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Building **Inclusive** Urban Communities

## CASE STUDY
## STRUCTURE OF HOUSING DEFICIENCY IN INDIA AND POLICY RESPONSE AT THE NATIONAL LEVEL: A REVIEW

Hussain Indorewala – 2017

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# ABSTRACT

" This Case Study argues
that housing policy in India
seems to be a response
to  factors other than the
challenges posed by the
urban housing sector."

# ABBREVIATIONS

| | |
|---|---|
| AHP | Affordable Housing in Partnership Scheme |
| AMRUT | Atal Mission for Rejuvenation and Urban Transformation |
| BSUP | Basic Services for the Urban Poor |
| CBO | Community-based Organisation |
| CDP | City Development Plan |
| CSS | Centrally Sponsored Scheme |
| DPR | Detailed Project Report |
| EWS | Economically Weaker Sections |
| FSI/FAR | Floor Space Index/Floor Area Ratio |
| GoI | Government of India |
| HIG | High-income Group |
| HRIDAY | Heritage City Development and Augmentation Yojana |
| IDSMT | Integrated Development of Small and Medium Towns |
| IHSDP | Integrated Housing and Slum Development Programme |
| ISHUP | Interest Subsidy Scheme for Housing the Urban Poor |
| JNNURM | Jawaharlal Nehru National Urban Renewal Mission |
| LIG | Low-income Group |
| MIG | Middle-income Group |
| MoHUPA | Ministry of Housing and Urban Poverty Alleviation |
| MoUD | Ministry of Urban Development |
| MSAHP | Model State Affordable Housing Policy for Urban Areas |
| NGO | Non-governmental Organisation |
| NSDP | National Slum Development Programme |
| NSS/NSSO | National Sample Survey/National Sample Survey Office |
| NUHHP | National Urban Housing and Habitat Policy |
| PMAY | Pradhan Mantri Awas Yojana |
| PPP | Public-private Partnership |
| PPPP | Public-private-people Participation |
| RAY | Rajiv Awas Yojana |
| RRY | Rajiv Rinn Yojana |
| SFCPoA | Slum-free City Plan of Action |
| SUH | Scheme of Shelters for Urban Homeless |
| TCHS | Technical Committee on Housing Shortage |
| TDR | Transferable Development Right |
| UA | Urban Agglomeration |
| UIDSSMT | Urban Infrastructure Development Scheme for Small and Medium Towns |
| UIG | Urban Infrastructure and Governance |
| ULB | Urban Local Bodies |
| ULCRA | Urban Land (Ceiling and Regulation) Act |
| UPA | United Progressive Alliance government (2004–2014) |
| UT | Union Territories |
| VAMBAY | Valmiki Ambedkar Awas Yojana |

# CONTENTS

# PART 1
# INTRODUCTION

## Introduction

India's policymakers and planners find urbanisation[1] crucial for achieving the twin objectives of rapid economic growth and poverty alleviation. The country's "slow and top-heavy" urban growth pattern[2] (Kundu 2014) has been a source of much scholarly debate. Sluggish urban growth rates have been suggested as a likely contributor to persistent social and regional inequalities (Kundu 2011) and a reflection of the failure of Indian cities to create formal manufacturing jobs (Nijman 2015). Some scholars have focused on the "highly unsatisfactory" state of urban infrastructure and public service delivery that has been hampering faster and more inclusive growth of the economy (Ahluwalia et al. 2014, 2). To stimulate urban growth, therefore, Kundu (2011) argues for inclusive policies for large cities and more support for economic growth in smaller urban centres. Ahluwalia and others (2014) call for greater investments in the urban infrastructure sector for institutional and governance reforms and building the capacity of local governments for urban management (Ibid., 25).

The urban housing sector has emerged as a key component of India's 'inclusive growth' doctrine.

Due to an increased focus on making large cities attractive for business (Kundu 2013), and with slum settlements being identified as "the most visible manifestation of poverty in urban India" (SCUPC 2011), the vision a 'slum-free India' has been pursued by the Government of India (GoI) through its various programmes and schemes. Following recent assessments of urban housing shortage at the national and state levels, the promotion of 'affordable housing'[3] has become a policy priority. A report of the High-Level Task Force on Affordable Housing estimated that alleviating housing shortage in India could raise the country's GDP by 1 to 1.5 per cent besides having a significant impact on improving quality of life (Parekh 2014, 298). With the arrival of the Modi administration, a Housing for All mission was launched in 2015, aimed at providing every Indian family "with a *pucca* [formal] house with a water connection, toilet facilities, 24x7 electricity supply and access" (MoHUPA 2016). Following the 2017 Budget, affordable housing has been assigned infrastructure status.

This paper will borrow the technocrat's apparatus to understand the nature of housing deficiency in India in order to contextualise central government policies/schemes relevant to the housing sector, initiated in the past decade. The first section presents an overview of information on urban settlements and housing from the most recent decennial Census and the National Sample Survey, and will outline

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1   The definition of 'urban' in India is considerably strict compared to that of some other countries. According to the Census, 'urban' areas are (1) all places with a municipality, corporation, or cantonment, or notified town area, or (2) all other places satisfying the following criteria: (a) having a population of 5,000 or more, (b) at least 75 per cent of the male working population is engaged in non-agricultural pursuits, and (c) having a population density of 400 per sq. km. Places falling under the first category are referred to as Statutory Towns, while those that come under the second are called Census Towns. Despite the already strict criteria, Census Towns are often not considered as 'urban' for administrative/governance purposes by the state governments. As a result, many of the programmes and schemes are not applicable to such centres.

2   According to the 2011 Census, about 32 per cent of India's population lives in towns and cities. The share of Class I cities (those with a population of at least 1,00,000) in the total urban population is about 70 per cent. The share of cities with a population of over 5 million is 23.5 per cent in India, which is much higher than the world average (15.5 per cent), and the European (7.5 per cent) and African (9 per cent) averages (Kundu 2014).

3   An 'affordable housing project' is defined by the Union Ministry of Finance, GoI, as a "housing project that uses at least 50% of the Floor Space Index (FSI) for dwelling units with a carpet area of not more than 60 sq m" (TNN 2017). A High-level Task Force on Affordable Housing for All (MoHUPA 2008) defined an 'affordable house for EWS/LIG households' as a 'unit with a carpet area between 300 and 600 sq. ft., with the cost not exceeding four times the gross annual income of the household, or the rent/mortgage not exceeding 30 per cent of the monthly household income'.

some normative policy directions that emerge from it. Instead of estimating housing "shortage" based on a single-target approach, the concept of housing *deficiency* will be used as a way of assessing the *availability* and *conditions* by relying on three (overlapping) categories: "absolute deficit" or households requiring new houses, "upgradable stock" or existing homes that can be improved, and "replaceable stock" or existing homes that need to be replaced with new units. This will reveal a picture of the housing sector that demands diverse policy interventions rather than a single-minded pursuit to promote new house construction. The second section outlines nine central government policies and schemes, in effect since 2005, in terms of their aims and stipulations. The final section will high-light the major orientations of these initiatives, and argue that urban housing policies and schemes have been largely inconsistent with the policy responses the sector demands. Housing policy in India, in short, seems to be a response to factors other than the challenges posed by the urban housing sector. ◆

