

## Chapter-1: Indira Awaas Yojana – An Overview

### 1.1 Introduction

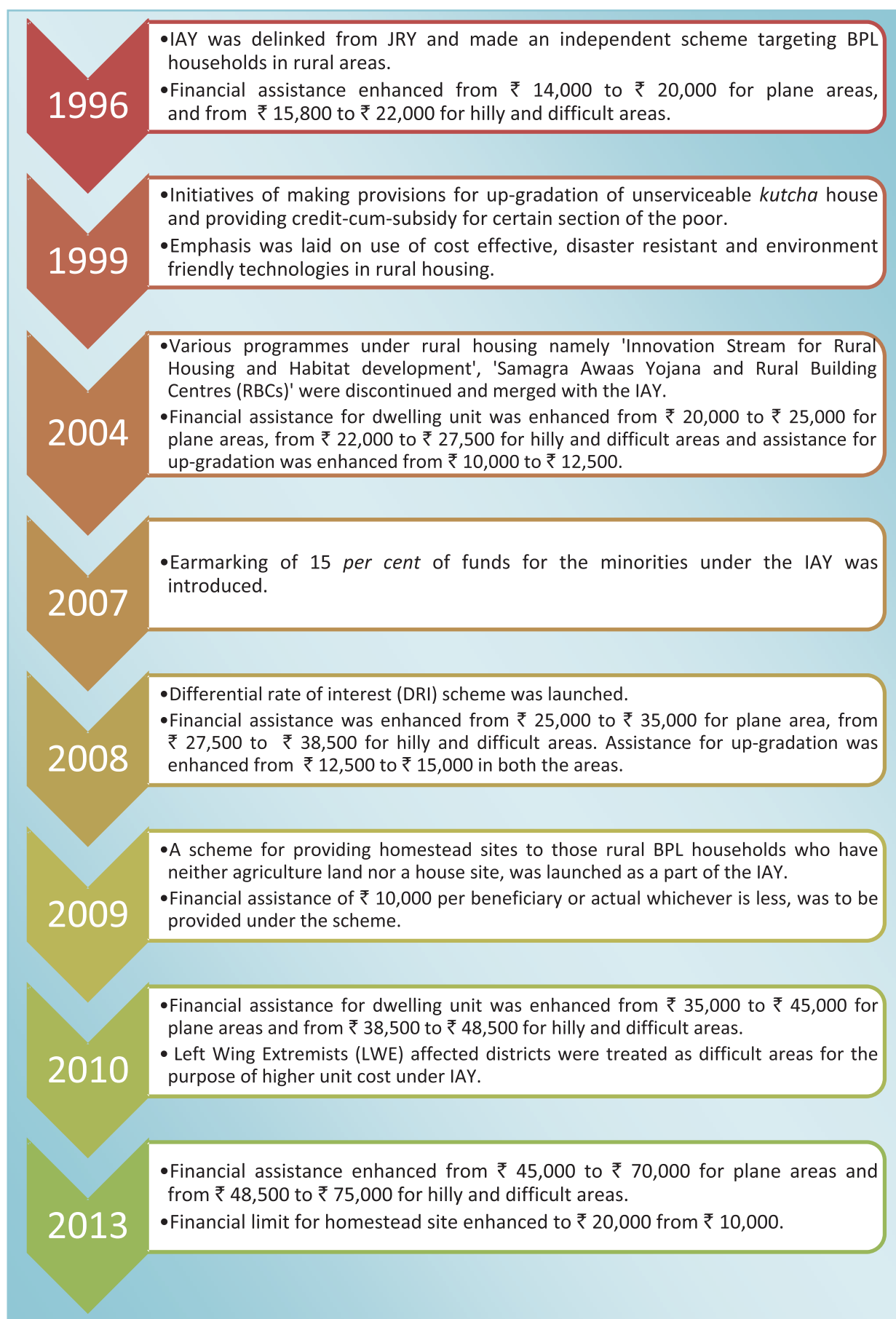
Housing is one of the basic requirements for human survival. For an individual, owning a house provides significant economic and social security and status in society. Rural housing also contributes to improved health and productivity and reduces vulnerability of the poor. Indira Awaas Yojana (IAY) is a flagship scheme of the Ministry of Rural Development to provide financial assistance to rural BPL households for construction/up-gradation of dwelling units.

Construction of houses was one of the major activities under the National Rural Employment Programme (NREP) which began in 1980, and the Rural Landless Employment Guarantee Programme (RLEGP), which began in 1983. There was, however, no uniform policy for rural housing in the states. In June 1985, a part of the RLEGP fund was earmarked for the construction of houses for SC/ST and freed bonded labourers. As a result, IAY was launched during 1985-86 as a sub scheme of RLEGP. The IAY, thereafter, continued as a sub scheme of Jawahar Rozgar Yojana (JRY) launched in April 1989. From January 1996, the IAY was de-linked from JRY and implemented as an independent scheme.

