

# Housing for All by 2022 through PMAY(U)

&

## Role of HUDCO as a Central Nodal Agency



H.T.Suresh  
Executive Director (Projects)

# PMAY(U) . . Its origins

- Growth in housing is **restrained by affordability** as opposed to pure supply-side limitations.
- Based on findings of task force, The Indian government has structured the “Housing for All by 2022” mission into 4 verticals in order to provide affordable housing in urban areas.





# Evolution of Govt. of India Action Plan schemes in Housing

## Centrally Sponsored Scheme

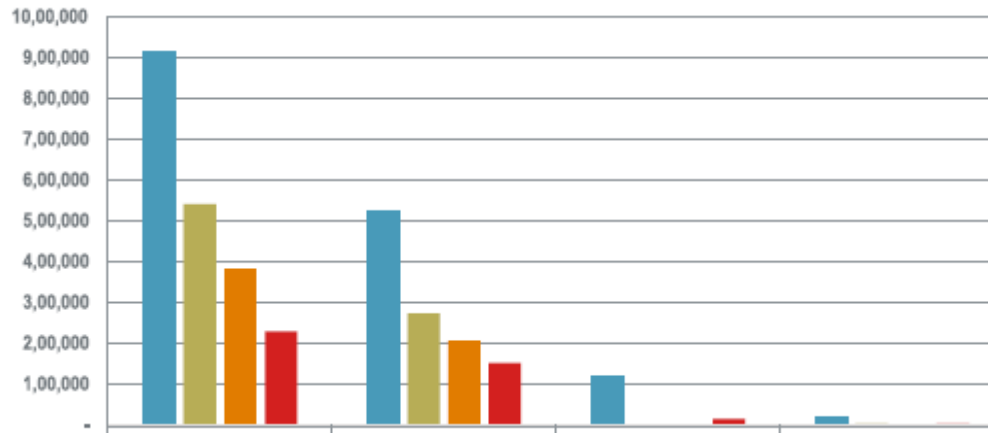
- **VAMBAY** – Subsidy was limited and only for house
- **JNNURM** IHSDP/ BSUP  
Subsidy enhanced to cover house & infrastructure  
RAY – Whole town approach with higher subsidy
- **PMAY(U) HFA** – designed to cover houseless and landless in the entire urban area

## Central Sector Scheme

- **ISHUP** – Subsidy intervention limited, delivered only through PSU Banks and proportional subsidy release over loan period
- **RRY** – Subsidy intervention enhanced, but other constraints remained
- **CLSS** – Subsidy intervention further enhanced and delivery mechanism widened by including HFCs & NBFCs with upfront release, thereby lowering EMIs

# Performance of earlier schemes . . .

CURRENT STATUS OF DIFFERENT HOUSING SCHEMES



	BSUP	IHSDP	RAY	AHP
Houses Sanctioned	9,16,196	5,25,991	1,20,912	20,472
Houses Constructed	5,42,104	2,73,682	1,154	3,416
Houses Occupied	3,84,367	2,07,394	-	965
Houses Under Construction	2,30,516	1,53,026	16,064	3,352

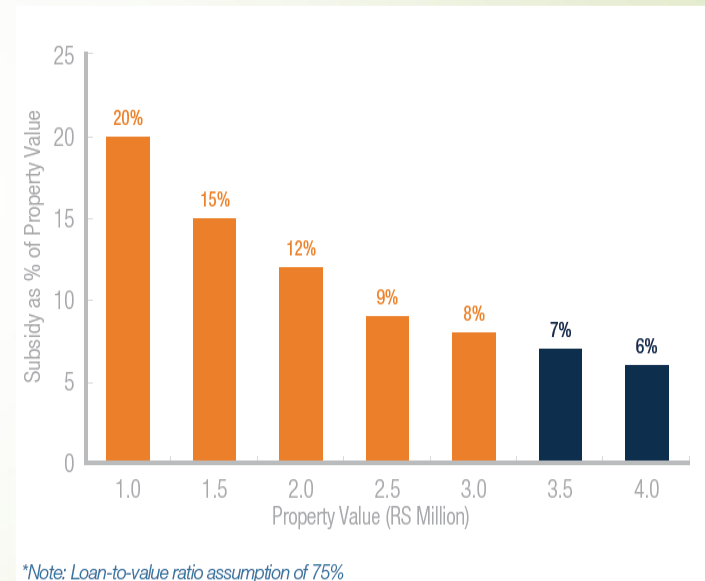
Source: MHUPA; BSUP = Basic Services for Urban Poor, IHSDP = Integrated Housing and Slum Development Programme.

\*All numbers till July 2014. BSUP and IHSDP were part of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). AHP (Affordable Housing in Partnership) was being implemented under the Rajiv Awas Yojana (RAY) by the Ministry of Housing and Urban Poverty Alleviation. Even till March 2015, 7731 houses out of the total sanctioned number of 1.9 lakh were completed under RAY/AHP

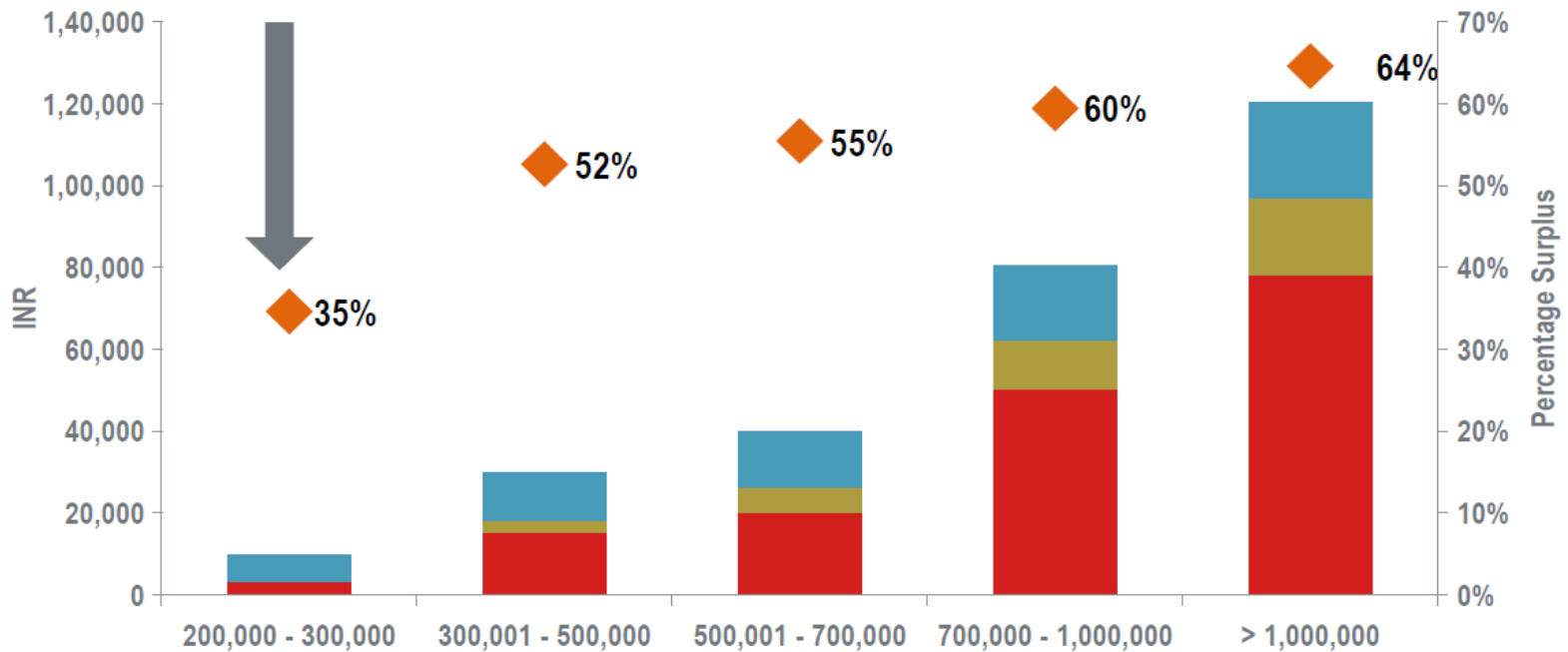
# Rationale . . . For the present structure of **Pradhan Mantri Awas Yojana**

## Affordability Gap is the real issue . . .

- 
- ▶ The government intends to plug the affordability gap by providing 20 million houses (**revised to 10 Million**) to the EWS and LIG in cities and small towns of India by 2022..
- ▶ The affordability gap is the difference between the price of a house and the maximum amount a household can pay. The task force for promoting affordable housing in 2012 estimated that the affordability gap was from INR 100,000 to INR 200,000 (USD 1,500 to USD 3,000) for the EWS segment and from INR 700,000 to INR 1.2 million (USD 11,000 to USD 18,500) for the LIG segment.



