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Affordable Housing by the State

Himanshu Burte
Amita Bhide
Simpreet Singh
Smita Waingankar

SoHS

School of Habitat Studies
Tata Institute of Social Sciences
Mumbai

AFFORDABLE HOUSING BY THE STATE

Urban India Reforms Facility (UIRF)
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Tata institute of Social Sciences

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By

Mr. Himanshu Burte
Dr. (Prof.) Amita Bhide
Mr. Simpreet Singh
Ms. Smita Waingankar

Research Team

Aurangabad - Dr. Nilima Pande, Dr. Smita Awachar,
Dr. Bhalchandra Kango, Mr. Vijay Jaware,
Mr. Vikas Raut and Mr. Prakash Bansod
Sangli - Mr. Shankar Pujari
Akola - Dr. Anjali Maydeo Ambedkar, Mr. Sandeep Pundkar,
Ms. Arundhati Shirsath and Adv. Prakash Ambedkar

Published By

Urban India Reforms Facility (UIRF), School of Habitat Studies,
Tata Institute of Social Sciences, Mumbai -400088

Email : tisshab@gmail.com

Website: <http://www.tiss.edu/TopMenuBar/academic/schools/school-of-habitat-studies>

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Preface

Affordable Housing by the State

The Centre for Urban Planning, Policy and Governance (CUPG) of the School of Habitat Studies (SoHS), Tata Institute of Social Sciences (TISS), Mumbai, is engaged in developing critical scholarship around issues of urban habitats. It has attempted to develop new pathways to knowledge in this domain. These include attempts to-

- A) focus attention on issues pertaining to small and medium towns in order to counter a knowledge that is centered around metros
- B) socialise knowledge by exploring new methodological approaches through engagement with participatory methods and bringing in activists, journalists, politicians and other nonconventional actors as active producers and consumers of knowledge
- C) challenge mainstream assumptions of urban policy

Through a Ford Foundation supported project titled 'Urban India Reform Facility' from 2009-11, an attempt was made to lay foundations of the above enterprise by developing detailed studies around themes such as water supply, solid waste management, housing, governance and reforms. These studies covered 20 small and medium towns in the country with a particular focus on Maharashtra.

The current project, conducted over 2011-13, also supported by the Ford Foundation builds on these foundations by deepening the thematic thrust. This particular document is based upon research that explores the role of the state in housing provision in Maharashtra.

Affordable housing by the state

The state's role in affordable housing provision has been changing in India over the last five decades beginning with housing provision, shifting to the provision of serviced sites, and currently being focused on enabling the production of affordable housing through market mechanisms. The design and on-ground experience of these initiatives varies across states and city size-classes. This note is a thematic examination of the much neglected situation of slums and affordable housing projects in smaller cities in Maharashtra. The state government has set up institutions specifically mandated to produce affordable housing, as well as institutions that produce housing through a mandate of city planning and development. Over the years, Maharashtra has also experienced affordable housing programs and policies introduced by the central, state and local governments, but overviews of this experience are not available. Through a study of 3 cities, Akola,

Aurangabad, and Sangli, the note argues that state involvement in affordable housing production appears to be necessary, and is probably most effective when integrated into urban planning as has been done in Aurangabad through City and Industrial Development Corporation (CIDCO). Through a review of the centrally initiated, Integrated Housing and Slum Development Program (IHSDP), it also highlights the dangers of over-centralisation of decision making related to housing production. Most importantly, it calls attention to the important role local urban history, political context, and land market play in the implementation of state affordable housing programs.

Affordable Housing by the State

Introduction

This note presents the findings of a collaborative research project studying the production of affordable housing through government intervention in small and medium cities in Maharashtra. It examines the reality of the state's interventions in affordable housing over the last three or four decades mainly through case studies in three smaller cities. The case studies were conducted in collaboration with local partners with unique knowledge, experience and stakes in the housing situation of each city. These ranged from academics, activists, ex-municipal officials, to local politicians. The case studies were set against the backdrop of the policy interventions of the state and central governments related to the housing situation in Maharashtra.

Two kinds of policy responses are evident in Maharashtra, one through the establishment of institutions dedicated to housing production, and the other, through policies and programs initiated by different levels of government. The first two parts of this note correspond broadly to these two kinds of responses. After a brief overview of policy responses to the growing housing need in Maharashtra, Part 1 discusses the way direct housing production by the state has worked out in Maharashtra mainly through a case study of Aurangabad. State institutions like City and Industrial Development Corporation (CIDCO) and Maharashtra Housing and Area Development Authority (MHADA) have both been active in providing affordable housing in the city. For perspective, a caselet of the state's failure to implement urban planning provisions for the urban poor in Sangli in spite of agitations and court orders is also discussed in this part.

Part 2 is devoted to policies and schemes that promote the production of affordable housing, especially the Integrated Housing and Slum Development Program (IHSDP) which was introduced in 2005 as part of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) . After an introduction to IHSDP and an overview of its implementation in Maharashtra, case studies of its implementation in two smaller cities Akola and Sangli-Miraj-Kupwad dwell on how the program was approached and experienced on the ground, especially by the 'beneficiaries', but also by other actors including municipal bodies and political representatives.

Part 3 presents concluding discussions, first about IHSDP and then about the broader insights this research offers into the state's role in affordable housing policies and projects.

Part 1 : Housing Production by the State

Adequacy and Affordability

It is worth discussing the idea of *affordability* before examining the specifics related to affordable housing initiatives in Maharashtra. This is particularly important because there has been a shift in official discourse from discussing slum housing or housing for the poor, to affordable housing. This is a shift from a situation in which the state felt at least a formal responsibility for providing housing and infrastructure to the poor, to one in which the state sees its ideal role as enabling the market to provide housing that the poor can afford to buy. Quite apart from the debate about the viability of the state's role, it is important to unpack what is included and excluded in the idea of affordability, an idea that is increasingly central to official discourse related to housing for the poor.

The housing crisis is often understood as a crisis of affordability. In this view, the problem is that legal and formal housing in Indian cities is too expensive for the poor, and increasingly, for the middle class, to buy. As a result, the urban poor and the lower middle class who make up large parts of the urban population are forced to live in informal housing, typified by slums. There are a number of well known assumptions underlying this view, relating to the physical standards housing must satisfy, the place of housing in the household economies of poor people among other things, the way in which housing is best produced. This view also conceives of a house as a *thing*, and not something in process. The focus on affordability emphasizes the commodity aspect of a house, especially its physical characteristics, and takes attention away from the use values it offers residents on the one hand, and processual aspects like control over the process of producing, modifying and living in houses. In this note, therefore, we approach the question of housing for the poor by expanding our concerns with these other dimensions of housing.

The concept of adequacy is important in this regard. Quite simply, adequacy refers to the fitness of a physical house, qualitatively and quantitatively, to work as a home. Adequacy attends to the internal realities of a house as a facility as well as to its relationship with the city in terms of mobility, access to social networks and livelihood opportunities etc. As a starting point the definition by the United Nations Organisation is useful.

Adequacy

According to the General Comment 4 of the UN Committee on Economic, Social and Cultural Rights (CESCR), "the concept of adequacy is particularly significant in relation to the right to housing since it serves to underline a number of factors which must be taken into account in determining whether particular forms of shelter can be considered to constitute "adequate housing" for the purposes of the Covenant. While adequacy is determined in part by social, economic, cultural, climatic, ecological and other factors, the

Committee believes that it is nevertheless possible to identify certain aspects of the right that must be taken into account for this purpose in any particular context”.¹

The General Comment No 4 of the United Nations Committee on Economic, Social and Cultural Rights provides for the concept of *adequate housing*. For us, it is important as the concept of adequate housing serves as a bench mark that sets in the major factors that need to be taken care of while designing and producing any form of housing.

They include:

- a) Legal Security of tenure, which can be in a variety of forms, but essentially all persons should possess a degree of tenure which guarantees legal protection against forced eviction and its threat,
- b) Availability of services, materials, facilities and infrastructure, which would mean that a house must contain certain facilities essential for health, security, comfort and nutrition, having sustainable access to natural and common resources, safe drinking water, energy for cooking, heating and lighting, sanitation and washing facilities, means of food storage, refuse disposal, site drainage and emergency services;
- c) Affordability, meaning that financial costs associated with housing should be at such a level that the attainment and satisfaction of the basic needs are not threatened or compromised
- d) Habitability, which would provide the inhabitant of the house, security & protection from environmental vagaries and diseases as well as physical safety;
- e) Accessibility, meaning that adequate housing should be accessible to those who are entitled for it while giving priority to the disadvantaged sections of the society;
- f) Location, of adequate housing should be such that it ensures accessibility to the livelihood of the occupants as well access to basic amenities, educational facilities etc as well as not located in hazardous areas and finally,
- g) Cultural adequacy of the housing should be ensured by enabling the expression of cultural identity and diversity of housing through judicious and appropriate use of building materials the policies should be supportive of ensuring this.

It is clear from the above that affordability must be thought of as just one component of adequate housing. After all, housing that is affordable financially, might not provide for services, amenities and infrastructure, and might also not be habitable, accessible or culturally appropriate.

Defining affordability in India

Affordability has proved to be a difficult concept to define in general. It varies with the paying capacity of a household, the nature of its expectations from housing, the choices available to it and a number of other factors. Yet, the need to have some kind of working standards on which to base policy thinking is also clear.

¹ UN Committee on Economic, Social and Cultural Rights (CESCR), *General Comment No. 4: The Right to Adequate Housing (Art. 11 (1) of the Covenant)*, 13 December 1991, E/1992/23, available at: <http://www.refworld.org/docid/47a7079a1.html> [accessed 28 May 2013]

In 2008, the Government of India's Ministry of Housing and Urban Poverty Alleviation (MoHUPA) constituted a *High Level Task Force* under the Chairmanship of Mr. Deepak Parekh, Chairman-HFDC, to “look into the various aspects of providing Affordable Housing for All”. The Task Force recognised that any attempt to standardise a definition of affordable housing for a large and diverse country like India would be counter-productive. Further, according to it “Several factors enter the equation: gross household incomes; cost of the tenement excluding land costs where the cost differentials are large; the size of a tenement; and so forth”. The task force has suggested the following parameters for judging affordability :

Affordable housing for EWS/LIG categories of households:

A unit with a carpet area most likely between 300 and 600 sq ft, with (i) the cost not exceeding four times the household gross annual income (ii) EMI/rent not exceeding 30 percent of the household's gross monthly income.

Affordable housing for MIG category of households:

A unit with a carpet area not exceeding 1,200 sq ft, with (i) the cost not exceeding five times the household gross annual income (ii) EMI/rent not exceeding 40 percent of the household's gross monthly income.

The definitions reveal two things: one, that affordability is always judged in relation to the adequacy of any dwelling unit; and two that only one narrow dimension of adequacy is addressed in this definition— size of dwelling – and not necessarily in relation to real needs. Further, as the discussion of IHSDP in Part 2 suggests, these definitions of affordability are perhaps tied more to an estimated size of pucca dwelling unit that is affordable for government or market subsidies to provide, than to what the 'beneficiaries' really need.

Maharashtra's Policy interventions for Affordable Housing

Indian cities have been facing a worsening crisis of housing since Independence. Maharashtra is no exception. More than half of Mumbai's population lives in informal housing. Less well known, but equally important is the fact that the population in informal housing is approaching comparable proportions even in smaller cities in Maharashtra.

Since 1960, the state's intervention in addressing the issue of affordable housing in Maharashtra has happened in various ways and through various state agencies. It has involved the creation of new state and parastatal agencies, the introduction of new policies and programmes by the Central and state governments, as well as smaller initiatives by local governments to provide housing to the poor. The state's understanding of an appropriate intervention has also kept changing. Initially in the 1950s and 60s the state viewed slums and other informal housing as a problem to be eradicated . When that failed, the state passed the Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971 and began to act as a *provider*, upgrading and improving physical quality and infrastructure in slums, often with funds from international agencies. From the late 1980s and early 1990s the state has shifted from its role of *provider* to that of

an *enabler*, and begun to facilitate the market's role in producing affordable housing through Slum Redevelopment, as well as incentive FSI schemes.²

Table 1 : Primary Census Abstract for Slum & Total Urban Areas, along with % of SC population to slum population and urban population. Census-2001[i]					
City–Municipal Corporation (M.C.)	Total Slum Population	Total Urban Population	%age of Slum Population to Total Urban Population	%age of SC population to total slum population	%age of SC population to total urban population
Akola M.C.	1,34,812	400520	13	13	8
Amravati M.C.	233,712	549510	24	24	15
Nagpur M.C.	737219	2052066	20	20	16
Chandrapur M.C.	51,508	289450	24	24	16
Nanded M.C.	88,230	430,733	16	16	12
Aurangabad M.C.	147776	873311	23	23	17
Nashik M.C.	138797	1077236	31	31	12
Bhiwandi M.C.	115996	598741	3	3	1.4
Navi Mumbai M.C.	139009	704002	13	13	6
Greater Mumbai M.C.	6475440	11978450	6	6	5
Pune M.C.	492179	2538473	25	25	12
Sangli-Miraj –Kupwad M.C.	27032	436781	43	43	13
Solapur M.C.	180982	872478	24	24	13
Pimpri Chinchwad M.C.	123957	1012472	40	40	14
MAHARASHTRA	11202762	41100980	11	11	9
INDIA	42578150	286119689	17	17	12

[i] Slum Population, Census of India, 2001

Since 1960, the state's intervention in addressing the issue of affordable housing in Maharashtra has happened in various ways and through various state agencies. It has involved the creation of new state and parastatal agencies, the introduction of new policies and programmes by the Central and state governments, as well as smaller initiatives by local governments to provide housing to the poor. The state's understanding of an appropriate intervention has also kept changing. Initially in the 1950s and 60s the state viewed slums and other informal housing as a problem to be eradicated. When that failed, the state passed the Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971 and began to act as a *provider*, upgrading and improving physical quality and infrastructure in slums, often with funds from international agencies. From the late 1980s and early 1990s the state has shifted from its role of *provider* to that of an *enabler*, and begun to facilitate the market's role in producing affordable housing through Slum Redevelopment, as well as incentive FSI schemes.²

The crisis of housing has been recognized first in the slums of big industrialized cities like Mumbai and Pune. This has perhaps anchored the state's evolving understanding of this crisis in the big city experience. Policy response thus has focused on the big cities with Mumbai (with only about 10% of the state's population) alone taking up a disproportionately large chunk of attention and resources.

There has been a shift in the state's conceptualization of the nature of the solution to the housing crisis, from 'slum housing' to 'affordable housing'. This has followed the reorientation since 1991 of national policy from one centred on welfare to one of market-led development.

Policy interventions in housing

The Government of Maharashtra (GoM)'s policy response to housing has been two pronged. The first prong has been housing and urban policies, while the second has been the creation of special institutions to address the problem in different ways.

Two such institutions have played a prominent part especially in regard to smaller cities, CIDCO and MHADA. A third, Slum Rehabilitation Authority (SRA) was set up in 1995 to provide housing to slum dwellers in Mumbai, Pune & Nagpur. In addition to these, a number of other organizations have been set up to build housing for different government employee groups. These include state government run organizations like the Maharashtra State Police Housing and Welfare Corporation Ltd (MSPHC), established in 1974.³ A few ULBs have also built housing for employees at a small scale. Incidentally, after the 74th Constitutional Amendment, the function of 'slum improvement and housing' has been included in the list of functions of the Municipal Corporations and Municipal Councils.

A number of state and Central programs have also been implemented in urban Maharashtra, including Valmiki Ambedkar Awas Yojana (VAMBAY), Integrated Housing and Slum Development Programme (IHSDP), Ramai for instance.