**Table 1**

Distribution of housing 'shortage' among different economic categories (MoHUPA 2012)

| TYPE | HOUSEHOLDS (MILLIONS) | % |
|---|---|---|
| EWS Households | 10.55 | 56 |
| LIG Households | 7.41 | 39 |
| MIG Households and above | 0.82 | 4 |
| **Total** | **18.78** | **100** |

# PART 2
# STRUCTURE OF HOUSING DEFICIENCY IN INDIA

**Housing Shortage**

A determination of housing 'shortage'—as a single-target approach—in India, across income and rental categories, was undertaken in 2012 by the Technical Committee on Housing Shortage (TCHS). The TCHS pointed out that housing shortage was a consequence of the mismatch between people who need housing and people for whom housing is being built. The Committee devised a methodology for computing the housing shortage[4] in India, as the sum of (a) excess of households over existing housing stock, (b) households residing in unserviceable or obsolete units, (c) households residing in congested units, and (d) houseless households (MoHUPA 2012). According to TCHS, 18.78 million or 23 per cent of urban households are in need of new or renewed units, of which 56.2 per cent is the shortage for the economically weaker section (EWS) households[5] and 39.5 per cent for low-income group (LIG) households (**Table 1**). Shortage for middle-income-group (MIG) households and above is about 4.4 per cent. The findings of the TCHS show that *housing shortage in India, while significant, is overwhelmingly concentrated among the income poor.*

## Table 2

Structure of urban housing deficiency in India

| ABSOLUTE DEFICIT (HOUSEHOLDS REQUIRING NEW HOUSES) | HH (MN) | % OF URBAN HH |
|---|---|---|
| 1) Homeless**( Households requiring new units on vacant sites) | 0.53 | 0.65% |
| 2) Congestion** More than one married couple for each room (Households requiring new units in situ or on new sites) | 12.859 | 16.3% |
| **UPGRADABLE STOCK (IMPROVING EXISTING HOUSES/SETTLEMENTS)** | | |
| 3) Non-permanent Units* Semi-permanent + temporary + unclassifiable units (Census categories) that can be improved by sanitary and material inputs (in-situ upgradation) | 12.39 | 15.7% |
| 4) Inadequate Pukka Units*** Pukka units with one or more deficiencies such as… | | |
| – no drainage or open drainage*** | 37.886 | 46.6% |
| – 'bad' ventilation*** | 8.927 | 10.9% |
| – 'bad' structural condition** (Requiring in-situ refurbishment/reconstruction) | 4.114 | 5.1% |
| **REPLACEABLE STOCK (REPLACEMENT OF EXISTING HOUSES/CLUSTERS)** | | |
| 5) Unrecoverable Temporary Units* Non-serviceable temporary units constructed out of makeshift materials (Could be reconstructed in situ as new layouts with sites and services) | 0.992 | 1.3% |
| 6) Obsolescent Units** Formal units older than 40 years and reported in 'bad' condition plus all formal units older than 80 years (excluding unserviceable *kutcha* units) (For reconstruction/refurbishment in situ) | 2.264 | 2.8% |

4   The TCHS included obsolescent houses as well as unrecoverable temporary (or 'unserviceable kutcha') units, along with congested and homeless households, in its computation of housing shortage. This is different from the concept of 'absolute deficit' used here, which does not include the first two categories (Table 2).

5   EWS or 'Economically Weaker Section', LIG or 'Low-income Group', MIG or 'Middle-income Group', and HIG or 'High-income Group' are income-based categories and their definitions have changed over the years under different programmes. The TCHS defined EWS as households with incomes up to Rs.60,000 per annum, and LIG as households with incomes between Rs.60,000 and Rs.1,20,000 per annum.

Source:

* Figures from the Census 2011; *

* MoHUPA 2012; *** NSSO 2010.

Note that figures are not additive as some categories overlap.

**Existing Housing Stock**

Although 'shortage' may suggest the need for new house construction on vacant sites, much of the deficiency in housing arises from the *existing* stock. New houses are required for homeless households (0.53 million) and households living in congestion (12.8 million), but a larger share of deficient housing is either in need of upgradation and refurbishment, or in need of replacement **(Table 2)**.

## Table 2

Structure of urban housing deficiency in India

| TYPE | DETAILS/DESCRIPTION |
|---|---|
| **STRUCTURE OF HOUSING DEFICIENCY** | |
| Absolute Deficit | About 17% of all urban households that are homeless or live in congested conditions require new houses, according to the TCHS. |
| Upgradable Stock | Approximately half of all urban housing stock requires upgradation, retrofitting, or service improvements. |
| Replaceable Stock | About 4% of all inhabited units require replacement. |
| **SOCIAL INDICATORS** | |
| EWS/LIG Households | 95% of housing shortage is for EWS and LIG households. |
| SC/ST Households | SC/ST households fare much worse than other households, in terms of housing conditions. 30% of SC/ST households have no or only rudimentary drainage arrangements, compared to 13% of other households. Figures are roughly similar for solid waste management services—about 22% of SC/ST households have no latrine, compared to 4% of the other households. |
| **SLUMS AND SERVICES** | |
| Slum Population (Census) | 13.75 million or 17.43% urban households. |
| Landownership in Slums (NSSO) | 39.3% on private land; 56% on public land. |
| Type of Structure in Slums (Census) | 56.9% pukka, 23.3% semi-pukka, and 13.8% kutcha (NSSO). |
| Water Supply (Census) | 11.3% households have water supply away from home. |
| Sanitation (NSSO) | 11.3% of urban households have no latrine facility; 6.5% households access public or community facilities. |
| Ventilation for kutcha and Semi-pukka (NSSO) | 60.5% of kutcha and 42.4% semi-pukka units report 'bad' ventilation, compared to 12% in the case of pukka units. |
| Drainage (Census) | 18% slum households have no drainage; 44% are serviced by open drains. |
| **TENURE ARRANGEMENTS** | |
| All Urban Households: | |
| – Own Freehold or Leasehold Dwelling | 60% freehold and 1.5% leasehold. |
| – Rental (Formal/Informal) | 5% 'with written contract'; 25.4% 'without written contract'. |
| – Others | 3.3% |
| Housing Shortage (TCHS): | |
| – Households Living in Rented Houses | 37.5% |
| – Living in Self-occupied Houses | 62.5% |

Arguably, it may also be possible to achieve a significant share of new units for households living in congestion, wherever these can be created by allowing horizontal or vertical expansion, especially in informal settlements. The 2011 Census reports that 12.39 million or 15.7 per cent of urban households live in temporary or semi-permanent dwellings, which can be improved by sanitary or material inputs. In other words, housing deficiency is predominantly a consequence of inadequate conditions in existing housing stock. *Therefore, a focus on improvement of environmental conditions may be more efficient and successful in addressing the needs of the urban housing sector* (Harish 2017).

