CHAPTER VI

SLUM COOPERATIVES AS AN INSTRUMENT OF NATIONAL DEVELOPMENT
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The efforts of the Government and non-government agencies to implement a large number of programmes so as to overcome the housing problems of the urban poor and slum dwellers has been an important aspect. Another and rather more important, is how through cooperatives, the problem of slums could be tackled; how resources could be efficiently utilized; how people could be active participants in their own development. By working according to cooperative principles, values and laws, the cooperatives can handle the problems of slum dwellers and, in the process, can contribute towards national development.

Though the Non-Government Organizations (NGOs) are nearer to people and innovative in their methods of handling the problems of the urban poor, they have achieved only marginal success in giving shelter facilities. The NGOs and voluntary associations have been able to work for the cause of providing the basic facilities like water and electricity, or giving health and education facilities, but when it comes to providing a house, they have done little because of legal formalities and resource constraints.

Furthermore, the Government and statutory agencies have, generally adopted three main strategies to tackle the slum problem. First, by providing basic facilities like water, electricity, free health services and thus upgrading them. Though it has resulted in considerable improvement in the life of slum dwellers
and the urban poor but with this strategy a slum remains a slum, even after upgradation. The second strategy refers to relocating and rehabilitating the slum dwellers. Under the slum clearance projects, the slums have been shifted to outskirts or marginal areas of the cities. It completely failed because the places where they were shifted had been too far away from the place of work and commuting was a problem. The land used for the purpose was sold to private bodies or to individuals by the beneficiaries. The problem of slum dwellers remained as ever, the loss of the Government land was a loss in itself. The third strategy has been that of in-situ upgradation of slums. Under this strategy the slums are allowed to remain where they are but the whole face of the slums are changed. Before giving basic facilities, the slums would be changed to proper ‘pucca’ dwelling units. In this process, it is to be seen that the land on which the slum is present is commercially exploited and the surplus money so accrued is used in implementing the in-situ programme. In implementing the last strategy, along with the Government, the NGOs and industry associations could play a vital role in motivating people to join the cooperative movement. Here, the cooperatives can play a vital role too. Through the mechanism of cooperatives, full participation of the members can be ensured and at the same time, the government land would not be lost to private owners while full transparency and accountability of the system can be maintained.

6.1 Slum Development through Cooperative Movement

India is faced with multiple problems of housing shortage, unemployment and poverty as mentioned in Chapter-3. The
Estimates made by the Planning Commission and Census surveys conducted in 2001 show that over 20 million households do not have affordable and adequate housing facilities, about 35 million people do not have appropriate jobs, and about 260 million people are below the poverty line, who are unable to afford the consumption of essential food for their survival; and about 67 million of them are residing in urban areas. The reported slum population in 607 towns and cities in India is over 40 million, living in substandard living conditions. The population living in slums does not have access to safe shelter, basic amenities, education and health facilities; only 50% of the population living in urban areas have access to all three facilities - water, sanitation and electricity. In brief, the urban poor face problems of lack of affordable shelter, unsafe building structures, insecurity of tenure, lack of basic services, limited access to credit and formal job opportunities.

The Common Minimum Programme (CMP) of the Government of India also has committed itself to a comprehensive programme of urban renewal and to a massive expansion of social housing in towns and cities paying particular attention to the needs of slum dwellers. The Government of India, through its various poverty alleviation programmes, is developing various strategies to tackle the growing problem, which includes programmes such as Valmiki Ambedkar Awas Yojana (VAMBAY), a centrally sponsored scheme, which aims to provide shelter or upgrade the existing shelter for people living below the poverty line in urban slums. The Government is also committed to remove JJ clusters and slum settlements from cities like Delhi within five years through process of in-situ slum upgradation programme,
without displacement of slum dwellers to fringe areas of the city. The Government of India has taken facilitative steps such as tax incentives, rationalization of stamp duty, reforms in the rent control laws and property tax and revision of building bye-laws in this direction. There is also a reference to micro finance. The Government of India has committed itself to finance the poor, lending them small amounts, taking deposits from them, transmitting money on their behalf and insuring them. The United Nation has declared year 2005 as the year of micro-finance to attract the attention of the member Governments in this important area. The poor have less capital and they often borrow with great difficulty and are often ignored by the banks and other financial institutions.

