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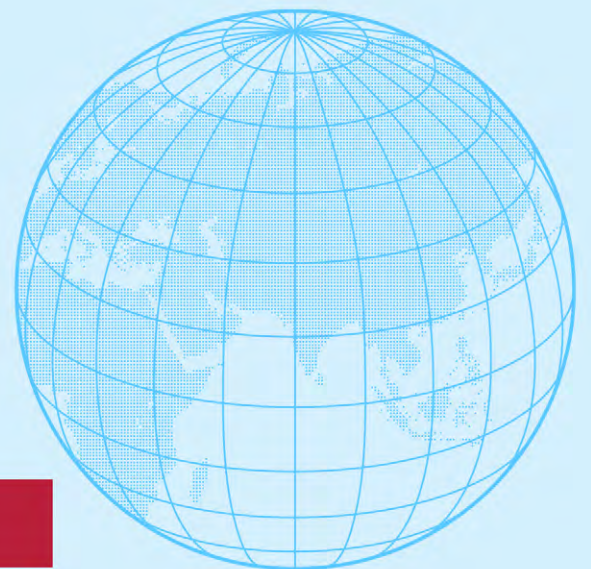
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Deconstructing PMAY-U

What the Numbers Reveal

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Designed by Umesh Kumar

Deconstructing PMAY-U

What the Numbers Reveal

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Abbreviations

AHFC	Affordable Housing Finance Company	LIG	Low-Income Group
AHP	Affordable Housing in Partnership	LIHTC	Low Income Housing Tax Credit
AIDIS	All India Debt and Investment Survey	LRC	Land Right Certificate
AMC	Ahmedabad Municipal Corporation	MHADA	Maharashtra Housing and Area Development Authority
ARHC	Affordable Rental Housing Complexes	MIG	Middle-Income Group
BDA	Bangalore Development Authority	MoHFW	Ministry of Health and Family Welfare
BLC	Beneficiary-Led Construction	MoHUA	Ministry of Housing and Urban Affairs
BPL	Below Poverty Line	MoHUPA	Ministry of Housing and Urban Poverty Alleviation
BSUP	Basic Services to Urban Poor	MoM	Minutes of Meeting
CAG	Comptroller and Auditor General of India	NHB	National Housing Bank
CLAP	CLSS Awas Portal	NSDP	National Slum Development Programme
CLSS	Credit-Linked Subsidy Scheme	NSSO	National Sample Survey Organisation
CPI	Consumer Price Index	PLFS	Periodic Labour Force Survey
CSMC	Central Sanctioning and Monitoring Committee	PIL	Public Interest Litigation
DDA	Delhi Development Authority	PMAY-G	Pradhan Mantri Awas Yojana (Gramin)
DILRMP	Digital India Land Records Modernisation Programme	PMAY-U	Pradhan Mantri Awas Yojana (Urban)
EMI	Equated Monthly Instalment	PMO	Prime Minister's Office
EWS	Economically Weaker Section	RAY	Rajiv Awas Yojana
FAR	Floor Area Ratio	RBI	Reserve Bank of India
FSI	Floor Space Index	RDP	Reconstruction and Development Programme
FY	Financial Year	SBI	State Bank of India
GDP	Gross Domestic Product	SEC	Socio-Economic Class
GOI	Government of India	SLSMC	State Level Sanctioning and Monitoring Committee
GST	Goods and Services Tax	SRA	Slum Rehabilitation Authority
HDFC	Housing Development Finance Corporation Limited	TDR	Transferable Development Rights
HFC	Housing Finance Companies	TNHB	Tamil Nadu Housing Board
HFPoA	Housing for All Plan of Action	TNSCB	Tamil Nadu Slum Clearance Board
HIG	High-Income Group	TNUHDB	Tamil Nadu Urban Habitat Development Board
HUDCO	Housing and Urban Development Corporation Limited	UIT	Urban Improvement Trust
IHSDP	Integrated Housing and Slum Development Project	ULB	Urban Local Body
ISSR	<i>In-situ</i> Slum Redevelopment	WPI	Wholesale Price Index
JNNURM	Jawaharlal Nehru National Urban Renewal Mission		

Abstract

The Pradhan Mantri Awas Yojana Urban (PMAY-U), an ongoing programme since 2015, is India's largest urban housing programme. An unprecedented 11.9 million houses, which is about 10 per cent of the Census 2011 urban housing stock, have been sanctioned across its five sub-schemes. The aggressive housing agendas of a few states and the popularity of the Beneficiary-Led Construction (BLC) sub-scheme (which provides subsidies for the construction of a house to land-owning Economically Weaker Section (EWS) households—i.e., households with an annual income of Rs 3 lakh or less) in small cities were key to PMAY-U's scale. We find that PMAY-U better serves small cities compared to million-plus cities. Two aspects of

PMAY-U warrant attention: its poor coverage of slum households and the significant number of delayed and yet-to-be-completed houses. Some of the issues affecting PMAY-U's implementation are specific to PMAY-U and easier to resolve, while others are systemic in nature. Some of the systemic issues are complex property records and registration systems, slow dispute resolution, and EWS households' poor access to institutional finance. Based on our findings, we propose improvements in programme design and monitoring, as well as broader systemic measures required to make the recently announced second phase of PMAY-U more impactful than the first.