Source: (NSSO 2010; Census 2011; MoHUPA 2012, 2013d)

### Inadequacy in *Kutcha* and *Pukka* Housing

The NSS data indicates that a large majority of urban *kutcha*[6] units (95.9 per cent) and a majority of semi-pukka units (87.4 per cent) have no drainage or have open drainage arrangements. In terms of garbage collection, only 35.5 per cent of *kutcha* units and 43.5 per cent of the semi-pukka units are serviced by the municipality. *Kutcha* and semi-pukka units also show up overwhelmingly as deficient in ventilation, with 60.5 per cent and 42.4 per cent respectively being reported as badly ventilated.

But the assumption that pukka units are adequate in every way is erroneous. According to the NSS classification of structure types (*kutcha*, pukka and semi-pukka), pukka units make up 91.7 per cent of urban housing, and therefore even a small percentage accounts for a significant number. About 46.6 per cent of pukka units (37.8 million units) have no drainage or open drainage, 10.9 per cent (8.9 million) are badly ventilated, and 5.1 per cent (4.1 million) are in poor structural condition (**Table 2**). Therefore, *service improvements at the settlement level, upgradation, refurbishment, and retrofitting of inadequate pukka units are necessary for improving overall housing conditions.*

### Unacceptable Units for Replacement

A third category of housing deficiency—apart from absolute deficit and upgradable stock—is 'replaceable stock', or units that are unacceptable and require replacement through new layouts, reconstruction, or major structural repairs. Close to 1 million or 1.3% of all urban households are, according to the Census, 'non-serviceable' and cannot be recovered. These are *kutcha* houses built out of makeshift materials, and though inadequate, they offer the most efficient –

albeit insecure form of low-cost shelter for migrant households. These units could be replaced with serviced sites for incremental housing, also known as 'site and service' layouts (Patel 2015). The TCHS also considered all pukka units older than 80 years, and those between 40 and 80 years that were reported to be in poor structural condition, as obsolescent units. These units could be replaced in-situ through reconstruction or structural repairs (**Table 1**).

### Informal Housing and Slums

Much of the housing stock for low-income households in Indian cities is produced outside the state sector and formal private sector. Between 33 and 47 per cent of housing stock can be considered 'informal', if one combines 'slum'[7] settlements with unauthorised housing (Jain et al. 2016). About 17 per cent of urban households live in settlements classified by the Census as 'slums', defined as settlements deficient in service provision, sanitation, and construction; with illegal tenure; or classed as irregular in terms of planning norms. Shifting slum dwellers into multistorey apartments has become the dominant approach of intervening in slum settlements.

Obsessed with making 'slum-free' cities, policymakers and planners have worked themselves into a house-building frenzy, preferring any such scheme over practical alternatives. Service inputs

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6  Pukka, when literally translated from Hindi into English, means 'cooked', while kutcha means 'raw'. 'Pukka houses' are constructed from materials such as brick or stone, timber, tiles, corrugated iron, concrete, and synthetic materials. Kutcha houses indicate houses constructed out of materials such as bamboo, plastic sheets, mud or unburnt brick, wood, stone or brick without mortar, etc. The NSSO defines a kutcha structure as one that is made of unburnt brick, bamboo, mud, grass, leaves, reeds, thatch, etc. Semi-pukka structures are the ones built using a combination of kutcha and pukka materials.

7  The word 'slum' has numerous definitions. Its history and contemporary usage hinder any unprejudiced consideration of the settlement conditions it points towards. The Census of India, for the sake of enumeration, defines it as "residential areas where dwellings are unfit for human habitation by reasons of dilapidation, overcrowding, faulty arrangements, and design of such buildings; narrowness or faulty arrangement of street; lack of ventilation, light, or sanitation facilities; or any combination of these factors which are detrimental to safety and health." However, it specifies the following conditions for something to be classified as a slum: (1) A 'notified slum' is one that is notified as such by the state, union territory (UT), or local government under any Act (such as the Slum Act); (2) A 'recognised slum' (one that is not 'notified' as a slum under any Act) is termed so by the state, UT, or local government, housing and slum boards; (3) 'Identified slum' is a compact area with a population of minimum 300 or having 60–70 households of poorly built, congested tenements in an unhygienic environment, usually with inadequate infrastructure and lacking in proper sanitary and drinking water facilities. There are significant problems with the way slums are classified; even though the definitions highlight environmental conditions as the criteria, informal settlements are often assumed automatically to be deficient. Other factors such as legal status and aesthetics ("looks like a slum") are a major influence on the classification of informal settlements as slums (Ghertner 2015; Indorewala et al. 2016). Furthermore, as Bhan and Jena (2013) point out, slums are not the only sites of inadequacy and income poverty.

and tenure security, which may greatly improve living conditions in informal settlements, have been rarely advocated. Such inputs, when combined with minor realignments of street networks, and the creation of common-use facilities, can transform self-built settlements into congenial neighbourhoods. *A well-thought-out programme of extending tenure security, upgradation, and self-help can significantly impact and address housing shortage and improve living conditions.*

**Housing Deficit and Tenure**

Owner-occupied dwelling is the most common form of tenure with 60 per cent households, while 25 per cent live in rental units without formal contracts. The TCHS estimates that 62.5 per cent of housing shortage is for owner-occupied and 37.5 per cent for rental households **(Table 2)**. However, 43 per cent of shortage for owner-occupied households and 28 per cent of rental households comes from the bottom two income deciles. The proportion of shortage in the top three deciles is roughly equal for owner-occupied and rental households. This suggests that *while shortage for owner-occupied units is concentrated most in the lowermost-income (EWS) levels, for rental units it is prevalent most in the low- to middle-income-group (LIG to MIG) households.* ◆

# PART 3
# NATIONAL SCHEMES/PROGRAMMES RELEVANT TO URBAN HOUSING

The picture of the urban housing sector that emerges from the above discussion provides a context to review recent, relevant schemes and programmes of the central government. What follows is a brief description of nine such initiatives based on their respective official documents. Rather than provide a critical treatment of each of these or a review of their performance, some common assumptions and approaches of these initiatives are highlighted. This will lead us to the third and final section of the paper, which will discuss how social planning and policy have failed to respond to the variegated demands of the housing sector.

**Jawaharlal Nehru National Urban Renewal Mission (JNNURM), 2005–2012**

The JNNURM[8] (or NURM) was conceived in the backdrop of India's expanding urbanisation. The linking of urbanisation with economic growth objectives made urban infrastructural development a critical thrust of urban policy. This stimulated the need for an urban reform agenda that would enable Urban Local Bodies (ULBs) to "catalyze investment flows in the urban infrastructure sector" (MoHUPA and MoUD 2005), estimated as Rs.1,205 billion for ULBs in 67 cities[9]—i.e., an annual funding requirement of Rs.172 billion. The reform agenda was meant to meet development objectives through the creation of an 'investor-friendly environment', which, in turn, was to be achieved by providing reform-linked assistance[10] to state governments and ULBs. The Mission was linked to the achievement of the Millennium Development Goals and the United Progressive Alliance's (UPA) National Common Minimum Programme (GoI 2008). It was also meant to make Indian cities "realize their full potential" as "effective engines of [economic] growth" (MoHUPA and MoUD 2005).

