

Poverty Alleviation through Housing in India (With Special Reference to PMAY-G)

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Citation: Meena, S. & Meena, S. (2026). Poverty Alleviation through Housing in India (With Special Reference to PMAY-G). International Journal of Education, Modern Management, Applied Science & Social Science, 08(01(II)), 200–206.

ABSTRACT

Adequate housing is more than just shelter—it is a cornerstone of social and economic well-being. Poor housing conditions contribute to health hazards, limit educational opportunities, and perpetuate cycles of poverty. Recognizing this, the GOI has prioritized affordable housing as a key component of its poverty alleviation strategy. Government-sponsored housing initiative such as the Pradhan Mantri Awas Yojana – Gramin (PMAY-G) have become an essential instrument in reducing multidimensional poverty. The scheme aligns with SDG 1, the first of the Sustainable Development Goals which aims to eliminate poverty in all its manifestations by the year 2030.

Keywords: PMAY-G, Multi-Dimensional Poverty, SDG-1, SBM, Alleviation, Housing, Multiplier, Inclusive, Awaasoft, Living Standard.

Introduction

Poverty remains one of the most pressing challenges in India, particularly in rural areas, where a significant portion of the population struggles with deprivation in basic amenities like – health, education, housing, water, electricity, sanitation. According to The World Bank, poverty is commonly understood as a condition in which individual lack sufficient resources to secure essential needs, including food, housing, healthcare encompassing both absolute and relative dimensions³. recent approaches emphasize on multidimensional poverty, which considers factors like living standards, health, and education.

India has made remarkable progress in poverty reduction over the past decade. the proportion of multidimensionally poor individuals declined from 24.85% in 2015-16 to 14.96% in 2019-21, lifting approximately 135 million people out of poverty³. The Multidimensional Poverty Index (MPI) further highlights this improvement, with poverty rates dropping from 29.17% in 2013-14 to 11.28% in 2022-23— a reduction of 17.89 percentage points². Rural poverty, in particular, has seen a sharp decline, falling from 25.7% in 2011-12 to 7.2% in 2022-23².

Despite these advancements, millions still live in inadequate conditions, lacking access to proper housing, sanitation, and essential services. Housing, in particular, plays a crucial role in poverty alleviation, as it directly impacts health, security, and economic stability. The UN recognized housing as a fundamental human right, declaring 1987 as the "International Year of Shelter for the Homeless"¹⁸. Yet, housing shortages persist globally, with many in developing nations like India living in substandard conditions that exacerbate health risks and reduce life expectancy.

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Adequate housing is more than just shelter—it is a cornerstone of social and economic well-being. Poor housing conditions causes to health hazards, limit educational opportunities, and cycles of poverty. Recognizing this, the Indian government has prioritized affordable housing as a key component of its poverty alleviation strategy.¹⁵ The 'PMAY-G', initiated in 2016, is a premier program designed to achieve "Housing for All" by guaranteeing permanent, affordable homes for rural populations.

To improve the efficiency and speed of rural housing delivery, PMAY-G was implemented in place of the earlier IAY. The initiative corresponds with SDG 1, the first of the Sustainable Development Goals which aims to eliminate poverty in all its manifestations by 2030.¹⁵ By focusing on marginalized communities, PMAY-G not only improves living standards but also enhances resilience against climate-related shocks and economic vulnerabilities.

The GOI's commitment to inclusive growth is reflected in its slogan, "Sabka Saath, Sabka Vikas" means Collective Efforts, Inclusive Growth. (PMAY-G Report,2022). Programs like PMAY-G, along with other poverty alleviation schemes such as MGNREGAS, Deen Dayal Antyodaya Yojana (DAY-NRLM), and Pradhan Mantri Jan Dhan Yojana, have significantly contributed to reducing multidimensional poverty.¹³

Recent data from NITI Aayog suggests that India is progressing towards the attainment of SDG Target 1.2.—halving multidimensional poverty—well before the 2030 deadline.¹³ The success of PMAY-G in constructing millions of rural homes underscores its impact on poverty reduction. By ensuring secure housing, the scheme empowers beneficiaries, improves health outcomes, and fosters economic participation.

Objectives

The paper explores:

- The role of housing specially PMAY-G in poverty alleviation, analysing its effectiveness in improving living conditions and reducing deprivation in rural India.
- The challenges and policy recommendations to enhance the scheme's impact.

Methodology

The research technique is analytical. In this, the importance of housing in poverty alleviation has been explained by taking useful material from various journals and magazines. the study of various scholars and government's reports has also been used to identify the relation between housing and poverty alleviation.

