

**Report of the 11th
Five Year Plan
(2007-12) Working
Group on Urban
Housing with Focus
on Slums**



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CHAPTER-I

HOUSING SCENARIO

1.1 Background and Preamble

Urban India is undergoing a transition in terms of physical form, demographic profile and socio-economic diversity. The important role of cities in national economic process and their global linkages demand more attention for their development, than being hitherto given. Cities are expected to perform efficiently in keeping with emerging demands for employment, commerce, trade, industry and other services. Cities have to attract investments for improving their efficiencies by way of upto date infrastructure, improved governance and affordable housing/ living with modern amenities. Urban renewal of Indian cities has been initiated to achieve the objectives.

According to census of India, the urban population in the country as on 1st March 2001, was 286 million. This constituted 27.8% of the total population of 1028 millions. The net addition of population in urban areas during the decade 1991-2001 was about 68 million. The slum census, 2001 in towns with more than 50,000 population, numbering 607, reported 40.606 million slum dwellers which amounted to 22.76% of the population living in those 607 towns/cities. This implies, nearly one out of every four persons reside in slums in our cities & towns. Slums generally lack basic infrastructure, housing, social amenities and this has implications on health and productivity of the people living in such areas. This also has serious implications for future generation of people residing in such areas.

It may be mentioned that Census 2001 while estimating slum population has left out towns having population less than 50,000. The exercise of estimating slum population in towns having population between 20,000 and 50,000 is currently being undertaken by RGI. Meanwhile estimates of TCPO (2001) estimating urban slum population at 61.8 million in 2001 are normally being used.

The decadal growth rate of urban population in India is significantly higher than rural population, being 23.9 & 20.0 during 1981-1991 and 21.4 & 18.0 during 1991-2001

respectively. Average annual rate of change (AARC) of total population in India during 2000-2005 is estimated at 1.41% with 2.81% for urban and 0.82% for rural sectors (Source: Draft NHHP 2006). AARC for urban areas during 2025-30 will increase to 2.25% whereas the AARC for rural population will decline to (-)0.40% showing a clear shift of population from rural to urban.

Future planning and development of new cities, as well as correcting the existing situation require a detailed understanding of the current situation. Many of the slums are located on marginal lands and some of the lands might have been left vacant for an unidentified future use. Supply of serviced land to urban poor is also highly limited vis-a-vis the quantum of urban poor living in our cities. Hence for solving slum problem in our cities (in terms of their physical conditions) land supply for this group/section of people has to be enhanced. Besides an attempt should be made to integrate and mainstream slum communities in order to enhance the overall productivity of the cities. Also more intense use of land in big cities measured in terms of FAR/FSI is inevitable to accommodate growing demand for institutional and commercial uses besides housing.

1.2 Housing Condition in Urban Areas

As per Planning Commission estimates for the 10th Plan beginning in 2002, the urban housing backlog was 8.8 million dwelling units and the total requirement was 22.44 million dwelling units. According to the report of the Technical Group on Estimation of Housing Shortage constituted in the context of preparing 11th Five Year Plan document, housing shortage as on 2007 is estimated to be around 24.71 million and the housing shortage during the plan period (2007-2012) including the backlog was estimated as 26.53 million. Most of the housing shortage is for EWS and LIG Sections which does not seem to be getting translated into economic demand due to lower affordability by the poor. A sizeable number of this requirement leads to squatting and slums.

Following data sourced from NSS report No.486 (58th Round) highlights the qualitative aspects:

➤ The average household size in urban areas is 4.47 and 67% dwelling units are pucca structures.

- Only 20% of dwelling units in slum areas had a plinth area exceeding 50 sq.m. On an average, an urban household occupied 37 sq. m. and per capita floor area in urban slums is about 4.6 sq. m.
- Nearly 11% of housing structures in urban areas are in bad condition requiring repair and renovation.

From the above, it is seen that, existing dwelling units in urban areas require substantial improvements.

