

**REPORT OF
THE STEERING COMMITTEE
ON**

**Urban Development (including Urban
Transport), Urban Housing and Urban
Poverty (with focus on slums)**

**FOR
THE TENTH FIVE YEAR PLAN
(2002-2007)**

**GOVERNMENT OF INDIA
PLANNING COMMISSION
OCTOBER - 2001**

REPORT OF THE STEERING COMMITTEE ON URBAN DEVELOPMENT

INTRODUCTION :

The area for the consideration of the Steering Committee includes urban governance issues, with special focus on the problems of the urban poor and slum-dwellers, urban transport, and housing. The Reports of the two Working Groups, on the broad areas of Urban Development, and Urban Employment and Poverty Alleviation, have been received.

1. URBAN GOVERNANCE ISSUES

PROVISIONAL DATA FROM THE 2001 CENSUS :

1.1 The Census of 2001 has demonstrated that urban centres, now numbering 5161 in the country, are continuing to grow at a faster pace than rural areas. The rate of urbanization in the country is steady rather than speedy, and India is still among countries with a low level of urbanization. There are however wide variations between States and among cities, some which deserve to be noted:

- Most States have had lower rates of urban growth in 1991-2001 than in the previous Census period; among the exceptions are Jammu and Kashmir, Punjab, Haryana, Tamil Nadu, Arunachal Pradesh, Meghalaya, Sikkim, Delhi and Chandigarh;
- In a majority of States, the Class I towns as a group had higher rates of growth than the State average, a notable exception being Tamil Nadu;

- Union Territories of as Delhi, Chandigarh and Pondicherry are largely urban in nature. In the States of Tamil Nadu and Maharashtra, urban population has come to exceed 40 percent against the national average of 27.8 percent, which is a significant development for shifting relative weights between rural and urban sectors on these States; smaller states such as Goa and Mizoram have also recorded high urbanization of over 49 percent;
- Some of the largest cities are showing moderation in growth, with Kolkata Municipal Corporation registering a low of 4.1 percent in the decade. Nevertheless about 37% of the total urban population live in the 35 UAs/cities with million plus population.

1.2 Detailed analysis of regional and size-class trends, and the status of civic amenities, to obtain a clearer picture of the results of growing urbanization, will have to wait until further information flows from the Census publications.

IMPACT OF GROWTH :

2.1 The impact of growth of population on urban infrastructure and services is in most instances adverse. While admittedly the cities with high rates of growth would have faced inadequacies of financial and other resources to cope with increasing demands on services, the question is whether even cities with more moderate rates of growth found the wherewithal to meet the minimum of expectations of urban residents in terms of water supply and sanitation, drains, roads, solid waste management, street-lighting, etc. Are the institutional arrangements which are in position adequate to ensure that the cities catch up with the backlog of inadequacies as well as meet growing needs ? How far have the provisions of 74th CA been implemented and how have these new legislative initiatives and

administrative measures that followed, been of help ? The issue of institutional arrangement for urban management, basically the adequacy of decentralization and devolution, and the issue of progress made in urban development and provision of services, cannot be separated. Strengthening the decentralized ULB structure is identified as the priority task of the 10th Plan.

URBAN GOVERNANCE :

3.1 Urban governance today is characterized by fragmentation of responsibility, inadequate devolution of functions to the elected bodies, lack of a clear line of financial resources to them, adherence to outmoded methods in property taxation, and hesitance in the matter of levy of user charges. While municipal bodies are to be given all support and legislative and administrative measures to make them into institutions of local self-governance, **capacity building** for resource raising and provision of services is equally important. This can be done through partnerships between the elected bodies and the parastatals, as well as a selective induction of the private sector. State Governments continue to take decisions on such matters as rates of user charges, property tax coverage, levy or withdrawal of octroi, role of parastatals in water supply and sanitation services, etc., with little reference to the ULBs who are affected by these decisions. These decisions do not always have the effect of strengthening the constitutional role of the elected ULBs. In fact they often have the effect of confirming that ULBs are a subordinate entity under the day-to-day control of the State Governments, beholden to the State for not only development of the cities but often even for survival. There appears to be a lack of confidence that many of the ULBs are capable or can grow to be capable of meeting their obligations as institutions of local self-governance. Needless to say, such an approach goes

contrary to the Constitutional status of ULBs as the appropriate level of local governance. In the present set up, initiative for local developmental activities is rarely that of the ULB. Experience shows that functional autonomy becomes a reality only when financial strength supports it.

STATE FINANCE COMMISSIONS :

4.1 In most States the second round of SFCs are now in position and it is to be hoped that as the system of allocation of resources between the State Governments and the local bodies, both rural and urban take root, there will be greater simplicity and transparency in the system of devolution of resources, and that the flows will be both smooth without undue transaction costs, and adequate. Of course, it would be unrealistic to expect ULB finance to be healthy when the State Governments themselves face fiscal constraints and inadequacies of resources. Further, the constitution and the tasks as seen by the SFCs may very well place a heavier weight on traditional needs of rural development, irrigation, etc., and may not meet the needs of the cities to the fullest extent. The Central Finance Commissions are increasingly alive to the growing needs of urban areas. **The different approaches of the State Finance Commissions to the tasks of assessing the critical needs of urban areas and the recommendations arrived at meeting them, and the different manners in which their reports have found acceptance and implementation at the hands of the State Governments, are areas requiring further study and analysis in order to see how far the objective of autonomy of the ULBs is being fulfilled.**