The Government of India, together with the participatory effort of the people and those of the co-operatives, can help solve the problem. The essence of cooperation is that individuals come together to achieve as a collective group what they cannot achieve individually. The cooperative movement promotes principles like self-help, self-responsibility, democracy, equality, equity, solidarity, honesty, openness, social responsibility and caring for others. Considering that the means in general and access to land, finance and other resources for housing in particular, is even more limited in the case of slum dwellers, the housing cooperatives have a substantial role in helping attain the shelter goals of the poor.

Further the advantage of co-operatives is that it is a participatory process, where the stakeholders not only share the
benefit of group housing and living together, but also manage their own co-operatives through a democratic process.

The co-operatives can motivate people for shelter, channelise small savings, supervise construction of houses and post construction maintenance of created housing assets, and undertake various educational, cultural, economic and social activities. They help in income upgradation and improve affordability towards housing and related services. The fresh migrants are provided emotional security and they are motivated to create a new environment of their choice so that the physical, social and economic needs can be met in the newly created atmosphere thereby putting an end to their isolation. This created new environment in which all are associated together for the purpose of showing their joys and sorrows. The social interaction of members motivate them to work collectively for common good and welfare. The cooperatives of slum dwellers will have easy access to land, finance, technology and legal support (Khurana, 2004).

The cooperatives can also perform the functions of micro-finance institutions. There would be an increased flow of credit to the poor which would help them strengthen Self Help Groups (SHGs). They would play a role of intermediary between the banks and self help groups. They would also help SHGs to change themselves from consumption-driven financing to one that is production-driven. Thus the SHGs as part of cooperatives would be transformed to micro enterprises. These SHGs or community based organizations can mobilize the poor and bring them together and can educate and motivate them to
utilize the special favours which are planned for them by the Government. Gradually efforts can be made to organize cooperative banks for urban poor on the pattern of Grameen Bank of Bangladesh.

6.2. Need for Formation of Multi-Purpose Cooperatives

A cooperative for housing, cooperative for water supply and sanitation, cooperative for schools, cooperative for health and environment etc. or a Multi-purpose Cooperative in each slum settlement would effectively ensure the delivery of housing and various development inputs directly and specifically to the intended beneficiaries in order to achieve the desired results.

The multi-purpose cooperatives, as formed in each of the slum clusters in various towns and cities, could go a long way to help solve the slum problems (Khurana, Jan. 2005).

The formation of multi-purpose cooperative societies would need to be incorporated under the Cooperative Societies Acts of different States. The guidelines for drafting the bye-laws of the proposed Multi-purpose cooperative society may have to be provided. The National Cooperative Housing Federation of India, as the apex body, can play a crucial role in this regard.

There is a need for a holistic approach for overall development of slums by not only providing them shelter, but also improving and upgrading the basic amenities already provided to them. There is also a need for organizing slum dwellers and encouraging their participation in development works through co-operatives.
A tentative strategy can however be suggested. The proposed strategy calls for a partnership effort by a large number of stakeholders. These include the designated departments of the Central/State Governments and local bodies as well as the land owning agencies, NGOs, industry associations, service providing agencies, such as State PWDs, State Electricity Boards, Jal Boards and Public Health and Engineering Departments. Support from Central financing institutions such as LIC, NHB, HUDCO, commercial and cooperative banks are also required.

