local home building industry, ensuring proper balance of housing for families of low and moderate income.
- (h) The outstanding principal obligations of mortgage in a single land development undertaking shall not exceed 310 million (Rs. 7.5 crores).

CHAPTER V

URBAN HOUSING

1. *Rate of Urbanisation.*—During the last three decades, there has been a very rapid rate of urbanisation in India. In the last decade (1951-61) in particular, the rate of urbanisation (26.14 per cent) was greater than our rate of population growth (21.64 per cent). Even the urban population of 7.89 crores, reported in the 1961 census, is likely to be about 9.72 crores in April, 1969. The situation is further aggravated by the increase in number of large cities. While 1951 census had reported 75 towns having a population of one lakh and more, the corresponding figure of 1961 census is 113. Among these, the largest towns have grown the fastest. About 2 crores of our people (or say one fourth of the total urban population) are concentrated in eleven metropolitan cities of Calcutta, Bombay, Delhi, Madras, Hyderabad, Ahmedabad, Bangalore, Kanpur, Poona, Lucknow and Nagpur. Their total population must be much more because the above statistics do not cover the families living in their suburban areas.

2. *Urban Housing Need.*—House-construction on the other hand, has been lagging considerably behind the rate of urbanisation. The public housing programmes of all Ministries, States, public undertakings, local bodies etc., could barely provide about 8 lakh houses during the last 15 years. (This debt includes about 4 lakh houses built under the social housing schemes). Reliable statistics of houses constructed during the above period in the private sector are not available. However, it has been estimated that this sector might have built about 2 lakh housing units per year. Thus, the overall annual rate of new construction works out to only 3.5 units per thousand persons as against ten units recommended by an expert group of the United Nations. Comparative figures (housing units per thousand persons per year) of certain developed countries are illustrative of the trend:—

1. U.S.S.R.	10.3
2. West Germany	10.2
3. Sweden	10.00

4. New Zealand	9
5. Australia	8.7
6. Denmark	7.6
7. France	7.3
8. Japan	7.2
9. Hong Kong	6.76
10. U.S.A.	6.5

That is why our urban housing shortage has been increasing progressively: it was 28 lakh units in 1951, 93 lakhs in 1961, 114 lakhs in December, 1967 and is expected to rise to 119 lakhs in April, 1969. Further more, about 12.5 lakh units may be added to the effective demand, during the period of the (new) Fourth Five Year Plan, due to new family formations. Another 5 lakh housing units would be required to cover replacement of deteriorated houses. Thus, in all, there would be a shortage of about 136.5 lakh housing units during the next Plan period.

3. *Urban Housing Conditions.*—Such a huge shortage inevitably results in congestion and over-crowding. For instance, 84 per cent of the residents of Gorakhpur have less than 50 sq. ft. of space per person. Similarly, in Hubli, 14 per cent of the total population live at the rate of seven or more persons per room. In Jamshedpur, 35 per cent of the dwellings have more than one family in each. A recent National Sample Survey revealed that as much as 22 per cent of houses in urban areas were 'bad, dilapidated and improverished'. Similarly, a recent survey by the Ranchi Improvement Trust found 55.54 per cent of the existing houses as unsafe and unfit for human habitation. As regards essential services, 60 to 70 per cent of the residents in India's two largest cities (Calcutta and Bombay) have no bath room facilities of any kind while 8 per cent to 12 per cent dwellings have no latrines even. Such living conditions constitute a great health and social hazard, besides adding to the pressure on the cities' essential services.

4. *Need for a New Housing Policy.*—In strict economic terms, urbanisation is an expensive process. While a moderate small-sized house in a village costs about Rs. 3,000, similar accommodation in a medium city costs Rs. 10,000. The cost is still more (ranging between Rs. 15,000 to Rs. 20,000) in metropolitan areas.

As stated earlier, the backlog of our urban housing shortage of 119 lakhs is really gigantic. Besides, it is increasing at the rate of about 5 lakh units per year, as house construction is lagging far behind the demand. The social housing schemes, due to low annual allocations, are able to provide

30,000 to 35,000 units per year. Even if the outlay is stepped up from Rs. 233 crores to Rs. 400 crores as recommended by us in chapter I, the social housing schemes are not expected to provide more than 4 lakh houses in the Plan period. Other public sector programmes are also not likely to provide more than 50,000 houses per year, which would mean about 2.5 lakh housing units in the Plan period. As regards construction in private sector, reliable statistics are not available. The N.B.O. have undertaken surveys of house construction in 13 major cities, in association with the N.S.S., but the results are likely to take some more time. Meanwhile, it has been roughly estimated that about 2 lakh housing units are being built by the private sector every year. Thus, even if all assumptions come true (which is very unlikely), we will be building about 3.3 lakh new units per year. This would not meet even the annual increase in housing deficit, not to speak of neutralising the huge back-log. In the circumstances, the Working Group feels that the Government should evolve a bold housing policy, particularly for the urban areas.

5. Measures for De-Urbanisation.—The solution lies in checking further migration of people from the villages and small cities to major urban agglomerations. This can be made possible by re-orienting the licensing policy for the establishment of new manufacturing units. At present, a majority of new manufacturing units are being set up in major cities. For example, 48 per cent of licenses issued for selected manufacturing groups during 1951-61, were meant for cities with population of one lakh and more. This policy will have to be radically changed so as to locate more and more new units in semi urban or rural areas and small cities. It is admitted that all rural areas may not be favourable for certain specified manufacturing processes because of difficulty of communications, adequate power and water supply, etc, but the potentialities for their location in small and medium size cities can always be improved. In point of fact, many other countries are now following a deliberate policy of encouraging establishment of new factories in medium size cities. Similarly, as far as possible, new offices of the Central Government, State Governments and public undertakings etc. should be located in well-connected medium-size cities. Finally, for reducing the burden of population in metropolitan and other major cities, the Government should draw up and implement co-ordinated plans for the establishment of satellite towns around these major cities.

6. Exploitation of Private Capital for Urban Housing.—Secondly, urban areas offer much greater scope for exploiting the private capital for the construction of low-income housing. By and large, all urban settlements suffer from grave housing shortages, over-crowding and congestion. This results in sharing and renting of even minimum accommodation. Thus,

according to a recent study of the N.S.S. as much 47 per cent of the urban population has been living in rental accommodation. This does not include the number of families living in jhuggies and jhopris, slums and on pavements. Now, with comparatively better employment opportunities, the per capita income of urban population is better than that of all-India. This means that the rent-paying capacity of a majority of urban families is slightly better. In the normal course, therefore, private enterprise should have come forward on a large scale to build houses for being given out on rent. The cost of construction have, however, become so high that persons in the low income brackets cannot afford the economic rent of even a small two roomed house. Besides, there are a number of impediments on the entry of private capital in the field of low cost housing. Unfortunately, these restrictions have never been objectively studied in India. In other countries, there have been periodical expert studies of such important questions. The Working Group, therefore, urges upon the Government of India to set up a competent commission/committee of inquiry to go into this important question. Prominent non-official experts should also be represented on such a body when set up. Meanwhile, however, the Central and State Governments should initiate action on the following measures:—

(a) *Rent Control Laws.*—These laws were initially enacted by the States in India, as in many other countries, as war-time measures for limited periods. But as in other countries, these have become, more or less, a standing feature here. It has, however, to be recognised that from the housing point of view, rent control laws tend to aggravate housing shortages in the following ways:—

- (i) By impeding the flow of private investment into new constructions.
- (ii) By diminishing the stock of existing houses due to lack of proper maintenance and repairs which is directly attributable to rents having been pegged down to levels which have no relation to present day costs etc.

Of late, however, other countries have been reviewing their rent control laws with a view to stimulating (or at least not inhibiting) new house construction. Such progressive review has not yet been taken up in India, though all the three Plans have emphasised it. This is because in India, rent control is a State subject on which the Centre cannot enact laws in normal circumstances and the States, by and large, do not appear to have shown much awareness of the gravity of the growing housing problem. The result is that the Indian rent control laws provide for the fixation of fair rents on the basis of 6 per cent 7½ per cent of return on investment which, in present credit conditions, is much less than that of investments in other ventures. The rent control laws of some

States do not also contain provision for 'rent holidays' for some years in respect of new houses. Finally, in some laws, there is no provision for eviction of the tenants with a view to carrying out essential repairs. The Working Group, therefore, would urge upon the States, to review their rent control laws with a view to stimulating house construction.

- (b) *Income-Tax Concessions.*—Under the Income Tax Act, as amended in 1961, the income from new residential units fetching a rental of less than Rs. 600 per annum per unit is exempt from income tax for an initial period of three years. A deduction of Rs. 600 per annum per unit is also allowed from the rental income of all new residential units for an initial period of three years for the purpose of calculating income tax. These concessions, however, do not go very far in promoting the construction of houses by private investors. The Working Group, therefore, recommends that the limit of Rs. 600 may be raised to Rs. 1200 and the exemption period from three to five years. In this connection, it may be pointed out that on the basis of a gross rental calculated at 8 per cent of the capital cost, the rent of a modest dwelling, costing about Rs. 15,000 works out to Rs. 1200 per annum. The present exemption limit of Rs. 600 is, therefore, too low.
- (c) *State Taxes on Houses and Buildings.*—In certain States (e.g. Assam, Madras and Punjab) houses are subject to property taxes of the State Governments, in addition to local municipal taxes referred to in (d) below. Such a levy by a municipal body is justified on the ground of the civic services provided by it. But the same cannot be true of the property taxes levied by the State Governments. The Taxation Enquiry Commission also did not see any justification for levy of any property taxes for the purposes of the State Governments. The Commission had, on the other hand, recommended that such taxes should be given up and replaced by municipal levies. Besides, as pointed out by an I.L.O's report, the property taxes are legacy of the past when ownership of property was the best index of a man's ability to pay taxes. These are hardly an appropriate source of public revenue now when taxes are mainly based on the tax payer's income. The I.L.O's report further stated that "the property taxes are fundamentally a survival from a different sort of economy and act as a hindrance in development of better housing standards". The Working Group recommends that the States which have levied such property taxes may be advised to abolish them, as early as possible.

