CHAPTER-III

SLUMS AND PUBLIC POLICY
Recognizing the plight of the slum-dwellers accounting for about 1/3rd of the urban population globally, the United Nations Millennium Declaration 2000 recognizes the critical need for national governments to focus on slums and urban poverty situation as part of their national development strategies. It articulates the commitment of Member States to improve the lives of at least 100 million slum dwellers by the year 2020. India is a signatory to the United Nations Millennium Declaration covering the Millennium Development Goals (MDGs). Some of the important MDGs in the context of addressing the issues of slums are:

- Millennium Development Goal 1: Eradicate extreme poverty and 
  hunger

- Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day;

- Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

- Millennium Development Goal 7; Ensure environmental sustainability

- Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources;

- Halve, by 2015, the proportion of people without sustainable access to safe drinking water.

- By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

The need for inclusion of the poor and disadvantaged sections in the growth process is highlighted in the 11th Five Year Plan Strategy of the
Government of India, which envisages “inclusive growth” as the key paradigm of development for the country. This calls for a reconsideration of the approaches towards urban development and the need for adopting policies and programme to develop “inclusive cities”. A strategy of “inclusive and sustainable urban development planning” which is aimed at creating socially equitable, environmentally sustainable, economically productive and slum-free cities and towns is essential.

The major programmes started by the Government of India towards inclusive city development with focus on slums, including the provision of basic services and affordable housing to the urban poor, are the Jawaharlal Nehru National Urban Renewal Mission (JNNURM)-Basic Services to the Urban Poor (BSUP) and Integrated Housing & Slum Development Programme (IHSDP) components - launched in 2005, and the two schemes entitled Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) and Affordable Housing in Partnership, launched in 2009. Together, they address the “supply side” issues of affordable housing and aim at enabling the construction of about 25 lakh houses with basic amenities for the Economically Weaker Sections (EWS) and Low Income Groups (LIGs) by the end of 11th Five Year Plan. About 15.7 lakh houses have so far been taken up for execution, all under the flagship programme of JNNURM.

As components of JNNURM, the BSUP and IHSDP have achieved a fair amount of success with the overarching aims of focusing State attention on the problems of inequity in urban areas, and drawing budgetary resources to the welfare of the urban poor. Cities have begun earmarking funds within
their budgets for the urban poor and an increasing number of State Governments have notified regulations for reservation of land for housing the EWS/LIG sections in all new developments. There is now general awareness that encroachments are the result of an unrealistic town planning model that saw cities as idylls of urbane living, without any consideration of the economic profile of the country or the outcome on urban population statistics of economic growth. There is an increasing assumption of responsibility towards the slum dweller, and his/her entitlement to conditions conducive to a dignified quality of life. States have accepted as the strategy of choice for land for social housing the *Hn-situ* development of slums wherever they are on municipal/government, tenable and unreserved land, thereby avoiding the delay and expenditure inherent on acquiring or developing new sites, and for the beneficiary, the distress of relocation. About 2/3\(^{rd}\) of the JNNURM housing is being provided by conferring entitlement *in-situ* and making provision for upgradation of infrastructure of existing slums. Simultaneously, there is an acceptance at policy level, both in the State and Municipality, that the emergence of new slums can be prevented only by increasing the availability of land and affordable housing for the urban poor, which in turn requires that the market-distorting shortages of land and housing be corrected.

**Swarna Jayanti Shahari Rozgar Yojana (SJSRY)**

With a view to provide gainful employment to the urban unemployed and underemployed through encouraging the setting up of self-employment ventures or provision of wage employment, a new urban poverty alleviation programme, namely, Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was
launched by the Government of India on 01.12.1997. This scheme subsumed the earlier three urban poverty alleviation programmes, namely Urban Basic Services for the Poor (UBSP), Nehru Rozgar Yojana (NRY) and Prime Minister’s Integrated Urban Poverty Eradication Programme (PMIUPEP). An independent evaluation of SJSRY was carried out by the Ministry of Housing & Urban Poverty Alleviation in 2006 to assess the impact of the scheme in improving the conditions of the urban poor. Based on the study findings, lessons learnt in implementation and feedback received from State Governments, Urban Local Bodies and other stakeholders, a revision of the Guidelines of the SJSRY scheme has been made, with effect from the year 2009-2010.