² For an overview of the changing view of the state regarding its own role in relation to housing, see Bhide, Amita, SLBP on Housing (Chapter 1), TISS UIRF 2011

³ Total production of approximately 11000 quarters (calculated from data available at <http://msphc.org/projects/status/completed/?page=1> accessed on May 30, 2013)

Institutional housing production

CIDCO was set up in 1970 as an urban planning and development authority that would oversee the design and building of Navi Mumbai. It was appointed Special Planning Authority to plan and build New Aurangabad adjoining the existing city in 1972, and New Nashik in 1975. The main purpose in both cases was to anticipate housing demand and ensure balanced urban development, including housing production. These were important programmes covering housing for all sections of society besides providing infrastructure like schools, hospitals, community centres, etc. The volume of CIDCO's total housing production, as well as of expenditure, is given below along with the percentage share of each city. It has played a significant role in Aurangabad, which we shall be examining in more detail in Part 2.

Table 2 : No. of tenements constructed by CIDCO (since inception up to December, 2012)

Place	EWS/LIG	MIG	HIG	Total Tenements	Percentage of Total Ts	Expenditure (in crores)	Percentage of Total Expend.
Navi Mumbai	60,883	34,423	28,334	1,23,640	69.4	1,638	93.9
Aurangabad	19,501	2,127	432	22,060	12.4	56	3.2
Nashik	21,343	2,619	582	24,544	13.8	42	2.4
Nanded	7,758	126	0	7884	4.4	9	0.5
TOTAL	1,09,485	39,295	29,348	1,78,128	100	1,745	100

The Bombay Housing Board was reorganized and MHADA established in 1977. Since then, MHADA has built and redeveloped 4,52,467 dwelling units, upto March, 2012. Almost 2/3rds of the total number of units produced by MHADA are for the EWS and LIG categories.⁴

It is clear that affordable housing has been viewed as a big city problem, so policy actions related to housing have concentrated historically on the bigger cities in Maharashtra. CIDCO and MHADA, the two big producers of affordable housing, have done an

⁴ For MHADA's land acquisition record, see Bhide, Amita, SLBP on Housing (Chapter 1), TISS UIRF 2011pp 103-32 downloadable at http://www.tiss-uirf.in/documents/ResearchReports/BackgroundPapers/StateLevel/StateLevelBackgroundPaper_Maharashtra.pdf

overwhelming proportion of their work in a few cities. CIDCO has produced 109485 dwellings since inception upto December 2012. Almost 70% of these have been in Navi Mumbai, with another quarter distributed almost equally between Aurangabad and Nasik. Moreover, almost 94% of CIDCO's expenditure on housing has been in Navi Mumbai! Meanwhile, out of the 422, 824 dwelling units built by MHADA upto 2009, a little under half were in Mumbai. Two thirds of the total dwelling units were for the EWS and LIG segments together, 40% of which were built in Mumbai. The lopsidedness of these figures is revealed when we consider that Mumbai has approximately only a tenth of the state's population.

Since the 1990s the state government and its organizations have moved away from direct housing production and provision. Instead organizations like CIDCO and MHADA have begun to focus on facilitating the production of housing by the private sector in different ways and in different schemes and projects. The shortage of land has been a major challenge facing housing policy. The state has responded by using its power to make or modify urban development policy and promised extra development potential to private housing projects provided they make either a portion of land available (for free) or built up area (at cost price) for affordable housing to government.

Policies, Programs and Schemes

Government of Maharashtra brought in a State Housing & Habitat Policy in the year 2006 with the objective of facilitating affordable housing and creation of adequate housing stock for EWS & LIG on ownership or rental basis. MHADA has been experiencing land stock shortage .Vice-President of MHADA, Shri Satish Gavai is quoted saying, "Mhada doesn't have much land left and it is not possible to buy at the prevailing high market rates, the only way out is to get into JV's"(Mehta,2012). To counter the non-availability of land for implementing affordable and adequate housing the GoM came up with a scheme of Joint Venture with private land owners/developers where the Govt. of Maharashtra has announced 2.5 FSI for MHADA.

As per the Circular issued in this regard if land owners/developers having a minimum of 2000 sq.mtr. plot area transfer their land in the name of the MHADA, then MHADA is supposed to get higher FSI in respect of schemes in Mumbai, Thane, Kalyan-Dombivali, Bhivandi-Nijampur, Pune, Solapur, Kholhapur, Nashik, Malegaon, Dhule, Jalgaon, Ahmadnagar, Aurangabad, Nanded, Nagpur Municipal jurisdiction. From the available 2.5 FSI of the additional FSI over the existing (zonal FSI) is supposed to be shared equally between MHADA & the Developer/Owner. The developer or owner may handover this FSI to MHADA in a built up form for which MHADA can compensate them at cost of construction, based on District Schedule of Rate (DSR). Alternatively, the developer or owner can carve out a proportionate parcel of land for implementation of a scheme by MHADA. The developer will be eligible to use the balance additional 50% FSI for his scheme. Thus, the total FSI to the developer would be zonal FSI + 50% additional FSI. In this 2.5 FSI scheme, 60% built up area needs to be utilized for construction of Affordable Housing in the category of EWS/LIG/MIG. In lieu of this, the land owner will be eligible to use balance FSI for high end housing or for commercial purpose.

The incentive FSI initiative seeks to interest private developers in building affordable housing. However, the logic of higher FSI as an incentive, works only in situations where the land prices are either very high or there is acute scarcity of unencumbered land as in bigger cities like Pune and Mumbai. Comparable conditions do not exist in smaller cities and towns where too there is an equal dearth of public housing. Not surprisingly, this scheme has not received the expected response from the developers or private land owners. Developers have found it unattractive because “the cost of construction given by Mhada is peanuts, the issue of mixing high end and affordable housing flats in the same layout would reduce the valuation of the property, the issue of transferring land in the name of MHADA, and a higher FSI being provided by agencies like MMRDA for their JV Schemes”(Mehta, 2012).⁵

Before adopting this approach of market subsidy, affordable housing policy has also attempted state subsidized direct production of housing. The Valmiki Ambedkar Awas Yojana (VAMBAY) was announced by the central government in 2001, to help urban slum dwellers who were Below the Poverty Line (BPL), to build or upgrade their houses through a subsidy. In parallel, the scheme also offered a subsidy for the construction of toilets through one of its components, the Nirmal Bharat Abhiyan. Rs. 40,000/- was determined as the ceiling cost of a Dwelling Unit. Interestingly, the same amount was available for the construction of each toilet seat! Half of the subsidy was to be provided by Gol and the other half raised by the state government.

In 2005 this scheme was subsumed under the IHSDP across the country. However, the projects already underway were to be completed under VAMBAY. A little over half the total sanctioned number of DUs (76365) were built in Maharashtra by January 2006 under VAMBAY (See Table below). If all DUs under construction have been built, about 2/3rds of the target number would be completed. As we shall see, compared to the performance of IHSDP later, VAMBAY could thus be considered a success in terms of completion rate.

Table 3 : Maharashtra Allocation under VAMBAY as on 31.01.2006⁶

Note: D.U.: Dwelling Unit; T/S: Toilet Seat

Allocation (Rs. in Lakh)	Gol subsidy released (Rs. in Lakh)			No. of DUs covered	No. of T/S covered	Physical progress as on 31.01.06			
	Constr/up gr DU	Constr. T/S	Total			DUs completed	DU in prog	T/S completed	T/S in progress
1	2	3	4	5	6	7	8	9	10
18998.550	16984.075	5213.500	22197.575	76365	26081	39352	9786	13481	4328

⁵ Mehta, Rajshri(2012), 'CM okays new Mhada policy'. *Times of India*. May 10.

⁶ http://mhupa.gov.in/programs/upa/nsdp/vambaypdf/Cumulative_releases.pdf
Last accessed on 2 June 2013 at 11.56 a.m.

However, reports confirmed by a few site visits suggest that the scheme has regularly failed on qualitative grounds, that is, in terms of adequacy. In a 'completed' project we visited in Sangli-Miraj-Kupwad, the painting and infrastructure (water supply and sanitation) work was left incomplete even though beneficiaries had been moved in. RCC staircase railings were poorly designed and in bad physical shape, and a child had reportedly fallen through the large gaps in the railing and died recently. Beneficiaries have regularly complained that their livelihood and lifestyle needs make it difficult to live in multistory buildings built under the project. A multiply relocated slum community relocated next to another VAMBAY project in Sangli refused to move into the buildings. Stories of qualitative failures abound. For example, in Amravati two shelter houses reportedly lie vacant as beneficiaries refuse to occupy them.⁷

VAMBAY was subsumed under The Integrated Housing and Slum Development Programme (IHSDP) announced by GoI as part of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in 2005, to apply to non-Mission cities (a similar program was undertaken in 65 Mission Cities under the name Basic Services for the Urban Poor or BSUP). It offered subsidies for house upgradation and building, as well as for infrastructure to BPL slum dwellers. The ratio of GoI and states burden of the total cost of a DU was to be 80:20, with Rs.100,000/- being fixed as the ceiling cost per DU as per the Revised Guidelines of 2009. A matching amount was allocated for the infrastructure work in every slum community. A Beneficiary Contribution of 12% (10% for SC/ST beneficiaries) was made a compulsory part of the state share. The program has failed to deliver on its promise of integrated development of housing for slum dwellers, with a very low percentage of completion, as well as fairly poor record in terms of adequacy. It has come to a halt everywhere in Maharashtra with some ongoing projects likely to be completed. The program is discussed in more detail in Chapters 3, 4 and 5.

Other housing schemes have targeted specific social groups, whether by caste or occupation. The Department of Social Justice & Special Assistance has started a housing scheme, *Ramai Awas Yojana*, which is applicable to BPL families from Neo-Buddhist & SC segments of the population. Eligible households are entitled to a 269 sq foot house at the cost of Rs 2 lakh with the 10% contribution from the beneficiary. If the beneficiaries build the house themselves, their labour can be counted towards their beneficiary contribution. There have been issues regarding identification of beneficiaries under Ramai. In Akola, the target for the year 2011-12 was 1000, out of which 348 have been sanctioned and 392 proposals are pending sanction. 33 DUs have been completed so far. In Aurangabad 151 DUs have been completed, to date. In many of the cities where IHSDP is being implemented as well as Ramai, there is discontent among those families who are being provided under IHSDP as the total grant under Ramai is more than IHSDP.

The *Beedi Kamgar Gharkul Yojana* was introduced in July, 2001 for the construction of houses for Beedi workers, at Solapur, Nashik, Pune, Kolhapur, Nanded, Garkheda in Aurangabad and Kamtee. Financial assistance of Rs. 20,000 per house is provided each by GoM and GoI. 12,079 houses out of the target of 19,802 houses, were built upto December, 2012. Evidently, this scheme has been successful in numerical terms with almost 2/3rds of the target number of houses already built.

⁷Presentation by Manish Khanpachade at State Forum Workshop, May 18,2013, at TISS, Mumbai

As the overview of schemes above demonstrates, government housing policy has largely focused on home ownership so far, and with little success. In contrast, many developed economies have emphasized affordable or social rental housing which constitutes up to 20-30 percent of their housing stock. As a departure from the strategy of providing housing ownership, the Maharashtra State Housing Policy-2007 introduced a new focus on Rental Housing. In 2008, MMRDA was appointed as the Implementing Agency for Rental Housing Projects in MMR. To incentivise the project of Rental Housing and make it attractive for private developers, the government has brought in Transfer of Development Right (TDR) and Additional FSI as incentives to generate the Rental Housing stock on Self Finance basis. Under the scheme, developers receive an FSI of 4 if they use 1/4th of the total Permissible Built Up Area to build rental homes on one-fourth of their plot. These rental flats are handed over for free to MMRDA to allocate to eligible beneficiaries. The remaining 3/4th of the Permissible Built Up Area is to be sold at market rate as residential homes with 15 percent allowable as commercial space. The following guidelines regarding eligibility criteria for allotment of rental units have been issued:

- a) The allottee under the project shall have employment / self employment / business within Mumbai Metropolitan Region (MMR) and minimum family income of the allottee shall be Rs. 5000/- per month.
- b) The allottee and his family member shall not own any house in MMR.
- c) The allottee shall be continuously residing in the state of Maharashtra for at least 15 years before the date of application for Rental Housing.

The scheme has faced its share of challenges. Under the Rental housing scheme the objective was to construct 5 lakh housing units for low cost rentals ranging between Rs 800 and Rs 1,500 per month during a period of 5 years. Around 30,000 units measuring 160 sq ft each are under construction and facing many issues. To address this, a Committee under the chairmanship of MMRDA Commissioner was appointed in the year 2011. In April 2013, the Scheme has been revised with the FSI limit lowered to 3. Developers and MMRDA will share the FSI in the ration of 2:1 and the size of the dwelling units will be increased from 160 sq.ft to 320 sq.ft.[3]

Against the background of this overview, in the remaining section of Part 1, a case study of the city of Aurangabad examines the role CIDCO and MHADA have played in providing a significant housing stock especially for the poorer sections of the population. This example of relative success in preparing and providing for demand before it emerges, is complemented by a shorter account of the reluctance of another ULB, Sangli, to respond to a clearly voiced demand by the poor for housing on land reserved for that purpose. Together these instances reveal the internal contradictions in the state's practice of its own policies.

Aurangabad: Planning and Providing for Future Demand

Aurangabad (2011 pop. 11,71,000) is a historic urban centre of the Marathwada region, and among the most industrialized cities of Maharashtra. An important tourist destination (as the gateway to the Ajanta and Ellora caves, among other things) it also has most of the marks of a big city: an airport, good rail and road connectivity, good educational and medical infrastructure. It has been rapidly urbanizing over the last 4 decades largely because of industrial growth that began in the 1960s. It extends over 142 sq.km, but density varies widely between its old core and the peripheral and inadequately serviced parts of the city.

The city got the status of a Municipal Corporation in 1982, when 18 surrounding villages were incorporated into the city. The city's geographical extent increased from 54.39 sq.km to 138 sq.km at that time. Planned and informal urban expansion beyond existing city limits has been an important feature and issue of Aurangabad's urbanization history in the last forty years: solutions and problems have both emerged from it, always with housing as a central issue.

Industry, tourism, trade and other services are the main sectors in which employment is concentrated in the city. These continue to attract migrants from the region and even the rest of the state. Population has been growing rapidly over the last four decades, especially in the 1980s when the city was considered to be the fastest growing city in Asia. In the last decade or so, land has also become increasingly expensive in the city: according to CREDAI, Aurangabad, real estate prices have increased by over 200% in the period 2006-2012. The affordable and formal housing shortfall in Aurangabad is indicated by the estimated population living in informal housing – more than 6 lakh or over half the total population. These are split almost equally between slums and Gunthewari layouts.

Urban planning and Housing

An important feature of the Aurangabad's urbanisation is the role of urban planning in anticipating the need for affordable housing that accompanied industrialization and attempting to provide for affordability along with other aspects of adequacy. The City and Industrial Development Corporation (CIDCO) was formed in 1970 to plan and develop Navi Mumbai, a new city that was meant to help decongest Mumbai by drawing development across the creek onto the mainland. In 1972, apparently through the efforts of Dr. Rafiq Zakaria, a scholar and local Member of Parliament, CIDCO was also appointed a Special Planning Authority to establish New Aurangabad city on land measuring 1262.5 ha, abutting the eastern boundary of the old city (out of which 12 ha remain to be developed). The charge of the entire territory of New Aurangabad was formally handed over to the Aurangabad Municipal Corporation on April 1, 2006.

Aurangabad had begun industrializing in the 1960s with the establishment of the industrial estate at Chikalhana within the city limits, and CIDCO was brought in to provide a plan to accommodate a growing population and particularly to avoid the problem of slum

formation in the wake of industrialization. CIDCO not only planned and developed the new city as an extension to the old city, it also *built* housing for different income groups, and predominantly for the Economically Weaker Sections and the Low Income Group (LIG). The impress of modern town planning is seen in New Aurangabad's wide roads, other basic infrastructure (water supply, sewerage, storm water drainage, streetlighting), orthogonal layouts, space for a variety of amenities, and open spaces, as well as in land allocations for residential, commercial (including entertainment), infrastructural (including bus stations etc.) social and governmental uses. The 'neighbourhood unit' has been the central idea organizing the plan of New Aurangabad, and space has been allocated for community centres in each neighbourhood.