PMAY-G: Key Features and Implementation Framework

The GOI initiated a flagship scheme named PMAY-G to fulfil the target of "Housing for All" in rural regions in the month of April, 2016.⁸ Designed to deliver permanent and affordable housing benefits with basic amenities, the scheme targets 4.95 crore eligible households, prioritizing marginalized communities. As of February 2025, the scheme had sanctioned around 3.34 crore houses, with about 2.69 crore successfully completed, reflecting a notable enhancement in rural living standards.³ Acknowledging the ongoing requirement for rural housing support, the Union Cabinet sanctioned the extension of PMAY-G for a further five years (2024–25 to 2028–29) in its meeting held on 9 August 2024.⁹

Objectives and Scope

- **Primary Goal:** To Provide pucca houses with essential amenities (electricity, LPG, toilets) to homeless and kutcha-dwelling rural households.
- **Target Beneficiaries:** Identified via SECC 2011 data, validated by Gram Sabhas, with 60% reservations for SC/ST families.¹⁵
- **Revised Targets:** With an outlay of ₹3.06 lakh crore (2024-29), The Union Cabinet approved an additional 2 crore houses.⁹

Financial Assistance and Funding Model

- **Unit Cost:** The unit cost for house construction has been fixed at ₹1.20 lakh for plain regions, whereas for hilly/Northeastern regions, UTs like J&K and Ladakh (classified under special category regions) the unit cost has been set at ₹1.30 lakh.

Cost-Sharing

- For plain regions, centre and state cost sharing ratio is 60:40.
- for Himalayan/Northeastern states, this ratio changes to 90:10 respectively for centre and state
- Direct Benefit Transfer (DBT): Funds disbursed in construction-linked installments via Aadhaar-linked bank accounts to prevent leakage.

Convergence with other Welfare Schemes – such as

- **SBM:** ₹12,000 for toilet construction.
- **MGNREGA:** Unskilled labour of Approximately 90–95 days are allocated for house construction.
- **Ujjwala Yojana:** Free LPG connections to reduce indoor pollution.
- **Jal Jeevan Mission (JJM) /National Rural Drinking Water Project (NRDWP):** Provision of household-level piped drinking water facilities for beneficiaries under PMAY-G.15
- **Saubhagya Scheme:** electricity connection through convergence with relevant scheme implemented by Ministry of Power /State Government.

Monitoring and Transparency Mechanisms - To Ensure Accountability, PMAY-G Employs Robust Digital and Grassroots Monitoring

- **AwaasSoft & Awaas App**
 - Real-time tracking of construction progress via geo-tagged, time-stamped photos.
 - Direct fund transfers through PFMS integration.
- **Institutional Oversight**
 - **Social Audits:** Mandatory annual reviews in Gram Panchayats.
- **Grievance Redressal**
 - Complaints addressed via CPGRAMS, state helplines, and block-level inspections.

Achievements and Innovations (2024 Update)

- 3.21 crore houses sanctioned, 2.67 crore completed (as of November 2024).4
- Mobile Apps: Awaas Plus-2024: enhance transparency
- Awaas Sakhi: streamline beneficiary identification.

Review of Literature

The relationship between housing and poverty alleviation has been the subject of increasing scholarly attention, particularly in the context of rural India. Adequate housing is widely recognized as a foundational element of human well-being, directly influencing both economic security and social inclusion. In this context, government-sponsored housing initiatives such as the **PMAY-G** have emerged as critical instruments in reducing multidimensional poverty.

According to Pandey & Prof. Agarwal (2022), rural development aims not only to increase productivity but also to address persistent structural barriers such as housing shortages, inadequate infrastructure, and limited livelihood opportunities. Among the various government interventions, PMAY-G plays a pivotal role by addressing the acute shortage of rural housing, which directly contributes to poverty. Alongside employment-focused schemes like MGNREGA and infrastructure-driven initiatives like PMGSY, PMAY-G is part of a broader strategy to enable inclusive growth and promote better living standards among rural populations. In 2017–18, PMAY-G facilitated the construction of 44.54 lakh houses, contributing significantly to shelter security despite falling short of its ambitious target of 1 crore homes by 2019.¹⁴ By providing pucca housing to the rural poor, PMAY-G not only addresses basic human needs but also supports poverty alleviation through enhanced dignity, health, and productivity.

Kaur and Dhaliwal (2022) examine the impact of rural development schemes on the empowerment and upliftment of rural women, highlighting the transformative role of programs such as MGNREGA and PMAY-G. The study, based on secondary data, finds that while MGNREGA has created significant employment opportunities for women, contributing to a reduction in rural poverty, PMAY-G has furthered gender-inclusive poverty alleviation by assigning ownership of homes to women. This strategy not only provides shelter but also promotes economic security, decision-making power, and social status for women within households.

