

P4 PROCESS MAPPING STUDY

THEORY OF CHANGE

**ODISHA
GRUHABIKAS
PROGRAMME**
(HOUSING SUPPORT SERVICES)



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THEORY OF CHANGE

P4 Process Mapping Study

Odisha Gruhabikas Program
Housing Support Services

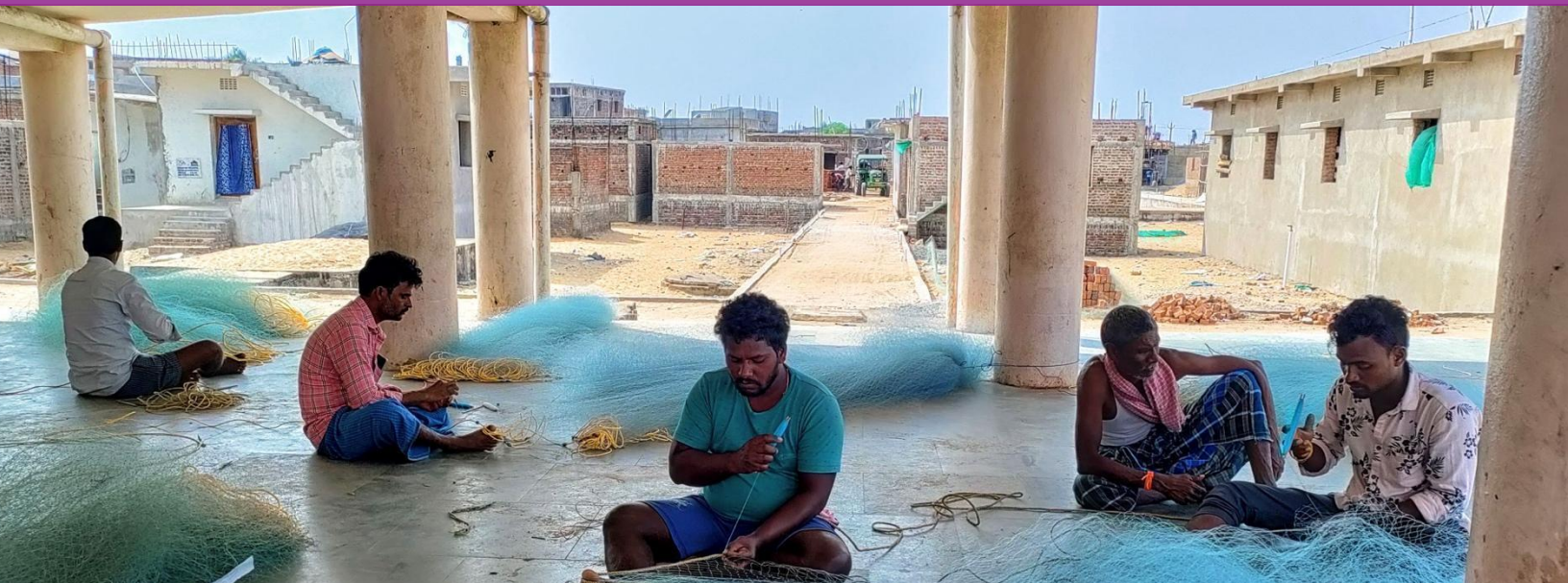


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We submit the Study Report with the hope that the findings would provide valuable insights for strategizing the growth of the HSS project to cover more stakeholders and widen its geographic reach to compliment the **PMAY (U)** – BLC vertical that would result in provision of valuable services to the community and support the housing inclusion agenda of the **Government of India**.

ABBREVIATION

AP	Andhra Pradesh
AHF	Affordable Housing Fund
AHP	Affordable Housing In Partnership
ASST.	Assistant
AWAAS	Odisha Urban Housing Mission
BLC	Beneficiary-Led Individual Housing Construction/Enhancement
BoP	Bottom of Pyramid
BOQ	Bill Of Quantity
CBO	Community Based Organisation
CIBIL	Credit Information Bureau (India) Limited
CLSS	Credit-Linked Subsidy Scheme
CO	Community Organiser
COO	Chief Operating Officer
CSMC	Central Sanctioning And Monitoring Committee
CSR	Corporate Social Responsibility
CRGFTLIH	Credit Risk Guarantee Fund Trust For Low Income Housing
CRZ	Coastal Regulation Zones
DPR	Detailed Project Report
DUHS	District Urban Housing Society
EWS	Economically Weaker Section
e.g.	For Example
EMI	Equated Monthly Instalment
FCRA	Foreign Currency Regulation Act
GoI	Government Of India
GoO	Government Of Odisha
GST	Goods And Services Tax
HFA	Housing For All

HFC	Housing Finance Company
HFHI	Habitat For Humanity India
HH	Household
HP	Home Partner
HSS	Housing Support Services
H&UDD	Housing And Urban Development Department
ICPP	Inclusive Cities Partnership Programme
i.e	In Other Words/ In Essence
IHHT	Individual Household Toilets
INR	Indian Rupee (₹)
ISSR	In-Situ Slum Redevelopment
KII	Key Informant Interview
KYC	Know Your Customer
LHC	Legal Heir Certificate
LIG	Lig Low Income Group
LIH	Low Income Households
JKLC	J K Lakshmi Cement Ltd
LRC	Land Rights Certificate
M.E.	Municipal Engineer
MFI	Microfinance Institution
MHL	Micro Home Loan
MMPCE	Mean Monthly Per Capita Expenditure
MoHUA	Ministry Of Housing And Urban Affairs
MoHUPA	Ministry Of Housing And Urban Poverty Alleviation
NAC	Notified Area Council
NBC	National Building Code
NBFC	Non-Banking Finance Company

NDMA	National Disaster Management Authority
NGO	Non-Government Organisation
NHB	National Housing Bank
NPA	Non-Performing Asset
OAS	Odisha Administrative Service
OGP	Odisha Gruhabikas Programme
OUHM	Odisha Urban Housing Mission
OWSSB	Odisha Water Supply and Sewerage Board
PAN	Permanent Account Number
PAR	Portfolio At Risk
PHEO	Public Health Engineering Organisation
PMAY	Pradhan Mantri Awas Yojana
PWD	Public Works Department
RAY	Rajiv Awas Yojana
RoR	Record Of Rights

SAG	Senior Administrative Grade
SDA	Slum Dwellers Associations
SECC	Socio-Economic Caste Census
SFB	Small Finance Bank
SLAC	State Level Appraisal Committee
SLNA	State Level Nodal Agency
SLSMC	State Level Sanctioning and Monitoring Committee
SMHFC	Svatantra Micro Housing Finance Corporation
TA	Training Assistant
TOR	Terms Of Reference
UASRRC	Urban Area Slum Redevelopment and Rehabilitation Committee
ULB	Urban Local Body
USD	United States Dollar (\$)
USHA	Urban Statistics for HR And Assessments

EXECUTIVE SUMMARY

This study is commissioned by Habitat for Humanity India (HFHI), to document various processes involved in their ‘Odisha Gruhabikas Programme (OGP)’ being implemented at the urban slums of Puri and Konark towns of Puri district in Odisha. As per the Terms of Reference (TOR), the proposed study is envisaged to review the processes in implementation, document the learnings and assess the model for its next phase of growth. The OGP program is implemented through the P4 Framework (Private-Public-People Participation), using the Housing Support Services (HSS) Hub model. The project objective of HSS is to support 5,000 low-income households in three years, to get houses constructed with adequate quality and safety standards. The study was also to observe the working of the ‘Theory of Change’ through the P4 Process mapping study in the OGP implementation processes.

HSS, is defined as: A demand-driven service or product designed to enable a household to - *Reach an adequate housing quality standard in secure tenure, basic services, and shelter durability and space. Make shelter-related improvements in health, safety, and livelihood.*

There are 4 main stakeholders of the P4 Framework in OGP who are being seamlessly managed by HFHI. The Government of Odisha (GoO) provides Land Right Certificates to the LIHs in addition to providing subsidy under the Government of India (GOI) flagship PMAY (Urban) - Beneficiary Led individual house Construction (BLC) programme combined with the State Government’s housing schemes. The grant funding to kick start the project was provided J K Lakshmi Cement Ltd (JKCL). Svatantra Micro Housing Finance Corporation

(SMHFC) provides the gap funding to the PMAY (U) – BLC beneficiaries by way of Micro Home Loans that helps them initiate and complete the house construction by meeting the additional costs. The ultimate stakeholders are the community who benefit by becoming house owners.

The HSS processes include Situational analysis/Baseline study, technical assistance, Monitoring & supervision and Documentation & evaluation of serving the housing needs of the community. The Community Organisers of HSS creates awareness and assists the community with the documentation for home loans and project monitoring. The designated Civil Engineer in HSS is responsible for the house design, Bill of Quantity (BOQ), field visit, tracking construction stages, updating the mobile application and successful closure of the construction process. The mobile app ‘HomeHub’ helps in systematic tracking of each phase of the construction with before and after photographs. Each stage is confirmed after a field visit and photo proof is uploaded to the mobile app. The BOQ is prepared as per the area and design requirements of the beneficiaries and as per government guidelines. There are 11 steps in the PMAY (U) – BLC program that the beneficiaries must process for house construction. The HSS model has designed 11 interventions to assist in every step so that the beneficiary is able to complete the house construction within a period of 6 months without incurring much time or cost overruns.

The study has been conducted through desk research and survey of stakeholders and beneficiaries in Puri District. A random sampling of 7% Home Partners was surveyed along with a control group of non-HSS participants.

FINDINGS The project has so far engaged with over 400 Home Partners (HPs). The success rate for selection to obtain the Home Loan from SMHC seems to be about 55% of the applications. The HSS team is also able to troubleshoot technical issues relating to the need for clear 'Four boundaries' for the land parcel indicated in the LRC. The key findings emphasize the clear need for HSS model intervention amongst the PMAY(U) - BLC beneficiaries.

The HPs that used HSS services found more success in completing the construction within 180 days and *42% received the additional completion incentive of Rs.20,000 while only 10% of the non-HSS participants were eligible for this incentive.*

The cost overrun was contained by 52% of the HSS participants while only 10% of the non-HSS participants were able to complete the house within budget. The HSS intervention also enabled gap funding for beneficiaries of HSS while *70% of the non-HSS participants borrowed from money lenders and other sources.*

Gap funding facilitated through SMHFC using LRC as collateral document has proven to be a profitable product with zero NPA and positive impact for the community. SMHFC felt that though the LRC is not a sufficient collateral, in terms of realising its value in case of default, it serves its purpose as a collateral to fulfil the regulatory requirements for a Home Loan as per Reserve Bank of India/ National Housing Bank definition. An unsecured loan is not considered as Home Loan and therefore HFCs are not eligible to count any loans given to HPs without collateral as Home Loans and thus not eligible for refinance assistance and for other regulatory compliance requirements. For SMHFC, their hard-core reliance is on their own customers to service the loans, not on collateral or a third-party guarantee.

The key challenge faced by SMHFC in providing the micro housing loans to applicants was that they were *afraid of the loss of land* as the original LRC is kept with the lender as a collateral for the loan. It is habitual for them to take microfinance loans from 3 to 4 micro finance companies without collateral, hence the apprehension to give original LRC to the lender. *Creating trust* and raising awareness of the process of mortgage creation is an important step towards full adoption. Another reason for rejection of loan application was due to *unsuitable credit history* of the applicant.

The OGB program implemented through the P4 Framework of HSS, has been found to be sustainable, replicable, and scalable. The project has been found to be *financially sustainable* for HSS, Housing Finance partner and for the community, as the interest rates and fees charged by various stakeholders are market related and competitive compared to the alternate sources which are costlier and less suitable to the needs of the HPs and they offer good value proposition for the HPs. HSS project model can be *replicated* by other interested stakeholders by transfer of know-how and processes by HFHI on mutually acceptable terms. The project is *scalable* and geographical footprint can be widened by including more key stakeholders such as the RBI, NHB, Corporates, Small Finance Banks, NGOs/Community Based Organisations (CBOs) and social businesses.

The interviews with OUHM officials revealed that the need for the OGB /HSS program is much greater in other districts as there are districts with higher concentration of LRC beneficiaries and HSS can make a significant *social impact* by operating in these areas. The HSS project can also consider material management as a value-added proposition by introducing voucher schemes at a discount for the supplies such as cement by

arranging aggregation of demand in its project location using AI based technology. CSR partners should be sought out who can provide [catalytic funding](#) to kickstart the HSS Hubs in other parts of Odisha or even in other States to enhance outreach.

WAY FORWARD HFHI's outlook on the future of HSS has Green Initiatives at the core of the strategy. Creating a [Green Fund of Rs. 100 crore](#) to kick start the housing initiatives for LIH sector including PMAY, non-PMAY schemes and unfinished housing in both rural and urban sectors should be a policy recommendation to the NHB/RBI. The Green Fund will enable the adoption of three main features in construction.

1. [Green Technology](#) - Solar power for houses
2. [Efficient use of water](#) – e.g., Rainwater harvesting
3. [Efficient use of materials](#). e.g., Fly Ash bricks, Ready to use Cement etc.

FINANCING HOUSING Increasing the number of lending partners for gap funding can be achieved by changing the collateral model from LRC to creating a [Lien on Property](#). The engagement and buy-in from NHB/RBI to create alternate collateral documents to increase the uptake of gap funding will be taken up as a policy advocacy exercise.

HSS ADOPTION The HSS model is ready to be adopted on a national level with participation from multiple stakeholders as per the area of operation. Each region can have its separate [materials bank, tool bank and supply chain management by HSS](#), using [green compliant practices](#). HSS model can be used as a [Capacity Building](#) tool that blends local requirements and caters to the hyperlocal needs.

TECHNOLOGY The use of technology in the design and implementation of the program helps streamline the end-to-end process. The HomeHub app currently provides program monitoring and

construction support visibility for all stakeholders and management. The services of this technology can be extended to include supply chain management and other elements of the program. The effective use of AI in construction is also being discussed in multiple levels and this can be leveraged to empower the poor.

CERTIFICATION The green model can ensure [viability, replicability, scalability, and impact](#) for all stakeholders. The need for [green certification](#) for house construction is also being pursued from the design stage. Creating certified houses reduces waste, increases efficiency, and adds credit to the environment.

RECOMMENDATIONS Policy changes at the National level by creating [Credit Guarantee schemes](#) for Micro Housing Finance less than Rs. 5 lakh loans, providing [refinance loans](#) from NHB at lower interest to HMF sector and creating a kick starter [Green Fund](#) with Rs. 100 crore corpus fund for Micro Housing sector will bring more players in the sector to meet the huge demand in the country. HFHI can play a pivotal role through the HSS model in bringing together all the stakeholders and create lasting impact in the target sector.

CONCLUSION The 4 stakeholders have expressed deep satisfaction at the provision of HSS services. The theory of change which is introduction of a new input in terms of HSS services to the community of PMAY (U) BLC beneficiaries, has resulted in positive impact as measured by observable and verifiable indicators, during this study. The HFHI leadership and team efforts are commendable, and the Study team is hopeful that an enhanced network of stakeholders would be able to adopt the HSS P4 framework to help reduce the housing gap for the low-income households' segment in India.



HSS beneficiary Mr.
AKT with grocery
store-front and
residence

Part 1

THEORY OF CHANGE

P4 PROCESS MAPPING STUDY

1: INTRODUCTION

This study is commissioned by Habitat for Humanity India (HFHI), to document various processes involved in Odisha Gruhabikas Programme (OGP) and to review the same, document its benefits/learnings and assess replicable characteristics of the model of intervention

1.1 BACKGROUND

OGP is a pilot intervention that provides access to land, subsidy, housing support services and finance to the low-income households (LIHs) in Puri and Konark Urban Local Bodies (ULBs) of Odisha. This pilot is started with 100 families initially to be extended to 1000 families subsequently. Under this pilot project, the Government of Odisha (GoO) provides Land Right Certificates to the LIHs in addition to providing subsidy under the Government of India (GOI) flagship PMAY (U) - Beneficiary Led individual house Construction (BLC) programme combined with the State Government's housing schemes.

While HFHI provides housing support services (HSS) to the beneficiary LIHs, Svantra Micro Housing Finance Corporation (SMHFC) provides the gap funding by way of Micro Home Loans that helps them initiate and complete the house construction by meeting the additional costs. The grant funding to kick start the project was provided J K Lakshmi Cement Ltd (JKCL).

This pilot HSS project, currently under the implementation stage with the active participation of all the above stakeholders, has the potential to accelerate the housing for all program of the Government of India in

collaboration with the State Governments to achieve its objectives.

There are few process gaps observed during the pilot HSS implementation. The proposed study is envisaged to review the processes in implementation, document the learnings and assess the model for its next phase of growth. The detailed Terms of Reference (TOR) is discussed in Section 1.2.



**Odisha CM Launches
SLUM UPGRADATION
PROGRAMME**
For Slum Free Cities

- Slum upgradation programme commenced in **2,919 slums**
- Distribution of **1,05,000 land entitlement certificates** to slum dwellers commenced
- '**PARICHAYA**'-116 multi-purpose community centres dedicated to slum dwellers
- **MoU signed** between H&UD Dept and Centre of Policy Research to support programme

@CMO_Odisha CMO.Odisha

1.2 TERMS OF REFERENCE - OBJECTIVES

- a) To study and document the gap funding model and the processes that consists of a consortium of partners providing different services i.e., Government, HFHI, SMHFC and JKCL and their role
- b) To assess whether the provision of housing support services to the clients help in construction process, cost, quality, and timely completion under the PMAY housing program
- c) To assess the feedback from all the stakeholders on the cost-benefit and outreach
- d) To document the learnings and replicable characteristics of the model intervention
- e) The project aims to strengthen existing People-Public-Private Partnership (P4) partnership to promote coordination, information exchange and harmonisation between stakeholder groups including governments agencies for greater impact

1.3 STUDY METHODOLOGY

1. Desk research on recent reports on LIH financing in India, reports and publications of various stakeholders including that of NHB and RBI on the subject.
2. In depth interviews with officials of SMHFC as also with NHB officials and other industry experts involved in housing for the LIH s segment.
3. Minimum of 10 beneficiary interviews and 5 non beneficiary interviews from a control group to review and assess the impact as also document the processes for house construction with and without HSS support
4. In depth discussions with key State Government officials of the housing ministry and related departments of the State Government/ GOI
5. In depth discussions with technical experts/ architects for construction related inputs and reviews

1.4 CONTEXT OF THE STUDY: SLUM IMPROVEMENT IN ODISHA

1.41 AWAAS (ODISHA URBAN HOUSING MISSION)

This mission was launched by the Hon'ble Chief Minister of Odisha on 11th October 2015. The Government of Odisha has accorded top-priority to 'AWAAS - Odisha Urban Housing Mission' at the state level. The Government further envisaged creation of **District Urban Housing Societies (DUHS)** to provide additional managerial and technical capacity to the Odisha Urban Housing Mission, at the district level. 30 DUHS have been set up in 30 districts and one at Bhubaneswar Municipal Corporation.

