

A woman wearing a green jacket, a floral patterned skirt, and a pink headscarf stands in the center of a dilapidated stone building under construction. The walls are made of rough-hewn stones and bricks, with many missing sections. The ground is covered in rubble and debris. The background shows more of the building and some greenery under a clear blue sky.

## Mahila Housing SEWA Trust

## Introducing the Integrated Housing & Slum Development Program

In 2005, the Government of India introduced the Integrated Housing & Slum Development Program (IHSDP) to improve the conditions of urban slum dwellers who do not possess adequate shelter and reside in dilapidated conditions.

The scheme is applicable to all cities and towns that are not covered under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and seeks to enhance public and private investments in housing and infrastructural development in urban areas.

The program strives to encourage holistic slum development with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to the slum dwellers of the identified areas. Unlike other government programs that have focused on slum clearance and renewal, the IHSDP focuses on in-situ slum upgrading. The IHSDP program functions by offering subsidies for slum upgrading/housing improvement to eligible households based on a needs assessment.

As per the 2009 Revised Program Guidelines:

- x SUDA/DUDA/ULBs/Government nodal agency shall identify beneficiary

- x Title of land preferably be in the name of female head of household
- x Ceiling cost for dwelling unit under IHSDP is Rs 1,00,000 for projects sanctioned 2008-2009 onwards
- x Minimum floor area of units > 25 m<sup>2</sup>
- x Units preferably be two room accommodations plus kitchen and toilet
- x State governments should ensure a separate provision for maintenance of the public assets created under the scheme
- x Housing should not be provided free to the beneficiaries
- x Beneficiaries should contribute > 12%

The IHSDP subsidy can fund the following activities:

- x Provision of shelter including upgradation & construction of new houses
- x Provision of community toilets
- x Provision of physical amenities, like water supply, storm water drains, community bath, widening and paving of existing lanes
- x Slum improvement and rehabilitation projects.



- x Provision of model demonstration projects
- x Provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery of other already existing universal services of the government for education, health and social security

IHSDP is financed 80% by Central Government and 20% by State Government/ULB/Parastatal. The Program explicitly states that housing should not be provided free to the beneficiaries by the State Government.

### Criteria for receiving IHSDP subsidies:

Households who meet the following conditions are eligible to receive the IHSDP subsidy for housing improvement:

- x Households must have land *patta*
- x Households must have all necessary identification proof
  - x Applicants must be living in a kutchha house
- x Government servants (even fourth class) are ineligible for IHSDP subsidies
- x Beneficiary should not have availed of any other government housing schemes

### Implementing IHSDP in Jodhpur

The Jodhpur *Nagar Nigam* (*Municipal Corporation*) has been trying to implement the IHSDP since 2008. As part of its needs assessment, the *Nagar Nigam* identified a total 217 slums in Jodhpur with a population of approximately of 240,000 inhabitants. Of these 217 slums, 90 slums and approximately 96,000 residents were eligible to receive some portion of subsidy from the IHSDP. Slum selection for the IHSDP is based on multiple criteria including the average number of criteria including population of slum, number of households in slum, castes/scheduled castes, quality of construction of existing housing (e.g. *kutchha*, *pukkha*, *semi-pukkha*).

Once a slum is declared eligible for the IHSDP, individual households within the slum are evaluated for eligibility to receive the subsidy. Unlike Gujarat where most towns have opted for clearance and new Ground +3 floor construction, Rajasthan has been innovative to undertake in situ up gradation, which builds upon the investment of the people. Households that meet the criteria of the subsidy (*kutchha* housing, household size, beneficiary contribution) are required to fill out an application for the IHSDP subsidy. If the application is approved, subsidy recipients are

required to provide the original *patta* for their house and photocopies of their ration card, voter ID card, and Below Poverty Line (BPL) card (if available).

The subsidy amount, which varies from Rs. 15,000 to Rs. 90,000 depending on the project, is disbursed in phases according to construction progress. The *Nagar Nigam* maintains possession of the *patta* until the construction is completed. A meeting with the Jodhpur *Nagar Nigam* in December 2012 suggested that photocopies of *pattas* would soon replace the requirement

The *Nagar Nigam* hopes to upgrade 3,000 houses through the IHSDP. The Mahila Housing SEWA Trust (MHT), an affiliate of the Self Employed Women's Association (SEWA), focusing on community infrastructure and housing upgrading, has been working to help implement IHSDP in Jodhpur since July 2012.