Executive Summary

The Pradhan Mantri Awas Yojana Urban (PMAY-U), launched in 2015, is India's most ambitious urban housing programme to date. Designed to address the housing needs of the urban poor and low-income households, PMAY-U has sanctioned an unprecedented 11.9 million houses across its five sub-schemes, which is about 10% of the Census 2011 urban housing stock. It has covered almost all of India's urban areas.

A deeper examination of PMAY-U's four major sub-schemes' implementation reveals varied performance and this is closely linked to **state governments' efforts** towards the implementation of the sub-schemes. As it turns out, **small cities are better served than million-plus cities**, while **slum households remain poorly served**.

The analysis also identifies some key successes and areas requiring attention for each of the four major sub-schemes.

BLC: Drives Scale, but Challenges Persist

The Beneficiary-Led Construction (BLC) sub-scheme, which provides subsidies for the construction of independent houses on land owned by Economically Weaker Section (EWS) households, has been a key driver of PMAY-U's impressive scale, accounting for 62% of total sanctions. This success can be attributed to:

- **Land Ownership in Small Cities:** Prevalence of land ownership among households in small cities across India has facilitated a significant number of BLC sanctions in these cities.
- **State Government Alignment:** States like Andhra Pradesh and Uttar Pradesh aligned their own significant housing efforts with PMAY-U.

Despite its success some BLC sanctions were also cancelled and delayed. Three aspects of BLC need attention:

- **Land Ownership Documentation:** Beneficiaries often struggle to furnish the requisite documentation proving land ownership.
- **Arranging Beneficiary Share:** Beneficiaries find it difficult to arrange their share of the construction cost, particularly with rising construction costs and limited access to institutional finance.

- **Under-Leveraged Home Enhancements:** The home enhancement component of BLC has remained largely underutilised despite a substantial need for enhancements to existing houses.

CLSS: Skewed Distribution and Impact on Affordability

The Credit-Linked Subsidy Scheme (CLSS), which provides interest subsidies on home loans for EWS, Low Income Group (LIG), and Middle-Income Group (MIG) households, has also achieved significant scale, making it the second largest sub-scheme with 2.5 million beneficiaries. However, two key issues warrant attention:

- **Skewed Distribution Across Income Groups:** CLSS is skewed towards LIG and MIG households with only 21% of beneficiaries belonging to the EWS category. This is likely due to the limited access to institutional home loans for EWS households, raising concerns about the efficacy of home loan subsidies as an instrument for EWS housing provision.
- **Likely Limited Impact on Affordability:** The implementation design of CLSS may limit its intended impact of enhancing housing affordability for beneficiaries. The approval process for CLSS subsidies if it occurs after loan approval can potentially hinder beneficiaries from taking higher-value loans to purchase houses which were earlier unaffordable.

AHP: Viability, Land, and Demand Issues

The Affordable Housing in Partnership (AHP) sub-scheme, which provides subsidies for the development of EWS flats by government agencies or in partnership with the private sector, has been muted in scale with only 1.6 million sanctions. Key issues hindering AHP's success include:

- **Financial Viability:** Our analysis signals that it is unlikely for AHP to be financially viable at the given levels of subsidy and beneficiary contribution without significant cross-subsidisation, in most states. This would have discouraged private sector participation, limiting AHP's scale of implementation.

- **Land Related Issues:** Persistent land-related issues including land disputes, slow dispute resolution, and delays in obtaining approvals have adversely affected AHP projects, leading to cancellations and delays.
- **Lack of Beneficiary Interest:** Easy availability of affordable housing in well-located unauthorised settlements and slums subdues the demand for EWS flats. Additionally, the practice of finalising the list of beneficiaries after the AHP project's approval, and mismatch of project specifications with beneficiary preferences have resulted in cancellations.

ISSR: Limited Uptake and Persistent Risks

The *In-situ* Slum Redevelopment (ISSR) sub-scheme provides subsidies to support the redevelopment through land monetisation of slums located on government land. It has the lowest number of sanctions among the four sub-schemes and accounts for only 2 per cent of PMAY-U's overall sanctions. It is largely concentrated in Mumbai and Gujarat's metro cities, where slum redevelopment has been ongoing since the past two decades. However, even in these cities, the progress of ISSR's construction has been slow. This is not surprising since slum redevelopment has been a complex process involving significant risks for developers and slum beneficiaries.

