

**REPORT OF THE
WORKING GROUP ON URBAN POVERTY,
SLUMS, AND SERVICE DELIVERY SYSTEM**

**Steering Committee on Urbanization
Planning Commission, New Delhi**

3 October, 2011

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PREFACE

Following a decision taken by the Steering Committee on Urbanization for the formulation of the Twelfth Five Year Plan (2012-2017) the Planning Commission vide Office Memorandum PC/H/5/4/2010-HUA dated 18 May 2011 constituted a Working Group on Urban Poverty, Slums, and Service Delivery System under the Chairmanship of Professor Om Prakash Mathur. The composition and terms of the Working Group are as under:

Composition

- ❖ Om Prakash Mathur, National Institute of Urban Affairs, Chairperson
- ❖ Gautam Chatterjee, Government of Maharashtra
- ❖ Representative of Planning Commission
- ❖ Prodipto Ghosh, TERI, New Delhi
- ❖ Renana Jhabwala, SEWA, Ahmedabad
- ❖ Sheela Patel, SPARC, Mumbai
- ❖ Srinivas Chary, ASCI, Hyderabad
- ❖ Suneel Pandey, TERI, New Delhi
- ❖ Aruna Sundarajan, M/o HUPA, Member-Convener

Terms of Reference (TOR)

- ❖ To critically evaluate the progress achieved under 11th Five year Plan in addressing urban poverty and rehabilitation of slums and set the goal to be achieved in 12th plan period.
- ❖ To suggest measures for improving the urban employment opportunities.
- ❖ To suggest road map for ensuring service level benchmarking in all projects so that to shift to an outcome based approach that is based on service levels rather than an approach that focuses only on outputs and assets creation could take place.
- ❖ To suggest measures for rehabilitation of existing slums and prevention of new slums.
- ❖ To suggest measures for incentivizing cost saving innovations in providing affordable housing.
- ❖ To estimate the financial outlays required for achieving these goals.

2. The Working Group was subsequently expanded to include the following:

- ❖ V.P. Baligar, HUDCO
- ❖ D. Suresh, Municipal Corporation of Faridabad
- ❖ Vijay Mahajan, Basix, Hyderabad
- ❖ Anita Reddy, AVAS, Bangalore

3. Since its constitution, the Working Group on Urban Poverty, Slums and Service Delivery system has held four meetings. It also conducted its deliberations via E-mails. The Group had the opportunity of deliberating on various notes and papers prepared by its members and institutions such as the SPARC, SEWA, HUDCO, and TERI. The National Advisory Council (NAC) sent a paper on 12 September 2011 for consideration of the Working Group; however, by that time the Working Group had completed its deliberations. However, the key proposition contained in the NAC paper, i.e., the rights approach, was one of the options that the Working Group had considered in its second meeting held on 14 June 2011.

4. The Report of the Working Group is laid out in four sections:

1. The Urban Context
2. Existing Approaches to Urban Poverty Alleviation
3. Proposed Initiatives for the 12th Five-Year Plan
4. Long Term Vision of Inclusive Urban Development

5. The Working Group received during the course of its tenure, substantive support and advice from the Ministry of Housing and Urban Poverty Alleviation, especially Shri A. K. Misra, Secretary, and Dr. P.K. Mohanty, Additional Secretary, and Ms. Aruna Sundarajan, Joint Secretary and Member-secretary of the Working Group. Section 2 of the report was fully contributed by the Ministry of Housing and Urban Poverty Alleviation. Others who contributed to the deliberation included Ms. Deepti Gaur, Director in the Ministry of Housing and Urban Poverty Alleviation, and members of the GoI-DFID project, Support to National Policies for Urban Poverty Reduction team attached to the Ministry of HUPA, Mr. Richard Clifford, Consultant, the World Bank, Mr. Sundar Bura (SPARC), and Ms. Kimberly Mary

Noronha. Ms Kimberly Mary Noronha is especially acknowledged for her assistance in the drafting of the report.

6. The Working Group also acknowledges its gratitude to Prof. Chetan Vaidya, Director, NIUA for placing the services of Dr. Debolina Kundu, Associate Professor and Ms. Seema Mehrotra, Technical Associate to TAG to assist the Working Group and Ms. Usha Mathur for administrative and secretarial support, and above all, for extending logistic support and hospitality to the Working Group.

1. THE URBAN CONTEXT

India's growing urban presence and urban poverty

1.1 Poverty in India has been a part of the policy debate right from the First Plan Period with the primary focus being on agriculture and rural development. Urban development was tackled through a focus on industry. While social services such as health and education provided for the urban population, there remained a concerted focus on rural India in the Five Year Plans; urban poverty was not recognized as a concern in the initial plan periods. The change towards an urban focus is seen from the VIIth Plan Period onwards (1985-1990) with attention to infrastructure, environmental improvement (slum upgrading) and livelihood promotion. Subsequent plans have steadily increased the allocation for urban development and urban poverty alleviation. Most significant is the recent emphasis on urban renewal evidenced through the allocation under JNNURM in the 10th Five Year plan¹ which has continued since then. JNNURM is the first attempt at a comprehensive package for development and poverty alleviation in urban India, recognizing the importance of cities as engines of economic growth. However, being the first such attempt of its kind, the review of its performance has been mixed² and much more effort and commitment is needed in this regard. Although budgetary allocations for urban development have risen substantially, these do not compare with the allocation for schemes and interventions for rural India. The per capita expenditure on the urban sector at Rs. 1,566.00 is significantly lower than the per capita expenditure in the rural sector, which is Rs. 7,433.00 for the current plan period³.

1.2 In the past, the focus on the development of rural India was justified because of the large proportion of the population living in rural areas⁴. There has, in recent years, been a marked shift in the country's economic structure, from a predominantly agrarian economy to

¹ In the 11th Five Year Plan, a total ACA of Rs. 23,184 crore was allocated to sub-mission II i.e. BSUP.

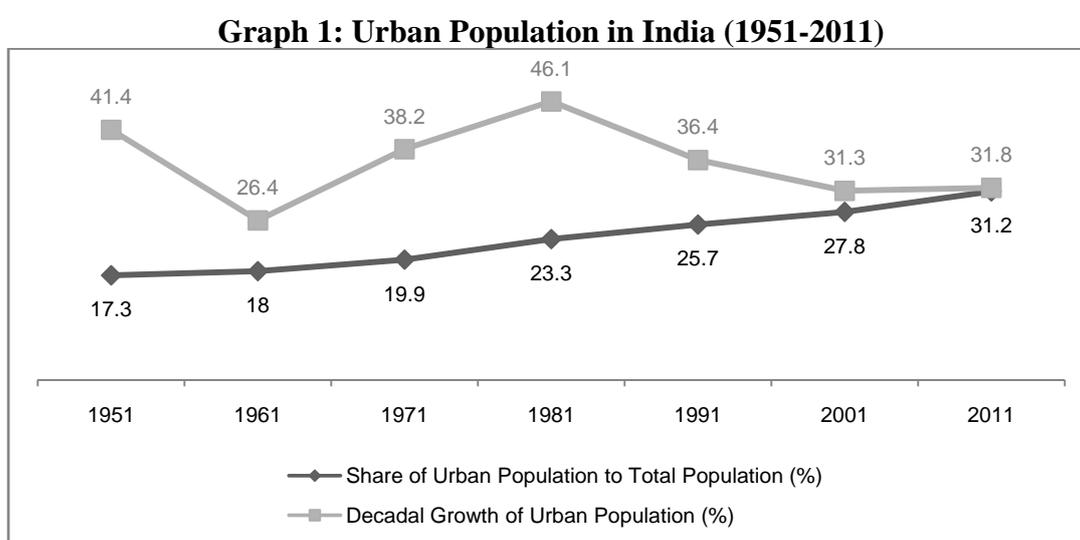
² See Part II of this report for an analysis of JNNURM and annexure II for details of the evaluations of JNNURM and other central programmes for urban poverty.

³ See Annexure IV for a discussion of the plan-wise allocation and distribution between the M/o HUPA and M/o RD.

⁴ For a detailed analysis of urban poverty alleviation priorities and allocations across the plans, please see annexure I on Thrust areas for housing & Urban Poverty Alleviation through the Five-Year plans as well as Annexure IV for a plan-wise review of allocation to the M/o HUPA and the M/o RD.

a manufacturing and services sector-oriented economy. Today, urban population growth areas and the accompanying challenges demand concerted policy attention.

1.3 India is a part of the global trends where an increasing number of people live in urban areas. The number of towns and the absolute urban population in India has increased steadily over the last 60 years (Table 1). More significant for policy formulation is the share of urban population to total population (Graph 1), which has grown from 17.3 per cent in 1951 to 31.16 per cent in 2011. Varying projections place urban population at about 590 million – 600 million in 2030⁵.



Source: Census of India from 1951-2011; 2011 data from the provisional tables. See also Table 1.

1.4 An assessment of urban poverty, slums, and service delivery shows the following:

i. *Urban poverty in India is large and widespread.* In 2004-05, 80.8 million people out of an estimated urban population of 309.5 million person were below the poverty line in that their per month consumption was less than Rs. 538.6. These numbers constitute a significant proportion of the world's total urban poor estimated at 291.4 million⁶. Over the past three decades (1973-2004), the numbers of the urban poor have risen by 34.4 per cent and the shares of the urban poor in the total from 18.7 per cent in 1973 to 26.8 per cent in 2004-05. In comparison the numbers of the rural poor have registered a 15.5 per cent decline over this

⁵ MGI, 2010.

⁶ See Ravallion et.al, 2007.

period. In addition, about 40-45 million persons are on the border line of poverty⁷. This process has meant increasing share of the urban poor in the total.

Table 1: Percentage Change in Numbers of the Poor over time

Year	Combined %	Rural %	Urban %
1973-74	-	-	-
1983	0.5	-3.6	18.0
1993-94	-0.8	-3.1	7.6
2004-05	-5.8	-9.5	5.9
1973-74 to 2004-05	-6.1	-15.5	+34.4

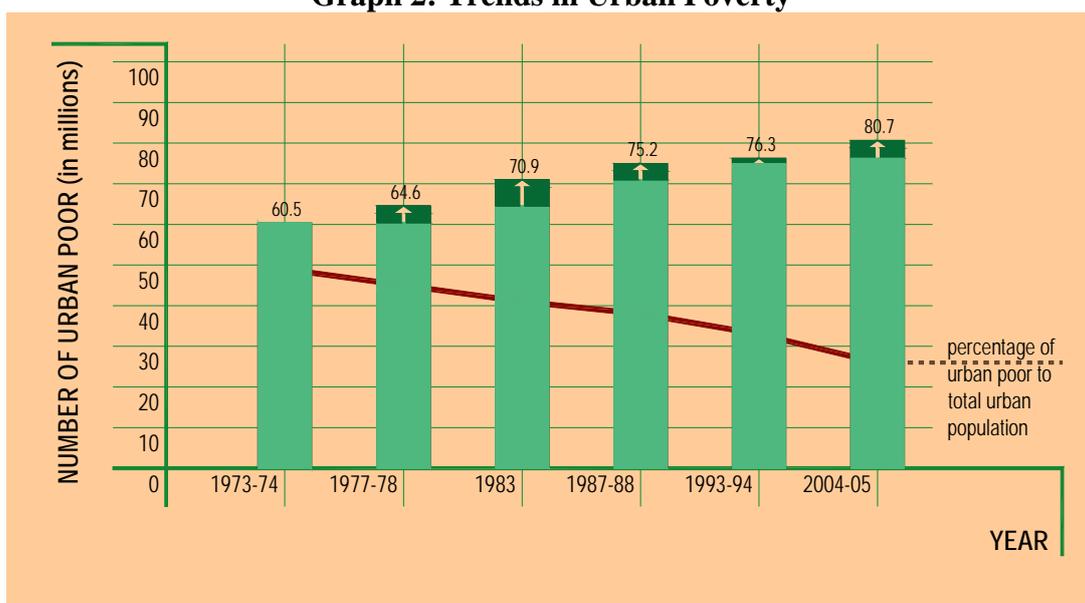
(Table 7 from GoI, M/o HUPA 2009e: 17)

Table 2: Share of the Urban Poor in the Total

Year	Share %
1973-74	18.70
1983	21.97
1993	23.83
2004-05	26.78

(Table 8 from GoI, M/o HUPA 2009e:17)

Graph 2: Trends in Urban Poverty



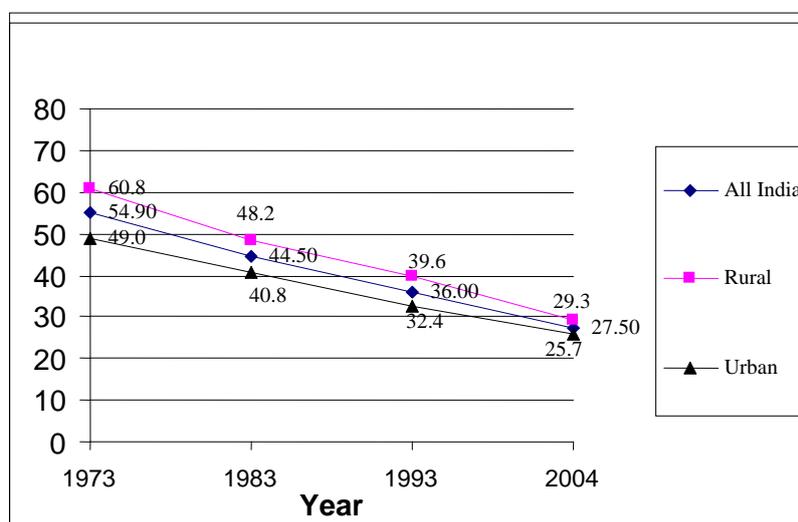
(Figure 3 from GoI, M/o HUPA 2009e:17)

ii. *The headcount ratio of urban poverty has declined steadily over the decades but its rate of decline is lower than that of rural poverty. From about 50 per cent of the urban population living below the poverty line in 1973-74, the proportion declined to about one-fifth of the urban population in 2004-05. Over the three decades, the headcount ratio of urban poor declined by about 47.6 per cent; on an annual basis, the average rate of decline varied*

⁷ GoI, NSSO, 2006.

between 1.8 and 2.3 per cent. What has attracted attention is the slowing down of the rate of decline in the 1990s, as compared to the period 1983-1993. What has also been noted by scholars is that the rate of decline in urban poverty has lagged behind that of rural poverty in recent decades.

Graph 3: Headcount Ratios Poverty



(Graph 4 from GoI, M/o HUPA, 2009e: 18)

Table 3: Annual Average Rate of Decline in the Headcount Ratios of the Poor

Period	Annual Average Rate of Decline		
	Urban	Rural	Combined
1973-74 to 1983	1.8	2.1	2.1
1983 to 1993-94	2.3	2.0	2.1
1993-94 to 2004-05	2.1	2.5	2.4

iii. *The urban poverty gap, i.e., the depth of urban poverty measured as the aggregate poverty deficit of the poor in relation to the poverty line has declined to 5.9 per cent from a high of 11.9 in 1983 but continues to be deeper when compared to poverty in the rural areas.* Also, the gini coefficient – a measure of consumption inequalities – is not only higher for cities and towns compared to the inequalities in the rural areas, but has risen continually since 1983, suggesting that while there has been an increase in the monthly per capita expenditure (MPCE) across the various classes, lower MPCE classes registered smaller increases in consumption compared with higher MPCE classes⁸. Between 1993-94 and 2004-05, the

⁸ The Economic Survey 2008-09 reports that there has been an improvement in consumption across all MPCE levels in both rural and urban areas. “This is indicative not only of favourable poverty reduction trends but also of the inclusive nature of growth as consumption has improved across the entire distribution in 2005-06 and 2006-07, both for urban and rural population and more so for the latter.”

percentage increase in the MPCE in the lower percentile group of population was observed to be less than 10 per cent compared to rest of the percentile groups. In the top 20 per cent of the percentile groups, the increase was over 15 per cent as may be seen in the Table 5.

iv. *Non-wage, informal employment is a dominant characteristic of the urban poor households.* In 2004-05 between 72 and 82 per cent of the usually employed male urban poor and between 78 and 80 per cent of the usually employed female urban poor were reported to be either self-employed or casually employed. Wage employment among them is limited to just about 20 per cent compared to an All-India average of about 40 per cent. It is this fact that imparts a high degree of instability to the income profile of the urban poor, and restricts their access to any form of institutional and market finance.

Table 4: Poverty and Inequality

Year	Poverty Gap, Urban and Rural		Gini Coefficient	
	%		%	
	Urban	Rural	Urban	Rural
1983	11.9	13.6	33.9	30.4
1993-94	8.3	8.4	34.4	28.6
2004-05	5.9	5.5	37.6	30.5

Calculated.

Table 5: Monthly Per Capita Expenditure (MPCE) Change Between 1993-94 and 2004-05

Per Capita Group of Population %	50 th Round 1993-94	61 st Round 2004-05	% Change
0-5	133	141	6.0
5-10	176	186	5.7
10-20	211	223	5.7
20-30	248	269	8.5
30-40	287	316	10.1
40-50	332	368	10.8
50-60	381	433	13.6
60-70	448	512	14.3
70-80	543	619	14.0
80-90	698	804	15.2
90-95	923	1088	17.9
95-100	1643	2137	30.1
All India	458	531	15.9

Source: National Sample Survey Organisation – Various Rounds.

v. *Progress in terms of reducing the incidence of urban poverty has been highly uneven in the country, with a little over 40 per cent of the urban poor concentrated in the states of*

*Bihar, Madhya Pradesh, Orissa, Rajasthan, and Uttar Pradesh*⁹. Moreover, the NSSO data show that concentration of poverty has intensified in these states, with the proportion of the urban poor registering an increase from 31.1 per cent in 1973-74 to 42.0 per cent in 2004-05. On the other hand, urban poverty has declined much more impressively in states such as Gujarat and Punjab; in Kerala and Tamil Nadu, urban poverty was higher than the all-India average in 1983 but declined to well-below the national average in 2004-05. Thus, the evidence is both a significant decline in some states, and noticeable increases in others.

Table 6: Distribution of the Urban Poor – State-wise Percentage

States	1983	1993-94	2004-05
Andhra Pradesh	7.1	9.8	7.6
Assam	0.6	0.3	0.2
Bihar*	6.3	5.6	5.6
Delhi	2.5	2.0	2.8
Goa	0.2	0.2	0.2
Gujarat	6.3	5.6	3.4
Haryana	1.1	1.0	1.3
Himachal Pradesh	Neg.	Neg.	Neg.
Karnataka	6.9	7.9	7.9
Kerala	3.5	2.7	2.1
Madhya Pradesh*	8.8	10.8	11.6
Maharashtra	13.7	14.7	18.1
Orissa	2.4	2.6	3.3
Punjab	1.7	1.0	0.8
Rajasthan	4.2	4.4	5.9
Tamil Nadu	11.1	10.5	8.6
Uttar Pradesh*	15.3	14.2	15.6
West Bengal	7.1	5.9	4.3
Others	0.5	0.4	0.4
Total (million)	70.9	76.3	80.6

* The poverty data for Jharkhand, Chattisgarh and Uttarakhand are included with that of Bihar, Madhya Pradesh and Uttar Pradesh.

The NSSO surveys provide the base for estimating poverty levels and gaps; the base also permits an analysis of the pattern of consumer expenditure. The surveys, however, do not shed light on who the urban poor are, what they do, and where they live¹⁰. Absence of

⁹ The poverty data for Jharkhand, Chattisgarh and Uttarakhand are included with that of Bihar, Madhya Pradesh, and Uttarkhand.

¹⁰ Mohan and Hartline, 1984.

such basic information represents a serious handicap in designing poverty alleviation programmes, that can be focused on them. Absence of such basic information.

vi. *Slum settlements – often referred to informal settlements without any formal title - represent the most visible manifestation of poverty in urban India.* The 2001 Census puts the slum population at 42.6 million which forms 15 per cent of the country’s total urban population and 23.1 per cent of population of cities and towns reporting slums¹¹. The Census further reports that slums are an urban phenomenon confined to big-town and cities, supporting it with the fact that 41.6 per cent of the total slum population resides in cities with over one-million population. *Informal settlements occupy one-third of the large city spaces: 34.5 per cent of the population of Mumbai, Delhi, Kolkata, and Chennai live in slum settlements.* The slum settlements have a higher proportion (17.4 per cent) of scheduled castes compared to non-slum settlements. Also, expectedly, the literacy level of slum population is lower, 73.1 per cent in comparison with 85 per cent for rest of the urban population.

Table 7: Distribution of Slum Population in Cities and Different Size Groups

City-size	Numbers of cities and towns	Slum population (million)	% of total
> 4 million	5	11.06	26.0
2-4 million	8	3.76	8.8
1-2 million	14	2.88	6.8
5,00,000 – 1 million	42	5.81	13.7
100,000 – 500,000	309	13.94	32.7
<100,000	262	5.13	12.0
Total	640	42.58	100.0

Source: Census of India, 2001

¹¹ The Census of India, 2001 collected the slum population data from cities and towns having population of 50,000 and more in 1991. There were a total of 743 cities and towns in that category, of which 640 reported slums. Admitting that it is the first time that the Census of India operations were extended to separately enumerate the slum population in the country, limiting the operations to firstly the notified and recognized slums, and secondly those which had a threshold size of 60-70 households has considerably understated the size of the slum population. Moreover, count of slum population in several cities such as Patna (0.3 per cent of city’s population) , Lucknow (8.2 per cent of city’s population) and many others prima facie, appears erroneous. It is also significant that while the Census collected data on the social composition of slum population, on literacy, and the structure of employment, it did not record the number and sizes of slum settlements.

1.5 The National Sample Survey Organisation (NSSO) in its report on Housing Condition in India¹² (58th Round) reports that while service deprivations are commonly observed in cities and towns, the extent of deprivation is higher in slum and squatter settlements; 26 per cent of households living in slum settlements have no access to any arrangement for garbage collection and 18 per cent suffer from insufficient drinking water, the comparable proportions for non-slum areas being 19 per cent and 10 per cent respectively. What needs to be noted is that 75 per cent of slum households have not received any benefits from any of the governmental programmes designed to alleviate poverty; 15.7 per cent of households received land-related benefits and the balance received other miscellaneous benefits.

1.6 There are no estimates in the country on the number of slum settlements and the area under them. *The crude estimates put the space under slum settlements at about 18,000 million – 20,000 million sq. feet, which is said to be in illegal and unauthorised occupation of slum dwellers. Hernando de Soto calls it “dead capital” which is productive but can not be used or leveraged by those who live and work there.* Significantly, the NSSO data shows 55 per cent of slum dwellers have been living in them for over 15 years and another 12 per cent between 10-15 years, establishing that slums are an integral part of the phenomenon of urbanization, and are contributing significantly to the economy of cities by being a source of affordable labour supply for production both in the formal and informal sectors of the economy” but are a reflection of the exclusionary socio-economic policies and planning in the country.

Table 8: Number of Years Household have been living in slums

Years	Per cent of Slum Households
< 5	22
5-10	10
10-15	12
> 15	55

Source: National Sample Survey Organisation.

1.7 Proliberation of slums, as much of the evidence both in-country and international suggest, is not so much a manifestation of demographic shifts, but the result of the failure of the land and housing policies, and legal and delivery systems. The UN-HABITAT observations in respect of slum settlements are relevant. “The urban poor are trapped in an informal and illegal world – in slums that are not reflected on maps, where waste is not

¹² GoI, NSSO, 2005.

collected, where taxes are not paid and where public services are not provided. Officially, they do not exist. In the majority of cases, slum dwellers exist outside of the law where they live and work. They are not able to access most of the formal institutions of society, and lacking a legal address they are often unable to access social services”¹³. The Working Group takes the slum and informal settlements as potential and viable entry points for addressing the visible manifestations of poverty in cities and towns. They are identifiable, and although outside of the legal system, have acquired stability, and have vast amount of potential currently constrained by distorted and exclusionary policies.