DUHS is responsible for ensuring the implementation of 'Housing for All (HFA) in Urban Areas of Odisha, 2015' and other directions of OUHM and H&UD Department, Govt. of Odisha. This policy envisages to create a comprehensive policy framework to address vital aspects of housing for the urban poor. The mission also prioritises rental housing for the urban poor as one of the implementation models. In tandem with PMAY, the mission identifies the Beneficiary Led Individual

Housing Construction/Enhancement (BLC) component as one of the crucial interventions for meeting the housing deficiency among the urban poor.

The 'Housing for all policy' adopted by the Government of Odisha (GoO) encapsulates the Slum development programme to ensure everyone has a house in the State. Jaga Mission was formed under OUHM to facilitate the Slum development programme. The PMAY scheme of the central government is the principal financial incentive driver for the plan. Various schemes have been enlisted with the help of expert committees to ensure the successful completion of the programme.

1.411 JAGA MISSION – HOUSING GAP IN ODISHA SLUMS

Jaga Mission had set itself the goal to transform 2919 slums in all 114 Urban Local Bodies (ULB) into liveable Habitats, and to address housing ecosystem challenges of 2.34 lakh families (10,84,555 Individuals) by 2020.

The CM of Odisha has recently, on December 08, 2022 declared that Odisha is to be made slum-free by 2023 end. Key Points are:

- All the slums in Odisha will be converted into model colonies and Odisha will be made slum-free by December 2023.
- Land rights to 2.5 lakh slum families in the state by 2023.
- Over 1.7 lakh families of slum areas in 105 cities and towns have so far been given land rights under the program.
- The CM stated that the 'Jaga Mission' also provides social and economic justice to the poor as they have an equal right to the benefits of development and growth. This will continue to play an important role in bringing happiness to the lives of 17 lakh slum-dwellers of the state.

(Source: Thursday, Dec 08, 2022, Outlook)

Ariel view of Slums in Odisha (Photo courtesy: Online sources)



1.42 PMAY (URBAN) IMPLEMENTATION IN ODISHA

1.421 PMAY: PRADHAN MANTRI AWAS YOJANA (PMAY)

PMAY is a central assistance programme under the “Housing for All” Mission launched in June 2015 by the Ministry of Housing & Urban Poverty Alleviation, Govt. of India. The mission seeks to address the housing requirement of urban poor including slum dwellers following programme verticals.

- Slum Rehabilitation of Slum Dwellers with participation of private developers using land as Resources
- Promotion of affordable Housing for weaker section through credit linked subsidy
- Affordable Housing in Partnership with Public and private sector
- Subsidy for beneficiary led individual house construction

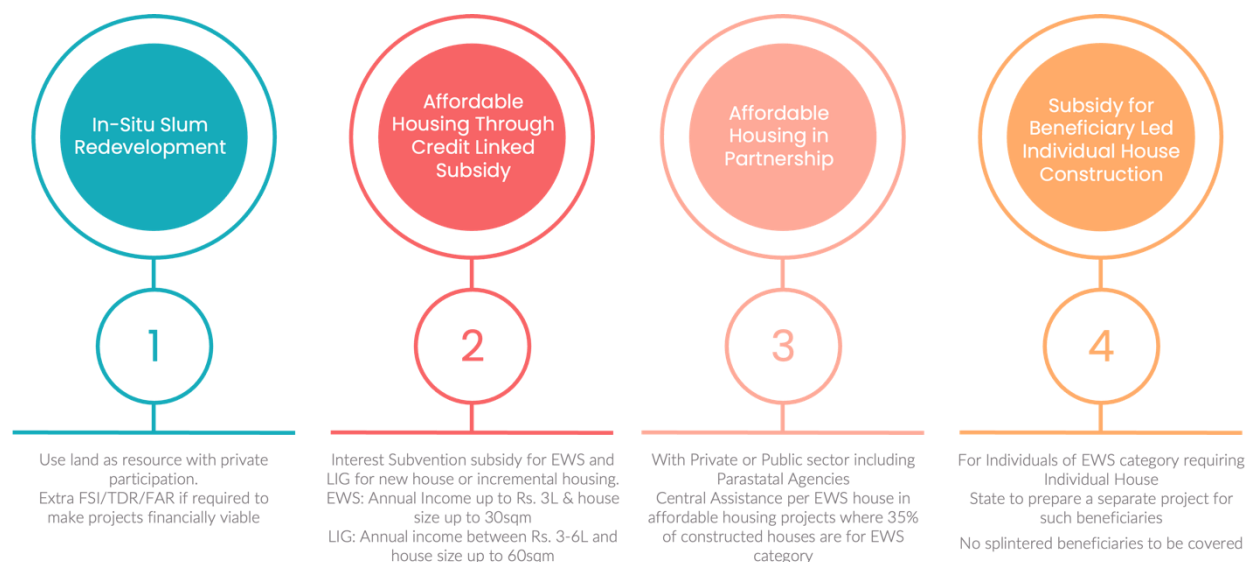


Figure 1.421: Implementation Strategy

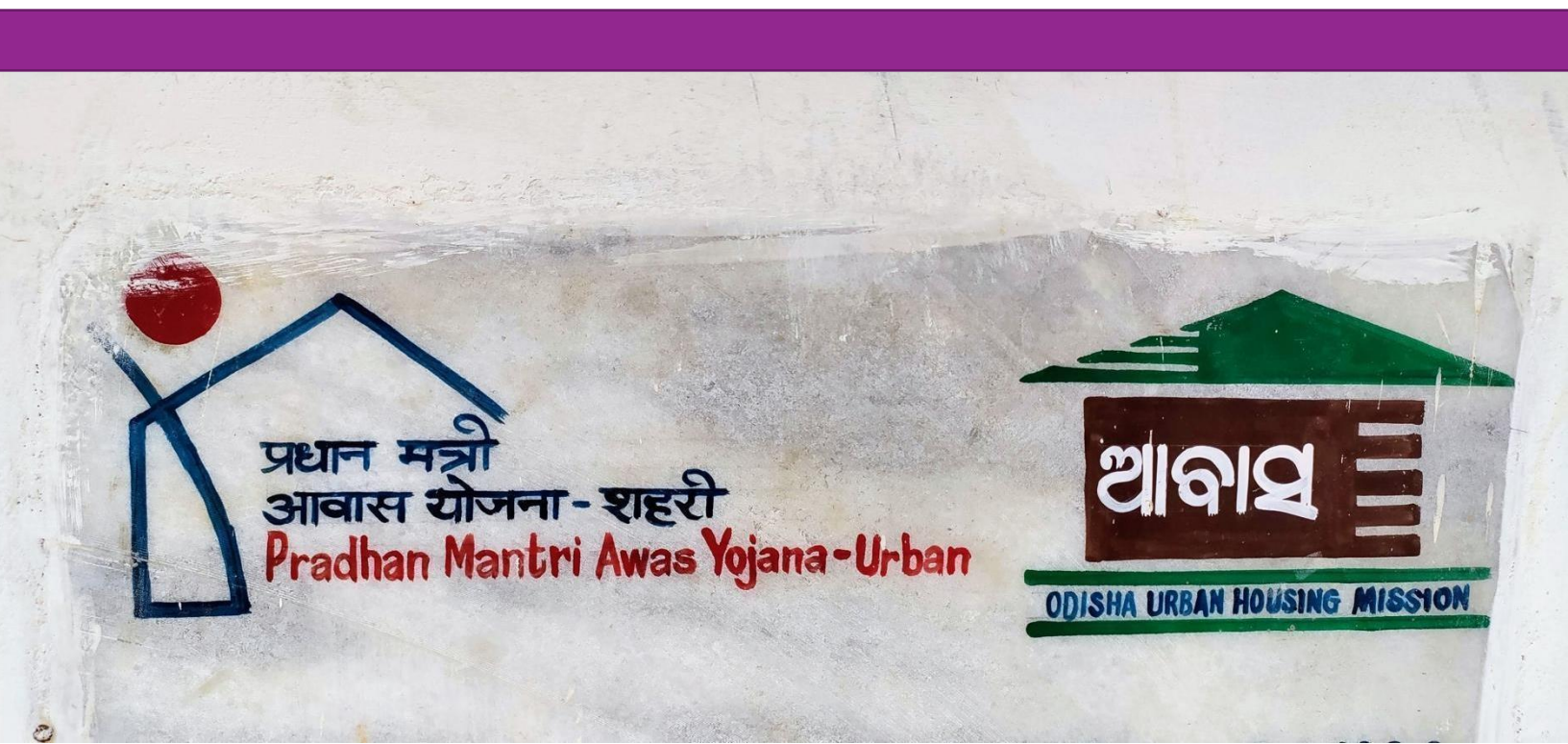
“Housing for All” mission for urban areas was launched during 2015-2022 and had the goal to provide central assistance to implementing agencies through states and UTs for providing houses to all eligible families/beneficiaries by 2022. The Union Cabinet approved, on August 10, 2022 approved a proposal of the ministry of housing and urban affairs (MoHUA) for the continuation of Pradhan Mantri Awas Yojana-Urban (PMAY-U) up to December 31, 2024. Under the proposal, financial assistance is to be provided for the completion of already sanctioned 122.69 lakh houses till March 31, 2022. (August 10, 2022, Hindustan Times).

According to the data released by the government, central assistance approved since 2015 stands at ₹2.03 lakh crore against ₹20,000 crore in 2004-2014. Upto March 31, this year, the central assistance of ₹1,18,020.46 crore has already been released and ₹85,406 crore will be released till December 31, 2024.

1.422 PMAY (URBAN) IMPLEMENTATION IN PURI DISTRICT

The district of Puri has more than 47,530 slum dwellers living in 69 slums around the ULB and 36 are tenable, 8 are semi tenable and 25 are untenable (Source: SUIDL 2013:25–26). The district administration has registered 63 slums for Land Rights Certificate (LRC) deployment and 51 slums have already received over 7,000 LRCs. The remaining slums are under review due to the land classification that falls under wetlands, river lands, sweet water grounds, CRZ category etc.

Of these slums, 34 slums with 3,115 households were identified as tenable sites and therefore scheduled for on-site re-development and/or incremental development. The pilot site is one of them. 25 slums with 3,659 households were identified as untenable and therefore scheduled for relocation. Further, an undefined number of households in ten more slums were to be relocated. These sites were classified as semi-tenable. In other words, more than half of Puri's slum population was now destined for resettlement (SUIDL 2013:22)



2: HSS AT PURI & KONARK – OVERVIEW

2.1 PROJECT CONTEXT AND RATIONALE

At HFHI Housing Support Services, or HSS, is defined as:

A demand-driven service or product designed to enable a household to:

Reach an adequate housing quality standard in secure tenure, basic services, and shelter durability and space.

Make shelter-related improvements in health, safety and livelihood.

HSS could become a significant scaling strategy, serving more families than while engaging in direct construction. It provides HFHI with an opportunity to reach out to more LIHs by collectively engaging with multiple stakeholders such as government institutions, housing service companies (HFCs/MFIs, Banks including Small Finance Banks and NBFCs), local NGO partners / Community Based Organisations (CBOs), Social businesses and beneficiary communities.

HSS creates awareness, provides knowledge and access to resources thereby improving the standard of living of the beneficiary communities. This complements HFHI core competencies in housing and sanitation. HFHI's approach to HSS uses housing value chain analysis to identify gaps in the informal Beneficiary Led individual house Construction (BLC) process.

There are three HSS models that have been piloted in the States of Kerala, Assam and Maharashtra reaching out to thousands of HHs and working closely with the local governing bodies to reach out at several dimensions including providing skill training to unemployed youth. The holistic model focuses on developing social impact and inclusive growth with sustainability as the key goal.

HP enabled to access HSS services and Gap funding by the community organizer Ms. Laxmipriya Sethi



2.2 STAKEHOLDERS

The OGP project is a collaborative effort with multiple stakeholders connecting NGOs, Private funding agencies, District Administration, State administration and the beneficiaries.



Figure 2.1: Project Stakeholders

2.21 STAKEHOLDER ENGAGEMENT/ ROLES AND RESPONSIBILITIES

- **Principal Agency: Habitat for Humanity India – HFHI is the principal agency in Puri/Konark**
- To provide linkages with Government agencies, technical support, networking support and legal guidance
- **Lending Institution – SMHFC**
- To provide housing finance for EWS/ LIG households (mostly from the informal sector)
- **Local CBOs and NGOs/ Government Departments:** PMAY (URBAN), JAGA MISSION project, DUDA
- To link project beneficiaries with GoI existing welfare schemes of GoI and GoO and monitor the construction and repayment process
- **Community groups / beneficiaries: HSS has taken on the role in Puri/ Konark**
- To mobilise community for housing and sanitation, work together and for skill development of the members of the community
- **HFH India:** To operate HSS Hub in the community at Puri/ Konark
- **Donor:** To be a catalyst and change agent by financially supporting the HSS Hub



Figure 2.2 - Stakeholder engagement

2.3 PROJECT DESCRIPTION

2.31 PROJECT OBJECTIVES

- To provide HSS support to 5,000 LIHs in three (3) years from 2020-21 to 2023-24.

2.32 PROJECT COMPONENTS

2.33 TECHNICAL ASSISTANCE FOR CONSTRUCTION

- **TECHNICAL ASSISTANCE:** Knowledge and durability
- **CONSTRUCTION PLANNING AND DESIGN:** Sustainable design to address social, economic and ecological sustainability.
- **TRAINING:** skill upgradation training for construction workers (masons)
- **FINANCE:** Enhanced Access to Finance
- **EDUCATION:** Financial literacy
- **ACCESS TO RESOURCES:** Information /networks, supplier and contractor linkages, government and private subsidy programs and services
- **LEGAL:** Tenure, permits and entitlements

2.34 CRITERIA FOR BENEFICIARY SELECTION

The HSS activities in Puri/ Konark have been designed to support beneficiaries of the PMAY (URBAN) BLC & AWAAS (Jaga Mission)'s LRC programme. Specifications include:

- Families who must construct houses under the PMAY housing scheme.
- Families who have ownership of land / title
- Families who have some savings and have the capacity and willingness to raise additional funds/support from sources, such as local government bodies by way of grants, Self Help or joint liability groups, family, friends and relatives or formal financial institutions
- Members of women Self Help Groups with preference to women-headed families

2.35 PROJECT LOCATION:

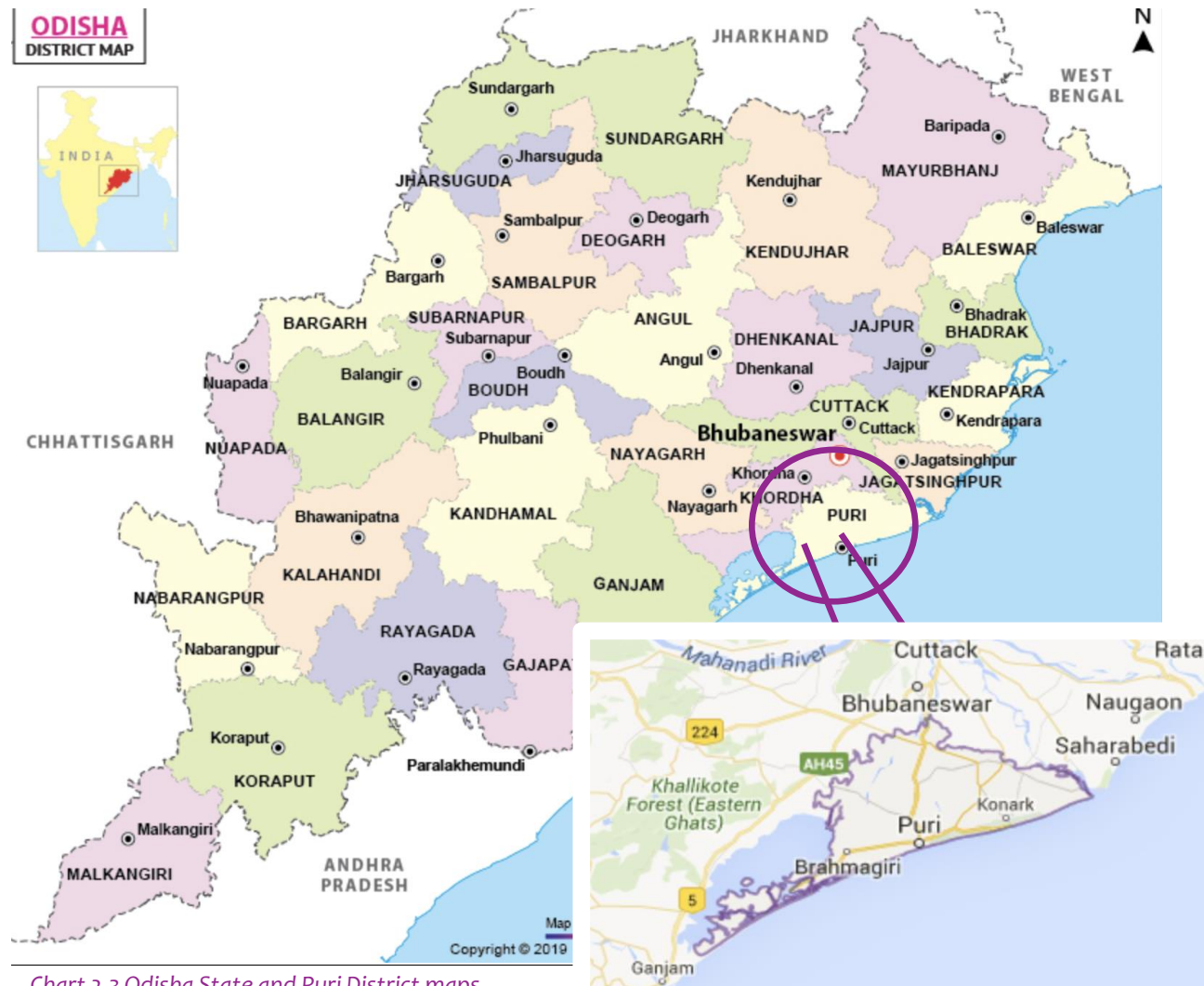


Chart 2.3 Odisha State and Puri District maps

In Puri district out of total population of 1.7M, 621,676 were engaged in work activities. 72.5% of workers describe their work as Main Work (Employment or Earning more than 6 Months) while 27.5% were involved in Marginal activity providing livelihood for less than 6 months. Of 621,676 workers engaged in Main Work, 147,402 were cultivators (owner or co-owner) while 79,505 were Agricultural labourers.