The relevance of urban planning for the possibility of affordable and adequate housing, is also brought out very clearly in a planning failure in the case of Aurangabad's successively demarcated 'fringe areas' that followed urban expansion like a shadow. The inclusion in 1982 of the territory of 18 surrounding villages, especially to the south of Jalna Road but north of the railway line comprised largely of the locality called Satara Parisar, increased the area of Aurangabad from 54.39 sq.km to 138.5 sq.km (an increase of 84.11 sq.km). AMC declared the village settlements (*gaothans*) as 'slums' to avail of state government funds for providing them basic infrastructure. Since Aurangabad had witnessed a massive population rise in the decade of the 1970s, demand for housing was very high in this period. Therefore, after 1982 a lot of informal housing development, including slums and gunthewaris, occurred in the Satara Parisar because of a lack of active planning or governance action to respond to the urgent need.

Another, external, fringe area is at the centre of a raging controversy related to housing and urban planning today. 28 villages outside the city of Aurangabad were identified for planning as a Jhalar Khsetra (Fringe Area) by the state government in the mid 2000s and CIDCO was appointed to prepare a Development Plan for them as a Special Planning Authority. This area had earlier witnessed significant informal development for all classes owing to its proximity to the city. Even as land became more expensive in the city and CIDCO's developments in New Aurangabad were sold out by the 1990s, middle and upper class desire for an independent bungalow fuelled much of this development in the Jhalar Kshetra. People who had moved here from within municipal corporation limits, continued to depend on the city for their employment and other everyday needs. Unplanned development occurred outside the *gaothan* (the built up residential core) of villages, but with the permission of the gram panchayat though the village body was not entitled to grant such permission. Plots ranged from 600 square feet to 10,000 square feet. Individual houses were built with bank loans on the basis of this paperwork. Predictably, these areas suffered a lack of basic infrastructure.

In 2006, CIDCO prepared a Development Plan for this fringe, or Jhalar Kshetra covering 163 sq.km. But there was much popular protest against this plan since it was alleged to have been based on a faulty survey of ground realities, and was also seen to sacrifice the interests of a majority of ordinary residents to further the interests of many rich and

influential people. A key concern here was that a large number of people had bought land and built housing here, assuming the process to be formal because of the Gram Panchayat approval and bank loans. Acceding to popular demand, the state government withdrew the plan and installed an independent mechanism for the formulation of a new plan, (that was finally published by CIDCO in 2012) which is yet to be approved by the state government.

A landscape of patchy formality was emerging parallelly in this area from the time CIDCO took over as Special Planning Authority. Interspersed with the older residential developments that followed no official urban planning norms, were new developments that did and were approved by CIDCO. The formally planned wide roads within the latter kind of developments often connect abruptly to narrower ones in the former kind of layouts. As a result, the broader infrastructure provision, as well as the overall urban planning character of this entire area is patchy. The inextricability of the formal and legal aspects of many of the older residential developments from their informal and illegal ones has created a complex governance situation, especially in regard to the provision of infrastructure for housing, that can be traced to a lack of alert urban planning.

Affordable housing: Policy responses

Aurangabad has seen different modes of state intervention towards improving the supply of affordable housing for the poor as well as the middle classes. Some of these have been enacted simultaneously. These modes are represented by the various agencies or policy instruments involved:

- CIDCO: affordable housing production through urban planning and housing production
- MHADA: affordable housing production through government action as a non-profit developer
- AMC's Slum upgradation and infrastructure provision activities
- Housing for state or ULB employees: Police quarters, or housing for municipal workers (151 dwelling units in Harsul built by AMC)
- Post 1990s Affordable Housing Policies and Programs
- VAMBAY, IHSDP, Ramai etc.

In addition the following non-state modes of housing production have also been seen:

Cooperative housing societies

Private developers

Formal self development (especially bungalows)

Two stages can be discerned in the history of housing in Aurangabad. In the period from 1960 to 1990s, government agencies (CIDCO, MHADA) were the main players along with cooperative housing societies. Since 1990s, and the onset of liberalization in the country,

government has withdrawn and private developers have been given a greater role in housing production, even as cooperative societies have come to play an insignificant role, largely because of the sharp rise in land prices. Over the last decade and a half, the central government has also introduced a number of schemes like the VAMBAY and IHSDP that seek to restrict governmental role to providing a subsidy and monitoring of projects that are built through private contractors. VAMBAY and IHSDP have had an insubstantial presence in Aurangabad in comparison with the scale of the need. Only 134 DUs have been built under VAMBAY, while 617 houses have been sanctioned under IHSDP out of which 266 were completed and 28 were in progress by April 2012.

Out of the modes of housing production, it appears that CIDCO has been the most successful intervention (especially in its work up to the 1990s) and represents an important argument for approaching the production of affordable housing through an intervention that integrates urban planning, development and housing construction activities. One broad indicator of the success of CIDCO is the belief of many local observers that fewer slums were formed in the decades from 1970-90 than later, even though Aurangabad industrialized rapidly in the 1980s, and attracted a large working class population. In the remaining section, we shall take a closer look at CIDCO and MHADA's contribution to creating affordable housing in Aurangabad.

CIDCO's housing production

In the first two decades of its activity in Aurangabad, CIDCO addressed the challenge of housing in two ways: reserving land for housing through urban planning, and actually building housing. Regarding in the first, CIDCO developed affordable plots for middle class buyers to buy and build houses, made land available to almost 180 housing societies, and made land available to MHADA and other state government organizations for affordable housing. It went further, and collaborated with industrial employers, and employee unions to allot houses, on plots of 20 feet by 30 feet, to workers on the basis of 3 way agreements. As per the agreements, the cost of the houses were collected through salary deductions by the employers over a period of 15 years, and the ownership transferred to the worker's name on the completion of the payment. A significant number of working class families were thus able to secure own housing in the new city through this arrangement (these have appreciated greatly over the decades. Houses worth Rs. 18000/- bought with an initial payment of Rs. 6000/- today sell for between Rs. 15 to Rs 20 Lakh). It should be remembered that long-term home loans were not yet available from banks in India at that time being introduced slowly from the mid 1980s after the formation of Housing and Development Finance Corporation (HDFC) .

CIDCO also built housing in the first two decades, a total of 22060 dwelling units including 19501 for the EWS and LIG together. Out of these, the provision for the Low Income Group was the highest, being a little over 10,000 DUs (or nearly half the total production) while the Economically Weaker Section (or the poorest section) was provided only a little under a third of the total housing production. The greatest benefit has been reaped by industrial workers. Interestingly, after the 1990s, CIDCO has produced no affordable housing at all.

**Table 4: No. of tenements constructed by CIDCO
(since inception up to December, 2012)**

Place	EWS/LIG	MIG	HIG	Total Tenements	Expenditure In Rs. (Crores)
Aurangabad	19,501	2,127	432	22,060	56

A noteworthy feature of this effort was CIDCO's responsiveness to the feedback it got for successive low cost housing schemes. In its first affordable housing scheme CIDCO constructed load bearing houses, with Mangalore tiled roofs on wooden substructures and shared toilets outside the house. Residents complained that the physical structure was difficult to maintain (Especially the roof), and not in keeping with their urban aspirations. In the second scheme CIDCO replaced the roof with Asbestos Cement sheet roofing and attached the bathroom to the house, finally changing the roof structure to precast RCC slabs in the third scheme since the maintenance of the A.C. Sheet roofing was becoming a problem. This reveals some effort at achieving a greater adequacy in housing.

Plans and realities

It is important to note that the developments in New Aurangabad have not gone exactly to CIDCO's plan. These throw light on the many factors are important to understand in terms of the relationship between urbanization, urban governance, urban planning and the sector of affordable housing.

CIDCO's unpreparedness for the task of urban governance immediately after the creation of a planned New Aurangabad is important to note. For instance, all houses built by CIDCO were actually leased out for a period of 90 years. A registered Lease Deed was essential for buying or selling houses as for additions and alterations. However, a majority of 'owners' have sold and purchased these houses without such deeds since original owners generally found the process of registration expensive. By informal estimates, today only about 40% of the original owners occupy the houses with the balance being second or third 'owners'. A majority of the non-original owners have completed their transaction without the necessary permissions from CIDCO, purely on the basis of an agreement on a stamp paper of Rs.100/- . At the same time, the original design of almost 90% of the houses has also been altered with the addition of an upper storey largely to meet the demands of an expanded family. At the same time, to meet the cost of such extensions, houseowners began to rent part of the premises out, a practice that continues even after the costs have been recovered by many. The bigger population that now resides in New Aurangabad as a result of this forms an unanticipated infrastructural burden on the AMC.

⁹ Central government employees had started also getting housing loans from government since the mid 1980s.

¹⁰ Table 10.42, Economic Survey of Maharashtra 2012-13, Directorate of Economics & Statistics, Planning Department, Government of Maharashtra, 2013, p.192, available at mahades.maharashtra.gov.in/files/publication/esm_2012-13_eng.pdf.

CIDCO's website gives the figure for total houses built at 20,578.

There has also been a significant erosion of the intentions of the plan, especially in the matter of open spaces. Today, a majority of open spaces have been occupied by religious structures that occupy central areas and make the open space unusable for play and recreational activities. In the background of the polarization of religious groups after 1992, most evident in the flight of Muslims who sold their properties in the CIDCO area, this religious takeover of recreational spaces acquires an ominous character.

Another important deviation lies in the fact that between 10-20% of houses built through CIDCO's schemes have been turned over for small commercial activity in the form of shops for grocery, photocopying, beauty parlours, flour mills etc. Informal developments have also occurred within the jurisdiction of the plan. In some places, certain parcels of land in the Development Plan that remained undeveloped have also been turned into illegal Gunthewaris, the prime example being Pundalik Nagar which is among the oldest Gunthewari layouts in Aurangabad.

While some of the deviations above might be considered minor instances of the limitations of all plans, and others even desirable modifications, two other problems with CIDCO's efforts in housing that are important to note. CIDCO took years to provide infrastructure for its housing developments after they were built. A number of agitations by residents had to be mounted till the basic infrastructure was put into place. Equally important, the quality of construction that CIDCO was able to achieve has only been modest. This has implications for the life of the housing stock that has been created though the appreciation in the real estate value of that stock, perhaps blunts the edge of the problem to some extent because of an improvement of the financial status of residents.

CIDCO after liberalization

Since 1990s the national turn towards liberalization and privatization has led the state to restrict CIDCO's role to urban planning and development, leaving the task of housing production and marketing to private developers and builders. Since then CIDCO has undertaken a number of new developments including planned development of housing layouts (but not construction) at nodes outside the municipal corporation, that have elicited a good . As elsewhere in the country, in this period the emergence of housing finance options for home buyers have also pushed the market away from addressing housing need, to addressing speculative demand. This has raised prices of land to unaffordable levels for the middle and working classes, as for the poor, and spurred the rise of a market in informal housing (e.g. Gunthewari layouts). It is worth noting in this context that CIDCO has not built any houses for the EWS and LIG segments since the 1990s.

MHADA

Since it commenced its activities in Aurangabad in 1977, MHADA has completed 6758 houses.

The break up is as below.

Table 5 : No. of tenements constructed by MHADA in Aurangabad

EWS	LIG	MIG	HIG	Non residential	Total
1014	3749	1305	628	62	6758

It is clear that as per its mandate, the bulk of MHADA's housing production has been for the EWS and LIG segments, together forming almost two thirds of the total. However, it is much smaller than the actual demand for affordable housing, which is represented by the scale of informal housing. MHADA's total production is also only one third of CIDCO's production of affordable housing, which is understandable, since the latter had access to much more land. Unfortunately, MHADA's housing production has often been viewed by its target population as having inferior design and specifications compared to what is offered in the market. In its latest projects MHADA is trying to turn this perception around and has even planned to produce 'sample flats' following the lead of private builder-developers.

Out of the 26 projects that MHADA has implemented in Aurangabad, the one at Mukundwadi-Murtizapur to the south of the arterial Jalna Road, announced in 1989 and completed in 1995, is the largest. The project involved 1312 dwelling units out of which 1024 houses were for EWS and LIG segments, while 206 and 82 respectively were targeted at the MIG and LIG segments.

When the project was announced the site was perceived as being desolate and too far from the city, but it still got a good response as people viewed it as a good investment option for the future. The tenements have shown a twenty fold appreciation since then. However, residents have reported dissatisfaction with the infrastructural shortcomings, and the design as well as quality of construction. Roads, water and electricity were not in place when the houses were built leading to great inconvenience. Social amenities like playgrounds, schools, dispensaries were not provided. Buyers also had no option but to accept houses with wiring hanging off the walls, and poor quality doors and windows, since they had already paid the money by the time the houses were allotted. A case can be made that had buyers been allotted their plots before construction was undertaken they would have ensured design and construction quality that was upto their expectations.

At present, MHADA's housing production has slowed down because it does not have access to affordable land. In the last two decades the organization has been seeking land on the outskirts of the city, and even outside city limits. Currently, MHADA is building 416 dwelling units at Waluj and Paithan MIDCs for the MIG and LIG segments. Another current strategy to overcome the land shortage is the incentive FSI scheme, which is still in its early days.

We can conclude that housing crises, as well as the most effective responses to it in Aurangabad have involved urban planning as well as active state intervention mainly through CIDCO and MHADA. The crisis of housing, especially the crisis of slums and Gunthewaris, can at least partly be understood as being related to urban planning inaction. Equally, urban planning and housing production by CIDCO has also led to the creation of significant quantities of affordable housing stock that is qualitatively much more adequate than the provision of housing by other state bodies like MHADA. The key factor in CIDCO's performance has been the land made available to it, something that MHADA too is trying to get access to. However, the post-liberalisation emphasis on enabling housing production through the market, instead of housing production by the state, has yielded very little formal housing for the urban poor and low-income groups, forcing them to turn to informal housing as their real affordable housing solution.

As counterpoint to the relative success of state government institutions in providing housing in Aurangabad at a point in time, one instance from Sangli below suggests that the state shows different degrees of commitment to housing the urban poor, at different times and places. What is particularly interesting in the case is that a national housing program has been the mode through which prior commitments made by the local body to a group of beneficiaries on the basis of the Development Plan, have been bypassed effectively against the directions of the High Court of Maharashtra.

Sangli: Stonewalling Demand

In the Development Plan of 1977 for the then Sangli Municipal Council (now part of Sangli-Miraj-Kupwad Municipal Corporation), 100 acres of land had been reserved for Housing for the Dishoused and Project Affected People. This allocation has not been adequately implemented to date. While much of the land has been allowed to be encroached upon over the years, there were also no real attempts made by the municipal council to acquire land parcels which had reservations on them. In 1987, after 500 women mounted a morcha demanding land for building their homes, the municipal council even resolved to provide land for those among the poor living on rent. It announced that it had 45 acres of land for the purpose of housing the poor. However, neither land nor houses were provided to the agitators or the poor in general. On the contrary, in 1994, the municipal council made efforts to return land reserved for housing the dishoused to its owner, a former Member of the Legislative Assembly (MLA), that were ultimately struck down by the state's High Court, and also never permitted by the state government.

Parallely, in September 1994, a group of women formed the Sangli Jilha Nivara Sangh (translatable as Sangli District Shelter Association), or SJNS, and mounted a morcha to submit individual applications for land to the municipal authorities by 2500 women. In response by November 1994, the SMC invited similar applications from the public, and got approximately 5500 more. However, when the SMC did not actually hand over any land to any applicants, a complaint was lodged with the District Collector. The Collector instructed SMC to prioritise rehabilitating slums, especially those on private and municipal land; set

out criteria for declaring a person homeless; and to apply them to select eligible beneficiaries from among the applicants. It was only in 1998 that the SMC declared the list of 1301 eligible beneficiaries, which included 1093 of the original set of 2500 submitted by the SJNS, and 208 other applicants. Thus, it took eleven years from the time a legitimate demand was made for land, for SMC to only put together a list of eligible beneficiaries.