## DISPOSABLE INCOME FOR HOUSE PURCHASE FOR VARIOUS INCOME GROUPS



Expenses on Food, Non-food (Essentials) and Medicine

Percentage of Surplus to Income

Disposable Surplus

House Rent per Month

Source: JLL Research and REIS

# Rationale . . . for the present structure of **Pradhan Mantri Awas Yojana**

- Experience of JNNURM implementation led to move away from 1 size fits all. Requirements of those without adequate housing were generally in 4 categories.
  1. Those living in slum/ slum like situation and in need of a house (ISSR)
  2. Those with some regular income and able to raise loan, but limited by their affordability in financing the purchase of a house (CLSS)
  3. The most vulnerable category were those who neither had land nor had adequate income to purchase a house (AHP)
  4. Majority were those who had a patch of land and in a position to construct a house but requiring financial assistance to take up house construction (BLC)

## Housing For All: the 4 verticals



**Beneficiary can take advantage under one component only**



# Housing for All (Urban)

## Scheme Guidelines

March, 2016



Ministry of Housing & Urban Poverty Alleviation  
Government of India



## Mission Highlights, Implementation Methodology and Policies

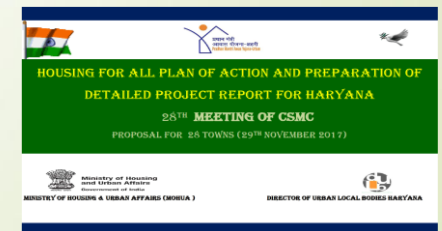
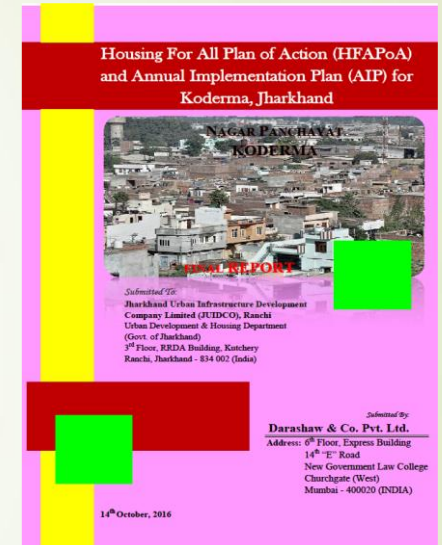
- Signing of **Memorandum of Agreement (MoA)** and **selection of Cities**;
- States/UTs to decide cut off date for eligibility
- EWS category income upto Rs. 3 lakh, LIG Rs. 3-6 lakh & MIG I & II - Income up to 12 lakhs & 18 lakhs per annum respectively.
- **EWS house 30 sqm**, States have flexibility but Central assistance fixed
- Demand survey to result into the housing needs of the city
- Demand survey should have beneficiary details linked to **unique Identification Number ie Adhaar Card**
- Houses constructed/acquired should be in the name of female head of the household or in the joint name
- Project approval at the State Level.



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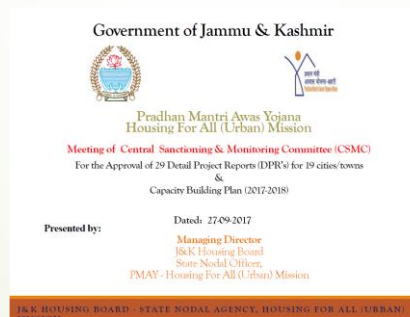
## Implementation Process

- **Demand Survey for Slum beneficiaries :**
  - Data collection for all slums, utilise existing data (SFCPoA)
  - Examine financial and technical viability of tenable slums for redevelopment through PPP using land as resource
  - Additional FSI/FAR, TDR, relax density norms
- **Demand survey for Other Urban Poor :**
  - Demand assessment and validation of beneficiaries
  - Categorisation of intended beneficiaries as per HFA verticals
- **Prepare Housing for All Plan of Action (HFAPoA)**



## Implementation Process . . . contd.

- Based on HFAPoA, Annual Implementation Plans (AIPs)
- For larger cities, HFAPoA and AIPs - prepared at sub city (ward/zone etc.) level
- DPRs prepared as per HFAPoA & AIP.
- HFAPoA, AIP & DPR approved by SLAC, SLSMC & then submitted to Ministry for assessment of demand central financial assistance.



# Fund Release Mechanism

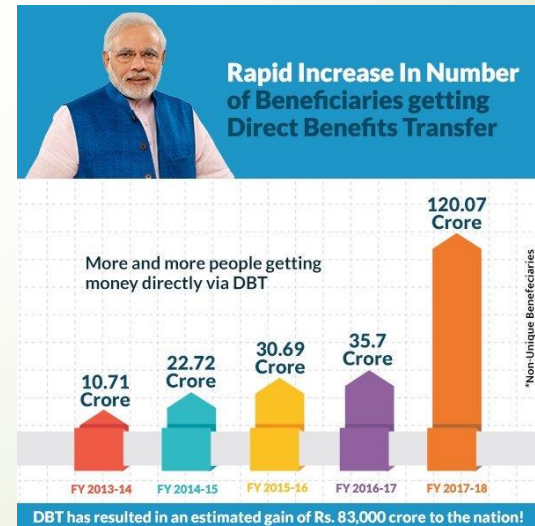
## DIRECT BENEFIT TRANSFER MECHANISM

### All 3 Components except CLSS

- Central Assistance released in 3 instalments - 40%, 40% and 20% with approval of CSMC
- Subsequent instalments released on 70% utilization
- Funds to be kept in **separate account**

### Credit Linked Subsidy Scheme

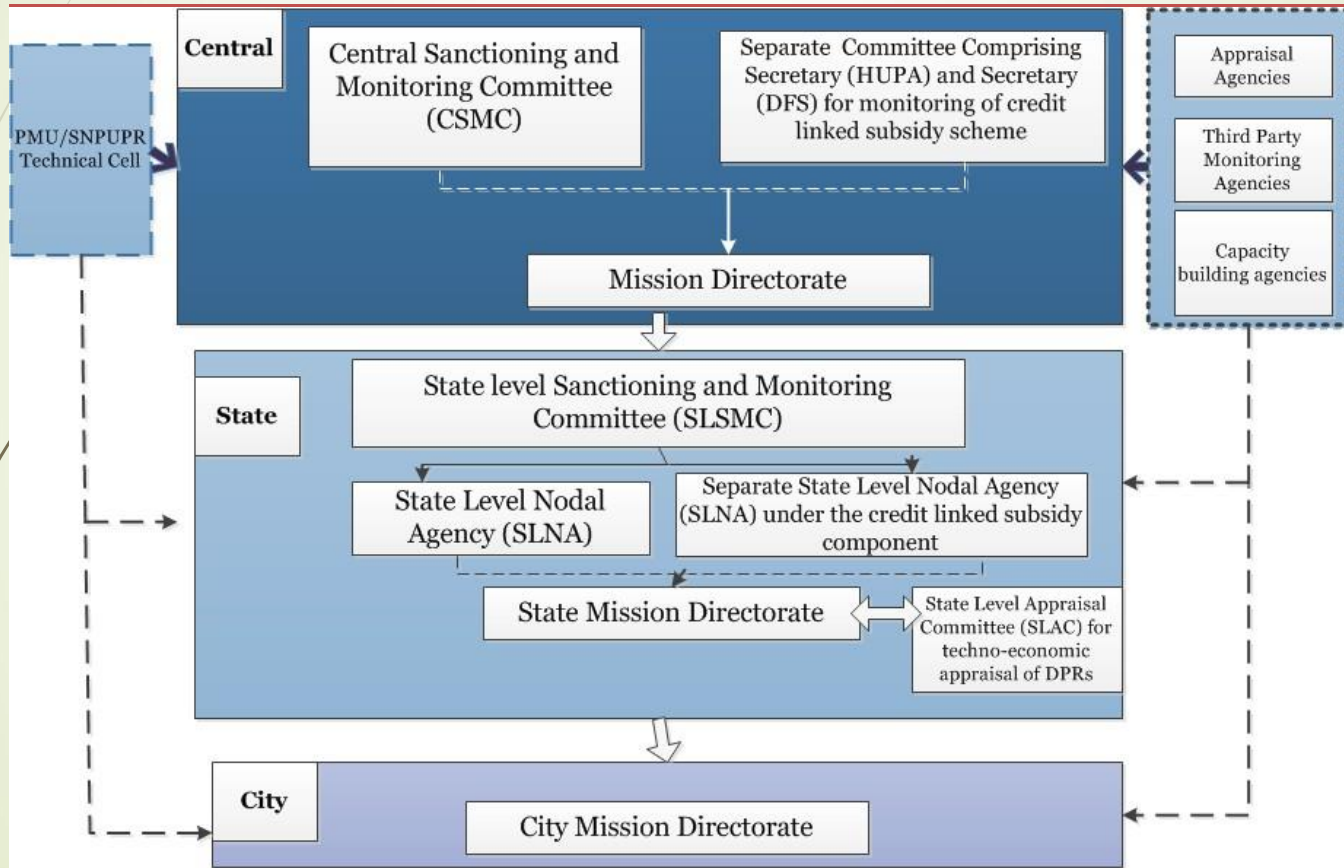
- Advance subsidy release to Central Nodal Agency (CNA)
- Subsequent instalments released on 70% utilization
- CNA to release the subsidy amount to PLIs in 4 installments



## Convergence with Other Ministries

- **Industries/ Ministries** - housing for its employees for accommodation
- **Railway land** - housing for urban poor/ slum dwellers
- Other land owning central govt. agencies to **contribute by providing land and undertaking housing**
- **Convergence of civic amenities and infrastructure development** in fringe areas of cities under **AMRUT** to make more land available for housing
- **Smart city** to include adequate provision for **EWS housing**
- State Govts. to utilise **Construction Worker Welfare Fund** for creating adequate **stock of affordable/rental housing** - *Direction issued by Director-General (labour Welfare) under Section 60 of BOCW(RECS) Act 1996 that the States/UTs should create rental housing stock for workers as welfare measure dated 5<sup>th</sup> August 2015.*

# Institutional Framework






# Data driven implementation structure

The basis for data for implementation of PMAY (Urban)

- Comprehensive **Socio Economic Caste Census (SECC)** survey by State Govt. to identify the list of families which are houseless or are living in inadequate dwelling units.
- The thrust of the data acquisition phase is to ensure that not a single eligible family is left out from the enumeration process.
- Based on the demand survey Housing for All Plan of Action (HFAPoA) is prepared by the States for the cities.
- Depending on the priority of the States, Annual Implementation Plan (AIP) is prepared.



# Beneficiaries segregated, geo-tagged photographs and DBT

The identified families / beneficiaries are assigned housing option to one of the four verticals based on the current housing situation / needs:

- (1) Insitu Slum Rehabilitation (ISSR),
- (2) Credit Linked Subsidy Scheme (CLSS)
- (3) Affordable Housing in Partnership (AHP)
- (4) Beneficiary Led House Construction / Enhancement (BLC).

Based on Annual Implementation Plan (AIP) detailed project reports for each vertical is prepared by the respective Urban Local Bodies.

The funds are released to an Aadhar linked bank account on **direct benefit transfer** for transparency.

Photographs taken at various stages (before construction, plinth, lintel, roof, completion) are **geo-tagged** for monitoring purposes.



