

## CHAPTER 1

# Housing Scenario

### Introduction

Housing is one of the basic human needs along with food, clothing and education. Mankind has been evolving different kinds of shelter with the changing civilizations and time. Human ingenuity has led to construction of structures as tall as 110 storeys in recent times. High rise buildings dot the skyline of the large cities all over the world. Notwithstanding the rapid stride in the field of building technology, providing shelter to the teeming millions at affordable cost remains a distant reality in most of the developing countries across the globe. A World Bank study conducted in 1975 showed that 55% of the households in Mexico city, 35% in Bangkok, 68% in Nairobi, 47% in Bogota, 64% in Ahmedabad, and 63% in Madras were unable to afford the cheapest dwellings available in the open markets of those cities. Position in these cities has since further deteriorated.

Like any other developing country, India too is presently passing through a phase of acute housing shortage. As per National Buildings Organisation (NBO) estimates, in 1991, there was a shortage of 31 million dwelling units in the country out of which shortage of 10.4 million units existed in the urban sector and the remaining 20.6 million units in the rural sector. The backlog of housing is expected to mount up to 41 million by the turn of century. The picture is abysmally dismal at the lower end of the economic ladder. According to an UN estimate, over 33 per cent of the population in developing countries is houseless. A recent study undertaken by the UNCHS reveals that over 100 million people live in a state of absolute homelessness, while in excess of one billion people are forced by circumstances to reside in desperately inadequate housing conditions which threaten their health, security, safety and dignity. The Economic Survey of India for 1991-92 indicates that in 1981, there were about 0.6 million absolutely homeless households in the country and the number has further grown in the intervening period. As per one estimate, in 1993, there were three million absolutely homeless households in the country.

It is significant that against the annual population growth rate of 2% in the country, the number of residential buildings has increased at an annual rate of only 1.5 percent. One Australia or Nepal, equivalent to a population of 17 million people, is being added to the Indian population annually. With the uncontrolled population explosion and rapid pace of urbanisation, the problem of providing shelter to the poor is bound to accentuate in coming years. According to the Federation of Indian Chambers of Commerce and Industry (FICCI), keeping in view the existing housing

crisis in the country, the present addition of 2.5 million units a year is hopelessly inadequate. The norm of five dwellings per annum per thousand heads of population, set down for developing countries has not been fulfilled even upto the halfway mark, except in a few states like Andhra Pradesh, Assam, Tamil Nadu and Kerala. Some 110 million housing units are required to be constructed annually for meeting the housing requirements of the country.

The gravity of the housing situation in India's urban as well as rural sector is discussed at length in the following pages.

### Status of Urban Housing

Urban housing in India presents a very complicated picture. On the one hand, there is semblance of modern housing on the lines of Western development in the urban agglomerations, whereas one also happens to perceive the gloomy aspect of housing, on the other. Most of the towns and cities in the country are characterised by the large-scale migration of poverty stricken people from villages and smaller towns, overcrowding, encroachment of available open space by squatter resulting in environmental degradation and crime galore. With rapid urbanisation and population, the number of slums and shanty towns have been proliferating in the major Indian cities at an alarming rate. Over 46 million people live in slums and squatter settlements in the cities. Most of these people cannot hope to afford the cheapest house available in the urban market. And the spiralling costs of land and building materials have further aggravated the problem of housing by widening the gulf between the demand and availability of housing units at affordable cost.

During 1971 to 1991 there has been the fastest rate of urban growth of the century, in India both in terms of the number of urban centres which have come up as also the urban population. The number of metropolitan cities has gone up from 12 in 1981 to 23 in 1991. The cities like Ahmedabad, Bombay, Bangalore, Calcutta, Delhi, Madras, Kanpur and Pune are experiencing population explosion. An alarming trend of migration to these cities from small towns and rural areas has been observed. According to the 1991 census out of the total national population of 844 million, 217 million lived in 3,768 urban agglomerations and towns. One-sixth of the total urban population of the country lived in just four mega cities namely, Bombay, Delhi, Calcutta and Madras, and the proportion of this population living in class I (1 million or above) cities is as high as 65 per cent. On the other hand, the share of the urban population in small towns has been drastically reduced. In 1951, some 13% urban population lived in class V (5,000 to 10,000) settlements. The figure came down to meagre 2.5% in 1991. Similarly, in case of class IV (10,000-20,000) towns, the figure has come down from 3.09% in 1951 to as low as 0.29% in 1991. The concentration of settlements in the country has, thus, become lopsided. This phenomenon shows excessive concentration of population in the large and metropolitan cities and decay of small and medium towns. This factor alone has led to the overstraining the existing infrastructures in the mega cities.

Interestingly, the pattern of population growth of the metropolitan

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cities exhibits a characteristic feature. The annual growth rate of the population of metro centres, as a result of influx of the rural poor to these centres, exceeds the natural annual growth rate of the population. The gravity of the situation arising out of the influx of the people from rural areas driven by continuing socio-economic disparity in villages may be gauged from the fact that about 2 lakh\* people migrate to Delhi every year. As for Bombay, migrants in similar number arrive in the city every day in search of livelihood. In most of the metropolitan cities about 50% people live in make-shift shelters, slums and squatter settlements in conditions which are abhorrent to human dignity. Some 46.62 million people in India live in urban slums. In Bombay alone, 5.5 million people stay in inhuman conditions in the 2641 slums scattered all over the city. Situation in other major cities is equally horrifying. Bombay's 'Jhonpadpatties', Calcutta's 'bustees', Delhi's 'jhuggi jhonpries' (JJ), and the 'cheries' of Madras have all emerged in a big way.

Rural migration to cities, especially by farming households and tribal minorities, has been caused by widespread poverty in the villages. Poverty, on the other hand, has often been off-shoot of tremendous socio-economic disparity prevailing in our villages. In some states, continuance of semi-feudalistic pattern of society arising out of non-implementation of the norms of land reforms has aggravated the rural poverty, and has forced the rural landless, devoid of any means of livelihood in their villages, to migrate to cities for their subsistence. Larger employment opportunities in cities are also a major contributing factor in attracting the destitutes from rural areas and smaller towns to larger towns and cities. A large city is perceived as an engine of economic growth.

According to a recent estimate, in the national capital, Delhi, about 2 million people live in shanty clusters squatting on 1,100 acres of prime government land with a market value of Rs 500 crore; and another 1.8 million people live in slum-designated areas. In 1994, there were as many as 1080 Jhuggi-Jhonpri (JJ) clusters dotted all over Delhi U.T. Apart from mushrooming of squatter settlements in the cities, unauthorised colonies are also now a permanent feature of urban housing. There are some 1,500 unauthorised colonies in Delhi, wherein there are no roads, no electricity and water connections and no basic amenities worth the name. These colonies cover 12,000 hectares of land, 10 times the area occupied by slums and squatter settlements in the city. More than 2 million people live in such colonies. Ineffective land policy and the excessive demand for land for housing are primarily responsible for the growth of such unauthorised constructions. Thus over two-thirds, of Delhi's housing stock is presently under occupation of slums, squatter and unauthorised settlements.

According to a World Bank paper, many big cities in developing countries are experiencing shanty town population growth in excess of 20% a year, and the problem of a doubling of slums and shanty towns within the next four to six years.

A qualitative study of housing shortage makes the position with regard to urban housing more disquietening. At present, there is an estimated

\* 1 million = 10 lakh

number of 15 million kutchha unserviceable housing stock (units with thatched walls and thatched roofs) in the urban and rural areas in the country. According to NBO estimates, about 68% of the housing stock in urban areas is 'pucca' with walls generally made of burnt bricks, stone, G.I. sheets or other metal sheets, and roofs of tiles, G.I. sheets, corrugated iron/zinc sheets and reinforced brick/concrete. 24.7% is 'semi-pucca' (units which do not belong to the classified categories namely pucca, serviceable kutchha and unserviceable kutchha) and the balance is unserviceable kutchha (serviceable kutchha units comprise of mud walls and thatch roofs). Nearly 50% of the urban households live in one-room units and 28% in two-room units. The position is much worse in the metropolitan cities reflecting the tremendous overcrowding resulting from urbanisation and population growth, as also the lack of affordable shelter on rent or ownership. The percentage of households living in one-room units is 77.4% in Bombay, 57% in Delhi, 67.6% in Calcutta, 65% in Pune, 59.6% in Ahmedabad and 53.6% in Madras. About a million people live precariously in 90,000 old and dilapidated buildings in Bombay awaiting imminent collapse.

## Status of Rural Housing

The scenario on the rural housing front in the country is far worse. According to NBO estimates, the housing shortage in the rural areas was of the order of 20.6 million dwelling units in March, 1991. The findings of the National Sample Survey reveal that the majority of the rural houses are 'kutchha' with walls made of unburnt bricks, mud, bio-mass and roofs mostly of bio-mass. Only a small portion could be categorised as pucca. As per another estimate, about 75% of houses in the countryside belonged to the category of semi or non-permanent construction. Besides, 70% of the rural houses do not have sanitation, and adequate supply of drinking water and electricity.

About 74% of the national population (843 million in 1991) live in about 5.83 lakh villages. According to the latest official information, 34.7% of the country's population happen to live below the poverty line, and the majority of the people living below the poverty line is to be found in the rural agglomerations. This alone speaks of the poor affordability of the rural population. As a result of their inability to generate the needed resources, the rural poor are compelled to live in conditions of squalor.

In rural areas, 44.38% of households lived in one-room units, thus accounting for about 73% of the total housing stock in the country side as per the 1981 Census. (The one-room dwelling units had an average population of 4.61 per room, against 2.84 of two-room units.

As per the study conducted by the Institute of Development Studies, nearly half of the rural houses are more than 50 years old requiring urgent renovation on war footing. It is disgusting to observe that the construction of pucca houses declined from 67% in 1961-71 to 32.4% in 1971-81. Simultaneously, the number of kutchha construction has increased testifying the fact that the rich get richer and the poor still poorer in the country.)

## CHAPTER 2

# Housing Finance

### Introduction

The grim housing situation in the country warrants some urgent and effective steps to combat the evergrowing demand of housing. It calls for huge investment in housing sector. Non-availability of adequate funds with the Government exchequer is, however, a major stumbling block in providing shelter to the needy poor in the country. Though in absolute terms, the investment in housing sector has increased substantially over the years, from Rs. 1,150 crore\* (total of public and private sector) in the First Five-Year Plan (1951-56) to Rs. 31,458 crore in the Seventh plan (1985-90), the relative sharing of housing sector in the total plan investment has declined drastically from an impressive 34% in the First Plan to a meagre 9% in the Seventh Plan (1985-90) (Table 1). The decline has been precipitous—down to 10% in the Second, 15% in Third, 12% in Fourth, 10% in Fifth and 7.5% in the Sixth Five-Year Plan. The comparative decline of investment in housing and supply constraints in land have been major irritants in solving the gigantic problem of housing in the country.

