

**India: Slum-free by 2022? A people-centered evaluation of the Pradhan Mantri Awas Yojana Scheme**

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Source: MoHUPA 2015

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## ABSTRACT

With about one in six urban Indians living in informal settlements, the need for additional affordable housing in India is growing exponentially. The Indian Ministry of Housing and Urban Poverty Alleviation (MoHUPA) launched its ambitious Housing for All scheme (Pradhan Mantri Awas Yojana, PMAY) in 2015 with the goal to make India slum-free by 2022. This scheme is based on similar former programs and shows promise regarding the number of houses that will be built with the help of the government's credit-linked subsidies for low-income groups in India. However, the program has many shortcomings, especially from a people-centered perspective: beneficiaries are often perceived as passive, there are few empowerment measures in the scheme, access to benefits is exclusive, and long term effects are neglected. It is concluded that PMAY is mainly an image campaign for the government and lacks sustainable elements.

Based on current research and interviews with Indian housing experts from April and May 2016, this paper intends to suggest possible lessons from this Housing for All scheme. The focus lies on potentials found in decentralized municipal policies, public-private partnerships for upgrading existing housing and providing basic facilities, and on slum dweller empowerment. These three elements are discussed based on an inclusive and people-centered approach to development. The results of this discussion will then be abstracted into tentative guidelines on how to approach affordable housing in a developing country.

## KEYWORDS

*Housing for All, slum-free India, people-centered development*

**AUTHOR BIOGRAPHY:** Laura v. Puttkamer holds a Bachelor's degree in Political Science. She wrote her thesis about participatory slum upgrading in India and has since visited the country several times. In her Master's degree, she is focusing on global urban development. Additionally, she has a blog ([www.parcitypatory.org](http://www.parcitypatory.org)) about participatory urban planning.

## Affordable Housing in India

There is a drastic housing shortage in India of about 50 million homes (Indian Express 2015). The poorest families are most affected, especially those living in urban slums (Kumar 2015: 10). For years, the Indian government has tried to provide affordable housing, mainly through public sector housing programs, slum redevelopment and provision of land with access to infrastructure (Sheth 2013). However, the poorest segments of society benefitted least from these programs since the ready-made houses were too expensive and the number of houses built was too small (ibid.). Therefore there still is a lack of adequate housing and basic amenities while the urbanization rate of India is increasing steadily, meaning that more and more people will need affordable urban housing (Kumar 2015: 8).

In recent years, several government schemes to tackle India's affordable housing crisis have been launched, most prominently the 2009 Rajiv Awas Yojana scheme (RAY). This Housing for All scheme aimed at providing appropriate housing to slum dwellers and preventing further slum creation by giving long term leases to slum dwellers (Biharprabha 2013). Financial assistance was provided to states willing to assign property rights to slum dwellers for building low-cost houses and improving basic services to the urban poor (BBC 2011). However, like other programs before it, RAY didn't reach the poorest urban dwellers, experienced a decline in houses built, and often resulted in evictions and slum demolitions (Sheth 2013, Chaturvedi 2013, Chitravanshi 2015). These

and similar failures and the inability to meet the needs of the poor and to provide access across all income groups to affordable housing have been described as India's "exclusionary urbanization" (Kumar 2015: 11).

### **The Housing for All scheme, or Pradhan Mantri Awas Yojana**

In the following, the potentials and shortcomings of PMAY will be evaluated from a people-centered perspective after briefly introducing the scheme. In the conclusion, tentative guidelines for affordable housing policies are formulated based on this evaluation. Interviews and an analysis of existing documents in English serve as empirical foundation, while the people-centered approach to development provides an analytical frame. Since PMAY is a 2015 scheme, there are almost no scientific articles about it available in English. It proved difficult to find critical opinions voiced in newspaper articles, which is an interesting observation.

#### **About PMAY**

*"By the time the Nation completes 75 years of its Independence [2022], every family will have a pucca house [permanent, durable construction] with water connection, toilet facilities, 24x7 electricity supply and access."* (Vikaspedia 2015).

In June 2015, India's Prime Minister Modi announced the subsumption of RAY and other housing schemes in the PMAY scheme to provide affordable housing to all eligible beneficiaries. Pradhan Mantri Awas Yojana (which translates into "Prime Minister's Housing Plan") is not only a name change away from the Rajiv Gandhi name as in RAY (Chitravanshi 2015), but a new flagship program for Modi's government. Simultaneously, the prestigious Smart Cities program was launched.