4.2 Despite these developments which are recent in origin and on the whole helpful to urban areas, to assess the needs of urban centres and to provide for them in 'Plan' formulation, is an important task. It is a fact that urban scenario in terms of availability of infrastructure and services, varies

widely across the country, between cities of different size classes, and within the cities among the localities of the better-off sections as against the poorer areas. The bigger cities tend to have better institutional arrangements with a higher calibre of manpower and greater access to resources. In the hierarchy of cities the Capital cities do tend to stand higher and get more attention, followed by other cities with greater economic activity, while the very small towns with extremely limited resources rarely see any improvement. The larger cities often have the capacity to raise resources from the market and from domestic as well as international funding agencies. Planners will need to look into these discrepancies and reduce them. While market borrowings are not yet a viable source of financing for urban infrastructure in most instances, a beginning has to be made for building up creditworthiness in ULBs, if not as a whole then at least for individual sectors such as water supply, and wherever else user charges and general resource position makes for it feasible to use debt funds to supplement grants or own resources for infrastructural needs.

CAPACITY BUILDING :

5.1 One of the areas much talked about but relatively neglected in action has been capacity building in urban institutions. Insofar as elected ULBs are concerned, the re-structuring of their roles has to initially come about from partnership with the parastatals who have been handling a variety of services. The public service element requires professionalization, and greater accountability to the urban residents. As resources are the biggest problem of ULBs, measures for comprehensive and rational levy of property taxes and user charges are necessary to be implemented on priority. Adoption of modern accounting systems, improved practices of budgeting and planning, implementation of best practices which have produced results in Indian

conditions, effective use of Wards Committees and other means of peoples' participation, and programme assistance under the central schemes such as SJSRY, should be put to use for improving urban governance. Study groups have emphasized that in a programme such as low-cost sanitation, provision of subsidies and loan assistance are not sufficient; they have to be backed up by substantial work on designs and materials relevant to each regional context, and by education, training, and propagation. Water supply schemes have been transferred to ULBs from the parastatals who implemented them, but without creating an 'ownership' or the capacity to perform O&M functions. Participatory management is a relatively novel concept still as bureaucratic approaches insulate public functionaries from public scrutiny or accountability. These are all areas for the programme of capacity building to tackle.

TOOLS FOR URBAN GOVERNANCE - MAPPING, URBAN INDICATORS AND DATA FROM THE URBAN SECTOR :

6.1 Several efforts both within and outside of Government to devise and set up a system of collection of urban data or indicators have been in progress, and TCPO has been implementing a scheme of urban mapping. **Efforts to secure data at the national or State level are unlikely to succeed, unless in the first place data are systematically collected, validated and updated at the local level.** In fact, data to be comprehensive should emerge from a process of diagnosis at the municipal level, out of a felt need of municipal functionaries to get to know a variety of relevant facts about the urban requirements and status of services. Important areas where local data are essential for better performance of civic amenities relate to various services, their inadequacies and inequities. Urban mapping using GIS technology with layout of services, responsibility zones, and identified

problem areas are a basic tool for urban managers, but are rarely available. Detailed maps such as those available from the present high-resolution satellite imagery can be used to supplement ground level work on property listing for taxation purposes, as well as to monitor trends of urban growth especially in the peri-urban areas. Data on existing service levels are a *sine qua non* for authorities such as the State Finance Commissions who have to make recommendations regarding allocation of resources for the augmentation and maintenance of these services.

CENTRE'S ASSISTANCE TO ULB'S :

7.1 Centre's assistance is an important additionality to urban sector's resources, though it has been visibly less effective in bringing about sector reforms. A larger degree of central assistance, including external assistance routed through Government of India as well as institutional finance from HUDCO and other agencies, would be necessary during the 10th Plan if we are to take up a vigorous programme of upgradation of infrastructure and services. It is also necessary that these forms of assistance strengthen the elected ULBs as the legitimate institutions of governance at the decentralized level, and that the motif of sector reforms, in particular improvement of service standards and levy and recovery of user charges, are made an integral part of the assistance package.

7.2 The coverage of central assistance in the past has been uneven and inadequate, and the reasons are both procedural as well as limited budgetary allocation. The number of cities/towns which received central assistance under IDSMT, AUWSP, and Megacity scheme up to and inclusive of the 9th Plan were as follows:

- AUWSP : Initiated in 1993-94, 575 schemes sanctioned with central release of Rs 265.57 crores;

- IDSMT : 1058 towns assisted since inception (1979-80), and Rs 444.94 crores of central assistance released;
- MEGACITY SCHEME : The scheme, initiated in 1993-94, is limited to the cities of Mumbai, Kolkata, Chennai, Hyderabad and Bangalore. Central assistance released is Rs 578.01 crores.
- NCR PLAN : Till March 2001, Rs 360.92 were released as Central contribution
- HUDCO, which has received substantial injection of fresh equity during the 9th Plan, which has been used to leverage funds from market sources, is the other notable contributions of the Centre for loan assistance to urban infrastructure projects.
- The Tax Free Bonds scheme was introduced late in the 9th Plan (Feb. 2001), and has so far resulted in one city (Ahmedabad Municipal Corporation) getting approval to raise Rs 100 crores.
- External assistance for the urban sector has continued to flow from ADB, World Bank and bilateral agencies such as FIRE and DFID.