As per the estimation of the Working Group on rural housing under the Planning Commission, housing shortage under the XII Five Year Plan was 400 lakh. It was assumed that half (200 lakh) of the total housing shortage would require financing through the IAY and interest subsidy assistance. The rest 200 lakh houses would be constructed through state schemes, their own resources or informal sources of finance such as through money lenders, borrowings, etc.

There were several modifications in the IAY from time to time. The modifications which mainly related to level of financial assistance are summarized in **Chart-1**.

Chart-1: Modifications in the IAY guidelines



## 1.2 Objective of the IAY

The objective of the Indira Awaas Yojana is primarily to help construction/up-gradation of dwelling units of beneficiaries by providing them a lump sum financial assistance.

## 1.3 Identification of Beneficiaries

The beneficiaries under the IAY are as under:

- Freed bonded labourers;
- Scheduled castes, scheduled tribes below poverty line (BPL) households;
- Non-scheduled castes/scheduled tribes rural BPL households;
- Widows and next-of-kin to defence personnel/paramilitary forces killed in action residing in rural areas (irrespective of their income);
- Ex-servicemen and retired members of paramilitary forces fulfilling certain conditions, i.e. the beneficiary should be houseless person or having a *kutch*a house in rural area;
- BPL minorities.

## 1.4 Financial Assistance under the IAY

The ceiling on grant of assistance to each IAY beneficiary for construction of a new house and up-gradation of an unserviceable *kutch*a house during 2008-09 to 2012-13 was as under:

A	Construction of house	1.04.2008 to 31.03.2010	₹ 35,000 in plain areas and ₹ 38,500 in hilly/difficult areas
		1.04.2010 to 31.03.2013	₹ 45,000 in plain areas and ₹ 48,500 in hilly/difficult areas Including 60 focused Left Wing Extremist (LWE) districts
B	Up-gradation of un-serviceable households	1.04.2008 to 31.03.2013	₹ 15,000 in both the areas

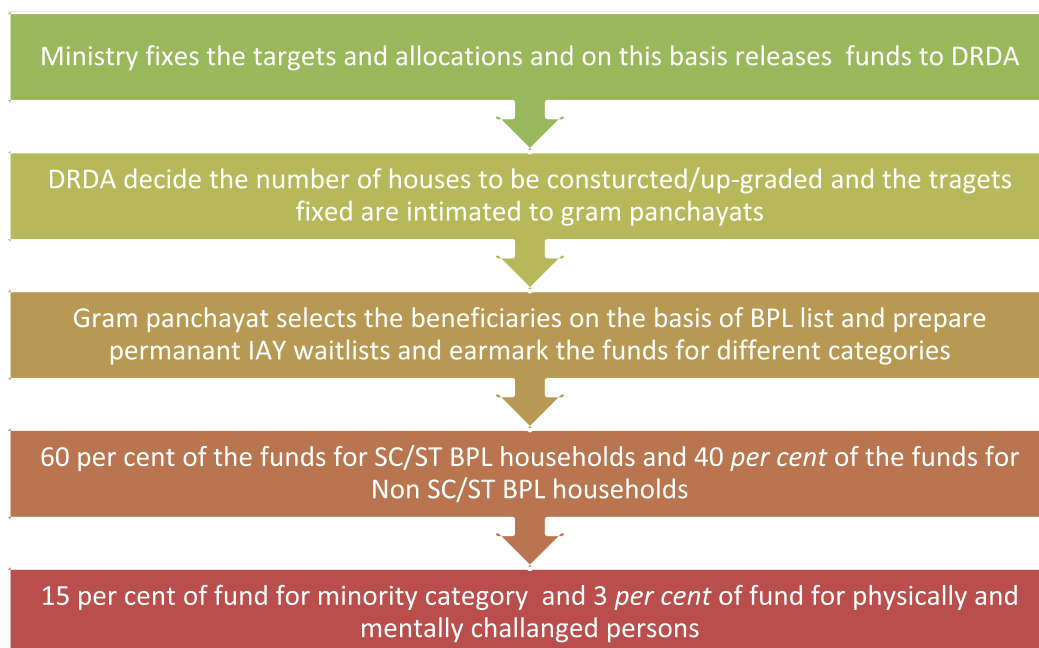
## 1.5 Location of the IAY house

The IAY dwelling units should normally be built on individual plots in the main habitation of the village. The houses can also be built in a cluster with in a habitation, so as to facilitate the development of infrastructure such as internal road, drainage, drinking water supply, etc.