Recommendations for PMAY-U 2.0

As the Government of India embarks on PMAY-U 2.0, it is critical to address the identified challenges. The key recommendations are:

- **Improving Programme Design:**
 - Release the first tranche of BLC subsidies to beneficiaries at the start of construction with strict monitoring of the subsidies' usage.
 - Assess project-specific beneficiary demand before seeking approval for AHP projects.
- **Enhancing Monitoring:**
 - Conduct regular monitoring of slum coverage at the ULB level.
 - Undertake a case-by-case analysis of AHP and ISSR projects to identify the specific challenges faced.
 - Undertake a beneficiary-level impact evaluation study for assessing CLSS's impact on the enhancement of the beneficiary household's housing affordability.
 - Monitor the on-ground implementation by states and impact of the three mandatory conditions: single-window approval systems, waiving off the requirement of permission for using agricultural land for the development of EWS flats, and inclusion of affordable housing zones in master plans.
- **Improving Access to Institutional Finance:**
 - Facilitate greater access to home loans for EWS households by enabling Affordable Housing Finance Companies (AHFCs), small finance banks, urban co-operative banks, and microfinance institutions to expand their lending operations to this segment.
- **Addressing Land Ownership Documentation and Dispute Resolution:**
 - Streamline the process of property ownership registration and acquiring land titles.
 - Implement judicial reforms to expedite the resolution of land disputes.
- **Solving the Location Problem:**
 - Prioritise high-frequency public transport options in locations with EWS housing projects.
 - Implement a time-bound programme for urban development of physical infrastructure and services in new locations of million-plus cities to increase the availability of affordable serviced land.

1. Introduction

This paper reviews India's largest national urban housing programme, the Pradhan Mantri Awas Yojana Urban (PMAY-U), which has been ongoing since 2015. Housing for urban poor and low-income households is a perennial challenge in India, being plagued by overcrowding, poor-quality housing, lack of basic services, unhygienic living conditions, and insecure tenure rights. Moreover, the number of such households seems to be increasing. The Technical Group for the Twelfth Five Year Plan estimated an urban housing shortage of 18.78 million houses in 2012, considering poor-quality and crowded houses. Using the same methodology with updated data, Roy and ML (2020) estimate this shortage to have increased to 29 million in 2018, with low-income urban households being the most affected. The study indicates that, as of 2018, 97.4 per cent of urban households living in slums and in poor-quality housing elsewhere were Economically Weaker Section (EWS) households—i.e., households with an annual income of Rs 3 lakh or less—with the remaining being Low-Income Group (LIG) households—i.e., households with an annual income between Rs 3 lakh and Rs 6 lakh.

Successive Union governments and state governments have sought to address housing deficiencies, especially the issue of slums. With most aspects of urban housing and land being state government subjects—most laws, regulations, policies, and programmes involving land and housing are enacted and implemented by state governments. However, most of the initiatives undertaken by state governments are guided and financially supported by the Union government, more so over the past two decades. The Union government has been delineating model legislations, regulatory frameworks, urban development

programmes, and urban housing programmes for the states to contextualise, enact, and implement.

The ongoing PMAY-U programme initiated in 2015 is one such undertaking by the Union government. It consists of five separate sub-schemes, each employing a distinct approach (Table 1). These approaches pertain to the provision of cash transfers to beneficiary households for the construction of small independent houses (Beneficiary-Led Construction, BLC); interest subsidies on home loans (Credit-Linked Subsidy Scheme, CLSS); subsidies for the construction of EWS flats to the implementing agency (Affordable Housing in Partnership, AHP); subsidies for the redevelopment of slum houses to the implementing agency (In-situ Slum Redevelopment, ISSR); and incentives to suppliers for the construction of apartment complexes meant only for rental purposes (Affordable Rental Housing Complexes, ARHC).

BLC, AHP, and ISSR are centrally sponsored schemes primarily implemented by state governments through urban local bodies (ULBs). CLSS was a central sector scheme implemented by the Government of India directly through three nodal agencies—the National Housing Bank (NHB), Housing and Urban Development Corporation (HUDCO), and the State Bank of India (SBI). As per initial timelines, PMAY-U was to conclude in March 2022, but BLC, AHP, ISSR, and ARHC were extended until December 2024 for the completion of sanctioned houses (Ministry of Housing and Urban Affairs (MoHUA), 2022a). The Middle-Income Group (MIG) component of the CLSS sub-scheme concluded in March 2021, and the EWS and LIG components concluded in March 2022. On 10 June 2024, the newly re-elected Government of India (GoI) announced it will expand the number of households covered by PMAY-U going forward.¹

¹ On June 10, 2024, GoI announced 3 crore additional houses cumulatively under PMAY Urban and PMAY Gramin programmes. Subsequently it was announced that 1 crore houses will be under PMAY-Urban.