There is need to achieve a substantially higher if not total coverage of cities in need of infrastructural upgradation during 10th Plan. A substantial step up in Central allocation to the urban sector is required, if the cities are not to collapse under the weight of their unfulfilled requirements.

2. URBAN POVERTY ALLEVIATION

8.1 Eradication of poverty, or more modestly poverty reduction including poverty that is found in urban areas, has long been among the objectives of planning. Total urban population as per the Census of 2001 is 285.35 million, which is 27.78 percent of the total population. Decadal urban growth trends in the last three Census periods, and urban to total population are as follows:

	Percentage of Urban to total Population	Decadal Urban growth
1981	23.34	46.14
1991	25.72	36.46
2001	27.78	31.36

Total population of the country increased by about 21.34% in 1991-2001, whereas urban population grew by 31.36% during the same period.

8.2 According to the NSSO (55th Round) 30-day Recall period, 23.62 percent of India's urban population is living below the poverty line. The urban poor population is 3.47 percent less than the rural poor. The number of urban poor living below the poverty line is 670.07 lakhs.

Percentage of Number of Poor

Year	Poverty Ratio			No. of poor (million)		
	Rural	Urban	Combined	Rural	Urban	Combined
1973-74	56.4	49.0	54.9	261.3	60.0	321.3
1977-78	53.1	45.2	51.3	264.3	64.6	328.9
1983	45.7	40.8	44.5	252.0	70.9	322.9
1987-88	39.1	38.2	38.9	231.9	75.2	307.1
1993-94	37.3	32.4	36.0	244.0	76.3	320.3
1999-2000	27.1	23.6	26.1	193.2	67.1	260.3

It is interesting that despite the percentage of the poor in rural areas being significantly above that in urban areas at the national level, only a few among the larger States conform to this pattern. Most of the less developed States like Andhra Pradesh, Kerala, Madhya Pradesh, Uttar Pradesh and Rajasthan have reported higher levels of urban poverty in different years of NSS Survey. This is also true of Punjab, Haryana, Karnataka and Gujarat, which are relatively more developed. Those that exhibit rural poverty higher than that in urban areas, as noted at the National level, are Assam, Bihar and Orissa among the backward States and Maharashtra and West Bengal among the developed ones. Unemployment data show that the overall unemployment rates are not high; the urban rates are higher than the rural rates; the unemployed person-day rates are higher than the rates obtained for persons, thereby indicating a high degree of intermittent unemployment. This is mainly due to the absence of regular employment for many workers.

8.3 Analysis shows that poverty reduction has been uneven between the States. The most important point about the inter-state variation in poverty is

that it shows no correlation with per capita income or other development indicators like per capita consumption, levels of industrial and infrastructural development, etc., in urban areas during the nineties. It may be seen that the dynamics of development in the urban areas of the States during the past two decades has been such that rapid economic growth has not led to a corresponding decline in poverty. Urban poverty, thus, emerges as a more complex phenomenon than rural poverty. Some features of the complexity of urban poverty are as follows:

8.4 Level of basic amenities : there are serious deficiencies in urban infrastructure which is attributable to rapid growth of urban population and low investment in urban development. Data show that significant variation exist in the percentage of households covered by the three selected amenities of electricity, drinking water, and toilets, have gone up to 64, 76, and 81 per cent of households respectively in 1991. The percentage of households having flush toilets exhibits a strong positive correlation with economic development, much more than any other indicator of amenities. The variation across size class of urban centres shows regularity and a distinct pattern. The percentage of households covered by each of the three amenities increases systematically with the size class of the urban centres except for Class VI towns. Class V towns (population between 5000 and 10000) register high percentage of households not covered by toilets, electricity and drinking water (61, 41, and 28 percent respectively) in 1991. The shortages are very serious for urban centres with population less than fifty thousand.

8.5 Town or City size: There is evidence that with increasing size, the incidence of poverty in a town declines steadily as measured by Head Count Ratio. For 1987/88, the HCR in towns with less than 50,000 population was

47.40% while that in population above a million it was 26.73%. For 1993/94, the corresponding figures are 43.16% and 20.57%.

8.6 It can be argued that a larger incidence of secondary and high valued tertiary activities in large cities gives the people residing there a high level of income. Due to the poor economic base and lack of employment opportunities in the organized sector, on the other hand, the income levels of the people in the small and medium towns tend to be low. Most of the small and medium towns are not in a position to generate funds to provide civic services to all sections of population and stabilize their economic base. These towns, particularly those located in less developed States, should, therefore, be the major concern of Government policy in the context of provision of basic amenities. There are serious apprehensions of an increase in urban inequality during the period of structural adjustment. Urban poverty in case of many States is due to lack of development; but in some other States it is because of the nature and sectoral composition of development. For poverty alleviation, in the broader sense encompassing both income and environment, within a framework of balanced regional development, it would be important to restructure the priorities in favour of small and medium towns and slums in larger cities, wherein live a large majority of the urban poor.

8.7 Household size : the fact that household size affects the poverty status of a household is well-known. Larger households tend to have a higher probability of being poor.

