Human Settlements and Development Issues in India

A Compendium of Post-Doctoral Research Work of the Candidate Submitted in Fulfillment for the Award of D.Litt. (Doctor of Literature) Degree in Economics from the European International University, 59 Rue, Lamarck 75018, Paris - France.



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Declaration

The thesis entitled "**Human Settlements and Development Issues in India**" is a compendium of my post-doctoral research work carried out from 1993 onwards, after award of the Degree 'Doctor of Philosophy in Economics' from the University of Mysore (1916), India. This particular thesis is being submitted to the **European International University, (EIU), Paris (France)** for the award of **Doctor of Literature (D. Litt.) Degree in Economics**, after fulfilling the due procedures of registration and other academic requirements for the same.

I declare that this thesis work has not been submitted to any of the university or institution for any award of degree, including the post-doctoral advanced research award.



M. Mahadeva

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Abstract

Human settlements issues are always challenging to all the stakeholders – people in stress, society, government to provide and facilitate, market that produces goods and services and others. Every society, be it developed or developing and advanced or backward face the human settlement issues of their populace always at varied degree and nature. Advanced societies with active role of the state, market and civil society participation ensure decent settlement to their people, in all measures fulfilling all the basic needs like good housing, safe drinking water, good living environment, uninterrupted power supply etc. While the other societies with a very limited role of the state, market and almost without the people's mobilisation have rendered themselves to face the human settlement challenges, in terms of short supply as well as deficient supply, and face the settlements poverty. Interestingly, the market continue to disengage itself from the real problem and the people as the sufferers face the problem of decent settlements without a clearly and well-defined space in the development. It is the typical example of India, where the human settlements are a major challenge in the rural and urban contexts. The state is yet to realise its responsibilities to fulfil basic needs of the people. It is even precarious situation in the case of the homeless in backward and rural areas and slums in particular in urban areas.

The present thesis has captured the human settlement issues both in the rural and urban context of the country in terms of the difference between the number of households and the good and acceptable housing stock. The difference is obviously leads to housing deficit/ shortage and housing poverty in general. The nature being both quantitative and qualitative in both the segments, the incidence is more conspicuous in a good number of regional context. Deprivation of other basic needs like safe drinking water, decent sanitation and electricity is heralded along with the housing shortage. In fact, the severity is more among those households living in dilapidated houses and insufficient housing units. It is even attributed that enormous presence of the dilapidated stock is the major cause for not meeting the attainment goals by the poor and unaffordable sections. These situations can be straight away attributed to a very limited role of the government, although social housing schemes have been in vogue with deficient interventions. The unit cost of social housing unit is not only wherein meagre but also for below the actual cost of construction. When such is the case provision of the basic housing amenities are far from the reality. Secondly, the housing market which came into existence almost a three decades ago, its operations highly limited to urban areas and the salaried class. As a result, the benefits of the housing market have not penetrated in the backward and rural areas. This has resulted not only the housing development exclusion but also financial exclusion of the poor in general and homeless families in particular. Thirdly, one of the similar issue is the lack of people/ community participation in realising decent housing dreams of the homeless. The commercial financial institutional penetration has never strived to bring the excluded population into the financial network. The other major lacuna is the mobilisation of household savings for decent housing is altogether missing especially in the rural context. In the absence of this feasible method, the commercial lending for housing activities have made unaffordable by most of the homeless households. What is even more pathetic is the absence of cooperative societies which have promoting thrift has one of the principles of cooperation. By and large, the cooperative housing movement is confined to urban areas than in places where their presence is largely felt and needed. Further, it should be noted that the human settlement issues of urban slums is not different from the rural settlement scenario, although the strategic interventions for slum development have brought some changes in the recent time.

This thesis highlight all the above issues in detail with official information and the data as published by public agencies. While concluding the thesis as offered a number of pragmatic implications for the effective public policies and effective development intervention of the human settlements in the country.

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Chapter - One
Introduction and Overview

India in all measures is one of the countries which has been facing human settlement issues abundantly and seriously ever since the independence. It has not met most of the human basic necessities even after seventy years of the planned development approach adopted. This situation is pertinently for three reasons (a) lack of comprehensive understanding of the human settlement issues in the national and regional perspectives for most part of the period of development; (b) absence of the comprehensive development policies keeping in view the rural-urban settlement dynamics; and (c) owing to ad hoc policies (limited public intervention for targeted people and areas, as and when need arise) adopted in the absence of the comprehensive policies. Major lacunae have been that the ad hoc approach did not look at neither the human settlement attainments nor its problems from the view point of their totality. It must be noted that meeting human basic needs have direct influence on the human settlement standards of the country, which was not given adequate attention. Among many other critical parameters (like development of critical sectors of the country, catch up with the urban trend, social achievements, development governance and sustainable development), housing development and improving housing conditions for the homeless people and families are the identified key issues of human settlement - according to the United Nations (Habitat 1996). Especially, with regard to housing development and improvement of the existing housing situation, India's performance has been dismal as well as far from satisfaction even to date for various reasons. However, the period from late 80s has been a windfall in housing development for all those countries, including India, which have responded positively to the international declarations like "International Year of Shelter for the Homeless - 1987" and "Global Housing Strategies for All - 2000" by the United Nations general assembly.

Although India have had both non-strategic periods of 35 years and strategic period of 30 years in the housing sector, it has not fully committed to attain the goal of housing security for all, especially for the poor and disadvantaged houseless families. If poverty led homelessness; sub-standard housing, growing homelessness are on the rising, housing finance exclusion has been the daunting issue of the sector in the recent days. Similarly, public housing interventions are inadequate to meet the total needs and lack of financial support for housing improvement of the dilapidated stock has been missing altogether. These two different segments have kept the housing poverty at a higher order. Housing development efforts and policies have often been intended to provide housing services on a

very small scale at relatively short period and aim at meeting specific needs than providing housing services universally to all the needy on sustainable and long term basis. This is largely due to involvement of massive investment in the production of housing goods and its related services. The gigantic requirement of resources has compelled public authorities to evolve housing development strategies on ad hoc basis and at their whims and fancies. Especially the instances of evolving ad hoc strategies are very common in developing countries owing to their resource constraints. Lack of public understanding of the housing requirement of various groups of people has also contributed to the present plight of the sector. There are three types of inconsistencies in housing policies and development strategy.

First, missing reflection of the various dimensions of housing problems in the policies and strategies. In most cases, housing problem has itself been misunderstood or narrowly defined as supply shortage. This limited understanding of the problem has eventually led to give more emphasis on new housing project to increase supplying housing units. In fact, there is always an important dimension in the housing problem, which has missed all along the attention of not only public authorities but even the market. Redevelopment of the existing stock especially dilapidated houses has always been a neglected segment of public action and market intervention. Given the substantial number of poor families in the developing world, redevelopment of existing stock can no longer be a missing focus. Unfortunately, even the new housing projects have failed to meet total housing need, as there has been always shortage in supply. Absence of housing indicators of various income groups is one of the reasons for such inconsistency though such realization is belated. Second, misnomer of housing as a social good has added the problem especially on the production front. The misconception has restrained the participation of other agencies like private sector, private/voluntary action in the production and distribution of housing and its services to different income group consumers. In view of its essentiality, it is high time to understand that housing is also an economic as well as collective good to be produced by other agencies also other than governments. Largely, governments are responsible for the misconception of the problem. Government should have long back realized the need to create facilitating environment to enable housing development for the benefit of those who could afford the housing and its services from the market and then to have restricted its role for vulnerable sections only. Unfortunately, this did not happen for several decades, though in the recent years there are attempts for reorganization of the housing sector and restriction of government role. Third, the mother of all inconsistencies is the non-

development of a broad- based self-sustaining housing finance system. For longtime, housing development was expected to take place without a proper financing system to be able to meet the financial needs of various income groups. Non-development of financing system and limited public resource has together pushed a large number of needy into the operations of informal financing source, which is known to be uneconomic and unaffordable. Yet other dimension of the problem has been the urban biases in the public expenditure on housing. These urban biases have left the rural financial needs unmet besides throwing them into lurch. The apathy has continued even with the emergence of financing system in a number of cases. Rural housing finance has continued to suffer, as the financing system is market based rather than household based.

Indian situation is not an exception to the one that exists in any other developing nations. Ever since, independence, ad hoc strategies, limited government actions, non-development of housing finance system are the hallmarks of housing development experience. Though a large number of housing consumers had resorted to constructing substandard houses especially in rural areas, unfortunately redevelopment of existing stock particularly the dilapidated ones has never been a focus in the housing development strategy. The developing strategies are more biased towards new housing projects especially in urban areas. This has resulted not only in accumulation of dilapidated housing stock more so in rural areas but also in a major segment of housing shortage in the country. Thus redevelopment of the dilapidated stock can no longer be neglected and left to itself in view of the fact that poor families are inhabitants of these houses. Secondly, Indian case is a good example of mismatch in the housing supply as compared to the housing demand. Even to date, the new construction per thousand populations is far less than the accepted level despite the growing need for good but affordable and number of households. The short supply in new housing units has led to crowding and housing adjustments besides creating pressure on the housing services and snatching away privacy from young married couples. Final but the important one is the neglect of rural areas both by the government and by the market. Unfortunately, despite the need for construction of new houses and redevelopment of dilapidated stock in large scale, new construction has been left only to the mercy of government sponsored social housing schemes. This means that emerging housing market has hardly had any control or influence on rural housing activities. Further, on the resource allocation front, if rural areas account for only around 5 percent of the total public expenditure on housing during the entire plan period (1950 to 2002), it is better not

to speak about the role of housing financial institutions (Financial Market), which are urban focused and white-collar oriented.

Policy Initiatives: The declaration of the year 1987 as the International Year of Shelter for the Homeless by the United Nations Assembly has its own impact on its member nations over the years. Especially the Indian Government has responded positively to the declaration by designing its first ever National Housing Policy (NHP) in 1992. This policy was approved by the parliament in the year 1994 after the NHP was made available for public opinion and for comments. It is needless to note that till 1994, the housing development strategies/programmes for different income groups were by and large ad hoc (as discussed earlier) and without a pronounced framework, which could have given the needed direction to the government and other players for taking up housing development activities in the entire country (GOI 1994). However, this policy was subjected to a number of criticisms from the academics and people from other walks of life, on the ground that the policy has not emphasized to create a true facilitating environment specially in delivering the critical housing inputs such as finance, land, building materials, etc. Subsequently, the successive governments have also not attempted to plug the loopholes in the policy, especially in promoting a sound financing system, user friendly land market, and consumer preferred building materials. The policy was also further criticized on the ground that it lacked household based resource mobilization strategies and network for refinancing activities of housing in the country. It was believed that Indian Parliament while approving in 1994, could attempt to address the loopholes of the NHP and that this policy could give a direction to different players of housing development, especially in the context of New Economic Policies initiated in the country from the year 1992 onwards. But, that did not happen and many of the issues were unresolved, which have paved the way for fresh thinking of the housing sector. Subsequently, Indian government has brought out another policy viz., National Housing and Habitat Policy (NHHP) in 1998, by adding habitat dimensions for the human settlements.

The NHHP had three pronged focus (a) to motivate the houseless population to adequately house themselves; (b) to encourage investment in the housing sector; and (c) to eliminate the constraints in maximizing the housing efforts. Its other far-reaching objectives are discussed subsequently. Although this policy did attempt to influence the government to create a facilitating environment specially in encouraging the entry of private sector, but by and large the efforts towards that direction remained more or less half-hearted. The measures that were initiated during the early 90s were mostly in increasing the housing

stocks in the owner occupation sector by giving fiscal concessions and other benefits to the individual house builders. Well-defined attempts to organize a sound housing financial system to cater to the needs of the common man (economically weaker sections, lower income groups, etc.) of the country were missing, despite having the National Housing Bank Act-1987 was passed. It is with this backdrop that the National Housing and Habitat Policy of 1998, was prepared and adopted by the National Development Alliance (NDA) Government. Needless to say that the policy framework was more focussed on urban areas than rural areas, in terms of inputs supply like land and housing finance, including the public expenditure. Further, the first decade of the twenty first century has witnessed another windfall for the housing development separately in the rural and urban India, since the NHHP - 1998 policy did not adequately address the specific concerns of the rural housing. National Rural Housing and Habitat Policy (NRHHP) – 2005 and National Urban Housing and Habitat Policy (NUHHP) – 2007 (Government of India, 2005 & 2007) were contemplated to address (the details are discussed subsequently) the specific housing needs in their respective regions. At this juncture, it is indeed necessary to note a number of new initiatives that were contemplated by these two policies, which should pave way for creating favourable environment both to alleviate housing poverty and the development on sustainable basis.

Ever since the housing policy making in India, due prominence has been accorded for the urban housing development in general and in meeting the housing needs of the urban poor, in particular. The commitments were supplemented by the housing finance system - a critical input for housing development largely confining its operations and coverage of the customers (salaried sections) in urban areas. Though, these two policies did not draw strict compartmentalization of housing development between the urban and rural areas, there have been attempts to put in place various mechanisms for promotion of the development in urban areas. In other words, these housing policies were designed in such a way highlighting development features of urban areas (moderately good design, high cost, mostly standard, modern building material oriented, connected with all housing services). But a hardest reality has been that these policies have bypassed the typical characters of housing in rural areas (low costs oriented, largely sub-standard, locally available material based, unconnected housing services etc.). Invariably because of the inroads they are into, urban areas have largely benefitted by the policy elements and special attentions like supply and access to developed land by government and public authorities, expansion of private sector investment, special thrust on slum dwellers and housing the urban poor, conservation

of housing stock, development of housing finance, clear demarcation of roles of local governments, fiscal concessions, innovative/cost effective building materials. To be precise, these initiatives have augmented the supply of developed land on large scale across all the sections of the needy by the government, public sector authorities, private sector, cooperative actions etc. Similarly, housing finance, as is emerged with the presence of the public sector, private sector, corporate institutions have targeted the regular income class and salaried sections, as they found in large numbers in urban areas. Fiscal concessions of the government have further facilitated the urban houseless families than rural areas. There have been financial assistances for redevelopment of the existing housing stock and rental stock, as there is huge demand in urban areas.

One of the paradigm shifts in the approach of the NHHP 1998 was the added dimension of the habitat related issues like living environment, healthy environment etc., in addition to the housing development in the country. The other feature of the policy has been that it declared housing for all as a priority area for all the housing needs, including the poor and deprived sections and considered housing activity would be an engine for substantial generation of employment in the country. This policy was specifically intending to create surplus in housing stock to cater to various shelter options, provision of housing services as priority, access to basic sanitation, partnership between the private, public and cooperative sectors, development of road connectivity and transportation etcetera (etc.,) among many other elements. It is needless to say that these elements of the policy have been the urban realities than rural areas. Private sector did create sufficient housing stock, particularly in the high rise buildings/ flats, although some of them are not affordable to the middle and lower income groups. But this is not the case of either the government/public sector or cooperative sector or the case of rural areas, wherein the housing activity is by and confined under the social housing schemes or because of individual efforts. Cooperative housing sector has a least exposure in rural areas despite being a century old movement. Development of housing services like drinking water, sanitation, electricity connectivity and what not has been the housing culture of the urban areas including social housing schemes meant for the urban poor, slum dwellers etc. But in the case of rural areas, these services are being developed at different points of time and on compartmentalized basis. The commitment being one and half a decade old but still rural areas have yet to catch up with urban culture of housing development, largely on account of the indifferent attitudes of the government and of the people. The rural housing sector is yet to have the benefit of multiplicity of institutions (government, including the state and local, housing boards, corporations,

development authorities, cooperative societies, private sector) like in the case of urban areas.

Development of Housing Finance: The debate on housing finance system although initiated during the early 80s, its importance holds good even to date for the developing parts of the world. The concerns have been to evolve a developed but self-sustaining housing finance system for the sector. The argument is all about promoting a feasible housing finance system, with an eye on meeting also financial needs of low-income households. The debate entrusts a challenging responsibility to government to organize housing credit market with dual strategies, which would be discussed subsequently. Before discussing how government can fulfill its responsibility, it is indeed necessary to understand the nature of housing finance and credit market and the manner in which it differs from other segments. Housing finance is a specialized form of financial service in the overall capital market that plays a critical role in housing production. Housing finance helps the consumers to construct their own dwelling units besides helping them to purchase residential land, which is the other principal input. Housing finance is a market - based system, which is peculiar in its nature and distinguishes itself from other forms of financing social goods such as education, health care etc. Housing finance is generally a long-term credit made against a secured/tangible asset. It is being advanced to those who own the title. The loan component is always less than the final cost of the housing unit and the loan sum is a multiple of borrowers' annual income. The repayment is on periodic basis and consists of principal as well as interest amount (Jorgensen, 1977). The investible funds are unlikely to be raised from public source excepting to a limited extent of annual investment for housing the target citizens by governments. In other words, a large part of the capital is being raised either from capital market on commercial terms or/and from private savings. It is on account of this, the rate of interest on housing loans is usually on a higher side. Housing credit also involves costs other than the contractual fee or interest. The costs include debt servicing, administrative fee, establishment fees, loan provision etc. To avail housing financial service, regular-guaranteed income is one of the pre-conditions. Thus, chances of availing housing credit by low-income/resource less families are very limited or altogether absent. Because, the mode of operations followed by housing credit market is not compatible with the economic and financial needs of low-income households. More specifically, it is argued that since low-income families lack verifiable income and collateral, they cannot afford high transaction costs of housing loans. What is further worse, housing finance agencies are non-existent in low-income areas and is believed that poor will not

repay. This does not mean that resource-less families are altogether left in the lurch. Although much needs to be done, governments have created specialized lending institutions with initial capital and low-cost funds to provide credit for housing activities at subsidized interest rates.

Considering the incredible needs of the consumers including low-income households for housing credit, the literature on housing finance suggests two solutions. First, government should encourage financial innovation by evolving housing credit market to provide/boost to residential investment on viable basis. It need not be specified again that such market would meet housing financial needs of the households/people who can afford the services, including the cost. Second, there is a good case for credit to the low-income households through subsidy mixed specific housing programmes. Therefore, attaining the second objective is entirely the responsibility of government, as the low-income households cannot get access to formal housing credit (World Bank, 1984). To accomplish these goals, it is suggested that a central government body be established to bring about coordination between housing sector policies and housing finance policies and to supervise various financial institutions. The proposed body is expected to organize the housing credit market and to promote household savings besides broad-basing financial benefits to housing consumers including the low-income households. Also, the proposed apex institution should also clearly spell out the role it could play in the housing sector development, types of project financing and its geographical distribution, methods of curbing informal market, promoting financial deepening through cooperative agreement with other financial institutions like regional and commercial banks. Emphasis is laid on mobilization of household savings since it is an important means of capital for housing investment. The added advantage with household savings is that the converted capital is less expensive. Also, people can be motivated easily by the savings mobilizing agency, as home ownership is a powerful incentive for households to save. Similarly, it would be a futile attempt if the housing credit market loses sight of the common man's needs. Especially, in the context of attaining equality and welfare goals, meeting the financial needs for housing of the low-income households assumes greater significance. Further, it is not a viable or justifiable proposition to organize housing credit market for the benefit of the small segment of affordable sections, leaving behind the interest of the huge masses of disadvantaged sections.

Establishment of a central body, promotion of household savings and broad-based services by themselves do not ensure effective functioning of housing finance system. There

are other issues, which need to be considered carefully by governments. One of which is minimization of conflicting measures. No doubt, preferential measures would increase the supply of finance to low-income households but such measures should not affect the other priority sectors investments. This implies that additional resources have to be generated for these purposes without diluting the financial plans of other sectors. But at this juncture, how to generate the additional resources? The answer would be to encourage middle class savings at a moderate rate of interest, if the housing credit is to be supplied at affordable rate. The same could be ensured through financial institutions especially by the commercial and regional banks. Further, affordable mortgages to low-income households would go a long way, if the opportunity cost of capital is borne by them. Secondly these goals could be accomplished by establishing a deep and broad-based financial commitment for housing within the capital market or banking sector as they have an advantage of huge and low-cost savings. The financial commitment based on savings thus ensures flow of funds for housing at affordable cost. Moreover, increasing investment on housing activities does not greatly affect or cut short the investment on the other sectors. It is further argued that deep and broad-based financial commitment ensures effective management of scarce resource besides avoiding capital fragmentation. The argument is not for creating a new set of specialized housing financial institutions but to broad base the application of capital of the existing capital market, including banking sector. Setting up of new financial institutions for housing finance would only mean proliferation, although multipurpose financial institutions provide long-term finance. Such approach would not only contrast the existing financial set up but also promote dualism in financial services. Moreover, the added disadvantage is that the specialized housing finance institutions operate on higher scale (higher rate of interest on deposits/lending, cost on loans etc.,) and cater only to the higher income class and not to the low-income households.

Thrust on Development of Integrated Housing: Integrated housing refers to development of good quality housing unit along with the housing amenities (mainly drinking water, sanitation, electricity) integrated. The purpose it to put an end to the practice of fetching water from far distance places and open defecation in rural areas, besides promoting household based income generating activities. The other significances are respectively to give relief to rural women from fetching water, to ensure decent and clean environment and to improve income earnings. The literature on housing shows a positive relationship between good housing is associated with human welfare and especially, owning a housing unit gives rise enormous benefits, comforts and satisfaction. Also. Good housing

as a better reflector of social progress, which provides privacy, security and a wide range of enjoyable domestic life, besides facilitating educational advancement and better attainment of health status for the habitants. Further, it is argued that good housing environment always includes safe dwelling, provision of adequate water supplies, development of hygienic food habits, effective provision for the disposal of excreta, liquid and solid wastes, and what not. In other words, well-being of the mankind is largely determined by the quality of housing, as the former affects negatively or positively the latter with greater significance. There are other external benefits of owning good housing units from the economic, social and political perspectives. The economic importance of home-ownership (as an investment and consumption good) and as a growth-fueling agency (employment in cottage based activities). As one of the major indicators of economic well-being, home ownership has intrinsic values for households and communities in which they reside (Jorgensen 1977; Megbolugbe and Linneman. 1993). Home-ownership has assumed importance from the political angle too as home owners are the frequent participants of the community politics (Baum and Kingston 1984; Steinberger 1981).

Undoubtedly, realization of welfare benefits from good housing requires a sound housing financing mechanism and a strong public financial commitment. In many other contexts, not only have there been scant efforts to organize a sound housing financing system but also scarce public expenditure on development of good housing. Unfortunately, India is also not an exception by this argument, as housing development was expected to take place at least for first four decades of independence without organizing a proper housing financing system. On the public spending front, the relative position of housing was far from satisfaction, as public housing accounted to less than two per cent of the total outlays under the five year plans. With this overall scenario, the position of the rural areas is even gruesome. Mismatch between the flow of public funding and the housing needs continue to be a plunge feature of the country. The Housing Finance System, which has been over three decades of existence with a number of institutions from the commercial, insurance and private segments, is yet to rope into the housing activities in rural areas. Thus, the importance of owning a house as a merit good although seems to have been realized by public policy making in the recent years but the same has not been effectively complied with in terms of the needed resource allocations. More so, the progress achieved in ensuring good housing to the houseless families in rural areas is very dismal and tardy (Mahadeva 2004a). As a result of the development deficiency, not only considerable number of families have been depending on unsafe, hazardous, unhygienic and environment

threatening sources to meet their day-to day needs but also experiencing high levels of deprivation of housing amenities (drinking water, good sanitation, electricity and drainage connection). For example, a significant number of families are depending on well, tank, pond, lake, canal, river and others for drinking water sources. Kerosene and other oils are the source for lighting, open space for defecation and on open/ no drainage for out letting household wastes. The resultant impact is the growing incidence of housing shortage (not just physical structures but good housing) on account of the supply gaps apart from accumulation of dilapidated (Unsafe) stock in rural areas. These situations have pushed the houseless families into life threatening as well as down-graded and sub-human living conditions. In this regard, though the NHHP -1998 has promised to create surplus housing stock with a partnership between public, private and cooperative sectors, the signs of moving towards "Housing for All" is continued to be a far reaching goal given the existing traditional approach (un-facilitated roles for the market as well as the houseless families).

Development Indifference: The housing development experience of about seventy years of independent India has been highly skewed and largely biased towards the urban areas. This means that the housing development has not taken place evenly between the rural and urban areas in response to the homelessness. This has been largely due to lack of widespread operation of the housing market, that consists of the public authorities (government), private sector (real promoters and builders), third sector (cooperative building societies) and communities (needy and homeless families). Having been highly demarcated and compartmentalized of the end goals and activities, the benefits of the housing market have clearly cornered towards the target sections and has not generally met the cross section needs of the homeless. Apart from being characterized so, one of the major functional disabilities of the housing market is its concentration in only urban areas and substantial neglect of the rural areas, which has resulted in the conspicuous development exclusion. To be precise, the role of the private sector- a major player in promoting housing production has been highly centric to urban areas and has altogether missed the rural focus. Similarly, housing cooperatives, with a history of over a century, its activities have been awfully negligible in rural areas (NABARD 2005). It had a very minimum presence and exposure in creating housing stock in countryside unlike other forms of the cooperatives. In the absence of these two important sources of investment, the production and distribution of housing benefits is by and large left to the state action or public interventions, under the gamut of the social housing programmes (Mahadeva 2008) targeting only the disadvantaged sections than meeting the housing needs from its entirety.

However, to some extent, rural housing development has been supplemented at the family level with limited investment, which would have either come from own savings or from informal borrowings from rural money lenders.

If this has been the overall scenario of the market, the case of the housing finance has not been entirely different, but is lamentable. It goes without saying that institutional source of the financing for rural housing has been grossly disappointing and excluded the needy from its operation altogether. The investment of the housing finance institutions in general, private sector and the cooperative societies, in particular has been continuing to concentrate mostly in urban areas, having left the rural needs to the public domain. Unfortunately, even the public financing under the social housing schemes during the period between First and Eighth Five Year Plan (1951-1997) has been abysmally negligible at around 3 per cent of the total investment for housing development in the country (Mahadeva 1994). Thus, it only mirrors the fact that public expenditure for housing development in the country has been garnered by the urban housing sector to a very larger extent (97 per cent) than that of the rural segment, which has been neglected all through. Despite these major public lacunae of the skewed financing system and the market, rural housing sector has achieved a comparable progress over the years with community actions and homeless families' participation, which has been supplemented by the public social housing schemes. Further, increase in the housing amenities or services (drinking water, sanitation and lighting have been an added development in the housing sector and have minimised the deprivation levels in rural areas. It is further significant to note two very important changes in rural housing front in the recent time. First, the growth of housing stock in rural areas has been over half of the total growth of the country, which is laudable, especially the good ones (standard) as well as liveable stock. Secondly and complimentarily, there has been a small decline in the composition of the rural households itself. But a real worrisome situation is the increasing stock of the dilapidated housing units in rural areas, which has both enhanced the housing stress for the dwellers as well as deterred the progress of households' access to chief housing amenities. In fact, dilapidated stock as percentage in the total housing stock constitutes exactly half of the total. It is further evident that the deprivation index of four important critical amenities (safe drinking water, good sanitation, household connection to drainage and electricity) is more in rural areas than urban areas. Undoubtedly, the rural areas of the country have been historically facing housing poverty in all measures, which needs corrective public action. This has been largely to have not attempted to understand the rural housing dynamics from its actual

perspectives, the development exclusion, ineffective public interventions, conspicuous absence of the community/cooperative activities and what not. Fortunately, these limitations have also been highlighted in the housing development literature emanated in the recent time. Within the Millennium Development Goals (MDGs) framework, it is proved undoubtedly how public housing interventions (development of housing efforts, water supply, sanitation programmes etc.) have been ineffective in term of their achievement, especially in rural areas (Darshini M 2013). Yet other important limitation identified by the development literature is the lack of community option through micro finance approach to realise the housing dreams of the homeless families of the country, based on the international experience (Manoj 2008).

Urban Biased: India is urbanizing undoubtedly and have seen a number of changes over the years in terms of their sizes, population composition, increase in the stock of housing in the standard segment and increased housing amenities. Accelerated industrial growth together with expansion of service sector (Planning Commission, 2008a) and increasing concentration of services, location of industries and other economic activities have attracted people from rural and semi-urban areas into urban areas (Singh, 2001; Ghosal, 1961). Organization and rapid expansion of housing finance and housing sector reforms being more urban focused have furthered the urban expansion (Mahadeva 2004a & 2006). At the same time 'push factors' such as impoverishment, continued poverty (Radhakrishna & Roy, 2007) and shrinking economic opportunities in rural areas have also facilitated urban expansion in the recent years (Kundu 2006). A decent housing unit with assured housing amenities (safe drinking water, electricity and household sanitation) is one of the critical preconditions for an orderly urban living condition. To protect oneself from climatic changes and their belongings from external forces a good housing is a must, especially for those migrated to urban areas, seeking better prospects. If this critical need of the poorer section is not met by various sources (government, market and community) the urban expansion exhibits ugly posture, more so in the form of human deprivations (HABITAT, 2005).

India is one of the examples to have not corroborated the urban housing initiatives vis-à-vis the growing urbanization, as the urban areas are continuing to entangle themselves with housing deprivations, amenities deficiencies and increasing number of slums for want of public financing for housing the poor. The development initiatives to provide housing facilities in urban areas have not been incommensurate with the total demand and needs of the people. The ad hoc approaches followed for more than four decades have masked the various forms of housing needs owing to resource crunch. For example, none of the housing

policies, including the National Housing and Habitat Policy have recognized the housing problem by source and its nature. The incidence of the dilapidated housing stock although constituting more than half of the total housing shortage in the country, the NHHP has not recognized this very important dimension and suggested any pragmatic public action to alleviate the incidence. If this is the policy indifference to the dilapidated housing stock, the financing part of it both by the institutional source and under the social housing schemes have been even more injudicious. Extending financial services to new construction being the foremost preoccupation, the newly organized housing finance system has hardly considered financing redevelopment of the dilapidated stock. Similarly, the public financing towards the redevelopment of dilapidated housing units has also been indifferent. Evidently, alleviation of the dilapidated units has hardly attracted any attention in the public domain, as most of these initiatives have been aiming at supplying new housing units. Since, poor families and other disadvantaged families are living mostly in the dilapidated housing units in urban areas, it is indeed necessary to reorient the interventional as well as financial strategies towards the quality up gradation of the dilapidated housing stock, as the housing problem of these sections cannot be solved alone by supplying new units.

Ever since the independence, housing amenities (safe drinking water, electricity, sanitation etc.,) are being provided by the public supported social housing schemes (World Bank, 1999) to the poor and other disadvantaged sections in urban areas. But one of the major disadvantages of these schemes is that access to these facilities is provided at different points of time to the residents than at once. This compartmentalized approach, notwithstanding its advantages to the government agencies has three major weaknesses. First, in the absence of fulfilling these amenities by regular means, urban residents have been often resorts to the un-priced means like unauthorized connection of electricity services and water systems, which in turn affects/leads to pilferages of services, revenue leakage and many other administrative implications. Second, in the absence of household sanitation, especially toilets open spaces are being used for defecation, which itself facilitates obscenity and environmental degradation, in general. Third, the compartmentalized approach leads to postponement of attainment goals of quality living conditions and enforces deprivation of important housing amenities to the people. These practices not only call for rethinking over the character of public interventions but also financing strategies for the development of housing amenities under the social housing schemes in urban areas and especially in the urban informal settlements/slums, wherein the dwellers are mostly disadvantaged and provision/access to housing amenities are far from satisfaction.

Third Sector in the Development: The Cooperative Housing Societies (CHSs), is one of the strong institutional networks in the housing market, which have contributed in their own ways in realising the dream of owning housing units of the needy members. Beginning with the first decade of the last century, the cooperative housing movement has spread over its activities throughout the country, especially in major and medium urban centres and established itself as a third sector in the housing market next to government and the private sector. In fact, today cooperatives are the largest institutional network in the housing sector in India. Although it is difficult to precisely ascertain the share of cooperative societies in the total housing stock or production, they do have played a significant role. More so in supplying critical inputs such as developed residential sites, long-term credit for housing activity and in mobilising the communities and the homeless. Over the years, cooperatives have also supplemented the action of housing production along with the other financial institutions like commercial banks, insurance sector, financial subsidiaries, housing finance companies etc. With the increasing emphasis on social development and considering housing as a facilitating institution, demand for housing inputs like developed land and finance has increased tremendously. Multi-agency approach to supply residential plots as well as housing finance was mooted of late to meet the critical input needs of people of various income brackets. It is at this juncture; cooperatives have come to known as an effective agencies of supplying housing inputs. However, notwithstanding their institutional networks housing cooperatives have remained weak. Low financial base coupled with the market lending rigidities have shortened the housing activities of the societies. Owing to over increasing dues, bad and doubtful debts, the financial viability on the societies is under question.

Under the context of the ongoing new economic policies and large scale participation of private action since the early 90s, the cooperatives have been expected to play a major role and to prove their utility in meeting the housing needs of weaker sections in particular and the needy in general. With the new expectation, the cooperatives may have to acquire a new status as alternative agencies to the market system in the years to come to supply housing benefits at a fairly cheaper and affordable rates. The existing cooperative set up and its weak performance should not come in the way of better opportunities and relegate the importance of housing cooperatives into background. There is a great need to reorient the actions of cooperative housing societies to make them an alternative way in the changing economic circumstance and to meet the housing needs of unaffordable persons in general, their members in particular. A number of issues concerning CHSs, with regard to

their organisational structure, financial performance, delivery of housing benefits, working performance, etc. This is followed by a discussion on evolution and structure of CHSs as it is seen today, the financial performance of CHSs with respect to their resource base, levels of borrowings, especially issues pertaining to overdue and bad debts. Also, the house construction performance of cooperatives, their working results over the years, some of the alternative methods available for CHSs in order to enhance their share in the housing stock are discussed.

This thesis is presented in seven different chapters highlighting all the features of human settlement segments (Rural, Urban and Slums), apart from highlighting the role of the people led institution and housing finance system. The development context of the human settlements has been captured in the micro perspective. The chapter highlights households growth, changing housing stock, housing amenities and growth of urban area, population, settlement features have been captured. Various drivers of the changes in human settlements in rural-urban areas has been analysed between 2001 and 2011 census period. Having found the difference between the number of households and housing stock both in rural and urban context, housing poverty/deficit/shortage has been captured at the national and at the regional levels of the country besides accounting the level of deprivations for housing amenities that includes safe drinking water, sanitization, lighting and drainage connectivity to the households. With the backdrop of the understanding the nature and pattern of human settlements, the third chapter focused on various public policy making in the country. It must be noted that India has attempted to prepare the first ever national housing policy in 1992 and the revised one in the year 1998 by adding habitat dimensions to the settlements. It goes without saying that these attempts have been made in response to the United Nations Declarations of the International Year of Shelter for Homeless (1987) and Global Shelter Strategy (2000). Interestingly, Indian government has also contemplated and designed the housing development strategies for rural and urban areas separately in 2005 and 2007, which was again in response to the housing dynamics of the rural and urban areas of the country. This apart the government has also separately contemplated to evolve strategies for development of smart cities and Public-Private Partnership model for the development of the affordable housing in the urban context. Private sector being the critical partner of housing development especially in the urban context, its control and regulation was also contemplated through an Act of Real Estate Regulatory Authority (RERA) with a view to protect the housing seekers and to attract the investment for the development. Housing finance being the critical input for housing development the debate over the

development of housing system from all other parts and India's responses to the development of housing finance system has been highlighted in the chapter four. Public financing, commercial financing, High cost financing including informal sector models have been discussed in the chapter. At the same time, major failures in the housing finance system have also been discussed. Chapter five is dedicated to the discussion of the slums or the informal settlements in the urban context of the country. The growth of the slums and their distribution have been captured the public intervention for the development of the slums as part of mainstreaming them into urban life has also been discussed along with an exclusive policy intervention to achieve slum free cities. One of the important aspects of the chapter is to capture the changes in the overall improvement of the slums in terms of housing improvement, increasing access to amenities and overall improvement in the environment have been captured and also accounted the dwindling number of slums over the years with official evidence. The last but one chapter is about people led organization or the housing cooperative movement which has silently contributed for housing development especially in urban context by mobilizing the housing needy. This movement being a third sector after the public and private sectors. The structure of the cooperative housing societies resource mobilization strategies and lending operations are highlighted. It is also attempted to account the contribution of the movement for the housing sector and their working results have been discussed. Given the no profit no loss feature of the cooperative housing societies rejuvenation strategies has been offered considering the limited role of the public sector and unaffordable housing cost of the private sector. The last chapter mainly highlights only findings of the research on each of the issues discussed and offers policy implications for the better human settlements in the country.

Scope of the Research and Specific objectives: Over the years, the existing inconsistencies have aggravated the housing problems in the country, especially in rural areas. Though, the development efforts in 90s have shown the signs of arresting housing shortage at the macro level, a large number of major states continue to face severity of the problem. It goes without saying that supply shortage and lack of appropriate and need based strategies have largely contributed for the high order of housing shortages quantitatively and qualitatively. Though India is one of the few countries to have positively responded to the growing concerns at the global level to bring about quality in living standard, it is yet to evolve a need based housing strategy. Facilitating such action in arresting the existing housing problems is the overall objective of this research. The scope of the research is to cover the housing development and its shortage/poverty analysis across

the types - housing adjustment and dilapidated living, as standard norm offered by the literature. After having highlighted the Indian human settlement in a nutshell briefly, this research is focused to analyse each of the issue in greater details. Current housing needs of the country by regions which would have been the result of the incompatible interventions; policy responses of the government, including the recent initiatives in the country; development of housing finance as a critical input for housing development and contribution of the third sector - Cooperative Housing Societies have been discussed with all the details. The research focusses on assessing (a) the rural housing poverty and (b) show case the watershed thrust upon for the rural areas, including the policy turnaround. By and large on the same line, the urban world of the country is exposed with its housing scenario with the role of the third sector contributions and brought to the fore the darker side of the degraded environment in it. Essentially, slum or informal settlements as a by-product urban inequalities is discussed exclusively, in terms of understanding the incidence, policy interventions, and development changes taken place etc.

This broadly focused scope is believed to present the nature, emerging trend and pattern of the human settlements in the country. The specific objectives include: (1) to assess the human settlements levels in terms of housing development performance in relation with households' growth in the national and regional framework; (2) to review the policy initiatives and interventions for housing development in rural and urban areas separately in a comparative perspective, including the new interventions like – Prime Minister Awas Yojana (Housing for All) (PMAY-HA), Real Estate Regulatory Authority (RERA), PPP Models for Affordable Housing (PPPMAH), and Smart Cities Mission (SCM). Similarly, major initiatives as contemplated by the National Rural Housing and Habitat Policy-2005 (NRHHP), scheme based initiatives to resolve the rural housing financial exclusion, particularly in regard to Rural Housing Funds- 2009, Golden Jubilee Rural Housing Finance Scheme (GJRHFS)-1998, Housing Micro Finance (HMF)- 2004 and Refinancing Scheme of NHB- 1997-98 are analysed in the rural context; (3) to measure the housing poverty/shortage from the view point of quantitative and qualitative perspectives; (4) to capture the development attainment of the housing sector; (5) to discuss about the housing finance system as a critical input for housing development; (6) to highlight about the degraded environment/informal settlements, specific thrust and changes in the slums within the urban areas of the country; and (7) to offer the policy imperatives for the effective and orderly human settlements development, in terms of the integrated approach, development of critical inputs, reorganization of the housing market and special concerted efforts to

overcome the housing poverty and amenities deprivations. The un-avowed purpose is to offer the research based inputs for public policy making in order to improve the rural housing scenario on par with rest of the country.

Methodology and Data Base: This research considers the number of households both in rural and urban areas as a basis for calculating the housing requirements/needs of the country. It has separately identified families in sharing accommodation and families living in deficient or dilapidated units and worked out the housing problem. However, other important component of housing problem - families living in pavements is not included owing to lack of data. This does not mean that the incidence of families living in pavements has disappeared, but is growing rapidly on account of enormous construction activities, especially in all the major urban areas. Interestingly, the third component of incidence of families living in pavements has been discontinued by the census operations subsequently (after 2001 onwards) while presenting the data. Surprisingly, no explanation is offered for such discontinuation of the data on households living in pavements, which is a vital aspect in human settlements research, especially during the era of urban expansion with increased employment opportunities to both skilled and unskilled foot lose construction workers. Therefore, taking only the first two components, housing requirements or needs for each of the state and union territories has been presented, also to capture the regional perspectives. Housing deficit (quantitatively) is calculated by using simple method of the difference between the number of households and residential houses. Similarly, qualitative dimension of the housing shortage worked out by using households living in dilapidated housing stock. Further, the total housing need/shortage is presented for two census period (2001 & 2011) by type with changes taken place at the national and sub-national levels. Also, major changes in the growth of the households by size across rural-urban areas and types of the housing stock is presented. With the broad understanding of the human settlements issues at the macro level, it is attempted to present policy interventions needed over the quantitative and qualitative dimensions and the homeless people or families, separately in the rural and urban context. The research has extensively used the original housing and slum development policy documents for the presentation.

The analysis is based on the secondary official data for two different census periods, owing to its consistency and compatibility across the issues. Housing and Amenities (2001) and Tables on Houses, Household Amenities and Assets (2011) are the documents extensively consulted for this research. Since 2011, the census has not undertaken enlisting

work of the housing situation in the country due to the pandemic recently and has not released any data pertaining to 2021 scenario. Thus, the thesis has used only 2011 census data for the entire analysis. Similarly, the public data made available on the world of slums by the census and National Sample Survey Organization (NSSO) reports have been used. But, even in the case of NSSO, the latest survey findings on the slums have not been made public or released. Lastly, Statistical Statements Relating to Cooperative Movement in India – Part II: Non-Credit Societies was the main source of data to analyse the role Cooperative Housing Societies (CHS), as presented by the National Bank for Agriculture and Rural Development (NABARD). However, it must be mentioned that NABARD being the official agency to capture the cooperative development from time to time in the country and present the scenario, the serious limitation is that the latest data on housing cooperatives has not been presented since long.

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Chapter Two
A Macro Perspective of Human Settlements in India

Introduction: India is a distinctive country with coexistence of strong countryside and trendy urban world. The geographical areas, population and households of rural areas are voluminously greater and higher than the urban part, which is roughly one-third of the country's size. During the globalization period, the urban India besides influencing the other part, has been attracting effective workforce due to increasing investment in manufacturing and other employment generating ventures, fairly good social and economic infrastructure, higher living standard and whatnot. Resultantly, the scale of development is divided both economically and socially and the same has given rise to emergence of two different scenarios – development starved rural side and development surplus urban India. It is true in the case of meeting the human basic needs, be it settlement, basic necessities like safe drinking water, decent sanitation, electricity, good environment and others. Regrettably, government has been the only source of development for the rural areas, unlike there exists all forms of market, development promoting institutions - public, private and cooperatives in urban areas, more so in the case of human settlements. Important to note that rural settlements are typical in all measure, as against the orderly, well-coordinated and well maintained urban setup, with host of institutions of governance. Government of the lowest tier assess the needs of the people and administer the development with its limited own revenue as well as the public transfers from higher tiers of the state and national governments. But though government governs all walks of life in the urban context, development administration is mostly delivered by the second (market) and third (cooperatives) sectors, owing to the limited role and ineffective functioning style of the first sector – the government.

The human settlements that chiefly lead by housing sector development experience of about seventy years of independent India has been highly skewed and largely biased towards the urban areas. This means that the housing development has not taken place evenly between the rural and urban areas in same scale and measures in response to their ground realities. This has been largely due to lack of widespread operation of the housing market, that consists of the public authorities (government), private sector (real promoters and builders), third sector (cooperative building societies) and communities (needy and homeless families). Having been highly demarcated and compartmentalized of the end goals and activities, the benefits of the housing market have clearly cornered towards the target

sections and generally don't meet the cross section needs of the homeless. Apart from being characterized so, one of the major functional disabilities of the housing market is its concentration in only urban areas and substantial neglect of the rural areas, which has resulted in the conspicuous development exclusion. To be precise, the role of the private sector- a major player in promoting housing production has been highly centric to urban areas and has altogether missed the rural focus. Similarly, housing cooperative societies, with a history of over a century old existence and operational experience, their activities have been awfully negligible in rural areas. It had a very minimum presence and exposure in creating housing stock in the countryside, unlike the impact that other forms of the cooperatives did – like credit cooperatives. In the absence of these two important sources of investment, the production and distribution of housing benefits is by and large left to the state action or public interventions, under the gamut of the social housing programmes (Mahadeva 2008) targeting only the disadvantaged sections than meeting the housing needs from entirety. However, the rural housing development whatever is taking place has been only supplemented by the family initiatives with limited investment, which would have either come from own savings or from informal borrowings from rural money lenders. Yet, both the contexts have experienced a number of changes in terms of the policies and approaches for the development of human settlements, which have been in responses to the emerging challenges and compulsions in the recent time from each segment. Although, development agent as well as approach remain same for rural housing, various social housing schemes are the only options for realizing the housing dreams and housing benefits for the homeless poor and unaffordable sections. In other words, neither the housing market nor development institutions, particularly housing cooperatives have penetrated to countryside, thus not only the scale of rural housing development is highly limited but also the people's participation is shattered. The following paragraphs highlights the changes and developments in the human settlements scenarios of both the contexts, besides capturing the extent of housing poverty and housing amenities deprivations.

The Development Contexts: Before presenting an overview of India's urban housing front, it is indeed important to ponder over the volume and scale of the urbanization itself, in terms of urban centers, geographical areas and distribution of the households. India's urbanization is spread across to 5161 urban towns and agglomerations classified into six sizes, based on the size of the population **(Table 2.1)**. Class I cities have one lakh Population and above, Class II have between 50,000 to 99,999, Class III and Class IV towns, respectively with 20,000- 49,999 and 10,000 and 19,999, Class V towns (5,000 and

9,999) and Class VI towns with less than 5,000 populations. Interestingly, Class IV cities are in large numbers (1564) among all the other sizes, followed by Class III (1387), Class V (1042), Class II (496), Class I (441) and Class VI (231). The total geographical urban area is 78,200 square kilometers with Class I cities spread over to 39.62 per cent, Class III (22.10 per cent), Class IV (18.02 per cent), Class II (11.29 per cent), Class V (7.92 per cent) and Class VI (1.05 per cent). But, in regard to the population, what was said two decades ago is true even now. India's urbanization, like in the past, has not only been has had uneven momentum (Rao 1983) but also concentrated in a few major urban centers (Crook and Tim Dyson, 1982; Mohan, 1985). Over 62 per cent of the urban population lives in Class I cities and they have continued to be the centers of urbanization, as a result of the concentration of the public-private sector's establishments and industries. Another 27 per cent of the population is registered in the Class II and III cities, while the rest (i.e. 10 per cent) is spread across the other towns and keeping this trend in view, the recent census found that the class VI towns are diminishing in their numbers, as can be noticed in the table.

Table 2.1

Glimpses of Urbanization in India-1991-2001

Urban Class By Population Size	**Class I** (1,00,000 & Above)	**Class II** (50,000 - 99,999)	**Class III** (20,000-49,999)	**Class IV** (10,000-19,999)	**Class V** (5,000-9,999)	**Class VI** (< 5,000)	**All Class**
Number of Urban Agglomerations and Towns							
1991	322	421	1161	1451	971	289	4615
2001	441	496	1387	1564	1042	231	5161
Change	119	75	226	113	71	-58	546
Total Area (In Square Kilometer)							
1991	24022 (38.92)	6306 (9.82)	14177 (22.01)	12806 (19.90)	5426 (8.03)	1099 (1.32)	63836
2001	30985 (39.62)	8827 (11.29)	17283 (22.10)	14090 (18.02)	6193 (7.92)	822 (1.05)	78200
Change	6393	2521	3106	1284	767	-277	14364
Population by Size of Town (Million)							
1991	122.3 (56.67)	28.8 (13.35)	35.3 (16.36)	21.1 (9.77)	7.4 (3.43)	0.9 (0.42)	215.8
2001	178.2 (62.28)	34.5 (12.06)	42.1 (14.72)	22.6 (7.90)	7.9 (2.76)	0.8 (0.28)	286.1
Change	55.9	5.7	6.8	1.5	0.5	0.1	70.3
Population Per Town (Million)							
1991	38.0	6.8	3.0	1.5	0.7	0.3	4.7
2001	40.4	7.0	3.0	1.4	0.8	0.3	5.5
Change	2.4	0.2	-	0.1	0.1	-	0.8
Density Per Square Kilometer							
1991	5633	3766	2040	1343	1101	785	2445
2001	6337	3153	2034	1381	1075	813	2466
Change	704	-613	-6	38	-26	28	21

Source: Census of India (2001), Cities and Town Agglomerations, A 4 Table-2001, Registrar General and Census Commissioner, Government of India, New Delhi.

Between the two census periods, Indian households have been increasingly showing a tendency to move towards the urban areas, which has given rise to the total households to

78.87 million in 2011, as against 54.73 million in 2001 **(Table 2.2)**. With a net addition of 25.18 million households, the share has increased to 32 from 27.97 per cent. In other words, of the total number of households increased during the period, urban areas accounted for 46 per cent, which is more than the growth of the national average. Both push and pull factors could be attributed for changing preference of the households, especially the newly formed ones. If lack of adequate employment opportunities, decent living environment, adequate educational and health services could be attributed as push factors from rural areas, high income earnings coupled with availability of economic and social opportunities (if not in abundance), good educational facilities and health services could be pull factors in urban areas. Thus, it goes without saying that newly formed or migrated households have prepared themselves to face new settlement challenges in urban areas.

Table 2.2
Growth of Households in India by Size and by Number of Room: 2001-2011
(Figures in Lakhs and Percentage)

Households by Size & Room	2001			2011			Change		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Total	1382.72 (72.03)	536.92 (27.97)	1919.64	1678.27 (68.03)	788.66 (31.97)	2466.93	299.55 (54.00)	251.74 (46.00)	547.29 (28.51)
Single	3.48	3.75	3.55	3.69	3.61	3.67	0.21	-0.14	0.12
Double	8.17	8.24	8.19	9.80	9.55	9.72	1.63	1.31	1.53
Three	10.45	12.72	11.08	12.58	15.92	13.65	2.13	3.20	2.57
Four	17.71	22.42	19.03	20.96	26.37	22.69	3.25	3.95	3.66
Five	18.48	19.23	18.69	18.87	18.50	18.75	0.39	-0.73	-0.06
Six- Eight	29.56	24.39	28.11	26.90	20.61	24.89	-2.66	-3.78	-3.22
Nine +	12.15	9.25	11.35	7.20	5.44	6.63	-4.95	-3.81	-5.91
Number of Room									
One	39.78	35.11	38.47	39.42	32.13	37.09	-0.36	-2.98	-1.38
Two	30.17	29.53	29.99	32.17	30.61	31.67	2.00	1.08	1.68
Three	13.28	17.09	14.35	12.70	18.38	14.51	-0.58	1.29	0.16
Four	7.12	8.67	7.48	6.60	9.26	7.45	-0.52	0.59	-0.03
Five	2.76	3.27	2.90	2.29	3.24	2.59	-0.47	-0.03	-0.31
Six & above	3.59	4.00	3.70	2.52	3.31	2.78	-1.07	-0.69	-0.92
No Rooms	3.30	2.33	3.11	4.30	3.07	3.91	1.00	0.74	0.80

Source: Census of India (2001), Tables on Houses, Household Amenities and Assets, Series 1 & Census of India (2011), Tables on Houses, Household Amenities and Assets, Series 1, Registrar General and Census Commissioner, Government of India, New Delhi

Along with the increasing urban households, a disaggregated view of the same with sizes ranging from 1 to 9+persons are equally important from the development perspective. As against rest of India, two changes are apparent in the composition of and shift in urban households. First, erosion of single person's, larger (5-8 persons) and biggest households (9+persons), although the change is simultaneous, they have had negative growth to the

extent of -0.14 per cent in the case of single persons. The drop is even more conspicuous in the bracket of 6-8 and nine + person's households at -3.78 per cent and -3.81 per cent. The share of these households which was together at over 57 per cent 2001 has declined to 48 per cent in 2011- a net erosion of 9 per cent. The growing orientation for the nuclear families coupled with mobility, quality, freedom etc., could be attributed for the changing scenario in the urban households, in particular. Secondly, against this dramatic scenario, households that have posted positive growth are the two persons (possibly married/unmarried couple), three persons (couple with a child or a relative or a guest) and four persons (couple with two children or two parents or a child and a parent) households. These households have together registered a net growth of 9 per cent by increasing their share from 43 per cent in 2001 to 52 per cent in 2011 (Census 2011).