- (d) *Municipal Property Taxes.*—The Working Group is also of the view that the system of municipal taxation on houses needs to be rationalised in the following manner:—
- (i) Such taxes may be levied on a sliding scale on the analogy of income tax, under which the rate of tax increases progressively with the size and cost of a house. This will provide relief to owners of low-cost houses without reducing the overall revenue from such taxes.
 - (ii) In respect of houses for low income groups, the house tax may be computed on the basis of an annual rental value not exceeding four percent of the capital cost. Further, houses with annual rental value not exceeding Rs. 250, should be exempted from the purview of such taxes as recommended by the Conference of Housing Ministers held at Bhubaneswar in 1961.
 - (iii) The houses built by housing cooperatives should be allowed 30% rebate from the property taxes as recommended by the Working Group on Housing Cooperatives and as actually permissible under the Bombay Municipal Corporation Act.
- (e) *Surcharge on Stamp Duty.*—Many States have levied a surcharge on stamp duty payable on the instruments of mortgages etc. executed by the beneficiaries building houses under the Low and Middle Income Group Housing Schemes. In certain cases, the surcharge is as much as 50% of the original stamp duty and adds considerably to the overhead costs of a new house. The State Governments may be advised to exempt low cost houses from this surcharge.

7. *Selective Approach in Urban Housing*

Thirdly, urban housing offers comparatively better scope for applying the principle of selective approach as enunciated in our Ten-Year Perspective Plan (Chapter I). The 1961 census divides our urban settlements as under:—

(a) Cities having population of five lakhs and more ..	13
(b) Cities with population between 3 and 5 lakhs. ..	13
(c) Cities with population between 1 lakh and 3 lakhs. ..	87
(d) Cities with population between 50,000 and 1 lakh. ..	139
(e) Cities with population of less than 50,000. ..	2453

Though housing conditions in all these settlements are un-satisfactory, those of the first category are the worst. In fact, in these cities (*i.e.* with 18 M. of W.H.S.

population of 5 lakhs and more), the nature of housing problem is unique in many respects. Land is very scarce and its value is exorbitantly high, as indicated below, in the case of four such cities:—

Percentage increase in land values in Major Cities during 1960—65

Sl. No.	City	Central or functionally important areas		Undeveloped areas within municipal limits		Surrounding areas outside municipal limits	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
1.	Calcutta	0	100	300	900	567	1300
2.	Kanpur	100	400	..	61	..	51
3.	Nagpur	..	220	28	80	..	..
4.	Hyderabad	733	1567	1100	1900	..	300

(Source : Town and Country Planning Organisation)

Similarly, in the case of affluent colonies of Delhi, land valued @ Rs. 10 to Rs. 20 per sq. yd. in 1955—59, was sold between Rs. 150—250 per sq. yd. in 1967. Labour wage rate in such metropolitan areas is also considerably higher than that of smaller cities. Building materials, particularly bricks and timber, are also costlier in these areas. The per capita income in these areas is, on the other hand, higher than that of smaller cities. Broadly speaking, each family has more than one earner. Sharing of accommodation with other families is very common even though majority of families are, able and willing to have their own rented accommodation, with comparatively lesser accommodation and essential services, provided it is available within their means. After all, independent accommodation, even though small, is considered better than sharing a room with another family or living in jhuggies-jhopries or on the pavements. This calls for lowering of general standards of accommodation for low income groups. It may consist of a small two-roomed house (the second one as a kitchen-cum-multipurpose room) or a room and a kitchen only. In order to reduce cost and consequently rents, flush out latrine and bath room could, if necessary, be shared by two families even though it would not be desirable from the sanitation etc. point of view.

The effective demand of such houses is likely to be so large that even with the reduction of standards, we may not be able to provide enough houses with the existing provisions. We might, therefore, encourage construction of such rental houses by the private sector on the basis of layout

plans approved by the Government. The private sector may be forthcoming to do so only if it is given land (from that acquired for public purposes) on no-loss no-profit basis and allowed a reasonable return (say nearabout 9% gross) on its capital with suitable safeguards. The lease of land should be renewable, on a higher ground rent, after every lap of thirty years.

In metropolitan areas, there is also a large number of single unattached people, both-white collared and unskilled labourers. The private sector should be encouraged to build barrack type single accommodation (with one cot space and one cupboard for each such occupant) for allotment to such people on low rent. Here, as in the earlier case, the private sector will have to be given land on moderate rates. Rents in both cases will be pre-determined by the Government from time to time.

Such programmes can be eventually adopted in and around project areas of new townships (like Durgapur etc.) and cities having population of less than five lakhs. The Working Group feels that by taking up such programmes we may be able to make an impact on the gigantic housing problem in the urban areas.

8, Sound Urban Land Policy

The Working Group has separately made certain proposals about land acquisition and development in the Fourth Plan (Cf. Chapter IV). Here, it would like to emphasise that a sound urban land policy has the potentiality for making all housing operations (of low income groups) self-financing. A substantial part of acquired land can, for example, be sold on auction to commercial and high income groups and the profit used to reduce the cost of land construction for low income families. Again, much valuable land can be conserved by increasing density standards according to the size of a city. The building bye-laws of many local bodies which do not allow construction of houses on small-sized plots, should be relaxed so as to encourage construction on small-sized low cost houses. Simultaneously, each local body of the metropolitan and other major cities must fix maximum size of plots beyond which construction of houses would not be allowed.

9. Social Housing Schemes

(a) As already stated, three fourths of our urban housing shortage is in eleven metropolitan cities. It is here that an impact of the problem can be made. This can be done by giving some weightage to the following States (having major cities) while making allocations under the urban housing

schemes, including L.I.C. funds, provided they agree to restrict their housing programmes to the cities in question:—

1. Andhra Pradesh	1	Hyderabad
2. Gujarat	1	Ahmedabad
3. Madras	1	Madras City
4. Maharashtra	3	Bombay, Poona & Nagpur.
5. Mysore	1	Bangalore
6. Uttar Pradesh	2	Kanpur & Lucknow
7. West Bengal	1	Calcutta
8. Delhi	1	Delhi

Other Ministries/Departments, etc. responsible for any of the public sector housing programmes, may also be advised to give weightage to the above cities while deciding upon their allocations in the Fourth Five Year Plan.

(b) All the existing urban housing schemes may continue in the next Plan. However, in the case of the Dock Labour Housing, its present pattern of Central assistance (*i.e.*, 20% subsidy and 35% loan) may be revised to 50% loan and 50% subsidy on the lines of the State sector projects of the Integrated Subsidised Housing Scheme for Industrial Workers and Economically Weaker Sections of the Community. This is considered essential as the dock labour boards are not profit-making bodies and their resources are very much limited.

10. Financial and Physical Targets under the Social Housing Schemes

As stated in last paragraph of the Ten-Year Perspective Plan (Chapter 1), the Planning Commission have tentatively earmarked a sum of Rs. 173 crores for these Schemes in the new Fourth Five Year Plan. In addition, a sum of Rs. 60 crores is likely to be provided by the L.I.C. during the next five years. But against the total of Rs. 233 crores, as indicated above, this Working Group has recommended an outlay of Rs. 400 crores inclusive of L.I.C. E.P. funds for these Schemes in the next Plan period, Physical targets would depend on how much is actually agreed to by the Planning Commission. Therefore two alternative targets, based on outlays of Rs. 233 crores and Rs. 400 crores (with reference to average cost) are being suggested that in the table on the next page.

11. General Pool Accommodation

The proposals about office and residential accommodation under the above pool during the Fourth Plan are indicated in the Appendix to this Chapter.

Physical Target of Urban Housing Scheme

Sl. No.	Scheme	Outlay of Rs. 233 Crores		Outlay of Rs. 400 Crores	
		Allocation Rs. in crores)	Physical Target (units)	Allocation (Rs. in crores)	Physical Target units)
1.	Integrated Subsidised Housing Scheme for industrial workers and Economically Weaker Sections of the Community	34.00	55,000	61.00	99,000
2.	Low Income Group Housing Scheme	40.00	30,000	60.00	43,000
3.	Slum Clearance/Improvement Scheme	50.00	1,00,000	90.00	1,80,000
4.	Middle Income Group Housing Scheme	44.00	16,000	65.00	24,000
5.	Rental Housing Scheme for State Government Employees	10.00	10,000	20.00	20,000
6.	Dock Labour Housing	3.5	7,000	5.00	10,000
7.	Land Acquisition & Development Scheme	25.00	..	50.00	..
8.	Cellular Concrete Factories and Scheme for establishing building material industries	4.00	..	7.00	..
9.	Promotion of Housing Institutions etc.	6.2	..	10.00	..
10.	Exptl. Housing, Research, and Housing Statistics	3.3	..	5.00	..
	TOTAL	220.00 Crores	2,18,000 Units	373.00 Crores	3,76,000 Units
11.	Plus rural housing programmes including plantation labour housing	13.00	..	27.00	..
		233.00 Crores	..	400.00 Crores	..
12.	General pool accommodation (office & residential)	Rs. 50	..	Rs. 70	..
		283.00 Crores	..	470 Crores	..