The average literacy rate in Puri for urban regions was 87.38 percent in which males were 90.96% literate while female literacy stood at 83.54%. The total literate population of Puri was 1,291,939. Similarly in rural areas of Puri, the average literacy rate was 84.16 percent. Out of which the literacy rate of males and females stood at 90.82% and 77.32% respectively. Total literates in rural areas of Puri were 1,082,202. (censusindia.co.in)

2.4 THE VALUE PROPOSITION

2.41 BENEFIT TO FAMILIES

2.411 FACILITATES REALISATION OF HOMEOWNER DREAMS AND ASPIRATIONS (FOR SAFE AND SECURE LIVING)

- Multi-faceted support to the PMAY (URBAN) BLC & AWAAS beneficiaries to complete good quality construction process with minimal or no cost or time overruns.

2.412 FACILITATES CREATION OF AN ASSET THAT PROVIDES SECURITY

- Inculcates a sense of ownership and dignity
- Children will have enhanced environment for growth and development
- Participation of homeowner families especially women in decision making
- Encouragement to homeowners to save
- Benefit of appreciation in property value

2.413 BECOMES A ROLE MODEL AND A CHANGE AGENT IN THE COMMUNITY

- Improved health and hygiene
- Recurrent annual expenses on house maintenance reduced
- Opportunity to get finance at a low interest rate (much lower than the market rate) from selected MFIs

2.414 BENEFIT TO HFCS/ MFIS / LENDING INSTITUTIONS

- Vision/ Mission fulfilment
- Business expansion
- Visibility within the community
- Lower risk in receiving repayments from the community, in case of loan component

2.5 INTERVENTION PROCESS

2.51 SITUATIONAL ANALYSIS/ BASELINE STUDY - TECHNICAL ASSESSMENT AND SELECTION OF BENEFICIARIES

- Understanding of the ground realities and community acceptance including existing infrastructure and support available
- Joint mobilisation of participants / beneficiaries from the communities with the State Government partner departments

2.52 HOUSING SUPPORT SERVICES – BCC, FINANCIAL LITERACY AND TECHNICAL ASSISTANCE

- Provide training and impart knowledge on financial literacy
- Share information on house construction and various resources available
- Beneficiaries will also receive information and support on planning, design, and construction techniques
- Skill training for construction labourers or other identified constituents

2.53 PROJECT EXECUTION - MONITORING AND SUPERVISION

- Set up the HSS field office with Technical and Project implementation/ management staff from within the community to ensure regular services provision and monitoring through visits and regular updates.

2.54 DOCUMENTATION AND EVALUATION

- Ensure regular assistance in monitoring for technical support, review and evaluation of the project progress for expected outcome.
- Compile quarterly and annual reports on project progress along with financial statements to share with stakeholders and donors.

2.55 PROJECT IMPACT

- 5,000 low-income HHs have finances for permanent structure to construct their own asset which would be technically appropriate

Part II

THE SURVEY AND ASSESSMENT

3. THE SURVEY – DESIGN

Keeping the objectives of the study as set out in the Terms of Reference (please see section 1.2), the Study Team identified the stakeholders and prepared the questionnaire to assess the impact by using the survey design and tools indicated in section 1.3 above.

3.1 SURVEY OF STAKEHOLDERS – HOME PARTNERS - OVERVIEW

The project has so far engaged with over 400 Home Partners (HPs). The summary of the number of applications received, assessed, rejected, sanctioned, and disbursed is as given in the Table 3.1 given below. The success rate for selection to obtain the Home Loan from SMHC seems to be about 55% of the applications. The HSS team is also able to troubleshoot technical issues relating to the need for clear ‘Four boundaries’ for the land parcel indicated in the LRC.

Table 3.1 Leads Funnel and outcome

Leads Funnel	Percentage
Sanctioned	55%
CIBIL Rejection	20%
Cancelled by Customer	2%
Customer declined to give LRC	2%
Duplicate LRC	2%
Customer Refused to take loan	5%
Four Boundary Issues	10%
Affordability Issue	4%

The occupation and income analysis of the survey sample showed 84% of the beneficiaries were business owners and 32% of them were earning above INR 30,000 per month. The skilled workers were 15% of the beneficiaries with income of INR 10,000 to 20,000 per month.

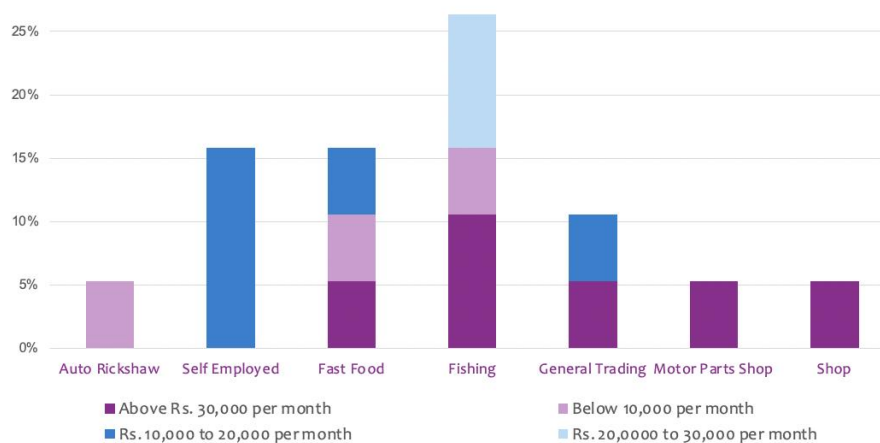


Chart 3.1 Occupation vs Income of Home Partners

Chart 3.11 Occupation breakup of Home Partners



3.11 HOUSEHOLDS RECEIVED LEGAL TENURE, PERMITS AND ENTITLEMENTS

100%

LRC

Secured the LRC without difficulty

100%

Expenses

Did not incur additional expenses for LRC

100%

LRC Copy

Keep a LRC copy in safe custody

HPs are aware of the processes and the importance of LRC. HSS has played a pivotal role in educating the beneficiaries and preparing them for the responsibilities as a Homeowner and a beneficiary of multiple agencies.

94.7%

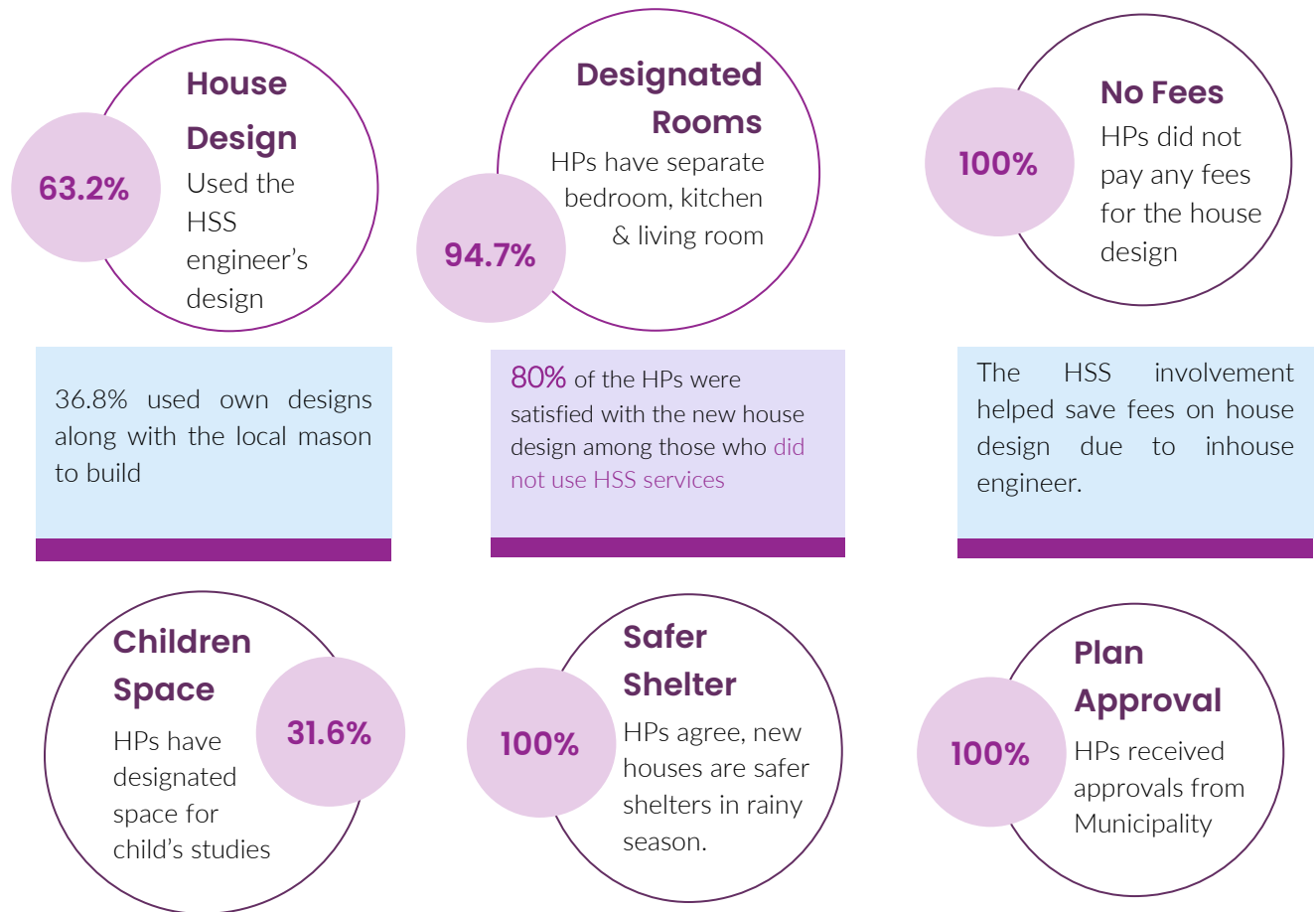
Taxes

HPs are aware of land & building taxes

Konark - Survey of HPs in progress (Nov 2022)



3.12 FAMILIES GET DECENT PLACE TO LIVE



Completed house with Kirana store facility in Puri district



3.13 - HOUSE CONSTRUCTION COMPLETED WITH ALL BASIC AMENITIES

100%

Water Connection

HPs have received water supply connection in new house

100%

Toilet Facility

HPs have toilet facility as part of the house design

100%

Waste Collection

HPs have waste collection facility through local bodies

100%

Electricity Connection

HPs have received electrical supply connection for new house

80% of the HPs received electricity connection among those who did not use HSS services

The success of the HSS program with the support of the district administration is the availability of basic facilities of Water, Electricity, Toilets and Waste Collection in the newly constructed houses.

This parameter has the most progressive impact on the lives of the Home Partners. It connects the beneficiaries to modern India and the opens possibilities they can now dare to dream.

HP with Completed House and Livelihood



3.14 HOUSE CONSTRUCTION COMPLETED WITHOUT COST OVER RUN

Cost overruns are attributed to the choice of materials used by the HP that fall above the minimum prescribed by the government estimate. Personal preferences influence finishing material choices like wall and floor tiles, bathroom fittings, sanitaryware and ceramic fittings, electrical fittings etc.

These choices are based on personal affordability and a notion of one-time purchase for their house. The cost overrun could lead to excessive borrowing from informal sources and the possibility of incomplete houses due to overspend.

Material Cost Overrun

HPs had no material cost run and completed the construction as per plan

94.7%

10% of the HPs had NO cost overruns among those who *did* not use HSS services

Cost Overrun

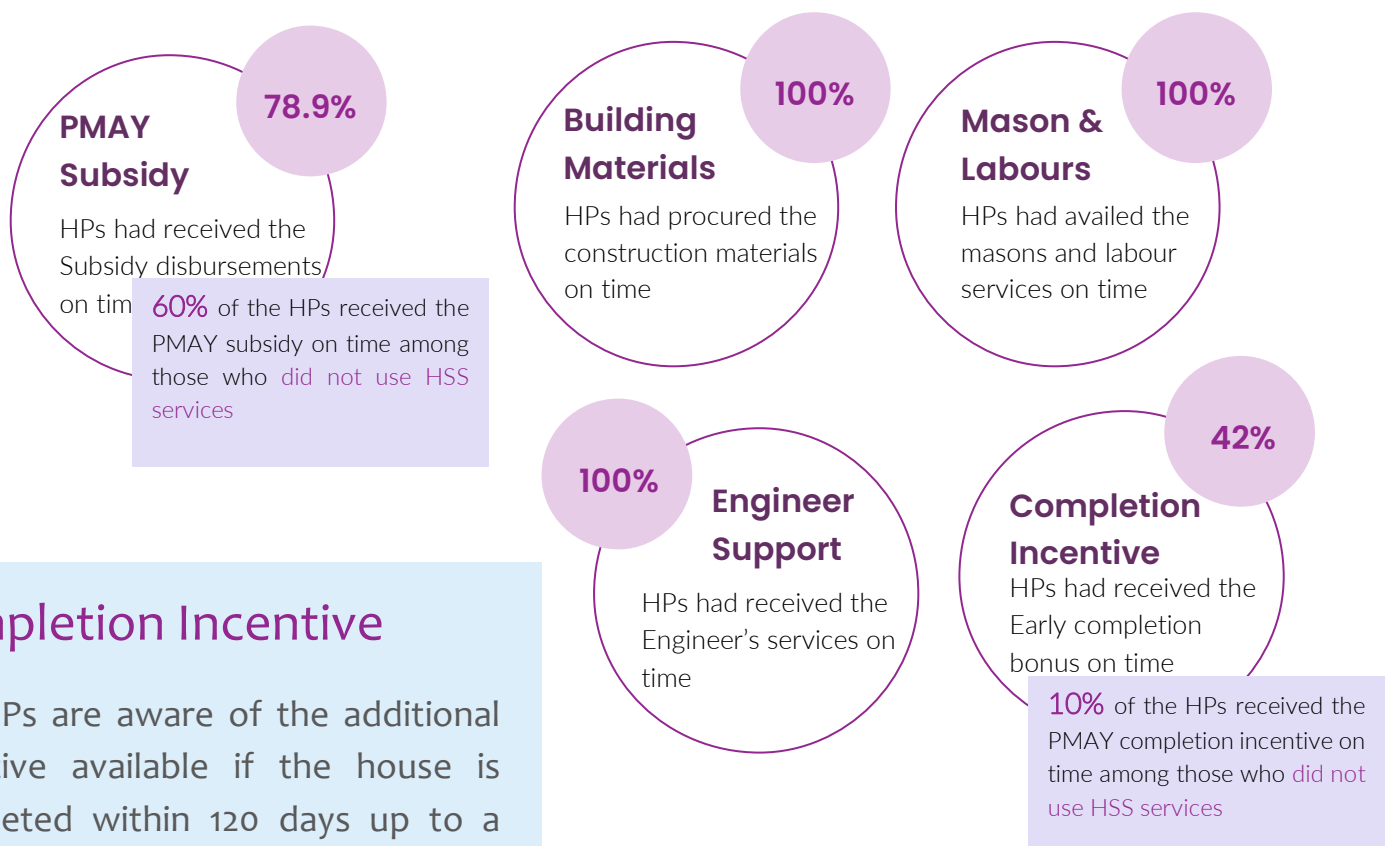
HPs had no cost run and completed the construction as per plan

52%

SMHFC representative inspecting the completed house in Puri District



3.15 HOUSE CONSTRUCTION COMPLETED WITHOUT TIME OVER RUN



Completion Incentive

The HPs are aware of the additional incentive available if the house is completed within 120 days up to a maximum of 190 days. Beneficiaries who complete their house by 120 days will receive a bonus of Rs. 20,000 and Rs. 10,000 if completed within 180 days.

Ideally the houses can be completed within 120 days and the HPs can be eligible for the incentive. Delays are expected when disbursements are delayed or the non-availability of masons, materials, or a combination of all these scenarios.

Despite all the challenges HSS has helped in securing the incentives in 42% of the cases.

Konark – Houses under construction in the community



3.16 ENHANCED ACCESS TO FINANCE

Housing Loan

HPs found the process for HF easy through SMHFL

100%

EMI

HPs easily paid the EMIs on Time

94%

Loan Disbursement

HPs had timely loan disbursements as per schedule

94%

70% of the HPs borrowed from MONEY LENDERS & MFIs at HIGH INTEREST to complete the house among those who *did not* use HSS services

30% of the HPs were able to complete the house with PMAY and OWN funds among those who *did not* use HSS services

Other Loan Sources

HPs felt they could get cheaper loans from other sources with great difficulty

21%

70% of the HPs had to borrow from FRIENDS & FAMILY to complete the house among those who *did not* use HSS services

Loan Agreement

HPs were not comfortable on using LRC document for loan

89%

Reclaimed land developed by Jaga Mission for rehabilitating Slum dwellers – Konark (Puri district)



4. STAKEHOLDER INTERVIEWS AND FINDINGS

4.1 SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED (SMHFCL)

VINEET SINGH - MANAGER, SMHFCL

PRIYARANJAN MOHANTY-
ASSOCIATE MANAGER OPERATIONS, SMHFCL



4.11 THE CONTEXT

The HSS program started in Nov 2020 in Puri and is currently operational in Puri, Dhenkanal and Belanger districts of Odisha. Svatantra has disbursed 279 Micro-Housing loans to the tune of INR 630.75 Lakhs as of Oct 2022. The loan size varies from Rs. 1 to 3 Lakhs and has 3 to 5 years tenure. The rate of interest depends on the loan tenure with 15% for 3 years, 16% and 17% for 4 and 5 years respectively.