The urban growth and households have brought out a number of improvements in the sphere of human settlements such as quality housing and the amenities like drinking water, household sanitation (latrine), drainage and lighting. In the housing front, four major changes can be highlighted. First, the total housing stock has increased to 76.13 million from 52.01 million - a net addition of 24.12 million units in the urban areas or a growth of over 46 per cent. Second, a noteworthy feature of the total urban housing stock is that an increasing stock of the standard/acceptable housing units to the order of 69 percent in 2011 over 64 per cent in 2001- a net increase of 4.72 per cent, which is more than the national average. A third noticeable change is the erosion of dilapidated housing stock from 3.6 per cent to 2.9 per cent, which is again almost 6 times more than the national average. Lastly, redevelopment activities have played their own part in altering the character of total housing stock to some extent, especially in the sub-standard segment, which was constituting almost one-third of the total stock in 2001, have scaled down to 28 per cent in 2011- a net drop of 4 per cent **(Table 2.3)**. These units have accumulated for want of up-gradation, needs corrective policy action with financial support.

Table 2.3
Changes in Housing Characters in India: 2001-2011
(Figures in Lakhs and Percentage)

Housing Characters	2001			2011			Change		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Total Stock	1350.51 (72.20)	520.12 (27.80)	1870.63	1599.29 (67.72)	761.34 (32.23)	2360.63	248.78 (50.82)	241.22 (49.18)	490.00 (26.00)
Good	44.89	64.03	50.21	46.14	68.75	53.43	1.25	4.72	3.22
Liveable	48.88	32.33	44.28	47.29	28.37	41.19	-1.59	-3.96	-3.09
Dilapidated	6.23	3.64	5.51	6.57	2.88	5.38	0.34	-0.76	-0.13
Tenure Status									
Owned	94.25	68.95	86.31	94.73	69.16	86.56	0.48	0.21	0.25
Rented	3.63	29.45	11.81	3.36	27.55	11.09	-0.27	-1.90	-0.72
Other	2.12	1.60	1.88	1.91	3.30	2.35	-0.21	1.70	0.47

Source: As in Table 2 and percentages have been calculated by the author based on the data used

The increasing standard segment stock has augmented the development of housing amenities in urban areas (Mahadeva, 2005a). Much against the practice in countryside, the striking feature is that provision of safe drinking water, sanitation (Toilet), drainage and electricity facilities are being ensured simultaneously with house construction, as one-time solution. This integrated approach is beside a cost-effective method, ensures all the facilities together and also facilitates attainment of a decent and orderly living in urban areas. The integrate approach is widely followed across house builders, including those seeking housing facilities under social housing schemes with their own contribution. The urban households have been depending upon two sources for drinking water. Safe source (taps, hand pump and tube wells) has provided drinking water to over 91 per cent of the households, which is far ahead of the national average of 85 per cent. The other 9 per cent of the households have continued to depend upon the unsafe source (wells, spring, river/canal, tanks/ponds and others). Taps in the public domain have increased playing a critical role in supplying drinking water to urban households in the recent years. The households depending upon hand pumps have dwindled, more so from 16 per cent to around 12 per cent and on the other hand, digging household tube wells to extract ground water to meet household needs has come to be a practice and is widespread in urban areas, as a result of inordinate delay in public water connectivity. Especially, in urban fringe and peripheries, on account of either absence or limited public intervention tube wells have been increasingly catering drinking water to around nine per cent of the households.

One of the other conspicuous changes in the amenities front is the provision of household sanitation facility. Against a dismal situation in the eighties and nineties, sanitation facility has been developed enormously in the period under review, although there is still a long way to go, in order to achieve total coverage. It goes without saying that urban India has outperformed the entire country in this regard. Over 81 per cent of the urban households have had different modes of latrine facilities, which is far more than the national average of 47 per cent. This achievement has brought down the menace of open defecation to about 19 per cent from 26 per cent. Across the different modes of sanitation, the water-closet mode has come to be seen as most preferred one and about 73 per cent of the households in 2011 have switched over to this mode, as against 46 per cent in 2001. Consequently, household pits and other modes have been gradually losing their significance. Thanks to the various augmented interventions and projects funded by the state. With regard to drainage connectivity to urban households, the development experience is far from impressive. Of the two - closed and open drainage systems, the urban development

administration has resorted to open drainage in the new layouts and subsequently close it, once the settlement is full. It is evident that the relative share of closed and open drainages has changed. During the period, the number of households connected to drainage facility has increased to 82 per cent from 78 percent and proportionately the deprivation level is reduced. Similarly, households connected to closed drainage have increased to 45 per cent and corresponding drop in the open drainage to 37 per cent. However, the deprivation level (no drainage) is at a little above 18 per cent in urban India. Lastly, owing to increasing use of electricity by about 93 per cent, the households depending on kerosene and other sources of lighting are declining drastically. However, given the production, distribution and pricing of the electricity, solar energy, which is abundantly available, has not been unfortunately harnessed, as is evident that the use of solar energy is incredibly low among the urban households.

A disaggregated view of rural households with sizes ranging from 1 to 9+persons is equally important from the planning and development perspectives. Along with rest of India and simultaneously, three changes are apparent to observe in the composition of rural households **(Table 2.4)**. First, erosion of larger households of 6-8 persons that have had negative growth to the extent of -2.66 per cent, also the negative growth is even more conspicuous in the bracket of bigger households (9+ person's) at -4.95 per cent. What is significant to note is that the incidence of decline is ever more at the national level at -3.22 and -5.91 per cent respectively. The share of these households which was together at around 42 per cent 2001 has declined to 34 per cent in 2011- a net erosion of 7.61 per cent. The growing orientation for the nuclear families coupled with mobility could be attributed for the changing scenario in the rural households, in particular. Secondly, against this dramatic scenario, households that have posted positive growth are the two persons (possibly married/unmarried couple), three persons (couple with a child or a relative or a guest) and four persons (couple with two children or two parents or a child and a parent) households. These households have together registered a net growth of 7 per cent by increasing their share from 36 per cent in 2001 to 43 per cent in 2011. Lastly, households that have almost maintained constant growth are the single and five person's ones, whose share is around 22 per cent during the period.

The description of changes in rural areas never ends with changing pattern of households but is extended to the sphere of human settlements as well such as housing stock and the

amenities like drinking water, household sanitation (latrine), drainage and lighting. In the housing front, three major changes can be highlighted. First, the total housing stock in rural

Table 2.4
Growth of Households and Housing Stock in Rural India: 2001-2011
(Figures in Lakh and Percentage)

Households & Housing Stock	2001		2011		Change (+ or -)	
	Total	Rural	Total	Rural	Total	Rural
Households by Size						
Total	1919.64	1382.72 (72.03)	2466.93	1678.27 (68.03)	547.29 (28.51)	299.55 (54.00)
Single	3.55	3.48	3.67	3.69	0.12	0.21
Double	8.19	8.17	9.72	9.80	1.53	1.63
Three	11.08	10.45	13.65	12.58	2.57	2.13
Four	19.03	17.71	22.69	20.96	3.66	3.25
Five	18.69	18.48	18.75	18.87	-0.06	0.39
Six- Eight	28.11	29.56	24.89	26.90	-3.22	-2.66
Nine +	11.35	12.15	6.63	7.20	-5.91	-4.95
Housing Stock by Type						
Total Stock	1870.63	1350.51	2360.63	1599.29	490.00	248.78
Good	50.21	44.89	53.43	46.14	3.22	1.25
Liveable	44.28	48.88	41.19	47.29	-3.09	-1.59
Dilapidated	5.51	6.23	5.38	6.57	-0.13	0.34

Source: As in table 2.

areas has increased to 1599.29 lakh units from 1350.51 lakh units - a net addition of 248.78 lakh units or a growth of over 18 per cent. Also, as is clear, rural areas have accounted for 51 per cent of the total housing stock created in the country during the period. In creating the rural housing stock, Indira Awas Yojana (IAY) has played a major part (GOI, 2013). Between the period 2002-03 and 2011-12, 201.79 lakh housing units were completed at a public investment of over Rs.70.000 Crores in the country. In fact, IAY is one of the flagship programmes of the Ministry of Rural Development, Government of India, meant to provide houses to the Below Poverty Line (BPL) families in rural areas. The target groups are the Scheduled Castes/Scheduled Tribes, freed bonded labourers and non-SC/ST rural poor families, widows of Defense personnel, Ex-Servicemen and retired paramilitary personnel. Central and States shares the funds at 75:25 ratios respectively. Second, this overall increase in the rural housing stock has brought only marginal improvement in the creation of the standard/acceptable housing units. These stocks have marginally increased their share from 44.89 in 2001 to 46.14 per cent in 2011-a net increase of 1.25 per cent. However, as compared to the national performance, the rural areas have been far behind in the creation of standard housing stock. It may be said that a large part of whatever the success achieved in the creation of standard housing stock has come from the up-gradation of the sub-standard/ livable stock. The sub-standard units, which were in the order of almost 49 per cent of the total stock in 2001, have scaled down to 47 per cent in 2011- a net drop of 2 per

cent. It goes again without saying that the scale of up-gradation activities of the livable stock in rural areas is much below the national level. A third but an unsatisfactory trend, that is against national trend is the accumulation of the dilapidated housing stock in the rural areas. Fresh stocks that have acquired dilapidated status were in the order of 0.34 per cent against the declining incidence of -0.13 per cent in the country. Although the accumulation could be for any number of reasons but certainly for want of reconstruction, the dilapidated units needs corrective policy action with public financial support.

With regard to the provision of housing amenities (safe drinking water, sanitation (Toilet), drainage and electricity) in rural areas, the deprivation is continuing to herald, as the progress achieved in most of the cases is far from satisfaction. A very high order of deprivation of housing amenities in rural areas is primarily due to different approach being followed for the development of these amenities. Against the integrated approach (provision of facilities simultaneously with house construction) followed in the rest of the country, housing amenities are being developed at different points of time depending upon the convenience of the people in countryside. The social housing schemes meant to arrest the deprivation and have been the principal source in rural areas have no exception in this regard. This practice apart from ineffective in terms of the cost has failed to facilitate attaining a decent and orderly living in rural areas. Of the two drinking water sources, safe source (taps, hand pump and tube wells) has been catering over 83 per cent of the rural households, which is 10 percent points more than the 2001 progress **(Table 2.5)**. This additional coverage in rural areas is much more than the national coverage of 7.6 per cent. Owing to whatever the success achieved in the drinking water supply, the number of households depending upon the unsafe source (wells, spring, river/canal, tanks/ponds and others) has declined to 17 per cent in 2011 from 27 per cent. Hand pumps have been constantly catering to over 43 per cent of the rural households, apart from increasing role of taps in the public domain to 31 per cent from 24 per cent in the recent years. Further, tube wells over the years have also been increasingly catering to drinking water needs of over 8 per cent of the rural households.

The development performance with regard to rural sanitation and drainage connectivity is not as impressive as rural drinking water supply in the country, due to late realization of the development importance, especially in the rural areas. Drinking water being a basic necessity and the supply of the same was begun from early 70s, whereas the development need of rural sanitation and drainage facilities was felt very recently. Notwithstanding, the

overall deprivation of the facilities has slightly receded in rural areas due to the improvement of the situation, if not to a greater extent. As a result, the incidence of open defecation and environment degradation is more prevalent and conspicuous in rural areas. However, the period under review has witnessed a few unimpressed changes bringing respite to what is called a dismal situation in the eighties and nineties. The coverage of rural sanitation facility has augmented to around 31 per cent from 22 per cent through various modes and to that extent the level of the deprivation brought down from 78 per cent to 69 per cent. At the same time, it should not be miscarried with the development performance of the country as a whole, which is facing a similar situation by and large. But it is significant to note that not only has there been the development gap between the country and the rural areas is marginalized from 10.51 in 2001 to 8.81 per cent in 2011 but also rural areas have caught up with all modes of the development. Across the different modes of sanitation, the water-closet mode has come to be seen as most preferred one in the recent time and its preference has increased by 2.73 folds, which is well above the national

Table 2.5
Growth of Household Access to Amenities in Rural India: 2001-2011
(Figures in Percentage)

Housing Amenities	2001		2011		Change (+ or -)	
	Total	Rural	Total	Rural	Total	Rural
Drinking Water by Source						
Tap*	36.70	24.28	43.54	30.81	6.84	6.53
Well**	18.17	22.23	11.02	13.31	-7.15	-8.92
Hand pump	35.66	43.20	33.48	43.64	-2.18	0.43
Tube well	5.56	5.74	8.48	8.28	2.92	2.54
Spring	0.74	0.93	0.53	0.71	-0.21	-0.22
River/Canal	1.01	1.33	0.63	0.84	-0.38	-0.49
Tank/Pond	1.01	1.28	0.84	1.06	-0.17	-0.22
Other	1.15	1.01	1.48	1.35	0.33	0.34
Toilet Facility						
Water Closet	18.03	7.11	36.42	19.43	18.39	12.32
Pit Latrine	11.50	10.30	9.45	10.54	-2.05	0.24
Other Latrine	6.88	4.51	1.05	0.76	-5.83	-3.75
No Latrine	63.59	78.08	53.08	69.27	-10.51	-8.81
Drainage Connectivity						
Closed	12.46	3.91	18.14	5.75	5.68	1.84
Open	33.93	30.27	33.01	31.01	-0.92	0.74
No Drainage	53.61	65.82	48.85	63.24	-4.76	-2.58
Source of Lighting						
Electricity	55.85	43.52	67.25	55.30	11.40	11.78
Kerosene	43.30	55.61	31.43	43.16	-11.87	-12.45
Solar Energy	0.27	0.28	0.44	0.55	0.17	0.27
Other Oil	0.10	0.11	0.21	0.24	0.11	0.13
Any Other	0.16	0.16	0.20	0.22	0.04	0.06
No Lighting	0.32	0.32	0.47	0.53	0.15	0.21

Source: As in Table 2. * Includes treated as well as untreated sources. ** Includes covered and uncovered sources.

preference. Further, if pit mode continues to occupy second importance in rural household sanitation, the other modes have drastically lost their significance. With regard to drainage connectivity, the development experience is not entirely different. Of the two - closed and

open drainage systems, the latter has an edge over the former but the overall progress is marginal. During the period, the number of households connected to drainage facility has increased to 37 per cent from 34 percent and proportionately the deprivation level is worked at 63 per cent. Lastly, owing to increasing use of electricity by roughly 12 per cent, the households' electricity has increased to a little over 55 per cent and proportionately the use of Kerosene has been declined. However, given the abundant availability and as a substitute to electricity, solar energy has not been harnessed by rural households, which calls for public commitment and action with financial assistance of grants and subsidies for the rural households.

Slums have been defined differently by many scholars according to their contextual understanding. But two definitions are very important, including an official one given by the 58th round of NSSO, because of their comprehensiveness, imbibing all the characteristics of slums. Slums are such parts of the city which may be unfit for human habitation either because the structures therein are old, dilapidated, grossly congested and out of repairs or because it is impossible to preserve sanitation for want of sanitary facilities including ventilation, drainage, water supply etc., or because the sites by themselves are unhealthy (Singh 1978). The official definition has been that a slum is a compact settlement with a collection of poorly built tenements, mostly of temporary nature, crowded together usually with inadequate sanitary and drinking water facilities in unhygienic conditions (NSS0 2003 pg 6). Slums can be notified as well as non-notified by local bodies (corporations, municipalities) and development authorities. Accordingly, urban India has 48,994 slums, of which 24,781 (50.58 per cent) are notified and the remaining 24,213 (49.42 per cent) are non-notified (an area or unit having 25 or more unserviceable structures mostly of a temporary nature, or 50 or more households residing mostly in unserviceable structures with practically no private latrine and inadequate public latrine and water facilities), distributed across the ten major states **(Table 2.6)**. Among these states, Maharashtra alone registered more than one-third (34.74 per cent) of the slums of the country and the lowest numbers registered is in the state of Orissa with 1953 slums (3.99 per cent). Gujarat being in the lead with 67.77 per cent non-notified slums, which has been followed by Orissa (67.74 per cent), Delhi (66.23 per cent), Madhya Pradesh (65.73 per cent) and Karnataka (50.31 per cent). It goes without saying that the notified slums have always been preferred for various improvement and development works and have an edge over the non-identified slums, owing to higher density of population and their coverage. From the population front, 16.59 per cent of the total urbanites (or 3612 million) live in the slums, which have declined by

1.36 percentage point from 17.95 per cent in 1980 (Gupta 1985 pg 91). Three states have registered larger number of slum dwellers in total urban population that is more than the national average, with 27.25 per cent or 1120 million in Maharashtra, 24.93 per cent or 519 million (Andhra Pradesh) and 18.35 per cent or 412 million (West Bengal). All the other states have had the slum dwellers, which is much below the national average and especially, Karnataka had the lowest slum dwellers of around 8 per cent in the total urban population. In all, 709 million households have been located in the slums and their distribution is by and large as according to the population.

Table 2.6

Slums in Major States by Population and One Million Plus Cities-2010

Major States	Number of Slums			Population (Million)		One Million Plus Cities	
	Identified	Non-Identified	Total	Urban	Slum	No. of Cities	Slum Population & Percentage
Maharashtra*	9282	7736	17019	41.10	11.20 (27.25)	7	8.30 (10.30)
Andhra Pradesh	3964	1285	5249	20.81	5.19 (24.93)	1	0.63 (17.20)
West Bengal	2475	2570	5045	22.43	4.12 (18.35)	2	1.61 (22.10)
Tamilnadu	1711	1663	3374	27.48	2.87 (10.43)	1	0.82 (18.90)
Gujarat	1342	2017	3360	18.93	1.87 (09.86)	3	1.17 (16.20)
Delhi	1058	2075	3133	12.91	2.03 (15.73)	1	1.85 (18.70)
Uttar Pradesh	1334	1060	2394	34.54	4.40 (12.73)	5	1.28 (17.70)
Karnataka	1118	1132	2250	17.96	1.40 (07.81)	1	0.43 (10.00)
Madhya Pradesh	759	1456	2215	15.97	2.42 (15.14)	2	0.39 (13.20)
Orissa	630	1323	1953	5.52	0.63 (11.42)	-	-
Total	**24781**	**24213**	**48994**	**217.64**	**36.12 (16.59)**	**24**	**16.48 (45.62)**

Source: Some Characteristics of Urban Slums, 2008-09: NSS 65th Round, NSSO Government of India.

Note: * Including Greater Mumbai that has reported to have a population of 6.48 million (54.10 per cent) living in slums. The other cities are Pune, Nagpur,Thane, Kalyan-Dombivli, Nashik and Pimpri-Chinchwad, Hyderabad, Kolkatta, Howra, Chennai, Amhadebad,Surat,Vadodara, Delhi, Kanpur, Lucknow,Agra,Varanasi, Meerut, Bangalore, Indore and Bhopal.

One million and above population cities have been the major centres of slums in all measures, owing to the reasons explained already and these centres accounted for 1770 million slum population that constitute to 49 per cent in the total. Out of the twenty seven one million plus cities, Greater Bombay alone enjoy a lion share with 648 million population (36.61 per cent) living in the slums, which is followed by Delhi (10.45 per cent) and Kolkata (8.42 per cent). With this, Greater Bombay also enjoys a dubious distinction for having housing over 54 per cent of its population in the slums. The other cities given shelter for slum dwellers over and above the average is Faridabad (46.50 %), Meerut (44.10%), Nagpur (35.90 %), Kolkata (32.50%) and Thane (27.80 %). Interestingly, over the years not only has there been an increasing number of one million plus cities but also increase in the slum population from 1078 million in 1971 to 1770 million in 2001. However, the striking

feature is that percentage of slum dwellers of the one million plus cities in the total population receded to 24.10 from 28.69 and the net decline was in the order of 4.59 (Gupta 1985 pg 92).

The Drivers of Change: Urban areas in India have seen a number of changes over the years in terms of their sizes, population, increasing quality housing stock coupled with housing amenities etc., as discussed already The accelerated urban expansion has been due to industrial growth, expansion of service sector and increasing concentration of services, location of industries and other economic activities have facilitated attracting people from rural and semi-urban areas into urban areas (Singh, 2001). Also undoubtedly, increased prosperity, wealth and larger contribution of urban areas to gross domestic product, better living conditions and improved governance have encouraged migration into urban areas from rural and most backward regions (NJOH 2003; Davis and Henderson 2003). Further, the housing sector reforms, including organization and rapid expansion of housing finance system, which is highly urban focused have furthered the urban expansion. When these practices become the 'Pull Factors' on the one hand, 'push factors' such as impoverishment, continued poverty and shrinking economic opportunities in rural areas have been the demand side factors for the urban expansion on the other hand. A decent housing unit with assured housing amenities (safe drinking water, household sanitation and electricity), especially for the migrated ones is one of the critical preconditions for an orderly urban living condition, in order to protect oneself from climatic changes and the belongings from external forces. If this critical need of the urbanites is not met by various sources (government, market and community) the urban expansion exhibits ugly posture, more so in the form of human deprivations, coupled with informal settlement and degraded environment.

India is one of the examples to have not correspondingly increased good urban housing stock vis-à-vis the growing urban need. The urban areas are continuing to entangle themselves with housing deprivations and amenities deficiencies. The development initiatives to provide housing facilities in urban areas have not been coping up with the total demand and needs of the people. The ad hoc approaches followed hitherto have masked the various forms of housing needs. For example, none of the housing policies have recognized the housing problem by its source and nature. The incidence of the dilapidated housing stock although constituting more than half of the total housing shortage in the country, the policies has not recognized this very important dimension and suggested any pragmatic public action to alleviate the same. If this is the policy indifference to the dilapidated housing stock, the financing part of it both by the institutional source and under the social housing

schemes has been even more injudicious. Extending financial services to new construction being the foremost preoccupation, the newly organized housing finance system has hardly considered financing redevelopment of the dilapidated stock. Similarly, the public financing towards the redevelopment of dilapidated housing units has also been indifferent. Evidently, alleviation of the dilapidated units has hardly attracted any attention in the public domain, as most of these initiatives have been aiming at supplying new housing units. Since, poor families and other disadvantaged families are living mostly in the dilapidated housing units in urban areas, it is indeed necessary to reorient the public policies as well as the financial strategies towards the quality up gradation of the dilapidated housing stock, as this is going to be the appropriate and cost-effective method, in solving the housing shortage problem of the poorer sections.

Ever since India's independence, housing amenities (safe drinking water, sanitation and electricity) are being provided by the public supported social housing schemes to the poor and other disadvantaged sections in urban areas. But one of the major disadvantages of these schemes is that access to these facilities is provided at different points of time to the residents than at once. This compartmentalized approach, notwithstanding its advantages to the government agencies, has three major practical implications. First, in the absence of fulfilling these amenities by regular means, urban residents have been often resorts to the un-priced means like unauthorized connection of electricity services and water systems, which in turn affects/leads to pilferages of services, revenue loss and other administrative difficulties. Second, in the absence of household sanitation (toilets), open spaces are being used for defecation by the deprived ones, which itself facilitates obscenity and environmental degradation, in general. Third, the compartmentalized approach leads to postponement in attainment goals of quality living conditions and enforces deprivation of important housing amenities to the people. These practices not only call for rethinking over the character of public interventions but also financing strategies for the development of housing amenities, especially under the social housing schemes.

Finally, an understanding of the urban housing problem/shortage and the deprivation of housing amenities, both at national and sub-national levels assumes greater importance from the view point of up scaling the appropriate development strategies and approach. Given the quantitative and qualitative dimensions of the housing shortage, there needs not only pragmatic but two pronged strategies to mitigate the same in the days to come. The policy as well as development interventions can no longer ponder over only one

of the dimensions (supply of new units), as it happened all along and neglect the other (redevelopment of dilapidated units). Similarly, if at all urban India is facing huge order of dilapidated units and deprivation of some amenities, it is largely due to Ill-financing and fixing up of unscientific costs of per housing unit under the social housing schemes. It is disheartening that the financing pattern under social housing scheme has been grossly inadequate and was incredibly as low as one-fifth of the total average unit cost of construction (NHB 2004). This only prompted targeted beneficiaries to construct sub-standard housing units in the beginning itself and these units becomes soon life threatening due to lack of substantial periodical improvement. Thus, in order to comply with the national commitment of "Safe Housing for All" there is a need for an effective policy, based on the ground realities.

Before capturing the changes in the rural housing segment between 2001 and 2011, it is very much essential to ponder over the policies and interventions that have been perused, as the drivers of the changes in rural areas. Capturing the rural housing dynamics and giving a policy shape to the same have been the major changes that happened for the first time after the mid-eighties, which is considered as a watershed in the housing sector of the country. The National Rural Housing and Habitat Policy-2005 (NRHHP), as prepared by the National Housing Bank (NHB) and endorsed by the Ministry of Rural Development (See The Hindu), has rightly admitted the need for such a policy for promoting rural housing activities and recognized the necessity of housing amenities inter alia. The NRHHP has identified the specific areas of action, the roles and responsibilities of the government (Central-State-Local Bodies), Financial Institutions, Civil Society, Private Sector and proposed action plan (See NHB Website). The policy initiatives during the Tenth and the Eleventh Five – Year Plan period for providing drinking water in rural areas was to give additional impetus and financial assistance to state governments under the centrally sponsored National Rural Drinking Water Programme (NRDWP), introduced during 1972-73. Creation of a separate department for drinking water supply with a mission approach to implement the programmes in rural areas was only a testimony. During the Tenth Five-Year Plan, all the uncovered and slipped back rural habitations have been fully covered with drinking water at 40 liters per day per capita (LPCD) with a source under the Bharat Nirman programme. Similarly, during the Eleventh Five - Year Plan, the strategy has been to depend upon multi sources like surface and ground water apart from rainwater harvesting and conserve and revive the traditional water bodies in rural areas (See MDWS website).

A major turnaround in rural India during 2001-2011 is in regard to the provision of sanitation facility at the household and public places like schools and pre-schools. It was realized that sanitation facility constitutes a basic determinant of quality of life and orderly society, besides central to good hygienic health of the people. The Central Rural Sanitation Programme (CRSP), which was introduced in mid-eighties to provide privacy and dignity to women has been reinvigorated to Total Sanitation Campaign (TSC) with community led, people centered demand driven approach. TSC has two major household centric objectives of accelerating sanitation coverage in rural areas to access to toilets to all by 2012 and to motivate communities, Panchayat Raj Institutions to promote sustainable sanitation facilities through awareness and health education (See DDWS Website; MRD 2010). The TSC has eight important components to achieve the objectives: (a) District Project Implementation Plan (DPIP); (b) Information, Education and Communication (IEC); (c) Rural Sanitary Marts and Production Centers (RSMPC); (d) Revolving Fund (RF) at District Level; (e) Individual Household Latrines (IHL) with financial assistance/incentives for the poor families; (f) Community Sanitary Complex (CSC) with unit cost of Rs. 2 Lakhs at 60:20:20 ratio of central, state and community contribution respectively and Gram Panchayat (GP) holds the maintenance responsibility; (g) Institutional Toilets (ITs) at schools and pre-schools; and (h) Solid and Liquid Waste Management in rural areas. The availability of household electricity has direct bearing on the rural electrification interventions ever since First Five - Year Plan (Ravikiran and Ravi 2012), although there have been mismatch in their individual coverage. Kutir Jyoti Programme (KJP) intended to provide single point light connection to all BPL families with one time 100 per cent central grant was a significant intervention, which was subsequently merged with Accelerated Rural Electricity Programme (AREP) in 2002 that has entitled states to get interest subsidy on loans of the Rural Electrification Corporation, Power Finance Corporation and Rural Infrastructure Development Fund of NABARD for electrification of un-electrified villages and household electrification. The AERP, which was renamed as Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) has three laudable objectives of electrification of all Indian villages, electricity access to all rural households and free electricity connection to BPL households. However, in reality the rural electrification coverage of over 86 per cent of villages has not commensurately facilitated the household electrification (Kamalapur and Udaykumar 2012), as can be evidently discussed subsequently.

Keeping the above policies and the development interventions of rural areas between the two census periods, it is imperative to capture the changes in the households, housing

stock and access to housing amenities. At the outset, it is necessary to note that there has been an inverse growth pattern in rural households in the sense that an increasing number of households in absolute term and reduction in the share in the total in relative term. The rural households have increased to 1678.27 lakh in 2011, as against 1382.72 in 2001. With a net addition of 299.55 lakh households, the rural household share has dwindled to 68.03 from 72.03 per cent (refer Table 3). In other words, against an overall growth of 28.51 per cent of the total households during the period, rural areas accounted for 54 per cent, which is more than the national average. The rural hard realities like inadequate employment opportunities, lack of decent living environment, inadequate educational and health services have not bogged down these households, especially the aged households. At the same time, high income earnings in urban areas coupled with availability of economic and social opportunities (if not in abundance), good educational facilities and health services have not been any influence on the rural households, more so a good number of them haven't prepared facing new settlement challenges in urban areas.

Housing Poverty and Amenities Deprivations: The households' expansion in the recent times on the one hand and disproportionate housing availability on the other hand have left a good chunk of families to face housing problem in varied scale in urban areas. Having formed new families or migrated, the households often resort to two methods of housing themselves. First, offer to housing adjustments with their relatives and friends or completely render themselves to be on pavements dwelling and face the problem absolutely. Second, construct sub-standard or livable housing units with whatever the resources in their command and unable to up-grade them from time to time, resort to face the incidence of the problem relatively. It is these units becomes dilapidated gradually and largely poses dwelling threats subsequently. The literature also further this arguments (UNCHS 1997) and identifies two types of housing shortage both absolutely and relatively. Absolute homelessness refers to lack of a housing unit and its associated services and that the households or individuals cannot obtain sufficient and guaranteed shelter and protect themselves and their belongings. In effect, people with absolute homelessness would be facing uncertainties and deprivation, as they would have resorted to either shared housing, if the co-habitants are relatives/friends or thrown open to sky living in pavements/other public places, if they are strangers. The relative housing shortage denotes that those living with minimum housing basket, which is far below the accepted standard or norm. The people living with minimum/deficient housing and other services are always facing health

and life threats, as they would have constructed sub-standard housing to shelter them immediately and would have not upgraded subsequently, owing to continued low income and challenging income status. Obviously, the range of the deficiencies varies from constructing walls and roof without using standard building materials (burnt brick, cement concrete, steels etc.) to mud flooring, often contend with appalling sanitation and faulty housing services.

Based on the two dimensions of homelessness (absolute and relative) **(Table 2.7)**, total housing shortage for the urban India is in the order of 46 lakhs families, spread over to 22.45 lakhs facing absolute and 23.48 lakhs relatively. It is almost evident that the urban housing poverty or shortage is poised equally between overcrowded dwelling and dwelling in dilapidated houses. With this, housing shortage as percentage of total urban families work out to around 6 per cent (or 5.82 per cent to be precise). It only denotes that new housing efforts of the public, private sectors and cooperatives have not been in commensurate with the increasing number of families or in accordance with the market need. Across the two sources of housing shortage, it is the relative homelessness which has been maintaining an edge over the other segment of absolute homelessness. Straightforwardly, it can be said that 23.48 lakhs of households (over 51 per cent) are dwelling with minimum basket of housing with poor quality construction in 2011, as against 22.45 lakhs of households (48.88 per cent) in the sharing accommodation arrangements. In other words, almost half of the households are largely the poor having been living in dilapidated units, that do not ensure safe housing round the year owing to changing climatic conditions. Especially during the rainy season, the dwellers of the dilapidated units would always face one or the other kind of life threats like falling roof/ walls, washing off houses etc. This apart, as many as 22.45 lakhs of households (48.88 per cent in 2011 have resorted to housing adjustment with their relatives and friends, knowing fully the pressure they exert on the existing housing services, besides directly contributing to crowded dwelling, infringement of privacy etc. However, a good number of families in many urban parts consciously prefer crowded dwelling notwithstanding, as joint family living provides many benefits like sharing cost of maintenance, social life, tender - old aged care etc.

The sub-national perspective of the housing shortage clearly brings to the fore that the incidence is spread across all the urban areas of the country at varied degree. The average number of urban housing shortage is 1.35 lakh units across the country. Also, the incidence is more conspicuous in many pockets. Based on the incidence, the Indian states

Table 2.7
Housing Shortage by Source in Urban India-2011
(Figures in Lakhs)

Sl No	State & Union Territory	Overcrowded Families	Families Dwelling in Dilapidated Houses	Total Housing Poverty	% of the families facing the shortage
1	Andhra Pradesh	1.51 (60.16)	1.00 (39.84)	2.51 (5.26)	3.70
2	Arunachal Pradesh	0.02 (40.00)	0.03 (60.00)	0.05 (0.10)	7.58
3	Assam	0.20 (26.32)	0.56 (73.68)	0.76 (1.59)	7.65
4	Bihar	0.93 (40.09)	1.39 (59.91)	2.32 (4.86)	11.52
5	Chhattisgarh	0.52 (61.18)	0.33 (38.82)	0.85 (1.78)	6.86
6	Goa	0.04 (57.14)	0.03 (42.86)	0.07 (0.14)	3.53
7	Gujarat	0.85 (64.39)	0.47 (35.61)	1.32 (2.76)	2.44
8	Haryana	0.81 (57.86)	0.59 (42.14)	1.40 (2.93)	8.00
9	Himachal Pradesh	0.02 (40.00)	0.03 (60.00)	0.05 (0.10)	3.01
10	Jharkhand	0.47 (45.63)	0.56 (54.37)	1.03 (2.16)	6.89
11	Jammu & Kashmir	0.08 (34.78)	0.15 (65.22)	0.23 (0.48)	4.45
12	Karnataka	0.90 (46.63)	1.03 (53.37)	1.93 (4.04)	3.63
13	Kerala	0.19 (11.73)	1.43 (88.27)	1.62 (3.39)	4.47
14	Madhya Pradesh	1.91 (64.75)	1.04 (35.25)	2.95 (6.18)	7.67
15	Maharashtra	2.39 (54.07)	2.03 (45.93)	4.42 (9.26)	4.09
16	Manipur	0.04 (33.33)	0.08 (66.67)	0.12 (0.25)	7.02
17	Meghalaya	0.02 (40.00)	0.03 (60.00)	0.05 (0.10)	4.31
18	Mizoram	0.02 (50.00)	0.02 (50.00)	0.04 (0.08)	3.45
19	Nagaland	0.02 (50.00)	0.02 (50.00)	0.04 (0.08)	3.48
20	Orissa	0.34 (27.87)	0.88 (72.13)	1.22 (2.56)	8.04
21	Punjab	0.76 (40.86)	1.10 (59.14)	1.86 (3.90)	8.88
22	Rajasthan	1.01 (64.33)	0.56 (35.67)	1.57 (3.29)	5.08
23	Sikkim	0.02 (66.67)	0.01 (33.33)	0.03 (0.06)	8.33
24	Tamilnadu	1.14 (39.04)	1.78 (60.96)	2.92 (6.12)	3.27
25	Tripura	0.04 (28.57)	0.10 (71.43)	0.14 (0.29)	5.96
26	Uttar Pradesh	4.59 (61.36)	2.89 (38.64)	7.48 (15.65)	10.04
27	Uttarakhand	0.24 (61.54)	0.15 (38.46)	0.39 (0.82)	6.59
28	West Bengal	1.94 (31.65)	4.19 (68.35)	6.13 (12.84)	9.65
29	Andaman & Nicobar	0.01 (100.00)	-	0.01 (0.02)	2.94
30	Chandigarh	0.04 (33.33)	0.08 (66.67)	0.12 (0.25)	5.26
31	Daman & Diu	0.01(100.00)	-	0.01 (0.02)	2.08
32	Dadra & Nagar Haveli	0.01(100.00)	-	0.01(0.02)	2.63
33	Delhi	1.33 (59.64)	0.90 (40.36)	2.23 (4.67)	6.84
34	Pondicherry	0.03 (60.00)	0.02 (40.00)	0.05 (0.10)	2.43
	TOTAL	**22.45 (48.88)**	**23.48 (51.12)**	**45.93**	**5.82**

Source: Census of India (2011), Tables on Houses, Household Amenities and Assets, Series 1, Registrar General and Census Commissioner, Government of India, New Delhi

Note: The Union Territory of Lakshadweep is not included in the table, as the housing shortage is less than few hundreds.

and union territories can be broadly classified into three categories of regions: (a) high incidence of shortage with above the national average (>5.82 per cent); (b) medium incidence of shortage with marginally less than the average (< 5.82 - 3.0 per cent) (; and (c) low incidence of shortage with far less than the average (< 3.0 per cent). The first category has sixteen regions lead by Bihar, followed by second category with thirteen

regions and one state and all the union territories in the las category. It must be noted that the incidence of urban housing poverty is very high in the of Bihar with 11.52 per cent of the families facing the incidence, which is marginally less than two folds of the average. It is followed by Uttar Pradesh (10.04 per cent), West Bengal (9.65 per cent), Punjab (8.88 per cent), Sikkim (8.33 per cent), Orissa (8.04 per cent), Haryana (8.00 per cent), Madhya Pradesh (7.67 per cent), Assam (7.65 per cent), Arunachala Pradesh (7.58 per cent), Manipur (7.02 per cent), Jharkhand (6.89 per cent), Chhattisgarh (6.86 per cent), Delhi (6.84 per cent), Uttarakhand (6.59 per cent) and Tripura (5.96 per cent). The urban housing in the thirteen other regions in the second category are those facing the incidence just marginally below the national average and up to half of the prevalence of the problem. This group is led by Chandigarh with 5.26 per cent of the total urban families, followed by Rajasthan (5.08 per cent), Kerala (4.47 per cent), Meghalaya (4.31 per cent), Maharashtra (4.09 per cent), Andhra Pradesh (3.70 per cent), Karnataka (3.63 per cent), Goa (3.53 per cent), Nagaland (3.48 per cent), Mizoram (3.45 per cent) Tamilnadu (3.27 per cent) and Himachal Pradesh (3.01 per cent). Thirdly and lastly, rest all the six regions (only one state Gujarat and all others are the union territories) have been facing the incidence of housing shortage less than half of the national average. Incidentally, Gujarat state with 1.32 lakhs of housing units' shortage has been one of regions to face the severity in absolute/ real terms, then in the relative terms.

The housing problem/shortage of rural India is not different from that of the urban areas. In fact, the nature and type of the problem are remaining same. But what made the difference in the case of rural areas is the incidence of housing shortage, which is over 13 per cent – more than two folds of the urban areas and much above the national average (in subsequent paragraphs). The rural housing shortage is in the order of 212.62 lakhs units – almost five times more than the urban areas **(Table 2.8)** for reasons explained already and the average shortage works out to 6.44 lakhs units, which is again about 5 folds of the urban average. Mismatch between the number of rural households and housing stock has been a phenomenon ever since commencement of the India's planning process in general and since beginning of the enlisting of houses in particular. The successive enlisting has exposed the extent of the mismatch, which has always led to housing shortage in rural areas. Under these circumstances, the households either formed newly or separated from joint family resorted to housing adjustments with their relatives and friends, as first option or

Table 2.8
Housing Shortage by Source in Rural India-2011
(Figures in Lakhs)

Sl No	State & Union Territory	Overcrowded Families	Families Dwelling in Dilapidated Houses	Total Housing Poverty	% of the families facing the shortage
1	Andhra Pradesh	6.35 (50.00)	6.35 (50.00)	12.70 (5.81)	8.91
2	Arunachal Pradesh	0.07 (50.00)	0.07 (50.00)	0.14 (0.06)	7.14
3	Assam	6.36 (50.04)	6.35 (49.96)	12.71 (5.81)	23.65
4	Bihar	12.53 (49.98)	12.54 (50.02)	25.07 (11.47)	14.81
5	Chhattisgarh	1.88 (50.00)	1.88 (50.00)	3.76 (1.72)	8.58
6	Goa	0.03 (50.00)	0.03 (50.00)	0.06 (0.03)	4.80
7	Gujarat	1.40 (50.00)	1.40 (50.00)	2.80 (1.28)	4.14
8	Haryana	1.50 (49.83)	1.51 (50.17)	3.01 (1.38)	10.15
9	Himachal Pradesh	0.22 (50.00)	0.22 (50.00)	0.44 (0.20)	3.36
10	Jharkhand	2.19 (49.87)	2.20 (50.13)	4.39 (2.01)	9.37
11	Jammu & Kashmir	0.64 (50.00)	0.64 (50.00)	1.28 (0.59)	8.54
12	Karnataka	4.16 (49.94)	4.17 (50.06)	8.33 (3.81)	10.59
13	Kerala	2.65 (50.09)	2.64 (49.01)	5.29 (2.42)	12.92
14	Madhya Pradesh	4.98 (49.95)	4.99 (50.05)	9.97 (4.56)	8.96
15	Maharashtra	8.23 (50.03)	8.22 (49.97)	16.45 (7.52)	12.63
16	Manipur	0.16 (50.00)	0.16 (50.00)	0.32 (0.15)	9.52
17	Meghalaya	0.29 (50.00)	0.29 (50.00)	0.58 (0.27)	13.74
18	Mizoram	0.05 (55.55)	0.04 (44.45)	0.09 (0.04)	8.57
19	Nagaland	0.05 (50.00)	0.05 (50.00)	0.10 (0.05)	3.51
20	Orissa	7.17 (50.00)	7.17 (50.00)	14.34 (6.56)	17.61
21	Punjab	2.50 (50.00)	2.50 (50.00)	5.00 (2.29)	15.08
22	Rajasthan	4.34 (50.06)	4.33 (49.94)	8.67 (3.97)	9.14
23	Sikkim	0.06(50.00)	0.06 (50.00)	0.12 (0.05)	13.04
24	Tamilnadu	2.36 (50.00)	2.36 (50.00)	4.72 (2.16)	4.94
25	Tripura	0.33 (50.77)	0.32 (49.23)	0.65 (0.30)	10.69
26	Uttar Pradesh	18.81 (50.00)	18.81 (50.00)	37.62 (17.21)	14.77
27	Uttarakhand	0.54 (50.00)	0.54 (50.00)	1.08 (0.49)	7.69
28	West Bengal	19.39 (50.00)	19.39 (50.00)	32.78 (14.99)	23.90
29	Andaman & Nicobar	0.01 (33.33)	0.02 (66.67)	0.03 (0.01)	5.08
30	Chandigarh	0.01 (100.00)	-	0.01	14.29
31	Delhi	0.03 (50.00)	0.03 (50.00)	0.06 (0.02)	7.59
32	Lakshadweep	0.01 (100.00)	-	0.01	33.33
33	Pondicherry	0.02 (50.00)	0.02 (50.00)	0.04 (0.02)	4.21
	TOTAL	**109.32 (50.00)**	**109.30 (50.00)**	**212.62**	**13.03**

Source: Census of India (2011), Tables on Houses, Household Amenities and Assets, Series 1, Registrar General and Census Commissioner, Government of India, New Delhi

Note: The Union Territories of Daman & Diu and Dadra Nagar Haveli are not included in the table, as there is no housing shortage.

seek temporary housing in the public places and face the problem absolutely. Second, construct sub-standard or livable housing units with whatever the resources in their command and face the incidence relatively. Having not been up-graded from time to time, the housing units thus constructed become dilapidated gradually and largely pose dwelling threats subsequently. Together these two critical sources (absolute and relative) constituted

the total housing shortage of rural India. Two important observations can be made with regard to the current housing shortage of rural India. First, the total rural housing shortage is equally divided between the chief sources like the urban case. If 109.32 lakhs of families are facing the shortage quantitatively (crowded dwelling), almost the same number of families (109.30 lakhs) facing unsafe qualitatively (dilapidated dwelling). Especially, with regard to the later, more than a crore families have thrown open to all possible threats and risks during the rainy season, which is more precarious than being complete homeless. Second, the sub-national perspective of the rural housing shortage clearly brings to the fore that the incidence is highly centric and more conspicuous in ten major pockets/regions of the country, especially in all the development starved "BIMARU". Uttar Pradesh alone account to 37.62 lakhs of the housing shortage whose incidence is six folds more than the national average. It is followed by West Bengal (32.78 lakhs units), Bihar (25.07 lakhs units), Maharashtra (16.45 lakhs units), Orissa (14.34 lakhs units), Assam (12.71 lakhs units), Andhra Pradesh (12.7 lakhs units), Madhya Pradesh (9.97 lakhs units), Rajasthan (8.67 lakhs units) and Karnataka (8.33 lakhs units). Further, it is saddened to note that these ten regions alone contributed to 84 per cent (178.64 lakhs units) of the total rural incidence of the shortage. In the case of the other regions, the shortage incidence is not only less than the average of 6.44 lakhs units but account to only the remaining 16 per cent or 33.98 lakhs units. Thus, it is imperative that the success of housing for all countryside lies largely among the ten major, including the BIMARU regions. Having noted the regional dimensions of the housing poverty separately, the macro or the national perception of the same assumes importance, from the view point of the good history of the joint development interventions. In all, the country is facing a total housing shortage/deficit for 264.55 lakh families, by types, by rural urban and by states and union territories. The qualitative dimension with 132.78 lakhs units have an edge over the quantitative dimension of 131.77 lakhs units. It works out 50.19 per cent and 49.81 per cent respectively. With this, it can be said that roughly 11 per cent of the families in the country facing the housing deficit **(Table 2.9)**. It is indeed necessary to mention that rural India accounted to substantial part of the housing deficit at 80.37 per cent (212.62 lakhs units) and the rest urban segment. Also significant that all union territories with a shortage 2.65 lakhs units (or 6.44 per cent families), accounted to 1.01 per cent of the national incidence and the rest by all the Indian states at varied volume and scale. However, one of the noticeable difference is that the union territories have registered higher order of housing deficit from the quantitative angle (59.62 per cent or 1.58 lakhs units), which is unlike the scenario of the states. Akin to that of the rural housing situation, Uttar Pradesh single handedly describes position with 45.10 lakhs of

the housing shortage, which is alone 17.05 per cent of the national incidence. Also, the percentage of families facing the housing shortage is at 13.70, which is undisputedly higher than the country. It is followed by West Bengal (44.91 lakhs units), Bihar (27.39 lakhs units), Maharashtra (20.87 lakhs units), Orissa (15.56 lakhs units), Andhra Pradesh (15.21 lakhs units), Assam (13.47 lakhs units), Madhya Pradesh (12.92 lakhs units), Karnataka (10.26 lakhs units) and Rajasthan (10.24 lakhs units).

Table 2.9
Housing Shortage in India by Source-2011
(Figures in Lakhs)

Sl No	State & Union Territory	Overcrowded Families	Families Dwelling in Dilapidated Houses	Total Housing Poverty	% of families Facing the Shortage
1	Andhra Pradesh	7.86 (51.68)	7.35 (48.32)	15.21 (5.81)	7.23
2	Arunachal Pradesh	0.09 (47.37)	0.10 (52.63)	0.19 (0.07)	7.25
3	Assam	6.56 (48.70)	6.91 (51.30)	13.47 (5.14)	21.16
4	Bihar	13.46 (49.14)	13.93 (50.86)	27.39 (10.46)	14.46
5	Chhattisgarh	2.40 (52.06)	2.21 (47.94)	4.61 (1.76)	8.20
6	Goa	0.07 (53.85)	0.06 (46.15)	0.13 (0.05)	4.02
7	Gujarat	2.25 (54.61)	1.87 (45.39)	4.12 (1.57)	3.38
8	Haryana	2.31 (52.38)	2.10 (47.62)	4.41 (1.68)	9.35
9	Himachal Pradesh	0.24 (48.98)	0.25 (51.02)	0.49 (0.19)	3.32
10	Jharkhand	2.66 (59.08)	2.76 (50.92)	5.42 (2.07)	8.77
11	Jammu & Kashmir	0.72 (47.68)	0.79 (52.32)	1.51 (0.58)	7.49
12	Karnataka	5.06 (49.32)	5.20 (50.68)	10.26 (3.92)	7.78
13	Kerala	2.84 (41.10)	4.07 (58.90)	6.91 (2.64)	8.96
14	Madhya Pradesh	6.89 (53.33)	6.03 (46.67)	12.92 (4.93)	8.63
15	Maharashtra	10.62 (50.89)	10.25 (49.11)	20.87 (7.97)	8.76
16	Manipur	0.20 (45.45)	0.24 (54.55)	0.44 (0.17)	8.68
17	Meghalaya	0.31 (49.21)	0.32 (50.79)	0.63 (0.24)	11.71
18	Mizoram	0.07 (53.85)	0.06 (46.15)	0.13 (0.05)	5.88
19	Nagaland	0.07 (50.00)	0.07 (50.00)	0.14 (0.05)	3.50
20	Orissa	7.51 (48.26)	8.05 (51.74)	15.56 (5.94)	16.11
21	Punjab	3.26 (47.52)	3.60 (52.38)	6.86 (2.62)	12.68
22	Rajasthan	5.35 (52.25)	4.89 (47.75)	10.24 (3.91)	8.14
23	Sikkim	0.08 (53.33)	0.07 (46.67)	0.15 (0.06)	11.72
24	Tamilnadu	3.50 (45.81)	4.14 (54.19)	7.64 (2.92)	4.13
25	Tripura	0.37 (46.84)	0.42 (53.18)	0.79 (0.30)	9.37
26	Uttar Pradesh	23.40 (51.88)	21.70 (48.12)	45.10 (17.22)	13.70
27	Uttarakhand	0.78 (53.06)	0.69 (46.94)	1.47 (0.56)	7.36
28	West Bengal	21.33 (47.49)	23.58 (52.51)	44.91 (17.15)	22.38
	All State	**130.19 (49.71)**	**131.71 (50.29)**	**261.90 (98.99)**	**10.62**
	All Union Territories	**1.58 (59.62)**	**1.07 (40.38)**	**2.65 (1.01)**	**6.44**
	Delhi	1.36 (59.39)	0.93 (40.61)	2.29 (86.42)	**6.85**
	Grand Total	**131.77 (49.81)**	**132.78 (50.19)**	**264.55**	**10.72**

Source: Census of India (2011), Tables on Houses, Household Amenities and Assets, Series 1, Registrar General and Census Commissioner, Government of India, New Delhi.

A host of literature on the housing amenities has eminently shown the positive relationship between the safe drinking water, sanitation and other services and health and overall welfare improvement and adverse impact, if these services are not safely and

adequately provided. First, it recognizes that provision for drinking water and sanitation are obviously central to good housing, living condition and health, besides central to prosperous economies (UNCHS 1997, P 263; Dieterich and Henderson 1963). Second, it is argued that access to water supply and sanitation is a fundamental need and a human right, apart from being vital for dignity and health of all people and poor water supply and sanitation would lead to health hazards like diarrhea, intestinal infections, blindness and Schistosomiasis (WHO & UNICEF 2000). Notwithstanding the progress achieved in the provision of these facilities, especially after "The International Drinking Water and Sanitation Decade 1981-1991", still a good chunk of the people has been un-served in India. More so in the urban context, it is observed that the water supply and sanitation sectors are financially unviable, short coverage of the people, insufficient and low quality. Urban water supply to all and poorer segment in particular, which are chiefly financed by the public source is continuing to face a number of difficulties like inadequate funding, high cost supply, pilferages in the supply system, jurisdictional conflicts, improper mechanism to recover water user charges and others have affected the quality of water supply. Similarly, in the case of sanitation, if household latrines are continuing to be the distant dream of the squatter settlements, on account of ill-financing and poor collection efficiency of the solid waste have together resulted in devastating effects, particularly loss of human life on account of water-borne diseases (Planning Commission, 2008b). Over the last five decades of concerted and strategic interventions, a good chunk of population is still deprived of the safe and adequate supply of drinking water, sanitation and electricity in urban area.