Table 1: Descriptions of PMAY-U Sub-Schemes

Sub-Scheme	Sub-Scheme Description	Central Government Subsidy	State Government Subsidy
Beneficiary-Led Construction (BLC) <i>For independent houses</i>	Subsidy is given to EWS households that already own land to build a new independent house or enhance an existing independent house. EWS households: annual income of Rs 3 lakh or less.	Rs 1.5 lakh per dwelling unit to the beneficiary.	Provided in most major states. Rs 70,000 on average per unit.
Credit-Linked Subsidy Scheme (CLSS) <i>For home loans</i>	Home loan subsidy for new or incremental housing. Upfront interest subsidy of 3–6.5% on home loans to MIG, LIG, and EWS households. LIG households: annual income of Rs 3–6 lakh. MIG-I households: annual income of Rs 6–12 lakh. MIG-II households: annual income of Rs 12–18 lakh.	Upfront interest subsidy to beneficiary home loan account: 1) EWS and LIG: 6.5% 2) MIG-I: 4% MIG-II: 3%	Not available since CLSS is a central sector scheme.
Affordable Housing in Partnership (AHP) <i>For EWS flats</i>	Subsidy is given for the development of EWS flats. In a project, at least 35% of the houses had to be for EWS households. Projects could be developed through partnerships between the private or public sector (including parastatal agencies).	Rs 1.5 lakh per EWS dwelling unit to the developer.	Provided in most major states. Rs 2 lakh on average per unit.
In-situ Slum Redevelopment (ISSR) <i>Flats for slum dwellers</i>	<i>In situ</i> redevelopment of slum housing into apartment-style housing, using land as a resource with private participation, *for EWS households.	Rs 1 lakh per dwelling unit to the developer for slums on government land.	Available in a few states. Rs 70,000 on average per unit.
Affordable Rental Housing Complexes (ARHC)	Institutional rental housing by re-purposing vacant public housing into rental housing; and development of new rental housing complexes by private and public sector firms.	On the use of innovative construction technologies, Rs 1.5 lakh per dwelling unit to the developer.	Not provided by any state government.

Source: PMAY-U Website, Authors' analysis based on PMAY-U Dashboard.

Note: *The slum dwellers are housed in flats constructed by the private developer on part of the slum land. The private developer is free to sell or develop the remaining land, covering the cost of development of the flats for slum dwellers.

These five approaches had been employed in the past through state-level as well as Union government programmes, but at a much smaller scale and coverage. For example, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), through its Basic Services to the Urban Poor (BSUP) and Inte-

grated Housing and Slum Development Programme (IHSDP), provided subsidies for the construction of independent housing, as well as subsidies for the construction of flats, and primarily focused on slums in a few selected cities.² In inflation-adjusted terms, the GoI's committed expenditure on PMAY-U has

² BSUP—65 cities (million-plus or cities which were important from a religious, historic, and tourism perspective), IHSDP—844 other cities.

been about six times that of what was spent on urban housing through the BSUP and IHSDP schemes under JNNURM.

Driven by this considerable funding push and the mandate of a much broader geographical scope, PMAY-U's scale of implementation is unprecedented for an urban housing programme. PMAY-U as per its mandate, has covered almost all of India's urban areas and sanctioned 11.9 million houses, which is about 10 times the number of houses under JNNURM (Appendix A), against an assessed demand of 11.2 million by ULBs.

PMAY-U's fifth sub-scheme, ARHC, which incentivises public rental housing, was included in PMAY-U in 2020 in the aftermath of the Covid-induced lockdown and massive reverse migration from India's cities. However, ARHC has been insignificant in scale so far, with only 25,000 sanctioned apartments (Figure 1), and has failed to generate much interest from both the supply as well as the demand side (Roy et al., 2022). We do not look into the ARHC sub-scheme in this paper and focus on PMAY-U's four major sub-schemes, which pertain to homeownership.

Given the unprecedented quantum of funds and scale of implementation, it is imperative to assess the impact of PMAY-U. PMAY-U also offers a unique opportunity to assess how the sub-schemes employing different subsidies perform across geographical levels—across India, states, and cities. This paper uses this opportunity to assess the performance of PMAY-U and its four major sub-schemes—BLC, CLSS, AHP, and ISSR—in terms of their sanctions and progress across states and city classes. In doing so, we also examine the factors affecting their performance. This is the first study to undertake such an assessment of PMAY-U at the pan-India level and offers useful lessons for PMAY-U's next phase.

The rest of the paper is organised into eight sections. Section 2 describes previous studies on PMAY-U, and Section 3 discusses the data and methodology employed in this study. Section 4 assesses the performance of the four sub-schemes in terms of their prevalence across locations and discusses their progress. The four sections that follow discuss, for each sub-scheme, the issues affecting their performance. The final section suggests the way forward.