# In Situ Slum Upgradation

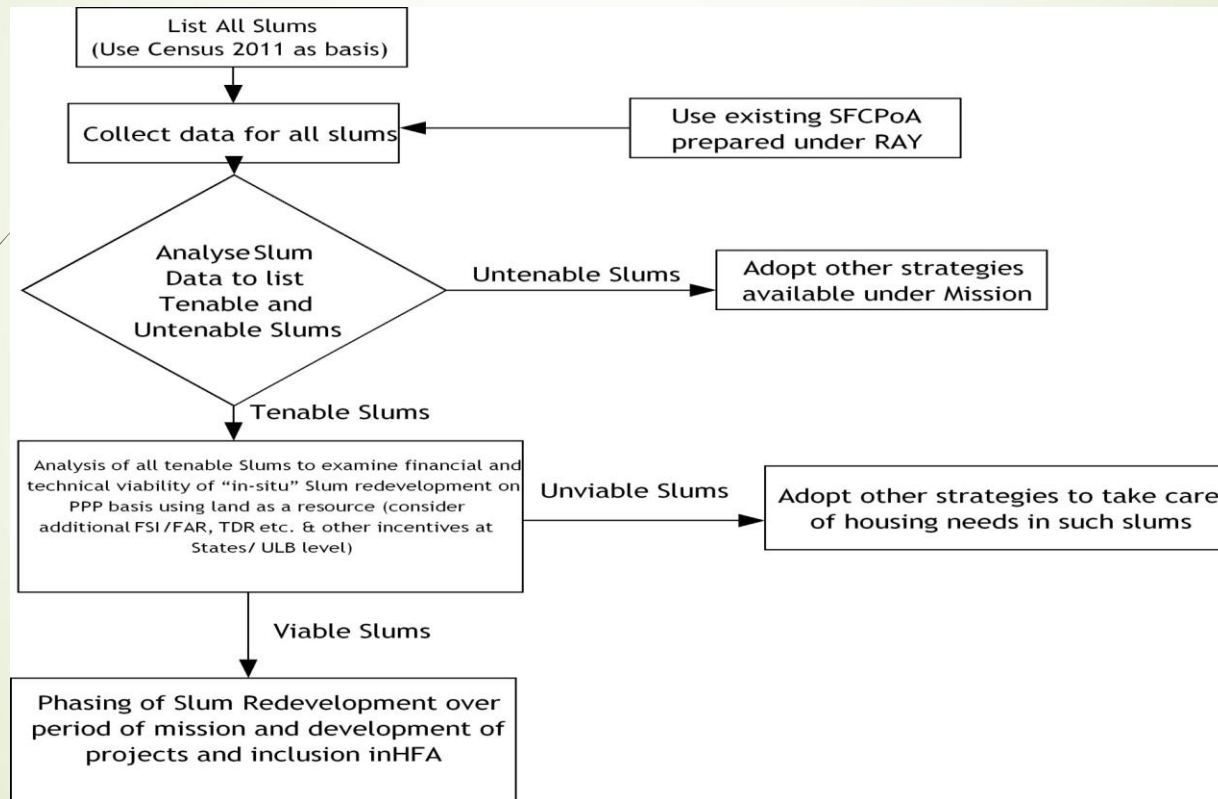
Vertical No.1 of PMAY(U)

- **Slums on Central Government land/State Government land/ULB land**
  - Slum rehabilitation grant of **Rs. 1 lakh per house**
- Using land as a resource with private participation
  - **Flexibility to States/Cities** to deploy this central grant for
    - ▶ other slums being redeveloped
      - States/Cities provide **additional FSI/FAR or TDR** to make
    - ▶ projects financially viable
      - Land cost **not to be charged** by Central Govt. agencies
- **Slums on Private Owned Land**
  - States/Cities provide additional FSI/FAR or TDR to land
    - ▶ owner as per its policy
      - No Central Assistance

## “In-Situ” Slum Redevelopment- Approach

- Two Components:
  - **slum rehabilitation component:** provides housing along with basic civic infrastructure
  - **free sale component:** available to developers for selling in the market so as to cross subsidize the project
- **Sale of “free sale component”** should be linked to the completion and transfer of slum rehabilitation component
- **Consultations** with Slum Dwellers’ Associations
- All **financial and non financial incentives and concessions** to be declared ‘a priori’ in the bid document
- Private partner to be selected through **open bidding process**

# Strategy for Slum Redevelopment using Land as a Resource



# Credit Linked Subsidy Scheme

Vertical No.2 of PMAY(U)

## Eligibility Criteria - EWS/LIG

- **PURPOSE OF LOAN** Acquisition/New Construction of Dwelling Unit/ Addition of Rooms, Kitchen, Toilet etc.  
(All house built or expanded under the Mission shall essentially have toilet facility.)
- **INCOME ELIGIBILITY** **EWS:** Annual Income upto Rs. 3 Lakh **LIG :**Annual Income Rs. 3-6 Lakh
- **CARPET AREA** **EWS** – upto 30 Sq.mt, **LIG** – upto 60 Sq.mt.  
\*\*\* States can determine area of EWS as per their local needs with information to Ministry of Housing & Urban Affairs (MoHUA)
- **PROOF OF INCOME** Self-Certificate/ Affidavit from loan applicant
- **PREFERENCE OF BENEFICIARIES**  
Manual Scavengers/ Women (overriding preference to Widows)/ SC/ST/OBC/ Minorities/ Persons with disabilities/ Transgender, subject to them being EWS/LIG
- **BENEFICIARY IDENTIFICATION REQUIRED** - Aadhar



# Subsidy intervention scheme and its objectives over a period of time

- ▶ **ISHUP – Interest subsidy for housing the urban poor (11th Plan period)**
  - ▶ to create an enabling and a supportive environment for expanding credit flow to the housing sector and increasing home ownership
  - ▶ an additional instrument for addressing the housing needs of the EWS/LIG segments in urban areas.
  - ▶ Envisages the provision of interest subsidy to EWS and LIG segments to enable them to buy or construct houses.
  - ▶ **Learning** – Public Sector was reluctant to extend loans to EWS/ LIG category.
- ▶ **Rajiv Rinn Yojana**
  - Compared to ISHUP, RRY had enhanced scope and coverage. Applicable in all the urban areas of the Country.
  - RRY provided for interest subsidy of 5% on loans granted to EWS/LIG categories to construct their houses or extend the existing ones.
  - Loan upper limit Rs 5 lakh for EWS and 8 lakh for LIG;
  - Interest subsidy would, however, be limited to the first Rs 5 lakh of the loan amount, in case the loan exceeds this amount.
- ▶ **CLSS under PMAY (U)**
  - Subsidy is now available for EWS, LIG and MIG category beneficiaries*
  - This scheme brought in more uniformity in calculation of interest subsidy.*
  - Based on learning** – Besides PSU Banks, Commercial Banks, Co-operative Banks and NBFCs also included
  - Result** : Total sanction till 30-Sept-2019 is nearly 7 lac beneficiary sanction compared to only Rs 22.50 Crore release to 18,166 beneficiary loan accounts Under ISHUP/RRY.

## Credit Linked Subsidy Scheme

### Eligibility Criteria - MIG

<b>PURPOSE OF LOAN</b>	Acquisition/Construction of Dwelling Unit (All house built under the Mission shall essentially have toilet facility)
<b>INCOME ELIGIBILITY</b>	<ul style="list-style-type: none"><li>• MIG-I : Annual Income upto Rs.12 Lakh</li><li>• MIG-II : Annual Income between Rs. 12-18 Lakh</li></ul>
<b>CARPET AREA</b>	<ul style="list-style-type: none"><li>• <b>MIG-I</b>- upto 160 Sq.mt. &amp; <b>MIG-II</b> - upto 200 Sq.mt.</li></ul>
<b>PROOF OF INCOME</b>	Self-Certificate/ Affidavit from loan applicant
<b>BENEFICIARY IDENTIFICATION REQUIRED</b>	Aadhar

# CLSS Subsidy Benefits

## CASE-II

- Loan Amount – Rs.6.00 Lakh
- Interest Subsidy – Rs.2.67 Lakh
- Balance Loan – Rs.3.32 Lakh
- Initial EMI @ 10% - Rs.5,790/-
- Monthly Saving – Rs.2,579/-
- EMI After Subsidy – Rs.3,211/-
- Annual Saving – Rs.30,948/-

