

Green centers for rural India

There are many daunting challenges to addressing the rural housing shortage in India. Not only are there problems with access to housing finance and land, development has also been stymied by a lack of affordable materials and expertise. An exciting new, market-based initiative by ACC offers a simple but effective approach to addressing some of these issues.

The housing situation in rural India is grave. While progress has been made over the past decade, the rural housing shortage in 2012 was still close to 44 million units. Nor is a shortage of homes the only problem. Existing houses are often too small, built of substandard materials by untrained workers (or the families themselves), and lack electricity, water, functioning sewage facilities, and other essentials.

The problem is hardly new. The Indian government has long aimed to help rural populations gain access to affordable housing built of quality materials like concrete and brick. But while many residents now have the necessary financial means to build or refurbish a home thanks to government programs to provide funds, efforts remain hampered by a shortage of affordable materials and know-how.

ACC Limited, a Holcim-affiliated cement company in India, is hoping to change this. Its Green Building Centers, which started to appear in 2013, are designed to help rural residents realize their dream of a good, solid house for their families. As Danish Rashid, General Manager – Institutional sales and Business Development – North, describes, the centers provide a one-stop shop for housing expertise and supplies to poor communities.

“Anyone who wants to design and build a new house or improve an existing one can come to a Green Building Center for assistance,” he says. “We have an architect on hand who will discuss the project and help finalize the design. The center can also arrange for the necessary materials, whether bricks, blocks, tiles, cement, or other materials. Since the center also trains masons, it can supply skilled construction workers as well. In this way, we support people in getting a high quality, aesthetically pleasing place to live.”

A significant opportunity

As Rashid is quick to point out, while the Green Building Centers aim to improve housing for rural residents, they are not conceived primarily as a charity effort. Instead, they employ a market-based approach to addressing the issue, and fall squarely under the heading of business development.

“The low-cost housing market in India is a significant opportunity,” he says. “Almost 70 percent of the population still lives in the countryside and a vast amount of residential, commercial, and infrastructure construction is needed there. If you built one million homes a year for the next 10 years, you would only cover about a quarter of the need.”

At first, ACC thought developing the market would simply be a matter of providing training to residents in the use of cement. When the company looked more closely into the problem, however, it discovered there was more to it.

ACC Green Building Centers

“We found there was little or no professional support in rural areas,” Rashid says. “Residents didn’t have access to trained architects. Engineers and contractors were often either unable or unwilling to take on such small housing projects, particularly considering the price of materials. Residents also didn’t have the skills to adequately judge the quality of materials or building techniques. There was a shortage of trained masons for concrete and brick work. The list goes on.”

The company therefore expanded the scope of the centers. Today, they offer locally produced, easy-to-use and reasonably priced construction products, provide knowledge and training on how to produce and apply these products in a rural context, and offer quality control through their own quality labs. The centers also have equipment which enables builders to manufacture the products themselves, reducing costs. Finally, they encourage sustainable construction techniques (hence the “green” in the name). Materials are produced from local resources and incorporate waste material like fly ash which helps significantly reduce CO₂ emissions and further cut costs.

Market forces for good

While the centers are conceived and supported by ACC, the company does not invest its own money in setting them up. Instead, each is financed by a local entrepreneur with good ties to the community. There are other stakeholders too. A group of NGOs supports the effort with equipment and training, and ACC works closely with the local governments on the projects as well.

Rashid says the market-based approach is key. “The entrepreneur runs the center as a business,” he explains, “and thus has an incentive to work for its success, creating local jobs along the way. The fact that we provide significant non-monetary support, including the overall concept, the layout of the center, and guidance in building it and getting it up and running, gives the entrepreneur confidence and extra motivation. They see that ACC is with them the whole way.”

According to Rashid, such support reinforces trust in the ACC brand among the entrepreneurs, an important customer group. That the centers feature ACC-branded products also helps anchor the brand among masons and the general population, helping the company get closer to its customers and potentially opening up new customer segments.

Off to a good start

The initiative is still in its early days. In 2013 the first four centers were completed. By the end of 2014 the company expects to have 15 to 16 in operation. Initial experiences with the centers have been very positive, and Rashid expects momentum to build. The company certainly has ambitious plans. “India has 650 districts,” says Rashid. “Our initial goal is to build one Green Building Center in each.”

Nor is the concept only applicable in an Indian context. “There are various countries, like Vietnam, Sri Lanka or Bangladesh, or parts of Latin America, where we think this idea could take hold,” adds Rashid, “really anywhere where rural development is required. Such an approach can help Holcim support its reputation as a solution provider and organization which cares about rural development. It has tremendous potential to create brand awareness in the minds of rural customers.”

Source: Extract from the company portal and newsletter