1.8 As indicated in the HPEC (2011) report, estimates by the Central Statistical Organisation (CSO) indicate that the urban share of India’s GDP increased from 37.7 per cent in 1970-71 to 52 per cent in 1999-2000. The Mid-Term Appraisal of the Eleventh Five Year Plan puts the urban share of GDP between 62 to 63 per cent in 2009-10. The document further projects this share to increase to 75 per cent in 2030¹⁴.

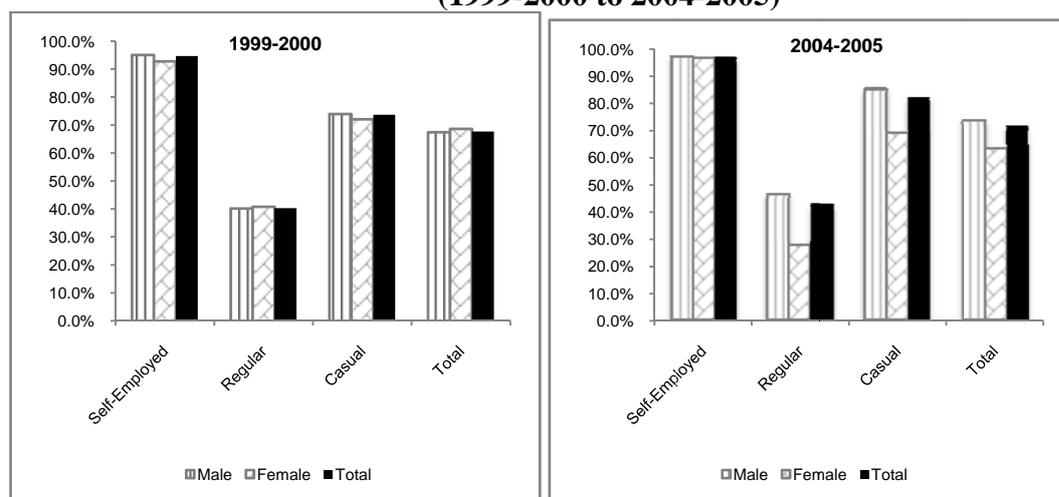
1.9 A comparison of the 55th (1999-2000) and 61st (2004-05) rounds of the NSS surveys reveals that much of the growth in employment is accounted for by the self-employed, both male and female. The percentage of informal sector workers has also increased in urban areas, and is higher than in rural areas. Moreover the growth in the informal sector workers among urban males accounts for more than the entire increase in the urban male workforce¹⁵.

¹³ UN-HABITAT, 2003. The Challenge of Slums: Global Report on Human Settlements. Earthsea London.

¹⁴ Para 1.1.3 in HPEC, 2011:3

¹⁵ Himanshu (2011:55). See also Table 12.

Graph 4: Usual status of non-farm workers (%) in the informal sector in urban areas (1999-2000 to 2004-2005)



Source: Table 12 from Himanshu, 2011: p.54. See also Table 12 below.

1.10 **Migration:** Employment and livelihoods of the urban poor are further complicated by the issue of migration into and out of cities. According to the figures of the Census of India, 2001¹⁶, 50 per cent of rural male migrants enter cities looking for employment/work. In addition to this, 36.13 per cent urban males, migrate to other cities in search of employment/work¹⁷. For rural and urban females, migration into and within cities is triggered chiefly for reasons of marriage (51.37 per cent rural-urban and 48.45 per cent urban-urban). A time-based analysis by Singh (2009) shows an increase in the incidence of migration in India in 2001, as opposed to a consistent fall during 1961 to 1991 (Table 9). An examination of NSSO data from 1983 to 1999-2000 by MPCE class¹⁸ shows that there is a marked decline in the number of poor male migrants in 1999-2000 (1051 per cent) when compared to 1983 (25.62 per cent)¹⁹.

1.11 **Quality of Life:** The situation with respect to the access to basic services by India's urban poor is far from satisfactory. Data from the 58th (July-December 2002) and 65th (June

¹⁶ Singh, 2009:57; see also Table 9 below for a select representation of the data from Singh 2009.

¹⁷ By contrast, only 4.32 per cent rural females and 3.19 per cent urban females migrate to, and within cities looking for work.

¹⁸ Singh, 2009; see also Table 13.

¹⁹ This represents data from the lowest MPCE class. The average of the bottom 3 MPCE classes are 12.93 per cent and 18.85 per cent for 1999-2000 and 1983 respectively demonstrating a decline in the number of male migrants over a 17 year period.

2008-June 2009) rounds of the NSS²⁰ shows that as compared to 84 per cent in 2002, 79 per cent of notified slums had access to tap water in 2008-09. For non-notified slums, the situation had improved marginally from 71 per cent having access to tap water supply in 2002 to 77 per cent in 2008-09. In addition, 10 per cent of the non-notified slums had no access to a latrine in 2008-09, an improvement from 17 per cent in 2002. For non-notified slums, 68 per cent had no access to a latrine. The number of notified slums with access to a septic tank/flush latrine was 20 per cent in 2008-09, compared to 51 per cent in 2002. For non-notified slums, the situation showed marginal improvement with 47 per cent slums having access to a septic tank/flush latrine in 2008-09 as opposed to 35 per cent in 2002²¹.

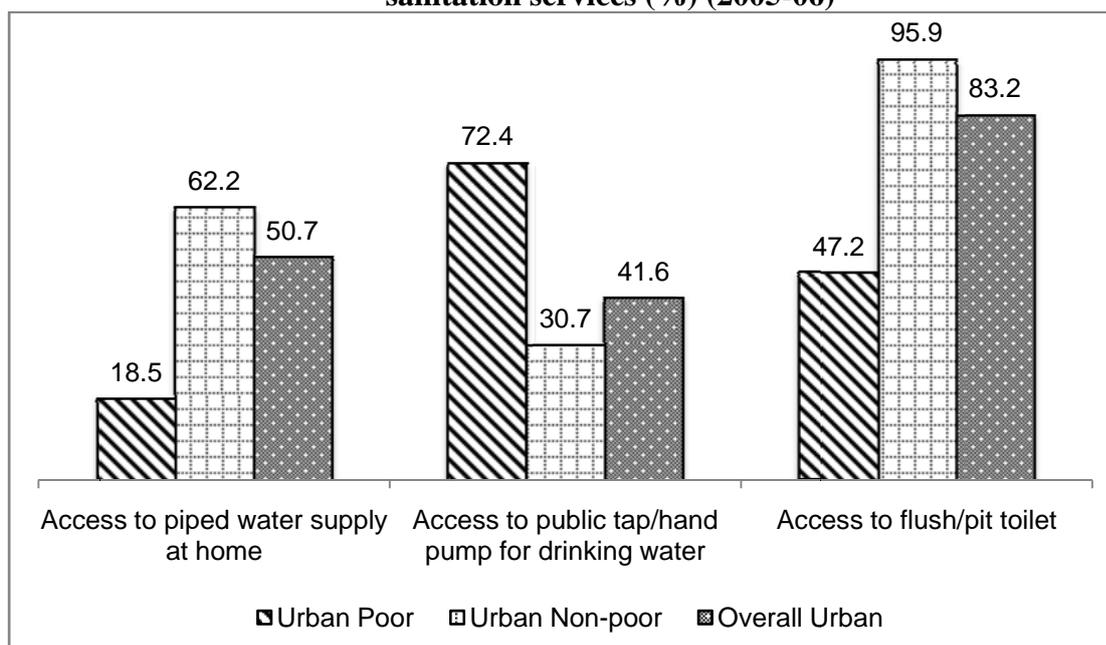
1.12 However, these reports do not show the accessibility of these services to the general population living in slums or the urban poor living in slums; for example, in the case of water, the distance of the tap supply from the household is not shown. This disaggregation is crucial for policy decision-making. Disaggregated data from the National Health Family Survey, 3rd Round (2005-06), although not slum-based, shows that a vast majority of the urban poor households had access to a public tap/hand pump for drinking water, when compared to households having access to piped water supply at home (Graph 5). Additionally, these figures do not report the intra-slum inequities in accessing basic services. Demographic factors such as the number of households, population and BPL household pockets within the slums are seen as factors impacting the accessibility and usage of facilities²².

²⁰ GoI, NSSO (2003) and GoI, NSSO (2010)

²¹ The NSS reports define 'notified slums' as urban areas notified as slums by respective municipalities, corporations, local bodies or development authorities. A "non-notified slum" is defined as a compact urban area with a collection of poorly built tenements, mostly of temporary nature, crowded together usually with inadequate sanitary and drinking water facilities in unhygienic conditions. (GoI, NSSO, 2010).

²² In a study done by UN-HABITAT and WaterAid for Bhopal (2010), to understand inequities for the demographic pattern, distribution of basic facilities, conditions of roads, drains, waste water disposal facility, solid waste management practices, access to safe drinking water and land tenure/lease status within slums, significant inequity was found within slums in Bhopal. Most of this centered on factors such as occupation, socio-economic background, culture, and origin of the community.

Graph 5: Access of the urban poor to drinking water and sanitation services (%) (2005-06)



Source: Disaggregated data from NFHS-3 and NFHS-2 compiled by UHRC (Unpublished). See Table 7.

1.13 Even where these services exist, the urban poor face barriers when attempting to access basic civic and social services at the ULB level. A study done for the city of Bhopal found that the poor faced a number of barriers in accessing rights, entitlements and municipal services. The voter ID card was found to be the most accessed services, while access to private tap water connection, family benefit scheme²³, and credit through community development are the least accessed. Difficulties include²⁴:

- Lack of timely awareness where most find out about schemes only when a need arises
- Centralised location and distance from the residence i.e. centralized services with no decentralized windows to collect applications or dispense with information on the status of the application. As a result, both peripheral slums as well as categories of individuals, such as the elderly or disabled, have particularly low access
- Filling up forms and the multiplicity of documentation was felt to be particularly difficult for semi-literate persons, leaving them open to manipulation by the civic staff

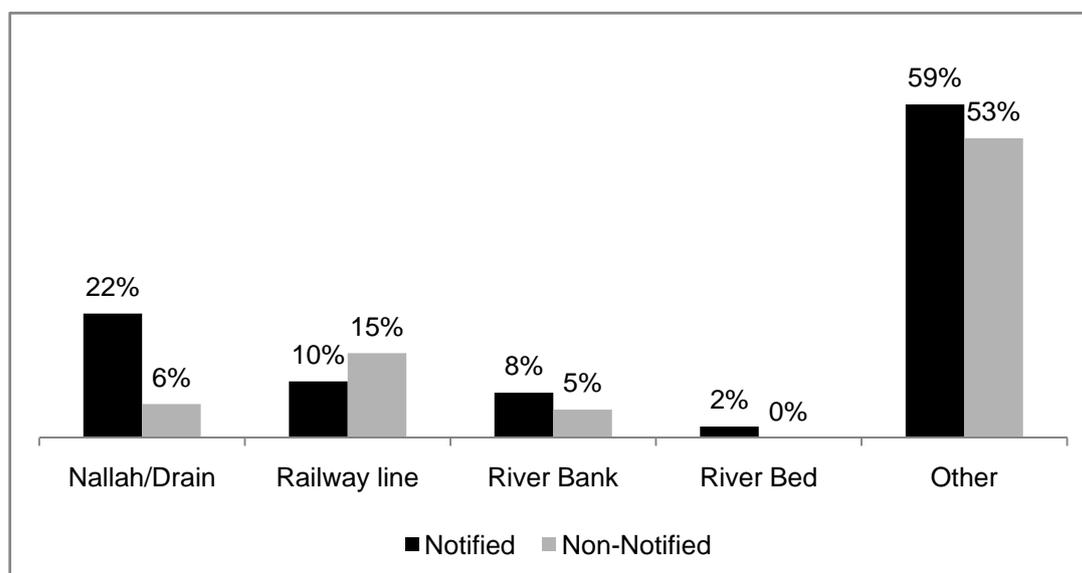
²³ A social security measure provided to households on the death of the head of the family

²⁴ MPUSP 2009

- For most schemes, the layers of verification²⁵ became the chief factor in delays.

1.14 In addition to the lack of access to basic services, many slums are located on hazardous sites, vulnerable to fire and flood (See Graph 6):

Graph 6: Percentage distribution of slums by location (All-India) (2008-09)



Source: GoI, NSSO, 2010b:14)

1.15 **Health:** The urban poor are vulnerable to disease brought on by these unhygienic conditions. In two out of three key indicators for child health, the urban poor children fall well below the national urban average²⁶. Only 53 per cent of the urban poor children are covered by an Anganwadi Centre (AWC) and only 10.1 per cent of women had regular contact with a health worker. All this translates into poor nutritional status as well. Nearly 59 per cent of urban poor women and 71.4 per cent of urban poor children suffered from anaemia. Malnutrition, measured through underweight (47.1 per cent) and stunted children (54.2 per cent), is significant among the urban poor.

²⁵ E.g. age proof requires submission of the ration card as well as voter ID card, since both carry the age and address of the holder. But they are often different in the two documents because details are filled by the civic staff when they visit households during their surveys.

²⁶ In 2005-06, NFHS (round 3) reported Infant mortality of 54.6 per 1000 live births for the urban poor compared to the urban national average of 41.7 per 1000 live births. The figures for under-5 mortality were no better with 72.7 per 1000 live births for urban poor compared to the urban national average of 51.9 per 1000 live births and neonatal mortality of 34.9 per 1000 live births for the urban poor when compared to the urban national average of 28.7 per 1000 live births.

1.16 Out-of-pocket expenditure for health also pushes individuals further into poverty. Data from the 61st Round NSS survey shows an increase in urban poverty by as much as 2.9 per cent if out of pocket health expenditure is accounted for. States such as Uttar Pradesh, Chhatisgarh, Kerala, Maharashtra and West Bengal show high out-of-pocket health expenditure and demonstrate significant increases in urban poverty due to this²⁷.

1.17 **Education:** The urban poor are vulnerable to a lack of access to education services. In 2005, around 2.1 million children were out of school in urban areas (4.34 per cent of the eligible population) out of a total of 13.4 million children out of school in the country. In 2006-07, 35 cities/districts reported about 0.62 million children between the ages of 6-14 out of school against the child population of 18.5 million i.e. 3.38 per cent of child population²⁸. In 2007-08, 18 per cent of the urban population aged 15 years and above were not literate. Out of those literate, 0.9 per cent were without formal education, 36.3 per cent had studied up to the middle school level, and 28.1 per cent had studied up to the secondary and higher-secondary level. Only 11.4 per cent had graduated and only 3.5 per cent went on to complete post-graduation studies and above²⁹. Consequently, the lack of education results in a lack of skill sets needed to acquire employment in the formal sector.

1.18 **Financial Exclusion:** Lack of education and health among the urban poor is compounded by a lack of access to finance, which is a pre-requisite for employment, poverty reduction, and in the long-run sustained economic growth. However, the formal financial sector serves only a minority, with most households lacking even basic financial services. In India, only 48 per cent of citizens have access to financial services³⁰.

1.19 Specific focus on financial inclusion commenced in 2005 when the RBI advised banks to make available a basic banking ‘no-frills’ account with low/nil minimal balance and simplified know-your-customer (KYC) norms. For the urban poor, in 2004, in response to Paragraph No. 84 of the Governor’s Statement on Mid-Term Review of the Annual Policy

²⁷ Data from Gupta, 2009.

²⁸ Source: http://www.education.nic.in/elementary/main_final.pdf

²⁹ See table 10.

³⁰ Thorat, 2008.

for the year 2004-05 dated 26th October 2004³¹, the RBI issued a circular advising banks to advance loans to the distressed urban poor to repay their debt to non-institutional lenders against appropriate collateral or group security³². Additionally, banks have also been asked to consider the introduction of a General-purpose Credit Card (GCC) facility up to Rs. 25,000.00 for their rural and semi-urban branches. This facility is in the nature of a revolving credit, which entitles the holder to withdraw up to the limit sanctioned³³. The RBI has permitted 50 per cent of GCC loans to be treated as priority sector lending. In addition, the RBI has made provision for a credit guarantee scheme through Small Industries Development Bank of India (SIDBI) for loans to MSME as well as permitting the utilization of services of NGOs/SHGs, MFIs and other civil society institutions as intermediaries in providing banking and financial services through the use of business facilitators (BF) and business correspondent (BC) models³⁴.

1.20 Three concerns emerge in the provision of banking and financial services to the urban poor. First, in urban areas, with better banking infrastructure than in rural areas, simple existence of branches is not a guarantee of access to services to the urban poor. The RBI, itself, has expressed concern regarding the concentration of banking branches in metropolitan cities³⁵. Second, access of small and micro-enterprises to finance has decreased in the recent past. Data available from the RBI and compiled by NCEUS shows that the percentage flow of net bank credit from commercial banks to small-scale industry has fallen from 15.2 per cent in 1994-95 to just 6.6 per cent in 2007-08. Similarly, the flow of net bank credit from scheduled commercial banks to micro-enterprises show a decrease of from 2.2 per cent in 2002-03 to 1.2 per cent in 2007-08³⁶. However, this decrease has not been calculated separately for urban areas. Third and most important, in the absence of national-level figures regarding the access of the urban poor to banking and financial services in India as well as

³¹ This reads as follows: “With a view to bringing the urban poor into the formal financial system, it is proposed that banks may advance loans to distressed urban poor to pre-pay their debt to non-institutional lenders, against appropriate collateral or group security”.

³² This is to be reported under the sub-head “loans to urban poor indebted to non-institutional lenders” under the broad head “other priority sector”.

³³ Limits are sanctioned without insistence on security or purpose based on an assessment of household cash flows. Interest rate is deregulated.

³⁴ Sources: RBI, 2004 and Thorat, 2008.

³⁵ Fernando, 2007:11-12, and Thorat 2008.

³⁶ NCEUS, 2009:283.

the access of the urban poor to the initiatives of the RBI (described above) it is difficult to arrive at a comprehensive analysis of the access of the urban poor to finance in India³⁷.

1.21 One of the key reasons why large-scale conventional financial institutions are not significant players in low-end financial markets is because their business model does not cater to the urban poor segment. There is limited access to information on potential clients. This translates into a higher cost associated with serving low-income clients, which, if tackled, often results in the costs being transferred to the client (urban poor) in the form of a higher interest rate. Products designed, may have features that are not in line with the socioeconomic characteristics of clients. For example, stringent repayment schedules may not be suitable for the urban poor household with a cash-flow problem. In many cases complexity of transactions and transaction costs associated with formal financial transactions, especially the paperwork, can intimidate the urban poor, who already have their own informal methods of savings. In a study on how the poor live below the poverty line Collins, et.al. (2009) surveyed households in India, South Africa and Bangladesh. They found that in India, serious injury or illness (42 per cent) is the most frequent event causing financial emergency, followed by the loss of crop/livestock (38 per cent) and loss of a regular job (10 per cent). Assets of the urban poor include savings with a money guard, home savings, remittances to the village, and cash in hand and loans. Liabilities include private loans, wage advances, shopkeeper credit, and rent arrears. In many cases, this may also include micro-finance loans. There is, therefore, a clear mismatch between the ways in which the urban poor manage their finances, and the formal financial products on offer.

1.22 **Legislative Exclusion:** In addition to all the areas listed above, a key area where the urban poor are particularly vulnerable is the lack of a legislative framework to empower the urban poor. 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. One area where the urban poor are particularly vulnerable, due to legislative exclusion, is security of tenure which is a prerequisite for access to formal financial institution access, access to basic services and security from evictions. The formalization of security of tenure finds expression in the formal registration of the property of the urban poor granting them the right to their dwelling space. Additionally, city-

³⁷ When a recent September 2011 published on financial inclusion, while quite informative, focuses almost exclusively on Rural India (Karamkar, Banerjee & Mohapatra, 2011).

level legislations and planning instruments are exclusionary of the livelihoods of the urban poor. Cities are conceived and planned on the basis of the built environment without due consideration to the urban poor's lives and work. ULBs exert control over public space and the powers to evict people from public property. They can also re-define the use of a public area and institute a scheme that may result in displacement of home and/or workplace. ULBs also exert control over licensing of public areas for commercial purposes. Obtaining these licenses for livelihoods can be time consuming and expensive. Urban planning instruments rely heavily on height and FSI restrictions; these restrict the availability of real estate and inflate residential and commercial rents, excluding people and businesses from the 'formal' property market³⁸.

1.23 **Peri-urban areas** define the fringe of the current and established urban areas and are transition areas, lying at the interface between urban and rural populations, often being converted into urban areas in the next development cycle, and are "characterized by a mix of urban and rural forms and functions". Peri-urban areas particularly face special problems of slums due to runaway growth, rapid volatile land price increase, lack of zonal planning, making them locations where the rapid growth of slums is most visible.

³⁸ Source: Unpublished note from SPARC on local regulation of 'informal' livelihoods and housing (15th July 2011).

2. EXISTING APPROACHES TO URBAN POVERTY ALLEVIATION

Programme of the Central Government

2.1 The M/o HUPA currently runs the following major programmes that are targeted towards urban poverty reduction and improving the access of the poor to basic services³⁹. These include the Swarna Jayanti Shahari Rozgar Yojana (SJSRY); Sub-mission II on Basic Services to the Urban Poor (BSUP) under Jawaharlal Nehru National Urban Renewal Mission (JNNURM); Integrated Housing and Slum Development Programme (IHSDP); and the Rajiv Awas Yojana (RAY)

SWARNA JAYANTI SHAHARI ROZGAR YOJANA (SJSRY)

2.2 Skill development has been neglected in the past and needs much faster expansion. Over 90 per cent of our labour force at present has received no formal training prior to employment and skills are typically acquired only on the job⁴⁰. The scheme of SJSRY targeting urban livelihoods for the poor has been revised once in 2009. Prior to the revision, the M/o HUPA commissioned two reports, the first being a general evaluation of SJSRY across the nation⁴¹, and the second, a concurrent evaluation of SJSRY in nine states⁴². In particular, it was found that there was lack of awareness about the scheme, a lack of staff to implement the scheme in the states and a reluctance of bank officials to extend loans for micro-enterprises under the scheme.

The following lessons emerge from the evaluation of SJSRY:

- **Lack of a convergent approach:** Although the revised SJSRY scheme requires a convergence with schemes⁴³ being implemented by other ministries/departments, this

³⁹ For a detailed description of the programmes and their evaluation please see Annexure II.

⁴⁰ Ahluwalia, 2011:95

⁴¹ HUDCO, 2008

⁴² HSMI

⁴³ E.g. Modular Employable Skills (MES), Rashtriya Swasthya Bima Yojana (RSBY), National Social Assistance Programme (NSAP), Mid-day Meal Scheme (MMS), Integrated Child Development Scheme (ICDS), Sarva Shiksha Abhiyan (SSA), etc.

has not been fully implemented on the ground. In addition, linkages with existing schemes of the M/o HUPA itself are relatively weak. BSUP and IHSDP under JNNURM, for example, have strong components of affordable housing and provision of basic services to the urban poor. However, integration with livelihood issues is notional, especially in the area of resettlement where livelihood concerns are paramount for the urban poor. Further 'livelihood' is conspicuously absent from the 7-point charter of JNNURM, which includes health, education and social security, albeit, in convergence with the relevant line ministries / departments at the central, state and city levels⁴⁴.

