The Journal of Centre for Promotion of Arts and Science
Volume 2, Issue 3, July– December 2026



https://journalcpas.kalavig.com

Housing for Slums, the case of India : Some Thoughts

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Abstract

Out of these 450 million people living in urban areas, nearly 68 million people live in the slums. In terms of their evolution and journey, while the slums present a picture of social apathy and lack of political will, stories of policy failures and dysfunctional markets, of indifference to outright opposition, they are also full of amazing stories of people's ability, endurance and enterprise, and keeping families content and happy in their small islands of hope, dream and aspirations.

The slums don't grow overnight. The government allows the people to squat and find their own living - as the middle path - since the borders cannot be sealed or migration be stopped. Thus, slums and squatter settlements are very much a natural bye-product of urbanization and concentration of growth in cities. In the immediate present, a recognition by the government of some form of legitimacy to the slum dwellers and thus granting them mortgageable title will act as a powerful enabler for raising loans from financial institutions.

Keywords

Rapid urbanization, Migration, In-situ Slum development, Civic administration, Surplus area, Private Developer, Affordable Rental Housing, Vienna, Financial Engineering.

1. Introduction

The proliferation of slums in Indian cities reflects both rapid urbanization and persistent gaps in affordable housing. Out of a total population of 1500 million people in India, 450 million people or 36 per cent of the total population reside today in the urban areas. Out of these 450 million people living in urban areas, nearly 68 million people live in the slums. In terms of their evolution and journey, while the slums present a picture of social

apathy and lack of political will, stories of policy failures and dysfunctional markets, of indifference to outright opposition, they are also full of amazing stories of people's ability, endurance and enterprise, and keeping families content and happy in their small islands of hope, dream and aspirations.

In the absence of formal intervention and government supported schemes, the migrant population residing in slums are often forced to find their own informal solutions. Call it innovation, or even 'jugaad', for that matter, they find their own jobs, their own sources of livelihood, and make decisions important to their lives, on a day-to-day basis, trying to fit and naturalize themselves into the urban framework and become part of the host city. They learn to live with the daily challenges of life - including the perpetual threat of eviction or relocation. At the same time, they continue to contribute their bit by providing support to the urban economy as vegetable vendors, construction workers, plumbers, electricians, taxi and auto drivers, security guards, sweepers and domestic help to people of better means living in proper houses.

Even with no equity or title or ownership in the land, these families invest in the surrounding amenities, in whatever form available, through their meagre income for improving their life and of their children. By no standards, easy for these families emotionally, economically and socially, to constantly suffer that sense of deprivation and exclusion and carry on in life. To be fair to the society at large, the majority of people do not grudge them this little world that the slum dwellers build around them without any title or legal ownership and are ever ready to invest their hard-earned meagre money on mere promise or dream of getting some kind of title or a token ownership for the small piece of land.

This huge challenge of slums today in most of the Indian metropolitan cities has emanated from our failure to find the right sustainable solution over all these years, while numbers kept increasing everyday with people migrating to these centers in search of jobs and livelihood, as is inevitable in a growing and rapidly urbanizing economy. Although much has been written on the subject, we don't seem to be getting anywhere close to a sustainable solution; though there have been failed trials and few successes, and lot of learnings in between.

To be fair to the authorities, it's not always the case of government's insensitivity or policy failure. After all, it's the government land upon which the slums have grown, perhaps with its tacit consent or the tacit approval of the prevalent political dispensation. The slums don't grow overnight. The government allows the people to squat and find their own living - as the middle path - since the borders cannot be sealed or migration be stopped. Thus, slums and squatter settlements are very much a natural bye-product of urbanization and concentration of growth in cities.

Measures adopted for Slum Improvement

With the urban share of the population estimated to rise to 50 per cent by 2050, any effective strategy to ensure dignified housing to people in urban settlements in the future will require close coordination among the Union Government, the State Governments and the urban local bodies. People living in slums are an important social, economic and political constituency, and their housing conditions demand urgent intervention. There is an urgency to address this worsening problem in advance. The challenge is daunting but not insurmountable.

Through the Pradhan Mantri Awas Yojana (PMAY-Urban) launched by the Government of India in 2015, the issue of urban housing for the weaker section of the society is being addressed through the four verticals of: (a) Beneficiary-led Construction, (b) Credit Linked Subsidy Scheme, (c) Affordable Housing in Partnership and (d) In-situ Slum Redevelopment. Under the 'Beneficiary-led Construction, a beneficiary can get up to Rs. 2.5 lakh to build or enhance pucca house on the land already owned. The number of beneficiaries under this scheme each year is, however, limited since it depends on the financial allocation made by the Government of India. Around 1.5 lakh people have been benefiting each year from this scheme.

The scope under the 'Credit Linked Subsidy Scheme' appears to be wider as the government's obligation is limited to merely providing the subsidy on interest for the housing loan taken by the beneficiary. A four per cent interest subsidy is granted to such beneficiaries under the scheme. It is, however, not clear if this scheme has benefitted more people than under the 'Beneficiary-led Construction scheme. Under the third vertical of 'Affordable Housing in Partnership', the Central government provides grants to state government agencies or to the private sector engaged in housing projects that have a minimum of 250 houses and 35% of houses are earmarked for the weaker sections. The Central government, in such cases, extends grants equal to Rs.1.5 lakhs per EWS house.