**Objectives**

The main objective of the new revamped SJSRY is:

- **Addressing urban poverty alleviation through gainful employment to the urban unemployed or underemployed poor by encouraging them to set up self-employment ventures (individual or group), with support for their sustainability; or undertake wage employment;**

- **Supporting skill development and training programmes to enable the urban poor have access to employment opportunities opened up by the market or undertake self-employment; and**

- **Empowering the community to tackle the issues of urban poverty through suitable self-managed community structures like Neighbourhood Groups (NHGs), Neighbourhood Committees (NHC), Community Development Society (CDS), etc.**
Components

- SJSRY will have five major components, namely-
- Urban Self Employment Programme (USEP)
- Urban Women Self-help Programme (UWSP)
- Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)
- Urban Wage Employment Programme (UWEP)
- Urban Community Development Network (UCDN)

Revised Swarna Jayanti Shahari Rozgar Yojana

The following major changes have been effected in the scheme:

★ For special category States (8 NER States and 3 other hilly States i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Jammu & Kashmir, Himachal Pradesh and Uttarakhand), the funding pattern for the Scheme between Centre and the States, has been revised from 75 :25 to 90:10.

★ For the beneficiary under the Urban Self Employment Programme (USEP) component of the Scheme, the education limit criteria of “not educated beyond 9th standard” has been removed and now no minimum or maximum educational qualification level has been prescribed for the purpose of eligibility of assistance.

★ For the self-employment (individual category), the project cost ceiling has been enhanced to Rs. 2.00 Lakhs from the earlier Rs. 50000/ - and the subsidy has also been enhanced to 25% of the project cost (subject to a maximum of Rs. 50000/-), from the earlier 15% of the project cost.
(subject to a maximum of Rs. 7500/-). For the group enterprises set up by urban poor women, the subsidy has been made as 35% of the project cost or Rs. 300,000/- or Rs. 60,000/- per member of the Group, whichever is less. The minimum number required to form a women group has been reduced from 10 to 5. The revolving fund entitlement per member has also been enhanced from the existing Rs. 1000/- to Rs. 2000/.

★ Under the Urban Wage Employment Programme (UWEP) component, which is applicable to the towns having population less than 5 Lakhs as per 1991 census, the 60:40 Material labour ratio for the works under UWEP, flexibility of 10% (either side) is now accorded to the States/UTs.

★ The Skill Training of the Urban poor component has been restructured and quality skill training will be provided to the urban poor linking it with certification, imparted preferably on Public-Private Partnership (PPP) mode, with the involvement of reputed institutions like IITs, NITs, Polytechniques, ITIs, other reputed agencies etc. The average expenditure ceiling per trainee has been enhanced from the Rs.2600/- to Rs.10000/.-.

★ 3% of the total Scheme allocation will be retained at the Central level for special / innovative projects to be undertaken to implement a time-bound targeting to bring a specific number of BPL families above the poverty line through self-employment or skill development.
Urban Self Employment Programme (USEP)

USEP will focus on providing assistance to individual urban poor beneficiaries for setting up gainful self-employment ventures. An Infrastructure component will enable setting up Micro-Business Centres (MBCs), housing common facilities and Informal Sector Markets, to be managed by the beneficiaries themselves in collaboration with other stakeholders. USEP targets the urban population below poverty line, as defined by the Planning Commission from time to time. The percentage of women beneficiaries under STEP-UP shall not be less than 30%. SCs and STs must be benefited at least to the extent of the proportion of their strength in the city/town population Below Poverty Line (BPL). A special provision of 3% reservation should be made for the differently-abled, under this programme. The project cost ceiling for individual enterprises for self-employment is Rs.2 Lakhs with subsidy component of 25% of the project cost or Rs. 50000/-, whichever is less. In the infrastructure component, an average of Rs. 80 Lakhs can be provided for the MBCs (one time capital grant of Rs. 60 Lakhs + Rs. 20 Lakhs for the running cost for three years on a tapered scale).

Urban Women Self-help Programme (UWSP):

Minimum number of women in a Women Self-Help Group should be 5. UWSP will aim at providing assistance by way of subsidy to urban poor women for setting up gainful group enterprises with SHG-Bank linkage For setting up group enterprises, the UWSP group shall be entitled to a subsidy of Rs. 300,000/- or 35% of the cost of project or Rs. 60,000/- per Member of the Group, whichever is less. The remaining amount will be mobilized as Bank
Loan and Margin Money. Revolving Fund assistance will also be provided to
the Thrift & Credit Societies (T & CS) formed by the urban poor women at the
rate of Rs. 2000/- per Member subject to a ceiling of Rs. 25000/- per T&CS.
The Groups will be encouraged to undertake social security and other
measures for the benefit of the members.

