

Housing Mumbai's Poor

The slum rehabilitation scheme in Mumbai has failed to address the issue of housing for the poor and has also led to large-scale corruption. This article proposes a public housing scheme that deals with the weak points of the current programme and will provide shelter for one crore people.

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The right to housing is considered a basic human right and yet, particularly in the large urban centres, it seems to be almost impossible to implement this right meaningfully. I am reasonably familiar with the situation in Mumbai as also the frauds masquerading as solutions for this problem. I shall attempt here to offer a tentative framework, which could perhaps act as a starting point for this exercise. This could have some pointers to solutions in other urban centres as well. There may be flaws in the arguments advanced here, but I hope this will be a journey towards finding a viable solution.

Let us start with an attempt to define the issue. I am assuming that a significant inflow of people will keep coming to Mumbai and other urban centres, until we address the issue of providing livelihood to people in the rural areas. In that case, we have to assume that cut-off dates (slums coming up after such a date are considered illegal), or any restriction on people coming to cities is not an option. There have been various attempts to remove slums in Mumbai since 1971, but the only consistent result has been an increase in their number. The conditions in which the slum dwellers live are dehumanising and these in turn become big sources of support for crimes and corruption. The Slum Rehabilitation Scheme (SRS) was started in Maharashtra by the Shiv Sena-BJP government in 1997. Basically, it sought to depend on the milk of human kindness of private builders to ensure low-cost houses for the poor. To

implement the scheme, a body called the slum redevelopment authority (SRA) was set up with vast powers. The SRA could declare any area a slum, and a slum redevelopment scheme could be started there with the concurrence of 70 per cent of the slum dwellers. SRA could take over any land and had virtually unchecked powers to deliver this laudable social objective.

Traditionally, the chief minister has been in charge of the SRA. It was usually initiated by a builder if he somehow showed the concurrence of 70 per cent of the slum dwellers. The concept was that all slum dwellers who were staying in Mumbai before 1995, would be given free housing of 225 square feet (equal to 21 sq m) and an equivalent area could be built and sold by the builder to offset the construction of the free houses to be given to slum dwellers. In my view, the scheme suffered from a few fatal flaws. First, it promised a free house to people based on an arbitrary date. This obviously led to a mad scramble to become eligible for the free house. These tenements are worth between Rs four lakh to 50 lakhs at the present market rates depending on the area.¹ In any city, property prices are basically a function of land prices and vary hugely depending on the area. On the other hand, construction cost variation is not really area-linked. For low cost housing the construction cost is in the range of Rs 8,000 to 12,000 per sq m. Thus the developer invests in the construction cost of two tenements – one to be given free to the slum dweller and the other which he is free to

sell. He invests about Rs 3.4 lakh to 5 lakh² and could sell the property which is his share for anything between Rs 4 lakh and 50 lakh. This is an obvious invitation to the greed of human beings. When property prices were much lower a decade ago, the scheme did not attract too many takers, but as the property prices have skyrocketed in the last few years, the SRA has attracted many to adopt a variety of ways to exploit this. If a slum dweller who came to Mumbai say in 1996 can manipulate documents to prove he was in Mumbai a year earlier, he is entitled to a free house. And what about the citizen who came in 2001 and cannot afford a house? He is expected to live in a slum. The builders, politicians, officials and mafia obviously see a great temptation to earn fantastic amounts if they can increase the number of fake slum dwellers, take over public lands by having even one hut there, coercing slum dwellers into acquiescing in their scheme and so on. Even celebrities have registered their names as slum dwellers. The SRA has claimed that it has sanctioned 2,31,000 tenements until June 2007. If we take the average sale price of the free sale component at Rs 22 lakh, and assume that all genuine slum dwellers are being given legitimate dwellings and no bogus names have been introduced, the value of the legitimate sale component for developers amounts to about Rs 50,000 crore. By introducing fake names, appropriating public lands where there were no slums, cancelling the names of the actual slum dwellers and so on, a great bonus is added to this. Criminal complaints have been filed for forgery, intimidation, criminal assault, bribery, appropriation of public lands covering almost all the sections of the Indian Penal Code with the Anti-Corruption Bureau, and various police stations across Mumbai.