*Including departmental charges and cost of ancillary buildings.

APPENDIX TO CHAPTER V

General Pool Accommodation

Office and Residential

1. In the Draft Outline of the Fourth Five Year Plan, a provision of Rs. 50 crores was made for construction of office and residential accommodation in the general pool at various places in the country.

2. We have now redrawn our proposals for construction of office and residential accommodation and development of land, etc. amounting to Rs. 70 crores. In formulating the proposals, the following considerations have been given due weight:

- (i) Shortages of accommodation at various places.
- (ii) The urgent need for construction of more houses for low income-groups (types I to IV).
- (iii) The houses in higher categories also fall much short of the demand. As such, some accommodation for them has also been proposed.
- (iv) In planning new construction, the availability of Government land has been given due consideration.
- (v) More emphasis has been laid on construction programme in Delhi, Bombay and Calcutta. These were the stations initially included in the First Five Year Plan and it is here that the housing position is most difficult.

Office Accommodation

Delhi.

Against 6 lakh sq. ft. of carpet area proposed, acceptance of Finance exists for about 5 lakh sq. ft. On account of the large unsatisfied demand and, at the same time, the need for demolition of hutments and release of leased and requisitioned buildings, it is necessary to build more accommodation. We have proposed only one lakh carpet area in addition to what has already been accepted.

Bombay and Calcutta

The proposed buildings are justified on consideration of the shortages. For constructions at Hyderabad, Bangalore and Poona, land is being acquired.

Construction of office and residential buildings in the General Pool

	Rs. in crores
<i>Residential</i>	24.35
15000 units Delhi	5.35
2050 units Bombay	2.50
1000 units Calcutta	1.60
550 units Madras	0.85
520 units Chandigarh.	1.25
500 units Nagpur	<u>35.90</u>
	Say Rs. 36 crores
<i>Non-Residential</i>	6.00
Delhi	1.00
Bombay	1.50
Calcutta	<u>8.50</u>
	Say Rs. 9 crores.
<i>Development of land</i>	
<i>Delhi</i>	
(1) DIZ & Minto Road areas }	3.00
(2) Masjid Moth }	
(3) Badarpur Mehrauli Road }	
(4) Ghaziabad }	
<i>Bombay</i>	
Salt Pan land	2.00
<i>Calcutta</i>	
Santragachi	1.00
<i>Nagpur</i>	
Seminary Hills etc.	0.50
<i>Madras</i>	
East of Lattice Bridge	
West of Lattice Bridge	
Kodambakkam—Pudur etc.	0.50
<i>Chandigarh</i>	0.50
	<u>7.50 Crores</u>
	Say Rs. 8 crores
	<u>Total : Rs. 53 crores.</u>
Hyderabad, Bangalore, Poona—On an <i>ad hoc</i> basis we may allow	
Rs. 7 crores.	Total : Rs. 60 crores
	<u>Total : Rs. 60 crores.</u>
	plus D.C. 10@ 10% crores
	<u>Rs. 66 crores.</u>
<i>Ad hoc</i> for ancillary buildings.	Rs. 4 crores.
	<u>Rs. 70 crores.</u>

Residential Delhi	Shortages	Proposed	Rs. in crores.
Type I } II } III } IV }	13,275	12,000x13,000	15.60
V VI VII VIII	4,762 2,202 } 721 } 111 } 53 }	2,500x25,000 500x50,000	6.25 2.50
			<hr/> 24.35
Bombay			
Type I } II } III } IV }	7,702 } 10,770 } 2,377 } 730 }	2000x25,000	5.00
V VI	385 105	50x70,000	0.35
			<hr/> 5.35
Calcutta			
Type I } II } III } IV } V } VI }	4,355 } 8,613 } 2,599 } 1,019 } 458 } 125 }	1,000x25,000	2.50
Madras			
Type I } II } III } IV }	1,441 } 3,775 } 1,667 } 484 }	500x25,000	1.25
V VI	233 19	50x70,000	0.35
			<hr/> 1.60
Chandigarh			
Type I } II } III }	539 } 987 } 217 }	500x15,000	0.75
IV V VI	135 49 } 8 }	20x50,000	0.10
			<hr/> 0.85
Nagpur			
Type I } II } III }	948 } 1,377 } 309 }	500x25,000	1.25
V V VI	206 98 17		

CHAPTER VI

RURAL HOUSING

Part I: Village Housing

Housing conditions in Rural Areas:—While nearly 83% of India's population live in about 5,60,000 villages, the housing conditions of rural areas are by and large, deplorable. About 73% of the rural population reside in miserable kacha structures with plinth made of mud (in some cases of bricks without any cement or plaster) and walls and roofs built of grass, reeds or thatch with or without any plaster: hardly 2% are able to live in 'all pucca' houses, with plinth, walls and roofs built of burnt bricks or tiles, stone, cement, concrete and/or timber. As regards the condition of rural dwellings in general, only about 7% could be considered to be in excellent state of repair: the condition of 28% is 'bad dilapidated and impoverished'. Again, it has been assessed that 73% of the households living in houses in the rural areas did not have more than two rooms; about 24% had three to six rooms; and only 3% had more than six rooms. About 25% of these households comprised more than six members; 57% between three to six members; and only 18% had less than three members. These data gathered by the National Sample Survey speak for themselves. Allowing for some improvements, the existing housing conditions in rural areas continue to be deplorable.

2. **Housing Stock and the Shortage.**—According to the 1961 Census, out of 651 lakh rural houses (occupied), hardly 124 lakhs, or just about 19% were pucca houses. The remaining 81% or about 527 lakh houses were kacha, which required to be rebuilt or substantially improved. Further, these 651 lakh houses were occupied by 689 lakh rural households, which meant that 38 lakh (689—651) households in rural areas did not have any separate dwelling units for themselves. In a welfare state, the fundamental assumption in computing the housing shortage is that each household (whether urban or rural) should have a separate pucca dwelling unit—*i.e.*, a reasonably permanent structure, which will provide the minimum standards of comfort and safety. On this basis, the shortage in 1961 was 565 lakhs ($527+38=565$) of houses, in rural areas. On the basis of current population projections, the number of rural households is expected to increase to the level of 836 lakhs at the commencement of the Fourth Plan period (1-4-69), raising the requirement of houses also to a corresponding number. Against this, it has been estimated that owing to deterioration and obsolescence there is a recurring depreciation in the

housing stock to the extent of 2% per annum. The annual rate of new construction (pucca houses), which is estimated to be *less than* one house per 1000 population, is not capable of keeping pace even with the rate of depreciation. Consequently, at the commencement of the Fourth Plan, the net stock of pucca houses in rural areas is likely to be only in the neighbourhood of 118 lakhs. It can, thus, be said that the Fourth Plan would begin with a back-log of 718 (836—118) lakhs of rural houses, while the corresponding back-log at beginning of the Third Plan was about 565 lakh houses.

3. Living Conditions of Scheduled Castes etc.—In discussing a comprehensive rural housing programme, it is necessary to take special note of the position of Scheduled Castes etc. It is estimated that out of 580 lakh Scheduled Castes in rural areas, about 215 lakhs are engaged in agricultural occupations, amongst whom about 100 lakhs are estimated to be landless agricultural workers. Several members of the Scheduled Castes who follow other vocations also may not have any homestead. Mostly they encroach upon Government lands or lands belonging to the richer communities and live in constant fear of eviction and this uncertainty impairs their bargaining power with the result that they do not get fair returns for their personal efforts. The need for providing these people with at least a house-site for each family cannot be over-stressed. The average size of a rural house-hold according to 1961-Census is 5:18 or say 5. The current need for housing the landless agricultural workers belonging to the Scheduled Castes etc. could thus be placed at 20 lakh house-sites which can reasonably accommodate cattle sheds, space for storage of fodder etc. besides the living accommodation.

4. Role of the Government.—On a modest estimated cost of Rs. 3,000 per house investments to the extent of over Rs. 21,500 crores would be required to wipe off the entire back-log. It would be obviously impossible to find the resources of this magnitude in the immediate or foreseeable future, from a Governmental level. The rôle of the Government has to be necessarily confined to an educational, advisory and selective approach.

5. Programme and Progress in the earlier Five Year Plans.—(a) In the First Five Year Plan, rural housing was considered to be more or less the direct responsibility of the State Governments. In the Second Plan, however, it was realised that some concrete measure of central assistance would be necessary to help the State Governments to improve the housing conditions in the rural areas. Accordingly, a Village Housing Projects Scheme was formulated and introduced in August, 1957, as a Centrally Sponsored Scheme. After completion of the initial formalities and setting up of the requisite machinery for implementation, the Scheme came to be actually put into operation only towards the close of the Second Plan period against a total provision of Rs. 4.85 crores (revised as a result of

the re-appraisal of the Second Plan), a sum of Rs. 3.77 crores was utilised and about 7,200 houses were completed by the end of the Second Plan.