Table 1  
Housing Investment in Five-Year Plans

Plan Period	Total investment in the economy			Investment in housing			% of Housing Investment to total Inv. in economy
	Pub.	Pvt.	Total	Pub.	Pvt.	Total	
	(Rs. in crore)			(Rs. in crore)			
1st	1,560	1,800	3,360	250	900	1,150	34
2nd	3,650	3,100	6,750	300	1,000	1,300	10
3rd	6,100	4,300	10,400	425	1,125	1,550	15
4th	13,655	6,980	22,635	625	2,175	2,800	12
5th	31,400	16,161	47,561	1,044	3,636	4,680	10
6th	97,500	74,710	1,72,210	1,491	11,500	12,991	7.5
7th	1,68,148	1,80,000	3,49,148	2,458	29,000	31,458	9
8th				7,750	69,746	77,496	
				(proposed)			

Source: *Draft National Housing Policy, May 1990*.

\* 1 crore = 10 million.

## Low Cost Housing

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The problem with housing and real estate sector in India lies in the fact that so far housing has not been accorded the status of an industry. In the USA, housing along with the automobile industry forms a strong pillar of nation's economy. The US Administration spends 5.2% of the GNP on shelter. India with several times more of the homeless, however, spends about 2%. Moreover, in the West and even in many of the relatively better-off developing countries, the Government provides affordable housing finance through various channels. Rent supplements are provided loans at nominal interest rates and more important are the tax brakes provided to make housing cheaper. In the erstwhile West Germany, for instance, little or no income tax was levied on 30% of the corporate profit, provided the companies used the money to extend interest free loans to employees. People were given incentives to invest in savings and loans, associations and house building societies, and loans from these institutions were generally kept outside the tax net. This was supplemented by a network of housing finance institutions.

Countries like the UK and the USA too, have a well-organised housing finance system for mobilising the savings of common man for lending to the housing sector. The deposits of the building societies and the savings and loan associations of the UK and the USA are nearly equal to the resources mobilised by the commercial banking system of those countries. These have been largely made possible by a judicious provision of fiscal and monetary relief by the government to these institutions. Germany, which was devastated by the two world wars, devised its own housing plan known as 'Bausparkassen' which has played a significant role in rebuilding its devastated cities. The basic feature of such savings plan is that people contract to save a certain sum after which they are entitled to receive a housing loan, the amount of which is related to the sum saved. Both the savings and the loan attract an interest below the market rate. It is the saving of potential home buyers which is used to provide loan to purchase a house.

Successful examples of the aforesaid countries could be a trend setter for our future strategy to combat the problem of housing in India.

## Existing Housing Finance System in India

Compared to the Western scenario, the existing pattern for housing finance in India presents an entirely different picture. According to an estimate, only about 10% of the houses purchased in India are financed through institutional means. The development of the housing finance system in India in the form of an institutionalised and formal superstructure is of relatively recent origin. Prior to the setting up of the Housing and Urban Development Corporation (HUDCO) in 1970, as an apex techno-financing government company entrusted with the task of financing and undertaking housing and urban development projects with prime focus on Economically Weaker Section (EWS) and Low Income groups (LIG), the organised institutional housing finance was non-existent in the country.

The housing finance system, as it exists now, consists of two distinct components: the formal sector and the informal sector. The formal sector

includes budgetary allocations of Central and State Governments, assistance from financial institutions like Life Insurance Corporation (LIC), General Insurance Corporation (GIC), Unit Trust of India (UTI), National Housing Bank (NHB), Housing Development Finance Corporation (HDFC), commercial banks, provident funds, specialised housing finance institutions like housing finance companies and cooperative housing finance societies and employers in organised public and private sector extending housing advances and staff quarters facilities to their employees.

The informal sector, on the other hand, contributes to the housing finance system through various sources. These include sale of personal assets such as personal saving in cash and kind, sale of personal assets such as jewellery, land and agricultural property, and borrowings from friends, relatives and informal money lenders/credit unions.

A brief description of the functioning and achievements of the formal financing institutions is given below:

### i) Housing and Urban Development Corporation (HUDCO)

(The role of HUDCO as a major public sector agency channelising investible funds to the State Housing Boards, Development Authorities, Improvement Trusts, and Co-operative societies, etc., has been quite significant. The HUDCO earmarks 55% of its sanctions for EWS and LIG housing projects and balance 45% for MIG, HIG, rental and commercial projects.) Concessional rates of interest is charged from EWS and LIG categories (8% and 10% respectively) with some cross subsidisation and equity support share. In terms of number of dwellings, the share of EWS and LIG categories works out to over 90% of total houses financed by HUDCO. (The resources of HUDCO include equity support from the Government of India, loans from LIC, GIC, UTI, NHB and market borrowings. The corporation has so far financed over 55 lakh houses under 9556 schemes involving a financial outlay of Rs. 12,660\* crores.) It is also a key financing institution catering to the needs of the rural population. It has constructed over 25 lakh rural dwelling units over the past 22 years.

Of late HUDCO has decided to launch an individual housing scheme for prospective house builders shortly.)

### ii) Life Insurance Corporation (LIC) and General Insurance Corporation (GIC)

The LIC and GIC are playing a very important role as catalyst as they are now confining themselves largely to refinancing operations. In fact, in the field of refinancing, both the LIC and GIC have channelised large volume of advances through the HUDCO, the Housing Development Finance Corporation (HDFC), State Governments, Housing Boards, Development Authorities and Apex Co-operative Housing Finance Societies which are the leading institutional investors in the existing housing finance set-up. The recipients of LIC's financial assistance are the crucial agencies which can cater to local requirements and help the private sector housing activities.

(with a major thrust on housing the EWS and LIG families) to grow in a big way.

The LIC has emerged as an important contributor to the resources for crore housing sector. Up to March 31 1991, it had contributed over Rs. 4,400 flow of Li<sup>ng</sup> housing sector and helped generate 30 lakh dwelling units. The crore in 1992 investment to the housing was of the order of only Rs. 146 Government's qu<sup>o</sup> (including loans of Rs. 300 crore to NHB under Central

The GIC loans:

rural sector. Under the existing guidelines of the Government of India, the GIC earmarks 36% of its annual accretion to investible funds as loans to State government for rural h<sup>ng</sup> schemes and also loans to HUDCO.

With the setting-up of National Housing Bank, the LIC has jumped into housing finance scenario in a big way. In June 1989, LIC Housing Finance Ltd. (LIC-HFL) was set-up in association with UTI, ICICI (Industrial Credit and Investment Corporation of India) and IFCL. The LIC-HFL has since established itself as a leading housing finance institution in the country. The housing loan schemes offered, are usually backed up with LIC policy as collateral security. This special feature helps the family of borrower to inherit the house free of loan in case of untimely death of the borrower during the term of the loan.

For individual housing, LIC-HFL offers two schemes namely 'Grih Prakash Scheme' and 'Grih Lakshmi Scheme'. Under the former, the loan offered is in the range of Rs. 25,000 to Rs. 20 lakh at an annual rate of interest varying between 12.0 and 16.5%. Under the latter scheme, the loan provided is in the range of Rs. 11 lakh to Rs. 20 lakh at an annual rate of interest of 16.5 to 17.5%. The LIC policy of the borrower provides collateral security under the 'Grih Prakash Scheme'. Such security is however, not insisted upon in case of the loans sought under the 'Grih Lakshmi Scheme'. LIC has also recently launched a 'Grih Sudhar Scheme' for making available loans to individuals for undertaking repairs of their houses. Presently, the scheme is available only in the metropolitan cities of Delhi, Bombay, Calcutta and Madras. It is, however, likely to be extended to other towns shortly. Under this scheme the loan to be given to individuals ranges from Rs. 50,000 to Rs. 2,00,000.

### iii) Scheduled Commercial Banks (SCBs)

Prior to 1989, the Reserve Bank of India made annual credit allocation to commercial banks for lending to housing sector. These guidelines were subsequently revised, and SCBs are now required to allocate 1.5% of the incremental deposits in the previous year towards lending to the housing sector. The RBI guidelines have stipulated the utilisation pattern for the allocations made by SCBs for the housing sector 30% of the allocation is for direct lending of which half should be in rural or semi-urban areas, a further 30% by way of indirect lending and the balance 40% to be deployed in government guaranteed bonds and debentures of HUDCO and NHB.

Though banks mobilise a major portion (over 39%) of the total financial saving of the household sector, there has been a perceptible shift in the pattern of financial saving of household with investments in capital market

instruments showing a rising trend. In such a scenario, the SCBs contribution to the housing sector, which has grown from Rs. 186 crore in 1986-87 to Rs. 387 crore in 1990-91, is likely to decrease unless existing allocation of deposits is raised. It is also relevant to note that banks have a tendency to opt out of housing finance since it represents a high risk, low volume business which poses more difficulties in servicing as compared to industrial and other low risk, high volume ventures.

#### iv) Provident/Pension Funds

Provident and pension funds mobilise over 17% of the financial saving of the household sector. In terms of absolute volumes, they rank next only to bank deposits. The contribution of provident/pension funds to the housing sector at present is mainly by way of loans extended to members. In absolute terms, the housing advances from the provident fund increased from Rs. 129 crore in 1983-84 to Rs. 478 crore in 1990-91.

Besides being a repository of huge investible resources, the provident fund resources are eminently suited to housing sector financing as a) they are available as medium to long term capital, b) they are held as financial assets and provide a steady flow of capital over time and c) the investment is closely controlled by government regulation to ensure security of the investment.

#### v) National Housing Bank (NHB)

With a view to enlarging the scope of housing in public sector, the NHB was established in 1988, which is wholly owned by the Reserve Bank of India. The establishment of NHB is deemed to be a positive step towards meeting the long-felt need for an apex organisation which could give impetus to the process of building up a decentralised housing finance system, promote housing finance institutions and facilitate proper co-ordination among the various financing agencies associated with the housing activity. The new National Housing Policy announced in May, 1992 is aimed at enabling environment for housing activity by eliminating its existing constraints, and shifting the role of the government as builder to that of the "facilitator." The NHB could play a major role to achieve this object. It provides short-term loans to housing agencies for development and supply of land, and long-term loans to individuals for buying a developed plot and undertaking house construction.

