



सत्यमेव जयते

**Ministry of Housing and Urban Poverty Alleviation**  
**Government of India**

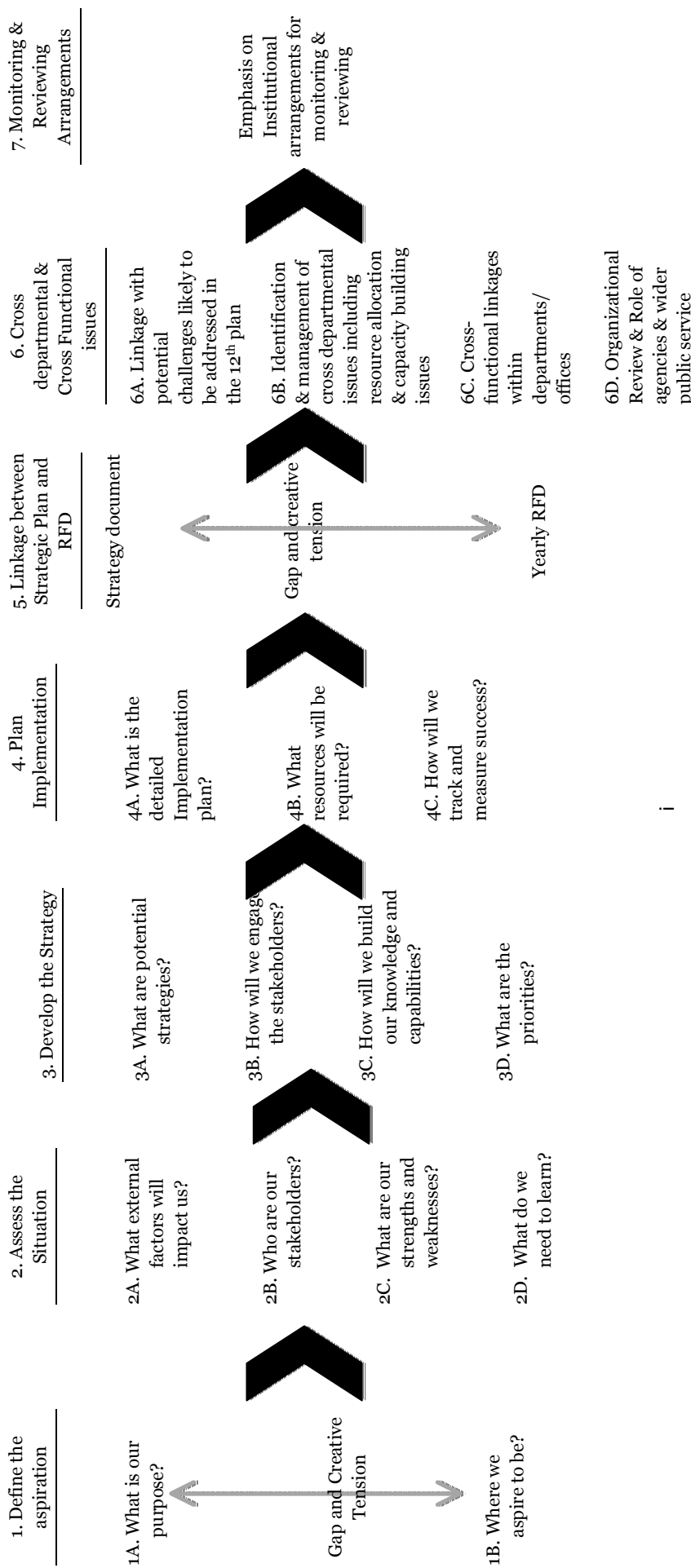
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**STRATEGY PAPER**  
**(In 7 Steps)**

**10<sup>th</sup> February 2011**

# Summary

The 2<sup>nd</sup> Administrative Reforms Commission recommended more objective performance monitoring of Ministries. In order to implement this, the Government of India now requires every department to prepare a strategy paper as a perspective five-year plan that sets out the confluence of thought of the ministry on issues that fall under its business allocation. The following seven steps are to be followed in developing the strategy:



This Ministry was carved out of the larger Ministry of Urban Development with a business allocation that was fairly focused, being the formulation of housing policy and programmes, the implementation of specific programmes of Urban Employment (UE) and Urban Poverty Alleviation (UPA) and policy, planning and monitoring of matters related to human settlements and urban development “including Slum Clearance Schemes and the Jhuggi and Jhompri Removal Schemes”.

In the six years since this Ministry was entrusted with this business, the Government’s vision and policy towards urban development has seen considerable change. The emphasis of the 11th Plan on inclusive and equitable growth has led to a greater urgency for municipal reforms and effectiveness of the third tier, greater emphasis on community participation and the implementation of the flagship programme of JNNURM with 40% of its considerable budget devoted to slum redevelopment and rehabilitation.

**It becomes essential that the Ministry pause to rethink its Purpose, and establish a consensual clarity on its Mission and Goals along with all its stakeholders. This will include a review of its existing strategy to accommodate the changes, in ways of looking at and interpreting its business allocation, in identifying its stakeholders and in planning, programming, target setting and resource allocation. This document, therefore sets out the strategy of the Ministry of Housing and Urban Poverty Alleviation (M/o HUPA) in the above mentioned steps, as summarized below:**

### ***1. Defining the aspiration:***

The Vision the Ministry has adopted is as follows:

*An equitable, inclusive and sustainable civic sensitive growth of towns and cities free from slums, which provides means of productive employment, dignity and a decent quality of life to all inhabitants, including the poor.*

The threefold purpose of the M/o HUPA is to be achieved in coordination and cooperation with State Governments, Urban Local Bodies and other related Ministries:

- A. The creation of a slum-free India, by the up gradation, redevelopment and where there is no alternative, relocation of all existing slums so as to

provide access to basic civic amenities, shelter, property and land titling and a decent quality of life to all slum dwellers, through the realignment of State policies, planning and institutional structures for urban development, land use and town planning so that future urban growth accommodates, within planned spaces, the living and working needs of the poor;

- B. The access to affordable housing for all and the creation of conditions that facilitate a continuous addition of adequate serviced land and housing to meet the needs and aspirations of all urban citizens;
- C. An accelerated rate of poverty reduction, by the convergence of different programmes and services relating to skill development, creation of livelihoods, social security and social services including health and education, in order to address poverty in all its aspects, and to do so in a transparent, participatory and citizen centric manner

## ***2. Assessment of the situation***

In 2001, the urban population of India was about 286 million representing 28 percent of the country's total population of 1029 million. Population projections for 2021 expect the urban population to increase to about 473 million and by 2041 to about 700 million. The NSS 61<sup>st</sup> round data reveals that about 81 million of the urban population lived below the poverty line in 2004-05. The ratio of urban to rural poor has gone up from 1:4.45 in 1993-94 to 1:2.73 in 2004-05.

With this background, it is prudent to point out the many **challenges** faced by the M/o HUPA in pursuing its mandate. To begin with urban poverty is multi-dimensional. The urban poor in our cities face nutritional insufficiency compounded by inadequate provision of housing, shelter, water, sanitation, health services, education, and social security and livelihood options. In addition, the indicators for the identification of the poor are only recently being re-defined and finalised. In 2007, the M/o HUPA convened a technical group to estimate the urban housing shortage. The Technical Group has estimated that the total shortage of dwelling units in urban areas in 2007 was 24.71 million of which 98% pertains to the urban poor. In addition to this, the M/o HUPA has to grapple with an exclusionary urban planning paradigm, the lack of capacity of the ULBs to deliver services in the cities, apathy within the urban civil society, paucity of rental housing stock, lack of participation of the private sector and financial exclusion of the urban poor.

In pursuing its mandate the M/o HUPA is constrained on a number of fronts. Firstly, there are certain important subjects (e.g. urban land that is a key resource in the alleviation of urban poverty), which are not under its direct control. Secondly, most ministries and departments function in silos, and convergence of efforts will be needed to tackle the multi-dimensionality of urban poverty including health and education. Finally, there is a critical need for a comparable time-series data on urban poverty in India, which has not been systematically developed.

Despite the difficulties, the M/o HUPA perceives **opportunities** for a purposeful advancement in addressing urban poverty. The most encouraging aspect is the adoption of a policy of inclusive growth for the current plan period, which is further supported by the goal of a reduction of extreme poverty and hunger as part of the Millennium Development Goals. This has been bolstered by the impetus and interest generated by the implementation of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), the revamping of the Swarna Jayanti Shahari Rozgar Yojana (SJSRY), and the announcement of the Rajiv Awas Yojana (RAY). All of this points to the importance placed in government circles of the need for a sustained focus on urban poverty reduction. The **external factors** affecting the M/o HUPA in the delivery of its mandate are:

- A. The pace of growth of the economy;
- B. The broader policy support from the Planning Commission and the M/o Finance;
- C. The political will and clarity for addressing disparities within cities;
- D. The impact of the delegation of functions, finances and functionaries under the 74<sup>th</sup> Constitutional Amendment Act to ULBs by the states;
- E. Alignment of the priorities of the M/o HUPA and M/o UD through collaboration;
- F. Inter-ministerial convergence with line ministries dealing with health, education, livelihoods and social security;
- G. Prioritizing reforms implementation as specified under the 74<sup>th</sup> Constitutional Amendment Act;
- H. Prioritizing urban poverty alleviation as a goal for the states and cities and in doing so granting greater financial priority to programmes of urban poverty alleviation;
- I. Capacity creation at the centre, states and ULBs;
- J. Accurate identification of the poor;
- K. Satisfactory involvement of stakeholders at the community level for urban poverty alleviation.

The M/o HUPA considers the following **stakeholders'** participation crucial to the success of its vision and goal:

- A. Urban Poor and slum dwellers in the cities and towns across India. This could also include those living in peri-urban areas/urban villages that are expected to turn 'urban' in the near future
- B. Departments dealing with urban affairs in the States /UTs, including those who deal with issues of health, education and the social security of the urban poor
- C. Multilateral and bi-lateral financial/funding institutions such as the Asian Development Bank (ADB); Cities Alliance; the Department for International Development (DFID); German Technical Cooperation (GTZ); the World Bank; the United Nations' organisations dealing with development (UNDP), cities (UN-HABITAT), issues of children in slums (UNICEF), and culture, specifically the preservation of architectural heritage in urban areas (UNESCO)
- D. Urban Local Bodies, Housing Boards, Development Authorities including regional planning authorities responsible for the planning and administration of urban regions. This also includes para-statal/governmental bodies responsible for planning e.g. CIDCO in Maharashtra responsible for the new township creation of *Navi Mumbai*.
- E. Non-Governmental Organisations (NGO) and CBOs: these include local, regional and national level NGOs such as Kagad Kach Patra Kashtakari Panchayat (KKPKP), Sewa and the Sewa Bank as well as community organisations created at the city level under the Urban Community Development Network (UCDN) of JNNURM and the Community Development Network (CDN) of SJSRY
- F. Financial Institutions and Business Institutions such as the Reserve Bank of India (RBI), Housing & Development Finance Corporation (HDFC), Confederation of Indian Industries (CII), Federation of Indian Chamber of Commerce and Industry (FICCI), the Associated Chambers of Commerce and Industry of India (ASSOCHAM), PHD Chamber of Commerce and Industry, National Housing Bank (NHB)
- G. Government construction agencies e.g. Development Authorities, Housing Boards, Urban Local Bodies, public and private construction agencies, builders and contractors, private sector (?) engineers and architects, State Government engineers.
- H. Government of India, State Governments, Public Sector Undertakings and Urban Local Bodies engaged in collection and dissemination of urban poverty statistics on slums, housing, building construction and related urban matters; research institutions and training institutions providing training in the building construction, statistics, slum survey and housing statistics analysis.
- I. Academicians including those engaged in research on urban poverty issues as well as urban planning institutes. These include universities such as Jawaharlal Nehru University (JNU), the Indian Institutes of Management (IIMs), the Indian Institutes of Technology (IITs), the

National Law Schools, institutes such as National Institute of Public Finance and Policy (NIPFP), the National Institute for Urban Administration (NIUA) and the Entrepreneurship Development Institute. This also includes independent institutes such as the Regional Centres for Urban and Environmental Studies (RCUES), and state training institutes such as the Yeshwantrao Chauhan Academy of Development Administration (YASHADA). A complete list of indicative partners is available under the established National Network of Resource Centres or NNRCs that have been empanelled by the M/o HUPA to date. A fresh exercise of empanelment is currently underway to broaden the scope of the expertise that will be available to the M/o HUPA both in terms of capacity building as well as knowledge management

- J. Community Structures such as Neighbourhood Groups, Neighbourhood Committees and Community Development Societies
- K. Private industry, in construction or willing to diversify into construction
- L. Urban non-poor/civil society

### ***The Process of Strategy Formulation:***

The process of strategy formulation was a consensual one, beginning with an in-house exercise that put a discussion paper that took stock of the priorities, programmes and schemes of M/o HUPA, as well as the aims and objectives of the Ministry over the next five years. In a rapidly changing urban scenario and at the cusp of the next five year plan, the aim was to prepare a plan that would guide the M/o HUPA through the 12th Five Year Plan exercise to ensure effective action for an inclusive urban India with a focus on the access of the urban poor to dignity of life.

Two stakeholder consultations were held in the second half of 2010; the first after the compilation of the 3rd step of the strategy paper in August 2010 and the second after the compilation of the 4th step of the strategy paper in December 2010. The suggestions of the attendees included the increasing the availability of land, identification of the urban poor, the involvement of the private sector, affordability of housing, low-cost housing technology, livelihoods, the development of an enabling legislative framework and an overall improvement of the knowledge base of the M/o HUPA for more effective policy formulation.

These stakeholder meetings were attended not just by representatives of all departments of the M/o HUPA, but also the heads of the attached offices, PSUs and Autonomous bodies as well. Other participants included representatives of state governments, elected representatives, heads of banking

and financial institutions, including the RBI, ATF members, academicians, educationists, practitioners in the field as well as NGO representation.

### ***3. Developing the strategy***

After taking stock of the situation, the M/o HUPA proposes the following **elements** of a strategy:

- A. Inclusive and equitable urban planning;
- B. Community voice and consensual decision-making;
- C. Assignment of property rights to the urban poor;
- D. Provision of basic services to the urban poor;
- E. Financial inclusion of the urban poor;
- F. Forging a role for the private sector in affordable housing;
- G. Promoting gainful livelihoods for the urban poor;
- H. Creating a reliable database on key urban poverty statistics.
- I. Developing partnerships with the urban poor for upgrading and redevelopment of slums.

In order to deliver on this, the M/o HUPA will use the **instruments** of capacity creation (of the ULBs, states and the centre) and advocacy through delineation of clear national policies and plans of action, workshops, meetings, debates, exposure to international trends, creation of a sound database, etc. The M/o HUPA will also endeavour to provide adequate financial support to states and ULBs to achieve the goals set out for the next five years. Finally, the M/o HUPA will endeavour to actively seek out partnerships with other ministries to deliver services such as health and education, make adequate provision for livelihoods and ensure social security of the urban poor.

### ***4. Plan implementation***

To deliver on its strategy, the M/o HUPA will use the following **existing and planned programmes and policies** and strengthen their implementation in the course of the next five years.

- A. **Rajiv Awas Yojana (RAY):** In June 2009 the Hon'ble President of India announced a bold new vision for a slum-free India with a clear policy direction for inclusiveness by assigning property rights to urban poor. RAY presents a three-pronged approach: (i) Bringing existing



slums within the formal system and enabling them to avail the same level of basic amenities as the rest of the town; (ii) Redressing the failures of the formal system that lies behind the creation of slums; and (iii) Tackling the shortages of urban land and housing that keep shelter out of reach of the urban poor. The overarching aim of RAY would thus be to drive a fundamental change in policy and reform in the existing urban development systems. Release of funds under RAY would be predicated upon the acceptance and implementation of the roles and responsibilities by the Centre, States and ULBs, entering into an MoA with Government of India. Both states and cities under RAY would be required to prepare plans of action working towards slum-freeness for the state and city in Phase I of RAY. This is predicated on both the gathering of key statistics of urban poverty (in the state and city) as well as the creation/development of capacity for the implementation of RAY in the cities and states through the placement of techno-professional support teams at the state and ULB levels.