2. Previous Studies on PMAY-U

So far, there have been six independent studies on PMAY-U. Dasgupta et al. (2020) and Bhate and Samuel (2022) undertake sample surveys of beneficiaries and focus on beneficiary challenges. Dasgupta et al. (2020) studied BLC implementation through field surveys in a few small cities in Kerala, Odisha, and Tamil Nadu; they studied the demographic and socio-economic profile of a sample of beneficiaries, the challenges they faced in availing the subsidy and constructing the houses, and characteristics of the houses being built. They find that arranging the required documentation and the beneficiary share of construction funds were the two biggest challenges faced by beneficiaries. Bhate and Samuel (2022) surveyed five AHP projects in Vadodara with the objective of understanding the challenges faced by households in accessing the scheme and how well the scheme catered to their needs. Findings highlighted a lack of awareness of the scheme among potential beneficiaries, few cases of ineligible beneficiaries enrolling in the scheme, and difficulties faced in arranging the required beneficiary share.

Batra (2021) and Aijaz (2022) provide updates on PMAY-U's overall performance up to the state level. Batra (2021) makes a case for the upgradation of informal settlements. Aijaz (2022) touches upon the adverse effect of land shortage and lack of private participation. Mitra (2021) reviews PMAY-U's scope and objective and argues that initially PMAY-U sought to push AHP and ISSR programmes at scale; however, that did not happen, and instead, BLC took off at scale. The study delves into PMAY-U's implementation in Madhya Pradesh and highlights the role of easy land availability and low-income households' preference for BLC in the small cities of the state. It recommends greater collaboration between the Union, State, and ULBs in the implementation of the programme. Abhijat and Pathak (2023) also discuss the importance of ULB participation in PMAY-U. In addition to these independent studies, MoHUA published the proceedings of a seminar on the way forward after PMAY-U, held in 2022; in that publication, Mukhopadhyay et al. (2022) and Dasgupta et al. (2022) presented their analysis of the overall distribution of sanctioned houses under PMAY-U across city size.

3. Data and Methodology

We collected PMAY-U data from national, state, and city progress updates shared by MoHUA in the public domain through the PMAY-U website, PMAY-U Dashboard, minutes of meetings of the Central Sanctioning and Monitoring Committee (CSMC) and various State Level Sanctioning and Monitoring Committees (SLSMCs), and Lok Sabha and Rajya Sabha questions and answers. The PMAY-U Dashboard has detailed data on sanctions, completion of houses, and sanctioned and released subsidies at the ULB level, covering more than 4,000³ ULBs and rural areas that would either have become administratively urban since Census 2011 or are part of city planning areas. This data was scraped and supplemented with data on cancellations from other sources. Then, it was matched with city/town/village population data from Census 2011 to classify the city/town/village according to its size class.

The analysis consisted of the following:

- (a) The compiled dataset was analysed to assess the performance of the sub-schemes in terms of the scale and geographical distribution of sanctions and the physical progress of construction.
- (b) To assess the coverage of slum households, we compared state-level data from the Lok Sabha Standing Committee Report, 2023, on the number of slum households covered under BLC, AHP, and ISSR with the number of slum households across states as per the latest available official data, which is from Census 2011.

4. The Performance of PMAY-U Sub-Schemes: What the Data Tells Us

This section focuses on the performance of PMAY-U and its sub-schemes in terms of their sanctions and physical progress. PMAY-U's scale is impressive, but not all sub-schemes are equally successful. From

Figure 2, we see that a single sub-scheme, viz., BLC, accounted for 62 per cent of PMAY-U sanctions at the all-India level. However, we do not know if this is a uniform pattern across the country, so we looked into the sub-schemes across states. The housing scenario varies across cities. We also investigated the sub-schemes across different city-size classes.

The next analysis is their performance pertaining to the coverage of slums. Due to poor housing conditions and insecure tenure rights in slums, slum housing is a key focus area of India's housing policy, including PMAY-U.⁴ It is imperative that we assess how effectively PMAY-U, and the sub-schemes address the problem of slums. Finally, the completion of the sanctioned houses is key to the successful implementation of a housing programme and its performance. Thus, in the last analysis, we assess the physical progress of each of the four sub-schemes in terms of completions, delays, and the houses that remain to be completed by the revised deadline of December 2024.

In all this, we have to keep in mind that each sub-scheme is designed differently. For example, BLC is meant for households that already own land, and they can either self-build or engage help to build a house on the same. In contrast, in the case of AHP, land must be arranged for building flats. This brings up issues of land acquisition, developer interest, and households not liking the flat, issues that would not affect BLC. Thus, each sub-scheme has its own set of drivers and issues.