PMAY is an anonymous policy by India's Ministry of Housing and Urban Poverty Alleviation (MoHUPA). In the document, the intention to cooperate with other ministries like the Ministry of Labor and with other schemes which target the urban poor is laid out (MoHUPA 2016: §13).

PMAY consists of four pillars, as can be seen in the graphic below. The second pillar, providing housing through credit-linked subsidies, is demand-oriented and can be seen as the centerpiece of the scheme. The credit enables even very poor people to pay for new affordable housing. It is important to keep in mind that the scheme envisions "in situ" slum redevelopment. This means that beneficiaries move into temporary housing while their new houses are being constructed on the original site. A slum is defined as a compact area of at least 300 people or about 60-70 households of poorly built tenements in an unhygienic environment with inadequate infrastructure and lacking basic facilities (MoHUPA 2016, § 5.10). Eligible beneficiaries, most of them slum dwellers, are classified into the Economically Weaker Section (EWS, maximum annual income 4,500 USD) and Low-Income Groups (LIG, maximum annual income 9,000 USD). These two groups account for 96% of India's housing shortage (Business Today 2015).



Source: MoHUPA 2015, page 2

## Evaluation of shortcomings and promising elements from a people-centered perspective

According to the United Nation's Development Program (UNDP), people-centered development means

*"expanding the choices available to people in order to live valuable lives (...). People must be at the center of human development, both as beneficiaries and as drivers (...). People must be empowered with the tools and knowledge to build their own communities, states and nations."* (UNDP 2011: 2)

Nobel Prize winner and development expert Amartya Sen in his famous book *Development as Freedom* writes that individuals have to be seen as "active agents of change rather than as passive recipients of dispensed benefits" (Sen 1999: xii). Together with the United Nation's Sustainable Development Goal 11 of making cities inclusive and sustainable (United Nations 2015), key criteria for a people-centered evaluation framework are the beneficiaries' role, empowerment measures, access to benefits (inclusiveness, Kumar 2015: 11), and long-term perspectives (sustainability). In the following, these criteria for a people-centered development will be applied to PMAY's four pillars.

The **first pillar** of PMAY focuses on slum redevelopment. The "in-situ" redevelopment takes place mainly on government land by selecting a private partner in an open bidding process who will build new multi-story houses on the land (MoHUPA 2016: §4.1, 4.2). The land left available will be sold instead of being used to improve livability by creating public spaces or adequate facilities (Patel 2016a: 38-39), thus restricting access to benefits and giving priority to the interests of private developers. The decision of whether to redevelop a slum is left to individual cities (MoHUPA 2016: §4.8.1), whose officials also decide when a former "slum" can be denotified (MoHUPA 2016: §4.1). This means that access to rehabilitation is restricted. The development of Housing for All Plans of Actions in each city (MoHUPA 2016: §4.8.1) holds the potential to include citizens' organizations and

the private sector in developing a clear strategy for slum upgrading (Sheth 2013). Currently, the prevention of future slum-building is not covered in the policy (Patel 2016b).

The **second pillar** is the only demand-based element of PMAY (Garg<sup>2</sup> 2016: Interview), allowing EWS and LIG beneficiaries to seek housing loans for comparatively fair subsidy rates (Choudhary 2016). Preferences are given to women, persons with disabilities, minorities, certain castes and tribes and transgender persons from LIG and EWS segments (MoHUPA 20216: §5.8). This promising clause shows an inclusive approach. However, the application process is complicated and requires internet access, reading skills in English and Hindi, and proof documents, which many slum dwellers are unable to produce (Patel 2016a: 40). Additional support like connections to designers and architects is necessary to support sustainable affordable housing (Garg 2016: Interview).

Housing in Partnership is the title of the **third pillar**, meaning that the state will provide financial assistance to houses for the EWS category (MoHUPA 2016: §6). While it is a positive development that many different stakeholders like states, cities, and the private sector are coming together, beneficiaries are still not perceived as active. Beneficiaries from the LIG section are excluded, which Patel calls a “strange and incomprehensible constraint” (Patel 2016a: 40). Additionally, partnerships with other infrastructure providers and linkages to government schemes for sanitation, electrification etc. are neglected (Patel 2016a: 39).

The **fourth pillar** offers assistance to beneficiary-led construction in non-slum areas or slums not classifying for redevelopment (MoHUPA 2016: 11). It is the only pillar to consider beneficiaries as active participants. However, proof of land ownership is still necessary (MoHUPA 2016: §7.1), which excludes all beneficiaries who dwell illegally on land (Patel 2016b). A potential is seen in the acceptance of self-built housing, which could become an innovative new category for developing affordable housing (Garg 2016: Interview).