- B. Jawaharlal Nehru National Urban Renewal Mission (JNNURM):** Initiated in December 2005 as a mission, the JNNURM supports an integrated, reforms-driven, fast-track planned development of cities with a focus on efficiency in urban infrastructure, services delivery mechanisms and accountability of ULBs towards their citizens. Sub-mission II i.e. Basic Services to the Urban Poor (BSUP) in 65 mission cities along with the Integrated Housing and Slum Development Programme (IHSDP) for non mission cities is managed by M/o HUPA and has three pro-poor reforms: (a) a 7-point charter for basic services to the urban poor including land tenure, affordable housing, water, sanitation, health, education and social security; (b) earmarking of the municipal budget for the provision via a “Basic Services for the Urban Poor” (BSUP) Fund; and (c) the reservation of land for housing the urban poor in both public and private housing projects.
- C. Affordable Housing in Partnership:** This aims at operationalizing the strategy envisaged in the National Urban Housing and Habitat Policy (NUHHP) of 2007 which promotes various kinds of public-private partnerships to stimulate economic activities for affordable housing by the creation of employment, especially for construction workers and also targets the creation of demand for a large variety of industrial goods through the multiplier effect of housing on other economic activities.

- D. Projects for the development of North-Eastern states under 10 percent lump-sum provision earmarked for this purpose:** Under this scheme, in order to reduce inter-state disparities identified in the Gini co-efficient, the M/o HUPA is concerned with the project proposals for the North-Eastern states in the following areas: (i) housing projects predominantly for the urban poor; (ii) poverty alleviation projects; and (iii) slum improvement/up gradation projects.
- E. Integrated Low Cost Sanitation Scheme (ILCS):** This scheme envisages the conversion of dry latrines into water seal twin-pit sanitary latrines on a whole town basis. The M/o HUPA will continue its advocacy with states to eradicate dry latrines in the country while at the same time lobbying with the Cabinet at the centre to include within the ambit of the scheme the covering of Bahau latrines with existing funds in order to tackle the vestiges of manual scavenging.
- F. Urban Statistics for HR and Assessments (USHA):** This aims at the development and maintenance of a national database, MIS and knowledge repository relating to urban poverty, slums, housing, construction and other urbanization-related statistics.
- G. Scheme for Interest Subsidy for Housing the Urban Poor (ISHUP):** This scheme aims to lighten the repayment burden of home loans with Central Government subsidies for those EWS and LIG households who have no pucca dwelling but own land in an urban area and want to construct or buy a house. The subsidy has been so designed as to provide the banks the comfort of risk abatement. The scheme provides for a subsidised loan for 1-20 years for a maximum of Rs. 1,00,000 for an EWS individual for a house of at least 25 sq. mts. For the LIG category, the scheme provides a maximum loan about of Rs. 1,60,000 for a house of at least 40 sq. mts. The subsidy will be 5% pa on interest charged on the admissible loan amount for EWS and LIG over the full period of the loan for construction or acquisition of a new house.
- H. Swarna Jayanti Shahari Rozgar Yojana (SJSRY):** aims at: (i) Addressing urban poverty 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; (ii) Supporting skill development and training programmes to enable the urban poor to have access to employment opportunities opened up by the market or

- I. undertake self-employment; and (iii) 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.
- J. **A package of measures for financial inclusion:** Convergence with the M/o Finance will be sought in the endeavour of the M/o HUPA to address the banks' fear of risk to capital and the cost of capital for long-term lending, as also some incentive or inducement to lend to the urban poor.
- K. **A package of measures for legislative inclusion:** The M/o HUPA will facilitate the legislative empowerment of the urban poor as part of the larger goal of equitable, inclusive and sustainable civic sensitive growth of towns and cities. In particular the focus will be on:
  - a. Property Rights to Slum Dwellers
  - b. Real Estate Regulation of Development
  - c. Amendments to the "Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act", 1993
  - d. Promotion of rental housing
  - e. Reservation of land/FAR for EWS/LIG Housing
  - f. Earmarking 25% of Municipal funds for the urban poor

## ***5. Link between Strategic Plan and RFD***

To date, the M/o HUPA has prepared two RFD plans for 2009-10 and 2010-11. By and large, the vision of the M/o HUPA is reflected in the RFD for these two years. The focus, thus far, has been on the successful implementation of the programmes and policies of the M/o HUPA. In subsequent exercises, the formulation of the RFD plans will focus on the elements of the M/o HUPA strategy as outlined above. As in previous exercises, each scheme, programme and policy detailed in the RFD will have a defined set of actions and weightages to success indicators. It is to be hoped that in the mean time, the RFD exercise will also evolve to be able to become a measure, not only of quantitative action, but also of the quality of the work done. To this Ministry's aims and objectives,

it is the quality of its efforts, and not the speed of delivery that will make the difference between work show as done and results actually achieved

## ***6. Cross-departmental and cross-functional issues***

### **Linkage with potential challenges likely to be addressed in the 12<sup>th</sup> Five Year Plan**

Vide Letter No. P.14011/1/2010-PM dated 22<sup>nd</sup> December 2010, the Cabinet Secretariat has outlined a list of potential challenges likely to be addressed in the 12<sup>th</sup> plan, of which the following have relevance to the mission of this Ministry.

- A. Enhanced capacity for growth: The potential of the urban poor to contribute to the growth story of India is enormous. What is needed to facilitate this is to ensure security of income, health services delivery, and access to education along with a strong component of skills development and enhancement as under JNNURM. This should, also be placed within the larger umbrella of protection of the urban poor via enabling legislation as is being attempted by this Ministry through the RAY scheme.
- B. Enhancing skills and faster generation of employment: In this regard, and in addition to a continued focus on livelihoods of the urban poor through SJSRY, the M/o HUPA is also seeking a convergence of efforts with the line Ministries of dealing with issues of labour, employment, enterprise development, adult education and skills upgradation as well as with relevant private players in the field.
- C. Decentralization, empowerment and information: The devolution of powers, functions and functionaries to the ULBs through a reform-oriented mission mode programme such as JNNURM has been the focus of this Ministry since 2005 and this reform emphasis will continue with the implementation of RAY. Further, JNNURM, RAY and SJSRY have strong components of community participation and the involvement of the community (NGOs and CBOs) in planning and implementation of the schemes.
- D. Technology & Innovation: Through the USHA scheme of the M/o HUPA run by its NBO division, the focus is on the enablement of database

creation and surveys necessary for policy and programme planning and implementation.

- E. **Managing Urbanization:** The Slum-free City Planning Scheme under RAY has mandated the development of Plans of Action to make cities and states in India slum-free. These plans focus, not only on curative aspects of existing issues of urban poverty alleviation, but also perspective plans to ensure that every citizen of India, whatever their socio-economic status, is not forced into slum-like conditions in the future.
- F. **Improved access to quality education and better preventive and curative health care:** While not directly under the business allocation of the M/o HUPA, the lack of access of the urban poor to quality education and health services is a key reason of the low quality of life experienced by them. In this regard, the M/o HUPA will seek convergence with the M/o Health and Family Welfare (HFW) and Department of School Education and Literacy of the M/o HRD to ensure that the efforts of all three ministries compliment each other in the delivery of health and education services. In the field of social security, the M/o HUPA will seek convergence with the M/o Social Justice & Empowerment and the M/o Labour & Employment.

### **Identification and Management of Cross-departmental issues including resource allocation and capacity building issues**

The approved Outlay for the 11th Five-year plan for the M/o HUPA for 2007-2012 was Rs. 3,682 crores covering SJSRY, ILCS, RAY, USHA and scheme for ISHUP. For the mission period of 2005-2012 of JNNURM, total additional central assistance of Rs. 23,184.66 crores for BSUP and IHSDP was also allocated. The Technical Group on the Estimation of Urban Housing Shortage constituted by the M/o HUPA, estimated that the total housing shortage by the end of the 11th Five Year Plan (including the backlog) could be computed as 26.53 million; the majority of this is in the category of EWS & LIG Housing. With these figures, presuming an average dwelling unit to cost Rs. 4.0 lakhs (infrastructure included), then just the funds needed to meet this housing shortage would range from between Rs. 9.96 lakh crores to Rs. 10.62 lakh crores.

Reports independent of the Government of India, such as those by McKinsey in 2010 projects a fund requirement of \$ 2.2 trillion (\$1.18 trillion being capital investment) for urban renewal in India by 2030; of this the

requirement for meeting the needs of affordable housing is \$ 395 billion (or Rs. 17.77 lakh crores<sup>1</sup>). In addition to McKinsey, the CII Report (2010) prepared by Booz & Co. in association with CISCO, estimates that the investment required for housing over the next 10 years up to 2020 would be \$ 300 billion (or Rs. 13.50 lakh crores)<sup>2</sup>.

The funds available to the M/o HUPA in the current five-year plan are, therefore, inadequate to take care of the need for financing urban poverty alleviation, especially if one is to go beyond simply meeting the housing shortage. It is therefore obvious that a multi-pronged strategy is necessary to source the shortage of funds:

- A. **Central Government:** The M/o HUPA will continue to advocate for funds from the central government for its programmes and scheme. How much will be allocated will depend on the inter se priority accorded to this task by the government.
- B. **State Governments:** It is also envisaged that the funds of the central government will be matched by the state governments for all centrally-run schemes of the M/o HUPA in the states and cities. In addition, states and ULBs will also be encouraged to use the option of land monetization as well as FAR/land use concessions as an alternative option for the generation of revenue.
- C. **Urban Local Bodies:** Special attention will be paid to the financial empowerment of ULBs to enable them to lead the initiatives of urban poverty alleviation in the cities.
- D. **Public-private partnerships:** Public-private partnerships (PPP) of the government sector with the private sector, the cooperative sector, the financial services sector, the state para-statal, and urban local bodies for realizing the goal of affordable housing for all through the scheme of Affordable Housing in Partnership (AHP) will be promoted and strengthened under the larger scheme of RAY.
- E. **Credit enablement of the urban poor:** This will be undertaken through the following initiatives: (1) dovetailing of the scheme for “Interest Subsidy for Housing the Urban Poor” (ISHUP) under RAY; (2) As an

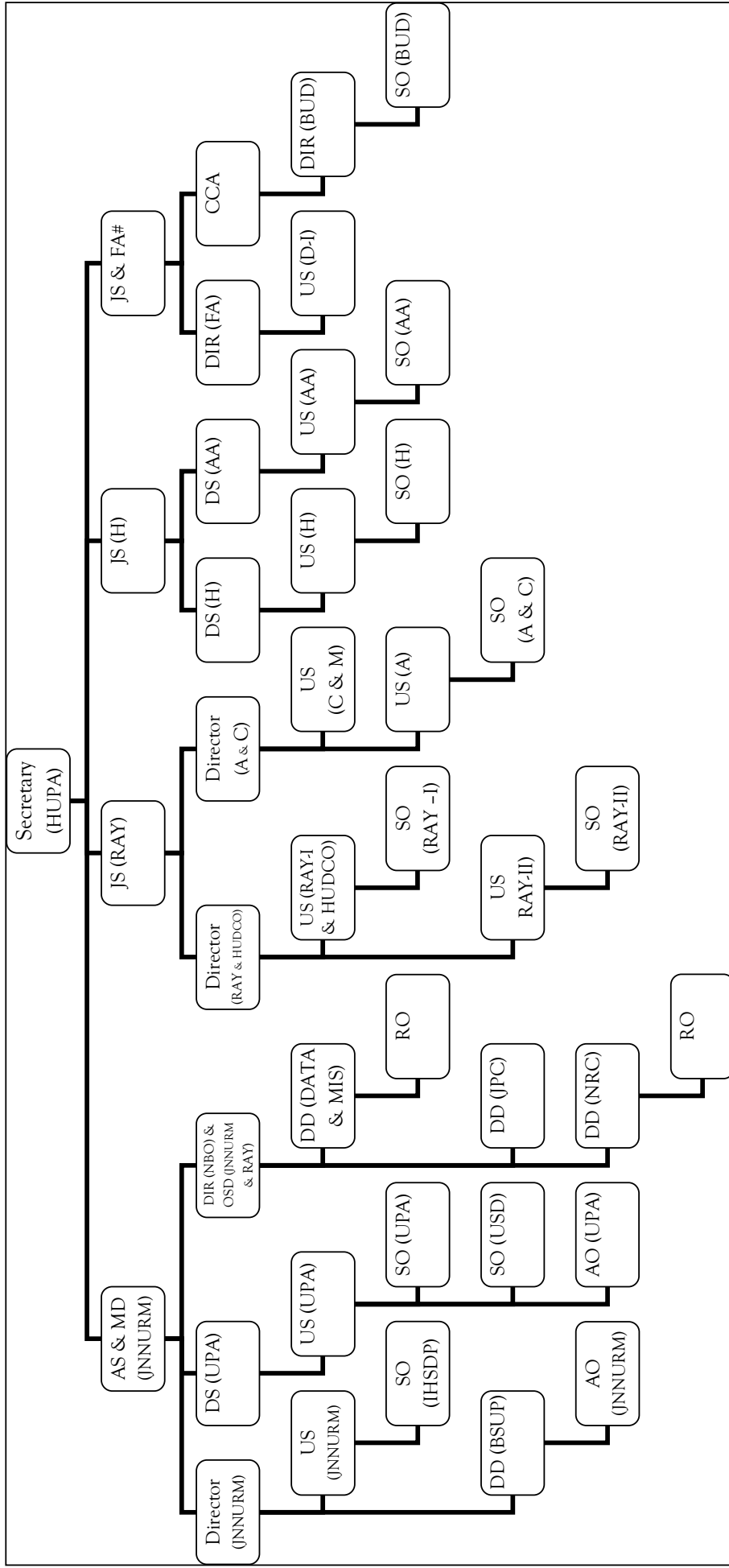
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<sup>1</sup> Converted at Rs. 45/USD; or Rs. 19.75 lakh crores converted at Rs. 50/USD

<sup>2</sup> Converted at Rs. 45/USD; or Rs. 15.00 lakh crores converted at Rs. 50/USD

incentive to developers, the M/o HUPA will lobby for the extension of Section 35 AD (5) of the Income Tax Act, 2010 to “Affordable Housing” in a bid to encourage private investment in slum development through profit enhancement of the builders; (3) Further, in order to ensure flow of funds from banking institutions, the M/o HUPA will lobby with the relevant authorities to ensure that 4% of incremental deposits be earmarked for loans up to Rs. 5 lakhs as priority sector lending for housing; and (4) Finally, in order to cover the credit risk that banks face when lending to the urban poor, the M/o HUPA will focus on the creation of a Credit/Mortgage Guarantee Fund, which would encourage lending for affordable housing to the urban poor by banks and housing finance companies.

**Cross-Functional Linkages Within Departments & Offices:** The organizational chart of the M/o HUPA is reproduced below:



1. HUPA -Housing & Urban Poverty Alleviation; 2. JNNURM - Jawaharlal Nehru Urban Renewal Mission; 3. NBO -National Buildings Organisation; 4. BSUP -Basic Services of Urban Poor; 5. IHSDP - Integrated Housing Slum Development Programme; 6. FA -Finance Adviser; 7. H - Housing; 8. CCA -Chief Controller of Accounts; 9. DS -Deputy Secretary; 10. UPA -Urban Poverty Alleviation; 11. Admn -Administration;12. ILCS -Integrated Low Cost Sanitation; 13. A.O. - Account Officer; 14. DFA - Deputy Financial Advisor; 15. EA - Economic Advisor; 16. DD - Deputy Director; 17. A & C - Administration & Coordination; 18. R.O. - Research Officer; 19. BUD - Budget; 20. RAY - Rajiv Awas Yojana; 21. MD - Mission Director; 22. HUDCO - Housing and Urban Development Corporation Limited; # JS & FA is common for Ministry of Urban Development and Ministry of Housing & Urban Poverty Alleviation



The M/o HUPA is headed by Kumari Selja, Hon'ble Minister for Housing & Urban Poverty Alleviation, and Minister for Culture. The Hon'ble Minister joined in May 2004 and is assisted by the Secretary of the Ministry of Housing & Urban Poverty Alleviation (HUPA), who in turn is assisted by one Additional Secretary and Mission Director (JNNURM) and two Joint Secretaries in charge of Housing and Rajiv Awas Yojana respectively.