1.3 Revision of National Housing and Habitat Policy 1998

A National Housing & Habitat Policy (NHHP) was evolved in 1988, taking into account the development on National and International scene on Shelter and related issues at that time. The policy document outlining the strategy under the 8th Plan was endorsed by Parliament in 1994. The long-term goal of the NHHP was to eradicate houselessness, to improve the housing conditions of the inadequately housed and to provide a minimum level of basic services and amenities to all. It recognized that the magnitude of the housing stock need the involvement of various agencies including Government at different levels, the Cooperative Sector, the community and the private sector. The policy envisaged a major shift in Government's role to act more as a facilitator than as a provider. The Policy provided for review and modification in the light of changing scenario in the housing sector as and when needed.

After a thorough review, the National Housing & Habitat Policy, 1998 was formulated to address the issues of sustainable development, infrastructure development and for strong public private partnerships for shelter delivery; and was approved and laid before Parliament on 29.7.1998. The objectives of the policy are to create surpluses in housing stock and facilitate construction of two million dwelling units each year in pursuance of National Agenda for Governance. It also seeks to ensure that housing along with supporting services is treated as a priority sector at par with infrastructure.

The housing sector has witnessed several changes since the formulation of National Housing & Habitat Policy (NHHP) 1998, which has necessitated to review and revise the Policy. The efforts initiated as part of this and the earlier policy document of 1994 has

not been able to fully overcome the housing shortage situation particularly for the EWS and low income groups. Further, there has been a number of changes in the overall economic and policy environment relating to industry and commerce that have implications on housing sector. To streamline and augment housing development particularly for urban poor in the new emerging context, an updated housing policy document has been prepared by the Ministry of Urban Housing and Poverty Alleviation. The objectives of the proposed policy inter-alia provides for the following:

- (i) Accelerating the pace of development of housing and related infrastructure
- (ii) Creating adequate and affordable housing stock both on rental and ownership basis
- (iii) encouraging state governments/Department authorities to periodically update their Master Plans and Zoning Plans which should inter-alia adequately provide for the poor/service providers.
- (iv) Facilitating accelerated supply of serviced land and housing with particular focus on EWS and LIG categories and taking into account the need for development of supporting infrastructure and basic services to all categories.
- (v) facilitating upgradation of infrastructure of towns and cities and to make these comparable to the needs of the times.
- (vi) ensuring that all dwelling units have easy access to basic sanitation facilities and drinking water
- (vii) promoting larger flow of funds to meet the requirements of housing and infrastructure using innovating tools.
- (viii) Providing quality and cost effective housing options to the citizens, especially the vulnerable group and the poor.
- (ix) Using technology for modernizing the housing sector to increase energy and cost efficiency, productivity and quality. Technology would be particularly harnessed to meet the housing needs of the poor. The concept of `green' and `intelligent' buildings would be put in place. Technology would also be disseminated for prevention and mitigation of the effects of natural disasters on buildings, e.g. in case of earthquakes, floods, cyclones, etc.

- (x) Guiding urban and rural settlements so that a planned and balanced growth is achieved with the help of innovative methods leading to in-situ urbanization.
- (xi) developing cities and towns in a manner which provide for a healthy environment, increased use of renewable energy sources and pollution free atmosphere with a concern for solid waste disposal, drainages, etc.
- (xii) using the housing sector to generate more employment and achieve skill upgradation in housing and building activity, which continue to depend on unskilled and low wage employment to a large extent.
- (xiii) removing legal, financial and administrative barriers for facilitating access to tenure, land, finance and technology
- (xiv) shifting to a demand driven approach and from a subsidy based housing schemes to cost recovery-cum-subsidy schemes for housing through a pro-active financing policy including through micro-finance and self-help group programmes.
- (xv) Facilitating, restructuring and empowering the institutions at state and local government level to mobilize land. Further aims at planning and financing for housing and basic amenities.
- (xvi) Forging strong partnerships between private, public and cooperative sectors to enhance the capacity to deliver in every sphere of housing and urban infrastructure
- (xvii) meeting the special needs of ST/ST/disabled/slum dwellers, elderly, women, street vendors and other weaker and vulnerable sections of the society
- (xviii) involving disabled, vulnerable sections of the society, women and weaker sections of formulation, design and implementation of the housing schemes.
- (xix) Protecting and promoting our cultural heritage, architecture, and traditional skills.
- (xx) establishing a Management Information System in the housing sector