The NHB introduced the Home Loan Account (HLA) scheme in July, 1989 to mobilise resources for housing. This is a loan-linked saving scheme on the lines of Germany's 'Bausparkasen.' As per this scheme, any individual, major or minor not owning a house anywhere in India, can open the HLA with any designated scheduled bank which takes responsibility of dealing with him or her on its behalf. The scheme is operated through the branches of public sector banks, scheduled private sector banks, state co-operative banks, urban co-operative banks and recognised Housing Finance Companies (HFCs). The minimum monthly deposit permissible under the scheme is only Rs. 30 (three years for the NHB financial housing projects). This would make the person eligible for a housing loan after five years. The

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person maintaining a HLA earns return at the rate of 10 per annum, and he/she receives the loan for housing in multiples of accumulated savings including interest at the interest rate varying from 10.5 per cent to 14.5 per cent.) The loan amount ranges between 1.5 and 4 times the accumulated savings including the interest earned. Savings in this account and interest accrued qualify for income tax concession under section 80(c) Saving, thus mobilised, would be transferred to NHB to be used by the bank for advancing loans to the public housing agencies, industries manufacturing building materials and to individuals.

The NHB extends facility of refinancing to scheduled commercial banks, scheduled state co-operative banks, scheduled urban co-operative banks, state level apex co-operative housing finance societies and housing finance companies in respect of the loans extended by them to (a) individuals (including co-operative societies) for construction/acquisition of new housing units or for upgradation/repair of existing units, and (b) public agencies, i.e., State Housing Boards and Development Authorities, co-operative Housing Societies, and professional developers for undertaking land development and shelter projects.

The maximum amount of loan sanctioned by the HFCs is normally upto Rs. 10 lakh. The amount of loan required to be repaid in equal instalments stretching over a longer period of time ranging from 15 to 20 years. The NHB has so far approved its financial support to 19 HFCs having a network of more than 300 branches all over the country. The significant players in this field besides HDFC include LIC Housing Finance Ltd., Can Fin Home Ltd., (a joint undertaking of Canara Bank and UTI), and Dewan Housing Finance Corporation Ltd. Other new entrants are Akshanya Awas Nirman Vitta Ltd. (Bank of Baroda), Fair Growth House Finance Ltd., GIC Griha Vitta Ltd., Ind Bank Housing Ltd., Indian Housing Finance and Development Ltd., Punjab National Bank (PNB) Housing Finance Ltd., State Bank of India (SBI) Home Finance Ltd., Citi Home (Citi Bank undertaking) and Vysya Bank Housing Finance Ltd. Under the Home Finance Scheme of SBI, loan upto Rs. 3 lakh is sanctioned to the prospective builder at annual interest rate of 12.5 to 17.25%. Only under exceptional circumstances, the loan amount is raised to Rs. 5 lakh. The PNB Housing Finance Ltd. and the Dewan Housing Finance Corporation Ltd. make available loan up to a ceiling of Rs. 10 lakh with the annual rate of interest chargeable by the former ranging from 15% to 17%. The Citi-Home provides the largest loan quantum to the prospective builders. The loan size offered by Citi Home varies from Rs. 2 lakh to Rs. 30 lakh.

Till June 1994, the NHB had disbursed over 2,000 crore to banks and eligible housing finance institutions to benefit over one million families.

As a result of recent revision in the interest rates of housing loans sanctioned by State Level Apex Cooperative Housing Finance Societies, the current interest rates in respect of the NHB refinance schemes range between 10% to 13.5% on the loan amount ranging between Rs. 25,000 to Rs. 3 lakh. Under the scheme, loan is now also made available for undertaking upgradation and repairs of existing buildings. The higher limit of the loan amount sanctioned for the purpose of repairs and restoration is Rs. 60,000 at the interest rate of 13.5%.

Designated suitable institutions for directing its credit and

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other assistance to the people in rural areas too. The State Land Development Banks (SLDBs) and Agricultural and Rural Development Banks (ARDBs) in various States are extended assistance by way of subscription to the Special Rural Housing Debentures floated by them for the specific purpose of providing finance for housing in rural areas.

### *vi) Primary and Apex Co-operative Housing Finance Societies*

The co-operative housing movement is a strong and well-spread movement comprising some 70,000 primary societies, 25 State-level apex institutions and the National Co-operative Housing Federation (NCHF) of India. Primary housing co-operatives have a total membership of 45 lakhs, and over 13 lakh houses and flats have been constructed through housing co-operatives and an equal number are under construction. A part of funds for construction is raised by primary co-operative societies. The state-level Apex societies had advanced a loan of Rs. 2958.44 crore to the Primary Co-operative Societies for the construction of 13,33,316 houses up to March, 1993.

The major source of funding of the Apex Societies is LIC, which accounts for 90% of the loans available to them. The HUDCO also extends financial assistance directly to both primary and Apex Societies for specific housing projects. Other sources are State Governments, floating debentures and banks which have also launched schemes to help co-operatives.

Primary housing co-operatives are characteristically oriented towards achieving the objective of affordable housing, and as such deserve greater financial support from the financial institutions such as HUDCO, HDFC and apex Co-operative Housing Finance Societies at the State level.

At present, the housing cooperative societies make available the cheapest housing finance to the prospective house builders the chargeable interest rate being only 13%. As a thumb rule, a borrower is entitled to a loan amounting to 48 times his/her monthly salary from the society. Of late the Delhi Co-operative Housing Finance Corporation (DCHFC) has raised the loan limits for individuals to Rs. 3 lakh.

### *vii) Housing Development Finance Corporation (HDFC)*

The need for housing finance for individuals in the country was fulfilled with the advent of the Housing Development Finance Corporation (HDFC) in 1977. The Corporation has pioneered long term housing finance system in the country, and has sanctioned loans aggregating over Rs. 3,500 crore, and financed more than 6 lakh families to help them acquire their own houses. It has spread its activity through its 28 branches located in different regions of the country.

The HDFC gives loans under various schemes to individuals, associations of individual groups of individuals and individual members of co-operative societies. An individual can avail loan up to 85% of the cost of house construction subject to a ceiling of Rs. 25 lakh. The lower limit for the loan is Rs. 25,000. The rate of interest charged is related to the loan amount which, in turn, is determined by the repaying capacity of the borrower. In determining the repayment capacity, factors such as age, income,

qualification, number of dependents, spouse's income, assets, liabilities, savings history of the borrower are also taken into consideration. It, ranges between 12.0% to 16.5% per annum. The principle generally adopted is that the instalment should not exceed 30% of the monthly income of the household. The borrower can choose the repayment period in the range of 5 to 20 years, not exceeding the age of retirement of the beneficiary. Of late the HDFC has also launched a scheme for providing loan up to Rs. 10 lakhs for undertaking repairs and renovation of the existing buildings.

Of late, the HDFC has been actively involved in promoting new institutions for housing finance, namely, the Gujarat Rural Housing Finance Corporation Ltd. (with support from the International Finance Corporation, Washington; the Aga Khan Fund for Economic Development, Geneva, and the Government of Gujarat), the Housing Promotion and Finance Corporation Ltd. (with the State Bank of India and capital markets), Infrastructure Leasing and Financial Services Limited (with Central Bank of India and UTI) and the Can-Fin-Homes Ltd. (with Canara Bank and UTI). In the case of last three institutions the HDFC holds 20% of their shares.

### **Governmental Role as Facilitator**

Realising the exigency of enhancing the investment in housing sector, the National Housing Policy (1992) has envisaged that 20% of the requirement of investment in housing would be met by specialised housing finance institutions, insurance and banking sector, provident fund, mutual fund, etc., and additional mobilisation of household savings. There are also some suggestions to channelise the pension fund and gratuity towards the above cause.

The role of the government during the Eighth plan (1992-97) is being viewed as that of 'facilitator' except in case of Scheduled Castes, Scheduled Tribes, women and other poorer sections of the society. Above all, a fully subsidised rural housing programme, Indira Awas Yojana is presently being operated by the Ministry of Rural Development as part of rural development programme, and the Jawahar Rozgar Yojana for providing houses to SCs/STs and freed bonded labour.

The governmental involvement in the housing sector will henceforth be only by way of removing legal and procedural constraints, enhancing flow of credit from formal institutional sector and popularisation of locally available building materials. Besides, expansion of basic infrastructural facilities to facilitate housing would lie with the government. Direct assistance from the government is to be limited to environmental improvement and upgradation of slums and squatter settlements in the urban areas and support both in cash and kind to the poorer segments. To meet the above goal, the government's assistance will have to be supplemented by a massive dose of assistance from banks.

### **Status of Rural Housing Finance**

Rural communities languish in a near total absence of institutionalised

housing finance support. Housing in rural areas has been mainly through private efforts as per the study of National Sample Survey (NSS). The 44th Round of NSS (1988-89) reveals that only 5.18% of total finance for rural housing comes from formal agencies. Bulk of the resources for rural housing comes from savings — 42.75%, borrowing from friends and relatives — 9.36% and other resources — 22.93%. The HUDCO is a premier financing institution of the country to reach housing finance to the rural areas where it has provided a loan of Rs. 907 crore to enable construction of over 25 lakh dwelling units during the past 22 years.

The LIC and GIC are the other two financing institutions in the formal sector catering to the rural housing needs. During 1993-94, the LIC had earmarked Rs. 50.44 crores for rural housing. The GIC loans are also now available for social housing schemes in the rural sector. During 1993-94, a sum of Rs. 557.83 crore was allocated for the purpose.

The National Co-operative Agriculture and Rural Development Banks' Federation Ltd. has planned to earmark Rs 500 crore of lending through Agriculture and Rural Development Bank for rural housing during the Eighth Plan.

The Rural Housing Co-operatives could play an important role in mobilising savings and channelising community action for construction of houses. The Maharashtra Co-operative Housing Finance Society provides long-term credit to prospective builders on priority basis. Similarly, in Andhra Pradesh, the Scheduled Castes- and Scheduled Tribes Co-operative Housing Federation has provided a large number of houses to the rural poor requiring urgent renovation on war footing.

The NHB has identified suitable institutions for directing its credit and other assistance to the people in rural areas. State Land Development Banks (SLDBs) and Agricultural and Rural Development Banks (ARDBs) in various states are extended assistance by way of subscription to the special Rural Housing Debentures floated by them for the specific purpose of providing finance for housing in rural areas.

### Impediments in Housing Finance and Related Issues

While functioning as the mechanism for promoting both direct and indirect investment, the existing housing finance system comes across some endogenous and exogenous factors. Among the endogenous factors, there are various legal, fiscal administrative and operational constraints which need to be removed. Among the exogenous factors, particular mention may be made of lack of adequate measures to mobilise private savings to considerable extent by providing stimulus to long-term investment in housing and creating mass awareness through publicity and contact.