At that point, the then District Collector, who was also holding charge of the Municipal Council, approved the allocation of land on plot nos. 134/1 to 5 to SJNS to build housing for the dishoused. Accordingly, the Registrar of Cooperative Societies gave permission to SJNS to deposit share capital in a district cooperative bank, where an amount of Rs. 1,28,000/- still exists in the account. In fact, in 2002, the municipal body did an about-turn on its earlier decision and decided that only 208 applicants out of the list of 1093 it had announced earlier would be given land, while the remaining would get neither land nor a house. A writ petition was filed on behalf of the SJNS (no. 4467, 2004) to oppose this decision and the High Court at Mumbai delivered a judgement in 2005, instructing the state government and the SMKMC to accept the applications of the 1039 eligible applicants and allot them land for housing. To date, however, the municipal body (now the SMKMC) has not implemented the decision to hand over the land to the approved cooperative housing society. Instead, it chose to build 1539 dwelling units under the Valmiki Ambedkar Awas Yojana (VAMBAY) on the very plot allotted to the SJNS. 800 of these are vacant after rehabilitating slum dwellers. Though a demand has been made that these be allotted to those in the list of eligible beneficiaries, the SMC has yet to do so. It is thus clear that the local body in Sangli has refused to implement practicable provisions in its own Development Plan that would have provided housing even to the list of beneficiaries it had itself drawn up.

This offers a useful contrast to the example of positive state action in anticipation of the housing needs of the poor seen earlier in the case of Aurangabad. Considered together, both put a question mark over the consistency of commitment to providing affordable housing for all, by the state in Maharashtra.

Part 2 :

Integrated Housing and Slum Development Programme (IHSDP) in Maharashtra

Part 1 examined the direct provision of housing through urban planning and state agencies through the case study of Aurangabad. Part 2 is devoted to a specific national program for producing affordable housing for the urban poor in smaller, non-Metro cities.

The Integrated Housing and Slum Development Programme (IHSDP) is a component of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) announced in 2005. It was scheduled to close in 2012, but has now been extended upto 31st March 2014. JNNURM has two broad levels of funding, one for 65 chosen 'Mission cities' (a total of 65 metros and capital cities, largely) and another for the rest, which are non-metro, medium and small cities and towns (ranging from million plus cities to those with a population lower than

50,000) . At each level there are two different components: a) urban infrastructure and governance and b) basic services to the urban poor which were operationalised in the Mission cities through UIG and BSUP programmes, and in non-Mission cities through the UIDSSMT and the IHSDP respectively. The IHSDP shared the same broad objectives as the BSUP, except that it is applicable only to non-Mission cities. The program started in 2005-06 with publication of guidelines which were revised again in 2009 with changes in some procedural aspects and in the allocation per dwelling unit .

Urban reforms were a core objective of JNNURM. Through the various reforms and conditions it mandated, JNNURM can be seen to espouse the following values of relevance to an analysis of IHSDP since this program was part of the larger mission.

- Universal access to housing and infrastructure
- But, no 'free' housing
- Coordination of planning and governance activities especially related to land, infrastructure and housing sectors
- Efficiency in governance
- Transparency in governance

Among the important stated objectives of IHSDP were striving for 'holistic slum development' and enabling the creation of a 'healthy and enabling urban environment' through the provision of 'adequate shelter and basic infrastructure facilities'. Another objective of the IHSDP was to integrate two existing schemes Valmiki Ambedkar Awas Yojana (VAMBAY) and the National Slum Development Policy (NSDP). It also sought to address some shortcomings of VAMBAY. The Dwelling Unit size has been increased from 160 square feet in VAMBAY to 269 square feet in IHSDP, and the estimated cost of a DU has also been increased from Rs. 40,000/- to Rs. 100,000/-. VAMBAY only covered the cost of Dwelling Units and did not support infrastructure costs, which has been remedied in IHSDP. Moreover IHSDP also sought to address the problem of management of the housing stock after handing over, by mandating the municipal body to take care of its governance after handing over to beneficiaries.

As per the guidelines, states were supposed to be allocated funds in proportion to their share of the national urban population. Only those cities that have had elections or have elected local bodies in place were eligible to receive funds. State governments, on their part, were free to prioritise towns on the basis of felt need and after accounting for special vulnerability of populations, and existing infrastructure.

Inclusions, Exclusions and conditions of programme

The various provisions and parameters of the program are to be found in the Revised Guidelines, 2009, as well as in a subsequent series of decisions that can be found in the minutes of various meetings conducted by Gol's MoHUPA. As we shall see, some key provisions in the RG 2009 were changed in the subsequent decisions affecting the responsiveness of the program to beneficiary needs.

Slum improvement/ upgradation/ relocation projects (including the construction of new houses and infrastructure like water and sewerage) were included in the program as per the Revised Guidelines of 2009¹¹. The cost of land was always excluded from the project cost considered under the program, with state governments and ULBs expected to find the land required for IHSDP projects. Given the phenomenal rise in land prices across the country during the programme period and the scarcity of appropriate land, this has been an important factor influencing the fate of the program.

As per the Revised Guidelines 2009, the maximum cost of construction for a DU was considered as Rs. 100,000/- (revised from Rs. 80,000/- in 2005-06) to determine the Central share, for projects sanctioned 2008-09 onwards¹². There was no provision for increasing this Central share to account for price escalation in the period after the announcement of the guidelines, which has proved to be another important factor in shaping the outcome of the program. Additional costs for a DU were to be allowed in reality but would have to be met by the state government, ULB or the beneficiary. Minimum floor area of a DU was set at 25 square meters (269 square feet), and it would preferably have 2 rooms and one kitchen. In practice, in Maharashtra at least, both conditions have been enforced fairly stringently.

In IHSDP projects, 80% of the approved project costs (i.e. a maximum of Rs. 80,000/- out of the ceiling cost of Rs. 100,000/- per DU) were to be covered by an Advanced Central Assistance (ACA) from the central government, while the remaining 20% was to be raised by the state government or the ULB, which included the compulsory beneficiary contribution. Upto 10% of the approved project costs were offered additionally as an incentive for the preparation of Detailed Project Reports as well as for the use of innovative methods and technologies.

IHSDP also allocated funds (equal to those for dwelling units in a project) for infrastructure provision in slums (which was an important improvement over the preceding VAMBAY scheme). The title to land or the DU title was to be in the name of the wife or jointly held by husband and wife, though a provision existed for exceptions with the title going to the male. An important condition was for a compulsory beneficiary contribution of 12% (10% for SC/ST) of the cost of the DU (that is, the estimated amount of Rs. 100,000/- as per the Revised Guidelines). Whereas the MP or MLA LAD funds could be used towards covering the state's share, they could not be used to raise the beneficiary contribution. An important condition is that consent from beneficiaries is compulsory for IHSDP projects including for relocation. A biometric survey of the slum and provision of biometric cards to beneficiaries were also compulsory.

Some crucial changes and new guidelines emerged in the Minutes of Meetings as well as sometimes unstated logic of sanctioning after the RG 2009. For instance, in the initial stages of the programs implementation, it was decided that upgradation would not be an allowable option. In situ construction was also discouraged in practice, and only new,

¹¹ Guidelines 2009, p 1 (clause 4.1)

¹² A and OE (administrative and operational expenses, including consultancy costs and administrative expenses) costs at not more than 5% of total project cost were also covered.

multistorey buildings with a 'cluster' design – stacked dwelling units enclosing an open space - were acceptable. These conditions were relaxed in practice, reportedly after 2011, after they were found to be inappropriate for many situations, or to trigger beneficiary resistance because of a lack of fit with their needs and expectations.

Private participation was central to the implementation strategy. NGOs were expected to be identified to be the main consultants for preparing DPRs. Other consultants were to be appointed for surveys, Project Management etc. Finally, construction was to be carried out preferably by private contractors appointed after a tendering process. The process was to be managed by the ULB with supervision by the SLNA.

IHSDP in Maharashtra

Late in 2011, after it became clear that the allocations were clearly inadequate for the costs of construction because of price rises, Government of Maharashtra raised the cost of a Dwelling Unit under IHSDP in the state to Rs. 1,25,000/-. The additional cost was calculated after deducting the ACA of Rs. 80,000/- and the Beneficiary Contribution at 10% (SC/ST) or 12% (general) from the cost of the DU. This was drawn from a specially created a Shelter Fund set up with contributions from different state organizations like MHADA and MMRDA. MHADA was the State Level Nodal Agency (SLNA) monitoring the project that was to be implemented by ULBs.

It is useful to study the experience of IHSDP in Maharashtra at two levels: at the level of the state as a whole, and at that of individual cities. We shall begin with the first with a quick look at the numbers involved and then follow up with the more qualitative dimension of the experiences of individual cities through case studies of Akola and Sangli-Miraj-Kupwad.

Findings from the status report, April 2012

Cities in which the scheme has been applied in Maharashtra range from million plus cities like Aurangabad to those with populations of around 25000, like Ashta, near Sangli. Between 2005-06 to 2011-12 a total 1,16,668 DUs were sanctioned in Maharashtra in 93 cities¹³, out of which 16788 (14%) were completed and 15089 were in progress. A more recent presentation by MHADA to MoHUPA shows different numbers: a total of 22845 DUs completed and 20960 in progress out of 108,848 sanctioned. Thus, these latest figures report about 20% completion and a little under the same proportion ongoing, amounting to a total best case performance of approximately 40%, assuming all the work in progress is completed¹⁴. The national performance upto June 2012 was approximately 14% DUs occupied after completion (and 22.45% completed)¹⁵. Maharashtra's performance thus broadly mirrors the national performance upto 2012. It should be noted here that a little

¹³ Interview by Smita Waingankar of TISS-UIRF with Senior Official of MHADA on May 18, 2012.

¹⁴ Only gross figures are available for 2013 status. For the more detailed examination, therefore, 2012 figures will be used. IHSDP projects appear to be stalled everywhere in Maharashtra currently.

¹⁵ Nationally, a total of 540,756 DUs approved, 121,421 (22.45%) completed and 75,219(13.9%) occupied) (p41). Further, six states had accounted for 69% of the total ACA

over 1/5th of the total number of DUs sanctioned nationally are in Maharashtra. From 2005-06 to 2011-12, the total Advanced Central Assistance (or ACA, i.e., the Central government share of the project costs) allocated to Maharashtra was Rs. 1130.60 crore out of which, Rs. 726.61 crore was actually released. So the way the program performs in Maharashtra has some significance for the national level performance.

From the status report prepared in April 2012 by MHADA (MHADA, n.d) it emerges that, the smaller the city, the better its completion rate. Specifically, district places are not among the best performing cities, except Sawantwadi (64% completion) which however is a small city with population of only 22,901. In general, successful cities in terms of completion rate are some of the smallest: Dondaicha-Varvade I and II (100% and 95%) in Nashik region, Ashta (95%) and Tasgaon (91%) in Sangli dist of Pune region, Buldhana (95%) of Buldhana dist, and Khamgaon (86%) in Akola dist of Amravati region.

Why is the success rate much better in the smaller cities than in district places and bigger cities? This question is worth studying in greater detail in future research, along with the additional question of why certain districts or regions have performed better than others. The explanation most commonly provided for this general trend is that land is more easily available in smaller cities. This is one reason given to us for the success rate at Ashta. GOI's MoHUPA too has offered the lack of land as one of the main constraints that has hampered the project)

Another factor could be better prospects for a consensus regarding a project in small city slum communities. Veteran housing activist Shankar Pujari from Sangli, suggested that a single political actor is usually involved in these smaller towns (unlike bigger cities like Sangli where major turf wars by politicians at different levels can occur) and once he or she is committed to a project, can help build consensus within the community and also influence the smaller bureaucracy making implementation easier.

When cities with more than 1000 DUs sanctioned were analysed for percentage of households covered by IHSDP (see indicative sample analysis below), a great variation is found in the sample. From other indications (like the Census data on percentage of city households in slums) it does not appear that there is such a great variability in the percentage of slum population to city population across cities in Maharashtra. This perhaps indicates that while in some cities (like Ashta and Buldhana), a significant proportion of the urban poor have been covered by the IHSDP, in others (like Sangli and Solapur) the proportion is miniscule. Again, we see that in terms of proportion of urban poor covered,

¹⁵ (contd.) released but together had only completed 34% of their target, thus performing lower than the national average The six states are AP, Mah, Guj, TN, UP and WB. Performance audit of the JNNURM, p 41-42.

¹⁶ CAG perf audit, table 1.5, p 5. This figure does not include allocations for DPR preparation charges, Capacity Bldg etc. for which state wise figures were not available to CAG

¹⁷ The other being the fixed cost ceiling in a time of escalating construction costs. Performance audit of the JNNURM, p 41.

the best performers are smaller cities and that the larger cities like Sangli and Solapur perform poorly. This finding converges with the first finding above from another direction¹⁸.

IHSDP sanction and completion status in select cities

(Source: MHADA's status report up to April 2012)

Table 6:

City	Pop 2001	Sanctioned DUs (total)	Sanctioned DUs as approx % of HH (pop/5)	% complete (number)	% Ongoing (number)	Best % completion achievable if all ongoing completed (number)
1	2	3	4	5	6	7
Dondaicha varvade (Dhule)	42,436	3796	44	54 (2048)	15 (552)	69 (2600)
Ashta (Sangli)	33,203	2206	30	54 (1195)	24 (531)	78 (1726)
Buldhana	62,979	2287	16	37 (846)	2 (46)	39 (892)
Tasgoan (Sangli)	33,457	393	6	92 (360)	8 (33)	100 (393)
Sangli Miraj Kupwad	436,781	3973	4.5	0 (0)	14 (568)	14 (568)
Solapur	872,478	1289	6	7 (89)	29 (371)	36 (460)
Malegaon	409,403	15840	15	15(2448)	23 (3696)	39 (6144)

Note: 5760 DUs out of the total of 15840 (36%) were sanctioned in 2012 in Malegaon. The rest (10080) were sanctioned in 2009. Completion rates for DUs sanctioned in 2009 would be 24%, ongoing 37% and Best case completion rate would be 61%.

Care must be taken in interpreting the best case figures for cities where newly sanctioned projects constitute a significant percentage of the total sanctioned DUs, as in Buldana.

¹⁸ Elsewhere we have argued that the IHSDP does not attend to the contextual differences between the metros and smaller cities, and its provisions are better fitted to the metros. At one level the table reinforces this finding, but it also prompts the interesting inference that the smallest cities have had much more success. So the contextual difference argument is not simply about small vs. big. It would have to be made more specifically for various size bands, at the very least.

If the statewide trend of stalled progress is true in Buldana, the ultimate completion rate might be close to that existing today (Column 5). Similar caution is required in other cases where the 'ongoing' rate (Column 6) is significantly higher than completed, as with Sangli, where the program is largely stalled.

In general, the main problems that have dogged the program in Maharashtra are the lack of affordable or appropriate land for IHSDP projects; the lack of a price escalation clause in the guidelines, which fixes the cost of construction of each DU at Rs. 125,000/- (in Maharashtra) even as the real cost today is often closer to twice the amount; and beneficiary resistance. Other aspects of the experience of implementation can be understood best in the more detailed case studies of Akola and Sangli that follow. A broad contrast between the two cities lies in the attitude of the respective ULBs and local representatives towards beneficiary needs, as well as in one layer of outcomes related to the centralized nature of the program.

Akola: Wrested Decentralisation

Akola is an old regional trading centre of the under-industrialized and water-stressed Vidarbha region of Maharashtra. As per provisional reports of Census India, the population of Akola in 2011 is 427,146. It is a Municipal Corporation covering an area of 30.55 sq. km (3055 Hectares) sq. km and its annual budget is in the range of Rs. 177 crores (2012). It is famous as a centre of the cotton and pulses trade and supplies almost a third of the nation's *dal*. Today it is also a very important centre for medical services in the region, and has a large number of private hospitals. Medical professionals thus form an unusually important part of the economic elite whose central actors tend to be traders, who have themselves achieved significant affluence through the commodity futures market.

