

## **Political Economy of Making Indian Cities Slum-Free**

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The vision of slum-free India put forward through designing and implementation of Rajiv Awas Yojana (RAY) in a mission mode has raised diverse expectations in different quarters in India. It is a major flagship programmes of the UPA II government launched with the avowed objective of enabling urban poor families realize their dreams of owning a house with full land title and access to basic civic amenities. Its launch has, however, created diverse expectations in different quarters. The real estate and builder's lobby, who had apprehended that the housing bubble was about to burst, saw it as a factor giving a boost to the market and as a business opportunity. The banking cum financing agencies that were uncertain of the demand for loan and their recovery believed there will be inflow of subsidies and of state support. Urban upper and middle class, on the other hand, hoped that their cities will be 'sanitised' through the implementation of the programme as the slums would disappear either through upgradation or eviction.

The present paper analyses the mission considering three aspects: (a) vision, (b) design or the structure and (c) operationalisation and stipulations for implementation. These have been taken up in the following three sections while identifying the deficiencies or the difficulties currently being encountered in the Mission. An attempt has been made to review the policy documents and research studies and presenting their recommendations and suggestions within an analytical framework. The final section attempts to assess the economics and politics of the Mission in the context of the goals and perspective set for the country and the structure adopted for implementation in its first 'learning phase'. In the context of the perspective that this would be a grand flagship mission for achieving the objective of slum free India in a time bound manner, a few clarifications regarding the road map and suggestions with regard to future action plan has been put forward to help restructuring the Mission.

### **Issues concerning the Perspective and Vision of the Mission**

- India is admittedly way short in contributing to the Millennium Development Goal (MDGs) of improving the conditions of a hundred million slum dwellers globally, by 2015. Unfortunately, there is no way to judge the progress in relation to this target, as temporally comparable data are not available, as officially admitted in the Report prepared by the Ministry of Planning and Programme Implementation. In fact, there are multiples data sets available on slums such as the NSSO, Census, UID, NUIS, etc. that need to be put together, analysed and differences reconciled, before one can have a view on the matter. The 49<sup>th</sup>, 58<sup>th</sup> and 65<sup>th</sup> rounds of NSS provide extremely valuable data on number and location of slums, tenure status, housing structures, access to amenities etc. that can be used in building a perspective of slum development at state level. The proposed 69<sup>th</sup> round is seeking to include additional data as required for RAY implementation. The 2011 Census has collected information on livelihoods along with the slum conditions. The Hashim committee is presently trying to determine BPL households. These multiple data sets need to be reconciled and utilised for building a macro planning framework for making India slum free.
- Under JNNURM and now under RAY as well, small and medium towns have consistently been excluded despite clear evidence of there being a higher incidence of poverty and slum like

conditions with serious service deficiencies. The focus on large cities in the context of the perspective of slum free India is due to the fact that the political economy of the country necessitates improvement in their environmental conditions and make them attractiveness for business. The bias is implicit also in the development of the database as the Census of India collected information on slums only from the larger cities until 2001. The information from National Sample Survey too is more robust for class I cities, the estimates for smaller towns being extremely unreliable, largely due to sampling frame and sample size. Further, smaller towns lack the resources/capacity to collect and map their slum data so as to stake a claim for central funds for slum improvement. Ironically, this data gap has often been taken by policy makers, administrators and researchers to infer that the small cities have no slums.

- Granting of full property rights to slum dwellers and enactment of state legislations in this regard are mandatory requirements under RAY, except in regions with community control and ownership of land. Currently, this takes a long legislative process and governments at national and state levels need to take steps to resolve this. The Draft Legislation; 'Andhra Pradesh Slum (Identification, Redevelopment, Rehabilitation and prevention) Act, 2010', prepared by the Mission for Elimination of Poverty in Municipal Areas (MEPMA), designated as the State Level Nodal Agency, is an example of how a state government can take a definitive initiative in conferring property rights to the slum dwellers.