**Skill Training for Employment Promotion amongst Urban Poor (STEP-UP):**

This component of SJSRY will focus on providing assistance for skill
formation/ upgradation of the urban poor to enhance their capacity to
undertake self-employment as well as access better salaried employment.
Like USEP, STEP-UP will target the urban population below poverty line, as
defined by the Planning Commission from time to time.

STEP-UP intends to provide training to the urban poor in a variety of
service, business and manufacturing activities as well as in local skills and
local crafts so that they can set up self-employment ventures or secure
salaried employment with enhanced remuneration. Training should also be
imparted in vital components of the service sector like the construction trade
and allied services such as carpentry, plumbing, electrical and also in
manufacturing low-cost building materials based on improved or cost-effective
technology using local materials. Skill Training may be linked to Accreditation,
Certification and preferably be taken on Public-Private-Partnership (PPP)
mode with the involvement of reputed institutions like IITs, NITs, Industry
Associations, reputed Engineering Colleges, Management Institutes,
Foundations and other reputed agencies. Training institutions such as
ITIs/Polytechnics/ Shramik Vidyapeeths, Engineering Colleges and other suitable institutions run by Government, private, or voluntary organizations may be utilized and provided appropriate support for skills training of the urban poor subject to verification of their brand image and quality of instructions being imparted. The average unit cost allowed for training will not exceed Rs.10,000/- per trainee, including material cost, trainers’ fees, tool kit cost, other miscellaneous expenses to be incurred by the training institution and the monthly stipend, to be paid to the trainee.

**Urban Wage Employment Programme (UWEP)**

UWEP seeks to provide wage employment to beneficiaries living below the poverty line within the jurisdiction of urban local bodies by utilising their labour for construction of socially and economically useful public assets. These assets may be Community Centres, Storm water Drains, Roads, Night Shelters, Kitchen Sheds in Primary Schools under Mid day Meal Scheme and other community requirements like Parks, Solid Waste Management facilities, as decided by the community structures themselves. The Urban Wage Employment Programme (UWEP) will be applicable only to towns/cities with population upto 5 Lakhs, as per the 1991 Census. UWEP will provide opportunities for wage employment, especially for the unskilled and semi-skilled migrants/residents by creation of community assets. Special emphasis will be on the construction of community assets in low-income neighbourhoods with a strong involvement and participation of local communities. The material: labour ratio for works under this programme shall be maintained at 60:40. However, States/UTs can relax this material: labour
ratio up to 10% (either way), wherever absolutely necessary. The prevailing minimum wage rate, as notified from time to time for each area, shall be paid to beneficiaries under this programme.

**Urban Community Development Network (UCDN)**

UCDN will support and promote community organizations and structures such as Neighbourhood Groups (NHGs), Neighbourhood Committees (NHCs), and Community Development Societies (CDSs) to facilitate sustainable local development. The CDSs shall be the focal point for purposes of identification of beneficiaries; preparation of applications, monitoring of recovery, and generally providing whatever other support is necessary to the programme. The CDSs will also identify viable projects suitable for that particular area.

**Employment and Empowerment of Women under Swarna Jayanti Shahari Rozgar Yojana**

Under the Urban Self Employment Programme (UWSP) and Skill Training for Employment Promotion amongst Urban Poor (STEP-UP) components of Swarna Jayanti Shahari Rozgar Yojana (SJSRY), special attention is be given to women, persons belonging to Scheduled Castes/Tribes, disabled persons and other such categories as may be indicated by the Government from time to time. SCs and STs must be benefited at least to the extent of the proportion of their strength in the local population. A special provision of 3% shall be reserved for the disabled under this programme. In order to extend a special incentive to urban poor women living below poverty line, there is a special component called Urban Women
Self-help programme (UWSP). Under UWSP, groups of urban poor women are given assistance to take up economic activities suited to their skill training, aptitude and local conditions. Besides generation of income it is intended to empower the urban poor women by making them independent as also providing a facilitating atmosphere for self employment. For setting up gainful group enterprises, the UWSP group shall be entitled to a subsidy of Rs. 3,00,000/- or 35% of the cost of project or Rs. 60,000/- per Member of the Group, whichever is less. The remaining amount will be mobilized as Bank Loan and Margin Money.