The loans attract a processing fee of 1% and insurance premiums for home coverage through Cholamandalam or Magnum SBI and a term insurance on the borrower from HDFC Life. The home insurance protects the borrower from loss from natural calamities that is common in these districts and the term insurance covers loss due to death and disability to the borrower.

The performance of the loan book for Svatantra MHFC has been above industry standards with NIL NPA and a 30-60 day PAR of 1%. The team is confident to keep the track record of nil NPA for this financial year.

The loan amount is disbursed gross of charges so that the borrower receives the full amount of the loan. The risk premiums and processing fees are added to the monthly EMI to assist the beneficiary.

4.12 THE CHALLENGES

1. The Home Partner (HP) is afraid of the loss of land as the original LRC is kept with the lender as a collateral for the loan.
2. It is habitual for the HP to take microfinance loans from 3 to 4 micro finance companies without collateral, hence the apprehension to give original LRC to the lender.
3. Creating trust with the HPs through making them understand the process is an important step towards full adoption.
4. Rejections due to unsuitable credit history of the HP.

Svatantra started with a target of 1000 loans in November 2020 but has reached 276 as of date. More can be achieved as there is a genuine need in the society. To put things in perspective, there were 7000 LRC issued in Puri district and only 4% have availed the gap funding facility put together by the HSS initiative.

The changes in LRC issuance have decreased a step in the process. By issuing PMAY work order along with LRC, the State administration and the district officials have hastened the adoption of the Slum Resettlement scheme. The proactive approach from the administration has helped shorten the time taken for the adoption of the program.

The LRC beneficiaries also have been reluctant to construct their new homes due to many factors:

1. The fear of loss of current place of work and residence. Despite the current living conditions, the LRC beneficiary refuses to move to a better home as the move requires resettlement to a nearby land. It is especially true in the case of beneficiaries living close to the sea. Their livelihood activities take precedence in relation to the residence location.
2. The beneficiary already has a home that is incomplete. In this case the PMAY scheme does not apply as the completion of the existing house falls outside the preview of the PMAY scheme. The beneficiary resorts to fully demolishing the existing structure and must build a new house in its place.
3. Availing the PMAY scheme in Odisha will make them ineligible for the scheme anywhere else in the country. Some of the target populations are migrants from Andhra and other states where the PMAY scheme has a higher payout. Awareness of this fact has made some communities reluctant to start construction after receiving the LRC document.

Dr. Smily Rostus in conversation with Svatantra & HSS team in Puri



SHRI JAYESH SHAH, COO, CFO, SVATANTRA MHFC

4.13 THE FINANCIAL INCLUSIONS STRATEGY – MICRO HOME LOANS

Availability of loan funds for the EWS/LIH segment of Home Loans for Housing Finance Companies

Access to Refinance: Low-cost Affordable Housing Fund from the National Housing Bank (NHB)

SMHFC has applied to NHB for a refinance facility under the Affordable Housing Fund (AHF) of the National Housing Bank. Fund Interest Rate (Fixed) is 2.94% p. a. On Lending Cap AHF (FY 2020-21) is 9.954% (350 bps over the 10-year G-Sec yield on 31-12-2021 i.e., is 6.454 %. This margin is sufficient incentive for the HFCs to access the AHF facility from NHB. This facility allows HFCs to access low-cost resources for lending to the target customers.

Risk Mitigation mechanisms for EWS/LIH segment of Home Loans

SMHFC felt that the loan guarantee features of the Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) is not attractive. The low-risk coverage (20%) and clauses which state that the loan should have been extended on a prudent basis, which is open to subjective interpretation, is not sufficient comfort to the lending institutions to take on higher risk clients. In fact, SMHFC does not look to Credit guarantee mechanisms to mitigate its loan risks.

Extension of Operations to Rural areas

SMHFC is open to work in the rural areas of Odisha too. However, finding customers with income sufficient to service EMIs and with proper title deeds in the EWS/ LIG category is a challenge, whereas the customer base in Urban areas have

more of a steady income stream in the EWS/ LIG segment. This needs further study and exploration. If HSS services can be made available and eligible Households are in sufficient numbers, SMHFCs are open to work in rural areas too.

Expansion strategy for operations

SMHFC has recently expanded its operations to Dhenkanal and Balangir districts of Odisha. The logic for expansion to these districts is that HSS services have been extended to this area as Habitat already has some presence in these districts and they are able to leverage that to provide HSS services in these districts too. The expansion is in its early stages.

As per information gathered under this study, over 6,000 LRCs have been granted in Ganjam and Konark districts of Odisha. However, as these districts are perceived to be of lower economic growth, more research needs to be carried out to see if the customers in these regions can afford home loans.

Mode of Operations

SMHFC does not operate with a conventional brick and mortar office in these regions. So the concept of a portfolio size per branch does not make sense for SMHFC, unlike that of the MFI operations. However, they confirmed that the break-even point of their operations is at 4.5% of margin above cost of funds.

Linkage to PMAY scheme

Though currently, the Home Loan of SMHFC in Puri/ Konark is intrinsically linked to the PMAY scheme, they are open to serve non-PMAY clients as well, if they fit the overall eligibility criteria for home loans. The PMAY subsidy gives an additional cushion. If HSS can source customers

from non PMAY base, with LRC, SMHFC is open to lend to them.

Product innovation

As HFCs need not hold 100% of its portfolio in Housing finance, there is a potential to consider giving integrated Home cum livelihood loans to the Micro Housing clients, with a 3–5-year time frame, as the HPs are now the core customers of SMHFC with assets. However, this needs further research and pilot testing before a product can be offered to the customers.

Quality of LRC as a collateral

SMHFC felt that though the LRC is not a sufficient collateral, in terms of realising its value in case of default, it serves its purpose as a collateral to fulfil the regulatory requirements for a Home Loan as per Reserve Bank of India/ National Housing Bank definition. An unsecured loan is not considered as Home Loan and therefore HFCs are not eligible to count any loans given to HPs without collateral as Home Loans and thus not eligible for refinance assistance and for other regulatory compliance requirements. For SMHFC, their hard-core reliance is on their own customers to service the loans, not on collateral or a third-party guarantee.

Home Loan product pricing

SMHFC's home loans are being offered at interest rates of 15%, 16% and 17% respectively for 1, 2 and 3 years. They perceive a higher risk for longer tenure, as the EWS/ LIG customers traditionally are more vulnerable to various external circumstances and thus longer the tenure, the higher is the risk perception.

Quality of Home Loan portfolio at Puri/ Konark

The PAR for the Home Loans in the Puri / Konark region is less than 1% for PAR>60. This ratio is better than the home loan NPA figures of the traditional home loan segment.

Regulatory clarifications

The vision of SMHFC is to serve the EWS/ LIH community. The biggest hurdle to that is the lack of pucca title documents to the parcels of land that they occupy, both in rural and urban areas. The LRC initiative of Odisha is thus commendable. There are similar developments such as the Sanat in Gujarat and ... in AP. If a task force can be set up to finalise the list of acceptable documents in lieu of Pucca title deeds for the purpose of Home Loans, for the informal sector Households, that will pave way for flow of formal sector finance for the LIH sector which is the neglected aspect of affordable housing sector.

HSS assisted house completed with livelihood facility for Kirana store in Puri district



4.2 STATE GOVERNMENT OFFICIALS

4.2.1 OUHM - ODISHA URBAN HOUSING MISSION

Shri Debasis Singh, OAS (SAG)

Additional Secretary to Government-cum-mission Director, OUHM

Sunil Kumar - Urban Planning

Partha Sarathi Sahoo - Team Leader (State Level Technical Cell)



The mission of OUHM is to provide housing to people who don't have any land in the state. The LRC initiative is one such innovative vehicle that allows the beneficiary to inherit the land but not sell the land that is received from the State.

The OUHM extends its activity to provide rental housing to low wage temporary workers that come to the cities for short term contractual jobs. The rental housing scheme has provided a much-needed accommodation facility for the migrant workers and a convenient choice for the employers. The rental scheme also dissuades contractual workers to set up temporary housing that later convert to slums.

OUHM employs technology to facilitate the allotment and sale of its housing units. The web portal allows users to login and choose their preferred housing plots or apartments.

The HSS scheme currently operates in Puri district and is being extended to Dhenkanal district. However, Shri Debais expressed the need for the program is much greater in other districts like Ganjam and Koraput districts where approximately 5000 to 6000 LRCs have been already issued. These are the districts with higher concentration of LRC beneficiaries and HSS can make a significant social impact by operating in these areas.

ACCOLADES





JAGA MISSION SLUM-UPGRADATION PROGRAMME

Receives Global Award

Jaga Mission awarded at the
**Asia Pacific Housing Forum Innovation
Awards 2021**
for
Innovation in Public Policy



"WE VALUE PEOPLE MORE THAN LAND"

Shri Naveen Patnaik
Hon'ble Chief Minister Odisha



"Housing for all"

4.22 JAGA MISSION

MS. SUCHISNATA SAHOO - CONSULTANT TO JAGA MISSION

JAGA mission is in the pursuit of removing the fear of eviction by facilitating the concept of "No Informal Settlement" and improving slum dwellers' lives through infrastructure and socio-economic development.

While the OUHM spearheads housing for all, Jaga Mission facilitates the LRC process for OUHM specifically for informal land settlements (Slums). Through the Slum Development Act 2017 and its revision in 2021, slum dwellers with less than 30m² land up to a maximum of 40 m² in Municipalities and NACs are allowed to be formalised.

The December 2021 revision of the Act allowed 250,000 families in 5 corporations of Odisha to be eligible for LRC, creating a greater need for Public-Private-People cooperation. The need for affordable housing more than doubled with the implementation of the new act.

The JAGA mission follows a bottom-up approach where the community is made part of the government plans for infrastructure and socio-economic development. The effective use of associations like the Slum Dwellers association is a note-worthy example of this approach.



4.221 SLUM DWELLERS ASSOCIATION

JAGA Mission has created 2,919 slum collectives known as ‘Slum Dwellers Associations’ (SDA) to build and engage with communities. Each SDA has 11 representative members formed from a larger pool of 1 member from each family. It requires 50 per cent women’s representation and representation from other categories like elderly and trans gender community.

Through the SDA, a fourth tier of governance is being built by fixing leadership and participation gaps in urban informal communities. The collective can mobilise group borrowing and construction activities. Livelihood initiatives and social impact projects are being channelled through the SDA.

Recently one of SDAs was an implementing partner with JAGA mission to build a road in the community. SDA was provided with a percentage of the project cost for its supervisory role. The financial incentive was used by the SDA for the benefit of the community and the collective ensured the project was implemented on time and with the required quality.

More such infrastructural projects are being implemented with the help of SDA participation. Another project is the IHHT (Individual Household Toilets) scheme by JAGA mission which compensates Rs. 300 per toilet built to the SDAs.

The SDA is an enabler for the community and can be utilised to channel multiple social and economic initiatives to the slums of Odisha.

A slum dwellers' association meeting takes place inside a Parichaya micro-activity centre (Photo credits: Antarin Chakrabarty)



4.3 HABITAT FOR HUMANITY INDIA

NIHAR RANJAN MANGARAJ– ASST. MANAGER, (CIVIL ENGINEER) – HSS

4.31 – HSS AT PURI & KONARK -TECHNICAL SERVICES

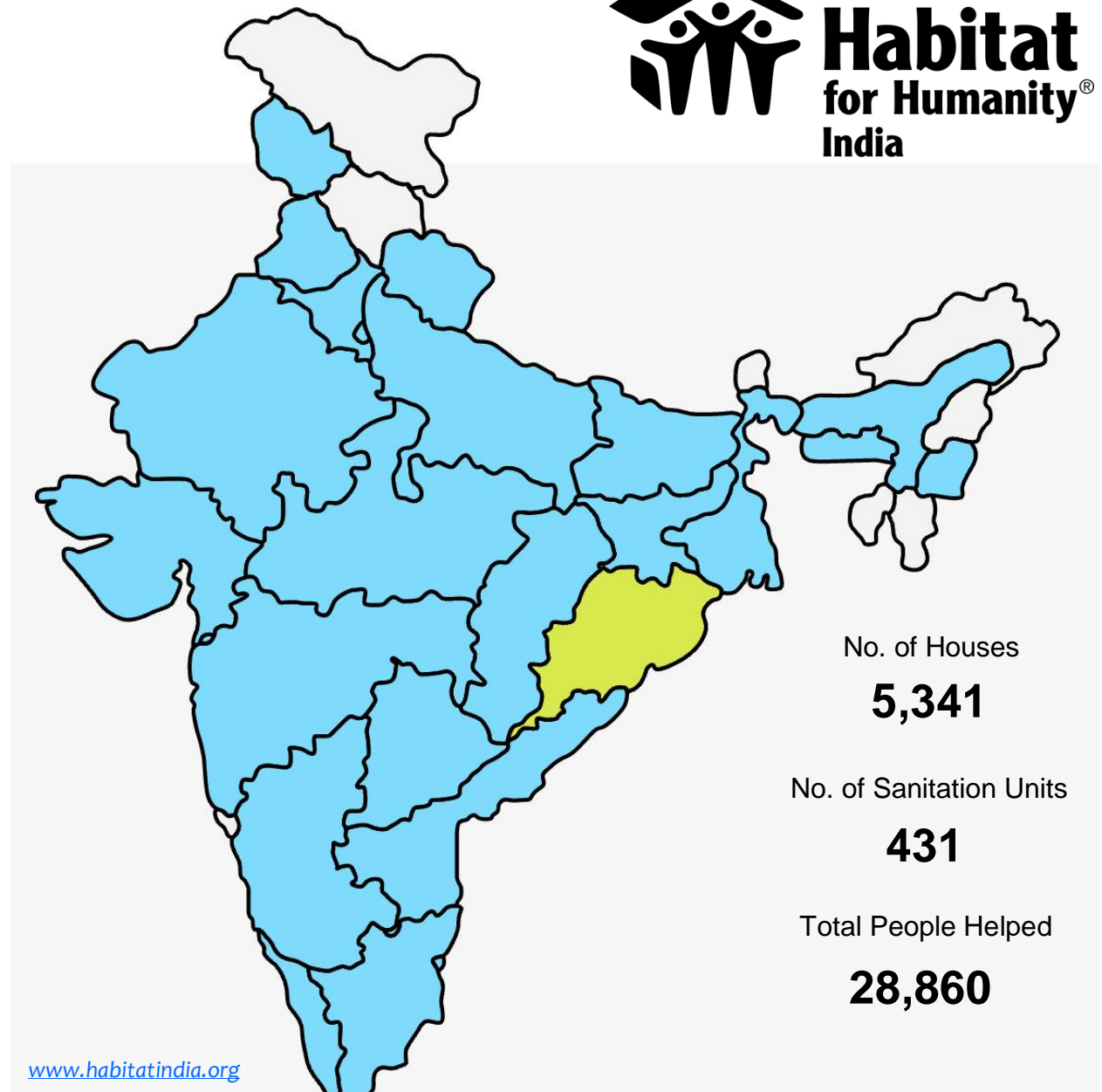
The designated Civil Engineer in HSS is responsible for the house design, Bill of Quantity (BOQ), field visit, tracking construction stages, updating the mobile application and successful closure of the construction process. The mobile app 'HomeHub' helps in systematic tracking of each phase of the construction with before and after photographs. Each stage is confirmed after a field visit and photo proof is uploaded to the mobile app.

The BOQ is prepared as per the area and design requirements of the beneficiaries. The BOQ must follow the pre-defined government (PMAY) guidelines. Deviation from the guidelines will result in rejection of application and rework of BOQ, causing delays for the HP.

ESTIMATE FOR CONSTRUCTION OF RESIDENTIAL HOUSE (G+S)					
Name of Customer - Kare Raju					
Built Up Area		320	Location	Konark (Odisha)	
SL NO	DESCRIPTION OF ITEM	QUANTITY	UNIT	RATE IN RS	AMOUNT IN RS.
1	Portland Cement (53 Grade)	160.00	Bag	Rs. 340.00	Rs. 54,400.00
2	Fine Aggregate or River Sand	800	CuFt	Rs. 30.00	Rs. 24,000.00
3	Crusher Stone or Coarse Aggregate	480	CuFt	Rs. 55.00	Rs. 26,400.00
4	Burnt Clay Bricks	6400	Nos	Rs. 8.00	Rs. 51,200.00
5	Steel Bars (Ribbed Bars/TMT Bars)	1120.00	Kg	Rs. 65.00	Rs. 72,800.00
6	Paint (Including Primers)	80	Ltr	Rs. 290.00	Rs. 23,200.00
7	Electrification Work (Internal) - Supplying , Fitting , Fixing including all cost of materials, labour, taxes etc. complete	320.00	Sqft	Rs. 50.00	Rs. 16,000.00
8	Plumbing & Sanitary Work (L/B & Kitchen Etc) - Kitchen Sink, Indian Type Toilet Sheet, Supplying, Fitting, Fixing including all cost of materials, labour, taxes etc.	320.00	Sqft	Rs. 55.00	Rs. 17,600.00
9	Door (Including Fittings)	5	Nos	Rs. 10,000.00	Rs. 50,000.00
10	Windows (Including Fittings)	3	Nos	Rs. 5,000.00	Rs. 15,000.00
11	Labour & Contractor Charges	320.00	SqFt	Rs. 180.00	Rs. 57,600.00
Total					Rs. 4,08,200.00

Figure 4.31 Sample of BOQ

The minimum land required under LRC scheme is 323 sqft per beneficiary. The BOQ is provided to the maximum possible built-up area as per the land layout. In this example: the land is 323 sqft and the built-up area is 320 sqft.



In the past 39 years, we have worked across India to help over 38 million people live in better conditions.

JUSTIN JEBAKUMAR – DIRECTOR, HABITAT FOR HUMANITY INDIA (HFHI)

4.32 HSS AT PURI & KONARK – CURRENT STATUS AND FUTURE DIRECTION

4.321 FUTURE EXPANSION PLAN FOR HSS

The strategy is to expand to areas where HFHI already has presence with ongoing projects. So its easier and cost effective to overlay the HSS project along with the ongoing project

4.322 FUTURE PLANS FOR HSS AT PURI & KONARK

Options to explore: **Non PMAY customers, Incomplete houses** – need to fine tune the service offering.