- **Targeting of beneficiaries:** Targeting under the scheme relies heavily on state-provided urban BPL lists. These lists are neither uniform nor comparable across states. In addition to methodology, the BPL surveys at the state levels are conducted at random time intervals, and therefore the comparability of indicators across time as well as across states and/or pan-India is not possible.⁴⁵. Significantly, the targeting of the urban poor for livelihood interventions on the basis of surveys identifying poverty in monetary terms may not match with the objectives of the scheme.
- **Identification of courses and trades:** In addition, to the identification of beneficiaries, the classification of beneficiaries according to need is not undertaken. Except for a few select states, training courses offered are not fully synchronized with the investigation of job opportunities by sector, the demand for skills, training linkages with industry, as well as the aspirations of the beneficiaries⁴⁶. Further, the revised guidelines target towns with a population above five lakh persons from the *1991 census*. This should be revised with appropriate targets based on the latest census figures.

⁴⁴ The rationale given, at the time, was that SJSRY as a scheme existed to consider livelihood issues of the urban poor and convergence would be promoted

⁴⁵ For a detailed critique of the urban BPL lists/lines please see the Interim Report of the Working Group (GoI, Planning Commission, 2011) submitted in May 2011.

⁴⁶ In ministry-led reviews of SJSRY, states are constantly being asked to conduct market-demand surveys and provide training on the basis of these survey results. Collaboration with NSDC for this is also encouraged (GoI, M/o HUPA, 2011c and 2011d).

- **Top down approach to community structures:** Although the scheme has institutionalized community structures and participation, this has been successfully implemented only in select states such as Kerala (Kudumbashree), Andhra Pradesh (MEPMA) and Gujarat (Umeed). Their success can be attributed to strong institutionalization and integration of community structures at the city level, thus resulting in the demand for skills training emerging from the communities themselves, and strong involvement of government-level functionaries with the community creating a unique synergy through which, the channels of communication between the poor and the administration are kept open.
- **Undue focus on employment of the un-skilled workers:** A key critique of the UWEP component of SJSRY has been the focus on providing ‘employment’ to the unskilled urban poor as opposed to the promotion of skill upgradation thus giving them the option for sustained self/wage employment in the long term. This component of the scheme has not taken off and its success is very limited.
- **Lack of sustained financial linkages between for self-employment ventures:** A key critique of the scheme has been its inability to galvanize finances for self-employment ventures for the urban poor. The promotion of self-employment as a long-term strategy for urban poverty alleviation is widely accepted. Roadblocks in the form of access to financial linkages can be explored from two perspectives. From the bankers’ perspectives, proposals received are often poorly thought through and presented. In addition, the subsidy amount of 20 per cent as government contribution is seen as too low an amount for the comfort/buffer preferred by banks as a guarantee of loans for micro-enterprises. Additionally, lending to this sector is not seen as attractive. From the borrower’s perspective, beneficiaries perceive a lack of sensitivity to their financial needs from financial institutions mostly related to the beneficiaries’ inability to produce paper-based evidence of identity to establish a credit history. Clearly, on both sides, advocacy and capacity building is required to get the beneficiaries to access loans for urban micro-enterprises. The M/o Finance is already working with M/o RD to sensitize bankers to their schemes. Such interaction should be extended to schemes for urban poverty alleviation as well.

2.3 SJSRY's strengths lie in three key areas. First the scheme has been implemented for the last 14 years, including the 2 years since it has been revamped. There is a wealth of learning to be accessed when considering any scheme on urban livelihoods. Second, although top heavy, a successful precedent has been set for the strong involvement of communities as an integral part of a scheme for urban livelihoods. This needs to be strengthened in subsequent reviews. Third, the strong reliance on the identification of beneficiaries using the BPL lists under schemes such as SJSRY has been one of the reasons for the constitution of the Expert Group to recommend the detailed methodology for identification of families living below poverty line in urban areas by the Planning Commission, and the subsequent conduct of the Socio-economic and Caste Census, 2011. This exercise will strengthen targeting and transparency of schemes in the future.

JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION (BSUP & IHSDP)

2.4 The scheme of JNNURM has been implemented in mission-mode since 2005; with a revision of its guidelines in 2009. There are three official reviews of JNNURM. The first is the mid-term appraisal of the 11th Five Year Plan by the Planning Commission⁴⁷, the second is an independent appraisal of JNNURM commissioned by the M/o UD⁴⁸, and the third is the report of the High Powered Expert Committee (HPEC) for Estimating the Investment Requirement for Urban Infrastructure Services⁴⁹. In general, JNNURM has mixed reviews. It is widely acknowledged that JNNURM has renewed focus on the urban sector throughout the country creating a facilitative environment for critical reforms in many states. Much of the investment has been directed towards the provision of basic services to the urban poor⁵⁰. In addition, the programme is credited with creating a space for states and ULBs to raise their aspirations for capital investments and generation of financial resources for targeted cities/states. Critiques of JNNURM focus on the lack of community participation, capacity building and lukewarm implementation of reforms.

⁴⁷ GoI, Planning Commission, 2011b.

⁴⁸ GoI, M/o UD, 2011.

⁴⁹ HPEC 2011.

⁵⁰ Nearly 60 per cent of BSUP funds have been committed to slum redevelopment projects, with the rest targeted at building support infrastructure for slum housing.

2.5 Overall, however, the following key issues emerge for consideration in the long term at a policy level regarding JNNURM (BSUP & IHSDP) and the provision of affordable housing and basic services for the urban poor:

- **Lack of a convergent approach:** Although the JNNURM recommends a convergence of approaches under health, education and social security, it is unclear how this is implemented in the states and cities. Also, at the central government level, the extent of collaboration that is necessary for instance, National Urban Health Mission (NUHM) and the National Skills Development Council (NSDC) is weak. There are other areas like management and urban planning where convergence has lagged considerably⁵¹.
- **Selection of cities:** The manifestation of poverty differs by city-size. Large cities are characterized by significant habitat deficiencies, low access to social services and economic vulnerability while smaller cities are characterized by low income levels and inadequate access to social and basic urban services. JNNURM, being the first mission of its kind, necessarily focused on a selection of cities and towns, both, to generate successes and learning's from the implementation of these reforms. A key learning from the implementation of JNNURM is that differentially sized cities require context-specific strategies for urban poverty alleviation and slum re-development.
- **Lack of community participation:** One of the observations in slum re-development projects was the lack of community engagement and participation which severely hindered the planning, implementation and overall success of these projects. Further, the lack of community consultation resulted in poor mobilisation of household contributions and identification of the preferred housing options for the urban poor i.e. whether incremental housing, rental housing or new housing units were preferred by targeted beneficiaries.
- **Focus on 'new' housing and the issue of affordability:** BSUP and IHSDP focused on the construction of 'new' housing/dwelling units for the urban poor, even though

⁵¹ For example, the M/o RD proposed Draft National Land Acquisition and Rehabilitation & Resettlement Bill 2011 which also affects urban areas (GoI, M/o RD 2011) which has been approved by the CCEA.

in-situ slum redevelopment was the solution of choice under JNNURM. As discussed above, delays in implementation arising chiefly out of cost escalation meant that either the construction is delayed or the houses become 'unaffordable' to the urban poor (or both). This is compounded by a lack of access to credit by the beneficiaries and absence of a proper assessment of household affordability and resource mobilisation from own sources. Options for incremental housing, and rental housing along with fresh housing construction, as well as suitable and accessible credit options for the urban poor were not adequately explored.

- **Reforms, although critical for taking the urban poverty alleviation component, were not given the necessary importance.** The Working Group underlines the importance of reforms in the implementation of poverty alleviation programmes.
- **The link between the CDP as a planning document and the urban planning process** of the city and state is absent, leading to the CDP becoming insignificant in the larger planning process. This was compounded by the 'project approach' under JNNURM that did not mandate a reference to the wider picture of urban development and poverty alleviation.
- **Municipal finances and capacity need to be buttressed:** All evaluations of JNNURM focus on the lack of human and financial capacity of ULBs to carry out reforms. This critique is significant in light of the fact that the 65 mission cities are relatively large cities. If the learnings of JNNURM are to be up-scaled to the rest of the country, especially to the small and medium towns, it is clear that issues of human and financial capacity will become key reforms blocks in any subsequent programme.
- **Overall capacity of the centre, state and cities to implement JNNURM:** One issue highlighted across all evaluations of JNNURM was the lack of capacity at all levels of government and the lack of capacity and engagement with city-level stakeholders such as households, communities, NGOs and the private sector. Suggestions include a strong training programme for state and ULB-level functionaries, technical inputs on issues tackled under JNNURM through the establishment of (or buttressing of existing) institutes on urban development and urban poverty alleviation, and finally

strengthening the centre with adequate manpower to implement and monitor the implement such a scheme.

RAJIV AWAS YOJANA

2.6 The scheme of RAY is a very recent scheme, which evolved from the Scheme for Slum-Free City Planning (SFCP) under RAY, after the announcement of RAY by the President of India in June 2009 to the full-fledged scheme of RAY approved by the Cabinet Committee of Economic Affairs (CCEA) in June 2011. On 30th July 2011, the M/o HUPA organised a Conference of State Ministers of Housing, Urban Development, Municipal Administration/Local Self-Government to announce the launch of, discuss, and solicit feedback on the scheme. The key suggestions that emerged from the discussions include⁵²:

- Increase of central support from 50 per cent to a higher percentage (most suggested 80 per cent).
- IHSDP (under JNNURM) served the small and medium towns. However under RAY, there is no emphasis on the small and medium towns. Therefore, there should be no mid-course change of IHSDP, and IHSDP should continue to service the small and medium towns not covered under RAY; RAY envisage covering cities with a population of 3 lakh persons and above.
- Basic minimum civic facilities to the urban poor should be guaranteed.
- RAY is technologically intensive and this may prove counter-productive especially for smaller cities.
- States should be given the flexibility to implement reforms and not be straitjacketed in this issue with prescriptions from the central government.
- In promoting the construction of houses under RAY, flexibility to states should be given in the norms of house construction across different city sizes.

⁵² GoI, M/o HUPA 2011e.

- In hilly states and special category states, particular attention must be paid to the need for states to interact with the Forest Department in the acquisition of land for housing urban poor. Further escalation of cost of projects due to the hilly terrain should be considered at the time of both DPR preparation, as well as fund releases.
- Also in hilly states, the density of ‘slums/slum-like conditions’ is so low that in many cases, the state/city would be unable to classify the area as a ‘slum’ for intervention under RAY⁵³. Definitional issues in this context need to be attended to.
- States administered under the provision of the VIth Schedule of the Constitution of India presents a challenge in the assignment of property rights to non-indigenous slum dwellers
- Under RAY, land markets need to be regulated such that artificial enhancing of the cost of land is avoided, otherwise the poor will be left only with illegal means of acquiring land and building housing
- For the promotion of private sector participation in the construction of affordable housing for the urban poor the two issues of taxation and approval costs must be tackled. This will significantly decrease costs (by as much as 25 per cent) and turnaround time for such housing projects (approvals in 2-3 weeks instead of the 2-3 years that it currently takes).
- In order to ensure a good delivery system it is fundamental to involve communities. Transforming the relationship between ULBs and communities is the basis of what guarantees the success of projects and provides added support and assistance to cities.
- Many large projects producing (gradual) evictions need to have a robust re-location strategy as an intrinsic part of RAY. This strategy should include transport linkages and livelihood concerns.

⁵³ RAY adopts the definitional of recommended by the Pranob Sen Commission, (GoI, Commission on Slum Statistics,; 2011) i.e., atleast 20 households as opposed to previous definitional of Census of India i.e., below 60-70 households.

ISSUES REGARDING THE MEASUREMENT OF URBAN POVERTY AND THE IDENTIFICATION OF THE URBAN POOR⁵⁴

2.7 Discussions on poverty are based on two separate, but inter-related sets of figures. The first is the 'estimation' of poverty for rural and urban areas used by the Planning Commission in the process of design and allocation of funds for schemes. Once designed, these schemes use figures from the national and state-level identification of BPL households in rural and urban areas for identification and targeting of beneficiaries.

2.8 Various rounds of NSS data on consumption expenditure have been used in these estimates right from the 1979 Task Force which first proposed this methodology using the 28th Round (1973-74) of NSS followed by 1993 Expert Group Chaired by Prof. Lakdawala.

2.9 A departure from calories norms was proposed by the 2009 Working Group chaired by Prof. Suresh Tendulkar, the rationale being that calorie intake could not be successfully co-related to nutritional income. By their estimates a poverty head count ratio of 41.5 per cent in rural areas and 25.7 per cent in urban areas was calculated for 2004-05.

2.10 In addition to the estimates via the committees/task forces mentioned above, poverty has been nationally surveyed through a "Below the Poverty Line" (BPL) census conducted once every five years, traditionally by the M/o Rural Development (RD) to identify poor households in rural areas to be assisted under various programmes of the M/o RD. BPL Censuses have thus been conducted in 1992 for the 8th Five Year Plan, in 1997 for the 9th Five Year Plan, and in 2002 for the 10th Five Year Plan. For the 2002 survey, households were ranked according to total scores calculated from 0-4 individual scores on 13 items⁵⁵.

2.11 In the absence of national urban BPL surveys, for urban areas, data on slums pan-India was collected by the Census of India in 640 cities/towns with a population of 50,000 persons and more, which was later extended to 1321 towns having population of over 20,000. In total, across both phases, 1961 towns were surveyed, and out of these 1743 towns reported

⁵⁴ For a detailed discussion on the various committees measuring and estimating poverty please see Annexure V.

⁵⁵ These include operational holding of households, type of house possessed, food security, access to sanitation, water and clothing, education and health status of the household, indebtedness, means of livelihood, consumer durables possessed among others. (Source: Hirway, 2003).

the existence of slums. However, while the habitat-based approach has been useful in enabling the targeting of shelter and services towards people living in slums and slum-like conditions, not all those living in slums can be characterized as living below the poverty line. Similarly, a purely habitat based methodology excludes a large number of persons who may not live in slums, but nevertheless face substantive deprivation or vulnerability that would qualify them as being poor. In this context, it becomes necessary to identify “people” and “households” falling below the poverty-line for the transparent and effective design and delivery of appropriate interventions aimed at the wider goals of urban poverty alleviation and inclusive urban development.

2.12 In the urban sector, current practices of estimating poverty based purely on consumption expenditure and using only a habitat-based approach as a proxy measure of urban poverty is not sufficient to cover the various dimensions of urban poverty highlighted above.

2.13 In a bid to devise a uniform methodology and criteria for the identification of BPL households in urban areas, the Planning Commission constituted an Expert Group vide Notification No. M-11019/10/2010-PP dated 13 May 2010 chaired by Prof. S. R. Hashim⁵⁶. In its interim report, the Expert Group recommended a vulnerability-based identification of the urban poor, which has formed the basis of the Socio-Economic and Caste Census, 2011. Rather than looking at indicators of income, which would exclude those above the poverty line, the consensus is that poverty could be better identified in urban areas through the identification of specific ‘vulnerabilities’ that would properly identify the urban poor during the survey. These vulnerabilities fell in three broad categories i.e., residential, occupational, and social vulnerabilities. The group is of the view that in the next plan period residential or habitat-based vulnerability in urban areas would include urban persons/households that are houseless⁵⁷, living in kutchha/temporary houses⁵⁸, facing insecurity of tenure⁵⁹ with an

⁵⁶ Planning Commission, 2011a

⁵⁷ Including persons/households living in the open, on pavements, under flyovers and staircases, or in open places of worship, etc. The population accessing shelters for the homeless run by charities, religious institutions and the government may also be considered as houseless.

⁵⁸ This could include persons/households with shelter where either walls or roofs (or both) are made from temporary material such as grass, thatch, bamboo, plastic/polythene, mud, unburnt bricks, wood, etc.

absence of basic civic services. Occupational vulnerability in urban areas would include urban persons/households without access to social security, susceptible to significant periods of unemployment⁶⁰, as well as those who by virtue of no access to skills training and/or formal education, are susceptible to a certain type/nature of occupation such as informal/casual occupations with uncertain wages/earnings⁶¹ and/or employment subject to unsanitary, unhealthy and hazardous work conditions oftentimes bonded/semi-bonded in nature or undignified and oppressive in conditions of labour⁶². Social vulnerabilities point to gender-based vulnerabilities such as female-headed households⁶³, age-based vulnerabilities such as minor-headed households⁶⁴ and the aged⁶⁵ health vulnerabilities such as disability⁶⁶ and/or chronic illness⁶⁷, education vulnerabilities⁶⁸, and vulnerabilities based on social stratification including religion and caste.

2.14 The segregation of vulnerabilities being made here is purely for purposes of analysis of the issue. Oftentimes, characteristics of all three vulnerabilities can be found in a single household; the urban poor in India are susceptible to one or a combination of all these vulnerabilities in varying degrees. It is therefore the recommendation of this Working Group

⁵⁹ This could include persons/households living in slums/slum-like areas or in formal housing without any formal identification of ownership or rental rights, thus leaving them susceptible to evictions.

⁶⁰ Covering those unemployed for a significant proportion of time or facing uncertain/irregular employment.

⁶¹ E.g. domestic workers, street vendors/hawkers, drivers, home-based workers, rickshaw pullers, waiters, etc.

⁶² Such as beggars, rag-pickers, sweepers, sanitation workers, construction workers, etc.

⁶³ In FHH, often the lack of education of women heading households, combined with a lack of physical capital (owned / accessible) and a lack of access to viable/regular employment reduces the earning capacity of women having a direct impact on income and consumption of FHHs especially in the case of children whose nutrition intake/consumption suffer.

⁶⁴ These households are particularly vulnerable to a long-term cycle of poverty due to a lack of education, income shocks due to health issues and crime and violence on the streets (their chief occupation being begging).

⁶⁵ Such households are characterized by a considerably lower quality of life with greater risk of injury and debilitating disease and the relative inability to engage in economic activity to generate income. This increases the dependency of aged members of the household on the head of the household.

⁶⁶ E.g. disability of sight, speech, hearing, movement etc. including multiple disabilities.

⁶⁷ E.g. cancer, HIV/AIDS, leprosy and other illnesses requiring long-term sustained care that can, because of health related expenditures, drag the household into chronic poverty.

⁶⁸ The lack of education can lead to the debilitating poverty in the long-term; where the lack of education and therefore skills does not enable the head of household and earning members of the family to engage in viable and well paying employment/enterprise.

that interventions in the 12th plan period tackle these vulnerabilities in a sustained holistic manner moving from the issue to the solutions. Further, in a bid to move away from tackling the issues in silos, it is the suggestion of this Working Group that the solutions to the issues be consolidated, unified and holistic, manifesting in a mission-mode approach to the alleviation of urban poverty focusing on the whole issue rather than individual components. Finally, the consensus at the working group was that in the movement towards targeting the poor on the basis of vulnerabilities, the measurement of poverty and identification of the poor should reflect this reality. Rather than relying on a single 'card' to target individuals, data on vulnerable populations should be gathered and be made accessible to departments when designing their schemes, in order that priority is given to the vulnerability being tackled and not income or consumption poverty.

3. PROPOSED INITIATIVES FOR THE 12TH FIVE YEAR PLAN

3.1 A review of the existence and growth of urban poverty, and an analysis of the existing and past interventions has demonstrated that the share of urban to total population in India will accelerate in the coming decades. This is likely to be accompanied by an increase in both the numbers of the urban poor and population living in slum settlement, and population living in slum settlements, unless concerted and concrete steps are taken to address them directly. So far, interventions by the GoI under the plans have been fragmented with a focus on infrastructure and environmental improvement. Where livelihoods have been tackled, this has been done in a silo, separate from issues of environmental improvement. These had meager financial allocations, with the exception of the JNNURM which represents the first big budget, mission-mode programme attempting to bring together slum upgradation and basic services provision. Moreover, the evolution of urban poverty alleviation programmes until the launch of the JNNURM appears more like a re-packaging of the content and design of earlier programmes.

3.2 The current context presents a unique opportunity to take stock and recommend much needed change and bold action to tackle the multiple dimensions of urban poverty as manifested in vulnerabilities. Urbanisation is inevitable and the growing urban population would continue to pose challenges for the cities. Appropriate urban management responses can turn these challenges into prospects for true inclusive economic growth. In the absence of a dynamic urban policy and city management measures, urban population would continue to mean growing urban poor and slum settlements. The working group has therefore, formulated a set of principles that any programme, scheme, or policy in the upcoming plan period must follow. These are detailed below:

3.3 **Security of tenure:** Security of tenure holds the key to building of assets and utilization of assets for productive purposes. Insecure tenure forces the urban poor to live without access to network services and financial markets. Since the announcement of RAY, focus has shifted away from tenure security and moved towards full-fledged property rights. The Working Group, however, considers that a graded approach to tenure security with property rights as the penultimate outcome in the longer term should be the principle for RAY. Assignment of full property rights is a lengthy processes. Strategies for security of

tenure should enable the slum dweller to access his/her dwelling unit as a financial asset that can guarantee a loan for incremental home improvements.

3.4 Slum-upgradation as the solution of choice: In-situ slum-upgradation is a prerequisite to effectively addressing urban poverty in India. For the Group, slum improvement and upgrading is growth-enhancing and if well designed, could become a key driver of economic growth in the country.

3.5 Universalization of water and sanitation to all urban areas: It involves the universal coverage of all urban population with a minimum level of safe drinking and water, a clean toilet, sewerage, storm water drainage, and solid waste management. The provisioning of basic water and sanitation should be de-linked from issues of land tenure and legal status. These services should be provided on the clear understanding that this provision does not translate into legal entitlements of any kind. Further, any decision as to whether the slums are to be legalized or not should be made irrespective of the provision of basic services. All city policies and plans should reflect universalization of water and sanitation services.

3.6 Non-eviction strategy: a no eviction policy should be put in place in combination with a land policy aiming at the provision of developed lands for the urban poor. A non-eviction policy, unaccompanied by a proper land policy, will result in further proliferation of slums. Land assembly, town planning and the building bye-laws regime needs to be revisited to deregulate land markets and to make timely availability of affordable land. This principles has been advocacy by Deepak Parekh's Task Force on Affordable Housing for All. This strategy should be implemented with the caveat that evictions for the purpose of the common social good may occur, but thee should be commensurate provisions for resettlement and rehabilitation of project-affected persons. The strategy should cover central government and private lands.

3.7 Effective and institutionalized community engagement: The involvement of the urban poor community, in schemes affecting their lives, should be the cornerstone of any programme design. It should include involvement of the community in planning through the institutionalization of community planners, execution, and analysis/feedback of various schemes. To this end, the creation and recognition of CBOs in slums, federated at a higher

level into an association/federation, eventually working to the administrative level of the ULBs with clear-cut, institutionalized frameworks mandating dialogue between ULB level functionaries and the community should be mandated. It should become the cornerstone of the delivery mechanism for urban poverty alleviation programmes. The involvement of NGOs in programmes and schemes may be encouraged wherever appropriate to the aims of the scheme. The Working Group would like to draw attention to paragraph 4.5.17 and 4.5.18 of the HPEC report in this respect.

3.8 Financial inclusion of the urban poor: Unless a deep commitment to facilitating financial inclusion for the urban poor and informal settlements is undertaken, no strategy can bring in sustainable and improvements to their livelihoods and habitat. Any strategy, programme and/or scheme for urban poverty alleviation, must include a component of financial inclusion. At the level of affordable housing, this includes measures to increase the access of the urban poor to credit for fresh and incremental housing, including, but not limited to the promotion of housing (micro-) finance institutions for the urban sector and credit guarantee measures. For livelihoods, it means access of the urban poor to banking and financial services for micro-enterprise establishment and sustainability, focusing on community-based finances and loans through SHGs and TCS'. For social security, it includes the development of specific products for the urban poor including pensions and insurance as well as financial incentives for the achievement of development goals such as health and education. The Government of India must also take up the issue of financial inclusion of the urban poor with national level actors such as the RBI and the Insurance Regulatory and Development Authority of India. Many schemes and innovations are already in place with a primary focus on rural financial inclusion; these could be extended to the urban areas. These schemes need to be promoted and prioritized for urban areas. Wherever possible, the involvement of private players in finance, banking and insurance should be encouraged. Funds should also be earmarked for innovation in urban poverty alleviation across the 3 submissions proposed later in this report, and innovative mechanisms for releasing these funds should be promoted.