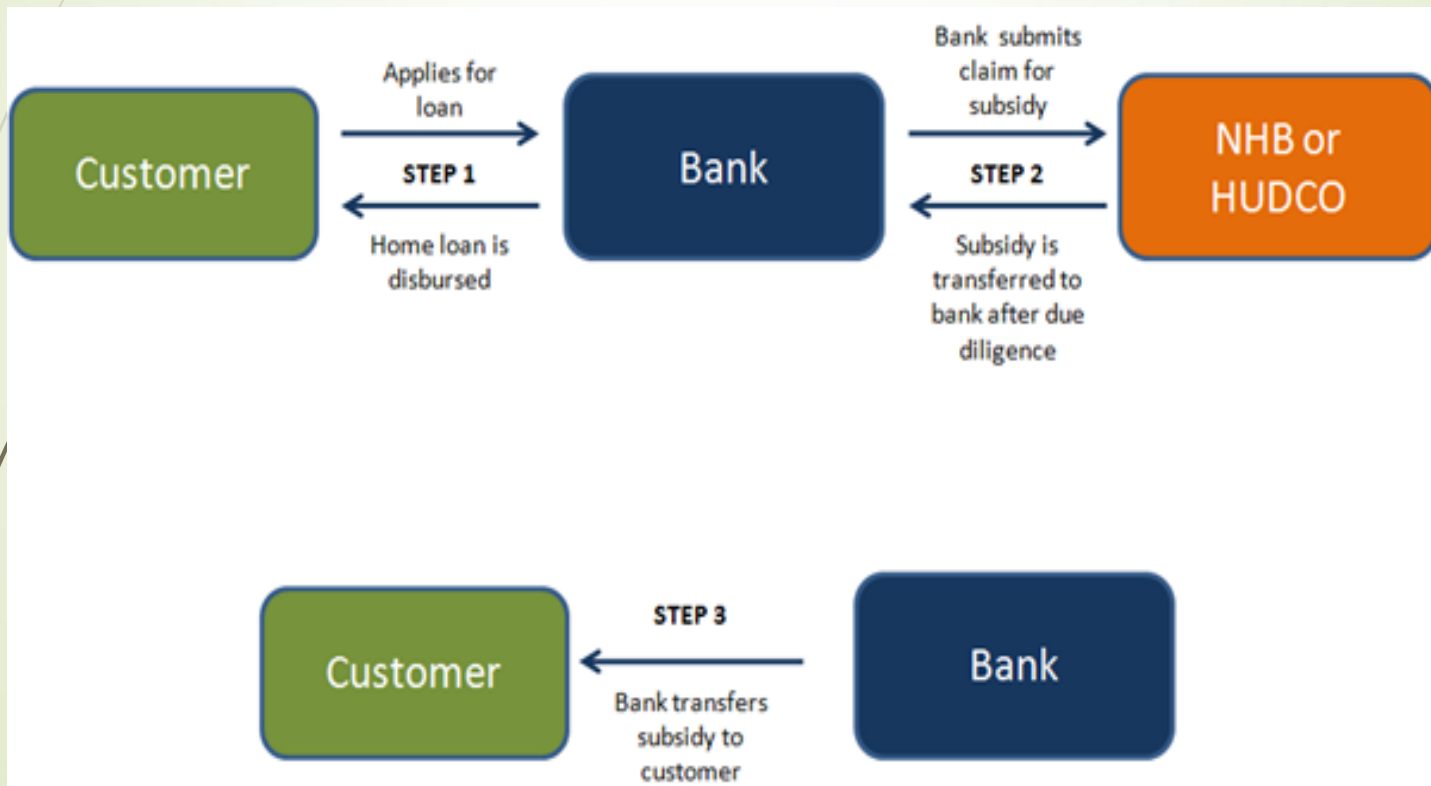
## CASE-I

- Loan Amount – Rs.3.00 Lakh
- Interest Subsidy – Rs.1.34 Lakh
- Balance Loan – Rs.1.66 Lakh
- Initial EMI @ 10% - Rs.2,985/-
- Monthly Saving – Rs1,290/-
- EMI After Subsidy – Rs.1,605/-
- Annual Saving – Rs.15,480/-

## CASE-III

- Loan Amount – Rs.12.00 Lakh
- Interest Subsidy – Rs.2.30 Lakh
- Balance Loan – Rs.9.70 Lakh
- Initial EMI @ 10% - Rs.11,580/-
- Monthly Saving – Rs.2,221/-
- EMI After Subsidy – Rs.9,359/-
- Annual Saving – Rs.26,652/-

# CLSS Subsidy - RELEASE



# Computation of CLSS Subsidy for EWS/LIG and MIG Category

(Loan Tenure-20 Years/240 Months)

All figures in ₹

	Loan Amount	Interest Subsidy	Balance Loan	Initial EMI @10%	EMI after Subsidy	Monthly Saving	Annual Saving
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(1-2)			(4-5)	(6) x12
EWS Category	3,00,000/-	1,33,640/-	1,66,360/-	2,895	1,605/-	1,290/-	15,480/-
LIG Category	6,00,000/-	2,67,280/-	3,32,720/-	5,790/-	3,211/-	2,579/-	30,948/-
MIG-I Category	9,00,000/-	2,35,068/-	6,64,932/-	8,685/-	6,417/-	2,268/-	27,216/-
MIG-II Category	12,00,000/-	2,30,156/-	9,69,844/-	11,580/-	9,359/-	2,221/-	26,652/-

# NPV Calculation

SAMPLE EMI CHART				
Installment Number	EMI Amount	Interest Component	Principal Component	Loan Balance
1	4,473.44	3,250.00	1,223.44	5,98,776.56
2	4,473.44	3,243.37	1,230.07	5,97,546.50
3	4,473.44	3,236.71	1,236.73	5,96,309.77
4	4,473.44	3,230.01	1,243.43	5,95,066.34
5	4,473.44	3,223.28	1,250.16	5,93,816.18
6	4,473.44	3,216.50	1,256.93	5,92,559.24
7	4,473.44	3,209.70	1,263.74	5,91,295.50
8	4,473.44	3,202.85	1,270.59	5,90,024.91
9	4,473.44	3,195.97	1,277.47	5,88,747.44
10	4,473.44	3,189.05	1,284.39	5,87,463.05
...240	10,73,625.32	4,73,625.32	6,00,000.00	

- Loan Amount – Rs. 6.00 Lakh
- Rate of Interest – 6.5%
- Loan Tenure – 240 Months
- Total NPV/Subsidy for 240 months – Rs.2.67 Lakh
- Total Interest Component – Rs.4.73 Lakh



# Affordable Housing in Partnership (AHP)

Vertical No.3 of PMAY(U)

- To provide financial assistance to EWS houses being built in different partnerships by States/UTs/ Cities, private sector etc.
- Central assistance @Rs. 1.5 lakh per EWS house.
- A supply side intervention
- Affordable housing project eligible for central assistance.
  - At least 35% of the houses for EWS category.
  - Project of at least 250 houses.
- Allotment through transparent procedure as approved by SLSMC to beneficiaries identified in HFAPoA.
- Preference to physically handicapped persons, senior citizens, SC/ST/OBCs, minorities, single women, transgender and other weaker and vulnerable sections of the society.
- Ministry of Housing and Urban Affairs, Govt. of India has also formulated 8 PPP models (6 Government Land + 2 Private land)
- Different models of private sector involvement prevailing in the various states.

## DEFINITION OF AFFORDABLE HOUSING- MHUPA 2012

Income Categories	Size	Income Criteria	Affordability
<b>EWS</b>	<ul style="list-style-type: none"> <li>• 21-27 sqm of carpet area</li> <li>• EWS maximum area could be between 25.2 and 30.8 sqm if subsidies are tied to them</li> </ul>	The maximum Household Income for the EWS and LIG category are recommended to be INR 8,000 and INR 16,000 per month and since many households in this category do not have regular monthly income an annual income of INR 100,000 for EWS and INR 200,000/- for LIG households could also be used	The Task Force recommends that the desirable goal of a house price to income multiple that should be pursued for Affordable Housing projects should be 5
<b>LIG</b>	<ul style="list-style-type: none"> <li>• 28-40 sqm of carpet area</li> <li>• maximum area for LIG could be between 36.9 and 45.1 sqm if subsidies are tied to them</li> </ul>		
<b>MIG</b>	<ul style="list-style-type: none"> <li>• 41-60 sqm of carpet area</li> </ul>		

Source: Task force on Promoting Affordable Housing, MHUPA, 2012

## PPP in Affordable Housing - Implementation Models

### On Government Land:

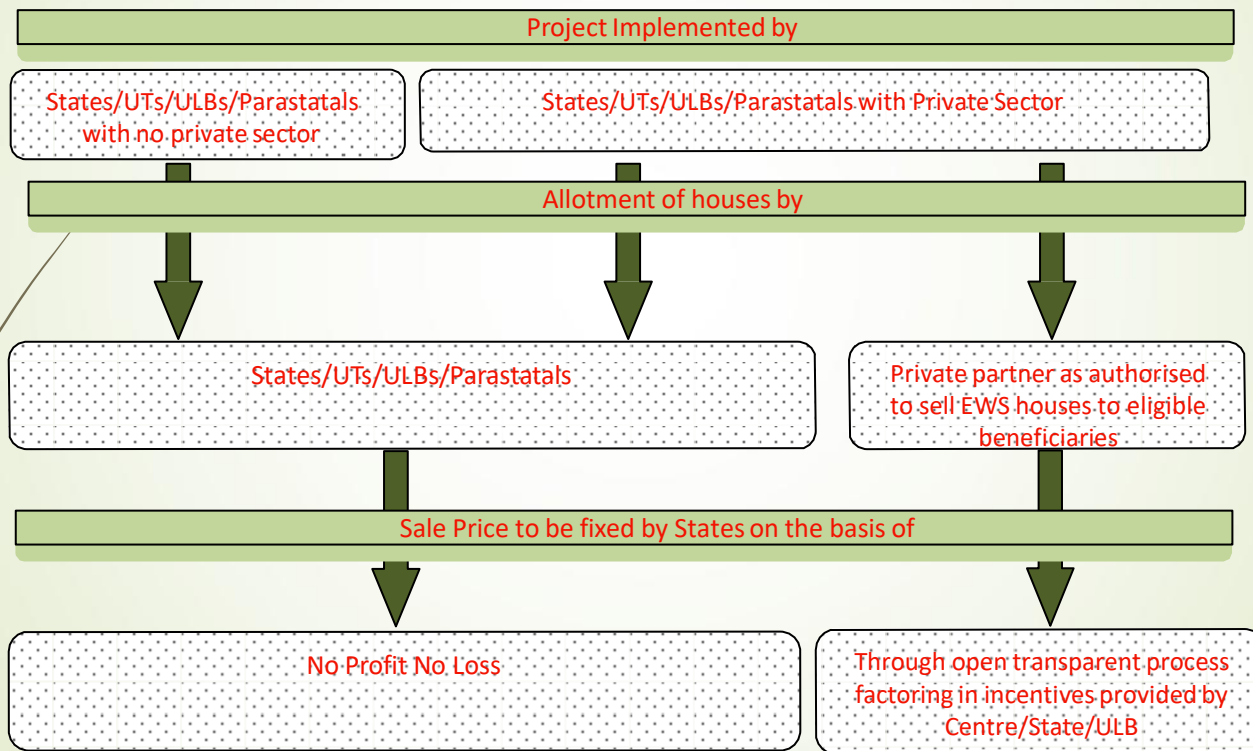
1. Model 1: **Government-land Based Subsidized Housing (GLSH)**
2. Model 2: **Mixed Development Cross-subsidized Housing (MDCH)**
3. Model 3: **Annuity Based Subsidized Housing (ABSH)**
4. Model 4: **DBFMT –Annuity cum Capital Grant based Subsidized Housing (AGSH)**
5. Model 5: **Direct Relationship Ownership Housing (DROH)**
6. Model 6: **Direct Relationship Rental Housing (DRRH)**

### On Private Land:

1. Model A: **Private Land Based Subsidized Housing - Taking advantage of CLSS**
2. Model B: **Private Land Based Subsidized Housing – AHP Scheme for EWS**

### (3) Affordable Housing in Partnership

- States/UTs to decide an **upper ceiling of sale price** for EWS houses
- Sale prices to be fixed using following principles:





## Progress of AHP projects sanctioned by CSMC

Photograph of Anganwa Jodhpur





## Progress of AHP projects sanctioned by CSMC

Photograph of Falna (Pali)





