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From Housing Delivery to Household Adoption

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Abstract

Public housing programmes are often evaluated through houses sanctioned and completed, although the welfare value of a dwelling depends on whether the intended household can actually occupy it. This paper examines the completion–occupancy gap under India's Pradhan Mantri Awas Yojana–Urban (PMAY-U) using parliamentary administrative data and a behavioural-public-economics framework. The Standing Committee on Housing and Urban Affairs reported that, among completed units in two PMAY-U verticals, 4,12,401 of 9,01,953 Affordable Housing in Partnership (AHP) houses and 47,510 of 67,806 In-Situ Slum Redevelopment (ISSR) houses were unoccupied as of its December 2024 report. These figures imply non-occupancy rates of 45.7% and 70.1%, respectively, and 47.4% across the two verticals combined. The higher ISSR rate cautions against treating relocation costs as a sufficient explanation. A Lok Sabha reply dated 19 March 2026 subsequently identified incomplete civic infrastructure, migration or reluctance to leave livelihoods and social networks, beneficiary-share constraints, and documentation and allotment delays as reasons for non-occupancy. It also reported 97.30 lakh completed and 94.83 lakh occupied houses across PMAY-U and PMAY-U 2.0, with legacy Jawaharlal Nehru National Urban Renewal Mission (JnNURM) houses included in the aggregate totals. Because the later figures combine programme phases and contain legacy-stock adjustments, they are not directly comparable with the 2024 vertical-specific snapshot. The paper's contribution is diagnostic rather than causal: it distinguishes structural unavailability from household non-adoption and develops a framework for measuring both. It argues that completion should not be treated as equivalent to effective housing access and proposes reason-coded, stage-wise occupancy monitoring. The available aggregate data do not establish the causal effect or relative importance of behavioural mechanisms.

Keywords: PMAY-U; housing policy; non-occupancy; household adoption; behavioural public policy; social networks; urban resettlement.

1. Introduction

A public housing programme does not achieve its welfare objective merely when a dwelling is recorded as complete. The intended household must be able to access a habitable unit, receive it through a functioning allotment and handover process, afford the associated costs, and sustain its livelihood and social relationships after moving. Construction completion is therefore an administrative output; occupation is a more direct, though still incomplete, indicator of realised access.

This distinction is important for India's Pradhan Mantri Awas Yojana–Urban (PMAY-U), launched in 2015 to support eligible urban households in obtaining pucca housing with basic civic amenities. Its first-phase verticals followed different delivery pathways. Beneficiary-Led Construction (BLC) supported construction or enhancement on beneficiary-owned land; Affordable Housing in Partnership (AHP) supported affordable housing projects; In-Situ Slum Redevelopment (ISSR) sought to redevelop

eligible slum settlements on the same land; and the Credit-Linked Subsidy Scheme (CLSS) supported eligible home loans. The verticals consequently differ in location, land arrangements, financing and the extent to which households need to relocate.

The Standing Committee on Housing and Urban Affairs' December 2024 report drew attention to unoccupied completed units under AHP and ISSR. It recorded 4,12,401 unoccupied houses among 9,01,953 completed AHP houses and 47,510 unoccupied houses among 67,806 completed ISSR houses (Standing Committee on Housing and Urban Affairs, 2024). These figures raise a policy question that cannot be answered by construction statistics alone: why do completed units fail to translate into occupation?

This paper argues that the completion–occupancy gap should be understood as a multi-stage implementation and adoption problem. Some units may be recorded as complete despite incomplete infrastructure, unresolved certification or allotment. Other units may be available but difficult for households to occupy because of beneficiary contributions, moving costs, distance from work, or the loss of social support. Behavioural economics helps identify potentially relevant frictions—such as uncertainty, status-quo effects and administrative hassle—but these mechanisms should not be inferred from vacancy counts alone.

The paper makes three contributions. First, it quantifies the 2024 AHP and ISSR non-occupancy gap using the parliamentary counts and transparent calculations. Second, it uses the Ministry's 2026 parliamentary explanation to identify the range of structural, financial, spatial and administrative barriers reported by government. Third, it proposes a framework that separates units not yet ready or allotted from viable housing offers that households do not take up. The analysis is descriptive and conceptual; it does not claim to estimate a causal behavioural effect.