The NURM articulated its mission statement as follows:
"The aim is to encourage reforms and fast track planned development of identified cities. Focus is to be on efficiency in urban infrastructure and service delivery mechanisms, community participation, and accountability of ULBs/Parastatal agencies towards citizens."

The NURM had listed out the following as *objectives*:
a. Focused attention to integrated development of infrastructure services in cities covered under the Mission;

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8   Though extended till 2017, it is now succeeded by the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), launched by the new government in 2015.

9   The number of cities slightly varies in different phases of the programme. The JNNURM consisted of four components: Urban Infrastructure and Governance (UIG), Basic Services for the Urban Poor (BSUP), Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), and the Integrated Housing and Slum Development Programme (IHSDP). For the first two, the selected 67 cities were eligible; UIDSSMT was applicable to all cities and towns as per the 2001 Census; and IHSDP was applicable to towns where slums were identified. The UIDSSMT was formed by subsuming two earlier Centrally Sponsored Schemes: the Integrated Development of Small and Medium Towns (IDSMT) and the Accelerated Urban Water Supply Programme (AUWSP). The IHSDP replaced two earlier schemes: the National Slum Development Programme (NSDP) and the Valmiki Ambedkar Awas Yojana (VAMBAY) (Sivaramakrishnan, 2011, 21–24).

10  The JNNURM reform agenda was meant to "ensure improvement in urban governance and service delivery so that ULBs become financially sound and sustainable for undertaking new programmes" that may "set the stage" for public-private partnerships (PPPs). Reforms undertaken at the level of the ULBs and parastatal agencies were related to (i) e-governance, (ii) municipal accounting, (iii) property tax, (iv) user charges for municipal services, (v) earmarking of funds for services to the urban poor, and (vi) provision of basic services to the urban poor. At the state level, the required reforms were related to (i) implementation of the 74th Constitutional Amendment Act, (ii) integration of city planning and delivery functions, (iii) rent control, (iv) stamp duty, (v) repeal of the Urban Land (Ceiling and Regulation) Act (ULCRA), (vi) community participation law, and (vii) public disclosure law.

b. Establishment of linkages between asset creation and asset management through a slew of reforms for long-term project sustainability;

c. Ensuring adequate funds to meet deficiencies in urban infrastructural services;

d. Planned development of identified cities, including peri-urban areas, outgrowths, and urban corridors leading to dispersed urbanisation;

e. Scaling up the delivery of civic amenities and provision of utilities with emphasis on universal access to the urban poor;

f. Special focus on urban renewal programme for the old city areas to reduce congestion;

g. Provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply and sanitation, and delivery of universal services of the government for education, health, and social security[11].

The NURM's Mission was divided into two Sub-Missions:

a. Urban Infrastructure and Governance (UIG), the thrust of which was on infrastructure projects relating to water supply and sanitation, sewerage, solid waste management, road network, urban transport, redevelopment of old city areas to upgrade infrastructure, and shifting industrial and commercial establishments to conforming areas. The UIG was implemented by the Ministry of Urban Development.

b. Basic Services for the Urban Poor (BSUP), which was focused on integrated development of slums through projects that provide shelter and basic utilities to the urban poor. The BSUP was implemented by the Ministry of Housing and Urban Poverty Alleviation.

The Mission was designed to be implemented through four strategies. Every city was expected to formulate a City Development Plan (CDP) indicat-

ing its programmes, strategies and financing plans to avail of NURM funds. The CDP would identify projects for which the ULBs would then prepare Detailed Project Reports (DPRs). These projects had to be developed in a manner that would ensure optimisation of life-cycle costs over the project's planning horizon. The NURM would provide assistance to catalyse flow of investment into the urban infrastructure sector. The funds for identified projects were to be disbursed to the ULB or parastatal agency through a State-level Nodal Agency (SLNA) as a grant, loan-cum-grant, or a soft loan. Finally, in order to optimise the life-cycle costs, the Mission expected the private sector to be involved in the development, management, implementation, and financing of projects through public-private partnerships (PPPs).

On completion, the Mission expected every ULB or parastatal agency to have achieved modern and transparent budgeting as well as accounting and financial management systems for all urban service and governmental functions. Every city had to develop an operational framework for planning and governance, with financially self-sustaining agencies for governance and service delivery. The Mission expected all urban residents to have access to basic civic services.

### Rajiv Awas Yojana (RAY), 2011

The RAY was launched with the goal of creating a 'slum-free India', aimed to benefit 81 million urban poor residents with affordable housing, improved living conditions, and basic amenities. This goal was to be achieved through a 'whole city approach' and a 'whole slum approach' (MoHUPA 2013a) by addressing housing, community facilities as well as urban services. To prevent slum growth, the scheme also proposed to create adequate and affordable housing to meet the demands of migrant workers and other urban poor residents. The RAY was launched in two phases: a preparatory phase of two years and an implementation phase spanning 2013–2022, as

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11 Delivery of education, health, and social security services were not to be operationalised through convergence with other relevant schemes, implemented by other ministries such as health and education and not directly by the Mission.

approved by the central government. However, the scheme has now been absorbed under the PMAY that has been initiated by the new government.

The objectives of the RAY were to improve housing, basic civic infrastructure, and amenities in intervened slums—to enable reforms to address the causes leading to the creation of slums; increase the affordable housing stock, strengthen institutional and human resource capacities at the municipal, city, and state levels through capacity building and strengthening resource networks; and empower communities by ensuring their participation at every stage of decision-making through the strengthening of slum dwellers' associations/federations (MoHUPA 2013b).

The RAY envisaged a two-step implementation strategy that comprised the preparation of a Slum-free City Plan of Action (SFCPoA) and Detailed Project Reports (DPRs) for selected slums. The SFCPoA is a city-level plan with investment requirements projected and prioritised for upgrading the existing slums and providing houses for the urban poor over a period of 10–15 years. By prioritising slums based on the SFCPoA, cities are required to prepare DPRs covering all the slums of the city—the so-called "whole slum" approach. The DPR deals with all aspects of pre-investment planning and establishes the need for and feasibility of the project. As a Centrally Sponsored Scheme (CSS), the GoI will fund 50 per cent, 75 per cent, and 80 per cent of the project cost for urban areas with a population of more than 5,00,000, less than 5,00,000, and special category areas, respectively.

The Affordable Housing in Partnership Scheme (AHP)[12] was dovetailed with RAY to increase the

affordable housing stock. The AHP, launched in 2009 in line with the National Urban Housing and Habitat Policy (NUHHP) 2007 to provide "affordable housing for all", was redesigned following the recommendations of the Task Force on Promoting Affordable Housing, constituted by the Ministry of Housing and Urban Poverty Alleviation in 2011.

With an understanding that the composition and nature of slums vary from town to town, with various degrees of deficiencies in terms of housing and services, the RAY aimed to address deficiencies through three types of intervention:
1. *In-situ redevelopment*, where the entire slum would be demolished to be provided with newly constructed housing and infrastructure;
2. *In-situ upgradation*, where gaps in housing and infrastructure (civic and social) are to be filled in the existing settlement;
3. *Slum relocation* for untenable slums, where slum dwellers are provided adequate housing and infrastructure on an alternate site, with an emphasis on providing mobility and recreating livelihood linkages.