# Beneficiary Led Construction (BLC)

Vertical No.4 of PMAY(U)

- Assistance to individual eligible families belonging to **EWS categories** to either construct new houses or enhance existing houses **on their own**
- Central assistance **@ Rs. 1.5 lakh** per house
- Beneficiaries, in or outside slums, to approach ULBs with **proof of land/house ownership**
- **Kutcha houses** in slums **not taken up for redevelopment** can be covered
- **ULBs to ascertain** ownership of land, economic status and **eligibility** etc. of beneficiary
- Socio-economic Caste Census (SECC) data to be used to verify current housing status of applicant and consequent eligibility
- ULBs to prepare **integrated city wide** individual housing




**DINDIGAL**  
BLC Project





**Coimbatore**  
BLC Projects





# Housing for All – HUDCO's role

- Scrutiny of Detailed Project Reports of 3 Verticals
  - In-Situ Slum Rehabilitation
  - Affordable Housing in Partnership and
  - Beneficiary Led Construction
- Central Nodal Agency for 4<sup>th</sup> Vertical
  - Credit Linked Subsidy Scheme
- Viability Gap Funding
- Contributions to National Urban Housing Fund (NUHF) through Extra Budgetary Resources



# HUDCO SCRUTINY OBSERVATIONS during DESK SCRUTINY AND SITE SCRUTINY

- Beneficiary Related Queries
  - 1. Land Ownership and Adequacy / Tenability
  - 2. Beneficiary Details – Address / Aadhaar Number/ Bank Details
  - 3. 4b Format Beneficiary Details Linkage With SECC Data
  - 4. Basic Utility & Social Infra Availability & Provisioning
  - 5. Fund Flow Mechanism / DBT
  - 6. Monitoring Mechanism
  
- Site And Construction Related
  - 1. Housing Condition / Housing Details – In Case of Enhancement Cases
  - 2. SOR/ Cost Index Applicability
  - 3. Construction Technology – Hazard Resilience Provisions
  - 4. Fund Flow – Implementation & Management Framework
  - 5. Monitoring – Geo Tagging / Single Benefit

# Scrutiny of DPRs of ISSR, AHP & BLC undertaken by HUDCO for Govt. of India on Fee Basis (As on 25-08-2020)

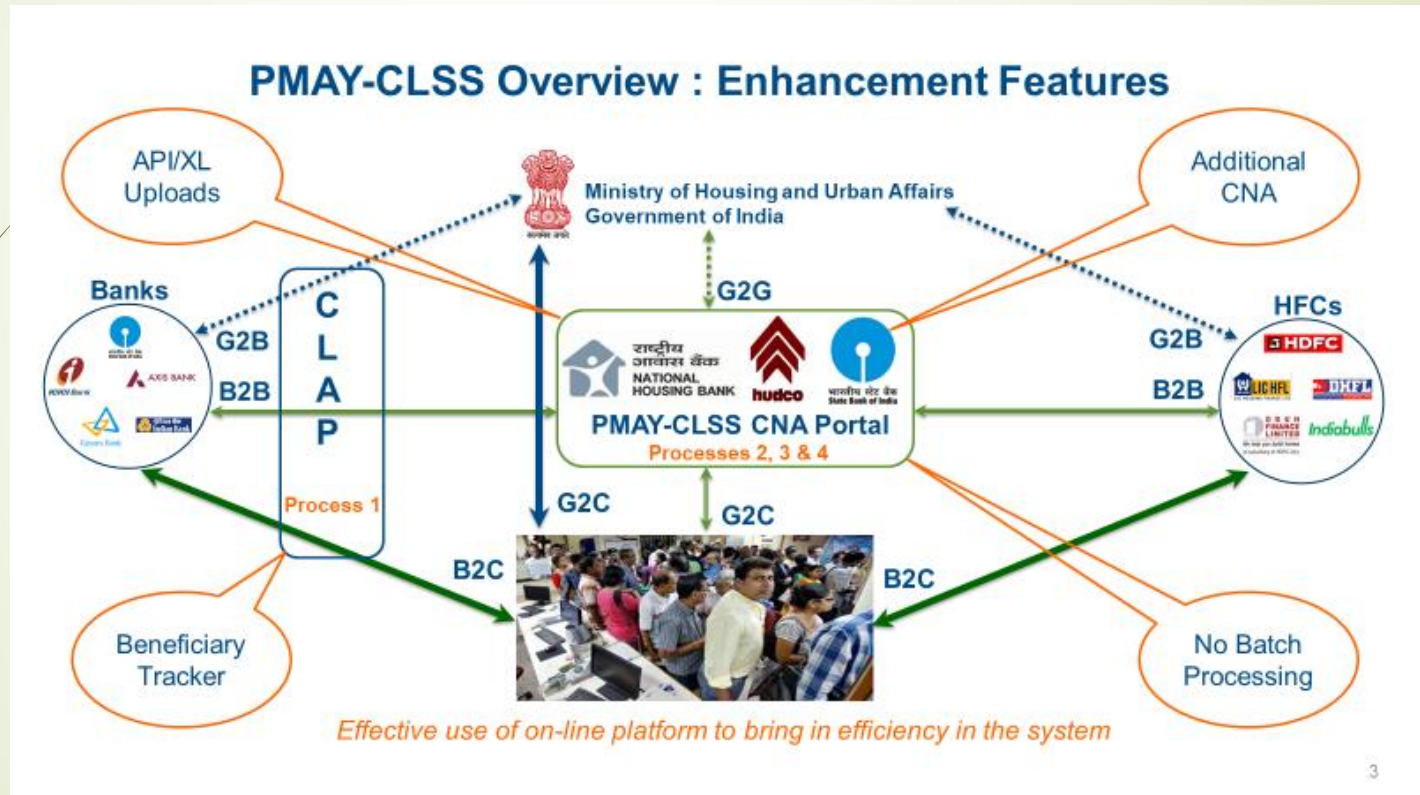
	<b>AHP</b>	<b>BLC</b>	<b>ISSR</b>	<b>Total</b>
No. of Projects	44	404	19	467
No. of City/ Towns	41	316	18	375
Project Cost (Rs/Crore)	15,122.71	28,363.83	2,177.07	45,763.62
Central Subsidy (Rs/Crore)	2,614.98	11,182.84	338.49	14,136.31
No. of DU's	1,80,113	7,46,862	33,251	9,60,226



# HUDCO's Role as CNA

- HUDCO enters in MoU with Prime Lending Institutes
- PLI's after sanction of Home Loans, lodges subsidy claims
- HUDCO scrutinizes the claims through Checker and Maker mechanism
- HUDCO channelizes subsidy from GOI to PLIs and ultimately to beneficiaries
- Keeps a trail of the subsidy flow in a data base and reports to Ministry
- Follows up with PLIs for Utilization of Subsidy
- Periodic sensitization of the GOI Action Plan programme

# FEATURES OF CLAP SOFTWARE



## Process 2 – hudco as CNA ...

1. **PLI uploading eligible claims** on HUDCO's PMAY CLSS 24x7 online portal along with **Applicant ID generated in Process 1 (CLAP) using Web API or XL sheet after login.**
2. Without **Applicant ID**, claim will not be accepted under Process 2.
3. HUDCO processing the claim on record basis, based on uploaded date. To handle the initial backlog (large volume data), the validation process has been delayed.
4. Initial scrutiny of claims by HUDCO through **Manage by Rules (MBR)**. Claims are categorized as Accepted, Queried and Rejected.
5. Accepted records shall be forwarded to **CLAP for de-dupe.**
6. Queried and Rejected claims will appear in PLI page for necessary action at their end.
7. Sample check by HUDCO on Accepted claims under **Manage By Exception (MBE).**

## ... Process 2 – HUDCO as CNA

8. Combining PLI-wise successful Individual claims periodically for **submission of Claim Application Form (CAF)** by its Authorised Signatories.
9. **Compliance checks** shall be undertaken by HUDCO (Utilization, Refund, Inspection, End-use, etc.) in respect of the PLI.
10. HUDCO refers the PLI claims to **CLAP for de-dupe**.
11. **CLAP generates Beneficiary ID** for the Individual eligible claim.
12. **Claim Release Form (CRF)** shall be generated by the system for the PLI.
13. **Subsidy sanction by HUDCO** to PLI, based on CRF.
14. **Subsidy release by HUDCO** to PLI through digital transaction.

# Achievement of HUDCO as Central Nodal Agency (CNA) As on 21<sup>st</sup> September, 2017

HUDCO as Central Nodal Agency (CNA) has executed Memorandum of Understanding with 64 Banks / Prime Lending Institutions (PLIs) for EWS/ LIG and with 54 Banks / PLIs for MIG-I and MIG – II.

➤ For EWS / LIG, out of 64 Banks, there are

- 2 Public Sector Banks,
- 6 Private Sector Banks,
- 1 NBFC-MFI,
- 1 Small Finance Bank,
- 16 Grameen Banks and
- 38 Cooperative Banks

➤ For MIG – I and MIG – II, out of 54 Banks, there are


- 2 Public Sector Banks,
- 5 Private Sector Banks,
- 1 NBFC,
- 16 Grameen Banks and
- 30 Cooperative Banks

Total 1103 beneficiaries (EWS / LIG) with a loan amount of Rs. 7021.41 lakh and a subsidy claim amount of Rs. 1769.7 lakh has been received & disbursed.

Total 73 beneficiaries (MIG-1) with a loan amount of Rs. 749.42 lakh and a subsidy claim amount of Rs. 122.92 lakh has been received and disbursed.

# Central Nodal Agency for Credit Linked Subsidy Scheme

			<b>As on 21-08-2020</b>
	Beneficiaries	Subsidy (Rs/Lacs)	Loan Amount (Rs/Lacs)
EWS/LG	22,651	49,660.51	2,14,641.68
MIG	8,462	17,384.68	1,57,033.20
TOTAL	31,113	67,045.20	3,71,674.88



# Contributions to National Urban Housing Fund (NUHF) through EBR

- ▶ Government of India has created a National Urban Housing Fund with estimated fund requirement of Rs.1,80,000 Core
- ▶ Since this huge requirement cannot be raised through normal Annual Budget, hence Extra Budgetary Sources
- ▶ NUHF created in Building Material & Technology Promotion Council (BMTPC) to act as a repository by way of aggregating funds from leading Financial Institutions and disburse as Central Assistance to States/ UTs as subsidy and to CLSS Vertical as well
- ▶ GOI has decided to arrange Rs.60,000 Crore through Extra Budgetary Fund over 4 years (FY 2017-18 to 2021-22)
- ▶ HUDCO has contributed Rs.20,000 Crore in 4 tranches till date ie. 1/3<sup>rd</sup> of the total fund requirement by raising resources from the market through Bonds.

