



SAFE Accommodation: Worker Housing for Manufacturing Growth Report

For Prelims: [NITI Aayog](#), [Labor Mobility](#), [Economic Survey](#), [Nominal GVA](#), [Semiconductor](#), [Special Economic Zone](#), [Floor Area Ratios](#), [Minimum Wage](#), [Viability Gap Funding](#), [Labourforce](#).

For Mains: Need of accommodation facilities for workers to promote growth in the manufacturing sector.

[Source: PIB](#)

Why in News?

Recently, [NITI Aayog](#) released a report on **SAFE Accommodation: Worker Housing for Manufacturing Growth** that explores the crucial role of **secure, affordable, flexible, and efficient (SAFE) accommodations** for industrial workers.

- It identifies key **challenges, offers actionable solutions, and highlights the pivotal interventions** required to scale up such housing facilities across the country.

Note: SAFE accommodation originally stands for **Site Adjacent Factory Employee Accommodation**.

What is SAFE Accommodation?

- **About:** **SAFE Accommodation** is a concept aimed at providing **housing facilities** for employees **close to their workplace**, typically near industrial or factory sites.



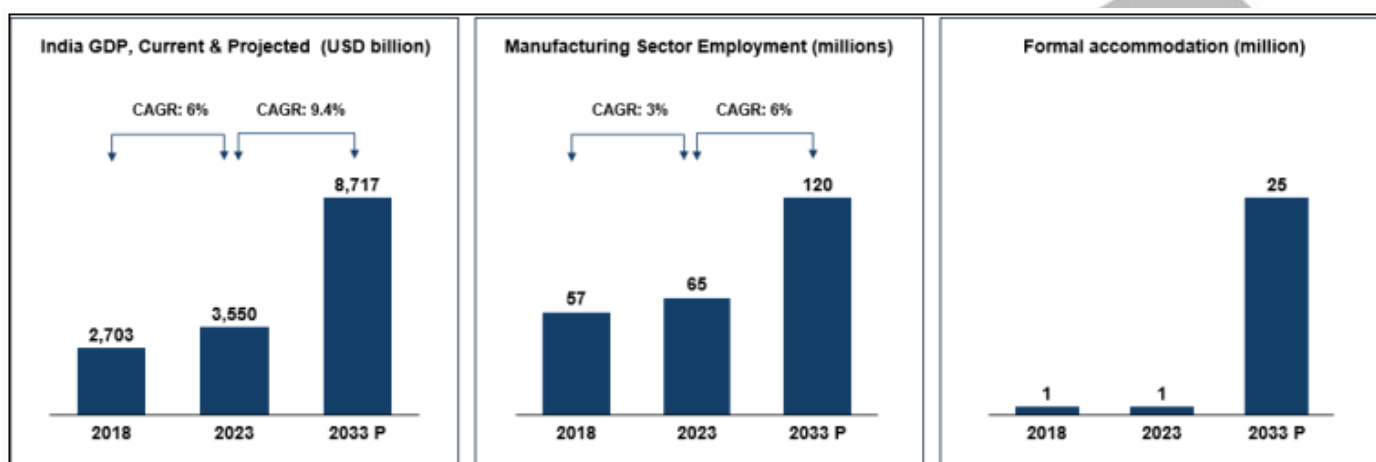
- **Facilities:** It includes long term **dormitory-style accommodation** which is **rented** directly to **workers or their employers**.
 - It includes essential amenities such as **water, electricity, sanitation facilities**, and other basic services like **food, laundry, and dispensary facilities**.
 - It **excludes family housing**.
- **Objectives:**
 - Facilitate **labor mobility and productivity** through SAFE accommodations to enhance manufacturing competitiveness.
 - Designate workers' accommodations as **critical infrastructure** with tailored regulations for construction and operation.
 - Develop a **market-driven ecosystem** for private developers to provide affordable accommodations with attractive returns.

Note: Dormitory-style accommodation is a **large space** with **many rooms where people sleep**. It can also refer to a **room with multiple beds** for people to stay in.

What SAFE Accommodation Helps in Manufacturing Growth?

- **Manufacturing Growth:** According to the [Economic Survey 2023-24](#), India needs to add **7.85 million jobs** every year until **2030** to sustain economic growth.
 - **Formal accommodations** near work sites can **attract and retain** the workforce necessary to support this expansion.
- **Women Empowerment:** In **China**, women contribute **41% to the GDP** with a **61% labor participation rate**, nearly double **India's 18% GDP contribution** and lower participation.
 - SAFE Accommodation can ensure **secure housing for women** while generating employment and opportunities for them.

- **Sectoral Transition:** Manufacturing employs **11% of the workforce** but contributes **14% to nominal GVA**, while **agriculture** employs **46%** but contributes **only 18% to GVA**.
 - SAFE Accommodation can help **transfer surplus labourforce** from agriculture to industry.
 - India aims to **increase** the share of manufacturing in its **GDP to 25%**. However, it has been hovering around **14-16% since FY12**.
- **Supporting Make in India:** Specific industrial hubs are emerging, such as the assembly and packaging industry in **Sriperumbudur, Tamil Nadu**, the **Electric Vehicle (EV) hub** in **Hosur, Tamil Nadu**, and the **semiconductor hub** in **Dholera, Gujarat**.
 - SAFE Accommodation can help secure adequate workforce in a **single concentrated location** which will typically include **migrant workers**.
- **Rising Accommodation Demand:** India needs to grow **economically** at a Compound **Annual Growth Rate (CAGR) of 9.4% per annum** to reach its **Viksit Bharat goals** and create more jobs.
 - By **2033**, **~20%** of the workforce may **prefer affordable formal housing**, requiring **25 million housing units** for manufacturing workers.