- Currently interstate and intercity allocations under RAY are made on a first come first served basis, which rules out cities and states which have not been able to send proposals for the first window. The NAC suggested that inter-state and inter-city allocations must be based on population norms. More importantly, RAY is committed to 'whole city' approach, based on an integrated and holistic plan, covering all slums, notified or non-notified, in each identified city. Unfortunately, implementation in stages based on approval of projects by the Central sanctioning and Monitoring Committee has increased the problem of land mafia entering the programme. Further, the current approach in many projects has been to identify the households. Those that have benefitted from earlier land title programmes are now being provided subsidised housing, resulting in exclusion of the poorest, including a section, living outside slums.

### **Designing the Plan of Action and Problems in Operationalisation**

- Given the thrust of the Mission on in situ development, cities have the responsibility to determine the tenability of slums. Identification of hazardous and objectionable slums is critical in preparing the Action Plan. While hazardous slums are defined in terms of environmental problems and health risks, objectionable slums violate legal or master plan norms. In some slums, part of the slum may be tenable or non-hazardous. Unfortunately, there is no clear process to establish the criterion for 'untenable' and 'hazardous' slums and decisions are taken on a case to case basis<sup>1</sup>. The process can be operationalised if there are clear policy directive from national and state level defining the ground rules. Standard criteria need to be proposed at higher levels without any ambiguity and then applied in the field since attempts to do that at local levels have faced enormous conflicts, often leading to legal impasse. Technological solutions are available to

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<sup>1</sup> Andhra Pradesh has developed the criteria for identification of hazardous slums in implementing RAY.

address sanitation and drainage issues in hazardous/objectionable sites in slums and make them tenable<sup>2</sup>.

- Unfortunately, the category of 'hazardous location' is used arbitrarily to evict the slums. Several state and local governments have virtually declared all slums on government land as untenable and hazardous. Such decisions need to be taken in a uniform manner across the cities and states, following a process which is transparent, participatory and fair<sup>3</sup>. Cities must be encouraged to review the present system. Slums declared as objectionable but are on non-hazardous lands could be developed *in-situ* whereas slums that are non-objectionable but hazardous need to get restructured to remedy the current problem. However, if relocation becomes absolutely necessary, this would have to be undertaken within a well defined framework. For all non-tenable slums and homeless persons etc., government should attempt to find an alternate site close to the work site, in consultation with affected persons, so as not to disrupt their livelihood opportunities. The policy on tenable slums, water bodies, industrial and commercial land, mix land use etc. must also be clearly laid down and be transparent and mandatory for all concerned agencies.
- The guidelines for implementing RAY have to be specific in slum mapping and giving land titles so that state and cities do not interpret these differently. Identification and targeting the beneficiaries is the most critical issue to prevent subsidy leakages. The City Commissioners find it difficult to undertake this responsibility by managing the local level conflicts, especially in the absence of unambiguous criteria. The NAC recommends that the process of mapping of settlements, survey and listing of eligible persons should be undertaken by the District Collector, through joint groups of officials, members of the local slum and homeless settlements, youth groups, social work colleges etc, after due publicity. Settlements and households that feel they have been left out should be free to appeal. In in-situ upgradation and resettlement programme in Mumbai, the agencies of state and local governments have worked with an NGO such as **Society for the Promotion of Area Resource Centres (SPARC) to use** multiple parameters to determine household's eligibility for subsidised housing. The whole programme can be anchored at the district level as information on land and implementation of land related schemes are managed by agencies at district level and the total land vests with the State Revenue Department. Unfortunately, in the absence of systematic land records, non transparent deals and ownership conflicts between different land owning departments, it is difficult presently to answer the questions of ownership of slum land<sup>4</sup>. Immediate steps must be taken to prepare an inventory of land and organise the land records.
- It is important to create a system at city level to link up existing datasets available from diverse sources, maintain these after ensuring comparability and create benchmarks for programme implementation. Land records, for example, are available with the State Revenue Department. The District Project Management Unit (DPMU) that is responsible for all ULBs in their areas,

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<sup>2</sup> For example, septic tanks were originally designed only for black water (pathogenically infested) and grey water (from showering, kitchen) not considered non hazardous was led into storm water drains. When it was recognized that grey water is also wastewater although less hazardous it was also led into the septic tanks which got overloaded. Our learning was to redesign septic tanks.