(b) During the Third Plan, the Scheme was designated as a Centrally Aided Scheme, with the result that it became vulnerable to the pressure of other important development programmes such as agriculture, irrigation, power etc. which had also to be accommodated within the ceiling of the State Plans. This had an adverse effect on the progress of the Scheme. As against a total provision of Rs. 12.8 crores, an amount of only Rs. 4.4 crores was utilised by the State Governments and about 25,200 houses were completed against a target of 79,000. Since the end of the Third Plan (i.e., during the years 1966-67 and 1967-68), out of a total provision of Rs. 1.88 crores a sum of Rs. 1.11 crores has been utilised and about 4,400 houses have been completed, bringing up the total to about 36,800 houses since the inception of the scheme. The overall progress is, admittedly, far from satisfactory

(c) In the Backward Classes Sector, a sum of Rs. 5.09 crores was utilised against an outlay of Rs. 6.63 crores during the Second Plan, while a sum of only Rs. 2.79 crores was utilised against an outlay of Rs. 7.45 crores during the Third Plan. The total number of houses/house-sites provided since the inception of the scheme (in the First Plan period) is stated to be in the neighbourhood of about 2 lakhs. This reveals another interesting feature: while an outlay of Rs. 7.45 crores was provided under Backward Classes Sector, exclusively for the benefit of the Scheduled Castes etc. who formed about 14 per cent of the rural population, a disproportionately small sum of hardly Rs. 12.8 crores was provided for the entire rural population (including the Backward Classes) under the village Housing Projects Scheme, in the Third Plan.

6. Slow Progress—Reasons and Remedy.—The Government of India have come in for a good deal of adverse criticism both in the Parliament and in the Press, on account of the poor performance of the Village Housing Projects Scheme. The Estimates Committee, which examined the working of the Scheme in December, 1966, have, in particular, been very severe in their comments.

7. The Scheme, at present, broadly provides for the following:—

- (a) loans to villagers for construction of new houses or for improvement of existing houses, to the extent of 80% of the cost subject to a maximum of Rs. 3,000/- per house.
- (b) 100% Grants to State Governments for provision of
 - (i) house sites to landless agricultural workers; and

- (ii) streets and drains for improving the sanitary conditions in the selected villages;
- (c) technical assistance and guidance to villagers and local authorities, including provision of lay-out plans, designs, specifications etc. through the State Rural Housing Cells established for this purpose—50% of the cost of pay and allowances of the staff being met through Central grants.

Prima facie, the scheme appeared to be well conceived and apparently there was no reason why it should not work well. It was, therefore, necessary to gain a first hand knowledge of the inhibiting factors at the State and local levels. With this object in view, the Working Group sent out four Study Teams to eight States for making a quick field level sample survey of the progress and working of the rural housing programmes.

8. The major reasons for the slow progress of the rural housing programmes, as observed by the Study Teams, are summed up as follows:

- (a) The State Governments give the Scheme a low priority and do not provide adequate funds for it in their annual plans. Even the inadequate funds so provided are frequently diverted by them during the course of a year, to other development heads carrying a higher priority, such as agriculture, irrigation, power etc.
- (b) The present organisational machinery at the State and local levels is far from adequate for proper administration of the scheme.
- (c) There is no effective machinery, especially at the State level for coordinating the assistance available under the other complementary or supporting programmes for the improvement of the rural areas.
- (d) The villages for development under the Village Housing Projects Scheme are not selected in compact groups, thereby leading to diffusion of effort and activity.
- (e) It has been observed that in the field of education and health, considerable progress has been made because of the pressing needs of the society and the social pressures exerted for their improvement. In the field of housing, especially rural housing however, such pressures are lacking at present and the progress depends to a large extent on individual efforts.

The general conclusions drawn by the Working Group from the reports of the Study Teams are enumerated in the Annexure to this Chapter. For remedying the situation two, distinct courses of action are called for—which are discussed in the succeeding paragraphs.

9. Completion of Existing Houses.—It has been observed by the Study Teams that in most of the States, there are a large number of incomplete houses. Many of them have remained incomplete, as the State Governments have not been able to disburse the second and/or third instalments of the sanctioned amount of loan in time, for want of funds. In other cases, the construction has been given up by the beneficiaries on account of the increase in cost to a level much beyond the original estimates and their inability to find additional resources. Such incomplete houses, besides involving considerable loss of money, material and effort also tend to defeat the very purpose for which central assistance is given. It is essential that deterioration in the situation should be arrested and conditions improved. The Working Group, therefore, recommend that for the first 2 years of the Fourth Plan, the State Governments should suspend all new projects, refrain from entertaining any new application for loan and concentrate all their energy and resources in ensuring that all incomplete houses are completed expeditiously. The cases where construction has been given up by the beneficiaries for want of resources may be reviewed and supplementary loans may be granted, provided that such loans can be accommodated within the ceiling of Rs. 3,000/- per house. Additional loans may also be given in cases where houses could not be completed due to the inadequate earlier ceiling of Rs. 2,000 per house.

10. Pilot Scheme for Rural Housing.—The other conclusions emerging from the observations of the Study Teams indicate that the Village Housing Projects Scheme should be continued in a *simplified form* only in specific areas or regions having complementary or supporting programmes; with provision of adequate funds; and with suitable safeguards to ensure that the funds are not diverted to other development heads and that the assistance available from different authorities flows in an integrated manner to build up the rural economy and the social well-being of the area.

As mentioned earlier, it would be virtually impossible for the Government to muster the necessary resources to tackle the problem on an adequate scale. In such an event, there is apparently no point in spreading the extremely limited resources, thinly over extensive areas. This only leads to diffusion of effort and activity without proper coordination and ultimately results in unmerited criticism. The appropriate course would be to concentrate all available resources and efforts in specific areas where other supporting programmes (such as provision of houses/house-sites for Scheduled Castes/Tribes etc. Reclamation of Waste Lands and Resettlement of Landless Agricultural Labour, Rural Industries Projects Programme etc.) could be implemented simultaneously and financial assistance available from different authorities is utilised in a coordinated manner. In other words, the housing programme for rural areas should in the Fourth Plan

take the shape of intensive Pilot Projects which would make a perceptible impact on the surrounding areas.

(c) The Working Group would, therefore, strongly recommend that the Government should formulate, forthwith, an appropriate Scheme of Pilot Projects and put it into operation from the third year of the Fourth Plan (*i.e.* after the completion of the incomplete houses as suggested in para 9). Funds for the Pilot Scheme should be treated as "ear-marked" irrespective of priority that may be given to the subject of Housing. According to present population projections, at commencement of the Fourth Plan, the rural population would comprise about 84% of the overall population of the country. The Working Group feel that the welfare of these economically depressed people, who form the vast majority of the population, deserves special consideration. Since the proposed Pilot Rural Housing Scheme is intended exclusively for the benefit of these people the funds to be provided for the scheme should not be allowed to be weighed down by such considerations as general constraint of resources and the pressing demands of other sectors of development.

(d) In formulating the Pilot Rural Housing Scheme, the suggestions contained in the Annexure to this Chapter (which enumerate the conclusions of the Working Group in relation to the observations of the Study Teams) should provide the broad guide-lines.

(e) The success of the Scheme would primarily depend on the selection of the right type of areas, where an integrated flow of assistance from different authorities could be ensured. The Working Group consider that the appropriate areas/villages to be covered over the Plan period should be carefully selected in the first instance and a phased programme evolved, in consultation with the State Governments and approved by the Government of India.

11. Areas Covered by Intensive Agricultural Development Programmes.—About 1.36 lakh villages are covered by intensive agricultural programmes and are witnessing a sharp spurt in income, which is being spent among other things, on haphazard and un-planned construction of houses and other buildings like shops, workshops, agro-industrial units, etc. People in such areas are, by and large economically well off and do not require any financial assistance for construction of houses. Unless the building activity in these areas is regulated, there is every danger of these areas becoming rural slums. The Working Group, therefore, consider it necessary that such villages are given adequate technical guidance in village planning, and construction of houses and other rural buildings. Besides, each village Panchayat should be provided with a simple set of model building bye-laws for adoption and enforcement.

12. **Organisation.**—At the Centre, as at present, no special agency exists for coordinating the assistance available under different rural development programmes of different Ministries and Departments. The Estimates Committee of the Parliament have taken a serious view of the absence of a suitable machinery for this purpose. The primary need, therefore, is to constitute a Central Coordination Committee, consisting of the representatives of the concerned Ministries and the Planning Commission, under the Chairmanship of the Secretary/Joint Secretary of the Department of Works and Housing. It should be the function of this Committee to approve, in the first instance, the selection of appropriate areas/villages where the Pilot Rural Housing Scheme is to be put into operation. It should also be the responsibility of this Committee to see how best the Central assistance under different programmes of rural development could be canalised into the Pilot Project areas; to review the programmes periodically; and to render such assistance as may be required by the State Governments to implement the programme expeditiously.

13. The Working Group agree with following observation of the Estimates Committee.

“The success of any programme depends to a great extent on the adequacy and efficiency of the administrative machinery set up for its execution. This is also true in the case of Rural Housing Programme”.