# Details of EBR raised so far

Tranche	Sanction Date	Release Date	Amount	Rate of interest
Tranche –I	15.10.2018	12.11.2018	Rs. 3000.00 crore	9.00% (8.60% + 0.40% margin cost)
Tranche-II, (Part-1)	19.11.2018	28.11.2018	Rs. 2050.00 crore	8.92% (8.52% + 0.40% margin cost)
Tranche-II, (Part-2)	21.01.2019	30.01.2019	Rs. 2066.90 crore	8.78% (8.38% + 0.40% margin cost)
Tranche –III	06.02.2019	14.02.2019	Rs. 2563.10 crore	8.98% (8.58% + 0.40% margin cost)
Tranche –IV, (Installment-1)	08.03.2019	15.03.2019	Rs. 5,320.00 crore	8.81% (8.41% + 0.40% margin cost)
Tranche –IV, (Installment-2)	08.03.2019	25.03.2019	Rs. 5,000.00 crore	8.77% (8.37% + 0.40% margin cost)



# Mechanism of EBR

- ▶ Formulation of Special Guidelines for EBR
- ▶ Based on Letter of Authorization and Letter of Comfort, Tripartite Memorandum of Association was created
- ▶ Funds were raised on Electronic Bidding Platform of BSE / NSE
- ▶ Prior to this, potential investors in the market were approached
- ▶ On reaching cut-off amount to be raised, the bidding rate of interest to be finalized
- ▶ Government of India Service Bonds are on semi-annual interest payment and decennial bullet principal repayment
- ▶ Close monitoring to honour the repayment obligation of the bond holders



# Viability Gap Funding

- Funding to bridge the difference between cost of Dwelling Unit and Subsidy by Government of India to the State Governments/ Agencies
- No of Schemes financed – 8
- Project Cost involved - Rs. 26,437.84 Crore
- Loan Amount sanctioned - Rs.8,632.12 Crore
- No. of Housing Units - 4,90,418
- In addition, HUDCO has funded on PMAY(Gramin) Scheme of 6,25,000 Dwelling Units for a Loan Amount of Rs.2,838.95 Crore

# Viability Gap Funding by HUDCO

<b>FY - 2016-17</b>						
State / UT	PMAY(U)-Component / Date of sanction	Project Cost (Rs. Crore.)	Loan amount (Rs. Crore.)	No. of Housing Units	Status of the project (Rs. in Crore)	
					Loan Amount already released	Status of schemes
Uttarakhand	Affordable Housing Project by Dehradun by Mussorie Dehradun Development Authority (22.7.16)	22.44	8.40	240	1.63	Implementation in progress.
Andhra Pradesh	Beneficiary Led construction by Andhra Pradesh State Housing Corporation Ltd (APSHC) (28.12.16)	1,995.60	570.17	57,017	470.00	Implementation in progress.
Andhra Pradesh	Affordable Housing Project by Andhra Pradesh Township and Infrastructure Development Corporation (APTSIDCO) (23.01.17)	3,780.86	1,801.59	1,20,106	1801.59	Implementation in progress.
<b>Sub Total (A)</b>		<b>5,798.90</b>	<b>2,380.16</b>	<b>1,77,363</b>	<b>2,273.22</b>	
<b>FY - 2017-18</b>						
Telangana	Pradhan Mantri Awas Yojna (PMAY-Urban)- Affordable Housing in partnership in Telangana by Telangana State Housing Corporation Limited (28.02.18)	5,007.46	2,187.50	62,500	2,187.50	Implementation in progress.
Andhra Pradesh	Pradhan Mantri Awas Yojna (PMAY-Urban)- Affordable Housing in partnership in Andhra Pradesh / AP Township and Infrastructure Development Corporation (20.03.18)	13,483.59	3,000.00	2,00,000	2,000.00	Implementation in progress.
<b>Sub Total (B)</b>		<b>18,491.46</b>	<b>5,187.50</b>	<b>2,62,500</b>	<b>4,187.50</b>	
<b>FY -2018-19</b>						
Kerala	Pradhan Mantri Awas Yojna (PMAY-Urban)-Beneficiary Led Construction in Kerala by Kerala Urban & Rural Development Finance Corporation-(30.05.18)	<b>2066.38</b>	1,000.00	50,000	600.00	Implementation in progress.
Andaman Nicobar	Pradhan Mantri Awas Yojna (PMAY-Urban)- Affordable Housing in partnership in Port Blair by Port Blair Municipal Council- (30.03.19)	<b>81.10</b>	64.46	555	-	Implementation in progress.
<b>Sub Total (C)</b>		<b>2,147.48</b>	1,064.46	50,555	600.00	
<b>Total (A+B+C)</b>		<b>26,437.84</b>	<b>8,632.12</b>	<b>4,90,418</b>	<b>7,060.72</b>	
<b>HUDCO - Loan assistance sanctioned under PMAY (Gramin) to meet the State/ULB share</b>						
<b>FY - 2017-18</b>						
State	PMAY(Gramin)-Component / Date of sanction	Project Cost (Rs. Crore.)	Loan amount (Rs. Crore.)	No. of Housing Units	Status of the project	
Uttar Pradesh	Pradhan Mantri Awas Yojna (PMAY-Gramin) in the rural areas of Uttar Pradesh by UP Rural Housing Board (29.06.17)	10,704.00	2,838.95	6,25,000	2,838.95	Scheme Completed.
<b>Total</b>		<b>10,704.00</b>	<b>2,838.95</b>	<b>6,25,000</b>	<b>2,838.95</b>	

# Viability Financing Mechanism

- No. of Dwelling Units in State - 1,00,000 Units
- Cost of Dwelling Unit - Rs.5.00 lakhs
- Govt of India subsidy - Rs.1.50 lakhs
- State Government subsidy - Rs.0.50 lakhs
- Urban Local Body Subsidy - NIL
- Beneficiary Contribution - Rs.3.00 lakhs
- Example of Viability Gap Funding

State Government, wishes to contribute Rs.1,00,000/- to beneficiary through Urban Local Body by raising a loan from HUDCO for 1 lakh Dwelling Units so that beneficiary contribution reduces to Rs.2 lakh per Dwelling Unit.

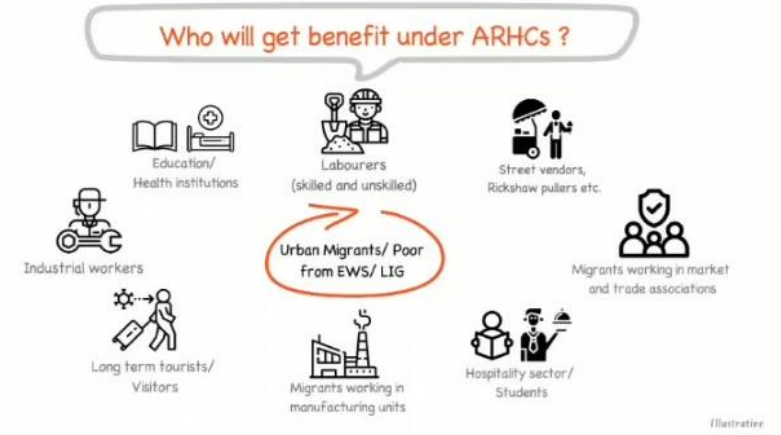
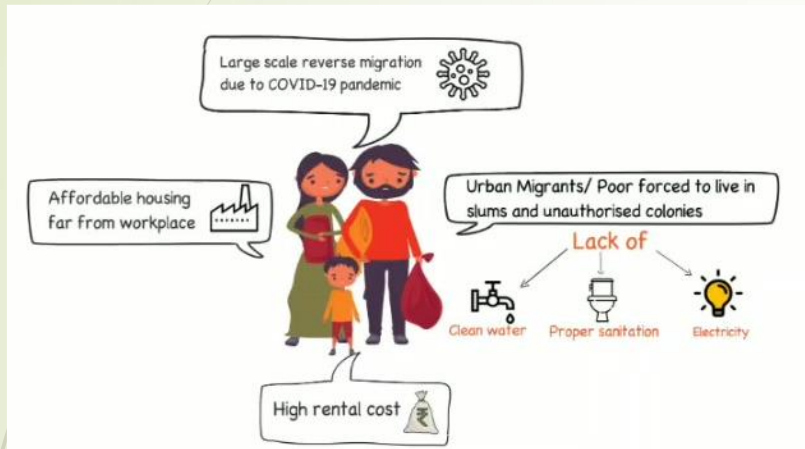
Then, VGF Loan becomes  $\text{Rs.1,00,000} \times 1\text{lakh} = \text{Rs.100 Crore}$  from HUDCO.