From the overall deprivation point of view, analyzing the situation in the rural context is extremely important, as the urban areas have been ensuring availability of housing amenities at once before the occupation. While in rural areas, housing amenities are provided on compartmentalized basis at different point of time. That apart, the social housing schemes being the critical source of housing in rural areas hardly supports financially to provide housing amenities. Thus, assessment of deprivation of housing amenities like safe water, good sanitation, drainage and electricity/solar energy and all the four amenities in the rural context is of paramount necessity, from the interventions point of view. The number of families deprived of all the four housing amenities (drinking water, sanitation, drainage and electricity for lighting) in rural India has officially declined from 784.24 lakhs in 2001 to 578.58 lakhs in 2011, which is one of the positive changes. With an absolute reduction in deprivation at 205.66 lakh families (have been provided with these

facilities and facilitated them to overcome the deprivations), the relative percentage has also brought down to 34.47 per cent from 56.72 per cent **(Table 2.10)**. Interestingly, the volume of decline in the deprivation is 22.24 per cent in rural areas than 19.14 per cent at the national level. Individually, deprivation of safe water has been reduced to 66.44 lakhs families in 2011 from 370.20 lakhs families in 2001, which means as many as 303.76 lakhs rural families have been covered with safe water. Similarly, the scale of achievement is impressive with regard to electricity coverage with 753.05 lakhs families, as a reduction to electricity deprivation of 776.96 lakhs families to 23.92 lakhs families in the same period. Against this notable progress, the achievement is far from satisfaction in the case of good sanitation and drainage connectivity. Unfortunately, the deprivations are continuing to be higher at 69.27 per cent in the case of rural sanitation and 63.25 per cent in the case of drainage facility. The total coverage of rural families was only 82.84 and 151.35 lakhs, respectively with sanitation and drainage during the period of assessment. Awkwardly, it should not surprise that the level of deprivation has increased absolutely from 1079.67 in 2001 to 1309.55 lakhs families in 2011 in the case of sanitation but relatively declined from 78.08 per cent to 69.27 per cent. So is the case with drainage, whose deprivation increased absolutely from 910.11 to 1061.46 lakhs families and declined relatively from 65.82 per cent to 63.25 per cent. Obviously, it is imminent to say that the poor performance in arresting deprivation in the provision of good sanitation and drainage is not just owing to inadequate development actions but also to increasing number of rural households.

Table 2.10
Deprivation of Housing Amenities in Rural India:
2001-2011 (Figures in Lakh)

Year	Area	Total No of Households	Households Deprived of				
			Safe Water	Good Sanitation	Drainage	Electricity/ Solar Energy	All the Four Amenities
2001	**Total**	1919.64	423.83 (22.08)	1220.78 (63.59)	1028.96 (53.60)	842.32 (43.88)	878.97 (45.79)
	Rural	1382.72	370.20 (26.81)	1079.67 (78.08)	910.11 (65.82)	776.96 (56.19)	784.24 (56.72)
2011	**Total**	2466.93	85.85 (3.48)	1309.55 (53.08)	1205.25 (48.86)	29.39 (1.19)	657.51 (26.65)
	Rural	1678.27	66.44 (3.96)	1162.51 (69.27)	1061.46 (63.25)	23.92 (1.43)	578.58 (34.47)
Change (+or-)	**Total**	547.29	-337.98	88.77	176.29	-812.93	221.46
	Rural	295.55	-303.76	82.84	151.35	-753.05	205.66

Source: Source: Census of India (2001), Tables on Houses, Household Amenities and Assets, Series 1, Registrar General and Census Commissioner, Government of India, New Delhi & Census of India (2011), Tables on Houses, Household Amenities and Assets, Series 1, Registrar General and Census Commissioner, Government of India, New Delhi

Concluding Observations: This research portrays the changes that have taken place in the housing sector of India between two periods - 2001 and 2011, mainly in terms of growth

in the number of households, housing stock, and selected housing amenities. It is also attempted to assess the housing shortage quantitatively and qualitatively, apart from analyzing deprivation of the housing amenities at the national and regional levels. It has brought to the fore four important findings. First, undoubtedly true that the housing sector has expanded in the country with few positive changes, along with good number of deficiencies parallelly. The emerging growth in the growth in the country is highly biased towards the urban areas that too tilting to two types of the major cities, including the state capitals. In other words, the growth is not equally balanced and widespread. There is a glaring concentration of urban population to the tune 90 per cent in only two categories of Class I and Class II cities and as a result, the other sizes of the towns/cities have not been able to cope up with the real urban life. This is a clear evidence of urban divide within urban areas for the reasons already attributed. The disturbing trend is that the Class III, IV & V urban areas though in large numbers have been losing significance for want of better prospects. Second, notwithstanding the imbalanced growth, the housing stock has considerably increased, especially in the standard segment; the stock has been on rising in rural and urban areas. What is significant is that as a result of this positive growth, the incidence of families living in the sub-standard and dilapidated stock has eroded noticeably. Third, the overall increase in the housing stock in the country, more so in the standard segment has also augmented access to housing amenities and eased the deprivation. Especially, in the case of household toilet facility, the achievement is more visible. Even in the case of household connection to drainage facility, the progress is noticeable in urban areas. Reduction in the incidence of using kerosene, as a source of lighting is a marking evidence of the urban achievement. Lastly, increasing volume of the housing shortage in the country, with a considerable scale of deprivation of the housing amenities is an emerging feature of the country and at the regional level. It must be noted that the emerging total housing shortage is almost equally poised between dilapidated housing stock, which needs to be rebuilt on priority basis and due to overcrowded housing. Similarly, households without toilet facility are in huge numbers over the other housing amenities.

If at all there is a mismatch in the housing front, it only reflects on the way they are financed for the development and are administered over the years in the country, as it is reflected in the literature. Because, finance being the crucial factor of housing production, it dictates the volume of supply of housing units and the living condition of the people (Okpala 1994, Renaud 1984). The literature strongly provides evidence to the fact that adequate and effective financing for housing development always leads to supply-demand equilibrium and

better living conditions of the people and vice-versa. Indian governments, ever since independence has created institutional mechanisms and has been supporting history of financing of housing activities, including social housing schemes for the people in general and the poor in particular (Mahadeva 2002). But unfortunately, the housing administration, including the pattern of financing have failed to arrest the total housing shortage ever and to bring about a visible improvement in the living condition in the country. Because, most of the housing development interventions including the social housing schemes for the poor have not only been ad hoc but also have lost sight of the ground realities. For instance, the schematic interventions have always had construction of new housing units to meet the housing needs of the families, who excessively dwells in the crowded houses. But while doing so, redevelopment of the existing but dilapidated units in which largely poor families dwells, have been grossly relegated or unconsidered at all. Urban India would not have faced the present order of housing shortage had there been a straightforward and pragmatic approaches been followed, giving equal considerations to the quantitative and qualitative shortages.

Similarly, the social housing schemes, meant for the targeted poor have been ill-financed by the government. The unit cost of the housing has always been very low, as against the soaring cost of construction. In other words, the unit cost of construction under social housing schemes is at least four folds less than the average unit cost of construction. With the given lowest unit construction cost, not only would the poor construct deficient housing units but also unable to ensure prominent household amenities like drinking water and sanitation, let alone electricity. Therefore, if at all the government is serious about providing decent housing and thereby aiming at achieving better living conditions in the country and of the poor, it is indeed necessary to finance the social housing units on par with the actual unit cost of construction. Compartmentalized approach in the development of housing and provision of housing amenities that has been followed both at the national and at the regional levels is a major reason for the mismatch between them. This approach necessarily involves construction of housing units at one point of time and provision of housing amenities at different points of time. Undoubtedly, Although, this approach is a convenient strategy from the administration point, in terms of making financial provisions for the development of housing and housing amenities at different points but from the people point of view, the same is time consuming process as well as cost-ineffective, besides postponing the attainment goals.

The un-avowed objectives of the housing development policies are to eliminate all forms of homelessness and to bring about housing parity between the haves and have-nots, especially in the country and of the poor, as the housing sufferings and government cannot afford to have different housing standards in urban environment reflects on the way they are governed and managed. If this long term goal of housing parity is to be accomplished, the development interventions (of the government/s, private sector, cooperative sector) needs should be stepped up, giving up the traditional path of *ad hoc* approach. Adequate financing of housing activities for the social housing schemes and integrated approach in order to ensure housing and housing amenities simultaneously. Apart from these, the need of the hour is to assess and account the housing shortage and housing deprivation across the cross sections by their totality and by their reality. The total estimated housing shortage (by overcrowd and by dilapidated source) as well as the housing amenities deprivations needs serious consideration so as to address the same. While doing so, there needs a separate emphasis for construction of new housing units and reconstruction of the dilapidated units, which are the major contributory for the present housing shortage in the country. From the view point of effectiveness, it is extremely essential to give priority for the reconstruction of the deficient housing stock. Given the exorbitant rise in the cost of house construction in the recent years and the social housing schemes being the only avenue of realizing the housing dream of the houseless poor, it is indeed necessary to increase the unit cost on par with the average/market prevailing cost, along with the cost of development of the housing amenities. This increase should ensure a minimum level of housing basket with a decent access to all the housing amenities simultaneously. There is an urgent need to adopt integrated approach in place of the compartmentalized approach, in order to ensure housing amenities together with house construction under the social housing schemes and thereby to bring about a better and improved living environment for the poor. Further, in regard to the source of lighting, it is all the more necessary to popularize the use of solar energy, especially among the poor households, because of the abundant availability and potentials. In order to do this, the state has to first portray that this important source of energy is freely available and secondly by providing financial support and incentives to the poor families to meet the initial capital investment. This would not only reduce the dependence on the electricity, which has been a scares economic good and state has many limitations in production and distribution of the same. It also improves governance in terms of minimizing the un-priced and unauthorized means of its utility, mostly by those cannot afford to pay for its servicing.

Further, from the view point of bringing parity in housing development, due priority and weightage needs to be accorded to the states facing higher incidence of housing poverty and the deprivations over the others. This can be done by two ways: (a) Special Housing Development Scheme, wholly/largely funded by the central government aiming at supplying new housing units and up-gradation of dilapidated units in the urban areas of the fourteen major states of the country; and (b) undertaking expansion of financial services of the housing financial institutions (commercial banks, housing financing companies and housing cooperative societies) with underwriting facilities by the respective states. That apart, based on housing deprivation index in addition to general poverty index, across the different states, central government may make extra-ordinary provisions for transfer of central resources, as part of the Finance Commission's awards from time to time. Finally, what is needed is the political will to arrest the housing problem of the urban areas and the corroborative public financing of the same.

Chapter Three
Public Policies for Development of Human Settlements

The declaration of the year 1987 as the International Year of Shelter for the Homeless by the United Nations Assembly has its own impact on its member countries over the years and especially on the Indian Government that has responded positively by designing its National Housing Policy (NHP) for the first time in the year 1992 and made available for public opinion and for comments. This policy was approved by the parliament in the year 1994. It is needless to note that till 1994, the housing development strategies/programmes for different income groups were by and large ad hoc (as discussed earlier) and without a pronounced framework which could have given the needed direction to the government and other players for taking up housing development activities in the entire country. However, this policy was subjected to a number of criticisms from the academics and people from other walks of life, on the ground that the policy has not emphasized to create a true facilitating environment specially in delivering the critical housing inputs such as finance, land, building materials, etc. Subsequently, the successive governments have also not attempted to plug the loopholes in the policy, especially in promoting a sound financing system, user friendly land market, and consumer preferred building materials. The policy was also further criticized on the ground that it lacked household based resource mobilization strategies and network for refinancing activities of housing in the country. It was believed that Indian Parliament while approving in 1994, could attempt to address the loopholes of the NHP and that this policy could give a direction to different players of housing development, especially in the context of New Economic Policies initiated in the country from the year 1992 onwards. But, that did not happen and many of the issues were unresolved, which have paved the way for fresh thinking of the housing sector. One of the major changes taken place in housing development history of the country is the policy interventions, keeping the rural-urban dynamics in view. The housing development dynamics are not common throughout the country but altogether different, in term of the nature, quality, interventions, stake holders' participation and what not. This belated realization paved way for contemplating two separate housing policies namely National Rural Housing and Habitat Policy (NRHHP) – 2005 and National Urban Housing and Habitat Policy (NUHHP) – 2007, after six decades of independence and three decades of the

watershed in housing sector from the mid-80s. Each one of the policy has highlighted the exclusive reasons while justifying for rural and urban India (Appendix -3.1).

The National Housing and Habitat Policy 1998: Indian government has brought out another policy subsequently by adding habitat dimensions for the human settlements viz., National Housing and Habitat Policy (NHHP) in 1998. The NHHP had three pronged focus (a) to motivate the houseless population to adequately house themselves; (b) to encourage investment in the housing sector; and (c) to eliminate the constraints in maximizing the housing efforts. Its other specific objectives are discussed subsequently. Although this policy did attempt to influence the government to create a facilitating environment specially in encouraging the entry of private sector, but by and large the efforts towards that direction remained more or less half-hearted. The measures that were initiated during the early 90s were mostly in increasing the housing stocks in the owner occupation sector by giving fiscal concessions and other benefits to the individual house builders. Well-defined attempts to organise a sound housing financial system to cater to the needs of the common man (economically weaker sections, lower income groups, etc.) of the country were still missing, despite having the National Housing Bank Act-1987 passed. It is with this backdrop that the National Housing and Habitat Policy of 1998, was prepared and adopted by the National Development Alliance (NDA) Government.

The NHHP is said to be a broader framework with change in focus and in approach, aiming to achieve housing and related environment development in the country. This policy has claimed to have raged housing revolution in order to minimise human deprivations in housing and housing services. It has rightly pointed out the multidimensional causes for the increasing housing shortage (Census 1991) like formation of new families, migration to urban areas and the institutional failures to deliver the needed infrastructure as well as critical inputs for housing development. At the same time, it has also been argued that inadequate financial resources have marred the housing development. Therefore, it has directed the government to create a facilitating environment needed for the sector than shouldering a heavy responsibility itself by assuming directly in delivering the housing benefits. It directed to rope in partners from private and cooperative sectors to solve the resource inadequacy for the problem and recommended that the fiscal concessions and other incentives should be made available to the different players in the field of housing development. While it is needless to mention that government intervention in this effort is imperative, at least as far as the socially and economically deprived sections of the society

are concerned. The ·policy had also taken note of the investment requirements for housing development during the Ninth Five Year Plan period and has rightly projected the fact that 75 per cent of the finance has to come from the informal and household sectors. This only gives us an indication that the present resource mobilization strategy of housing finance system has to be remodeled with a view to integrate the practices of the informal sector with the formal one. This policy has a clear direction of evoking massive participation of the private sector not only in housing production but also in its distribution. The policy also underlines the fact that the housing development should not be seen solely as a measure to ensure shelter for different income groups but also as an important means to generate employment activities for the skilled and unskilled laborers of the country. Finally, the policy has made a strong case for augmenting network of public-private partnership for mitigating the housing and habitat deprivations. It is needless to mention that private sector as an important partner, would be encouraged in the developmental and distributional areas with fiscal concessions and regulatory reforms in the legal framework by the government. The NHHP has a number of specific objectives intended to bring changes in the sector, aimed at an elimination of homelessness and to create conducive neighborhood development. Among many others, the following are the main objectives of the policy: (1) Surpluses in the housing stock with shelter options to the citizens, especially for the vulnerable groups, including the poor; (2) Boost housing activities to generate more employment for skilled and unskilled persons in rural and urban areas; (3) Ensure basic sanitation facilities and water to all the dwelling units; (3) Remove barriers in the legal, financial and administrative processes for an easy access to land, finance and other housing inputs; (4) Ensure progressive shift from a subsidy based housing activity to cost sharing and from target group approach to demand driven approach; (5) Empower Panchayat Raj Institutions (PRIs) and cooperatives to mobilise resources to increase housing stock with basic amenities in rural areas, meeting the housing needs of social groups like SCs/ STs, disabled, freed bonded labourers, slum dwellers and the special needs of single women and working women households. Given these objectives, the NHHP has defined appropriate roles for governments at various level (National-Sub-National-Grass root or Central – State - Local Self), in order to achieve its stated objectives. This has been done with a specific intention to give a definite role to meet the multifarious challenges of housing of the country.

At the national level, the Union Government is expected to take steps to bring in the reforms in the legal aspects to ensure easy flow of resources to the housing and habitat purposes (including the creation of the secondary mortgages facilities); and to provide fiscal

concessions and to evolve strategies to protect the environment for the better human settlements. Similarly, the state governments at the middle level are expected to play a complementary and a dominant role, since housing is a state subject in the federal setup of India; to liberalise the legal and regulatory framework to promote a large-scale private initiative and cooperative activity; to define the specific role of public and private sectors to boost housing activities in rural and urban areas; and to empower the local bodies to take full advantages of the 73rd and 74th Constitutional Amendments to discharge their development functions. Finally, as the last tier of governance, the local authorities (Village Panchayat and Municipality) have been entrusted with another set of responsibilities, especially to identify housing shortage at their areas of jurisdiction; prepare housing action plan; and devise strategies to meet the housing shortage (particularly to supply land for housing) etc. This has been done with a view to promote sustainable development of human settlement across rural and urban areas and ensure the balanced growth between them. This apart, the public agencies like housing boards, development authorities and corporations have been asked to be more responsive in meeting the housing needs of poor and vulnerable groups specially to revamp their method of working and to redefine their role for facilitating the availability of housing inputs. In this regard, these agencies are asked to restructure their organisations to eliminate dependence on government for budgetary support by devising their own strategies for sustenance. It was also expected by the policy that these institutions should go hand in hand with the private and cooperative housing activities. On the other hand, private, cooperative and other corporate bodies have been given a lead role in organising the land and other related services, besides enhancing the housing stock in the ownership and rental sectors. Another important responsibility entrusted to these bodies is to provide housing for their employees, especially the cooperative sector is to be provided with all encouragement to fulfill the needs of their members in general and vulnerable groups in particular.

Land and Finance: Critical Inputs: Apart from classifying the responsibilities for the governments at different level for the promotion of housing development, the policy has also indicated certain specific action plans with regard to the supply of land and finance, since these two make the critical inputs for housing development. At this juncture it is needless to mention that the framers of the policy believed that land and finance will have direct bearings on the level of housing development. The special emphasis of the policy in regard to the land has been:

- to evolve statutory support to the public and private sectors to take up procurement of the land and develop the same to increase the availability of land for housing activities, especially in urban peripheries on a large scale;
- to bring in an amendment to town and country planning legislations to pave the way for higher density use of the land;
- to provide land at affordable rates for housing purposes to those who provide essential services;
- repealing of the Urban Land (Ceiling and Regulation) Act 1976 to enhance the supply of land for housing purposes in urban areas; and
- Landless category especially persons belonging to SC/ST communities be given homestead right by providing them land in rural areas.

Similarly, in regard to the housing finance, the policy rightly perceived the need to develop a debt market for housing and infrastructure development, as part of the overall financial market. Provision for securitization of assets and development of the secondary mortgage to provide refinancing the housing activities has been the other step in this direction. In this regard:

- National Housing Bank, HUDCO and other leading financial institutions have been asked to act as leading support to fulfill the above objectives;
- In view of the concessions and exemptions that are available elsewhere for housing activities, the policy suggested to extend similar benefits to the individuals, Housing Financial Institutions (HFIs), Mutual Funds, Companies, Trusts, etc., to encourage investments on a large scale both in the ownership and rental sectors;
- HFIs and Companies have also been directed to mobilise resources from the Provident Fund (PF), Insurance Fund (IF) and Mutual Fund (MF) in general and to develop innovative approaches to mobilise domestic saving;
- Fiscal incentives and concessions should be extended for resource mobilisation activities for funding the housing for the weaker sections, rental housing activities of Lower Income Groups (UGs) and disaster rehabilitation housing activities; and
- Finally, governments have also been encouraged to motivate the Non-Resident Indians (NRIs) and overseas corporate bodies and invite the foreign direct investment in housing, real estate and infrastructure development activities keeping in view the national interest.

One of the significant steps proposed for this purpose is to institute a "National Shelter Fund" and "Risk Fund" to meet the funding requirements of the poor and to extend underwriting facilities in financing the rural and urban poor housing activities especially under exigencies. These funds could be built up from the resources from the corporate sector and by contributions of the HFIs by surrendering a part of their profits. Commercial banks have also been asked to step up the quantum of funds released under the priority sector for housing, especially to the extent of l.5 per cent of incremental deposits for housing. In regard to the role of the government in meeting the housing finance, it is necessary to underline here that they have been asked to allocate resources/ assistance according to the action plan prepared on the basis of the local governments' demand survey.

The legal and regulatory frameworks that exist in India have been characterized as cumbersome and complex. This has over the years marred the housing activities in the country instead of becoming a critical backbone of housing development. It has been argued in this regard that governments (union and state) have hardly attempted either to replace them totally or to bring about suitable amendments especially to the archaic legislations to make them suitable to the changing needs of the sector. As a result, private, cooperative and other sectors have not only failed to make a significant dent but also experienced undue delay, corrupt practices, frustration and anger resulting either in postponement or abandonment of housing projects. It is in this context that the policy has given a direction to bring about the needed change in the regulatory domain. While doing so, governments are asked to create a facilitating environment especially in the building plan approvals. Chartered Registered Architects would be empowered to sanction building plans. State governments and local authorities are advised to lay down suitable norms and enforce accountability in respect of approval of plans. The policy has also called for framing of a National Rent Control Legislation to address the difficulties faced by various state governments. In order to encourage the investment in the rental sector, it has empowered the governments to exclude new constructions from the ambit of rent control. This has been done since the rental sector is found to be a viable shelter option for Low Income Groups (LIGs) in large and medium cities. Similarly, the National Housing Bank Act, the Insurance Act and the Transfer of Property Act have been indicated to take up amendment on priority basis to expedite the foreclosure procedures and to facilitate mortgage insurance respectively. Further, states have also been advised to bring about an amendment to the laws relating to housing cooperative societies, to simplify the registration procedures and to bring down and rationalise the stamp duty to about two-three per cent especially in the case of housing

cooperatives. It is further indicated to add a special chapter in the states cooperative legislation enshrining a definite and leading role to housing cooperative societies with financial autonomy. States have also been asked to enact Apartment Ownership Legislation besides bringing an amendment to the Municipal bye-laws.

Technology plays an important role generally in improving the quality of life of the people and specially in empowering the houseless households to manage affordable housing over their head by developing cost effective technology and building materials. It has been argued, by developing common man-friendly technology, affordable shelter could be offered to the people. For that purpose, technological devices need to be developed to increase the life of the locally available material used to construct economical housing and benefits of such devices should be put into use for the common man. It is in this context that the policy emphasises to take up research activities in designing the housing units at an affordable price. It has been further emphasised to promote large scale use of the building material and components out of the industrial and agricultural waste. Devices need to be worked out to minimise the energy consumption (lighting, ventilation, heating, cooling, etc.) in the everyday life. It has also been suggested to devise the techniques for low energy consuming construction. States have particularly been asked to develop wood substituting material for house construction.

In regard to the issue of sustainability, the policy direction includes development of settlements in such a manner which minimises energy consumption, transportation, water supply and other services. It lays down norms for the development of urban sprawls and settlement townships to reduce the strain on services and decongestion measures to ease the strain on the metro and megacities. Further, it is also suggested to implement poverty alleviation and employment generating programmes at large scale to bring about a healthy human settlement. Since building and construction sectors are employment- oriented specially for the unskilled workers, it is suggested that the training programmes aimed at skill up-gradation for the workers should be taken up in order to bring about higher income in their hands. This training will further keep them abreast of the technological advancement taking place in this sector. Since the building industry is the biggest employer of women workers and perhaps the biggest wage exploiter, references to the women workers in skill up-gradation should be given. Secondly, slum improvement/reconstruction should be taken up at large scale to bring about a better environment with cross subsidisation. Other partners like Community Based Organisations (CBOs), Non-Governmental Organisations (NGOs) and Self-Help Groups (SHGs) are involved in such activities. Especially it is suggested

to the government to take up income generating activities in slums to improve quality of life and monitoring the land and shelter activities strictly to ensure non-transfer of the assets given to the dwellers. Scheduled Caste and Scheduled Tribe families are given a fair share in the allotment of houses or sites in rural and urban areas developed by state agencies, including the private sector. It is also suggested to the government to set up an independent rating agency for housing agencies to infuse public confidence in their activities. Similar body is suggested to be instituted to undertake demand assessment, surveys, and independent assessments of projects relating to land and housing activities. Industry should be provided with fiscal concession which should include housing cost of their employees in their industrial projects and such housing be planned in the close vicinity of their place of work. Finally, in rural areas, it is suggested to follow integrated approach for construction of houses with provision for drinking water, latrines and smokeless *chullas* to bring about housing development at par with urban areas.

To sum up, the National Housing and Habitat Policy (NHHP) of 1998 is first of its kind in the history of the development administration and definitely guiding force housing development activities in the country (Mahadeva 1994 & 1997). As a big transformation over all the other ad hoc approaches adopted hitherto, it has set to itself a number of workable objectives, which have taken a major shift in the context of changing economic scenario. It has drawn to itself the needed inspiration from the Istanbul understanding in the Habitat-II meet, which has designed a workable and a feasible "Global Shelter Strategy" by entrusting a definite role to different players (government, market, private sector, people etc.) for housing development. The NHHP has taken a major shift in setting its objectives. The housing development approaches existed hitherto have given a pivotal role to the government in supply of (a) critical housing inputs; (b) assistance for up-gradation of unserviceable or badly structured houses; and (c), in providing the basic services and amenities in order to face the grim situation of homelessness. But, the NHHP attempted a huge departure to bring about housing surplus in coordination with other major players of housing production. Further, envisaging appropriate roles for governments at different tiers along with other public agencies is a direction. Secondly, it has attempted to promote balanced growth in the housing development between rural and urban areas, breaking the tradition of concentration on the urban areas and neglect of rural housing activities, as it happened during the first three decades of planning. In addition, empowerment of the cooperatives and PRIs in credit mobilisation for housing activities would definitely go a long way in bringing about a balanced growth. Similarly, it is a welcome change to make the local municipalities and other statutory bodies involved in the assessment of housing shortage,

preparation of action plan and execution for the housing production in their respective jurisdiction, as has been practiced in most of the West European countries. Thirdly, the policy indicated to empower the hitherto neglected institutions like Panchayat Raj, village cooperatives and housing cooperatives. With these changes, the government would place itself as a facilitator by removing all the legal hurdles coming in the way of different agencies in the housing development market. At this juncture, it is needless to say that the government continues to provide housing benefits to economically weak, socially deprived and vulnerable groups.

In regard to the financing of housing, it is noteworthy to develop a full-fledged debt market with secondary mortgage facility, asset securitisation and other incentives would empower the housing finance institutions to be more responsive in meeting the financial needs of the LIGs, in addition to other affordable sections. Similarly, call up to development of innovative mechanism to mobilise domestic savings for housing activities would not only bring about attractive financial services but also strengthen the resource base of the financial institutions as the capital market borrowing are always costlier and sometimes unaffordable to certain categories of people. Further, establishment of "National Shelter Fund" and "Risk Fund" would definitely minimise the risk involved in housing finance, if the HFls are motivated to contribute to the fund and its accessibility and 'management are taken care of properly. Foreign direct investment in home financing would pave the way for increasing the resource investment. As is mentioned already, creation of legal-friendly environment is one of the pre-conditions for hassle-free housing development and to ensure the same the policy called for immediate amendment to the housing related legal and regulatory framework, which is the need of the hour. Decentralisation approach for the building plan approvals and evolving national rent control legislation would eliminate corruption and improve tenant-landlord relationship (MRCL 1992). The new Rent Control Act aims to rationalise provision of rents including the amicably settlement of the rent related disputes. It is a timely intervention on the part of the policy makers to direct the states to give the homestead rights to the landless, SC/ST persons and rural poor and equally important is the decision to allot house sites/houses to SC/ST communities according to their size of population.

One should hope that the technological support for housing development will go a long way in providing affordable shelter to the rural poor. It is a challenging task to change the minds of the people as they are used to traditional material for house construction for various reasons. Any technological innovation which is intended to replace the traditional

material like wood should be available at an affordable price and in abundant quantity. Unless this is ensured, technological support in minimising the usage of natural materials would have hardly any impact. But at the same time, it is an appropriate strategy to device techniques to economize the energy consumption. There is a need to make all these innovations available at a reasonable and affordable price. Further, the sustainable development of housing has assumed a greater significance in recent years in view of the fact that there has been shrinkage of the supply of developed land and related services like potable water, transportation, etc. Cost-effective strategy is one of the key elements of today's housing growth. The decongestion measure as is suggested by the policy would diversify not only the economic and settlement activities but also reduce the pressure on major urban areas and the same should be taken up with all concern and priority. It is needless to mention that such a measure would ensure the balanced growth and bring about a change in the availability of housing related services in the small and medium urban centers. Similarly, in regard to the question of employment, a lot needs to be done in professionalizing the employment activities. This would call for training and re-training of the construction labourers at massive scale which would no doubt hike the cost of the labour. Finally, if industrialists are persuaded with fiscal incentives, housing deprivations of the industrial labourers could be minimised by including the cost of housing in their industrial project costs. In this regard state governments need to play a critical role in modifying their policies.

In the light of the above discussion, it is imperative to examine the goals and strategies of the Indian housing policy document, approved recently by the Indian Parliament. Among many other objectives, National Housing and Habitat Policy (NHHP 1998) aimed at achieving:

(a) Surplus in the new housing supply with shelter options along with housing services for various income groups including the special needs of SC/ST/ disabled/ freed bonded laborers, slum dwellers, single working women and women headed households.

(b) Housing as a prominent potential sector to generate employment for the skilled and unskilled persons and removing legal barriers in the supply of housing inputs (land and finance).

(c) Ensuring housing as a priority sector at par with infrastructure and development of housing services (water, sanitation etc.,) along with housing units.

(d) Bring about planned and balanced growth and achieving healthy environment in the new settlements with pollution free and renewable energy besides creating concern for solid waste management.

(e) Evolving demand driven approach for housing and cost recovery or sharing method in rural areas and

(f) Empowering Panchayat Raj Institutions (PRIs) and Co-operatives to meet the housing needs of all vulnerable groups through mobilization of resources to increase stock of housing and access to basic amenities in rural areas.

To accomplish these objectives, the policy indicates three strategies. First, fixing up of responsibilities for government at various levels and for public institutions such as housing boards, corporations, development authorities, companies including private and co-operative sectors. Second, laying special emphasis on augmenting the supply of critical inputs (land and finance) for the promotion of housing activities. Finally, to bring about the legal and regulatory reforms. The Union Government is responsible for bringing about reforms in the legal system that governs housing activities, ensuring financial resources and to promote housing with fiscal incentives. Similarly, state governments are expected to liberalise the legal and regulatory framework to facilitate private and corporate initiatives to boost housing activities in rural and urban areas. Finally, at the lowest tier, Local governments (PRIs) are entrusted with identifying housing shortage in their jurisdiction, preparing action plans and meeting different housing needs with the support of their higher tiers. Further in regard to public interest institutions, it is suggested to revamp their method of working and redefine their role in development of critical infrastructure (land) and services. Similarly, housing finance companies are suggested to mobilise domestic and household savings and to evolve flexible financing mechanisms to lend at affordable rates to increase access by the poorer segments. Corporate, private and cooperative sectors are expected to increase stock of housing in the owner and rental segments by construction of houses and encouraging their employees. More importantly, considering the inherent benefits in the cooperative system, preference needs to be given to it by the state governments and other agencies in allotment of land and finances.

Further with regard to input supply, public agencies, besides undertaking land acquisition, participate in land sharing and pooling arrangements with the private sector in urban fringes. Optimising the urban land use, homestead right to landless categories (SCs/STs) and modification of Town and Country Planning regulations are the other responsibilities of public agencies. The policy is optimistic about creating a conducive

environment for housing finance both for the consumers and for the suppliers. Affordable financing environment through mortgage credit market and securitisation (investment) measures; Provident, mutual and insurance funds, domestic savings, and investment of private and non-resident Indians have been suggested as the major source of resources for financing housing by the financial institutions. Also, commercial banks are directed to show much enthusiasm in housing finance and step up lending for housing as a priority. Other initiatives include development of the secondary mortgage market, National Shelter Fund for meeting the low-cost funds of the poor, and Risk Fund to provide underwriting facility for the poorer sections. Finally, fiscal incentives and other sops have been considered an important tool for the promotion of housing in the low-middle income categories both in the ownership and in the rental sectors.

Under the legal reforms, the policy is intended to achieve twin objectives. First, increasing supply of land for construction of houses in the owner sector. Second, increasing stock of housing units in rental sector. The policy sought to achieve the goals by repealing urban land ceiling act, which was believed to have created distortions as well as stumbling blocks in releasing additional lands for housing market, and by amending rent control legislation to stimulate investment in the rental sector. To further augment the investment, all new constructions are excluded from the rent control. Finally with a host of other amendments to the existing laws (land acquisition, town planning, foreclosure, housing cooperatives, registration and stamps) to facilitate house construction the policy intended to provide homestead rights to all vulnerable sections.

Role of HUDCO & NHB: In order to address the housing problem of the country, Indian housing policymaking has introduced a number of changes in to the housing sector. One of the major initiatives was the institutionalization of housing development ever since late seventies (Appendix – 3.2). Housing and Urban Development Corporation (HUDCO) was established as back as 1976 as a techno- financial agency to undertake housing and infrastructure development activities (water supply, sewerage and drainage, area development, transport& roads, social infrastructure and others) in urban areas. But, subsequently, considering the growing need from various segments, HUDCO has also been assigned with the responsibility of financing a wide range of other activities including promoting housing activities in rural areas. They include: financing of land acquisition and development, financing of building material industries, development of sites and services, cooperatives, slum boards and financing the housing projects of special groups (Central Government Employees, Working women's Ownership Condominiums) and for weavers,

beedi workers and artisans. Further, HUDCO over the years has achieved two special distinctions. First, HUDCO has earmarked 55 per cent of its housing portfolio funds for the economically weaker sections (EWS) and low-income groups housing activities, with added features that these funds are available at differential rates of interest, high loan component for lower cost units and longer repayment period (GOI 2002-07). Second, HUDCO has emerged as a major financing institution for governments (both Central and States) for implementing various social housing schemes designed exclusively for the benefit of the vulnerable sections in the country. At this juncture, it needs a mention that HUDCO has deployed over eleven percent of its housing portfolio funds in rural areas for the development of housing the landless labourers and other vulnerable groups and for improvement of environment. An overview of the implementation of the existing social housing schemes including the funding pattern, target people, agencies involved and physical achievement in the annexure.

Yet other agency, which played a critical role in the housing sector is the National Housing Bank (NHB). It was set up in the late eighties to organize a vibrant housing finance system to promote housing activities. In fact, NHB has strived hard to organize housing finance system, which is consisting of independent/sponsored housing finance companies, scheduled commercial banks, cooperatives and others. The credit of promoting HFCs as alternative institutions for accepting public deposits with a higher rate of interest and other flexible terms should go to NHB and interestingly, HFCs have given a stiff competition to the scheduled commercial banks in the mobilization public deposits. NHB has recognized over seventy housing finance companies (30 HFCs with net owned funds of Rs 50 lakhs and above and remaining HFCs with less than Rs 50 lakhs), of which only 29 of them have been authorized to refinance housing activities with around five hundred branches all over the country (NHB, 1999). HFCs have altogether mobilized public deposits over Rs 11,268 crores and have sanctioned Rs 41,844 crores as housing loans by March 2002 (NHB, 2002). In the nutshell, increasing flow of funds for housing activities at a reasonable price by different segments (HFCs, SCBs, Cooperatives and others) and positive impact in alleviating housing problem during 90s is in itself a testimony for the functioning of the NHB.

Notwithstanding these positive initiatives, the NHHP suffers from three glaring lacunae. First is the lack of compartmentalized strategy vis-à-vis various segments of housing problems. The policy is highly focused towards augmenting supply of new housing units to accommodate the growing number of households (de-crowding), and eventually neglecting the two other segments of housing shortage (deficient and pavement dwelling),

although their incidence is very high as compared with the first segment of shortage (crowded dwelling). Considering the large-scale incidence of deficient housing both in rural and in urban areas, there should have been a number of specific antidotes like re-organization of market and development of sub-market, especially for meeting the financial needs. Unfortunately, the policy has ignored such an important constituency of housing shortage. Similarly, housing the pavement dwellers is forgotten in the entire gamut of housing development interventions in general and housing policy making in particular. This category should have been given priority over the other two segments. Historically, pavement or homeless dwellers have been dominated by construction workers, single persons, and mentally challenged persons whose housing problem is not amenable to solutions. Because of their heterogeneous character and poor status, the scale of homelessness is increasing, making it necessary to draw up specific strategies.

Second, the policy has failed to contain the growing development disparities in terms of development initiatives and resource allocation in housing between rural and urban areas. Despite the severity of housing shortage in all the three categories, NHHP has failed to address the problem in rural areas, re-orient the public strategies and restructure the market. Neither has public action made sufficient impact to reverse the trend. Historically, public interventions through social housing schemes are inadequately designed and poorly managed in rural areas (Mahadeva 2002). The total public assistance to the tune of 1.41 crore families by 1995-96 under social housing schemes, from their inception (since the early fifties), is evidently a fringe benefit as compared to the gigantic nature of the housing problem in rural areas. Another disappointing feature is in regard to public resource allocation during the Five Year Plan period. Of the total investment (Rs. 3,09,715 crore) on housing between the First and Ninth Five Year Plans, only one-tenth (Rs. 15,257 crore) has been made in rural housing. In other words, rural areas could account for only 4.93 per cent of the total investment in housing during the entire plan period. Is this not a State sponsored disparity? Aren't rural areas deprived? Isn't public housing policy urban biased? Another area of concern is the housing market, which is insensitive to the various needs of rural areas. Public actions are characterized by inhibitions or are non-enforceable, especially in regard to finance owing to indebtedness and non-remunerative. The recent initiatives of NHHP (asset securitization, shelter fund and risk fund) have yet to be canvassed across a wide range of the poorer sections, especially in rural areas, and yet to win the confidence of financial institutions. This certainly does not mean that these initiatives should be left to

themselves to prove their worth or presence. Instead, market should be told to take these benefits to the rural areas also.

Third, development of housing amenities represents another failure of policy. It has merely noted the neglect in the provision of various housing amenities without suggesting any specific remedial action. Given the development necessities, scale and household of deprivation and development variations, the policy should have been explicit in terms of reducing deficiencies and disparities (rural and urban) and sharing responsibilities (state and community). Finally, a word about database on households, housing and housing shortage is in order. The present data source on households, housing stock and housing shortage of census has many shortcomings. The occasional paper of census was expected to address these shortcomings, but failed. Thus, the need of the hour is to document extensively so as to encourage public policy making, affecting all segments of the population. The present household information should cross the boundary from its size, composition and social groups to poor/non-poor, types of households, i.e., single persons, widows, spouse, spouse + children, spouse + children + parents and by occupation for rural and urban areas separately. This is necessary because households in this segment are gaining increasing importance in recent times, especially in urban areas, and most likely the housing needs of these households are diverse. Similarly, housing stock and distribution across various types and income groups in addition to the existing information. Lack of such vital information would have not only left many of these people outside the ambit of public policy but would also have deprived them of public assistance and thereby independent housing. Thus, collection and presentation of comprehensive information should be a separate and regular feature of the Indian census.

Shelter for All 2000: Global Strategy for Shelter to the Year 2000 has been a guiding document prepared by HABITAT of the United Nations Centre for Human Settlements (UNCHS) for the benefit of public policy making by the member countries. This policy was adopted by the United Nations General Assembly in as back as quarter century (UNGA 1988). The purpose of the resolution has been that shelter problem is a global problem that needs global efforts to reach solutions and that each country can meet its shelter problem by applying a set of common principles with its individual efforts of socio, political, cultural and economic contexts. The other major purpose has been to urge governments to develop appropriate national and sub-national for shelter in the light of the guidelines provided. Among many other resolutions, one of the critical roles identified by the assembly was that

of women-as income-earners, home makers and heads of households should participate in the elaboration of housing policies, programmes and projects of governments. The main objective of the strategy is to facilitate adequate shelter for all by the year 2000, especially by improving the conditions of the disadvantaged and poor.

Before its influence on public housing policy making is discussed, it is indeed necessary to ponder over its suggestion with regard to development of information system itself on various aspects of land, housing and other issues in relevance to the policy making. It has admitted that most of the countries did not give attention to this critical requirement of development of information system and perused the development activities on the bases of unreliable, irrelevant and unrealistic data. It goes without saying that the policies evolved over these data base have gone ineffective in terms on meeting the multidimensional housing needs. Therefore, it emphasized that reliable data base on key variables is an important component of national shelter strategies making. With the help such data performance of the shelter delivery system, policies adjustments, malfunctions/setbacks and economic interventions can be affected from time to time (Habitat 2000). This data need to be collected at regular intervals with appropriate statistical techniques and methodology in coordination with the land registration/information system. The following key variables are suggested to collect the data:

(a) Demand for housing due to population growth, migration and economic development;
(b) Housing prices, land prices and rents in different districts;
(c) Housing investments and rents;
(d) The availability and distribution of credit;
(e) The amount of land in residential use;
(f) Housing starts;
(g) The number of units in the different price ranges of the housing sock;
(h) Location of housing and employment centre;
(i) Transport expenditures;
(j) Vacancies and the rate of demolition of existing stock;
(k) Income and affordability;
(l) Public revenues available for infrastructure construction, maintenance and subsidies.

This strategy has four important components upon which the national shelter strategies are expected to be evolved: (a) Creditable Housing Finance (b) Rental Housing

Stock (c) Public Infrastructure Networks (d) Subsidised Housing for Poor. Mobilisation of finance for housing is the obligation of government and through which promote and mobilize savings, reduce costs, improve the efficiency of financial intermediation and to assist free movement of the capital. It shall be the component of a shelter strategy and the cost of housing finance should be lowest possible consistent with sound financial and economic principles. While deciding the cost of housing finance, the cost of deposit rate, servicing costs and cost of risk (default, fluctuating interest rates, liquidity and prepayment) should be the basis. The creditable housing finance strategy should be built around traditional sources with twin concepts of self- help and personal savings and has to be mobilized to its full potential. However, in the case of poor income generating opportunities should be supplemented to ensure personal savings for housing finance. The institutional finance should have short-term borrowing and long term lending, which can be achieved through multiplicity of financial instruments (mortgage bonds, life insurance endowment contracts, pension and provident funds). Housing finance system in many countries have been made to compete for funds with the general financial sector, which has not considered housing a priority and made housing finance rates unattractive. It is appropriate to review such policies and to take measures to mobilize savings and ensure financial viability. As far as possible housing finance institutions should not be the channels of housing subsidies of the government, as the same threatens the financial integrity of the lending institutions. Lastly, housing finance institutions (government agencies, community based cooperatives and others) suffer from defaults, enforcements become very difficult and cumbersome for various reasons and evictions becomes obvious although not easy tasks due to humanitarian, community and political considerations. The policy suggests that communities, especially the people close to the borrowers should be involved for loan recovery purposes.

Considering rental housing has been an integral segment of the overall housing stock in the urban areas, rental housing is built by state enterprises and is rented on extremely low rates uncared for the maintenance. In other forms of production of rental housing (private sectors and market economies), the management is said to be more efficient and people in need regardless of their income level have foregone buying own houses. This would certainly call for other governments to promote rental housing in their national strategies to encourage formal and informal sectors to pave the way for augmented financing as well as to cater to the cheap rental options. Such strategy would facilitate low income groups in developing countries to find decent and affordable housing accommodation close to their work places. The social legislations of the governments

intended to protect the interest of weak groups should not hamper the production of new rental housing units and review of such policies (including rent control legislations) indeed necessary keeping the efficiency, compassion, equity, subsidy etc., in view.

Public infrastructure networks are used by all and cannot be bought and sold like other commodities and they will have to be provided by public agencies, public enterprises and other granted public responsibilities. They include road, electricity, communications, water supply, drainage, sewerage waste disposal and others. It must be bear in view that housing production and development of the infrastructure is entirely depend upon the availability of serviced land and artificial shortage of the same need to be overcome through a planned programme. Financing for infrastructure needs to be collected from two people: (a) from the users; and (b) from adjoining land and structure owners due to increasing value resulting from infrastructure improvement. Direct and indirect taxation of the beneficiaries should be employed by the developers if the collection of user charges is impossible, as part of the development strategy. Local authorities in developing countries need to strengthen their mechanisms of collection of user charges and property taxes as means of financing infrastructure development.

The national shelter strategies must focus to address the housing needs of the poor and disadvantaged, as part of an overall strategy, on the principle of compassion, equity and social welfare. Shelter subsidy system for housing poor and disadvantaged should be seen like any other expenditure for income support programmes, education, health, as it give greatest opportunity to those who needs it. Subsidy system should be transparent, measurable and efficient so that it reaches the intended beneficiaries at lowest administrative cost and free from other social and economic costs. Moreover, such subsidy system should not endanger the financing system or financial collapse of the subsidy-granting organizations. There shall be a special welfare funds to assist the poor possibly with financial guarantees to meet defaults in the payment of user charges for housing and infrastructure and to increase security of the loans. The policy also cautioned based on the contrary practices against the poor to review the housing subsidy system not only in terms of their scale and impact but also to avoid reaching such subsidies to high-income members and deprive the poor and disadvantaged ones.

Indian response to the global shelter strategy guidelines has been a mixed one in the sense that it has achieved four major successes and at the same time it has made beginning with regard to the other four. Having made a beginning, the NHP-1994 attempted to promote housing activities in rural and urban areas focusing the houseless poor households.

Housing norms for rural areas in terms of the plot size was pointed out. Slums rehabilitation, conservation of existing housing stock, rental housing, development of affordable building materials, infrastructure development, supply of serviced land for housing and many other critical concerns have been dealt half-heartedly. Similarly, housing finance has lacked the direction for vertical and horizontal growth. Especially, the system had to compete with general financial sector for the resource, as there were no HFIs or a strong resource mobilization strategy. The housing finance available from SCBs was selective and unaffordable apart from the investment rigidities. The roles of the governments at various different levels had not been defined, as if the responsibility of housing was confined at one level. Priority to households below poverty line, landless families, displaced families, Scheduled Castes and Tribes, women headed households, physically handicapped and other disadvantaged people although was given in the public housing benefits but the public action itself was handicapped due to the then economic crisis. With the revival of the economic situation and realization of the unattended issues of the housing sector, the NHHP 1998 has shed light on most of the outstanding issues. It is important to note that given the fast urbanization and rural labour shift to urban areas, the urban housing segment has witnessed an exclusive and dedicated "National Urban Housing and Habitat Policy-2007". It has promoted largely affordable housing apart from capturing most of the guidelines of the global shelter strategy. Apart from clearly defining the roles of the government (Centre and the states), clearly spelt out the responsibilities of the urban local bodies and other agencies and importantly, suggested specific action with regard to infrastructure and critical inputs for housing development. Organization of housing finance system with National Housing Bank (NHB) as its apex body is an important development. It has four important players- HFIs, SCBs, RRBs and Cooperatives to meet the financial needs of the houseless. The role of NHB is quite big in terms of supports to all the major players through its refinancing programmes and has been playing major role in the application of funds under rural/urban housing funds of the central government. The credit of developing the Indian Information System on housing must go to Census of India and the National Sample Survey Organisation. The Census has started presenting a comprehensive information/data since 1991 for each decade. Housing need on account of population growth, new family formation, demolition due to dilapidating, housing infrastructure like drinking water, electricity, sanitation etc., housing shortage in general and disadvantaged groups in particular have been some of the selected critical variables for the entire country (national and sub-national levels). Similarly, NSSO has been conducting sample surveys by and large on the same variables of housing, different statistical techniques are being used to collect, process and to present the findings

frequently. The data inputs have helped public policy making in the housing sector of the country. Lastly, the influence of the global shelter strategy is even more visible with regard to social housing for the urban poor targeting the economically weaker sections and the low income groups. Four different strategies have been evolved: (a) In-Situ Slum Up-gradation; (b) Affordable housing through credit linked subsidy; (c) subsidy for beneficiary led individual house construction; and (d) National Urban Livelihoods Mission (NULM). These initiatives have aimed at ensuring new housing units, incremental housing, equitable supply of land, housing services to all the houseless poor.

India is yet to go a long way with regard to total compliance of the global shelter strategy. Undoubtedly, non-development of rental housing, ill-development of housing infrastructure, lack of cost sharing habits and misuse of the poor designated benefits, continued dominance of men in decision making, cultural inhibitions have been certain the urban housing realities. Unfortunately, an affordable rental housing segment in urban India is still a far reaching goal, as this sector has been left to itself or to the whims of a few wealthier individuals. Government participation is limited highly to the essential public servants. The NUHHP is lacking a clear roadmap for the development of healthy rental housing. It is a misery as far as development of housing related infrastructure in urban peripheries, as even the basic needs of the human settlement like drinking water, proper sanitation, solid waste collection etc have not been provided over decades by the urban development administration. What is lacking is not the preparedness of the communities to share the cost of the development of infrastructure but the indolence on the part of the service providers. The situation of women participation in housing related decision making is not entirely different. It is rather a disappointing reality, as the economic empowerment is still deprived for majority of the women. It may not be inappropriate to mention that only a small portion of the women have started employing themselves in urban informal employment sector and sharing the family burdens (supplementing the income, payment of rents, education and health expenditures). They have yet to attain the level of earning to their full potentials and savings for their housing. When such is the situation women participation in decision making is an unfulfilled agenda. Even in this case, the NUHHP excepting replicating the global strategy statement failed to give a roadmap for the same, which only indicate non-participation of the women parliamentarian in articulating the critical need. Last but not the least, misuse of the benefits, especially financial subsidies meant for the poor by the non-poor is a menace in the housing sector as well. This has not only resulted in depriving the benefits for the deserving poor but also limited the success of

mainstreaming the poor, besides affecting the financial efficiency of the exchequer. Overlapping of the benefits meant for the poor is also a serious concern due to political inference in the distribution and lack of the transparency.

National Rural Housing and Habitat Policy (NRHHP) -2005

It is indeed essential to ponder over the public policy and public interventions that have been perused in the last decade, as the drivers of the changes in rural housing front. The National Rural Housing and Habitat Policy-2005 (NRHHP), as prepared by the National Housing Bank (NHB) and endorsed by the Ministry of Rural Development (See The Hindu), has rightly admitted the need for such a policy for promoting rural housing activities and recognised the necessity of housing amenities inter alia (NHB 2012). In fact, this has happened for the first time in the history of housing development of the country, especially after the mid-eighties, which is considered as a housing watershed in itself. Giving impetus to rural housing development and to overturn the development exclusion being its unstated objectives, the contemplated NRHHP is a welcoming step in the recent time. Considering the rural housing dynamics and development finance with equal importance, such a policy has been overdue ever since independence or for a very long time. Because, the National Housing and Habitat Policy -1998 (NHHP) was not intended to promote rural housing development on par with the rest of the country and has not deliberated the institutional arrangement for the same. Also, the NHHP has never sought to change the functional character of the housing market - the production players and housing investment in rural India. Above all, it did not also deal with the rural housing needs of the various sections of homeless in all measures (GOI 1998). Similarly, the National Urban Housing and Habitat Policy (2007), being highly focused for urban areas did not expect to correct the housing sector anomalies and to address the various development limitations of rural areas. Thus, the new National Rural Housing and Habitat Policy (NRHHP) - 2007 has assumed its own prominence in the housing development arena. The NRHHP promised (a) to set up systems to facilitate growth of the affordable housing stock to the extent of eliminating existing housing shortage, particularly unserviceable stock; (b) to supply homestead plots for the poorest and vulnerable landless and to develop planned rural habitations with all housing amenities; (c) to provide adequate funds and grants from the government and private sources respectively to meet the needs of the poor/vulnerable groups and to develop the housing infrastructure needs; (d) to address the special housing needs of the scheduled castes, scheduled tribes, backward classes, women headed households, minorities, disabled, single women etc; and (e) to strengthen the Panchayat Raj Institutions (PRIs) to develop

strong partnership among civil society, public and private sectors to achieve the goals of the policy.