The Working Group feel that the machinery for the implementation of Rural Housing Programmes as it exists at present at the Centre is extremely inadequate to administer a country-wide scheme of great importance. There used to be a Central Rural Housing Cell (Technical Cell), under a Housing Adviser, in the Department of Works and Housing, to render advice to State Governments etc. on matters concerning rural housing. The entire office of the Housing Adviser including the Central Rural Housing Cell was abolished some years ago on considerations of economy. (The Village Housing Projects Scheme is now being dealt with in one of the Housing Sections in a routine manner). This was a retrograde step and the Working Group consider it necessary to revive the Central Rural Housing Cell with adequate staff so that the Rural Housing Programme could be given the attention it deserves. The Department of Social Welfare have set up regional offices in different parts of the country to look after the implementation of the Schemes for the Welfare of Scheduled Castes and other backward classes. It would also help if similar regional offices are set up to watch the implementation of the Pilot Projects on Rural Housing Scheme and other housing schemes and accelerate their progress through proper liaison with different State authorities.

It would be difficult for the Working Group to suggest any detailed organisational machinery at the State level. It is however, necessary that

the State Governments should set up Coordination Committees corresponding to the Central Committee referred to in para 12. The rural housing programmes could be effectively administered by the Development Commissioner or any other similar authority who controls the block staff. It is felt that the State Governments should invariably entrust the implementation of rural housing programmes to these authorities (instead of their Housing or other Departments). Further, the State Rural Housing Cells should also be adequately strengthened and attached to the office of the Development Commissioner. Besides looking after the Pilot Rural Housing Scheme, the State Rural Housing Cells, should also be required to provide necessary technical guidance and advise in the regulation of housing activities in the areas covered by Intensive Agricultural Development Districts/Areas Programmes.

14. At the local level, rural housing programmes are already being generally administered through appropriate agencies—viz. the Block Development Staff and Panchayati Raj institutions, wherever they exist. But block overseers are burdened with a number of other activities and do not have sufficient time or the convenience to do full justice to the execution of rural housing programmes. The State Governments have, therefore, been authorised by the Government of India to employ adequate number of additional overseers: 50% of the cost of pay and allowances of these additional overseers being met by central grants. The State Governments should ensure the employment of the staff without further delay.

15. **Provision of Streets and Drains and House-sites for Landless Agricultural Workers.**—The scope of the existing Village Housing Projects Scheme concerning the provision of streets and drains and house-sites for landless agricultural workers may be continued. They should, however, be implemented primarily in the Pilot Project areas. For the first two years of the Fourth Plan the State Governments should concentrate on the completion of existing projects: thereafter fresh programme should be planned and implemented in areas which could be covered by the Pilot Projects.

16. **Pattern of Assistance.**—The present pattern of assistance provides for 20-year loans to the extent of 80% of the cost, subject to a maximum of Rs. 3,000 per house. The average cost of a house (All India) under the existing Village Housing Projects Scheme during the Third Plan period was slightly over Rs. 3,000. The cost of building materials, labour etc. has since gone up considerably and there is no indication that there will be a fall in the price-level. Considering these circumstances, the Government of India have, recently, raised the loan ceilings from Rs. 10,000 to Rs. 12,500 and from Rs. 20,000 to Rs. 25,000 under the Low Income Group Housing Scheme and the Middle Income Group Housing Scheme

respectively. Ceiling costs of houses, under the Subsidised Housing Scheme for Plantation Workers as also under the housing scheme for industrial workers have also been raised recently. Accordingly the present limit of loan assistance may be raised to say Rs. 3500 per house; and in order to lighten the burden of amortization, the period of loan may be extended to 25 years as against the current period of 20 years. Under the Integrated Subsidised Housing Scheme for Industrial Workers etc., 25 year loans are granted to cooperatives of industrial workers; and 30 year loans are granted to persons under the Low Income Group Housing Scheme. A similar treatment to the relatively poorer people in the rural areas would seem justified assuming that the houses will last at least for that period.

17. Further, the Working Group feel that some special concessions should be given to the economically weaker sections of the village community—*i.e.* families whose income does not exceed say Rs. 100 per month. In their cases, financial assistance to the extent of 80% of the cost, in the shape of 20% subsidy subject to a maximum of Rs. 400 and 60% loan subject to a maximum of Rs. 1200, may be allowed. The cost of these houses must not exceed Rs. 2,000. Persons belonging to the Scheduled Castes and Scheduled Tribes may be allowed to combine the subsidy or other assistance that may be available to them from the programmes under Backward Classes Sector.

18. As regards the programme for provision of streets and drains and house sites for landless agricultural workers, the present provision of allowing 100 per cent subsidy to State Governments may continue.

19. Since the requirements of funds for construction/improvement of houses, the provision of streets and drains and house sites etc. would be proportional to the peculiar needs of each Pilot Project, detailed apportionment of funds (as prescribed in the existing Village Housing Projects Scheme) would present many practical difficulties, in the circumstances governing the Pilot Projects Scheme, it might be a hinderance instead of a help. But since these programmes involve two distinct elements, *viz.*, loan and subsidy, it would be necessary to follow some broad principle for facility of budgeting. The State Governments should therefore plan their projects in such a manner that the total subsidy does not exceed 50 per cent of the annual outlay.

20. Allocation of Funds.—The Draft Outline of the old Fourth Plan first envisaged an outlay of Rs. 25 crores for rural housing, but this figure was subsequently reduced to Rs. 11 crores. It is obvious that this bears no relationship, whatsoever, to the magnitude of the problem. It might be argued that during the Third Plan, the State Governments were able to utilise only Rs. 4.4 crores against an outlay of about Rs. 12.8 crores

and that such performance does not warrant any provision of considerable size in the Fourth Plan. It is to be remembered in this connection that during the Third Plan period housing programmes, among other items, suffered because of the national emergency resulting from two successive hostilities with China and Pakistan. Further, the State Governments had taken up programmes, on an extensive scale, which led to diffusion of effort and activity and this was not conducive to proper and effective regulation of expenditure especially in the absence of adequate organisational machinery. In the Fourth Plan, however, they would be engaged on intensive programmes limited to the Pilot Project Areas, which would facilitate closer control and proper utilisation of funds. Besides, it seems also necessary that a progressive Five Year Plan should anticipate future improvements and better performance in housing on the part of the State Governments particularly in view of improvement in the agricultural sector. In the circumstances, the Working Group feel that the proposed outlay of Rs. 11 crores is too meagre and deserves to be raised to at least Rs. 25 crores as originally provided under the Draft Outline of the Fourth Plan.

21. However, on the basis of an outlay of Rs. 11 crores, the following break-up is suggested:—

- (a) **Revenue Expenditure.**—According to the information available, the expenditure on the State Rural Housing Cells (including the State's share) worked to about Rs. 40 lakhs, during the Third Plan. Allowing for additional expenditure on account of strengthening these Cells, wherever necessary, the total expenditure in this regard would be in the neighbourhood of Rs. 50 lakhs. Another sum of Rs. 50 lakhs may be required for the employment of additional overseers in the various projects at the field level, making up a total of Rs. 1 crore. 50% of this amount, or Rs. 50 lakhs, would have to be provided as central assistance in the shape of revenue grants.
- (b) **Loans and Capital Grants.**—The balance of Rs. 10 crores (i.e. after deducting the sum of Rs. 1 crore mentioned at (a) above, from the overall provision of Rs. 11 crores) may be provided equally in the shape of loans for construction/improvement of houses and subsidies for economically weaker sections of the community and for provision of streets and drains and house sites for landless agricultural workers: i.e. Loan—Rs. 5 crores and Subsidy—Rs. 5 crores. The following phased programme may be adopted for utilisation of the proposed outlay:

1st year of the Plan—14% of the total outlay.

2nd year of the Plan—16% of the total outlay.

- 3rd year of the Plan—20% of the total outlay.
 4th year of the Plan—24% of the total outlay.
 5th year of the Plan—26% of the total outlay.

Altogether, about 30% of the total outlay may be consumed in the first two years for the purpose of completion of the existing incomplete houses and projects. The balance of 70% would be utilised under the new Pilot Scheme for Rural Housing.

22. **Physical Targets.**—The Estimate Committee of Parliament have emphasised the necessity for fixing realistic targets. The Working Group have no reliable data regarding the number of houses which have actually remained incomplete in the various States and which will have to be completed during the first two years of the Fourth Plan. Again, it is difficult to estimate the number of Pilot Projects that the State Governments would be able to undertake during the later period of the Plan and the nature and extent of the problem in the areas selected for the Pilot Projects. The Working Group are not, therefore, in a position to indicate any realistic target at this stage. This will have to be worked out later in consultation with the State Governments.

Part II: Plantation Labour Housing

23. **The genesis, the provisions and the progress.**—The Plantation Labour Act, 1951, makes it obligatory on every planter to provide housing on rent-free basis to its resident workers. Many planters were, however, unable to meet this statutory obligation due to financial difficulties. Consequently, a scheme known as the 'Plantation Labour Housing Scheme' was introduced in April, 1956, to help planters, especially the smaller ones, to fulfil this obligation. The Scheme envisaged the grant of assistance in the form of interest-bearing loans to the extent of 80 per cent of the approved ceiling cost of houses; the balance of 20% was to be contributed by the planters. The ceiling cost of houses was fixed at the rate of Rs. 3,000 per house for North Indian plantations and Rs. 2,400 per house for South Indian plantations. The Scheme, however, did not make much headway. The Department of Labour & Employment, therefore, set up a Working Group on Plantation Labour Housing in 1962. After a comprehensive study of the conditions all over the country, the Group made a number of recommendations in 1964, for liberalising the Scheme.