To operationalise this concept, the urban poor would need to be organized into multi-purpose cooperatives, where land would be allotted to them for housing construction on a leasehold basis at reasonable terms and conditions and where the members would receive occupancy rights. However, no member would be permitted to sell his/her rights, if he chooses to leave the cooperative. The occupancy right/land title would be inheritable and the same can be mortgaged with the housing finance institutions for raising housing loans. The savings and micro-credit needs of the poor and slum dwellers and eventually cooperative banks for urban poor also need to be set up as a process of poverty reduction. The Government would need to intervene here to enable the housing companies to give easy loans at concessional rate to the slum dwellers, which could be cross subsidized by higher interest rates for high income group housing. The active participation of women is also essential in the entire process, where they can be made joint owners of the land/house. In order to safeguard their interests, memberships in the cooperative will preferably be only for women and they shall be given occupancy rights and title of land.
The multi-purpose co-operatives may undertake besides housing other activities like home based tiny economic activities, health and social services, rental housing, library, child care, care for elderly, distribution of building materials, publicity for use of innovative/cost effective technologies. These additional incentives will generate employment opportunities and give additional activities for the members on one hand and reduce housing costs on the other. The multi-purpose co-operatives can also perform thrift and credit functions among the members thereby strengthening micro-credit system for poor.

The affairs of the proposed multi-purpose co-operative society can be managed by its duly elected management committee including due representation of their women members. The managing committee may also co-opt a couple of representatives among the NGO/Industry associations for guiding them in the process of overall development of slum areas.

It is essential for the success of a co-operative movement in targeting the marginalized urban poor and women as its members, who are the true beneficiaries for overall development of urban slums.

6.3 Facilitations Support for Slum Cooperatives

In order to effectively implement the Shelter and Poverty Alleviation Programmes, the people’s participation is absolutely necessary. Therefore, the strategy would be to organize housing cooperatives for the urban poor and slum dwellers and facilitate them to develop housing units with all concomitant amenities.
For achieving this, multi-purpose cooperative societies may be formed in each of the slum clusters in various towns and cities³.

6.3.1 Resource Supports

The slum dwellers are in the lowest rung of the ladder and therefore do not have the capacity to afford various housing inputs at high rates. They need to be facilitated by various mechanisms like state-aid, land at concessional price, low interest loans etc.

Land

Land is the essential, precious and crucial input needed for housing the urban poor. Therefore, the land for the proposed housing cooperatives of the poor should be allotted to them by the Central and State Governments/Local bodies who are custodians of urban land. Land prices should be kept at an affordable minimum rate and the land cost may be recovered in phased manner from the cooperatives on a long-term basis⁴.

Finance

Finance is another costly and essential input in constructing the housing units. Since the beneficiaries have limited earning and repayment capacity, the scheme should have a financial package inclusive of both subsidy as well as loans. The current financial package available for VAMBAY components could be extended to the cooperatives of the urban poor.

Presently, the affairs of the housing cooperatives in States and UTs, are coordinated by the apex cooperative housing federations of the respective States and the UTs. They are
instrumental in channelising institutional loans raised from central financial institutions such as LIC, NHB, HUDCO, etc. Therefore, in the case of the housing cooperatives of the urban poor and slum dwellers also, the financial resources from the Central/State Governments and concerned local authorities should be channelised through the State apex cooperative housing federations to maintain the continuity in the resource management of housing cooperatives.

**Technology**

Innovative designs, cost-effective construction techniques as well as materials would have to be adopted for construction of houses by the envisaged housing cooperatives for the urban poor and slum dwellers in order to achieve economy in construction cost and to make the houses affordable within the limited means of the urban poor. Technology promotion institutions such as Building Materials and Technology Promotion Council (BMTPC), Central Building Research Institute (CBRI) which transfers technology from labs to land for constructing low cost housing would have to collaborate in this venture.