FEATURES OF URBAN POVERTY :

9.1 Poverty among individual households of the poor can take specific forms of deprivation and misery. The degree of poverty can also differ, and attempts have been made to define urban poor in a declining scale such as

core poor, intermediate poor, and transitional poor. Another study classifies them as *declining poor, coping poor, and improving poor,* with different degrees of priority for the three basic needs of survival, security, and quality of life. Studies have shown that casualization of the labour as the main and increasing source of urban poverty. The personnel who deal with UPA programmes will need to have the sensitivity to appreciate the manifold and individual forms urban poverty can take. It is necessary that the policy-related causes of urban poverty such as inappropriate policy framework of public services such as education, health, infrastructure and transport, lack of labour rights and unemployment benefits, land and housing regulations which make it unaffordable for the poor to find housing and push them to disaster-prone and unhygienic areas, lack of safety nets and social support systems, etc., are also dealt with within the urban poverty alleviation programmes.

9.2 Given limitations, the programmes which are designed will deal with the common features of urban poverty. However, in order to meet individual needs, firstly, the programmes should be based on a proper assessment of all possible forms of poverty in the urban areas and be designed to provide for all types of needs and vulnerabilities; secondly, the programmes should have sufficient flexibility and institutional arrangement so that the specific needs of poor households in a given context can be met within the programme frame-work. The following table lists the types of vulnerability of the poor:

Types of Vulnerability of the Poor

Housing Vulnerability : Lack of tenure, poor quality shelter without ownership rights, no access to individual water connection/toilets, unhealthy and insanitary living conditions

Economic Vulnerability : Irregular/casual employment, low paid work, lack of access to credit on reasonable terms, lack of access to formal safety net programmes, low ownership of productive assets, poor net worth, legal constraints to self-employment

Social Vulnerability : Low education, lack of skills, low social capital/caste status, inadequate access to food security programmes, lack of access to health services, exclusion from local institutions

Personal Vulnerability : Proneness to violence or intimidation, women, children and elderly, disabled and destitute, belonging to low castes and minority groups, lack of information, lack of access to justice

In an environment where the poor are exploited and ignored rather than supported, there is a major role for the State and its agencies, including the urban local bodies and the parastatals in the field of urban development and provision of services such as water supply, health, education, sanitation, legal protection, employment generation etc., to take care of the needs of the poor. This is a challenge because of the known weaknesses of the system, such as lack of accountability, corrupt practices, and the dominant role of the more powerful groups in urban governance. The 74th Constitutional Amendment, with its provisions to decentralize the responsibility for urban

management and give a voice to the citizenry through elected representatives, the Wards Committees, the system of reservations, etc., is intended to increase the participation of the people and accountability in administration. It is necessary that these provisions are strengthened and enforced in the interests of the urban poor. Services required by the urban poor are simple to enumerate, and over the years most of them – physical infrastructure as well as human development services - have been attempted at least in a rudimentary fashion. There is an urgent need for organizational arrangements for managerial coordination or convergence of services, an effective way whereby the poor are given a forum where their needs are made known and then acted upon. **The creation of UPA Cells in the cities, and regular visits of teams of officials in charge of various services such as water and sanitation/SWM, municipal engineering consisting of roads, drains and streetlighting, health and education, community organization etc., to listed clusters of the urban poor and follow up action, are required to be systematically arranged.** The UPA Cells have to be enabled to develop communication channels with their constituency, and consult them about their needs, requirements, preferences, and satisfaction with services, and use the feedback for prioritising public expenditure. A greater degree of transparency and public information of municipal budgets is also required as a means of designing programmes that meet needs of the poor.

CAPACITY BUILDING FOR UPA PROGRAMMES :

10.1 Capacity building is required for developing communication and inter-personal skills among the personnel responsible for meeting the needs of the urban poor, for planning for improving the level of services and satisfaction of the beneficiaries, and for providing coordinated services from

a number of line agencies. Creation of UPA cells consisting of the functionaries in charge of these services, would be a necessary first step towards capacity building, which can be followed up by exposure to techniques of convergence and team formation, communication and planning. Under SJSRY, community structures have been created, and a large number of Community Organizers and Project Officers have been mobilized. Much work on strengthening the community structures has already taken place, and it can be further continued and made more effective. Where the personnel under SJSRY have not been fully mobilized, it should be done and training programmes taken up on priority so as to activate the entire programme for the urban poor.

10.2 Evolution of UPA Programmes : The first formal attempt to experiment with the community development approach in cities was the Urban Community Development project which was started in 1958. Environmental Improvement of Urban Slums was started in 1972 at a Central level to provide basic physical facilities to urban poor like safe drinking water, sanitation, storm water drains, street-lighting, roads, etc. This scheme was later on transferred to State Governments for onward implementation in 1974.

10.3 Status of programme implementation : The problems in proper implementation of programmes for the urban poor are enormous, as seen from the few evaluations which are available. There is under-utilization of Central funds, diversion of funds released for specific programmes, and misapplication and infructuous expenditure. Monitoring at the central level has been weak and ineffective. Cases of success have not been propagated nor adopted on a wider scale. The understanding of the programmes, their objective and modalities at the implementation level has been weak and

superficial, leading to inaction on many of the fronts which are of vital concern to the urban poor. There are few master-plans and little effort at monitoring the benefits which are expected to flow to the target communities. Too much emphasis on engineering aspects with too little understanding of dynamics of poverty and the social and psychological aspects, has meant that scattered efforts at meeting some of the needs has been made without an overall picture. The beneficiaries have not been consulted nor given a voice in programmes meant to help them. The funding available has also been inadequate, in spite of which allocations have not been fully utilized. In a period of deceleration of economic growth, especially when Governments feel fiscal constraints and need to reduce deficits, it is generally experienced that the social sectors suffer in terms of allocation of funds. This ought not to occur.