24. Accordingly a revised scheme entitled "The Subsidised Housing Scheme for Plantation Workers" was put into operation with effect from the 1st April, 1966. The salient features of the revised scheme are summarised below:—

- (i) Planters are eligible for the grant of Central assistance, in the shape of subsidy to the extent of 25% and loan to the extent of 50%, with reference to the approved cost of houses.

- (ii) Preference for subsidised assistance is to be given to the most deserving plantations whose financial conditions justify this assistance.
- (iii) The ceiling costs of houses have been enhanced for South/North Indian plantations to Rs. 3,200/4,000 per house respectively.
- (iv) The housing cooperatives of plantation workers have been allowed for the first time to avail themselves of assistance under the Scheme for construction of houses. Central financial assistance upto 90% of the approved cost of a house is admissible to the cooperatives—65% as loan and 25% as subsidy, the balance of 10% being arranged by the cooperatives themselves.
- (v) Planters of small estates, located contiguously, have been allowed to take up joint housing colonies, in the interest of economy.
- (vi) In order to offset losses, if any, arising out of the relaxation of conditions for security of loans the State Governments have been authorised to constitute "Pool Guarantee Funds" by collection of an additional interest of $\frac{1}{2}$ % per annum from loanees.

25. Since the inception of the original scheme in 1956, hardly 1350 houses have been completed and a sum of Rs. 47.89 lakhs has been disbursed in five States, viz. Assam, West Bengal, Kerala, Madras and Mysore, where the scheme is being implemented. The various liberalisations of the original scheme do not appear to have led to any appreciable improvement.

26. **General assessment of the working of the Scheme in relation to the problems of Plantation Labour Housing.**—In spite of the imposition of a statutory obligation on employers to provide adequate residential accommodation to the plantation workers and the manifold concessions—viz. the introduction of Pool Guarantee Funds to facilitate relaxation of security conditions of loan; liberalisation of the pattern of Central assistance allowing a subsidy of 25% and loan upto 50% to Planters; grant of subsidy of 25% and loan upto 65% (total assistance of 90%) to Cooperatives of Plantation workers etc.—the progress of the Scheme has remained as tardy as ever. Paradoxically, however, the overall position of Plantation Labour housing, as on 31st December 1962, revealed that out of a total requirement of 4,51,670 houses for the workers then existing, the Planters had constructed 2,40,329 houses—i.e. a satisfaction of 54%. Again, according to the latest information available, the Planters have completed 2,73,329 houses against the current requirement of 4,29,026—i.e. a satisfaction of nearly 64% which is no mean achievement. Out of the completed number of 2,73,329 houses, the Plantation Labour Housing Scheme/Subsidised Housing Scheme for Plantation workers accounts for

only 1,350 houses. An analysis of these figures show that during the period of five and a half years (from 31st December 1962 to 30th June 1968), altogether about 33,000 houses have been built by the Planters, whereas the corresponding figure under the Central Government scheme is only 660 houses. While the overall annual rate of construction is 6000 houses, the rate of construction under the scheme is hardly 113 houses per year. On the basis of an estimated average cost of say Rs. 3000/- per house, an investment of about Rs. 82 crores should have gone into the construction of 2,73,329 houses mentioned above: as against this huge sum of money, total Central assistance drawn amounts to about Rs. 48 lakhs, which roughly represents only about 0.6% of the total investment. The obvious conclusion that emerges from these comparative data is that most of the planters, who are relatively well off, fulfil their statutory obligation from their own resources and do not need or claim any Central assistance: the few others, who cannot do without governmental assistance, are either unwilling or otherwise unable to provide residential accommodation to their workers, as required under the Act. It is, therefore, imperative that the State Governments should take effective steps to activate the progress of the scheme.

27. **Legislative measures to activate the progress of the Scheme.**—In this connection, it would be interesting to examine the provisions of the Plantations Labour Act, 1951, in so far as they relate to housing facilities for Plantation Labour. Section 15 of the Act makes it obligatory on the part of the planters to provide and maintain housing accommodation for every resident workers and his family. But the Act does not contain any explicit clause of penalty specifically to deal with offences resulting from the failure to provide and maintain housing accommodation in terms of section 15. Such offences might be deemed to be covered by the penal provisions under "Other offences" as embodied in section 36 of the Act, whereby an offence of this nature is punishable with imprisonment upto three months and/or fine upto Rs. 500/-. Considering that the Government is prepared to give adequate financial assistance, including an outright subsidy of 25%, for the provision of housing accommodation to the plantation labour, there is no reason why a more deterrent punishment should not be provided for in the Act for failure to fulfil the statutory obligation in this regard. The Working Group, therefore, recommend that the Government should examine the feasibility of amending the Act to include the contravention of section 15 as an explicit offence, punishable with imprisonment upto say one year and/or fine upto Rs. 1000.

28. Again, under section 40 of the Act, which relates to limitation of prosecutions, no court can take cognizance of any punitory offence, unless the complaint is lodged within three months of the date of the commission of the offence. In cases (if any) which consist of disobeying a written order made by an inspector, the limitation will extend upto six

months from the date of commission of the offence. Accordingly, most of the cases of failure to provide housing accommodation to plantation workers would now be more or less time-barred. In other words, the penal provisions are now virtually in-effective in so far as the old offences against section 15 are concerned. The Government of India should, therefore, examine the position in detail, in consultation with the State Governments and try to remedy the defects, if necessary by suitably amending the existing Act. Besides being vigilant in future, the State Governments should also take immediate steps to enforce the provisions of the Act in new cases.

29. **Outlay in the Fourth Plan.**—The total expenditure since the inception of the Scheme in 1956, amounts to only about 47.89 lakhs. It is hoped that with the recent liberalisation of the pattern of assistance and with the other measures the Scheme might gather momentum. Taking all factors into account, the Working Group suggest a provision of Rs. 2 crores—subsidy to the extent of Rs. 50 lakhs, and loans to the extent of Rs. 150 lakhs.

ANNEXURE

Conclusions of the Working Group on Housing on the Observations of the Study Teams on Rural Housing.

(a) The Village Housing Projects Scheme is an important social housing scheme covering a vast majority of needy population of the country. It is, therefore, absolutely essential to continue it in the Fourth Plan.

(b) The present Village Housing Projects Scheme should be revised and simplified, incorporating in clear terms only the basic requirements and essential conditions.

(c) Sufficiently larger amount of funds should be provided for the Scheme and suitable measures should be devised to ensure that the funds provided for the Scheme are not diverted to other development heads.

(d) For the next two years or so efforts should be concentrated on the completion of those houses the construction of which has already begun on receipt of 1st instalment of loan, but completion has suffered for want of securing further instalments of loans. Thereafter, the Scheme should be implemented in specific areas or regions, so as to avoid dispersal of effort. These areas should be located as far as possible, in places where supporting programmes, such as the programme for grants to Scheduled Castes and Scheduled Tribes, Harijans etc. for house building, reclamation of waste lands and resettlement of landless agricultural labour, rural manpower programme etc. are being implemented. Areas affected by natural calamities should also be given preference for implementation of the Scheme.

(e) Suitable provisions should be included in the Scheme to secure proper coordination of all the rural improvement programmes at the State and Block levels. This is necessary to facilitate the flow of assistance from different authorities to villagers in the selected areas in an integrated manner.

CHAPTER VII

HOUSING STATISTICS, RESEARCH AND EXPERIMENTATION

Part I— Housing Statistics

1. Scope of housing and building statistics.—The success of a realistic Plan in any sector of economy depends largely on the availability of statistics. For the proper formulation of housing programmes with a view to liquidate growing housing shortages, a wide variety of statistical data such as on population, demographic behaviour, problems of housing economics, finance, investment etc. are required. The data required may be classified under the following broad categories, namely:—

- (i) Housing Census;
- (ii) Permanent House Numbering;
- (iii) Current Housing and Building Construction Activity;
- (iv) Production, consumption and distributive aspects of building materials;
- (v) Materials Budgeting;
- (vi) Prices of building labour;
- (vii) Volume and type of employment in housing and building activity;
- (viii) Wages of building labour;
- (ix) Investment and its distribution on various types of residential and non-residential building constructions;
- (x) Sources of Financing of various residential and non-residential constructions;
- (xi) Consumer Preferences for various types of residential accommodation;
- (xii) Other data which have a bearing on demographic behaviour etc.

2. Availability of and gaps in statistics of Housing and Building Sector.—

(i) *Housing Census.*—In 1961, Population Census, at the instance of N.B.O. in the house-listing stage, information on the purpose for which 'Census house' was used, materials of its wall and roof, number of rooms and number of persons in the census household was collected. These data as well as the All India tables prepared therefrom leave still many statistic gaps unfilled such as the classification of housing units by facilities available therein for living (*e.g.* water supply, toilet, electricity, bath) rental value of the housing units, capital cost of the units, their year of construction etc. Even the various surveys conducted by the National Sample Survey on 'Housing Conditions' do not fill all the foregoing gaps.

Suggestions.—A full fledged Housing Census covering quite many items on housing stock and housing conditions, etc. is proposed to be conducted on the eve of the Population Census 1971. The suitable agency for undertaking this work could be the Office of the Registrar General of India from the point of view of administrative convenience and economy in expenditure. The N.B.O. being the initiator of this Scheme has taken advance action for fermenting ideas and developing methodology, definitions etc., for facilitating the field work to be undertaken by the R.G.'s Office. Based on a comprehensive technical note prepared by the N.B.O., the R.G.'s Office organised a seminar of experts in May, 1967, to consider the Schedule and related concepts and terms in the Schedule for 1971 Housing Census. The seminar examined various points and it was decided that (i) house-list schedule for 1971 Census be canvassed on a universal basis; and (ii) in 10 per cent samples of both Urban and Rural Census Houses, a special house-list schedule be canvassed to collect additional items of information such as the age of the house; different amenities like drinking water supply, electricity, bath, kitchen etc. This enlarged scope would, it is believed, bring Indian data nearer to U.N. recommendations on Housing Census.