<sup>3</sup> The NAC proposes that a Committee comprising two independent experts, two representatives from slum dwellers association, and the Municipal Commissioner/ Administrator should be entrusted this responsibility functioning under strict guidelines of the central and state governments and must submit their report to the Collector.

<sup>4</sup> As a result of an asset inventory exercise on land records in Indore, the city has come in possession of several plots that it did not know it owned.

manage the information including detailed maps of each city prepared by Survey of India. MEPMA too, has generated maps for all its 42 class I cities with contour maps needed for developing the engineering plans and solutions. These need to be geo-referenced and integrated with the socio-economic Information, using the correct geo-referenced map. Importantly, there is an effort to unlock land values, there is an ongoing process of increasing commercialization of slum lands by the local authorities for generating resources. As most of the slum dwellers do not have any legal status, it is not difficult to get their land vacated. This needs to be restricted as this would make organising land for RAY even more difficult.

- An important issue will be to define the minimum acceptable dwelling unit for the slum dwellers that is affordable given their affordability and resource availability under the Mission. The Report of the High Level Task Force on Affordable Housing for All unfortunately skirted the issue and instead, criticised the idea of one size fitting all. While for EWS and LIG households, it talked of 300 to 600 square feet respectively, for middle income households, the proposed carpet area was 1200 square feet. Further, the Committee thought that the cost must not exceed four times the annual gross income or that the EMI must not exceed 30 per cent of the household's monthly income. Taking an average urban household of five members the total expenditure is likely to be Rs 4500. This implies that the cost of the unit must not exceed Rs. 220 thousands and EMI should be only Rs 1350. The real challenge would be how to provision free land and keep the cost of a multi-storied dwelling unit of even 300 square feet to 220 thousand in large cities. This would involve substantial material cost subsidisation and interest subsidisation. The state, however, has failed in making institutional arrangement for the required provisioning of land and capital. Banks and micro finance institutions are reluctant to lend to the poor under state guarantee programmes being apprehensive of the political climate sanctioning amnesty schemes. Also, guidelines for them have not been drafted to ensure slum dwellers accessing credit through built in interest subsidy in cases in situations when clear land title cannot be given before the completion of the construction of the dwelling unit. Institutional finance is not seen as the best option and the poor continue to borrow from neighbours, relatives and friends. While there is no clear command to financing sector and cheaper technologies of construction are not being worked out, the state is unwilling to lower down the carpet area to any realistic level. No big policy is contemplated to incentivise the big as well as small builders to create the quality housing stock in a mammoth scale at affordable prices. This suggests absence of any definitive thinking on the part of the state agencies, if not serious deficit in their commitment.

- An EMI of Rs. 1350 (the Committee has suggested Rs 1500-1800 per month), or 30 per cent of a poor household's income going as instalment for housing loan is not easily affordable. The NAC has rightly suggested that the amount needs to be worked out based on studies of average income or consumption expenditure data of slum residents and their erratic and irregular nature of earnings. It argues that it should not exceed 25% of the average income and there must be special subsidy for single women, aged, disabled and homeless.

- Cities are required to contribute their share of resources for obtaining the central funds under RAY. As a consequence, they are beginning to lean towards the PPP model, especially on premium value lands. Understandably, there is a temptation to shift slums from these lands as this is a major source of revenue. Slum dwellers are being shifted to peripheries under JNNURMN or RAY where land is cheaper and their land is often used for high rise apartments for upper and middle class and commercial developments. Densification of premium value inner city lands has

an impact on the area's carrying capacity, transport, environment, infrastructure etc. that are generally not built into the planning framework.

### **implementation and Management at State and Local Level**

- There are clear guidelines with regard to financing pattern under RAY. It cannot finance the main trunk infrastructure such as roads, suction trucks, waste disposal trucks etc. as that has to come from other programmes. Cost of offsite project is not to exceed 30 per cent of the onsite cost, including housing in case of green field developments. The guidelines for designing and implementing RAY, however, have not been specified with clarity so that state and cities can interpret the vision of the mission correctly and take appropriate actions. Under current guidelines, for example, all eligible households should be landless. The NAC Urban Poverty working group recommended that all nuclear family units, not in possession of land or house in the same city, should be eligible. Besides, the homeless people, pavements dwellers, domestic help, separated women and children without adult protection must be accommodated within the framework<sup>5</sup>. In case of a need to redevelop the area, transit arrangements for the slum dwellers have to be planned that are not part of the guidelines.
- The DPR are mostly prepared by planners, engineers and consultants, with low level of community participation. The CBOs and Cooperatives of Slum Dwellers and Homeless People should be offered responsibility and accountability on various matters, including mobilising communities for developing plans and actual construction work. Slum development plan needs to be integrated within the City Sanitation Plan, including provision for water harvesting strictures for recharging ground water.