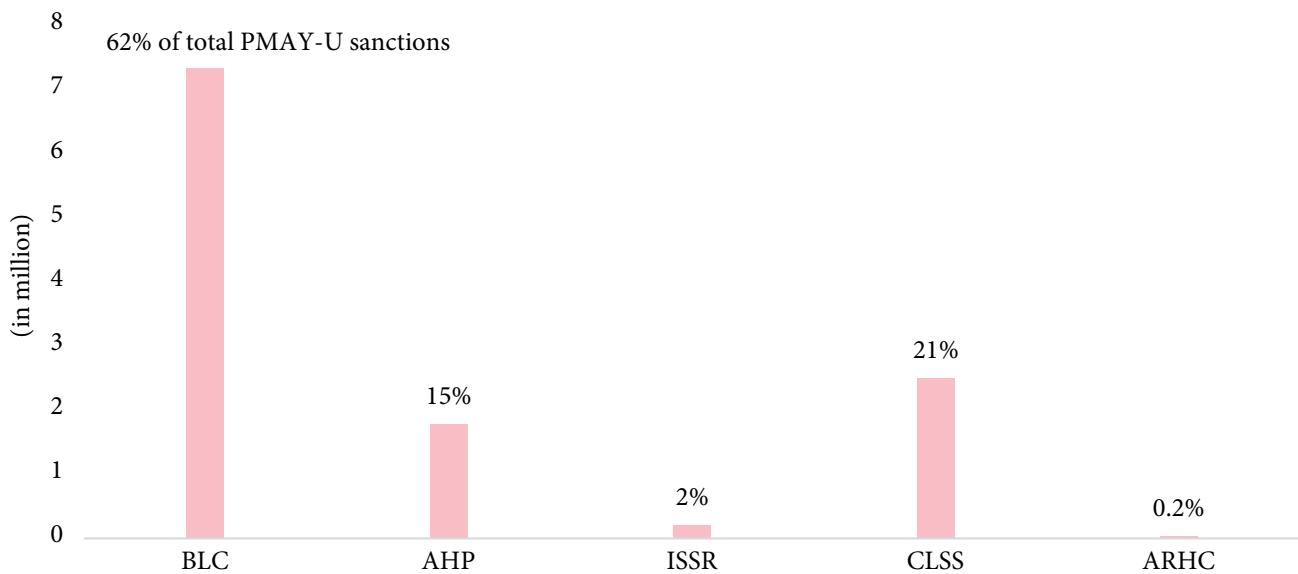
4.1 Sanctions Across Sub-Schemes

PMAY-U's impressive number of sanctions was driven by BLC, which accounted for 62 per cent of PMAY-U sanctions. CLSS, AHP, and ISSR were a distant second, third, and fourth, accounting for 21 per cent, 15 per cent, and two per cent, respectively, of overall PMAY-U sanctions (Figure 1). The popularity of BLC and CLSS, which cumulatively make up 83 per cent of PMAY-U sanctions, could be due to two reasons. First, as demand-side sub-schemes,⁵ households directly received cash transfers

³ 222 municipal corporations, 1,913 municipalities, 2,344 town panchayats.

⁴ As is evident from the scheme for estimating the number of households in need of PMAY-U at the ULB level in the Housing For All Plan of Action (HFAPoA) as detailed in Appendix B. As per this, every slum at the ULB level should be covered under the HFAPoA (a quantitative assessment of a ULB's housing requirements) and thus, by default, under PMAY-U.

⁵ BLC and CLSS are demand side sub-schemes since the subsidies are directly transferred to the households' accounts.

Figure 1: PMAY-U Sub-Schemes: Number of Sanctions and Percentage Share

Source: Authors' analysis based on PMAY-U National Progress, January 2024.

that supplemented the amount they could spend, so the subsidy was in sync with the households' preferences in terms of house location and other housing features. In contrast, AHP and ISSR are supply-side sub-schemes;⁶ if the flat being built is not to the households' liking, it will not generate demand. The second reason is that the demand-side sub-schemes are simpler to implement because they do not involve land procurement or house construction by the implementing agency; the supply-side sub-schemes do.

4.2 Sanctions Across States

Although PMAY-U is a central government scheme, the states are responsible for implementing three centrally sponsored sub-schemes—BLC, AHP, and ISSR. Nine major states of India, with 68 per cent of India's urban population in 2011, accounted for 80 per cent of the PMAY-U sanctions. The alignment of the state government's housing policy and programmes with PMAY-U's sub-schemes was important in driving PMAY-U's numbers.