3.9 Planning for urban poverty alleviation: Currently urban planning bodies function separate from bodies planning for urban poverty alleviation. Issues such as land-use, which have a direct impact on the availability of land for affordable housing for the urban poor, gets decided and planned for independent of the considerations of the poor. City-level urban

poverty alleviation instruments such as city-development plans, city health plans, slum-free city (and state) plans of action, urban poverty reduction strategies and other such documents must feed into and collaborate with formal urban planning instruments. In addition to this, special attention must be paid to poverty and slums in peri-urban areas and the related planning instruments applicable to these areas. The involvement of the community planners in the urban planning process should be emphasised. The Government of India should take the necessary corrective action to ensure that urban planning includes the poor.

3.10 Promotion of livelihoods and skill development of the urban poor: Livelihoods and skill development of those occupationally vulnerable should be accorded priority under the 12th plan. This implies focus on three key areas. First is the continued focus on micro-enterprise and skill development of the urban poor. Schemes developed should be demand-driven with a focus on what the urban poor themselves would like training on. Second is the pro-active and mandatory creation/allocation of spaces within city-boundaries for the lives and work of the urban poor. Special care should be taken to ensure that these spaces so identified, do not relegate the urban poor livelihoods to city peripheries or spaces unrelated to natural markets. Finally, appropriate corrective legislative action should be undertaken to ensure that in the interests of ensuring public safety and preventing public nuisance, the rights of the urban poor to a productive livelihood are guaranteed. Special attention should be paid to legal instruments that delegate urban informal sector livelihoods, especially street vending to the illegal sphere and corrective action taken accordingly.

3.11 Provision of a social safety net to the chronically poor: This includes social assistance in the form of pensions, insurance and cash and in-kind transfers to target the most vulnerable and destitute among the urban poor. Universal food security, universal education and universal health care are already under consideration of the Government of India. However, it is important that programmes targeting the urban poor converge with the aims of overall social security for the urban poor.

3.12 Capacity Building: As the M/o HUPA is the nodal ministry for issues of urban poverty, this pivotal role requires improved staffing, deeper intellectual/technical capacity, financial buttressing and deeper clout to change how cities and states can develop these skills and better monitor the implementation of schemes. Reinforcing human resource capabilities in the cities and states is also an important pre-requisite for the success of schemes at the

grass-root level. This implies ensuring a steady supply of qualified personnel and regular training/refresher courses of new and existing personnel, wherein, a sensitization to the needs of the urban poor is a must moving from viewing slums and poverty as a 'problem'.

3.13 Monitoring of schemes against outputs: The governmental system monitors scheme performance based on fund utilization and physical targeting of beneficiaries. This does not indicate the success of the scheme in terms of its impact on urban poverty. For example, under SJSRY, the number of beneficiaries targeted vs. the number of beneficiaries actually trained is measured. Questions of whether targeting exercises actually identified those BPL, or whether beneficiaries trained were able to find and retain jobs / establish and maintain micro-enterprises remain unanswered. It is therefore necessary to work towards monitoring of outputs and plugging in the feedback from such exercises into a dynamic revision of the schemes wherever necessary. Wherever possible, measurement of outputs against benchmarks should be encouraged.

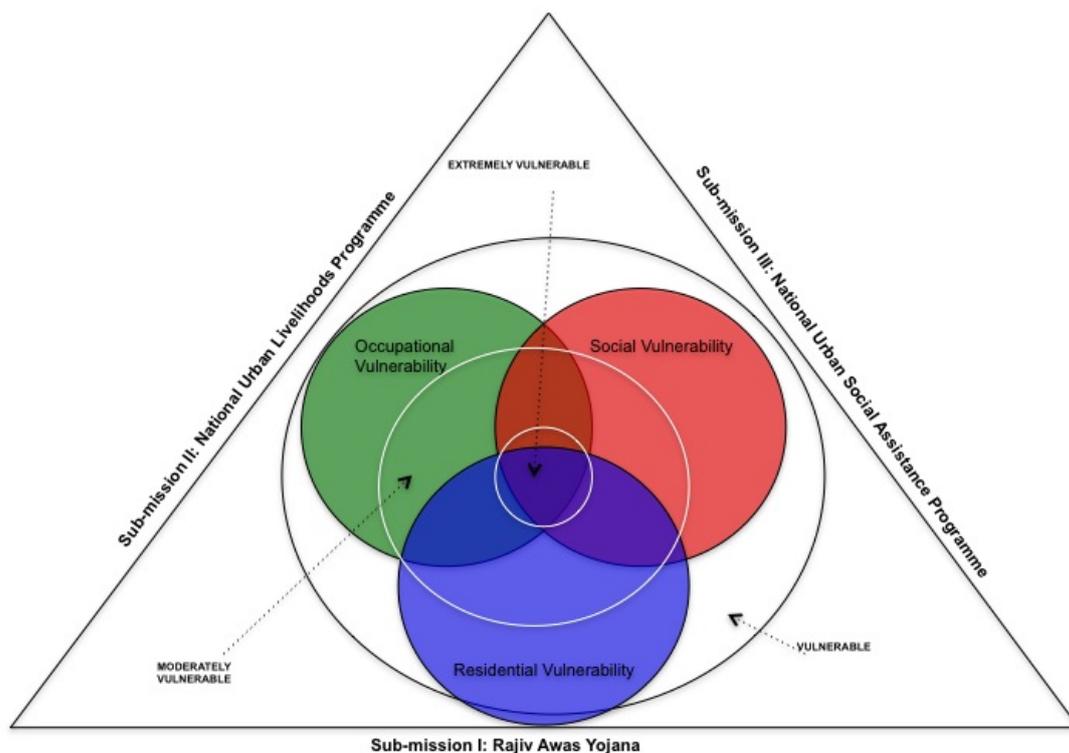
3.14 The targeting of vulnerabilities of urban poor will require the generation, analysis and management of data beginning with the national household socio-economic and caste Census, currently underway to the sub-mission level targeting, issue-based surveys and scheme monitoring data collected. It is necessary that the centre, state and ULBs have in place the necessary technical expertise and infrastructure to manage this quantum of data and in the spirit of proactive dissemination of that information in the public sphere.

3.15 Convergence of approaches: Finally, and most important, is the need for a convergence of approaches, programmes and schemes at all levels of government, as opposed to the hitherto approach of different line ministries and departments working in silos. There is a need for a bold move to work from the identified problem (vulnerabilities) to the solution (unified mission for urban poverty alleviation). The ring-fencing/earmarking of funds in the plan document for the urban poor under the budgets of other ministries or departments with schemes applicable to urban areas should be undertaken; these include the departments dealing with issues of labour, health, education, social security, women and child development and water and sanitation. At the state and ULB-levels as well, earmarking of funds under these heads for the urban poor should take place with close monitoring of the utilization of these funds.

Targeting vulnerabilities for urban poverty alleviation: National Urban Poverty Alleviation Mission (NUPAM)

3.16 Based on the principles outlined above, the Working Group recommends an overarching mission called “National Urban Poverty Alleviation Mission” or NUPAM at the centre consisting of three sub-missions on housing and basic services i.e. Rajiv Awas Yojana (RAY), livelihoods i.e. the National Urban Livelihoods Programme (NULP), and social assistance i.e. the National Urban Social Assistance Programme (NUSAP). A diagrammatic representation of NUPAM and its three sub-missions is given below.

Graph 7: National Urban Poverty Alleviation Mission (NUPAM): targeting vulnerabilities for urban poverty alleviation



3.17 The most vulnerable population, represented by the confluence of all three vulnerabilities will require a judicious combination of all three sub-missions. The next target population under NUPAM will be the moderately vulnerable population with a combination of at least two vulnerabilities, and the final target are those persons affected by only one vulnerability. This approach aims to provide assistance on the basis of vulnerability and

need, implying that depending on the level of vulnerability, an urban poor individual/household could be covered under multiple sub-missions at a given point in time.

3.18 Targeting of beneficiaries under NUPAM should be contingent on the identification of urban population that can be categorized under the three aforementioned vulnerabilities. The ongoing exercise of the socio-economic and caste Census could be used for this purpose. It is recommended that community-based verification of this list at the local level takes place to promote community involvement and transparency.

Sub-mission I: Rajiv Awas Yojana (RAY) for affordable housing & basic services: Residential Vulnerability

3.19 RAY should tackle residential vulnerability including the provision of affordable housing and basic services to the urban poor. The Government of India has invested the last two years in planning the scheme of RAY. The CCEA has approved Phase I of RAY as recently as June 2011 and the M/o HUPA had a formal launch in July 2011. Phase I is essentially a pilot phase where the principles outlined in the RAY scheme will be tested on the ground. It is hoped that the learnings from these two years of pilot implementation will feed into the eventual design of the scheme. In keeping with the principles of a holistic convergent approach, the Working Group proposes the dovetailing of the RAY scheme as a sub-mission of NUPAM at the central level in the 12th Five Year Plan.

3.20 Specific recommendations of the Working Group for the existing scheme include:

- RAY is a long-term engagement and its design should take this fact consideration. RAY should remain an integral component of JNNURM.
- The Primary focus of RAY is “in-situ slum improvement and upgradation”, it is a solution of choice, which entails security of tenure, universalization of basic services, accreditation of community organizations, and access to institutional finance.
- Specific provision should be made to tackle issues of housing and basic services provision in small and medium towns. Most cities covered under RAY are of a

population of three lakhs and above as per the 2001 Census. Either provision for such towns be made within the auspices of RAY itself, or a separate scheme along the lines of what IHSDP be evolved to include small and medium towns. City development plans, master plans and service delivery plans, particularly small and medium towns, should adopt an inclusive approach for facilitating affordable land, housing and service delivery to the urban poor.

- The consensus in the working group was that existing bye-laws are anti-poor as they assume that cities are formal spatial units. Building bye-laws need to recognize ‘informality’, such that they lay down standards for informal settlements as well. Any revision of these bye-laws should consider how incremental housing can be successfully incorporated into such bye-laws
- Implementation of RAY would call for major amendments to town-planning laws and zoning regulations to facilitate in-situ regularization and upgradation.
- Fundamental reforms across states and cities are needed for the process of approvals and clearances with a sensitivity to the different requirements of slum-related housing projects. There is a need to rationalize the process of approvals for such housing projects, by drawing parallels with industrial licensing systems by establishing a single window approach and simplifying the documentation requirement i.e. an integrated approach needs to be adopted for all the components of housing, health, education and commercial space. Planning standards/norms applicable for general housing real estate projects may be reviewed, and modified norms evolved by rationalizing stipulations relating to parking and other facilities in respect of affordable housing projects meant for slum dwellers.
- There is a need to revise master planning practices, which do not recognize the development of informal spaces, let alone provide for them. The Working Group felt strongly that master plans are adverse to the interest of the urban poor. It was further felt that master plans should remain a public responsibility; outsourcing its preparation could be counter productive. The central government should lead this and drive its implementation in the states

- RAY should learn from ‘informal settlements’, particularly the manner in which the urban poor invest in shelter upgradation incrementally, and incremental housing should form a significant component of the strategy under RAY. Incremental housing solutions are cost-effective when compared to provision of subsidized public housing. It also enhances community engagement and ownership of the project. Finally, this approach consolidates individual households’ housing efforts, existing housing investments and social capital in slums, promotes local livelihood options and usage of local building materials as well as the close supervision of the community leading to better quality of construction. Under RAY, for the promotion of incremental housing, the GoI must lay down minimum standards for housing and infrastructure as well as the environmental and social infrastructure. Community structures must be strengthened for land pooling for network services and social facilities, planning and O&M of services.
- Involvement of all stakeholders in the process of delivering housing for the urban poor is important. The family/household being the ultimate beneficiary, their participation in the entire process of affordable housing delivery is a pre-requisite for successful implementation of such programmes. This has to be supported by technical support and counseling services to community groups (building on the concept of ‘community architects/barefoot engineers’ which has been very successful around the world), while being complemented by the technical cell in the local bodies / public agencies. The contributions that can be made by NGOs and CBOs is immense and needs to be institutionalized. Some measures suggested are the empanelment and listing of CBOs/NGOs based on their institutional strengths and interests, and creation of a forum for NGOs for establishing a formal dialogue process to facilitate implementation across different parts of the city.
- The Working Group appreciated the initiative of M/o HUPA in issuing guidelines for community mobilization, participation, encouraging social audits, and concurrent evaluations. It was felt that it needs to be strengthened considerably and CBOs should be accredited in order to enable them to play a meaningful role in initiatives such as RAY.

- Concerted effort must be made to involve housing [micro-]finance institutions (HMFIs) in this effort to fund housing projects on a PPP basis. There is a need to develop new products suited to this business line since urban communities are heterogeneous when compared to rural areas. Further housing loans would have to be larger with a longer amortization period. This is a major thrust area to ensure that the urban poor are not left without access to credit for housing solutions. The Government of India should explore this with institutions such as the National Housing Bank (NHB) which already has the responsibility of providing Housing Finance Companies (HFC) with the licenses for setting up of HMFIs after a thorough due diligence on the promoters and any of their prior micro-finance/finance operations. There is a need for creation of Shahari Awas Kosh, on the same lines as Rashtriya Mahila Kosh, which will provide low interest, long-term (3 to 5 years) loans to poor households for improvement/ construction of houses.
- RAY should also make provision for affordable housing for the urban poor in peri-urban areas. The provision of affordable housing in peri-urban areas must be accompanied by the provision of basic services (as set out in the principles above) as well as functional transport linkages into the city
- In addition to incremental and fresh housing stock, the Working Group acknowledged the focus of RAY on the provision of rental/social housing stock for the migrant population as a key arsenal in its long-term preventive strategy. It was felt that social rental housing needs to form a vital component of every city's housing strategy for the urban poor and must include individual rental units, shared rental units as well as the provision of dormitory and night shelter options, wherever possible taking into consideration the livelihood needs of the homeless⁶⁹. The delivery mechanism and maintenance arrangement would need to be designed in view of the poor track record of public housing agencies in assets management
- Clear urban land acquisition strategies need to be evolved with due consideration to city size and slum and urban poverty figures. This implies four inter-related strategies. First, in cities where land is more likely to be available, land banks should be

⁶⁹ For example, the homeless population of hawkers and/or rickshaw pullers who sleep on their carts/rickshaws to protect them from theft and seizure.

developed so that the state/city can use them for infrastructure development and/or social rental housing development as the size of the cities increases over the long term. Second, the urban poor need to be seen also in terms of occupational segments, e.g. bidi workers, on the basis of the predominant livelihood of the area. Land acquisition and development strategies should consider the space needs of various occupational segments identified. Third, in all such efforts, the allocation of land for housing for those living on un-tenable land must be prioritized without which approvals of projects for land development should not be given. Finally, in an acknowledgement that not all those living in slums are poor being a reflection of poor land management in urban areas, higher FAR for low and middle-income housing development should be promoted to encourage those living above the poverty line in slums to move into the formal housing market.

- With a view to strengthening the PPP approach under RAY to increase the supply of affordable housing, the following measures are recommended:
 - **Revamping ISHUP:** Fine-tuning of the on-going ISHUP Programme for increased coverage is called for⁷⁰. First, in order to restrain these low income beneficiaries from availing additional funds from other sources, which may ultimately weaken the purpose of the ISHUP scheme, it has been felt that for the additional loan requirement of these beneficiaries, a slab/graded subsidy system with 4% subsidy for loans between Rs 1 lakh and Rs 2 lakh, and 3% subsidy for loans beyond Rs 2 lakh and up to Rs 3 lakh could be adopted. Second, it could be possible for the public Institutions of the State Governments such as Housing Boards, Development Authorities, Improvement Trusts, etc., to mobilise a larger beneficiary group. Accordingly, it may be worthwhile to consider incorporating these Institutions as well, as PLIs, to the extent they perform/agree with all the stipulations as applicable to PLIs;

⁷⁰ Presently, the average monthly income norm to be categorized as EWS is up to Rs.5000 and for LIG category it is from Rs 5001 to Rs 10000. Accordingly, the unit cost of EWS and LIG houses can be up to Rs 2 lakh and Rs 4.25 lakh respectively. In line with the affordability norms, the loan amount that could be availed, as per HUDCO norms is up to Rs 1.5 lakh for EWS and Rs 3 lakh for LIG category. Presently, the subsidy is extended for both EWS and LIG category for an amount of Rs 1 lakh, and any additional loans if needed would be at normal rates. Currently, the ISHUP scheme is limited to the beneficiaries who approach the banks or the other identified Primary Lending Institutions (PLIs). In the context of the weaker sections, it has been seen that the willingness of the banks is limited to mobilizing a large number of beneficiaries

- **Strengthening HUDCO:** In the context of the need to increase manifold HUDCO's lending for weaker sections at concessional terms, and also maintaining its sustainability so as to retain its credibility for borrowing from the market and also to earn a reasonable level of profits to ensure payment of dividends as required by the government, GoI may consider an Interest Subsidy to HUDCO for increased lending to social housing.

- **Revitalizing and reorienting the role of public sector institutions like housing boards and development authorities to focus on housing the urban poor:** There is a vacuum at the institutional level in the provision of affordable housing because Housing Boards and Development Authorities, agencies traditionally involved in the provision of EWS/LIG Housing have been on the decline. Efforts should be made to revive the role of these agencies and also encourage them to have multiple partnerships with the private sector towards construction of affordable housing. To this end, the following actions are proposed:
 - a) State Housing Boards (SHBs) should focus primarily on social housing
 - b) State governments to evolve a state-level housing action plan clearly delineating the specific roles of SHBs
 - c) State governments should provide a larger quantum of guarantee to social housing programmes to enable SHBs to access a larger quantum of loan assistance from HFIs.
 - d) A strong community-based, people-friendly and transparent recovery mechanism should be put in place and enforced in letter and spirit
 - e) SHBs should work with state governments to acquire land at appropriate locations, creating land banks that could be used for the creation of affordable housing stock.
 - f) SHB activities must be broad based so that cross-subsidization opportunities may be availed by them
 - g) In addition to 'facilitating' the provision of affordable housing, SHBs should also be responsible for 'providing' social housing
 - h) SHBs should be provided with extensive capacity building support for technical, financial and legal aspects of affordable housing delivery

- i) Lending terms should be extremely competitive and affordable to the target groups.

SUB-MISSION II: NATIONAL URBAN LIVELIHOOD PROGRAMME (NULP):- OCCUPATIONAL VULNERABILITY

3.21 NULP should tackle occupational vulnerability by focusing on skills training and micro-enterprise development. In keeping with the principles of a holistic convergent approach, the Working Group proposes the dovetailing of the SJSRY scheme as a submission of NUPAM at the central level in the 12th Five Year Plan. NULP will aim at inclusion of the urban poor and vulnerable as an integral and valued part of urban life and economics. It will build up capacities and skills in sectors with growing employment opportunities, and organise the urban poor through the formation of occupation-based and neighbourhood-level institutions, federating them at higher levels. It will promote equitable access to basic services necessary for livelihoods including water supply, sanitation, electricity and transport. And finally, NULP will promote equitable access to financial services and credit for employment and enterprise generation among the urban poor.

3.22 NULP should aim to deal with on urban livelihoods including segregation, insecurity, lack of skills, policy and legislative exclusion, financial exclusion, inadequate service provision, and strategy, including lack of access to information on and access to technology, raw materials and markets.

3.23 **Policy and legislative exclusion:** The success of micro-enterprise sustainability is limited by the lack of access of the urban poor to space for work, transportation, storage, and vending which is a direct outcome of exclusionary policies and laws. For lack of choice, enterprises are located on roadsides or in places with poor ventilation, lighting and sanitary conditions. City planning and zoning does not consider the need to identify spaces for micro-enterprises of the urban poor. This relegates informal economic activities to the realm of ‘illegality’, leaving the urban poor entrepreneur vulnerable to evictions, confiscation of physical capital of the micro-enterprises and/or payment of bribes for the privilege of operating within a given area. Strategies under NULP should include:

- Encouraging the urban planning process and fraternity to adopt a ‘mixed use, mixed income’ approach to land-use and zoning;
- Creating a physical / legal space for the informal economy. The M/o HUPA has already initiated action in this regard through the formulation of the National Policy on Urban Street Vendors and the Model Street Vendors (Protection of Livelihood and Regulation of Street Vending) Bill, 2009. Through NULP the adoption of these policy and legislative instruments in the states and cities should be advocated;
- Using the network of guilds and SHGs to negotiate for and share common space for manufacture, storage, vending etc. on a rental and/or ownership basis.
- Recognition and support for natural markets of street vendors with a non-eviction guarantee. Rehabilitated markets should be planned and allocated in a participatory manner.

3.24 *Segregation*: Urban informal sector (UIS) workers face isolation, lack of organization, low wages and poor working conditions arising out of a lack of continuity of place of work, employers and co-workers. Further, UIS workers are seen as an anomaly of ‘normal’ city life and, as they are unorganized and lack social capital needed for collective agency, they are periodically resettled away from city centres. Under NULP, the organisation of informal sector workers into associations/federations such as trade unions, cooperatives, CBOs, etc., and their subsequent formal recognition should be promoted.

3.25 *Insecurity*: UIS workers are subject to insecure forms of employment such as irregular self-employment or casual wage employment offering minimal continuity of employment and steady income. This insecurity may be further compounded by incidences of illness or family contingencies where out-of-pocket expenses have to be made. In addition to income insecurity, physical insecurity arising out of theft, extortion, accidents, or even uncontrollable events such as fire, bandhs or riots affect workers’ employment regularity and income. Under NULP, strategies should focus on extending the functions of guilds and SHGs into TCS and micro-insurance groups to build up community social and financial capital for present (livelihood) and future needs (pension under social assistance).

3.26 *Lack of skills*: While skills training from government institutions, NGOs and private institutions is available, this targets a very small percentage of the total population. Skill up-

gradation is not seen as an integral part of the skills training programmes, and vocational training institutes have poor linkages to industry and market. The low wages paid to the unskilled or low-skilled workers restricts their capacity for self-acquisition of new skills. Under NULP, funding and resources for skill development and upgradation with a focus on trades that are marketable for self and wage employment should be accorded a high priority. Strategies should encourage vocational training institutes (VTIs) to develop strong industry linkages and linkages with the guilds to keep abreast with market demand for skill training.

3.27 *Financial exclusion:* The lack of access of the urban poor to financial services such as savings, credit, money transfers, insurance and pensions lead to a difficulty in saving. Coupled with irregular and inadequate income, this financial exclusion leads to cash flow shortages, which hinder the success of micro-enterprises. Particularly vulnerable are women, children, and those belonging to minorities or SC/ST caste groups that are also socially vulnerable. Under NULP strategies should focus on:

- Shifting from just credit provision for micro-enterprises to more innovative products for access to finance and credit such as branchless banking, mobile-based financial services, business correspondents (BC), and micro-finance
- Workers guilds and SHGs should be provided with a package of financial services including savings accounts (already provided for under RBI regulations as ‘no-frills accounts’), micro-credit for working capital and assets, micro insurance for life, health and livelihoods, money transfers and micro pensions. Workers guilds and SHGs should be dovetailed under the NUSAP with linkages for social and financial security

3.28 *Inadequate service provision:* In addition to being an indicator for quality of life, basic services provision such as electricity, water, sewerage, transport, health care are crucial to the success of micro and small businesses. When coupled with the constraints of segregation, financial exclusion, insecurity and lack of space, inadequate service provision can act as a deterrent for the proliferation of micro-enterprises and employment generation of the urban poor. Strategies under NULP should include recognizing guilds and SHGs as fee-paying user groups with the capacity to negotiate with utilities such as electricity DISCOMs

and water supply boards to provide services at the location of manufacture or sale of products for a fee.