Developed or serviced land being a critical input for housing development, the responsibility of supplying the same lies hereafter with Panchayat Raj Institutions (PRIs) in rural areas, which are the local governments. Hitherto, there were no such clear demarcation of responsibility for supply of land for housing in rural areas. PRIs are mandatorily need to maintain land records of government, surplus, waste and community lands and develop land inventory, prepare details of landless houseless, land use planning by various purposes and allot homestead plots to the landless vulnerable/ below poverty line families. Additionally, PRIs have to identify specific housing shortage, consolidate action plan, facilitate flow of finances, sustainable development of housing and infrastructure, management of village and community resources like water bodies, energy etc., with suitable participation of private sector. The policy has authorised state governments to regularise the houses built by the BPL families and acquire/purchase land for homestead/house sites for meeting the needs of the target groups, especially women households and displaced families. The other critical need of rural housing is the finance and the policy has rightly pointed to thrust upon the emerging community based option (self-help approach), given the rural financial dynamics - characterised by inaccessible formal institutional finance, inadequate public financing, and high cost borrowings from informal sources etc., In order to overcome the acute rural financial need, the policy prescribed that the center and state governments should continue to provide grants adequately under social housing schemes, supply finances with differential rate of interest and interest subsidy to the poorest, vulnerable, BPL and economically weaker sections for their housing activities. Coverage of rural housing loans under insurance, creation of National Rural Shelter Fund (NRSF), inclusion of rural housing under the district credit plan, exemption of rural housing investment under the income tax, fiscal incentives for private sector investment on rural infrastructure, rationalisation of stamp and registration charges, creation of special reserves for rural housing, customised housing loan products by the banks, considering rural housing investment on par with infrastructure investment - are some of the first time initiatives for rural housing financial expansion directed by the policy. National Housing Bank (NHB) being the controlling authority of the housing finance system and administrator of the national rural housing fund is authorised also authorised to include rural housing as sub-target under the priority sector lending of the primary lending institutions (PLIs) and raise funds by floating capital gains and special bonds for rural infrastructure development. Further, given

the emergence of the community led financial service, as an alternative source, the policy pronounced that the PLIs should promote Self-Help Groups (SHGs) and Micro Finance Institutions (MFIs) for rural housing purposes and to take advantage of their presence to credit rural housing activities. Even more critical role prescribed to the financial institutions is to develop inclusive strategy for the poor and backward regions and to ensure financial inclusion for rural housing in the annual district plans, besides developing customized financial products and to supply credit for rural housing.

The policy has made it compulsory that PRIs to include basic amenities (like water, power supply, sanitation, hygienic environment, medical care, education, community infrastructure etc.,) in all the rural habitat development projects and to manage them in association with civil society organisations, as the critical needs to promote quality of life (UNCHS 1996). This integrated initiative is indeed timely to ensure all the basic amenities to all the rural families based on the local needs, along with the construction of houses. What is notable is that this mandate (integrated approach) puts an end to the widely practiced compartmentalised approach in the provision of the basic amenities to the rural communities. PRIs can mobilise finances for habitat development and to improve the availability of the basic infrastructure from its own resources, local economic activities of private sector and with the support of the government investment. The Policy expects the civil society to promote common opinion in regards to rural housing and habitat projects, participate in social audit and to provide monitoring support of the infrastructure development programmes. Private sector as a last stake holder to realise the potentials in rural habitat projects, customise the projects, invest in rural habitat infrastructure, use corporate social responsibility funds for rural housing and habitat projects in partnership with PRIs, community organisations etc. Lastly, the policy has pointed to a mission approach for rural housing development, which is a unique feature, given the precarious housing condition, the housing poverty, the financial exclusion and the credit gap. This mission includes seven sub-components Viz., house sites for the landless, in-situ reconstruction of unserviceable houses, up-gradation of the vulnerable sections houses, village infrastructure and habitat development, building livelihood and technology development, financial mobilisation and delivery, institutional capacity building and community mobilisation.

Defining the roles and responsibilities of various agencies for rural housing development is yet other laudable aspects of the NRHHP. Though a few agencies like central and state governments and PRIs have been historically playing important part, defining the roles of financial institutions, civil society and private sector is entirely first and thereby their

participation is new as well. Accordingly, the central government should operationalise and implement the NRHHP throughout the country in a time bound manner, devise the flow of resources/funds under NRSF, ensure integrated habitat development and monitor implementation of the goals of the NRHHP. Similarly, states must adopt the policy, allot homestead plots to poorest and vulnerable, contribute to realise the housing development, prepare master-district-regional plans, incentivise the participation of local private sector, corporate sector for promoting rural habitat projects, ensure basic amenities through medium and long term strategies with decentralised production and indigenous technologies and to develop management information system. The success of the policy lies in the hands of the PRIs, because they work at grass root level and plays critical roles in ensuring housing the homeless in coordination with the district level agency (Zilla Panchayat (ZPs). ZPs have to compile habitat action plans and implement them by allotting homestead plots to the target groups, ensure basic amenities, facilitate flow of the credit, implement the government sponsored rural housing schemes, establish information centres and so on.

Impetus to Social Housing Schemes: Apart from formulating an exclusive policy commitment and new housing finance mechanisms for the benefit of the rural areas, the other initiative was to give impetus to the existing social housing schemes with additional financial support. Additional public investment has been already made available to the Indira Awas Yojana (IAY) to provide construction grants for new houses for the targeted beneficiaries and for up gradation of unserviceable houses in rural areas. But for this very important scheme and critical intervention, many of the Scheduled Caste (SC), Scheduled Tribe (ST), freed bonded labourers and other houseless families would not have realized their housing dreams. In this regard, the efforts of the IAY have been augmented by the introduction of Bharat Nirman Programme, which has a rural housing component as well as financial earmarking exclusively for IAY. Between 2002-03 and 2011-12, over 2 crore housing units were created under IAY with a public investment of Rs. 70,041 crores (GOI 2013). Similarly, National Rural Drinking Water Programme (NRDWP), Accelerated Rural Electricity Programme (AREP) and Total Sanitation Campaign (TSC) have been given a major thrust in order to increase the coverage of the families and to minimise the deprivation of the respective services. The policy initiatives during the Tenth and the Eleventh Plan period in rural areas was to give additional impetus and financial assistance to state governments under the centrally sponsored National Rural Drinking Water Programme (NRDWP), which was introduced during 1972-73. In this regard, creation of a separate department for drinking water supply with a mission approach to implement the programmes in rural areas

has been only a testimony. During the Tenth Plan, all the uncovered and slipped back rural habitations have been fully covered with drinking water at 40 liters per day per capita (LPCD) with a source under the Bharat Nirman. Similarly, during the Eleventh Plan, the strategy has been to migrate to multi sources like surface and ground water, apart from rainwater harvesting and conserve and revive the traditional water bodies in rural areas (GOI 2012). Especially, the financial support of the Bharat Nirman for providing drinking water under NRDWP has been a big leap.

A major turnaround in the last decade is with regard to the provision of sanitation facility at household's level and public places like schools and pre-schools, since it constitutes a basic determinant of quality of life and central to good hygienic health of the people (UNCHS 1996, p 268). Total Sanitation Campaign- 2007 (TSC) - a reinvigorated programme of the Central Rural Sanitation Programme (CRSP) has been in vogue to provide privacy and dignity for women by ensuring household sanitation to all and to motivate communities, PRIs to promote sustainable sanitation facilities through awareness and health education (GOI 2010). The TSC has eight important components to achieve the objectives: (a) Individual Household Latrines (IHL) in rural areas with financial assistance/incentives of Rs. 12,000/- per unit by the centre for the poor families; (b) Institutional Toilets (ITs) at schools and pre-schools; (c) Community Sanitary Complex (CSC) with unit cost of Rs 2 lakhs at 60:20:20 ratio of central, state and community contribution respectively and Gram Panchayat (GP) holds the maintenance responsibility; (d) District Project Implementation Plan (DPIP); (e) Revolving Fund (RF) at District Level; (f) Solid and Liquid Waste Management in rural areas; (g) Rural Sanitary Marts and Production Centers (RSMPC); and (h) Information, Education and Communication (IEC). The TSC being a centrally assisted programme, the project proposal for sanitation, emanated from district would be funded to the implementing agencies. Further, TSC has been made community led, people centric and demand driven programme, which is widely accepted in rural areas.

Availability of household electricity has a direct bearing on the rural electrification intervention ever since First Five Year Plan (Ravikiran B and Ravi D 2012), although there have been mismatch in their individual coverage. Kutir Jyoti Programme (KJP) intended to provide single point light connection to all BPL families with one time 100 per cent central grant was a significant intervention, which was subsequently merged with Accelerated Rural Electricity Programme (AREP) in 2002 that has entitled states to get interest subsidy on loans of the Rural Electrification Corporation, Power Finance Corporation and Rural Infrastructure Development Fund of NABARD for electrification of un-electrified villages and

households. The AERP, which was renamed as Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) has three laudable objectives of electrification of all Indian villages, electricity access to all rural households and free electricity connection to BPL households. However in reality, the rural electrification coverage of over 86 per cent of Indian villages has not commensurately facilitated the household electrification as can be evidently noticed subsequently.

Pradhan Mantri Awas Yojana (Housing for All) (PMAY-HA): PMAY-HA is aiming at ensuring housing for all by 2022 in rural and urban areas (GOI 2016). In rural the existing Indira Awas Yojana (IAY) has been revised/revamped in 2016 retaining all the other features, mainly to provide financial assistance to the houseless and households living in dilapidated houses to construct pucca houses. It is also targeted to provide assistance to one crore households between 2016-18 in rural areas. Excepting Delhi and Chandigarh, it is implemented throughout the country with funding responsibility of 60:40 between the central and state governments. The PMAY (Urban) has broader canvass of constructing two crore houses by 2022, on a mission mode basis considering the urban housing pathetic situations. It is being implemented in four components (i) in-situ slum redevelopment – with a grant of Rs 1 lakh per house after taking land as a resource and by private participation; (ii) subsidy of beneficiary-led individual house construction – for individuals of EWS categories with state to prepare separate projects; (iii) affordable housing through credit linked subsidy – for EWSs and LIGs new house or incremental housing; and (iv) affordable housing through credit linked subsidy for middle income groups – with public-private-partnership. The beneficiaries include economically weaker sections with annual income cap up to Rs 3 lakh, low-income groups (Rs 3-6 lakh) and middle income groups (Rs 6 lakh + -18 lakh). The last categories of beneficiaries are cover under credit linked subsidy scheme. Similarly, PMAY (Rural) has many laudable and appropriable objectives to ensure like safe housing, adequate housing, integrated housing etc. Unfortunately, these dimensions have never been given due considerations so far in any of the public interventions. Instead the housing intervention approaches have been casual and *ad hoc* rather than as per the needs/ground realities. As a result of the inconsistencies, the issue of housing was not fully attended by the state and it remained unmet. It can even be said that if rural India is facing the housing deprivation enormously, it is largely owing to have not attempted to diagnose the problem *per se* by the state and not put up the responsive actions in place from time to time. From this perspective, the PMAY (R) is distinctive and stand apart intervention in the development history. The schematic designs of the programme are such that they exactly

corroborate with the ground situation and in relation with the problem of the housing, by its nature and types. As a mark of commitment and in order to realise the target (if not completely) of "Housing for All" by 2022 (GOI 2016), the national government had set to itself a target of assisting one crore households for construction of housing units in rural areas in three years (2016-17 to 2018-19). Interestingly, the Central government is intended to meet its share of assistance in the total cost of the programme from the annual budgetary support as well as through borrowings from the National Bank for Agriculture and Rural Development (NABARD), which would be amortised after 2022 from the budgetary grants. It must be said at this juncture that the scheme has unique functional arrangement as far as the financing is concerned for uninterrupted implementation for achieving the target. The Empowered Committee of the Ministry of Rural Development approves the annual allocations to the States and Union Territories from time to time. Importantly, the Gram Sabha (Village Assembly), select the beneficiaries, as per the respective Panchayat Acts and shall verify/finalise the list of the beneficiaries for the construction assistance. The beneficiaries include all the houseless households living in zero, one or two room houses with kutcha wall and kutcha roof are eligible to get the assistance. Further, it is also mandatory to prepare the priority list of beneficiaries based on the absolute homelessness/deprivation across the social categories namely SCs/STs, Minorities and others under compulsory inclusion criteria. Yet, one more laudable feature is that the list of beneficiaries thus finalised shall be publicised by the panchayat for the purpose of verification of eligibility of the beneficiaries. The time limit to construct the house is twelve months from the date of assistance.

Specific Objectives of PMAY - R

- To provide assistance to the target group of all houseless households who have contributed to crowded housing and households living in dilapidated houses facing all forms of housing insecurity/threats in rural areas.
- To construct pucca house or standard housing unit (to be) constructed using the standard building materials like bricks, cement, sand, steel etc.
- To ensure and envisage the minimum floor area size of 25 sq. m to provide dedicated area for hygienic cooking, as against 20 sq. m prevailing in IAY.
- To provide the unit cost assistance of Rs 1.20 lakh in plain area and Rs 1.30 lakh in hilly areas.
- To envisage an additional assistance of Rs 12,000 per beneficiary for the construction of household toilets under Swatch Bharat Mission (Gramin), NREGS or any other dedicated source of funding.

- To provide for convergence with other government schemes for provision basic amenities like drinking water, electricity, clean and efficient cooking fuel, and treatment of solid and liquid wastes.

At the outset, these objectives are timely and appropriate, Mainly the un-avowed intensions are quite obvious to say that the objectives reflected over the prevailing nature of the housing poverty – quantitative and qualitative. It is primarily to ensure housing security round the year/season with basic amenities like safe water, household sanitation, etc. It goes without saying that the purpose is to put an end to widespread open defecation practices and to facilitate household beneficiaries to avail all the facilities under the other schemes besides ensuring these facilities at the household level. Also obvious to mention to ensure adequate housing in terms of the space to the family members. In terms of the unit cost, the same is revised from Rs 70,000 and from Rs 75,000 respectively, in order to meet the growing cost of construction. The other intention is to save the beneficiaries from high cost borrowings of the money lenders.

Financial Assistance: Undoubtedly the programme provides financial assistance to the homeless (but on sharing accommodation with relatives/friends or rental arrangements) and households living in dilapidated houses to construct their own standard houses in entire rural India, excepting in Delhi and Chandigarh. Scheduled Castes and Scheduled Tribes, freed bonded labourers, Non-SCs/STs and Minorities under Below Poverty Line, Kin and Widows of paramilitary forces, Ex – Servicemen, and individuals killed in action are the Beneficiaries on priority. Apart from this, the scheme has mandated that the beneficiaries should be encouraged to avail institutional financial assistance up to Rs 70,000 to construct house as per their aspirations and future requirements, with Differential Rate of Interest (DRI). Primary Lending Institutions (PLIs) – like Scheduled Banks, Cooperative and Regional Rural Banks, Housing Finance Companies, Non-Banking Finance Companies are authorised to lend additional financial assistance to the PMAY (R) beneficiaries. Off course the implementation agency i.e., Grama Panchayat, whose role is crucial would be discussed subsequently shall initiate the process for availing institutional assistance with the State/District Level Bankers Committee, including the modalities, terms and conditions.

The Programme Convergence: Apart from initiating actions for additional financial assistance from the financial institutions, it is also the responsibility of the implementation authority i.e., Grama Panchayat to establish convergence between the PMAY (R) beneficiaries and other Central and State Government schemes for the purpose of providing

housing amenities. Ensuring the basic amenities like household toilets, drinking water, electricity, cooking fuel and provision for solid and liquid management are the important mandatory responsibility of the administering authority through convergence method. To ensure convergence at the ground level, State and District Level Committees should include Convergence as an agenda point for discussion and implementation. The state governments and Union Territories need to take up the convergence initiative exhaustively for PMAY-R beneficiaries with other schemes in order to garner the benefits from them. Also, possibilities funding under Corporate Social Responsibility (CSR) shall be explored for the PMAY-R beneficiaries. Following convergences are detailed below:

- Toilet being an integral part of the PMAY (R) house, it shall be ensured to the beneficiaries that funding for the same shall be provided from Swatch Bharat Mission (R) (SBM-G) or other dedicated financing source. Important to note that the PMAY house is considered completed only after constructing the toilet;
- Drinking water being the life's basic necessities, the PMAY-R beneficiaries should be provided access to the same in convergence with National Rural Drinking Water Programme (NRDWP) or any other similar schemes;
- Electricity purely as an economic good and a critical facilitator for household economic activities, the PMAY - R beneficiaries shall be ensured with the same in convergence with the Ministry of Power schematic intervention of Deen Dayal Upadhyay Gram Jyothi Yojana (DDUGJY). It is further strongly emphasised to ensure Solar Lanterns, Solar Home Lighting System, Solar Street Lighting from the Ministry of New and Renewable Energy Sources (MNRES). National Bio-Mass Cook stoves Programme (NBCP) and National Biogas Manure Management Programme (NBMMP) could be the other funding sources to ensure cleaner cooking energy solutions within the house;
- Pradhan Mantri Ujjwal Yojana (PMUY) is the important source to get household LPG Connections to the PMAY - R beneficiaries from the Ministry of Petroleum and Natural Gas for clean and efficient cooking, so as to minimise dependence on fuelwood;
- In order to treat the solid as well as liquid waste generated by the households, the PMAY - R emphasizes convergence with Swatch Bharath Mission to ensure cleaner and healthy environment; and
- Lastly, convergence with National Rural Employment Guarantee Act (NAREGA) has a threefold benefit to the PMAY- R beneficiaries. It is made mandatory to provide 90 person days of unskilled wage employment for PMAY beneficiaries to construct

his/her house. Awaas Soft of PMAY - R and NREGA Soft of NAREGA is developed for the purpose to provide employment automatically once the sanction order for house construction issued. Secondly, production of building materials like bricks, stabilised mud blocks, fly ash bricks needed for the construction can be supplied to the beneficiaries of PMAY – R. Thirdly under NAREGA, development of group or individual amenities like development of house sites, bio-fencing, paved pathways, approach roads, soil conservation, protection works can be taken up for the benefit of the PMAY - R.

Role of Local Self Government/Village Panchayat: By design of the Indian democracy, the Seventy -Third amendment (1992) to the Indian Constitution has given full status to Village Panchayat (VP) and empowered it as the local government at the lowest level in rural area. After the Zilla Panchayat at the District and Taluk Panchayat at the Middle levels in the democratic form of governance, VP has been in vogue at the lowest level from April 1993 (Bare Act, 2015) (Bare Act: With Short Notes – The Constitution of India, Universal Law Publishing: Haryana Pages 97-103). Ever since the Parliament act passed, besides being the local self-government, VP is considered as the voice of the rural people in all measures in the public development domain of the country. In fact, the lowest-tier government or Village/Gram Panchayat (GP) of Indian democracy plays very critical roles in implementing the programme for the welfare of rural Indians and especially the target groups of the various welfare programmes of the government. In this regard, it can be even said that the success of achieving welfare of rural Indians entirely lies on the pivotal roles played by the village panchayat system. Being the recipient of all the welfare funds of the government, Village Panchayat (VP) is expected to play critical role in taking benefits to the right beneficiary/ last person/s concerned in rural areas with transparent methods in place.

Especially in the case of PMAY - R, the VP has the following mandatory responsibilities to ensure delivery of the benefits to the homeless families in their jurisdictions:

- Identify and prepare the list of homeless eligible beneficiaries on permanent basis and segregate the same over the priority basis. While doing so, it must ensure that the identified homeless families are unable to construct houses on their own and wish to take up construction as a part of the mason training programme;
- It shall facilitate orientation of the homeless beneficiaries on various aspects of the PMAY – R scheme through Gram Sabhas (Village Assemblies);

- Identify the common land available in the jurisdiction of the panchayat for allotment to the landless beneficiaries;
- Assist the families in accessing materials at reasonable rates required for house construction, including identification of trained masons;
- VP shall facilitate beneficiaries in availing benefits of other schemes of the Centre and State Government through convergence;
- VP should assist in identifying local level functionaries/contractor to each PMAY house to ensure timely completion, assess the progress in house construction from time to time and resolve the problems faced by the beneficiaries;
- VP should also assist and conduct the social audit of the implementation process of the PMAY-R scheme;
- The houses constructed under the PMAY-R scheme shall be tagged to a village level functionary (Assistants, Volunteers, SHG/CSO representatives or village level worker) to follow up with the beneficiaries and facilitate the construction;
- VP should encourage and facilitate Self Help Groups (SHGs) in creating awareness among the beneficiaries about the PMAY – R scheme, especially construction of durable houses, procurement of housing materials, skilled masons, benefits to be derived from the other schemes, monitoring the completion of the houses, etc. Also, SHGs should be encouraged to produce building materials and supply the same to the beneficiaries, besides training them to be the social auditors for conducting the social audits under the scheme.

National Urban Housing and Habitat Policy (NUHHP) – 2007: Ever since the housing policy making in India, due prominence has been accorded for the urban housing development in general and in meeting the housing needs of the urban poor, in particular. The housing finance system- a critical input for housing development largely confining its operations and coverage of the customers (salaried sections) in urban areas is itself a conspicuous evident. The Government of India contemplated two policies for the housing sector - National Housing Policy (NHP) of 1994, approved by the Parliament and National Housing and Habitat Policy (NHHP)-1998. Though, these two policies did not draw strict compartmentalization of housing development between the urban and rural areas, there have been attempts to put in place various mechanisms for promotion of the development in urban areas. In other words, these housing policies were designed in such a way highlighting development features of urban areas (moderately good design, high cost, mostly standard, modern building material oriented, connected with all housing services).

But while doing so, they have bypassed the typical characters of housing in rural areas (low costs oriented, largely sub-standard, locally available material based, unconnected housing services etc). Invariably because of the inroads they are into, urban areas have largely benefitted by the policy elements and special attentions like supply and access to developed land by government and public authorities, expansion of private sector investment, special thrust on slum dwellers and housing the urban poor, conservation of housing stock, development of housing finance, clear demarcation of roles of local governments, fiscal concessions, innovative/cost effective building materials. To be precise, these initiatives have augmented the supply of developed land on large scale across all the sections of the needy by the government, public sector authorities, private sector, cooperative actions etc. Similarly, housing finance, as is emerged with the presence of the public sector, private sector, corporate institutions have targeted the regular income class and salaried sections, as they found in large numbers in urban areas. Fiscal concessions of the government have further facilitated the urban houseless families than rural areas. There have been financial assistances for redevelopment of the existing housing stock and rental stock, as there is huge demand in urban areas.

One of the paradigm shifts in the approach of the NHHP 1998 was the added dimension of the habitat related issues like living environment, healthy environment etc besides emphasizing on mere housing development. The other feature of the policy has been that it declared housing for all as a priority area for all the housing needs, including the poor and deprived sections and considered housing activity would be an engine for substantial generation of employment in the country. This policy was specifically intend to create surplus in housing stock to cater to various shelter options, provision of housing services as priority, access to basic sanitation, partnership between the private, public and cooperative sectors, development of road connectivity and transportation etc among many other elements. It is needless to say that these elements of the policy have been the urban realities than rural areas. Private sector did create sufficient housing stock, particularly in the high rise buildings/ flats, although some of them are not affordable to the middle and lower income groups. But this is not the case of either the government/public sector or cooperative sector or the case of rural areas, wherein the housing activity is by and confined under the social housing schemes or because of individual efforts. Cooperative housing sector has a least exposure in rural areas despite being a century old movement. Development of housing services like drinking water, sanitation, electricity connectivity and what not has been the housing culture of the urban areas including social housing schemes meant for the

urban poor, slum dwellers etc, whereas in the rural areas these services are being developed at different points of time and on compartmentalized basis. The commitment being one and half a decade old but still rural areas have yet to catch up with urban culture of housing development, largely on account of the indifferent attitudes of the government and of the people. One of the characteristic features of the Indian housing sector is the multiplicity of institutions (government, including the state and local, housing boards, corporations, development authorities, cooperative societies, private sector) in the case of urban areas.

The above measures have been furthered by an exclusive policy NUHHP-2007, the policy makers have taken cognizance of three major factors for consideration viz., (a) growing urbanization; (b) urban poverty and housing poverty; and (c) balanced development of urban and rural areas. It can also be said that the policy driven action strategy is in response to the emerging urban scenario of the country in the years to come. The NUHHP is aimed at (a) urban planning and upgrading master, regional and zonal plans respectively by the state governments, urban local bodies, development authorities in order to adequately provide housing and amenities to the urban poor; (b) creating affordable housing stock in the ownership and rental housing segments with capital and interest subsidies to increase affordability of the vulnerable and economically weaker sections; (c) increasing flow of funds from government and private sources with suitable fiscal incentives to the target groups for fulfilling housing and infrastructure needs; (d) development of micro-finance for housing and self-help groups among social housing beneficiaries as a strategy of demand driven approach which emphasises cost-cum-subsidy recovery financial policy; (e) increasing supply of serviced land for the Economically Weaker Sections (EWS) and Low Income Group (LIG) and more so, for the Scheduled Castes/Scheduled Tribes/Other Backward Communities/Minorities/Disabled/ Women Headed Households by suitably restructuring the institutions; and (e) ensuring employment generation, public-private partnerships, healthy environment by promoting renewable energy resources, effective solid waste management with the help of modern technologies. The policy emphasized the need to forge between the central government and state governments, urban local bodies and other agencies to implement the goals and aims of the NUHHP through action oriented initiatives. For this purposes, the policy prescribed clearly demarcated roles for the central, state, local bodies, banks and Housing Finance Institutions (HFIs), cooperatives and private sectors.

Central Government Acts as a:

- Facilitator and enabler with actionable steps taken by the other stake holders like state governments, urban local bodies, cooperatives, non-government organisations;
- State Governments are advised to implement NUHHP in a time bound manner
- Promote balanced regional development by decentralising functions relating to housing sector and promote action plan for water, drainage, sanitation, sewerage, power supply and transportation;
- Promote systematic planning at city, metropolitan, district and regional levels;
- Develop to housing finance policies to enable accelerated flow of resources, financial instruments and design suitable fiscal concessions for housing purposes to EWS and LIGs, including promotion of foreign direct investment in the sector;
- Develop a National Land Policy to ensure availability of serviced land for the development.

The State Government would create supportive environment that includes:

- Preparation of State Urban Housing and Habitat Policy (SUHHP) and act as facilitator and enabler with ULB, private sector, cooperative sector, NGOs for the Slum Development Projects and for Integrated Townships Projects;
- Ensuring suitable flow of financial resources for EWS/LIG beneficiaries;
- Preparation of medium and long term strategies for tackling basic amenities like adequate water supply, drainage, sewerage, sanitation, solid waste management, power supply, transport connectivity;
- Promotion of incentive based production and availability of local building materials;
- Prepare and upgrade master plans, metropolitan plans, district plans, zonal plans for adequate availability of land for urban poor;
- Simplification and rationalisation of the legal and regulatory frameworks to boost housing and infrastructure facilities;
- Promotion of public-private partnerships for housing and infrastructure projects, in-situ up-gradation of slums, optimum utilization of land, integrated townships, urban extensions, special Economic Zones, skill training, skill up-gradation of construction workers and encourage cooperative group housing activities, Non-governmental and community based organisations, ULBs, Employees organizations etc.

The Urban Local Bodies/Development Authorities/Housing Boards would takes up:

- Master, district and regional plans, prepare inner-city development scheme, extensions, in-situ up-gradation of slums, check unauthorized colonies and new slums;

- Identification of housing shortage and prepare the action plan with appropriate provision for EWSs/LIGs, vulnerable sections for better affordability by the poor;
- Promote industrial estates with labour housing colonies with necessary services, devise capacity building programmes;
- Promote residents' welfare associations, community based organisations for fixing of urban boundaries, maintenance of services, monitoring encroachments, cleaning of streets/lanes, solid waste disposal etc.

Banks and Housing Financial Institutions shall develop:

- Financial inclusion policies for EWSs and LIGs to encourage housing finance and adopt more flexible credit appraisal norms;
- Develop financial products to encourage slum improvement programmes, housing finance from EWSs/LIGs with insurance coverage;
- Evolve special programmes for vulnerable sections like loans for house-sites, subsidy support of the central and state governments;
- Promote Micro Finance Institutions, Self Help Groups and cooperative societies for mobilization of savings and for financing housing activities among the EWS and LIGs; and lastly, the policy suggested

Cooperative societies and Private Sectors to:

- Undertake land assembly and related development of basic services to meet the residential needs of all and poorer sections in particular;
- Design public-private partnerships for slum reconstruction with suitable subsidies and;
- Augment housing stock in the ownership and rental segment to overcome shortage of EWSs/LIGs.

Specific Action Areas: Keeping the urban growth, need for housing the houseless in general and EWSs and LIGs in view, the NUHHP has identified eight specific areas, which needs special attentions in urban areas. They include (a) Land; (b) Finance; (c) Legal and Regulatory Framework; (d) Technology Support, (e) Infrastructure; (f) Employment in Housing Sector; (g) Slum Improvement and Up gradation; and (h) Sustainability. A reasonable size of land assembly, development, disposal shall be done by public and private sectors as per the norms of the, metropolitan, district and regional plans. Every such project with appropriate legal stipulations and incentives shall earmark 25 per cent of Floor Area Ratio (FAR) to EWSs/ LIGs for housing. A special action plan shall be prepared for urban

slum dwellers, SCs/STs/ EWSs/ PHs and minorities. Cooperative group housing societies and Employees Welfare Associations shall be encouraged for beneficiary led housing projects, as these organisations are citizens based and non-profit oriented. Secondly, plan allocations and other assistance of the state for housing and infrastructure shall be matched up according to the action plan of the project. Incentives shall be provided for financial institutions, HFIs, banks for lending the rental housing projects. A Model Rent Act should be prepared by Govt of India emphasising mutual agreement between the landlord and tenants. Companies and employers are encouraged to invest in rental housing. Micro-Finance Institutions shall be promoted to increase flow of finance for urban poor transparently without charging usurious interest. HUDCO is directed to increase investment under EWS/LIG housing. National Shelter Fund should be under NHB to provide subsidy support to EWS/LIG housing. RBI and Ministry of Finance should encourage FDI from NRIs and PIO. Special financial and spatial incentives should be developed for inner-city slum development schemes. Thirdly, the states should repeal such acts that are coming in the way of releasing surplus land for housing, bring reforms for Stamp Duty, Property Tax, enact Model Cooperative Housing Act, Town and Country Planning Act, Apartment Ownership Act, computerisation of land and property records with GIS, create awareness about the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SERFAESIA) and Debt Tribunal Act 1992 (DRT) and ULBs should follow single window approach for approval of building plans. Fourthly, Encourage GIS based city maps of all urban areas, use of low energy consuming, rain water harvesting technologies, prefabricated building materials and cost-effective building materials in all construction and in housing are some of the directions of the policy under technology support. Fifthly under infrastructure development, states should encourage all cities with over one lakh population to prepare "Habitat Infrastructure Action Plan" and to develop Mass Rapid Transit System (MRTS) at sub-regional levels around metropolitan cities. Sixthly, protection of water bodies, norms for growth of city beyond reasonable limits, reduction of in-migration into mega and metro cities, development of green belts and recreation areas like lakes, gardens, zoo for public visits have been a few points among many for sustainable cities. Seventhly, provide quality training to construction worker, including women to improve and upgrade their skills on decentralised pattern, provision for occupational health and safety of all workers, crèches and temporary accommodation with all facilities are the main employment related directions; and lastly along with the critical role of the JNNURM in improving the slums, in-situ development of slums, security of tenure, affordable housing and basic services to urban poor, special slum improvement projects and inner-city slum development shall be taken up

under in-situ rehabilitation approach. Formation group cooperative housing societies, self-help groups, community based Organisations and non-governmental organisations should be organised to land pooling, provide thrift and credit for housing and services in slums.

The NUHHP is an exclusive policy design prepared by then the government, keeping four un-avowed objectives: orderly urban living in the country, inclusive urbanisation with a view to mainstream urban EWS/LIG and slums, definition of mandatory roles across all the stake holders and identification of specific action areas. Having taken the mandatory responsibilities, the respective stake holders are in need to execute them without losing any more time in order to achieve the overall goals of the policy. Being almost a decade old, it is indeed necessary to mention that most of the sub-national governments have not enacted their respective SUHHP, identifying their priorities and action plans. Similarly, the housing finance system and its partnering institutions have not developed any thrift based savings for housing and amenities, particularly from EWS/LIG/Other urban poor. Instead their lending operations for housing have been mainly on the basis of high cost market borrowings. The activities of the private sector although have been on the rise the voluntary institutions like housing cooperatives have been handicapped due to augmented competition and indolence attitudes. If this is the overall situation with regard to compliance of the policy, less said the better in the case of ULBs, which have become struggling for their existence. Additionally, development of one hundred major cities, promotion of Public-Private Partnership and controlling the real estate sector in the country are the new policy initiatives, as discussed below.

Smart Cities Mission (SCM): SCM is one of the major initiatives of the Government of India in 2015 for the face lift development of one hundred cities, selected from the country. This facelift measure is imminent considering the urban walks of life like congestions, degraded environment, acute shortage of water, sanitation deficiencies, pathetic housing conditions of the poor and others. The SCM was earmarked a total expenditure of Rupees One Lakh Crore at Rs 1,000 Crore a city (approximately), to be incurred in a span of five year programme (2017-2022). The Union Cabinet has approved a capital expenditure of Rs 98,000 Crore for the 99 cities under the mission nominated and finalized by the state governments. The States and Union Territories have been given immense responsibilities to nominate at least one city under the mission for the face lift activities. It is also the responsibility of the state to create a Special Purpose Vehicle (SPV) for each city of the mission with an exclusive Chief Executive Office establishment for the implementation purpose. Central and state governments equally share the financial expenditure of Rs 1,000

Crore per city, at Rs 500 Crore each. Though a few states have not participated in the mission, the SCM has finalized 99 cities (Appendix – 3.3) to implement the development package in the country (GoI Website, 2018).

Capturing the progress of the SCM and its impact assessment are yet not being possible, as the mission itself is under the initial stage of implementation and in the teething process. Moreover, when selection of the cities, as proposed by the states and UTs is just finalised, it is very difficult to capture the impact on various urban walks of life led by the congestions, housing deficits, water and sanitation, slums etc. However, a stronger focus in terms of the expenditure incurred in the top 60 cities under the mission clearly indicate that housing account to only at 12.7 per cent of the total (Anand A, et.al 2018). It is not only grossly inadequate in view of the precarious housing situations in urban areas like dilapidated and crowded housing stock among the poor and unaffordable sections but also difficult to give a major facelift, which is an un-avowed objective of the SCM. Out of this inadequate resources, it is the real estate activities that has garnered half of the housing expenditure and as a result, the other major segments have been less prioritised in the mission. Housing the Economically Weaker Sections (EWS) and Slums Development have had limited expenditure. Even more disappointing is the rental housing and night shelters, which would have facilitated the employment related floating population and would have discouraged pavement dwelling have been grossly neglected. Similarly hostels with resident services that could benefit the career pursuants have also suffered in the priority. Needless to mention prioritising the ugly concerns of urban life would have better reflected of the smart life and would have been an opt intervention for the temporary migrants, marginalised and neglected sections.

PPP Models for Affordable Housing (PPPMAH): Affordable housing is an ideal situation, where housing units are available at affordable cost for the consumers/needy and its promotion is an important but effective mechanism to solve the problem of housing that the country is facing. As the literary meaning goes, housing units are necessarily developed in Public – Private - Partnership by sharing all the input costs like land, capital and risks between them. In a way it is a win-win situation for the public and private sectors in the sense that the burden of housing production is jointly shared between the producers (public and private) and the consumers, after aligning the land availability, pooling of the financial investment. The consumers at the end meets their life time housing dream at an affordable price. One of the recent changes in the housing governance is the realization of the benefits

of PPP models in order to increase the availability of affordable housing and to put in place the public intention to achieve housing equilibrium (demand and supply) if not housing surplus (more supply than the demand). The strategy (GOI 2017) enshrines three very important dimensions of challenges and the strategic choices: (a) Enhancing access to low cost land; (b) Cost reduction through the construction and operations; (c) Access to finance and capital markets; and (d) Housing risks mitigation strategies. With regard to the first, the policy suggests five different options like:

- portion of land for affordable housing against permission or approval of the government for intensive utilisation of land or land incentives;
- Cross subsidy transfers from high-end housing buyers to the low-end consumers against the permission to build high-end housing;
- Unlocking unutilised/underutilised government owned lands to private sector to build houses;
- Redevelopment of underutilized urban areas and makeshift temporary structures, ramshackle single storey tenements and CI sheet roofs mostly in urban slums; and
- Change of land use of agriculture lands on self-propelled basis for affordable housing with a low-or no dependence for subsidies or cross-subsidies. Such initiatives shall provide trunk infrastructure consisting of roads, water, sewage, electricity etc to be structured PPP and public sector projects.

Regarding cost reduction, the policy suggests strongly to use the technology, better management and construction practices in order to achieve cost efficiency in the PPP housing projects. On time delivery and lower cost would add to the increasing supply of affordable housing. It expects to achieve economies of scale by undertaking large projects and large number of private partners. Thirdly, private sector is expected to bring in private investment for a fair return from it for affordable housing, necessarily to meet the land and construction cost, in addition to the government subsidies and incentives. Upon successful delivery of the houses to the allottees, the investment is recoverable. Rental and leased units being part of affordable housing could be a good source of recovering maintenance cost. In doing so, private sector can act as financial intermediary and facilitate bringing the affordable housing customers into the debt market, besides being the micro-finance lenders. Lastly, given the risks in the affordable housing projects at the pre-construction, construction, allocation and at the operation-maintenance phases, the policy suggests for a

flexible environment of the regulatory requirements, especially in the matters of floor area ratio, land use conversion and approvals from the regulatory authorities.

Real Estate Regulatory Authority (RERA): The RERA was passed in both the houses of parliament of India in 2016 and came into force in the entire country with twin objectives. First to protect home buyers and second to boost investment in the real estate industry. The act provides for the establishment of Real Estate Regulatory Authority in all the states to regulate the real estate sector and to adjudicate the disputes arising among the stake holders. The act provides for security, transparency, fairness, quality and authorization in the real estate activities (GOI 2016). It prohibits using unaccounted money in the sector and 70 per cent of buyer's/investors' money of each project shall be kept in a separate bank account and be used for the land and construction purposes. The money thus collected by the buyers shall not be diverted or used in any other projects. The promoters shall not demand more than 10 per cent of the project cost towards the advance payment by the buyers before the sale agreement and protect them from paying large amount. Builders must submit the original documents of the projects and no changes to the plans is allowed without the consent of the buyers. The promoters shall only to charge for the carpet area (total area of the floor with in the walls of the apartment) of the building than for the super built-up area including open terrace, shafts, balconies etc., and is mandatory for the builders to disclose the carpet area. The promoters are not supposed to inflate carpet areas to increase the prices. The builder must rectify any issue faced by the buyers within five years of purchase and within 30 days of complaint. The developers shall not advertise, sell, build, invest, or book plot without registration and project wise unique registration number obtained from RERA. In this regard, the act made it mandatory to register for launching commercial and residential projects with land over 500 square meters or eight apartments, to ensure transparency in project execution and marketing. Failing to register attracts 10 per cent penalty of the project cost or three years' imprisonment for the promoters/developers. Delayed completion of the project by the promoters and delayed payments of the buyers have to equally pay same amount of interest to each other. Lastly, the promoter is liable to pay full compensation to the buyers, in case the property has defect in the title. Complaints from the promoters and the buyers can be filed with the Appellate Tribunal, as provided by the act.

Appendix: 3.1

Housing Policies Framework for Housing Development in India

No	Parameters	Rural India	Urban India
1	Name of Policy	National Rural Housing and Habitat Policy (NRHHP) - 2005. Prepared by the National Housing Bank and Endorsed by the Ministry.	National Urban Housing and Habitat Policy (NUHHP) - 2007. Ministry of Housing and Urban Poverty Alleviation, Government of India.
2	Justifications for the policy	• The housing dynamics are entirely different, in terms of the preference, type and usage; • Public policy and financial negligence since independence; • Wholly on the mercy of the social housing schemes; and • The National Housing and Habitat Policy (NHHP)-1998 never encouraged the market intervention for housing investment and affordable housing stock for various sections.	• Cope up with the urbanisation with orderly development to house the migrated labour; • Ensure balanced development between rural and urban areas; • Develop new integrated Townships and sustainable habitat; and • Respond to housing need and the poverty with the support of JNNURM.
3	Overall Objectives	Giving impetus to rural housing development and to overturn the development exclusion.	To promote sustainable urban habitat with all facilities on the PPP Model and multiple stakeholders to attain affordable housing for all.
4	Specific Objectives	• To facilitate growth of affordable housing to the extent eliminating unserviceable stock, which is a main source of the shortage; • To supply plots to poorest and vulnerable landless for housing purpose; • To provide funds and government grants to meet housing needs of vulnerable sections; • To meet special housing needs of SCs, STs, BCs, women households, minorities, single women, disabled etc; • To build partnership among civil society, public, private sector etc; and • To strengthen Panchayat Raj Institutions.	• To bring in Master and Zoning Plans by the state and urban local bodies to provide land for the poor with all connectivity; • To create affordable ownership and rental houses for the weaker sections with capital and interest subsidies; • To promote demand driven from subsidy driven larger flow of funds from government, private and institutional sources with suitable fiscal incentives; • To earmark up to 25 % Floor Area and supply serviced land for EWS and LIGs; and • To provide housing and the basic services to SC/ST/OBC/Minorities/Disabled and women headed households.
5	Specific Areas of Action	Among many, five areas are very important namely: Land, Finance, Infrastructure, Role of Different Agencies and Housing Mission.	Land, Finance, Legal and Regulatory Reforms, Technology transfer, Infrastructure, Slum Improvement and up gradation, Employment in Housing Sector and Sustainability Concern.
6	Critical Role of Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs), including Development	• Maintain land records of government, surplus, waste and community lands and prepare land inventory; • Prepare land use planning for various purposes; • Allot homestead plots to landless houseless, landless vulnerable and BPL families; • Identify specific housing shortage and supply finances, infrastructure development;	• Prepare urban plans (Development, Master, Zoning) in consultation with state and district planning authorities; • Identify specific housing shortage and prepare the action plan; • Promote Resident's Welfare Associations (RWAs) and Community Based Organisations (CBOs) for up-keeping and maintenance of their areas;

	Authorities (DAs), Housing Boards (HBs), Banks, Housing Finance Institutions (HFIs), Cooperatives and Private Sector.	• Manage village and community resources like water bodies with the help of private sector; • Must develop rural habitat with integrated approach (power supply, sanitation, hygienic environment, medical care, education, community infrastructure etc); and • Mobilise resources from its own resources, local economic activities and support from government for habitat development.	• Assess financial inclusive policies of the banks and HFIs with tailor made products for vulnerable, EWS, LIG, SC, ST sections, with insurance cover for their housing; and • Cooperatives to take up land assembly for housing; and private sector to develop PPP Models for housing and slums reconstruction.
7	Role of the Central and State Governments	• States to regularise houses built, purchased homestead plots, sites by BPL families, women headed households, displaced families; and • Encourage Self Help Groups (SHGs) for housing finance; • Centre to augment grants/funds under social housing schemes, rural housing insurance, subsidised loans for housing; creation National Rural Shelter Fund (NRSF); Housing in District Credit Plan; Exemption from Income Tax and fiscal incentives for private sector rural housing investment and the infrastructure, special reserve for the housing, customised bank loans for housing; • The NHB is authorised to float capital gains and special bonds to raise funds and rural housing as sub-target under priority sector lending of Primary Lending Institutions (PLIs); and • Also, PLIs should encourage SHGs and Micro Finance for rural housing activities.	• Both governments to simplify legal and regulatory framework like municipal laws, building bye-laws, and property verification system to boost housing and supporting infrastructure; • Develop a National land Policy to supply serviced land for housing; • Accelerate flow of housing and infrastructure finance develop suitable fiscal concessions for the EWS/LIGs; • Encourage FDI in urban housing and infrastructure; • Encourage public private partnership, Housing Cooperative Societies, Employees Organisations, NGOs, CBOs to have partnership with ULBs, banks MFIs, for housing and infrastructure, slum in situ up gradation; and • Develop Greenfield towns, Integrated Township, Special Economic Zones with complementary infrastructure and MRTS from public investment and FDI.
8	Additional Impetus to Social Housing Schemes	• Additional public investment for Indira Awas Yojana (IAY) for new houses and up gradation of unserviceable houses; and • Rural housing component and financial earmarking for IAY under Bharat Nirman Programme.	• Devise innovative housing finance schemes for EWS and LIGs with subsidies of central and state governments; and • Promote MFIs and SHGs for mobilisation of savings, as part of the housing finance including for purchase of sites.

Source: Compiled from the original policies documents by the author.

Appendix: 3.2

Role of HUDCO, NHB and Other Agencies in Housing Sector in India

Housing Scheme	Focus and Target	Funding Pattern and Agencies	Implementing Agencies	Physical Achievements
Urban Areas				
Valmiki-Ambedkar Malin Basti Awaas Yojana (2001)	To provide shelter and upgrade the existing shelter for the urban slum dwellers living below poverty line.	Govt of India 50 % Subsidy & State Govts 50% (Subsidy or Loan from HUDCO or other Fis)	State govts through their Slum Development Board and reputed NGOs	An amount of Rs 74 Crores was spent in implementating the scheme by state govts.
Housing Scheme for Economically Weaker Sections	To provide to the economically weaker sections in urban areas.	Central and State Govts. Refinance of National Housing Bank, Cooperatives and others.	State Gots through Housing Boards.	650592 housing units were constructed between 1996-7 and 2001-2
Housing Scheme for Low- Income groups	To provide to low-income group families in urban areas.	Central and State Governments	State Govts through Housing Boards.	104488 housing units were constructed during the same period
Environment Improvement of Urban Slums	To ameliorate the degrading environmental conditions and to improve infrastructural amenities in slums.	Central Govt under National Slum Development Programme. State Govt with HUDCOs assistance.	State Govts through their Slum Clearance/ Development Board.	As many as 1.72 crore slum families covered during the same period.
Night Shelter and Sanitation for Footpath Dwellers	To provide shelter and amenities to footpath dwellers in all urban areas.	Central Government and HUDCO through State Govts. @ 50% ratio.	State Governments with the support of local bodies.	115 schemes under different stages of implementation to provide 17000 beds, 29000 washing & cleaning units, 2147 baths and 1928 urinals.
Building Centres and Training Extension.	Impart training to artisans in low cost construction skills and providing building materials and components by utilizing Agro- Industrial wastes.	Government of India Grant of Rs 15.12 Crores to these centres.	National Network of Nirman Kendras.	436 Centres have become functional and about 2.10 lakh construction workers and artisans trained.
Rural Areas				
Indira Awaas Yojana (1985-6)	To provide assistance to construct Houses for SCs/STs, freed bonded households (60%) & non- SCs/STs (40%) including families of Ex –service persons, Physically & mentally challenged persons.	Government of India 80 % and State Governments 20 %.	Panchayati Raj Institutions.	Over 49 lakhs housing units were constructed during the period 1997-8 & 2001-2.
Samagra Awaas Jojana (1999-2000)	Integrated development of housing and housing amenities and habitat development with information, education and communication, for the poorer sections.	Government of India and central assistance of Rs 25 lakhs to each block with 10 per cent contribution from the people.	Panchayati Raj Institutions	Not Available.
Pradhan Manthri Gramodaya Yojana- Gramin Awaas (2000-01)	To achieve sustainable human development	Government of India provided Rs 280 Crores during 2001-02.	Panchayati Raj Institutions	Not Available.
NABARD's Refinance (2001-02)	Construction of new houses and renovation of existing houses.	NABARD	Eligible agencies registered under NHB.	Not Available.
Two Million Housing Programme (1998).	20 lakh (13 in rural and 7 in urban areas) houses every year for EWS LIG families.	Public Sector Banks and Housing Finance Companies.	PSBs and HFCs in coordination with local bodies	13.47 lakh units were reportedly constructed till 2001-02

Source: National Housing Bank (2002), Report on Trend and Progress of Housing in India, Mumbai.

Appendix: 3.3

Smart Cities Mission of India: Selection and Distribution

Sl No	State & Union Territory (Cities)	Selection of Cities in Phase					Remarks, Over the selection
		1	2	3	4	5	
1	Andhra Pradesh (4)	Vishakhapatnam Kakinada		Tirupati			In the First Round, 98 cities were shortlisted (selected) in Jan 2016 under the mission. In the Second Round, Bengal Government withdrawn from the Smart Cities Mission and rejected the financial offer under the mission. In the Third Round, state capital cities Patna, Trichy (Thiruvananthapuram), Bengaluru, Amaravati, Itanagar, Gangtok, Shimla and Naya Raipur were selected beyond the quota allotted to the state. In contravention of the rules, Srinagar & Jammu and Rae Bareli & Meerut were selected from Jammu & Kashmir and Uttarpradesh respectively. Meghalaya hasn't nominated one of its mission quota. In the Fifth Round, 99 cities were finalised out of the 100 in the mission. Lastly, nine more cities Erode, Saharanpur, Moradabad, Bareily, Itanagar, Silvassa, Diu, Karavatti and Bihar Sharif were included.
2	Gujarat (7)	Surat Amedabad		Vadodara	Rajkot Gandhinagar Dahod		
3	Madhya Pradesh (7)	Jabalpur Indore Bhopal		Ujjain Gwalior	Sagar Satna		
4	Tamilnadu (11)	Coimbatore Chennai		Vellore Madurai Thanjavur Salem	Thootukudi Thiruchinapalli Tirunelveli Tiruppur	Erode	
5	Karnataka (7)	Davangere Belgavi		Mangalore Tumakuru Shivamogga Hubli-Dharwad	Bangalore		
6	Kerala (2)	Kochi			Trichy		
7	Telangana (2)		Warangal		Karimnagar		
8	Maharashtra (9)	Pune Solapur		Kalyan Nagpur Thane Nashik Aurangabad	Amravati Pimpry - Chinchwad		
9	Uttar Pradesh (10)		Lucknow	Agra, Kanpur Varanashi	Jhansi Allahabad Aligarh	Saharanpur Moradabad Bareily	
10	Rajasthan (4)	Jaipur Udaipur		Kota, Ajmer			
11	Punjab (3)	Ludhiana		Amritsar Jalandhar			
12	Bihar (4)		Bhagalpur		Patna Mujaffarpur	Bihar Sharif	
13	Haryana (2)		Faridabad		Karnal		
14	Assam (1)	Guwahati					
15	Odisha (2)	Bhuvaneshwar		Rourkela			
16	Himachal Pradesh (1)		Dharmashala		Shimla		
17	Uttarakhand (1)				Dehradun		
18	Jharkhand (1)		Ranchi				
19	Sikkim (1)			Namchi	Gangtok		
20	Manipur (1)		Imphal				
21	Andaman & Nicobar (1)		Port Blair				
22	Arunachal pradesh (1)				Pasighat	Itanagar	
23	Chandigarh (1)		Chandigarh				
24	Chhattisgarh (3)		Raipur	Naya Raipur	Bilaspur		
25	Dadra & N Haveli (1)					Silvassa	
26	Daman & Diu (1)					Diu	
27	Delhi (1)	New Delhi					
28	Goa (1)		Panaji				
29	Lakshadweep (1)1					Karavatti	
30	Mizoram (1)				Aizawl		
31	Nagaland (1)			Kohima			
32	Puducherry (1)				Puducherry		
33	Tripura (1)		Agartala				
34	Jammu & Kashmir (2)				Srinagar Jammu		
		20	13	27	30	09	

Source: Website://smartcities.gov.in : Smart Cities Mission Wikipedia

Chapter Four
Development of Critical Input - Housing Finance

The Debate: The debate on housing finance system although initiated during the early 80s, holds good even to date for the developing parts of the world. Because, not many of the policy concerns to evolve a developed but self-sustaining housing finance system have formed the basis of public policy making. The argument is all about promoting a feasible housing finance system, with an eye on meeting also financial needs of low-income households. The debate entrusts a challenging responsibility to government to organize housing credit market with dual strategies, which would be discussed in the ensuing paragraphs. Before the discussion on how government can fulfill its responsibility can be started, it is indeed necessary to understand the nature of housing finance and credit market and the manner in which it differs from other segments. Housing finance is a specialized form of financial service in the overall capital market that plays a critical role in housing production. Housing finance helps the consumers to construct their own dwelling units besides helping them to purchase land, which is the other principal input. Housing finance is a market- based system, which is peculiar in its nature and distinguishes itself from other forms of financing social goods such as education, health care etc. Housing finance is generally a long-term credit made against a secured/tangible asset. It is being advanced to those who own the title. The loan component is always less than the final cost of the housing unit and the loan sum is a multiple of borrowers' annual income. The repayment is on periodic basis and consists of principal as well as interest amount. The investible funds are unlikely to be raised from public source excepting to a limited extent of annual investment for housing the target citizens by governments. In other words, a large part of the capital is being raised either from capital market on commercial terms or/and from private savings. It is on account of this, the rate of interest on housing loans is usually on a higher side. Housing credit also involves costs other than the contractual fee or interest. The costs include debt servicing, administrative fee, establishment fees etc. To avail housing financial service, regular-guaranteed income is one of the pre-conditions. Thus, chances of availing housing credit by low-income/resource less families are very limited or altogether absent. Because, the mode of operations followed by housing credit market is not compatible with the economic and financial needs of low-income households. More specifically, it is argued that since low-income families lack verifiable income and collateral, they cannot afford high transaction costs of housing loans. What is worse, housing finance agencies are non-existent in low-income areas. Also it is believed that poor will not repay

(Habitat, 1996). This does not mean that resource-less families are altogether left in the lurch. Although much needs to be done, governments have created specialized lending institutions with initial capital and low-cost funds to provide credit for housing activities at subsidized interest rates.