### MHT's role in implementing IHSDP in

Total cost of dwelling units

While the Municipal Corporation has a list of slum residents who are eligible for the IHSDP, they are often *Nigam* they confirmed that the total project costs unable to locate slum residents. MHT, which has a strong local presence in slum communities, helps identify these eligible households. Most slum dwellers are mistrustful of the Government and are not ready to lien their original *patta* to the government. MHT tries to build trust between slum residents and the Government. Trust building generally requires at least 3 or 4 visits to slum dwellers before they are ready to join the IHSDP scheme. As part of its trust building initiatives, MHT invites the local Municipal Corporation officials to slums and holds joint meetings between residents and government officials. MHT supports residents in preparing their IHSDP application file along with conducting a biometric survey of all residents. The survey maps the houses, which forms the basis for the Municipal Corporation's decision of the type of subsidy to disburse to residents. MHT also undertakes stage wise construction checks on behalf of the Municipal Corporation to ensure that subsidies are being properly directed towards housing improvement and to facilitate the release of subsequent subsidy amounts.

MHT facilitates the following tasks:

1. Completion and filing of application form for IHSDP subsidy
2. Conducting biometric survey of slum
3. Matching housing needs with type of subsidy available
4. Mapping existing houses in slum

## Total cost of dwelling units

When we met with officials from Jodhpur *Nagar Nigam* they confirmed that the total project costs often substantially exceed the subsidy amount.

Project	Total Costs	Subsidy Contribution		Beneficiary Contribution	
		Amount	Percentage	Amount	Percentage
2 Rooms, Toilet-bath, Kitchen	278,000	90,000	32%	188,000	68%
1 kitchen, toilet, bath	150,000	45,500	30%	104,500	70%
1 Room, toilet bath	150,000	45,500	30%	104,500	70%
Bath/Toilet	25,000	15,500	62%	9,500	38%

While the program was initially intended to require 10-12% beneficiary contribution, rising construction costs have meant that beneficiaries are often contributing up to **70%** of project costs. .

## Drawing from experiences in Jodhpur Mata Kund: a community in need



Most residents of Mata Kund basti have self built their housing from rocks from nearby quarries

The Mata Kund basti, named in honor of nearby Mata Temple, is home to approximately 2400 residents. Most households moved here from rural villages in search of work as stonemasons and day laborers. Many residents encroached on vacant land, built *kutchha* 1-room houses using a combination of savings and borrowings from relatives, and eventually received land *pattas* from the Rajasthan *Nagar Nigam*.

Most houses in Mata Kund basti are *kutchha* or *semi-pukkha* 1 to 2-room houses without individual toilets or washrooms. Residents are routinely forced to walk ½ kilometers one way in search of privacy to go to the bathroom. At night, women and girls worry for their safety and often defer trips to the wilderness even if the night is uncomfortable.

Based on the quantity and quality of its housing as well as the minority status (e.g. caste) of its residents, Mata

Kund qualified as eligible for the Integrated Housing and Slum Development Program (IHSDP). While there was a clear demonstrable need for funds to

improve housing, there was a general reluctance amongst community members to participate in the IHSDP. Interviews with several community residents highlighted some of the community reflections regarding this program.

### CASE STUDY

#### Shrutidevi – a long time resident

#### BORROWER PROFILE

Age: ~ 50 years old

Occupation: Does not work now, worked as a day laborer before

Husband's occupation: Quarry worker

Household size: 18

Household income: Rs 10,000 – 15,000



Shrutiben and her daughter outside of their house

Shrutidevi has been living in Mata Kund for the last 40 years. Before she moved here with her family, she lived in a small village outside of Jodhpur. When she first came to the area there were trees everywhere, very few houses, and no electricity or roads.

After getting married, her husband bought land in Mata Kund for Rs 2000. They used their savings and borrowings from relatives to build 2 rooms and a kitchen for their family. With 18 people sharing two rooms, her house is crowded.

*"I would like my children to have more privacy now that they are grown up and have their own families."*

When Shrutidevi first heard about the IHSDP subsidy for housing she was nervous about handing over her *patta* to the government.

*"I was worried that I might not ever get [my patta] back. Many people in Mata Kund were telling me that this Program was a scam, that the*

*government was trying to take my land away."*

Shrutidevi was nervous about giving her most prized possession—her *patta*—to the Nagar Nigam. Her fears were gradually allayed after conversations with MHT staff women. MHT staff organized visits to the MHT and Nagar Nigam offices in Jodhpur. They also helped Shrutidevi complete and submit her application form for the subsidy.

*"When we finally saw some of our neighbors giving their pattas to the Nagar Nigam we gained more trust that we would get back our patta. My husband told me not to listen to what everyone was saying and have faith in MHT and the Nagar Nigam."*

Initially, Shrutidevi wanted to get money to build another room for her family, but when officials came from the Municipal Corporation to assess her need for the subsidy, her family was told that they only qualified for the Rs 15,000 subsidy for a toilet/bath and kitchen. According to the Municipal Corporation their house did not qualify as *kutchra*, despite the fact that 18 people were sharing 2 rooms. Rejected from receiving the Rs. 45,000 or Rs. 90,000 subsidy Shrutidevi applied for a Rs. 15,000 subsidy to build a toilet and washroom.