10.4 Some of the lessons that should be learnt from past experience in urban poverty alleviation programmes may be summed up as follows :

SJSRY : The positive features of **SJSRY** which has been envisaged as the central programme for urban poverty alleviation, is that it consists of the basic needs of such a programme, and involves the community. However, review of progress and evaluation studies show that the progress has not been remarkable. There is a need to review the Guidelines and the scheme of **SJSRY** in the light of the experience to date and evaluation reports and take corrective measures.

The problem of credit : ‘The concept of **micro-finance** essentially rests on the premise that; (a) self-employment/enterprise formation is a viable alternative means of alleviating poverty; (b) lack of access to capital assets/credit acts as a constraint on existing and potential micro-enterprises

and (c) the poor are capable of saving despite their low level of income. Micro-finance could be referred to as providing credit support, usually in small amounts, along with other components such as training and other related services to the people with poor resources and skills but who are in a position to undertake economic activities. There is in general despondency among agencies responsible for programmes such as SJSRY with regard to availability of credit. The feeling is almost as if the market-orientation with greater stress on viability of Banks and reduction of NPAs is beginning to affect the availability of small amounts of credit for the urban self-employed. This would be an unfortunate development. The Steering Committee emphasizes the need for bringing the banking sector strongly back into providing credit support to the urban informal sector, especially the group that is made up of the self-employed urban poor. As noted by the Task Force on Employment Opportunities (June 2001, Planning Commission), an important mechanism through which banks can meet the credit needs of the informal sector is by financing self-help groups which provide micro-credit for informal sector activities. Significant progress has been made in this area in recent years and the effort needs to be extended. Assistance of NGOs with a good track record has to be availed to strengthen the self-help activity.

10.5 The other area requiring a thorough review and overhaul is *vocational training*, much of which in the Government sector fails to equip the candidates for any sustainable level of skills or self-employment. Innovative areas of employment as developed in Kerala under the Kudumbasree programme needs to be emulated in other places.

3. URBAN SLUMS

11.1 Provisional data relating to slums in the 2001 Census throw up some interesting light on the slum population, though it also reflects the problems inherent in not having an accepted definition of slums and proper listing of slum settlements in the urban offices concerned with slum improvement and civic amenities. Its data are partial because of the exclusion of towns with less than 50,000 population, and slum clusters which are not formally or informally recognized if the population was less than 300. While demographic data on slum populations and on civic amenities to slum dwellers from the Census are yet awaited, there appears to be no change in the basic level or features of slum populations, despite several decades of programmes for the environmental improvement and upgradation of slums in which a lead was given by Government of India through various schemes. This leads to the inevitable conclusion that slum programmes need rejuvenation, and better implementation and monitoring at the Central level.

11.2 There is room to wonder whether 'Cities without Slums' is a slogan about an objective, which, however desirable, is believed in fact to be unreachable, or a serious planning and urban development concern. Certainly the degree of effort to upgrade slums to a level more habitable, does not indicate a serious effort in this direction. The Draft National Slum Policy brought out by the Ministry of Urban Development (Department of Urban Employment and Poverty Alleviation) in April 1999, had been widely debated and many comments had been received. It needs to be taken up and a final form given. A National Policy on Slums is of great significance given the degree of misunderstanding that exists in the country regarding the nature and extent of the slum problem, and can help to bring an attitudinal

change in the authorities as well as the people at large, including the urban poor and the slum-dwellers, regarding measures that can be taken to improve their quality of life and make our cities free from the worst features of slum life. Slums are generally treated as results of continuing migration of unskilled labour, but in fact most of the slum-dwellers are long-term residents of the city, in many instances over several generations. The main objectives of a slum policy would be

- To create awareness amongst the public and in government of the underlying principles that guide the process of slum development and improvement and the options that are available for bringing about the integration of these settlements and the communities residing within them into urban area as a whole
- To strengthen the legal and policy framework to facilitate the process of slum development and improvement on a sustainable basis; to ensure that the slum populations are extended civic services, amenities, and economic opportunities to enable them to rise above the degrading conditions in which they live;
- To arrive at a policy of affirming the legal and tenurial rights of the slum-dwellers
- To establish a framework for involving all stakeholders for the efficient and smooth implementation of policy objectives.

11.3 Focussing on slums enables planners to look beyond income levels to neighbourhood and environmental considerations, which bring a more multi-dimensional view of urban poverty. Looking into the progress made in terms of creation of decentralized urban governance through the 74th Constitutional Amendment, it is necessary ask how this has affected slum-dwellers and provided an increased opportunity for them to ventilate their needs, and

obtain assistance from civic authorities and urban planners. It does appear that the effort has been more towards providing some amount of civic services in an un-coordinated fashion than towards devising all-embracing programmes with participation of the slum-dwellers themselves, and finding solutions which provide not only a decent quality of life with prospects of further improvement, but also make slums redundant in our urban habitations. Slum dwellers need not perennially be at the receiving end of selected doles but made part of the urban economic and social processes with adequate opportunities for upgrading their lives, while contributing what is well-known to be a major share in the economic activities of the cities. Urban upgradation has to be recognized as part of the national development process.