2. Programme context and the measurement problem

PMAY-U's verticals should not be treated as interchangeable. Under AHP, beneficiaries may move to a project location that differs from their previous settlement. ISSR is intended to redevelop slum housing in situ, although project implementation can still involve temporary displacement, construction disruption and changes in the immediate residential environment. BLC generally involves construction on land already held by the beneficiary, while CLSS operates through the housing-credit channel. A common completion indicator can therefore conceal materially different pathways between sanction, construction, allotment and occupation.

For analytical purposes, at least five stages should be distinguished: (1) physical construction completion; (2) habitability and access to basic services; (3) legal and administrative readiness, including certification; (4) allotment, handover and affordability; and (5) initial and sustained household occupation. A unit can be recorded as complete while failing at one of the subsequent stages. The label "completed but unoccupied" is thus an observed administrative status, not an explanation of why the unit is vacant.

This distinction matters for interpretation. A house without functional water or electricity is not equivalent to a habitable, allotted house that a household chooses not to occupy. Similarly, a unit awaiting allotment cannot be classified as household refusal. Combining these cases risks assigning responsibility to beneficiaries for failures that may lie with implementing agencies or infrastructure providers.

3. Data and method

The paper uses a focused documentary and descriptive analysis of two official parliamentary sources. The first is the Standing Committee on Housing and Urban Affairs' First Report on the Ministry's Demands for Grants (2024–25), presented to Parliament on 10 December 2024. Its table reports completed, occupied and unoccupied houses for AHP and ISSR. Non-occupancy rates in this paper are calculated as unoccupied houses divided by completed houses for each vertical. The combined rate is calculated by dividing the sum of unoccupied AHP and ISSR houses by the sum of completed AHP and ISSR houses.

The second source is Lok Sabha Unstarred Question No. 4495, answered on 19 March 2026. It reports programme-wide progress as of 2 March 2026 and identifies reasons for non-occupancy under AHP and ISSR (Ministry of Housing and Urban Affairs, 2026). These later figures cover PMAY-U and PMAY-U 2.0 together. The annexure also includes specified legacy JnNURM houses in the aggregate totals. The AHP/ARH category combines Affordable Housing in Partnership and Affordable Rental Housing. Accordingly, the 2026 figures are used to describe the later administrative position and official reason categories; they are not merged with the 2024 snapshot to estimate a trend.

The method is a descriptive analysis of official administrative evidence, complemented by a conceptual synthesis of research on Indian resettlement, social networks, benefit take-up and behavioural decision-making. No household microdata are available in the sources used here. The paper therefore does not estimate the prevalence or causal effect of individual behavioural mechanisms.

4. Evidence on the completion–occupancy gap

4.1 The December 2024 AHP and ISSR snapshot

The Committee reported the following counts for completed houses:

Vertical	Completed	Unoccupied	Unoccupied / completed
AHP	9,01,953	4,12,401	45.7%
ISSR	67,806	47,510	70.1%
AHP + ISSR	9,69,759	4,59,911	47.4%

Note. Percentages are calculated from the Committee's reported counts; the Committee described the combined number as approximately 4.6 lakh unoccupied houses. Source: Standing Committee on Housing and Urban Affairs (2024), paragraph 22 and related discussion.

The combined rate indicates that approximately 47.4% of completed AHP and ISSR units in the reported stock were unoccupied. The vertical comparison is also important. AHP had the larger absolute number of unoccupied houses, reflecting its larger completed stock, while ISSR had the higher non-occupancy proportion. The two measures answer different questions and should not be conflated.

The higher ISSR rate complicates a simple explanation based only on relocation away from existing social networks. ISSR is designed as in-situ redevelopment, whereas AHP may involve relocation to a project site. This comparison does not disprove the importance of relocation costs: the categories differ in project readiness, beneficiary composition, site conditions and implementation. It does show that relocation alone cannot be assumed to explain the observed vertical pattern. The available aggregate data do not permit a causal comparison between the verticals.