3.29 *Strategy:* NULP should include comprehensive city-level livelihood strategy to address exclusionary urban planning policies and laws, community engagement and mobilisation, skills development, access to finance and inadequate service provision for urban (informal sector) livelihoods. In particular, the strategy should identify the lack of access to information on and address strategies for access to technology, raw materials and markets.

Sub-mission III: National Urban Social Assistance Programme (NUSAP): - Social Vulnerability

3.30 The Concurrent List of the Constitution of India refers issues of social security, insurance, employment, unemployment, and labour welfare including conditions of work, provident funds, employers' liability, workmen's compensation, invalidity and old age pension, and maternity benefits. Social security programmes of the government of India for the poor have long focused on programmes such as rural employment guarantee through the National Rural Employment Guarantee Act (NREGA), 2005, insurance for informal sector workers through the Rashtriya Swastha Bima Yojana (RSBY), and social assistance benefits for poor households focusing on the aged, widows, and the disabled through the National Social Assistance Programme (NSAP).

3.31 However, there has not been a unified movement towards the provision of social security and social assistance to the poor in urban areas. While the coverage of RSBY and NSAP does extend to urban areas, their impact on the urban poor is marginal. Further, both RSBY and NSAP focus on segments of the poor population such as informal sector workers, aged, widows and the disabled as opposed to the entire gamut of socially vulnerable persons in urban areas.

3.32 In light of the need defined by the working group, it is recommended that a National Urban Social Assistance Programme or NUSAP be developed as a sub-mission of the wider NUPAM being proposed. The policy and programmatic environment for the launch of such a sub-mission benefits from two recent developments. The first is the Unique Identity

Authority (UID) conceived by the Planning Commission as an initiative to provide unique identification to all citizens and to be used primarily for the delivery of welfare schemes. The second is the identification of the urban BPL population on the basis of indicators of vulnerability. Both these initiatives provide a good base from which to target the socially vulnerable urban poor population.

3.33 NUSAP should provide a framework of social protection for the socially vulnerable urban poor population. The aim of NUSAP should be the long-term sustained alleviation of urban poverty, including chronic poverty. Strategies under NUSAP should focus on vulnerabilities to gender, age, health, education and food insecurity providing a basic minimum guarantee of a decent standard of living for all urban citizens, especially the urban poor, such that susceptibility to social vulnerability does not drag the individual or family into (chronic/cyclical) poverty. This assistance can be in cash or kind, conditional or unconditional suited to the nature of assistance and desired efficiency and transparency of the delivery system.

3.34 A suggested package of measures include:

Focus Area	Aim	Target intervention	Delivery mechanism	Similar and already existing/parallel Schemes
Gender	<ul style="list-style-type: none"> FHHs to have adequate income and female heads of households to develop/upgrade their earning capacity FHHs to have access to financial savings' instruments To mitigate the burden of income generation on the female head of household in the event of accident (possibly resulting in disability) or death of the male head of household 	<ul style="list-style-type: none"> Skill up-gradation under NULP for micro-enterprise development and/or employment Formulation of TCS under the SHG initiative as well as access to bank-based savings initiatives Widow's pension scheme Life insurance Disability pension Comprehensive health insurance including accident coverage 	<ul style="list-style-type: none"> Skills training under NULP, no cash/kind transfer Integrated financial services package for the urban poor. Direct cash transfer (unconditional) Direct cash transfer (unconditional) Direct cash transfer (conditional on proof of disability) Direct cash transfer (conditional on receipts of health care charges; and/or Smart cards for cashless paperless hospital-based transaction linked to UID Number 	<ul style="list-style-type: none"> Indira Gandhi National Widow Pension Scheme (IGNWPS) under NSAP National Family Benefit Scheme (NFBS) under NSAP Indira Gandhi National Disability Pension Scheme (IGNDPS) RSBY RSBY health cards
Age	<ul style="list-style-type: none"> To reduce the dependency of the old on the head of the household 	<ul style="list-style-type: none"> Identity card under UID/similar initiative granting the aged urban poor universal coverage of schemes for the aged Old-age pension scheme 	<ul style="list-style-type: none"> Smart card to contain the UID number Direct cash transfer (unconditional) 	<ul style="list-style-type: none"> UID Number Indira Gandhi National Old Age Pension Scheme (IGNOAPS)

Focus Area	Aim	Target intervention	Delivery mechanism	Similar and already existing/parallel Schemes
	<ul style="list-style-type: none"> To ensure that children headed households have adequate access to income with a view to prevent child labour in urban areas 	<ul style="list-style-type: none"> Children of school-going age heading households to be given a basic household income conditional to school attendance of all dependent children (including the head of household) as well as regular health check-ups Trust fund scheme where money is held in trust for each child within such a household to be paid into a bank account opened for the respective child either in installments or in a lump-sum at the end of achievement of full school education. This amount can then be used for higher education as a scholarship or for setting up skill-based enterprises. Interest from this fund could be used to pay for uniforms, books and other school supplies 	<ul style="list-style-type: none"> Direct Cash Transfers (conditional on school attendance, regular health check-ups). Delayed cash transfer (conditional) 	<ul style="list-style-type: none"> The Laadli scheme of the G/o NCTD provides financial incentive for the education of female children in a given household where a total of Rs. 1 lakh will be available to the girl child on completion of schooling conditional upon her staying unmarried till the age of 18.
Health	<ul style="list-style-type: none"> To ensure universal coverage of basic health services for the urban poor with a comprehensive (micro-) health insurance including an accident cover To ensure that disability of the earning members of the household do not drag a family into chronic poverty 	<ul style="list-style-type: none"> National Urban Health Mission (NUHM) in convergence with the M/o HFW⁷¹. The scheme is to ensure a community-based health care delivery and referral system, strengthened network of urban PHPs and comprehensive (micro-) health insurance including an accident cover Disability pension scheme 	<ul style="list-style-type: none"> SHGs and CBOs for health care delivery and micro-health insurance Skills training for primary health care workers in urban areas through NULP Smart cards for cashless paperless hospital-based transaction linked to UID Number Direct Cash Transfer (conditional on proof of disability) 	<ul style="list-style-type: none"> SJSRY and JNNURM have the UCDN in place SJSRY for skills training RSBY IGNDPS
Education	<ul style="list-style-type: none"> To ensure universal access of urban poor children aged between 6 and 14 years as envisaged under the Right of Children to Free and Compulsory Education (RTE) Act, 2009 To ensure that the burden of supporting a household does not result in children loosing out on their education (see section on age above) 	<ul style="list-style-type: none"> SSA & RMSA schemes to include a specific focus on the urban poor in convergence with the M/o HRD Children of school-going age heading households to be given a basic household income conditional to school attendance of all dependent children (including the head of household) as well as regular health check-ups Trust fund scheme where money is held in trust for each child within such a household to be paid into a bank account opened for the respective child either in installments or in a lump-sum at the end of achievement of full school education. This amount can then be used for higher education as a scholarship or for setting up skill-based enterprises. Interest from this fund could be used to pay for uniforms, books and other 	<ul style="list-style-type: none"> Education Service delivery Direct Cash Transfers (conditional on school attendance, regular health check-ups). Delayed cash transfer (conditional) 	<ul style="list-style-type: none"> SSA and RMSA The Laadli scheme of the G/o NCTD The Laadli scheme of the G/o NCTD

⁷¹ NUHM has been proposed as a scheme of the M/o HFW for the 12th Five Year Plan. The M/o HUPA worked with the M/o HFW to help focus the scheme on the needs of the urban poor. To that end, both ministries have agreed to work together to ensure basic health service provision for the urban poor and are due to sign an MoU to that effect shortly

Focus Area	Aim	Target intervention	Delivery mechanism	Similar and already existing/parallel Schemes
		school supplies		
Employment	To mitigate interruptions in income arising from the interruption of employment including: <ul style="list-style-type: none"> • Unemployment • Retirement; • Disability has been dealt with under the section on 'health' above 	<ul style="list-style-type: none"> • Urban employment guarantee scheme (as a stop-gap only) • Skills Development and/or upgradation under NULP • Special pension schemes with contribution from beneficiaries themselves and subsidy component from the Govt. • Identity card under UID/similar initiative granting the aged urban poor universal coverage of schemes for the aged 	<ul style="list-style-type: none"> • Income transfer (conditional to participation in the scheme) • Skills training • Direct cash transfer (unconditional) • Smart cards to contain the UID number 	<ul style="list-style-type: none"> • NREGS for rural areas and UWEP under SJSRY • SJSRY • Pension schemes for the non-poor such as the Public Provident Fund (PPF) • UID

3.35 As is evident above, a number of initiatives already exist. The strategy under NUSAP should identify gaps in existing programmes and amend their strategy to include a focus on the urban poor, except in cases where this focus will overburden existing schemes. In that event, separate initiatives under NUSAP should be designed. Separate funds should be placed at the disposal of ULBs to be targeted for the urban poor under various existing schemes of social assistance (labour, health, education, social security, women and child development and water and sanitation).

3.36 In addition, private-sector capacity for social and financial security should be tapped into. Particularly in the case of banking and insurance, regulatory authorities such as the RBI and the IRDA should ensure that both public and private banking and insurance companies identify the urban poor as priority targets and improve the access of the poor to banking and insurance products offered by the private sector. The GoI, in turn, may consider partnering with such institutions to cover a percentage of the insurance premium as a subsidy component with the remainder as beneficiary contribution⁷².

⁷² For example, the United India Assurance Co. Ltd. does have insurance products tailored for low-income groups where premiums of approximately Rs. 3,500 for health insurance (including accident) cover of Rs. 50,000. GoI may consider identifying such initiatives and encourage their subscription by the urban poor by publicizing such products and possibly providing a subsidy.

4. LONG-TERM VISION OF INCLUSIVE URBAN DEVELOPMENT

4.1 While the five-year planning period is the established planning process for the developmental goals of the country, the Working Group felt it was necessary for the Planning Commission in particular, and the Government of India in general to go beyond the temporal boundaries of the 5-year period and lay down the foundations for the next two decades of urban transition, supporting state and cities at varying levels of economic growth and urbanization. The recommendation is to look at NUPAM as a long-term sustained strategy for urban poverty alleviation that is dynamic and decentralized over the next 20 years with clear-cut goals and vision.

4.2 When analyzing the issues at hand, the Working Group encountered multiple and varied data-sets on themes ranging from population, to health and education and other issues covering slum population and the urban poor. Questions such as what is the level of access of the urban poor within slums to piped water supply at the household level, could not be ascertained. Information under the NFHS surveys does not include slum-level data and while the NSSO report describes the conditions of slums, data for households is only available at the disaggregated level. It is imperative for the Planning Commission to take up the issue of availability of 2011 Census data on slums and 2009-10 NSSO data on the number of urban poor and the issue comparability of data on poverty in urban and rural areas across time and issues. It is further suggested that the issue of publication and access to base data-sets be considered by the Government of India to better inform policy decision.

4.3 There are no financial estimates available so far except for estimates given in the Report on Indian urban Infrastructure and Services (High Powered Expert Committee for Estimating the Investment requirement of Urban Infrastructure Services). The Committee has made projections for the period from the Twelfth Five Year Plan to the Fifteenth Five Year Plan, i.e. 2012-31. Given the volatility of land prices, the estimates do not include the cost of land acquisition. The investment for urban infrastructure over the 20-year period is estimated at Rs 39.2 lakh crore at 2009-10 prices. Of this, Rs 17.3 lakh crore (or 44 per cent) is accounted for by urban roads. The backlog for this sector is very large, ranging from 50 per cent to 80 per cent across the cities of India. Sectors delivering urban services such as water supply, sewerage, solid waste management, and storm water drains will need Rs 8 lakh crore

(or 20 per cent). *The Committee has made explicit provision of Rs 4 lakh crore towards investment in renewal and redevelopment including slums.* (See Graph 8 below). There are no benchmarks available with the Group for example, on what it costs to upgrade a slum unit. Without the availability of such basic data, the group is unable to provide any financial estimates.

4.4 The Working Group is of the view that fixing targets with respect to slum-improvement and reduction of urban poverty requires access to data (2011 and 2009-10 data). Until these trends are known, and an analysis of the impact of GDP on the growth of the slum population and urban poor is undertaken, it will not be possible for the group to fix these targets.

4.5 In the absence of these figures, for the interim period, it is assumed that the numbers of slum population and numbers of urban poor will rise. Unserviced slums, however, will disappear after a 20 year campaign of upgrading comprising of land titling, regularization, re-planning and the extension of basic infrastructure services to all.

WIDER IMPLICATIONS FOR THE 12TH FIVE YEAR PLAN BEYOND THE TOR OF THIS WORKING GROUP

4.6 In the course of the discussions of the Working Group, certain issues were raised beyond its immediate purview. However, it was felt that these issues should be pointed out for consideration of the Planning Commission and other related working groups.

4.7 Water, Sanitation and solid waste management and urban poverty: linkages between the lives and livelihoods of the urban poor to water, sanitation and solid waste management were acknowledged. In particular, issues of livelihood of waste pickers and their contribution to city solid waste management were considered important. It was felt that any debate regarding water, sanitation and solid waste management under the 12th Five Year Plan should consider linkages of these sectors with urban poverty.

4.8 Transport implications: The Working Group was cognizant of the fact that for the provision of affordable housing and urban informal sector livelihoods, transport linkages should be important considerations. For example, resettlement of slum-dwellers must allow

for adequate transport linkages and wherever possible, the relocation of the poor must occur on intra-city and inter-city transport corridors. Also informal sector livelihoods depend on non-motorised transport and small vehicles including cycles, cycle rickshaws, auto-rickshaws etc. The 12th Plan document should consider the implications of transport planning on the urban poor.

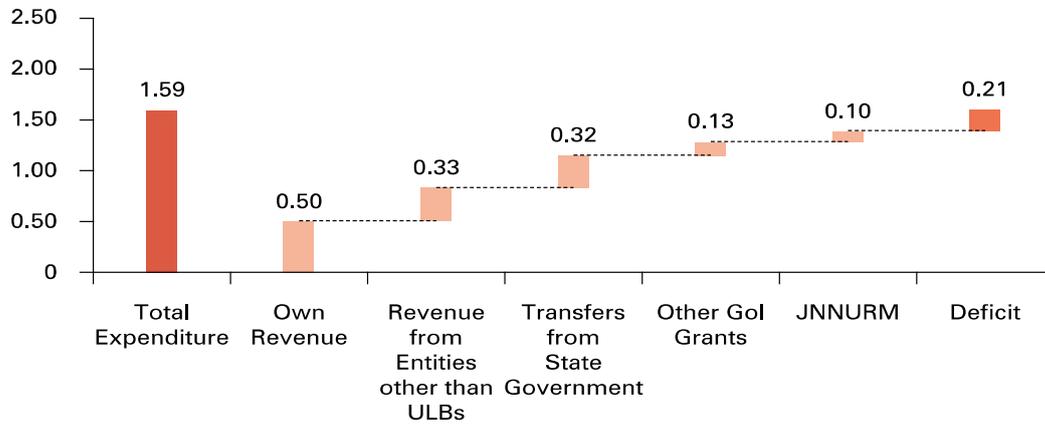
4.9 The Working Group took a strong view regarding the measurement of urban poverty as being either above or below a ‘line’/‘cut-off’ representing consumption expenditure. It was felt that the way in which urban poverty alleviation is tackled at the programmatic level requires a measurement of vulnerabilities and not consumption/income poverty. The recommendation is for data on the various vulnerabilities to be gathered and eligibility for coverage under a scheme to be dependent on vulnerability rather than possession of a BPL card.

4.10 Another concern related to the issue of informal livelihood and urban poverty is the concern regarding urban cultural heritage conservation. The incidence of slums around urban heritage structures is generally viewed negatively instead of a focus on the livelihood opportunities for the urban poor related to tourism and conservation. Additionally the documentation and preservation of urban cultures is not seen as a priority as cities are conceived of and planned as a built environment as opposed to also being sites of culture. An exploration of the ways in which urban poverty alleviation and urban cultural heritage can interact positively needs to be undertaken. This includes movable or immovable objects, sites, structures, groups of structures and natural features and landscapes that have archeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance.

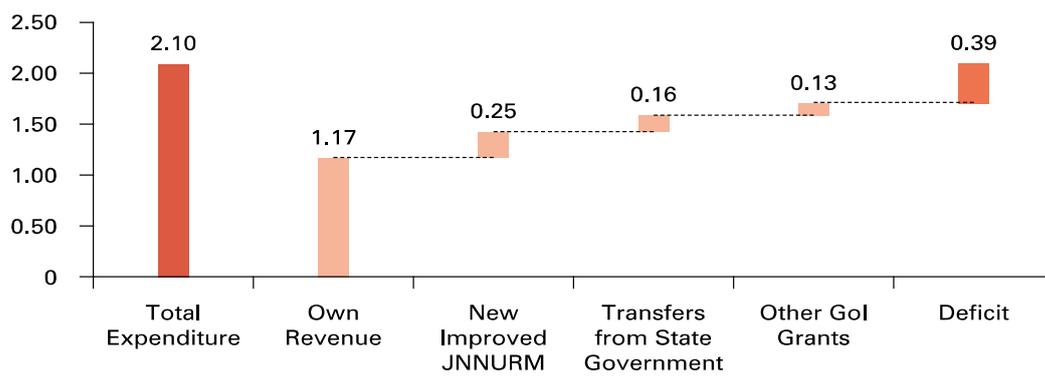
Graph 8: Financing Urban Expenditure (source HPEC report)

**Financing of Urban Expenditure
(per cent of GDP)**

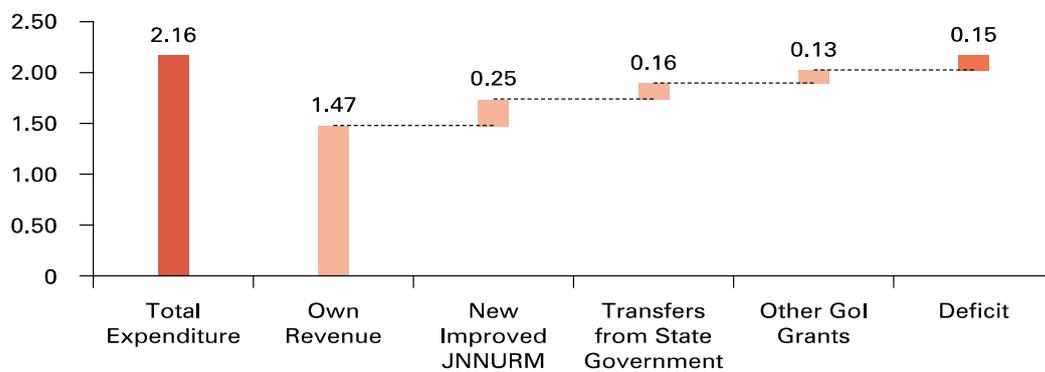
2011-12



2021-22



2031-32



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TABLES

Table A: Decadal urban population growth in India (Census of India)

Year	Total Population (in crores)	No. of Towns/UAs	Urban Population (in crores)	Share of Urban Population to Total Population (%)	Decadal Growth of Urban Population (%)
1951	36.11	2,843	6.24	17.3	41.4
1961	43.92	2,365	7.89	18.0	26.4
1971	54.81	2,590	10.91	19.9	38.2
1981	68.33	3,378	15.95	23.3	46.1
1991	84.63	3,768	21.76	25.7	36.4
2001	102.86	5,161	28.61	27.8	31.3
2011*	121.02	7,935	37.71	31.16	31.8

*Data from provisional tables released by Census of India, 2011 (RGI 2011).

Table B: Number of persons below the poverty line in urban and rural areas

Year	Urban	Rural	Total
1973-74	600.46	2612.90	3213.36
1983	709.40	2519.57	3070.49
1999-2000	763.37	2440.31	3203.68
2004-05	807.96	2209.24	3017.20

Source: Planning Commission, 2008: 407.

Table C: Headcount ratio of persons living below the poverty line in urban and rural areas

Year	Urban	Rural	Total
1973-74	49.0	56.4	54.9
1983	40.8	45.7	44.5
1999-2000	32.4	37.3	36.0
2004-05	25.7	28.3	27.5

Source: Planning Commission, 2008: 100-102.

Table D: State-wise Projected Slum Population from 2011 to 2017 (in millions)

State	2011	2012	2013	2014	2015	2016	2017
Andaman & Nicobar Islands	0.034	0.035	0.037	0.038	0.040	0.041	0.043
Andhra Pradesh	8.188	8.273	8.357	8.440	8.522	8.603	8.681
Arunachal Pradesh	0.098	0.103	0.109	0.114	0.120	0.126	0.131
Assam	1.071	1.100	1.130	1.160	1.191	1.222	1.254
Bihar	1.684	1.707	1.730	1.753	1.774	1.796	1.817
Chandigarh	0.332	0.349	0.365	0.382	0.397	0.411	0.430
Chhattisgarh	2.112	2.169	2.228	2.288	2.348	2.410	2.471
Dadra & Nagar Haveli	0.026	0.029	0.032	0.034	0.037	0.040	0.043
Daman & Diu	0.009	0.009	0.009	0.009	0.009	0.010	0.010
Delhi	3.163	3.261	3.361	3.464	3.571	3.682	3.793
Goa	0.155	0.161	0.168	0.175	0.181	0.186	0.192
Gujarat	4.663	4.760	4.857	4.954	5.052	5.150	5.246
Haryana	3.288	3.391	3.495	3.600	3.707	3.815	3.924
Himachal Pradesh	0.087	0.089	0.091	0.093	0.095	0.097	0.099
Jammu & Kashmir	0.494	0.504	0.514	0.524	0.534	0.544	0.554
Jharkhand	0.932	0.949	0.966	0.984	1.001	1.019	1.037
Karnataka	3.631	3.700	3.770	3.840	3.910	3.981	4.049
Kerala	0.533	0.536	0.539	0.541	0.544	0.546	0.548
Lakshadweep	0.002	0.002	0.001	0.001	0.001	0.001	0.001
Madhya Pradesh	6.393	6.523	6.654	6.786	6.918	7.051	7.181
Maharashtra	18.151	18.550	18.951	19.353	19.754	20.153	20.557
Manipur	0.075	0.076	0.077	0.077	0.078	0.078	0.079
Meghalaya	0.205	0.209	0.212	0.215	0.219	0.223	0.226
Mizoram	0.106	0.108	0.110	0.112	0.114	0.116	0.118
Nagaland	0.083	0.084	0.085	0.086	0.087	0.088	0.089
Orissa	1.736	1.771	1.805	1.841	1.876	1.912	1.948
Puducherry	0.137	0.143	0.150	0.156	0.162	0.167	0.174
Punjab	2.798	2.864	2.930	2.996	3.063	3.128	3.194
Rajasthan	3.826	3.895	3.962	4.030	4.095	4.160	4.225
Sikkim	0.013	0.014	0.014	0.015	0.015	0.015	0.016
Tamil Nadu	8.645	8.863	9.081	9.299	9.515	9.730	9.940
Tripura	0.131	0.134	0.137	0.140	0.143	0.146	0.149
Uttar Pradesh	10.878	11.127	11.379	11.631	11.885	12.140	12.394
Uttarakhand	0.826	0.846	0.866	0.887	0.907	0.927	0.948
West Bengal	8.547	8.641	8.733	8.825	8.919	9.014	9.106
India	93.056	94.978	96.908	98.845	100.787	102.729	104.668

Source: Table 2C from GoI, Committee on Slum Statistics/Census, 2011: 22.