A Flawed Scheme

Having looked at the present scenario, is there a solution which can address the right of people to get a house in Mumbai or other urban centres? Let us look at the flaws in the present scheme. Firstly, any scheme which seeks to confer ownership of property worth Rs 4 lakh to 50 lakh gratis will give rise to the desire for dishonest gain and will be seen by those who do not get this largesse as unfair. Secondly, since there does not seem to be any rational basis for the profit of the

developers, it tempts them to find ways of illegally increasing their profits to absurd levels. Let us look at what I feel are the fundamental fatal flaws in the assumptions of the present slum rehabilitation schemes. Firstly, while we recognise the right to shelter, it does not imply that this means the right to own a house for free. Secondly, as designed at present it is left to private builders to execute it, and there is no rational basis for the formula of this supposedly one-for-one free scheme. Land as we all know has varying values depending on location, whereas construction cost variables are much lower. Also, any scheme which looks at arbitrarily conferring special rights on those who came before a particular date, is refusing to look at the issue of migration from rural to urban areas in a practical light.

Starting from identifying these issues, I am making the following assumptions to attempt developing a solution:

- (1) We need to ensure shelter, not ownership of property.
- (2) Citizens in urban areas have some capability of paying and must be made to pay for shelter. Most families in slums are presently paying over Rs 300 each month to the slumlords for their meagre supply of water and electricity.
- (3) The poor will migrate to cities. Hence any solution will have to think of those who come in the future.
- (4) We need to build enough shelters so that scarcity does not prevail.

My basic assumption is that if we provide shelter for about one crore people in the next five years, there would be no scarcity. I assume that if we build 17 lakh tenements of an area of 23 sq m and 4,000 dormitories of 1,500 sq m with a capacity to house 500 people each, we could meet the housing requirements for the next five years. This would take care of the need for shelter for about one crore people. If the average tenement houses 4.7 people this would mean a capability of housing 79.9 lakh in tenements and 20 lakh in dormitories. Those who wish to stay in tenements could be asked to give Rs 7,000 as a refundable deposit and a lease rental of Rs 400 could be charged monthly, with an escalation of Rs 40 each year for a period of 15 years. At the end of 15 years, people must be told that the lease conditions will be renegotiated. Some would hopefully move out into owned flats. It should be possible to maintain these tenements at Rs 150 per month, which would leave a sum of about Rs 500 crore to be used to build more facilities every year.

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People could come every evening to the dormitories and for Rs 8 a night, sleep in a bed, and have the facilities of toilets and a bath. I am assuming that at a cost of Rs 8 per person, it would be possible to pay for the maintenance cost of the dormitories. A concept of this nature of providing shelters for the homeless exists in the US. So far, this may sound more like expressions of fond desires. The total land area required for this would be 22.5 sq kms on an assumption of a FSI of 2 spread over Mumbai. Presently according to most data, slums are spread over a much larger area. The cost of construction assuming a reasonable Rs 8,000 per sq m will be about Rs 36,000 crore (see Table 1).

This would need 23 sq kms whereas by most accounts the slums are spread over 10 per cent of Mumbai's 437 sq kms. This means that presently about 43 sq kms are already covered by slums. Thus the land is already available and occupied by slums.

The state must undertake this project and get the construction done through contractors. The questions that naturally come to mind are: Why will it not get hijacked by the affording class moving in? Where will the money come from? To the first question I think we need to look at designing the tenements in such a manner that they are meant for those who are presently prepared to live in

slums and are willing to forgo some aspirational needs. A private toilet is a strong aspiration for most home owners. The tenements built under such a scheme should have only common toilet blocks, be typically four-storeyed – ground plus three – and have no lifts. Since the tenements are leased by government, no alterations of any kind should be permitted in the tenements. No painting or any change should be permitted and a coat of whitewash could be applied by the state every alternate year. Incidentally, the chawls in Mumbai have precisely these features, and have housed many people. I believe by refusing to allow all the aspirations of the upwardly mobile social classes, it would be possible to ensure it does not get hijacked by those who can afford to buy flats. There may also be other means of ensuring that the tenements cannot be combined. Refusal to confer ownership rights, and a strict adherence to laws which could even be specially framed to address the needs of such a scheme could make it possible to provide shelter in such abundance that nobody needs to be without shelter. Also, we need to enforce the conditions of lease very seriously, just as private owners of property do at present. We have the land, and it appears possible to provide shelter for anyone who needs it in Mumbai. However, where will the money come from? I am suggesting one source which

has been allowed to bleed public revenue without any legal or moral justification.