## ***7. Monitoring & Reviewing Arrangements***

Finally, in order to evaluate its performance, the M/o HUPA will institutionalise the following means of **tracking and measuring achievements internally**:

- A. **Results Framework Document**: which sets out the key objectives, success indicators and monitorable targets and timelines for the M/o HUPA for the financial year
- B. **MIS-Based Tracking System**: to monitor physical and financial progress of the schemes of the M/o HUPA with respect to primary stakeholder targeting;
- C. **Social Audit**: will be undertaken as a three-stage process i.e. preparatory phase (including selection of the audit committee and gathering of information), implementation phase (undertaking of public meetings and discussions with stakeholders), and follow-up phase (including evaluating with local officials the action taken on the social audit reports). At present this is being implemented in pilot phase for JNNURM projects in 10 states.
- D. **Concurrent Evaluation**: as a tool will be used to evaluate the effectiveness and shortcomings/drawbacks of scheme implementation such that mid-course corrections can be carried out if required. This will be done by independent agencies. At present, this is being implemented in pilot phase for SJSRY projects.
- E. **Independent Third Party Inspection and Monitoring (TPIM)**: This methodology of evaluation is designed to independently cross-verify the physical and financial progress information provided through the various MIS-based tracking systems of schemes under M/o HUPA and enable corrective action if necessary. The aim being to ensure better project quality, cost and time controls, improved planning and budgeting, especially control over fund flows and utilization, and

measuring project outputs. At present this is being undertaken at the central and state levels for JNNURM.

Further to the aforementioned general tracking and measurement of success across schemes, the following **scheme-specific monitoring and tracking systems** are in place or will be developed to ensure adequate physical and financial progress:

- A. The Integrated Urban Poverty Monitoring System and JNNURM Tracking System (IPoMS): IPoMS has the following components: (1) JNNURM Monitoring System; (2) Poverty Monitoring System; and (3) Performance Tracking System, including reforms monitoring and capacity building;
- B. The M/o HUPA is currently engaged in the design of the SJSRY Tracking System focusing on the monitoring framework as laid down in the revised SJSRY Guidelines, 2009 and the reporting formats of the central government. Progress is to be tracked at three levels – M/o HUPA, the SLNA and the ULB.
- C. With the formal roll-out of RAY, a suitable monitoring and review system has also been envisaged for development.

In addition, **external means of measuring and tracking achievements** could be used: (a) measurements of inequality e.g. the Gini Coefficient measuring urban income inequality in India; (b) fluctuations in the rates of urban poverty in general and the slum population in particular, via the Urban BPL surveys and the NSSO surveys from time to time on expenditure, slums and housing; and (c) fluctuations in the urban housing shortage. However it must be pointed out that each of these indicators are subject to external factors and success or failure in this regard can not wholly be attributed to the M/o HUPA.

# **MINISTRY OF HOUSING and URBAN POVERTY ALLEVIATION**

## **STRATEGY PAPER (UP TO SEVEN STEPS)**

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### **Component I: Defining the Aspiration**

This Ministry was carved out of the larger Ministry of Urban Development in 2004, with a business allocation that was fairly focused, being the formulation of housing policy and programmes, the implementation of specific programmes of Urban Employment (UE) and Urban Poverty Alleviation (UPA) and policy, planning, monitoring of matters related to human settlements and urban development “including Slum Clearance Schemes and the Jhuggi and Jhompri Removal Schemes”<sup>3</sup>.

**2.** In the seven years since this Ministry was entrusted with this business, the Government’s vision and policy towards urban development has seen considerable change. The emphasis of the 11<sup>th</sup> Plan on inclusive and equitable growth has led to a greater urgency for municipal reforms and effectiveness of the third tier; greater emphasis on community participation; and the implementation of the flagship programme of JNNURM with 40% of its considerable budget devoted to slum redevelopment and rehabilitation. Simultaneously, this emphasis that has influenced the work of other Ministries immediately, on employment guarantee, social security to the vulnerable and food security as a right and has generated fresh thinking on the definition and meaning of poverty and the dimensions of urban poverty. The announcement of

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<sup>3</sup> <http://mhupa.gov.in/ministry/index2.htm>

the Rajiv Awas Yojana (RAY) has added a new paradigm to the strategy for inclusive growth by declaring a vision for a slum-free India with the conferring of property rights on slum dwellers as its main instrument of poverty alleviation. When RAY goes into implementation, it will have a strategic impact on the current policy, planning and structures of urban development.

**3.** The narrow interpretation and strict adherence to the definition of the business allocation, without taking note of these changes seems no longer possible. As urban poverty alleviation is not a subject of concern of any other Ministry, relating to it only within the confines of the current programme for poverty alleviation will leave much of government's vision and agenda unattended. "Urban development including Slum Clearance Schemes and the Jhuggi and Jhompri Removal Schemes" has clearly become an obsolete definition of business, when government itself has moved on to a world-view that acknowledges the role of the poor and the need to create a space within cities for them to live and to work with dignity as full citizens of the city (with related rights, responsibilities and entitlements).

**4.** In the light of these fast paced policy changes, it becomes essential that the Ministry pauses to rethink its purpose, and establish a consensual clarity on its Mission and Goals along with all its stakeholders; to review its existing strategy to accommodate changes this might require, in current ways of looking at interpreting its business allocation, in identifying its stakeholders and in planning, programming, target setting and resource allocation.

**5.** This Strategic Plan is an attempt at this reassessment and review and has been prepared with introspection and debate with stakeholders, with a view to maintain the continuity of existing programmes, but, without being confined by existing conceptions and ways of work.

## **6. The Vision:**

- 6.1. The Vision statement of the Ministry, framed last year, following Government's announcement of RAY and with inputs from a wide range of interested stakeholders, has been adopted as follows: -

*An equitable, inclusive and sustainable civic sensitive growth of towns and cities free from slums, which provides means of productive employment, dignity and a decent quality of life to all inhabitants, including the poor.*

7. **The Purpose:** Guided by this Vision, the Purpose or Mission of the Ministry has been stated as follows: -

- 7.1. In coordination and cooperation with State Governments, Urban Local Bodies and other related Ministries -

7.1.1. The creation of a Slum Free India, by the up-gradation, redevelopment and relocation of all existing slums so as to provide basic civic amenities, shelter, property titling and a decent quality of life to all slum dwellers; and the realignment of State policies, planning and institutional structures for urban development, land use and town planning to meet this goal, so that future urban growth accommodates, within formal planned spaces, the living and working needs of the poor;

7.1.2. The provision of affordable housing for all and the creation of conditions that facilitate a continuous addition of adequate serviced land and housing to meet the identified need;

7.1.3. To accelerate the rate of poverty reduction, by the convergence of different programmes and services relating to skill development, creation of livelihoods, social security and social services including health and education, in order to address poverty in all its aspects, and to do so in a transparent, participative and citizen centric manner.

**8. The Goals:** Disaggregating this broad enunciation of purpose further, we may state our aspiration as follows:

- 8.1. To encourage and enable State Governments to review and revise their urban development, land use and housing policies so that they create a positive framework within which to make urban growth inclusive, sustainable and slum free and progress rapidly towards the twin goals of slum free cities and affordable housing for all;
- 8.2. To advise and advocate, through debate and circulation of models, the creation and adoption of a legislative framework, supportive of action for equity, inclusion, transparency, competition, private sector participation and public private partnership in sustainable and inclusive urban growth for all, with particular attention to legislation for property titling for slum dwellers and housing construction by the private sector;
- 8.3. To advocate and encourage the delegation of functions and finances to the ULBs from the state, as envisaged in the Constitution and for this purpose incentivise and support the creation of capacity within urban areas in order that they can be governed and administered effectively and transparently;
- 8.4. In implementation of RAY, to encourage, enable and support by capacity creation and financial assistance States and Urban Local Bodies to devise and to implement State/ City Plan of Actions for Slum Free City Status;
- 8.5. To work with the Ministry of Finance to devise a successful package of measures for financial inclusion that will establish a flow of institutional finance to the urban poor for housing and especially to those within the informal sector, micro-enterprises;
- 8.6. Working with the Ministries of Rural Development, Panchayati Raj and Urban Development, to put regional planning into effective practice, in order to guide the development of villages into urban areas on considerations of location advantage and carrying capacity and to

proactively attempt to prevent growing villages from becoming the slums of future towns by introducing simplified planning norms for their orderly development;

- 8.7. To support the states and Urban Local Bodies (ULBs) through the Swarna Jayanti Shahari Rozgar Yojana (SJSRY), to provide gainful employment to the urban poor through skill development to enhance their employability and support the setting up of micro-enterprises, with emphasis on assistance to women and minorities;
- 8.8. To devise ways to work in close coordination with other ministries and ULBs so as to dovetail and deliver in convergence the benefits of different programmes for social services, social security, skill development and livelihood creation in urban poor localities provided with shelter and basic amenities, thereby to address poverty holistically;
- 8.9. In all programmes and actions enabled by the Ministry, to ensure the creation of structures and systems that invite community participation and ensure a progression towards participative decision making and transparent sharing of information and as part of this goal, to emphasise social audits as a necessary tool in all schemes and programmes of the Ministry;
- 8.10. Within the larger target group of the urban poor, to ensure that special attention is given to and focus is retained on the weaker sections, women, minorities and the destitute and that the needs of small and medium towns in not overlooked;
- 8.11. To create a reliable and dynamic database on urban housing and urban poverty and a sound MIS supported by GIS mapping in partnership with state governments, ULBs and national institutions;
- 8.12. To work towards the creation of national level capacities for studies and action research on issues of urbanization and poverty alleviation, in order to obtain reliable inputs for policy and planning and also towards the enhancement of capacities in urban local bodies with a view to

enable them to effectively discharge the functions of poverty alleviation already constitutionally delegated to them;

- 8.13. To ensure systems for a concurrent and independent evaluation of the implementation and impact of schemes and programmes of the Ministry so as to obtain information and set up a praxis of feedback and corrective action that continually improves quality of design, delivery and execution of services till the outcome is reached and to evolve a mechanism of feedback and the channeling of the suggestions back into the schemes and programmes to meet the spirit of such evaluations; and
- 8.14. To manage resources judiciously, using innovative technologies wherever possible to enhance effectiveness of reach, delivery and monitoring of programmes.



## ***Component II: Assessing the Situation***

### **9. Assessing the Situation:**

9.1. Noting down the vision and aspirations is difficult enough. It requires an ability of conceptual thinking and writing in abstraction and a complete understanding of the domain. Achieving the aspiration requires a reconciliation of idealism with reality. If the task of urban poverty alleviation is examined realistically, the challenges before us are daunting.

9.2. In 2001, the urban population of India was about 286 million representing 28 per cent of the country's total population of 1029 million. Population projections for 2021 expect the urban population to increase to about 473 million and by 2041 to about 700 million. The NSS 61<sup>st</sup> round data reveals that about 81 million of the urban population lived below the poverty line in 2004-05. The ratio of urban to rural poor has gone up from 1:4.45 in 1993-94 to 1:2.73 in 2004-05. The slum population of the country as estimated by TCPO is said to have gone up from 46 million in 1991 to 62 million in 2001. Based on Census data, the Ministry has recently corrected this figure to be 75 million in 2001 and projected the figure for 2011 to be 93 million.

### **9.3. Challenges and Weaknesses:**

9.3.1. **The Dimensions of Poverty:** Urban poverty manifests itself not only through nutritional insufficiency but through inadequate provision of housing and shelter, water, sanitation, health, education, social security and livelihoods as well. The special needs of vulnerable groups like women, children and aged people add another facet. Common to the majority of urban poor is a loss of man-days due to disease, ill health and malnutrition, a high dependence on informal labour markets with a constant threat of eviction, removal, confiscation of goods and an almost non-existent say in deciding their own fate. Their quality of life is characterised by high insecurity of tenure and a lack of legal entitlements compounded by their inability to access formal financial markets/systems of credit. Tackling lack of income alone does not solve their problems.

- 9.3.2. **Urban Poor:** Government of India has only recently decided to define the indicators for identification of urban poor families below the poverty line. The indicators are yet to be finalised. In the absence of central guidelines, each state has been following its own line of thinking, some adopting the rural poverty indicators and others a detailed multipoint indicator of vulnerability. The central government's count of urban BPL is overshoot by all the states. This count is further inflated by the absence of any system to striking out families that may have left the town or risen above the BPL.
- 9.3.3. **Growth of slums and urban housing shortage for the poor:** The slum population in the country is estimated to have gone up from 46 million in 1991 to 75 million in 2001. With urban population expected to double by 2030, we may expect this figure to grow steadily, especially if we acknowledge that slums are a creation not of poverty but of the absence of planned and affordable housing for the poor. The Technical Group on the Estimation of Urban Housing Shortage constituted by M/o HUPA estimated that the total shortage of decent dwelling units in urban areas in 2007 was 24.71 million climbing at the rate of 360,000 units per annum (?). Of this, about 98% pertains to the Economically Weaker Sections (EWS) or Low Income Group (LIG) categories of the urban population. A study of the historic trends show that housing construction kept pace with urban population growth till 1991, but began falling thereafter, when macro policy changes reduced the role of institutional refinance and emphasized private sector real estate development. The change led to construction of premium housing and commercial companies exacerbating shortages of small and affordable units for the poor.
- 9.3.4. **Exclusionary /non-inclusionary urban planning paradigm:** The observed processes of exclusion and marginalization of the urban poor have plagued equitable urban development in India. Master/Development Plans have not fully addressed either the question of land tenure (including formal property rights) for the urban poor or spatial requirements of informal markets. Additionally, the design of transport systems has not taken into account the current and anticipated locations of the urban poor.

- 9.3.5. **The lack of capacity in the ULBs:** The indifferent response of states to the delegating of financial and functional autonomy to ULBs under the provisions of the 74<sup>th</sup> Constitutional Amendment Act<sup>4</sup> is compounded by their woeful lack of logistical capacity and the manpower shortages of ULBs. This is significant in light of the dearth of a cadre of trained and/or experienced professionals in ULBs/urban administration at the city and ward levels. Further there is a general view that urban poverty alleviation postings within the ULB are ‘punishment postings’. In addition, ULBs have a narrow tax authority and are subject to fiscal stress<sup>5</sup>.
- 9.3.6. **Apathy within the Civil Society:** Among the non-poor citizens of cities there exists an ‘us vs. them’ attitude reducing the urban poor to a problem to be wished away. The ULBs tend to gravitate towards the needs of the non-poor reflecting the loudest demands of the city’s “citizens”. There is a strong body of influential opinion, which considers the best strategy still to be to restrain people from migrating to urban areas. There is no effective civil society movement emerging from among the urban poor and good NGOs are few and often plagued by paucity of both funds and manpower.
- 9.3.7. **Limitations of the Ministry of Housing and Urban Poverty Alleviation:** At the central level M/o HUPA lacks a say in key subjects such as land (currently a state subject) and land use, the regulation of which is key to the alleviation of poverty in urban India. In addition, M/o HUPA is in dire need of techno-professional support on the variety of subjects it is expected to grapple with. There is also a critical need for comparable time-series data on urban poverty in India. There is also a need to be able to compare this

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<sup>4</sup>While evaluations have observed that there has been full compliance in respect of some provisions, such as constitution of three types of ULBs, reservation of seats, and constitution of SFCs, the same cannot be said for other provisions, namely constitution of Wards Committees, District Planning Committees and Metropolitan Planning Committees. ULBs are further restricted by the fact that the full and successful transfer of the 18 functions is yet to take place

<sup>5</sup>A study conducted for the Twelfth Finance Commission on municipal finance indicates that in 2001-02, the share of ULBs in the total revenue raised by the ULB was a miniscule 3.07 percent of the GDP, while the share of the central government and state governments was 57.5 and 39.5 percent respectively

data with other data-sets being generated by line ministries such as health, education (HRD) and labour. If this is available it will enable the Government of India to be able to make informed policy decisions across a variety of issues on urban poverty.