4.2 What the 2026 parliamentary reply adds

The Ministry's reply to Lok Sabha Unstarred Question No. 4495 reported 97.30 lakh completed and 94.8

3 lakh occupied houses across PMAY-U and PMAY-U 2.0 as of 2 March 2026. It explicitly stated that the aggregate totals include completed, occupied and grounded houses from the earlier JnNURM scheme during the PMAY-U mission period. The annexure's AHP/ARH category also combines two components. These definitional differences mean that the 2026 aggregate cannot be treated as a directly comparable follow-up observation to the AHP/ISSR-only 2024 table.

Within the 2026 annexure, the reported AHP/ARH row contains 10,06,961 completed and 6,43,935 occupied houses; the ISSR row contains 2,60,189 completed and 2,27,311 occupied houses. The Ministry identifies incomplete water, road and electricity infrastructure; migration or unwillingness to leave existing livelihoods and social networks; financial constraints in paying the beneficiary share; and delays in documentation and allotment as reasons for non-occupancy. These statements are important because they identify both supply-side and household-interface constraints. However, the reply does not provide a quantified decomposition of vacancies by reason.

The 2026 response therefore supports a multi-mechanism diagnosis, not a claim that behavioural factors account for most unoccupied houses. In particular, infrastructure and allotment failures are implementation constraints. Livelihood and social-network considerations are household welfare and spatial constraints. Beneficiary-share constraints are financial constraints. Documentation delays are administrative frictions. Their relative importance remains unknown.

5. A framework for understanding non-occupancy

5.1 Structural unavailability

The first category consists of units that are not genuinely ready for occupation. Missing or non-functional water, electricity, roads and other civic services can make a completed dwelling unsuitable for everyday life. Construction defects, unresolved certification, legal issues, incomplete allotment and delayed handover can create similar barriers. These are not instances of household non-adoption. They are failures in the transition from construction to a viable housing offer. The Committee's 2024 report identified incomplete infrastructure and non-allotment among the broad reasons supplied by States; the Ministry's 2026 reply again identified infrastructure and documentation or allotment delays.

5.2 Financial and spatial feasibility

A household's decision depends on the total cost of occupying the new dwelling, not only its subsidised purchase or construction cost. The relevant burden may include the beneficiary contribution, moving expenses, transport, utility charges, maintenance and the opportunity cost of time spent completing administrative procedures. The 2026 Ministry reply specifically identifies difficulty in contributing the beneficiary share. The Committee's earlier discussion also notes that the remaining house cost is shared among States, urban local bodies and beneficiaries, and that the beneficiary burden can vary across projects (Standing Committee on Housing and Urban Affairs, 2024).

Location is equally important. A dwelling that increases travel time to work, customers, schools, health services or care networks may reduce household welfare even if its physical quality is better. Research on Indian resettlement has documented how relocation can disrupt access to employment and social support. Barnhardt et al. (2017), for example, use a housing lottery in urban India to show that improved housing can coexist with greater isolation from family and caste networks and reduced informal insurance. This evidence establishes the plausibility of network costs in a specific resettlement setting; it does not establish that these costs explain PMAY-U's aggregate vacancy figures.

5.3 Behavioural and administrative frictions

Behavioural economics offers testable hypotheses about decisions under uncertainty and procedural burden. Status-quo bias may make familiar living arrangements more attractive (Samuelson & Zeckhauser, 1988). Present-biased preferences may make immediate moving costs loom larger than future housing benefits (Laibson, 1997; O'Donoghue & Rabin, 1999). Loss aversion and reference dependence may make the perceived loss of established networks salient (Kahneman & Tversky, 1979; Kőszegi & Rabin, 2006). Administrative complexity can also reduce take-up of benefits, as demonstrated in research on psychological frictions in social-programme participation (Bhargava & Manoli, 2015).

These concepts should not be used as labels for unexplained vacancies. A household that does not move because a dwelling is unserviced, unaffordable or far from employment may be responding to a binding constraint rather than displaying a behavioural bias. To identify an independent behavioural effect, researchers must first establish that the dwelling is habitable, legally ready, allotted and financially feasible, and then measure the decision process and the household's information, expectations and perceived costs.