**Basic Services to the Urban Poor (BSUP) /Integrated Housing & Slum Development Programme (IHSDP)**

Under the Basic Services to the Urban Poor (BSUP)/Integrated Housing & Slum Development Programme (IHSDP) components of Jawaharlal Nehru National Urban Renewal Mission (JNNURM), 15% of the Central allocation is to be earmarked for the Minority Communities. States/UTs were requested through letter to all Chief Ministers from Hon’ble Minister for Housing & Urban Poverty Alleviation dated 30.9.2006, to give priority to the cities/slums, predominantly inhabited by minority communities (i.e. where minority population is 25% or more), while submitting Detailed Project Reports (DPRs) for the assistance under Basic Services to the Urban Poor (BSUP)/Integrated Housing & Slum Development Programme (IHSDP). Ministry of Housing & Urban Poverty Alleviation has issued appropriate instructions to States/UTs pertaining to Sub-Mission-II Basic Services to the Urban Poor (BSUP) and Integrated Housing & Slum Development
Programme (IHSDP) – that priority be accorded to towns and cities having substantial concentration of minority population with regard to utilization of funds by ensuring that Detailed Project Reports (DPRs) of such towns and cities include areas inhabited by minority communities in order to effectively implement the New 15-Point Programme for Minorities. Further DO letters from Minister of Housing & Urban Poverty Alleviation have also been sent to the Chief Ministers of all States/UTs on 30th September 2006 and 9th July 2007 in this regard. As on 31-12-2010, under BSUP, out of the total 477 projects sanctioned for a cost of Rs. 26844.28 Crore, 103 projects costing Rs. 5588.05 Crore are for minority concentration towns indicating 20.82% flow of funds to minority concentration towns/cities. As on 31-12-2010, under IHSDP, out of the total 966 projects sanctioned for a cost of Rs. 9711.60 Crore, 132 projects costing Rs. 1817.38 Crore are for minority concentration towns indicating 18.71% flow of funds to minority concentration towns/cities.

**National Policy on Urban Street Vendors (2009) and Model Street Vendors (Protection of Livelihood and Regulation of Street Vending) Bill, 2009**

Union Ministry of Housing & Urban Poverty Alleviation has recently comprehensively revised the National Policy on Urban Street Vendors (2004), taking into account the views of States/UTs and other stakeholders. The revised National Policy on Urban Street Vendors, 2009 aims at fostering a congenial environment for the urban street vendors to carry out their activities without harassment from any quarter and provides mechanism of regulation of such activities to avoid congestion on sidewalks and to ensure free flow of
traffic on roads. It aims at ensuring that urban street vendors find due recognition at national, state and local levels for their contribution and is conceived as part of the national initiative for alleviation of poverty in cities and towns.

The revised Policy underscores the need for a legislative framework to enable street vendors to pursue a honest living without harassment from any quarter. Accordingly, a Model Street Vendors (Protection of Livelihood and Regulation of Street Vending) Bill, 2009 has also been drafted.

**National Policy on Urban Street Vendors (2009): Salient Features**

- A Town Vending Committee (TVC) consisting of Municipal Commissioner/Chief Executive Officer of the urban local body as Chairperson and members representing local authority; planning authority, police authority, associations of street vendors, resident welfare associations, Community Based Organisations (CBOs), other civil society organizations such as NGOs, representatives of trade and commerce, representatives of scheduled banks and eminent citizens, is to be constituted by the appropriate Government in all cities/towns and wards (if considered necessary).

- Functions of TVC clearly specified with reference to undertaking periodic surveys of street vendors,

- Registration and issuance of Identity Cards,

- Assessing and determining maximum holding capacity of each vending zone, Monitoring of vending activities.
To prevent the extortion of street vendors, the collection of revenue through TVC introduced.

TVC to be responsible for redressal of grievances and resolution of disputes arising amongst street vendors or between street vendors and third parties - as the first point of intervention.

Demarcation of ‘Restriction Free Vending Zones’, ‘Restricted Vending Zones’ and ‘No vending Zones’ to be made city/town specific; Mobile vending to be permitted in all areas unless designated as ‘No-vending Zone’.

Master/zonal/local development plans to address the requirements of space for street vending as an important urban activity through “norms” for reservation of space for street vendors in accordance with their current population and projected growth of street vendors.

Reservation of space for street vending to be made in all new local area plans and implemented.