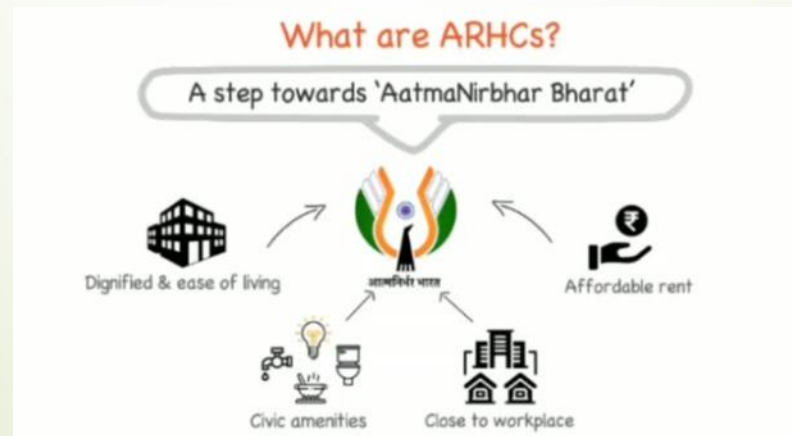
## New Initiatives – Affordable Rental Housing Complex

- ▶ Scheme for Urban Migrants / Urban Poor, who are presently
  - ▶ Living far from their workplaces
  - ▶ In slums and unauthorized colonies lacking in clean water, proper sanitation and electricity
  - ▶ Paying high rentals
- ▶ ARHC are a step towards AtmaNirbhar Bharat for ensuring the following for Migrants/ Poor
  - ▶ Dignified and ease of living
  - ▶ Civic amenities
  - ▶ Close to workplace
  - ▶ Affordable Rent

# New Initiatives . . . Affordable Rental Housing Complex (ARHC)



Illustrative



# Affordable Rental Housing Complex . . . contd

## How will ARHCs be implemented?



**Model 1**

Utilizing existing Government funded vacant houses by converting into ARHCs through Public Private Partnership (PPP) or by public agencies & operating them for concession period of 25 years



**Model 2**

Construction, operation and maintenance of ARHCs by Public/Private entities on their own vacant land for period of 25 years

## Incentives/ Benefits

### Central Government

- ✓ Concessional project finance under Affordable Housing Fund (AHF) & Priority Sector Lending (PSL)
- ✓ Exemption in Income Tax and GST on any profit & gains from ARHCs
- ✓ Technology Innovation Grant (TIG) for promoting use of innovative technology

### States/ UTs/ ULBs/ Parastatals

- ✓ Use Permission changes, if needed
- ✓ 50% additional FAR/FSI, free of cost
- ✓ Statutory approval through Single Window System within 30 days
- ✓ Trunk infrastructure upto the project site
- ✓ Municipal charges at par with residential property

## Where will ARHCs be implemented?



- ✓ All Statutory Towns
- ✓ Notified Planning Areas
- ✓ Development Authorities
- ✓ Special Area Development Authorities
- ✓ Industrial Development Authorities
- ✓ Any other areas as notified by State/ UT Govt.

# Loan option for BLC, AHP and ISSR beneficiaries

- ▶ **Issue** : Beneficiaries unable to access housing loans at affordable rate from PLIs.
  - ▶ drives them to seek funding from informal sources at higher interest rate.
- ▶ A **new product** to give access to funding from formal financing agencies.
  - ▶ All PMAY (U) beneficiaries having annual household income upto Rs.3Lakh, and availed Housing Loans from eligible Primary Lending Institutions (PLIs) for refinance under National Housing Bank (NHB) are eligible to have concessional interest under Affordable Housing Fund (AHF).
  - ▶ PLIs who have executed MoUs with Credit Risk Gurantee Fund Trust for Low Income Housing (CRGFTLIH) are eligible to have guarantee cover for the eligible Housing Loans extended to ISSR, AHP and BLC.
  - ▶ State SLNAs shall identify the eligible beneficiaries under ISSR, AHP and BLC who require the Housing Loan from the PLIs and link with PLIs.
  - ▶ PLIs will do the Due Deligence on the list of borrowers provided by the SLNAs and extend Housing Loans

# Loan option for BLC, AHP and ISSR beneficiaries

## Product:


- Assuming the cost of the Dwelling Unit (DU) as Rs. 7 Lakh, the maximum size of Housing loan requirement has been arrived at Rs.4 Lakh after deducting Central/State/ULB average share of Rs.2.55 Lakh and Beneficiary contribution of Rs.0.45 Lakh (10% of Housing Loan).
- PLI will extend the Housing Loan to the Borrower and apply for refinance under AHF to NHB.
- PLI may also apply for Guarantee Cover under CRGFTLIH. The guarantee cover will be capped at 50% of the Loan amount or Rs.2Lakh, whichever is lower.
- The Guarantee fee will be 0.50% of the loan amount and shall be shared equally by the PLIs and the Beneficiary/ borrower.

## Assumptions

- AHF fund available with NHB is assumed at Rs. 17,000Cr which will serve 4.25 lakh loans of ticket size Rs. 4 Lakh. Assuming the present corpus of the CRGFTLIH fund of Rs.300Cr, and default rate at 15% the fund can cover upto 1 lakh Loans. For covering the balance 3Lakh Loans under CRGFTLIH, additional provision of approx Rs.1,000Cr is required.

## Way Forward:

- Necessary changes to be made by NHB in AHF to facilitate PMAY(U) beneficiaries.
- Notification is required for amendments in the CRGFTLIH, a. Household income of EWS/LIG b. Small Finance Bank to be included as eligible lending institution c. Guarantee Cover and Guarantee Fee d. PLI Lending rate
- Estimated amount of Rs.1000Cr is required to be contributed to the CRGFTLIH corpus to cover 4.25 Lakh beneficiaries of Rs.17,000Cr disbursed under AHF.



# Further reforms required and Way Forward

- ▶ 3 groups – differentiated approach required for addressing affordable rental housing
  - ▶ Those settled and looking to buy houses
  - ▶ Migrants, who cant immediately buy but can rent
  - ▶ Those who can't afford housing
- ▶ 3 groups that require to work in sync
  - ▶ Enablers – Self Help Groups, NGOs and Registered Societies . . . They identify the genuine user groups
  - ▶ Providers – ULBs, financial institutions, government departments and research institutes . . . Required to provide target group with approvals, incentives, technical and financial support
  - ▶ Executors – Private Developers, Public Sector Undertakings, PPP firms



# What needs to be done ?

- Increasingly difficult to have large scale urban developments . . .
  - Lack of land parcels
  - Congested transit routes
  - Lack of financing
  - Rising input costs
  - Regulatory hurdles
- These issues needs to be addressed urgently so that a comprehensive framework can be established in development of affordable housing



# Demand Side

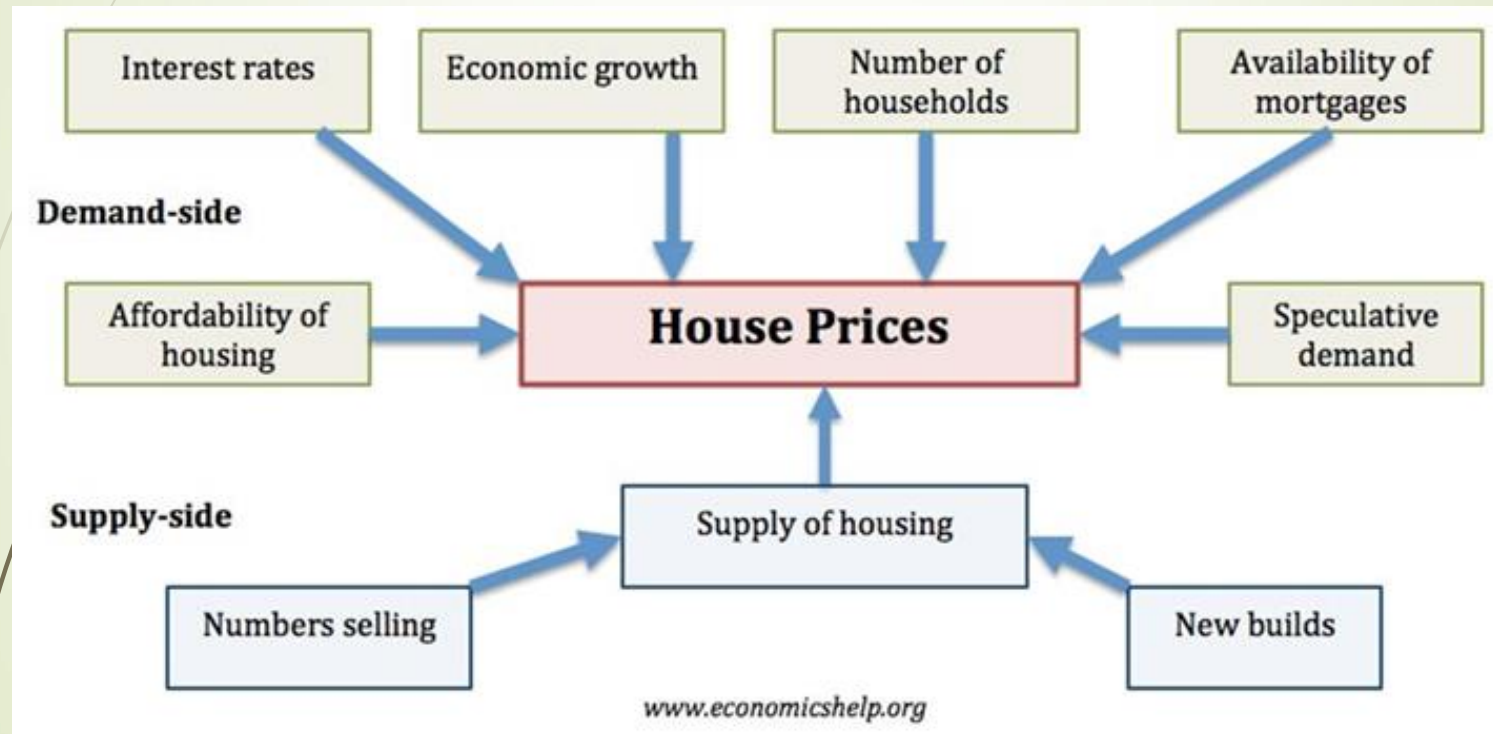
- Formulate guidelines for identifying the right beneficiaries
  - National Population Register
  - Unique Identification Number . . . These can identify the nomads/ ghumantu's also
  - Link it with land and building in each persons name ?
  - Link it with personal income
- Innovate on micro mortgage finance mechanisms
  - Through SHGs
  - Put in flexible repayment mechanisms since income of target group sees variable income flows

# Supply Side

Rs 6 lakh opportunity . . . Affordable housing

- Incentivize developers to develop affordable housing . . . ULBs and UDAs can develop guidelines by enabling additional FSI, free sale areas, other policy measure, re-densification of certain areas
- Streamline land records . . . Torrens system of land titling which is essentially 'Mirror and Curtain principle' of land titling  
<https://economictimes.indiatimes.com/news/politics-and-nation/karnataka-takes-up-pilot-to-clean-up-land-records/articleshow/65497340.cms>
- Include mass housing zones in city plans
- Single window clearance
- Rental housing scheme . . . Model tenancy act  
<http://mohua.gov.in/upload/whatsnew/5d25fb70671ebdraft%20Model%20Tenancy%20Act.%202019.pdf>
- Performance Standards . . . For construction methods, technology, material as well as execution
- Formulate policies for greater private sector participation . . . Using disruptive low cost technology . . . Global Housing Challenge of MoHUA has identified 24 new technologies <https://ghhc-india.gov.in/>