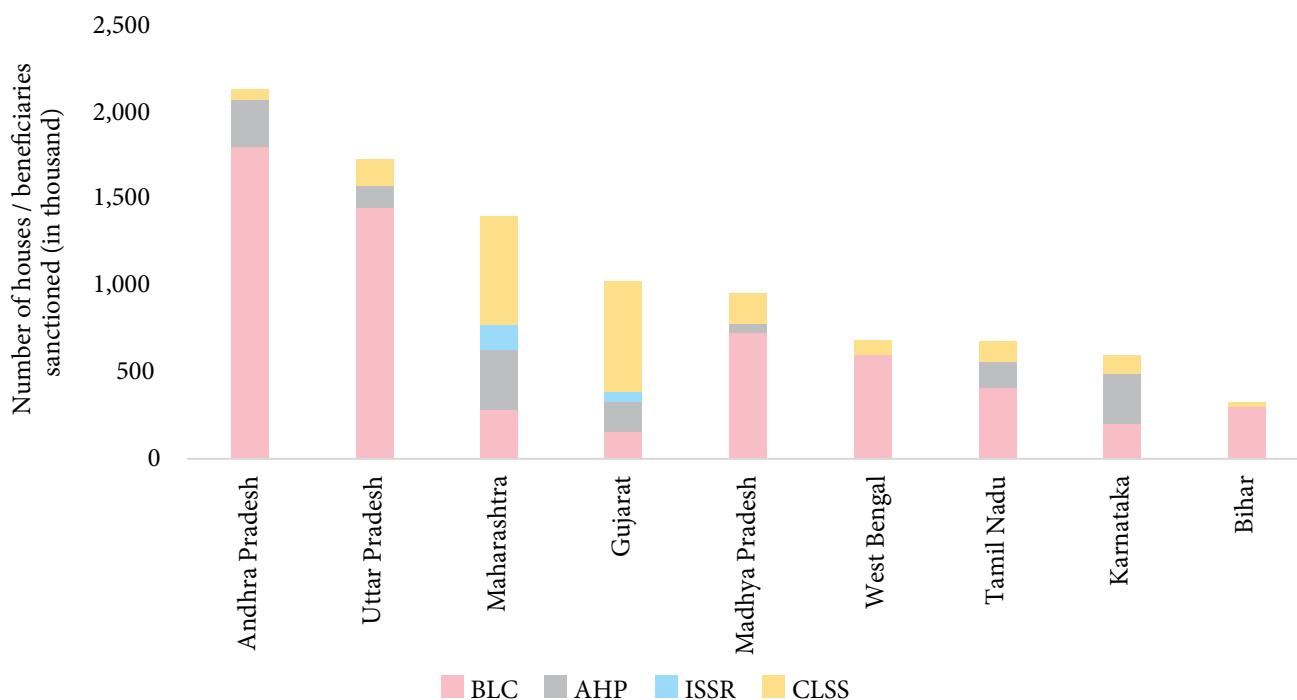
From Figure 2, we see that Andhra Pradesh and Uttar Pradesh together account for a lion's share (44 per

cent) of all-India BLC sanctions. In Andhra Pradesh, the two ambitious state government housing schemes under two recent state governments were dovetailed with PMAY-U schemes: before 2019, the NTR Housing Scheme focused on the development of flats, which was dovetailed with AHP; after 2019, the YSR Congress government's housing scheme, which focused on the provision of plots followed by the construction of independent housing, was dovetailed with BLC. In Uttar Pradesh, BLC sanctions increased by 28 times between 2016 and 2017, with a change in the state government in 2017 and its concerted push for PMAY-U (Dash, 2021).⁷ The Maharashtra, Karnataka, and Tamil Nadu governments leveraged AHP subsidies to increase the number of flats developed and redeveloped by their respective state agencies, which have been active for decades in providing low-income housing.

Even though CLSS did not warrant direct state government involvement, since CLSS was a central sector scheme implemented by MoHUA through NHB, SBI, and HUDCO, our analysis indicates that state government involvement did make a difference, as is apparent in the case of Gujarat. Figure 3 indicates that Gujarat and Maharashtra stand out in terms of

⁶ AHP and ISSR are supply-side sub-schemes since the subsidies are provided to the suppliers, a.k.a., the implementing agencies, who, in turn, will provide the flats to the households at a mandated price that is affordable to these households.

⁷ Our analysis based on the PMAY-U Dashboard data shows that 90 per cent of total sanctions in Uttar Pradesh happened between 2017 and 2021.

Figure 2: Sanctions Across States, 2015–2024

Source: Authors' analysis based on PMAY-U Dashboard Data, May 2023.

the number of CLSS beneficiaries. Only Gujarat also stands out in terms of the share of CLSS beneficiaries among home loan borrowers.⁸ In Gujarat, a High Level CLSS Monitoring Committee (Government of Gujarat, 2017)⁹ was constituted, which reviewed CLSS's progress monthly. We do not find any evidence indicating similar involvement in monitoring CLSS's progress by any other state government, including that of Maharashtra, underscoring the importance of state government involvement even in CLSS's implementation.

4.3 Sanctions Across City Classes

At the city level, overall sanctions were higher in small cities than in medium and million-plus cities due to BLC's popularity in small cities (Figure 3). Across

states, small cities had the highest number of BLC sanctions among city classes (for the break-up, see Appendix C). There could be two factors driving BLC sanctions in small cities: (i) higher land ownership among households and (ii) a higher proportion of EWS households in these cities. Our analysis bears out the first cause to some extent but not so much the second.¹⁰ Thus, land ownership seems to be the likely driver of BLC in small cities. A study of BLC in a few cities of Madhya Pradesh also supports this conclusion (Mitra, 2021).