**Legal**

The proposed cooperatives for the poor have to function within an appropriate legal framework, says a cooperative law. All the States do have their State Cooperative Societies Acts and some amongst them have also incorporated exclusive chapters to deal extensively with cooperative housing societies. Yet, in order to efficiently and effectively manage the affairs of the cooperatives of the poor, a set of model bye-laws should be adopted.
6.4 Organization and Management of Slum Cooperatives

The formation of the cooperative housing societies can be facilitated under the existing Cooperative Societies Act by the Registrar of Cooperative Societies, the State Cooperative Unions and Apex Cooperative Housing Federations with the help of NGOs which can motivate slum dwellers in this regard. The activities of the housing cooperatives for the urban poor can be coordinated by their respective State level apex co-operative housing federations. The NCHF can provide training and education to the members of housing cooperatives so as to guide them in achieving their goals and objectives. NCHF, in its capacity as the umbrella organisation of the co-operative housing movement in India, can assist the new housing cooperatives in securing land as well as financial and other resources from the Central and State Government agencies and Central financing institutions like LIC, HUDCO and NHB.

The NCHF can also act as a designated agency to channelise funds to these cooperatives and their apex bodies from the Central Government Funding Agencies for various schemes targeted specifically to the urban poor.

6.4.1 Role of NGOs in Mobilizing the Slum Dwellers

In the context of the envisaged strategy for poverty reduction through cooperatives, there is need for Non-Government Organizations (NGOs) which can motivate and mobilize the local people to form cooperative societies. An NGO would be located within each slum, which can talk to the local poor people, or talk
with their local leaders and educate them on the benefits of forming a multi-purpose cooperative society.

The pre-construction phase of the society is crucial where the help of the NGOs would be needed at the outset. Though the envisaged cooperative society would be a legal entity, which does not deliver immediate consumption goods and services and therefore, the poor at first may not be that enthusiastic about forming the cooperative society on the Governments' initiatives alone. But once the poor are fully informed and educated about the benefits of the intended society, they would come forward. Here the help of an NGO would be of immense value to transmit the message of the proposed programme and convince them of the ultimate benefit that could be derived through this cooperative institution.

During the construction phase too, NGO's services would be essential. For instance, after the land is allotted, the architectural and engineering services can be procured by the NGO from the government body or higher level cooperatives or Building Centres.

For mobilizing resources, i.e. for generating resources from within the community, NGO workers can always persuade the poor to save some money for building their own houses.

The resources need not be in the form of money alone. The poor can also contribute labour for constructing their own houses. This 'self help labour' would reduce the construction cost and also would create a sense of belongingness in the poor for his house. Once the cooperative society is formed, the poor
themselves can elect a Managing Committee of their own to manage the construction and look after the maintenance of community assets.

The tasks of the NGO doesn't end here. The NGO can help the Managing Committee of the Multi-purpose Cooperative Society to upgrade the skills of their members from time to time. Also help them start home-based tiny/micro enterprises and thus create employment opportunities and additional income to the households.

Thus in the post construction phase, though the NGO can withdraw from the housing work, they would continue to be associated with other social activities like health, hygiene and education. NGOs can also assist in for the maintenance of the community assets created and coordinate with the service providing civic agencies like the local bodies, Jal Board, Electricity Board, etc. which the urban poor may find difficult to do.

6.4.2 Role of Industry Associations

The slum dwellers are migrants from the rural hinterlands who have landed in towns and cities in search of employment opportunities, higher income and improved infrastructural facilities. The industries which provide large employment opportunities are the biggest pull factor for these migrants. At the same time this is also true that an industry gains considerably because of the cheap labour provided by this migrant work force majority among them though are not adequately skilled. It is, therefore, only appropriate that the
industry reciprocate by contributing towards the welfare of this migrant labour force, who are the urban poor and settled in slums and squatter settlements.

Industry can perform a very noble and responsible role by being a partner in the envisaged programme of creating cooperatives for the urban poor and undertaking house construction activities on a very large scale. Specifically, industry can adopt identified slum/squatter settlements for delivering various development inputs either independently or jointly with the local authorities, development boards, city administration or concerned State agencies. Industry associations can also undertake awareness campaigns among their member bodies and also help in channelising development funds for successfully implementing house construction programmes so that living environment of their low-paid employees generally improves, which in turn, will increase the overall productivity of the industries.

Reference

1. Khurana, M.L; We are the World, Article in The Economic Times, 29th February, 2004
4. Ibid
5. Ibid
6. Ibid
7. Ibid