Jawaharlal Nehru National Urban Renewal Mission: Basic Services to the Urban Poor (BSUP) & Integrated Housing & Slum Development Programme (IHSDP)

Cities and towns of India constitute the world’s second largest urban system. They contribute over 50% of country’s Gross Domestic Product (GDP) and are central to economic growth. For these cities to realize their full potential and become true engines of growth, it was necessary that focused attention is given to the improvement of infrastructure and basic services to the poor therein. For achieving these objectives, a Mission mode approach
was essential. Accordingly, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched on 3rd December, 2005. The Mission comprises two Sub-Missions – one for Basic Services to the Urban Poor (BSUP) and the other for Urban Infrastructure and Governance (UIG). BSUP is being implemented in select 65 cities including Bangalore. The duration of the Mission is 7 years (2005-2012). Smaller cities/towns are covered under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) and Integrated Housing and Slum Development Programme (IHSDP). Ministry of HUPA is the nodal Ministry for BSUP and IHSDP whereas the Ministry of Urban Development is the nodal Ministry for Sub-Mission on UIG and UIDSSMT.

BASIC SERVICES TO THE URBAN POOR (BSUP)

The Salient features of the scheme are as follows.

- The Sub-Mission is to be implemented in 65 select cities.
- The duration of the Mission is 7 years beginning with the year 2005-06.
- Central Assistance in the form of ACA as full grant.
- 50% percent of the project cost in respect of cities having million plus population or above to be borne by the Central Government.
- 90% of the project cost borne by the Central Government for projects from cities/towns in North Eastern States and Jammu & Kashmir.
- 80% of the project cost borne by the Central Government for projects from the remaining cities.
- A minimum of 12% beneficiary contribution for houses which in the case of SC/ST/BC/ OBC/PH and other weaker sections is 10%.
Access of Central assistance predicated upon the State/ Urban Local Bodies/Parastatals agreeing to reforms.

- Reforms to ensure improvement in urban governance and management.
- Cities to prepare City Development Plans and Detailed Project Reports.

**BSUP: Admissible Components**

1. Integrated development of slums, i.e., housing and development of infrastructure projects in the slums in the identified cities.

2. Projects involving development/improvement/ maintenance of basic services to the urban poor.

3. Slum improvement and rehabilitation projects.

4. Projects on water supply/sewerage/drainage, community toilets/baths, etc.

5. Houses at affordable costs for slum dwellers/ urban poor/EWS/LIG categories.

**Integrated Housing & Slum Development Programme (IHSDP)**

The Salient Features of IHSDP is given below

- Central Assistance in the form of ACA as full grant.

- 80% percent of the project cost borne by the Central Government in general.

- 90% of the project cost borne by the Central Government for projects from cities/towns in special category States.
- A minimum of 12% beneficiary contribution for houses which in the case of SC/ST/BC/OBC/PH and other weaker sections is 10%.

- Access of Central assistance predicated upon the State/Urban Local Bodies/Parastatals agreeing to reforms.

- Reforms to ensure improvement in urban governance and management.

- Cities/towns to prepare Detailed Project Reports.

**HSDP: Admissible Components**

The admissible components of HSDP are detailed below.

- Provision of shelter including up-gradation & construction of new houses.

- Provision of community toilets.

- Provision of physical amenities like water supply, storm water drains, community bath, widening and paving of existing lanes, sewers, community latrines, street lights, etc.

- Community Infrastructure like provision of community centres to be used for pre-school education, non-formal education, adult education, recreational activities, etc.

- Community Primary Health Care Centre Buildings.

- Social Amenities like pre-school education, non-formal education, adult education, maternity, child health and primary health care including immunization, etc.

- Provision of Model Demonstration Projects.
- Sites and Services/houses at affordable costs for EWS & LIG categories.
- Slum improvement and rehabilitation projects.

But Land acquisition cost will not be financed except for acquisition of private land for schemes/ projects in the North Eastern States & hilly States, viz., Himachal Pradesh, Uttarakhand and Jammu & Kashmir.

**IHSDP: Funding**

The sharing of funds is in the ratio of 80:20 between Central Government and State Government/ULB/ Parastatals. For special category States, the funding pattern between Centre and States is in the ratio of 90:10. The Central fund will be released as Additional Central Assistance (grant). As in the case of BSUP, signing of a tripartite MoA is a necessary condition to access Central assistance.