The first three verticals discussed above benefit the people, at the countrywide level. They do not necessarily focus on improving the conditions of the slums. The fourth vertical of 'In-situ Slum Redevelopment', on the other hand, has a direct bearing on slum improvement. The case of Mumbai metropolitan city, in this context, is very relevant; the same has been discussed in the section below. Yet another (fifth) vertical of 'Affordable Rental Housing Scheme has been added recently under the PMAY(Urban). But, so far, very little progress has been made in this direction.

2. Mumbai as a Test Case for 'In-situ Slum Redevelopment'

As high as 50% of the population in Mumbai is said to live in the slums. It has one of the largest slums in the world! Mumbai's principal response to slum improvement has been 'In-situ Slum Rehabilitation'. Instead of treating land occupied by the slum dwellers as encroachment, the model uses its development potential to finance replacement

housing. Since the slums are horizontally spread, they cover a larger area. The same number of people can be accommodated in a smaller area if a high-rise building comes up at the same place. The surplus area thus created can be made available to a developer for constructing another tower and selling the flats in this tower at market price, and recover the cost incurred on the rehabilitation project/tenement.

Under this approach, erstwhile households residing in the slum receive flats in the rehabilitation tenement having a covered area of 300 square feet each, which includes the basic amenities. Under the Mata Ramabai Ambedkar Nagar rehabilitation scheme, for instance, the land encroached was regained peacefully by moving around seventeen thousand slum dwellers to rented flats before their flats are constructed and ready to be handed over. The developers have to pay the eligible households the market rent in advance for the duration of construction.

Since high rise buildings have higher maintenance costs, the developer is also required to contribute towards the dedicated corpus created for maintenance. This contribution increases as the height of the building is increased. Furthermore, post-handing over the possession of flats, a housing cooperative constituting the eligible households is required to be formed to oversee the management of the new tenement. Additionally, through its ward administration and service departments, the civic administration provides water supply, community sanitation, drainage, solid-waste collection, internal access, public health services, schools and municipal facilities to the residents of the new tenement.

For successful implementation of this scheme, it must be ring fenced with necessary legislation and authority. It has very much been done in the case of Mumbai. Whenever there is a delay on the part the developer, he/she has to pay the penalty. Similarly, if necessary, the developer's contract has been terminated and replaced by a new developer. Successful in-situ rehabilitation therefore requires more than construction. It needs reliable surveys, transparent eligibility, realistic phasing, temporary accommodation, infrastructure capacity, livelihood planning and long-term building management.

3. Affordable Rental Housing Scheme

'Affordable Rental Housing scheme' constitutes the fifth vertical under the PMAY-Urban. So far, it is in its infancy in India. Under the affordable rental housing scheme low cost dignified rental accommodation with necessary civic amenities is provided by the urban local body for labour/ migrant labour/ poor near the workplace, thus preventing the growth of slums. Since the land is a state subject in India, housing development on these lines has to be done by the state agencies, although the Central government often supplements the efforts of the state governments under the PMAY-Urban. As reported around one 22 lakh houses have been sanctioned under this scheme, and until 2022-23, 6 lakh houses have been constructed.

The eligible person/beneficiary, in turn, may apply online for taking the house on rent. The progress, under this scheme, appears to be far from satisfactory and needs to be scaled up under the public- private-partnership model, with provision of liberal subsidy from both the State and the Central governments. The industries that are directly dependent upon labour may specially take advantage of this scheme and thus ensure satisfactory residence to their employees. In a number of cases, vacant/unutilized land is available with the different industries, housing boards and municipalities that could be put to use for building affordable rental housing.

There are plenty of examples in advanced countries where affordable rental housing is provided by the urban local body/ municipality/ government. The case of Vienna city in particular is worth mentioning. 'Over 60% of Vienna residents live in subsidized housing. The city directly owns around 22,00, 000 municipal apartments and supports non-profit housing associations that manage hundreds of thousands more' (*Major International, LinkedIn dated 12.10.2026*). Quite similarly 'non-profit housing associations control nearly 29% of the county's total rental housing stock' (ibid). Similar examples can be found from Denmark, the Netherlands and Germany.

Given the writing on the wall of increasing urbanization in the years to come, the government (Centre and the States) in India ought to consider the scheme of 'affordable rental housing' more seriously. This is the surest solution to prevent emergence of slums in the growing urban agglomerates. Whether it be the local body/municipal corporation or non-profit housing associations, these will have to depend, in turn, on the financial institutions. Necessary financial engineering to suit both the lenders and the borrowers will have to worked out. While the State government may provide land for constructing such tenements, the Central government may provide tax concessions to the builders.

4. Conclusion

There are obvious advantages to the society of slum improvement. While it benefits directly the slum dwellers, the economy benefits in terms of improvement in efficiency of workers. At the same time, the city landscape gets a face lift, and the city becomes a more liveable place. In the immediate present, a recognition by the government of some form of legitimacy to the slum dwellers and thus granting them mortgageable title will act as a powerful enabler for raising loans from financial institutions. This could be the single most important measure that would connect informal housing and informal borrowers with a formal financial system. Where necessary, existing laws and regulations should be amended to support a durable, equitable and implementable solution. The government may, furthermore, come forward and support with some basic infrastructure and institutional facilities like schools, hospitals, municipal services, water and sanitation facilities in the existing slums. In the words of Desmond Mathew, an American sociologist, 'An affordable housing program will be a poverty alleviation

effort, human capital investment, community improvement plan and healthcare initiative all rolled into one’.