Depending on the need of the slum selected under the Scheme, the RAY specified three types of housing be created:
1. New housing, where slum dwellers without pukka houses must be provided with a new unit, of carpet area between 21–27 sq. m., equipped with two rooms, a kitchen, a bathroom, a water-sealed toilet, and a potable water connection;
2. Rental housing, which is to be the "preferred choice to accommodate tenants of slums, labourers, floating population, and urban homeless";
3. Incremental housing may be considered if existing self-built units needed improvement—such a unit has to be a pukka construction, but with less than the desired minimum floor space or number of rooms; accordingly, solutions for increasing floor area (including vertical development) may be considered to meet the minimum criteria.

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12  The Affordable Housing in Partnership Scheme was introduced to encourage private-sector participation in the creation of affordable housing stock. It was introduced in 2009 as a part of the BSUP (a component of the JNNURM). The Scheme was modified to provide a subsidy of Rs.75,000 per economically weaker section (EWS) household or to low-income group (LIG) dwelling units measuring 21–40 sq. m., for projects taken up under various kinds of partnerships.

**National Urban Housing and Habitat Policy (NUHHP), 2007**

The NUHHP[13] was intended to "promote sustainable development of habitat in the country with a view to ensuring equitable supply of land, shelter, and services at affordable prices to all sections of society" (MoHUPA 2007).

The NUHHP was set up with the following aims:

1. Encouraging state governments and ULBs to periodically update their master plans and zoning plans of housing and urban services for the poor; promoting a regional planning approach and providing Mass Rapid Transit Systems (MRTS) at the regional and sub-regional levels.

2. Accelerating the pace of development of housing and related infrastructure, creating adequate stock of both rental and ownership housing with an emphasis on improving affordability through capital or interest subsides; using technology to modernise the housing sector and promoting 'green' and 'intelligent' construction methods.

3. Promoting a larger flow of funds from public and private sources by designing innovative financial instruments; designing suitable fiscal concessions; removing legal, financial, and administrative barriers to facilitate access to tenure, land, finance, and technology; shifting to a demand-driven approach, and moving away from subsidy-based housing schemes to cost recovery-cum-subsidy schemes through proactive financial policy and programmes.

4. Introducing innovative spatial incentives like relaxation of Floor Area Ratio (FAR)[14] while ensuring inclusionary zoning[15] as well as by allowing more efficient use of land through the construction of high-rise buildings and bringing FAR in line with international practices.

5. Undertaking suitable restructuring to enable institutions at the state and central levels as well as the private sector for increasing the supply of land; facilitating access to serviced land and housing, focused on the needs of the EWS and LIG households.

6. Catering to the needs of marginalised groups such as SCs/STs/OBCs, minorities, disabled persons, and informal-sector workers.

7. Introducing special provisions for women by involving them at all levels of decision-making, i.e., both formulation and implementation of housing policies and programmes; addressing special needs of women-headed households, single women, working women, and women in difficult circumstances.

8. Employment generation through the upgradation of construction skills.

9. Encouraging PPP models for accelerating growth in the housing sector.

10. Management of Information Systems (MIS) in the sector to strengthen monitoring of building activities.

11. Developing towns and cities that promote a healthy environment and sustainable practices; protecting cultural and architectural heritage; and promoting the adaptation of traditional skills with modern technologies.

The Policy highlighted the setting up of action-oriented initiatives at all levels of government and the preparation of Annual Action Plans. The role of the central government, in consultation with the state governments, was envisioned as a "facilitator" and "enabler" in partnership with ULBs, parastatals, private and co-operative sectors, and non-governmental organisations (NGOs).

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13  In 1998, a different initiative called the National Housing and Habitat Policy covered both urban and rural areas.
14  Floor Area Ratio (FAR), also called Floor Space Index (FSI), is the ratio of the land area to the built-up area. The generally low levels of FSI in Indian cities have been criticised and considered by urban policy consultants, such as the World Bank, to be the chief source of a range of urban problems faced by Indian cities, including the proliferation of slums.
15  Inclusionary zoning involves reserving a percentage of built-up floor area for low-income residents. In this case, 20–25 per cent of FAR is reserved for LIG and EWS housing in each project.

**Model State Affordable Housing Policy for Urban Areas (MSAHP), 2013**

To provide technical guidance for preparing a state-level housing and habitat policy focused on affordable housing, the Ministry of Housing and Urban Poverty Alleviation (MoHUPA) developed the Model Policy.[16] Its aim is to create an enabling environment for providing 'affordable housing for all' with a special emphasis on EWS, LIG[17], and other vulnerable sections of the society, such as SCs/STs/OBCs, minorities, senior citizens, and physically challenged persons. The Policy further aims to promote public-private-people participation (PPPP) for addressing the shortage of adequate and affordable housing. The target group for the said policy would be the urban poor—classified by MoHUPA as below poverty line (BPL), economically weaker sections (EWS), and lower-income groups (LIG)—and it would be applicable across cities and towns, including Census Towns. Key interventions and action points are focused on land, finance, legal, and regulatory reforms; technology support and its transfer; provision of infrastructure; satellite/integrated townships; institutions; capacity building and sustainability concerns.

The Model Policy provided definitions to be adopted by state governments for certain terms:

a. *Affordability* is taken to mean 3–4 times the annual income of the household; however, in all schemes and projects where subsidy is offered by governments for units not more than 60 sq. m., the range of five times the annual income may be considered. The area of an EWS house would range from 21–27 sq. m. and of an LIG house from 28–60 sq. m.

b. *Affordable Housing Project* is a project where at least 60 per cent of the Floor Area Ratio (FAR) consists of units having a carpet area of not more than 60 sq. m., and 15 per cent of the total project FAR or 35 per cent of the total number of dwelling units, whichever is higher, is reserved for the EWS category (with houses measuring from 21–27 sq. m.).

c. *In-situ Slum Rehabilitation Project* means a project through which existing slum areas will be redeveloped by providing proper access, dwelling units, open spaces, and other basic services to slum dwellers on the very land on which the slum presently exists.

d. *In-situ Slum Upgradation Project* means a project to improve the quality of dwelling spaces occupied by slum dwellers, with the provision of basic services and infrastructure services.

e. *Slum Resettlement Project* means a project of relocation and settlement of slum dwellers from the existing untenable slums to an alternative site, with the provision of dwelling spaces and basic civic and infrastructural services. Resettlement should be taken up as the last resort, only if absolutely necessary, and with due consideration to minimise the adverse impact it may cause to the livelihoods of the resettled persons.

In addition to these definitions, the Policy also outlined strategies/models for housing as (1) ownership, (2) incremental, (3) rental, and (4) shelters, as well as others such as transit homes, shelters for homeless, dormitories, hostels with allied facilities, and shelter for specific groups (MoHUPA, 2014a).