#### **An Overview**

It is a well- intentioned programme (like the MNREGA, for one hundred days of employment in rural areas) but there is no formal constitutional guarantee for this. It may be unreasonable to expect a country which has yet not been able to constitutionally mandate 'freedom from hunger' to all its citizenry, to provide housing right<sup>6</sup>. What however would be a matter of serious concern that unlike MNREGA the operational details of implementation at the state and city level have not been worked out. The absence of a road map for implementing the mission within a time bound manner in the whole country or even in selected set of cities is resulting in a lot of uncertainty. The surveys conducted without a macro perspective in the first three years of its existence, have not been able to resolve the local level issues of implementation.

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<sup>5</sup> In some states, only officially *notified* slum dwellers are considered eligible under RAY.

<sup>6</sup> In interpreting the Article 21, the Supreme Court has held that the state should take up the responsibility of providing "adequate living space safe and decent structure, clean and decent surroundings, sufficient light, pure air and water, electricity, sanitation and other civic amenities like roads etc so as to have easy access to his daily avocation. As is enjoined in the Directive Principles, the State should be deemed to be under an obligation to secure it for its citizens'. Given this perspective, RAY should ensure universal coverage for safe drinking water, toilet, drainage and solid waste management facilities.

It must be noted that a country growing at above 8 per cent per year for over half a decade has the financial capability of providing minimum acceptable shelter to its slum population, many of them being engaged in activities linked to global market. The question is whether it is possible work out a system of cost sharing between central state and local government and other private agencies including the household in a manner that the project is implemented with efficiency and a sense of urgency. It would be important to work out a schema for sharing the cost of provisioning land and of construction by the concerned agencies so that dwelling units are constructed as per the minimum requirements and cover all genuine slum dwellers and houseless population in urban areas. Even though the per capita allocation of funds under NREGA is the same as JNNURM, the latter is covering a much lesser population and hence 7 times more resources are available per household. Further, employment generation through RAY can be significant for the targeted households that can enhance their paying capacity.

The RAY guidelines give a welcome emphasis on *in situ* development rather than relocation of slums, and recognise the importance of land tenure security, in the context of the first component of the Slum-free Plan of Action (POA) to be prepared at state and city level. In view of the fact that availability of land is critical for housing for the poor, the central funds are made available only to the states and cities that can provide land with property rights. This was generally considered necessary even under Basic Services for the Urban Poor (BSUP) and Integrated Housing (IHSDP), the components of JNNURM for the large and small cities respectively. RAY has prescribed a limit of 10 per cent of slums that can be relocated under the programme in a sharp contrast to BSUP wherein nearly 40 per cent of slum households were relocated. This figure needs to be determined based on realistic assessment of ground condition concerning tenability of slums and eligibility of the slum population and implemented firmly on the ground. All the state and local agencies that own the slum land must be brought within the policy framework of RAY.

A major thrust under RAY, figuring importantly as the second component of POA, is prevention of further slums in urban areas through redressal of the failures of the formal system. It should be possible to achieve the goal without much difficulty by strengthening legal, administrative and land surveillance system and allowing the land market to function strictly based on affordability. The guidelines, however, suggest that reserving 25-40% of land in city development plans for housing of urban poor and creation of new social housing stock would be necessary to meet the goal. Not many state and local governments are willing to comply with that, and consequently, over fifty per cent of the Mission funds remain unutilised. An official drive in all cities and towns will be needed to identify the government land encroached by land mafias, lying unutilised with public agencies or under unwarranted litigation. Speedy implementation of the programme at national scale is needed to reach the total slum population in a time bound manner, without which the Mission becomes ineffective.