9.3.7.1. For example, the SJSRY scheme, as well as the National Urban Street Vendors Policy (and Bill) is being managed by the “Urban Poverty Alleviation” (UPA) division of the M/o HUPA. At present this division is severely handicapped by a lack of staff to manage and monitor the scheme’s implementation in the states and ensure strong advocacy for the mainstreaming of livelihood concerns of the urban poor.

9.3.8. **Convergence:** To tackle urban poverty’s multi-dimensionality, a convergence of efforts across different ministries such as health, education (both school and adult education), skill development, labour, etc., is required. Past experience has demonstrated that ministries work in silos and no existing example of convergent goal setting and strategy formation that is effective exists. There is also a need for intra-ministerial convergence where the efforts of its various schemes complement one another.

9.3.9. **Financial Exclusion of the Urban Poor:** In spite of an enviable growth rate over the past 5 years only 60% of India’s population has access to bank accounts. For the urban poor, social exclusion, illiteracy, cumbersome procedures, stringent documentation requirements, language, staff attitude, branch timings, products catered to higher incomes and KYC (what is this?) norms add to their financial exclusion pushing them to the easily available but more dangerous informal systems of credit with a higher risk of debt.

9.3.10. **Lack of participation from the private sector:** It has been estimated that there is a potential demand for more than 21 million households in the low-cost housing market (houses priced between Rs. 3,00,000 - Rs. 10,00,000) in India with an estimated market size of \$ 260 billion (or Rs. 13,00,000 crores). However, private sector participation in this market is negligible. A significant disincentive is the fact that the complexities of mortgaging houses built for the urban poor are yet to be worked out. Additionally, the low-cost housing market requires interventions with a higher concentration of human resources and time per potential client,

which the bigger housing finance companies (HFCs) find cumbersome. The smaller HFCs do not have the financial cushion necessary to function at lower interest rates.

9.3.11. **Paucity of social rental housing stock:** The traditional emphasis of low cost ownership housing neglects the significant proportion of moving population including the new (and/or seasonal) migrants and the homeless for whom rental housing would be a possible solution. Presently however, urban rental housing stock for the poor can primarily be found in the informal sector. The Government's contribution to the needs of the shelter less lies chiefly in the form of night shelters for the homeless and destitute.

9.3.12. **Legislative exclusion of the urban poor:** Most policies have lacked the necessary legislative backing to provide adequate protection of the rights of the urban poor.

9.4. **Stakeholders:** The M/o HUPA considers the following stakeholders' participation crucial to the success of its vision and goal:

9.4.1. Urban Poor and slum dwellers in the cities and towns across India. This could also include those living in peri-urban areas/urban villages that are expected to turn 'urban' in the near future

9.4.2. Departments dealing with urban affairs in the States /UTs, including those who deal with issues of health, education and the social security of the urban poor

9.4.3. Multilateral and bi-lateral financial/funding institutions such as the Asian Development Bank (ADB); Cities Alliance; the Department for International Development (DFID); German Technical Cooperation (GTZ); the World Bank; the United Nations' organisations dealing with development (UNDP), cities (UN-HABITAT), issues of children in slums (UNICEF), and culture, specifically the preservation of architectural heritage in urban areas (UNESCO)

9.4.4. Urban Local Bodies, Housing Boards, Development Authorities including regional planning authorities responsible for the planning and administration of urban regions. This also includes para-statal/governmental bodies

responsible for planning e.g. CIDCO in Maharashtra responsible for the new township creation of *Navi Mumbai*.

- 9.4.5. Non-Governmental Organisations (NGO) and CBOs: these include local, regional and national level NGOs such as Kagad Kach Patra Kashtakari Panchayat (KKPKP), Sewa and the Sewa Bank as well as community organisations created at the city level under the Urban Community Development Network (UCDN) of JNNURM and the Community Development Network (CDN) of SJSRY
- 9.4.6. Financial Institutions and Business Institutions such as the Reserve Bank of India (RBI), Housing & Development Finance Corporation (HDFC), Confederation of Indian Industries (CII), Federation of Indian Chamber of Commerce and Industry (FICCI), the Associated Chambers of Commerce and Industry of India (ASSOCHAM), PHD Chamber of Commerce and Industry, National Housing Bank (NHB)
- 9.4.7. Government construction agencies e.g. Development Authorities, Housing Boards, Urban Local Bodies, public and private construction agencies, builders and contractors, private sector (?) engineers and architects, State Government engineers.
- 9.4.8. Government of India, State Governments, Public Sector Undertakings and Urban Local Bodies engaged in collection and dissemination of urban poverty statistics on slums, housing, building construction and related urban matters; research institutions and training institutions providing training in the building construction, statistics, slum survey and housing statistics analysis.
- 9.4.9. Academicians including those engaged in research on urban poverty issues as well as urban planning institutes. These include universities such as Jawaharlal Nehru University (JNU), the Indian Institutes of Management (IIMs), the Indian Institutes of Technology (IITs), the National Law Schools, institutes such as National Institute of Public Finance and Policy (NIPFP), the National Institute for Urban Administration (NIUA) and the Entrepreneurship Development Institute. This also includes independent institutes such as the Regional Centres for Urban and Environmental Studies (RCUES), and state training institutes such as the Yeshwantrao Chauhan Academy of Development Administration (YASHADA). A complete list of

indicative partners is available under the established National Network of Resource Centres or NNRCs that have been empanelled by the M/o HUPA to date. A fresh exercise of empanelment is currently underway to broaden the scope of the expertise that will be available to the M/o HUPA both in terms of capacity building as well as knowledge management

9.4.10. Community Structures such as Neighbourhood Groups, Neighbourhood Committees and Community Development Societies

9.4.11. Private industry, in construction or willing to diversify into construction

9.4.12. Urban non-poor/civil society

### 9.5. **Strengths and Opportunities**

9.5.1. Government has adopted an inclusive growth policy for the Eleventh Plan. Reduction of poverty is a part of the Millennium Development Goals<sup>6</sup>. The issue has generated a lot of interest even beyond the borders of the country. Other countries, especially those in Latin America, have set examples and shown that much can be done.

9.5.2. The National Urban Housing and Habitat Policy, 2007 has been comprehensively drawn up and is relevant. Programmes started after the adoption of the policy are still relevant.

9.5.3. JNNURM has provided a lot of impetus and interest. It has led to better people being posted and officers not shying away from municipal postings. Some capacity has been created. Systems for resource building have been put in place. What the mission has been able to do is provide empirical evidence supporting the need for urban poverty alleviation on the ground along with key lessons learnt from programme and project implementation. In its mid-term appraisal of the scheme, the Planning Commission further states that

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<sup>6</sup> Of these, Goal 1 i.e. Eradicate extreme poverty and hunger with its three targets [(a) half the proportion of people whose income is less than \$1 a day, (b) achieve full productive employment and decent work for all; and (c) half the proportion of people who suffer from hunger] are the most significant for this Ministry. Besides, this, ALL other MDGs touch upon the responsibilities of this ministry in some way with reference to urban poverty alleviation

JNNURM has allowed investments to flow for basic services to cities, particularly for the urban poor. It has further triggered the creation of many innovations in states that should increase their ability to maintain the momentum of the urban transformation initiated under the scheme. In addition, JNNURM has resulted in a realization that the next steps in city improvement must move beyond slum clearance and improvements in city infrastructure to more fundamental needs and rights of the underserved poor in the cities.

- 9.5.4. The announcement of RAY and the manner of the announcement will force a paradigm shift upon urban planning response by way of review of urban development policies that is already becoming evident in the states. By this announcement the government has also been bound to its commitments under RAY. It is anticipated that strong political will may be generated. Although demanding, several cities have taken up the challenge of RAY seriously.
- 9.5.5. Financial inclusion has become a concern of the Ministry of Finance, and the time has never been better to get a positive consideration of the issue of access to formal credit for the urban poor.
- 9.5.6. Although a budgetary constraint exists the 2007 policy position that social housing cannot be done without government support remains. The strengthening economy has created the revenues for government to be in a position to provide generous subsidies for housing and livelihoods creation and programmes for the sector are now getting substantially more funding than ever before.
- 9.5.7. International financial institutions are willing to put in funding and technical assistance to create capacity and this assistance is forthcoming from at least four sources, including the World Bank.
- 9.5.8. The crucial generation of an empirical data base on urban poverty using innovative technology has already started and it is heartening to see several cities quite expert in the use of technology for the purpose of mapping, monitoring and data generation.



- 9.6. **External factors affecting us:** They range from the macro all the way down to the micro. Barring force majeure, we may list the most important ones as below:
- 9.6.1. **The pace of the growth of the economy:** Though the trickledown effect of growth is now a discarded theory, the growth in government revenues is essential for subsidy flow.
- 9.6.2. **Broader policy support from the Planning Commission and M/o Finance:** The broader policy of inclusion especially financial inclusion needs to have the continued emphasis of Planning Commission, Ministry of Finance if this Ministry is to make headway. The positive environment is essential.
- 9.6.3. **Political will and clarity that disparities within cities must be redressed.** RAY and slum redevelopment require the severance of the vested interests associated with urban land and making housing available means tackling these entrenched interests that gain from the shortages and ever increasing urban land and housing prices.
- 9.6.4. **Delegation of functions, finances and functionaries under the 74<sup>th</sup> Constitutional Amendment Act to ULBs by the states:** With the passing of the 74<sup>th</sup> Amendment to the Constitution, the structure of governance has changed permanently from a two-tier to a three tier system of government with the union government at the centre, the state governments and the urban local bodies or nagar palikas. The functioning of the third tier depends on the devolution of resources (especially finance), transfer of subjects and the passing down of administrative control over civil servants. Post this amendment, states have met their legal obligations by passing conformity legislations, but the transformation of ULBs/nagar palikas into local governments from mere state agencies has varied across states. ULBs are particularly struggling due to the failure of successive finance commissions to restructure public finance vis-à-vis the centrally sponsored schemes. For the aims of the M/o HUPA to be fruitful, the crucial transfer of functionaries, finances and functions to the ULBs is essential.
- 9.6.5. **Aligning of priorities of M/o UD and M/o HUPA through collaboration:** With the existing restricted definition of business of the

Ministry, progress towards slum free India and making available affordable housing cannot be made without opening up and aligning the larger issues of expansion of urban areas, redefining density norms and land use models and reviewing master plan designs. In this, the support of M/o UD is crucial in prioritizing urban planning and development focusing on the urban poor as a key stakeholder in this process. As an indirect unintended result of the separation of the mandate of these two ministries, the lack of coordination has come at great cost to the urban poor. Programmes of infrastructure and transport, water supply and sanitation – all key to the alleviation of urban poverty – lack the voice of the urban poor. Collaboration between these two ministries is the most crucial component to making India slum-free and sustaining that outcome in the long run in the spirit of inclusive urban development for all.

- 9.6.6. **Inter-ministerial convergence:** The creation of systems of convergent functioning between Ministries, especially with Labour, Education, HRD, Health, Micro, Small and Medium Enterprises, and Social Justice & Empowerment to ensure the delivery of services in coordination to the field, and to set Plan of Action and RFD targets in coordination with other Ministries.
- 9.6.7. **Prioritizing the reforms as specified under the 74<sup>th</sup> Constitutional Amendment Act:** The delegation by the States of functions and powers and finances to the Urban Local Bodies, and the interest and financial strength of the ULBs in urban poverty alleviation.
- 9.6.8. **Prioritizing Urban Poverty Alleviation:** The priority to urban poverty alleviation and inclusion by the State, and the administrative machinery put in place by States for this sector where it exists, e.g. Andhra Pradesh and Karnataka, where poverty alleviation efforts have been more successful.
- 9.6.9. **Granting greater financial priority to urban poverty alleviation:** The financial priority given by State Governments to the sector, and the allocation of funds in their Annual Plans for urban poverty alleviation.
- 9.6.10. **Capacity creation in States/ ULBs:** Capacities being limited in the ULBs and capacity creation by developing human resource first is a long drawn out process. Results cannot be expected except slowly.

- 9.6.11. **Accurate identification of the poor:** The identification of the poor in urban areas is a confused matter given the large number of BPL cards and the lack of any way of identifying those that may have risen above BLP. All hopes are pinned on the Unique Identity Authority of India (UIDAI). Till that Unique Identification (UID) Number comes in, the identification of target group for urban poverty alleviation and policy uncertainty between a targeted approach and a universalization approach will continue to cloud matters. This will raise the requirement of financial resources for urban poverty alleviation and make benefits difficult to design and interpret. Further as the UIDAI is the first large scale (country-wide) programme of its kind, lessons learnt from its early implementation will take time to be incorporated.
- 9.6.12. **Financial Security and Urban Poverty Alleviation:** Financial resources for urban poverty alleviation are not only for SJSRY and effectively the larger requirement is for creating a satisfactory safety net which will support households that are the distressed, by unforeseen or sudden demands/ tragedies so as not to allow them to slip back into poverty.
- 9.6.13. **Community Participation:** Finally, the lack of a civil society movement and the dearth of NGOs/effective interface between the bureaucratic delivery mechanism and the community that will enable the delivery machinery to be more responsive.

**9.7. The process of strategy formulation at the M/o HUPA:**

- 9.7.1. After having taken stock of the situation and made an assessment of the requirements and capacities, we proceed with delineating the Ministry's strategy for affordable housing and urban poverty alleviation. Being bound to a great extent by the existing situation, the strategy cannot be radically different. It has to be crafted within the confines of the existing policies; it must also accept the continuation of existing programmes and work within those to reach the redefined and expanded goals
- 9.7.2. The process of strategy formulation was a consensual one, beginning with an in-house exercise that put a discussion paper that took stock of the priorities, programmes and schemes of M/o HUPA, as well as the aims and objectives of the Ministry over the next five years. In a rapidly changing

urban scenario and at the cusp of the next five year plan, the aim was to prepare a plan that would guide the M/o HUPA through the 12<sup>th</sup> Five Year Plan exercise to ensure effective action for an inclusive urban India with a focus on the access of the urban poor to dignity of life.

9.7.3. Two stakeholder consultations were held in the second half of 2010; the first after the compilation of the 3<sup>rd</sup> step of the strategy paper in August 2010 and the second after the compilation of the 4<sup>th</sup> step of the strategy paper in December 2010. The suggestions of the attendees include:

9.7.3.1. Any strategy of the ministry would perforce need focus on availability of land for housing the urban poor and by extension the strategy would also need to cover the availability of funds for urban poverty alleviation;

9.7.3.2. The strategy could also cover the identification of the urban poor and a reliable system of information and data on issues affecting the urban poor;

9.7.3.3. No strategy for alleviation of poverty could ignore the involvement of the private sector and therefore the development of a proper framework for involvement of the private sector especially in partnership to provide affordable housing for all should be a key strategy of the M/o HUPA;

9.7.3.4. As one of the key concerns in housing the urban poor is affordability and cost of housing, stakeholders suggested that the M/o HUPA examine the valuation, pricing and transaction cost of housing;

9.7.3.5. Another issue to be tackled in making the urban poor self-reliant is in the field of employment opportunities and skill upgradation which the M/o HUPA could make a key focus area;

9.7.3.6. Another suggestion from stakeholders was for the M/o HUPA to explore the possibility of promoting low cost housing technologies to make housing more affordable;

9.7.3.7. Stakeholders also emphasized the need for strong convergence with other partners, both governmental and non-governmental, to ensure a more holistic approach to urban poverty alleviation.

In this regard the role of the community in all aspects of planning and implementation of schemes was highlighted as crucial to the success of any strategy.