# Supply and Demand side initiatives





# New Policy Initiatives by Government

The Government has also launched 11 key policies for real estate sector

1. Real Estate Regulatory Act
2. Benami Transactions Act
3. Boost to affordable housing construction
4. Interest subsidy to home buyers
5. Change in arbitration norms
6. Service Tax Exemption
7. Dividend Distribution Tax (DDT) exemption
8. Goods and Services Tax
9. Demonetisation
10. PR for foreign investors
11. Real Estate Investment Trusts

Real Estate Sector in India is expected to reach a market size of US\$ 1 Trillion by 2030 from US\$ 120 Billion today



# GLOBAL HOUSING TECHNOLOGY CHALLENGE INDIA

## Home solution

The Global Housing Technology Challenge is aimed at introducing best technologies to construct houses quickly and at a lower cost



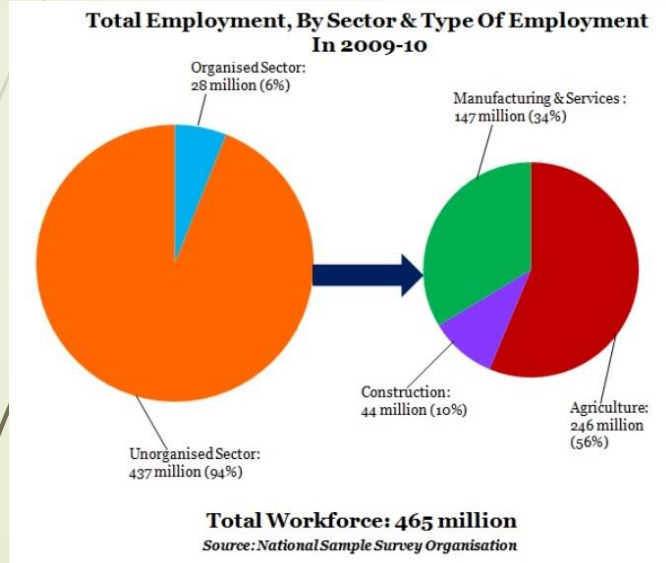
- 6 winners will design and build projects of 1,000 housing units each
- The State and the Centre each will provide assistance of ₹1.5 lakh

- The Centre will give an additional technology grant of ₹2.5 lakh for each house
- Incubation facilities will be provided to develop building technologies with support from four IITs

- The approved technologies will be displayed by Central Public Works Department along with the rates

To fast track the construction of sanctioned houses, the Ministry has identified **24 new technologies** for mass housing construction and further issued schedule of rates for **11 new** construction technologies and building materials for adoption among States/UTs. In addition, the Ministry is also organizing Global Housing Technology Challenge (GHTC) to co-opt internationally acclaimed rapid mass housing construction technologies and to help States/UTs to construct sanctioned houses under PMAY(U) to address housing shortage in the urban areas by 2022.

# Paradigm Shift . . . formalization



- Continuous consolidation in the markets on account of RERA. As the policy push sees increased weeding out of non-compliant developers, we will continue to witness consolidation in the markets. The fittest will be those who adhere to the norms, follow ethical practices and quickly adopt corporate governance principles.
- Construction, which used to be mostly in the un-organized sector . . . is slowly getting organized

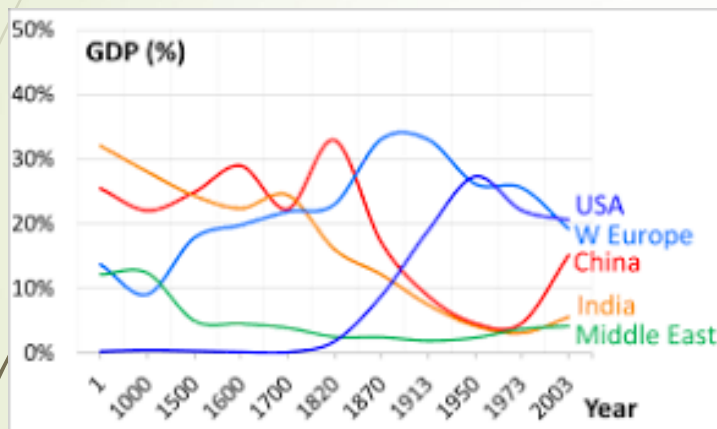
# Housing Portfolio is not risk free . . .

## Under Stress

HFC	Total Loans (₹ Cr)	GNPA as on Mar 31, '17 (%)	GNPA in H1 of '18 (%)
LIC Housing	1,51,417	0.44	0.8
DHFL	94,090	0.81	0.96
HDFC	3,68,217	0.72	1.14
RepcO Housing	9,321	2.6	3.4
GIC Housing	10,162	2.38	3.03
ICICI Housing	9,116	1.72	3.49
Sundaram BNP Housing	7,907	2.94	3.66
Magma Housing	1,945	4.53	5.06
Shriram Housing	1,611	2.59	4.93
Aspire Housing	4,818	0.58	2.84

- Have to remember . . .
- Last major economic crisis was triggered by the Sub-Prime Crisis
- In India, Dewan Housing and India Bulls Housing have been under stress
- Earlier, stress in IL&FS led to immense pain in the Financial System

# The Big Picture

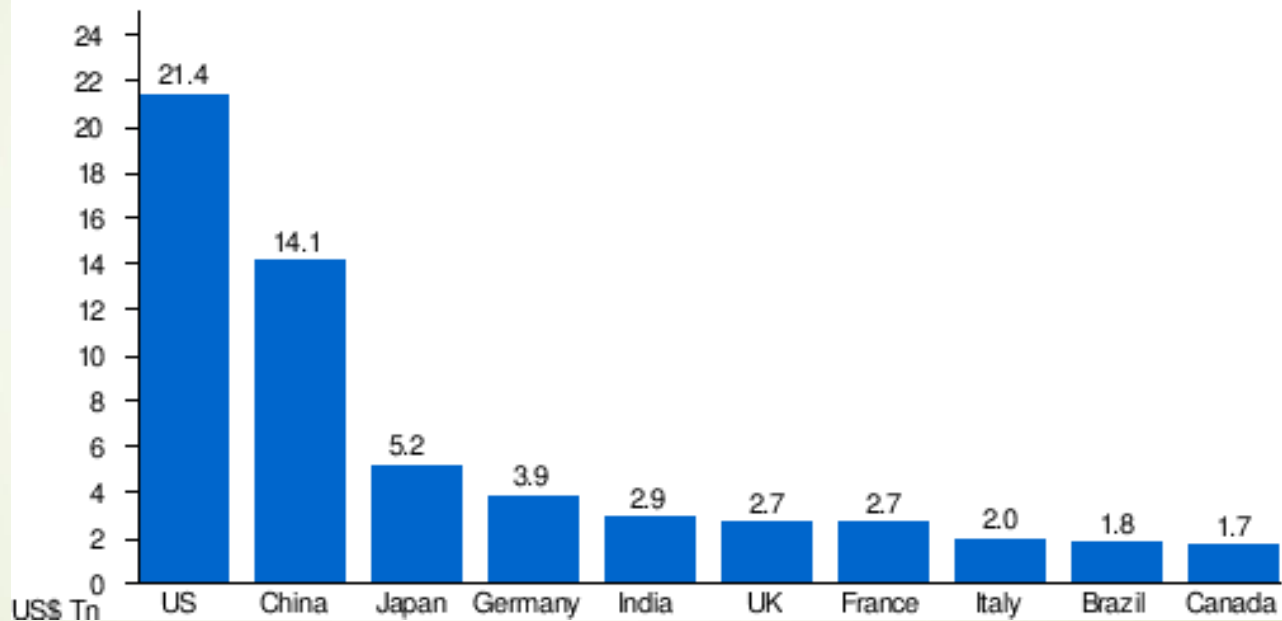


**Indian economy through the last 1000 years**

- ▶ 4 pillars of the economy
  - ▶ Private Investment
  - ▶ Public investment
  - ▶ Consumption
  - ▶ Exports
- ▶ Housing has the ability to positively impact all the 4 pillars of the economy

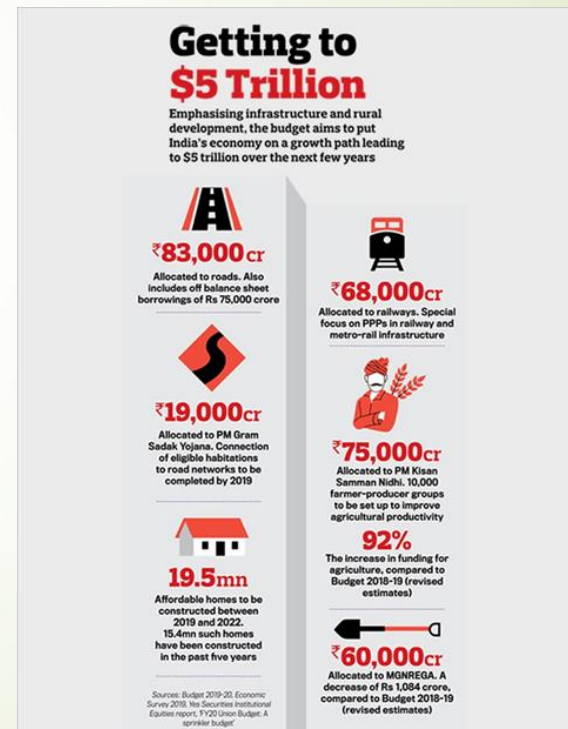
**What drives the economy ?**

# Big Picture . . . India is the World's 5<sup>th</sup> largest economy



# Towards a \$ 5 Trillion Economy by 2024 and \$10 Trillion by 2030

- Government of India's target . . .
- To be a 5 trillion dollar economy by 2024 cannot happen without addressing the housing needs of its people
- It is crucial as an informed and equipped facilitator
- To paly our respective roles .
- ..





Thank you

H.T. Suresh

Executive Director (Projects)