**Special Feature of Integrated Development of Slums**

Both under BSUP and IHSDP emphasis is given for integrated development of slums through projects for providing shelter, basic services and other related civic amenities with a view to provide utilities to the urban poor. Accordingly, the approved projects include physical amenities and related infrastructure such as water supply, sewerage, storm water drain, roads, multi-purpose community centres, parks etc.
URBAN REFORMS

MANDATORY REFORMS

Urban Local Body Reforms (at ULB Level)

A. Adoption of modern, accrual-based double entry system of accounting in Urban Local Bodies.

B. Introduction of system of e-governance using IT applications like GIS and MIS for various services provided by ULBs.

C. Reform of property tax with GIS, so that it becomes major source of revenue for urban Local Bodies (ULBs) and arrangements for its effective implementation so that collection efficiency reaches at least 85% within the Mission period.

D. Levy of reasonable user charges by ULBs/Parastatals with the objective that full cost of operation and maintenance is collected within the Mission period. However, cities/towns in North East and other special category States may recover at least 50% of operation and maintenance charges initially.

These cities/towns should graduate to full O&M cost recovery in a phased manner.

- Internal earmarking within local body budgets for basic services to the urban poor.

- Provision of basic services to urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery of other already existing universal services of the government for education, health and social security.
State Level Reforms

A. Implementation of decentralization measures as envisaged in Seventy Fourth Constitutional Amendment. States should ensure meaningful association/engagement of ULBs in planning function of Parastatals as well as delivery of services to the citizens.

B. Rationalisation of Stamp Duty to bring it down to no more than 5% within the Mission period.

C. Enactment of community participation law to institutionalize citizen participation and introducing the concept of the Area Sabha in urban areas.

D. Assigning or associating elected ULBs into “city planning function” over a period of five years; transferring all special agencies that deliver civic services in urban areas and creating accountability platforms for all urban civic service providers in transition.

Optional Reforms

- Repeal of Urban Land Ceiling and Regulation Act.
- Amendment of Rent Control Laws balancing the interest of landlords and tenants.
- Enactment of Public Disclosure Law to ensure preparation of medium-term fiscal plan of ULBs and release of quarterly performance information to all stakeholders.
- Revision of bye-laws to streamline the approval process for construction of buildings, development of sites, etc.
Simplification of legal and procedural frameworks for conversion of agricultural land for nonagricultural purposes.

Introduction of Property Title Certification System in ULBs.

a) Earmarking at least 20-25% of developed land in all housing projects (both Public and Private Agencies) for EWS/LIG category with a system of cross subsidization.

b) Introduction of computerized process of registration of land and property.

c) Revision of bye-laws to make rain water harvesting mandatory in all buildings to come up in future and for adoption of water conservation measures.

d) Bye-laws on reuse of recycled water.

e) Administrative reforms, i.e., reduction in establishment by bringing out voluntary retirement schemes, non-filling up of posts falling vacant due to retirement etc., and achieving specified milestones in this regard.

f) Structural reforms

g) Encouraging Public-Private partnership.

Rajiv Awas Yojana (RAY)

In pursuance of the address of the President of India, to both Houses of Parliament in June 2009 and the Prime Minister on Independence Day, in which the Government's vision of a “Slum-free India” was announced, this Ministry began the process of formulation of a new Scheme – Rajiv Awas Yojana (RAY). This scheme aims at providing support to States that are willing to provide property rights to slum dwellers. The Scheme proposes to
address the problem of slums in a holistic and definitive way adopting a multi-pronged approach focusing on bringing existing slums within the formal system and enabling them to avail of the same level of basic amenities as the rest of the town; redressing the failures of the formal system that lie behind the creation of slums; and tackling the shortages of urban land and housing that keeps shelter out of reach of the urban poor and forces them to resort to extra-legal solutions in a bid to retain their sources of livelihood and employment.

**Rationale for the Scheme**

As per Planning Commission estimates using NSSO 61st Round Data, an estimated 26% of urban population of the country (810 lakh in 2004-05) still subsists on incomes that are below the poverty line. Eighty percent of their meagre earnings go towards food and energy, leaving very little for meeting the costs of living in an increasingly monetized society. The majority of them live in slums and squatter settlements (estimated at 75.2 million in 2001), in inhuman conditions that deny them dignity, shelter, security, and the right to basic civic amenities or social services, in an environment in which crime, ill-health and disease frequently raise demands that draw them deeper into vulnerability and poverty; to which they are condemned by the failures of the current master planning system that provides little space for the poor for housing and livelihoods. That about a quarter of the country’s urban population lives in notified and non-notified slums – higher in the metros, as high as 54% in Mumbai and 46% in Faridabad, 45% in Aligarh, 44% in Meerut (2001 Slum Census data) - is an indication of the iniquitous and exclusionary
urban planning system, urban land management practices and land legislation that have not been able to adapt themselves to the pace or profile of indigenous urban growth; or to create space within the formal system of planned living and working spaces to accommodate the informal working classes. As urbanization grows, and the projected share of urban households rises in the next two decades from the current 28% to 50% of the country's population, we may expect that slums will grow, seriously crippling the productive capacities of a growing number of people by the denial of basic services, shelter and security, increasing inequity and retarding the GDP potential of urban areas. To address these shortages – Jawaharlal Nehru National Urban Renewal Mission, a major flagship programme was started by the Government in December 2005. Two of its components, namely Sub-Mission on Basic Services to the Urban Poor (BSUP) targeting 65 Mission cities and the Integrated Housing and Slum Development Programme (IHSDP) focusing on small and medium towns aim at holistic development of slums. The Mission seeks to improve the living condition of slum-dwellers and the urban poor by enabling the construction of 15 lakh dwelling units with basic amenities.

