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Time to Revamp Awas Yojana's Strategy to Upgrade Slums

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Though the Pradhan Mantri Awas Yojana has outperformed previous central housing schemes, the performance of individual components has varied. The slum redevelopment scheme has performed poorly and could do with a redesign to help the deserving.

The Pradhan Mantri Awas Yojana-Urban (PMAY-U) - the urban housing for all mission - was designed to address the housing requirements of the Indian urban poor and slum dwellers. Implemented from 2015 onwards, it was to do this through four programme verticals (a fifth vertical was added in May 2020.)

These verticals are:

(1) In-Situ Slum Redevelopment (ISSR) Scheme that uses land as a resource to rehabilitate slum dwellers with a financial assistance of Rs 1 lakh per housing unit;

(2) Affordable Housing in Partnership (AHP) that provides financial assistance of Rs 1.5 lakh per housing unit to affordable housing projects;

(3) Beneficiary-Led Construction (BLC) that offers a subsidy of Rs 1.5 lakh to households for the construction or enhancement of a house;

(4) Credit Linked Subsidy Scheme (CLSS) that provides an interest subsidy of up to Rs 2.67 lakh on home loans taken by the beneficiaries; and

(5) Affordable Rental Housing Complexes (ARHC) scheme launched in May 2020 to address the rental housing needs of urban migrants (MoHUA 2021a).

The BLC, CLSS, and AHP target low-income households who have a relatively secure and regular flow of income, making them economically better off than the bottom-of-the-pyramid population. In contrast, the ISSR and ARHC target very poor households unable to access housing through formal housing markets.

There have been two opposite trends over the years. First, the sanctioning of houses under the BLC and CLSS verticals has steadily grown and now accounts for 80% of the overall sanctions. Second, the sanctioning of houses under the ISSR and AHP verticals show a decreasing trend and now accounts for 20% of the overall sanctions. Sanctions have been consistently low for the ISSR vertical, now standing at 3.5%. (MoHUA 2022).) Kumar and Chattopadhyay (2022) point to various legislative and administrative conflicts that arose during project implementation.

What ails the slum redevelopment scheme?

The policy impetus of the ISSR scheme flows from the top (government authorities) to the bottom (beneficiary) of the policy chain. It follows a public-private partnership (PPP) model in which the policy intervention starts when slum dwellers and private players are approached for redevelopment by the authorities.

The ISSR vertical uses land as a resource to redevelop slums on government (central/state/urban local bodies) land or private land with the help of the private sector. The beneficiaries under it receive housing along with basic civic services (like water supply, electricity, and sanitation) and the private partners get a free sale component in the form of extra floor space index (FSI) or transferable development rights (TDR).

The scheme implementation process involves the active participation of agents such as government authorities, private landowners, private developers, and slum dwellers' associations. As various interests are involved in the process, the time taken to resolve disagreements and conflicts leads to a higher gestation period for each project. Typically, the delay is attributable to land issues,

tendering issues, financing issues with developers, delays in approvals, and negotiations with slum dwellers' associations (MoHUA 2021b).

> Unless private players find a specific project profitable and in line with their interests, the implementation gets stuck in the planning stage.

In sum, the slum redevelopment scheme faces multiple implementation issues. First, the supply-push top-down strategy heavily relies on the PPP model involving multiple actors and agents with diverse interests. Therefore, the design creates a longer policy chain, leading to an extended gestation period.

Second, the extent of private participation embedded in the design makes the outcome of the scheme directly contingent upon the concerns and interests of the private parties involved. The lack of interest shown by private players has been one of the reasons for the reduced uptake of the vertical (Kumar and Chattopadhyay 2022). Unless private players find a specific project profitable and in line with their interests, the implementation gets stuck in the planning stage.

Slum Housing Policy Models

With almost one billion people living in slum conditions worldwide (UN-Habitat 2016), many national governments have increased their focus on slum redevelopment policies. Generally, slum housing policies can be classified on the basis of the various aspects of informality that they target such as improving affordability, regularising tenure, improving infrastructure, and enhancing the overall quality of life (Basile and Ehlenze 2020). Accordingly, four models are implemented in urban regions across the world.