Table E: Share of the urban poor by size of cities (NSS Rounds)

Town Size	1983	1993-94	2004-05
Small	40.3	41.4	84.5
Medium	46.8	45.5	
Large	12.9	13.1	15.6
Total	100	100	100

Source: Lanjouw and Murgai. 2011:89.

Table F: Share of the slum population by size of cities for 394 class I cities

Cities	Large	Medium	Small	Medium + Small	All cities
	10 lakhs+	3-10 lakhs	Less than 3 lakhs		
Total No. of Cities	25	79	290	369	394
Total Urban Pop	8,01,34,295	4,45,24,767	4,44,93,422	8,90,18,189	16,91,52,484
Total Slum Pop	2,01,78,575	96,85,604	1,01,14,002	1,97,99,606	3,99,78,181
Slum Pop:Total Urban Pop (of city type)	25.18%	21.75%	22.73%	22.24%	23.63%
Slum Pop:Total Urban Pop	11.93%	5.73%	5.98%	11.71%	23.63%
Slum Pop:Total Slum Pop	50.47%	24.23%	25.30%	49.53%	100.00%

Census of India, 2001; disaggregated data at the city level from the M/o HUPA statistics division.

Table G: Situation of the Urban Poor vis-à-vis living conditions and health indicators

	Urban Poor	Urban Non-Poor	Overall Urban
Environmental Conditions			
Households with access to piped water supply at home (%)	18.5	62.2	50.7
Households accessing public tap / hand pump for drinking water (%)	72.4	30.7	41.6
Household using a sanitary facility for the disposal of excreta (flush / pit toilet) (%)	47.2	95.9	83.2
Mortality			
Neonatal Mortality	34.9	25.5	28.7
Infant Mortality	54.6	35.5	41.7
Under-5 Mortality	72.7	41.8	51.9
Access to Health Service			
Children under age six living in enumeration areas covered by an AWC (%)	53.3	49.1	50.4
Women who had at least one contact with a health worker in the last three months (%)	10.1	5.8	6.8
Highest educational level attained: men (15-49 years)			
No education	25.1	4.7	9.5
Primary	24.1	8.6	12.2
Secondary	47.9	60.0	57.2
Higher	3.0	26.6	21.1
Highest educational level attained: women (15-49 years)			
No education	49.8	13.7	22.0
Primary	19.4	10.1	12.2
Secondary	29.3	55.4	49.4
Higher	1.5	20.8	16.4

Source: Disaggregated data analysis using NFHS-3 and NFHS-2 data by Urban Health Resource Centre (Unpublished); see also IIPS, 2007a & IIPS 2007b.

Table H: The working poor in India by gender, activity status and rural-urban location: All India 1999-2000 to 2004-05
1999-2000

Population Segment	Self-Employed			Regular Wage Salary			Casual Labour			Total		
	Total	% Poor	Poor	Total	% Poor	Poor	Total	% Poor	Poor	Total	% Poor	Poor
Rural (M+F)	35,151	20.80%	7,311	2,615	12.40%	324	44,528	38.70%	17,232	82,294	26.90%	22,137
Urban (M+F)	9,243	23.00%	2,126	4,103	10.80%	443	7,522	43.60%	3,280	20,868	21.90%	4,570
Males (R+U)	28,449	20.10%	5,718	5,432	11.00%	598	32,560	37.70%	12,275	66,441	24.00%	15,946
Females (R+U)	15,945	23.50%	3,747	1,286	13.60%	175	19,490	42.20%	8,225	36,721	29.70%	10,906
Persons (R+U)	44,394	21.20%	9,412	6,718	11.40%	766	52,050	39.30%	20,456	1,03,162	25.70%	26,513

2004-05

Population Segment	Self-Employed			Regular Wage Salary			Casual Labour			Total		
	Total	% Poor	Poor	Total	% Poor	Poor	Total	% Poor	Poor	Total	% Poor	Poor
Rural (M+F)	38,281	18.60%	7,120	2,611	10.80%	282	38,590	34.30%	13,236	79,482	23.20%	18,440
Urban (M+F)	12,271	23.50%	2,884	4,740	10.40%	493	7,994	46.20%	3,693	25,005	21.70%	5,426
Males (R+U)	31,402	18.70%	5,872	5,451	9.70%	529	30,090	35.30%	10,622	66,943	21.60%	14,460
Females (R+U)	19,150	21.10%	4,041	1,900	14.20%	270	16,494	37.00%	6,103	37,544	25.30%	9,499
Persons (R+U)	50,552	19.60%	9,908	7,351	10.50%	772	46,584	35.90%	16,724	1,04,487	22.80%	23,823

Source: Table 13 from Sundaram, 2007:3129.

M: male; F: female; R: rural; and U: urban

Table I: Percentage distribution of rural-urban, urban-urban and urban-rural male and female migrants by reason for migration (2001 Census)

	Employment / Work		Business		Education		Marriage		After Birth		With HH		Others	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Rural-Urban	50.4%	4.32%	4.25%	0.36%	4.38%	1.21%	0.95%	51.37%	6.97%	4.44%	20.33%	28.77%	12.71%	9.53%
Urban-Urban	36.13%	3.19%	3.51%	0.39%	3.68%	1.31%	0.94%	48.45%	10.95%	6.24%	27.76%	29.07%	17.02%	11.35%
Urban-Rural	27.75%	2.81%	2.70%	0.34%	4.35%	0.96%	2.48%	62.81%	19.04%	7.28%	25.04%	17.47%	18.63%	8.32%

Source: Full table no. 3.5 from Singh, D. P. 2009:57

Table J: Percentage distribution of persons aged 15 years and above by completed level of education

	Rural			Urban			Rural+Urban		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Not literate	52.5	28.2	40.3	25.4	11.3	18.0	45.1	23.3	34.0
Literate:									
Without formal education	0.8	1.1	1.0	0.9	0.9	0.9	0.9	1.1	1.0
Below primary	7.8	9.4	8.6	5.9	5.5	5.7	7.3	8.3	7.8
Primary	14.4	17.7	16.0	13.2	13.3	13.2	14.0	16.4	15.3
Middle	12.3	19.9	16.2	15.9	18.8	17.4	13.3	19.6	16.5
Secondary	7.2	12.6	9.9	15.6	18.4	17.0	9.5	14.3	11.9
Higher Secondary	3.1	6.4	4.7	10.0	12.1	11.1	5.0	8.0	6.5
Diploma	0.3	0.8	0.6	0.8	2.4	1.7	0.5	1.3	0.9
Graduation	1.3	3.0	2.2	9.3	13.3	11.4	3.5	6.0	4.8
Post-graduation & above	0.3	0.8	0.5	3.0	3.9	3.5	1.1	1.7	1.4
Total	100	100	100	100	100	100	100	100	100

Source: GoI, NSSO, 2010a.

Table K: Household Consumption inequality trends in India (1972-73 to 2004-05)

Year	Gini Co-efficient	Rural		Gini-Coefficient	Urban	
		Share in consumption expenditure (%)			Share in consumption expenditure (%)	
		Bottom 30%	Top 30%		Bottom 30%	Top 30%
1972-73	0.302	15.0	50.9	0.341	13.9	54.3
1977-78	0.337	14.3	53.9	0.345	13.5	54.9
1983	0.298	15.2	50.9	0.330	13.9	53.7
1987-88	0.291	15.8	50.4	0.352	13.4	55.3
1993-94	0.281	16.0	49.9	0.340	13.6	54.7
1999-00	0.260	16.7	48.3	0.343	13.4	54.7
2004-05	0.297	15.5	51.6	0.373	12.4	56.9

Source: Chand, 2007:22.

**Table L: Usual Status of Non-Farm Workers in the Informal Sector
(1999-2000 and 2004-05)**

	Rural						Urban					
	1999-2000			2004-2005			1999-2000			2004-2005		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
	Percentage of total usual status non-farm workers											
Self-Employed	90.7	92.1	91.1	95	96.6	95.4	95.1	92.8	94.7	97.3	96.8	97.2
Regular	33.6	28.4	32.8	44	25.8	40.5	40.2	40.8	40.3	46.5	27.8	42.9
Casual	69.8	63.7	68.7	80.5	73.8	79.4	74	72.1	73.7	85.2	68.9	82.3
Total	69.5	75	70.7	78.1	77.1	77.9	67.5	68.7	67.7	73.7	63.5	71.7

	Rural						Urban					
	1999-2000			2004-2005			1999-2000			2004-2005		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
	Absolute number of informal non-farm sector workers (in million)											
Self-Employed	23.6	8.8	32.4	32.7	12	44.6	29.8	7.7	37.4	39.4	11.4	50.8
Regular	5.1	0.7	5.8	7.8	1.1	8.8	12.6	2.5	15.1	17.1	2.4	19.5
Casual	11	2	13	17.1	3.2	20.2	9.4	2.8	12.2	11.2	2.8	14.1
Total	39.5	11.6	51	57.2	16	73.3	51.8	12.9	64.7	67.7	16.6	84.4

Source: Table 12 from Himanshu, 2011: 54.

Table M: Percentage distribution of Male Migrants by Household Monthly Per Capita Expenditure Class (MPCE) for urban areas between 1983 and 1999-2000

MPCE Groups Class	NSS Year							
	1999-2000	MPCE Class	1993 (%)	MPCE Class	1987-88	MPCE Class	1983 (%)	
<300	10.51	<90	14.86	<90	25.54	<30	25.62	
300-350	12.97	90-110	10.20	90-110	13.19	30-40	17.63	
350-425	15.32	110-135	9.82	110-135	12.62	40-50	13.29	
425-500	21.08	135-160	13.74	135-160	12.46	50-60	13.05	
500-575	19.75	160-185	14.52	160-185	13.34	60-70	13.57	
575-665	27.87	185-215	15.17	185-215	18.07	70-85	15.27	
665-775	24.10	215-255	18.49	215-255	20.32	85-100	18.67	
775-915	37.12	255-310	20.77	255-310	23.90	100-125	20.25	
915-1120	30.72	310-385	24.18	310-385	28.25	125-150	25.14	
1120-1500	38.88	385-520	31.95	385-520	33.16	150-200	30.59	
1500-1925	41.22	520-700	36.81	520-700	38.67	200-250	36.91	
1925+	43.54	700+	45.89	700+	44.45	250-300	42.83	
				NR	52.09	300+	49.22	
Total	25.75	Total	23.92	Total	26.77	Total	27.02	

Source: Table 3.19 from D. P. Singh, 2009: 67.

ANNEXURE I: THRUST AREAS FOR HOUSING & URBAN POVERTY ALLEVIATION THROUGH THE FIVE-YEAR PLANS⁷³

First Five-Year Plan (1951-1955)

- The problem of housing was recognized and housing and urbanization was brought into the policy planning framework.
- It identified the problem of affordability as the key issue in the housing sector more so for the low-income groups;
- Reduction in the cost of construction through savings on building materials and cutting down of wasteful use of labour were recommended as solutions to improve affordability;
- Housing needs of the refugees given priority - A number of new towns were established in different parts of the country for housing refugees from Pakistan;
- Two Social housing schemes, Integrated Subsidized Industrial Housing Scheme (1952) and Low Income Housing Scheme (1954), were launched;
- Several institutions were set up. An independent Ministry of Works and Housing was established. The National Buildings Organisation was created to formulate low-cost housing designs and build up a database for the formulation of housing strategies and plans.

Second Five Year Plan (1956-1961)

- Schemes for subsidized Industrial Housing and Low Income Group (LIG) were further strengthened;
- LIC got associated with the government and launched a scheme to provide loans to the middle-income groups (MIG);
- New schemes like Plantation Labour Housing Scheme, Village Housing Scheme and Land Acquisition and Development Scheme were launched;
- A scheme for slum clearance was introduced; schemes for Scheduled Caste, other backward classes in rural villages were launched.
- Housing programmes for the employees of Central/State government agencies were undertaken;
- Establishment of Delhi Development Authority (DDA) under an act of the Parliament for implementing the Master Plan.
- Government shifted its policy of granting direct loans for the development of sites and plots to individuals to giving assistance to state governments and local authorities.
- A statement on the Housing Policy was for the first time made on the 14th August 1957 in the Parliament by the then Minister for Works, Housing and Supply. Salient features of the policy are: Subsidy to those who need it the most, set up housing corporations in the states to provide loan finance with the central government providing the necessary subsidy, indigenous building material will used to the maximum extent, a separate department to expedite the implementation of housing schemes

Third Five-Year Plan (1961-1966)

- Housing policies should be linked with economic development and industrialization policies;
- Efforts to increase housing stock by various agencies – public, private or cooperative;

⁷³ Material from the paper prepared by the PPSU of the SNPUPR project for the M/o HUPA in August 2011 to support the Working Groups (PPSU, SNPUPR, 2011).

- Efforts to create conditions in which the entire programme of housing construction, both public and private be oriented to serve the requirement of the LIG category in the community;
- Placed emphasis on land acquisition and development
- Many of the states during this period established housing boards to eliminate housing shortages with a focus on meeting the housing needs of LIG and slum-dwellers;
- Level of activity by public agencies was found to be slow and hence financial institutions were established to provide financial and technical assistance to metropolitan authorities, state housing boards and other urban institutions for financing the development of housing and urban development projects.

Annual Plan (1966-1969)

- The concept of economically weaker section (EWS) of society was introduced during this period. EWS housing was integrated with the Subsidised Industrial Housing Scheme in operation since the inception of First Five Year Plan.

Fourth Five-Year Plan (1969-1974)

- Emphasis on strengthening and toning up of public agencies for meeting the housing needs and application of planning principles for the orderly development of urban centers;
- The plan laid great emphasis on self-help for improving the housing situation;
- In slum areas the concept of slum clearance was replaced by slum improvement and the urban authorities were asked to take a more positive and realistic view of the people and their problems.
- A distinct change in the policy framework was effected involving a shift from formal housing to sites and services programmes and environmental improvement of slums;
- A scheme for environmental improvement of slums was introduced in 1972 in selected cities to provide the basic services
- 1950s, 1960s and 1970s can be described as the ones in which institution-building in the field of human settlement financing took place;
- A major issue concerning the government was providing housing finance to a vast majority of low-income families. Such families require a longer period of repayment and soft terms of loans .In this context, HUDCO was established as a sectoral institution for comprehensively dealing with the problem of dealing with the problem of growing housing shortages, rising number of slums.

Fifth Five-Year Plan (1974-1979): addresses to the following limited objectives in the housing sector:

- Preservation and improvement of the existing housing stock;
- Provision of house sites to a million landless labourers as a part of the Minimum Needs Programme
- Continuance of the existing schemes to provide subsidized houses to certain weaker sections of the community
- Extension of support to institutional agencies;
- Intensification of research in and development of cheap building materials.
- In 1977, a draft Fifth Five Year Plan was reformulated with emphasis on the aspect of self-help housing, provision of house sites and assistance to rural landless labourer;
- Housing Development Finance Corporation (HDFC) was set up in 1977 to provide finance for new residential housing to individuals, association of individuals and co-operative societies and to companies for staff housing.

Sixth Five-Year Plan (1980-1985)

- Emphasis on housing activities in small and medium towns, adoption of cost-cutting technologies, evolving of building bye-laws which are more sensitive to the needs of the people;
- The plan envisaged that instead of providing direct subsidy for EWS, the strategy should be to provide sites and services to this category.
- The planners increasingly recognized the remarkable role played by HUDCO particularly in the field of social housing in urban and rural areas.

Seventh Five-Year Plan (1985-1990)

- Promotion and encouragement of self-help housing;
- Provision to identified rural families house sites and assistance for construction of dwellings for those families already provided with house sites;
- Cost of housing units under social housing scheme to be kept within the paying capacity of the target group.
- Providing stimulus and support to private housing for MIG and LIG
- Securing reduction in construction cost by adopting low-cost housing techniques and standards as also through modifications in building bye-laws, land use control and minimum plot requirements
- Harnessing science and technology in efforts for improving building technology and development of cheap building materials
- The plan emphasized that HUDCO should play an important role in conjunction with state governments for providing finance to weaker sections for house-building activity.
- Housing authorities and housing boards to concentrate on land acquisition and development in urban areas and on provision of house sites in rural areas instead of going in for direct construction of houses.
- It was proposed to continue various housing schemes initiated earlier under the Minimum Needs Programme and the rural housing and slum improvement efforts.
- The Global Shelter Strategy adopted by the United Nations in 1988 called upon government to take steps for the formulation of a National Housing Policy (NHP). Accordingly, a draft NHP was prepared by the Ministry of Urban Development during this period;
- The government set up Building Materials and Technology Promotion Council (BMTPC) with the objective of bridging the gap between laboratory development and large-scale field application of innovative materials and technologies. Setting up a network of building centres as a Centrally sponsored scheme to effect savings in construction cost through promotion of low-cost and innovative building materials and technologies and building of local delivery system.

The Eighth Five-Year Plan (1992-97)

A significant aspect with regard to the Eighth Plan is that it has been set against a National Housing Policy. The objectives of the Eighth Five Year Plan are to be achieved through the following tasks/instruments:

- Expand the provision of basic infrastructure facilities in rural and urban areas in order to improve the overall environment of habitat and provide appropriate conditions for the majority of the households to have access to housing.
- Remove legal constraints to increase supply of serviced land as well as rental housing.
- Extend stimulus and support for private housing on an expanded scale through

enhancing the flow of credit to housing sector through housing finance institutions (HFIs), as well as other measures like tax incentives.

- Encourage use of low-cost building materials and cost-effective technologies.
- Promote self-help housing as well as shelter upgradation by providing better access to finance, land, materials and technology through appropriate delivery systems to the poorer segment of the rural population.
- Provide financial and institutional support through both formal and informal systems for environmental improvement.
- Establish an effective Management Information System for housing and urban infrastructure accessible to both private and public development agencies.
- Evolve special assistance programmes in the form of subsidy, preferably in kind, differential rate of interest and delivery support for disadvantaged groups.

The social/other schemes initiated in earlier plans are to be continued either in their existing or modified forms. More important amongst these are:

1. The scheme of house sites-cum-construction assistance initiated to give a boost to housing in rural areas during the Seventh Plan and included in the State Sector within the Minimum Needs Programme;
2. The Indira Awas Yojana (IAY) introduced in the Central Sector in 1985-86 forming part of Rural Landless Employment Generation Programme (RLEGP) for construction of houses for SCs/STs and freed bonded labour;
3. The Centrally sponsored scheme for the establishment of building centres initiated in 1988 to promote technology transfer to the grassroots level and to encourage the use of new alternative materials;
4. To tackle the problem of housing in urban areas, including improvement of slums and squatter settlements, the State shall assist in:
 - Increasing the availability of residential land, with particular reference to the needs of poor sections;
 - Support incremental self-building through financial and technical support;
 - Encouragement to upgradation and progressive development of low income settlements; and
 - Promotion of appropriate technologies that maximize the use of locally available and recycled materials.

Ninth Plan (1997-2002)

- While the housing needs of all segments of the population will have to be met, the Ninth Plan will focus specially on households at the lower end of the housing market, the priority groups identified for such support are: people below the poverty line, SC/ST, and women –headed households;
- There will be provision for more direct intervention by the government in the case of the lower segments of the housing market and selected disadvantaged groups. Subsidy would continue to be provided for some more time and the flow mechanism will be made more transparent and increasingly routed outside the financial system;
- The Plan recognized the need to strengthen the linkages and inter-dependency between shelter and income upgradation. To promote this, the Ninth Plan will support the use of composite credit instrument, modify land-use patterns, and city master plans, and strengthen the linkages between farm and the non-farm sector in the rural and semi-urban areas. The NGOs and other voluntary organizations will have to play the role of a catalyst.

Tenth Plan (2002-2007)

- The tenth Plan 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.
- In order to facilitate larger housing delivery for the weaker sections and low income groups, the on-going programme for providing additional 2-million houses every year needs to be continued;
- The proposed programme of Valmiki Ambedkar Aawas Yojana (VAMBAY) along with the total city sanitation component of Nirmal Bharat Abhiyan(NBA) for meeting the housing and sanitation requirements of the urban poor need to be taken up in all urban areas, so as to promote 'cities without slums'. Provision needs to be made for a central subsidy of Rs.1000 crores annually during the tenth plan period with the matching amount contributed by the state governments/local bodies or as loan from HUDCO.
- 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.
- A special emphasis need to be laid on the strengthening of the Building Centre Movement, with particular focus on coverage of uncovered districts in the country numbering about 200. A central grant allocation of Rs.20 crores during the 10th Plan period need to be provided for the same;
- 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 lakh urban housing units and 20.21 lakh 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 has been in the forefront of Government's efforts to come to the aid of disaster affected household, and has provided financial assistance for disaster rehabilitation housing to the tune of Rs. 2360 cores for construction of over 40 lakhs houses for earthquake, cyclone, and flood victims.
- A special programme for Strengthening and Retro-Fitting of Housing Stock in Vulnerable Regions threatened by Natural Hazards needs to be taken up with the participation of the state governments, BMTPC and HUDCO.

Eleventh Plan (2007-12)

The housing shortage is most acute for the EWS and LIG, almost 99% of the shortage is for this class. Hence the emphasis is on providing affordable housing through schemes JNNURM, Affordable Housing in partnership, ISHUP and RAY. These schemes are detailed in Annexure II

Evolution of programmes on urban poverty alleviation through the plan periods:

Five Year/ Annual Plan	Year (s)	Major Thrust Areas / Programmes
II	1956-61	Urban Community Development (UCD) project (pilot), started in 1958, based on an area-oriented approach.
IV	1969-74	Scheme for Environmental Improvement of Urban Slums (EIUS) launched in 1972, to provide basic amenities like safe drinking water supply, sewerage, storm water drainage, pavements, community baths and latrines, street lighting etc. to slum-dwellers. In 1974, it was transferred to State Governments for implementation.
V	1974-79	The Urban Land (Ceiling & Regulation) Act (ULCRA), enacted to prevent concentration of land holding in urban areas, & for construction of houses for LIG.
VI	1980-85	Emphasis on integrated provision of services along with shelter, particularly for the poor. Launch of Integrated Development of Small and Medium Towns (IDSMT), and initiation of Urban Basic Services (UBS) programme in 1981, with an aim to cater to the basic physical and social needs of the urban poor with a view to improving their living conditions.
VII	1985-90	Based on the recommendations made by the National Commission on Urbanization (NCU), GoI adopted a four-pronged strategy for addressing the issues of growing incidence of urban poverty namely; <ul style="list-style-type: none">i. Employment creation for low income communities through promotion of micro- enterprises and public works;ii. Housing and shelter up-gradation;iii. Social development planning with special focus on development of children and women; andiv. Environmental up-gradation of slums. Consequently, two schemes were started, namely <ul style="list-style-type: none">i. The Nehru Rozgar Yojana (NRY), 1989 for employment/livelihoods promotion; andii. The Urban Basic Services for the Poor (UBSP), 1990, which was a modified UBS Programme.

		The UBSP Programme envisaged fostering community structures comprising urban poor for ensuring their effective participation in their developmental activities.
Annual	1990-92	The Constitution 74 th Amendment Act was passed by Parliament, which envisaged urban poverty alleviation, slum up-gradation and protection of interests of weaker sections as amongst the functions of Urban Local Bodies.
VIII	1992-97	Start of Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) in 1995, for improving the quality of life of urban poor by creating a facilitating environment through community-based planning and implementation. The PMIUPEP incorporated within itself all the components of UBSP & NRY. Launch of National Slum Development Programme (NSDP) in 1996, covering physical infrastructure like water supply, storm water drains, sewer, community latrines, widening and paving of existing lanes, street lights etc. and social infrastructure pre-school education, non-formal education, adult education, maternity, child health and primary health care including immunization etc.
IX	1997-2002	Launch of Swarna Jayanti Shahari Rozgar Yojana (SJSRY), in 1997, after subsuming existing schemes like NRY, UBSP and PMIUPEP.
X	2002-2007	Launch of Jawharlal Nehru National Urban Renewal Mission (JNNURM) a flagship programme of the GoI, in 2005.