The expensive and time-consuming procedural formalities involved in the registration and transfer of land are the results of complex laws and regulations relating to real estate transactions. Availability of land, though an indispensable prerequisite for housing, is full of legal formalities. This situation indirectly leads to land speculation and skyrocketing of land prices by creating impediment to the increase of the supply of developed land. Positive steps are, therefore, essential to simplify these legal

procedures and bring down the expenses to be incurred over registration land. Removal of the existing stumbling blocks in the shape of Rent Control Act, Land Acquisition Act, Urban Land Ceiling Act and Agricultural Land Ceiling Act, and suitable modification of Municipal Bye-laws will go a long way in achieving the object of accelerating the pace of housing activity in the country. Fortunately, modification of the Urban Land Ceiling Act is presently under consideration of the Union Government. This might do away with some of the hurdles presently being experienced in the existing Act. The Delhi Rent Bill (1994) introduced in the Parliament is also aimed at making the investments in housing a profitable proposition. It would encourage supply of rental housing through removal of distortions in the rental housing market.

At the national seminar on 'Mass Housing Development,' held in July 1993, the need for larger participation of private builders in mass housing programmes was greatly emphasised. The National Housing Policy also encourages involvement of private developers in development, construction and provision of infrastructural facilities. Some of the major housing agencies, like the Delhi Development Authority (DDA) have already announced their decision to involve private entrepreneurs in their large-scale housing programmes. Some apprehensions, however, have been expressed with regard to the evil effects of such participation in the mass housing programmes for the lower income group of the population. The fear arises out of the feeling that the private firms will be inclined to scrutinise beneficiaries stronger on their credit-worthiness. The Poor are not credit worthy. Moreover, the private firms will be supposedly reluctant to make use of the cross-subsidy\* being more inclined to ask a price exceeding the cost price, thus closer to the market.

It is inferred from the above discussions that in the present scenario, the existing housing deficits are enormous and the economy, although improving, is not in a position to support the level of housing investments which could actually overcome the shortages or even keep up with the new demand.

Compared to the situation prevailing some 5 years ago, more facility for housing finance is available now. However, the plight of borrowers has not reduced considerably. Interest rates on loan provided by the financial institutions being high, repayment is definitely a difficult proposition as far as the affordability of the urban poor is concerned. Besides this, 0.8% application fee, post-sanction costs like processing charges at 1%, stamp duty and registration fee, etc., add upto about 10 to 15% of the house cost. (The stamp duty for transfer of immovable property in Delhi is 8% of the consideration amount. Ironically, there is no stamp duty on transfer of such property in Germany and the USA). Thus the housing still appears to be unaffordable proposition for many under lower income bracket.

\* Cross-subsidy has been used more and more as a way to increase affordability. Cross-subsidy means that the plots for commercial purposes and those for higher income groups are sold at the market price above the cost price. The difference is used to decrease the price of plots for poorer households.

# Land Use and Physical Planning for Housing

## Introduction

Land is one of the important prerequisites for planning. No housing is conceivable without land. In most of the countries in Asia, Africa and Latin America, including India there has been increasing pressure on the urban land over past three decades. Population in these countries has increased as much as six-fold resulting in a situation wherein the demand for housing is far in excess of supply. Large scale influx of rural population into urban agglomerations, and rapid urbanisation have enormously increased the pressure on demand for housing in cities and towns. In 1991, about one-fourth of the country's population was concentrated in 1.5% of its total geographical area covering 3768 urban settlements, out of which class I towns numbering 300 alone accounted for 65% of the urban population. In metropolitan cities, there are large areas where density of population is as high as 1,000 to 2,000 persons per hectare. Due to the increasing population pressure, the precious agricultural land on the outskirts of the urban agglomeration is being encroached upon to meet the growing demand of housing. On an average, 75,000 hectares of agricultural land are being lost to cities and towns annually.

Supply of serviced land at affordable prices is a critical input for housing activity. It is widely recognised that the effective operation of land market has been affected by the existing legal and regulatory framework, lack of infrastructure, and the slow pace of release of serviced land by public agencies. This, alongwith other economic factors, has led to unwaranted increase in land price and housing costs, and widespread speculation and profiteering specially in larger cities. The exclusion of the majority of the poor from the formal market, and their inability to build or require legal shelter has led to the proliferation of settlements and unauthorised colonies.

The demand for land has led to innumerable problems of urban land development, transformation of rural and agricultural land into sites of urban expansion, monopoly value, escalation in prices of land, pressure on infrastructure, and haphazard growth of towns and cities, and land is locked up in speculative pursuits. Because of the element of speculation, land competes with the investment of surplus funds in the formal and parallel economy alongwith other assets like gold. There is very little land in large cities which can be earmarked for housing the poor in planned

manner. Housing costs, especially for migrants, are raised by the increasing values of the land components, apart from its scarcity. This leaves them with little choice other than to squat illegally on vacant land, or to occupy sites on the urban periphery far away from their place of duty.

## Planning of Urban Land

Concern for planned development of urban land in modern India can be traced back to 1894 when the British Government introduced the Central Land Acquisition Act, primarily for the purpose of housing its military and civilian population in settlements adjoining a few existing urban centres and establishing new towns. The Act provided the basis for legislation in several States in the post Independence period. The urban planning system, during the British period, however, envisaged mainly private site development, while public development was restricted to the provision of infrastructure and social amenities.

The inadequacy of serviced land in most of the large cities, the existence of high density pockets along with chunks of vacant land, the growth of unhygiene 'busties' and congested 'chawls' in and around industrial and commercial areas and such other features drew the attention of planners to the problem of land use in the post-independence period. In 1958, the Town and Country Planning Organisation (TCPO) envisaged a scheme of land use classification to achieve a standardisation in the usage of terms and categories. Subsequently, in 1966, it conducted study of land use pattern of 103 cities and towns belonging to different sizes and classes. In 1979, the TCPO published a follow-up study covering 403 urban centres based on surveys conducted by the State Town Planning Department within a normative framework and provides the key and the most effective instrument of intervention in urban planning. This thinking dominated the urban scene during the 'fifties and the 'sixties when the country went in a big way for preparation of City Master Plans with the objective of controlling and directing the growth of large cities. These plans were prepared on the basis of population projection, qualitative assessment of the trends in the sectoral composition of the city economy and certain norms with regard to land requirements for various activities. Thus, a given socio-economic profile of a city was sought to be achieved primarily through the control over the use of land. Master Plans for more than 500 existing cities and towns like Chandigarh, Bhilai, Bokaro, Bhubaneshwar, Gandhinagar, etc., were also planned and built during the 'sixties and 'seventies within this framework. (As per TCPO's estimates, development plans now exist in respect of about 1,100 urban settlements in the country.) Unfortunately, not many of these plans could become fully operational in the long run. This was due to the inadequacies in the organisational and legislative support, beside the paucity of funds. In the cities where the plans were implemented, violation of the prescribed land use became a rule rather than an exception. This was often attributed to the way the Master Plans were drawn. It was also argued that the land policies, in general, and the Master Plans, in particular, have discouraged high residential densities and growth of employment opportunities in large cities. Some critics even called the above initiative as

having incorporated on "anti-poor and pro-rich" bias in the structure of the cities.

In the absence of a clear-cut policy on land use, values of land have been skyrocketing in large cities. An interesting feature of the land prices in the urban centres is, they have risen at steady but different rates in different urban centres as also in different localities in a city. The increase in land values has been attributed to inflation, population growth, lacunae in land legislations, inefficiency of the concerned organisations, and above all, the speculative factors.

There are two streams of thought about the issue pertaining to land. There is the planner's perception that the pressure of population in a limited areas is the main explanation for the deterioration in living standards and the housing shortages. On the other hand, the proponents of people's right to land believe that within a city conceived as business enterprise, land emerges as the most precious commodity, both as a means of production and as a prime consumer goods in short supply. Around land use and redevelopment there ensues an endemic conflict of interests among the rich, the middle class and the poor. According to them, the problem is not so much the non-availability of land as the inability of the urban land market, as it is constituted to supply adequate land for housing the poor. Through the maze of urban planning and land use regulations, the conflicting relationship between the needs of land of the poor and the speculative urge of the propertied class and the promoters in being allowed to perpetuate the housing scenario.

In the present context, land has lion's share in housing finance. Its non-availability in ample measure is a major hurdle in house delivery system. The concern with land prices mainly stems from its impact on residential property prices especially its impact on the lower income groups. An affordability analysis based on the income groups and savings rate of 10% to 15% and the affordable house price calculated according to cheaper HUDCO finance, indicates that 40% of the households in the EWS category could not afford a one-room house of 12.5 sq.m. for land values higher than Rs. 225 per sq.m. of gross plot area. As the land price goes in to the range between Rs 1,000 and Rs 3,000 per sq.m., the proportion of the households, who cannot afford even a one-room pucca house, rises to 63% to 77% respectively. Considered against the prevailing land prices in different parts of Bombay, this explains the extent of the city's population living in squatter settlements and overcrowded tenements.

Land prices can be kept in check by increasing the supply of developed land amongst the people of different income groups. At present, nearly 1,300 acres of DDA land is allegedly under encroachment in Delhi out of which 459 acres is under occupation of JJ dwellers. Unscrupulous element is also in possession of large chunk of DDA land in Delhi. Appropriate vacant land-taxation policies, suitable amendments in the rent control acts and encouragements to private sector to supplement the efforts of the Government can be useful in increasing the supply of developed land and enriching the depleted housing stock. Similarly, the Urban Land Ceiling and Regulation Act, (ULCRA), 1976-a very useful Act aiming to socialise the developed urban land--needs to be suitably amended so as to eliminate

the existing loopholes, and make it a more positive Act so that the urge to circumvent it is minimised.

### Urban Land Ceiling and Regulation Act, 1976

Faced with the problems of dearth of resources and high land prices, most public agencies have tried to acquire land through legislation. Urban land being a State subject, several States, have passed laws similar to the Land Acquisition Act of 1894, so that the compensation paid to the land owners could be less than the market price. The low rate of compensation in the initial years of land acquisition, however, encouraged the farmers, apprehensive of their land being acquired by the government, to sell the same to private colonisers with the motive of profiteering. Studies undertaken to review acquisition of land by public agencies in different States have indicated that their performances have always remained below targets.