9.7.3.8. Stakeholders also highlighted the need to develop an enabling legislative framework for the protection of the rights of the slum dwellers and the urban poor;

9.7.3.9. Stakeholders also agreed on the need to improve the knowledge base of the M/o HUPA to enable more effective policy formulation through the promotion of research to identify alternative/innovative initiatives in urban poverty alleviation;

9.7.4. These stakeholder meetings were attended not just by representatives of all departments of the M/o HUPA, but also the heads of the attached offices, PSUs and Autonomous bodies as well. Other participants included representatives of state governments, elected representatives, heads of banking and financial institutions, including the RBI, ATF members, academicians, educationists, practitioners in the field as well as NGO representation.

### **Component III: The Strategy**

**10.** The strategy designed is a dual one, looking at urban poverty alleviation and at affordable housing and slum-freeness, covering both the short term and long term. This delineation makes a distinction between the elements, or principles, of the strategy, and the instruments of its delivery.

**11.** A crucial strategic departure from the original goal of the M/o HUPA can be seen in the evolution of thought from the implementation of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) to the conceptualization of the Rajiv Awas Yojana (RAY). The aim with RAY is to include both, curative and preventive aspects of urban poverty alleviation. This involves giving legislative strength to policy initiatives such as inclusive urban planning, financial empowerment of the poor, enabling livelihood options, and overall, granting property rights to the urban poor. Whereas in previous programmes, the goal was programmatic interventions, RAY

aims at an approach of holistic convergence whereby the urban poor are guaranteed basic services, civic authorities redress failures that promote slum-growth and states tackle the key issue of shortage of serviced land that keep affordable housing out of the reach of the urban poor. (More details of JNNURM and RAY may be seen in paragraphs 14.1 and 14.2)

**12. Elements:** This strategy has the following main elements:

- 12.1. **Inclusive and equitable urban planning:** The strategy of the M/o HUPA will take inclusion, livability and slum freeness as the key guiding principals of urban planning and propose, keeping within the framework of the 11<sup>th</sup> Five Year Plan, to work through schemes, programmes and interventions which ensure that the provision of adequate working and living spaces for the poor becomes an important concern of revised urban development policies, as the one sustainable means of making and keeping cities slum free.
- 12.2. **Community Voice and Consensual Decision-making:** In doing so, the urban poor's contribution to society and economy will also be acknowledged, attempting a change in the view of the urban poor as 'beneficiaries' to the urban poor as 'partners' in the urban development process making them full citizens of the city. In order to continue ensuring employment and livelihood linkages, the key strategy tool for this will be the emphasis on in-situ development of affordable housing either on an ownership or rental basis. Wherever relocation is mandated, this should be seen as a method of last resort and to take place as close to the original site as possible, with all essential basic services including transport to maintain livelihood linkages.
- 12.3. **Assigning property rights to the urban poor:** In continuation of the view of the urban poor as rightful citizens of the city, one of the key rights to be accorded to the urban poor are property rights within an empowered legislative framework.
- 12.4. **Providing Basic Services and Shelter to the Urban Poor:** In all of this, the strategy continues its emphasis on the crucial provision of basic services and decent shelter to the urban poor along with transport and livelihood linkages whether the development is in-situ or on a relocation basis

- 12.5. **Financial inclusion of the urban poor:** The M/o HUPA's strategy will also focus on ending the financial exclusion of the urban poor. This will require working with formal financial institutions such as the Reserve Bank of India (RBI) and banking institutions (both private and public) and other financial institutions such as private and public housing finance companies as well as national attempts to enumerate the population e.g. the UIDAI, through which such interventions can be targeted. It is intended to arrive at a consensus system of financial inclusion cutting across various financial requirements of the urban poor.
- 12.6. **Forging a role for the private sector in affordable housing:** It will be expanded to include a role for the private sector, in partnership with the government, by state policies and a package of central incentives that will set the conditions to draw the private sector into construction of affordable housing.
- 12.7. **Promoting gainful livelihoods for the urban poor:** In the prevention of future slums, a key tool in the strategy is the promotion of livelihoods for the urban poor, both via training for wage and self-employment
- 12.8. Converging the interests of urban planning with the need for **provision of spaces for informal urban livelihoods** (both industry based as well as street vending) within the larger plan for urban development of the city, in the short and long-term. In particular, the M/o HUPA will promote the concept of "Micro-business Centres" (MBCs), which involves the creation of a market space for vendors to trade their wares. This initiative will be subsidised by the ministry and promoted at the city-level by the ULB.
- 12.9. **Creating a Reliable Data Base:** The Ministry would support, the creation of a reliable database on key urban poverty statistics at the centre and the states. This initiative has also been supported by the Report of the Committee on Slum Statistics/Census via their recommendation for the creation of an "Urban Information Management System on Slums".
- 12.10. **Creating adequate capacity at the centre, state and ULB level:** Achievement of the goals of the M/o HUPA requires the strengthening of the Ministry itself, the state urban affairs' departments, the ULBs and community structures and the participation of the urban community, especially the poor

in decision-making and programme implementation. The mid-term appraisal of the 11<sup>th</sup> Five year plan reported that in the case of JNNURM, delays in the implementation of many reforms could be attributed to the fact that many states and ULBs are facing significant shortages in financial, social, and governance capacity that limit their ability to steer urban development and create self-sustaining administrative units at the local level. Even as the case for acceleration of reforms is pushed, the report mandates that more must be done to empower the states and ULBs, and more help should be given to them to build new capabilities that will be critical to ensuring the long term sustainability of the change started<sup>7</sup>. In terms of actionable points this implies: (i) organizational development including the elaboration of management structures, processes and procedures, within ULBs as well as the management of relationships between the different organizations and sectors (public, private and community) involved in urban affairs and urban poverty alleviation; and (ii) human resource development which involves equipping individuals within the ULBs with the understanding, skills and access to information, knowledge and training that enables them to perform effectively. The M/o HUPA strategy will focus on the creation of capacity at the centre, state, and ULB level. At the centre, this requires the active solicitation of technical support via external assistance parallel to the setting up of a mission directorate for RAY (in much the same way as JNNURM). Under RAY at the states and in the ULBs, this will involve the creation of specialized cells for technical assistance for the preparation of the slum-free plans of action. Further a network of resource centres will be created and strengthened to ensure adequate support to the states and cities in the preparation of their plans as well as research-based policy input to the M/o HUPA

- 12.11. **Legislative inclusion of the urban poor:** The M/o HUPA's strategy will focus on ending the legislative exclusion of the urban poor. This will require working with premier law schools and eminent law firms in the country, such

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<sup>7</sup> Planning Commission's Mid-Term Appraisal of the 11<sup>th</sup> Five Year Plan (Para 18.65, p. 419)



as the National Law Schools in Bangalore and Delhi, in order bring in their expertise for the review of laws / bills proposed by the M/o HUPA. In addition, convergence with the M/o Law, Justice and Legislative Affairs will also be sought to ensure a wider acceptance and applicability of the laws. Finally stakeholder consultations with States, ULBs, NGOs and the community in the field will be undertaken to ensure their full participation in the process.

**13. The Instruments of Delivery:** The following instruments will be utilized for urban poverty alleviation and slum freeness – capacity creation, advocacy, convergence of effort with other ministries, and centrally supported programmes.

**13.1. Capacity creation of the ULBs:** One of the key learnings of the implementation of JNNURM has been that the capacities of the ULBs must be strengthened both in the size of manpower support as well as the quality of techno-professional support available to them. This is seen as a precondition to the delegation of functions by the states to the third tier. It is essential that the urban local bodies may have the manpower and technical resources to function effectively and fulfill their responsibilities. The M/o HUPA will endeavour to ensure that the capacity of the ULBs are sufficiently buttressed to empower their functioning.

**13.2. Capacity creation at the Centre:** The strategy of the M/o HUPA also includes the capacity creation at the centre itself. This encompasses both the capacities within the Ministry and institutional academic support for sustainable, inclusive urbanization. There is a dire need for information creation and knowledge management as well as capacity creation of the officials of the M/o HUPA. In addition to the exchange of learning from different states and cities to flow into the centre as a bank of best practices, there is also a wealth of international examples of urban poverty alleviation and housing, both in the developed and developing countries that could be learned from. The flow of knowledge into the ministry as well as from the ministry into the states and cities to inform further policy formulation and review is a crucial instrument of the strategy.

- 13.3. **Advocacy:** With housing being firmly in the state's list and poverty alleviation in the 12<sup>th</sup> Schedule of the Constitution, the ministry can move towards its goals only if it succeeds in persuading the States and ULBs to adopt and implement its agenda. Advocacy, through various means – delineation of clear national policies and plans of action, workshops, meetings, debate, exposure to world trends, creation of a sound data base, sharing of experiences and successful policies, issue of guidelines, training of ULB and state personnel, model legislation – will be an important part of the strategy. One of the key mind-blocks to the successful alleviation of poverty is the view of the urban poor as a 'problem'. The M/o HUPA will endeavour to ensure that enough civil society participation and stakeholder participation in both the planning/design of its programmes as well as the social audit, concurrent evaluations and independent monitoring brings about transparency and a healthy exchange of ideas for urban poverty alleviation and slum freeness.
- 13.4. **Harnessing Financial Support:** Through its various programmes and schemes, the M/o HUPA will endeavour to provide adequate financial support to the states and ULBs to achieve the goals set out for itself over the next five years, as well as to incentivize them towards the goal of inclusive, equitable and slum free cities
- 13.5. **Convergence with various Ministries:** In order to deliver on subjected related to urban poverty alleviation, but not (completely) within the mandate of the ministry – such as health, education, social security and livelihood - M/o HUPA will endeavour to work with other line ministries of the Government of India, and through them, the various state and ULB departments in the fields of education (both elementary and adult), health and family welfare, skill development, labour, rural development and, of course, urban development, to bring about a holistic approach to urban poverty alleviation tackling its multiple dimensions. The methodology of engagement with the relevant ministries will include working strongly with all relevant departments/ministries to spell out in detail both the areas of convergence as well as the manner in which the programmes/schemes can be

mutually beneficial to the urban poor; the overall aim being to arrive at Memoranda of Understanding with the relevant ministries.

## **Component IV: Plan Implementation**

**14. Programmes:** The following schemes/programmes are or will be run by the M/o HUPA and serve as the tools with which it will operationalize its strategy to deliver on its goals and provide enabling frameworks for convergence as well as coordination with stakeholders. In each of these programmes action in addition to convergence, advocacy and capacity creation will be actualized. In pursuing its aspiration of a Slum Free India, access to affordable housing by all and acceleration of urban poverty reduction, M/o HUPA is in the final stages of designing and launching its flagship programme the Rajiv Awas Yojana.

**14.1 Rajiv Awas Yojana (RAY):** The flagship programme of the Ministry over the next few years will be the Rajiv Awas Yojana. RAY has been designed so that it can be driven, by employing all the instruments of this ministry's strategy, into operationalising all the elements of its strategy. It would touch upon and further the goals of the ministry that JNNURM and other existing schemes did not adequately address.

**14.1.1** In June 2009 the Hon'ble President of India announced the bold new vision of a slum-free India with a clear policy direction for inclusiveness by assigning property rights to urban poor. RAY presents a three-pronged approach: (i) Bringing existing slums within the formal system and enabling them to avail the same level of basic amenities as the rest of the town; (ii) Redressing the failures of the formal system that lies behind the creation of slums; and (iii) Tackling the shortages of urban land and housing that keep shelter out of reach of the urban poor.

**14.1.2** The overarching aim of RAY would thus be to drive a fundamental change in policy and reform in the existing urban

development systems. Release of funds under RAY would be predicated upon the acceptance and implementation of the roles and responsibilities by the Centre, State and ULB, entering into Memoranda of Agreement (MOA) with Government of India. Both states and cities under RAY would be required to prepare plans of action working towards slum-freeness for the state and city in phase 1 of RAY. This is predicated on both, the gathering of key statistics of urban poverty (in the state and city) as well as the creation/development of capacity for the implementation of RAY in the cities and states via the placement of professional techno-professional support teams at the state and ULB levels.

14.1.3 In addition to these, RAY focuses on necessary policy actions including the accordance of property rights to slum-dwellers, the continuation of the pro-poor reform agenda under JNNURM and making urban development inclusive with the provision of land and housing for the urban poor. The RAY strategy includes: (a) implementation at the pace set by the States/UTs; (b) adoption of a whole city, whole slum approach; (c) each slum will be taken as an integrated whole; (d) the advocacy of multiple choices and models for housing that permit beneficiary-led and incremental growth of housing in public-private-community-partnerships in both ownership and rental housing; (e) in-situ development as the programme of choice; (f) involvement of the community at all levels of RAY implementation right from the beginning; and (g) strong pursuance of convergence of schemes within and across ministries to achieve slum-freeness.

14.1.4 In order to implement this, a two-pronged approach of a campaign (for advocacy and capacity building) at the states and ULBs will be undertaken along with the Slum-free city Planning Scheme under RAY to induce cities and states to develop their

plans of action for slum-freeness. The campaign will serve a dual purpose of building capacities of the ULBs and state governments to implement the slum-free City Plans of Action, while, at the same time developing the necessary political will and support at the local levels of both, political representatives and primary stakeholders to take RAY forward.

14.1.5 All of this requires considerable bolstering via techno-professional support to the M/o HUPA in the fields of urban planning, GIS, MIS, Social Development, Economics (including reforms monitoring), engineering, project/post-project management, livelihood and legal issues. Human resources in these fields must be dedicated, both as a team within the M/o HUPA for the duration of the implementation and monitoring of RAY as well as a continued inputs from researchers and practitioners in the field through a network of resource centres – national, regional and state-based.

14.1.6 This will have to be buttressed by physical information technology infrastructure (and supporting IT manpower) not just for the required MIS and Monitoring of the RAY scheme, but also for the storage and access to the vast resources that will be generated by the surveys (MIS and GIS) as well as the socio-economic and livelihood surveys that will support RAY's implementation.

14.2 **Affordable Housing in Partnership:** This is an ongoing scheme which aims at operationalising the strategy envisaged in the National Urban Housing and Habitat Policy (NUHHP) 2007, of promoting various types of creative, professional and managerial public-private partnerships – of the government sector with the private sector, the cooperative sector, the financial services sector, the state parastatals, urban local bodies, etc. – for realizing the goal of affordable housing for

all. It intends to provide a major stimulus to economic activities through affordable housing for the creation of employment, especially for the construction workers and other urban poor who are likely to be amongst the most vulnerable groups in a recession. It also targets the creation of demand for a large variety of industrial goods through the multiplier effect of housing on other economic activities. It is envisaged that this scheme will be also be aligned with the RAY scheme especially in regard to building adequate housing to ensure that there is limited gentrification of EWS/LIG housing in both existing slum redevelopment projects as well as projects built for future EWS/LIG populations and is therefore an integral part of the RAY strategy.

14.3 **A Package of Measures for Legislative Inclusion:** In addition to the advocacy, capacity building, programmatic (including financial) and policy interventions, the legislative empowerment of the urban poor is also a crucial step towards their inclusion as rightful citizens of the city. At present, the M/o HUPA is working on the following as a complete package for legislative inclusion of the urban poor under various programmes and schemes. While some of these are essential part of the flagship RAY strategy, others will also significantly contribute to the smoother functioning of the housing market and thereby contribute to accelerating urban poverty reduction:

14.3.1 **Model Property Rights to Slum Dwellers Act**, for according property rights to all slum dwellers in urban areas, for fulfilling the avowed goal of a Slum Free India, as envisaged under RAY.

14.3.2 **Real Estate Regulation of Development Bill**, for setting up a Regulatory mechanism for the Real Estate Sector, for protecting consumers, facilitating competition and fair trade and ensuring completion of projects on time.

14.3.3 **Amendment Bill on the Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act, 1993**, for incorporating the suggestions of

the National Advisory Council for making the Act more prohibitive in nature to bring about stronger enforcement.