- **Enhances Productivity and Retention:** Proximate and well-designed housing **improves workers' quality of life, reduces commute times**, and enhances overall productivity.
 - This leads to lower attrition rates and recruitment costs, ensuring a **stable and skilled workforce** for factories.
- **Attracting Global Investments:** Multinational corporations **prioritise worker welfare and efficiency**, with quality accommodations making India a preferred manufacturing hub.
 - **It aligns with global labour standards** that prioritise adequate and safe worker housing.

Global Examples of SAFE Accommodation

- **China:** A majority of **migrant factory workers** were accommodated in workers' **dormitories** built by employers, often on land provided for free by local governments.
 - About **80%** of the **thirty million assembly-line workers** in China's **Special Economic Zones** are **female** recruited from rural areas of interior provinces.
 - Accommodation is often **part of the employment agreement**.
- **Japan:** Early Japanese industrialisation **housed female labour force** from faraway villages in dormitory accommodation.
- **Singapore:** Singapore has a separate act for migrant housing called the **Foreign Employee Dormitories Act, 2015** and differential building regulations for workers' dormitories.
- **Vietnam:** Vietnam had approved a plan to build **1 million social housing units** for **low- and middle-income households** in urban areas and for workers in industrial parks to facilitate recruitment of female labour from rural areas.

What Challenges are Involved in Scaling Up Worker Accommodation?

- **Restrictive Zoning Laws:** Residential developments are often **prohibited in industrial zones** unless explicitly permitted, forcing workers to live far from their workplaces.
 - This **increases commute times and costs**, impacting productivity and retention.
- **Conservative Building Bye-Laws:** Low **Floor Area Ratios (FAR)** and other inefficient land-use regulations **limit the potential** for high-capacity housing on available land.
- **High Operating Costs:** Hostel accommodations in industrial zones are often classified as **commercial establishments**, leading to **higher property taxes and utility rates**.
 - These increased costs discourage private sector participation.
- **Financial Viability:** High capital costs and low returns make large-scale worker accommodation projects unattractive to private developers.
 - Infrastructure investors require a **lease rental of Rs. 4,000 per worker for 80 square feet** which is about **30% of a minimum-wage** worker's salary, making it **unaffordable** for many.
- **Coordination:** Coordination challenges also arise, as industrial hubs require **synchronized investments** in housing, infrastructure, and industries to succeed.

What is the Proposed Way Forward?

- **Regulatory Recommendations:**
 - **Reclassify Worker Accommodations:** Designate **SAFE accommodations** as a **distinct residential category**, ensuring residential property tax, electricity, and water tariffs apply, along with **GST** exemptions for accommodations.
 - E.g., **Rs 20,000 per person** for a continuous **90-day stay**.
 - **Environmental Clearances:** Include SAFE accommodations under the **exemptions** provided for industrial **sheds, schools, colleges, and hostels** in the draft notification issued by the Ministry of Environment, Forest, and Climate Change (MoEFCC).
 - **Gender-Inclusive Policies:** Encourage the development of accommodations suitable for workers, addressing their specific safety and welfare needs.
 - **Flexible Zoning Laws:** Amend zoning regulations to **allow mixed-use** developments near industrial hubs, facilitating worker housing close to workplaces.
- **Financial Recommendations:**
 - **Viability Gap Funding (VGF):** Provide up to **30%-40%** of project costs (excluding land) through **VGF** support.
 - This includes **20% from the Department of Economic Affairs (DEA)** and **10% from the sponsoring nodal ministry**, with additional contributions from state governments.
 - **Competitive Bidding:** Implement **transparent bidding processes** to determine VGF support, ensuring efficiency and cost-effectiveness.
 - **Retrofitting Existing Facilities:** Leverage VGF to **upgrade brownfield worker accommodations**, enhancing their safety, capacity, and utility.

Drishti Mains Question:

Q. How can SAFE accommodations contribute to improving women's workforce participation in India? Illustrate with global examples

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q. In the context of the Indian economy, non-financial debt includes which of the following? (2020)

1. Housing loans owed by households
2. Amounts outstanding on credit cards
3. Treasury bills

Select the correct answer using the code given below:

- (a) 1 only
- (b) 1 and 2 only
- (c) 3 only
- (d) 1, 2 and 3

Ans: (d)

Q. With reference to the role of UN-Habitat in the United Nations programme working towards a better urban future, which of the statements is/are correct?(2017)

1. UN-Habitat has been mandated by the United Nations General Assembly to promote socially and environmentally sustainable towns and cities to provide adequate shelter for all.
2. Its partners are either governments or local urban authorities only.
3. UN-Habitat contributes to the overall objective of the United Nations system to reduce poverty and to promote access to safe drinking water and basic sanitation.

Select the correct answer using the code given below:

- (a) 1, 2 and 3
- (b) 1 and 3 only
- (c) 2 and 3 only
- (d) 1 only

Ans: (b)

Mains

Q. With a brief background of quality of urban life in India, introduce the objectives and strategy of the 'Smart City Programme.' (2016)

Q. Discuss the various social problems which originated out of the speedy process of urbanization in India. (2013)