

**GOVERNMENT OF INDIA
RURAL DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:5942
ANSWERED ON:08.09.2011
SRIDHAR COMMITTEE REPORT
Owaisi Shri Asaduddin

Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) whether in order to provide houses to all 47.43 million houseless families, Sridhar Committee has submitted its report recommending involvement of banking system;
- (b) if so, the other recommendations made by the Committee for APL and BPL families in regard to subsidy and loan;
- (c) whether the risk factor has been examined by the Committee to cover the risk of bank in granting loan for this purpose; and
- (d) if so, the details thereof and strategy likely to be adopted by the Government on the basis of recommendations of the Committee for 12th five year plan?

Answer

MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT (SHRI PRADEEP JAIN 'ADITYA')

(a) & (b): A Committee was set up under the Chairmanship of Shri S. Sridhar, Chairman & Managing Director, Central Bank of India to suggest bankable schemes so that funds are made available to larger number of people belonging to Below Poverty Line (BPL), Economically Weaker Section (EWS) and Above Poverty Line (APL) categories, through Financial Institutions for rural housing. The Committee has submitted its recommendations to the Ministry. The salient recommendations of the Committee in regard to subsidy and loan are:

i) For Below Poverty Line (BPL) households, the unit assistance under the Indira Awas Yojana (IAY) be increased to Rs. 75,000. The amount of loan admissible to such households under the Differential Rate of Interest (DRI) scheme be raised to Rs. 50,000 for which the repayment period be extended to 15 years;

(ii) For Above Poverty Line (APL) households, loans may be given:

Upto Rs. 2 lakhs for construction of a new house and Rs. 1 lakh for addition/ up-gradation/repair of old house at 5 % interest subsidy;

OR

Upto Rs. 3 lakhs for construction of a new house and Rs. 1.5 lakhs for addition/up-gradation/repair of old houses with 4 % interest subsidy.

(iii) Both BPL and APL households may be given loans for (a) housing and (b) income generating activities with an interest subsidy of 5%. The loan amount to be decided by the lending institutions based on credit worthiness of the borrower. The maximum loan amount may not exceed:

(Amount in Rs.)

Nature of Houses BPL APL

	Housing Activities	Income Generating Activities	Housing Activities	Income Generating Activities
New Construction	90,000	10,000	2,70,000	30,000
Up-gradation	25,000	10,000	50,000	30,000

(iv) The committee has recommended group-based lending approach for rural housing for giving better results.

(c): The Committee has recommended setting up of a "Rural Risk Fund" with contributions from all stake holders including beneficiaries and to encourage Insurance Linked Products with housing so as to reduce the cost of housing finance to the various stake holders.

(d): The Report of the Committee has been referred to the State/UT Governments for their comments. It has also been placed before the Working Group on Rural Housing set up by the Planning Commission for the 12th Five Year Plan.