Considering the incredible needs of the consumers including low-income households for housing credit, the literature on housing finance suggests two solutions. First, government should encourage financial innovation by evolving housing credit market to provide/boost to residential investment on viable basis. It need not be specified again that such market would meet housing financial needs of the households/people who can afford the services including the cost. Second, there is a good case for credit to the low-income households through subsidy mixed specific housing programmes. Therefore, attaining the second objective is entirely the responsibility of government, as the low-income households cannot get access to formal housing credit. To accomplish these goals, it is suggested that a central government body be established to bring about coordination between housing sector policies and housing finance policies and to supervise various financial institutions. The proposed body is expected to organize the housing credit market and to promote household savings besides broad-basing financial benefits to housing consumers including the low-income households. Besides, the proposed apex institution should also clearly spell out the role it could play in the housing sector development, types of project financing and its geographical distribution, methods of curbing informal market, promoting financial deepening through cooperative agreement with other financial institutions like regional and commercial banks. Emphasis is laid on mobilization of household savings since it is an important means of capital for housing investment. The added advantage with household savings is that the converted capital is less costly. Also, people can be motivated easily by the savings mobilizing agency, as home ownership is a powerful incentive for households to save. Similarly, it would be a futile attempt if the housing credit market loses sight of the common man's needs. Especially, in the context of attaining equality and welfare goals, meeting the financial needs for housing of the low-income households assumes greater significance. Further, it is not a viable or justifiable proposition to organize housing credit market for the benefit of the small segment (affordable sections) leaving behind the interest of the huge masses of disadvantaged sections.

Establishment of a central body, promotion of household savings and broad-based services by themselves do not ensure effective functioning of housing finance system. There

are other issues, which need to be considered carefully by governments. One of which is minimization of conflicting measures. No doubt, preferential measures would increase the supply of finance to low-income households but such measures should not affect the other priority sectors investments. This implies that additional resources have to be generated for these purposes without diluting the financial plans of other sectors. But at this juncture, how to generate the additional resources? The answer would be to encourage middle class savings at a moderate rate of interest if the housing credit is to be supplied at affordable rate. The same could be ensured through financial institutions especially by the commercial and regional banks. Further, affordable mortgages to low-income households would go a long way if the opportunity cost of capital is borne by them. Secondly these goals could be accomplished by establishing a deep and broad-based financial commitment for housing within the capital market or banking sector as they have an advantage of huge and low-cost savings. The financial commitment based on savings thus ensures flow of funds for housing at affordable cost. Moreover, increasing investment on housing activities does not greatly affect or cut short the investment on the other sectors. It is further argued that deep and broad-based financial commitment ensures effective management of scarce resource besides avoiding capital fragmentation. The argument is not for creating a new set of specialized housing financial institutions but to broad base the application of capital of the existing capital market including banking sector. Setting up of new financial institutions for housing finance would only mean proliferation. Although multipurpose financial institutions provide long-term finance, such approach would not only contrast the existing financial set up but also promote dualism in financial services. Moreover, the added disadvantage is that the specialized housing finance institutions operate on higher scale (higher rate of interest on deposits/lending, cost on loans etc.,) and cater only to the higher income class and not to the low-income households.

The response to the ongoing debate for evolving a housing credit market with deep and broad based financing services for housing has been overwhelming in those countries that have considered housing as a merit good and have exhibited political commitment for the same. Removal of constraints, development of mortgages, insurance for investment, broad-based residential investment (for land acquisition, construction, redevelopment etc) is the principal strategies employed for alleviating homelessness. Whereas in most of the developing countries, the efforts of evolving housing finance system are mediocre or ad hoc largely owing not to have considered housing a priority sector. The literature has identified three distinct housing finance mechanisms generally evolved according to the needs and

capacities of various countries. Market facilitation and government financing being the first and the second approaches exist predominantly in the most advanced Western and Western European countries respectively. The other form of financing is the mixed approach in which case both governments and market cater to each of their own clientele but none of them would have successfully met the total financial needs of the people. Indeed, it is necessary to say that each of the first two approaches has achieved a fair degree of success in supplying finance for housing and in alleviating housing deprivation across different income consumers. While in the case of the other, huge financial needs, resource crunch, lacks of investment promotion measures have inhibited housing activities. This section analyses in greater detail the three different financing mechanisms for housing with their own instruments of functioning.

Under the changing economic circumstances, market facilitation for the production of various social and economic goods and services has gained momentum. Besides, in the most advanced and industrial countries, market has increased its share of investment in economic sphere but slowly in developing countries. Mismatch between the public financial services and increasing demand for goods and services by a variety of consumers together with shrinking role of the government have increased pace of market facilitation in these countries. Housing being social and merit goods, its production is largely dominated by private sector both in the developed as well as in developing regions. Government, due to huge requirement of funds to meet the total housing needs and resource shortage at its disposal, has increasingly facilitating various players (production agents) in the housing market with facilitating environment. This facilitating environment has enhanced opportunities both for production and consumption of housing benefits by different income consumers. On an uninterrupted basis, finance, which is one of the principal housing inputs, is being supplied to consumers on affordable price by different financial institutions. Similarly, a large number of private developers have been encouraged to take up land development as well as house construction activities. These positive measures have resulted in alleviating housing deprivation and in some cases brought about housing surplus. Governments on the other hand have redefined their commitment to only the persons of dire need. Housing subsidies and other incentives as the instruments of government interventions have continued to be the hopes of the most vulnerable groups notwithstanding their inadequacy and untimely.

The ideology of these measures has been neither total privatization nor wholesale participation of the government in the production and distribution of the housing benefits to

various income groups. As Ramesh Mishra (1990) points out, the objective of mixed economy approach "is to contain and reduce the role of the government in social welfare and to encourage non-governmental organizations and agencies, which in turn reduces the pressure on government financing, less bureaucracy, more decentralization, more community involvement and greater participation". Correspondingly, the production of housing units privately by the individuals as well as by the institutional builders has been very well supported financially and encouraged fiscally over the years. In fact, the long term objective is to ensure dwelling of a decent standard to all needy at prices they can afford, which has been sought to achieve through grants and loans to developers and consumers. Again the overall purpose of such continuous support of the government to housing production industry and to market is only to ensure healthy flow of funds for residential buildings and production of adequate number of homes. The market financing system has four different pillars as discussed in the following paragraph.

The first and foremost pillar of the market financing is a host of financial institutions with private capital. They encompass commercial banks, insurance companies, trusts and mortgage loan companies. Each of these institutions with a definite resource constituency are closely regularized and monitored by government at all levels. Commercial banks raise short term deposits, insurance and trust companies sell insurance bonds and manage trust and pension funds (Fallis 1990). These institutions with specific investment avenues enjoy the freedom in determining the volume of funds to be made available for mortgage lending. These institutions control a huge part of the mortgage loans for housing. Second, mortgage insurance for the housing loans is one of the major breakthrough in securitizing the assets/ investment, which has over the years, given a greater confidence among the private investors and ensured uninterrupted supply of finances. The facility of mortgage insurance has been extended for the acquisition of apartments, purchase of existing buildings besides the newly constructed units. A significant development in this regard is the level payment mortgage (high loan- value ratio), which could be paid in 25- 30 years of time. The insurance premium ranges from 0.5 to around 4 per cent of loan amount. Mortgage loan insurance is generally made available to all homebuyers through centrally approved financial institutions. Homebuyers have freedom to reduce mortgage cost and its payment. Third, since competition is the inherent characteristic feature of market finance, a huge inflow of financial institutions in to housing finance segment, would bring about reduction in the rate of interest on housing loans. This would prompt higher demand for housing loans by homebuyers. There are instances to have made available the mortgage loans at fairly

cheaper rate. For example, Canada is one such country to have supplied the mortgage loans for housing at a lower rate to facilitate housing activities on a large scale across different income groups (Mahadeva, 2002). Similar to lower rate of interest rate, increasing tendency to survive in the market together with accumulation of financial resources would bring about a higher loan ratio or lower down payment of the housing cost. It has been argued that lower down payment on housing loans always influences the housing related decisions of the families in the sense that it propels to own housing and vice- versa (Lawrence, 1974). Final but important segment of market finance is the role of government itself. Although market led housing finance is sumptuously sufficient, governments also have retained fewer responsibilities. One such responsibility is the supply of subsidies for owners and rental housing units. Families of dire need are being allowed to dwell in government owned buildings on subsidized rent, which is less than the mortgage and operating costs of the buildings. Families are also allowed to rent the units of non-profit organizations or privately owned on linked rent basis. Insured loans on lower interest rate have been made available to non- profit organizations. Grants for first time owners of housing and improvement assistance are also made available. The purpose of improvement assistance has been to enhance the health of the building as well as to ensure safe dwelling.

Financing housing activities by governments has been the common most second method from time immemorial, which is totally in contrast to market financing that exists in almost all countries irrespective of whether they are rich or poor. Government credit provision for housing prevails for two reasons. First, housing credit markets organized would have remained undeveloped and would not have broad based their financial services in meeting the housing financial needs of different income groups, at interest of affordable rates. It is in order to meet the housing financial needs of low- income families that government role has been emphasized. It has been advocated that government credit programmes are the only solution for housing the vulnerable sections, especially in the absence of any organized financial services. Second to bring about equity and justice in the distribution of resources through transfers as the market financing system is insensitive and irresponsive to the needs of vulnerable sections. Housing credit programmes of government are the effective methods to spread the benefits and to transfer resources towards low-income groups. But for the government financing programmes, low- income families would not have had opportunities to house themselves, although such interventions are often considered incompatible and inefficient. Therefore, government financing for housing should be seen more as opportunities for the low- income families than a burden to governments.

Government finances for housing are the investment capital that encompasses both subsidies and loans targeted mainly to those whose financial needs for housing are not met by the market. At the same time it is also not uncommon that wherever housing has been considered as a merit good, governments have been financing all the needy. In countries wherever governments are the principal source of housing finance, subsidies are the important form of financial transfers.

In the government led housing finance system**,** the overall focus has been to increase housing stock in both owner and rental sectors. To accomplice this goal, governments have intervened in three forms: first as regulator, second as provider of subsidies and third as direct investor (Papa, 1992). As regulator, government regulates housing market especially the financing the rental and owner sectors. Being a provider governments have fixed housing price, which is below the cost. This instrument is being used to boost supply and demand for housing respectively for producers and consumers. Finally, governments as developers have invested on production of housing units for rental and for selling purposes. Subsidies being the difference between the cost price and actual paid out cost is a very important instrument in overall financing, which is non- compensated payments by government to private parties/ or institutions made available from public exchequer. Subsidies have been made available for three different purposes: for construction or rehabilitation of dwellings, for acquisition of and improvement of house sites and finally for occupants of dwellings. Loans and mortgages have also been the other instruments for house construction and rehabilitation purposes, which are extended on the basis of family income. Especially, loans are lent at below market rate.

Mixed financing typically refers to co-existence of all major forms of housing finance mechanisms with an edge over informal source of financing, which is largely found in developing parts of the world for reasons discussed subsequently. Because, this part of the world has neither attempted to organize a full-fledged housing finance market with investment friendly environment as it is used to be in market driven economies nor governments have resource capacity to meet the total housing financial needs. At the same time, it should not be mistaken that market does not exist and government shoulders no responsibility. Market does finance those who fulfill the loan conditions for housing activities like regular and guarantee income earners and simultaneously, governments do finance the social housing commitments meant for vulnerable sections. But unfortunately, none of the major sources has been able to meet the total financial needs of their target groups let alone

all housing consumers. To be precise, neither the market has fully met housing financial needs of all sections nor governments have covered vulnerable sections fully. It is these structural inefficiencies that have laid foundation for the existence of informal source of financing for housing activities. Informal source being non- institutional in nature plays a very dominant role in meeting the needs. The informal financial market, for all practical purposes is referred to as any market for cash finance, that do not involve under regulations governing financing activities and loosely monitored. This source being encompassed with moneylenders, friends, relatives and family savings, which is estimated to have met up to 80 per cent of the housing finance in developing countries in general and South Asian Countries in particular.

India's Response to Housing Finance System: Before discussing about the housing finance system in the Indian context, it is indeed necessary to note two very important developments that occurred in early 90s, which have laid foundation for the expansion of the housing sector and for evolving the housing finance market. First being, considering housing sector as one of the core and priority sectors for investment purposes emphasis was laid on mobilization of additional resources to the sector. During the period, the changes effected to the housing sector coincided with the new economic policies. The government has tried to address the hitherto unattended structural and operational bottlenecks in order to increase the supply of housing. More emphasis was given to private sector participation and community involvement besides the government taking upon itself the responsibility to attend to the needs of the weaker sections housing. The second change was that the realization of the role of the fiscal incentives in housing production in early 90s though such realization has come belatedly. The commitment of the government to increase housing stock in the owners' segment was exhibited through a number of concessions from the payments under income and property taxes. These concessions are being offered to both individuals and corporate sector. Under section 88 of the Income Tax Act, concessions were offered to individuals to deduct interest paid towards the housing loans. This was initially raised from Rs 1000/- to Rs 5000/-, then to Rs 15000/-, to Rs 30000/-, to Rs 75000/- and now up to Rs 1,50,000/- from the financial 1999- 2000. These concessions were offered in addition 20 per cent deduction of principal loan repayment. Carry forward facility of losses of housing property against future income of individuals was extended for 8 years since 1998. This apart, tax holiday under section 80-1A was extended for a built up area up to 1500 square feet of dwelling units of approved projects in urban areas other than Mumbai and Delhi to encourage high-income housing activities who could borrow more than rupees five

lakhs. Further from 1993-94, the value of one residential house or part thereof was exempted from the levy of property tax. These concessions notwithstanding their revenue loss to the exchequer played a promotional role of housing activities. Similarly, to boost the housing activities in the corporate or business sectors, many concessions were shown to them. The focus is to ensure housing security to the employees working in these sectors. Prominent incentives include tax holiday to the tune of 100 per cent for first five years for housing projects and 30 per cent for another five years and 50 per cent exemption of profits of the companies engaged in housing projects. Especially for the housing finance companies, concessions were also shown by increasing depreciation rate from the present 20 per cent to 40 per cent on new dwelling units. In addition, it was pronounced to calculate interest on loans on actual basis rather than accrual basis from 1999- 2000 onwards.

For centuries, housing development was expected to take place without a financing market and fiscal incentives. But from the beginning of the twentieth century, attempts were made to organize cooperative housing societies with an act of parliament, to supply housing credit to their members. In fact, cooperatives were the only source of financing for housing till similar attempts were made to organize a housing credit market. Nationalization of the Insurance Sector and subsequently the commercial banks has further paved the way for the implementation of various social housing schemes by the governments and increasing volume of finances for housing activities in the country. The Life Insurance Corporation (LIC) was mandated to invest 25 per cent of its controlled funds in socially oriented schemes including housing development activities through government. Similarly, the General Insurance Corporation (GIC) was statutorily guided to invest 35 per cent of its investment funds through state governments for housing and for loans, bonds, debentures and preference shares of HUDCO (RBI, 1978). Employees Provident Fund has been another important source of financing as non- refundable advance provision facilitated its subscribers for house building activities including acquisition of residential sites. From early seventies, commercial banks were also encouraged to finance housing activities. Currently, commercial banks have been earmarked to invest 3 per cent of their incremental deposit ratio (Union Budget, 1996-97). The United Nations declaration of 1987 as the International Year of Shelter for the Homeless has not only sensitized the Indian Government towards the housing sector but has also prompted to establish National Housing Bank (NHB) as a subsidiary of Reserve Bank of India. NHB was expected to organize a housing credit market to provide long-term finance and to develop housing savings by the households. That apart, commercial banks, insurance companies and other private companies were also allowed to

set up their own subsidiaries to supply housing finance. Despite these attempts, a noteworthy feature of Indian housing finance system is the existence of the informal moneylenders for centuries – catering to vulnerable sections on a very large scale. There have been hardly any attempts to scale down the role of informal moneylenders in both rural and in urban areas. This section analyses four distinctly different financing methods for housing activities in India, which have emerged as critical sources, namely (a) Subsidized financing, (b) Cooperative housing societies (c) Informal financing and (d) Market financing.

Public (Subsidized) Financing: India has a tradition of having a number of social housing schemes meant for poorer sections ever since her independence. Though these schemes were directly financing by national and state governments during the first two decades of their implementation, this practice was discontinued with the establishment of a central body i.e., Housing and Urban Development Corporation (HUDCO) in the early 80s. HUDCO was constituted to implement the government commitments on housing the weaker sections, low and middle-income households and to promote housing activities by supporting state governments and their agencies. In addition to the national body, a number of State Governments have set up rural housing finance corporations with their own financial resources. For Example, Gujarat Rural Housing Finance Corporation and Rajiv Gandhi Rural Housing Corporation in Karnataka. These bodies aim at financing new house construction as well as replacing the unsafe housing units in rural areas. It goes without saying that vulnerable groups are the targets of these institutions. HUDCO, ever since its establishment, has been in forefront in financing social housing schemes in urban and in rural areas. Under housing programmes for industrial workers, low and middle income families, slum dwellers and for low paid government employees, HUDCO has assisted to construct over 29 lakh housing units in different urban areas of the country by the turn of 1996. Also it has facilitated public authorities to acquire over 28 lakh hectares of land for residential purposes. In rural areas also over 142 lakh of housing units have been assisted for the occupation of the landless and agricultural labourers, socially deprived sections, Ex- bonded labourers and other poor families.

Cooperative Housing Societies: Notwithstanding the beginning of the cooperative movement in housing in the first decade of the twentieth century, cooperative movement took a definite shape only with the establishment of state level bodies as the spokesman during fifties. Today cooperative housing has two tiers – Apex societies at the state level mobilize funds and channelize the same through primary societies and primaries at the grass

root level, which play a very critical role in construction of houses of their members. Although there exists no uniform structure in primary societies, the Working Group on Housing Cooperatives (1964) has broadly classified them as All- the –way Cooperatives, Co-Venture Cooperatives and Flat Ownership Cooperatives on the basis of their functioning. Some function as purely financing societies, some construct houses on behalf their members, some construct houses and own them jointly, some own houses and let their members to live on rental basis. Cooperative housing societies have spread to all the nooks and corners of the country and have grown to strength organizationally. By seven folds the number of societies and their memberships have increased during the period between 1965-66 and 1995-96 and around fifty-eight-fold increase in the working capital (**Table 4.1**). Similarly, the loans for the members have also increased by over fifty- three times to construct a total number of over 17.28 lakh units. The noteworthy feature is the increasing emphases on owner's segment in the independent category during the 90s. However, the disappointing note of the cooperative housing societies is the low level employment of the working capital, loans as percentage of the working capital are lower at a little above ten.

Table 4.1
Housing Units Constructed by Cooperative Housing Societies in India

Year/Particulars	1965-1966	1970-1971	1975-1976	1980-1981	1985-1986	1990-1991	1995-1996
Number of societies	11778	18066	27646	40391	51580	64403	81930
Membership (lakhs)	7.62	11.89	17.43	22.64	35.87	38.95	53.13
Working Capital (crores)	140.71	476.85	942.58	1361.23	2458.24	3694.11	8130.57
Loans Advanced (crores)	15.24	36.36	79.97	233.77	460.92	566.73	814.99
Loans as % of Working Capital (crores)	10.83	7.63	8.48	17.17	18.75	15.34	10.02
Loans as % of Borrowings	13.69	11.88	14.82	25.69	31.08	25.42	24.02
Loans Out standings (crores)	62.01	163.70	328.40	594.13	1133.85	1710.21	4433.79
Independent Houses	17087	27527	142682	299836	459513	1019956	964725
By Societies	6666	4477	71459	132494	154413	262851	NA
By Members	10421	23050	71223	167342	305100	757105	NA
Tenements	48487	172020	236684	337882	416215	580990	763209
Total Number of Houses Constructed	65574	199547	379366	637718	875728	1600946	1727934
Coverage of Members	8.62	16.78	21.77	28.18	24.42	41.10	32.52
Average Houses/ Society	5.57	11.05	13.72	15.79	16.98	24.85	21.10

Source: NABARD, Statistical Statements Relating to Cooperative Movement in India,
Part: II – Non-Credit Societies, Mumbai, and Various Issues.

This means that a substantial part of the working capital has not been put to the construction of houses for their members but would have been invested elsewhere or on

securities. Considering the huge scale of resources in the form of working capital, housing societies could have easily doubled the construction of houses and could have increased the coverage of members as well as number of houses per society. Unfortunately, the coverage of members was only just below one-third and the average number of houses per society was a little more than one- fifth.

Informal Financing: Informal source of financing housing in India is as old as any financing system. Generally, it can be defined as a financial source, which is independently sustaining with private capital, its terms and conditions being framed according to the convenience of the lenders. In other words, these financial services are purely non-institutional and non- governed in nature. Their operations are not guided by any regulations of the central bank or government on the matters of investment, interest structure, period, social responsibilities etc. In the lighter way, it can also be said that informal financial services are dominated by independent money lenders with their own private capital that generally comes from their own savings, ancestral transfers, liquidation of assets, borrowings of friends and relatives. Informal financing services in general and housing sector in particular exist and sustain mainly for three reasons. For lack of developing a well-structured financing system, housing development was expected to take place without the financial support or services. In the absence of any such system housing activities were by and large confined to the public servants with the help of the governments loans and other services. Eventually, the housing activities of other segments of population until recently was left to themselves. Thanks to the efforts of evolving a housing finance system in the late 80s although the newly evolved system has not over turned the situation as for as meeting financial requirements of all segment of population. The housing finance system, is highly biased towards the white-collared jobholders and towards the urban areas and has not out reached and geared to meet the total housing financial needs. More over the financial services are not broad based to meet the needs of all segments of residential activities. Since the housing finance system has hardly had any impact on the vulnerable groups, which in itself paved the way for the sustenance of informal financial services rather on a dominating scale. Finally, there is a positive relationship between the informal sector and poverty and informal sector dominated by low incomes with pathetic housing conditions (Pugh, 1990). India with more than one-third of her population below poverty line hardly fulfill the lending criteria of the institutional source and thus forced to resort to informal source to raise finances to improve their dwelling conditions.

As mentioned already financial services for housing in the informal segment are provided by individual moneylenders at a very high rate of interest. Being exploitative of the local conditions, moneylenders provide their services at the doorsteps of the borrowers, especially in rural areas. One of the greatest advantages of informal system is that financial services are provided against no collateral or non- mortgage of house. Instead, financial services are provided on oral agreement or against the preparation of a pro-note in favor of the lenders. In the eventuality of death of principal borrower, the burden of repayment will be shifted to the immediate heir. However, confiscation of assets owing to non- repayment of loans is very rare. Yet other advantage is that the borrower can raise the loans up to the full cost of the housing project and therefore the question of borrower's contribution in the total project does not arise at all.

The mode /tools against which finances are obtained from the informal sector differs from rural to urban areas. Oral understanding between the lenders and the borrowers predominates over the other methods in rural areas. However, pledging of immovable assets (land) and commercial crops (cotton, ground nut, sunflower etc.,) cannot be ruled out. Further though bondage labour is legally abolished, instances of child bondage labour for informal financial services continue to exist. Where as in urban areas finances from informal source is obtained mostly against pledging of ornaments. Further, liquidation of the additional residential assets is a common practice. Of late, acquisition of residential site for speculation purposes and disposal of the same to finance the margin money component of the housing project is growing enormously. In a number of cases, financial assistance from friends and relatives also forms an important source although such arrangements take place without any guarantees or pledging of any securities (NIUA, 1992).

In the absence of a strong database, it is difficult to quantify the role of the informal sector in housing finance. However, despite the increased access to institutional source in late 90s, informal source continues to play a significant role. Mulkh Raj (1994) argues that housing finance made available by budgetary allocations and net financial assistance of GIC, LIC, UTI, Banks, Provident Fund and all HFIs is not more than 16 per cent and remaining 84 percent of housing finance requirements are met by the informal sector. Further, it is evident that out of the total investment in rural housing only 5.18 per cent has come from institutional source and the rest from the informal sector that encompass savings (42.57 per cent), borrowings from friends and relatives (9.36 per cent), liquidation of assets (22.03 per cent) and professional money lenders, landlords, traders and others (20.86 per cent) (GOI,

1993-94). Though over the years the institutional source has increased its share in rural housing activity still an enormous amount comes from informal segment. The share of the institutional source in the gross capital expenditure on purchase and improvement of plots and residential buildings was in the order of 9.67 per cent and thus the remaining investment comes from different sources of informal segment. Informal source continues to have strong hold even in urban areas in meeting the residential investment although the situation is not as pathetic as in rural areas. The gross capital residential expenditure of the institutional source in urban areas was about 21.26 per cent and the rest comes from informal segment.

Commercial Financing: Ever since the late 80s, one of the major changes in the Indian housing sector is the constant effort to organize financing system with an edge over market financing (**Table 4.2**). These efforts have not only paved the way for the entry of new financial institutions from the commercial, insurance and private segments but also have made the availability of funds for housing activity at fairly affordable rates. That apart, these institutions have infused a great deal of competition in their functions and have brought in what is called 'interest war' mainly to thrive and sustain in the housing finance market. Commercial banks besides financing directly housing activities of their customers have also promoted their own subsidiaries in the market. Similarly, the insurance sector apart from fulfilling their mandatory roles also have their subsidiary outlets to cater to housing financial needs of common public. The exposure of the market to the private sector has also come in a big way with the presence of Industrial Credit and Investment Corporation of India (ICICI) Bank, Housing Development Finance Corporation (HDFC) and others. However, the presence of the commercial banks in the market with cheap and huge resource base has been taken with serious caution by the other housing financial institutions, as these institutions are operating in the market with high cost borrowed capital. As a result, consumers in general not only have options of housing finance and are at gains as the financial services are available at affordable rates of interest.

There are two conspicuous developments in the market segment of housing finance. First and foremost is the availability of housing finance at the convenience of the consumers. Barring a few, almost all the HFIs have made their financial services available for a minimum of three periods i.e., up to 5 rears, above 5 years and below 10 years and above 10 years and below 15 years. To further facilitate the consumers with more financial requirements, loan periods are being stretched up to 20 years or even more. This facility is made available

by a few HFIs irrespective of their segment- commercial, subsidiary or private. For example, Corporation Bank is offering housing financial services in five streams spreading over the loan period from a minimum of 5 years to a maximum of 25 years. Similarly, Canara Bank, IDBI Bank and HDFC go up to 20 years. Second, historically, housing loans were carrying higher rates, which were unaffordable ranging from a minimum of 12 per cent to a maximum of 19 per cent in early nineties. In fact, it was during this period people were reluctant to avail of the housing loans, especially people with limited-fixed-low and moderate income. Then the period of late nineties marked with increasing number of HFIs from all corners and supply of loans for housing with drop in interest rate. Since interest rate influences the demand for housing loans, there has been a spurt in housing activities. Thanks to the low interest regime. Housing loans have been made available to the consumers by a large number if HFIs in the market in two different schemes of interest- Floating and Fixed, which cannot be inter changed even once in the during the term. Floating rate refers to a facility in which the consumers would have the benefit of paying interest over their loans according to the changes that occur from time to time in the market. For example, if the rate of interest on housing loans is reduced, the consumers will pay according to the reduced rates and vice – versa. Where as in the case of fixed- regime, the interest rates are fixed at the time of availing for the entire term of housing loans. In other words, the consumer loan repayment chart will not be altered even if there are any changes in the market. Though interests are charged on reduced balance of principal in both the case, floating rates are cheaper than the fixed rates in most cases. The difference ranges anything from 0.25 per cent to 1 per cent in all slabs of loans. However, there are instances of fixed loans being cheaper than floating rates or no difference at all. For example, Can Fin Homes and HDFC products respectively. Further, ever since the emergence as a segment of capital market, non-existence of uniform rate is the characteristic feature of Indian housing finance system. Cost of fund, Charge on capital, cost of operation, Regulatory Provisioning and Margin of Profit are some of the important considerations for fixing of interest rates. RBI being the apex body of the monetary system fixes interest structure for the loans advanced by commercial banks, housing financial subsidiaries and Cooperative societies. Other private financial institutions charge interest rate over and above the prevailing interest rate in the market. It is needless to say that the difference in interest rates across various institutions is over 1 to 1.5 per cent.

Table 4.2: Types of Housing Finance Institutions in India

Segments	Source of Funds	Target Persons/ Clientele
I. Subsidized Financing		
a) Housing and Urban Development Corporation (HUDCO)	Borrowings from LIC, GIC, International Agencies and Sale of Debentures.	Development Authorities, Housing Boards, Cooperative Housing Societies.
b) Rural Housing Finance Corporations of Various States	Budgetary Allocations of State Governments.	Vulnerable Sections and Poorer Sections.
c) House Building Advances of Government of India	Budgetary Allocations.	All Categories of Employees of Government of India.
d) Employees Provident Fund	Members Subscription and Contributions of Employers.	All Subscribers.
II. Commercial Financing		
a) Scheduled Commercial Banks.	Deposits and Business Income.	Depositors, Employees, shares and bonds Investment.
b) Life Insurance Corporation of India	Premium Income and Income from Investments.	HUDCO, State Governments, Employees housing societies, Builders.
c) General Insurance Corporation of India	-do-	-Do-
d) Canfin Homes Ltd	Public Deposits, Refinance from NHB, loans from parent bank, UTI etc	Individuals, agencies, builders etc.
e) Ind- Bank Housing Ltd	-Do-	-Do-
f) Punjab National Bank Housing Finance ltd	-do-	-do-
g) Bank of Baroda Housing Finance	-do-	-do-
h) Cent Bank Home Finance	-do-	-do-
i) SBI Home Finance	-do-	-do-
j) Vijaya Home Finance	-do-	-do-
k) Vysya Bank Housing Finance	-do-	-do-
l) Dewans Housing Finance corporation	-do-	-do-
m) Other Subsidiaries of Private Companies.	-do-	-do-
n) Housing Development Finance Corporation	Share Capital, loan link deposits, sale of bonds, borrowing from commercial banks.	Individuals. Cooperative Societies, Corporate Bodies Builders and others.
III. Coop. Societies Apex and primary Societies	Working Capital and Borrowings.	Members of the societies.
IV. High Cost Financing (Informal)	Ancestral transfers, Own savings and capital,	Individuals of all income groups, people in need of money, people unable to mobilize margin money and others.

Source: Compiled from respective Company Profiles and Annual Reports.

Chapter Five
Slums in Urban India: The World of Degraded Environment

Undoubtedly increased prosperity, wealth and larger contribution of urban areas to gross domestic product, better living conditions and improved governance have encouraged migration into urban areas from rural and most backward regions. Having arrived without any form of securities, migrants often resort to settle down either in an existing informal settlement or would form a new one, mostly in public places, as access to secured land is increasingly difficult, owing to rise in land value (Fekade 2000). Further, lack of effective planning in human settlements and institutional mechanisms in developing countries (Bocquier 2008) has given rise to an unprecedented growth of slums in the urban areas. Incidentally today, India's urbanisation is encompassed with parallel poor informal settlements and practically no urban area in the country, irrespective of its size is free from slum dwelling, which is a part of the overall urban life. The Indian slum is defined as "a compact area recognised or un-recognised by the state, union territory administration or local government under any act with at least 300 population or about 60-70 households of poorly built congested tenements, in unhygienic environment usually with inadequate infrastructure and lacking in proper sanitary and drinking water facilities" (Census 2001). Slums being the underserved settlements have over the years earned a number of distinguishing characters such as, unauthorised occupation of land, congested built up areas, villages within urban areas and together different socio-economic and physical conditions. But, despite of this urban reality and a phenomenal growth of slums over the years, the absence of a national policy for an orderly development was conspicuous till recently, let alone an effective administration and financing of the development of slums in the country. What is even more bothersome is that absence of the community participation in the overall development of settlements and management of slums. Keeping these development challenges, more so in improving the residential standards, the need of the hour is to revitalize the public intervention and stepping up public financing, including roping the private and market initiatives into the management of the slums.

Understanding of slums from viewpoint of the geography, demography and human settlements both at international and national levels have prompted several insights into the world of slums. This understanding has facilitated to capture two very important and consequent changes: (a) Evolving workable/feasible public policies by governments for the overall improvement in living and environment conditions of the slums; especially in the

developing regions; and (b) Evolving schematic interventions for improving housing conditions, basic amenities, living environment etc., and mainstreaming of slum population into urban process as part of achieving inclusive urbanisation. The United Nations has played its own part in sensitizing governments of the developing countries in the seventies to ensure decent living standards for the people. In this regard, the Vancouver declaration (Habitat 1976) is a land mark to ensure socio-economic and living environment improvement in all human settlements, irrespective of their locations - urban or rural areas with public investments, including subsidies, incentives etc. Further, the Global Report on Human Settlements has been a great deal of significance in understanding the slums in different countries, in terms of their incidence in the development context, searching adequate policy responses and proposing agenda for improvement of slums, based on the experience of the number of countries, including India. These initiatives have successfully sensitised about the incidence and magnitude of slums in the twenty first century, besides laying roadmaps for the eradication of slums in those countries.

In the case of India, slum or informal settlement has been a world in itself and it is an extended world, next to the rural and urban segments of the country. If rural India is deprived of the visible development, slums being part of urban India are also no different from the rest be it living standard, access to social & infrastructure, living environment etc. The efforts for the development of the slums and their improvement have almost coincided with that of development planning in the early fifties and with advent of industrialization in urban areas. More so, schematic approaches for the improvement/development of slums were clearly laid down in the Second Five-Year Plan (1956 to 1960) itself, (GOI 1956 and Shivalingappa 1975). There were seven important strategies: (a) Acquisition and clearing of slum areas; (b) Acquisition of private lands and allotment of independent sites; (c) Acquisition of private open lands to rehabilitate the slum dwellers;(d) Construction of small independent houses on house sites for allotment of slum families; (e) Construction of small twin houses for two slum families; (f) Construction of multi-storeyed buildings to rehabilitate the slum dwellers; and (g) Environmental improvements in the slums that are located in the government, municipality, corporation and City Improvement Trust Board lands. Disappointingly, these strategies have had limited impact on the slums improvement on account of (a) Displacement of Slum Dwellers from their work places as well as social network; (b) Litigations by Private Land Owners; and (c) Inadequate Public Funding. With regard to the last regime, national government being the principal supplier of finance for the cause of the slums, it has channelized public investment through state housing boards, city

improvement trusts, town planning authorities and slum clearance boards, which was entirely inadequate to meet the total challenge. Subsequently since seventies, the responsibility was entrusted to the Housing and Urban Development Corporation (HUDCO) to administer the public investment for development of slums in the country. It must be noted that these strategic interventions of the government were by and large ad hoc in nature and were not necessarily based on the understanding of dynamics of the urban slums from their ground perspectives. In reality, the public understanding of the growth of slums and their incidence across urban India has never been attempted, let alone collection and presentation of time series data on the slums by any authority until the mid-seventies. The NSSO has first ever attempted to understand the socio-economic conditions of slums in 1976-77 (31st Round), the second in 1993 (49th Round), the third in 2002 (58th Round) and the fourth survey in 2009 (65th Round). This does not mean everything, as there are huge lot of differences between the first two and the last two rounds of surveys, in terms of the coverage and methodology. These apart, efforts in to building of time series data on Indian slums, have been altogether missing. Even more disappointing is that despite the growing incidence of slums in urban areas, the Census of India hadn't realised the importance of collection and presentation of census data on slum population until its first ever attempt in 2001. The efforts of the National Sample Survey Organisation (NSSO) over the last three and a half decades have pressed for evolving a national consensus through Draft National Slum Policy-2003 (DNSP) (GOI 2003) enshrining the essential strategic interventions both by the central and state governments across the country. There has been a significant improvement in the approach of the survey in every round. In the first round (31st Round) only Class I towns having 1971 census population of one lakh or more and Class II towns viz., Shillong and Pondicherry was covered. The second survey (1993- NSS 49th Round) was conducted after a lapse of sixteen years and included rural areas also into its coverage and based on the declarations of the municipalities, corporations, local bodies or other development authorities, the slums were classified as 'Declared' and 'Undeclared'. Again after almost ten years the third round survey (NSS 58th Round) was conducted in 2002 limiting it to only urban areas, in terms of availability of the facilities rather than their adequacy. The current 65th Round portrayed the availability of the area, approach roads, electricity, drinking water, sewerage, drainage, garbage disposal and their assessment of improvement over the years in the notified and non-notified slums in the whole of Indian Union. In fact, the DNSP has been a guiding force at the sub-national levels (or states) to evolve their own policies and action plans for the eradication of slums in their respective areas. This apart, the Ministry of Housing and Urban Poverty Alleviation has been

implementing a major scheme viz., Rajiv Awas Yojana (RAY), which envisages secured housing facility with access to amenities for the slum dwellers and improvement of living and environmental conditions in the slums. What is significant is that it is this very scheme that has been dreaming a slum-free India in the coming years (GOI 2007).

These initiatives at the national level and the institutional interventions at the regional level have contributed for significant and positive impact on the walks of life in the slums. Dwindling number of the slums in the country coupled with the overall living and environmental improvement in the slums in urban India have been the realities for the first time and testimonies of the change. Capturing these changes in the housing and living environment fronts in the slums across two different periods and to identify the main drivers of change is attempted. The HABITAT initiatives for sensitizing about the growing urbanization and the sustainable policies, especially in the urbanizing countries and The Global Shelter Strategy (UNCHS 1998) have clearly emphasized to develop housing sector as a significant component of economic welfare of the people and to address the housing and amenities needs of poorer sections, more so in slums. But in the Indian context, although, growth of slums in India has been synonymous with the urbanization, this subject matter had not attracted academic attention of social scientists for comprehensive understanding across the geographical spread and of the socio-economic conditions of the slums. Therefore by and large, the academic literature on slums was confined to stray writings and it can be said that the attempts in understanding of slums have been altogether absence until mid-seventies for want of reliable, analysable and official data base. However, attempts of research studies on slums by a few scholars have had their own limitations, particularly with regard to coverage of slums and methodology. The share of population in slums and its distribution by different size of urban areas and housing conditions of the slum dwellers have been captured in mid-eighties (Cherunilam and Heggade 1987). Slums in million plus cities of the country by households, housing characters, including access to amenities and the government policies for slums have been captured with regard to Calcutta, Delhi and Chennai metropolitan cities, as they were the main cities of the urban slums (Gupta 1985). In addition to these three metropolitan cities, the study also covered Greater Bombay, Hyderabad, Ahmadabad, Bangalore, Kanpur and Poona. What is significant is that there have been an increasing number of million plus cities to twenty-seven, spread over to thirteen states with a noticeable population size. Also important is that more than a few states have reportedly housing slums in more than a million cities. For example, Maharashtra

state has been housing slums in seven one million cities, including Greater Bombay, followed by Uttar Pradesh (5 one million cities), Gujarat (3 cities), Madhya Pradesh and West Bengal (each 2 cities). The 2001 census figures indicate eight more one million cities housing slums. The National Institute of Urban Affairs (NIUA 1988) has furthered the comprehensive understanding of the slums in India and their relationship with the growth of India's urbanization between the 1971 and 1981. All these studies have not only brought to the fore the growing incidence of the slums in the country but also have contributed for a clear understanding of the multifaceted dimensions of the slums. Further, the continuous efforts on the part of the NSSO (2002 and 2009), Census of India (2001) and the Ministry of Housing and Urban Poverty Alleviation (2010) have contributed conspicuously to evolve slum improvement strategies, within a broad policy framework. Excepting analysing the availability of the social infrastructure, housing and demographic outcomes (Chandrasekhar 2005) there are hardly any attempts to capture the changes that have taken place in the slums in the two different points of survey periods.

Finally, one of the ironies of the urban centers of the country is the prosperity on the one side and the presence of the poorer sections on the other. One in every four persons or one-fourth of the urban population in India is estimated to be the poor, although the incidence varies significantly across different urban areas of the country. Having been with the poor status, housing adjustment (families dwelling under same roof) and living in dilapidated housing units have been the most common practices, as they cannot immediately afford to construct independent houses or redevelop the existing life threatening ones. Ill-financing of the state and fixing up of unscientific costs of per unit under the social housing schemes have together aggravated the situation. It is disappointing to note that a housing unit under social housing schemes is expected to be built at around Rs 30,000/- (roughly US $ 625), as against an average soaring unit costs of Rs 1, 44,565/- (roughly US $ 3020) in urban areas (NHB 2005). To be precise, the current financing pattern under social housing scheme is grossly inadequate only one-fifth of the total average unit cost of construction. This only prompts the poor beneficiaries to construct sub-standard housing unit in the beginning itself and these units becomes soon life threatening for want of substantial improvement at time interval. Thus, in order to be effective and realistic on the one hand and to comply with the national commitment of "Safe Housing for All" (GOI 1997) on the other, there is a need for an acceptable assessment of the financial implications, based on the average cost of construction of housing unit in the urban areas. Such assessment facilitates resource allocations both at the national and sub-national levels

for housing the poorer sections in urban areas. Especially, to address the different housing needs, it is indeed necessary to demarcate clearly the financial implications separately for supplying new housing units as well as for redeveloping the existing dilapidated housing units, across the country.

Slums Development Policies: Slums have been defined differently by many scholars according to their contextual understanding. But two definitions are very important, including an official one given by the 58th round of NSSO, because of their comprehensiveness, imbibing all the characteristics of slums. Slums are such parts of the city which may be unfit for human habitation either because the structures therein are old, dilapidated, grossly congested and out of repairs or because it is impossible to preserve sanitation for want of sanitary facilities including ventilation, drainage, water supply etc, or because the sites by themselves are unhealthy. The official definition has been that a slum is a compact settlement with a collection of poorly built tenements, mostly of temporary nature, crowded together usually with inadequate sanitary and drinking water facilities in unhygienic conditions. Slums can be notified as well as non-notified (an area or unit having 25 or more unserviceable structures mostly of a temporary nature, or 50 or more households residing mostly in unserviceable structures with practically no private latrine and inadequate public latrine and water facilities) by local bodies (corporations, municipalities) and development authorities.

The development strategies of the urban slums can be categorized into two regimes based on their character of interventions (a) Ad hoc Approach (1956-1996); and (b) Pragmatic Approach. The main differences between these two are the policy shift and the volume of interventions (schemes and public investment) from the first to the second. Under the first, the thrust was to clear the slums, which was hampered largely due to dislocation of the slum dwellers, whereas under the second, the thrust has been to *in-situ* approach or to improve the slums wherever they are located. This approach is also known for multi-schemes coupled with adequate flow public funds. Further, the improvement strategies in the first regime were pursued almost without a national commitment and a clear road map for the slum development. The next regime was a windfall for the world of urban slums in India, during which a national consensus in the form of DNSP was evolved for the eradication of slums. Also, a dedicated scheme (RAY) has been designed exclusively to improve the housing and living conditions of slum dwellers. These three development strategies of the urban slums are portrayed in the following paragraphs.

The government has exhibited its commitment for the slums through two different schemes viz, Slum Clearance Scheme (1956) and Slum Improvement Scheme (1972). The first scheme was mandating the government to compulsorily acquire slums and redevelop them by demolishing unfit housing stock and replace them by new dwellings. Further, rehabilitation, which was a second component of the scheme essentially emphasized to re-house the slum dwellers in such a way that they should not be away from their place of employment. Subsequently, the shift in policy and approach in the second scheme that emphasized improvement in environment through provision of tap water, sewer and storm water drains, community baths and latrines, paved roads, street lights etc (Gupta 1985 pg 100). The consensus for the improvement of slums than demolition and clearance of slums was built keeping three very important reasons in view: (a) high cost involved in land acquisition for rehabilitation of slums, demolition and redevelopment; (b) avoid dislocation of slum dwellers, up-keep their socio-economic fabrics and resentments; and (c) huge subsidy involved in construction of new houses (GOI 1956 pg 561). The in situ up gradation and improvement of slums strategies have been pursued, as they caused least disturbance both to the dwellers and to their livelihood (GOI 2002).

The National Slum Development Programme (NSDP) was introduced in 1996 to provide Additional Central Assistance (ACA) to the states and union territories for providing physical amenities like water supply, storm water drains, community latrine and bath, widening and paving existing lanes, sewers, street light etc. The scheme also had a component of shelter up-gradation or construction of new houses. Planning Commission used to allocate the funds under NSDP, based on the slum population of the states/ UTs and between 1996-97 and 2004-05, Rs. 24,960 million was spent. Similarly, Valmiki - Ambedkar Awas Yojana- 2001 (VAMBAY) was aiming to provide shelter or upgrade the existing shelter for people living below poverty line in urban slums, with a view to achieve "Shelter for All" as well as the Habitat goal of "Slum less Cities". Scheduled Castes (SCs) families being the main target at 50 per cent, the scheme was to cover 30 per cent from backward classes' families, 15 per cent families from other weaker sections and 5 per cent from physically handicapped persons. A net total subsidy of Rs 9336 million was released for the purpose of implementation of the scheme. The NSDP and VAMBAY were subsequently subsumed with a new scheme called Integrated Housing and Slum Development Programme- 2005 (IHSDP). The related literature indicates that the scheme has had holistic slum development approach with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to the identified urban slum dwellers. IHSDP had a number of good

features like (a) the scheme was made applicable to such cities and towns, which are not covered under Jawaharlal Nehru National Urban Renewal Mission (2005); (b) the land for the relocation of slums should be provided by the state governments; (c) title of the land should be jointly in the names of husband and wife; (d) the ceiling cost of housing unit is Rs. 80,000/-, with 12.5 per cent more in special category/hilly states, difficult far flung areas; (e) housing unit shall not be less than 25 square meters, with two room accommodation along with kitchen and toilet; and (f) beneficiary contribution shall be 12 per cent and 10 per cent in the case of SC/ST/BC/PH. Finally, the commitment of the government for land pooling and sharing, slum improvement, *in situ* slum rehabilitation along with secured tenure, affordable housing and basic services, inner-city slum redevelopment programmes etc., have been clearly stated (NUHHP 2007).

Much before the introduction of IHSDP, one of the significant initiatives of the Government of India was to articulate a Draft National Slum Policy-DNSP (GOI 2004), as a roadmap for the development of slum in the country. Being the first ever national consensus after independence, the states and the union territories were given free hand to adapt DNSP as per the local conditions of their regions. First of all, the DNSP has been aiming at including slums and slum dwellers into the mainstream of urban life/urban living, by developing and improving them through organized public efforts and by stakeholders' participation. The policy has embodied itself with a number of goals to achieve: (a) slum up-gradation and improvement, instead of slum clearance; (b) institutional re-orientation to provide efficient basic services to slum dwellers through public-community mobilization; (c) re-visioning the urban development process and making towns/cities fully democratic, economically productive, socially just, environmentally sustainable and culturally vibrant to reach cities without slums; (d) ensuring equity and distributive justice by promoting balanced, equitable and sustainable development; (e) continuous supply of serviced land for high density occupation by low income groups, in order to proliferate slums; (f) enhancing effectiveness of slum development/improvement activities by collaborative efforts between urban local bodies and stakeholders, especially in the resource allocation, service delivery and in urban governance; and (g) greater participation of community/ civil society in planning, capacity building and development.

The DNSP suggests the following strategic intervention for overall improvement of slums: (a) Listing and Registration of Slums/informal settlements, registration of slum dwellers with identity cards to get entitlement for basic services and other assistance; (b) Delisting such slums, which have reached acceptable norms of the basic service on

sustainable basis and assessment of slums for every two-three years for delisting purposes; (c) Embargo on declaring the slum lands as untenable unless such settlements offers undue risks for human habitation and are against public interest. While fixing such embargo, the District Magistrate, after consulting the urban local bodies and the technical experts, shall hear to resident community in public; (d) Ensuring full property rights to all slum dwellers in government owned lands and the private lands housing the slums, jointly in the names of the spouse, subject to formation of recognized residents' associations. Sale or transfer of ownership rights, although allowed with a fee the policy strongly advocates obviating from the same; (e) Unless the present slum settlement is untenable, which only calls for rehabilitation/resettlement, upgrading and improvement are the primary concerns. In the event of rehabilitation, the due care, as enshrined in the policy must be met; (f) Modification of planning instruments (Master Plans, Land Use Plans, Urban Development Plans, Urban Poverty Alleviation Plans, Departmental Plans and the schemes) to ensure all the slums are integrated into urban areas and formulation of Integrated Municipal Development Plan (IMDP), in order to ensure adequate and sustainable level of infrastructure and services to all in an equitable manner. For this purposes, bottom-up planning is suggested, with priorities of needs and indication of contribution towards the costs of the different stakeholders; (g) Improving quality of life by improved environment and by physical infrastructure development, as one of the tools of convergence of the slum dwellers into the urban mainstream. Community based approach, targeting women and children, household based service delivery, contracting-out of the environment up-gradation activities and piped and hand pump supply of water, individual sanitation and cluster latrines, separate pedestrian and vehicular ways, storm water drains, household electricity and solid waste collection are the physical infrastructure development to be attained to their standard norms; (h) Improving access to preventive, promotion and curative health services and health insurance in partnership with community and private to ensure greater outreach. Similarly, incentive based pre-schools and Non-Formal Education, Day Crèche Facilities, discouraging child labour and upholding their rights and exclusive Public Distribution System needs to be provided with; (i) Bringing municipal services under the Consumer Protection Act to ensure their quality and reliability in slum settlements. It is mandatory to have a Special Consumer Panel at the municipality level comprising of members of different settlements to redress; (j) Strengthening livelihood needs of the urban poor through vocational, self-employment facilities, providing improved access to raw materials and marketing support, legal rights and redressing system, organising Savings and Credit Groups, on the lines of self-help groups to increase access to formal sources of credit by the

urban local bodies; (k) Financing sustainable slum improvement through public funding both by the state- Slum Development Fund (SDF) and Municipalities- Municipal Convergence Fund (MCF) besides Private Sector Funding. Institutional financing, extending tax base, user charges, sharing cost by community and by selling land title are the other suggested sources; and (l) Improving Creditworthiness, strengthening municipal governance, shelter up-gradation, monitoring and evaluation of the strategic interventions are the other considerations apart from obtaining illustrative feedback by the slum dwellers on water, sanitation, access to credit and on their housing.