5.4 An integrated stage-wise framework

The paper proposes classifying each unoccupied unit by the stage at which the transition fails: (i) incomplete or defective construction; (ii) complete but unserviced or uninhabitable; (iii) habitable but not legally certified; (iv) certified but not allotted or handed over; (v) allotted but financially infeasible; (vi) viable offer not taken up because of livelihood, network or other household considerations; and (vii) initially occupied but subsequently vacated. Only after categories (i)–(v) are separately identified can the remaining cases be used to study household adoption. Even then, the reasons should be established through beneficiary-level data rather than inferred from administrative residuals.

6. Implications for policy and measurement

First, the Ministry and implementing agencies should publish a stage-wise dashboard that reports, by project and vertical, the number of units completed, independently certified as habitable, serviced, allotted, handed over, occupied and subsequently vacated. This would prevent construction completion from being treated as equivalent to effective access.

Second, every unoccupied unit should have a standard reason code, verified by a field-level record. At minimum, the codes should distinguish infrastructure or habitability failure; legal or certification delay; non-allotment or incomplete handover; beneficiary contribution or moving-cost constraints; distance from livelihood and services; social-network concerns; documentation or information burden; and post-occupation exit. More than one reason may apply, so primary and secondary reasons should be recorded.

Third, location and livelihood access should be assessed before project approval and beneficiary handover. Travel time and cost to employment clusters, markets, schools, health facilities and care networks are relevant indicators of whether a unit is practically affordable. Where relocation is unavoidable, group allotment, transport connectivity and livelihood support may reduce disruption. These are policy options to be evaluated, not effects demonstrated by the aggregate PMAY-U data.

Fourth, administrative support should be targeted to households with habitable, certified and allotted units. Assisted documentation, a single-window handover process, clear contribution schedules and scheduled site visits can be tested as low-cost ways to reduce procedural burden. Evaluation should

measure actual take-up and sustained occupancy, not only stated willingness or the number of reminders delivered.

7. Research limitations and future empirical work

The analysis has four limitations. First, the 2024 figures are limited to AHP and ISSR and are a national administrative snapshot; they do not provide household-level reasons for each unoccupied unit. Second, the 2026 figures combine PMAY-U and PMAY-U 2.0, include legacy JnNURM houses in the aggregate totals, and combine AHP with ARH in one row. They cannot be used to construct a clean time series with the 2024 data. Third, the Ministry's reason categories are not accompanied by counts or percentages, so the relative contribution of infrastructure, finance, livelihood, networks and administrative delay cannot be estimated. Fourth, the paper does not observe household-level choices and cannot identify causal behavioural mechanisms.

A future study should create a unit-level dataset linking project readiness to beneficiary outcomes. It should record construction and certification dates; functionality of water, electricity, roads and sanitation; allotment and handover status; beneficiary contribution and recurring costs; distance to previous residence and workplace; household income and composition; stated reasons for non-occupancy; and occupancy at 6, 12 and 24 months. A sequential or multinomial model could distinguish the transition from construction to habitability, allotment and occupation. A randomised or phased evaluation of assisted documentation, transparent contribution schedules or group-based relocation support could then estimate whether these interventions improve take-up among households with viable offers. Such a design would identify the effect of the tested intervention, not automatically establish a universal behavioural bias.

8. Conclusion

The evidence examined here shows why PMAY-U should not be evaluated through construction completion alone. The Standing Committee's December 2024 data recorded 4,59,911 unoccupied houses among 9,69,759 completed AHP and ISSR units, a combined non-occupancy rate of 47.4%. The rate was 45.7% in AHP and 70.1% in ISSR. This vertical pattern cautions against reducing non-occupancy to relocation away from social networks. The Ministry's March 2026 reply identifies a broader set of barriers: incomplete civic infrastructure, livelihood and social-network considerations, beneficiary-share constraints, and documentation and allotment delays.

The defensible conclusion is not that behavioural factors have been proven to cause PMAY-U non-occupancy, nor that they explain most vacancies. It is that the transition from completed dwelling to occupied home contains distinct structural, administrative, financial, spatial and potentially behavioural mechanisms that aggregate construction statistics cannot separate. Policy evaluation should therefore measure whether a unit is habitable and available, whether the household can afford and access it, and whether occupation is sustained. A completed house becomes a meaningful housing outcome only when it is a viable home for its intended household.

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