Informal housing has kept pace with the growth of the city's economy. Though there is no official or academic research behind the figures, local estimates appear to agree that over 20 percent of the city's residents live in informal housing, mainly in gunthewaris (estimated to hold 50% of the city's population) and in slums (a population of about 1,47,479 persons resides in the various slums). Slum houses vary in size, but are much larger than those found in Mumbai. It is not uncommon to find houses of 500 to 1000 square feet. Most working slum dwellers are part of the informal economy with mathadis (manual workers) attached to the various commodity trade businesses being an important component. Socially, dalits and Muslims make up a significant portion of the informal settlements and often have their own slums, though this communal segregation is also evident in exclusive upper caste colonies of trading communities like Agrasen Nagar, which is exclusively for the Agrawal community. Primary economic activities are common and usually include some element of animal husbandry, especially goat rearing, usually for supplementary income or self consumption. Interestingly, the local corporators have a significant investment in their slum constituencies and a number of them have actively tried to implement various government schemes for affordable housing and infrastructure in their wards. 43 out of the 72 wards in Akola are informally considered 'deprived wards' (colloquially, '*palit*' wards). Many of the corporators representing these wards, themselves

live in the slums that constitute the majority of their wards. For the first time currently, the city mayor is from a slum ward. Interestingly, the Akola Municipal Corporation (AMC) has extended the same basic services to most Gunthewaris that are available to slums, though the former are technically not eligible. Perhaps for this reason, Gunthewari is not considered a major problem either in the AMC or among corporators.

Land prices in Akola are currently very high, (ranging from Rs. 4000 to 12000 per square foot in the city), and have risen more than 3 times in the last 3 years because of two typical conditions: short supply of land within city limits coupled with escalating demand, especially for speculative investment. The city is hemmed in on one side by the railway line and on another by the large and public Punjabrao Deshmukh Agricultural University. A proposal to extend the limits of the city has been pending at the state government's Urban Development Department (UDD) for 8-10 years. Demand for this scarce land has been high and has extended well beyond the city boundaries along different highways leading to other centres like Jalna. The demand is created in a hyperactive dynamic of speculative investment in land, the one form of property that can absorb the large surplus cash that is regularly generated in the trading and medical services economy of the city. Unlike in other cities, it appears that investment from outside the city is not driving the speculative surge, which indicates the scale of the local economic activity. 'Rolling' (quick serial transactions of buying and selling a commodity with a profit each time) of land is common and has driven land prices up steeply in and for miles around the city.

The AMC struggles with manpower shortages, especially with technical staff. It currently has no permanent technical staff, all technical staff (from Executive Engineer to Junior Engineer) being employed on contract. 29 posts out of 31 for technical staff are vacant¹⁹. AMC also currently carries a financial liability of Rs. 350 crore²⁰.

IHSDP in Akola

We examine the implementation of IHSDP in Akola against this background. The programme was launched in Akola in 2009 (after an initial phase in 2006 that did not take off) and has achieved under 10% completion of DUs. At the moment, however, the project has come to a halt with no new sites being started due to the interplay of a number of factors.

A total of 3334 DUs were sanctioned for Akola upto February 2009 at an approximate cost of Rs.40 Crore though only 309 DUs were built till April 2012 as per MHADA's status report²¹. The DPR of Akola has been prepared by Ramdeo Baba Charitable Society acting as a consultant to the AMC. Work orders were issued in 2011. At the time of writing, the IHSDP is being implemented in 3 different slums only, while other sites are unlikely to start. While the numbers of completed units are small, the cases of ongoing IHSDP projects in Akola offer interesting insights into the positive influence of local political will on the implementation of housing projects.

¹⁹ City Sanitation Plan (CSP), AMC, 2012, p 65

²⁰ City Sanitation Plan (CSP), AMC, 2012

²¹ These figures are from MHADA's status report made available by an official. In an interview the now deceased officer handling the IHSDP project in Akola last year, gave different figures: 3414 DUs from 17 slums sanctioned for a cost of Rs. 70 crore approximately.

The implementation of IHSDP in Akola has faced the same obstructions as elsewhere: price escalation; opposition of beneficiaries to relocation, multistory living and to the cluster design; inability of beneficiaries to pay beneficiary contribution as a lumpsum; and the unpredictable decision making process in the project administration. The most immediate reason, as elsewhere, is that the approved cost of Rs. 100,000/- per DU is unrealistically low, and private contractors are not in a position to undertake projects. However, price escalation has become an issue because of delays caused by different actors involved in the process, many of them governmental. Some of the sites that took off early have managed to complete some dwelling units, as at Nazuk Nagar. A variety of measures, including informally cross subsidizing houses with infrastructure funds, or reusing old bricks, doors, windows etc have been taken to try and fit the houses within the unrealistic budget. The AMC has requested the state government to either increase the cost limit per DU or transfer the DUs sanctioned under IHSDP to the Ramai programme for SC/ST beneficiaries which provides for Rs. 200,000/- as the cost limit. Incidentally, other cities, including Sangli-Miraj-Kupwad Municipal Corporation, have also made a similar request.

An important dimension of the traction, however limited, IHSDP has achieved in Akola is the flexibility that the city's corporators tried, and often were able, to wrest from the rigid guidelines of the scheme, to respond to the needs and capabilities of the slum dwellers. The flexibility relates to the freedom to build individual houses (and not in a cluster as stipulated in the manual provided by HUDCO), *in situ*, exactly where they stand, to upgrade (and not to build a new house), and to modify design guidelines. There was even a case where beneficiaries were allowed to build their own homes without a contractor being appointed by AMC, a practice that was initially discouraged at the Central level in the program.

Some features of the IHSDP implementation in Akola, led by corporators (and sometimes ex corporators) are:

- a) The 300 odd DUs are spread across 3 ongoing projects, in one of which 150 odd houses have been built (See case below).
- b) A majority of the houses have been built *in situ*, as ground floor structures, exactly where they stand. At New Gurudev Nagar (locally known as Shiv Sena Vasahat, and thus referred to henceforth in this note) approximately 150 houses have already been upgraded and built *in situ*, while 50-60 have been built at Nazuk Nagar in the same way (though with a little streamlining of house alignments to enable straight streets for ease of laying pipes etc). The third project is the only multistory (G+2) development though, that too is on the same site where the slum has always stood. In each case, the local corporator has been championing the project. Only in one of the three projects, the new housing is in a G+2 block on the same site. This is so, in spite of the fact that the existing houses and layout are not technically code compliant. This fact involves an aspect of responsiveness to ground realities and needs overriding the rule of abstractions like DCRs. It also implies a *negotiated* acceptance that 'beneficiaries' can be trusted to make decisions about the healthfulness of the environment in relation to their economic and other conditions and should also be

allowed to bear the health and well being costs of qualitative shortfalls in the built environment due to being deficient as per code.

c) Many projects under IHSDP have been additions and alterations of houses that have benefited from earlier schemes, something that is not allowed under IHSDP guidelines.

d) Corporators actively ensured that schemes came to their settlements, disseminated information about them through meetings and discussions, developed consensus in their communities for the project, helped directly with completing the paper work, and in many cases even funded the beneficiary contribution from their own funds. It is possible that corporators also benefited informally from these schemes financially as undeclared suppliers of materials and even as contractors.

The relative strength of the corporator lobby in Akola, vis a vis the local bureaucracy, has been a crucial factor in the housing context of the city, as is evident in the smoother implementation of the scheme here than in say, Sangli.

IHSDP sites

New Gurudev Nagar (locally better known as Shiv Sena Vasahat)

New Gurudev Nagar is the official name of 'Shiv Sena Vasahat' an approximately 1000 household settlement. Informal work is the major occupation, and residents work as manual laborers, pani puri makers and sellers, potters, cobblers, masons etc. Residents say that the settlement is not a slum, and that it was built on an old municipal dumping ground, which required a lot of effort in actually filling the land to make it developable. Notwithstanding this view, the slum was officially 'declared' (or, recognized) in the mid 1990s. At that point the residents chose the now official name to imply that it was an extension of a nearby settlement Gurudev Nagar, which had been regularized earlier and obtain recognition as a slum. This was done with the help of an important political leader and later helped the slum become eligible for VAMBAY.

The settlement is surprisingly formal in its physical layout, with regular plot sizes (15 x 30, basically 3 modules each of the 10 x 15 foot ditch in which garbage would be dumped) a grid of streets, paved in concrete and paver blocks over time using corporator funds. More importantly, there are large planned open spaces, that have survived the threat of encroachment over the nearly four decades of the settlement's existence. That itself is an important indicator of a surprisingly strong internal governance system and leadership within the settlement. The continuity of developmental action at the level of the individual dwelling unit is revealed in the fact that more than half the houses are said to have private toilets and septic tanks.

The local corporator lives in the settlement in a two storeyed house built on an informal amalgamation of two plots, each measuring 15 x 30 feet. He has actively implemented various schemes in his settlement says that approximately 150 houses have been built under IHSDP till mid 2012 with a grant of Rs. 100,000/- each, 200 houses were built under VAMBAY at Rs. 40,000/- each, and about 30 houses of Rs. 200,000/-. An open plot of 15 x 30 costs Rs. 1 Lakh today, though there is no speculative investment and people sell only when

in great need. A small house with such a plot can cost Rs. 2.5 Lakh and bigger houses on double plots go up to Rs. 15 Lakh or more. The local corporator claims that in all, almost 70% of the houses in the settlement have been built or upgraded through various schemes including Ramai Housing Scheme for SC & Neo-Buddhists. Like with almost all other slums in Akola, these houses have been built *in situ*, unlike in Sangli where relocation is the norm under IHSDP.

The local corporator's report of the process followed for IHSDP in the settlement is interesting. He first organized a meeting in the settlement with all eligible beneficiaries as soon as the scheme was announced. Among other things, it was decided at the meeting that cheques should go directly to the bank accounts of beneficiaries to obviate the problem of bribes to any intermediaries in the governance system. The AMC agreed to this suggestion. He also surveyed and found that 70-80 houses were smaller plots than normal. He identified the smallest houses in the settlement and started implementation with them, while assuring those with larger houses that their turn was next, so that they did not object.

The grant of Rs. 1 lakh did not cover construction costs, so the Corporator struck a deal with the corporation. He agreed to get 50 houses built for Rs. 50 Lakh totally, on condition that the AMC then would then release approximately Rs. 80 Lakh for infrastructure allotted for Infrastructure. The infrastructure work – roads, drains – were constructed on a no-profit basis and the balance was used to cross- subsidise the excess of actual cost over the grant for the dwelling units. He reported that many people have extended the houses built through various schemes and almost 30% have added an upper floor. In general, he confirmed that he has to hustle within the community to get things moving. Like with other corporators in slum wards in Akola, he is willing to go beyond his official role to ensure implementation of schemes. He does most of the paperwork for 'beneficiaries', follows up individual cases in the municipality, arbitrates in disputes , and occasionally funds the official beneficiary contribution for the project. Like his counterparts in other wards, he sees the implementation of affordable housing and infrastructure projects as being an important way of ensuring his continued political power in the ward.





Samata Nagar

Samata Nagar has 150 houses, while 79 DUs are being constructed under IHSDP. More cannot be built because of the escalation of building costs which are not being covered by the government grants. The project has been championed by the local corporator. He and his wife are both corporators in this multi-corporator electoral ward and have been in power for the last 6-7 years. A special feature of the project here is that, the slum had 3 or 4 *pakka* houses which were left standing in place and the rest of the project was planned around them carefully. Such an arrangement is not part of the template of IHSDP project design, and is another example of the flexibility local corporators have created.

The project involves clusters of 12 DUs stacked up in 3 storeys (including the ground floor) around a central open courtyard. Each DU has two rooms (1 living and 1 bedroom), apart from a small kitchen and bathroom and W.C. To combat the cost escalation, the house will be handed over to the beneficiaries only partly finished. The entire RCC, masonry, carpentry, septic tank and external plastering are being completed, but internal plastering, polishing or painting of windows, as well as extension of the water supply line from its entry point in the cluster to the indoor taps are to be undertaken by the beneficiaries themselves. Meanwhile, separate funding for infrastructure and for a community hall, available under IHSDP, has arrived. The infrastructure fund has reportedly been used for the roads, concrete gutters and septic tanks. The community hall is located within half a kilometer from the site, and is a 3 storeyed structure totaling approximately 1000 to 1200 square feet, with a hall on the ground floor and rooms on the upper floors.

The settlement layout with the new in situ houses has allocations for open spaces and for roads. Households from the demolished houses have been moved to a plot nearby. Construction has been underway for the last three and a half years and was nearing completion in February 2013. Where possible, the households have been provided with electricity, water and toilets in the temporary locations. The quality of construction

achieved looks reasonably good. This reflects the commitment of the corporator to quality, as well as his willingness to cover the difference between the government grant of Rs. 1,25,000/- and the actual cost which has gone up to Rs. 170,000/- per DU. This has undoubtedly strengthened the 'hold' of the corporator over the settlement (in any case, municipal officers are said to be afraid of entering his ward without informing him). This factor also gives municipal officials the confidence that the usually contentious process of allocating units to specific beneficiaries will be completed smoothly. There are some concerns about the future burden of formalization and maintenance on the beneficiaries. Property tax and water tax are expected to add up annually to about Rs. 900/-. This is likely to be a big amount for the daily wage workers living in this settlement. When asked if this might be a problem, a municipal officer argued that with a *pakka* house of this kind, it is only reasonable to expect them to pay this: 'after all municipal revenues also are important aren't they?'

Discussion

It is clear that corporators have been the major players in the implementation of the program. Where they have been successful, they have achieved many important benefits including, broadly, a more situated, and household sensitive approach to design, eligibility, and even financing. In other words, IHSDP has achieved better adequacy in these situations. This modest success has been achieved only after modifying some of the core terms of the program. This reflects, partly, the limitations of the policy design.

The ascendancy of the corporators should also be considered in a broader context of real democracy. It is clear in Akola, that the implementation of IHSDP has democratized the highly centralized program to an appreciable extent. However, it is important to not overstate the benefits of corporator ascendancy over the local bureaucracy. The political, financial, and human resource limitations of the local administration certainly affect the effectiveness and efficiency of services and of urban governance in general. The brunt of this is probably borne by the poor population in the city. At the level of the community where a program like IHSDP is undertaken, the power of the corporator can also make it difficult to estimate exactly how much control individual beneficiaries (or their families) have on the process and outcome. It is likely that beneficiaries, being voters important to the local corporator, have benefitted significantly in not having been relocated, in their specific needs being accommodated to some extent within the otherwise inflexible grid of the official scheme, and in the extra funding the corporator puts into the house. However, the fact that corporators tend to become much more powerful across the settlement as a result of these benefits has the potential for eroding the freedoms of the individual beneficiaries as well as the democratic character of local social life itself. Having said this, it must be noted that this trade-off is not *necessarily* much worse from the perspectives of the beneficiaries, than the tradeoff that might be imagined or can be seen in a situation where the bureaucratic establishment (which might include consultants, contractors etc) enforces its grid of considerations on beneficiaries often at great cost to the latter. We see a

system like this in Sangli, where the local corporators (except one) have not championed any IHSDP project. Beneficiaries are, by and large, thrown to the winds there. This means that there is a much more serious disempowerment seen in Sangli-Miraj_Kupwad where a crisis of subsistence has been created for many by the centralized, remotely conceived IHSDP project strategy.

Sangli-Miraj-Kupwad

In 1998 two small and old cities in the prosperous sugarcane belt of western Maharashtra, Sangli and Miraj, were merged with a third small town nearby, Kupwad, to form the Sangli-Miraj-Kupwad Municipal Corporation (SMKMC). The district alone has more than thirty sugar factories, which makes it among the highest sugar-producing districts of India. It has the largest trading centre for turmeric in Asia. Today, more than 90% of the turmeric trade in India takes place in Sangli. Sangli and Miraj have grown significantly in the last few decades, but less than nearby Kolhapur that is the dominant centre of sugarcane related agro industrial production and trade. Sangli and Miraj have distinct identities, while Kupwad is home to the industrial estate set up by Maharashtra Industrial Development Corporation. The total population of SMKMC is 502,697 as per provisional reports of Census India, 2011 (2001 population, 436,781) and it covers an area of 118 sq.km.

