

**CHIEF MINISTER'S OFFICE
GOVERNMENT OF TELANGANA**

PRESS RELEASE

28th December, 2016

Chief Minister Sri K. Chandrashekar Rao's statement on 'Construction of Double Bed Room Houses' delivered in the State Legislative Assembly on Tuesday.

Economically Weaker Sections Housing scheme was in vogue for the past several decades to offer permanent shelter to the shelter less. In the united Andhra Pradesh State till 2003, about 17 Lakh 34 thousand and 826 houses were constructed at an estimate cost of Rs. 1805. 26 Crore.

The United AP records state that between 2004 and 2014, about 24 lakh 91 thousand and 870 houses were constructed for the poor at a cost of Rs. 9,075 Crore. Under Rajiv Swagruha, at a cost of Rs. 1,621 Crore about 12,089 houses and under Rajiv Gruhakalpa, at a cost of Rs. 392 Crore about 37,217 houses were constructed.

Under GHMC Jurisdiction, under JNURM Scheme, 46,519 houses and VAMBAY about 6,608 houses were constructed as per the government records. This would mean by the time Telangana state was formed, in Telangana State region about 43 Lakh 29 thousand and 124 houses were constructed for the economically weaker sections in the State. If this be true, there would not have been any family left in the State without any house! Therefore there would not have been any need for construction of any new house for the poor! But the ground realities are different.

Till date, lakhs of poor are applying to the government for houses. This has amply proved that the houses construction did not happen as per the records and the money spent for the so-called construction of houses for the poor went into the pockets of the corrupt. The housing Scheme, which started as a welfare measure for the people has changed its course and ended up becoming a source of ill-gotten income for the political parties leaders and activists. This was particularly on the increase during 2004 and 2014 in the United AP State if one examines the amount of corruption took place during the same period. The number of houses that were constructed according to the bills passed was not found on the ground. There were umpteen numbers of incidents where people have claimed bills on the construction of houses which were more than the entire household in a village.

Take for instance, Manthani Assembly Constituency, where bills for the construction of houses stood at 40 percent more the actual families! Lo and behold! These overestimated houses were sanctioned and bills were paid, this is a classic instance of corruption. The then government itself had ordered for an inquiry into the nexus between the politicians and the officials and the inquiry established the irregularities and corruption. A Third party inquiry was also held.

Between 2004 and 2014, criminal cases were registered against 225 persons for committing irregularities under Indiramma Housing Scheme. Among the accused, there were 122 officials, 133 middle men and politicians. One ZPTC member, three MPTC members, 14 Sarpanches, three Single window Chairmen were proved to be in the scam as per the then government findings. 1,94,539 ineligible persons found to be allotted houses under the scheme. About Rs. 235.90 Crore was paid to about 1,04,000 persons. 512 officials from the Housing Department were dismissed from the service and another 140 were suspended. Of this 122 officials were convicted and about Rs. 2.86 Crore was recovered. In order to bring out the corrupt practices took place under the united AP State, the Telangana state government had ordered a CBCID inquiry on July 26, 2014 on the scam which is still going on.

While the inquiry was on, on the houses constructed under Indiramma Housing Scheme, we have decided not to harm the poor people who have constructed houses under the scheme. Hence we have instructed the District Collectors to conduct a survey and identify the genuine beneficiaries. The revenue officials conducted a survey in the villages and found that there were about 1,19,000 fake beneficiaries. About 2,46,170 were the genuine beneficiaries. Of this, about 56,059 houses were totally constructed and about 2,04,000 houses were in various stages of completion.

We paid Rs. 369.48 Crores of rupees for Indiramma houses till now since we came to power. After completion of Indiramma houses, 1,159.85 crores are to be paid. The Government is ready to pay them. We are presented before this august session the fact that the present Government is paying bills to the houses which are in construction stage and which were sanctioned prior to 2014.

We resolved to implement this scheme without giving slope to political corruption and to meet the factual desires of poor people in the state of Telangana, which was carved only through people movement. It is troublesome for entire family to live in one room. In these houses the problems that are faced by women are beyond description. With the intention that this situation should not be there, we gave an assurance to give constructed Double bed room houses to poor in our Election Manifesto. Our Government set aside the policy of construction of houses by way of some amount as

subsidy by Government and rest to be borne by beneficiary. Our Scheme was designed in such a manner that not a single penny will be spent by beneficiary. Government took the entire responsibility of constructing houses. Due to this, the expenditure for construction of houses for weaker sections grew many fold when we compare with expenditure that is spent by erstwhile Governments. For the construction of double bedroom houses in 560 square feet 5,04,000/- was allocated in villages, 5,30,000/- was allocated in towns and within GHMC limits 7 lakhs was allocated.

When we compare with erstwhile constructions, the expenditure for house construction grew manifold. Along with co-operation of various financial corporations, the funds were also allocated in the Budget. I am submitting the house that State Government has mobilized Rs. 17,660 Crores necessary for house construction. In two years, we allocated 1,433 Cr. of rupees in state Government Budget. From centre also, Rs. 333 Crores were sanctioned for house construction schemes. Central and State Government pooled 1,766 crores of rupees, HUDCO agreed to give Rs. 3,344.76 crores last year and this year Rs. 12,549 Crores, totaling 15,893.76 Crores. So, totally Rs. 17,660.40 crores were ready for construction of houses. While the erstwhile Government spent Only Rs. 11,000 Crores for house construction till Telangana was Carved, we in two and half years allocated 17,660 Crores.