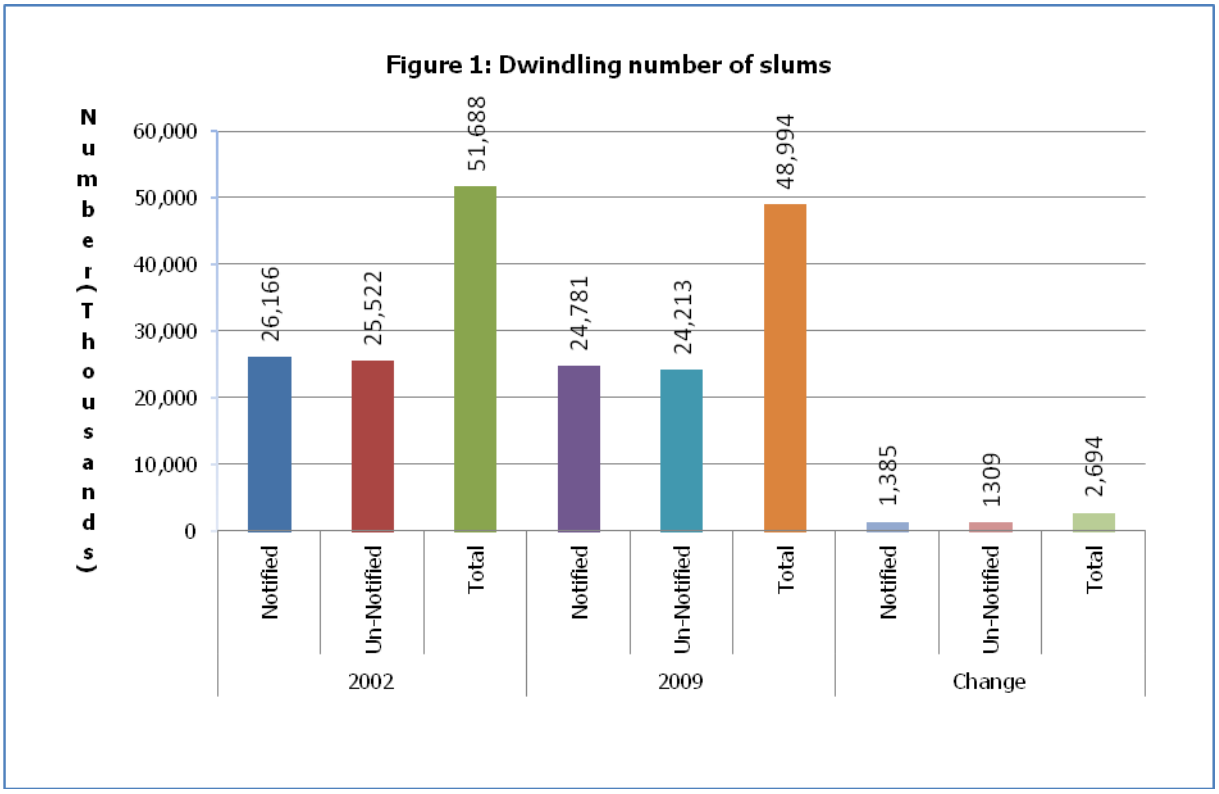
Dreaming Slum-Free Cities & Rajiv Awas Yojana (RAY): RAY is a very important Central Assistance Scheme (CAS) for slum redevelopment and construction of affordable housing for slum dwellers. RAY has a three pronged critical objectives to achieve: (a) tackling the twin problems of shortage of urban land and housing the urban poor; (b) redressing failures of formal system that have come in the way of slum development and put an end to creation of new slums; and (c) subsuming slums with rest of the urban system and achieve parity in basic amenities. Being a vision for slum-free India, RAY pointed out four critical priority issues: urban planning, land, housing and infrastructure and financing. City Master Plans (CMP) should give up exclusionary model that earmarks land for HIG/MIG, commercial, institutional recreation and other uses but excludes EWS/LIG, which has facilitated income classes and excludes the poor from access to land besides throwing them out of the land market. To put an end this process, RAY points the CMP should make provision for EWS/LIG- distinct category. The approval city authorities must ensure that "small lot zoning" (creating plots for EWS/LIGs) is ensured in layout for housing. Regarding land, the JNNURM should reserve 25 per cent of the developed land in all new housing colonies for EWS/LIG housing, as compensation to non-allocation of land for these sections. Similarly, as is the global practice, the occupied land or a part thereof should be allocated for the slum dwellers to have access to housing and basic amenities. Given the massive needs for affordable housing, it is necessary to involve private sector to create affordable housing stock on ownership, rental or rental-cum-ownership basis, in addition to public actions for housing the slum dwellers. Government should also earmark resources for affordable housing for the urban poor. Lastly, banks and housing financial institutions should give up their reluctance to finance EWS/LIG segments and governments should work out suitable fiscal, legal and institutional mechanisms to ensure flow of capital for the priority scheme.

In order to realize the slum-free city dream, the RAY mandates two action plans - one for the state and the other for city, which has slums. The State Slum Free Plan of

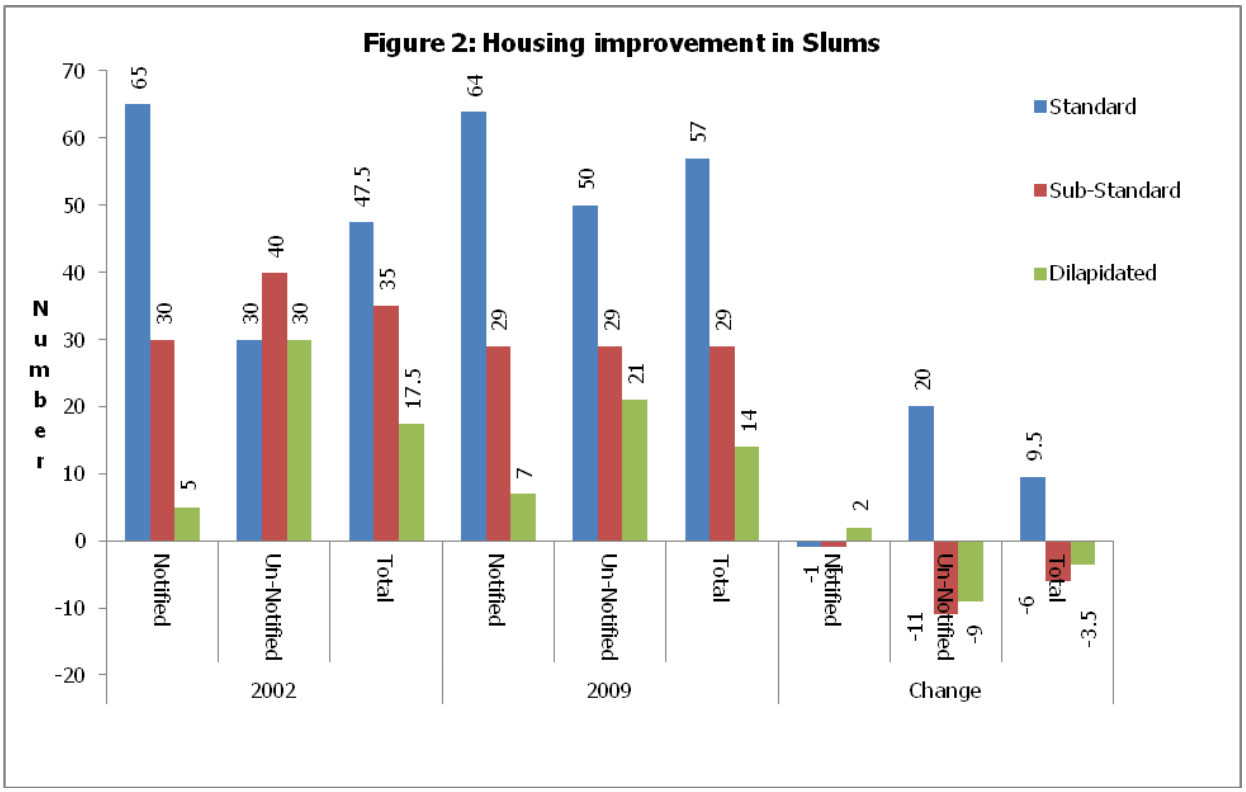
Action (SSFPA) should be annexed with a legislation of the state assembly covering all legislative issue necessary for redevelopment or rehabilitation of slums, including spatial norms, city/ies identified to be covered in five years, phases, approaches (integrated or holistic), notified or non-notified for up gradation of slums for each identified city. The objective such plan emphasise should be to ensure decent housing with all basic civil infrastructure and services with total sanitation (individual toilets). The plan should be flexible and beneficiary-built housing model, prepared separately for up gradation of existing slums and action for preventing new slums. It should also be appended by legislative and administrative changes to enable urban land expansion, town planning regulations to reserve EWS/LIG housing. The other mandates are to prepare SSFPA for the entire state by the respective governments and union territories assign legal title to slum dwellers over their dwelling space through legislation for property rights and bring about necessary reform to make urban development inclusive. The SSFPA thus prepared and after approval by state assemblies should be submitted to central government for funding under RAY. Slum-Free City Plan of Action (SFCPA) shall be prepared by the Municipal Commissioner/Executive Officer of the urban local bodies, based on the guidelines of the state government. SFCPA is prepared for each city based on (a) the survey of all slums; (b) the mapping of slums; (c) integration of geo-spatial and socio-economic data; and (d) identification of development model for each slum, as per the guidelines of the state government and the nodal agency of RAY. SFCPA would be prepared depending upon availability of lands, construction of affordable houses, infrastructure etc, and after identifying the gaps in these parameters between the city and slum levels. Based on the decision about up-gradation/in-situ development or relocation of the existing slums, slum-free plan would be implemented with timeline and phasing, which would be monitored. Government of India besides financing the SSFPA and SFCPA of state governments and municipalities respectively, also supports for conducting slum surveys, slums database, slums mapping, expert consultancies, NGOs/CBOs, biometric identification of slum dwellers and hard wares, training programmes etc. Further, if a national steering committee monitors the entire process of SSFPAs in a time bound manner, a monitoring committee considers all the proposals, including sanctioning of funds, reviewing the physical and financial progress under the RAY.

The various public initiatives (ad hoc as well as specific development approaches), as detailed in the preceding section have led to number of changes in all walks of life of the slum dwellers and in urban slums. Especially, in the case of housing, access to housing

amenities and in living environment, have there has been significant improvement. Dwindling number of slums over the years is a most importantly change that has been taking place in the urban areas during the reference period than ever before. The number of urban slums dwindled were in the order of 2694, as a result of reduction of slums 48,994 in 2009 from 51,688 in 2002, of which 1,385 (51.41 per cent) and 1,309 (48.59 per cent) were respectively notified and un-notified slums. It only indicates that the slum improvement/development interventions have focused both notified as well as un-notified slums almost equally, without making any distinction. The notified slums, which were in the order of 26,166 have dropped to 24,781 and similarly, un-notified slums from 25,522 to 24,213 during the period **(See Figure 1)**. In fact, this positive change is a reflection on a series of conspicuous public interventions of the national government. Of the three categories of housing stock namely, standard, sub-standard and dilapidated (NBO 1988), there has been a significant shift towards constructing standard housing units or up-gradation of the existing sub-standard units into standard ones. Standard units are those that are constructed by using burnt bricks, solid blocks, sand-cement mix etc for walls and roof made of corrugated iron, cement concrete, tiles, slate etc. People with regular income and construction financial institutional assistance prefer constructing standard units. Secondly, sub-standard units are those which have either walls or roof made of standard materials but not both, used to be constructed by those having irregular income of their own. Finally, such structure constructed out of locally available materials that have become dilapidated over the years on account of lack of proper maintenance and frequent up-gradation. These units have to be rebuilt at short intervals, as they are unsafe for dwelling and may not provide safe shelter round the year or over the changing climatic conditions. These units are usually built by the poor and those not able to afford using standard building materials for house construction. As a result of this shift, there has been a corresponding decrease in the sub-standard and dilapidated stock in the slums. The increment in the standard housing units was 9.50 per cent on account of increase from 47.50 to 57 per cent **(See Figure 2)**. Owing to this important change, the total sub-standard and the dilapidated housing stock have declined by 6 and 3.50 per cent respectively. Sub-standard housing units, which were constituting 35 per cent in 2002 scaled down to 29 per cent in 2009 and dilapidated units from 17.5 to 14 per cent. What is striking is that the shift towards incremental standard housing units has mostly emanated from the un-notified slums than the notified ones. The standard housing stock in the un-notified slums has increased from 30 to 50 per cent, as against a marginal fall in the case of the notified slums. Proportionately, the share of the sub-standard and the dilapidated stock in the un-notified slums has been



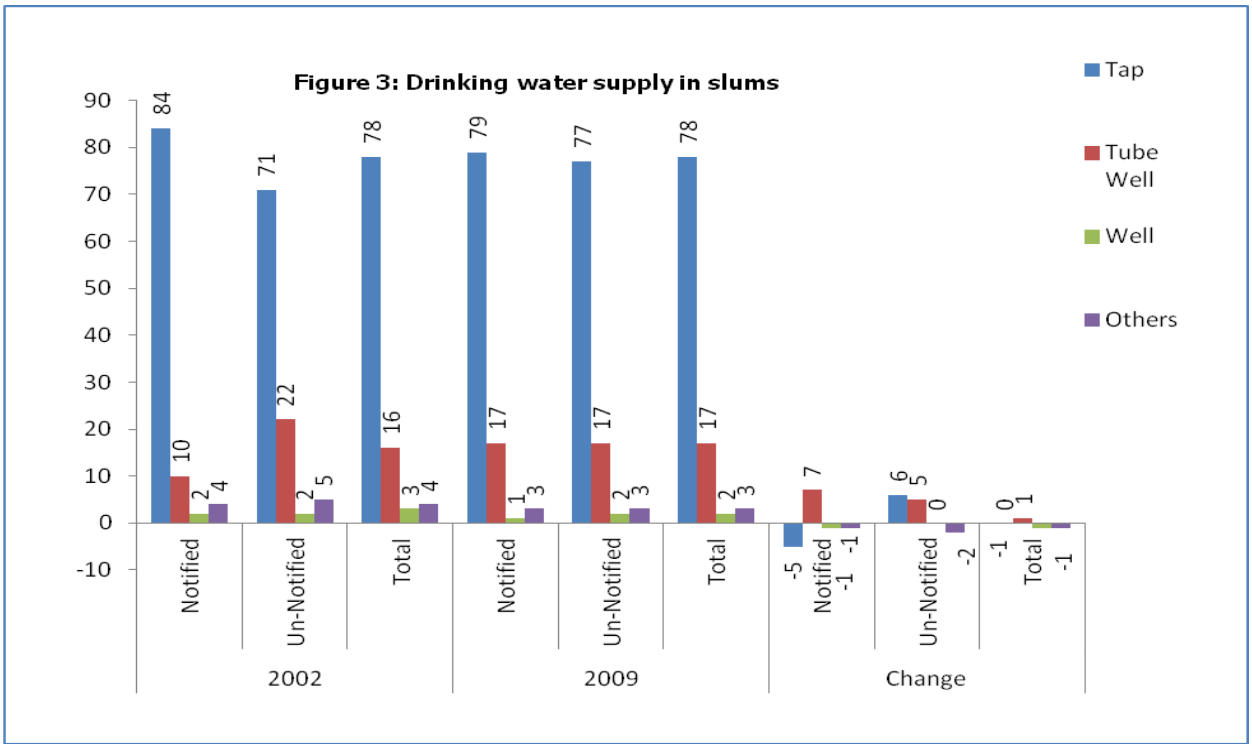
Source: NSSO (2002), Conditions of Urban Slums, NSS 58th Round and NSSO (2009), Some Characteristics of Urban Slums, NSS 65th Round, Government of India, New Delhi.



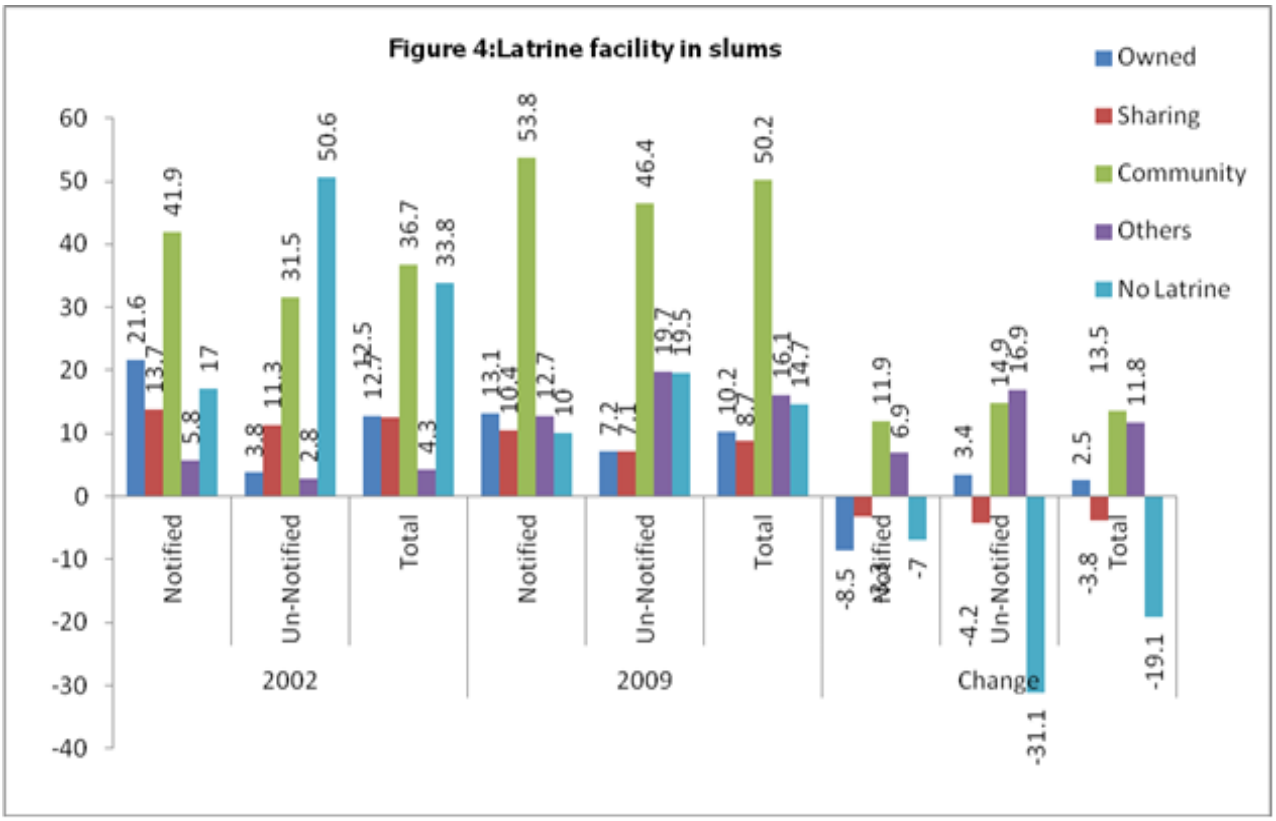
Source: As in Fig. 1

wiped out by 11 and 9 per cent respectively, which is far above the national average. While in the case of the notified slums, the share of the sub-standard housing stock has marginally declined but dilapidated stock has rather increased to 7 per cent, which is twofold more than the national trend. The situation with regards to access to housing amenities (drinking water, electricity, latrine/sanitation and sewerage) by the urban slum dwellers is not very encouraging, as there is only a marginal increment during the period and the deprivations are conspicuously persisting. Though there is considerable coverage of slum dwellers with drinking water supply through tap and tube wells (95 per cent) still the rest had no alternative but to use drinking water from open wells and other source, whose quality is not assured **(See Figure 3)**. Not questioning the quality and adequacy of the piped water supply (HABITAT 1996, pg 264), tap connections to houses in un-notified slums have increased by 6 per cent additionally. Similarly, in the notified slums, another 7 per cent of the slum houses have been supplied water from tube wells. But one of the positive aspects is that slum dwellers depending upon unsafe drinking water source (wells and others) declined to 5 per cent in 2009 from 7 per cent in 2002. Next to drinking water, the other important concern is sanitation in the slums. Based on the availability of latrine facility, slum dwellers can be classified into two: one with access, irrespective of source of availability and the others without access. Obviously, it is the second category, which resorts to open defecation, as the single most option. What is evident officially is that slum dwellers with access to latrine facility have increased to 80 from 66 per cent **(See Figure 4)** and as a result, the incidence of open defecation due to non-availability of latrine facility has reduced from 34 to 15 per cent. More so in un-notified slums, the incidence of open defecation came down to around 20 per cent from 51 per cent, which is worth noting. While enhancing access to latrine facility to slum dwellers, community based latrines have played a significant part both in the notified and un-notified slums. The community source covered more than half of the slum dwellers, as against 37 per cent in 2002. Yet, 'other' source (possibly pay and use initiative) covered additionally about 12 per cent of the slum dwellers with latrine facility. In fact, the total coverage by other source has increased from mere 4 per cent to over 16 per cent, especially in the un-notified slums. Finally, sharing latrines (between households) latrines share in the total coverage has eroded together from 12.5 to 8.7 per cent.

Household connectivity to sewerage matters a paramount importance in order to keep housing environment tidy and hygienic, more so in urban slums. In this regard, it can be said that higher the household connectivity to sewerage better hygienic as well as better

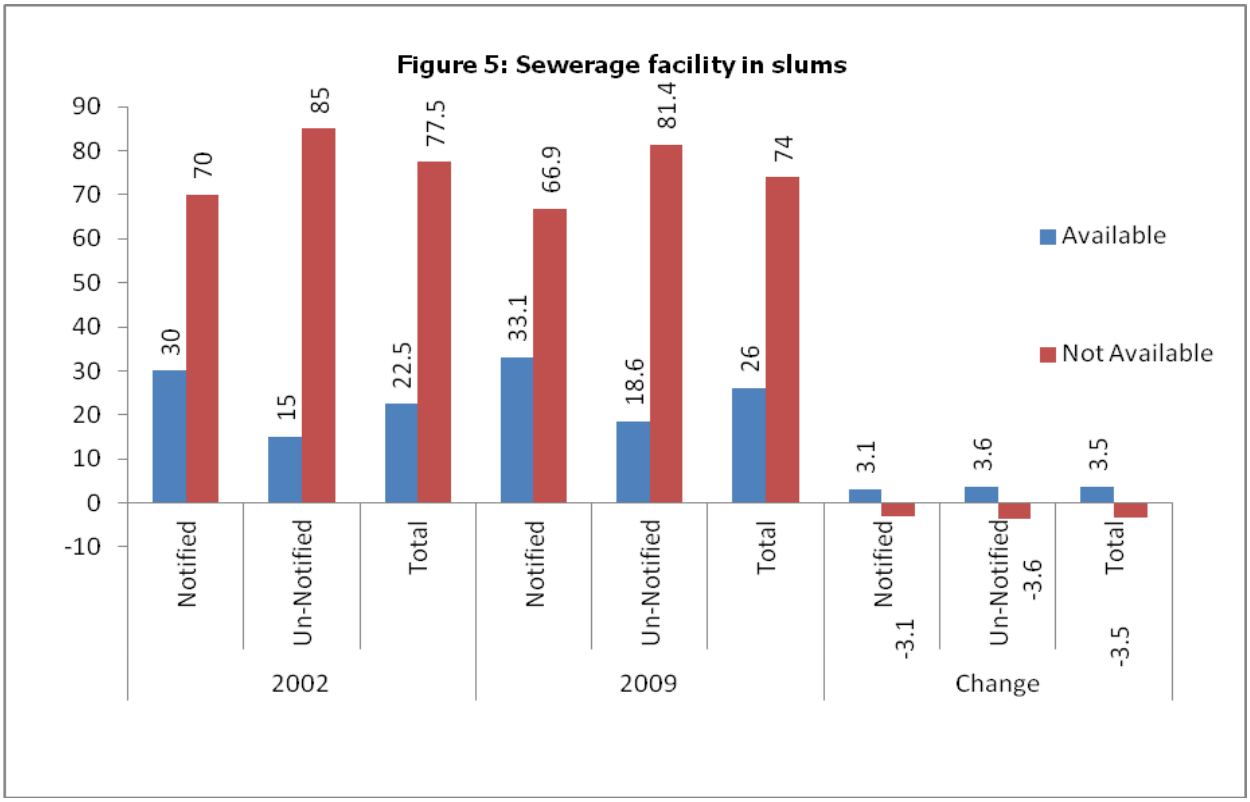


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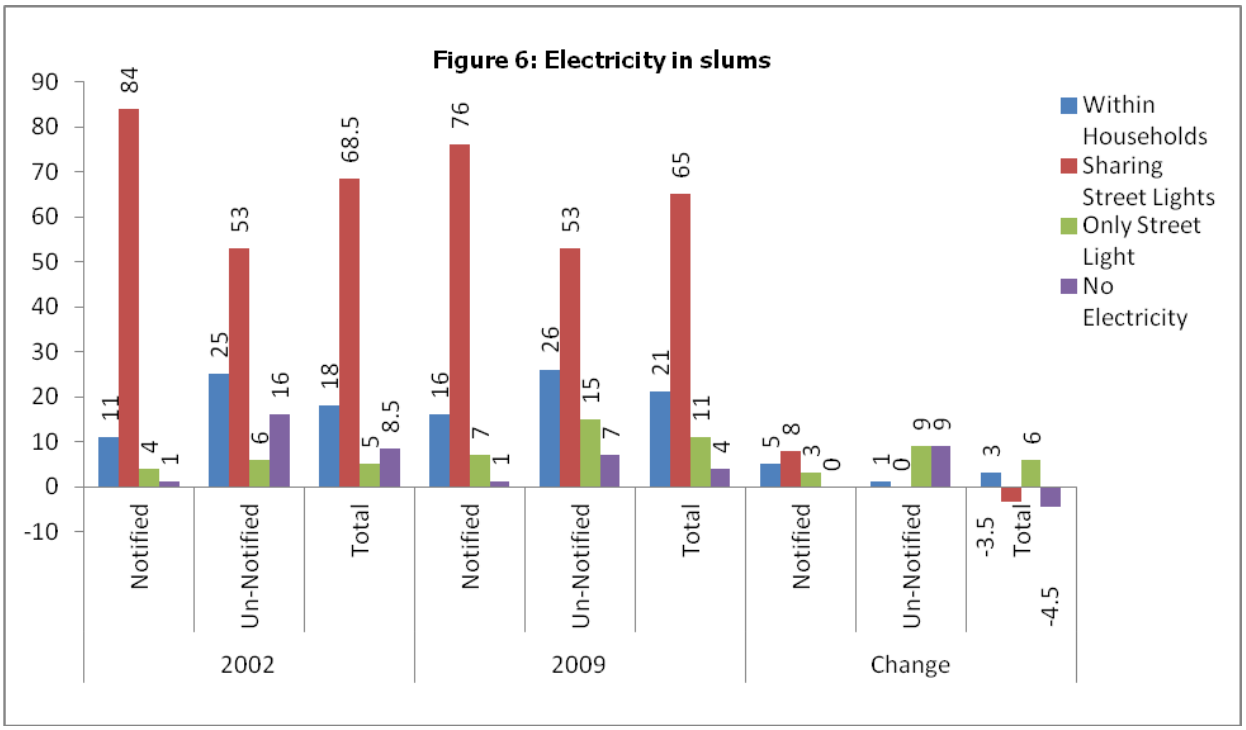


living environment and vise-versa. Households' connectivity to sewerage facility in slums has increased to 26 per cent in 2009 from 22.5 per cent in 2002, with a net increase of 3.50 per cent **(See Figure 5)**. A noticeable feature is that the success in additional connectivity of households to sewerage has taken place almost in the same scale both in notified and un-notified slums. With the unsatisfactory coverage, still a large segment of the households (74 per cent) have remain unconnected to sewerage facility and the consequence of this huge exclusion could be largely attributed to unfavorable living environment in the urban slums. Lastly, being an economic good and given its contribution to economic and domestic activities, the necessity of household connection to electricity hardly needs any emphasis. Although, households without electricity at all have dropped over the years, electricity connections to slum houses have increased only to 21 from 18 per cent **(See Figure 6)**. It goes without saying that the unimpressive coverage of household electricity is largely on account of unaffordable connections and installation as well as consumption charges. However, owing to lack of the facility, households have resorted to depend upon street light, as source of lighting at alarming level and over three-fourth of slum dwellers have been deprived of electricity.

Urban slums and unfavorable environment conditions are the synonyms in the Indian context and have been interchangeably used terms, ever since the slums exist. In fact, slums have always been enjoying dubious distinction of being the centers of degraded environmental conditions. The public initiatives to improve the conditions though have brought some respites in the walks of life of slums but needs to go a very long way, especially in the case of water logging and people's participation fronts. Development of all-weather roads, development of approach roads to slums and garbage collection are three of the several other environmental issues in which public initiatives have made some headway. Slums with all-weather roads have increased to a little more than two-third, as compared to 54 per cent in 2002 and the net increase are in the order of 13.5 per cent **(See Figure 7)**. Un-notified slums have attracted a good deal of public efforts in the development of all-weather roads than the notified slums. The un-notified slums have achieved an overall increment of 20 per cent, which is more than the national average in the development of all-weather roads than a mere 7 per cent increase in the notified slums. Similarly the development of motor able roads has correspondingly increased by a net 22.50 per cent to 65.50 from 43 per cent. If the un-notified slums have put up a 3 per cent increase in the development of approach roads from 55 to 58 per cent, the notified ones have remained at where they were at 73 per cent. Over 83 per cent of the slums have had the benefit of



Source: As in Fig. 1

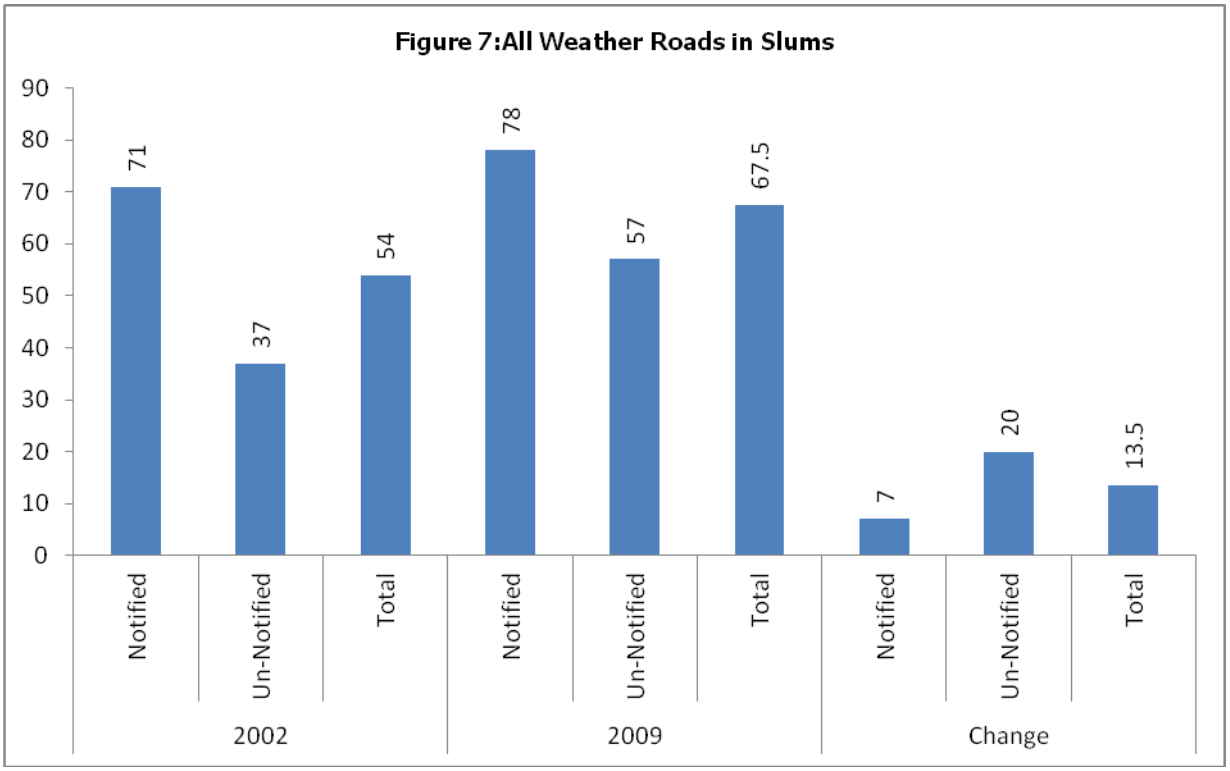


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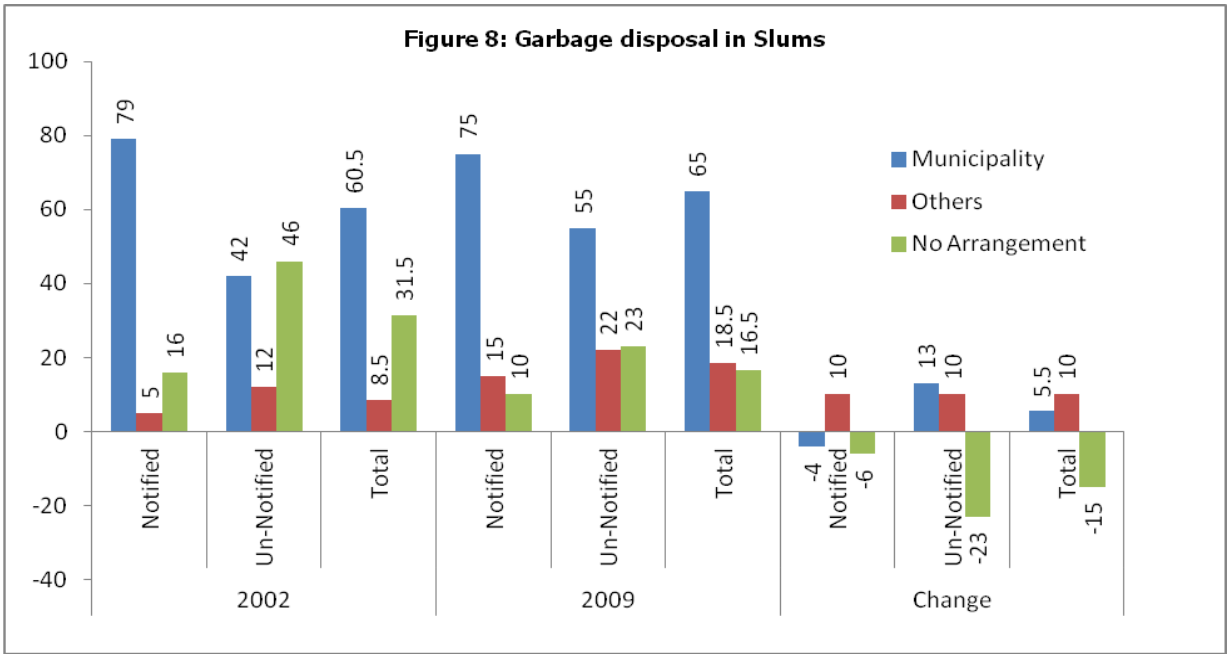
garbage collection, which is 14.5 per cent over and above 69 per cent in 2002 **(See Figure 8)**. But the most important fact is that though municipalities have stepped up their efforts for garbage collection over the years, the real success has come from the other initiative, especially the out sourcing method, through which the volume of garbage collection increased to 18.5 per cent, as against 8.5 per cent, both in the notified and un-notified slums. As a result of the initiative, slums without any arrangement for garbage collection came down to around 17 per cent and are continuing face the problem of mounting garbage.

Despite the overall positive changes that have taken place, a few of the environmental problems have been continuously daunting the urban slums of the country. Water logging in urban slums is one such problem, the incidence of which has rather augmented. It goes without saying that the public initiative for arresting water logging problem has hardly brought any improvement from the prevailing conditions. Much to the dismal position, the incidence of water logging, as faced by urban slums increased to 47.5 per cent from 45 **(See Figure 9)** and the incidence has mostly heralded in the case of notified slums, while in the un-notified slums the problem remained unattended at all. One of the reasons for the continued degraded environmental conditions could be that urban slums have been excessively depending upon the state action or public intervention for their improvements. This is evident from the fact that government is the principal and critical source of service provider in the slums, although there was a marginal decline in the same from 90 to 89 per cent. In other words, the role of non-governmental organizations (NGOs) market forces (others) though have made inroads in a very small ways in the improvement of urban slums but the volume of services provided by them has together increased from 3.77 to 8.40 per cent during the assessment period. However, what is deplorable is that the residents' participation level in the provision of various services in the slums, which has eroded from 6 to less than 3 per cent, may be on account of increasing operations of the state and other players. Further, it is even more evident in the case of peoples' participation in the management of slums. The situation is far from satisfaction, as the residents' association activities in the slums is completely stand still at 24 per cent. More so in the case of notified slums, the residents' associations have minimized their existence from 35 per cent to 28 per cent, whereas the situation in un-notified slums is much better, as the associations activities have been on revival path.

Slums in India have been occupying a significant space of the urban areas, ever since urban expansion and urban development begun more conspicuously



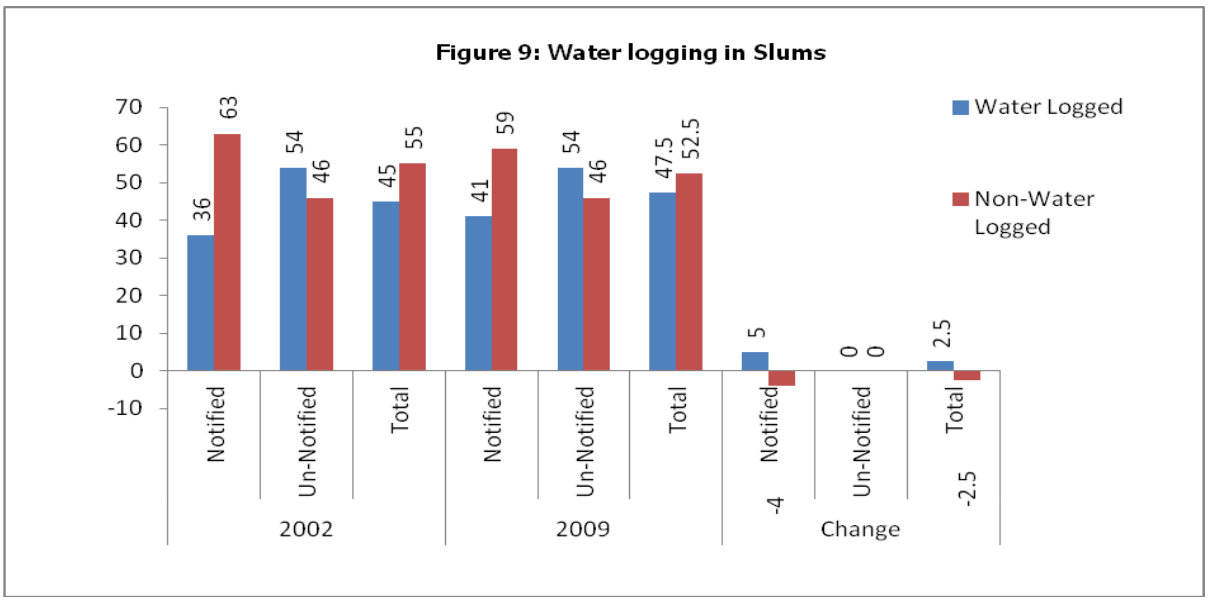
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in the last fifty years of planned development, on account of the reasons spelt already. The incidence of slums though widespread in urban areas but largely found in ten major Indian states namely, Maharashtra, Andhra Pradesh, West Bengal, Tamilnadu, Gujarat, Delhi, Uttar

Pradesh, Karnataka, Madhya Pradesh and Orissa. Cities with one million and above population of the above states, in addition to a few other states, have been the centers housing the slums. From the point of development of urban slums, there has been a paradigm shift in the approach and strategies from ad hoc to pragmatic and from fringe to wholesome. This shift has resulted not only with a significant change in the urban sphere in terms of dwindling number of the slums but also in the living and environment improvements, more so in the slums located in public and municipal lands. Gradual shift of slums from residential areas to areas around industrial and commercial establishments is another feature in the recent years. The efforts of the national and state governments to improve the conditions of the urban slums have had many setbacks, including a well-designed commitment supported by public finance. The schematic interventions for housing the slum dwellers and living environment improvement of the slums also have had limited impact. However, strategies like "Shelter for All" enshrined in the National Housing and Habitat Policy of government of India and "Slum Less Cities" of Habitat have got major impetus for the development of the slums, especially under Integrated Housing and Slum Development Programme since 2005. National Slum Policy (2004) is a way forward and a guiding force for achieving slum free cities with rejuvenated strategies, empowerment and entitlement for the slum dwellers. Further, RAY, as a major intervention of the national government, has brought greater visibility in the provision of housing and the basic amenities for the slum dwellers aiming at achieving inclusive urban development.



Source: As in Fig. 1

Chapter Six
Third Sector in Housing Development: Problems and Prospects

Introduction: The Cooperative Housing Societies (CHSs), is one of the strong institutional networks in the housing market, which have contributed in their own ways in realising the dream of owning housing units of the needy, though such actions are not considerable. Beginning with the first decade of the last century, the cooperative housing movement has spread over its activities throughout the country especially in major and medium urban centres and established itself as a third sector in the housing market next to government and the private sector. In fact, today cooperatives are the largest institutional network in the housing sector in India. Although it is difficult to precisely ascertain the share of cooperative societies in the total housing production, they do play a significant role in supplying critical inputs such as developed sites and long-term credit for housing activity. Over the years, cooperatives have also supplemented the action of housing production along with the other financial institutions like commercial banks, insurance sector, financial subsidiaries, etc. With the increasing emphasis on social development and considering housing as a facilitating institution, demand for housing inputs like land and finance has increased tremendously. Multi-agency approach to supply residential plots as well as housing finance was mooted of late to meet the input needs of people of various income brackets. It is at this juncture, cooperatives have come to known as an effective agencies of supplying housing inputs. However, notwithstanding their institutional networks housing cooperatives have remained weak. Market lending rigidities coupled with low financial base have shortened the housing activities of members. Overdue and bad/doubtful debts are on the increasing trend. Financial viability is under question.

Under the context of new economic policy and large scale participation of private action since the late 80s, cooperatives have been expected to play a major role and to prove their utility in meeting the housing needs of weaker sections in particular and the needy in general (NBO, 1988). With the new expectation, the cooperatives may have to acquire a new status as alternative agencies to the market system in the years to come to supply housing benefits at a fairly cheaper rate. The existing cooperative set up and its weak performance should not come in the way of better opportunities and relegate the importance of housing cooperatives into background. There is a great need to reorient the actions of cooperative housing societies to make them an alternative way in the changing economic circumstance and to meet the housing needs of unaffordable persons in general, their

members in particular. In this paper an attempt is made to examine a number of issues concerning CHSs, with regard to their organisational structure, financial performance, delivery of housing benefits, working performance, etc. This is followed by a discussion on evolution and structure of CHSs as it is seen today, the financial performance of CHSs with respect to their resource base, levels of borrowings, especially issues pertaining to overdue and bad debts. Also, the house construction performance of cooperatives, their working results over the years, some of the alternative methods available for CHSs in order to enhance their share in the housing stock are discussed.

CHSs – Evolution and Structure

Notwithstanding the beginning of the cooperative movement in housing in the first decade of twentieth century, it did not spread its activities to every nook and corner initially in the country. Rather its operation was limited and especially confined to a few Presidency States. The first cooperative housing society was set up in the year 1909 in the erstwhile Mysore State (Khurana, 1989), and this was followed by starting of the Bombay Cooperative Housing Association in 1913 by the Bombay State and then the Madras State also organised cooperative housing society in 1914 (Naik 1971). Although the first two Presidency States were the pioneers in the efforts of organising people to form housing cooperatives, all the three States (including the Madras presidency), were the centres of the cooperative housing activities in India.

It would be inappropriate if it is not mentioned that housing societies had the moral and financial support of the respective State Governments before the inception of national planning. Bombay State was first to grant assistance of State loans on easy terms at low rate of interest to housing societies. Similarly, during 1934-35, Government of Mysore granted a loan of Rs. 1.5 lakh at 5 per cent interest to the Bangalore Housing Society which was a premier cooperative housing institution in the State responsible for the formation of Cooperative Colony. Madras State had gone one step ahead with formulation of housing schemes for cooperatives besides extending financial assistance (RBI, 1950). That apart, the Madras Central House Mortgage Society as the apex cooperative housing finance society and House Mortgage Banks were also organised. The objectives of these bodies were to respectively advance loans to the primary housing societies for the construction and renovation of houses on the mortgage basis. However, in the States other than Bombay, Mysore and Madras the progress of housing societies was comparatively limited or was altogether lacking. The activities were confined to registration of one or two societies here

and there. But these societies could not show any stability for lack of financial support and peoples' mobilisation. Even though there was a slight spurt of activity in some States (there were 10 house building societies in Punjab, 2 in Orissa, 9 each in Uttar Pradesh, Ajmer and Delhi and 12 in West Bengal) in addition to three presidencies with financial support, the cooperative housing movement underwent a period of hardships between 1927-28 and 1948-49. The period was marked by two important world events namely, the great depression and the World War II. Each of these affected the cooperative housing movement negatively. On account of a lull in trade and industry during depression, rents slashed down, flats of housing societies were vacated in large numbers and these had an adverse effect on co-partnership societies. About this time, in some places, stopping of loan assistance to housing societies, compulsory payment of property tax and others have further worsened the situation. Similarly, World War II left behind havoc of an unparalleled nature, not only in countries, which were actual theatres of war, but also throughout the world.

The position of India was also not happier. Very few buildings were constructed for civilian occupation as all building materials were diverted to war purposes. Rigid controls over the production of building materials hampered the housing activities. Existing dwellings deteriorated considerably owing to lack of proper maintenance and repairs (GOI, 1946). Further, partition of India in 1947 led to burning or destroying of many houses and several millions of people were uprooted from their houses. When this was the housing situation, the position of housing societies was beyond imagination in the sense that they were unable to undertake any large-scale building construction for dwelling purposes of their members. Then came the period of revival during which, housing societies were organised on a large scale throughout the country and the support of the State Governments was made available. Housing Societies were allowed to borrow upto the extent of 75 per cent of the value of land and building, with a repayment period of 35 years (RBI, 1956). As a result of the financial support from State Governments there was a steep rise in the activities of cooperative housing in the country, especially in the organisational front.

The Structure: The CHSs took a definite shape with the establishment of apex cooperative housing societies at the State level and National Cooperative Housing Federation of India (NCHFI). These two apex level organisations are expected to be the spokespersons of primary housing societies and to lead and guide their activities. However, for all practical purposes, cooperative housing structure consists mainly of two-tiers. At the grassroots level primary societies are formed by people and are expected to affiliate to the apex societies of State level. These state level societies mobilise funds and channelise the same through

primary societies in their jurisdiction for construction of houses of their members. The State level apex societies are in turn affiliated to the NCHFI, which was set up in the year 1969. This national federation has a number of objectives such as to raise funds through borrowings, to grant loans to its members and to procure and supply raw materials to its members. The other objectives are to deal with technical, financial and practical problems and to organise and guide the functioning of member organisations and primaries in general. It should be said that the role of the national federation should be confined more on the second set of the objectives as they involve coordination with government at different levels to create a facilitating environment for the cooperative housing system. Moreover, there are State level apex societies to raise funds from different sources and grant loans to the member societies and in turn to members. In fact, the objectives of National federation are overlapping with State level societies. Yet the National Federation has failed to live upto its own objectives of raising funds and granting loans. There has not been a single case of having raised the funds and granted loans by the national apex body. Over the years, NCHFI has only become analogous to some of the credit federations such as the National Federation of State Cooperative Banks and the National Federation of Land Development Banks which either functioned as effective spokesman of the cooperative banking system or discharged the responsibilities of coordination (RBI, 1988). It has been further observed that "A major weakness of the cooperative system has been the neglect of the base level institutions and the tendency of the higher level institutions to look after their own interests, often at the cost of primaries".

Next to the national federation, the immediate higher bodies in the cooperative housing structure are the apex societies at the state level, which are crucial. The objectives of these societies are (a) to promote house building activities in the cooperative sector of the State, (b) to supervise, coordinate and guide the housing programmes of primary housing societies, and (c) to mobilise the necessary capital through its borrowing activity and in turn channelise the same for promoting the housing activities of PHSs in the State. After independence, there has been a spurt in the organisation of State Level Apex societies to fulfil the above stated aspirations. The recommendation for setting up of an apex society in each State where more than 100 housing cooperatives are functioning has further strengthened the cooperative housing structure (Working Group, 1964). As of March 1996, there are Twenty-four state level apex societies but only a few States and UTs have not passed acts to establish apex societies. Notwithstanding a bright organisational front of apex societies, they have failed to cover the entire section of primary housing societies,

which will be discussed in greater details in the forthcoming paragraphs. The most vital part of the cooperative housing structure is the lower tier, namely, primary societies. It is these societies which directly cater to the housing needs of their members. For reasons of their varied nature in primary societies, there exists no uniform structure throughout the country. It is noticed that over the year various types of societies have come into existence. Broadly the Working Group on Housing Cooperatives (1964) classified the primary housing societies into three groups, namely, All-the-way Cooperatives, Co-venture cooperatives and flat ownership cooperatives. Across different states and union territories also primary societies have been classified into different categories. For example in Madras and in Bombay, which have been the centres of cooperative activities, primary societies have been classified on the basis of their functions. Some function as purely financing societies, some construct houses on behalf of their members, some construct houses and own them jointly along with members, some own houses and let their members to occupy them on rental basis. In some States like Delhi, Gujarat, Karnataka, Rajasthan plot holders cooperative societies can also be seen in addition to the above categories. By and large, all the form of societies is co-exist in the rest of the States and Union Territories. Unfortunately there hardly exist any information and data, which could have facilitated the desegregated analysis, of various categories of primaries.

Notwithstanding the fact of impressive spread of CHSs throughout the country, the disappointing reality is the huge gap in the coverage of primaries by the apex societies as their members. With the advocacy for increased housing production at fair and competitive price, the number of primary housing societies at the grass root level has increased. The number of PHSs and apex societies are presented in **Table 6.1**, which shows also marked difference in coverage. Some of the States like Maharashtra and Gujarat have registered more number of primary housing societies. Especially, Maharashtra accounts for 44150 PHSs, which constitute around 54 per cent of the total in the entire country. This is followed by Gujarat, which has 14907 PHSs or 18 per cent of the total. With this, it can be said that there exists hardly any relationship between the then centres of cooperative housing activities and the present organisational scenario. This is especially true in the case of the then Mysore and Madras States. Excepting Bombay State (now Maharashtra) the organisation of PHSs is average in the case of Mysore State (now Karnataka) and very poor in Madras State (now Tamil Nadu). Many other States have bypassed Karnataka and Tamil Nadu and far exceeded in the organisational front. However, this need not be misinterpreted that CHSs are very effective (in terms of coverage of members for housing

benefits, number of housing units, etc.) in States where there are large number of primaries but are ineffective elsewhere. Rather the organisational scenario is very disappointing in most of the States and UTs. This is evident from the fact that of the total number of 82050 PHSs only one-third (i.e., 27100) of them have been registered with the respective apex societies as members. In other words, the remaining 54950 (or 66.97 per cent) primaries have yet to become the registered members of their apex societies. Limited services of the apex societies are the prime reason for the limited coverage of PHSs. Most of the apex societies are engaged mainly in supplying the housing finance of a limited number of PHSs, which have come into operation for financing purpose. This limited concern has naturally discouraged those PHSs established to acquire, develop and distribute the residential plots for their members, from becoming the affiliated members of apex societies. At the same time, apex societies have also hardly coordinated and represented the cause of PHSs with regard to their land requirement with land development agencies. Similar, is the case with most of the employees housing societies (EHSs) whose numbers have manifold in recent years. The principal objectives of EHSs are to acquire land in bulk for residential purposes with the savings of their members and to facilitate their members to acquire finances for house construction. Above all, the changing market conditions have further discouraged PHSs from becoming members of apex societies. The emerging housing finance market is broadbased (meeting financial needs of all segments of residential houses like land purchase, construction, renovation, etc.), consumer friendly and highly competitive (rate of interest, repayment period, low processing charges, etc). Especially the market is more responsive to the organised residential activities of cooperatives as the latter are public interest institutions.