11.4 Some of the obvious lapses in slum programmes can be traced to the following:

- Non-listing all habitations, big or small, which should be classified as slums;
- Lack of basic information on the number of households in such habitations, and status of basic amenities provided or lacking;
- Absence of master-planning for, say, a period of five years to gradually increase the level of civic amenities;
- Failure to provide specific provisions in municipal laws for dealing with issues relating to urban poor, slums, and economic planning for poverty alleviation, etc., which flow from the 74th Constitutional Amendment; failure to build up capacity in municipal bodies for rendering the required services to slum communities and the urban poor;

- Uncertainty regarding agency arrangement for various slum improvement tasks between municipal authority, development authority, slum board, housing board, parastatals, etc., and failure to provide coordinating institutional arrangement;
- Failure to implement provisions made in Comprehensive Development Plans for the housing, and economic needs (production and marketing activities) of the urban poor, especially provision of land, and facilities for street vendors and hawkers; in absence of planning for housing and socio-economic needs of the urban poor, unplanned growth takes place leading to ‘informal’ or unauthorized low quality settlements, and unauthorized hawking which subjects the poor to harassment from various petty officials; it is often said that ‘there is no place for the poor in town planning process’; even extant provisions are not implemented for the benefit of the urban poor;
- Failure on the part of land-owning agencies on which slums are located, to take decisions on permission to make environmental improvement and in situ upgradation of slum clusters;
- Failure to converge available civic services in sanitation, paved access and drainage, streetlights, health-care, water supply, education, etc., by organizing responsibility cells and involving the beneficiaries in planning of services.

11.4 The Importance of Slum Upgrading : Action taken so far for slum upgrading or in situ upgrading, is inadequate. Re-designing and re-constructing settlements with the participation of colonists and assistance from public bodies, is a viable option with the least amount of disturbance of the settlers or their livelihood. This method of slum improvement needs to be practised on a much wider scale. VAMBAY project permits in situ

upgradation, and it is necessary that early decisions are taken regarding land on which slums are situated in order to facilitate upgradation.

11.5 Schemes of Central Government –NSDP, SJSRY, VAMBAY, Night-Shelters, 2-Million Housing Scheme, AUWSP, Low-cost sanitation- etc provide for a wide range of services to the urban poor including slum-dwellers. They include identification of urban poor, formation of community groups, involvement of NGOs, self-help/thrift and credit activities, training for livelihood, credit and subsidy for economic activities, housing and sanitation, environmental improvement, community assets, wage employment, convergence of services, etc. What is needed is that the task of meeting the needs of the slum-dwellers is better organized and effectively administered, and duly monitored at both State and Central levels. There are also many instances successful implementation of UPA/slum upgrading and services programmes in Indian conditions. At the State level there is need to

- Set up urban poverty and slum improvement task forces;
- Create UPA cells at the municipal level. The cell should have representation of all the services required by slum-dwellers, as well as of the Community Development Societies set up under SJSRY, and active NGOs in the field;
- State Governments should carry out requisite amendments to the municipal laws;
- UPA cells should draw up City Poverty Alleviation Plans; tasks of various agencies should be well-defined and coordination should be effective; thrust should be on provision of all basic services to the slum settlements, such as potable water and sanitation services, including household taps, toilets with septic tanks, covered drains, waste collection services etc. Other activities for socio-economic

- upliftment of the slum populations should also be taken up, making maximum use of the SJSRY and similar schemes;
- Participation of the community and capacity building, should be continuing themes, as the means to achieve better implementation and achievement under urban poverty alleviation/slum improvement programmes.

4. HOUSING

12.1 Housing is a basic necessity as well as, being a part of the construction industry, an important sector of the economy. Construction activity accounts for more than 50% of the development outlays, and a study instituted by HUDCO through IIM, Ahmedabad, to evaluate the impact of investment in the housing sector on GDP and employment has found that Housing Sector ranks 3rd among the 14 major sectors in terms of total linkage effect, considering the direct, indirect, and induced effects in all sectors of the economy.

The Housing and Habitat Policy of 1998 has specifically advocated that Government has to create a facilitating environment for growth of housing activity rather than itself take on the task of housing. In both rural and urban sectors housing is largely a private sector activity. This is not to rule out the need for a high degree of involvement of the Government and its agencies in meeting housing needs of the urban poor. How deep this involvement is – it may in some contexts extend to house construction itself – is to be determined by the needs of a given context.

12.2 The National Agenda of Governance also emphasized that housing activity would be an engine for substantial generation of employment, and all legal and administrative impediments that stand in the way of vigorous

housing activity should be removed forthwith. What is undoubted is that governmental initiatives – and its ‘facilitating role’ - have a significant impact on the provision of housing and growth of the sector. These initiatives and interventions relate to legislations relating to land ownership, transfers and development; stamp duty and registration laws; rent control legislation; tax policy particularly relating to housing loans; property and land tax laws; town planning laws and its actual implementation through Comprehensive Development Plans; building bye-laws; urban development activities through parastatals and Urban Development Authorities; sites and services schemes; slum policy; provision of urban infrastructure; urban transport policy and facilities; the institutions in the public sector relating to housing development and housing finance; and house construction in the public sector. With the anticipated entry of foreign direct investment into the real estate sector, care has to be taken that the needs of the urban poor and marginalized sections are not ignored. Given the large number of activities impinging on housing directly and indirectly and the multiplicity of agencies involved, to design a framework for the X Plan for orderly and dynamic growth in the housing sector is indeed a challenge to the planners.