ANNEXURE II: REDUCING POVERTY IN URBAN INDIA: EXISTING APPROACHES OF THE CENTRAL GOVERNMENT⁷⁴

Government approaches and programmes have focused mainly on livelihood issues and slum improvement. Although urban development, including urban poverty alleviation is a state subject, the central government plays a significant role by providing policy support as well as central funding in priority areas. More recent programmes have depended on additional central assistance (ACA) for implementation. Until 2009, the M/o HUPA ran four major programmes targeted at urban poverty reduction and improving access of the urban poor to basic services. These include: (i) Swarna Jayanti Shahari Rozgar Yojana (SJSRY); (ii) Basic Services to the Urban Poor (BSUP) under JNNURM; (iii) Integrated Housing and Slum Development Programme (IHSDP), also under JNNURM; and (iv) Programmes of housing and sanitation. In 2009 with the President's announcement, the new scheme of Rajiv Awas Yojana (RAY), the M/o HUPA evolved the scheme to achieve the goal of a slum-free India with a focus on reforms, the key reform being property rights to slum-dwellers. In addition to these, other government schemes, such as Targeted Public Distribution System (T-PDS) and the Integrated Child Development Services Scheme (ICDS) also focus on the urban poor within the ambit of the scheme.

Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

Swarna Jayanti Shahari Rozgar Yojana (SJSRY) is the flagship urban livelihoods programme launched in December 1997 after subsuming earlier schemes of Urban Basic Services for the Poor (UBSP), Nehru Rozgar Yojana (NRY), and the Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP). SJSRY was built upon the successful strategy of community organization developed under UBSP and 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. 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)

USEP provides assistance to individual urban poor beneficiaries to set up gainful self-employment ventures (through loans and subsidy) as well as the provision of technical, marketing, infrastructure, and knowledge support to urban poor beneficiaries to set up their enterprise and market their products. USEP allows a maximum unit project cost of Rs. 2,00,000 with a 25 per cent subsidy⁷⁵ of the project cost and 5 per cent beneficiary

⁷⁴ Taken chiefly from Chapter 4 in ADB, 2009: 72-121 and the Strategy Paper of the M/o HUPA (GoI, M/o HUPA, 2011b) with figures from official records of the M/o HUPA wherever applicable. Various scheme guidelines (listed in references) were also used.

⁷⁵ Up to a maximum of Rs. 50,000.00

contribution. In particular USEP promotes the establishment of Micro-business Centres (MBC) at the cluster level supported with a one-time capital grant subject to the state/ULB providing the land free of cost to be run on a PPP model. Small Enterprise Advisory Services (SEAS) can be provided through MBCs via specialists in the following key areas: (i) community mobilisation including survey and identification of beneficiaries; (ii) capacity building including skill and entrepreneurship development; (iii) business development; (iv) finance and credit; and (v) marketing.

UWSP has two sub-components, namely assistance to urban poor women to set up gainful self-employment ventures through loan and subsidy, and revolving funds for self-help groups (SHGs), thrift and credit societies (TCS) formed by the urban poor women. The loan and subsidy component of UWSP extends an incentive to groups of urban poor women to set up self-employment ventures suited to their skill, training, aptitude and local conditions. The aim being to empower urban poor women by making them financially independent through self-employment ventures with an emphasis on micro-finance. The groups are entitled to a subsidy of Rs. 3,00,000.00 or 35 per cent of the total project cost under UWSP⁷⁶. The remainder is to be mobilized as a bank loan and margin money through beneficiary contributions. Where the UWSP group sets itself up as a SHG/TCS, these are entitled to a lump sum grant of Rs. 25,000.00 as a revolving fund at the rate of Rs. 2,000 per member. The fund is meant to cover activities such as purchase of raw materials, marketing, infrastructure support, one time expense on childcare, travel costs as well as an insurance cover⁷⁷. Bank linkages are accorded priority under the scheme with the aim of sustaining such activities in the longer term.

STEP-UP focuses on providing assistance for skill formation/upgradation of the urban poor to enhance their capacity to undertake either self or wage employment. Training under STEP-UP in the areas of service, business and manufacturing activities as well as in local skills and crafts. Components of the service sector such as construction trade and allied services such as carpentry, plumbing, electrical and manufacturing of low-cost building materials is focused on. Under the scheme skill training is to be linked to accreditation and certification, preferably on a PPP basis to allow for industry linkages. Average unit cost for training under the scheme is Rs. 10,000.00 per trainee including the material cost, trainers' fee, tool-kit cost, other miscellaneous expenses and the monthly stipend to be paid to the trainee.

UWEP aims to provide wage employment to beneficiaries living below the poverty line within the jurisdiction of ULBs by utilizing their labour for construction of socially and economically useful public assets⁷⁸. UWSP is applicable only to towns/cities with a population up to five lakhs, as per the 1991 census. The aim under UWEP is to provide wage employment opportunities for the unskilled and semi-skilled migrants/residents in urban

⁷⁶ Or Rs. 60,000.00 per group member (whichever is less)

⁷⁷ Where individual members save at least Rs. 500 in a fixed deposit for 12 months with the TCS/SHG, that member is entitled to a subsidy of Rs. 30 to be paid on her behalf towards a health/life/accident/other insurance scheme for herself. Where the member saves at least Rs. 750, the subsidy applicable for insurance is Rs. 60 either entirely for herself or Rs. 30 each for herself and her husband or any minor girl child in the family.

⁷⁸ These may be community centres, storm water drains, roads, night shelters, kitchen sheds in primary schools under the mid-day meal scheme and other community requirements such as parks, solid waste management facilities etc., as decided by community structures themselves.

areas with a special emphasis on construction of community assets in low-income neighbourhoods with a strong involvement and participation of local communities. CDS' are expected to survey and draw up a list of available basic minimum services in the area to identify the requirements of physical infrastructure. Under the scheme, public works are to be executed through the CDS under general control and supervision of ULBs. The scheme views this as a short-term measure until the beneficiary is able to get the benefit of skill development for self-employment or wage employment in the formal sector.

UCDN represents the foundation of community development and empowerment under SJSRY. Under UCDN, the scheme facilitates the establishment of NHGs, NHCs, and CDS', the latter being the focal point for identification of beneficiaries, preparation of loan and subsidy applications, monitoring recovery and general support. A community organiser (CO), preferably a woman, is to be engaged for about 2,000 families as a full-time functionary to be the main link between the urban poor community (through the CDS) and the implementation machinery i.e. the Urban Poverty Alleviation Cell (UPA Cell) at the ULB Level.

Financial allocations are made to the states on the basis of the incidence of urban poverty as per Planning Commission norms. States fix physical targets as per the allocations. To date a total of Rs. 4,132.42 crores have been allocated to states since the start of the scheme in 1997 (Central Share of Rs. 3,107.99 crores) covering, inter alia, 11,36,636 beneficiaries under USEP, 18,69,309 under STEP-UP, and 4,43,846 women beneficiaries under UWSP⁷⁹.

Inter alia, the recommendations of these two evaluations reports⁸⁰ of SJSRY are summarized below:

Scheme Design

- The scheme should take a mission-mode approach to the provision of urban livelihoods for the poor
- The BPL survey should be regularly conducted across the states for proper identification of beneficiaries. Further a strategy has to be evolved to impart training to the urban poor falling within the age group of 18-25 years as it was found that the majority of those targeted fell between the age group of 35-45 years.
- The measure of success of the programme should be on qualitative aspects (like increase in income of beneficiaries and creation of social and economic assets) as opposed to just a simplistic reporting of physical and financial targets
- With reference to bank linkages, suggestions from the bank officials themselves included imparting training to the beneficiaries, reducing the rate of interest for loans, according administrative powers to the CDS, strengthening SJSRY implementation machinery at all levels and finally the release of budget should occur in the first half of the financial year
- In addition, it was suggested that bankers should be sensitized to the banking needs of the urban poor.

⁷⁹ Source of cumulative physical and financial progress under SJSRY:
http://mhupa.gov.in/programs/upa/nsdp/statewise_progress.pdf

⁸⁰ HUDCO 2008, and HSMI

- The emphasis of the programme should be on the creation of ‘micro-enterprises’ and their sustenance over the long term with bank linkages for a continued and stable source of income, and therefore urban poverty alleviation
- A comprehensive review of all centrally-sponsored schemes dealing with livelihoods affecting the urban poor should be undertaken, and SJSRY’s re-design should take into consideration this review to avoid contradiction between different programmes
- Market linkages are to be promoted through an assessment and prospecting of services
- The scheme’s target of creating women entrepreneurs needs to be actively strengthened

Scheme Implementation

- CBOs could be developed as an independent body assuming the role of an implementing agency with the ULB as a supporting and monitoring agency
- NGOs could provide skill-based training and act as linkages between beneficiaries and formal credit systems
- Market support should be provided for the products developed by the urban poor under the scheme
- TCS’ should be strengthened and converged into a federation of SHGs, which, at a later date, could form micro-finance institutions (MFIs) at the local level
- Capacity building of the functionaries involved in the implementation of the scheme is crucial for the success of the scheme
- A separate cadre of officers/staff for urban poverty alleviation schemes in the states/UTs should be set up for proper implementation. Overall, government officials at all levels should be sensitized to the scheme’s aims and objectives.
- The scheme should be adequately publicized through a dedicated website, print media, TV/Radio and publication of adequate literature on the scheme and its implementation
- The monitoring mechanism at the district, state and national level should be strengthened
- A customized MIS should be in place to monitor and control the scheme
- Training modules are to be standardized for content, duration, trainers, delivery methodology and appropriateness
- Exchange programmes between beneficiaries should be conducted to promote cross-learning

Component level suggestions:

- For USEP, under skills training, the education qualification barrier should be removed, the urban poor should be given adequate market-oriented skill or multi-skills that could guarantee them a secured livelihood, and vocational training institutes recognized by the government should be involved in skills training, which, in addition to training should also include placements, and assistance in setting up micro-enterprises
- For USEP, for individual beneficiaries, recommendations included increasing the maximum limit of the loan from Rs. 50,000.00 to Rs. 1 lakh, the allocation of space for the urban poor to ply their wares, and the development of ‘haats’ along the lines of ‘Delhi Haat’ to provide avenues for craftsmen to sell their ware
- For UCDN, the CDS should be given a financial incentive for more active involvement in the scheme.

- For UWEF, the scheme should be made applicable to all towns irrespective of town size, daily wages should be revised and increased with reference to prevailing market rates and the scheme should target migrant labour with a focus on shelter with access to water supply, education, livelihood and skill and entrepreneurship training
- In addition to the above, the 15th report of the Standing Committee on Urban Development⁸¹, raised the following concerns regarding SJSRY:
 - Non-receipt of counterpart funding from states, which is 1/3rd of the outlay;
 - Non-identification or delay in the identification of genuine beneficiaries for the current year;
 - Non-receipt of sufficient viable project proposals by the banks;
 - Lack of sensitivity among project staff in handling the poor population; and
 - Lack of capacity building of officers by states/UTs under the programme

The committee's recommendations include urging states to complete the household level BPL survey and the identification of non-performing states for targeted capacity building efforts. The revision of the SJSRY scheme has attempted to consider some of these critiques. However significant issues remain in the implementation of the scheme today. These include the difficulty in getting the formal financial institutions to extend loans to beneficiaries to set up self-employment ventures / entrepreneurships, the successful identification of trades for which market demand exists, the lack of a comprehensive and robust administrative structure for SJSRY at the state and city levels⁸².

Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

Initiated in December 2005 in mission mode, the JNNURM programme is an integrated reform-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 (UD) 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 74th Constitutional Amendment Act, Provision of a 7-point charter for Basic Services for the Urban Poor, 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.

BSUP aims at focusing attention on the integrated development of basic services to the urban poor in the cities covered under the mission, the provision of basic services to urban poor including security of tenure at affordable prices, improved housing, water supply,

⁸¹ GoI, Standing Committee on Urban Development, 2006:15-18

⁸² GoI, M/o HUPA, 2011c and 2011d

sanitation and ensuring delivery through convergence of other already existing universal services of the GoI for education, health and social security. BSUP also focuses on securing effective linkages between asset creation and asset management so that the services created in the cities are not only maintained efficiently but also become self-sustaining over time. Finally BSUP aims at ensuring adequate investment of funds to fulfill deficiencies in the provision of basic services as well as scaling-up delivery of civic amenities and provision of utilities with an emphasis on universal access to the urban poor. Three reforms, are critical for addressing the needs of basic services to the urban poor; under JNNURM these are:

- Internal earmarking of minimum 25% of municipal/local-body budgets for basic services to the urban poor;
- Reservation of at least 20 to 25 per cent of developed land or FSI, in all housing projects (both Public and Private) for Economically Weaker Sections/Low Income Groups category with a system of cross-subsidization; and
- Provision of basic services to the urban poor including, security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery of already existing universal services of the government for education, health and social security.

These three pro-poor reforms were aimed to create an enabling policy environment for urban poverty alleviation initiatives. The progress of states vis-à-vis the reforms have been varied. 55 cities have made the provision for internal earmarking within the local budget; but the percentage varies from 10% to 30%. In case of reservation of land for EWS/LIG housing, 50 cities have made provisions in the range of 10-25% reservation of land/FAR as the case may be. However, the established framework for reforms under JNNURM, have not been deep enough to counter adverse land & capital markets. These reforms are sought to be further strengthened and integrated into the Rajiv Awas Yojana (RAY), through predicating central assistance on its implementation through legislative amendments to the Municipal or Town-Planning/Urban Development Acts. In addition, the Rajiv Awas Yojana mandates assignment of property rights to slum dwellers through an Act

Inter alia, the recommendations of two reports (Mid term appraisal and Grant Thornton)⁸³ are summarized below from the point of view of this paper focusing on recommendations made for BSUP and IHSDP:

Scheme design

- While land is a state subject, states find it difficult to tackle slums on central government land, especially land belonging to departments such as Railways and Forestry
- The pace and depth of reform implementation needs to improve. Progress has been particularly slow on reforms relating to property tax, governance, local accountability, and the devolution of functions to ULBs
- In the case of affordable housing, credit availability to beneficiaries is constrained leading to difficulties in execution
- Emphasis must shift from a project-based implementation approach to a holistic urban renewal approach with an integrated view of city development
- Implemented in mission mode, only 65 cities were chosen for funding under JNNURM (BSUP & UIG). While the two schemes of UIDSSMT and IHSDP do exist for those cities not covered under the mission cities, it is clearly observed that the

⁸³ GoI, Planning Commission, 2011b and GoI, M/o UD, 2011

mission cities are larger cities and small and medium towns (and smaller states) have not been covered under the mission-mode approach.

- A unified mission directorate for both sub-missions and subsequently, for both ministries should be contemplated
- National-level urban institutes of management should be opened by both ministries together linking it with reputed international-level institutions

Scheme implementation

- Many states lag behind in programme utilization due to a lack of enabling capacity and funds
- States and cities need to be encouraged to ensure financial sustainability by tapping other sources of funds such as user charges, monetization of urban land and property taxes
- In spite of a clearly identified need for capacity building and the subsequent allocation of funds for the same, expenditure on capacity building is low. In certain states, the feedback is that the funds reach them late and capacity building initiatives under JNNURM at the state level relies heavily on externally-funded projects to deliver capacity building
- Escalation in project costs is due to increases in the rates of raw materials relative to the rates set by the government. This increase then has to be covered by the State governments resulting in delays due to their limited financial capacity
- City Development Plans (CDPs) were originally intended to be dynamic documents that would inform project preparation and proposals. The M/o UD revised its CDP guidelines in 2010 in a bid to encourage cities and states to update their CDPs. However a negligible number of cities have undertaken the revision of CDPs, chiefly because the mission is in its last year.
- Very few states have set-up their Project Management Units (PMUs) and very few cities have set-up their Project Implementation Units (PIUs). Therefore the original intention of dedicating manpower for the successful implementation of JNNURM in the cities has not been effective
- Project approval is subject to appraisals and appraisal agencies such as BMTPC are understaffed leading to significant delays in the approval process

Specific observations/recommendations on the three pro-poor reforms:

- Internal Earmarking of funds for provision of Basic Services to the urban poor:
 - Making amendments in the accounting rules for governing and operating the fund will ensure that these funds are not diverted/utilized
- Provision of Basic Services to the Urban Poor
 - There is a lack of an overarching policy initiative for providing the basic services to the urban poor across the city.
- Earmarking 25% of developed land in all housing projects for EWS/LIG housing:
 - This reform is not possible in places like Nagaland, where, as per the Constitution of India, all available land is in private hands and the government barely undertakes any housing projects
 - Though housing units constructed under BSUP and IHSDP have enabled ULBs to increase the housing stock for EWS/LIG, ULBs do not have the mechanism in place to monitor the implementation of earmarking of plots and housing in the public and private sector.

- Where the private sector does follow these guidelines, land, built up area and the price may not be affordable for the EWS/LIG segment of the population

In addition to these, the HPEC report makes the following recommendations relevant to the goal of urban poverty alleviation, slums and basic services to the poor:

- With reference to metropolitan and regional planning, the report recommends that district and metropolitan plans form part of the state plans, transport and land-use planning are integrated at the regional level and MPCs and DPCs are strengthened with urban development authorities and unified metropolitan transport authorities as technical arms.
- With reference to service delivery, HPEC recommends the corporatization of service delivery institutions and the use of e-governance and e-enabled smart technologies. In addition, it encourages smaller ULBs to come together for scale economies through inter-municipal cooperation and state governments to amend municipal acts to facilitate PPP
- HPEC advocate community participation and transparency through the implementation of community participation and public disclosure law, setting up and empowering area sabhas and ward committees, preparing citizen report cards and social audits, and preparing market worthiness disclosure statements by the ULBs
- At the level of institutional capacity building, the HPEC recommends the setting up of Indian Institutes of Urban Management (with corpus fund contributions from the GoI, state governments and private sector), the infusion of funds and new talent into existing schools of urban planning, the promotion of think-tank initiatives, the creation of a Reform and Performance Management Cell (RPMC) and a dedicated municipal information unit to collate and analyse comparable data on municipal services and finances on an annual basis
- At the level of human resource capacity building, the suggestions include training officers from the IAS and other central services annually as urban specialists placing them through deputation in cities and towns, building/reforming municipal cadres in all states with recruitment through a competitive examination, and providing flexibility in lateral hiring of professionals with special skills into the cadre
- The report also recommends unlocking land value to strengthen municipal finances through land based financing sources such as conversion charges, impact fees and development charges, pricing of FSI, preparing a city-wide inventory of land assets, and placing a transparent and accountable mechanism for monetization of public land with due attention to the needs of the poor and marginalised

Rajiv Awas Yojana (RAY)

RAY envisages a slum-free India with inclusive and equitable cities in which every citizen has access to basic civic and social services and decent shelter. The programme proposes to create the enabling conditions that will encourage states to tackle the issue of slums in a definitive way by bringing existing slums within the formal system and enabling them to avail of the same amenities as the rest of the town; redressing the failures of the formal system that lie behind the creation of slums; and tackling the shortages of urban land and housing that keep shelter and housing out of reach of the poor and force them to resort to extralegal solutions in a bid to retain their sources of livelihood.

A 'whole city', 'all slums' approach will be adopted, in keeping with the goal of slum free cities, with a slum defined as in the Report of the Committee on Slum Statistics/Census chaired by Dr. Pronab Sen as a compact settlement of at least 20 households (10-15 for the North Eastern & Special Category States) with a collection of poorly built tenements, mostly of temporary nature, crowded together usually with inadequate sanitary and drinking water facilities in unhygienic conditions.

In each slum, an integrated approach will be taken to upgradation or redevelopment, with provision of infrastructure, basic civic and social amenities and decent housing. Community will be involved at every stage, from planning through implementation to post-project sustenance. In-situ development will be encouraged as the model of choice, to ensure that development does not lead to loss of job linkages; there will be emphasis on private sector participation for both slum redevelopment, wherever feasible, as well as for creation of new affordable housing stock, for rental and ownership. The benefits of health, education, social security, workers' welfare, livelihoods and public transport linkages for holistic slum redevelopment will be provided through conscious effort for convergence of schemes and dovetailing of budgetary provisions available under the programmes in the respective sectors.

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Operationalisation of the strategy will require States to prepare a Slum Free Plan for each selected city in accordance with the Slum Free City Planning guidelines already issued under the Preparatory Stage started in March 2010 (**Annexure-III**-Pages 43-72), and in two parts - **Part-I for Slum Redevelopment** of all existing slums, notified or non-notified, on lands of all ownership, whether municipality, State/Central Government, or private parties; and **Part-II for Containment of Future Slums**, delineating the steps proposed for development of affordable housing for the urban poor and revision to existing urban policy and programmes for prevention of slums. Each Plan of Action (PoA) will be expected to contain the Vision of the State for inclusive urbanisation, the delineation of its broad approach, the perspective plan, phasing of implementation and time lines envisaged, and the differential approach in State support according to the size and strengths of each selected city. Innovative approaches will be encouraged

Rajiv Awas Yojana has been launched in two phases: Phase-I, for two years from 2011-2013 in the nature of Additional Central Assistance(ACA); and Phase-II which will cover the remaining period of the Twelfth Five Year Plan (2013-17).

State Governments will enter into a Memorandum of Agreement (MoA) with the Ministry of Housing and Urban Poverty Alleviation for undertaking reforms in a time bound manner. Sanction of projects will depend on:

- The commitment and willingness to assign property rights to slum dwellers, preferably in the name of the wife or in the name of both wife and husband, and enactment of legislation within one year of the first project sanctioned. For North Eastern and Special Category States, however, where land ownership patterns are community based, or restricted by certain conditions of law, the reform with timelines are to be mutually worked out between the concerned States and the Centre.
- Provisions being put in place for enforcement of the following pro-poor reforms begun under JNNURM - viz., reservation of 20-25% of developed land for Economically Weaker Section (EWS) / Low Income Group (LIG) housing in every new public/private residential development; and a non-lapsable earmarking of 25% of the budget of all municipalities/ other bodies providing municipal basic services to meet the revenue and capital expenditures of urban poor colonies and slums and the implementation of the seven point charter entitlements of JNNURM (i.e land-tenure, affordable housing, water, sanitation, education, health and social security) – with enactment of legislation for the first two reforms within one year of the first project sanctioned.
- Commitment with timelines for making amendments in the Rent Control Acts, review of urban land development and land use policies, structures and strategies, the simplification of the processes and procedures of sanctioning buildings and building byelaws concerning development and housing projects

ANNEXURE III: REDUCING POVERTY IN URBAN INDIA: SELECT STATE-LEVEL APPROACHES

Under the 74th Constitution Amendment Act, urban poverty alleviation has been entrusted to ULBs, as per the XII Schedule. However, most of the ULBs lack the financial resources to provide basic services or undertake comprehensive poverty alleviation programs. Nevertheless, various State governments including Andhra Pradesh (MEPMA) Kerala (Kudumbashree) and Gujarat (UMEED) etc; have evolved innovative solutions to creating choices for the urban poor through various approaches for urban poverty alleviation. A common element in these approaches has been the adoption of a Mission approach, focus on building community structures and integration of skills & livelihoods as central components of the program.