**Scheme of Shelters for Urban Homeless (SUH), 2013**

According to the 2011 Census, the total homeless population[18] in India was 9.38 lakh persons; however, some estimates suggest that the actual number is close to three million persons (CES 2014). The SUH (MoHUPA 2013c) was launched under the National Urban Livelihoods Mission (NULM) in 2013 to provide the urban homeless population with permanent shelters that are equipped with basic infrastructure

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16 This is still in a draft form, and has been circulated to the states for comments.
17 In this draft policy, the EWS is defined as 'households with an annual income below Rs.1 lakh, and the LIG as households with annual incomes ranging from Rs.1–2 lakh'.

18 Defined by the Census as 'those living in structures without a roof'.

facilities, such as water supply, sanitation, safety, and security. It is also meant to cater to especially vulnerable segments of the urban homeless, with special facilities for them within the shelters.

The Scheme provided norms for shelters and indicated the various types that need to be provided. As per the Scheme's prescriptions, every all-weather shelter must be able to accommodate about 50–100 homeless, and for every 1 lakh persons, provisions must be made for shelters that can accommodate a minimum 100 persons. A minimum allocation of 50 sq. ft. per person is prescribed for the design of shelters. While the Scheme is to be implemented in urban centres that have a population exceeding one lakh, one million plus cities were prioritised. Shelters are required to be located close to homeless concentrations and work sites, or near transit nodes and markets, as decided after mapping the areas where the homeless generally live and work. The operation of the shelters could be undertaken directly by the ULBs or outsourced to agencies identified by them, which could include NGOs, community-based organisations (CBOs), educational and other institutions, resident associations, etc. These agencies could also formulate and execute the construction of these shelters, and contribute to the capital and running costs. However, the shelters will remain under the ownership of state governments or ULBs. For the construction of the shelters, the central government is required to contribute 75 per cent of the cost, while 25 per cent is to be borne by the state governments.[19] Guidelines for the cost of operation and maintenance, its escalation/overrun, user fees, monitoring and evaluation, etc. are also prescribed by the Scheme.

By early 2017, the Scheme had created only 658 shelters across the country, of which 342 were existing shelters that had been refurbished. These shelters cater to a homeless population of 35,000 persons, less than 5 per cent of the Census figure of 9.38 lakh homeless (Nair 2017b).

## Rajiv Rinn Yojana (RRY), 2014

The RRY (MoHUPA 2014b), a subsidised loan scheme, was launched under the Ministry of Housing and Urban Poverty Alleviation in 2014 to offer loans to BPL, EWS, and LIG households on subsidised interest rates for buying or constructing houses in urban areas. The scheme was meant to "channelise institutional credit to the poorer segments of . . .society and increasing home ownership in the country along with addressing housing shortage". This scheme modified the Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) that was initiated in 2009. The RRY was subsumed under the Pradhan Mantri Awas Yojana (PMAY)[20] in 2015.

The RRY was designed to provide a subsidy of 5 per cent per annum on interest charged on loans granted to both EWS and LIG[21] households for a maximum amount of Rs.5,00,000. While EWS had a borrowing limit of Rs.5 lakh, LIG households could borrow up to Rs.8,00,000. Its tenure was around 15–20 years. It required no third-party guarantee for loans up to Rs.5,00,000, and no levy of pre-payment charges would be permitted. The National Housing Bank and the Housing and Urban Development Corporation (HUDCO) were designated as the Central Nodal Agencies (CNA) under the scheme, and Scheduled Commercial Banks and housing finance companies were collectively referred to as Primary Lending Institutions (PLI).

The RRY catered to the following beneficiary categories:

a. Persons identified as BPL, i.e., those holding a BPL card issued by their respective state government;
b. EWS households, if they could prove their annual average income to be equal to or less than Rs.1,00,000;
c. LIG households, if they could prove their annual average income to be from Rs.1,00,000–Rs.2,00,000.

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19  For Special Category states (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Jammu and Kashmir, Himachal Pradesh, and Uttarakhand), this ratio will be 90:10.

20  As a part called the Credit-linked Subsidy Scheme.
21  The scheme would only cover units for construction or purchase if their carpet area was not less than 21 sq. m. for EWS households, and 28 sq. m. for LIG households. Units for both categories could not exceed 60 sq. m.

The loan applicability extended only to lands within statutory towns, urban agglomerations[22], and planning areas[23].

### Pradhan Mantri Awas Yojana (PMAY) or Housing for All Mission, 2015

The PMAY is meant to put into effect the pronouncement of the current Prime Minster that by the 75th year of Independence, every Indian family "will have a *pucca* house with water connection, toilet facilities, 24x7 electricity supply, and access" (MoHUPA, 2016).

The Mission provided new definitions for the following terms:

1. Affordable Housing Project: Any project where 35 per cent of the houses are constructed for EWS category.

2. Beneficiary Family: The Mission considers a beneficiary family to comprise a husband, wife, and unmarried children. Such a family must not own a pukka house (an all-weather unit) either in their name or in the name of their family members in any part of India.

3. Economically Weaker Section (EWS): Households having an annual income up to Rs.3,00,000. States/UTs shall have the flexibility to redefine the annual income criteria as per local conditions, in consultation with the central government.

4. EWS House: An all-weather unit or a unit in a multistorey superstructure having a carpet area of up to 30 sq. m. with adequate civic services.

5. Low-income Group (LIG): A household having an annual income ranging from Rs.3,00,001 to Rs.6,00,000.

6. Slum: A compact area of at least 300 persons or about 60–70 households living in poorly built congested tenements, in an unhygienic environment, usually with inadequate infrastructure and lacking in proper sanitation and drinking water facilities.

This PMAY seeks to address the needs of the urban poor through the following four *programme verticals*:

1. *In-situ Slum Rehabilitation using Land as a Resource* with private-sector partnership aims to "leverage the locked potential of land under slums to provide houses to eligible slum dwellers by bringing them into the formal urban settlement". Slums are to be redeveloped in situ, irrespective of land ownership, and then compulsorily de-notified. The private partner for redevelopment will be selected through an open bidding process. State governments and cities could provide additional Floor Area Ratio (FAR) and Transferable Development Rights (TDR)[24] for making slum redevelopment projects financially viable. An average grant of Rs.1,00,000 per household residing in a slum will be provided. State governments may decide to impose 'cut-off dates'[25], if necessary, through legislation. Similarly, states and UTs can determine if the houses are to be allotted on ownership rights or on renewable, mortgageable, and inheritable leasehold rights.

2. *Credit-linked Subsidy Scheme* aims to expand institutional credit flow to the housing needs of the urban poor as a demand-side intervention. Such a subsidy will be provided on home loans taken by eligible EWS/LIG households for acquisition of a house or for new construction and expansion up to 30 sq. m. for EWS and 60 sq. m. for LIG households. The interest subsidy, at the rate of 6.5 per cent for a tenure of 15 years, will be available only for loan amounts up to Rs.6,00,000.

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22 'Urban Agglomeration' (UA) is a term adopted by the Indian Census to describe 'a continuous urban spread, consisting of a core town and its adjoining outgrowths (OGs)'. For the 2011 Census enumeration, it required the fulfilment of the additional criterion of being a Statutory Town with a population that the 2001 Census showed to be greater than 20,000.