## 1.6 Implementation of the IAY

The IAY is implemented through the *gram panchayats* (GP) and *Zilla Parishads* (ZP)/District Rural Development Agencies (DRDA) and houses are to be constructed/up-graded by the beneficiaries themselves. The selection of beneficiaries and utilisation of available resources earmarked for various categories is given in **Chart-2**:

**Chart-2: Earmarking of funds for different categories**



The beneficiaries are required to make their own arrangements for procurement of material, engage skilled workmen and also to contribute family labour. ZP/DRDA may help the beneficiaries in acquiring raw material at control rates, if they so desire or request.

Allotment of the dwelling unit should be in the name of a female member of the beneficiary household. However, if there is no eligible female member in the family available or alive, the house can also be allotted to a male member of the deserving BPL family. Sanitary latrine and smokeless *chulha* are necessary with each IAY house. Funds are provided under Total Sanitation Campaign (TSC)<sup>1</sup> for construction of sanitary latrine in the IAY houses. Free electricity to rural BPL families of the IAY was to be provided under the Rajiv Gandhi Grameen Viduyutikaran Yojana (RGGVY)<sup>2</sup>.

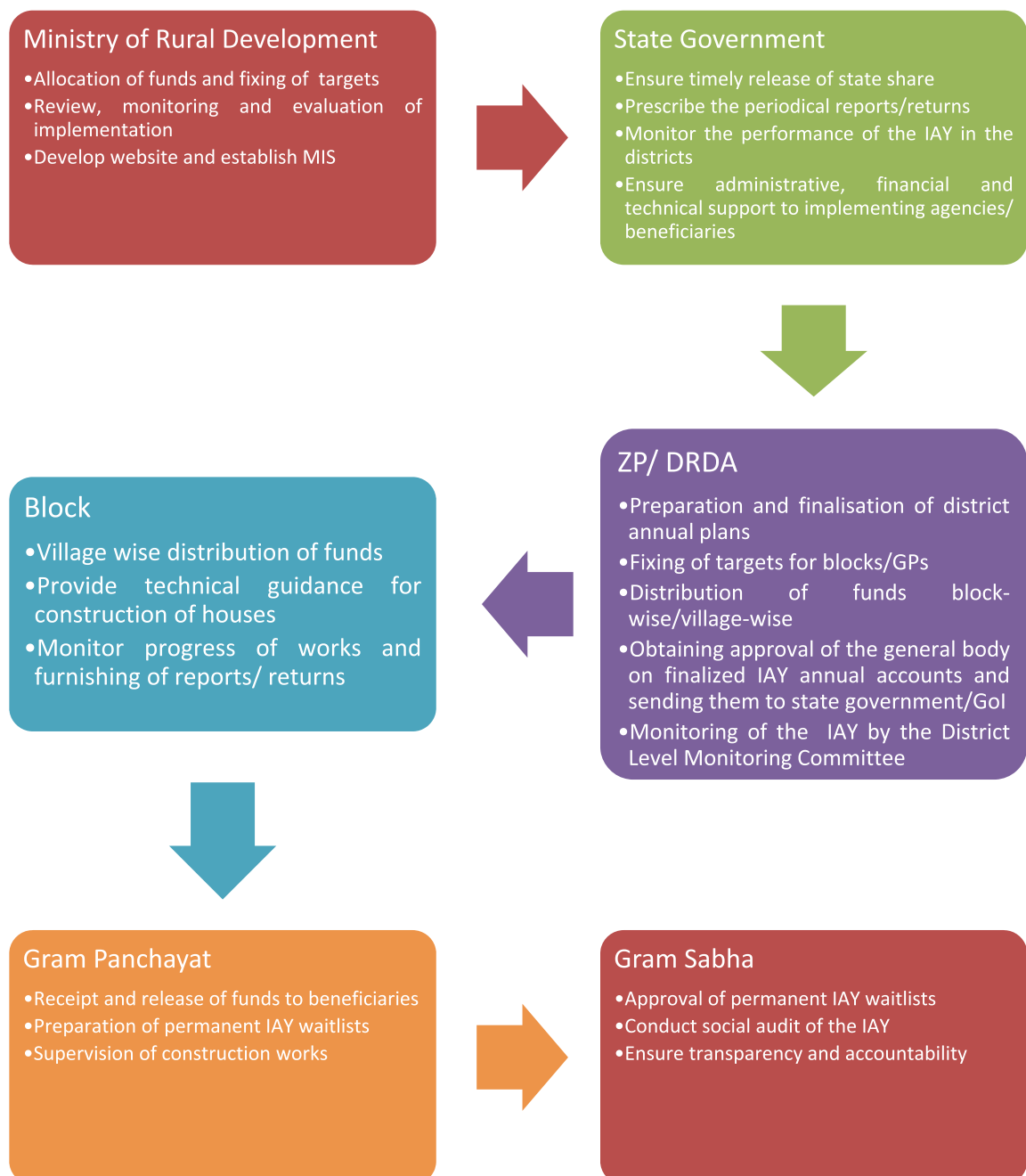
<sup>1</sup> TSC was launched in 1999 with the main goal of eradicating the practice of open defecation by 2017.