To conclude this evaluation, it has to be said that PMAY focuses on providing access to affordable housing instead of providing control. The scheme is not focused on people-centered development but on a numerical provision of housing in order to become a slum-free country in the given time.

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<sup>2</sup> Ms Vidhee Garg is a Principal at the Affordable Housing Institute (AHI). Her research focus are relationships between formality and informality in income and tenure issues. The interview was conducted via Skype.

### **Potentials for people-centered approaches in PMAY**

From a people-centered perspective, the following three potentials for improvement in India's affordable housing policies are hypothesized, voiced in different interviews with experts on Indian housing:

#### ***Schemes like PMAY are an opportunity to improve India's multi-level governance structures and make them more participatory***

One of the biggest challenges of PMAY is its implementation. PMAY is centrally funded and conceptualized, but will be implemented on the municipal level. However, decentralization of power is not very advanced in India (Kumar 2015: 12-13). Capacity, vision, power and accountability are lacking on the municipal level (Chaturvedi<sup>3</sup> 2016: Interview), which could be remedied by providing trainings and better technologies for affordable housing provision (ibid., Kumar 2015: 12). Knowledge transfer between different levels of government and beneficiaries is necessary, involving academia (Garg 2016: Interview) and external experts for trainings and capacity building (Chaturvedi 2016: Interview, Kumar 2015: 12-13).

However, experts on affordable housing agree that for a scheme like PMAY to work a holistic approach is necessary, including NGOs and CBOs as well as municipalities and private developers in a process of participatory governance. A focus on functional aspects of urban upgrading and affordable housing is crucial (Chaturvedi 2013, Chaturvedi 2016: Interview), instead of only focusing on physical aspects. This is summed up by Mr. Kumar as "new paradigms of participatory governance" (Kumar 2015: 12-13), including not only the beneficiaries but focusing also on the empowerment of local governments.

#### ***Schemes like PMAY bring together many stakeholders and can empower them by providing jobs and new technologies.***

Without the mandated help of the private sector, the Indian government would be at a loss to build 20 million urban houses by 2022 (Singh 2015, Patel 2016b). Historically, public private partnerships (PPPs) have not been very successful in India because they were not considered as partnerships by the government, there was a lack of trust, and there were structural difficulties like rigid processes and development norms (KPMG 2014: 12-14). This situation is now improving (ibid.; Sheth 2013). However, private companies often have little experience or knowledge about the needs of the targeted population (Sheth 2013). While programs such as the Smart Cities scheme can help private companies to better understand beneficiaries through new monitoring and data collection technologies, the targeted population would benefit most from jobs or trainings in the construction process (Chaturvedi 2016: Interview). Multi-stakeholder participation in the planning process would benefit all sides, leading to a more empowered and more active community (Patel<sup>4</sup> 2016c: Interview). This calls for a balance of interests and a partnership not only between state and private developers, but also the targeted population. Beneficiaries could voice their demands and improve their skills (Chaturvedi 2013), as promised by Prime Minister Modi (Choudhary 2016, Chitravanshi 2015) for long-term urban improvement and a more sustainable result would be guaranteed from this participatory approach (KPMG 2014: 22, Sheth 2013; Jones Lang LaSalle 2012:2).

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<sup>3</sup> Mr Adesh Chaturvedi is Associate Professor at the Goa Institute of Management and a Senior Technical Advisor to the World Bank India. The interview was conducted via Skype.

<sup>4</sup> Mr Shirish B. Patel is an Indian Civil Engineer, advisor of the Indian Institute for Human Settlements, and the founder of the Mumbai-based firm Shirish Patel & Associates (SPA). The interview was conducted via e-mail.

**Schemes like PMAY contribute to bringing about empowering and affordable housing and offer the chance to consider new land ownership models**

Interestingly, the predecessor scheme Rajiv Awas Yojana (RAY) gave land rights to slum dwellers, while PMAY only focuses on providing housing on government-owned land. Culturally, land is of big importance in India and ownership, or at least leasehold rights, have proven to have a very positive impact (Patel 2016a: 42) on bottom-up development efforts. Experts suggest that providing land parcels with access to infrastructure (like, for example, water connection) instead of building houses might prove to be much more sustainable (Patel 2016a: 39, Kumar<sup>5</sup> 2016: Interview). However, there are other models of land ownership, like community-based ownership, that should be considered (Garg 2016: Interview). Another possibility would be a rental option, which, according to Shirish Patel, could be far more empowering for people (Patel 2016a: pp. 41). Forming ground rules for land and house ownership in a participatory process is necessary (Sheth 2013, Chaturvedi 2016: Interview), as are enabling policy structures (ibid.). Training the population in construction and maintenance work would also empower them. The fact that PMAY empowers the consumer for greater affordability by providing subsidies with low interest rates should be highlighted as a positive development (KMPG 2014: 22), but other financing models, like micro-financing, could also be considered.