As components of JNNURM, the BSUP and IHSDP have so far achieved a modest success with the overarching aims of focusing State attention on the problems of inequity in urban areas, and drawing budgetary resources to the welfare of the urban poor. What JNNURM (BSUP and IHSDP) has not been able to do is to break the deep-seated bias against conferment of legal property rights to the urban poor. While some States are indeed willing to and have given legal title to property to the slum households,
the larger numbers are still guided by the suspicion that conferment of title will enable the slum dweller to sell the property and create a fresh encroachment. It is in this regard that the Government announcements propose a policy change.

**Slum-free City Planning under RAY**

The preparatory phase of RAY has already commenced from March 2010 and the States are being assisted to draw up their Slum-free Plans of Action to proceed towards the goal of Slum free Cities/States in a systematic and time bound manner. Detailed Guidelines under the Slum Free City Planning Scheme have been issued and the states are being provided technical and financial assistance to prepare Slum Free City Plans. This scheme comprises all the preparatory activities such as slum survey, GIS Mapping of Slums and development of Slum free City and Slum Free State Plans with active involvement of experts having expertise in the areas of GIS, MIS, and Planning etc. Under the Scheme, a sum of Rs. 60 Crore has been released to 20 States for preparing Slum free City Plans. The Ministry has issued guidelines on Slum Survey & MIS, GIS Mapping, and GIS-MIS integration to assist the States in undertaking the preparatory activities.

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

The Policy along with tabulated statement indicating the various actionable points under the National Urban Housing and Habitat Policy: 2007 have been widely circulated among the various Central Ministries, State Governments, UT Administrations, business chambers, associations of real estate developers and other stakeholders.
High Level Monitoring Committee

The National Urban Housing & Habitat Policy, 2007 provides that a High Level Monitoring Committee at the Central Government level would be set up to periodically review the implementation of the National Urban Housing & Habitat Policy, 2007 and make amendments/modifications considered necessary. Accordingly, vide orders dated 21.10.2008, a High Level Monitoring Committee has been set up under the Chairmanship of Honourable Minister with the implementation of NUHHP: 2007. The first meeting of the High Level Monitoring Committee has been held on 19.07.2010.

Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)

“Affordable Housing for All” is an important policy agenda of the Government of India. The Government of India has sought to create an enabling and a supportive environment for expanding credit flow to the housing sector and increasing home ownership in the country. Various policy pronouncements have reinforced the primacy of the housing sector and the need to provide shelter opportunities to everyone.

As per the Technical Group set up by the Ministry of Housing and Urban Poverty Alleviation (MHUPA), Government of India. In year 2007, the estimated urban housing shortage was 24.7 million units. Of this shortage, 99% is related to EWS and LIG segments.

In the National Urban Housing & Habitat Policy, 2007 a demand driven approach, ranging from subsidy based housing schemes to cost recovery
cum-subsidy schemes for housing through a proactive financial policy including micro-finance and related self-help group programmes, has been advocated. The policy seeks to devise innovative housing finance schemes for targeting the two segments – EWS & LIG with suitable support from Central and State Governments to increase flow of finance for catering to housing needs of these segments.

The Government has approved an Interest Subsidy Scheme for Housing the Urban Poor (ISHUP). The interest subsidy scheme will also seek to supplement the efforts of the Government through the JNNURM to comprehensively address the housing shortage. The interest subsidy on housing loans for the urban poor will enhance affordability besides leveraging funds from the market for lower segments. Under this scheme, a subsidy of 5 per cent per annum will be given for loans of Rs 100,000/- taken during the 11th Plan. The loan repayment period would be 15-20 years.