SMHFC felt that the Home Loan product for Incomplete houses is likely to of be of a smaller ticket size and hence may not make business sense for them.

HSS may have to explore with MFIs for Home Improvement loans for this segment or could explore tie up with MicroBuild for a collaboration.

Another option would be to have a tie up with a Small Finance Bank, as they can offer more financial products including savings products and may make better business sense. Preliminary discussions with ESAF Small Finance Bank for this service, elicited a positive response to explore the business opportunity. It is also would be prudent to diversify the number of financial services providers as the demand for Micro Housing loans are likely to grow in the coming years.

The plan is to target construction of 1,000 houses in Konark/ Puri region, in the short term, while keeping in view the original goal of construction of 5,000 houses, considering that more than 6,000 LRCs have been issued here

It can be considered that the HSS operations Puri/Konark has now completed the pilot phase of its work and poised to move into a growth phase.

A street of HSS assisted completed houses



4.33 PROCESSES REVIEW

The HSS processes at Puri/ Konark have been streamlined and the team has gathered sufficient experience. The work done by the Community Facilitators (CFs) is critical to generate leads. It seems that a CF can reach out to 10 HHs to gather information to generate the leads. SMHFC is providing funds support (fee based) for successful 'Logins' of customers at the rate of Rs. 1000 per customer as also 1% fee for disbursements of loans.

It is now assessed that about 40 to 50 successful Logins would make the HSS a sustainable intervention if overheads are kept reasonably low.

As HFHI is an NGO with FCRA, there is a grey area about earning fees per customer, as tax free income. Also, if HFHI is receiving a CSR contribution, then it would be again in the grey area if it is used for business promotion. These aspects can be reviewed by HFHI inhouse.

4.34 MATERIAL BANK

At the pilot phase, it was thought that HSS may have to organise material purchases at wholesale prices and offer the clients the materials at a discount.

However, as per the survey results, it seems that the HPs do not face any issue in procuring construction materials in sufficient quantity and at estimated prices. The local supply chain seems to be robust and there is no need to disrupt the current scenario.

The stakeholder engagements are also well synchronised.

HFHI enjoys high rapport with the Govt officials, both with the PMAY team as also the DUDA team, and the SMHFC team

HSS is now operating with only the PMAY client base which can absorb loans. It can be explored as to how HSS can support non PMAY HHs too.

Cluster houses under construction – Konark



4.34 HSS AT PURI / KONARK - FUTURE PERSPECTIVE

URBAN HOUSING IN ODISHA HAS RECEIVED A FILLIP WITH THE LRC INITIATIVE OF THE STATE GOVERNMENT.

The need for HSS services is very huge, as large numbers of LRCs are being issued in every district of Odisha. If HFHI can focus on scaling up Odisha operation, it can make a huge impact for housing inclusion.

A strategic planning exercise needs to be undertaken with clear goals for impact outcomes for Odisha, with a broader base of stakeholders. That would give HFHI clarity about the exciting possibility for a mega impact in this very needy geography.

Consider the fact that so far HFHI has constructed 150 houses in Puri/ Konark region with financial outlay of Rs. 50 million. However,

over 250 houses have been facilitated with a financial outlay of less than Rs. 5 million. The catalytic role played by HSS has a 10X impact factor, with sustainable, replicable, and scalable intervention strategy.

THERE IS FURTHER SCOPE FOR POLICY DIALOGUES AND COLLABORATION FRAMEWORK WITH INSTITUTIONS SUCH AS NHB/ RBI/ SADHAN/ MOHUA

The study findings can be disseminated at a round table conference that can be launch pad for eliciting stakeholder interests in a wider scale up strategy for the HSS initiative

As regards skill building of masons, a refresher training has been held. The survey results found that the HPs did not experience any difficulty in finding skilled workers for the construction

HSS Community engagement with Home Partner in Puri district



DR RAJAN SAMUEL, MANAGING DIRECTOR, HABITAT FOR HUMANITY INDIA (HFHI)

VISION FOR HSS - 2025

The HSS intervention has been able to transform the landscape of housing for LIH and EWS sectors. The HSS model has been an enabler for multi-stakeholder involvement for impact in the grassroots level. The learnings in Puri district of Odisha can be used to replicate, scale, and impact the entire nation.

Green Fund focussed on LIG & EWS: Dr. Rajan's outlook on the future of LIG & EWS housing sector has Green Initiatives at the core of the strategy. Creating a **Green Fund of Rs. 100 crore** to kick start the housing initiatives for LIH sector including PMAY, Non-PMAY schemes and unfinished housing in both rural and urban sectors should be a policy recommendation to the NHB/RBI.

The Green Fund will enable the adoption of three main features in construction.

1. **Green Technology** - Solar efficient house design
2. **Efficient use of water** - e.g., Rainwater harvesting
3. **Efficient use of materials**. e.g., Fly Ash bricks, Ready to use Cement etc.

Financing Housing: Increasing the number of lending partners for gap funding can be achieved by changing the collateral model from LRC to creating a **Lien on Property**. The engagement and acceptance from NHB/RBI to create alternate collateral documents to increase the uptake of gap funding will be taken up as a policy advocacy exercise.

HSS Adoption: The HSS model is ready to be adopted on a national level with participation from multiple stakeholders as per the area of operation. Each region can have its separate **materials bank, tool bank and supply chain management by HSS**, using **green compliant** practices. HSS model can be used as a **Capacity Building** tool that blends local requirements and caters to the hyperlocal needs.

Technology: The **use of technology** in the design and implementation of the program helps streamline the end-to-end process. The HomeHub app currently provides program monitoring and construction support visibility for all stakeholders and management. The services of this technology can be extended to include supply chain management and other elements of the program. The effective use of AI in construction is also being discussed in multiple levels and this can be leveraged to empower the poor.

Certification: The green model can ensure viability, replicability, scalability, and impact for all stakeholders. The need for **green certification** for house construction is also being pursued from the design stage. Creating certified houses reduces waste, increases efficiency, and adds credit to the environment. This certification process needs to be suitability incentivised.

Recommendations: Policy changes at the National level by creating Credit Guarantee schemes for Micro Housing Finance less than Rs. 5 lakh loans, providing refinance loans from NHB to HMF sector and creating a kick starter Green Fund with Rs. 100 crore corpus for Micro-Housing sector will bring more players in the sector to meet the huge demand estimated at 97% of total housing demand emanating from the BoP segment in the country. HFHI can play a pivotal role through the HSS model in bringing together all the stakeholders and create lasting impact in the target sector.

4.4 JK LAKSHMI CEMENT/ MATERIAL SUPPLY CHAIN MANAGEMENT

Some of the Corporates like J K Lakshmi Cement Limited (JKLC) have expressed their desire to be part of the HSS stakeholders.



They have also initially supported the HSS project with a CSR contribution. At the pilot phase, it was thought that HSS may have to organise material purchase at wholesale prices and offer the clients the materials at a discount. However, the nascent operations did not have the necessary time and skill sets to set up a supply chain management aspect into the HSS design.

As per the survey results, it's clear the HPs did not face any issues in procuring construction materials in sufficient quantity and at estimated prices. The local supply chain is robust and there is no felt need to disrupt the current scenario.

However, there is always room for fine tuning of any successful design. As Corporates such as JKLC are showing an active interest in the HSS project, further innovations can be considered. Interventions in the supply chain management, which could benefit the HPs can be reviewed. Once such supply chain intervention is listed below for consideration.

4.41 SUPPLY CHAIN INTERVENTION

The diseconomies of scale of small quantities of off take of construction materials, such as Cement by HHs can be offset by aggregating the demand. A simple mechanism such as a Voucher based purchase mechanism can be introduced as a special offer for a period by JKLC. All the HPs shortlisted can be issued Discount Vouchers by JKLC or any other material suppliers who want to be associated with the HSS initiative to serve the EWS/LIH segments HHs. The suppliers will be informed in advance about the area and period of operations of HSS work.

Say for e.g., If a new HSS is being launched in Rajasthan, then JKLC can be informed about the district and plans to operate the HSS for a two-year period with the target of supporting 1000 HHs.

The Cement off take is likely to be approx. 3,750 kg per HH and aggregate demand being 3,75,000 Kgs in that select location of 100 houses. If the Voucher system is introduced, then the customers can benefit in the range of 10 to 20%. The dealer/ retail network in that region can be informed that those who present the Voucher would get a discount under the HSS scheme.

If JKLC can operate the above scheme, it would be a big contribution to the HPs in their quest to build a home of their dreams. The same voucher scheme or some similar intervention opportunities can be made available to other Cement companies, or other suppliers in the Housing value chain. Options such as sponsorship of an entire HSS or parts of the program such as staff support under the CSR program. programmes of the Corporates can be a suitable fundraiser idea for HFHI.

'HOUSING FOR ALL'



1.1 crore Houses approved under PMAY(U)

Construction of **1,68,606** New Houses approved under PMAY(U)

Construction is in various stages in over **70 lakh houses** and over **41 lakh houses** have been completed

PMAY(U) - Pradhan Mantri Awas Yojana (Urban)



Read full at bitly.ws/bi4g

[f](#) [t](#) [v](#) [i](#) /BJP4India www.bjp.org



4.5 PMAY OFFICIALS

The Pradhan Mantri Awaas Yojana (PMAY) scheme originates from the central government and is co-ordinated by the State through OUHM and DUDA at the district level, ensuring implementation at the grassroots level.

4.51 DISTRICT URBAN DEVELOPMENT AGENCY - DUDA

SHRI JYOTISHANKAR MOHAPATRA (OAS)
CHIEF DEVELOPMENT OFFICER CUM EXECUTIVE OFFICER,
ZILLA PARISHAD, PURI



The HSS scheme has been helpful in helping LRC beneficiaries in Puri Urban areas. However, the scheme needs to be extended to the Rural areas as well. There is a need for financial and administrative assistance for over 5000 unfinished housing in the rural sector in Puri district. The rural belt is primarily into agriculture and have valid land documents that can be mortgaged.

A deeper study is required to identify specific needs of the heterogenous group as the economic activity changes by demography. Collaborations like the HSS model can take lead and create programs and products to address the rural need.

The LRC program must be seen holistically, even though there are 7000 LRCs issued in Puri district, not all of them are in need of loans. Some have had houses and they need not demolish them for the sake of availing PMAY scheme. Some others have incomplete houses, and they need to be supported to complete the house as they are not eligible for the PMAY scheme. HSS and funding partners can explore this area to support the beneficiaries.

The challenges in the housing sector ranges from beneficiaries not willing to move to allotted housing plots due to fear of losing livelihood or other reasons to fear of taking loans. Not all beneficiaries are always truthful about their intentions. The same applies to claimed delays in PMAY disbursements. The HP must take the lead for the disbursement of PMAY funds in a timely manner.

The government has extended the PMAY scheme till end of 2024 and there are no other immediate housing schemes that will supersede the Beneficiary Led Construction schemes.

Research team in Conversation with Shri Ajith Mohapatra and Shri Devi Mohapatra, DUDA Officials, Puri District



4.6 NATIONAL HOUSING BANK (NHB) – AN OBSERVATION

The Affordable Housing Fund scheme is found to be attractive to HFC as a source of low-cost capital to serve the EWS/LIH customers.



If administered effectively, the scheme has the potential to reach Home Loans to the EWS/LIH segment with interest rates almost on PAR with that of mainstream Home Loan customers. As AHF provides capital at 2.9% currently and as the margin requirement of HFCs is around 4% now, the HLs can be issued at below 10% interest rate. This is where NHB can effectively play a more crucial promotional role.

4.7 SADHAN

SHRI JIJI MAMMEN,
EXECUTIVE DIRECTOR, SA-DHAN



The biggest constraint in the propagation of Home Loans to the EWS/LIH households, is the definition of security for Home Loans. Home Loans by definition, are secured loans.

- Many HHs in rural areas do not have pucca title deeds, even though the HHs may be able to service small ticket EMIs.
- In the past work has been done by various stakeholders to define an acceptable set of documents as Alternate Security.
- However, this has not received the momentum that is required to effectively create a pathway for formal sector funds to flow to the informal EWS/LIH segments.
- More pilot projects are required to create this pathway
- In the interactions with **Shri Jiji Mammen**, ED, SaDhan, it was made clear that SaDhan is willing to take up the policy/ advocacy role on behalf of its client base for facilitation of micro housing schemes to them.

There is a compelling need for the P4 stakeholders to come together to create pilot projects to trial out Alternate Security through the HSS model.

Part III

HSS Intervention Review

5 HSS TEAM AT PURI – KONARK - REVIEW

5.1 COMPOSITION OF THE HSS TEAM

5.11 THE HSS HUB – ORGANISATION CHART

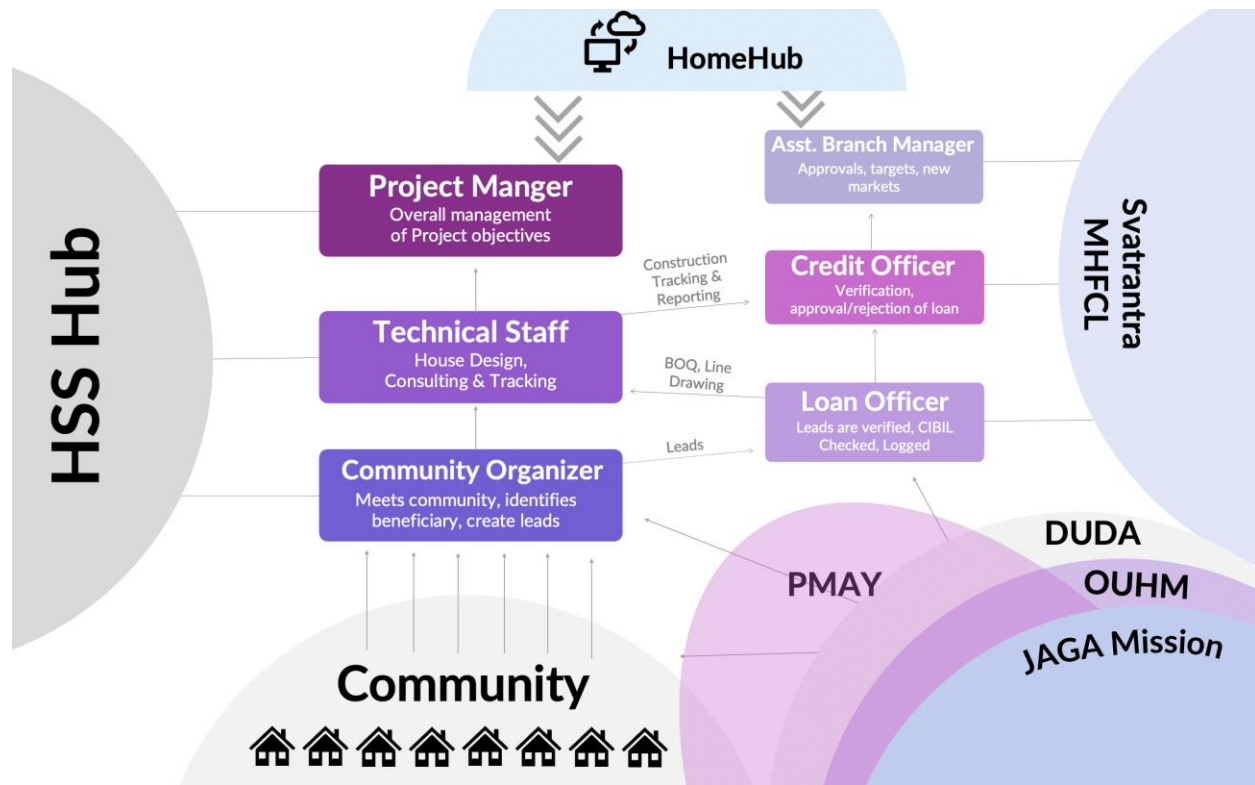


Figure 5.11 The HSS HUB – Organisation Chart

The HSS hub is adequately staffed for the current level of operations. The operations are now being expanded to other districts. The technical staff can still manage the work from the HSS hub's central location; however, additional Community Organisers need to be posted in the new locations.

As the program expands the position of the Project Manager which is currently vacant also needs to be filled up.

5.2 HSS PROCESSES - REVIEW

5.21 BLC – EXISTING PROCESS

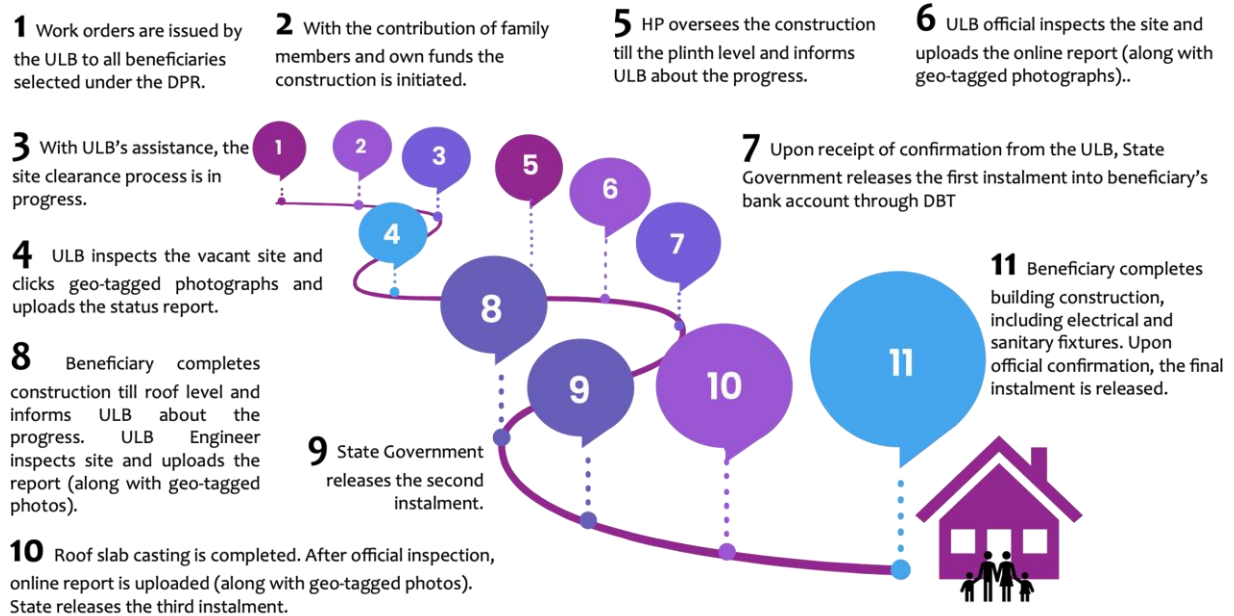


Figure 5.21 Beneficiary Led Construction – Existing Process

The **existing process** of BLC follows the notion that

The beneficiaries will be able to build the houses from own funds and without additional support from external parties.