14.3.4 **Model Residential Tenancy Act** to promote rental housing on the principal that rent of a housing unit should be fixed by mutual agreement between the landlord and the tenant for a stipulated lease period. This Act is intended to create an enabling environment for new rental housing stock to be created.

14.3.5 **Model Law on Reservation of Land/FAR for EWS/LIG housing** and dissemination of state best practices for adoption through legislative amendments in Municipal Acts and Town Planning etc. which is an important state deliverable under Part-2 of the Plan of Action under RAY for reservation of land/FAR as per NUHHP, 2007 and JNNURM.

14.3.6 **Model law on Earmarking of 25% Municipal Funds for the Urban Poor**, for adoption by states by amending their Municipal Acts. The requirement is one of the important legislations as a part of Part-2 of the Plan of Action under RAY, i.e. the strategy to address structural issues that often lead to slum formation in our cities.

14.4 **M/o HUPA's emphasis on financial inclusion, promotion of urban livelihoods as well as a whole slum, whole city approach is currently reflected in the following programmes and is being dove tailed and converged with the flagship program RAY as necessary.**

14.4.1 **Scheme for Interest Subsidy for Housing the Urban Poor (IHSUP):** This scheme aims to lighten the repayment burden of home loans with Central Government subsidies for those EWS and LIG households who have no pucca dwelling, but own land in an urban area and want to construct or buy a house. The subsidy has been so designed as to provide the banks the comfort of risk abatement. The scheme provides for a subsidised

loan for 15-20 years for a maximum of Rs. 1,00,000 for an EWS individual for a house of at least 25 sq. mts. For the LIG category, the scheme provides a maximum loan about of Rs. 1,60,000 for a house of at least 40 sq. mts. The subsidy will be 5% pa on interest charged on the admissible loan amount for EWS and LIG over the full period of the loan for construction or acquisition of new house. In due course of implementation of RAY, this will be subsumed under RAY as one of its key components of credit enabling of the urban poor. In order to do this the M/o HUPA will strongly advocate the concept of “financial inclusion” with the states and ULBs at the micro level as well as with the M/o Finance and the Reserve Bank of India at the macro level. This being a recent foray, support in terms of evaluation of the scheme on the ground via TPIM and Social Audit as well as independent evaluations of the scheme will be essential to its evolution. To reinforce its implementation, monitoring and evaluation, an MIS system will be developed.

14.4.2 **Swarna Jayanti Shahari Rozgar Yojana (SJSRY):** SJSRY aims at: (i) addressing urban poverty 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; (ii) 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 (iii) 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.

14.4.3 SJSRY has five major components namely, Urban Self Employment Programme (USEP), Urban Women Self-Help Programme (UWSP), Skill Training for Employment amongst



Urban Poor (STEP-UP), Urban Wage Employment Programme (UWEP), and Urban Community Development Network (UCDN).

14.4.4 An aspect of dignified livelihoods for the urban poor concerns the availability of space to carry on their micro self-employment ventures. Noting the growing number of street vendors in all urban areas and the increasing harassment to them from the enforcement and municipal agencies, the Ministry has drafted a National Street Vendors Policy and Bill, 2009. The Bill has at its core the belief that the urban poor, via street vending, make a vital contribution to the economic and cultural activity of the city. In acknowledging this, the Policy and Bill seek to protect and regulate the profession of street vending. In particular, this mandates the involvement of urban planners to create spaces for vending, to register street vendors (and thus prevent undue harassment) and issue licenses, as well as the creation and functioning of Town Vending Committees (TVCs) and Ward Vending Committees (WVCs). The M/o HUPA considers this an essential step towards the inclusion of livelihoods of the urban poor within the larger economy of the city. Another aspect that will grow and take shape in the coming years will be the identification of the urban poor and the better targeting of them for benefits. Work has begun, to draw up, for the first time, a set of indicators and a methodology for identification of the urban poor. Simultaneously, attention will be given to ensuring a convergence of action with the state Governments so that the poor identified by this survey as being below the urban poverty line are given Adhaar numbers and smart cards, on the basis of which to target and reach better the benefits to them of subsidies, housing, and other services.

14.4.5 The strengthening of the “Urban Poverty Alleviation” (UPA) division of the M/o HUPA with adequate human resources will be a priority for the Ministry

14.4.6 A key action point for the next five years will be the adoption and implementation of the revised guidelines of SJSRY by the states as well as the policy and enabling legislation based on the National Street Vendors Policy and Bill 2009. The M/o HUPA will do this by ensuring documentation and dissemination of best practices and models under both initiatives. In addition, M/o HUPA will, through capacity building programmes, strongly advocate that community structures (under SJSRY) and the formulation of laws for urban street vending in various states are undertaken and the related TVCs are in place and functional. Both the concerns of livelihoods and street vending will be linked and convergence will be attempted with other schemes of the M/o HUPA as well as with other related line ministries at the centre. This will be supported by an MIS-system for the monitoring of the scheme in the states and ULBs as well as an independent concurrent evaluation in select states to provide concrete feedback for subsequent scheme revisions.

14.4.7 **A Package of Measures for Financial Inclusion:** Discussion with stakeholders and the financial institutions over the last year has made it clear that neither ISHUP nor advocacy alone will be sufficient to get the banks to lend to the poor in the informal sector. Even the existing scheme for interest subsidy has so far failed to get the response hoped for. A package of measures that address the banks' fear of risk to capital and the cost of capital for long term lending, as also some incentive or inducement to lend to this sector need to be put in place. This will be attempted in convergence with the Ministry of Finance.

14.4.8 In addition to the human and technical resources specified above, the M/o HUPA will use the financial resources available to it under the current plan period. The goals and ambitions for the schemes and programmes mentioned above will, necessarily, be limited by the funds allocated in the next plan period.

14.5 **Existing Programmes and Policies will be carried through with a focus of maximizing their impact on the new strategy of the M/o HUPA:**

14.5.1 **Jawaharlal Nehru National Urban Renewal Mission**

**(JNNURM):** Initiated in December 2005 in mission mode, the JNNURM programme is an integrated reforms driven, fast track planned development of cities with a focus on efficiency in urban infrastructure, services delivery mechanism and accountability of Urban Local Bodies (ULBs) towards citizens. The mission has two sub-missions and 4 components; Urban Infrastructure and Governance (UIG) for 65 mission cities and Urban Infrastructure Development Schemes for Small and Medium Towns (UIDSSMT) run by M/o Urban Development while Basic Services to the Urban Poor (BSUP) in 65 mission cities and Integrated Housing and Slum Development Programme (IHSDP) for those other than mission cities managed by M/o HUPA. For the latter the main thrust of BSUP is on the integrated development of slums through projects providing for shelter, basic services and other related civic amenities with a view towards providing utilities to the urban poor. In addition to projects, JNNURM is also reform driven; the key pro-poor reforms include the implementation of the 74<sup>th</sup> Constitutional Amendment Act, Provision of a 7-point charter for Basic Services for the Urban Poor<sup>8</sup>, earmarking of the municipal budget for provision of basic services to the urban poor via a “Basic Services to Urban Poor” (BSUP) Fund; and reservation of land for housing the urban poor in both public and private housing projects. JNNURM is scheduled to end in 2012 after which *Rajiv Awas Yojana (RAY)* is likely to take over. An important aspect is capacity building of the ULBs for good governance, by the creation of resources and it’s having the

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<sup>8</sup> This includes provision of land tenure, affordable housing, water, sanitation, health, education, and social security. The last three are to be attempted in convergence with the relevant line ministries.

orientation to manage the delivery of the mission as well as take action towards poverty alleviation and equity.

14.5.2 In terms of technology, JNNURM has already developed and tested the Integrated Urban Poverty Monitoring System (IPoMS) and JNNURM tracking system. The system has 4 key components – project monitoring, reforms monitoring, monitoring of capacity building and beneficiary information system. Inter alia, the system helps in tracking overall progress in poverty reduction against BSUP/IHSDP projects and other goals such as the MDGs through periodic measurement of indicators. This is being implemented in 20 states. The lessons learned from the design and implementation of IPoMS will be taken forward with other schemes of the M/o HUPA. To ensure its continued success, sustained manpower and IT support is required for implementation, facilitation in the states and maintenance and hosting of the application.

14.5.3 For the duration of the JNNURM mission there will be a renewed focus on the creation of capacity of the ULBs to implement JNNURM and particularly to ensure that the three pro-poor reforms will be carried out for project/post-project management and reform implementation, third party inspection and monitoring, social audit, IPoMS and the JNNURM Tracking System, Slum mapping (GIS and MIS), urban governance, and municipal finance.

14.5.4 The experiences from the implementation of JNNURM have been the basis of development of the new flagship programme of the M/o HUPA i.e. RAY. While the successful initiatives under JNNURM have been retained and strengthened for the next phase, a number of critical lessons, which were identified in the course of implementing JNNURM, have been incorporated in RAY as elaborated above.

14.6 **The M/o HUPA will focus its efforts on continued advocacy for the adoption of the NUHHP 2007 by all states.** This will

require an enabling and appropriate legal and regulatory framework in the states to mobilise serviced land and finances to create a viable affordable housing stock.

- 14.7 **Projects for the development of North-Eastern States (including Sikkim) under 10% lump-sum provision earmarked for this purpose:** Under this scheme, in order to reduce inter-state disparities in the Gini co-efficient, the M/o HUPA is concerned with the project proposals for the North-Eastern states in the following areas: (i) housing projects predominantly for the urban poor; (ii) poverty alleviation projects; and (iii) slum improvement/upgradation projects. This is seen as an important instrument for reduction of disparities and inclusiveness of growth. It will be used to reduce disparities also in the capacities of this region for technical, academic and resource support for inclusive urban development
- 14.8 **Integrated Low Cost Sanitation Scheme (ILCS):** This initiative is tailored to reach out to the most deprived. The practice of carrying night soil from dry latrines by scavengers has been in existence in India for centuries. The abolition of manual scavenging is essential for the restoration of human dignity among the scavengers. Part of the strategy, run by the M/o HUPA (managed by HUDCO) is the Integrated Low-cost Sanitation Scheme (ILCS) envisaging the conversion of dry latrines into water seal twin-pit sanitary latrines on a whole town basis. The M/o HUPA will continue its advocacy with states to eradicate dry latrines in the country while at the same time attempting to include within the ambit of the scheme the covering of other types of unsanitary latrines in order to tackle the remaining vestiges of manual scavenging. Linkages with the Ministry of Social Justice and Empowerment will also be developed to identify manual scavengers for that Ministry to provide alternative forms of employment.
- 14.9 **Urban Statistics for HR and Assessments (USHA):** This aims at the development and maintenance of a national database, MIS and

knowledge repository relating to urban poverty, slums, housing, construction and other urbanization-related statistics. USHA provides support to M/o HUPA with an information base and knowledge inputs for the purpose of planning, policy-making, project design, formulation, implementation, monitoring and evaluation, particularly in the context of programmes relating to urban poverty, slums and housing.

- 14.10 Under this component, the M/o HUPA has undertaken a number of initiatives including the development of the Building Related information and Knowledge System or BRIKS, the Housing Start-up Index or HSUI with the Reserve Bank of India to track newly-built residential units in urban India within a particular period. As a measure of the level of construction activity it is considered as one of the leading indicators of economic activity. Socio-economic research studies covering areas such as urban poverty, slums, housing, building construction and programmes of the government in related fields. These initiatives will be continued, consolidated and widened into the next plan period particularly through the support to RAY. At the same time, the initiative to produce compendia of statistics and data relevant to urban poverty and urban housing from time to time will be encouraged. Additional resources in terms of technical assistance will be sought from external assistance via bi-lateral and/or multi-lateral donors, and resources in terms of manpower support will subsequently be sought

**14.10 Tracking and measuring achievements:**

- 14.10.1 Tracking and measurement of achievements will be done with three objects in mind – the measurement of the efforts of the ministry; the measurement of the impact of the ministry’s strategy and programmes in achieving its goals; and thirdly, the broader goals of the country’s development, to which this ministry plays a contributory role, in the

reduction over time of poverty and the housing deficit, as indicators of inclusive urban growth. For greater detail on monitoring and review arrangements, please see component 7 of the strategy paper below.

## **Component V: Linkage between Strategic Plan and RFD**

15 To date, the M/o HUPA has prepared two RFD plans for 2009-10 and 2010-11. By and large, the vision of the M/o HUPA is reflected in the RFD for these two years. The focus, thus far, has been on the successful implementation of the programmes and policies of the M/o HUPA.

16 In subsequent exercises, the formulation of the RFD plans will focus on the elements of the M/o HUPA strategy namely:

- 16.1 Inclusive and equitable urban planning;
- 16.2 Community voice and consensual decision making in programmes and schemes of the M/o HUPA;
- 16.3 Assigning property rights to the urban poor;
- 16.4 Provision of basic services to the urban poor
- 16.5 Financial inclusion of the urban poor;
- 16.6 Private sector participation and partnering with the M/o HUPA at the centre, states and cities to work together for the alleviation of poverty;
- 16.7 A concerted focus on gainful livelihood options and skills upgradation for the urban poor;
- 16.8 The creation and maintenance of urban spaces for informal sector livelihoods;
- 16.9 The creation of a reliable database on slums and urban poverty in India;
- 16.10 Legislative inclusion of the urban poor;
- 16.11 Convergence of efforts for urban poverty alleviation with other line ministries and departments dealing with issues that affect the urban poor such as health, education, social security, including livelihood.

17 These elements, covered by the various schemes, programmes and policies of the M/o HUPA will be adequately reflected in subsequent exercises of formulation,

execution and evaluation of the RFDs of this ministry. As in previous exercises, each scheme, programme and policy detailed in the RFD will have a defined set of actions and weightages to success indicators. These success indicators will be meaningful indicators, indicating their link to the overall goal, mission and elements of the strategy of the M/o HUPA. It is to be hoped that in the mean time, the RFD exercise will also evolve to be able to become a measure, not only of quantitative action, but also of the quality of the work done. To this Ministry's aims and objectives, it is the quality of its efforts, and not the speed of delivery that will make the difference between work show as done and results actually achieved.

## **Component VI: Cross-departmental and cross-functional issues**

18 This section of the strategy plan outlines the manner in which issues of this department will feed into the challenges to be addressed in the 12<sup>th</sup> Five Year Plan, the identification and management of cross departmental issues including resource allocation and capacity building issues, cross-functional linkages within departments/offices of the M/o HUPA, and finally the organizational review and role of the agencies and wider public service.

### **19 Linkage with potential challenges likely to be addressed in the 12<sup>th</sup> Five Year Plan**

19.1 Vide Letter No. P.14011/1/2010-PM dated 22<sup>nd</sup> December 2010, the Cabinet Secretariat has outlined a list of potential challenges likely to be addressed in the 12<sup>th</sup> plan, of which, the following have relevance to the mission of this Ministry:

19.1.1 Enhancing the capacity of growth through mobilization of investment resources, better allocation of these resources through more efficient capital markets, a higher investment in infrastructure through both public and PPP routes and more efficient use of public resources.



- 19.1.2 Enhancing skills and faster generation of employment through improvements in our education and training systems, the creation of efficient and accessible labour markets for all skill categories and the encouragement of faster growth of small and micro enterprises.
- 19.1.3 Managing the environment by encouraging responsible environmental and ecological behavior without compromising on our developmental needs.
- 19.1.4 Markets for efficiency and inclusion by creating, promoting and improving open, integrated and well-regulated markets for land, labour and capital and for goods and services.
- 19.1.5 Decentralization, empowerment and information through the promotion of greater and more informed participation of all citizens in decision-making, enforcing accountability and creating an environment that allows all citizens to exercise their rights and entitlements.
- 19.1.6 Incentivizing technological and organizational innovation through academia and government organisations as well as in enterprises of all sizes.
- 19.1.7 Managing urbanization to ensure that cities are made more livable and future inflows of people (either through natural increase or migration) do not overwhelm the existing cities, especially smaller cities and towns.
- 19.1.8 Improved access to quality education by improving the quality and utility of our education system while ensuring equity of service and affordability.
- 19.1.9 Better preventive and curative healthcare through the improvement in health service delivery, both curative and preventive, especially relating to women and children.
  