12.3 The Working Group on Housing has observed that around 90 per cent of housing shortage pertains to the weaker sections. There is a need to increase the supply of affordable housing to the economically weaker sections and the low income category through a proper programme of allocation of land, extension of funding assistance, and provision of support services. The problem of the urban shelterless and pavement dwellers has not been given the consideration that is looked for in a welfare or pro-poor polity, as seen from the lack of progress in the programme for the Night

Shelter Scheme. Regulation of building quality and its assurance, especially in areas prone for disasters is an issue which received additional urgency after the earthquake in Gujarat. Building designs also need to be gender sensitive and should accommodate the requirements of physically challenged segments of the population.

12.4 In order to increase the proportion of household savings to be invested in the housing sector, as well as to provide houses to those who cannot as yet afford to have their own houses, there is need to encourage promotion of rental housing by private sector, public sector, as well as cooperatives and individuals. This requires legislative changes in the existing rent control laws, and has been a matter in which very little progress has been achieved.

12.5 Availability of land has been constrained by a variety of laws such as the Land Revenue Act, the Land Reforms Act, the Urban Land Ceiling and Regulation Act, the Town Planning Act and the Urban Development Acts. Each of them has in its own way – often by the legal provisions and equally by the way they were implemented - created hurdles for legitimate transactions in land urgently required for expansion of the housing stock. The repeal of the Urban Land Ceiling and Regulation Act is expected to ease the situation to some extent. It is no doubt true that the need to balance easy availability of land with orderly growth with adequate provision of infrastructure is no easy task, and the ‘land sharks’ are invariably one step ahead of the enforcers of regulations and providers of amenities, leading to proliferation of ‘unauthorized lay-outs’ or ‘informal settlements’. The efficacy of town planning and urban development programmes lies precisely in meeting the growing demand for housing in urban areas within the framework of the tenets of orderly growth. Public and private initiatives in various parts of the country have already demonstrated that given the will and

efficiency of implementation, it is possible to plan ahead and promote orderly growth. These efforts need to be made more widely known and replicated.

13.1 INSTITUTIONAL FINANCING OF HOUSING : The substantial thrust laid by Government through the facilitatory measures including RBI regulations relating to priority sector lending, fiscal concessions and budgetary incentives has started to bear fruit, and institutional credit disbursements have grown from Rs 5,767 crores in 1997-98, Rs 7,400 crores in 1998-99, Rs 9,822 crores in 1999-2000, reaching Rs 12,626 crores in 2000-01. This is achieved by 28 Housing Finance Institutions under the ambit of the National Housing Bank.

13.2 HUDCO : HUDCO earmarks 55 % of its housing portfolio funds to Weaker Sections and Low Income Groups, with differential interest rates, high loan component for lower cost units, and longer repayment period. Though its releases are somewhat less than sanctions, it is noteworthy that HUDCO has sanctioned 13.61 urban housing units and 20.21 rural housing units in the three years from 1998-99 to 2000-01 under the 2-Million Housing Scheme. The other factor in HUDCO operations for the mass housing programmes is the dependence on State Government guarantees, which as noted elsewhere, eliminates parts of the country from its operations. HUDCO is also a large player in the retail lending for housing, and in two and a half years, has sanctioned a total loan amount of Rs 2331 crores to 2,62,550 beneficiaries. HUDCO has been in the forefront of Government's efforts to come to the aid of disaster-affected households, and has provided financial assistance for disaster rehabilitation housing to the tune of Rs 2360 crores for construction of over 40 lakhs houses for earthquake, cyclone, and flood victims.

13.3 CO-OPERATIVE SECTOR : the National Cooperative Housing Federation operates through 26 apex cooperative housing federations in the States. There are nearly 90,000 primary cooperative housing societies with 65 lakh individual members. Up to 31 March 2000, the apex federations have mobilized a sum of Rs 5660 crores from LIC, NHB, HUDCO Commercial and Cooperative Banks etc., and disbursed loans of Rs 5951 crores to housing cooperatives and individual members thereby assisting in the construction of approximately 21 lakh dwelling units.

14.1 ESTIMATION OF URBAN HOUSING SHORTAGE DURING X PLAN PERIOD : The Working Group has estimated the urban housing shortage at the beginning of Tenth Plan at 8.89 million units. While this is indeed an alarming number, it includes ‘Congestion’ needs of joint families, obsolescence and replacement of old houses, and upgradation of all the kutcha houses. The total number of houses required cumulatively during the X Plan period is assessed at 22.44 million. There is therefore a good case for continuing the 2 Million Housing scheme during the X Plan period, as it will take care of about 3.5 million houses for the urban poor.