With a view to augmenting availability of land for development purposes, the Govt. of India enforced ULCRA, which was basically aimed at preventing concentration of urban land in a few hands, with a view to bringing about an equitable distribution in favour of the urban poor and to prevent speculative transactions relating to scarce and precious urban land. Under the Act, the owner had to surrender in excess of 500 sq. meters to the government at pre-determined rates and the same land was to be used for housing the poor. The intention was, indeed, laudable. However, the idea boomeranged into becoming a major impediment in the housing activity. Thousands of hectares of the surplus land that the Government proposed to acquire under the Act was caught in the never-ending rigmarole of court litigations. This drastically reduced the availability of land in most of the big cities, causing speculation in urban land and rapid escalation in the property rates. In 17 years of its existence, the government has reportedly been able to acquire barely 14,816 hectares of the total 2.20 lakh hectares declared surplus all over India. During the subsequent amendments, the holder of excess land was allowed to either utilize the land for building houses for the EWS within a period of five years or pay hefty amounts towards 'shelter fund' to gain exemption. The contribution was fixed at 30% of the notified land value in respect of the floor area ratio (FAR) being 100, with rate of contribution increasing proportionately if higher FAR is allowed or land remains vacant beyond five years of exemption period. This, too, failed to move any appreciable impact. The builders, in fact, opposed it tooth and nail saying it they were forced to shell out hefty sums towards 'shelter fund' and penalties, the property rates would soar higher as the burden of higher costs would be passed on to the ultimate buyers.

The National Urbanisation Commission in its interim report (1986) had mentioned that, because of the manner in which it has been drafted and implemented, the ULCRA has not been able to achieve any of the objectives for which it was enacted. The Act has failed in its objectives of stabilising the land price, allocating land for priority use and encouraging low income housing. Failure of the ULCRA is supported by the fact that in 1984 a mere 27 landowners, or 3% of the total, owned fully 70% of all exploitable vacant

land in Greater Bombay, and about 20 builders monopolised over two-thirds of all flat construction in the city. The enactment of the ULCRA has two serious repercussions-imposition of restriction on buying and selling of frozen land and skyrocketing of land values. The slow freezing of large tracts of land, and the slow development and marketing of land has had the adverse effect on the poor contrary to the objective of urban land policy. Most of the urban housing problems can be attributed to the problems relating to the urban land market. There is almost a freeze in the availability of urban land for housing due to the existing Urban Land Ceiling Act. The act deserves amendment on rational lines so as to encourage larger participation of private builders in mass housing programmes for the teeming millions in the country. Of late the Government of India is contemplating amendments in the existing ULCRA and Rent Control Act which might help augment supply of land for undertaking housing programmes for masses in the country.

(In recent years, emphasis is increasingly being laid on greater involvement of private sector in meeting the challenge of housing in the country which is necessitated by the evergrowing demand for housing coupled with the inability on the part of public sector to meet the housing requirements of masses. Whatsoever, an easy availability of land through the necessary amendments in the ULCRA will encourage larger participation of private builders in mass housing programme for the people with poor affordability.)

### **Effectiveness of Building Bye-laws**

Despite formulation of town planning regulations and building bye-laws for major urban centres in the country, an effective control on building activities in cities has not been possible. Violation of the building bye-laws and the provisions of the Master Plan has become order of the day in most of the metropolitan cities. This fact is supported by coming-up of a large number of unauthorised colonies and proliferation of slums and squatter settlements in large cities. Smaller towns, too are no better in terms of violation of building bye-law and the Master Plan provisions.

Building bye-laws are intended to regulate the orderly growth of towns and cities, and to ensure safe and sound building construction. As a rule, any housing plan should conform to the building bye-laws of the area. In certain cases, building bye-laws do not cater to the increasing needs of the community. For vast peripheral rural areas around metropolitan cities and large towns (rural-urban continuum), there has been no proper town planning legislation or bye-laws to govern the planning and construction activities. This has resulted in the simultaneous growth of regulated and haphazard construction activities in most of the large cities. In course of time these peripheral constructions get accommodated in urban agglomeration. Such constructions pose the problem of maintenance and provision of environmental facilities. According recognition to the rural-urban continuum would help the city/town administrators in easing the problem on this account.

The building bye-laws framed by the municipal authorities and other civic bodies, which are in-charge of their implementation, are by and large

outmoded resulting in uneconomical use of land and constructions. This inhibits incorporation of recent innovations in the fields of architectural planning and building technology in new constructions through application of which not only economy in construction could be achieved but also it could be possible to make structures mere efficient in terms of their performance. Due to pressure of modern urban requirements, violation of building bye-laws has became a common practice in urban centres. Moreover, involvement of lengthy procedures and restrictive nature of the bye-laws have often led to their bypassing and undertaking construction work in an unauthorised manner taking advantage of the inadequacy of urban administration to cope with their responsibilities. The inability of the authorities to control such development, coupled at times with the pressure unauthorised housing colonies and squatter settlement are able to muster for regularisation of such settlements at a future date, has resulted in many flagrant violation of the building bye-laws.

By and large the municipal administration and urban development authorities have not given adequate attention to the work of control of urban building activities and this, in a way, has allowed the problem to grow to such an extent in certain urban centres that remedial measures are either not possible or very costly and difficult to implement. In dealing with such problem which is vital for the proper urban development, it is essential for the developing countries like India with high rate of urban growth to identify the inadequacies in the building regulations, and to take remedial measures. Some of the important remedial measures are given below:

Measures such as realistic review of Master Plans, Standards, land use plans and regulations, rationalisation of building bye-laws based on the periodical assessment of the practical implications of the existing bye-laws and regulatory practices framed by the municipal administration/local authorities backed up by feed back of experiences of house builders, architects, engineers and town planners; permitting innovations in buildings as per the provisions of the National Building Code which lays emphasis on performance concepts of buildings along with their structural, constructional, fire and healthy safety considerations, guidelines for low cost housing as evolved by the Bureau of Indian Standards (BIS) and research institutions like BMTPC, CBRI, Roorkee and HUDCO, etc., from time to time; making available type designs in conformity with the existing bye-laws to builders in low income groups; and evolving new concepts of urban development with joint participation of architects, engineers, planners and builders to ensure economical use of land and its development to provide necessary urban services may be helpful in evolving the minimum norms which are compatible with both health and safety as well as the means of the poor.

## Residential Densities

The following densities are normally considered as optimum:

- (i) single storeyed houses : 50 - 65 houses per gross hectare;

- |                             |                                      |
|-----------------------------|--------------------------------------|
| (ii) two-storeyed houses    | : 75 - 100 houses per gross hectare; |
| (iii) three-storeyed houses | : 100 - 125 houses per gross hectare |
| (iv) four-storeyed houses   | : 125 - 150 houses per gross hectare |
| (v) five-storeyed houses    | : 150 houses per gross hectare       |

If the above densities are adhered to and layouts are prepared by qualified town planning agencies, it may be feasible to ensure adequate open spaces, wide roads, parks and other sites for communal facilities consistent with land use economy.

### Concluding Remarks

To conclude, inadequate availability of land and its high prices due to a variety of legal and administrative constraints is leaving vast numbers of households with no alternative but to illegal settlement on poorly-serviced land, or overcrowding in poorly-serviced dilapidated structures. Moreover, the rising values of land under pressure of urbanisation and population growth make it difficult for the public authorities to acquire land for social housing programmes. It is hoped, the intended amendments in the existing ULCRA and the Rent Control Act might help accelerate the pace of housing activity in the country.

## CHAPTER 4

# Housing the Urban Poor

### Introduction

Urban poverty is synonymous with the growth of slums and squatter settlements in cities and town. Fast expanding slums are a common feature of the cities of the Third World countries. In India, in 1991, over 46 million people lived in slums, and twice that number live in substandard dwellings. Rapid growth of slums in big cities is an indicator of the inadequacy of the housing in the major urban centres. Supply of housing in most of the developing countries including India falls much short of the present needs of the population in terms of location, size and tenure. Moreover, housing inadequacies in these in these countries have both quantitative and qualitative aspects. On the quantitative side, the problem of housing has been worsening over the years due to (i) exponential population growth; (ii) fast rate of urbanisation; (iii) inadequate addition to the existing housing stock; (iv) large-scale migration of the poor from villages and smaller towns, and (v) obsolescence of existing housing stock on account of lack of its proper maintenance.

The statistics of housing shortage in major cities is mindboggling. The city of Bombay had a backlog of 9,00,000 houses in 1991. The present rate of construction of housing units in the city is, however, a meagre 5,000 units per year, whereas private housing including co-operative efforts take care of another 20,000 units. The total effort thus is far too short of demand. In effect, shortage increases by about 30,000 units every year. Situation is equally horrifying in case of Delhi too. According to one estimate, 16.2 lakh dwelling units will be required in Delhi by the year 2000 AD. Against this, the DDA is, as of now, in a position to build at the most 10,000 dwelling units per year.

It is now well-established that the growth of slums takes place mainly because of the supply of houses at affordable cost being far too short of the demand. Attempts to increase the stock of low cost housing in urban areas are thwarted by soaring prices of land and building materials, and inadequate financial resources of the government engaged in the exasperating task of improving the quality of living environment of millions of the urban poor condemned to the sub-human conditions of slums.

Gravity of the situation arising out of the proliferation of slums in metropolitan centres is gauged from the fact that in 1956 only 22% of Bombay's population resided in slums. In 1986, about 52% lived in sub-standard conditions. At this rate, by the turn of the century, about 75% of Bombay's

housing prospect! According to a recent estimate (1994), 45 lakh of Bombay's one crore plus population live in 1,686 notified slum pockets occupying a 12.52 sq. km. area of municipal, government and privately owned land. Bombay has the dubious distinction of having Asia's largest slums, a sprawling conglomeration of shanties called 'Dharavi.' An estimated population of 4,00,000 live in Dharavi. The housing situation in other metropolitan cities is not much different. The slum population in Delhi has been increasing at a rate that is nearly twice the rate of natural growth of the population of the city. Nearly 50 lakh people out of Delhi's population of 93 lakh in 1993 lived in slums or in slum-like conditions. The appalling housing condition in metros is also gauged from the fact that about 6,00,000 people live on pavements in Bombay and Calcutta.

### Living Conditions in Slums

Almost all the houses in slums in large cities are in bad and dilapidated condition. The houses are usually inadequately ventilated. The designs are such as to afford bare shelter, leading to acute congestion. Huts in slums are generally constructed with materials ranging from polythene sheets, mats, asbestos sheets, mats, tarpaulin, gunny bags to bamboo, recycled tin sheets, broken bricks in mud mortar and plaster, clay roof tiles, thatch, etc. They are usually inadequately ventilated and mostly single-room units with inadequate space standards.)

(Private toilets do not exist in a majority of slum areas and even common toilets are available only in a few. Where there are no toilets, people defecate in the open which, besides being an environmental nuisance, poses hardship for especially women.) Community latrines, even where available, generally remain in filthy and insanitary conditions.

Most of the houses in slum areas do not have individual water supply. (In some slum pockets, public taps do exist but the number of persons using such taps is generally very high.) Long rows of people with buckets before public hydrants are a common feature in squatter settlements.