The interaction between Governmental agencies, ULBs, Engineers, labor force etc. is direct between the beneficiary and the respective stakeholder.

This model follows a pull effect requirement from the beneficiary along with the resources to construct the house.

5.22 BLC PROCESS WITH HSS INTERVENTION

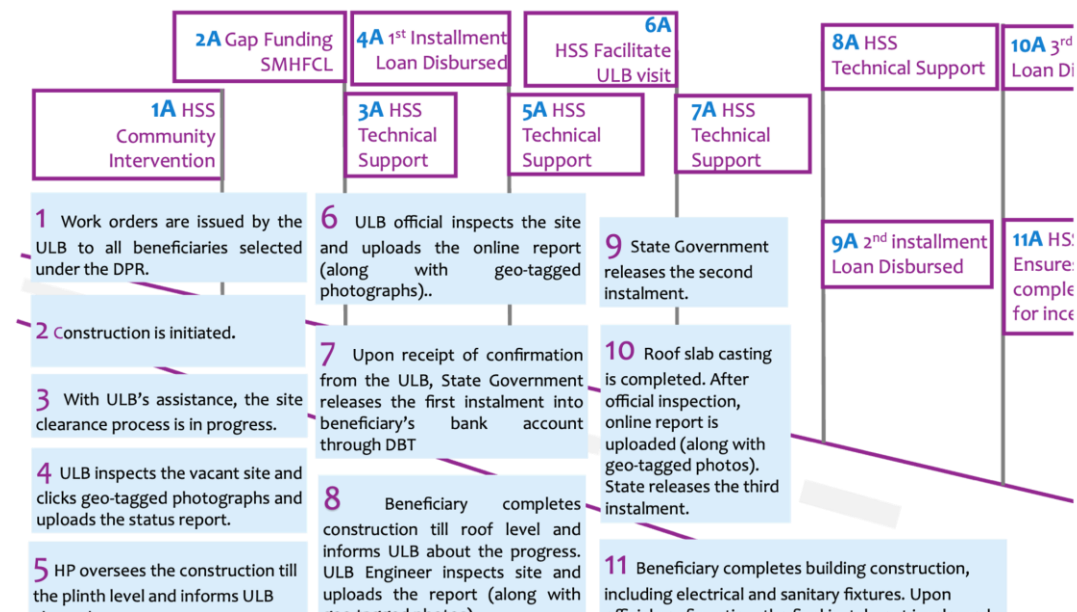


Figure 5.22 Beneficiary Led Construction with HSS Intervention

Figure 5.22 captures the 11 steps under BLC model from issue of LRC to completion of house construction along with that of the HSS services.

The intervention of HSS services through the process along with multiple stakeholders provides the beneficiary guidance and resources to facilitate the construction of the house.

The HSS model with Gap Funding is a Push effect model with active involvement of a neutral party for the benefit of the Home Partner.

The positive changes in the outcome have been documented in the survey results.

5.3 BLC - FUND FLOW PROCESS – EXISTING

5.23 BLC – FUND FLOW – EXISTING PROCESS

FUND FLOW DURING CONSTRUCTION PHASE

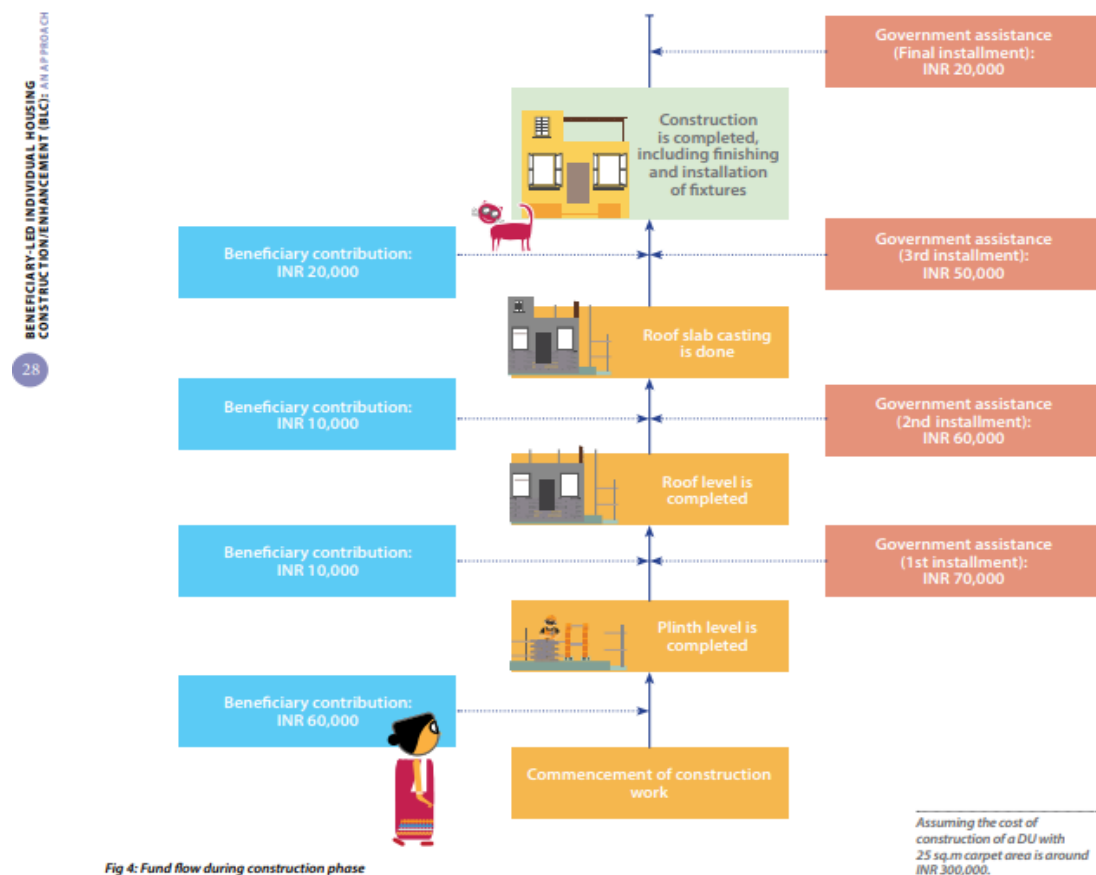


Fig 4: Fund flow during construction phase

Figure 5.23 Beneficiary Led Construction – Fund Flow - Existing Process

Source: http://purimunicipality.nic.in/PMAY/GIZ_BLC_Approach_English.pdf

5.24 BLC - FUND FLOW PROCESS WITH HSS INTERVENTION

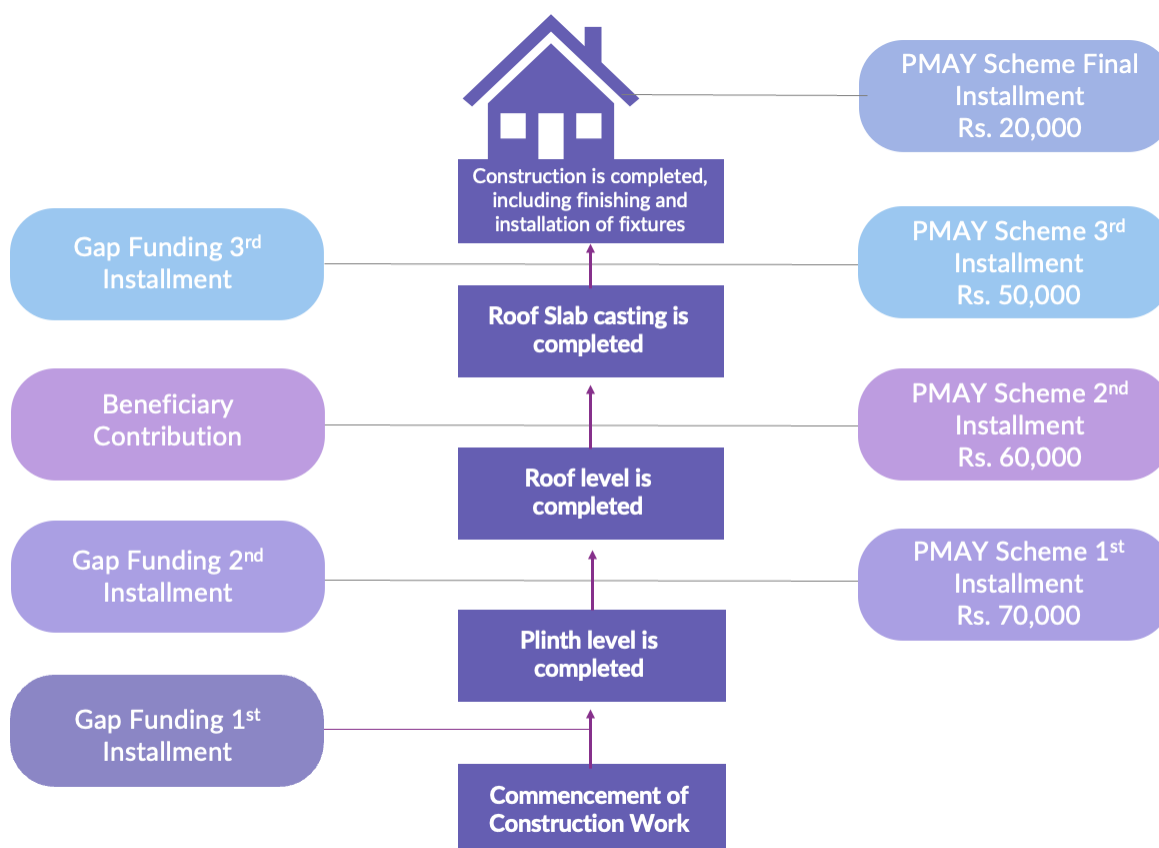


Figure 5.24 BLC - Fund Flow Process with HSS Intervention

The major challenge for the beneficiary for completion of construction is the gap in funds requirement. PMAY scheme releases funds after Plinth level is achieved, however the home partner requires funds to start the construction. In the absence of adequate own funds, the construction gets repeatedly postponed. Over 2,000 PMAY work orders have not been acted upon by the beneficiaries.

HSS intervention bridges the gap in funding needs and provides the 1st instalment for the foundation level work. This assists in the start of the construction and further payments from PMAY scheme accelerates it.

6 HSS INTERVENTION – THEORY OF CHANGE

6.1 OBJECTIVES OF THE STUDY (TOR) AND ITS FINDINGS

6.11 TO STUDY AND DOCUMENT THE GAP FUNDING MODEL AND THE PROCESSES THAT CONSISTS OF A CONSORTIUM OF PARTNERS PROVIDING DIFFERENT SERVICES I.E., GOVERNMENT, HFHI, SMHFC, AND JKCL AND THEIR ROLE

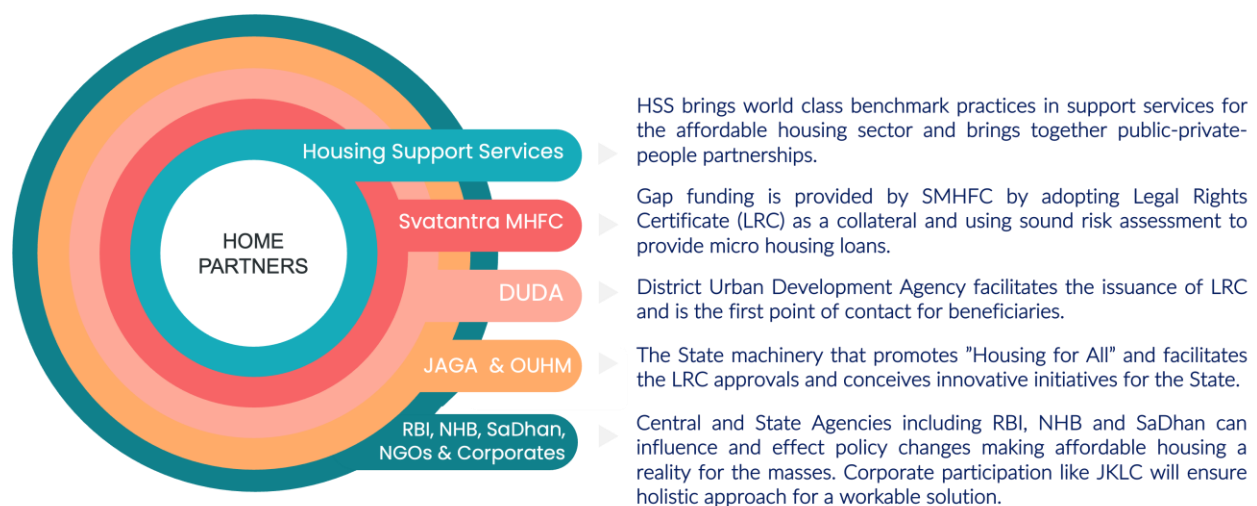


Figure 6.11 Consortium of Partners – Enhanced

The HSS intervention has been found to be a necessity for successful and large-scale adoption of the PMAY (U) – BLC scheme, as beneficiaries belong to the EWS/ LIG category of the population, who face multiple challenges including lack of experience in managing house construction, which is a complex task and one time life experience for most of the BLC beneficiaries. There are multiple processes that need to be synchronised and optimised to avoid time and cost overruns. Also, management of men, money, and materials of significant costs in terms of the scale of tasks vis-a-vis management skills that these HHs possess is a real challenge, resulting in incomplete houses and unfulfilled aspirations. It is into this gap that HFHI has stepped in with the innovative P4 framework and the HSS project.

At the HSS Puri/ Konark, currently there are 4 main stakeholders of the P4 Framework (Private-Public-People Participation), who are being seamlessly managed by HFHI, providing a very impactful home construction experience to the BLC beneficiaries, as they realise their dream of a 'Decent place to live'. Every stage beginning with Step 1, wherein the Work order gets issued by the ULB to all the beneficiaries selected under the PMAY (U) – BLC component to the last Step 11 wherein the beneficiary

completes the house construction with official confirmation and release of the final instalment of the subsidy, has been studied in detail and suitable interventions engineered to make the BLC processes more participatory and professional.

HSS has reengineered the process for the BLC component of the PMAY (U) – BLC programme in Odisha. Please see the revised flow chart given below:

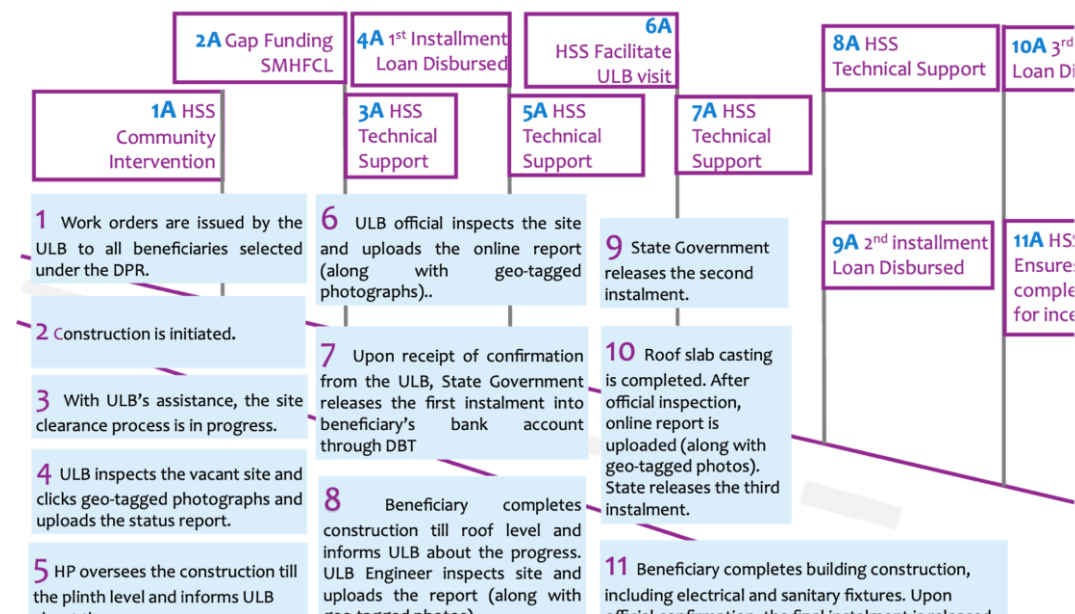


Figure 5.22 Beneficiary Led Construction with HSS Intervention

Under-construction homes with HSS support in Puri District



6.12 TO ASSESS WHETHER THE PROVISION OF HOUSING SUPPORT SERVICES TO THE CLIENTS HELP IN CONSTRUCTION PROCESS, COST, QUALITY, AND TIMELY COMPLETION UNDER THE PMAY HOUSING PROGRAM

As the results of the survey conveys, the HSS services have been helpful in design, quality of construction, timely monitoring, provision of complete financing solutions and thus on time construction with only marginal time or cost overruns in few cases.

HOUSEHOLDS RECEIVED LEGAL TENURE, PERMITS AND ENTITLEMENTS

HPs are aware of the processes and the importance of LRC. HSS has played a pivotal role in educating the beneficiaries and preparing them for the responsibilities as a homeowner and a beneficiary of multiple agencies. 100% of the participants of the survey received their LRCs without difficulty, did not incur any additional expenses in procuring the LRC, kept their LRC copies safe and most are aware of the responsibility of paying land & building taxes to the municipality. The non HSS HHs also received the LRC in a similar manner to that of the HSS HPs. So, Step 1 is well taken care of by the Government agencies.