23 A planning area is a regional or local planning or development area, specified by any competent authority for planned development under a law relating to Town and Country Planning that is currently in force. Typically, the agency or government undertaking the planning is called a Planning Authority for that area.

24 TDR is a market-based technique of 'moving' development rights from one place to another—especially from places where these cannot be implemented due to regulations, or if they can be used more profitably elsewhere.

25 A cut-off is a date that becomes the basis for determining the eligibility of a beneficiary under a slum rehabilitation scheme. If the beneficiary can 'prove' that she/he has been a resident of that settlement before the cut-off date, she/he is entitled under the scheme.

3. *Affordable Housing in Partnership (AHP)*, a supply-side intervention, aims to provide financial assistance to EWS houses that are under construction with different partnerships by state governments, UTs, or cities. For all affordable housing projects planned by state agencies or by agencies in partnership with private players, an assistance of Rs.1,50,000 per EWS house will be provided by the central government. The states/UTs can decide on a sale price ceiling of such EWS houses to make them affordable, by employing other state-level subsidies or instruments. An affordable housing project is one comprising at least 250 houses—where at least 35 per cent of the houses are for EWS category (30 sq. m. each).

4. *Beneficiary-led Individual House Construction or Enhancement* is conceived as assistance to eligible EWS families for either constructing new houses or enhancing existing ones on their own—this vertical has been put into place to cover those beneficiaries who are not able to take advantage of the other components of the Mission. Such families need not be slum dwellers; they may avail themselves of Central Assistance (up to Rs.1,50,000 under the scheme), once they approach the ULB with documentation regarding the availability of land owned by them and the building plan. The ULBs will prepare an integrated, citywide housing project for such individual beneficiaries, in accordance with the City Development Plans (CDPs) or other such campaigns.

The PMAY includes a set of mandatory conditions to ensure availability of land and to facilitate growth of the housing sector by easing regulatory and administrative bottlenecks. States and UTs must make suitable changes to procedures to obviate the need for a separate non-agricultural (NA) permission, if the land has already been zoned as 'residential' in the city's master plan. All cities must prepare or modify their master plans to include areas for affordable housing. Rental laws must be modified on the lines of the model Tenancy Act, which is under preparation by the Ministry. Further, in addition to the easing of administrative procedures and project approvals, if considered necessary, then the states and UTs shall provide additional FAR/TDR and relaxed density norms for slum redevelopment and low-cost housing.

## Atal Mission for Rejuvenation and Urban Transformation (AMRUT), 2015

Based on an estimate made by the High-powered Expert Committee (HPEC 2011), Rs.39,200 billion is required for the creation of urban infrastructure in India—this includes Rs.17,300 billion for roads, and Rs.8,000 billion for services such as water supply, sewerage, solid waste management, and storm-water drains. Accordingly, the AMRUT was launched by the Modi government to…

i. *ensure that every household has access to a tap with assured supply of water and a sewerage connection;*

ii. *increase the amenity value of cities by developing greenery and well-maintained open spaces (e.g. parks);*

iii. *reduce pollution by switching to public transport or constructing facilities for non-motorised transport (e.g. walking and cycling)."*

These goals are to be based on Service-level Benchmarks (SLBs) prescribed by the Ministry of Urban Development (MoUD) through a gradual process that the Mission terms as "incrementalism". Instead of a project-by-project sanction, as undertaken by the MoUD earlier, approvals will be based on the State Annual Action Plan prepared by the MoUD, wherein the states are required to give project sanctions and approvals at their end (MoUD 2015a).

AMRUT is aimed at infrastructure upgradation in 500 cities, based on the following categories:

1. Cities and towns with a population of 1,00,000 with notified municipalities, including cantonment boards;
2. All capital cities of states and UTs;

3. All cities and towns classified as Heritage Cities by the MoUD under the HRIDAY Scheme[26];
4. Cities and towns located along main rivers with a population above 75,000 and less than 1,00,000;
5. Ten cities from hill states, islands, and tourist destinations—not more than one from each state.

The Mission has identified five thrust areas: (1) water supply, (2) sewerage facilitates and septage management, (3) storm-water drains, (4) pedestrian, non-motorised, and public transport facilities, apart from parking spaces, and (5) enhancing the amenity value of cities by creating and upgrading green spaces, parks, and recreational centres, especially for children.

Like the JNNURM, AMRUT proposes to make grants conditional on and following a set of reforms during the Mission period. However, rather than penalise the non-implementation of reforms, AMRUT includes incentives for making required efforts. The necessary reforms at the state and ULB level include (1) e-governance, (2) constitution and professionalisation of municipal cadre, (3) accounting practices, (4) urban planning and city-level plans using digital tools as well as implementation based on a PPPP model, (5) devolution of funds and functions to the ULBs, (6) review of building by-laws with a focus on green technologies and administrative efficiency, (7) financial administration, (8) municipal tax and reforms in the levy and collection of user charges, (9) completion of credit rating of the ULB, (10) energy and water audits, and finally, (11) compliance to the Swachh Bharat Mission[27].

**Smart Cities Mission, 2015**

Notwithstanding the general uncertainty regarding the concept of a 'smart city', the GoI's Smart City Mission provides 'some definitional boundaries' to guide cities. In identifying institutional, physical, social, and economic infrastructure as the four 'pillars' of comprehensive development of the urban ecosystem, the Mission conceptually suggests that an incremental development of these pillars adds layers of 'smartness' to an urban environment. The MoUD articulates the objective of the Smart Cities Mission as follows:

*"To promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment, and application of 'smart' solutions. The focus is on sustainable and inclusive development and the idea is to look at compact areas and create a replicable model which will act like a lighthouse to other aspiring cities."*

However, the focus of this Mission is largely on driving economic growth and improving the quality of life by enabling local area development and harnessing technology—especially technology that leads to 'smart solutions' in areas such as e-governance and citizen services; management of water, energy, and waste; and urban mobility. Smart solutions "enable cities to use technology, information and data to improve infrastructure and services". The Mission therefore is focused on the infusion of technology in the above listed sectors as a step towards improving a city's "smartness."

The Smart Cities Mission will cover 100 cities in the duration of five years. Its implementation at the city level will be undertaken by a Special Purpose Vehicle (SPV), a limited company under the Companies Act of 2013, which will be headed by a Chief Executive Officer (CEO) and have nominees of central and state governments and the ULBs on its board. As a Centrally Sponsored Scheme (CSS), it will receive assistance from the central government to the extent of Rs.480 billion over five years—on an

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26  The Heritage City Development and Augmentation Yojana or HRIDAY, set up by the MoUD in 2015, is meant to "preserve and revitalise the soul of the heritage city to reflect the city's unique character by encouraging [an] aesthetically appealing, accessible, informative, and secured environment. To undertake strategic and planned development of heritage cities aiming at improvement in the overall quality of life with specific focus on sanitation, security, tourism, heritage revitalisation, and livelihoods, retaining the city's cultural identity" (MoUD 2015b).