In order to receive the subsidy, Shrutidevi submitted photocopies of her voter id and ration card and her original *patta*. The subsidy is being disbursed in 4 installments. Shrutidevi has received the first two installments. With the first installments she bought the construction materials, with the second she put plaster and made the foundations. She'll buy a door

and finish the roof with the last two installments. Her total construction costs are around Rs 25,000. She will supplement the Rs 15,000 subsidy with a Rs 10,000 savings.

*"Before we got the toilet subsidy from the government, we used to go to the backside of the mountain. It would take a long time to get there and it would be scary at night. Somedays we would just not eat at night in fear of having to walk in the dark to the bathroom."*

Shrutidevi still hopes that her family might get a housing loan to build another room someday. For now, though, exorbitant interest rates from moneylender and financial exclusion from banks limits her housing finance options.

### **CASE STUDY** **Rajudevi**

#### **BORROWER PROFILE**

Age: 30 years

Occupation: Housewife / manual day laborer

Husband's occupation: Day laborer / stone mason

Monthly income: Varies but around Rs 4,000 – 4,500 / month

Household size: 7 (2 adults + 5 children)

Rajudevi and her husband came to Mata Kund 20 years ago from a village outside of Jodhpur. When they first arrived in the basti they lived on rent but slowly saved up enough money to buy a small plot of land where they built a 1-room house for their family of 7. With no toilet in the house, Rajudevi and her family walk for up to 30 minutes in search of some privacy to go to the bathroom.



*Rajudevi and her husband stand on top of their roof, which is under construction thanks to the IHSDP subsidy*

Rajudevi's family heard of the housing subsidy through a MHT staff person. When they first heard of the subsidy they were mistrustful of the Nagar Nigam's intent. Why did the Municipal Corporation demand an original *patta* from them? Wasn't a photocopy sufficient? After one or two months of MHT staff assuaging their fears with trips to the Municipal Corporation's office, explanations of the subsidy scheme, and assurances that *pattas* would be returned upon completion of construction, Rajudevi and her family applied for a Rs. 90,000 subsidy from the Nagar Nigam to construct 2 rooms, a toilet and a

washroom.

Her family will top-off the Rs. 90,000 government subsidy with Rs 50,000 contribution to complete the project. The Rs 50,000 beneficiary contribution comprises of Rs 20,000 in savings and Rs 25,000 of a loan from external sources. Rajudevi and her family are still unsure of the Rs. 25,000 lender's identity, but it is likely to either be a relative or her husband's employer.

## CASE STUDY Meemadevi

### BORROWER PROFILE

Occupation: Housewife

Husband's occupation: Mason

Household size: 7 (2 adults + 5 kids)

**Case Study: Meembadevi (Red Savi)**

Monthly household income: Rs. 500 / day x 15 days =



Meemadevi and her daughter outside of their house

Rs 7500

Meembadevi lives in a 2-room *kutcha* house with her husband and 5 children. She moved to this area with her family 15 years ago because there was a lot of land to build a house on. She borrowed Rs. 30,000 from a relative 10 to 12 years ago to build the current 2-rooms. She was able to pay back that loan in about 10 years. Now her family saves Rs. 500 – Rs. 1000 a month. The exact monthly savings varies though

according to the number of days her husband works in a month.

*"When he doesn't work enough days, we spend our savings."*

When MHT first told Meembadevi about the subsidy she was scared.

*"People had scared us a lot by saying that if you give your patta to the government they won't give you your house back. We were very scared. A lot of people were telling us don't give your patta. When we saw some of our*

*neighbors giving their pattas then we gained a bit more trust that we would get back our patta."*

We submitted our *patta* and photocopies of our voter id, ration card and BPL card to the Municipal Corporation. We received a Rs. 90,000 subsidy from the Nagar Nigam to construct 2 rooms, a kitchen and a toilet. *"So far, I've been to the Nagar Nigam twice to collect installments. The Nagar Nigam writes a check in my name, then I take it and deposit it in the bank, then I withdraw cash to buy materials and pay the contractors."*

We need another Rs. 1,00,000 to Rs. 2,00,000 to complete the construction.