FAMILIES GET DECENT PLACE TO LIVE

The HPs agree that they did not have to incur any additional expenses towards getting a well-designed house with separate bedroom, kitchen & living room spaces incorporated as per their requirements, which are safer shelters in rainy season and that all of them received the approvals for the house designs from the municipality without difficulty. 94.7% were satisfied with the new house design amongst the HSS HPs, while 80% expressed satisfaction from the non HSS HHs.

HOUSE CONSTRUCTION COMPLETED WITH ALL BASIC AMENITIES

The HSS, with the support of the district administration has helped the HPs to access all the basic amenities such as Water, Electricity, Toilets and Waste Collection facility in the newly constructed houses for 100 per cent of the HPs. Amongst the non HSS HHs, only 80% has so far received electricity connection.

This development has the most progressive impact on the lives of both the HSS HP and the non HSS BLC beneficiaries. It connects all the beneficiaries to modern India and opens new possibilities that they can now dare to dream.

HOUSE CONSTRUCTION COMPLETED WITHOUT COST OVER RUN

Most of the houses have been completed without significant cost overrun. Cost overruns that have occurred are more due to increased aspirations, and are attributed to the choice of materials used by the HP that fall above the minimum standard prescribed by the Government estimate.

This is the aspect that the HSS has made the most impact. While 48% experienced cost overruns (mostly due to rising aspirations), 90% of the non HSS HHs reported cost overruns.

HOUSE CONSTRUCTION COMPLETED WITHOUT TIME OVER RUN

100 per cent of the beneficiaries received technical services on time, materials and labour could be procured on time, most of them received subsidy disbursements on time. Despite many challenges, HSS has helped in securing the additional incentives for timely completion of construction in 42% of the cases. The additional incentive is made available if the house is completed within 120 days up to a maximum of 190 days.

ENHANCED ACCESS TO FINANCE

One of the landmark features of the HSS program has been the introduction of the Micro Housing Loan product to the PMAY (U) – BLC clients. The formal housing finance sector has been designed to serve the HHs, mainly from the HIG, MIG and the upper end of the LIG segment, as they have sufficient disposable income to service higher ticket size home loans, and they also have the capacity to get the Record of Rights / title documents to the land where the houses/ dwelling units are constructed. The home loans must be secured, to be considered as a home loan as per regulatory requirements. This has always left the landless and EWS/ LIG segments without access to the formal financial sector. The gaps between the formal home loans segment and the informal home loans segment seemed almost unbridgeable except for a few sporadic attempts at innovation to bridge the gap. It is into this uncharted territory that the HSS initiative has ventured into, in the slums of Puri/ Konark in Odisha.

The deployment of HomeHub App is appreciated, as it has really been very useful to the HSS team in close monitoring of the construction process and for its timely completion with quality assurance.

The HSS services have made a significant impact on this outcome as well. While 78.9% of the HSS HPs reported receipt of subsidy instalments on time, only 60% of the non HSS HHs reported the same. 42% of the HSS HPs reported receipt of house completion incentive on time, while only 10% of the non HSS HHs reported this subsidy receipt on time.

Cost vs. Access dilemma has been the problem that needed to be addressed for offering a suitable home loan design for the informal sector. The conventional wisdom always accepted that for access to be granted, higher cost must be paid to service operating costs as also the higher risks associated with the informal sector. Hence the acceptance for the higher cost Microfinance loans for the BOP segment, in the financial inclusion landscape. As these loans are of lower ticket size, and as the deployment of funds was mainly for income generation purposes, that became a widely accepted norm. However, the same features were not found suitable for higher ticket size home loans to the EWS/ LIG segment. So, until now, the home loans to the informal sector HHs remained restricted to Home Improvement Loans of lower ticket size, say around Rs. 50,000 and mostly unsecured, thus not fitting into the definition of secured home loans. Nevertheless, it was a much-needed financial product which was mostly popularised by HFHI in association with its sister concern

Habitat MicroBuild India Private Limited (MBIND), which is an HFC.

In the Odisha context, SMHFC has played a key role by engineering a very impactful Micro Home Loan (MHL) product that exactly suits the LRC holders. (Please see Table 6.12 below for details of the Micro Home Loan product features).

SMHFC MICRO HOUSING LOAN – KEY FEATURES

Loan Amount	Rs. 1 to 3 Lakhs
Loan Tenure	1 to 3 years
Security	Original LRC Document
Interest Rate	15% to 17% based on tenure
Processing Fee	Applicable from time to time
Loan Disbursements	In suitable installments

Table 6.12 Micro Housing Loan – Product Features

The key features of the MHL are that it is priced lower than that of the Home Improvement Loans offered by most of the MFIs, has an option of a longer tenure up to 3 years, and is backed by the LRC which is technically a collateral. LRC cannot be transferred by sale, though it can be subject to

mortgage and therefore MHL cannot be regarded as fully secured. It needed commitment to a vision and a high-risk appetite on the part of SMHFC to enter this exciting but riskier MHL segment. The HPs have responded with a resounding response, with zero NPAs and PAR 60<1%, which is better than the formal home loan NPA scenario.

It may be noted that 70% of the non HSS HHs had to borrow from friends and family to complete the house construction. 70% of the non HSS HHs had to borrow from MFIs and money lenders at high interest rates to complete the house construction.

HSS has played a significant catalytic role in introducing the MHL for the EWS/LIG HHs. The chariot of Housing financial Inclusion will hopefully march from the slums of Puri/ Konark, towards the rest of the slums in the whole of India. Please see the picture given below for funds flow process with the HSS involvement.

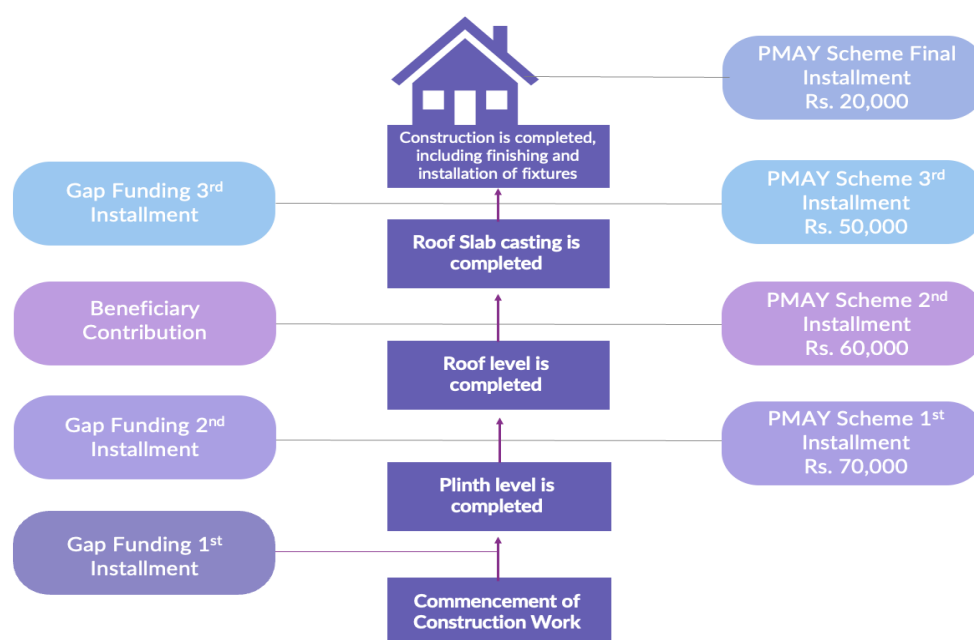


Figure 5.24 BLC - Fund Flow Process with HSS Intervention

6.13 TO ASSESS THE FEEDBACK FROM ALL THE STAKEHOLDERS ON THE COST-BENEFIT AND OUTREACH

The 4 stakeholders have expressed deep satisfaction at the provision of HSS services.

The Home Partners, who are the key stakeholders, for whose benefit the HSS has been designed for, have expressed deep satisfaction as conveyed through the survey responses (detailed in the above section)

The Government departments have requested HFHI to expand the HSS services to other districts as also to the rural regions of Odisha. This is a powerful testimony to the quality and usefulness of the services being rendered by the HSS.

SMHFC has expressed deep satisfaction for the role being played by HFHI through the HSS project. In fact, the COO has expressed the opinion that they are open to widening the scope of intervention to non PMAY clients, to rural areas, and to other States if HSS services are made available. They have also constructively designed and incentivized the HSS project in monetary terms as well, to make the HSS a sustainable, replicable and scalable project.

The HSS team led by the Director, HFHI, is an important stakeholder group of the HSS project and holds the stakeholder management responsibility. The team is motivated, enthusiastic and committed to take the initiative forward. They have seamlessly stepped into creating a World Class pilot project which has the potential to change the landscape of housing inclusion in the country.

House under-construction in Konark (Puri District)



6.14 TO DOCUMENT THE LEARNINGS AND REPLICABLE CHARACTERISTICS OF THE MODEL INTERVENTION

a) THE KEY LEARNINGS INCLUDE:

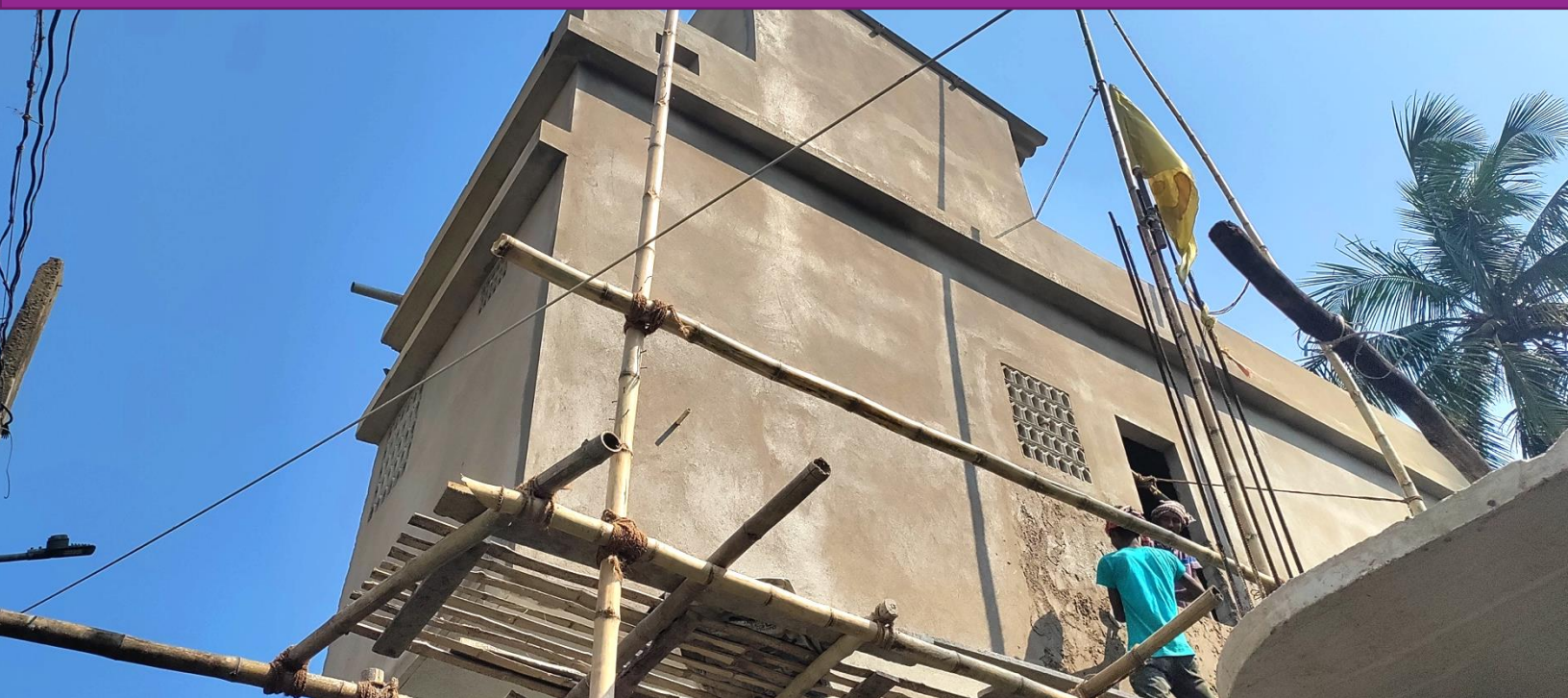
1. The PMAY (U) – BLC vertical processes have been complimented as to **reduce time and cost** overruns for the HPs and increase the benefit off take by the community. BLC process with **HSS intervention** is summarised in fig 5.22.
2. **Gap funding** has been facilitated by the introduction of the innovative Micro Housing Loan product by SMHFC in conjunction with HFHI, summarised at table 8.
3. The HSS model has been found to be **sustainable, replicable, and scalable** for greater impact, as summarised at fig 9.2

b) SUGGESTIONS FOR REPLICATIONS AND SCALE UP

HFHI-HSS can transfer know how, processes and relationships for furtherance of objectives and greater impact in select locations as a scale up strategy with HFHI holding the HSS brand at the National/ Apex level, to leverage government and institutional relationships and goodwill, as also process and technology upgrades, which may not be possible at local NGO/ or at a social entrepreneur level.

The model for such a know-how would depend upon the local conditions as also the interest evinced by stakeholders with the desired profile, including social entrepreneurs.

G+1 house under-construction with HSS intervention in Puri district



6.15 THE PROJECT AIMS TO **STRENGTHEN EXISTING PEOPLE-PUBLIC-PRIVATE PARTNERSHIP (P4) PARTNERSHIP TO PROMOTE COORDINATION, INFORMATION EXCHANGE AND HARMONISATION BETWEEN STAKEHOLDER GROUPS INCLUDING GOVERNMENTS AGENCIES FOR GREATER IMPACT**

The HSS processes have been streamlined and can now be replicated by other stakeholders.

MORE STAKEHOLDERS: The HSS design could now consider incorporating a wider network of stakeholders for sustainable, replicable, and scalable operations. The potential stakeholders include:

PRIVATE SECTOR ORGANISATIONS: CORPORATES – FOR SUPPLY OF MATERIALS IN THE HOUSE CONSTRUCTION SUPPLY CHAIN AT ATTRACTIVE PRICES

At the pilot phase, it was thought that HSS may have to organise material purchase at wholesale prices and offer the clients the materials at a discount. However, the nascent operations did not have the necessary time and skill sets to set up a supply chain management aspect into the HSS design.

As per the survey results, it appears the HPs did not face any issues in procuring construction materials in sufficient quantity and at estimated prices. The local supply chain is robust and there is no felt need to disrupt the current scenario.

However, there is always room for fine tuning of any successful design. As Corporates such as JKLC are showing an active interest in the HSS project, further innovations can be considered. Interventions in the supply chain management, which could benefit the HPs can be submitted for review by the concerned Corporates and if approved, can be incorporated into the HSS design in its next phase of growth. Once such supply chain intervention is listed under section 4.4 of this document, for consideration by HFHI.

GOVERNMENT ORGANISATIONS: NATIONAL HOUSING BANK (NHB) – FOR SUPPLY OF SUFFICIENT AND AFFORDABLE FINANCIAL RESOURCES FOR THE MICRO HOUSING SEGMENT / RESERVE BANK OF INDIA (RBI)

The Affordable Housing Fund (AHF) scheme of National Housing Bank is found to be attractive to HFC as a source of low-cost capital to serve the EWS/LIH customers. However, policy clarifications about accessing resources from AHF for PMAY (BLC) segment is yet to be clarified, as it will involve double benefit for the same segment of population viz., benefit under PMAY (BLC) and AUH which is subsidised capital from the Apex Housing Bank.

If tailored and administered effectively, the Refinance schemes of NHB has the potential to reach Home Loans to the EWS/LIH segment with interest rates almost on PAR with that of the mainstream Home Loan customers. As AHF provides capital at 2.9% currently and as the margin requirement of HFCs is around 4% now, the HLs can be issued at below 10% interest rate. This is where NHB can effectively play a more crucial promotional role.

If HSS can convene its stakeholders to actively negotiate with RBI/ NHB/ Ministry of Housing/ Ministry of Finance to facilitate the above reengineering of refinance for Micro Housing Loans to EWS/LIG/BLC clients, that could create a powerful impact.

SA-DHAN – POLICY ADVOCACY

ALTERNATE SECURITY FOR MICRO-HOUSING LOANS

The biggest hurdle for housing inclusion is the lack of pucca Record of Rights (RORs) / legal documents to the parcels of land that the EWS/ LIHs occupy, both in rural and urban areas. The LRC initiative of Odisha is thus commendable.

If a task force can be set up to finalise the list of acceptable documents in lieu of Pucca RORs/title deeds for the purpose of Micro Home Loans for the informal sector HH, that can pave the way for flow of affordable formal sector finance for this segment, which is the neglected subset of the Affordable housing finance segment.

SaDhan, an association of community financing institutions and Self-Regulatory Organisation (SRO) for the Microfinance sector, has made it clear that it is willing to take up the policy/ advocacy role on behalf of its client base for facilitation of micro housing schemes to them. This fits well with their mission as also the past track record of successful policy / advocacy work carried out by SaDhan in the past. In the ladder to prosperity for the EWS/LIG segment, the provision Microfinance is the first step. The next step could be the availability of well-designed Micro Housing Loans. The Micro Housing

segment appears to be an emergent sector with huge potential, if suitable products and services can be designed to suit their pockets and needs.

WIDER NETWORK OF HOME LOAN PROVIDERS

SaDhan can also be tasked with the role of popularising the Micro Housing Loan product to other home loan providers such as Small Finance Banks, HDFC etc. For example, during exploratory discussions, ESAF Bank, which is a Small Finance Bank, has evinced positive interest in the HSS project. Suitable workshops and seminars can be organised by HFHI in collaboration with SaDhan for dissemination of information about HSS and its potential to newer segments of stakeholders.