<sup>2</sup> RGGVY was launched by Gol in March 2005 with the objective of electrifying un-electrified villages and providing free electricity connections to rural BPL households.

## 1.7 Organisational Setup

At the Central level the Ministry of Rural Development provides financial support and sets district-wise target. In states, state government, DRDA/ *zilla parishad*, block *panchayat* and *gram panchayat* are entrusted with the various stages of implementation and monitoring of the IAY. **Chart-3** depicts the role of the various authorities at the Central and state level in the planning, execution and monitoring of the IAY.

**Chart-3: Organisational Setup**



## 1.8 Coverage of the IAY

The IAY is implemented in all the districts of the country except in Chandigarh and Delhi.

## 1.9 Funding Pattern

The expenditure for the IAY is shared by Central and state governments. The funding pattern is shown in **Table-1** below:

**Table-1: Funding Pattern**

	Central Share	State Share
North-Eastern states and Sikkim	90 per cent	10 per cent
States other than North-Eastern states and Sikkim	75 per cent	25 per cent
Union Territories	100 per cent	--

## 1.10 Financial and physical performance under the IAY

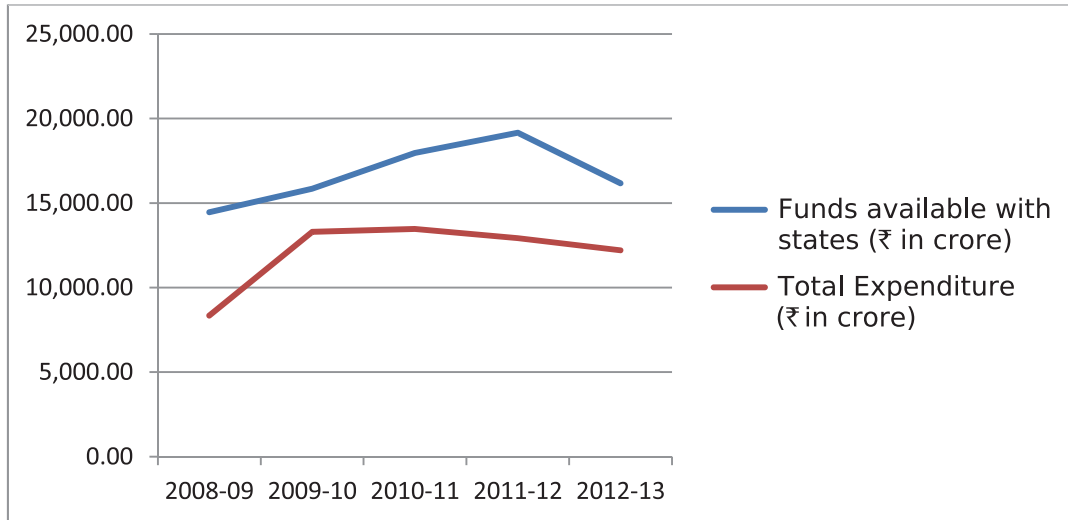
During 2008-09 to 2012-13 expenditure incurred ranged between 58 and 85 per cent of the total available funds with the states as given below:

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Opening balance (₹ in crore)	2,373.62	4,231.01	4,321.81	5,994.76	5,316.83
Central share (₹ in crore)	8,795.79	8,635.74	10,139.45	9,864.78	8,402.67
State share (₹ in crore)	2,931.25	2,681.16	3,155.77	3,055.58	2,176.24
Miscellaneous receipts (₹ in crore)	359.69	304.43	339.51	244.18	276.61
Funds available with states (₹ in crore)	14,460.35	15,852.35	17,956.54	19,159.30	16,172.35
Total Expenditure (₹ in crore)	8,348.34	13,292.46	13,465.73	12,926.33	12,206.83
Percentage of expenditure	58	85	75	67	75
Target of houses to be constructed (in lakh)	21.27	40.52	29.09	27.27	30.10
Houses constructed (in lakh)	21.34	33.86	27.15	24.71	21.86

**Chart-4** below shows that the expenditure on the IAY during the last four years had not increased significantly; rather it remained almost static. It also indicates that the margin between funds available and the expenditure is widening and it was significant in 2011-12.

Chart: 4

Financial performance under the IAY during 2008-09 to 2012-13



The **Chart-5** below shows that targets of houses were never achieved and the difference between targets and house constructed is even greater from 2011-12 onwards.

Chart: 5

Physical performance under the IAY during 2008-09 to 2012-13