The draft National Urban Housing and Habitat Policy (2006) is currently under finalization. The main policy directions and strategies included in this draft policy are incorporated in this working group report in relevant sections. To promulgate the draft National Urban Housing and Habitat Policy 2006, a Task Force has been constituted

under the Chairpersonship of Secretary, Urban employment and Poverty Alleviation on 27.1.2005 representing members from Planning Commission, Ministry of Finance & Others Ministries/Departments/State Governments and Financial and other Institutions dealing with housing sectors. The terms of reference of the Task Force are:-

- (i) to review the existing National Urban Housing & Habitat Policy, suggest changes and draft a new policy
- (ii) to review the existing schemes, policies, guidelines, laws, bye-laws and rules and regulations at the Central/State levels in the housing and habitat sector and suggest revision of these in the light of the proposed revised Housing Policy and
- (iii) To recommend the broad parameters on the lines of which the model laws, bye-laws, rules and regulations of the Central/State level may be drafted to boost the housing activities and to remove legal impediments in achieving goals of the proposed policy.

1.4 Launching of JNNURM

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) has been launched by Government of India from December, 2005 for an initial period of seven years with a central outlay of Rupees 50,000 crores. 63 cities including 35 cities with Million + population, are designated to be eligible for investment under this Mission based on the priorities indicated by the State Governments. All the State Capitals of North Eastern States and other cities including cities of religious and tourist importance have been included in the overall list of 63 cities. The Mission aims to provide incentives to the cities included in this Mission for undertaking institutional, structural and fiscal reforms, necessary to improve service delivery systems that are sustainable, enhance local economic performance, and bring about transparency and accountability in the functioning of municipal governments. Augmentation of infrastructure and implementation of reform measures under this Mission would support housing delivery systems and is likely to generate additional demand for quality housing in our cities.

The Mission comprises two sub-missions namely: Sub-Mission for Urban Infrastructure and Governance; and Sub-Mission for Basic Services to the Urban Poor. The main thrust of the Sub-mission for Basic Services to the Urban Poor (BSUP) will be on integrated development of slums through projects for providing shelter, basic services and other related civic amenities with a view to providing utilities to the urban poor. To compliment this activity in smaller non-mission towns, the centrally supported scheme of Integrated Housing and Slum Development Programme (IHSDP) has been launched. These schemes of BSUP and IHSDP will replace the earlier launched schemes of Valmiki Ambedkar Awas Yojana (VAMBAY) and National Slum Development Programme (NSDP). The schemes also envisage implementation of reform measures besides extending funding support for basic services and shelter development that benefit the poor in urban slums.

The Mission and its sub-components are expected to promote sustainable & inclusive city development and at the same time integrating the housing & related infrastructure development for the poor keeping in mind the 7 point charter for the poor – land tenure, affordable housing, water, sanitation, health, education & social security. The institutional and financial reforms envisaged as part of the mission is structured to support this objective. The Mission seeks to transform the urban centres from a non-conforming state to a conforming state & hence rectifying the inadequate urban planning of the past.

1.5 Housing and National Economic Development

Housing, besides being a very basic requirement, holds the key to accelerate the pace of development. Investments in housing like any other industry, have a multiplier effect on income and employment. It is estimated that overall employment generation in the economy due to additional investment in the housing/construction is eight times the direct

employment¹. The construction sector provides employment to 16% of the work force (absolute number 146 lakh-1997). It is growing at the rate of 7%. Out of this, the housing sector alone accounts for 85.5lakh workers. However, nearly 55% of them are in the unskilled category². Skill upgradation would result in higher income for the workers. Housing provides employment to a cross-section of people which importantly include poor. Housing also provide opportunities for home-based economic activities. At the same time, adequate housing also decides the health status of occupants. Therefore, on account of health and income considerations, housing is a very important tool to alleviate poverty and generate employment.

Housing also has a direct impact on steel and cement industry, which accounts for considerable contributions to the national economy. Housing also contributes substantially to the services sector of the economy, which leads to generation of employment. Other significant aspect of housing development is its potential to generate employment for a wide section of population with varying degrees of skills and education.

¹ HUDCO sponsored study on “Impact of Investment in the Housing Sector on DGP and Employment in the Indian Economy”, IIM Ahmedabad, July 2000

² National Housing & Habitat Policy 1998