By conservative estimates 40% of the population of Sangli lives in informal housing (Gunthewari and slums)²². Gunthewari, is the dominant form, with over more than 30 % of the population living in these illegal layouts. Though living conditions can be worse than in slums, Gunthewaris cannot be provided infrastructure or regularized like slums, except through the Gunthewari Act of 2001.

In SMKMC in 2004, there were slums in 97 locations, out of which 27 were 'declared' slums. A total of approximately 57000 people lived in slums. Almost 90% of the slum houses were owned by the occupants, and a third were 'pakka' in construction. Veteran housing activist Shankar Pujari claims that the municipal corporation has deliberately stopped issuing 'photopasses' even to slumdweller residents before the cut off date of 1995, so as to avoid the responsibility of resettlement. Instead, in the last 7 years, almost 2000 houses have been demolished without either a notice being served, nor rehabilitation attempted. Eviction and relocation of slums has been a consistent strategy in the city, with a number of slums experiencing multiple evictions and relocation cycles.

Land supply is severely restricted in the SMKMC, and as elsewhere in Maharashtra land prices have risen significantly in the last five or six years. Part of the reason for this is that much land within municipal limits is designated as 'agricultural' within the Development Plan, and is unavailable for formal residential development. Since demand is high, such land is continually being converted into illegal, and unserved, layouts with plots of under 1000 square feet, called Gunthewaris.

²² Joshi et al, writing in 2002, record that almost 30% of the population lives in Gunthewaris. In addition they argue that the official figure of 10% of the population living in slums is an underestimation. Shankar Pujari, labour and housing activist, and our local collaborator on the project estimates that the share of the population living in informal housing might be closer to 50%.

Another large share of developable land is in the possession of a local trust controlled by the erstwhile rulers of the area. The ULCRA was applied to Sangli but public housing reservations on lands covered by the act were never implemented by the local administration as seen in Part 1.

Corporators in SMKMC have not shown much commitment to slum housing issues or affordable housing projects over the last few decades. They have paid greater attention to the more widespread issue of gunthewari, investing efforts to provide infrastructure to these layouts in spite of the fact that no official provision can be made by law except through the unpopular Gunthewari Act. By contrast a series of policy initiatives enable and mandate municipal bodies to extend infrastructural services to slums. It is generally believed that corporators as a group are less powerful than the local bureaucracy in the SMKMC. This fact is perhaps pertinent to the case of the IHSDP project for Sangli which completely bypassed the local corporators who have themselves also not taken much interest in implementing these projects (with certain exceptions as at Bal Hanuman Nagar, see case below)²³.

IHSDP in SMKMC

SMKMC's Detailed Project Report (DPR) has been cited by the establishment as a model proposal for making a city 'slum free' through comprehensive planning. The city was sanctioned a budget of Rs. 90 crore for this purpose, which is a significant amount for a city of its size (annual budget Rs. 374 crore for 2012-13). The conceptual proposal for creating new housing in the city under IHSDP was prepared by a non local NGO, which has professional competence in architectural design as well as an avowed commitment to participatory approaches. Apart from its promise of efficient production of housing, the proposal can be seen to resonate with a key value of the JNNURM, that of integrated planning. Simply put, the proposal sought to move slum communities from 29 locations that had important Development Plan reservations, onto 7 plots of land owned by the ULB/ state government that were large enough to host the total population of the 29 slums. It was quickly accepted in principle by the Central government, which then directed the ULB to prepare a DPR for it. It must be noted that, the intermediate chain of command (including ULB officials) have communicated a feeling of being effectively bypassed in decision making.

In conversations and presentations, the staff of the NGO given the task of implementing IHSDP emphasise the intensive efforts to ensure that beneficiaries are consulted in the implementation of IHSDP in SMKMC. At the same time, however, the scheme has met with stiff resistance and criticism from many slum communities in the city. Governmental affordable housing schemes prior to the IHSDP in SMKMC have already been controversial, and make it difficult for slum dwellers to trust the state. For instance, completed and occupied VAMBAY projects in Sangli and Miraj have serious deficiencies like a lack of operational infrastructure services, very poor construction quality and unsafe design. Apart from the increased difficulty of accessing their old jobs and livelihood options from

²³ This has not prevented affordable housing projects being used tactically within the local and regional political conflicts, sometimes resulting directly in the stalling of a project.

relocation sites, slum dwellers also consider the small size of the apartments (160 square feet for VAMBAY, and 25 square meters or 269 square feet for IHSDP), multistorey design inappropriate for their basic livelihood and lifestyle needs.

But perhaps, the central problem that relocated slum dwellers mention routinely is that they have rarely been consulted, prepared and assisted appropriately in the matter of resettlement. This is of a piece with the general attitude of the administration towards slums evident in earlier acts of omission or commission as in the agitation mentioned in Part 1.

The perceived lack of community consultation and community involvement in the design and implementation of the project is seen to be related to a number of conflicts over eligibility. Simply put, in many cases eligible slum dwellers claim to have been omitted from the surveys, while ineligible people are said to have found their way into the list. Interestingly, the latter includes households who were earlier accepted as beneficiaries of VAMBAY but have now also been included under the more lucrative IHSDP scheme. The moral responsibility for the 'double counting' was accepted by the City Engineer of SMKMC in an interview, though he assigned operational responsibility for it to the consultants who actually prepared the list²⁴. But from the point of view of communities that have been forcibly removed from their erstwhile locations, it is perhaps the allegedly improper omissions and inclusions that are more serious. It is clear that the absence of the community or its formally or informally elected representatives in the decision making process makes it easier for mistakes to occur or be engineered in the listing of eligible households, since the community itself is usually the most committed monitoring force.

Another common problem with IHSDP has also emerged in Sangli-Miraj-Kupwad, and interacted with the comprehensive slum relocation strategy, to stall the scheme and strain the municipal corporation's ability to execute the project²⁵. As mentioned earlier, IHSDP guidelines do not allow for price escalation, fixing Dwelling Unit cost at Rs. 1 lakh as per the 2009 revised guidelines. Contracts for IHSDP projects have to be awarded within this upper limit of costs. Unfortunately, the cost of materials like cement and steel, as well as labour have soared so as to make this rate unviable for contractors who have the capacity to handle projects of this scale and nature in Sangli²⁶. As a result, contractors have withdrawn from certain sites like Dhotre Aba Vasahat, and refuse to take on other sites, given also the protests from slum dwellers themselves²⁷.

²⁴ Interview with City Engineer, SMKMC, on February 13, 2013

²⁵ The fact that ULBs have been given the responsibility of executing the scheme is itself a topic of much debate at various levels, since they possess little experience, capability or financial resources for this task. MHADA, which is the SLNA and only has a monitoring role in IHSDP is actually the state agency best equipped to implement the project. It should be noted however, that it was unable to implement the VAMBAY scheme satisfactorily in Sangli.

²⁶ Contractors estimate that the real cost is nearly double today.

²⁷ Interview with Project In Charge, Vardhman Concrete Ltd, on February 14, 2013. Vardhman Concrete Ltd is currently in the closing stages of the execution of the project at Bal Hanuman Nagar and is also the contractor to have withdrawn from the Dhotre Aba project.

Since every project involves the rehabilitation of multiple slum communities because of the comprehensive city wide rehabilitation strategy, the stalling of a single project places a much larger number of households in limbo, adding to the popular resistance to the project²⁸. The fact that there is no separate allocation of funds for transit camps in the IHSDP guidelines, adds to the difficulty since SMKMC itself is strapped for funding to ensure proper habitable conditions in transit camps. There is much uncertainty about the fate of the scheme in SMKMC among the senior officials since the municipal body finds itself under pressure from all sides and unable to deliver to anybody's satisfaction. The mismatch between the real and allocated costs of construction is threatening the project's progress in the city.

The predicament of building contractors is usually not of great concern to studies of affordable housing projects. However, the Sangli example suggests that it may be relevant to the success of projects that depend on private contractors. Vardhaman Concrete Ltd (whose forte is infrastructural work like roads and bridges) was awarded the project worth approximately Rs. 90 crore for all the projects in the entire city though this is not mandatory in the program. According to its project in-charge in Sangli, the company made investments in expensive equipment (like a Ready Mix Concrete plant) to take advantage of the economy of scale available, and for speed and quality. However, the stalling of a number of projects on many sites because of beneficiary resistance, combined with the loss inducing cost limit on DUs has led the company to try and find an exit strategy as exemplified at Dhotre Aba.

It is also worth mentioning that like with other slum related schemes and projects, IHSDP has also been the focus of conflicts between politicians in the city, especially those who either play or seek a role in state level politics.

CASES

Sanjay Gandhi Nagar, Miraj.

This settlement of 311 families²⁹ was demolished and the families moved to the current transit camp in late 2011. The transit camp has no pucca road access and is a roughly developed plot of open land. This community is to be rehoused in a new multistory low cost housing layout that the NGO has designed in Miraj. The new complex will have 434 apartments of 269 sft each, including additional capacity for a nearby slum that is also slated to be relocated³⁰.

The slum dwellers living in the transit camp communicate despair and anger in equal measure at their predicament. The camp is almost 18 month old when we visit, but it looks like a makeshift settlement that has just sprung up. The houses are little better than enclosures of G.I sheets, as well as other cheap material.

²⁸ Interview with City Engineer, SMKMC, on February 13, 2013

²⁹ During our visit to the transit camp a number of families claimed that their names were missing from the list though they had been living the original slum from before 1995. They estimated that 40-50 names of eligible households are missing in the list.

³⁰ From Shelter Associates's website



Small extended enclosures serve as improvised bathrooms. There are no paved paths, or even unlined gutters, on the raw, uneven ground. A woman whose house is on the lower part of the camp showed our team the narrow, meandering trench she and her daughter have dug around their house with their hands to keep the waste water of her neighbours out of her, the veranda shed of which is home to her 2 cows and buffalo (one cow has been stolen).

The NGO claims to have consulted the slum dwellers regularly which, they believe, is the reason for the project being under construction unlike others which have simply not taken off. Its website also has a flyer about the peaceful manner in which the slum dwellers dismantled their own houses, and carried off reusable materials to the transit camp peacefully. The point is emphasized in a film that the organization has made about IHSDP in SMKMC. The senior engineer at the municipal corporation also informed us that the SMKMC assisted the slum dwellers by providing transport vehicles, and a cash assistance of Rs. 2000/- (from the SMKMC's own funds since IHSDP has no financial support for transit camps). The community at the transit camp have a very different account of the implications of relocation process. They said that the municipal vehicles were offered only to a few people ("their people") and that on an average people spent about Rs. 8000/- more to build their new houses even after reusing material from the old house.

The community also has other complaints. One common theme running across their complaints is that they have not been given any choices, not been heard, and even been cheated by the SMKMC. The last refers to two things. The dwellers claim that at the time of their relocation to the transit camp, the then commissioner told them that they would not have to pay any money (that is, beneficiary contribution) for the IHSDP houses, whereas now the SMKMC is demanding the Rs. 12000/- that is specified as beneficiary contribution in the guidelines. A large majority in the slum appear not to be in a position to raise that money and are extremely worried that they might actually be rendered homeless by the project! There is also the concern that a chasm would open up between those in the community who can afford the payment and who will therefore get a flat, and those who cannot afford the payment.

Secondly, the residents were given a guarantee letter by the SMKMC during their relocation which guarantees a house to the bearer (the homeowner identified during demolition, that is) in one line while a couple of lines later, it is guaranteed only to those found eligible. On the one hand, thus, there is a sense of being treated like playthings in the incomprehensible games of governance agencies and policies. On the other, there is also an acute sense of being bereft of anyone who would speak for them, and any real court of appeal in which to present their complaints. Interestingly, because of being moved from their original location, their old corporator does not have a stake in representing them, while they are yet to be able to attract the interest and commitment of the new corporator since they are not permanently settled.

The lack of a direct or representative voice of the community (independent of those responsible for executing it, however sympathetic they might be) and associated control of the community in the project process is revealed in the concerns over the disregard and perversion of eligibility criteria, as well as concerns about the fit between the design of the new development and the livelihood and lifestyle needs of the community. As regards the first, at the city level, the municipal corporation admits that the lists of beneficiaries are not accurate³¹. Community members allege that not only have old residents been omitted from the lists, names of strangers populate the eligible beneficiaries from the old Sanjay Gandhi Nagar³². The allocation system for the actual dwelling units is going to be by draw of lots. This is obviously meant to preempt allegations of non transparent allocation of valued locations (like ground floor flats). However, this system has two shortcomings. First, it disperses smaller groupings within the community and throws strangers together in any given block, increasing chances of future conflict. Second, it also leaves room for malpractices in allocation (through a rigging of the draw). The random distribution of the beneficiaries makes it impossible for the relocated community to ensure that ineligible people do not come to live in the project. By contrast, it can be argued that allotting a multistory stack (or block) of flats to a specific group of ex-neighbours might be a better way of ensuring that only the eligible are given the free houses. concerned that a factor that can facilitate the entry of ineligible beneficiaries (even those who had long sold their homes in the old slum, or rank strangers) with political backing into the housing block.

There is also concern about the fit between their needs and the new multistory housing that they will be moved to once it is ready. One concern, common to most IHSDP projects irrespective of the architectural design, is that the 269 square foot apartment is too small—their old houses were much larger. The multistorey design, the other concern, reinforces the problem of small apartment size, since a family does not have space just outside the house to spread certain activities out into during the course of the day. Ground level living also enables easier access to the informal everyday support of neighbours in small matters like looking after a child while the mother goes to fetch water from the common tap, which can be crucial. These concerns have perhaps got intensified in interplay with the sense of distrust in the objectives and motives of the governance and supply systems.

³¹ Interview with City Engineer, SMKMC

³² On Feb 13, 2013 evening, Shankar Pujari and Himanshu Burte visited the transit camp. Pujari had the list of beneficiaries from the DPR and all the names were read out. A number of names were unanimously found to be not from the old community. It is possible that the additional names are those of people from another slum in the city which is being shifted here. That remains to be confirmed.

Interestingly, the NGO's design, based on the cluster planning concept made mandatory in IHSDP initially, is potentially an improvement on the usual linear multistorey block. Here a stack of dwelling units encircles a central courtyard overlooked by the access corridors on the upper floors. Apart from providing a sense of territoriality to the group of residents living in a block, providing a space for informal everyday activities to extend into, it also promises to enable visual and conversational contact across a large number of households and a better chance of social cohesion. So the concerns of the slum dwellers can be seen to be more about the basic format of multistorey living itself which poses functional and cultural challenges. Their livelihood strategies include animal husbandry (typically, goats and hens) which require ground floor living. Since the inhabiting culture of the urban poor in cities like Sangli is still close to rural culture, there is also an important cultural resistance to living in upper storeys, as well as having other people 'live on your head'. Given that cultural appropriateness is recognized as an important aspect of adequacy of housing by the UNCHR, this is a factor that must be taken seriously.

BAL HANUMAN NAGAR, SANGLI

Bal Hanuman Nagar's 175 houses on two separated plots of land on the same road are to be rehabilitated in G+3 storey buildings on the same plots under the IHSDP scheme. Currently, construction on the buildings in one of the plots is nearing completion (with external painting also underway), while on the other, finishing work (plastering, painting, tiling) remains. The beneficiaries have been housed over the last 3 years in G.I sheet shacks erected on the pavements (and on stone slabs placed over the gutters at the property lines) on the opposite side of the road that the original plots abut. The new buildings have 269 square foot dwelling units on each floor arranged around two small, connected open spaces.

Unusually for Sangli, the local corporator has been a firm supporter of the project right from the introduction of IHSDP into Sangli. Currently, he spends time everyday on site and follows up on a variety of issues faced by the project in the SMKMC. However, in spite of the advanced stage of the project, the residents express a strong sense of anger and distrust towards the municipal corporation. The roots of this lie in the fact that the slum was forcefully demolished 3 years ago, going by accounts of the beneficiaries, who were unwilling to move out. (though an engineer with the SMKMC responsible for IHSDP implementation, reported the very opposite)³³.