(ii) *Permanent House Numbering.*—Another Scheme to be implemented by the Office of the R.G. is regarding 'Permanent Number'. This Scheme would provide a frame for conducting various sample surveys on socio-economic aspects and, in addition, the information would form one of the important backbones of the work of the Election Commission.

Suggestion.—The R. G's office may be asked to take suitable steps to impress upon the States to carry out the work envisaged under the Scheme.

(iii) *Current Housing Statistics.*—The main purpose of current housing statistics is the provision of data for measuring the changes in the housing stock (that is, additions in the new stock, and additions and alterations in the existing stock). These statistics are vital for evaluating housing situation, the physical input of materials in housing, the financial expenditure and the contribution of labour. The data that are collected (or to be collected) under this head are:—

- (1) Dwelling units by nature of construction, namely, new additions or alterations to existing structure;
- (2) Number of new dwelling units constructed in a specified period by types and geographical distribution;
- (3) New dwelling units authorised, started and completed;
- (4) New constructions by number of rooms, plinth and floor area;

(5) Estimated cost of work; and

(6) Value of work done, etc.

Ministry of Works, Housing and Supply (National Buildings Organisation) had initiated action on this Scheme during the Third Plan by requesting the State Governments/Union Territories to establish statistical cells in the P.W.D. and L.S.G. Deptt. a coordinating cell in State Statistical Bureau for collection of data on current housing statistics in the public and private sectors. In the private sector data are to be collected in municipalities having a population of 10,000 and above. For public sector constructions/additions and alterations the data are to be submitted for projects costing Rs. 20,000/- or above. In addition these cells are to collect data in respect of prices of building materials and wages of building labour.

The implementation of the scheme by the States was pursued constantly in the last three annual plans. As a result, most of the States have agreed to implement the Scheme except the States of Andhra Pradesh, Bihar, Madras, West Bengal and Uttar Pradesh who have been asking for 100 per cent central assistance whereas presently the Scheme is centrally-aided with 50 per cent central assistance.

Similar data about the new building construction, additions and alterations costing Rs. 20,000/- and above undertaken by the central construction agencies (*i.e.* C.P.W.D., M.E.S., Railways, Posts and Telegraphs Department etc.) as well as by industrial, commercial, banking, public undertakings have also to be collected on half-yearly basis to provide complete picture at national level. All the central construction agencies and public undertakings have agreed to supply the data through their construction circles, direct to the N.B.O. or in some cases in a consolidated form (for example, by the Railways). These departments have been informed by the N.B.O. that there is no difficulty in obtaining funds for recruiting additional staff, if necessary, to implement this Scheme as the Plan provision for this purpose exists.

Suggestion.—The States who have not yet agreed to implement the Scheme should be persuaded to set up the three-tier system for housing and building statistics (*i.e.* in the Department of L.S.G., Public Works and State Statistical Bureaus). Any delay on their part will yield incomplete data for the country as a whole and would prove an impediment towards making analytical studies which are highly essential for planning process. If there is any hurdle to persuade the remaining States to implement the schemes, it is suggested that the recommendation made earlier by the old Fourth Plan Working Group on Housing and Urban Development be adopted for the new Fourth Plan also. This will imply the

provision of 100 per cent central assistance for all the States for implementing this core scheme of current housing and building statistics.

(iv) *Production, consumption and distributive aspects of building materials.*—Statistics of production of building materials—after adjustment for imports and exports—signify total availability of these materials in a country. In India, statistics are available for materials produced in the organised sector such as for steel, cement, sanitary wares, sheet glass etc., but statistics pertaining to unorganised sector e.g., for bricks, lime, sawn-timber etc., are not available. The available data also do not give details regarding end-uses of various materials in the building industry, classified according to residential and non-residential sectors. For estimating the production of bricks and lime in the unorganised sector, which is a Fourth Plan Statistical Scheme, the National Sample Survey at the instance of N.B.O. has agreed to cover these two items in the 23rd round along with the wider survey of small scale industries.

Suggestion—In order to put the production statistics on a sound footing, well organised sample surveys as undertaken by the National Sample Survey for bricks and lime, may be conducted periodically for other building materials produced in the unorganised sector.

(v) *Materials Budgeting.*—The estimation in respect of quantum of consumption of building materials in different constructions is a complex one. For example, it is not feasible to collect data as regards each individual construction as building practices vary from region to region because they depend on various factors like climate, availability of materials etc. Reliance has therefore, to be placed on 'consumption norms' for building materials in relation to investment (or plinth areas or floor area) in housing for building up norms so that they may be useful towards conducting some meaningful type studies. Special surveys and studies are also essential to set up statistical series about the transport of building materials by road and rail as well as their volume passing through wholesale and retail trade.

Suggestion.—It is necessary that cooperation of the office of the Development Commissioner, Small Scale Industries, should be registered in helping to collect data in respect of unorganised sector of building materials production, besides persuading the National Sample Survey to include increasingly these industries in their periodic rounds.

(vi) *Prices of Building Materials.*—One of the important components of building cost is building materials and they make 70 to 75 per cent of total building cost. Therefore, collection of prices of building materials at various

district centres and specified prices paid by the construction division of Central and State construction agencies is highly necessary.

At present data on wholesale prices of selected building materials are available from important markets in the country on a weekly basis. But data on retail prices are lacking though they are the operative prices and essential for studying regional variations in building costs.

*Suggestion:—*The scheme of current housing statistics referred to earlier envisages collection of statistics of prices of building materials. In regard to state-wise building cost indices, the SSBs, as required in their functions, should further be persuaded to expedite the undertaking of type studies and developing of weighting diagrams required for computation of cost indices and analysis of price variations.

(vii) *Volume and Type of Employment in Housing and Building Activity.*—Regular collection and maintenance of data in respect of different categories of workers engaged in housing and building construction activity is urgent particularly in respect of their supply and demand. It is as well essential to ensure that large construction programmes envisaged under the development plans do not suffer from inadequate supply of skilled workers or should not have the ailments of un-employment. What is required is ensuring of optimum supply of such man-power. Present data do not warrant the satisfaction of various urgencies noted above. Therefore “collection of statistics of employment of skilled labour in building construction” was made a ‘top priority’ Fourth Plan Scheme.

After inter-departmental meetings and a series of discussions between the National Buildings Organisation and Directorate General Employment and Training, procedure for collecting the data has been evolved. The Directorate General, Employment and Training, have now approached the Engineer-in-Chief in the Army Headquarters, Railway Board, Posts and Telegraphs Directorate etc., as also various public sector undertakings, asking them to issue instructions to their subordinate units to supply regularly the information on their requirements of building labour. This will enable the employment exchanges to locate the work sites and collect employment returns from the contractors.

*Suggestion:—*The Directorate General, Employment and Training, have to continue and intensify their efforts to collect the required data for which so far they have taken only preliminary steps.

(viii) *Wages of Building Labour.*—Wages of building labour account for 25 per cent to 30 per cent of the total building cost. Regular data

about wages of building labour are not available. The National Buildings Organisation is making attempts to collect data for Delhi Centre through the Bureau of Economics and Statistics, Delhi Administration, which now supply data regularly for each quarter, for three categories namely, (i) Mason, (ii) Carpenter, and (iii) Unskilled Labour. In addition, as a result of the implementation of the scheme on current housing statistics the data in respect of wages of building labour have started coming to National Buildings Organisation from the States of Gujarat, Mysore and Kerala, enveloping about 50 district centres.

Suggestion:—The other States need to be activated to take up urgent steps in supplying these data to the National Buildings Organisation regularly.

(ix) *Investment and its distribution on various types of residential and non-residential building constructions.*—No reliable estimates of investment in building construction are at present available, though it is believed that its proportion should be between 1/3 to 2/5 of the total current capital stock as well as that of total current capital formation. Housing construction is undertaken in the government, corporate, non-government, non-corporate and household sectors. The budget documents of public authorities give a wealth of information about expenditure incurred by the Government but adequate details are not available from these to segregate the expenditure on residential housing which are constructed for Government employees. Similarly, there is no provision in the balance sheets of the companies to show separately the expenditure on the construction of residential houses in the corporate sector. Very little information is available about the extent of investment in residential buildings in the non-government and non-corporate sectors also.

Suggestion:—Under the arrangements that are being made to collect data in 'Housing Census' information on the current financial value of housing stock would be available. Again, under the Current Housing Statistics, data on estimated cost of new constructions as well as additions and alterations would be flowing. They are expected to fill gaps in public and private sectors to some extent. However, in order to cross-check the data that will emerge out of the two attempts of capital stock and current investments just described, the National Buildings Organisation has initiated the work on a pilot study to explore the feasibility of obtaining the data on cost of construction from the registered architects by requesting 30 architects each in Bombay and Delhi to furnish data from 1960-61 onwards on building constructions that have been completed under their supervision/control. For the corporate sector, at the instance of the National Buildings Organisation, the Department of Company Affairs have agreed

to obtain figures for residential buildings through the company's balance sheets. The action taken by different organisations are to continue to fill this gap. In addition, through National Sample Survey, an enquiry is being undertaken on Investment in Buildings. For this a pilot survey in 13 selected towns was completed in the 22nd round of the National Sample Survey (January, 1968—July, 1968). The results of this pilot survey would be helpful in conducting countrywide survey on this aspect which may be taken up in the 23rd or 24th Round.