(The drainage system in slums is almost non-existent; situation gets worse during monsoon season when storm water finds its way into low lying settlements, making the conditions in slum areas extremely unhygienic.) Besides, roads and lanes there are narrow and often unpaved. Road and street lightings are generally inadequate. This adversely affects the safety and security of residents, and is generally believed to be responsible for high rates of night-time crime.

(There is a close relationship between environment and health) A number of studies have shown that the unhygienic slum environments make slum dwellers more susceptible to diseases like respiratory diseases, gastro-intestinal disorders, skin diseases, malarial fever, tuberculosis, etc.

A majority of the slum dwellers are employed in the unorganised or informal sector. A large proportion of them work on a daily wage basis, and therefore, have little or no job security. (Due to low income, their

standard of living is also low, and hence they are left with little income for housing after meeting basic needs of food and clothing of their families.

## Approaches and Strategies for Housing Urban Poor

More than 70% of the urban population in India lives in dilapidated environment. Rehousing the entire slum population is beyond the means of the nation. Considering large proportion of population in cities living in slums, the priority areas of government intervention in the mammoth task of providing shelter to the millions of slum-dwellers in the country include environmental improvement, provision of basic amenities, community development and prevention of proliferation of slums and squatter settlements. Several strategies have been adopted by the government in the past to meet the challenges of urban slums and squatter settlements in the country with the shifts envisaged in policy and strategy to combat the problem from time to time. Some of the noteworthy approaches adopted by the government in the past in this direction are described below:

### a) Move to Decongest Large Cities

The Government of India has, through its successive Five year Plans for economic development, always emphasised the need for rural development. Simultaneously, it has also pushed through the policy of restricting the growth of large cities, particularly metropolitan cities which alone account for nation's one-third urban population and simultaneously encouraging small and medium size towns where at least the available land for housing is relatively cheaper within reasonable distances from work centres. With shorter commuting distances, the urban poor can save on the cost of transportation, increasing their ability to channelise larger portions of their income towards housing. The Integrated Development of Small and Medium Towns (IDSMT) is one of the government sponsored schemes launched in 1979 on the recommendations of the Task Force on Planning and Development of Small and Medium Towns and Cities constituted by the erstwhile Ministry of Works and Housing (now Ministry of Urban Development), Government of India, with an allocation of Rs. 96.00 crore. The scheme is aimed at reducing pressure on large cities where problems of slums and squatters are relatively more intense. Funds are allocated under the Scheme by the Central Government for creation of infrastructure that would improve the living conditions in smaller towns and, hence, will heading towards a larger city. During the Eighth plan (1992-97), only towns with a population of up to three lakh, as per the 1991 Census, are eligible for financial assistance under IDSMT. In all, 200 towns are to be covered during the aforesaid plan-period with a financial outlay of Rs. 155 crore.

Under the IDSMT Scheme, a 50% Central subsidy is provided for conversion of dry latrines into pour-flush latrines. All other services targetted towards the urban poor are to be met by the States under the State-sector component of the IDSMT. The funding pattern of the Scheme has since been revised from 50:50 to 60:40 between the centre and state Governments

During the eighth plan period, Actual experience, however, indicates that due to inadequate budgetary allocation or delays in release of funds by the State Governments, there has been tardy implementation of the State component of IDSMT. Additionally, the States have also not been able to take full advantage of the Central subsidy for low-cost sanitation, due to their own budgetary sources or through beneficiary participation.

Slum improvement or upgradation programmes are also an integral part of the Scheme, which are deemed to be funded through State Plans. The IDSMT Scheme can be described as marginally successful since finances allocated are too meagre in relation to the projects and the number of settlements taken up under the scheme.

The Integrated Rural Development Programme (IRDP) and a host of other programmes initiated in rural areas such as the Rural Landless Employment Guarantee Programme (RLEGI), the Training of Rural Youths for Self Employment (TRYSEM), the Rural Employment Programme for Women (REPW), the Rural Water Supply Programme and other similar programmes are, in fact, supplementary to the IDSMT Scheme as they aim to improve the lot of the poor in rural areas and contain them there rather than let them migrate to cities. But, like the IDSMT, the programmes for rural development are beset by severe resource crunch and mismanagement of funds. The schemes, therefore, have not been successful in stemming the migration tide to the desired extent. Another notable governmental effort to decongest large city has been the conception of the National Capital Region (NCR). It was mooted to decongest Delhi and regulate its population within manageable limits.

### b) Government-Sponsored Programmes for Slum Upgradation

The main programmes undertaken by the government to mitigate the housing problem of the urban poor include the following:

- 1) Slum Clearance and Relocation Schemes (SCRS)
- 2) Environmental Improvement of Urban Slum Scheme (EIUS)
- 3) Sites-and-Services Scheme (S&S)
- 4) Urban Basic Service Programme for the Poor (UBSP)
- 5) Scheme for Housing and Shelter Upgradation (SHASU)

#### 1) Slum Clearance and Relocation Schemes

Under the Slum Clearance and Relocation Scheme, launched in 1956, it was envisaged to get the existing slum areas cleared off and settle the slum dwellers at alternate sites. They were given highly subsidised tenements. However, these schemes did not succeed in the sense that these could provide shelter only to a marginal segment of slum dwellers. For instance, in Delhi where these programmes were implemented vigorously only 20.66% of the target population could be settled upto 1977. The programme could not benefit the target groups. The majority of those who were settled in resettlement colonies were replaced by comparatively higher income groups. The failure of this scheme could be attributed to the following three factors:

- i) The resettlement colonies were brought up in peripheral areas of the cities which were quite distant from their earlier place of living and

work. This not only disturbed their social fabric but also threatened their source of income. Since, for the poor, employment is more important than shelter, that is why in order to maintain access to earning opportunities most of them perforce require residence close to their place of work.

- ii) Resettlement colonies being far from work places raise the transport cost and reduce the working hours which, in turn, further depletes their income. This acted as a stimulus to sell whatever shelter they had, and to move closer to their work places.
- iii) Shortage of supply of dwelling units meant for low and lower-middle income groups pushes these groups to get accommodation which are otherwise meant for the urban poor. They appropriated the highly subsidised shelter either by registering themselves as poor or by offering handsome amounts to the intended beneficiaries. The implementation of the scheme, nonetheless, improved the insanitary condition in the slum areas of cities like Delhi. But the formation of slums and squatter settlements continued unabated, posing enormous problem for the government.

## 2) Environmental Improvement of Urban Slum Schemes (EIUS)

In the light of the experience of Slum Clearance and Relocation Schemes, the approach was changed with the implementation of the Environmental Improvement of Urban Slums (EIUS) Scheme in 1974. The scheme was a part of the Minimum Needs Programme (MNP) launched the same year. The MNP emphasized the need for slum improvement in larger towns. The scheme is at ameliorating the living conditions of urban slum dwellers, and envisages provision of drinking water, drainage, community baths, community latrines, widening and paving of existing lanes, street lightening and other community facilities. The approach of tackling the problems of slums through environmental improvement was a significant improvement over the earlier efforts of slum clearance. The Bustee Improvement Programme implemented in Calcutta clearly demonstrates the kind of result that can be achieved with the minimum investment. The programme had benefitted some 1.6 million people living in 1,500 locations over a period of about 9 years (1971-79).

The Central Government moves plan allocations for undertaking slum improvement under the EIUS Scheme. The said scheme is taken up by agencies operating at State and city level with additional support from the State Governments for housing improvement and other socio-economic programmes. The scheme to be taken up by State Government agencies as a grant scheme, provides for taking up physical infrastructures like widening and paving of existing lanes, community bath, community latrines, street lighting etc. The element of subsidy is reduced compared to the one provided under the earlier scheme of Slum Clearance and Relocation. Grants are provided under the EIUS Scheme at the rate of Rs. 525 per capita. Shelter norms were also lowered down on the plea, that since the affordability of the poor has not improved, a greater element of subsidy would mean the transfer of home ownership to higher income groups. This would be undertaken by agencies operating at

State and city level with additional support from State Governments for housing improvements and other socio-economic support programmes.

The position with regard to recovery of capital costs and service charges under this scheme is far from satisfactory. The scheme when implemented in slums situated on public lands provide *de facto* security leading to complications of non-recovery of even service charges. The slums situated on the privately-owned lands seldom get covered under the scheme, and wherever they are covered occasionally, leads to exploitation by slumlords and land owners. Moreover, under the EIUS Scheme, the process of decision-making and project implementation is extremely controlled leading to indifferent community response. This results in poor maintenance and worsening recovery of dues. On the whole, the scheme leads to an inflexible process which can only, to a limited extent, take into consideration the needs, aspirations and priorities of the community.

In Delhi, presently two slum upgradation schemes are being enforced namely the EIUS targetted at notified slums and the Environmental Improvement of Jhuggi-Jhonpries (EIJJ) targetted at squatter settlements. The EIUS Scheme aims at providing the living environment in notified slums through provision of civic facilities including water supply (one tap for 150 persons), sewerage, storm water drains, community latrines (one lavatory seat for 20-50 persons), community baths (one bath for 20 to 50 persons), widening and paving of existing lanes to make room for easy flow of pedestrians, bicycles and handcarts and to avoid mud and slush, street light (one pole per metre), community halls baratghars) open air theatres, akharas, etc. Under the EIJJ, Scheme, which is operational since 1987, pay and use community toilets/baths, street lights poles, water supply, dhalos/dust bins, paved pathways, drains, etc. are provided in jhuggi jhonpri clusters (under the parallel plan of EIUS). The quality of life of about 7 lakh people has improved substantially with these facilities. Under the EIJJ Scheme, a massive programme of constructing pay and use toilet-cum-bath (Jan Suvidha) complex in the JJ clusters has been launched. The complexes are available to the women and children free of charge. However, the men folks have to pay a nominal amount each time they use the complex. In addition to EIUS and EIJJ schemes, a massive crash programme for providing 50,000 serviced sites in well-planned and laid out colonies to the slum dwellers is to be launched by the DDA in near future. Moreover, the Slum Wing of DDA has recently launched a Registration Scheme for allotment of flats to the residents of slum/jhuggi settlements, resettlement colonies, unauthorised colonies and urban villages, and 27,000 persons have registered themselves under this scheme. So far, 3,000 flats are being constructed out of which more than 1,000 have already been allotted.