The community reports that it got the notice of demolition in the night and found bulldozers at their doorstep in the morning, as workers began ripping out the electrical connections even as people had not yet woken up. In reaction, young boys in the slum started throwing stones at the workers who ran away. They came back in the afternoon with police force and made people evacuate with their necessary belongings quickly, and the slum was demolished. Cases registered then against some youngsters for stone throwing are still not closed.

³³ The community's version was heard at a meeting with residents on the evening of Feb 13, 2013. The City Engineer had given the SMKMC version earlier that very day in an interview with Himanshu Burte.



The displaced slum dwellers were rehoused in a transit camp just across the street on the pavement. However, residents report that 30 or 40 families did not find space on the footpaths and have gone and started living in graveyards. Many from the old community have not got any papers or fear that they are not in the final list. However, the local operator says he will ensure that every one of original dwellers gets his/her due DU. While the slum dwellers have been spared the trauma of being housed in a transit camp far from their old homes, they face many serious problems including flooding because of their downhill location with respect to connecting roads. In the rains, storm water comes down gutters along the roads meeting the transit camp roads, and enters houses. This is partly because all the drains on which the houses have been erected are choked and are difficult to clean because of the houses. The choked drains have led to one house being abandoned since the smell was horrible. The occupant now stays in his grandmother's house next door.

When asked, the beneficiaries say they are not keen to live on upper stories, but smile ruefully to indicate that now any kind of flat is OK, 'as long as we get it'. Their desperation has led to unusual situations. As mentioned earlier, a single contractor was appointed for all sites in Sangli, including one called Dhotre Aba Vasahat. Apparently, some payments of his for Dhotre Aba had been held up for an unreasonable time at SMKMC, and he refused to continue work at Bal Hanuman Nagar till he got paid. Bal Hanuman Nagar residents then took out a morcha to SMKMC to demand that his payment on the other project was released, so that their own work could proceed. This indicates the sense of uncertainty about the project that residents at Bal Hanuman clearly expressed, as well as one of the dangers of centralized planning and administration of IHSDP in the city.

Conclusion

An integrated approach to dealing with urban problems is often missing in official Indian policies and programs, especially related to housing. NGO's approach thus appears to be founded on a sound premise, that of considering the predicaments and possibilities of all slums as well as available, reservation-free lands, while formulating a

comprehensive city wide strategy for slum housing. The opposite strategy of implementing the IHSDP settlement by settlement can conceivably fail where a slum is on land reserved for crucial city level infrastructure, like roads. Such slums would also not qualify for inclusion under IHSDP because land needs to be clear of reservations for the slum to be eligible. In the SMKMC approach, by contrast, slums on (legally or physically) untenable land have the chance of being rehabilitated on a tenable site, even if that is at a distance from the old location.

However, the predicament this approach has created in Sangli, prompts a number of counter arguments to the centralization thesis. First it can be argued that the approach tends to make things worse for tenable slums who might be forced to become hosts for others that are moved into their land as has been proposed at Indira Nagar and has also been the reason for the resistance there. Secondly, it could also be argued that such an approach has caused a much greater number of otherwise settled households to be unsettled and their fate rendered uncertain. In both cases above, residents complained that they were very likely to be dishoused by the very project that sought to give them better housing. Given that IHSDP has come to a halt in Sangli, this is a possible outcome.

Part 3 : Conclusions

The first section of this conclusive discussion summarizes and reflects on the insights gained through our research on the IHSDP program in Maharashtra, while the second draws together broader conclusions related to the state's initiatives in producing and enabling affordable housing in general.

IHSDP: Reflections on implementation experiences and policy design

As noted earlier, IHSDP has performed poorly in Maharashtra even in simple numerical terms with only 22845 (21 %) of the 108,848 sanctioned Dwelling Units completed and 20960 (19%) in progress. The program is currently stalled everywhere, so a best performance of only 40% completion is possible. Qualitatively, the performance varies but there is significant dissatisfaction about the process as well as the quality of outcomes among the beneficiaries as well as those implementing the program in the ULBs. Quantitative and qualitative success has been reported in specific sites in Akola and in cities like Dondaicha-Varvara and Lonar, which is worth studying further. Local political and administrative leadership in these places appears to have been very important in the success of the program.

There is a great variation across cities and city sizes in the numbers of sanctioned houses and in completion rates. Broadly, big cities have performed poorer than the smallest cities in Maharashtra.

Aurangabad with a million plus population was sanctioned only 617 DUs (with 266 completed), whereas cities like Sangli and Akola each with half that population, were sanctioned over 3000 DUs. In terms of completion rate too, it is the smallest cities like Ashta and Dondaicha-Varvara (with population less than 50,000) that have had very high completion rates (between 80% and 100%). Meanwhile, not a single DU has been completed in Sangli-Miraj-Kupwad yet (though there are hopes that half of the 175 houses at Bal Hanuman Nagar might get to completion), while Akola has been able to complete only a little over 300 DUs.

A common set of problems has stalled the program across a majority of the cities.

- Price escalation: costs of construction have risen significantly beyond the ceiling cost fixed in 2009, making projects unattractive to contractors.
- Non-availability of government owned and dispute-free land
- Beneficiary resistance

In some situations, ULBs and local corporators have responded to these problems in different ways. To tackle the cost escalation problem, a number of ULBs including Sangli and Akola have petitioned the state government to transfer sanctioned DUs from IHSDP to the Ramai program which allocates Rs. 200,000/- per DU. Local level improvisations like informally cross-subsidising construction costs with part of the Central contribution for infrastructure are common. In one project in Akola and in another in Sangli, there is talk that beneficiaries moving into the DUs without internal finishing and getting that done on their own.

It is worth going taking a closer look at beneficiary resistance, which has been rooted in some common concerns:

Size of DU: Existing slum houses in smaller cities are often between 500 to 1000 square feet, so the 269 square foot DUs offered under the program are found to be too small by beneficiaries.

Relocation: Beneficiaries relocation, and especially, giving up what they see as more certain control over the houses and land they occupy.

Beneficiary contribution: A large number of beneficiaries (in Akola, SMKMC, and reportedly in Parbhani and other cities) find the compulsory 12% or 10% contribution genuinely unaffordable.

Multistorey living: lifestyles and livelihood strategies (especially animal husbandry) of slum dwellers fit badly with multistory living.

³⁴

These are well known in the program establishment and were recently mentioned in a presentation by MHADA to MoHUPA in April 2013 (date not known). The presentation has been sourced from MHADA.

Uncertainty about outcomes: Based on earlier experiences in dealings with the state, prospective beneficiaries don't easily trust that projects will be completed, which is an important but inadequately acknowledged

The core issue appears to be simple. Beneficiaries do not find the pucca, formal, dwelling unit being offered by this program appropriate to their needs, especially where they already have at least minimally well serviced homes in hand. Given the uncertainty, cost and often relocation that often comes with the projects, no wonder they do not see it as an attractive enough option. This suggests two related possibilities: one, that the threat of eviction is not considered a serious enough threat given the political leverage of informal settlements; and two, the option offered has no bankable promises of significant betterment in terms that matter to slum dwellers, and in fact appears to present many unpredictable costs and threats. Such a stance appears justified when we consider the fact that IHSDP is in danger of turning out to be an *unaffordable dishousing* program for many, either because of eligible people falling through the net, or because of projects where beneficiaries have surrendered their land, stalling. At Sanjay Gandhi Nagar and partly at Bal Hanuman Nagar in SMKMC, relocated beneficiaries face the possibility of being left dishoused because the ongoing projects have come to a halt.

These conclusions about implementation raise doubts about whether the avowed objectives of IHSDP are being achieved at all. Examples of integrated development of slums, and well serviced affordable housing projects are rarely found or reported in most cities we studied or have reports from. Results that beneficiaries appreciate have been found in Akola, which were realized only after existing policy design and operational principles were modified formally or informally. Against this background, it is worth examining aspects of policy and procedural design that have contributed to the current status of IHSDP

Policy design

IHSDP's policy design and implementation procedure shows an internal contradiction: most significant decision making powers are concentrated at the central and state government level, while responsibilities and unanticipated burdens are delegated to ULBs and downwards, ultimately to 'beneficiaries'. ULBs have been given very little power to respond to local contingencies. On the one hand, the procedural (and geographical) centralization routinised delays. On the other, the centralization also made it difficult for the scheme to respond to the necessarily diverse needs and contingencies of different local situations.

It should be noted here that the flexible spirit of the RG2009 was significantly altered in the operationalisation of the program. For instance, the RG 2009 allowed upgradation, and in situ construction of dwelling units, but this was discouraged in practice especially in the initial stages. According to a number of corporators, administrators and consultants, *in situ* construction was also discouraged, and new, multistorey buildings with a 'cluster' design – stacked dwelling units enclosing an open space - were pressed upon cities in the

sanctioning process. Reportedly, the Central Sanctioning Committee began allowing much more flexibility including the freedom to not choose cluster design, only after 2011 once it became clear that the program was stalling.

The endorsement of resettlement as a desirable project strategy appears like an expression of the spirit of centralization that marks this program. Where encouraged by the program, this strategy appears to have disrupted the minimal integratedness of housing, livelihoods, social networks and services, that slum dwellers have built up painstakingly over time in many locations. This appears to have defeated a core stated objective of the program: integrated development of slums or of affordable housing.

The policy design also appears to have overburdened ULBs. ULBs are the end of the line and are dumped with unsolvable problems as with price escalation, finding land etc. They feel burdened beyond capacity. This is part of a larger pattern of centralization in housing policy thinking at the state government level that gives responsibility to ULBs without adequate financial or decision making powers³⁵.

ULBs were also made the implementing agency because of their better understanding of and contact with local slums, but most have neither the experience nor adequate trained manpower in housing production. As a result, they have struggled to fulfill the responsibility in many cities in different ways. MHADA which has the experience of producing housing, was only a monitoring agency. Perhaps, it would have been difficult for MHADA to deal with consent from slums etc in which the ULB is the experienced party, but the ULB's lack of expertise in housing has been a factor in the way the program has been turned out.

The financial scale of the program in each city is also large relative to many cities' financial capacity. This comes into picture when there are procedural delays or obstructions that disallow a ULB to pay contractors' running bills. These delays might be because some portion of the grant is to be received from the state government, or because guidelines prevent the ULB from releasing payment till a particular condition is fulfilled by the contractor, which in reality is very difficult to fulfill. At such times delays due to the centralization of decision making at the state government level, combine with the low financial capacity of the ULB to make it impossible to clear bills on time and keep the project moving. Financial scale matters also because of the lack of a price escalation clause. Even if they want to, ULBs cannot make up the difference in costs as expected in the policy provisions, because of the scale involved. For instance, SMKMC would need to raise over Rs. 40 crore to make the project viable but that is virtually impossible given that its total budget is only Rs. 374 crore.

Finally, there is also the issue of timing in relation to policy design. Different, and partially overlapping, affordable housing programs have complicated each other's implementation. For instance, IHSDP was announced before VAMBAY was completed.

³⁵ See Bhide, Amita, Chapter 4, State Level Background Paper, UIRF, 2011

Many potential beneficiaries of IHSDP in Akola preferred to opt for Vambay, because the latter did not require beneficiary contribution, even if IHSDP promised better infrastructure. In Sangli, on the other hand, VAMBAY beneficiaries moved into IHSDP lists (against the rules) because it offered more monetary subsidy or grant per dwelling unit. Interestingly, Ramai was announced in 2012 while IHSDP was still not complete on the ground. It allocated Rs. 200,000/- per dwelling unit and required no beneficiary contribution from its SC/ST target population. Since this was twice the ceiling cost of a dwelling unit under the RG 2009 of IHSDP, and since IHSDP is stalled because its allocation is unrealistic, many ULBs have now requested the state government to include the remaining IHSDP beneficiaries under the Ramai umbrella.

General Conclusions

The broader conclusions of this research relate to a number of themes like the experienced need to reframe the problem of affordable housing, the importance of state action in affordable housing production and the connection with urban planning, the mismatches between intention and outcomes, and the centralization of misconceptions about the problem of affordable housing. They are discussed in detail in this concluding part of the Issue Note.

Need to reframe 'affordable housing'

The disappointing performance of IHSDP and VAMBAY, as well as the poor response to unattractively located MHADA projects in Aurangabad, reinforce previous lessons: policy action that yields housing that is affordable but inadequate for the real needs of beneficiaries, will either be rejected by beneficiaries or accepted at great cost to themselves, thus defeating the very purpose of such policy action³⁶.

Widespread beneficiary resistance to IHSDP and VAMBAY is rooted in their poor performance on the dimension of adequacy. Many examples have been offered by activists from different cities in the state, including that of two shelter homes built under VAMBAY lying vacant in Amravati even as there are over a hundred homeless people in the city³⁷. Of course, this does not mean that the poor have never either been comfortable or been able to adjust to the buildings produced by government schemes. One part of the VAMBAY housing project at Nava Budhgaon Road, Sangli, does have over hundred families who have moved in. However, their struggle to make the built environment work for their needs is visible in the accompanying photograph.

³⁶ Adequacy may also need to be defined much more broadly than even in the definitions discussed earlier.

³⁷ Manish Khandpachade, Presentation at State Level Housing Forum workshop May 18, 2013, TISS



We are forced to conclude that affordable housing schemes and programs have generally misunderstood the dimension of adequacy, since they have only paid attention to affordability. But that attention has not effectively produced housing that is either affordable to the state or the beneficiary.

Dwelling unit sizes have been an important cause of beneficiary resistance to VAMBAY (160 sq. ft.) and IHSDP (269 sq.ft.). These are too small in comparison to the average size of houses or land parcels that slum dwellers occupy in small cities (500-1000 sq.ft in general, and even larger in many cases). The size of dwelling units does not appear to have been arrived at by studying real needs as seen in land and houses the poor possess. On the one hand they have been derived from comparable standards applied to affordable housing in big cities like Mumbai. On the other, they are also possibly defined by a supply side consideration: the maximum size of dwelling unit that can be provided almost free to the beneficiary through government or market subsidy. Adequacy, in this case, appears to be determined by affordability (or profitability, in market subsidy approaches) for the supplier within a particular economic model of housing provision.

There are also other basic differences between the state's and the urban poor's understanding of adequacy. They explain why the poor will reject even free housing if it is not adequate. In John Turner's terms we could say that the state is obsessed with what housing *is*, while dwellers are more interested in what it *does*, or enables them to do. The state's understanding of adequacy emphasizes the physical dimension of shelter and the statutory policies and codes that govern it. Formality is a central parameter of adequacy for the state. For the poor, on the other hand, formality and even the firmness of construction, are secondary to the interlinked possibilities of subsistence, upward mobility and social reproduction that it enables.

Adequacy has been best achieved in two situations from what we can see. One, in which the beneficiary needs are carefully attended to in the design and construction of the housing either by them (as at Shiv Sena Vasahat and other places in Akola) having more direct control, or through especially sensitive professionals working on their behalf closely with them (as at Dondaicha or Lonar, reportedly). The other situation where adequacy has been achieved better is where housing has been provided within an urban planning initiative. Both situations reinforce well known lessons for affordable housing policy. First, that 'beneficiaries' understand adequacy better than benefactors. Second, that housing cannot be approached independently of the various other realities human existence is tied into: livelihood opportunities, social networks, infrastructure, and amenities.