Mission for the Elimination of Poverty in Municipal Areas (MEPMA), Government of Andhra Pradesh

Andhra Pradesh Urban Services for the Poor (APUSP), a flagship programme (2000-08) of the Government of Andhra Pradesh addressed the challenges of municipal service delivery in 42 class 1 towns and resulted in improvements in livelihoods and access to basic services for about 3 million poor people in the slums of Andhra Pradesh. The State Government of Andhra Pradesh scaled up APUSP reforms across the state through creation of a Mission for the Elimination of Poverty in Municipal Areas (MEPMA). MEPMA is nodal agency for convergence of all services targeted towards the urban poor (Youth welfare, Minority, BC, SC, ST, Labour, Health, Women & Child welfare, Civil Supplies etc.), RAY, and the Street Vendors Policy among others

The mission adopted the following strategy to converge with various programmes:

- Building organizations of the poor as CBOs
- Empowering the poor by building their capacities
- Creating highly trained social capital at grass root level in health, education, livelihoods, vulnerability etc.
- Access to Credit for the poor by facilitating interface between CBOs and bankers (Town Level Bankers committee with SHGs)
- Taking up placement linked livelihood programmes on continuous basis; and
- Services under 7-point Charter (Security of land tenure, improved housing, sanitation, water supply, health, education & social security system), etc.

The progress under this Mission has been remarkable and nearly, 25 lakh members are involved in 2.5 lakh Self Help Groups spread across all the municipalities in the State. 90% per cent of the urban poor living in 7520 Slums in the State have been organized into SHGs. Bank linkages of **Rs. 1481.08 crores** have been established. Around 5100 micro-enterprises have been grounded

Kudumbashree- State Poverty Eradication Mission, Government of Kerala

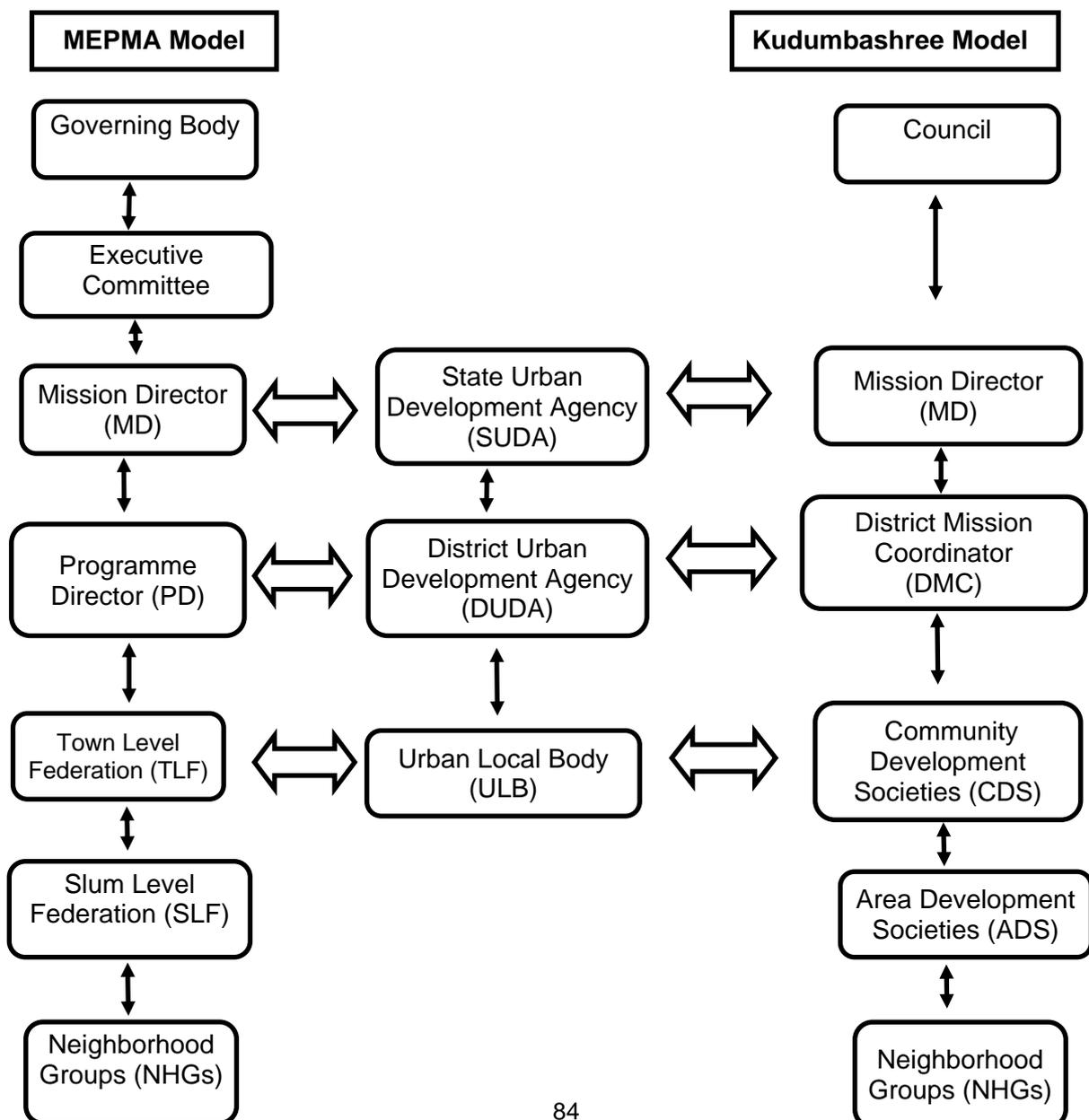
Kudumbashree is a State Poverty Eradication Mission of Government of Kerala, launched in May 1998. It seeks to eradicate absolute poverty through concerted community action under the leadership of local governments, by facilitating organization of the poor for combining

self-help with demand-led convergence of available services and resources to tackle the multiple dimensions and manifestations of poverty, holistically.

It is one of the largest women's movement in Asia, with nearly, 37.37 lakh poor families brought under the community based organisations (CBOs) consisting of 2.05 lakh Neighbourhood Groups (NHGs), 17,578 Area Development Societies (ADSs) and 1,061 Community Development Societies (CDSs) both in rural & urban. The Mission has mobilized a sum of Rs. 1,688 crores as thrift and disbursed loans amounting to Rs.4,195 crores to the members of NHGs, and assisted more than 25 thousand women to establish their individual enterprises in urban areas.

Approach adopted for Urban Poverty Alleviation by both the Missions

Both the models emphasize the need for bottom-up & convergent approach for urban poverty alleviation through building and empowering organizations of the poor.



Livelihood Generation Initiatives by Government of Gujarat (UMEED)

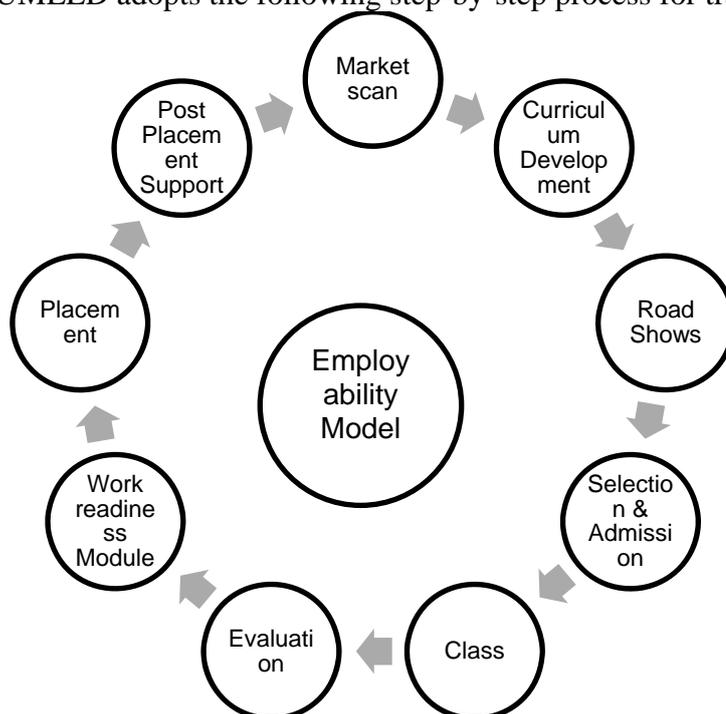
UMEED is an ongoing initiative under the Rs 13,000-crore *Garib Samruddhi Yojana* of the Gujarat Government⁸⁴. The program aims at achieving sustained reduction in the vulnerability and poverty of the poor. In 2005, SAATH partnered with Ahmedabad Municipal Corporation and American India Foundation (AIF) to pilot an innovative employability-training program called “UDAAN,” aimed at underprivileged youth ages 18 to 35 years. UDAAN successfully trained and placed over 900 youth in service sector domains like customer relations and sales, hotel management, bed side patient attendant, and others.

After the successful pilot of UDAAN, on recommendation of the Government of Gujarat to replicate the program across all major towns of Gujarat, it was renamed “UMEED”. The program runs on a Public-Private-Partnership mode, & is jointly run by four organizations- SAATH, CAP Foundation, Aid-et-Action and Skill Pro Foundation. The program adopts the following beneficiary selection criteria:

- The age of the student should be in the range of 18-35 years.
- The minimum qualification of the aspirant should be at least 7th class.

Table: Below shows the employability model adopted by UMEED for training

UMEED adopts the following step-by-step process for training:



Based on the market scan, the program delivers trainings to youth from vulnerable families across Gujarat in areas like business process outsourcing, bedside patient assistance, customer relations, information technology, life skills like English, time and budget managements, and then places graduates at Indian companies. The three-month training program costs Rs. 4,500. Beneficiaries pay Rs. 500 towards the cost, while the rest of it is born by donors and the government. Over 19,000 youth have been trained & placed in north

⁸⁴ http://www.saath.org/saath/index.php?option=com_content&view=article&id=71&Itemid=78

and central Gujarat in 46 training centers. Placement rates are as high as 85 per cent and average starting salaries are Rs. 3,000 per month.

Rajasthan Mission on Skill and Livelihoods (RMoL)

A similar initiative has been undertaken by Government of Rajasthan named “Rajasthan Mission on Skill and Livelihoods (RMoL)⁸⁵”, which aims at creating a large number of livelihood opportunities for the poor, increasing labour force and to increase the income levels of working poor in the state. The mission runs on a Public-Private-Partnership mode, and collaborates with the government departments such as Technical Education Department, Fisheries Department, Agriculture Department of Labour and Employment Department, as well as with NGOs and other national and international organizations.

⁸⁵ <http://rajasthanlivelihoods.org/index.html>

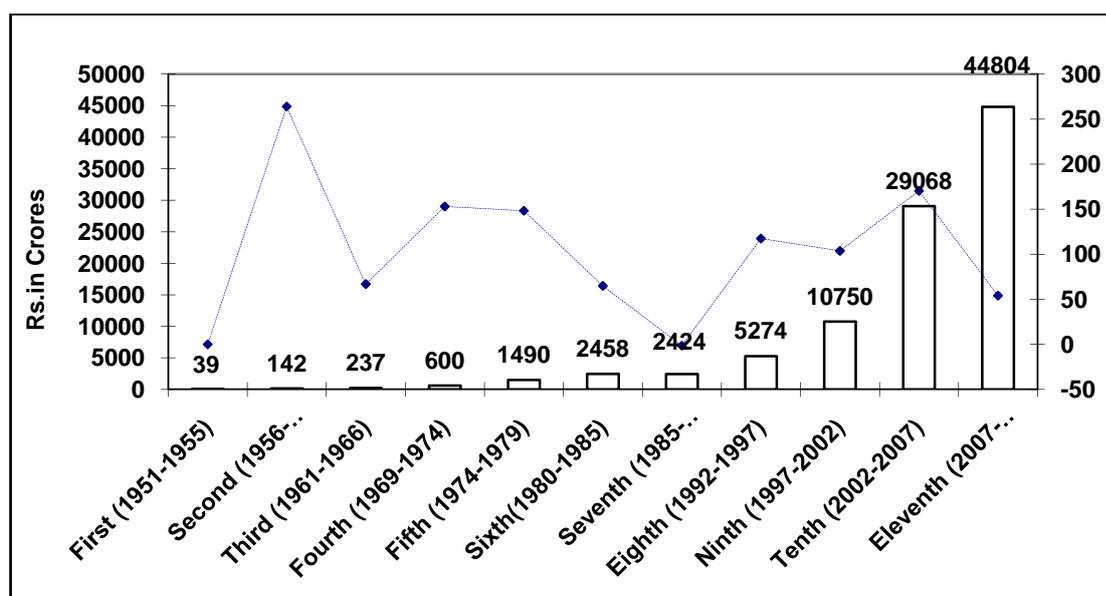
ANNEXURE IV: PLAN-WISE REVIEW OF ALLOCATION TO THE M/O HUPA AND M/O RD

Evolution of plan allocations to the M/o HUPA from the 1st to the 11th Five Year Plan:

Five Year Plans	Budget Allocations to M/o HUPA (Rs. In crores)	Growth (%)
First (1951-1955)	Rs. 39.0	-
Second (1956-1961)	Rs. 142.0	264%
Third (1961-1966)	Rs. 237.0	67%
Fourth (1969-1974)	Rs. 600.0	153%
Fifth (1974-1979)	Rs. 1,490.0	148%
Sixth (1980-1985)	Rs. 2,458.0	65%
Seventh (1985-1990)	Rs. 2,424.0	-1%
Eighth (1992-1997)	Rs. 5,274.0	118%
Ninth (1997-2002)	Rs. 10,750.0	104%
Tenth (2002-2007)	Rs. 29,068.0	170%
Eleventh (2007-2012)	Rs. 44,804.0	54%

Sources: First to Eighth Five Year Plan documents and Budgets of MoHUPA-1997-97 to 2011-12

Note: The housing sector plan outlay for first to eighth Plans has taken from the Plan documents. The Ninth Plan onwards the budgets of MoHUPA have been taken



Comparison of plan allocations to M/o HUPA and M/o RD from the 9th to the 11th Five Year Plans

Five Year Plans	(Rs. In Crores)	
	M/o HUPA	M/o RD
9 th FYP	10,750.0	93,800.0
10 th FYP	29,086.0	1,48,773.0
11 th FYP	44,804.0	5,51,903.0

Per Capita Plan Allocation to 'urban' vs. 'rural' from the 9th to the 11th Five Year plan

Five Year Plans	Urban	Rural
9 th FYP	Rs. 494.0	Rs. 1,492.0
10 th FYP	Rs. 1,336.0	Rs. 2,366.0
11 th FYP	Rs. 1,566.0	Rs. 7,433.0

11th Plan Allocation to the Ministry of Housing & Urban Poverty Alleviation – Centrally Sponsored Schemes

Sr. No.	Scheme/ Programmes	Eleventh Plan Projections (Rs. Crores)	
		At 2006-07 price	At Current Price
1	Integrated Low Cost Sanitation	176.83	200.0
2	SJSRY	1,547.26	1,750.0
3	Interest Subsidy Scheme for Housing to Urban Poor	1,218.36	1,378.0
4	TOTAL	2,942.45	3328.0

Source: Projected GBS for the 11th Plan from GoI, Planning Commission, 2008

11th Plan Allocation to the Ministry of Rural Development – Centrally Sponsored Schemes

Sr. No.	Scheme/ Programmes	Eleventh Plan Projections (Rs. Crores)	
		At 2006-07 price	At Current Price
1	NREGS	88,415.06	1,00,000.00
2	Rural Housing / IAY	23,767.92	26,882.21
3	PMGSY	38,240.46	43,251.07
4	SGRY	4951.24	5,600.00
5	SGSY	15,740.53	17,803.00
6	DRDA Administration	187.44	212.00
7	Provision of Urban Amenities in Rural Areas (PURA)	247.56	280.00
8	TOTAL	1,71,550.22	1,94,028.28

Source: Projected GBS for the 11th Plan from GoI, Planning Commission, 2008

ANNEXURE V: OFFICIAL ESTIMATION OF POVERTY AND IDENTIFICATION OF THE POOR

The calculation of poverty has historically focused on two components, a distribution of household expenditure and a poverty line or cut-off that separates the poor from the non-poor households. The earliest pre-Independence writing on a poverty line comes from Dadabhai Naoroji's paper "Poverty of India" in 1876 wherein an estimate of subsistence needs was presented to demonstrate that Indians fell far below. This was followed by efforts of the National Planning Committee (NPC) in 1938, which first referred to a monetary range of between Rs. 15 to Rs. 20 to ensure a basic minimum standard of living. Post-independence India's first attempt at a poverty line was through the efforts of a Working Group of eminent economists in 1962 with three basic recommendations:

- The national minimum for each household of five persons should not be less than Rs. 100 per month at 1960-61 prices or Rs. 20 per capita. For urban areas, this amount was raised to Rs. 125 per household, per month.
- This excluded expenditure on health and education, both of which were expected to be covered by the state; and
- An element of subsidy for urban housing was to be provided at Rs. 10 per month or 10 per cent as rent element payable from the proposed national minimum of Rs. 100 per month.

This prescription was adopted by the Planning Commission in its paper titled "Perspectives of Development, 1961-1976: Implications of planning for a minimum level of living"⁸⁶.

The 1979 Task Force on 'Projections of Minimum need and Effective consumption demand'⁸⁷ grouped data of household consumption expenditure from different rounds of the NSS. This report is significant for the fact that the methodology recommended therein has survived to date, with relevant modifications from time to time. In particular, the following was recommended:

- Average individual calorie requirement would be estimated separately for rural and urban areas with due consideration to age, sex and activity distribution
- Poverty line estimates would correspond to the calorie requirements using the 28th Round (1973-74) of NSS data
- The commodity-wise private consumption is to be estimated using linear expenditure system (LES)
- For the calorie requirement, the minimum requirement, rather than the average requirement, was measured in consideration of the fact that there is variation in calorie requirement.

The Expert Group on "Estimation of Proportion and Number of Poor (EGEP)" chaired by Prof. D. T. Lakdawala, evolved a methodology based on the 1979 Task Force, and recommended the following⁸⁸:

⁸⁶ For a more detailed analysis of the evolution of the measurement of poverty please see Srinivasan (2007)

⁸⁷ GoI, Planning Commission, 1979

⁸⁸ GoI, Planning Commission, 1993

- A calorie norm of 2400 calories per capita, per day for rural areas and 2100 calories per capita, per day for urban areas was considered
- The poverty line for 1973-74 was taken as the per capita expenditure level at which the calorie norms have to be met as per the NSS household consumption expenditure survey for the corresponding year
- This was found to be Rs. 49.09 and Rs. 56.65 per capita per month for rural and urban areas respectively at 1973-74 prices
- The implicit private consumption deflator from National Account Statistics (NAS) was found, at that time to be very close to such an index and hence it was used for adjusting the poverty line for the years 1977-78, 1983-84 and 1987-88.
- The poverty population was, thus, estimated by applying the updated poverty line to the corresponding adjusted NSS distribution of households by levels of consumption expenditure. To estimate the incidence of poverty at the state level, all-India poverty lines and the adjustment factors were used on the state specific NSS distribution of households by levels of consumption expenditure uniformly across the States
- By this methodology, it was estimated that 54.1 per cent of the rural population (2,442.2 lakhs) and 41.2 per cent of the urban population (473.3 lakhs) or 51.5 per cent of the total population (2,915.5 lakhs) were living below the poverty line at the time.

This committee attempted to anchor the poverty lines rigidly to average rural and urban energy norms, as well as to ensure that the poverty baskets would be bought by consumers⁸⁹.

In 2009, the Planning Commission set up a Working Group chaired by Prof. Suresh Tendulkar to consider the critiques of the official poverty line and suggest a new poverty line and estimates. The group suggested a new methodology for 2004-05 based on the 61st round of the NSS survey. The salient features of the poverty line are as follows⁹⁰:

- The estimates of poverty would continue to be based on household consumer expenditure collected by NSSO
- A conscious decision was made to move away from anchoring the poverty lines to a *calorie intake* norm as this was not found to be well correlated to the *nutritional outcomes*.
- Adoption of the Mixed Recall Period (MRP)-based estimates for consumption expenditure as the basis for future poverty lines as against the previous practice of using URP estimates⁹¹.
- MRP equivalent of urban Poverty-line Basket (PLB) corresponding to 25.7 per cent urban headcount ratio as the new reference PLB to be provided to rural as well as urban population in all the states after adjusting it for within state urban relative to rural and rural and urban staterelative to all India price differentials.
- The proposed price indices are based on the household level unit values (approximated price data) obtained from the 61st round (July 2004 to June 2005) of NSS on household consumer expenditure survey for food, fuel and light, clothing and footwear at the most

⁸⁹ Srinivasan 2007:4158

⁹⁰ GoI, Planning Commission, 2009

⁹¹ The reason being that MRP captures household consumption expenditure of poor households on low-frequency items of purchase more satisfactorily than the earlier 30 day recall period

detailed level of disaggregation, and hence much closer to the actual prices paid by the consumers in rural and urban areas.

- Accordingly, the Committee calculated a poverty head count ratio of 41.8 per cent for rural areas and 25.7 per cent for urban areas.

The M/o HUPA subsequently critiqued the findings of this committee from the point of view of urban poverty. It was pointed out that expenditure on account of education, health, housing and transport is proportionately higher for urban as compared to rural areas. Further, for housing, transport, conveyance, rent etc. adjustments have been made by taking into account data from NSSO on actual expenditure. However, whether these actual expenditures are adequate to meet the minimum basic needs does not seem to have been taken into account. Finally, it was felt that abandoning the calorie norm did not appear to be wise.

In addition to the estimates via the committees/task forces mentioned above, poverty has been nationally surveyed through a “Below the Poverty Line” (BPL) census conducted once every five years, traditionally by the M/o Rural Development (RD) to identify poor households in rural areas to be assisted under various programmes of the M/o RD. BPL Censuses have thus been conducted in 1992 for the 8th Five Year Plan, in 1997 for the 9th Five Year Plan, and in 2002 for the 10th Five Year Plan. For the 2002 survey, households were ranked according to total scores calculated from 0-4 individual scores on 13 items⁹².

In 2009, the M/o RD constituted an Expert Group under the Chairpersonship of Dr. N. C. Saxena, to evolve a methodology for conducting the rural BPL census to identify the rural poor. The Expert Group recommended an approach that combined exclusion and inclusion criteria based on transparent and objectively verifiable indicators. On the basis of the suggestions by the expert group, a pre-testing of the methodology and the various indicators has since been conducted by the M/o RD. These suggestions, and the results of the testing, informed the final methodology for identifying BPL households and conducting the BPL census by the M/o RD⁹³.

In the absence of national urban BPL surveys, for the 2001 Census of India, data on slums pan-India was collected in 640 cities/towns with a population of 50,000 persons or more, which was later extended to 1321 towns having population of over 20,000. In total, across both phases, 1961 towns were surveyed, and out of these 1743 towns reported the presence of slums. However, while the habitat-based approach has been useful in enabling the targeting of shelter and services towards people living in slums and slum-like conditions, not all those living in slums can be characterized as living below the poverty line. Similarly, a purely habitat based methodology excludes a large number of persons who may not live in slums, but nevertheless face substantive deprivation or vulnerability that would qualify them as being poor. In this context, it becomes necessary to identify “people” (and households) falling below the poverty line for the design and delivery of appropriate interventions aimed at the wider goals of urban poverty alleviation and inclusive urban development.

In a bid to devise a uniform methodology and/or criteria for the identification of BPL households in urban areas, the Planning Commission constituted an Expert Group vide

⁹² These include operational holding of households, type of house possessed, food security, access to sanitation, water and clothing, education and health status of the household, indebtedness, means of livelihood, consumer durables possessed among others. (Source: Hirway, 2003)

⁹³ GoI, M/o RD, 2009.

Notification No. M-11019/10/2010-PP dated 13 May 2010 chaired by Prof. S. R. Hashim⁹⁴. In its interim report, the Expert Group has recommended a vulnerability-based identification of the urban poor which has formed the basis of the Socio-Economic and Caste Census, 2011. The final report of the committee is yet to be submitted.

⁹⁴ Planning Commission, 2011a