A study by Abrol et al. (2020) evaluated the broader effects of three major rural development schemes—MGNREGA, the Swachh Bharat Mission (SBM), and PMAY—with a specific focus on their implementation in Udhampur district, a region of Jammu and Kashmir. To examine the socio as well as economic impact of these interventions, this study utilized various statistical tools, including SEM, CFA, and EFA namely Structural Equation Modeling, Confirmatory Factor Analysis, and Exploratory Factor Analysis. The findings indicated that these programs significantly contributed to rural development, particularly enhancing social welfare indicators such as health, hygiene, and housing stability. Among the schemes studied, PMAY-G stood out for its direct link to improved living standards through access to secure housing. Improved housing not only reduced physical vulnerability and health risks but also fostered a sense of dignity and social inclusion among rural beneficiaries. The study further highlighted that while all three schemes played a role in promoting rural development, the social development impacts—such as sanitation, housing quality, and access to basic infrastructure—were more pronounced than purely economic outcomes.

Despite these insights, the research acknowledged several limitations, primarily its narrow geographical focus and the limited scope of programs evaluated. The authors suggested that future research should incorporate other complementary schemes like NRLM, PMGSY, along with DDU-GKY to gain a more holistic understanding of how integrated rural development policies including housing collectively contribute to poverty alleviation.

An analysis undertaken by the National Institute of Public Finance and Policy (NIPFP) in 2018, titled *"The Impact of PMAY-G on Income and Employment,"* states that Providing adequate shelter has long been a formidable challenge in India, especially in rural areas where poverty is deeply entrenched. Recognizing housing as a fundamental component of human development, various international declarations such as the International Covenant on Economic, Social and Cultural Rights (ICESCR, 1966) and the Vancouver Declaration on Human Settlements, 1976 have pointed to decent housing as a fundamental element of the right to live at an acceptable standard.¹⁸ India's rural housing efforts evolved significantly with the transformation of IAY into the PMAY-G in 2016, targeting "Housing for All by 2022." PMAY-G not only ensures access to housing but also serves a vital function in broader development outcomes such as poverty alleviation through employment and income generation. Using labour inputs from representative rural housing designs under the PAHAL compendium, the scheme has been observed to create significant direct employment, with more than 40 crore person-days generated for completed houses and about 12.4 crore person-days for houses still under construction as of early 2018.¹²This includes both skilled and unskilled labour, directly improving rural livelihoods. Moreover, the scheme stimulates indirect employment and economic growth by boosting demand for construction materials such as bricks, cement, steel, and sand. An Input-Output (IO) analysis estimates that PMAY-G activities up to March 2018 created 94.53 lakh jobs (direct and indirect) and contributed to a 1.77% rise in employment and a 0.55% increase in Gross Value Added (GVA) across sectors. Importantly, PMAY-G enables access to formal credit by allowing beneficiaries to use housing assets as collateral, potentially supporting micro-enterprise development. The scheme also converges with other government initiatives like MGNREGS and Swachh Bharat Mission, offering a multi-dimensional approach to poverty reduction. However, the analysis acknowledges certain limitations, particularly in cost estimations based on suggestive PAHAL designs and variable beneficiary contributions. Nonetheless, the evidence strongly supports the view that housing interventions like PMAY-G are powerful tools for poverty alleviation, not just through shelter provision but via their multiplier effects on income, employment, and social inclusion.

Tollens (2002) in his study asserts, Poverty is increasingly understood not as an inherent condition of individuals, but as a consequence of broader livelihood systems and the socio-political structures that influence access to resources and opportunities. Therefore, effective poverty alleviation strategies must be rooted in transforming the underlying systems that perpetuate deprivation. In rural contexts, poverty reduction is most successful when it focuses on enhancing the productivity and self-reliance of the poor, as opposed to urban poverty alleviation, which often relies heavily on welfare-based interventions. Crucially, when rural development initiatives succeed—particularly those that improve basic infrastructure and living conditions—they not only uplift rural populations but also reduce the incentive for rural-urban migration, thereby indirectly alleviating pressure on urban poverty systems. Tollens emphasizes that poverty is not a singular or uniform condition, but one that spans economic, social, political, and institutional domains. Consequently, solutions to rural poverty—including housing interventions—must be multi-sectoral and interdisciplinary. Effective housing schemes not only provide shelter but also integrate with sanitation, livelihood, and financial inclusion programs, creating a holistic

development framework. In sum, the literature highlights that rural housing is more than a physical asset. It is a transformative tool that addresses several poverty dimensions simultaneously. When implemented effectively, housing schemes can strengthen rural resilience, reduce migration pressures on urban areas, and contribute to long-term poverty alleviation encompassing areas in both rural and urban domains.