14.2 RETRO-FITTING AND STRENGTHENING OF HOUSING STOCK IN VULNERABLE REGIONS THREATENED BY NATURAL HAZARDS : About 54 % of the land area of the country is vulnerable to disasters on account of earthquakes, 8.4% of area is vulnerable to cyclonic wind and storm surges, and 4.9% of the area is vulnerable to flood damage. The Working Group has suggested a scheme for strengthening of the vulnerable house of EWS and LIG category in 107 districts where the threat of damage is highest on account of multi-hazard proneness. According to an estimate, these houses can be strengthened and retrofitted at an average cost of 10% of the cost of construction of a new house. What is equally important

is to demonstrate retrofitting technologies relevant to the specific disaster prone area.

15.1 In view of the growing problems of housing the urban poor, the following measures are a necessity:

- increased availability of developed land in urban areas through adoption of various innovative approaches of land bank for the poor and land assembly methods, as well as adoption of methods such as vacant land tax and transferable development rights;
- extension of security of tenure to the low income population through adoption of pragmatic methods and development mechanisms of in situ upgradation, judicious relocation, land sharing, etc.
- the city planning provisions need to be realistic to the requirements of the weaker sections in urban areas through adoption of appropriate and affordable standards and norms, use of cluster housing and growing house concepts. The feeling that urban planning ignores the needs of the urban poor, needs to be overcome through effective action to meet the housing needs of the urban poor.
- Proper use of schemes such as the 2 Million Housing scheme and the new scheme of housing with Central assistance for the slum population (Valmiki Ambedkar Awas Yojana) should be used to provide immediate benefit to the most disadvantaged urban segments.
- HUDCO assistance is not available to several States who are unable or unwilling to stand guarantee for these loans. A solution has to be found so that the urban poor in these States do not find

themselves at a disadvantage in comparison with other States where there is greater willingness to use HUDCO loans. There is a general impression that loans given for housing, especially to the poor, from public agencies, face the problem of recovery. An environment needs to be created to encourage housing programmes with credit to the extent affordable by the beneficiaries, is an essential feature. Costs of urban housing are likely to be higher in comparison with rural housing programmes because of the higher cost of land and the standards of housing adopted in an urban setting. In such a situation, urban EWS or LIG housing cannot too much rely on subsidy, and the scheme of VAMBAY rightly requires a loan component. One way would be for HUDCO to finance self-help groups or groups who have the support of an NGO for the housing programme and who can be of assistance in recovery of the housing loans.

5. URBAN TRANSPORT

16.1 A good network of roads coupled with efficient mass urban transport system play a catalytic role in urban economic growth, with beneficial impact on the urban poor. However, there is a growing trend towards increasing number of personalized vehicles, especially two wheelers which account for 60- to 80 % of motor vehicles. This results in congestion on the roads, slowing down of commutation, and atmospheric pollution. Narrow carriageways and poor road surface add to the problems. Growing vehicular pollution in cities is a cause of great concern, as are noise levels and traffic accidents.

16.2 Seventeen of the 23 metropolitan cities have organised bus services, with a combined fleet of about 25,000 buses including private buses. Use of urban rail services is extremely limited, with only three cities – Mumbai, Kolkata and Chennai – having suburban rail systems. Phase I of Delhi MRTS is under construction. Except for mega cities, modal split in favour of public transport is poor and generally less than 20 percent.

Transport situation can be improved by better planning, coordination among the multifarious agencies involved, and augmenting public transport system.

16.3 A meaningful urban transport policy would need to address the following:

- Aim at ensuring the fullest use of available transport infrastructure through low-cost optimisation measures (Transport System Management techniques);
- Development, as appropriate, of cost-effective road-based, rail-based and water-based forms of public systems and inter-modal integration;
- Reducing emissions from motor vehicles;
- Land use – transport integration;

- Higher levels of financial support for urban transport projects by both Central and State Governments; exploration of innovative sources of financing;
- Development of suitable institutional mechanisms at national, state and local levels for the planning, financing, construction and O&M of urban transportation systems.

PLANNING FOR RAIL BASED URBAN TRANSPORT :

17.1 In cities with 3 million or more, there are several corridors of heavy – 20,000 or more – peak hour peak direction traffic. Provision of rail-based urban transport system on such corridors becomes inescapable, and institutional arrangements for introducing such systems in eligible cities are overdue. City-wise specific projects for rail-based urban transport systems together with funds required for them need to be identified. Certain other measures are also required, such as:

- A comprehensive Act covering construction as well as operation and maintenance stages of Metro Railways in all million plus cities, needs to be enacted; the Act will also have provisions for a regulatory authority for fixing fares, and safety inspection system. The Rules of Business should clarify the responsibility of each Department of Government involved such as Ministry of Railways, Urban Development, etc., as well as the State Governments concerned.
- Central Government should set up a National Urban Transport Development Fund with a ‘seed money’ allocation of Rs 3000 crores; in addition an equal amount should be raised through taxes/cesses taking the total amount available to Rs 6000 crores; the Fund would be the prime mover for making urban rail-based transport systems a reality.

- Metro systems are urgently needed in such cities as Kolkata which presently has a limited metro rail system, Mumbai, Chennai who have a partial coverage of suburban rail services; and cities of Hyderabad and Bangalore which have virtually no metro rail systems. Cities such as Ahmedabad, Pune, Kanpur, Nagpur, Lucknow, Surat and Jaipur are also candidates for rail-based urban transport systems. Central assistance on par with assistance given to the Delhi Metro under implementation, is a commitment to be fulfilled as and when these projects get grounded.