First, mass social housing involves the state constructing housing units on a large scale to be handed over to slum dwellers. These households relocate from their existing houses to newly constructed housing units located in the same vicinity or away from the city centre. For example, the Slum Rehabilitation Scheme in Maharashtra, implemented by the Slum Rehabilitation Authority, uses the land as a resource for the redevelopment of slum areas with the help of private developers and builders.

This scheme has been underperforming due to multiple issues such as financial insufficiency, approval delays, internal disputes between the various parties involved, and an overall lack of interest shown by the private developers and builders. Moreover, there are concerns over the poor design of buildings, which deprive residents of adequate sunlight and ventilation and sometimes push them into hazardous surroundings. In some cases, the location of the buildings is far from the job locations of the slum dwellers.

> Generally, slum households prefer upgrading to rehabilitation as it avoids relocating to a new place. Upgrading not only improves the physical infrastructure in an area but also has a cascading effect on the quality of life and overall well-being.

Second, slum upgrading involves the on-site improvement of basic infrastructure and amenities such as water, electricity, sewage, roads, and health and education facilities. This does not require the relocation of households, which preserves their social and economic networks. The PMAY-U's slum redevelopment scheme follows a slum upgrading model in which the state is responsible for improving the basic infrastructure and helping slum households upgrade their homes.

Generally, slum households prefer upgrading to rehabilitation as it avoids relocating to a new place. Upgrading not only improves the physical infrastructure in an area but also has a cascading effect on the quality of life and overall well-being. Though slum upgrading projects are popular, they face several implementation challenges, such as inadequate financing, procedural delays in redevelopment, and disputed cut-off dates for eligibility. For instance, the Kathputli colony redevelopment project in Delhi, which was announced in 2009, has taken almost 14 years to complete. But it is still mired in issues around the eligibility criteria, which was extended multiple times throughout the implementation. Still, almost 20% of the households are said to be ineligible, raising humanitarian concerns over the whole process.

The third is the land-titling model, in which the state regularises the slum settlements by providing residents with secured legal titles. Land title regularisation is assumed to provide much-needed tenure security and allow title holders access to housing markets and formal credit. These positive effects contribute to improved financial capabilities of households in terms of asset ownership. Yet, this step alone may not have a long-term impact on household status. In the case of households at the bottom, land titling attracts property-

related financial obligations like property tax, which they may be unable to afford.

The fourth is the community land trust (CLT), which radically differs from the earlier three models in terms of tenure ownership. In CLT, the land title is vested in a non-profit community trust and only improvement rights are granted to a homeowner. CLTs enable local communities to take control of the ownership and development of a habitat through a non-profit community-based organisation that owns and develops housing and other amenities according to the community's needs.

There is a clear demarcation of ownership controls. Individuals own the housing structures and the community owns the land. This way, the land is cut out from speculative housing markets, providing the community members with long-term housing affordability, security, and community control of the neighbourhood. Overall, a CLT is a long-term sustainable model focused on participatory and community-led processes.

Conclusions

Slum housing policy is a complex social, political, and economic issue that requires balanced policy focus on all areas. Also, the diverse local contextual factors shaping slum housing conditions warrant varied and case-based policy responses instead of a single universal scheme like the ISSR.

> [T]he ISSR scheme focuses heavily on the monetization of land and the role of the private sector as a key enabler while reducing households to mere recipients. A more human-centric and community-led approach like the Jaga Mission will go a long way towards revamping the ISSR vertical.

For instance, in 2017, Odisha launched the Jaga Mission, considered one of India's most successful slum policy interventions. It combines two models. First, it implements land titling, by granting heritable and non-transferable land titles to eligible households. Second, it initiates an in-situ slum upgradation process that involves improvement in amenities and infrastructure. This way, the Jaga Mission addresses multiple aspects of slum development, such as short and long-term affordability, land title security, improved accessibility to basic services, and community participation.

In contrast, the ISSR scheme focuses heavily on the monetisation of land and the role of the private sector as a key enabler while reducing households to mere recipients. A more human-centric and community-led approach like the Jaga Mission will go a long way towards revamping the ISSR vertical. While applauding the overall success of the PMAY-U, it is also important to ensure the equal distribution of its benefits across all income segments. A look at the poor outcome of the ISSR scheme calls for immediate action from policymakers to redesign it to serve the bottom-of-the-pyramid segment, which remains underserved.

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