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### 3) Sites-and-Services Scheme (S & S)

The Sites-and-Services (S&S) Scheme is yet another experiment undertaken in respect of improving the housing condition of the urban poor. Under this scheme the slum dwellers were provided small plots (25 sq.m.) along

with necessary infrastructure. The smallest plots under the scheme measured 21 sq.m in Bombay. The owners of the plots were supposed to construct the structures in future depending upon their affordability. The cost of infrastructure was borne by the government. The element of subsidy was again reduced under the scheme. However, the scheme has been widely supported by various government agencies, and international financing agencies have been increasingly willing to fund such programmes. Though of recent origin, it has gained considerable popularity in Asia, Africa and Latin America. In all these continents the scheme is an important component of housing policies. Like the Slum Clearance and Relocation Scheme, this scheme has also suffered from the location and siting considerations. Cost recovery records were, however, better in sites-and-services than the upgrading projects. As in the case of other social housing schemes, in respect of the Sites-and Services Scheme also, the HUDCO has been designated as national level nodal agency for routing central allocations. The HUDCO has, in turn, put the stipulation that all the composite housing schemes that it finances, one-third of loan provided has to be spent by the receipty (State) housing agency on construction of houses for EWS. It could either be in the form of sites-and-services or complete dwelling units.

Under Jhuggi-Jhonpri (JJ) Resettlement Programme, initiated prior to the inception of the Seventh Five-Year Plan, about 2.20 lakh jhuggi jhonpri families were re-settled in 46 JJ Colonies, where these families were provided plots of 60 sq.m to 21 sq.m minimum size from time to time with basic infrastructural facilities. The plot size had been varying from time to time depending upon the magnitude of the problem and physical/financial constraints. The scheme of JJ Resettlement was, however, discontinued with the termination of the Sixth-Five-Year Plan (1980-85), and emphasis shifted from resettlement of jhuggi jhonpri dwellers to improvement of slum/JJ Clusters on 'as is where is' basis.

Among other notable projects undertaken under the Sites-and-Services Scheme, names of Arumbakka Sites-and-Services Project of Madras, and Vasna slum Rehabilitation Project of Ahmedabad are worth mentioning.

#### *4) Urban Basic Service Programme for the Poor (UBSP)*

One of the identified deficiencies both under the EIUS and sites-and-services is that clients are not well-equipped to avail full benefits of the services provided. In this connection it is felt that there is a need to educate the prospective clients and prepare them for their participation in community work. Studies in the past have shown that whenever there is active involvement of the clients in the design and implementation of the development scheme, it not only leads to substantial reduction in capital costs but also results in ensuring efficient operation and maintenance of the newly-created facilities. Once a commitment of the beneficiary is accomplished, cost recoveries posed no serious problem. Keeping this finding in view, the seventh plan proposed the revival of the Urban Community Development Scheme of the earlier plans in a slightly modified form. The new scheme known as Urban Basic Service Programme for the poor (UBSP), launched in 1990, was evolved by integrating Urban Community Development Programme, UNICEF-aided Small and Medium Towns Development and Low-Cost Sanitation. The scheme's emphasis is on social inputs

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to go side by side with physical improvements, in construction of houses and other infrastructural facilities. The social inputs include primary health and nutrition extension, hygienic and civic responsibility, education, pre-primary and primary school facilities, and vocational training for the women folk.

Since the inception of the Seventh Five-Year Plan, the programme is being implemented on a 60:40 sharing basis between the Central and the State Government. A total outlay of Rs 100 crore has been provided for the scheme for the eighth plan period. The scheme is being implemented in association with the State sector scheme of EIUS and the Centrally-sponsored—Nehru Rozgar Yojana.

### 5) Scheme for Housing and Shelter Upgradation (SHASU)

The Scheme for Housing and Shelter Upgradation (SHASU) is a part of the Nehru Rozgar Yojana (NRY) launched by the Government of India in October 1989. The NRY was recast in March 1990. The entire expenditure on the NRY of which SHASU is a part is to be shared on a 60:40 basis between the Central Government and State Government with effect from the eighth plan. The SHASU seeks to provide assistance for housing and shelter upgradation to economically weaker sections of the urban population as well as to provide opportunities for wage employment and upgradation of construction skills. A loan up to a ceiling of Rs 3,000/- at 10% rate of interest is provided under the scheme to the entitled beneficiaries for Housing/Shelter Upgradation. In case of enhanced financial requirement beyond Rs 4,000/-, an additional loan can be procured from HUDCO under its scheme for EWS Housing. This scheme is applicable to urban settlements having a population between one and twenty lakh. Requirements for institutional finance for the scheme are met by HUDCO. The Central Government had made an allocation of Rs 10.45 crore as subsidy for shelter upgradation, and Rs 2.61 crore for training for skill upgradation in construction trades during 1993-94. HUDCO has sanctioned 420 schemes for Housing/Shelter Upgradation upto December 1993 since the inception of the NRY.

### c) National Housing Policy

The National Housing Policy announced in May 1992 envisages a separate clause from slum and squatter settlements in urban areas and housing for the urban poor. Keeping in view the policies of planned growth of urbanisation, income support and poverty alleviation, and together with steps to arrest the growth of slums in urban areas, the Central and State Governments would take steps to:

- avoid forcible relocation or dishousing of slum dwellers
- encourage in-situ upgradation, slum renovation, and progressive housing development with conferment of occupancy rights wherever feasible, and to undertake selective relocation with community involvement only for clearance of priority sites in public interest
- expand provision of water supply, sanitation and other basic services in slum and other settlements occupied by the poor

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work. This not only disturbed their social fabric but also threatened their source of income. Since, for the poor, employment is more important than shelter, that is why in order to maintain access to earning opportunities most of them perforce require residence close to their place of work.

- ii) Resettlement colonies being far from work places raise the transport cost and reduce the working hours which, in turn, further depletes their income. This acted as a stimulus to sell whatever shelter they had, and to move closer to their work places.
- iii) Shortage of supply of dwelling units meant for low and lower-middle income groups pushes these groups to get accommodation which are otherwise meant for the urban poor. They appropriated the highly subsidised shelter either by registering themselves as poor or by offering handsome amounts to the intended beneficiaries. The implementation of the scheme, nonetheless, improved the insanitary condition in the slum areas of cities like Delhi. But the formation of slums and squatter settlements continued unabated, posing enormous problem for the government.

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- ensure proper maintenance of amenities through community involvement and decentralised institutional arrangements
- integrate the provision of physical amenities with basic services including maternal and child welfare services and health care, structured on community participation and involvement of voluntary agencies and management by local bodies
- promote incremental construction and upgradation by poorer households through access to land and services, through technical support, outlets for low cost technology and materials, opportunities for skill upgradation and access to housing finance on flexible terms
- provide night shelters and sanitary facilities for the footpath dwellers and the homeless.

d) World Bank Aided Programmes for Urban Poor

The World Bank has played a significant role in providing financial assistance to the programmes for improving the plight of urban housing in the country. It has extended its support to deal with the problem of slums in bigger cities like Bombay, Calcutta and Madras in a noteworthy manner. It considers its urban development project in Madras as a showcase. The World Bank provided its first loan to India for the purpose of Urban Development in 1973. In contrast to the Centrally-sponsored EIUS Scheme, with its origin in a 'welfare state' approach with subsidies, the World Bank funded projects aim at recovery of costs to an extent. These projects also aim at considering and maintaining the improvement works carried out by way of granting tenurial rights and enforcing recovery of service charges and developed plots. In case of the World Bank funded projects, cost recovery records have been more encouraging in sites-and-services than upgrading projects.

At present, the World Bank aided projects are under implementation in the States of Maharashtra, Gujarat, Uttar Pradesh and Tamil Nadu. The projects cover several sectors/areas such as Shelter/Slum Upgradation, Sites and Services/Area Development, Transport, Low Cost Sanitation, Solid Waste Management, Municipal-Development Fund, etc. The Ministry of Urban Development (Government of India) monitors the implementation of the World Bank aided projects in the States.

e) Involvement of Co-operatives in Resettlement Programmes

Recently, a new strategy for resettling jhuggi households has been embarked upon by DDA. Under this approach of sites and services, plots of 18 sq.m with share-in-open courtyard under 'Cluster-court-town-house' planning concept are to be provided for resettlement of these squatter families whose jhuggies had been in existence prior to 31.1.1990. The resettlement complexes are to be the integral part of the new residential schemes of DDA. Sites measuring about five hectares are to be utilised for provision of 1,000 plots/residential units by achieving a density of 200 units per hectare, and in layouts, one hectare of land is utilised for provision of community facilities such as primary schools, open spaces, 'Shishu vatikas,' 'basti vikas kendras,' community facilities complexes, and 'dhalavs,' etc. The

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lay-out plan is around open court-yard with 4 to 6 dwelling units about 7 sq.m. each in open courtyard for the group. Full coverage of 18 sq.m. plots is permitted to the squatter families on the ground floor, and subsequently, when the affordability of allottees improves, additional floor can be added by the beneficiaries, approachable by a ladder/staircase provided within the plot on the ground floor. Independent Water Closet (WC) units and bathrooms with cooking shelves are to be provided to make the residential units as self-contained.

The squatter families are organised into multi-purpose cooperative societies with the association of NGOs/voluntary organisations and the slum wing of DDA as per the approved byelaws. For shelter construction, Delhi Co-operative Housing Finance Society (DCHFS) is designated as funding agency for providing a loan of Rs 15,000 per jhuggi households in three phases through procurement of bulk finance from HUDCO. The loan is to be recovered from slum dwellers in 261 equal instalments. As a part of the project before shifting of the jhuggi households to resettlement complexes, construction of foundation upto plinth level along with WC seats and baths is to be undertaken at the sites of alternative plots either by the Slum Department of DDA or by Co-operative Societies, as the case may be.

### f) UCD Approach

The Slum upgrading programme successfully taken up by Municipal Corporation of Hyderabad and Vishakhapatnam in 1983-84 and 1988-89 respectively under the financial assistance from Overseas Development Administration (ODA) of UK, is widely known as 'UCD' approach. UCD stands for 'Urban Community Development'. The programme is geared up to pursue the objectives of achieving improved quality of life for the residents by making the community aware of its potentials and providing the required inputs. The inputs include provision of physical infrastructure, social facilities, economic support programmes and at some places include financial assistance for rebuilding or improving the house structure. The focus of the programme is on integrating marginalised communities into the city fabric by extending access to services and infrastructures as also legalised tenure security. The success of the UCD approach at Hyderabad and Vishakapatnam is comparable to the popularity of 'Kampung Improvement Programme' (KIP) in Indonesia. The KIP is considered as one of the world's outstanding slum improvement programmes undertaken with the active participation of the community.

In Dharavi (Bombay), groups representing 4,00,000 people have also joined together to form people's Responsible Organisation for United Dharavi (PROUD). It is a highly democratic body, with each member organisation electing its own representative to the PROUD which is itself organised to address specific issues. The PROUD has its own team of professionals that prepare schemes for the upgrading of squatter communities and for the regularisation of land.