The experience of IHSDP suggests that affordability itself must be thought of with more nuance. For instance, while IHSDP's beneficiary contribution of between Rs. 10,000 and Rs. 12,000 appeared steep for many beneficiaries in smaller cities, it is likely that the same amount would not have been difficult if spread over a longer period. Even the poorest of the residents of Sanjay Nagar, Miraj, claim to have spent a few thousand rupees (up to Rs. 8000/- in some cases) in setting up a new shelter in the transit camp. Surely, then the beneficiary contribution had it been spread over some years (and had the basic conditions of adequacy been met). The Sanjay Nagar example also highlights unplanned costs that the beneficiary are forced to bear because of gaps in policy design. IHSDP strangely made no allocation for transit camps though relocation was a central strategy in the program, and beneficiaries suffered additional costs (above the Rs.2000 provided by SMKMC) as a result. Such a provision could have been foreseen in a program that supported reconstruction on the site of the slum. The additional costs borne by beneficiaries in situations like this reduce the real affordability of housing. Another aspect of affordability relates to the cost of maintenance and taxation that attaches to the pucca and formal housing that the program provides. There are concerns that these costs might be difficult to bear for many beneficiaries in the case of IHSDP.

Broadly, we see that existing urban land markets and urban planning regimes force dwellers to choose to sacrifice some crucial aspects of adequacy and affordability in finding a place to live in slums or other informal settlements. Quite clearly, affordable housing policy cannot do that. It must clearly be committed to providing the poor (or enabling them to secure) housing that does not involve sacrificing any crucial concerns related to adequacy and affordability. To be able to achieve this objective, the policy establishment must

internalize the lesson that it has struggled to understand adequacy and affordability related needs and expectations of the urban poor.

Outcomes do not match stated intentions

As we saw in the introduction, housing policies need to produce housing that is adequate and affordable, not just either. Housing production also needs to come close to the scale of the need. Some outcomes of affordable housing policies and programs in Maharashtra's non-Metro and smaller cities do not match stated intentions either in terms of the numbers achieved, and often in terms of adequacy and affordability of houses built. Occasionally, they worsen the problem they set out to solve.

It is a matter of concern that policy interventions are often self-contradictory in design as well as outcome. Policy interventions often turn out to be dishousing interventions in different ways. For instance, there is an obsession with exclusion that underlies the affordable housing policy initiatives. This is revealed in the centrality of cut-off dates for eligibility that are kept around a decade or so back from the date of announcement. This automatically excludes tens of thousands of households who have settled in informal housing in the intervening period. There is also a continuing emphasis on, or at least uncritical acceptance of, eviction and displacement as one of the necessary strategies or steps in the procedural logic of policy. The case of IHSDP in Sangli is an example. This, in spite of enough evidence about its destructive impact on the lives of the urban poor, as well as about the uncertainty of completion in government projects. IHSDP is in danger of becoming an unaffordable housing program for some, a dishousing program for others, and both together for far too many others. Perhaps, these contradictions reveal a conflicted view of the urban poor. The state appears to extend a hand to help them into better housing, but simultaneously withholds crucial provisions that can realize that objective.

Certain modes of producing affordable housing are more successful in achieving both adequacy and affordability together, than others. The performance of CIDCO suggests that when affordable housing is integrated as a core objective of urban planning, both attributes are achieved together, whereas when housing alone is produced, as through MHADA in Aurangabad, 'adequacy' (in terms of infrastructure) might be compromised.

State action for affordable housing

The state's intervention in the production of affordable housing in smaller cities has been beneficial but inadequate, quantitatively and qualitatively. Direct housing production by the state itself has also been inadequate, but again, generally beneficial. MHADA's schemes in different cities and CIDCO's in New Aurangabad, for instance, have created a very significant stock of affordable housing especially for the original beneficiaries. Their scale and ability to reach different segments of the urban poor may be inadequate. But in the absence of state intervention through these agencies, the overall condition of cities like Aurangabad would have been much worse. At the same time, it should be noted that state produced housing has often been a qualitative failure, as with many VAMBAY projects that beneficiaries have found inappropriate for their needs.

Where the state's intervention has been ineffective, or even counter-productive (as potentially in Sangli through IHSDP), the reasons often lie with the centralizing tendencies in policy design, and with implementation strategies or practices, and not necessarily with the state's presence per se. On the other hand, in the period since liberalization, the market has yet to show any commitment or capacity in any city (barring to a small extent, Mumbai) to produce housing that is adequate, affordable and numerically significant.

The shortcomings of two different modes of getting private agencies to build affordable housing stock are clearly visible. In one mode, as with IHSDP, the state gets houses for the urban poor built through private contractors while it provides the finance and regulates the implementation. We can call this the mode of private participation in implementation, including construction. In the other mode the state offers incentives to private developers, commonly in the form of enhanced FSI, to produce and hand over affordable housing free of cost to the state, and still make a profit because of the much higher returns from the 'sale' component that cover costs and allow profit. In this mode, private profit subsidises the entire cost of affordable housing. We can call this the mode of private subsidy. The very uneven performance of either mode can be traced to the fact that profit is understandably the highest priority for private sector agencies. Where profit or financial viability are threatened by any circumstance, the private sector is unlikely to deliver.

The failure of the 'implementation' mode of private participation in IHSDP is clear. For sure, the private sector cannot be blamed for indifference to a project where currently the contract amount covers only half the expected cost of construction. So the substantive failure can be placed at the door of poor policy design and implementation, in this case. It could be argued that some key flexibilities in policy could help overcome the vulnerabilities in this mode (one such, to address price escalation, could be linking the contracted cost of construction to the District Schedule of Rates (DSR) provided it is updated in response to real market conditions). At the same time, we can expect that the state's resolve to overcome real-world challenges to complete a project of affordable housing will generally be greater than that of private agencies because of political accountability.

The disappointing record of private participation in the 'private subsidy' mode is cause for greater concern, even in the relatively more conducive market of a big city like Mumbai. This mode can hypothetically deliver affordable housing in two ways. The pure market way would be where developers are able to work entirely through the market, finding land cheap enough to produce affordable housing. In reality, this is probably impossible without some form of state control over land pricing. Land prices are rapidly increasing even in the smallest cities, especially after the increased availability of credit and surpluses to the middle and upper classes for buying homes. It has been argued in the literature that the ability of the affluent to pay higher prices for land and dwelling units (including for speculative purposes) makes these commodities more expensive for everybody else down the line. Given that land price makes up much more than half the cost of a dwelling unit even in smaller cities, the market will find it unattractive to provide for the burgeoning need for affordable housing. The other way (within the 'private subsidy' mode) is through special policy exemptions and incentives like that of the extra FSI of 2.5 announced for

collaborations between MHADA and private developers. The prospects for this too do not look very healthy in non-metro cities because the sale prices of mid range to high end apartments are not high enough to offset the cost of building housing for the poor that is mandatory under the scheme, and still return a profit to the developer.

Perhaps, the one conclusion to draw here is that any centralized system of producing housing, especially through standardization of design and process parameters, is not likely to work effectively and efficiently. It is likely that a combination of state control over land availability for affordable housing through urban planning, realistic development control regulation, and infrastructure provisions; subsidies for construction to the urban poor; and negotiated freedom for them to determine the details of the housing process and product would work much better.

Urban planning, governance and affordable housing

In general, it is clear that urban planning directly affects the way the urban housing situation shapes up in Maharashtra's smaller cities. It can encourage or preempt the emergence of a housing crisis and it can help solve existing crises or aggravate them. In places like Sangli-Miraj-Kupwad, the agricultural reservation on peripheral land in the DP has directly led to the emergence of Gunthewari, a mode of informal housing production. This has been particularly strong where land has been under threat of acquisition under the now repealed Urban Land Ceiling (Regulation) Act, 1976. This is the affordable housing option that emerges 'from the ground up' in the absence of adequate reservation for residential land use and specifically for affordable housing in the Development Plan. CIDCO's work in the first two decades of its existence in Aurangabad also suggests that affordable housing can be best produced when it is integrated into urban planning. Land must be reserved for affordable housing in proportion to the population of the urban poor, since land prices in the open market are increasingly much beyond the paying capacity of the poor. Further, CIDCO's struggles in preventing the capture of well planned open spaces in New Aurangabad, as well as in regulating the informal densification of residential areas, also underlines the importance of good local governance to ensure that housing stock continues to support human well-being throughout its life. Needless to say, the informal densification of New Aurangabad itself can perhaps be traced to the fact that urban planning has not been able to keep making land available for affordable housing for different segments of society. The integration of urban planning as an alert and responsive arm of urban governance, and not a sporadic activity undertaken every twenty years, is thus indicated as a necessary change.

Beneficiary participation and control

John Turner's seminal criticisms of the top-down production of housing made 40 years ago still appear to hold true. So does his advocacy of greater beneficiary control over the process of housing production and management. In general, we find that the very beneficiaries for whom affordable housing policies, schemes and projects are conceived, have the least influence over their conception and implementation. This is also usually why,

by and large, they either criticize, resist, subvert or reject affordable housing projects, even those that give them free and legal dwelling units. This study gives reason to believe that where beneficiaries have more control (either directly or through direct political representatives like corporators who can work the municipal authority), and where projects are more responsive to beneficiary concerns, beneficiaries respond positively. This has been seen clearly in Akola, where local corporators battled the rigid stance of the state machinery implementing the project to customise the process (decision making, financing) and product (design of the dwelling unit) to community needs. Where beneficiaries feel marginalized and finally left with little control over their fate, they resist and criticize a program or project intensely as has happened in Sangli.

Beneficiary control is important on the design and implementation of the *process* and of the *product* (that is the house). Both are related. Beneficiary control over both requires their participation in the design and implementation of the program, which has been inadequate. For example, IHSDP has been experienced as a centralized, and inflexible process by beneficiaries, and one that is not responsive to their genuine needs and constraints. At the product level, in both VAMBAY and IHSDP the Dwelling Unit sizes (160 sq.ft and 269 sq. ft. respectively) have been judged inadequate by beneficiaries in many places in Maharashtra not just in the 3 case study cities. Had there been real dialogue with beneficiaries, the fixation on the physical characteristics of a building, and on standardizing them, might well have been complemented by a consideration of other possibly more important characteristics of even the physical aspect of the dwelling unit.

Timing and responsiveness

Timing, speed, and responsiveness appear to be crucial dimensions of successful implementation, separate from but with implications for policy design. The stalling of IHSDP due to price escalation is an excellent example of how unanticipated time costs can actually cripple a program. Equally, the foreseeable durations for the implementation of each stage in the policy design, also need to be incorporated into policy design itself. Construction cost increased significantly in the 2 years that it has taken most ULBs to prepare DPRs for IHSDP, after the announcement of the program. But the lack of a price escalation clause in the policy design appears to have ignored this foreseeable duration, and crippled the project. The successive modifications of the design and specifications of its early affordable housing schemes by CIDCO in Aurangabad in response to the feedback it received stands in relative contrast to this in attitude and outcome.

The timing of action (or inaction) is also important. In Sangli, as elsewhere in Maharashtra, delays in acquiring land under ULCRA ensured its ultimate demise by providing evidence that the law could not be enacted! The market, or specifically landowners, meanwhile, acted with typical alertness to the question of timing and timely action, by throwing up Gunthewari settlements in ULCRA threatened lands to make acquisition more difficult and simultaneously encash land values informally. In Akola too, the long pending proposal of limit extension and the lack of timely urban planning intervention in the area beyond the current city limits has created a large and increasing footprint of informal Gunthewari

settlements for long distances outside the city. Absence of timely action (or untimely obstructions to progress), and delays due to decision making and approval process, has also affected IHSDP and further aggravated the price escalation problem as in the Mata Nagar case. In this case, the fact that the state government was willing to consider a change from the guidelines on realistic grounds, while the local commissioner was not willing to accept it, highlights an important implementation issue: At a given moment, different levels or players in the implementation hierarchy can have different readings of how a policy provision must be interpreted. This differential has the potential to block progress as happened at the project in Akola, that was finally not implemented.

The Centralization of (mis)conception

From the different ways in which they fail qualitatively and quantitatively, affordable housing policies and programs like VAMBAY and IHSDP reveal inadequate understanding of (and even misconceptions about), the housing situation of the urban poor, especially in smaller cities. These relate to many things: how the problem of affordable housing emerges and is experienced; the needs and expectations of slum dwellers; the institutional capacities of ULBs; the nature of potentially effective solutions etc. These same problems underlie the uneven and, at the state level, disappointing record of state institutions like CIDCO and MHADA in affordable housing production.

The policy design and intents underlying IHSDP, VAMBAY as well as provisions like the 2.5 FSI for affordable housing projects, is rooted in an understanding of slum and market realities of big cities like Mumbai. The small size of DUs, as well as the easy recourse to multistory designs mentioned above is a typical example. Land has been more easily available to the poor to occupy in smaller cities, and the poor there have more rural lifestyles and livelihood strategies than their big city counterparts. Both factors make small apartments, and multistoried buildings unrealistic options for the poor. The incentive FSI scheme, which may work in the big cities because of much higher real estate prices, cannot be attractive to developers in smaller cities where prices are much lower. Other misreadings pertain to the realities of affordability for beneficiaries, and actual ULB capacities, which have already been discussed.

Perhaps the biggest misreading is about what slums (and other forms of informal housing) reveal about the problem of affordable housing, and therefore about the nature of the possible solutions. At one level, the ideal of 'slum-free cities' propagated explicitly or implicitly in affordable housing policies and programs like IHSDP and the upcoming Rajiv Awas Yojana (RAY), reveals a persistent view of the slum as a 'problem' that can be solved once and for all time through a rational, expert driven, centrally monitored policy process (implemented today through the market). This process is seen to culminate in a predefined product: physical shelter with some standardized characteristics related to location and infrastructure. This view sees the poor physical characteristics of slums as the central problem and not as the outcome of other factors, including the lack of access for the urban poor to affordable land and finance, and the pressure of unaffordable standards related to

construction materials and building design (it also fails to see the place of a slum dwelling in the larger life-structure of households, which is a larger related issue). Not surprisingly, all state programs and policies insist on expert designed RCC and masonry construction that complies with local building codes (themselves usually modeled on the National Building Code, a non-statutory document). Such a view reduces the challenge of affordable housing to the centralized production of dwelling units as products to be delivered to passive beneficiaries, who may be moved around in the city if required and who must also pay a part of the price of the product they have not had a say in defining. When implemented competently, this approach does deliver some results as with MHADA and CIDCO in Aurangabad as discussed in Part 1. However, this approach makes it difficult to achieve the required scale of production (as in Aurangabad) and qualitative adequacy largely because of the oversimplified understanding of the problem and the centralization of the design and implementation of 'solutions'.

It has often been argued that centralization of responsibility (and power) for housing production makes the task unsustainable financially and managerially for the implementing agency (whether of the state or market). This is partly because beneficiaries are not invited to participate in defining the problem in the context of real world constraints and possibilities that they are intimately familiar with. On the contrary, the problem and the solution are often determined remotely and in the abstract. The well meaning insistence on cluster design for IHSDP projects is an example. Such a predetermined design strategy ran into major obstacles related to, say, the size and shape of land parcels available, as well as simply to beneficiary resistance to the configuration. Another example is the material specifications of the housing product. The well meaning insistence on formal standards of construction (usually 'pucca' RCC and masonry) increases the cost of construction as well as managerial burden beyond the capacity of the central agency, especially the state. Inevitably, some of the financial burden is promptly passed back to the supposed beneficiaries, who however, find it impossible to bear. The combination of qualitative adequacy and of unaffordability for everybody concerned is enough to make implementation very difficult, and often unsatisfactory even where it is accomplished.

It could be argued that the centralized definition of problem and solution guard against the forced self-exploitation by the poor that is involved in, say, coping with poor physical quality of shelter which has known impacts on basic comfort and health. This argument would be convincing if the centralized approach did regularly deliver a better outcome. Unfortunately, as we have seen in the case of IHSDP, and as has been experienced in VAMBAY too, centralized programs have rarely been able to be successfully implemented even in terms of numerical completion rates. We are thus finally led once more to an old theme: the need for meaningful beneficiary participation in, and control over, defining the problem of affordable housing as well as the nature of appropriate solutions.

³⁸ For instance, John Turner made this argument decades ago in his classic, *Housing by the People*.



SoHS

School of Habitat Studies
Tata Institute of Social Sciences
Deonar, Mumbai - 400 088

Tel : +91 22 25525375

URL : <http://www.tiss.edu/TopMenuBar/academic/schools/school-of-habitat-studies>