### **Conclusion and outlook**

The main finding of this paper is that PMAY is an extremely ambitious program with a number of shortcomings from a people-centered perspective on development. Overall, beneficiaries are seen as passive in the first three pillars and there is a grave lack of empowerment measures and participatory opportunities. While it is commendable progress that access to benefits is given to many disadvantaged groups, there are still countless factors of exclusionary urbanization in PMAY. Long-term effects on urban development are not considered and linkages to other development schemes are missing, meaning that the sustainability of “keeping India slum-free” is questionable at best.

PMAY is mainly centered on providing housing (physical aspects) and seems to neglect surrounding sustainability measures (functional aspects) such as infrastructure development, prevention of future slum creation, community development and empowerment measures. While it is too early to evaluate the results, it can be expected that the goal of making India slum-free by 2022 is impossible to reach and is mainly a symbolic policy and an image campaign for the government. Shirish Patel writes that *“It all sounds like sloganeering at its best, or the construction of an elaborate mirage, with no real intention of delivering results.”* (Patel 2016b).

However, PMAY does show some innovative potentials for considering alternative land use models and housing definitions, training local governments and beneficiaries to provide new skills and establishing multi-stakeholder partnerships to form participatory ground rules. Regular and independent evaluation of the scheme is necessary and the real test will be in the implementation of PMAY until 2022 (Chitravanshi 2015). The question remains whether India will learn from its past failures and experiences in other countries.

Considering both past experiences and lessons from the relatively new PMAY scheme in India, the following policy recommendations for people-centered affordable housing policies can be tentatively derived from the documentary analysis:

- A sustainable and holistic affordable housing policy needs to focus not only on the provision of housing, but also on the functional part. Accompanying upgrading measures such as job provision and submissions for technology development or land ownership models should be considered (compare Patel 2016a: 40).

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<sup>5</sup> Mr Arjun Kumar is a research affiliate at the Indian Institute of Dalit Studies in New Delhi. He focuses on the housing shortage in India. The interview was conducted via e-mail.

- Including the community, the municipal (implementing) government, and private players in the process and forming participatory norms leads to empowerment and greater satisfaction. This multi-stakeholder approach can help to bridge the gap between supply and demand.
- A participatory process including the beneficiaries is necessary to better understand different interests and cater to the needs of all stakeholders. This would also improve accountability and transparency on the municipal level.
- To achieve sustainable urban development and to keep India or other countries slum-free even after 2022, consequences of the scheme like maintenance costs or environmental consequences must be considered as well.
- Learning from past experiences and other countries is important, as is a mutual knowledge transfer between India and other countries. A regular external evaluation as mentioned in PMAY will help to keep the ambitious scheme on track.
- Innovative approaches and openness to new and empowering measures like providing skill trainings will support beneficiaries even more than just providing them with infrastructure. This will help them in assuming a proactive role.

## Key Conference Takeaways

I received very helpful feedback at the NoCoHoCo conference where I presented this paper. These are points to look into for future research:

- Compare the Plans of Action for each Indian city (provided via the Nodal Agencies) – so far, not every city has drawn up such a plan.
- Consider vested interests that PM Modi and his government might have (i.e. political support from contractors). Consider also that the access to extra FAR (pillar 1) might not be beneficial in smaller cities with less interest in luxury apartments.
- Look deeper into house ownership: right now, the state may decide whether houses are allotted on ownership rights or on leaseholds rights
- Research vernacular housing and additional infrastructure and how they can be provided or combined with existing housing (this might be a more cost-efficient course of action than building completely new houses)
- Focus on capacity building and learning from each other. The discussion during the conference showed that education such as vocational training for slum dwellers, mutual learning between municipalities and the inclusion of slum dweller accounts are crucial.
- The evaluation of PMAY after two or three years will be very interesting, although special attention has to be paid to the diversity and the different scale of cities. Open questions are for example what will happen to people who cannot move back to their old houses or won't receive a new one and what the plans are for urban development in India after 2022.

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