- 19.2 A number of the concerns highlighted above reflect the concerns of the M/o HUPA in tackling various aspects of urban poverty alleviation:
  - 19.2.1 Enhanced capacity for growth: The potential of the urban poor to contribute to the growth story of India is enormous. What is needed to facilitate this is to ensure security of income, health services delivery, and access to education along with a strong component of skills development and enhancement. This should, also be placed within the larger umbrella

of protection of the urban poor via enabling legislation. For the past six years, via Sub-Mission II of JNNURM i.e. the provision of Basic Services to the Urban Poor (BSUP) and through the SJSRY scheme, the M/o HUPA has attempted to do just that. With the announcement of Rajiv Awas Yojana (RAY), the provision of basics services with will be further buttressed by the creation of a legislative framework by the states to accord property rights to slum dwellers as well as initiatives for credit enablement of the urban poor. RAY further emphasises that proactive steps to be taken to ensure that the urban poor are not forced, in the future, to live in slum-like conditions in our cities through perspective Plans of Action for slum-freeness in states and cities.

19.2.2 Enhancing skills and faster generation of employment: The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) is the scheme of the M/o HUPA to address the need for the provision of gainful employment to the urban unemployed/underemployed poor, either through the setting up of self-employment ventures or engagement via wage employment options. In this regard, the M/o HUPA is also seeking a convergence of efforts with the line Ministries of Labour & Employment (L&E), Micro, Small & Medium Enterprises (MSME), Directorate of Adult Education (for Jan Shikshan Sansthan) with M/o Human Resources Development as well as with National Skills Development Corporation (NSDC) and private players like CII, C4E, Dr. Reddy's Foundation, CAP Foundation, etc., with a view to developing a comprehensive package of livelihood solutions for the urban poor.

19.2.3 Decentralization, empowerment and information: The key initiative of the Government of India via the implementation of JNNURM has been the devolution of powers, functions and functionaries to the ULBs through a reform-oriented mission mode programme. This reform emphasis will continue with the implementation of RAY. Further, JNNURM, RAY and SJSRY have strong components of community participation and the involvement of the community (NGOs and CBOs) in planning and implementation of the schemes.

- 19.2.4 Technology & Innovation: Through the USHA scheme of the M/o HUPA run by its NBO division, the focus is on the enablement of database creation and surveys necessary for policy and programme planning and implementation. This is being carried forward through to RAY with city-level MIS systems for slum-based information to be integrated with GIS maps. The M/o HUPA has released the guidelines for the MIS system and integration of the MIS systems with GIS maps in December 2010.
- 19.2.5 Managing Urbanization: The M/o HUPA has built into its strategy, the reality that cities (however small or large) will grow – this growth can take the form of natural increase, in-migration and the possible inclusion of the rural-urban hinterland/peri-urban areas into existing boundaries of ULBs/municipalities. In order to tackle this, the Slum-free City Planning Scheme under RAY has mandated the development of Plans of Action to make cities and states in India slum-free. These plans focus, not only on curative aspects of existing issues of urban poverty alleviation, but also perspective plans to ensure that every citizen of India, whatever their socio-economic status, is not forced into slum-like conditions in the future.
- 19.2.6 Improved access to quality education and better preventive and curative health care: While not directly under the business allocation of the M/o HUPA, the lack of access of the urban poor to quality education and health services is a key reason of the low quality of life experienced by them. In this regard, the M/o HUPA will seek convergence with the M/o Health and Family Welfare (HFW) and Department of School Education and Literacy of the M/o HRD to ensure that the efforts of all three ministries compliment each other in the delivery of health and education services. In the field of social security, the M/o HUPA will seek convergence with the M/o Social Justice & Empowerment and the M/o Labour & Employment.

## 20 **Identification and management of cross-departmental issues including resource allocation and capacity building issues**

- 20.1.1 The approved Outlay for the 11<sup>th</sup> Five-year plan for the M/o HUPA for 2007-2012 was Rs. 3,682 crores. This covered schemes such as SJSRY and the Integrated Low Cost Sanitation Scheme (ILCS) in addition to Revenue

expenditure on schemes such as RAY, USHA and Scheme for ISHUP. For the mission period of 2005-2012 of JNNURM, total additional central assistance of Rs. 23,184.66 crores for Sub-mission II of JNNURM i.e. Basic Services to the Urban Poor (BSUP) and the Integrated Housing and Slum Development Programme (IHSDP) was also allocated.

20.1.2 The Technical Group on the Estimation of Urban Housing Shortage was constituted by the M/o HUPA, under the chairpersonship of Prof. Amitabh Kundu in 2006. The group estimated that the total housing shortage at the beginning of the 11th Five Year Plan was 24.71 million units<sup>9</sup> and all things being equal, by the end of the plan period in 2012, the housing shortage (including the backlog) could be computed as 26.53 million<sup>10</sup>. The majority of this is in the category of EWS & LIG Housing. As we are currently in the last phase of the 11th Five-year plan, the figure of 26.53 million can be presumed as the current housing shortage, minus the 7.5 lakh houses constructed under JNNURM. With these figures, if we presume an average cost per dwelling unit to be Rs. 4.0 lakhs (infrastructure included), then just the cost of meeting this housing shortage would range from between Rs. 9.96 lakh crores to Rs. 10.62 lakh crores.

20.1.3 Reports independent of the Government of India, such as those by McKinsey<sup>11</sup> in 2010 projects a fund requirement of \$ 2.2 trillion (\$1.18 million being capital investment) for urban renewal in India by 2030; of this the requirement for meeting the needs of affordable housing is \$ 395

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<sup>9</sup> Page 21 of the Report of the Technical Group [11th Five Year Plan: 2007-12] on the Estimation of Urban Housing Shortage, 2006

<sup>10</sup> Page 24-25 of the Report of the Technical Group [11th Five Year Plan: 2007-12] on the Estimation of Urban Housing Shortage, 2006

<sup>11</sup> Source: McKinsey Report, April 2010 – “India’s Urban Awakening: Building Cities, Sustaining Economic Growth” (Exhibit 3.1.3 on p. 64)

billion (or Rs. 17.77 lakh crores<sup>12</sup>). In addition to McKinsey, the CII Report<sup>13</sup> (2010) prepared by Booz & Co. in association with CISCO, estimates that the investment required for housing over the next 10 years up to 2020 would be \$ 300 billion (or 13.50 lakh crores)<sup>14</sup>.

20.1.4 The funds available to the M/o HUPA in the current five-year plan are, therefore, inadequate to take care of the need for financing urban poverty alleviation, especially if one is to go beyond simply meeting the housing shortage. It is therefore obvious that a multi-pronged strategy is necessary to source the shortage of funds.

20.1.4.1 Central Government: The M/o HUPA will continue to advocate for funds from the central government for its programmes and scheme. How much will be allocated will depend on the inter se priority accorded to this task by the government. Historically, housing share of the total public sector overlay has ranged between 2% and 1.3%. It went as high as 2.7% in the 1<sup>st</sup> year plan to meet the critical housing needs of the population displaced by Partition. Taking the criticality of housing needs now to be of equal dimension, and adding the demands for urban employment and urban poverty alleviation to those of housing, it may be assumed that the percentage share for this strategy will be raised significantly.

20.1.4.1.1 For the successful implementation of RAY, the M/o HUPA has requested at least Rs. 5,000 crores for the current plan period and Rs. 50,000 crores for the next five-year plan. Further, in converging the programmes of various ministries in the fields of urban poverty alleviation, health service provision, access to elementary education, and social security especially through livelihood opportunities for the

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<sup>12</sup> Converted at Rs. 45/USD; or Rs. 19.75 lakh crores converted at Rs. 50/USD

<sup>13</sup> Source: Confederation of Indian Industry (CII). 2010 – “A Report on Intelligent Urbanization – Roadmap for India”. Prepared by Booz & Co. in association with CISCO (Exhibit 5.2 on p. 14)

<sup>14</sup> Converted at Rs. 45/USD; or Rs. 15.00 lakh crores converted at Rs. 50/USD

urban poor, it is envisaged that more effective use of existing funds will be made to ensure that an overlap of efforts is avoided.

20.1.4.1.2 During the 11<sup>th</sup> Five Year Plan, expenditure for the only urban poverty alleviation scheme in the country i.e. Swarna Jayanti Shahari Rozgar Yojana (SJSRY) would be of the order of Rs. 2,500.00 crores implying that the per household expenditure on the urban poor is about Rs. 1,540.00 only. This per household amount is very small compared to what is required to enable an urban poor household to cross the poverty line. There is general recognition under SJSRY that for the establishment of a viable micro enterprise, the average minimum unit cost required could be approximately Rs. 2 lakhs (the subsidy required for this amount is Rs. 50,000.00). For skill training, the training cost per eligible candidate has been fixed at Rs. 10,000 under SJSRY. The Ministry's effort during the next plan period would be to enhance the urban poor household allocation significantly. The states and ULBs will also be requested to enhance their allocation for urban poverty allocation substantially. They will be encouraged to place in position a robust administrative set-up for effective implementation of SJSRY along with a sound system for monitoring, quality assurance and concurrent evaluation of the urban poverty alleviation programmes.

20.1.4.2 State Governments: It is also envisaged that the funds of the central government will be matched by the state governments for all centrally-run schemes of the M/o HUPA in the states and cities. For example, under JNNURM, except in the North-East and special regions such as Jammu & Kashmir, 50% of the funds were matched jointly by the state government, ULB and beneficiaries of the scheme. In addition, states and ULBs will also be encouraged to use the option of land monetization as well as FAR/land use concessions as an alternative option for the generation of revenue.

20.1.4.3 Urban Local Bodies: Special attention will be paid to the financial empowerment of ULBs to enable them to lead the initiatives of urban poverty alleviation in the cities. Reforms in municipal finance will be encouraged to enable the ULBs to become revenue-generating bodies working towards financially independent cities. To this end, the M/o

HUPA also will promote the pro-poor reform (under both JNNURM and RAY) of earmarking a minimum of 25% of funds from within the ULB's own budget on a yearly basis for the delivery of basic services to the urban poor, including the inhabitants of slum areas via a "Basic Services to the Urban Poor (BSUP) Fund"; it is envisaged that this will be a non-lapsable fund. Any amount earmarked under the municipal budget for a financial year remaining unspent, will be carried forward to the next financial year through the BSUP Fund. This fund will support urban poverty alleviation initiatives through the provision of livelihoods and skills training as well as the provision of longer-term social security, in addition to the provision of basic services.

20.1.4.4 Public-private partnerships: Public-private partnerships (PPP) of the government sector with the private sector, the cooperative sector, the financial services sector, the state para-statal, and urban local bodies for realizing the goal of affordable housing for all through the scheme of Affordable Housing in Partnership (AHP) will be promoted and strengthened under the larger scheme of RAY. It is envisaged that PPP will provide a major stimulus to economic activities through affordable housing for the creation of employment, especially for the construction workers and other urban poor. In addition to PPP for rental housing schemes in states and cities will also be encouraged.

20.1.4.5 Credit enablement of the urban poor: This will be undertaken, first, through the dovetailing of the scheme for "Interest Subsidy for Housing the Urban Poor" (ISHUP) under RAY; this provides a 5% interest subsidy on loans up to Rs. 1 lakh. In addition, Section 35 AD (5) of the Income Tax Act, 2010 has included 'housing projects under a scheme for slum redevelopment and rehabilitation' as specific business under which, deductions in respect of expenditure could be claimed. As an incentive to developers, the M/o HUPA will lobby for the extension of this section to "Affordable Housing" in a bid to encourage private investment in slum development through profit enhancement of the builders. Further, in order to ensure flow of funds from banking institutions, the M/o HUPA will lobby with the relevant authorities to ensure that 4% of incremental

deposits be earmarked for loans up to Rs. 5 lakhs as priority sector lending for housing<sup>15</sup>. Finally, in order to cover the credit risk that banks face when lending to the urban poor, the M/o HUPA will focus on the creation of a Credit/Mortgage Guarantee Fund, which would encourage lending for affordable housing to the urban poor by banks and housing finance companies. The initial corpus of the fund is proposed with a corpus of Rs. 1200 crores, of which Rs. 1000 crores will be borne by the centre and Rs. 200 crores will be borne jointly by the state governments who draw on it (in accordance with their slum population), fees from lenders, and a token insurance premium from the borrowers. This fund will be initiated in the first phase of RAY itself.

- 20.1.5 However, it must be pointed out here that the success of the initiatives above are heavily dependent on the accord of priority to urban poverty alleviation in the states and cities as well as an overall and continued priority of the Government of India. These initiatives will also be further buttressed through proper planning for urban poverty alleviation and adequate capacity building (as has been highlighted in previous sections).

## 21 **Cross-functional linkages within departments and offices**

- 21.1 The Ministry of Housing and Urban Poverty Alleviation is headed by Kumari Selja, Hon'ble Minister of Housing and Urban Poverty Alleviation and Minister of Culture. The Hon'ble Minister joined in May 2004.
- 21.2 The Hon'ble Minister is assisted by the Secretary of the Ministry of Housing and Urban Poverty Alleviation (HUPA), who, in turn is assisted by one Additional Secretary and two Joint Secretaries. As per Office Order No. A-

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<sup>15</sup> Taking the incremental deposit figure of Rs. 7.02 lakh crores by the banking sector in 2009-10, the provision of mandatory flow of funds into housing for loans up to Rs. 5 lakhs would generate Rs. 28,101 crores. Presuming an average loan size of Rs. 5 lakhs, this would help in the construction of 5.6 lakhs dwelling units.



12020/1/04-Admn.(Pt) dated 17<sup>th</sup> January 2011, the following is the work distribution between the Additional Secretary, and the two Joint Secretaries:

- 21.3 Additional Secretary & Mission Director (JNNURM) is assisted by Director (JNNURM-BSUP & IHSDP), Dy. Secretary (UPA) and Director (NBO) & OSD (JNNURM & RAY). The subjects allocated to the JNNURM, NBO and UPA divisions are as follows:
- 21.3.1 UPA Division – SJSRY; skill and livelihood development strategy; 10% North-east Scheme; Prime Minister’s 15 point programme; National Policy on Urban Street Vendors & model law; unorganised/informal sector issues; coordination with Ministries of health, HRD, Labour, MSME etc., on urban poverty alleviation matters; monitoring & concurrent evaluation of SJSRY; capacity building programmes under SJSRY; coordination and implementation of food security of the urban poor population; and the media strategy and publicity of SJSRY.
- 21.3.2 JNNURM Division – Sanctions, releases and monitoring of funds under BSUP; sanctions, releases and monitoring of 1% funds of BSUP & IHSP; JNNURM reforms, including the 3 pro-poor reforms; National Steering Group for JNNURM; JNNURM technical advisory group (TAG); JNNURM toolkits; Third-party Inspection and monitoring (TPIM); Online tracking system of JNNURM (IPoMS); Capacity building programmes under JNNURM; court cases pertaining to JNNURM; social audit of JNNURM projects; coordination with the Ministries of Urban Development, Finance, Home Affairs and the Planning Commission on JNNURM.
- 21.3.3 NBO Division – National resource centre of data relating to urban poverty, slums and housing; USHA scheme; BRIKS; HSUI; building materials prices and wages statistics; slum, slum household and livelihood surveys, coordination of BPL and street vendors’ surveys in urban areas; Survey MIS and preparation of city slum, state slums and other profiles based on surveys conducted; coordination with CSO, NSSO, RGI, Planning Commission & M/o SPI in matters related to statistics; international cooperation with CIB and construction-related research; JNNURM website; PIUs/PMUs established under JNNURM; Community

Development Network (CDN) projects under JNNURM; JNNURM Awards; VIP references relating to BSUP and IHSDP; e-development/MIS cell and maintenance and custody of all developed e-tools of the M/o HUPA including IPoMS; coordination regarding DPR charges reimbursement under JNNURM; coordination of capacity building programmes and research studies under the national programme on capacity building for improved governance and poverty alleviation; coordination with states/appraising agencies on the preparation and appraisal of DPRs and conduct of CSMC/CSC meetings for JNNURM; review meetings of JNNURM/RAY/Slum-free city planning by M (HUPA)/S (HUPA); coordination in regard to the media strategy and publicity of the business of the ministry including Minister's press conference and city/state visits.