**Salient Features of the Scheme**

The Scheme will leverage flow of institutional finance for the EWS and LIG segment households and result in creation of additional housing stock of 3.10 lakh houses for EWS/LIG segments over the next 3 years (2009-12) out of which 2.13 lakh dwelling units are targeted for EWS housing and 0.97 lakh for LIG housing. Households with monthly income of upto Rs 3,300 (now revised Rs. 5000/-) are classified as EWS while those with monthly income between Rs 3,301 and Rs 7,300 (now Revised between Rs. 5,001/- to Rs.10,000/- ) are termed LIG.
The key objective of the Scheme is to enable EWS and LIG households to avail affordable housing loans for purchase of house/construction of new house. Loan will be available for construction of new houses. Loan repayment periods will be permissible generally ranging form 15-20 years. The subsidy will be 5% p.a. for EWS and LIG, admissible for a maximum loan amount of Rs. 1 lakh over the full period of the loan. Beneficiary borrowers may choose fixed or floating rates (the consequences clearly explained to the borrowers by PLIs). An additional 1% p.a. maximum will be permitted to be charged by banks/HFCs if fixed rate loans are extended which will be subject to reset after a minimum period of 5 years.

Mortgage of the dwelling unit be accepted as primary security. However, there would be no collateral security/third party guarantee for loans upto and inclusive of Rs. 1 lakh excluding group guarantee. No levy of prepayment charges would be permitted. Banks/HFCs can also involve NGOs for lending to their group members without involving MFIs, to whom they can pay a small service fee for services rendered in terms of organisations and follow-up, the percentage to be determined by the Steering Committee.

The Net Present Value (NPV) subsidy will be given to the lenders on upfront and quarterly basis. The NPV subsidy given to the lender will be deducted from the principal loan amount of the borrower, who will then have to pay interest to the Housing Finance Institution (HFI) at an agreed document rate for the whole duration of the loan. The advantages of this method is as under:
The interest subsidy directly accrues to the benefit of the borrower upfront reducing his principal outstanding amount.

The EMI for any beneficiary type is lower than in a situation where the interest subsidy is disbursed through the loan period quarterly.

The transactional complexity of administering and accounting of provision of subsidy disbursal through quarterly loan periods as well as cost involved for the PLIs claiming subsidy periodically and National Housing Bank (NHB) / HUDCO on behalf of Government of India effecting payments, is reduced.

The beneficial impact of this upfront subsidy on the acceptability of borrowers should be higher than in the case of periodical subsidy payment.

The lenders prefer the upfront adjustment mechanism not only for reasons of administrative convenience but also for facilitating credit risk evaluation. This is because the borrower’s equity in the house goes up or the loan to value ratio comes down. This should also facilitate greater coverage of borrowers.

The Scheme will close in 2012, the last year of the 11th Five Year Plan Period (2007 -12). However, the loans extended in the last year will also have repayment period upto 20 years. Under the scheme, preference (subject to beneficiaries being from EWS/LIG segments) will be given to Scheduled Caste, Schedule Tribe, Minorities, Person with disabilities and women beneficiaries in accordance with their proportion in the total population of city/urban agglomerate during the 2001 census.
Inauguration of 64 Dwelling Units at Laggere(Phase-I), Bangalore, Karnataka constructed under JNNURM (BSUP) by Hon’ble Minister of HUPA & Tourism.

**Nirmala Jyothi Programme**

KSCB had submitted a project report for intensive development of slums, initially in respect of 21 Class-I cities of Karnataka where population is more than one lakh. The scheme as following components.

1. Upgradation of Infrastructure and services.
2. Housing and Exclusive amenities.
4. Training of Slum Dwellers.

The Project costing Rs. 274.00 crores were sanctioned by government out of which Rs. 54.00 crores was state government grant and Rs. 220.00 crores was the loan to be availed from Housing & Urban Development
Corporation (HUDCO). The government has issued certain guidelines for the implementation of this project. In the light of the guidelines issued, preliminary work like identification of slums, declaration of slums, issue of identity cards to the slum dwellers, appointment of Project Management Consultants, appointment of NGO’s, appointment of Pre-Qualified Turn key Contractors, survey & preparation of detailed Project Reports has been already done. In the first phase of the programme 260 slums have been taken up to provide the basic amenities like drinking water, roads, drains, streetlights, toilets and UGD. An amount of Rs.67.00 crores has been spent and the works have been completed.
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