Like in the case of difference in numbers of PHSs, there is also a widespread variation in the coverage/non-coverage of PHSs by apex societies as their affiliated members across States/UTs. At this juncture, it can be said that 'lesser the number of PHSs, more affiliated members of the same by apex societies and vice-versa'. Precisely the incidence of non-coverage of PHSs by ASs is more in such States/UTs, which have more number of primaries. The extent of exclusion/non-coverage of PHSs by ASs is more than the national average in two (Delhi and Andaman and Nicobar) of the five Union Territories and in four (West Bengal, Bihar, Maharashtra and Madhya Pradesh) of the twenty-three States. In five other States the exclusion of PHSs is still at alarming level although the same is below the average. In view of the small coverage and large exclusion of PHSs by ASs, the question that arises whether PHSs are organised on viable lines for effective management in terms of a definite

size of membership per society. Although the apex bodies (national and state level) and Union Government have yet to consider this issue, Government of Karnataka has fixed the

Table 6.1
Structure of Housing Cooperatives in India, March 1996

State/ Union Territory	No. of Tiers	State Cooperative Housing Federation		Primary cooperative Housing Societies		No. of Primary Societies not covered by Apex societies as members		Average members per PHS
		No. of Societies	Member ship	No. of Societies	Member ship			
Andhra Pradesh	2	1	1380	3074	580545	1694	55.12	189
Arunachal Pradesh	2	-	-	1	30	-	-	30
Assam	2	1	213	221	6987	8	3.62	32
Bihar	2	1	801	3059	150465	2258	73.81	49
Goa	2	1	254	629	14178	375	59.62	22
Gujarat	2	1	5950	14907	602738	8957	60.09	40
Haryana	2	1	550	1441	114651	891	61.83	79
Himachal Pradesh	2	1	63	109	5726	46	42.20	53
Jammu & Kashmir	2	-	-	10	1390	-	-	139
Karnataka	2	2	749	1589	692172	840	52.86	436
Kerala	2	1	208	342	187061	134	39.18	547
Madhya Pradesh	2	1	817	2504	274580	1687	67.37	110
Maharashtra	2	1	11639	44150	1613481	32511	73.64	36
Manipur	2	-	-	10	361	-	-	36
Meghalaya	2	1	18	32	2153	14	43.75	67
Mizoram	2	1	-	19	283	-	-	15
Orissa	2	1	81	96	57741	15	15.63	601
Punjab	2	1	465	811	132614	346	42.66	163
Rajasthan	2	1	1297	1394	247178	97	6.96	177
Tamil Nadu	2	1	-	107	140840	-	-	1316
Tripura	2	-	-	3	346	-	-	115
Uttar Pradesh	2	1	1414	2282	92118	868	38.04	40
West Bengal	2	1	729	2908	84912	2179	74.93	29
Andaman & Nicobar	2	1	15	52	1841	37	71.15	35
Chandigarh	2	-	-	106	1869	-	-	18
Dadra & Nagar Haveli	2	-	-	33	507	-	-	15
Daman & Diu	2	1	-	17	374	-	-	22
Delhi	2	1	411	2097	254535	1686	80.40	121
Pondicherry	2	1	46	47	24206	1	2.13	515
All India		**24**	**27100**	**82050**	**5264096**	**54950**	**66.97**	**64**

Source: NABARD, Statistical Statements Relating to Cooperative Movement in India, Part II: Non-Credit Societies, 1995-96, pp. 545-562. **Note:** - Not Available

number of membership per primary society, keeping in view the viability and better management (GOK, 1985). In the case of house building cooperative societies, the size of

the membership is restricted to only 500 and it is 400 in case of employee's house building societies. Provision is also made to register additional society with slight distinction in the name of the society in case there are large number of eligible employees of the same organisation. From this point of view, PHSs in most of the States (excluding Tamil Nadu, Orissa, Pondicherry, Kerala and Karnataka) are unviable as their average membership per society is even less in a large number of States which is ranging from 15 (minimum) to 53 (maximum). Besides, the scenario is by and large same in the case of States, which have registered a large number of primary societies. This issue needs greater consideration at the state and national level to make these societies more viable. Otherwise, the strength of public interest institutions (PIIs) would be reduced to the level of the family affairs of vested interests as it happened already in some part of the country (Mahadeva, 1992). If this trend is unchecked the question invariably arises is that should there be an institution for a small group of people? Can there be cost-effectiveness in their operations and business and how these institutions are going to sustain?

Performance of CHSs: Resource Base: This section analyses the performance of the CHSs in regard to their resource base or sources of working funds, loan operations, etc. Even though deposits of the members constitute one of the constituents of working funds but lack of information on the same has limited the analysis.[i] However if it were to be believed that paucity of secondary information alone is the reason for the limit imposed on the analysis as stated above, this should not mislead us to jump the conclusion that CHSs are, not mobilising deposits of various types by members/households and thereby are defeating one of the tenets of cooperation viz., promotion of thrift among the members of societies. In fact, it is found from a case study of thirty PHSs (all types including employees societies) that none of them has mobilised any form of deposits from their members, which could have strengthen the capacity of societies. Thus, in the absence of household/member deposits the main constituents of working funds of CHSs are their own funds and borrowings. The working funds of CHSs (both apex and primaries) have increased tremendously over the years. In the case of apex societies, the total working funds have increased from a mere Rs. 27.36 crore in 1965-66 to Rs. 1598.50 crore in 1995-96. Over 57 times increase in 30 years has however exhibited a disappointing reality i.e. the eroded growth in real terms between the decades. Between 1965-66 to 1975-76 the working funds increased over 8 times but in the subsequent decade this tempo could not be maintained let alone increasing the same. During 1975-76 to 1985-86 and 1985-86 to 1995-96 the growth in working funds dropped to a little over 3 times and 2 times respectively. The same

arguments hold good even in the case of PHSs. Although the volume of working funds of PHSs were more in absolute terms as compared to ASs, the growth in real terms was far less than the latter. It has grown only at around 22 fold, which was over 2.5 times less than ASs. The growth was unimpressive between the decades. The real term growth has continuously dropped from 3.83 times during 1965-66 to 1975-76 to 2.45 times during 1985-86 to 1995-96. However, in absolute terms the working funds of PHSs have increased from Rs. 113.35 crore to Rs. 2456.49 crore during the period.

Own funds being the second important constituent of working funds, their share has increased in absolute terms but in relative terms the same has declined and is constant in the case of PHSs and ASs respectively during the period of analysis. It has grown from a mere Rs. 3.19 crore in 1965-66 to Rs. 188.54 crore in 1995-96 of ASs. Similarly from Rs. 26.23 to Rs. 474.28 crore for PHSs. But as in the case of total working funds, the growth in real terms of own funds of PHSs was unimpressive as compared to ASs. The former registered a growth at only 17 times as against more than 58 times of the latter. This means the own funds growth of PHSs was less than one-third of the ASs. Other interesting dimension is own funds of ASs have constantly contributed (at around 12 percent) to the working funds over the years excepting a little more (to around 14.50 percent) during the period 1975-76 and 1985-86. Whereas own funds share in the working capital of PHSs has dropped significantly from 23.14 percent in 1965-66 to 13.70 percent in 1985-86. However, by the end of 1995-96 own funds share of PHSs improved to 19.31 percent. The own funds of CHSs (like any other cooperatives) accumulate from two sources. First, is the paid-up-share capital and the other is the reserve and other funds. The share capital grows in relation with member's enrolment and number of borrowings, and similarly the reserve grows according to the working results of CHSs. Each individual admitted as member of PHSs is required to purchase at least one share and members are also required to purchase shares in proportion to their total borrowings from the society. In case of ASs, each primary society admitted as member requires purchasing shares. Between the two segments of own capital, the volume of the share capital is generally more than the reserves. The volume of share capital and reserves of ASs and PHSs is presented in **Table 6.2**. Before we analyse these figures, it is important to note that the total share capital and reserve held by a society, is a determinant of its borrowing power from different sources. The paid up capital of ASs and PHSs has increased from Rs. 2.74 to Rs. 132.69 crore and from Rs. 20.81 to Rs. 249.57 crore respectively from 1965-66 to 1995-96. Although the increase appears to be phenomenal in case of PHSs, in real term it lags behind as compared to ASs. It has grown

at only around 11 times as against 48 times of ASs. Similar is the situation with reserve funds. It has increased by over 123 folds in the case of ASs against only 40-fold increase of PHSs. It is also significant to note that during 90s, the share capital and reserve funds have by and large equally contributed to the working funds of PHSs. The growth was fabulous in the case of reserve funds as the net increase was Rs. 192.89 crore (or over 6 times) as against just Rs. 31.82 crore in 1985-86. Whereas, during this period the net increase of share capital was Rs. 144.05 crore (or 1.36 times). This trend indicates only a drop in the enrolment of individual members and borrowings from primary societies. Further, notwithstanding the increase in the volume over the years, paid-up share capital per society and per member was at lower levels. Paid up share capital increased per society was only Rs. 17,684 during 1965-66, the same increased to Rs. 30, 467 in 1995-96? Similarly per member share capital from Rs. 275 to Rs. 462. Certainly for the institutions of public interest with main thrust on providing housing benefits to common man and especially for employees of various concerns, the current volume of share capital and individual contribution are unviable. This has prompted the housing societies to depend excessively on external borrowings to meet the housing needs of their members. This raises an important question as to what should be the minimum share capital contribution for individual members which could strengthen the internal financial base of the cooperatives and to increase the share of their own resources in the working funds? Though this question has not yet been addressed in the larger context, Government of Karnataka has made an attempt towards that direction. Accordingly, the minimum share capital to be subscribed by each member of employees (in particular) societies shall be Rs. 1,000, if necessary could be paid in installments.

Borrowings are the other major segment of the working funds of CHSs, importantly for two reasons. First, CHSs are themselves are not in a position to promote housing activities with their own resources for reasons already discussed. Second, to meet the increasing demand from primary societies followed by their members for housing activities. Before the volume and sources of borrowings of CHSs are discussed, it is important to note a major positive development. Over the years, the cooperatives have broad based their borrowings, as there are a growing number of participatory institutions. Along with Central Financing Agencies (CFA) and Government being the traditional supporting institutions, Seventies, Eighties and Nineties have marked with entry of public sector institutions like Life Insurance Corporation (LIC), Housing and Urban Development Corporation (HUDCO) and National Housing Bank (NHB) respectively as borrowing sources.

Table 6.2
Working Funds of Apex and Primary Housing Societies by Sources
(Rs. in Crore)

Source	State Apex Housing Societies					Primary Housing Societies				
	1965-66	1975-76	1985-86	1995-96	Growth	1965-66	1975-76	1985-86	1995-96	Growth
1. Owned Funds	3.19	32.29	106.33	188.54	58.10	26.23	59.73	137.34	474.28	17.08
a. Paid-up capital	2.74	26.55	76.82	132.69	48.06	20.81	45.86	105.52	249.57	10.99
b. Reserve & other funds	0.45	5.74	29.51	55.85	123.11	5.42	13.87	31.82	224.71	40.46
2. Borrowings	24.17	195.39	618.19	1409.96	57.33	87.12	374.82	864.93	1982.21	21.76
a. CFA	0.12	20.45	64.44	200.97	1673.75	18.06	84.02	117.30	74.68	3.13
b. LIC	-	166.46	519.79	1085.21	5.52	-	2.96	25.42	102.13	33.50
c. HUDCO	-	-	21.07	32.38	0.54	-	6.58	27.74	186.46	27.34
d. SCHFS	-	0.55	-	4.13	6.51	-	181.63	506.97	1228.70	5.76
e. NHB	-	-	-	53.55	-	-	-	-	15.29	-
f. Govt.	3.79	6.73	7.72	2.84	-0.25	21.39	36.11	36.36	51.59	1.41
g. Others	20.26	1.20	5.17	30.88	0.52	47.67	63.52	151.14	323.36	5.78
3. Total (1+2)	27.36	227.68	724.52	1598.50	57.42	113.35	434.55	1002.27	2456.49	20.67

Note: Abbreviations – CFA = Central Financing Agencies, LIC = Life Insurance Corporation, HUDCO = Housing and Urban Development Corporation, SCHFS = State Cooperative House Financing Societies (Apes Societies), NHB = National Housing Bank.
Source: Ibid.

This has resulted in a drastic reduction in the scale of government source of borrowing by CHSs as has been an increasing volume of borrowing from the new sources. The share of borrowings in the working capital has been constant at over 88 percent in the case of ASs and has increased from around 77 percent in 1965-66 to 81 percent in 1995-96 in the case of PHSs. This only indicates the extent of dependence on borrowings. However, there is a wide gap in the growth of borrowings between ASs and PHSs. The total borrowings of ASs have gone up from Rs. 24.17 crore in 1965-66 to Rs. 1409.96 crore in 1995-96. ASs has borrowed funds from CFA, LIC, HUDCO, NHB, SCHFS, Government and others. Similarly, PHSs borrowings have also gone up from Rs. 87.12 crore to Rs. 1982.21 crore. PHSs in addition to all the other institutions have also borrowed from their affiliated body of ASs. If LIC turned out to be the principal source of borrowings for ASs, State Cooperative Housing Finance Societies are the real financing agencies of PHSs. LIC, which began to finance ASs from 70s, continue to be the main source of borrowings although its share had dropped from 85 percent initially to around 77 percent in 1990s. HUDCO's share which was only around 3.5 percent in 80s has further dropped to a little over 2 percent in 90s. This is a

cause of concern, as ASs has not fully exploited the potentialities of HUDCOs, which finances on soft term basis. Interestingly the borrowings from CFAs have increased enormously from half a percent to over 14 percent. The same is not the case with PHSs. On account of their affiliation, borrowings from ASs form the major source of PHSs. The total borrowings have gone up from over 48 percent to 62 percent in 90s. Similarly, HUDCO and LIC have increased their share from 1.75 percent and 0.79 percent to over 9 and 5 percent respectively during the same period. Whereas the borrowings from CFAs have drastically dropped to 3.77 percent from 20.73 percent. As is mentioned earlier, Government, which was one of the important sources of borrowings of CHSs, has not retained its position in 90s. The borrowings of ASs and PHSs were in the order of 15.68 and 24.55 percent respectively from government in 1965-66. But in 1995-96 it has dropped to only 0.20 and 2.60 percent. NHB has made a beginning in 90s with around 4 percent and 0.77 percent share respectively with ASs and PHSs. Refinancing rigidities of NHB have been a stumbling block for CHSs especially for PHSs as they cannot fulfil most of the conditions (Mahadeva, 1993).

Notwithstanding progressive borrowings of ASs and PHSs over time from different sources, CHSs have not lived up to their own potentials. Generally, CHSs can borrow ten times (even more) their own funds (paid-up share capital + reserve and building funds – accumulated loss). But in reality CHSs have borrowed far below their capacity, especially the PHSs. Actual owned funds and its multiples (10 times), actual borrowings and the gap in it across ASs and PHSs are presented in **Table 6.3.** Accordingly, the actual borrowings of ASs although in absolute terms have increased but in real terms it is below their capacity.

Table 6.3
Borrowing Potentials and Actual Borrowings of Cooperative Housing Societies
(Rs. in Crores)

	State level Apex Societies				Primary Housing Societies			
	1966	1976	1986	1996	1966	1976	1986	1996
1. Owned Funds (Paid up Share Capital + Reserve and building funds – accumulated loss)	3.59	29.38	117.19	239.84	129.17	396.35	946.66	1820.82
2. Ten times the owned funds	35.90	293.80	1171.90	2398.40	1291.70	3963.50	9466.60	18208.20
3. Actual Borrowings	24.17	195.39	618.19	1409.96	87.12	374.82	864.93	1982.21
4. 3 as Multiples of 1	6.73	6.65	5.28	5.88	0.67	0.94	0.91	1.09
5. 3 as % of item 2	67.32	66.50	52.75	58.79	6.74	9.46	9.14	10.89

Source: As worked by the author on the basis of the data source.

Moreover, it has significantly dropped from 67.32 percent in 1960s to 58.79 percent in 1990s. Precisely it had borrowed only Rs. 24.17 crore against Rs. 35.90 crore in 60s and Rs. 1405.96 crore as against Rs. 2398.40 crore. It was only 6.73 and 5.88 times. The point to be noted is that with more borrowings, ASs could have financed far more number of housing projects. Similarly, the situation is more disturbing in the case of primaries. The borrowings gaps of PHSs are exceedingly more i.e. over 89 percent. They borrowed only Rs. 1982.21 crore (10.89 percent) against Rs. 18208.20 crore in 1990s. If PHSs had lived up to their own capacities, they could have increased the cooperative housing stock by another 8 times the present stock. This gap may be due to lack of motivation or persuasion from ASs to PHSs and ultimately to members to take up housing activities on a large scale.

Lending Operations: CHSs provide long term loans for periods of 15 years (and even above) to their members for purposes of house purchase, construction, extension, renovation etc., on mortgage basis. The ASs provides loans to its affiliated primaries and primaries in turn to their members. Primaries can also raise loans from any other agencies (like commercial banks, financial subsidiaries, private bodies' etc.) on behalf of their members for house construction. The amount of loans advanced by both ASs and PHSs since 1965-66 and its outstanding are presented in **Table 6.4.** The loan amounts advanced by ASs, which was only Rs. 5.09 crore in 1965-66, which has gone up to Rs. 144.35 crore in 1995-96. At the same time, loans outstanding have also gone up from Rs. 27.01 crore to Rs. 1132.81 crore. Loans and outstanding have respectively increased by over 28 and 42 folds. As far as PHSs are concerned, the loans and outstanding loans have increased from Rs. 10.15 and Rs. 35 crore to Rs. 670.64 and Rs. 3300.97 crore. The same works out to 66 and 94 fold increase. However, the decadal growth in loans and outstanding has not correspondingly increased absolute figures. The loans during 1975-76 have increased by around 6 and over 3 times of ASs and PHSs. But subsequently they did not grow at the same pace more so during 90s. What is interesting is that the fund that is meant for investment for production of housing benefits to the members has not been put to its purposes fully by the housing societies. Especially when societies have borrowed resources for further investment, it would be unwise if the same is not employed. If working funds and especially the borrowings of CHSs are presumed to be the resources for investment of housing production, then it is very disappointing to note that a large part of these funds have not been put for investment. Its incidence although is higher in the entire cooperative housing structure, apex societies have experienced a declining trend over time. The housing loans of ASs as percentage of working funds have dropped to only 9 percent which is half of

the level of 1965-66. Similar is the case with borrowings in the sense that loans to primaries, as percentage of total borrowing was a little above 10 percent in 90s as against 21 percent in 60s. The situation is slightly better in the case of PHSs. Loans as percentage of working capital and borrowings have gone up from 8.95 and 11.65 percent in 60s to over 27 and around 34 percent respectively in 90s. At this juncture, many important questions arise. They include what about the remaining working funds and more so of borrowings? Have they been invested elsewhere on commercial ventures? Had there been an over estimation of demand for housing loans and thus more borrowing? These questions cannot be answered owing to paucity of information and structured data. However, the existing investment gap (working funds – loans) in the cooperative housing structure needs careful attention.

Table 6.4
Loans Portfolio of Cooperative Housing Societies
(Rs. in Crores)

Period	State Level Apex Societies				Primary Housing Societies			
	Loans Advanced	Loans as % of working funds	Loans as % of Borrowings	Loans outstanding	Loans advanced	Loans as % of working funds	Loans as % of Borrowings	Loans outstanding
1965-66	5.09	18.60	21.06	27.01	10.15	8.95	11.65	35.00
1975-76	35.28 (5.98)	15.49	18.06	224.08 (7.30)	44.68 (3.40)	10.28	11.92	144.21 (3.12)
1985-86	116.94 (2.31)	16.14	18.92	624.78 (1.79)	343.98 (6.70)	34.32	39.77	504.07 (2.49)
1995-96	144.35 (0.23)	9.03	10.24	1132.81 (0.81)	670.64 (0.95)	27.30	33.83	3300.97 (5.55)

Note: Figures in parenthesis represent decadal growth rates.
Source: Ibid, as in table 1.

House construction: Construction of house or facilitating housing activities among the members is the ultimate goal of CHSs. CHSs i.e. independent houses and tenements develop two types of housing units. The first ones are constructed both by societies/members with financial support. The members hold the ownership on mortgage basis. The second category of houses are promoted and owned largely by societies as a source of revenue. **Table 6. 5** presents data on construction of houses/tenements over time by CHSs. It should not be misunderstood that ASs finances the housing activities of members directly. Instead, they finance through primaries. There has been a continuous increase in the number of housing units constructed by CHSs. They have increased by ten times from 1,59,698 in 1965-66 to 15, 56,588 in 1995-96. It can be observed that over the years, there is an increasing emphasis on construction of ownership units by the cooperatives. It is clear from the table that the share of independent ownership housing has increased from 43 percent or 68,778 to 51 percent or 7,93,379 which amounted to a net

addition of 7,24,601 units or over 8 times. Correspondingly, the share of tenements has dropped from 57 percent to 49 percent in real terms although there has been a net addition of 6,72,298 units of tenements in absolute numbers. Between societies and members under independent houses, the latter's contribution overrides the former as the houses constructed by members have increased by around 13 folds as compared to around 10 times of societies. Further, as a result of the increase in number of housing units, the average number of housing units per society has also increased from 13 in 60s to 23 in 90s. However, the disappointing note is about the coverage of members of CHSs for housing benefits. It is characterized as low coverage as well as drop in coverage. The total coverage of members for housing benefits was in the order of around 42 percent in 1965-66. With the increasing own and borrowing funds (up to their potentials) CHSs could have covered more members or doubled the coverage for housing benefits. But this did not happen for reasons stated elsewhere.

Table 6. 5

Housing Units constructed by Cooperative Housing Societies

Period	State Level Apex Housing Societies				Primary Cooperative Housing Societies				% coverage of Members	Average Houses/ society
	Independent Houses		Tenement	Total	Independent Houses		Tenement	Total		
	Societies	Members			Societies	Members				
1965-66	6318	8197	5963	20478	27611	41168	89919	158698	41.88	13
1970-71	10125	11003	7123	28251	39023	69285	172020	280328	36.94	16
1975-76	18138	24014	9084	51236	63772	81238	250964	395974	22.88	14
1980-81	22781	46908	10015	79704	93582	154301	325539	573422	25.50	16
1985-86	36285	79509	11862	127656	154338	283936	404353	842627	23.64	16
1990-91	59076	126417	17559	203052	225421	435178	563431	998609	25.81	16
1995-96	60751	171346	26396	258493	266575	526804	763209	1556588	37.67	23

Source: Ibid.

Unfortunately, CHSs neither was able to further jack up the coverage nor at least maintain the status. Instead, CHSs have allowed the drop to settle for the position of two and a half decades. By the beginning of 90s only around 26 percent of members have been provided with housing benefits. Fortunately, the movement has recovered in mid 90s. The coverage has increased by over 11 percent additionally and during this period over 5 lakh of housing units has been added to the cooperative fold. Around 2 lakh units have been added in the tenements sector alone. Another interesting dimension is that the State Level Apex Societies could have led the cooperative housing movement better by contributing on a larger scale in the total number of housing units. But they did not do so. It is obvious from the fact that

the share of apex societies, although has increased from 12.90 percent (20478 units) to 16.61 percent (258493 units) in the total number of housing units, it continued to be at the lowest level as compared to the PHSs. It eventually gives an impression that there exists a minimum organizational and functional linkage between ASs and PHSs and thus PHSs have been largely left to themselves in the cooperative housing structure. Therefore, it is the need of the hour that ASs have got to prove their existence.

Financial Indiscipline: In addition to weak internal financial base coupled with low level of borrowings, growing incidence of overdue, bad and doubtful debts (OBDD hereafter) have further handicapped the progress of CHSs. The OBDD has increased alarmingly in the cooperative housing structure as can be noticed from **Table 6.6.** The total OBDD has increased from a mere Rs. 0.84 crore in the beginning of 60s to Rs. 328.55 crore in mid-nineties. The average OBDD work out to Rs. 9.39 crore annually during the period under review. However, the incidence has been aggravated during 80s and onwards. OBDD grew at over Rs. 20 crore per year and the net addition was in the order of Rs. 301.33 crore, as against only Rs. 1.36 crore per year and Rs. 27.22 crore during 60s and 70s. The pattern of the incidence, its growth and OBDD as percentage of the total working funds are by and large same and have increased respectively over time. ASs accounts for 37 percent of the incidence and PHSs for the remaining. OBDD as percentage of working funds has increased from 2.03 percent in 60s to 8.41 percent in 90s in the case of PHSs as against from 1.17 percent to 7.62 percent of ASs. The issue of important concern at this juncture is that the OBDD, which is locked up as non-performing financial asset, could have been a part of working capital of CHSs for further investment, but for the consistent recovery performance. Although at the outset the recovery performance of CHSs appears to be progressive but in reality, it has lost its pace especially during nineties. As a result, overdue have increased voluminously. No doubt, the total recovery of housing loans has increased from Rs. 6.37 crore in 60s to Rs. 459.03 crore in nineties. The net recovery was only in the order of Rs. 112.96 crore in nineties as against Rs. 319.06 crore during eighties. In real terms also, the net recovery growth has dropped from 11.81 to 0.33 fold during the same period. Consequently, the net addition to overdue was in the order of Rs. 252.15 crore during 90s. Further, overdue as percentage of total recovery of CHSs also show significant record of increase over time. It has increased from around 40 percent in 60s to around 72 percent in 90s. The increasing dominance of overdue (owing to poor recovery) is not a favourable trend, as cooperatives do not generally qualify for refinancing facilities if their overdue exceeds more than 40 percent of recoveries. Unfortunately, CHSs have been closely

scrutinizing refinancing, as their recovery performance was very poor during seventies and nineties.

Working Results: Final but the important method of performance evaluation of CHSs is the organisational balance sheet. Before the working results of CHSs is discussed it should be reiterated that there are no hard and fast rules that every CHS should post profit in their financial analysis and at the same time no CHS should operate below the cost line. The argument is that if CHSs operate above the cost and earn profit, a part of it would be earmarked as reserves, which could be reinvested as working fund and paid as dividend on share investment of the members. These apart, such societies which posted profit, qualify for hassle free refinancing benefits. If CHSs are in red, not only it would result in participation erosion of members as there would be no return on their investment

Table 6.6
Loan Overdue, Bad and Doubtful Debts and Assets in Cooperative Housing Societies
(Rs. in crores)

Period	State Level Apex Housing Societies				Primary Cooperative Housing Societies			
	Overdue	Bad & Doubtful Loans	Assets	Total	Overdue	Bad and Doubtful Loans	Assets	Total
1960-61	0.04	-	-	0.04	0.80	-	-	0.80
1965-66	0.32	-	-	0.32	2.21	0.09	-	2.30
1970-71	1.20	-	-	1.20	4.19	0.30	-	4.49
1975-76	7.33	-	-	7.33	8.64	0.33	0.04	9.01
1980-81	10.12	0.55	0.03	10.70	16.27	0.19	0.06	16.52
1985-86	24.31	1.00	9.61	34.92	51.09	0.32	2.28	53.69
1990-91	51.40	0.99	4.61	57.00	107.16	0.58	3.74	111.48
1995-96	121.87	-	-	121.87	206.68	-	-	206.68

Note: Not available. **Source: Ibid.**

but also it would be doubtful to get any benefits including further refinancing. Therefore, operating on no-profit no-loss basis would be an encouraging situation (If not working under profit) than working under loss. The operating cost of business of such CHSs would be neither above nor below the cost line. The working results reflecting the number of CHSs (both ASs and PHSs) working under profit or loss or no profit – no loss are presented in **Table 6.7** The percentage share of apex societies working under profit and average amount of profit per society have increased consistently from 69 percent in mid 60s to 78 percent in 90s. So also the volume of profit from mere Rs. 0.16 crore to Rs. 5.19 crore. The average profit per society increased from Rs. 0.02 to Rs. 0.47 crore during the period. Correspondingly, societies under loss have cut their size drastically from 15 percent to 7 percent, which is not only a welcome trend but also is reflective if effective management.

However, the drop in the number of societies working under loss has not correspondingly brought down the amount of loss. Contrarily, the volume of loss has increased alarmingly from just Rs. 0.02 to Rs. 11.23 crore. Interestingly, in three decades the trend has been reversed in the sense that the amount of loss was far less than the amount of profit in 60s. This trend continued up to the beginning of 70s. But mid 70s by reversed the trend and as a result the volume of loss override the profit in early 80s. Notwithstanding the reversal in early 90s, the amount of loss was voluminous in mid 90s. In fact, it needs mention that the total loss was in the order of over Rs. 11 crore as against a total profit of a little above Rs. 5 crore. The net loss, therefore, works out to Rs. 6.04 crore. It is indeed a cause of concern. As far as PHSs are concerned, the performance remains disturbing as the number of PHSs under red constitute an important segment. This is in spite of increasing number of societies working under profit. Although at the outset PHSs under red have marginally been reduced

Table 6.7

Working Results of Cooperative Housing Societies 1960-61 to 1995-96
(Rs in Crores)

Period	State Level Apex Housing Societies					Primary Housing Societies						
	No. of Societies	Societies under profit	Amount	Societies under loss	Amount	Societies without profit or loss	No. of Societies	Societies under profit	Amount	Societies under loss	Amount	Societies without profit or loss
1960-61	7	5	0.01	-	-	2	6451	2322	0.33	2317	0.60	1812
1965-66	13	9	0.16	2	0.02	2	11765	3902	0.79	4117	0.62	3746
1970-71	16	13	0.62	3	0.03	-	18050	6617	1.96	6853	1.79	4580
1975-76	17	11	1.97	3	2.25	3	27629	10304	3.02	9257	3.14	8068
1980-81	17	13	3.94	4	4.26	-	36835	13552	5.59	11967	6.56	10607
1985-86	18	15	6.33	2	*	1	51562	23446	22.46	15270	14.30	12845
1990-91	19	15	4.85	3	2.12	1	64384	29149	22.81	18218	19.73	17017
1995-96	14**	11	5.19	1	11.23	2	68121	35662	53.62	20600	45.60	11859

Note * Amount in loss not mentioned ** Data pertaining to 1994-95 and other apex societies reported to have not supplied the information. **Source: I**bid.

over the years, their proportion remains a bothering segment at over 30 percent in 90s. Whereas PHSs working under profit have increased from 33 percent in 60s to 52 percent in 90s. However, the volume of profit earned or loss incurred by PHSs is not encouraging in spite their increase gradually. The net average profit and loss per society was just Rs. 2025 and Rs. 1506 respectively in 60s and has increased to Rs. 15035 and Rs. 22136 in 90s. At this juncture, a number of questions arise. Can PHSs sustain their activities with the present

level of profit? Can they avoid erosion of participation of members in their cooperatives? How can these societies, along with the red ones, meet their establishment expenditure let alone earmarking funds for reserves? A Study shows that most of the PHSs are facing extreme difficulties in carrying out their business. A number of them have even stopped financing house construction and allotting residential sites to their members. Owing to unattractive salaries and remuneration, professional management of PHSs with trained personnel has remained a dream. This apart, members of these societies have lost faith and confidence in their cooperatives, as they neither get monetary benefits (dividend, financing etc) or the services. A good number of PHSs are experiencing losing membership. The position of those PHSs working under no profits or no loss basis is no way different from that of those working under profit or loss. Despite the increasing number of societies working under no-loss-no-profit by over 3 fold, the relative share of such societies has dropped from around 32 percent in 60s to over 17 percent in 90s.

Need for Rejuvenation: CHSs in India have failed to develop themselves as vibrant institutions let alone taking a lead in arresting housing problem of their members in urban India. Even though cooperative housing movement is as old as general cooperative movement, indifference attitude both from within and outside has greatly impeded. Much of the failures has been attributed to lack of public action to nurture and promote CHSs as alternative agencies to pure public and private actions, weak internal financial base, below capacity operation etc. However, as was done in the past, housing societies cannot be left to themselves. Owing to their special economic benefits and their necessity to deliver housing benefits at fairly cheaper costs to the poorer sections under changing economic circumstances, revival of housing cooperatives is a must for a variety of reasons. Firstly, like any other cooperative system (especially credit, consumers, dairy etc) cooperative housing system has a very wide networking organisations (primaries to the tune of over 80,000) in major and medium urban areas covering a variety of walks of life as their members. If a meaningful and action - oriented roles are not assigned to CHSs, their potentials and capacity to deliver housing benefits would go waste. Secondly, given the well-thought out and better working environment, CHSs can go hand in hand with other housing development agencies. CHSs need to be given preferential treatment in the allotment of residential plots by the land acquisition and development agencies and finances by the housing financial institutions. The underlying benefits with this arrangement are CHSs can further spread the benefits to a large number of individuals. Yet other benefit is that housing development agencies can minimise the opportunity costs if their services are delivered to CHSs in bulk.

Thirdly, CHSs are the cost-effective organisations as they acquire principal inputs such as residential plots and finances on wholesale basis and deliver the same to their members on cost equivalent price. Although the element of dividend/profit cannot be totally ruled out, by and large the price of CHSs on inputs is comparatively less than market prices. Since most members of CHSs are average middle class or even poor, meetings their housing need is extremely important through cost-effective mechanism. Because the market promoted institutions do not respond to cater to the needs of these sections as they cannot afford costs and services. At the same time, reducing the role of the government under the new economic regime and inordinate delay in meeting the housing needs of the common man have further prompted rejuvenation of CHSs. Fourthly, the emerging scenario in the housing finance sphere which is characterized as highly competitive, accommodating, flexible has increased access to financial services. Of late, a large number of financial institutions (public-private sponsored subsidiaries) including commercial banks have entered the domain of housing finance as a fabulous avenue for investment. Having entered the market, the interest war (lending at less price) led by many prominent players has begun as a strategy of survival. In fact, this has even led to a drastic reduction in the lending rates for housing in recent days. Lending rigidities are gradually phasing out. Interestingly, lending terms are being tuned in accordance with consumers' convenience. For example, there are institutions to lend with minimum or without down payment and similarly for longer years of repayment of housing loans. All these positive changes have increased avenues and opportunities for CHSs. To the surprise of this author, there are housing financial institutions, which are prepared to lend to CHSs even at less than the market determined rate of interest and for longer period if the repayment is guaranteed, and regular. Thus, if CHSs are re-motivated and re-tuned to the emerging mechanisms the existing credit gap for housing for the members can be arrested to a greater extent. Fifthly, the response to the National Housing and Habit Policy's (1998) call for increased private action in land development for residential purposes was average and sporadic throughout the country. Similarly, the response was very poor as far as legal reforms at the State level as an impetus to housing development. In this context, it is worth mentioning the initiative of Karnataka paving the way for releasing land for residential activities. If the landlords are so convinced that their holdings are uneconomic and give unviable yield, then they are free to convert the holding for non-agricultural purposes. This has helped both landlords in the urban peripheries as well as buyers (including group of individual) to acquire land in bulk for housing activities. Housing societies aimed at acquiring land and developing it for residential activities for their members can re-engineer themselves in to a new situation through

negotiations. What are important at this juncture are the administrative reforms in registering of land which is released for non-agricultural activities especially for residential purposes of individuals, group of individuals etc. Further reduction in the stamp duties and administrative costs in registration of lands would be an impetus for housing activities of cooperatives and individuals. At present the stamp duties and administrative costs continue to be at higher levels and their incidence are largely felt by individuals and public interest institutions like cooperatives. Apart from these, there are two more avenues for rejuvenation of CHSs in the days to come. They are household-based resource mobilisation and increasing direct access to housing finance institutions (HFIs) by the PHSs. These measures give a lot of autonomy and freedom to CHSs thereby minimises government intervention and politisation. Besides, independent resource base would facilitate CHSs to supply finance at cheaper rate.

Household Based Resource: Ever since the beginning of the cooperative housing movement, strengthening the internal financial base of CHSs has been emphasised. It was believed that internal financial soundness would achieve twin objectives of minimising dependence on external agencies and supply of cheap finances to the members for housing activities. It was also believed to achieve these objectives through mobilisation of household savings in the form of deposits, which is one of the tenets of cooperation. Mobilisation of household savings not only establishes the cordial relationship between the members and society but also serves as a seed money or down payment for housing project. But unfortunately, as already mentioned, for reasons not known most housing societies have not inculcated the habit of savings among their members. Therefore, promoting thrift among in their members is belied. The expectation of supplying finances at cheaper cost is continued to be a dream for their members. Untapping of household savings led to excessive dependence on external financial institutions, which is costlier and burdensome to members. Some of these arguments reiterate the necessities of mobilising the needed resources within the cooperative fold rather than the capital market. CHSs can mobilise savings by two ways. First, as specific savings exclusively by the members. The saving proceeds after the specific period could be used as seed money either for land purchase or for house construction including the renovation of dilapidated houses with the refinancing assistance by societies. Second are the general savings to be mobilised like any other institution particularly of commercial banks. General public as well as the members (if interested) could be the constituency. This type of savings can meet any purposes with refinancing of societies. It goes without saying that the whole gamut of household savings mobilisation by members

and general public depends on two important pre-conditions. One is the confidence building and the other one is the prudential financial management on the part of the CHSs. CHSs needs to be shown as to how they are registered institutions of public interest, their functional performance, and locus-standi over the years, etc. Confidence building assumes greater significance in the light of the financial mismanagement in a few State cooperative apex banks. Similarly, the sources and avenues of investment of resources, competitiveness, guarantees, etc. need to be blueprinted.

Direct linkages between HFIs and PHSs: Time has now come to put forth the idea of establishing direct linkages between the housing financial institutions and PHSs in order to expedite the process of housing loan approvals and to achieve cost efficiency in operation. Considering the limited role of the Apex Societies in the cooperative housing structure, the argument for direct linkages gains importance besides the three follow reasons. First of all, as has already been mentioned there has been increasing number of HFIs and the volume of finance for housing activities especially with the establishment of the National Housing Bank (NHB) during 1987. Since these institutions are prepared to finance PHSs even at cheaper rate, primaries can avail financial services directly on behalf of their members. However, notwithstanding the importance of upper tiers in the days of before 80s, lending rigidities of apex societies have continued to flourish even now. Second, the presence of the upper tier/apex societies has added up administrative cost to the loans. The current arrangement of financing is that in the absence of their own resources, apex societies borrows from different sources to lend the same to PHSs for members housing activities after charging their administrative and service costs. This has jacked up the cost of credit to the ultimate borrowers. For example, the difference between the borrowing cost and lending cost is around two per cent or is even more in certain cases. If the direct linkages are established between HFIs and PHSs by eliminating the intermediary role of apex societies, ultimate borrowers could be facilitated with lower interest on their loans. Third, administrative delay in loan approvals, releasing the loans to the primaries can be drastically reduced, when once the direct relationship is established between the loaner and loanee.

The argument for elimination of intermediary role of upper tier in the cooperative housing structure raises a few important questions such as what should be the position and role of apex societies? Should there be any alternative for apex societies? The straightforward answer is apex societies should only to lead the cooperative housing movement as its spokesperson instead of itself making business. It should extend facility to the borrowings of primaries from different sources. Further, if any worthwhile service

towards cooperative housing movement has to be rendered, there should be three different but properly coordinated wings at the apex level. One wing should be exclusively in charge of looking after the financial facilitation aspects of the entire cooperative housing system – more so of primaries. This wing can even assess the financial needs of primaries, preparation of action plan for its supply, supervising the investment and recovery of loans. The second wing should from time to time recommend to different land acquisition and development authorities as far as the land requirements of primaries are concerned. It can even design the guidelines for allotment of residential plots for members of PHSs. Third but the important wing should be incharge of coordination between State governments/other agencies and cooperative housing system. This wing can take up issues that need government consent/approval such as concession under stamp and registration fees for members of PHSs, reservation of developed lands for PHSs, concessional supply of building materials to PHSs, etc.

In conclusions from the above discussion, it is evident that CHSs in India have not lived up to their own expectations let alone responding to societal needs. Over the years, PHSs have failed to convert their organisational strength into capacity. In other words, a huge network of PHSs has contributed only a negligible share in the total housing stock. Cooperative housing system being in the housing market for over nine decades is yet to prove its presence and emerge as a key player in the production and distribution of housing benefit to the common man. A number of factors have impeded the cooperative movement and most of them emanated within the system although external factors have played their own role. Chief of them is the weak internal financial base with low share capital and reserves in the working funds. Lower internal financial base has prompted the CHSs to excessively depend on external borrowings from different sources on commercial terms. Disappointingly, even the borrowings have not been exhausted to the capacity of CHSs. Lower capacity utilisation on the part of CHSs has further limited the housing activities of members. The average number of houses per PHS though almost doubled over the years; the percentage coverage of members for housing benefits is continuously declining to a little over one-third of the total membership. This only indicates the disproportionate enrolment of members and their coverage. Added to this, the growing incidence of financial indiscipline in the form of overdue, bad and doubtful debts has curtailed the capital formation. Similarly, the percentage of total business loss of PHSs in the total profit has drastically increased from 78 per cent to over 85 per cent during the period under review.

However, in the context of the special characteristics and economic benefits of the cooperative housing system, a total rejuvenation is required to make the CHSs a prominent player in the production and distribution of housing benefits in the market. Also considering the huge network of institutions and to take the full advantage of emerging housing financial market, CHSs need to be re-motivated. It should be made possible for CHSs to supply the principal housing inputs to their members at cheaper rate. Financial autonomy to PHSs would go a long way in increasing their borrowings with the guarantee of apex societies as well as covering more number of members for housing benefit. Elimination of intermediary tiers and establishing direct relationship between HFIs and PHSs would bring about cost reduction. More success comes when cooperative housing system controls the resources which could be mobilised through household savings and supply the same for house construction of the members. At the same time, it is also necessary to initiate measures to recover the overdue as the proceeds are going to be the lendable resources. In this regard, apart from all other initiatives for recovery of overdue, educating the default members about how the resources are being mobilised how repayment matters and what if they don't repay the loans? Etc., would go a long way to strengthen the CHSs. Similarly, loans are to be discouraged as far as possible as one of the checks to bad debts.

Chapter - 7
Concluding Observations and Policy Implications

This research has captured the development of housing in the last decade (2001-2011) after selecting two very important parameters - growth in number of households and growth in the housing stock in the country. Because, households irrespective of sizes are the critical consideration for housing requirement or need of the society, be it rural, urban or both. The research has portrayed the relationship between these two parameters to assess the performance in the housing sector, besides laying foundation for understanding the nature of the housing poverty in the country, which is discussed extensively in the following section. At the cost of repetition and before understanding the performance relationship, it is necessary to know what a household is as defined by the Census and NSSO. It "is a group of persons who normally live together and take their meals from a common kitchen, unless the exigencies of work prevent any of them from doing so. The persons in a household may be related or unrelated or a mix of both". If a group of unrelated persons live in a census house but do not take their meals from the common kitchen, they are not considered part of a common household. Each such person is treated as a separate household. The important consideration is the kitchen in determining a household. The size of a household can vary, depending upon the number of person/s, which could be ranging from one - the lowest to more than nine or even more. Importantly, the upward trend in the number of households continued from 1919.64 Lakhs in 2001 to 2466.93 Lakhs in 2011, which represents a net increase of 547.29 Lakhs, which is a growth of a little over 28 per cent. This increase has heralded one important change in the composition between the rural and urban areas. Households have been showing the tendency to move towards the urban areas and as a result, the same have increased to 788.66 Lakhs in 2011, as against 536.92 Lakhs in 2001- a net addition of 251.74 Lakhs households. This has led to increase in urban households to 32 per cent from 27.97 per cent during this period and in overall composition, the share of urban areas accounted for 46 per cent. The drastic change indicates the preference for the settlement of the newly formed households. Apart from the preference, push and pull factors could be attributed generally for the conspicuous change. If lack of adequate employment opportunities, decent living environment, adequate educational and health services could be attributed as push factors from rural areas on the one hand, high income earnings, availability of social and economic opportunities (if not in abundance), good educational and health services, economic prosperity can be the pull factors of urban areas on the other. Correspondingly, although there was a net addition of 299.55 Lakhs in the overall growth of the rural households (increased from 1382.72 Lakhs 2001 to 1678.27 Lakhs in 2011), in

relative term at the same time, the composition has proportionately dropped from 72 to 68 per cent. With this, it can be said that rural households are dwindling or squeezing and urban segment is expanding with the increase.

Housing stock can be referred to as residential buildings constructed for residential purposes by the homeless families/households, using various building materials either modern (burnt brick, sand, cement, steel etc.,) or locally and traditional (mud, stone, slabs, tiles etc.,) available within their surroundings for walls, roof and floor. Based on the nature of the building structure constructed, the total housing stock of the country is assessed and has been classified into three categories as standard/good (Pucca), sub-standard/livable (Semi-Pucca) and Unserviceable Kutcha (dilapidated), purely on the basis of the materials used to construct walls and roof. A standard/good house is one, the predominant materials of wall of which are burnt bricks, stone cement and other acceptable materials like concrete GI sheets or other metal sheets etc. The roof of the houses is made of Cement Concrete with corrugated iron, zinc or other metal sheets, asbestos cement sheets, tiles, slate, burnt bricks, lime, stone etc. Livable houses are those which have either walls or roof made of standard/pucca materials but not both. Lastly, unserviceable house is one, the walls of which are of mud or thatch and roof made of thatch or grass, leaves, reeds etc.,(Rao 1988). The unserviceable are (one that cannot be repaired at all) the dilapidated houses, which need to be rebuilt at short intervals, as and when life threats take place, they should be replaced altogether. This category of houses may not last long and may not withstand climatic changes round a year. The growth in the housing stock of the country portrays a positive scenario during the census period. The total housing stock having risen to 2360.63 Lakhs in 2011 from 1870.63 Lakhs in 2001, has added a net increase of 490 Lakh units - a 26 per cent increase . However, as compared to the growth of the households, the housing stock is far less, which leaves a straightforward difference of 106 Lakhs (or 4.45 per cent). It goes without saying that these households have resorted to housing adjustment with their dependent relatives or friends, which is what referred to as quantitative housing shortage. Three very interesting inferences can be noticed in the growth of housing stock. First, the volume of growth in the housing stock between the rural and urban areas is in a way narrowed down or minimized, as the difference is only at 51 per cent and 49 per cent respectively. In other words, social housing schemes and homeless people's participation have had an upper hand in rural areas over the market supported urban housing development. Second, declining share of the rural housing stock from 72.20 per cent in 2001 to 67.72 in 2011- a net decline of 4.48 per cent. This is a clear indication of rural distress and non-settlement preference in rural areas, especially of the younger households. Thirdly

and lastly, preference for urban settlements has been clearly demonstrated by the homeless or the rural loss has been gained by urban areas, as the proportionate increase in the share of housing stock increased from 27.80 per cent to 32.23 per cent during the period.

In general terms, the difference between the number of households and acceptable housing stock is the housing poverty, housing deficit and housing shortage. The housing poverty refers to such situations and is the combination of absolutely homelessness and distress living by the unaffordable and poor families. Often newly married couple and other families resort to dwell together with their relatives (parents, brothers, sisters etc.) and friends, which is termed as housing adjustment. Also, families resort to dwell in dilapidated/insufficient/inadequate housing, which is termed as life threatening dwelling, mostly by the disadvantaged and poorer sections, owing to unaffordability. These two forms are the critical considerations of housing poverty ever since the understanding of the subject that has been supported by public and official information made available in the country. Among all the other dimensions of poverty in India, housing poverty occupy a very significant place in the development discourse. Because of the fact that owning a house besides giving overall security for the family members and to their belongings, gives socio-political identity in a particular place/s apart from economic benefits. India has been lagging behind in ensuring decent and safe housing to all its population and especially to its citizens facing homelessness for various reasons. Lack of effective and need based public interventions for housing development for poor and disadvantaged sections is very conspicuous ever since independence. Simultaneously, the housing market that has taken a shape from mid-eighties has confined itself to address the need of urban areas and is yet to widespread its operations throughout the country, especially the housing finance system (Mahadeva 2009 & 2009). These two prominent restrictions have kept the housing poverty alive in the country both quantitatively and qualitatively. Needy people at the same time have resort to housing adjustments and unsafe dwelling in the absence of adequate and safe housing over the years. It is worked out that roughly about 20 per cent of the households are facing the housing poverty from both the dimensions. Experiencing these two kinds of housing poverty has both pleasure and pains for the homeless people notwithstanding realities, especially for the disadvantaged poor sections in rural areas, as they are flexible in their attitudes and in dwelling culture. Because of the advantageous and disadvantages associated with the dwelling practices or housing poverty being experienced with. Invariably, housing adjustment has number of benefits like scale of economy, social life, common care of the elderly people and children, sharing responsibilities and so on. The

disadvantages of housing adjustment are inadequate space, crowded housing and exerted pressure on the housing amenities like water, toilet (sanitation) electricity and other common utilities. Further, privacy for married couple, more so to newly married ones is a distant dream in the housing adjustment. Similarly, unsafe housing being low cost in nature, are connected with free or subsidised housing services like water, sanitation, electricity etc. (United Nations, 1974) At the same time, the biggest disadvantage is the housing risks involved in inadequate housing like structure collapse and the dwelling is subject to favourable climatic conditions. Despite of these realities, human comforts, safety and dignity have not been thought of hitherto, let alone fulfill it.

The changes in the absolutely homelessness and incidence of life threatening dwelling over the last decade is presented and three major inferences can be drawn in regard to housing poverty scenario of the country. First, all the states and union territories have been commonly facing the incidence in varied volume and degree across the types, though the situation is very conspicuous in some of the states in the recent times. Secondly, housing poverty by type also registered an up scaling trend. The incidence of housing adjustment has increase from 74 per cent in 2001 to 77 per cent in 2011, whereas the distress dwelling dropped from 26 to 23 per cent, which is an encouraging trend. This is a clear indication of the limited public development interventions and strategies. Interestingly, redevelopment or replacement of the dilapidated housing stock has taken place largely in the smaller states, whereas in others, the incidence is not paid adequate attention that has aggravated the situation. Unfortunately, the biggest advantage of replacement of the life threatening stock (no land acquisition and land cost) has not been realized by most of the states. It must also be noted that the first type of the poverty is due to compulsions (if not by choice) of the families for various advantages but the other one is entirely due to economic inability and un-affordability of the families. Thirdly, twelve of the twenty eight major states have exhibited ugly scenario, as far as housing poverty is concerned, in terms of the higher incidence. The total incidence of these states as compared to the national poverty alone works out to 463 lakh units or 78 per cent. These twelve states having been the centre of the housing poverty, calls for public concerted effort with mission oriented intervention to eradicate the problem. Having captured the main traits of the housing poverty of the country, it is indeed necessary to strengthen the arguments with statistical evidence. At the outset, the total housing need/poverty has increased from 413 lakh units in 2001 to 591 lakh units in 2011 in absolute term and similarly to over 43 per cent in relative term, which is a serious concern with a view point of the development and the policy

interventions. In the absolute term (housing adjustment), housing poverty has increased to 454 lakh households from 307 lakh households during the period. In other words, about 48 per cent of households have resort to housing adjustment. Similarly, one of the very serious dimensions within the poverty is the relative poverty namely incidence of families dwelling in life threatening-unsafe-dilapidated stock, which is alarmingly high at 137 lakhs from 106 lakhs in the period of analysis. The growth in the relative poverty is about 30 per cent, although a number of states have shown to have brought down the incidence at their regions. Insecurity is always attached for these dwellers due to collapse of housing walls and the roof, owing to lack of frequent repairs and up gradation due to poverty or reasons of similar nature. Incidentally, it is high time to note that falling walls and roof or both during monsoon is very regular scenario.