As highlighted by George Galster and Sean P. Killen in 1995, the relationship between housing and poverty is multifaceted, with implications not only for household-level well-being but also for broader patterns of social inclusion and economic development. A central concern identified by Galster is the phenomenon of **housing-induced poverty**⁵. As housing constitutes the single largest expenditure in most household budgets, especially among low-income families, high housing costs often crowd out essential spending on health, education, nutrition, and transportation, thereby deepening poverty. In this context, the provision of affordable and adequate housing becomes a critical intervention in alleviating financial stress and improving the quality of life. Furthermore, poverty often manifests in spatial patterns, with concentrated poverty becoming a persistent issue in specific neighbourhoods. This spatial concentration is intrinsically linked to housing markets and housing policies. Therefore, housing interventions must also address these spatial inequities to promote social inclusion and reduce localized poverty. Beyond direct benefits to households, the housing sector significantly contributes to economic growth. The construction of housing generates a strong multiplier effect, stimulating employment, local businesses, and investment. This broader economic stimulation underscores the potential of housing not only as a social good but as a driver of national economic development. Improved housing environments contribute to better physical and mental health, enhancing overall economic participation and resilience among low-income populations. However, as Galster rightly notes, the construction of houses alone is not a panacea for poverty. The transformative impact of housing depends on the availability of basic amenities, including water, sanitation, and electricity. Moreover, home ownership can serve as a financial asset, enabling households to leverage property as collateral for loans to start small businesses or invest in education, thereby offering a pathway out of poverty. Evidence from field studies reinforces this multidimensional impact of housing. Households living in improved housing conditions such as those in Habitat communities demonstrated better access to social services and enjoyed an overall higher standard of living. These findings underscore the importance of integrating housing improvement strategies into broader poverty alleviation policies, especially in underserved rural and urban areas.

Thus, PMAY-G exemplifies how housing transcends mere shelter, acting as a powerful poverty alleviation tool by addressing health, education, economic, and social vulnerabilities. Its success lies in convergence with other welfare schemes, targeted beneficiary selection (via SECC 2011), and women-centric ownership models. Future policies should prioritize scaling such integrated approaches to achieve SDG 1 (No Poverty) by 2030.

Challenges in Rural Poverty Alleviation

Despite significant progress through PMAY-G and other initiatives, rural India continues to face structural challenges in achieving sustainable poverty reduction:

- **Structural Constraints**
 - **Agricultural Dependence:** Nearly 50% of rural livelihoods rely on agriculture, which remains vulnerable to climate shocks, water scarcity, and low productivity, limiting income growth.
 - **Employment Gaps:** Underemployment persists due to a mismatch between skills and market demands, with non-farm job opportunities remaining scarce.
 - **Infrastructure Deficits:** Poor road connectivity, healthcare access, and digital literacy hinder economic mobility and service delivery in remote villages.
- **Socio-Economic Barriers**
 - **Land Tenure Insecurity:** Approximately 30% of rural families lack formal land titles, restricting access to credit and agricultural investments.
 - **Social Exclusion:** SC/ST communities and women face discrimination in resource allocation, with only 14% of farmland owned by female farmers (NFHS-5).
 - **Migration Pressures:** Rural-to-urban migration of skilled youth exacerbates local labour shortages, weakening community resilience.

- **Implementation Hurdles in PMAY-G**
 - **Delays in Sanctioning:** due to bureaucratic bottlenecks, beneficiaries face delays in house completion
 - **Quality Control:** Despite geo-tagging, substandard construction materials remain a concern in flood-prone regions.
 - **Awareness Gaps:** 15% of eligible beneficiaries lack awareness of convergence benefits (e.g., Ujjwala, SBM linkages) (NIRD, 2024).

Policy Recommendations: To Accelerate Poverty Eradication, the Following Measures are Proposed

- **Strengthening PMAY-G's Implementation**
 - Expand AwaasSoft's analytics to predict construction delays and automate grievance redressal.
 - Enforce stricter quality audits for disaster-resilient housing in climate-vulnerable zones.
- **Enhancing Livelihood Linkages**
 - Integrate skill development (e.g., masonry, plumbing) with MGNREGA to create permanent rural jobs.
 - Promote home-based enterprises via PMAY-G houses (e.g., tailoring, dairy cooperatives).
- **Policy Convergence**
 - Link PMAY-G with land reforms
 - Scale up "Rurban" clusters with roads, schools, and healthcare near PMAY-G settlements.
- **Climate Adaptation**
 - Prioritize solar-powered housing under PMAY-G to reduce energy poverty.
 - Develop flood-resistant designs.

Conclusion

PMAY-G has emerged as a transformative tool for poverty alleviation, lifting 248 million people out of multidimensional poverty (2013–2023) through Housing security (2.69 crore pucca houses), Women's empowerment (70% houses in female names), Economic multipliers (94 lakh jobs created). However, systemic challenges in agriculture, employment, and social equity require integrated solutions. A "Housing-Plus" approach combining PMAY-G with agriculture reforms, digital inclusion, and gender justice can make rural India poverty-free by 2030. The scheme's success offers a replicable model for Global South nations tackling shelter poverty.

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