27  The Swachh Bharat Abhiyaan (or Mission), the new government's initiative, invokes the memory of M. K. Gandhi's commitment to personal hygiene and the importance of cleanliness. The campaign "seeks to achieve the goal of 'Clean India' in the next five years, so that the 150th birth anniversary of Bapu can be celebrated as an accomplishment of this duty". The focus has been on sanitation and solid waste management.

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average of Rs.1 billion per city, per year. An equal amount will be contributed by the state government/ULB. Government grants will be leveraged to attract funding form internal and external sources. The success of the Mission will depend on the SPV's ability to attract investors and lenders.

Funds for the Smart City Mission in the form of government assistance will meet only a part of the project cost, the balance funds will have to be mobilised by the state/ULB through its own resources—user fees, beneficiary charges, land monetisation, debt, loans, etc.; other government schemes such as AMRUT and HRIDAY; or from the private sector through PPP projects.

Cities were selected for this Mission through a challenge or competition; as a way of promoting the spirit of "competitive and co-operative federalism"[28], Smart City aspirants were selected through a city challenge. Financing was then linked to the city's ability to fulfil the Mission's objectives. ◆

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28 The agenda for co-operative federalism is a part of the elected BJP government's political resolution, aimed at empowering states such that they have a greater say during decision-making processes for the allocation of financial resources.

# PART 4
# CONCLUDING NOTES

Though all of these initiatives were launched over a decade under two different administrations, some common threads can be traced.

A striking aspect of urban housing programmes at the central level is their large-city bias. This is a matter of concern since housing deficiency—though significant in large urban agglomerations—is widespread in smaller urban centres (Kundu 2013). When launched, the JNNURM identified 63 cities, of which 7 mega-cities, 17 state capitals, 35 cities with a population of more than one million, and 30 cities populated by less than one million were included. The RAY prioritised cities with a large population of slum dwellers (MoHUPA 2013b). The Smart Cities Mission's competition method places smaller cities at a disadvantage compared to larger and better-resourced ones. AMRUT provides assistance to 500 Class I cities, but identifies them for their importance, in terms of heritage, religious, or tourist destinations—all simple administrative categories—rather than through any systematic process that might help earmark cities with urgent infrastructure and service deficiencies. *The priority of central programmes, therefore, seems to be to identify cities that are potential 'investment destinations', and public investments in infrastructure to make them attractive for global capital* (Hans 2013; Kundu 2013; Mukerji 2016).

The conception of housing as a private good, to be delivered through market mechanisms has shaped housing programmes, even in what are considered "pro-poor" schemes. The commitment to strengthen private-sector involvement through public-private partnerships (PPP) is explicit across the board,

and the underlying focus of housing policies and schemes seems to be the creation of an alluring environment for the private sector to deliver millions of low-cost units. Under this 'enabling markets' doctrine, state and city governments are expected to provide a 'liberalised' land and development rights regime, subsidies, and supporting infrastructure, while the private sector produces and sells newly constructed units. Making housing affordable for low-income households under this speculative house-builder model has highly uncertain outcomes (Mukhija 2004; Ryan-Collins et al. 2017). One easy way to circumvent this intractable problem has been a periodic upward revision of what is considered 'affordable', of what is meant by a 'small' house, and of what is understood as 'low' income: the 2011–2012 Budget revised the definition of an affordable house from Rs.20 lakh to Rs.25 lakh; the 2016–2017 Budget increased the size of an affordable house by 30 per cent, with larger interest subsidies for the middle class (Nair 2017a; Nandy 2017); the PMAY defines an LIG household as one with an annual income between Rs.3 lakh and Rs.6 lakh, up from MoHUPA's 2010 classification that calculated the range as Rs.0.6 lakh to Rs.1.2 lakh (MoHUPA 2012). *The beneficiaries of 'affordable housing', therefore, seem to be middle-income households, despite the MoHUPA's own estimates showing that almost all housing shortage (95 per cent) is concentrated in the LIG and EWS categories* (Nair 2017a).

*Redevelopment of slum settlements has become the primary mode for opening up valuable urban land to property developers.* This is facilitated through increases in permissible intensity of development (FAR), land-based instruments (TDR), relaxation

of environmental controls (setbacks and building heights), as well as minimum-density norms. While this toolkit for slum redevelopment emerged with mixed results in the specific context of large cities, particularly Mumbai, over three decades (Mukhija 2000), the PMAY aims to generalise it to the rest of the country. Furthermore, since informal settlements tend to have higher densities as compared to the residential average, in-situ rehabilitation based on the cross-subsidy presupposes improvements in the area's supporting infrastructure, which is never made a pre-condition in policy, and rarely implemented in practice. *The consequence is the tacit acceptance of deleterious living conditions as an outcome of housing policy, especially for low-income dwellers* (Indorewala & Wagh 2016). The additional middle- and high-income units required to cross-subsidise rehabilitation add to the growing stock of millions of vacant units, but fail to address the problem of housing deficiency.

*Housing schemes have moved away from the traditional approach of tenure legalisation and environmental improvements for informal settlements, and towards the production of new standardised units.* The National Slum Development Programme (NSDP), aimed at providing services and social infrastructure to slum settlements, was introduced in 1996 but discontinued when the JNNURM was launched (Sivaramakrishnan 2011, 22). The BSUP and IHSDP were primarily for new house construction—described in one place as the "great Indian mass housing project" (Mahadevia et al. 2013)—either through in-situ redevelopment or through the creation of resettlement colonies, often on the peripheries (Mahadevia 2011; Kamath & Zachariah 2015). The RAY has been an exception, as it provided the possibilities of in-situ upgradation, redevelopment, and relocation. However, its principle focus was on reform to grant full property rights to slum dwellers as a way of extending tenure security, an approach that risked their being eventually squeezed out through market mechanisms (Ghertner, 2015,

188). The PMAY promotes leveraging urban land to redevelop informal settlements into multistorey apartments, and provides subsidies to households to access newly constructed housing units.

Finally, *no concrete programme or policy for settlement upgradation, retrofitting and upkeep, and a serviced-sites approach to housing find a place in policymaking at the national level*. It was recognised back in the Fifth Plan document (1974–1979) that any housing programme will need to be related to "the economic level and the saving capacity of the people", and will therefore require "preservation and improvement of existing housing stock" (Sivaramakrishnan 1978, 92). Enough evidence suggests that upgradation programmes are better at preserving existing economic and low-cost housing systems and locational advantages (transport costs and employment opportunities) for low-income dwellers, in contrast to relocation and mass housing schemes on urban fringes. Upgradation also preserves community networks and support systems, and hence is less socially disruptive compared to redevelopment or resettlement schemes (Martin 1983, 53). Even the approach of developing serviced sites, which allow households to develop their homes over time based on their needs and means, has been almost entirely abandoned. Instead, policy interventions are focused on a single-minded pursuit to promote new house construction.

Overcoming housing deficiency—especially when demand is concentrated at the lower end of the income spectrum and public resources are limited—calls for a range of approaches, including tenure legalisation, environmental improvements, serviced sites for incremental housing, and in-situ reconstruction. In the absence of these approaches, lofty goals for missions such as 'slum-free India' and 'housing for all' will only mean more vacant houses, and many more displaced households. ◆

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