From the view point precarious housing situation, good number of issues have emerged with regards to current rural housing scenario and its future development discourse, which have many major policy implications. Mention may be made: (a) continued ad-hoc approach for housing development; (b) uninterrupted growth of the dilapidated housing stock and stressful housing; (c) continued compartmentalized approach for development of housing and housing services; (d) inadequate/lack of development thrust for household sanitation and drainage connectivity; (e) lack of need based strategy to eradicate rural housing poverty; (f) skewed market operation and plagued cooperative movement, without the investment; (g) housing finance exclusion or financial distance of the rural communities; and (h) lack of special action for regions with the highest incidence. These issues points towards the failures of the development strategies of the public authorities, housing market, housing finance system, community/people's participation and what not. These failures need to be addressed with all the concerns and in all measures, if at all the housing welfare of the hitherto neglected rural people needs to be promoted.

In order to eradicate housing poverty and to arrest housing services deprivation in rural areas, the present strategy of leaving the rural problems to themselves has to be changed. Public intervention cannot alone manage the rural housing development through their grand old social housing schemes. This would call upon a strong and complimentary role of the housing market with all the major players. At the same time, housing market cannot function in isolation leaving behind the rural housing challenges, as has been the case hitherto. On the similar line, homeless families also cannot entirely depend upon the limited public action, without participating themselves in solving their housing problem.

Correspondingly, all the three segments have to be realistic and effective while alleviating the housing poverty in rural areas. An integrated solution is that the functioning style of the housing market needs immediate correction ensuring the presence of all the players in rural part to bring in the needed investment, which at present is in scarce. Public policies and the authorities need to realise this fact for a sustainable housing market with lead players like public, private and third sectors. Local governments and homeless families' participation is also equally important to eradicate the housing problems of the vulnerable as well as other needy. Arresting the existing financial distance between the rural homeless and the financial institutions is the need of the hour. The presence of the Indian financial system in general and the housing finance system of the country can be justified by bridging the gap of the rural needy and the financial services of the formal institutions.

Finance being the chief and principal input for housing development, financial inclusion should be seen as the driver of change in rural areas. Towards this end, efforts should be made to organise cooperative housing societies at the first instance in large numbers to supply principal housing inputs like land and finance to the vulnerable communities besides promoting housing thrift as a strategy of financial inclusion. These societies apart from imparting cooperative education, should participate in the development of new rural habitats and settlements independently, on the lines of the urban areas or in association with village panchayats. Equally important is the roles of private sector for housing investment in rural areas and housing finance companies with financial and other incentives, in order to cater to the housing needs of the other affordable sections. To bring in more visibility to the financial inclusion process, rural institutions like cooperative credit societies, self-help groups, post offices and even village panchayat should shoulder the responsibility, not only to enroll the excluded people to financial institutions but also to get financial services for various purpose including housing. Tailor made financial products both for savings and credit would go a long way in building peoples' confidence and the inclusion. Ad-hoc interventional strategies to address the rural housing problem through a host of social housing schemes, has left the housing poverty untouched by and large and affected only a limited target groups. This trend has contributed to perpetual presence of housing poverty by one or the other type or by one or the other social/target group. Therefore, from the public financial effectiveness, it is necessary to merge/combine all the rural social housing schemes and strengthen the existing Rural Housing Fund (RHF) at NHB to refinance new housing units as well as to replace the dilapidated units through financial institutions and village panchayats.

The rural housing development strategy over the years is a blemished one and has never been comprehensive in its approach. It has tried to address the housing shortage which aroused from only one source (crowded/new families) and left behind the other equally important source of the shortage (dilapidated/stressful housing) in terms of the priority. In fact, this is one of the reasons as to why dilapidated stock has accumulated in rural India posing serious threat to the lives. Therefore, public policy should view the housing development mistakes seriously and redesign its intervention objectively to emphasise equal weight age to construction of new houses and improvement (replacement) of dilapidated houses, which has socio (community living) and economic benefits (cost effective) for the rural families. Given the present order of dilapidated housing units (50 per cent) and the housing insecurity and threats that the dwellers are facing in rural areas, strategic intervention for the total replacement is indeed warranted. A national commitment in the form of a mission with public financing is imminent for the rural areas, as this strategy would be a double-edged weapon both to eradicate half of the housing poverty and to ensure safe dwelling. The financing system also has to consider this critical intervention for replacement of the dilapidated stock. Fifthly, it is unreasonable/ridiculous to pursue compartmentalized model of housing development for rural areas, ensuring housing amenities at different points of time. Given the importance of the housing amenities (drinking water as life line, sanitation and drainage as good living environment and lighting for good health), public policy need to adopt integrated approach for rural areas as well. Such a shift can be managed by the public cost/expenditure of all the amenities along with the unit cost of housing and this would put an end to the deprivation or postponement of access to the housing amenities. Sixthly, given the rampant practice of open defecation and water logging around the rural households, public policy should attach paramount priority for the development of household sanitation and development of drainage facilities, which are private and public goods. For this purpose, what is needed is the mission mode approach for the development, hike in public expenditure and financial incentives and the community participation to ensure these facilities. Because, deprivation of these two services for a majority of the rural families does not reflects good on the rural development administration but would certainly obstruct the quality of life. Lastly and undoubtedly, as is already pointed out in the analysis the housing poverty is very conspicuous in good number of states and this hub has an important policy implication on the entire country. Keeping this in view, there shall be a special drive to arrest the housing poverty in these regions.

A modest attempt is also made to portray the dichotomised housing development scenario in urban India. While capturing the same, it has clearly brought to the fore the increasing phase of urbanisation, especially during the 90s, in terms of number of towns, urban areas, population, density, housing stock and housing amenities on the one hand and housing shortage, amenities deprivation, especially in the informal settlements and financial implications of housing the urban poor on the other hand. It has been noted that class I cities with one lakh and above population have continue to be the main urban centres and are increasing their numbers, followed by Class III and Class IV, which is evident with increasing geographical areas, population and density. While the other sizes of urban areas though expanded modestly but have been in the process of losing significance for want of better prospects. Notwithstanding the imbalance growth in India's urbanisation, the housing stock has considerably increased in the standard segment, which has considerably brought down the incidence of families living in the dilapidated stock. Sub-standard housing stock is also enormously increased on account of quality erosion of the standard stock as well as up-gradation of the dilapidated units. What is very significant is that the increase in the housing stock on the standard segment has also augmented access to housing amenities in general, especially household lighting and household toilet facilities. However, these developments in urban areas have left behind about 16 per cent of urban families facing housing poverty absolutely and relatively, besides being deprived of the housing amenities. Perhaps, it can be said that the existing order of deprivation of housing amenities is also for want of all-weather housing units. This implies that housing development and provision of household amenities have not been commensurate with the urban growth and the poor families living mostly in the urban informal settlements have been facing the brunt in large scale.

The imbalance between the growth and housing development in urban areas calls for concerted efforts, particularly from the government, as most people facing the problems are poor, to arrest the incidence of the housing shortage and to ensure safe and guaranteed housing amenities to these families. While doing so, the integrated approach needs to be adopted in place of compartmentalized approach, in order to ensure housing amenities together with house construction under the social housing schemes and thereby to bring about a better and improved living environment for the poor. Further, in regard to the source of lighting, it is all the more necessary to popularize the use of solar energy, especially among the poor households, since the same is available in abundance. In order to do this, the state has to first portray that this important source of energy is freely available and secondly by providing financial support and incentives to the poor families to meet the

initial capital investment. This would not only reduce the dependence on the electricity, which is being scarce the state has many limitations in production, distribution in coverage of families but also improves governance in terms minimizing the un-priced means of its utility, mostly by those cannot afford to pay for its servicing.

Given the growing number of slums, which has been a by-product of urban expansion and the volume of population living in them in urban areas could see a public policy for the first time. It has been enshrining the commitment of the state for the overall improvement is timely and appropriate, although belatedly. Needless to say that the policy is intend bring the slum dwellers into mainstream urban life, which in turn ensures both dignity of life and living comforts, if not on par with other urban segments. But for such public commitment and well-intended strategies, the management of slums and their development would have gone the way they have been all along in the country. The national draft slum policy objectives like land right to all the slum dwellers, congenial living environment, access to a decent levels of health standard and physical infrastructure, economic empowerment and public fund for sustainable slum development at the state and municipal levels though appears to be lofty but a strong political will can always bring about a needed change in the walks of life. It is not affordable any longer to conclude that slums or slum dwellers are a social cost, given the critical role they play and the linkages they provide with other urban sectors. However, what is urgently needed is the measures that encourages slums engaging themselves in self-organisation and mobilisation of household savings to bring about a decent access to acceptable housing and housing amenities, as it happened in other segments. Given the housing development challenges in the slums and limited strategies suggested to that effect in the national policy on slums, strengthening housing linked household savings would go a long way in realizing the dreams of many slum dwellers.

The un-avowed objectives of the housing development strategies are to eliminate all forms of homelessness and to bring about housing parity between the haves and have-nots, especially in urban areas. Because, housing sufferings of the poor families and different housing standards in urban environment reflects on the way they are governed and managed. If this long term goals are to be accomplished the state needs to step up its intervention, giving up the traditional path of inadequate financing of the social housing schemes and *ad hoc* approach. The need of the hour is to assess and address the housing problems across cross sections by their totality. Given the exorbitant rise in the cost of house construction in the recent years and the social housing schemes are the only avenue of realizing the housing dream of the houseless poor, it is indeed necessary to increase the unit

cost on par with the average/market prevailing cost. This would ensure a minimum level of housing basket with a decent access to housing amenities. Mere enhancing the unit cost do not end in itself but there needs a clear demarcation of financial provision both for new housing units and for up-gradation of the dilapidated units, which is the major contributory of the incidence of housing shortage in urban India. From the effectiveness and longevity points, it is extremely essential to give priority for the up-gradation of the deficient housing stock. Further, from the view point of bringing parity in housing development due priority and weightage needs to be accorded to the states facing higher incidence of housing poverty over the others. This can be done by two ways: (a) Special Housing Development Scheme, wholly/largely funded by the central government aiming at supplying new housing units and up-gradation of dilapidated units in sixteen major states of the country; and (b) undertaking expansion of financial services of the housing financial institutions (commercial banks, housing financing companies and housing cooperative societies) with underwriting facilities by the state to make good the financial loss. That apart, based on housing deprivation index, in addition to general poverty index, across the different states, central government may make extra-ordinary provisions for transfer of central resources, as part of finance commission's awards. Finally, what is needed is the political will to arrest the housing problem of the urban poor and the corroborative public financing of the same.

In this regard, both NRHHP and NUHHP have contemplated and promised to wipe out the housing adjustment, which goes always with new families' formation and a major concern for India's housing poverty. Contemplating two policies for two distinct situations of the country is laudable to address the hitherto neglected issues of housing development exclusion in rural areas and sustainable habitat in urban areas. The specific objectives of the policies, target groups for public assistance, special areas of action, clear demarcation of roles and responsibilities of the PRIs, ULBs, Central and State Governments and additional thrust for the social housing schemes are the welcoming initiatives. PPPMAH, notwithstanding the lofty ambitions has its own issues in the Indian context pertaining to its acceptability, inclusivity, feasibility and efficiency. Given the known sources of housing production hitherto (government, individual initiatives and cooperatives), PPP models as such are hardly been put to test of acceptance by the housing needy, especially the poor and economically weaker sections given the private sector's known traits like hidden costs, profits and sustainability. Similarly, PPP projects generally caters to the wealthiest needy or the affordable sections, as is given. Of late, they have also given rise to the gated community culture, that mostly keeps away the marginalised and unaffordable housing

needy owing to the risk associated in recovering the maintenance and other costs. Even more truly, social mixing of all background needy hardly takes place in PPP projects and even if it happens remotely, social distancing by the community is a hard truth. PPP being a new production mechanism of housing in the recent time, the model having been sparsely spread only in major urban areas and as such is yet to penetrate into the other tiers of the urban context. Especially in the rural context, the models are yet to be heard of, let alone implementation. It goes without saying that the non-major urban tiers and rural areas accounting to housing poverty and deprivations. Lack of transparency in regard to the various costs associated with the land, amenities development, construction etc., is one of the other daunting issues of the EWS and poor. Undoubtedly, the RERA has been a very significant intervention in the urban housing administration and governance. Because, such a mechanism was imminent given the spurt in sky-rise option in urban areas, owing to limited scope for horizontal expansion. It must also be noted that RERA is a timely intervention, given the onset trend for urban settlement, especially in the mega and metropolitan cities due to the innumerable advantages. Commensurately, RERA infused greater accountability on the part of the promoters/builders in the urban areas in terms of their goals/commitments and as a result, prompts only professional builders in the market and wipes out weeds besides promoting healthy competition. The other points are the financial discipline and transparency in all the transactions of the project. However, as is already noted that the act has failed to suggest mechanism for corrective action over the discriminatory urbanisation trend, as evident from the official information. In the process, urban settlements is exponentially preferred in major cities due to the opportunities and quality than the other urban tiers. As a corrective measure, what needed apparently is the incentive based penetration of real estate activities in the other tier urban settings. This would certainly ensure a balanced urban expansion coupled with economic opportunities in the long run. Lastly, setting a very ambitious goals of assisting the construction of 3 crore houses (1 crore in rural and 2 crores in urban) for the houseless, households of dilapidated houses, slum dwellers and other poorer sections under PMAY-HA is a right move in order to hit the poverty groups. Because, these sections have been facing the housing problem in majority either due to the development exclusions or due to lack of their own capacity to realise housing dreams, then anybody. Especially, targeting the households of dilapidated houses for rehousing is first of its kind in the development history. Similarly, assisting the lower MIGs in the affordable housing stream is another laudable strategy, as these group has neither identified with low income nor with upper/higher income groups and have not been targeted under any public interventions. However, in-situ redevelopment of houses in

slums under the PMAY-HA (urban) is overlapping with the existing Rajiv Awas Yojana (RAY), which has brought some visible improvement in the slums and has mainstreamed slums (if not all) into rest of the urban setup. Instead, PMAY- HA should have targeted providing night shelters and hut dwellers by the urban local bodies respectively for the floating and migrant population in order to eliminate the pavements dwelling in urban areas. At the same time the RAY should be revamped in order to target the total coverage of urban slums and the dwellers and to provide urban and housing amenities with additional impetus. A few inputs for effective housing public policy making. First, arresting the present order of housing poverty in the country shall be the priority of the governments (for the poor and disadvantaged sections), private sector (affordable homeless families) and cooperative sector (its members and other needy not covered either by governments or private sector). Especially, given the lowest penetration in the rural areas, the need of the hour is to organise housing cooperative societies both to form rural habitats, notwithstanding mobilization of financial resources, including housing linked savings by the PRIs. Housing cooperatives shall be made to participate in alleviating the current housing poverty, more so the life threatening stock as well as to prepare the perspective housing plans in rural areas. Secondly, the other priority must be to have National Housing Finance Inclusion Plan (NHFIP) with a corpus at the hands of the National Housing Bank. This corpus shall be developed by the governments as part of the budgetary allocations, Corporate Social Responsibility (CSR) transfer of Housing Financial Institutions (HFIs) and housing linked savings of the housing cooperatives, SHGs and Regional Rural Banks (RRBs). This fund shall be used to finance housing poverty eradication programmes for the unaffordable poor of various institutions. Last but most important intervention should be to have Housing Development Monitoring Authority (HDMA), given the loaded responsibilities to PRIs and ULBs by the policies. HDMA should supervise and monitor housing development actions of the local governments and other institutions, to audit their performance annually and report their findings to the respective state government. Such authority is warranted immediately in the centers of the housing poverty, although other states are equally important.

Indian response to the global shelter strategy guidelines has been a mixed one in the sense that it has achieved four major successes and at the same time it has made beginning with regard to the other four. Having made a beginning, the NHP-1994 attempted to promote housing activities in rural and urban areas focusing the houseless poor households. Housing norms for rural areas in terms of the plot size was pointed out. Slums rehabilitation, conservation of existing housing stock, rental housing, development of affordable building

materials, infrastructure development, supply of serviced land for housing and many other critical concerns have been dealt half-heartedly. Similarly, housing finance has lacked the direction for vertical and horizontal growth. Especially, the system had to compete with general financial sector for the resource, as there were no HFIs or a strong resource mobilization strategy. The housing finance available from SCBs was selective and unaffordable apart from the investment rigidities. The roles of the governments at various different levels had not been defined, as if the responsibility of housing was confined at one level. Priority to households below poverty line, landless families, displaced families, Scheduled Castes and Tribes, women headed households, physically handicapped and other disadvantaged people although was given in the public housing benefits but the public action itself was handicapped due to the then economic crisis. With the revival of the economic situation and realization of the unattended issues of the housing sector, the NHHP 1998 has shed light on most of the outstanding issues. It is important to note that given the fast urbanization and rural labour shift to urban areas, the urban housing segment has witnessed an exclusive and dedicated "National Urban Housing and Habitat Policy-2007". It has promoted largely affordable housing apart from capturing most of the guidelines of the global shelter strategy. Apart from clearly defining the roles of the government (center and the states), clearly spelt out the responsibilities of the urban local bodies and other agencies and importantly, suggested specific action with regard to infrastructure and critical inputs for housing development. Organisation of housing finance system with National Housing Bank (NHB) as its apex body is an important development. It has four important players- HFIs, SCBs, RRBs and Cooperatives to meet the financial needs of the houseless. The role of NHB is quite big in terms of supports to all the major players through its refinancing programmes and has been playing major role in the application of funds under rural/urban housing funds of the central government. The credit of developing the Indian Information System on housing must go to Census of India and the National Sample Survey Organisation. The Census has started presenting a comprehensive information/data since 1991 for each decade. Housing need on account of population growth, new family formation, demolition due to dilapidating, housing infrastructure like drinking water, electricity, sanitation etc., housing shortage in general and disadvantaged groups in particular have been some of the selected critical variables for the entire country (national and sub-national levels). Similarly, NSSO has been conducting sample surveys by and large on the same variables of housing, different statistical techniques are being used to collect, process and to present the findings frequently. The data inputs have helped public policy making in the housing sector of the country. Lastly, the influence of the global shelter strategy is even more visible with regard

to social housing for the urban poor targeting the economically weaker sections and the low income groups. Four different strategies have been evolved: (a) In-Situ Slum Up-gradation; (b) Affordable housing through credit linked subsidy; (c) subsidy for beneficiary led individual house construction; and (d) National Urban Livelihoods Mission (NULM). These initiatives have aimed at ensuring new housing units, incremental housing, equitable supply of land, housing services to all the houseless poor.

India is yet to go a long way with regard to total compliance of the global shelter strategy. Undoubtedly, non-development of rental housing, ill-development of housing infrastructure, lack of cost sharing habits and misuse of the poor designated benefits, continued dominance of men in decision making, cultural inhibitions have been certain the urban housing realities. Unfortunately, an affordable rental housing segment in urban India is still a far reaching goal, as this sector has been left to itself or to the whims of a few wealthier individuals. Government participation is limited highly to the essential public servants. The NUHHP is lacking a clear roadmap for the development of healthy rental housing. It is a misery as far as development of housing related infrastructure in urban peripheries, as even the basic needs of the human settlement like drinking water, proper sanitation, solid waste collection etc., have not been provided over decades by the urban development administration. What is lacking is not the preparedness of the communities to share the cost of the development of infrastructure but the indolence on the part of the service providers. The situation of women participation in housing related decision making is not entirely different. It is rather a disappointing reality, as the economic empowerment is still deprived for majority of the women. It may not be inappropriate to mention that only a small portion of the women have started employing themselves in urban informal employment sector and sharing the family burdens (supplementing the income, payment of rents, education and health expenditures). They have yet to attain the level of earning to their full potentials and savings for their housing. When such is the situation women participation in decision making is an unfulfilled agenda. Even in this case, the NUHHP excepting replicating the global strategy statement failed to give a roadmap for the same, which only indicate non-participation of the women parliamentarian in articulating the critical need. Last but not the least, misuse of the benefits, especially financial subsidies meant for the poor by the non-poor is a menace in the housing sector as well. This has not only resulted in depriving the benefits for the deserving poor but also limited the success of mainstreaming the poor, besides affecting the financial efficiency of the exchequer.

Overlapping of the benefits meant for the poor is also a serious concern due to political inference in the distribution and lack of the transparency.

RAY is a very important Central Assistance Scheme (CAS) for slum redevelopment and construction of affordable housing for slum dwellers. RAY has a three pronged critical objectives to achieve: (a) tackling the twin problems of shortage of urban land and housing the urban poor; (b) redressing failures of formal system that have come in the way of slum development and put an end to creation of new slums; and (c) subsuming slums with rest of the urban system and achieve parity in basic amenities. Being a vision for slum-free India, RAY pointed out four critical priority issues: urban planning, land, housing and infrastructure and financing. City Master Plans (CMP) should give up exclusionary model that earmarks land for HIG/MIG, commercial, institutional recreation and other uses but excludes EWS/LIG, which has facilitated income classes and excludes the poor from access to land besides throwing them out of the land market. To put an end this process, RAY points the CMP should make provision for EWS/LIG- distinct category. The approval city authorities must ensure that "small lot zoning" (creating plots for EWS/LIGs) is ensured in layout for housing. Regarding land, the JNNURM should reserve 25 per cent of the developed land in all new housing colonies for EWS/LIG housing, as compensation to non-allocation of land for these sections. Similarly, as is the global practice, the occupied land or a part thereof should be allocated for the slum dwellers to have access to housing and basic amenities. Given the massive needs for affordable housing, it is necessary to involve private sector to create affordable housing stock on ownership, rental or rental-cum-ownership basis, in addition to public actions for housing the slum dwellers. Government should also earmark resources for affordable housing for the urban poor. Lastly, banks and housing financial institutions should give up their reluctance to finance EWS/LIG segments and governments should work out suitable fiscal, legal and institutional mechanisms to ensure flow of capital for the priority scheme.

In order to realize the slum-free city dream, the RAY mandates two action plans - one for the state and the other for city, which has slums. The State Slum Free Plan of Action (SSFPA) should be annexed with a legislation of the state assembly covering all legislative issue necessary for redevelopment or rehabilitation of slums, including spatial norms, city/ies identified to be covered in five years, phases, approaches (integrated or holistic), notified or non-notified for up gradation of slums for each identified city. The objective such plan emphasise should be to ensure decent housing with all basic civil infrastructure and services with total sanitation (individual toilets). The plan should be

flexible and beneficiary-built housing model, prepared separately for up gradation of existing slums and action for preventing new slums. It should also be appended by legislative and administrative changes to enable urban land expansion, town planning regulations to reserve EWS/LIG housing. The other mandates are to prepare SSFPA for the entire state by the respective governments and union territories assign legal title to slum dwellers over their dwelling space through legislation for property rights and bring about necessary reform to make urban development inclusive. The SSFPA thus prepared and after approval by state assemblies should be submitted to central government for funding under RAY. Slum-Free City Plan of Action (SFCPA) shall be prepared by the Municipal Commissioner/Executive Officer of the urban local bodies, based on the guidelines of the state government. SFCPA is prepared for each city based on (a) the survey of all slums; (b) the mapping of slums; (c) integration of geo-spatial and socio-economic data; and (d) identification of development model for each slum, as per the guidelines of the state government and the nodal agency of RAY. SFCPA would be prepared depending upon availability of lands, construction of affordable houses, infrastructure etc., and after identifying the gaps in these parameters between the city and slum levels. Based on the decision about up-gradation/in-situ development or relocation of the existing slums, slum-free plan would be implemented with timeline and phasing, which would be monitored. Government of India besides financing the SSFPA and SFCPA of state governments and municipalities respectively, also supports for conducting slum surveys, slums database, slums mapping, expert consultancies, NGOs/CBOs, biometric identification of slum dwellers and hard wares, training programmes etc. Further, if a national steering committee monitors the entire process of SSFPAs in a time bound manner, a monitoring committee considers all the proposals, including sanctioning of funds, reviewing the physical and financial progress under the RAY.

Undoubtedly, the development efforts of housing sector have given rise to the emergence of housing finance system though in its strict sense during the 90s, although it has not been highly developed or responsive. As it exists, being highly compartmentalized across different segments, housing finance system has not been able to bring about any major breakthrough in the Supply of Housing Finance especially in meeting the financial needs of the poorer sections/backward regions and in increasing the housing stock in the country. Since the market segment of the system catering to only white- collared income class, the financial needs of the majority of the people and vulnerable regions have been left either to government or to informal sector. There are a number of failures associated with the housing finance system in India. The first and foremost is the insensitivity of the housing

finance system to the existing housing problem *per se*. At the beginning of twenty first century, as many as 151.29 lakh families (115.98 lakh families in rural areas and 35.31 lakh in urban areas) are facing housing problem in the country as against 184.43 lakh families in 1991. Whereas, the development efforts including the organization of housing credit market could only scale down the problem by 18 per cent during 90s or could only increase the housing stock by over 33 lakh units. In other words, given the various segments in the housing credit market, its contribution to the net addition to the total housing stock is insignificant. That apart, the problem of higher incidence of dilapidated stock (over 76 per cent of the total housing shortage) that needs total replacement remains unresolved as the housing finance system could not evolve any strategy. Lack of compartmentalized approach in resource application has been a hallmark of the system since most of the housing financial institutions prefer to extend fresh loans for new construction rather than for renovation/replacement of the dilapidated stock (Peer Smets, 1977 and 1999). It is only one of the conspicuous examples of the missing linkages between the housing problem of India and the housing finance system.

The second failure in the housing financing system is the missing focus on rural areas and of meeting common man's financial needs. Housing finance institutions operate largely in urban areas and most part of their resources have been deployed only against guaranteed repayment. Thus, the plight of the common man has been left to the total concern of the social housing schemes as financed by HUDCO in urban areas and panchayat raj institutions (a lower tier government) in rural areas. It goes without saying that the coverage of families under social housing schemes is far short of the total demand. If this is the concern of financial institutions towards common man's housing problem in rural areas, the state's concern is also in no way different. Skewed distribution of resources between the urban and rural areas is the main feature of the public expenditure on housing. The estimated public expenditure on rural housing activity during the last fifty years of plan period has been only 4.93 per cent in the total housing investment in the country (Mahadeva, 2005). The third structural deficiency in the housing credit market is the continued predominance of the Informal Credit Market, which is catering to the needs of a large number of people. Given the high cost services of the informal financing, efforts should have been on the reducing role of the informal credit for housing by increasing access to credit from the formal financial institutions. But this did not happen ever since the organization of housing credit market. In reality, the share of credit from the informal segment instead of decreasing has remained unchanged. For example, of the total housing expenditure during the Ninth Plan period

(1997-2002), the share of the informal credit market has been put at more than 80 per cent whereas the formal sectors' share was only 20 per cent (Planning Commission, 1998-2002) as against 84 and 16 per cent during the Eight plan period (Planning Commission, 1992-97). All of this is due to lack of appropriate measures on the part of the formal housing finance system on the one hand and the various advantages associated with the informal credit market on the other hand. As far as the latter is concerned financial services are available at the doorsteps of the households and without any hassles.

The fourth important failure of the Indian housing finance system is the non-development of savings mechanism. In order to ensure uninterrupted flow of funds for housing activities at cheaper rate, a sound housing linked savings mechanism is a pre-condition and the same is rightly emphasized in the sector policy document. But unfortunately, Indian housing finance system has failed to evolve a household based savings mechanism. A well-structured and coordinated housing related savings would have certainly given an opportunity to common man to realize his dream of owning a house over their heads and would have lessen the burden of public exchequer. In the absence of the same, most of the housing financial institutions including the housing cooperative societies have been borrowing the deployable funds from capital market on commercial terms. Although this objective was sought to be achieved by the NHB through its home loan account (HLA), adequate savings could not be generated for various reasons. First of all, NHB in the absence of its own institutional network had to depend upon commercial banks for savings mobilization, which in turn did not show the needed enthusiasm. This was so because commercial banks were themselves supplying housing finance. Moreover, banks were providing housing finance from their own deposits pool. Secondly, NHB's savings scheme was not well designed in the sense that targeting was very poor besides the incentive biases. Canvassing for housing savings was by and large absent. The Scheme although was open for everyone to save it was to some extent popular only among the tax- payers as they were allowed some exemption from income tax payments. Another discouraging factor was that many people could not opt for saving as housing finance was made available by other institutions especially from commercial banks even without the savings. Yet other failure with regard to housing savings is the Co-operative housing societies. Although promotion of thrift is one of the tenets of Co-operation, Co-operative housing societies have hardly lived up to their own principle. Whereas in the case of all the other housing financial institutions (mainly subsidiaries) although savings have been promoted with higher rate of interest, market borrowing has continued to be a major source of investment.

Fifth but the conspicuous failure of the housing finance system is the absence of deepening of financial services to all segments (land acquisition, construction, Renovation etc.) of residential activities. As is pointed out already, Indian housing finance system is prominently concentrating on fresh loans for new construction and the other segments of housing activities have yet to claim the needed attention. A full-fledged financial service for land acquisition and development is yet to be evolved. So is also for renovation of dilapidated units and for extension of existing units. Although composite approvals are necessarily a need of the hour to further boost the housing activities, they have yet to be a common feature in the financing system. Currently, exceptional loan approvals for land acquisition followed by house construction are considered, but these services are restricted not only for short term but also they carry higher rate of interest, besides being restricted to only upper middle and high-income clientele. Finally, developing the conflicting institutions in the housing credit market is yet another character in India although such developments are uncommon elsewhere. These institutions differ in every aspect of their functioning starting from resource base to lending practices. Specialized financial institutions (housing subsidiaries) are guided by the guidelines of NHB with capital market as the principal source of resources. Whereas general financial institutions (commercial banks and others) follow operational guidelines of RBI with regard to housing financial services with a strong support of household savings. These institutions are competing with each other to provide credit services although there has been some overlapping in the same. As mentioned elsewhere, the services of specialized institutions are dearer owing to their lower deposit linked resource base but are flexible at times of need. They often provide higher ratio of loans (with low down payment) besides extending the contractual period of loans. Whereas, the general financial institutions though discourage these practices at the outset but under compulsions, higher loan ratio, extension of term also considered with higher rate of interest. Since lending for housing is under close scrutiny of the central bank, general financial institutions are gaining importance.

Housing credit market in India though contributed marginally to increase the housing stock during 90s but by and large the magnitude of the housing problems has remained unattended, especially in rural areas. In other words, housing credit services are not highly focused towards the various housing needs. Housing credit market as it exists is catering to only one segment of the problem - to construct new housing units that too in urban areas. Attributed with structural inadequacies and operational difficulties, the Indian Housing Credit market is largely irresponsive. At this juncture a number of issues emerge. How long the

existing housing credit services can remain in isolation and insensitive to the housing problems? Shouldn't the housing credit market increase its share by broad basing its services in the house construction and contain the magnitude of informal services? Towards marching these goals, a number of steps need to be initiated by the state. First, the ongoing efforts of organizing housing credit market with increasing number of HFIs of all segments needs to be continued since it has achieved some degree of success. The financing system has provided credit to housing opportunity at least among the income group if not all. But if at all any worthwhile work is to be done by the housing credit market, its investment needs to be protected against defaults besides continuing the existing financial sops. It may not be an exaggeration that but for these financial sops for individuals and HFIs, whatever little success is achieved in containing housing shortage by the end of 2001 would not have been possible. Therefore, it is unwise to withdraw the financial sops, as the credit market is yet to take deep root and has a huge challenge before it. These sops would go a long way in prompting a number of general financial institutions to come forward to provide financial services at competitive price and would pave the way to achieve further success in the production of housing units. Second, the existing housing credit market needs to be re-organized in such a way by compartmentalizing its services targeting to increase housing stock and for redeveloping the existing dilapidated structure. Since India's housing problem is largely qualitative in nature, the housing finance market cannot be isolated in its services. Third, it is indeed necessary to expand the housing credit services to the hitherto untouched areas as they exhibit huge housing shortages quantitatively and qualitatively. The state should provide underwriting facilities and other guaranteeing supports to broad base the services of the housing credit market to rural and other most backward regions instead of shouldering the responsibility of housing development by itself. Fourth, there is a great need to undertake composite loan services in a big scale, which can facilitate the consumers to avail finances to acquire residential sites initially and then to construct houses. This would go a long way in realizing the dream of owning house. Finally, the need of the hour is to develop household savings mechanism for housing activities by all segments of consumers. If a well designed housing linked savings mechanism is thought of by the housing credit market, not only it makes available cheap resources at the disposal of the credit market but also it helps to apply such resources amongst all the needy. Fiscal incentives in the form of exemptions for one residential linked savings could make the housing credit market self-sustaining and could minimize the dependence on capital market borrowing which is dearer.

Some Policy Implications: Experience in the development of rural housing in the country has been unfortunately unsatisfactory for several reasons. Government as "the provider" of housing benefits to the poorer sections has failed to provide adequate finance from time to time. This has resulted in a manifold requirement of public expenditure to fulfill the housing needs of the poorer sections in rural areas. Secondly, lack of market presence (to provide financial services) in rural areas has undoubtedly contributed rather conspicuously for the current order of the incidence, and finally, absence of participation of the houseless families in the mitigation of the problem has been a hallmark in rural areas. However, to reverse this trend and then to have an effective development intervention in the rural housing, the following suggestions can be offered as alternative policy options. First, public expenditure for rural housing development and particularly to meet the housing needs of the poorer sections has to be stepped up substantially. In order to do so, the Central Government needs to introduce many more centrally sponsored social housing schemes and then to increase its allocations under the existing schemes. Similarly, the State Governments should increase the public expenditure substantially to meet the current total housing shortage in their respective rural areas. Further, the existing cost norms for housing units in rural areas need to be revised on the basis of the average costs of Rs 46,748 (NSSO 2005). This would not only facilitate construction of "All weather housing units" but also ensure availability of "essential housing amenities" for the poorer sections in rural areas. That apart, provisioning of sub-sector resources is also a need of the hour to address specific housing needs of the distressed sections of the rural areas. In this regard, mention may be made with regard to families affected by natural calamities and separate families living in tiny hamlets. As part of the disaster management strategy, there is an urgent need to evolve a fund to exclusively and effectively finance the housing of the affected/ displaced families of natural calamities. This fund can be developed by earmarking a part of the public expenditure both by the Centre and State Governments and with the help of corporate and public contributions. This would besides rehabilitate the families with decent housing, facilitates various economic activities for their sustenance in rural areas. Similarly, the need is raised to evolve a special assistance to provide the basic infrastructures like roads, drainage, drinking water, lighting, sanitation and housing for the families living in the isolated and neglected hamlets in rural areas. Furthermore, "Special Housing Development Plan for Rural Areas" (SHDPRA) need to be introduced to give additional focus for the high incidence states. Central and the states (as indicated earlier) in focus need to earmark increased resources to effectively intervene in the housing development activities in their respective rural areas. Second, in order to expand the housing finance market to rural areas, social responsibility needs to be fixed to the

Housing Finance Companies to earmark a portion of their resources to be invested in rural areas. In this regard, introduction of financial incentive schemes to the HFCs would go a long way in taking the financial services to rural areas and more so to the high incidence states. Considering the higher density and limited role of the commercial banks branches in rural areas, the existing ceilings for housing finance should be revised. This would increase the opportunities of financial services to the rural communities. As a financing strategy, there is a need to establish a linkage between Self-Help Groups (SHGs) and housing finance in rural areas, since there are evidences of positive relationship in various other contexts (UNHSP 2005). Increased self-help initiatives besides bringing in the household savings would facilitate alleviation of housing shortage for the poorer sections.

From the above discussion, it is evident that CHSs in India have not lived up to their own expectations let alone responding to societal needs. Over the years, PHSs have failed to convert their organisational strength into capacity. In other words, a huge network of PHSs has contributed only a negligible share in the total housing stock. Cooperative housing system being in the housing market for over nine decades is yet to prove its presence and emerge as a key player in the production and distribution of housing benefit to the common man. A number of factors have impeded the cooperative movement and most of them emanated within the system although external factors have played their own role. Chief of them is the weak internal financial base with low share capital and reserves in the working funds. Lower internal financial base has prompted the CHSs to excessively depend on external borrowings from different sources on commercial terms. Disappointingly, even the borrowings have not been exhausted to the capacity of CHSs. Lower capacity utilisation on the part of CHSs has further limited the housing activities of members. The average number of houses per PHS though almost doubled over the years; the percentage coverage of members for housing benefits is continuously declining to a little over one-third of the total membership. This only indicates the disproportionate enrolment of members and their coverage. Added to this, the growing incidence of financial indiscipline in the form of overdue, bad and doubtful debts has curtailed the capital formation. Similarly, the percentage of total business loss of PHSs in the total profit has drastically increased from 78 per cent to over 85 per cent during the period under review. However, in the context of the special characteristics and economic benefits of the cooperative housing system, a total rejuvenation is required to make the CHSs a prominent player in the production and distribution of housing benefits in the market. Also considering the huge network of institutions and to take the full advantage of emerging housing financial market, CHSs need

to be re-motivated. It should be made possible for CHSs to supply the principal housing inputs to their members at cheaper rate. Financial autonomy to PHSs would go a long way in increasing their borrowings with the guarantee of apex societies as well as covering more number of members for housing benefit. Elimination of intermediary tiers and establishing direct relationship between HFIs and PHSs would bring about cost reduction. More success comes when cooperative housing system controls the resources which could be mobilised through household savings and supply the same for house construction of the members. At the same time, it is also necessary to initiate measures to recover the overdue as the proceeds are going to be the lendable resources. In this regard, apart from all other initiatives for recovery of overdue, educating the default members about how the resources are being mobilised how repayment matters and what if they don't repay the loans? Etc., would go a long way to strengthen the CHSs. Similarly, loans are to be discouraged as far as possible as one of the checks to bad debts.

The pragmatic approaches as followed in the first decade (since 2001) of the twenty first century have brought in a number of changes in urban slums. First of all, urban slums have disappeared to the extent of 2694 during the period 2002 to 2009 from both notified and un-notified streams. With this, not only has there been a declining trend in the number of slums begun for the first time but what is also important to note that no fresher slums were added during the period. This is a conspicuous example of positive change and inclusive urban growth. Second, increase in the standard housing units to more than 57 per cent of the total housing stock in the slum is itself a testimony for housing graduation. Correspondingly, the housing graduation of the slum dwellers has brought down the incidence/ number of sub-standard and dilapidated housing units. Development of all-weather roads and motor-able roads in the slums at a substantial level have paved way for increasing access to the core urban life and interface between the slum dwellers and non-slum urban population. However, in the case of household electricity and household connectivity to sewerage facilities slum development administration is yet to make a significant headway as the deprivation is continuing at a very high level. Similarly, water logging problem has continued to daunt the slum dwellers, as more than half of the slums facing the problem, owing to inadequate intervention. Presence of slums in any form and size is a detrimental factor to achieve orderly urban society. Such society cannot be considered as an inclusive and homogenous one with the prevalence of glaring development disparity, deprivation of basic needs, mal-access to basic amenities and deteriorated environmental conditions. The slum dwellers are continued to inflict with the fundamental

problems, if there are any more delay in introducing the necessary corrective interventions in order to mainstream the India's urban slums. The orderly urban society can be achieved by developing all the existing slums, on par with rest of the urban society and subsuming them with the urban life of India. While strategizing such transformation, the eradication of housing insecurity of the slum dwellers should be prioritized both by up-scaling housing development efforts and by redeveloping the sub-standard and dilapidated stocks in the slums. Development of housing amenities like electricity, sanitation etc., is the need of the hour if at all the existing disparity between the slum and non-slum dwellers needs to be erased. To be precise, integrated housing and amenities development strategy for the slum dwellers would go a long way by enhancing unit cost of construction. The other challenge of the urban slums is the water logging problem, which has many environmental implications needs to be tackled with a coordinated approach with the residents, communities and the non-governmental organizations. Government besides playing a critical role in building slum-free urban India need to evolve a strong corporate social responsibility strategy for the development and mainstreaming of the urban slums. It would not be unreasonable to suggest that if only the strategies, approaches and public commitments are sustainable with a well-knitted co-ordination, several thousands of urban slums can be subsumed with core urban life in the years to come and inclusive urban society can be achieved.

It is very clear from the above discussion that there are hard housing realities in terms of the incidence of housing shortage in rural and urban areas experienced by poor and low income groups and inappropriate and ineffective policy interventions followed ever since the independence. The paper has highlighted three major inconsistencies (narrow definition, misconception in participation and non-development of broad based housing finance system) in the housing development context of India. In the light of these inconsistencies, it has discussed the various components in the national shelter policies as suggested by the Global shelter strategy and others. The debate emphasized the need to set clear objectives to ensure adequate housing for all households, reorganization of the shelter sector including meeting the housing needs of special groups, mobilization and distribution of financial resources, redevelopment of existing (dilapidated), housing stock and finally to involve local bodies in the management of housing stock. Further, it is argued that owing to incompatible actions, the country is continuing to face housing problem and challenge in spite of the positive changes that have taken place especially in the financial and in the housing production fronts between 1991 and 2001. However, it was brought to the fore as to how the development initiatives of 90s have had hardly any impact on arresting the housing

problem in the case of a large number of major states due to lack of even spread of development benefits. Unfortunately, the incidence of the housing problem has aggravated further in the already most affected states. It goes without saying that rural areas continue to face the same apathy and challenge in huge order as urban areas are garnering the benefits of housing development efforts. Given the existing urban biases in housing development initiatives, rural areas remain a challenging task in terms of redevelopment of the dilapidated stock. Finally, regional variations in terms of housing shortage are distressing in major states in the sense that the situation is highly alarming. The incidence of the housing shortage in the twelve major states is in the order of over three-fourth (83 per cent) of the total. In this section of the paper, issues that need careful consideration in public policy making for effective addressing of the housing problem in the immediate years to come are discussed. The critical issues include: need for compartmentalized housing strategies, need-based development of housing input, re-organization of housing market and special concerted efforts for minimizing the incidence of shortage in major states, which are worst hit. It becomes effective and meaningful if these issues form the basis of public policy making in housing, in the years to come.

Compartmentalized Housing Policy: As noted earlier, the housing problem in India as it exists arises from three different quarters of households belonging to diverse social income groups. Correspondingly, public policy and efforts needs to be compartmentalized to supply new housing units to meet the needs of new families and urban migrant families and on top of it to redevelop the existing dilapidated stock that needs immediate repairs/replacement. The incidence of crowded living arising mainly due to new family formation should be tackled only by augmenting the supply of new housing units in the owner and rental sectors. But, while doing so, it is necessary to ascertain the preferences of the new families (single persons, spouse with children, spouse-children and parents etc.) with regard to costs, whether single or duplex, independent or flat, owned or rental, location, etc., as family preferences may vary across types. For this purpose, the market should be so developed that it is able to cater to the various needs of new families especially in urban areas. In rural areas also, argument like one family one housing unit norm needs to find a place in the rural housing development strategies as the norm ensures privacy to the couples, better living environment, better access to amenities and finally leads to decent and healthy housing. But to cope up with this norm, public assistance available to the social housing programmes for poor families must be enhanced sufficiently in order to meet the total demand of new families. Poor families might be more likely to take advantage of crowded dwelling (for

obvious reasons of cost saving, social living, etc.,) but 'crowding out' strategy should needs to be aggressively implemented for reasons stated earlier.

Similarly, pavement dwelling that occurs mainly for increasing migration needs priority in housing development strategy, as these persons/families do not have any sort of shelter over their heads. As has been done hitherto, the problem can no longer be neglected, especially in the urban areas. To arrest the incidence of pavement dwelling, temporary but low-cost housing units with amenities needs to be constructed in all the migration attraction urban areas to house foot loose construction workers and other migrant labourers. These units (single/spouse/double occupation) must be developed and managed by local bodies on use and pay basis. Especially Urban local bodies should be encouraged to earmark resources for exclusive construction of temporary housing units with the initial financial support of upper-tier governments (Central and State), Housing and Urban Development Corporation, National Housing Bank, commercial banks and other financial institutions. In order to make these units self-sustaining, user charges could be collected. Co-operative and private initiatives could also be encouraged on a large scale to produce temporary housing units in urban areas. To effectively administer the housing benefit to migrant labourers, what is needed critically is strengthening of data/ labour profile at all potential employment Centres. Critical information may include: labour migration by sex, size, source, periodicity of stay, income earnings by source, willingness to pay for temporary housing and amenities and other. Similarly, on the lines of migrant labourers, development of the data base of slum dwellers is also a need of the hour so as to not only administer housing benefit effectively to slum dwellers but also to eliminate overlapping besides to curb other unlawful activities in their habitations. Such a sound data base would strengthen the administration to effectively check wrong practices like renting out tenements by the slum allot tees, as the same ensure desisting of the beneficiaries when once the house/tenement is allotted. Rural administration could also adopt a similar strategy with larger support of the state, so as to house the migrant families to rural areas. Such a strategy is indeed necessary in prosperous agricultural areas as they attract labourers from other rural parts. Especially, temporary rental units under the rural local bodies ensure both orderly living and hygienic environment, which are in question at present.

Besides supplying new housing units for new families and migrants, in places of settlements public policy also has to focus on redevelopment of the existing dilapidated housing units considering their stock and share in the total housing shortage of the country, especially in rural areas. Such redevelopment is not being undertaken currently by the

occupants of such houses owing to challenging economic position and for want of funds. Also from the viewpoint of cost-effectiveness, redevelopment of existing stock assumes priority over construction of new units for poor families. The public action should take lead, along with the market, in such endeavors. At this juncture it is important to note the cost of upgradation of dilapidated units and its recovery. Government and users can integratedly meet upgradation cost by evolving a saving linked subsidy/loan scheme by the beneficiary participation. This method has many advantages. It promotes thrift; bring about sharing of burden between the state and the beneficiaries besides ensuring quality in construction. Further, the market and financial institutions must be made sensitive and to be responsive to the housing problems of the country. To coordinate and to manage redevelopment or to finance repairs in rural areas, there is a crucial need to set up Rural Housing Corporations in all the states as public assistance generally meant for poor families in rural areas would not have been adequate to construct acceptable housing units in all respects (size and standard).

Development of Critical Inputs: Mere compartmentalized housing development strategies does not bring about decent and healthy housing unless the same is supplemented with effective supply of critical inputs such as land and finance in rural as well as in urban areas in order to meet the total housing needs. The existing supply mechanisms of both land and finance have many deficiencies. Since in most cases, lands are acquired for residential purpose, which are far away from village core life, not only such projects involves huge expenditure on development of housing amenities but also in most cases people do not wish to miss their core life in the existing settlements. Secondly, the compensation awarded to the land losers/ owners is very low and below market price, which in a large number of cases is a disincentive factor. Thirdly, the existing method of land acquisition and distribution never involve the beneficiaries/users to share the cost of land value and development charges at least partly if not fully. In urban areas also, the position is equally disturbing with regard to supply of residential lands. Development of public lands and lands in possession of various public authorities have not been undertaken on the scale it should have been or to meet the growing demand, as the state alone has to finance such initiatives. In other words, there are hardly any attempts to mobilize the needed resources from the beneficiaries /users. Secondly, there are hardly any incentives available to people's initiatives, developers, co-operatives for assembling, developing and distributing land/providing housing to the poor. In view of the above deficiencies, there is a need to introduce specific corrective measures as follows: promotion of joint identification of feasible lands on cost sharing basis

both by state and beneficiaries and formation of peoples' organizations (on the lines of self-help groups) for land assembling, developing and distributing of house sites in rural areas. Similarly in urban areas, increasing the earmarking of land for the poorer section from the present one-third to half of the total lands developed and making cooperatives, which have a huge network in urban areas (Mahadeva, 2003) as partners/ implementers of social housing schemes besides supplying residential lands on cost effective basis for the poor sections would go a long way in meeting the needs.

Similar to that of land supply, housing finance system as it emerged has not been able to broad base its services and yet to cover all the different income people including the low-income groups. The existing resource strategies have, by and large, not fulfilled the various housing needs of the people, especially in rural areas. Moreover, as financing strategies are biased, they have generated enormous disparities in housing development between the rural and urban areas, instead of containing the same by taking additional surplus resources into hitherto neglected areas. Therefore, the future housing finance strategies must aim at addressing the needs of the sector and ensure effective distribution of resources of both the market and public exchequer. Given the scale of various forms of housing problem, the available resources must be distributed equally for construction of new housing units (to accommodate new families as well as pavement dwellers) and for redevelopment of dilapidated stock (to ensure safe dwelling). Similarly, resources must be distributed according to the needs of rural and urban areas, with priority for rural areas, as they represent the country's worst housing situation, with emphasis on effectively meeting their overall housing needs. However, distribution of resources in rural areas need not take the same forms of urban housing. In rural areas, costs are apparently low, as many households prefer conventional units with tiled roofs, brick-cement walls and cement floors, which are not only acceptable dwelling stock but also providing safe dwelling (GOI, 1988).

Integrated Approach: Considering the huge order of the deprivation of housing amenities on the one hand and increasing efforts for the provision of the same as a critical need of achieving good living condition on the other, especially in rural areas, it is indeed necessary to adopt integrated approach in housing development. Integrated approach paves way for development of housing and critical amenities (drinking water, sanitation, electricity and drainage) simultaneously. Especially, state need to discontinue with the present compartmentalized approach, which facilitates only housing initially and develop the housing amenities subsequently, more so under the social housing schemes in vogue. Yet other disadvantage is the running expenditures on the development of these services at different

points of time, which is not a cost effective measure. Mere switching over to integrated approach does not alone ensure housing and amenities simultaneously, unless the costs of housing and these services are integrated. Therefore, it is the need of the hour to include the cost of the services, which is roughly around Rs 12,000/- per unit with the existing pre-determined cost of Rs 30,000/- per unit in rural Rs 35,000/- in urban areas. In other words, pre-determined costs under the existing social housing schemes needs to be refixed at Rs 42,000/- and Rs 47,000/- per unit in rural and urban areas respectively.

Re-organisation of Market: Considering the scale of housing shortage on the one hand and limited public financial resources on the other, broad basing of the financial services of the market is indeed necessary. It is the need of the hour to re-orient the market to spread the financial services to all segments of housing needs across rural-urban areas. The present market structure focuses more on financing of new housing units and, by and large, neglects redevelopment. In other words, redevelopment of the existing stock has failed to attract the required financial resources for want of sub-market and compartmentalized resource allocations in the market. Similarly, there is hardly any financial earmarking for rural areas on the part of the financial institutions. This lacuna needs to be addressed urgently by means of securitization and insurance of resources. Rural panchayats could be made as administrative outlets of housing financial services of the market not only that they are local governments but in order to minimize the market inhibition, in spreading the resources in rural areas.

Special Concerted Efforts: Given the existing scale of housing shortage and the emerging worsening situation in a number of major states (Gujarat, Harayana, Himachal Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Sikkim, Uttar Pradesh and West Bengal), there is an urgent need to evolve a special assistance package strategy. Such a strategy should aim at not only mitigating the existing order of housing shortage but also to check further growth/rise, especially in rural areas. This impeding goal should be supplemented with higher ear-markings of financial resources both from the respective states and from central government. Since rural areas of these states are facing severe housing problem, all possible but coordinated efforts must be made to arrest the same. Especially, central assistance under various rural housing programmes should be stepped up and wherever further need arises additional assistance are justified in order to strengthen the efforts of these states. To realise this, central assistance under various housing schemes could be reduced or even withdrawn from such states, which are facing lower incidence of housing shortage and are capable of managing the shortage with their own resources. Besides

stepping up their efforts, governments should promote housing market to play its own role in arresting housing problem in these states. These states should facilitate the entry of public-private financial institutions with fiscal incentives and evolve a broad-based financing mechanism the redevelopment of dilapidated stock. Also it is for the market to realize and take the benefits to the more business potential regions and areas. But to ensure the market to play its own role, State needs to go a long way in recovering the cost of housing benefits, which in turn largely depends on motivating people and reversing the free-meal practices.

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