If we analyze deeply the policy followed by predecessor Government in the matter of house construction for Weaker Sections, it is evident that the poor were not benefited as intended. The implications were on Weaker Sections but it was named as if the Governments had constructed the houses. In the incurred expenditure, the beneficiary spends huge expenditure than the amount spent by Government. These facts will be clearly seen if we observe the Housing Scheme from the beginning. In 1974, Hutting Scheme was in Vogue. Then for the construction of Hut, Government gave 400 rupees. By 1978, it gave 1000/- for semi-permanent House Scheme. In 1983, construction of pucca houses started. From this the stage began wherein the Government gave some amount as subsidy, and the rest of expenditure is to be borne by the beneficiary. In 1983, in rural areas, Rs. 6000/- expenditure was decided for the construction of every house. In this amount Government used to give Rs. 2,750/- as subsidy. The beneficiary has to bear to Rs. 3,250/- i.e., Rs. 3,000/- in way of Bank Loan and Rs. 250/- in way of his contribution. That shows that 54% of expenditure was to be borne by beneficiary and Government is to borne only 46%.

The burden on the beneficiary increased from then onwards. In 2004, unit cost was Rs. 22,500/-. In this, the subsidy of Government was Rs. 7,000/- the beneficiary had to borne Rs.15, 500/-. This would mean that the beneficiary was bearing 68.8% while Government was contributing only 31.2%. In 2014, the unit cost was decided at Rs.

70,000/-. In this, Government subsidy is Rs. 20,500/-. The beneficiary has to borne Rs.49, 500/-. That means the beneficiary was bearing 70.7% while Government was contributing only 29.3%.

The Erstwhile Government proudly declared that it had constructed houses with Rs. 1 lakh cost for SC's, and Rs. 1,05,000/- for ST's. In case SC's, ST's also, the burden was on beneficiary. In case of SC's, the unit cost per house was 1 lakh rupees and Government borne only Rs. 20,500/-. The remaining burden i.e., Rs. 79,500/- fell on the beneficiary. That means SC beneficiary borne 79.5% while the subsidy given by Government is only 20.5%. In case of ST's same policy was implemented. In unit cost of Rs. 1,05,000/- the beneficiary borne Rs. 84,500/- while the subsidy from the Government is Rs. 20,500/-. That means 80.47% burden was on ST beneficiary while Government borne only 19.53%. From 1983 to 2014, in rural areas the Weaker Sections borne 72% of expenditure for their house and Government gave only 28% in form of subsidy. If the situation in rural areas is like this, the burden that fell on beneficiaries in urban areas is much more. From 1983 to 2014 the burden that fell on beneficiary in urban areas is 90% while the subsidy given by Government is only 10%. Totally if we see, people constructed by bearing additional burdens while Governments were propagating as if they had constructed the houses.

By not understanding the above facts, the poor people came forward with desire that Government is constructing houses for them. By bearing additional burden, they got entrapped in debts. The poor were in dilemma, as they had to pay the interest along with actual amount. For recovering the Bank Loans, the Government officials used to take away the wooden frame of the door and we witnessed the incidents where people used to lock their houses on hearing that officials were coming. The housing scheme instead of providing shelter to the poor had made them debtors and the scheme had become to defame them.

My Government decided that these problems should not be there for the poor people. In double bed room scheme the Government is constructing houses and giving it to poor with 100% Government expenditure and not a single penny has to be borne by the poor.

At this juncture, This August House should note that, if this scheme becomes corrupt, there is every danger that large amount of public money will be misappropriated.

Hence, the State Government initiated many reforms in this whole process. Without giving scope to corruption stringent Rules were framed. The modalities were formulated in such a way that selection is to be done in transparent way. Earlier there used to be in charge Minister quota, MLA quota and so on. This quota system was abolished. With

this we had eradicated political intervention completely. MLA will select the village in their respective constituencies, while the beneficiaries in villages will be decided by district administration under the chairmanship of Collector.

First the applications will be received, they are scrutinized, later discussion with people in Grama Sabha will take place and with the approval of people the beneficiaries will be selected. This policy is followed. If the applications received are more than the houses sanctioned in a village, then lottery policy will be followed.

Construction of houses will be done with quality parameters. The ideals of Government should be fulfilled. For this purpose, we requested the Collectors to handover the construction of houses to experienced and capable construction engineering sections. The Collectors had selected the suitable places for double bedroom houses colony. Totally, we had sanctioned 2,60,000 houses. The tender process is going on. The tenders were finalized for 14,224 houses. 1,217 houses were constructed. People are residing in them. At present 9,588 houses were in construction stage at various places in the state. I would like to present before the august house one fact. The contractors were hesitating to file tenders for double bedroom houses, because of two reasons. One reason is that the Mission Kakatiya, Mission Bhagiratha, Irrigation projects, Roads construction implemented by State Government were going on full fledge and these contractors are involved in them. Many working agencies in the state are involved in these activities. Secondly, the scope for profit in construction of Double Bed Room house is not much. Hence they are hesitating a bit.

In order to overcome these situations, Government has initiated suitable measures. We are exploring alternatives. We are supplying sand necessary for house construction free of cost. Without concern about Market prices, we entered into MOU with 31 companies to give cement at Rs. 230/-. This Government is with strong resolve to complete the construction as contemplated. I would like to tell the house that Government is fully committed to construct the houses that will showcase the self respect of people in state that is achieved to upkeep self respect.

CPRO to CM