*"I'll get it as a loan from somewhere. I won't get a loan from a bank because my patta is with the government. The bank won't give me a loan. I'll go to a moneylender or ask my relatives. Moneylenders charge about 5% per month as interest. I'll deposit some gold to get more money. We have to contribute a lot of money to get the subsidy."*



Residents often live in crowded houses composed of multiple generations

## The overlooked segment: no *pattas*

### CASE STUDY

#### Gangadevi

#### BORROWER PROFILE

Age: Approximately 65 years

Occupation: Housewife

Husband's occupation: deceased

Monthly income: Varies but around Rs 5,000 / month

Household size: 4



Gangadevi stands in front of the small pen where she raises animals

Gangadevi has been living in Haveli Corterie for the last 40 years. She moved here with her late husband from Nagor Gate in Jodhpur. When her husband and her first arrived in this area, they squatted on this land and eventually received a *patta* from the government for their land. She now lives with her son, his wife and grandchild in a *kutch*a 2-room house with a small open space where they keep their goat and chickens. With no toilet in their house, Gangadevi and her family walk ½ kilometer up a hill to go to the bathroom. No longer as agile as she used to be, Gangadevi was eager to apply for a Rs. 90,000 IHSDP subsidy to build an additional toilet, bathroom, room and kitchen.

When Gangadevi went to apply for the IHSDP subsidy the *Nagar Nigam* her application was rejected on the grounds that she had not submitted an original *patta*. Gangadevi was unable to submit her *patta* because she had given it as collateral to a money lender seven months ago for a Rs. 40,000 loan that she had taken out to pay for her son's wedding. Gangadevi is currently paying Rs. 1,000 as an installment on her Rs. 40,000 loan. With the money lender charging interest rates of 3% per month, however it will take her more than 25 years to pay off the Rs. 40,000 loan at this rate.

Gangadevi would like the Rs. 90,000 subsidy from the *Nagar Nigam*, but until she finds a way to pay of the Rs. 40,000 loan she is stuck. Her only option is to refinance her Rs. 40,000 loan. However, the lack of financing options for poor households, like

Gangadevi's, makes refinancing difficult.

### CASE STUDY

#### Manaklal

#### BORROWER PROFILE

Age: 43 years

Occupation: Does not work

Husband's occupation: Mason

Monthly income: Rs. 10,000– 12,000

Household size: 5

Manaklal and his family moved to Haveli Corterie in 2000 after the Gujarat Earthquake. When they first moved here they lived as tenants—paying Rs. 500 a month as rent. Eventually, Manaklal and his brother found their own plot of land and built a small 1-room *kutch*a house. Despite living in their house for the last decade they have no *patta* for their land. Without the *patta* they are ineligible for the IHSDP subsidy. Manaklal has now begun the process of acquiring a *patta*.

## Recommendations for improving IHSDP

### Bridge the funding gap

After the startling realization that beneficiaries are often contributing up to **70%** of total project costs, the question arose: where are urban poor households getting money to plug the funding gap?

There are four main funding sources: (1) formal banks; (2) relatives and friends; (3) employers; and (4) moneylenders.

1. *Loans from formal housing finance companies:* Most urban slum households are ineligible for bank loans due to the informal nature of their work and tenure. In addition, banks require *pattas* as collateral. The current requirements of the IHSDP require that *pattas* be kept with the Municipal Corporation, thereby negating the possibility of access funds from formal banks.
2. *Loans from relatives and friends:* The lending capabilities of relatives and friends are usually limited due to similar work and expenditure patterns as the borrower.
3. *Loans from husband's employers:* Many residents borrow money from their husband's employers. The terms of these loans often include large interest rates.
4. *Loans from moneylenders:* The majority of residents turn to moneylenders to plug the funding gap. Moneylenders often charge interest rates in excess of 3% per month meaning that families are often locked into long-term high-interest loan agreements.



Construction halted due to the lack of gap funding available. Many households are forced to borrow money from high interest money lenders as they cannot meet the terms of traditional banking institutions.

The lack of access to affordable housing finance means that many households take predatory loans from the only available source of financing: moneylenders. In order to plug the funding gap, the Municipal Corporation can engage in partnerships with financing institutions. MHT has suggested that the Municipal Corporation can agree to transfer the lien *patta* to the financing institution until loan payments are fully paid off. In return, the financing institution can offer low interest housing upgrading loans to the urban poor. MHT can continue to help facilitate the process of accessing capital to fund home improvement.

### Invest in community infrastructure

A common request amongst subsidy recipients is for the Nagar Nigam to invest in community-wide infrastructure upgrading, such as sewerage lines and water connections. These investments are expensive, which means that they are often unaffordable for households or communities to pay for without government subsidies.

### Create transparent subsidy allocation mechanisms

Many slum residents complained of unclear allocation mechanisms. They were unsure of why some people in their basti received subsidies while others did not. Subsidy allocations are often based on outdated slum surveys that can mislead subsidy allocations. For

example, a joint family of 18 living in 2-rooms was rejected for a Rs. 90,000 subsidy on the grounds that both rooms were *pukka*. While the construction quality may be *pukkha* the house lacked a toilet and washroom and forced overcrowded living conditions. Selection criteria may need to be reconsidered, especially in light of joint family configurations.