WIDER NETWORK OF IMPLEMENTING AGENCIES

HFHI can now work towards recruiting interested agencies including NGOs/ MFIs/ HFs/ Social Entrepreneurs from the Private/ Corporate sector to train and disseminate the know-how of organising the HSS for a wider nation level impact. The scale up strategy should be suitably calibrated so that the process is well within control. It is suggested that a Strategic Planning Workshop be organised to detail out the scale up strategy

7 HSS STAKEHOLDER MANAGEMENT FRAMEWORK – REVIEW

7.1 REVISED STAKEHOLDER FRAMEWORK

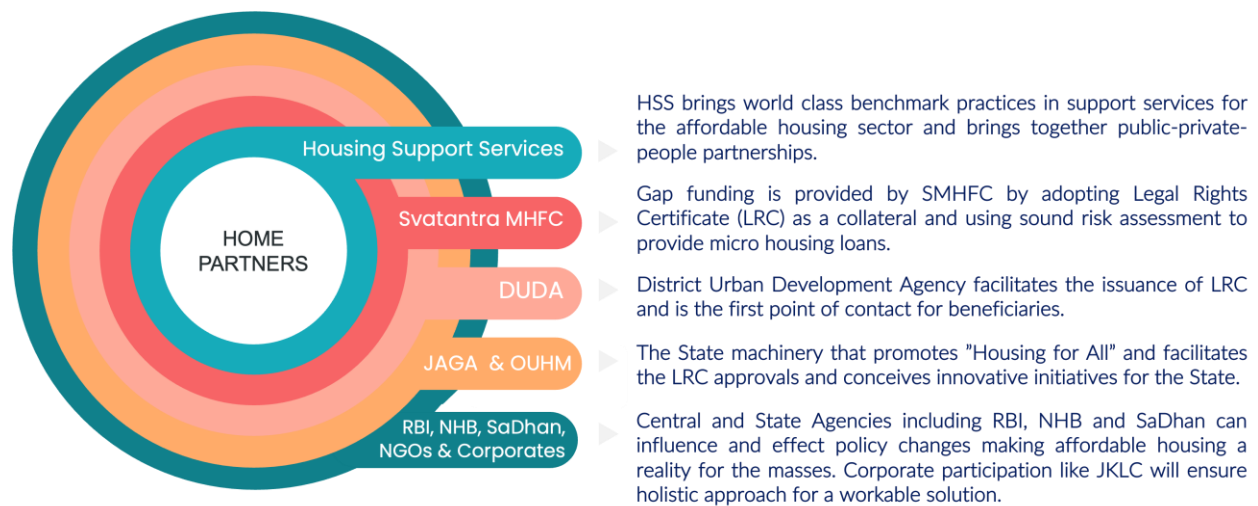


Figure 6.11 Consortium of Partners – Enhanced

The revised stakeholder map with a wider network of stakeholders including RBI, NHB, SaDhan, Corporates, SFB, and NGOs/ Social businesses.

The Slums in the fishing village of Konark (Puri District)



8 HSS - SUSTAINABLE, REPLICABLE AND SCALABLE INTERVENTION

8.1 HSS - SUSTAINABILITY OF STAKEHOLDERS

Financially sustainable operations of key stakeholders is very essential for successful continuation of any pilot projects.

8.11 FINANCIAL SUSTAINABILITY OF HSS:

The operating cost of an HSS hub consists of salaries of staff, rent for premises, travel expenses and some administrative overheads. For the HSS Hub at Konark/ Puri, the total costs are well within Rs.100,000 per month.

SMHFC provides funds support (fee based) for successful ‘logins’ of customers at the rate of Rs. 1000 per customer and 1% fee for disbursements of loans. It’s now clear that about 40 to 50 successful logins would make the HSS a financially viable and sustainable intervention if overheads are kept reasonably low.

8.12 FINANCIAL SUSTAINABILITY OF SMHFC OPERATIONS:

SMHFC does not operate with a conventional brick and mortar office in these regions, as HSS provides the ‘feet on the street’ for them. SMHFC confirmed that the break-even point of their operations is at 4.5% of margin above cost of funds, on their home loan portfolio. The interest rates for the SMHFC home loans are priced in the range of 15% to 17% per annum, besides processing fee. These returns on the portfolio keeps the operations at a profitable level as the Non-Performing Assets (NPA) are below 1% of the total portfolio. *As seen above, both the key stakeholders have financially sustainable operations at the Puri and Konark HSS Hub.*

Construction materials



8.2 HSS PROJECT - REPLICABILITY

HFHI can think of replication of project goals (100% covering of housing gap) by transfer of knowhow, processes and relationships in a suitable manner in the selected locations.

By hand holding local social entrepreneur/s or social enterprise/s to take over the HSS operations, who/which can run the Project as for-profit social enterprise by charging service fee.

By empowering a good local NGO or Community Based Organisation such as Slum Dwellers Association to take over local operations in a cost-effective manner

A separate modelling exercise can be carried out for this purpose.

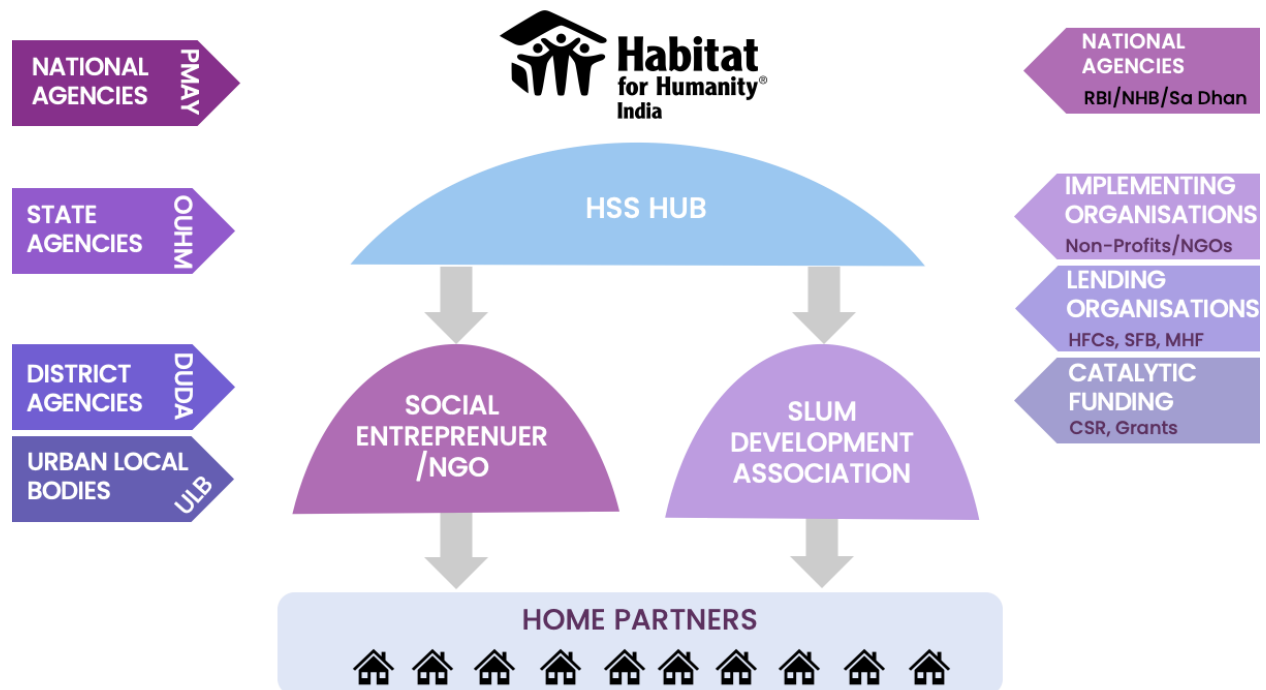


Figure 8.2 HSS Hub – Replicable & Scalable models

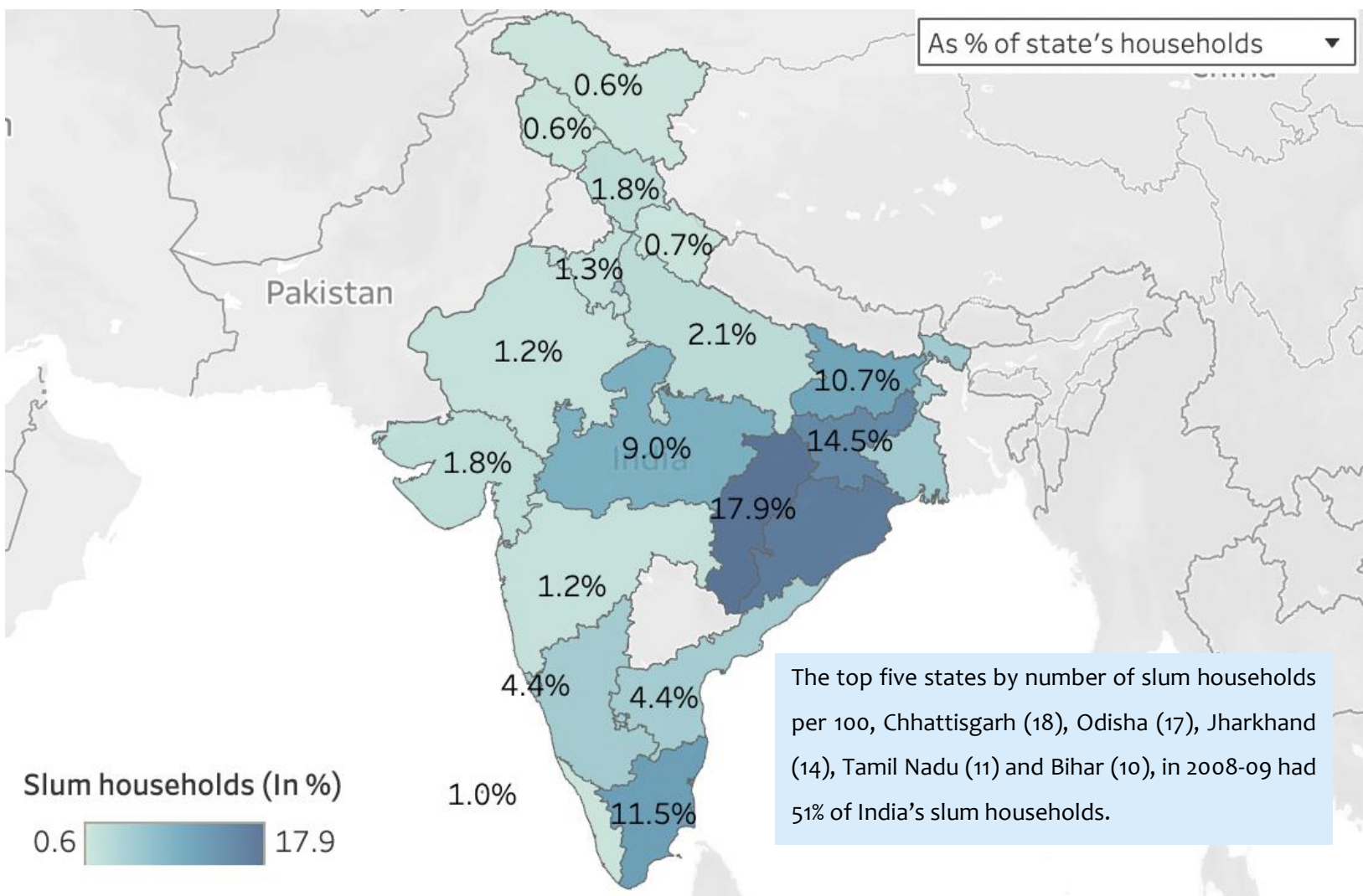
8.3 HSS PROJECT - SCALABILITY

The geographical footprint can be widened by including RBI, NHB, SaDhan, Corporates, Small Finance Banks, NGOs/Community Based Organisations (CBOs) and social businesses. By adopting an appropriate communication strategy, the program can be pitched to national stakeholders, with SaDhan acting as a key stakeholder for scaling up the HSS project, as they already have collaborated with HFHI earlier, on the agenda of Housing inclusion to benefit their client base, as indicated at section 7.1.

India's Slum Households, By State

As % of state's households

<https://www.indiaspend.com/5-states-have-half-of-indias-slums-75649>



CONCLUSION

The HSS processes have been reviewed as part of this Study. It is observed that the HSS processes have been *seamlessly interwoven with the PMAY – Urban (BLC) vertical* very skilfully. The PMAY (U) -BLC vertical has 11 Steps and therefore HSS too has designed 11 steps to compliment the same. This has resulted in a very positive impact for the HPs who got included in the program. The impact factors include *reduced or nil time and cost overrun* for the house completion by the HPs.

One of the most valuable contributions of the HSS intervention has been the facilitation of micro home loans by SMHFC. The design features of the MHL are very unique, the MHL is a hybrid between a Microfinance loan and a Home Loan by any bank. The interest rate is pegged at a sustainable rate of 15% to 17% per annum, and the repayment tenure is 3 years. Both these features offer comparatively better terms for the HP and gives them an *alternative loan source* other than the costlier and shorter duration Microfinance loan.

The MHL is secured by a collateral i.e., LRC. It fulfils the regulatory requirement that the home loans be secured, and if not, the lender will need to make full provision for such loans in their book of accounts. However, the LRC can be transferred only by inheritance and cannot be sold, though *it can be mortgaged*. So, to that extend, in case a HP defaults, the LRC cannot be used to sell off the property to recover the loans and hence it's not a full-fledged primary security. These unique features carry certain higher risks

for the SMHFC. However, that is the business risk that SMHFC has consciously taken to fulfil their institutional vision.

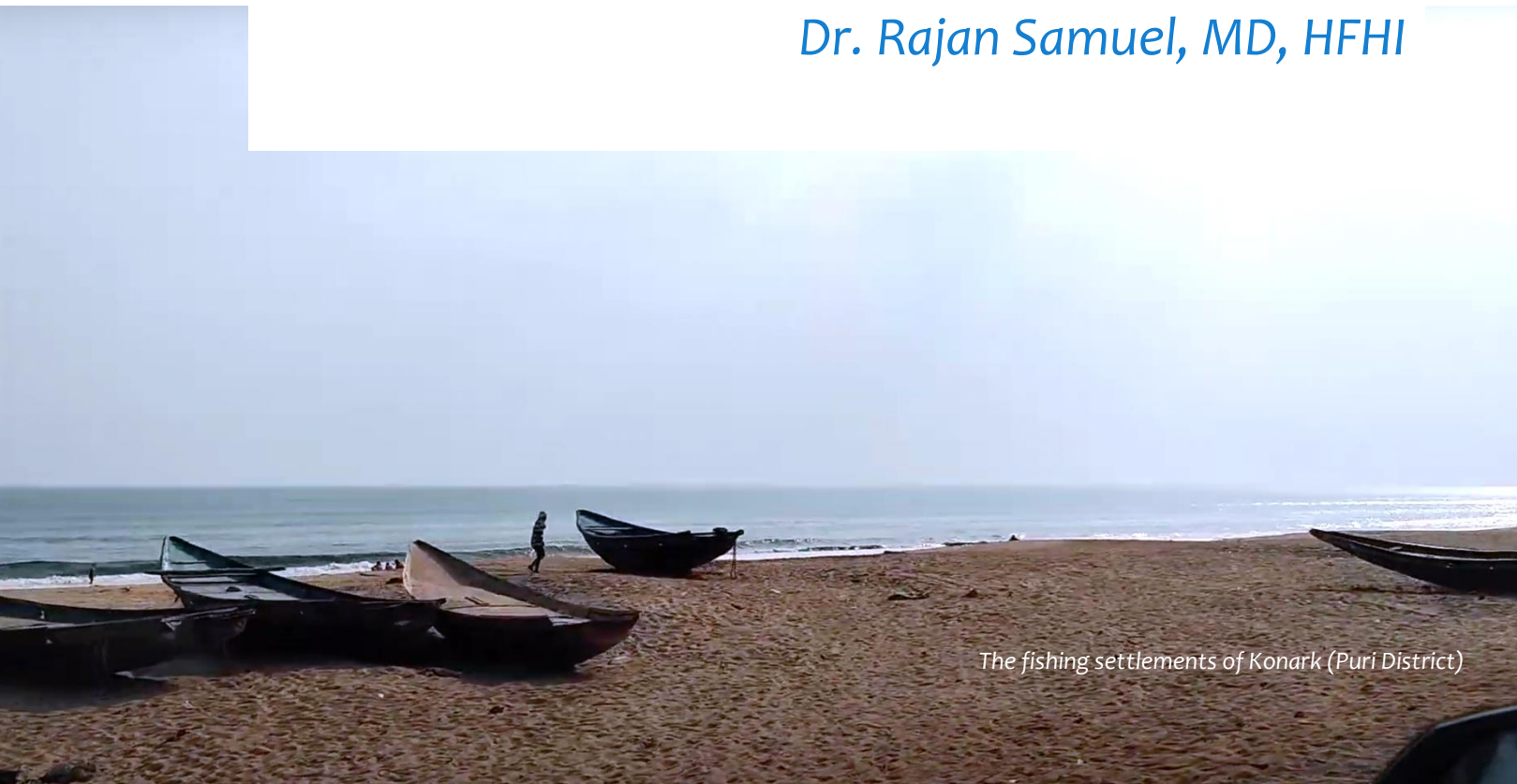
The HSS as a *mode of intervention for housing inclusion* has been also found to be a *sustainable for all the key stakeholders*, HFHI as the Principal agency, SMHFC as the housing finance inclusion partner and community as the participant stakeholder for whose benefit, the *P4 framework of the HSS* has been introduced. The HSS design can also be replicated by interested stakeholders in case HFHI transfers the knowhow and processes to new stakeholders. The project can also be *significantly scaled* up to reach wider geographies on pan India basis as housing needs are yet to be adequately met for the LIHs.

HSS's contribution in terms of *complimentary processes* and facilitation of micro housing loans have had a combined positive impact for the HPs as per the data inputs and feedback received during the survey and stakeholder discussions.

Hence the theory of change which is introduction of a new input in terms of HSS services to the community of PMAY (U) BLC beneficiaries, has resulted in *positive impact* as measured by *observable and verifiable indicators*, during this study. The HFHI leadership and team efforts are commendable, and the Study team is hopeful that an enhanced network of stakeholders would be able to adopt the HSS P4 framework to help reduce the housing inclusion in India.

The **Green Model** can
ensure **Viability,**
Replicability,
Scalability and **Impact**
for all **Stakeholders.**

Dr. Rajan Samuel, MD, HFHI



The fishing settlements of Konark (Puri District)

IMPRINT

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P4 Process Mapping Study

THEORY OF CHANGE

Odisha Gruhabikas Program
Housing Support Services (HSS)