Getting Back Our Dues

In answer to my Right to Information (RTI) application, I was told by the city and suburban collectors that 600 acres of public land in the island city and 597 acres in the suburbs have lessees whose leases have expired long ago and that they are being allowed to continue illegal occupation paying the original lease rents. The total lease rent being paid by 553 people occupying 1197 acres of land, without any legal right to occupy these public lands is about Rs 5.8 crore. If we assume a lease rental of Rs 4 crore per acre average for the suburbs, and Rs 10 crore for the city it would mean an annual income from public properties (where leases have expired) of Rs 8,388 crore. If we get our due revenue of Rs 8,000 crore annually, we could execute the plan for housing one crore people. In the first five years we would need about Rs 36,000 crore, and our revenue could be about Rs 40,000 crore by getting our rightful share of revenue. The property belongs to us, and is presently in the hands of 553 lessees illegally, because of connivance and negligence of the government (see Table 2).

I had filed a complaint with the chief secretary of Maharashtra in 2005. He argued that it was difficult for the government to get favourable court orders in these matters. I pointed out to him that the government regularly acquires lands owned by citizens even when these do not wish to part with their lands, and hence the government's claim that it cannot get its own land back was untenable. The solution perhaps lies in citizens across the spectrum putting pressure on all political parties to get us our rightful dues and resolve the issue of housing and slums. This matter can unite all citizens, give us a solution to our housing problems and after a few years also give us a stream of additional revenue to improve our infrastructure. [4]

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Notes

1 1 sq m = 10.7 sq ft, 1 acre = 4087 sq m. The value of a residential property of 21 sq m in Mumbai will be in the range of 18,000 to 2,20,000 per sq m.

2 At a construction cost of Rs 8,000 per sq m the construction cost of one tenement will be Rs 1,68,224 and at a construction cost of Rs 12,000 per sq m it will be Rs 2,52,336.

Table 1: Cost of Construction of Homes for Slum Dwellers in Mumbai

	Numbers	Total Built-up Area (in Lakh sq m)	People Accommodated (in Lakh)	Construction Cost @ 8,000 Per sq m (Rs Crore)
Tenements (23 sq m each)	17 lakh	391	79.9	31,280
Dormitories (1,500 sq m each)	4,000	60	20	4,800
Total		451	99.9	36,080

Table 2: Land Area in Mumbai Where Leases Have Expired

Area	Name of Lessee	Area Sq m	Lease Rent Paid (Yearly) (in Rs)	Lease Period (Years)	Expired In
Colaba	Sterling Investment Corporation	2217	1	21	1959
Mazgaon	Wallace Flour Mills	29345	76.81	99	1992
Mazgaon	Shapurji Pallonji	25507	1644.54	99	2002
Mazgaon	Shivdas Chapsi	10047	6.57	99	1972
Byculla	Simplex Mills	7836	48.81	99	1983
Malabar Hill	Prithvi Cotton Mills	1132	3.53	99	1986
Dadar	Bharati Cine Enterprises	3470	546.54	50	1976
Lower Parel	National Rayon Corporation	4427	327.21	21	1985
Bandra	Gauri Khan and Shahrukh Khan	2446	2325	30	1981
Bandra	Mrs Gracy Martha Lopez	27330	1400	30	1981
Juhu	Sun 'N Sand Hotel	1036	1004.4	2	1970

Source: Information given by the office of the collector, city of Mumbai, January 23, 2007 and the office of the Mumbai suburban collector, January 10, 2007 in reply to applications under the Right to Information (RTI) Act.