The Indore Habitant Improvement Project (IHIP) for slum upgradation with assistance from ODA in January, 1990 is another worth mentioning/example of the co-ordinated efforts to improve the living conditions of city slums through community participation.

The Lakshminipuram Slum Rehousing Project undertaken in Bangalore is yet another successful story of community participation settling the problem of rehousing the slum dwellers without their eviction from the site of their squatting. For the first time in Bangalore, secure land tenure has been offered as an in built provision in a slum rehousing project.

#### g) CD Wings

The other approach attempted is integrating community development activity with organisations like the Slum Boards and Housing Development Authorities. The Tamil Nadu Slum Clearance Board and the Maharashtra Housing and Area Development Authority ((MHADA) have community wings to undertake this function. In this structure, Community Development (CD) Wings perform a supporting role of contacting and communicating with the communities with regard to physical infrastructure and housing improvement plans of the agency.

#### h) Role of Voluntary Organisations

Voluntary organisations have been playing an important role in tackling the problems of the poor and the under-privileged. Main spheres of their services are, however, restricted to education, (including adult education), public health, sanitation, family planning and social forestry. In the field of housing, the voluntary organisations have not been able to do much because of the enormous amount of capital investment needed for such an effort.

The Subsidised Aided Self-Help Housing Scheme for the Economically Weaker Sections (EWS) being implemented in Kerala with the help of voluntary organisations, is however, one good example to show that what could be achieved by such organisations. In the above scheme, financial, technical and managerial assistance was provided by the State Government.

#### i) Improvement of Inner City Slums

The slum of large cities in the developing countries present a set of shelter issues that differ in important aspects from those of squatter settlements. In many large cities, notably in Asia, inner-city slums constitute a large chunk of the population of the urban poor. In cities like Bombay, Calcutta, Colombo, Lahore, Bangkok and Madras, a substantial percentage of city's population live in such slums. As a general rule, the older the city, the more likely it is to have a large slum population. Globally, slum populations are largest in the old cities of Asia, Latin America, and Western Asia, and smallest in the young cities of Africa, especially Sub-Saharan Africa.

While 'formal' housing in the inner-city slum displays great variation, it falls broadly into two main categories derived from the original intended use of the structures. The first category consists of housing produced by the conversion and sub-division of structures originally intended for non-residential purposes or for high-income groups. This category includes the 'conventillos' of Santiago and Lima, and the 'havelis' (old mansions) and 'mohallas' of Old Delhi. The second category is made up of building types

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that were, from the beginning, intended for occupation by low-income groups. This category includes the 'chawls' (Three-to four-storey tenements) of Bombay, shop-house tenements and row tenements of South-east Asia and 'vecindades' of Mexico City.

The critical issues in planning for inner-city rehabilitations and slum improvement relate to competing sets of interests and the ways in which interests are presented and defended. Planning strategies always reflect the pressure that interest groups are able to exert, since the interests are great and the stakes usually high in the inner city, this applies to the central area perhaps more than anywhere else. The position of the poor in the inner city is particularly vulnerable, and it is inevitable that they stand to lose most from the changes that take place, especially from changes that squeeze the space that is accessible to them.

Increasing commercialisation of inner cities is, in most cases, the dominant threat to slum dwellers. Such pressures may be accompanied and exacerbated by processes of 'gentrification,' whereby areas and floor space traditionally occupied by low-income groups are gradually taken over by higher-income groups. The slum dwellers are typically unable to resist commercialisation and gentrification, although there have been isolated instances of organised industrial workers who have been able to prevent 'take-over' of the relatively small areas in which they lived.

Rent control, in most developing countries including India, has been the most important support protecting interests of the poor in the inner-city slums. The experience of such cities as Bombay, Colombo, Delhi, Karachi, Lima and Mexico City leaves little doubt that by maintaining rents at affordable levels, rent control has helped stabilise residential neighbourhoods that would otherwise have been lost by low-income groups. Rent control has, however, become one of the most contentious issues in the inner city. It has some negative consequences. Relatively, affluent tenants find themselves in the privileged position of paying rent far below what they can reasonably afford. Moreover, rent control serves to subsidise the business and commercial establishments that manage to penetrate residential buildings. Also stabilisation of low-income groups in the inner city is likely to be offset by a management stalemate in the situation in which government, house owners and residential all refuse to accept responsibility for the maintenance and improvement of the housing stock. The greatest objection to rent control, however, is that it greatly discourages property owners from investing in the improvement of their property, and new investors from investing in rental housing for low-income groups. This fact is supported by the progressive deterioration in the inner-city housing stock and to the sharp decline over the past three decades in the production of rental housing for low-income groups.

In Bombay, the typical rental housing solution for the poor groups are 'chawls' built by the private and public sector, which dominate the city's central area. Around 60% of Bombay's low-income population live in these 'chawls.' A Rent Control Act enacted by the British in 1939 followed by a rent freeze in 1947 established a system of protected tenancy that has ensured to this day the survival of the poor in Bombay's central areas. In 1969, the Maharashtra Government passed an Act that established the Building Repairs and Reconstruction Board. The Board was responsible for ensuring

the timely repair and reconstruction of buildings occupied by tenants and not owned by co-operative societies or public bodies and used solely for residential purposes. A repair was levied in all buildings requiring repair effective from 1969. In the case of building repaired, the owners were required to pay a higher repair cess. In 1977, the legislation was repealed and replaced by the Maharashtra Housing Area Development Act under which the State assured the responsibility for repair and reconstruction of buildings. Most of the affected are in the four congested inner-city wards which, while accounting for only 26.8% of the total area, contain 60% of the 'cessed' buildings. In 1981, the priority list contained 2,936 buildings of which 1,136 were considered beyond economic repair. Whereas the repairs programme has proved manageable, reconstruction work has proved very difficult. The value of the Bombay experience lies in the efforts to preserve and rehabilitate the existing housing stock in central neighbourhoods, while ensuring the right of low-income groups to remain in the neighbourhoods. The experience also points to the value of directly involving the poor in rehabilitation programmes.

Colombo provides an interesting example of public sector legislative intervention, followed by subsequent upgrading programmes, aimed at stabilising the low-income population of the inner city. The ceiling on Housing and Property Law, enacted in 1973, controlled the ownership of housing property by specifying the permitted number of houses an individual, family or group of persons could own. The surplus could be purchased by tenants or be transferred to the ownership of the Department of National Housing. The housing transferred became the responsibility of the National Housing Commissioner, and was later to be offered for purchase to tenants. In 1977, policy changes were enforced to the effect that all tenants, who paid a monthly rent of Rs. 25 (approximately \$1.50) or less, would receive their housing units free of charge from the government, as a further step towards the socialisation of housing. The value of the Sri Lankan experience is the lesson derived from the enactments of appropriate legal mechanisms which effectively stabilised the low-income groups in the inner city through the enforcement of tenurial changes.

Another interesting example of resolving the problem of inner city slum is that of land-sharing schemes in Bangkok. The schemes represent an interesting and realistic approach in countries where the urban land market is largely unregulated. The schemes tackle one of the main constraints on inner-city rehabilitation efforts—landlords opposition to the upgrading of slum areas which they are seeking to recover for private redevelopment. The schemes are based on a trade-off between conflicting interests owners versus residents—which allows the landlords to recover part of his property while permitting the residents to retain possession of the remaining part. In inner-city areas where growing demands on valuable land increase the threat of expulsion for low-income groups, land-sharing is able to break a deadlock by legitimising the right of the poor to remain where they are. The Bangkok experiments with land sharing appear to have considerable potential, not only for stabilising the position of low-income groups in the inner city. It could be applied to the government-owned land, with land sharing used by the public sector as an effective tool for securing cross-subsidisation in upgrading programmes.

### Housing the Urban Poor

#### j) Night Shelter/Sanitation Facility to Pavement Dwellers in Urban Areas

People sleeping on footpaths or road berms present most inhuman and pathetic aspect of housing shortage in urban centres, especially in larger towns. Driven by extreme socio-economic disparity in the villages, these hapless people are left with no other option than to migrate to cities in search of livelihood. They are mostly engaged in petty jobs. Such people are generally casual labourers, and shoe-shine boys, rickshaw pullers, hawkers, vendors and cart-drivers, etc. Having no home in or around city, they are forced to pass their nights on pavements.

Realising the agony of pavement dwellers and the shelterless, the Government of India had launched a scheme for construction of night shelters in metropolitan cities in 1990. Under this scheme, night shelters and sanitation facilities are provided to the dwellers at a per capita cost of Rs 5,000 with 20% subsidy from the Central Government and 80% from HUDCO. The scheme has since been extended to cover all urban areas, wherever the problem of pavement dwellers exists. Up to December 1993, a total number of 41 schemes had been sanctioned by HUDCO to benefit 20,000 pavement dwellers. In Delhi, the DDA<sup>e</sup> has put up 17 night shelters in different parts of the city. Each shelter is provided with jute matting, blankets, medical aid, toilet, and mini library and colour TV for entertainment of the inmates.

The guidelines of the scheme have since been revised with a view to generate more schemes during the eighth plan. The revised scheme provides for construction of 'pay and use' toilet facilities where construction of night shelter is not feasible for which a Central Subsidy at Rs 350 per user is provided.

### Concluding Remarks

- (i) The problem of housing the urban poor is required to be tackled in a holistic manner, through multi-pronged strategies. There cannot be a lasting solution to the problem of housing for the urban poor unless housing becomes a part of the overall development strategy of the national planning in tenor and spirit. There is urgency to check the uncontrolled migration of the population from rural areas and small urban centres to large cities. It is better said than done. By and large the root of urban poverty lies in the rural poverty. In one sense urban poverty is spill-over of the rural poverty. There should be all-out efforts to improve the economic lot of the rural poor so as to arrest the process of their migration to towns and cities in search of livelihood. There is also a need to enforce the norms of land reforms in the right earnest as the structure of our villages is still largely agrarian, and the majority of rural population still depends on agriculture and agro-based industries. It is the landless labour who form the majority of the rural population. Economically, they are the most suppressed class. It is they who per force migrate to towns of cities as the villages where they are born and live, are not able to contain them due to unfavourable conditions prevailing in the countryside for their sustenance. Efficient urban land management, ways and means for encouraging community involvement in

slum upgradation programmes, defining the role of private developers and voluntary organisations, and evolving realistic standards for housing urban poor are some other issues which deserve special attention to resolve the crisis of housing the urban poor.

(ii) Squatter-settlement upgrading and sites-and-services programmes are a considerable improvement on the shelter policies that prelude them. Both the programmes have displayed a tendency to serve the most able and enterprising among the urban poor. This has led to suggestions that they may have a "creaming off" as well as polarising effect among the poor. Nonetheless, the programmes are perceived as the prime instrument for improving the housing conditions of the urban poor.