(x) *Sources of financing on various residential and non-residential constructions.*—The statistics of financing of housing have been collected by the National Sample Survey and by the Reserve Bank of India in the Rural Credit Surveys and its follow up surveys. For the development of new methods of real estate financing and developing of sound mortgage market in the real estate which now constitute inherent ingredients of social housing schemes and of housing funds provided by Life Insurance Corporation, data need to be collected on various sources of housing finance. Such data would inform about the terms, conditions and duration of loans, rate of interest at which loan finance is obtained and also the extent to which down payments are to be mobilised for housing. Various modern institutional systems of financing have to be developed by grafting them into the indigenous system in the country through the Provident Fund and Insurance resources, Government loans, Housing Cooperative Societies, etc.

The National Sample Survey at the instance of National Buildings Organisation has undertaken a pilot survey to test the availability of frame, concepts and definitions etc. in this regard in the 22nd Round of the National Sample Survey (January, 1968—July, 1968).

Suggestion:—The National Sample Survey should give greater emphasis on this aspect and undertake a full fledged survey to fill this lacuna. Further capital market units especially joint stock banks, cooperative banks, Life Insurance Corporation and the Central and State Governments may be requested to supply data regularly to the National Buildings Organisation.

(xi) *Consumer Preference/Surveys and Studies.*—With the passage of time, consumer preferences and reactions for housing are bound to be dynamic as a result of rise in income, educational levels and in their impact of industrialisation and urbanisation as a part of planning for economic and social development. Likes or dislikes of the households with

respect to the designs of the dwellings which have their bearings on the cost factor are materially affected by the changes in the quantum of various economic variables listed above. A survey on the dwelling habits of the occupants of two-roomed residences in the Government sector (F. & G. Type) in New Delhi was done by the National Sample Survey in 1959-60 at the instance of the National Buildings Organisation.

Suggestions:—The data on consumer preferences are to be collected by specially designed sample surveys. The National Buildings Organisation has prepared a plan to conduct a survey of 'Occupants of multi-storeyed buildings' constructed by the Government of India at Bombay, Calcutta, Delhi and Madras. After that, survey for other types of residences may also be undertaken. Such surveys-cum-studies are highly useful as they would help in locating various spots where the investments made do not accrue the utility to the beneficiaries or consumers—the occupants of the house as well as it will decipher the areas or households where certain modifications of house designs and locations of windows and doors, passages and balconies etc. would have made a host of difference in making efficient use of housing investment or in raising the labour productivity of occupants.

(xii) *Other Data.*—Besides the main heads of statistical data discussed above, there is need for a number of ancillary data which can help in the planning of housing programme. In estimating the future housing requirements, a reliable set of population projections with break up by rural and urban areas should be made available not only for all India but also for the States. The estimates could be further refined if, in addition to the above, information is made available on the trends in the size and composition of the households, marriage rate and on the rate of family formation by means of special studies conducted in this regard. In evaluating the future housing needs, some reliable estimates of 'vacancy reserve' and rates of obsolescence and depreciation are also to be built up, probably by means of type studies. In this regard, already in the old Fourth Plan, financial provisions exist for implementing the scheme on size and composition of households to be implemented partly by the Registrar General's Office and partly by the National Sample Survey.

3. Recommendations.—From the foregoing it emerges that the data are not available about housing and if available these are meagre to meet the requirements of development planning and various aspects of housing and building programmes. The notable gaps pertain to housing stocks, current statistics of building activity, consumption of building materials and norms of employment of building labour, building costs investment and finance resources etc. In order to fill the gaps in statistics of this vital

sector of economy, 16 statistical schemes (See Annex. I) sponsored by the National Buildings Organisation were included in old Fourth Plan. These schemes were accorded either 'top' or 'high' priority by the Conference of the Central and State Statisticians convened by the Planning Commission in July, 1965. Later, housing statistics was as well considered a 'core scheme' of all-India importance in regard to planning.

The efforts made by the National Buildings Organisation in implementing the schemes on housing and building statistics have yielded some results as most of the implementing agencies agreed to undertake the work and finalise the plan for execution as would be noticed from the details given in foregoing paragraphs. The only bottleneck, it appears, which checks their speedy implementation was the difficulty about making of the budget provisions by various central agencies and insistence by five States that 100 per cent Central assistance be provided to them. The question of budget provision for Central agencies has now been sorted out and it is believed that for the States the question can be settled easily if 100 per cent central assistance is given.

These 17 schemes, which are at various stages of implementation, are recommended for inclusion in the new Fourth Plan also to accomplish the work already initiated. The revised outlay on each scheme is indicated in the Annexure. The Central Ministries/Departments/Organisations and State Governments may be requested to make suitable provision in their budgets so that the implementation of the Schemes does not suffer on this account. Further as already mentioned in earlier para, to induce the States the central assistance to the States may be raised to 100 per cent instead of 50 per cent as at present.

The data that is collected/to be collected under the various statistical schemes will flow to the National Buildings Organisation which is the national co-ordinating agency for housing and building statistics. For proper collation, analysis and presentation of data at national level, it is imperative that the National Buildings Organisation should also be adequately strengthened so as to effectively discharge the function assigned to it.

4. New Schemes.—The United Nations have suggested various studies and surveys in their long term aim of improving information on housing and building statistics. Earlier in the (Old) Fourth Plan, the statistical schemes included were in the light of urgency for feeding the requirements of economic and social planning as well as in formulating housing programmes. It is now proposed to provide the following two more schemes for the new Fourth Plan:—

- (i) Statistics on construction enterprises; and

(ii) Projection of future level of housing conditions in the light of the targets of economic and social programmes in the new Fourth Plan.

The scheme at (i) will be implemented by carrying out 'Economics Census' of enterprises, and the material for the scheme at (ii) will be drawn by the past surveys of housing conditions and proposed intensive survey of housing conditions to be undertaken by the National Sample Survey. It is estimated that for the scheme at (i) above the expenditure would be around Rs. 8 lakhs and for the scheme at (ii) Rs. 2 lakhs.

ANNEXURE

Statistical Schemes on housing and building sector sponsored by the National Buildings Organisation in the Fourth Plan.

S. No.	Scheme	Implementing Agencies	Outlay in Fourth Plan—Rs. in lakhs	
			Old 1966-67 to 1970-71	New 1969-70 to 1973-74
(1)	(2)	(3)	(4)	(5)
1.	Current housing and building statistics*	States/Union Territories, Central Construction Agencies, Public Sector Undertakings, National Buildings Organisation	70.00	75.00
2.	Norms of input of building materials	National Buildings Organisation	5.00	5.00
3.	Consumer Preference Survey	-do-	5.00	5.00
4.	Data on cost of construction through architects**	-do-	2.00	2.00
5.	Housing Census*	Office of the Registrar-General of India	30.00	30.00
6.	Permanent House-Numbering*	-do-	10.00	10.00
7.	Intensive Survey of Housing Conditions*	National Sample Survey	20.00	20.00
8.	Survey of Annual Production of building materials	-do-	5.00	5.00
9.	Investment in building construction*	-do-	5.00	5.00
10.	Surveys and studies of trends in size and composition of house-holds	Registrar-General's Office & National Sample Survey	4.00	4.00

*'Top Priority' scheme as decided in the meeting of Central and State Statisticians convened by the Planning Commission

**High Priority Scheme (*ibid*).

(1)	(2)	(3)	(4)	(5)
11.	Statistics of housing construction by employers for their workers in the industrial Sector*	National Sample Survey	1.25	1.25
12.	Survey of financing of housing construction	-do-	0.50	1.00
13.	Survey of pucca dwellings in rural areas†	-do-	1.25	1.25
14.	Statistics of employment of skilled labour in building construction*	Dt. General of Employment & Training	1.30	2.30
15.	Inclusion of data pertaining to residential construction in company's Balance Sheet*	Department of Company Affairs	1.25	2.70
16.	Type studies on vacancy reserves†	National Buildings Organisation and State Statistical Bureau	0.50	0.50
<i>New Schemes recommended</i>				
17.	Statistics of construction enterprises.	National Buildings Organisation	..	8.00
18.	Projections of future housing conditions	-do-	..	2.00
GRAND TOTAL			182.00	200.00

PART II—RESEARCH & EXPERIMENTATION

5. The Working Party of the ECAFE on Housing and Building Materials have estimated that construction costs account for about two-thirds of capital formation and that a 10 per cent reduction in costs of construction will release as much as 1 per cent of Gross National Product, which will be of the order of over a thousand million dollars for the countries in the ECAFE region. They have emphasised that the total outlay in construction is enormous and a housing and building policy that is not austere can absorb a substantial portion of the resources. Apart from this aspect of influence on the general economic condition of the country, it is common knowledge that construction costs in India have been showing a steady and alarming rise in recent years. If the object of meeting the housing requirements is to be achieved even by slow progressive measures, the primary necessity is to reduce building costs through research and experimentation.

* 'Top Priority' scheme is decided in the meeting of Central and State Statisticians convened by the Planning Commission.

† Priority Scheme (*ibid*).