21.4 Joint Secretary (RAY) is assisted by Director (RAY & HUDCO), and Director (Administration & Coordination). The subjects allocated to the RAY & HUDCO and Administration & Coordination divisions are as follows:

21.4.1 RAY & HUDCO Division: RAY Scheme including Slum-free city planning scheme; capacity building for RAY, reforms under RAY including property rights to slum dwellers; review of the urban development policy including the NDC sub-committee on urbanization; urban land policy, land taxation and municipal finance issues; inclusive regional and urban planning including new townships; matters related to urban development plan formulation guidelines; reforms in zoning and building regulations and approval processes; inclusive planning for city peripheries and growing rural centres; rental housing strategy and model rental law; slums on central government lands; issues of slums and JJ colonies in Delhi; private sector participation in affordable housing; the AHP scheme; housing finance; MoUs with the M/o HFW, M/o RD, M/o HRD, M/o Labour, M/o MSME, M/o Railways etc., for convergence with RAY; community mobilization strategy for RAY & UPA; concurrent evaluation and social audit frameworks; development of software and MIS for monitoring of RAY; media strategy and publicity under RAY. In addition to this the RAY

division also handles international relations, especially externally-assisted projects for slum redevelopment and urban poverty alleviation; matters relating to the UIDAI; and HUDCO matters.

21.4.2 Administration and Coordination Division: All matters relating to general administration and establishment; coordination on PMO, Cabinet Secretariat, Planning Commission and Parliament references, Committees and Commissions including the administrative reforms commission, centre-state relation commission, finance commissions, etc.; Prime Minister's 20-point programme; Parliamentary Standing Committee; Annual Report of the M/o HUPA; Miscellaneous matters

21.5 Joint Secretary (Housing): is assisted by Dy. Secretary (Housing) and Dy. Secretary (Autonomous Agencies). The subjects allocated to the Housing and Autonomous Agencies divisions are as follows:

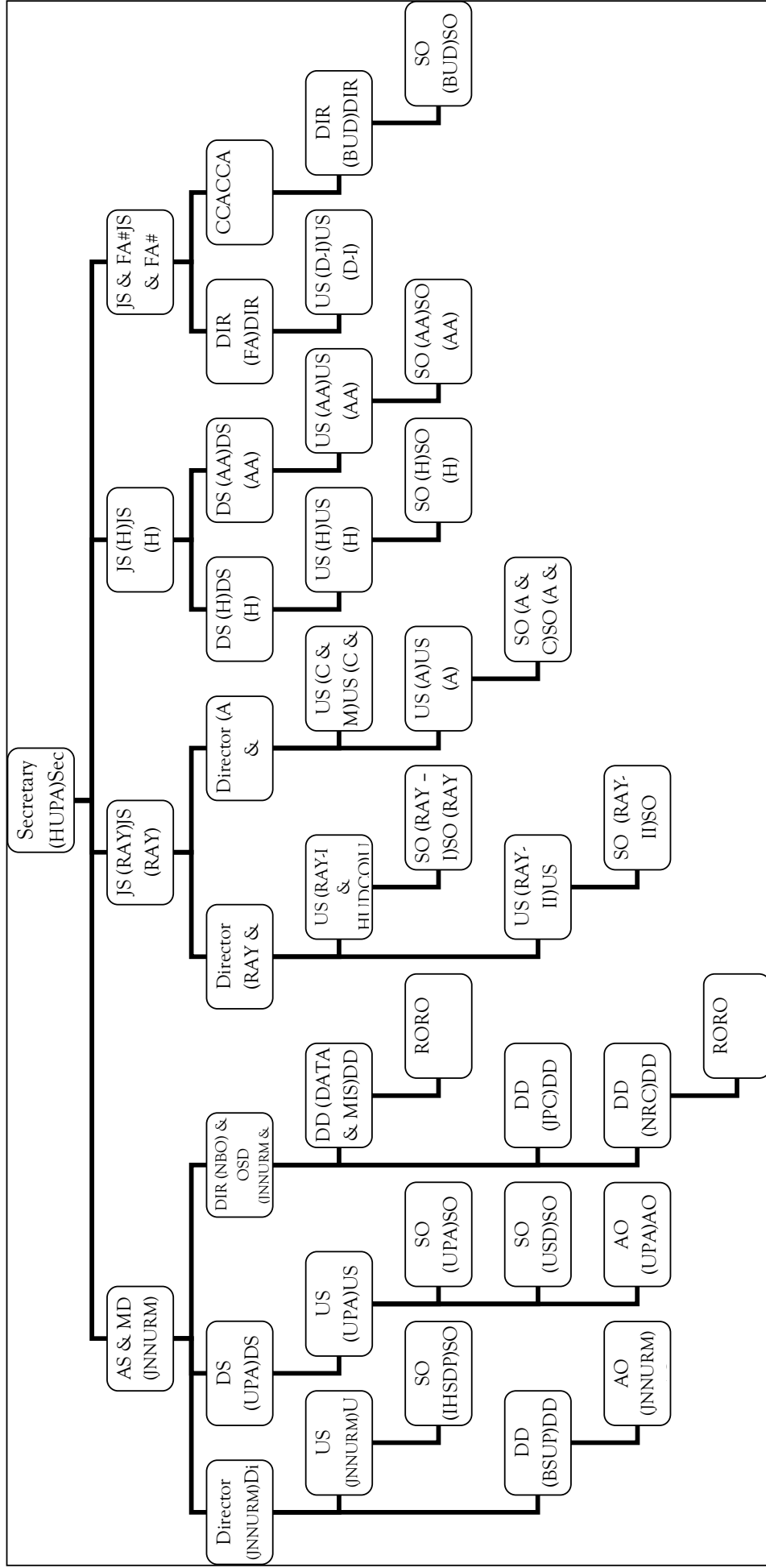
21.5.1 Housing Division: National Urban Housing & Habitat Policy, 2007; coordination with state governments for the preparation of state housing policies and action plans for affordable housing; housing programmes by state governments – coordination with housing boards, housing corporations and development authorities on affordable housing programmes; matters related to the real estate industry; model real estate development regulations; Scheme for Interest Subsidy for Housing the Urban Poor (ISHUP); Integrated Low cost Sanitation (ILCS); scheme for the promotion of innovative building technologies.

21.5.2 Autonomous Agencies Division: Building Materials Technology Promotion Council (BMTPC); Hindustan Prefab Limited (HPL); Central Government Employees Welfare Housing Organisation (CGEWHO); National Cooperative Housing Federation of India (NCHF); vigilance matters of the M/o HUPA.

21.6 Matters relating to urban development policy, including the NDC sub-committee on urbanization, land policy, land taxation, municipal finance, regional and urban planning, the National Slum-free city Campaign matters, including externally-assisted projects for slum-free cities and MoUs for

convergence are made handled by Secretary through the offices of the Joint Secretary (RAY) and Additional Secretary & Mission Director (JNNURM).

21.7 The organizational chart of the M/o HUPA is reproduced below:



1. HUPA -Housing & Urban Poverty Alleviation; 2. JNNURM - Jawaharlal Nehru Urban Renewal Mission; 3. NBO -National Buildings Organisation; 4. BSUP -Basic Services of Urban Poor; 5. IHSDP - Integrated Housing Slum Development Programme; 6. FA -Finance Adviser; 7. H - Housing; 8. CCA -Chief Controller of Accounts; 9. DS -Deputy Secretary; 10. UPA -Urban Poverty Alleviation; 11. Admn -Administration; 12. ILCS -Integrated Low Cost Sanitation; 13. A.O. - Account Officer; 14. DFA - Deputy Financial Adviser; 15. EA - Economic Adviser; 16. DD - Deputy Director; 17. A & C - Administration & Coordination; 18. R.O. - Research Officer; 19. BUD - Budget; 20. RAY - Rajiv Awas Yojana; 21. MD - Mission Director; 22. HUDCO - Housing and Urban Development Corporation Limited; [# JS & FA is common for Ministry of Urban Development and Ministry of Housing & Urban Poverty Alleviation]

## Component VII: Monitoring & Reviewing Arrangements

28 The achievements of the M/o HUPA can be measured both internally and externally. In addition, these arrangements, this section details additional monitoring and reviewing arrangements available and planned for its various schemes.

### 29 **Internal tracking and measurement of achievements**

29.1.1 The Hon'ble Prime Minister of India approved the outline of a "Performance Monitoring and Evaluation System" (PMES) for Government Departments vide PMO ID No. 1331721/PMO/2009-PoI dated 11.9.2009. Under PMES, each department is required to prepare a "**Results Framework Document**" (RFD) on a yearly basis. The RFD set out the key objectives, success indicators and monitorable targets and timelines focusing on an improved quality of delivered targets. The RFD for the M/o HUPA has been prepared for the years of 2009-10 and 2010-11. This practice will continue on a yearly basis into the next five-year plan and will be guided by this strategy paper.

29.1.1.1 In addition as has been detailed above, schemes will have an **MIS-based tracking system** to monitor the physical and financial progress with respect to primary stakeholder targeting.

29.1.1.2 The M/o HUPA is in the process of institutionalizing the practices of '**social audit**', '**concurrent evaluation**' and '**independent third party inspection and monitoring**'.

29.1.1.2.1 The hope, as far as '**social audit**' is concerned is to lead the M/o HUPA towards an approach whereby the deliverables on the ground for slum redevelopment programmes involve the community in the decision making process. It is also relevant when attempting to avoid the danger of urban poverty alleviation programmes becoming construction-oriented. At present, M/o HUPA has institutionalised social audit for JNNURM only in the past year. However, it is hoped that the lessons from these pilots will enable the M/o HUPA to

implement social audit for RAY and SJSRY among its other programmes and schemes and will institutionalise community participation in the programmes of the M/o HUPA. Operational guidelines for Social Audit for JNNURM (BSUP and IHSDP) projects have already been developed and mandates social audit in three phases i.e. preparatory phase (including selection of the audit committee and gathering of information), Implementation phase (undertaking of public meetings and discussions with stakeholders), and follow-up phase (including evaluating with local officials the action taken on the social audit reports)

29.1.1.2.2 **‘Concurrent Evaluation’** as a tool will be used to evaluate the effectiveness and shortcomings/drawbacks of scheme implementation such that mid-course corrections can be carried out if required. It will look at ongoing processes and performance of programme and scheme components, and in particular, assessing the qualitative impact of the scheme on the urban poor. This will be done by independent agencies and will utilise a variety of tools for data collection and evaluation at the community level such as questionnaires for Community Development Societies (CDS) and other community structures, interviews, group discussions and qualitative techniques such as observation, case studies and Participatory Learning Action (PLA). At present, this is being implemented in pilot phase for SJSRY projects in the states of Uttar Pradesh, Punjab, West Bengal, Bihar, Maharashtra, Rajasthan, Karnataka, Tamil Nadu, Mizoram and Assam.

29.1.1.2.3 **Independent Third Party Inspection and Monitoring (TPIM):** This methodology of evaluation is designed to independently cross-verify the physical and financial progress information provided through the various MIS-based tracking systems of schemes under M/o HUPA and enable corrective action if necessary. The aim being to ensure better project quality, cost and time controls, improved planning and budgeting, especially control over fund flows and utilization, and measuring project outputs. At present this is being undertaken at the central and state levels for JNNURM.

- 30 **Monitoring & review of schemes:**
- 30.1 **The Integrated Urban Poverty Monitoring System and JNNURM Tracking system (IPoMS)** was envisaged with the objective to developing a monitoring and evaluation tool for the implementation of the Projects and Reforms under sub-mission II of JNNURM i.e. Basic Services to the Urban Poor (BSUP) whereby the Ministry, the States, SLNAs and ULBs would be able monitor the physical and financial progress on a daily basis. The IPoMS system has the following components: (1) JNNURM Monitoring System; (2) Poverty Monitoring System; and (3) Performance Tracking System including reforms monitoring and capacity building.
- 30.1.1 The Performance Tracking System has been designed with focus on activities such as planning and implementation of the projects, finance management which indicates the fund flow and the parking of funds at different levels of execution, expenditure management of the projects and to monitor the physical and financial progress of various projects sanctioned. It provides a single platform for the administrators to review the progress of projects under JNNURM.
- 30.1.2 The JNNURM Monitoring System includes the basic information of the projects, right from DPR submission to the sanction of funds. The Project Monitoring System has to get the basic project information from the NIC database, before proceeding for the capturing of the progress of the projects.
- 30.1.3 The outputs from the performance tracking system include both, the Quarterly Progress Reports (i.e. periodical reports that indicate the quarterly progress of the projects in terms of different aspects like Financial and physical progress etc. for the selected period) and Decision Support Reports which indicate the status of progress of projects in its entirety and enable the decision maker to concentrate on the least performing states. Other reports available include cost over-run and time over run reports. All the reports are drill-down reports, which will depict the progress of the projects in the states down to the lowest unit of measurement of progress.



- 30.1.4 In addition to the centre, the IPoMS system is beneficial to ULBs and State Level Nodal Agencies (SLNAs). IPoMS provides information about fund received from each source, progress reported against sanctioned components of the project, details and progress of CSMC conditions, pre-requisites for project initiation, expenditure incurred against each fund source and capacity building programmes conducted for JNNURM reforms. Through the IPoMS system, SLNAs have access to information on fund flows for projects sanctioned for their states, progress reports of projects and details of capacity building programmes conducted for JNNURM reforms. This allows for ease and transparency of reporting.
- 30.2 The M/o HUPA is currently engaged in a similar process to design an **SJSRY tracking system**. For this purpose, site visits were made to the states of Andhra Pradesh and Karnataka, who have attempted to put in place a monitoring system for SJSRY. The tracking system being developed will focus on the monitoring framework as laid down in the revised SJSRY Guidelines, 2009 and the reporting formats of the central government. Progress under SJSRY can be tracked at three levels – by the M/o HUPA by the secretary or the designated authority, by the SLNA where system administrators can supervise and check data entered into the system, and by the ULB where the raw data entry takes place. Reports in this system, it is envisaged, will cover physical progress and financial progress and bank loans component-wise and bank-wise. Individual beneficiary information will also be available on the system clearly demonstrating bank linkages. Reports will cover state-wise, beneficiary-wise (urban poor), scheme-wise and component-wise information.
- 30.3 With the formal rollout of the RAY scheme, a similar monitoring and review system for RAY has also been envisaged for development.

31 **External tracking and measurement of achievements:**

32 In addition to the above quantifiable target monitoring, achievement may also be ascertained from:

- 32.1 Measurements of inequality such as the Gini Coefficient measuring urban income inequality in India;

- 32.2 Fluctuations in the rates of urban poverty in general and the slum population in particular, via the Urban BPL surveys and the NSSO surveys from time to time on expenditure, slums and housing; and
- 32.3 Fluctuations in the urban housing shortage.
- 33 However, as a word of caution here, it must be pointed out that all the aforementioned external sources of tracking and measurement of achievement are subject to their own limitations. As stated earlier measurements of poverty are dependent on the concept of a 'poverty line'. The definition of this is likely to change especially as regards what is contained within the urban poor basket. Measurements that take into consideration inequality such as the Gini Coefficient are a uni-dimensional and usually income-based. A multi-dimensional measurement of poverty would perhaps be more useful if tailored to the particular reality that is urban India.
- 33.1 In addition, fluctuations in the rates of urban poverty and the slum population could be attributed to a number of conditions that are not necessarily within the control or the mandate of this ministry – e.g. natural disasters, fluctuations in agricultural output, in-migration (or sudden out-migration) of people, global and regional economic shocks including fluctuations of the real estate market.
- 33.2 These external measures, therefore, are to be taken as broad measure of success as opposed to an indicator of [non-] achievement

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