With land being more expensive in bigger cities, land ownership—and hence, BLC—would be out of reach for most households. Here, AHP should have stepped up in a big way. But, as Figure 3 indicates, it did not.

⁸ Maharashtra accounted for 24 per cent of home loan disbursements across India in 2021; Gujarat accounted for only 9 per cent of the same (NHB, 2021). But Gujarat accounted for 26 per cent of all CLSS beneficiaries, while Maharashtra accounted for 25 per cent of beneficiaries. This clearly implies that Gujarat had a higher share of CLSS beneficiaries among the total number of home loan borrowers than Maharashtra.

⁹ This committee had members from the state government's Finance Department and Housing Department, municipal corporations, regional offices of RBI, NHB, and HUDCO, State Level Banking Committee of Gujarat, and officials from the major public sector banks in the state (Urban Development and Urban Housing Department, Government of Gujarat, 2017).

¹⁰ Based on unit-level data from the National Sample Survey Office (NSSO) 76th housing conditions survey (2018), we found higher land ownership in small cities: 73 per cent of small-city households, 63 per cent of medium-city households, and 41 per cent of million-plus city households owned land. However, the proportion of households earning Rs 3 lakh or less per annum was similar across city classes: million-plus cities—68 per cent, medium cities—66 per cent, small cities—69 per cent (based on Periodic Labour Force Survey (PLFS), 2020–21, unit-level data).

Figure 3: PMAY-U Sub-Schemes Across City Classes, 2015–2024

Source: Authors' analysis based on PMAY-U Dashboard Data, May 2023, and Census 2011.

Note: a. Medium-sized cities have a population between 1 lakh and 1 million. Small-sized cities have a population of less than 1 lakh.

b. PMAY-U has covered 52 million-plus cities, 411 medium-sized cities, 4,036 small-sized cities. Amongst these 4,499 cities, 4,479 are administered by urban local bodies as per Census 2011. The rest 20 were classified as rural in Census 2011 and may have become administratively urban since then. 40% of the total population in the cities covered by PMAY-U live in the million-plus cities, 25% in medium-sized cities, and 35% in small-sized cities.

4.4 PMAY-U's Performance in Slum Coverage

Slums are a clear priority for PMAY-U, and, as per the guidelines, all slums in a city should be covered by one sub-scheme.¹¹ How well do sanctions under the various sub-schemes perform in serving slum households? The answer is not well enough. As per the Lok Sabha Standing Committee Report, 2023, which reports the number of slum households covered by BLC, AHP, and ISSR at the state level, only about 1.8 million of the 12 million PMAY-U beneficiary households are from slums.¹² This 1.8 million translates to only about 12 per cent of the number of slum households that was recorded in Census 2011. It is important to mention that, with Census 2011 being the last official source of data available on slums across India, a more contemporary picture of the extent of PMAY-U's coverage of slum households should emerge after the next Census.

Slum coverage is highly dependent on the impetus of the respective state governments. The coverage across individual states varies between 39 per cent in Andhra

Pradesh to negligible coverage in Punjab (Appendix D). State-level initiatives were critical in the respective sub-schemes' coverage of slums, however limited. The provision of *pattas* in Andhra Pradesh, Chhattisgarh, Odisha, and West Bengal was instrumental in enabling BLC's coverage of slum households. AHP's slum coverage was noteworthy only in Karnataka, where flats for slum dwellers have been a major state housing agenda under the Rajiv Awas Yojana (RAY) as well. Gujarat was the only state where slums had notable coverage by ISSR as part of the ongoing push for slum redevelopment over the past decade. On the same note, it is concerning that no slum households were covered in Rajasthan, Uttar Pradesh, and Kerala. This poor coverage of slum households across states is not surprising since, despite policies and programmes focusing on slum housing over the past several decades, slums continue to persist. Given that the Lok Sabha Standing Committee Report, 2023, reports the number of slum households covered at the state level, we limit our analysis of PMAY-U's coverage of slums up to the state level and are not able to unpack it at the city class level.

¹¹ It is apparent from Appendix B; by default, the PMAY-U HFAPoA drawn up at the ULB level should cover all slum households living in all slums of the ULB.

¹² BLC would have covered slum households through slum upgrading. AHP would have covered slum households through rehabilitation of slum households in flats constructed elsewhere or built in situ through slum redevelopment. ISSR only covers slum households. Data on the coverage of slum households by CLSS is not available.

4.5 PMAY-U’s Performance in the Construction of Sanctioned Houses

Any housing programme like PMAY-U will bear fruit once the construction of the sanctioned houses is complete and the beneficiary households start living in those houses. Otherwise, it is money down the drain. As of May 2024, cumulatively about 40 per cent of BLC, AHP, and ISSR houses, totalling 4 million houses, remain to be completed by the December 2024 deadline¹³ (Figure 4). About one-third of these houses are delayed¹⁴ (Appendix E).

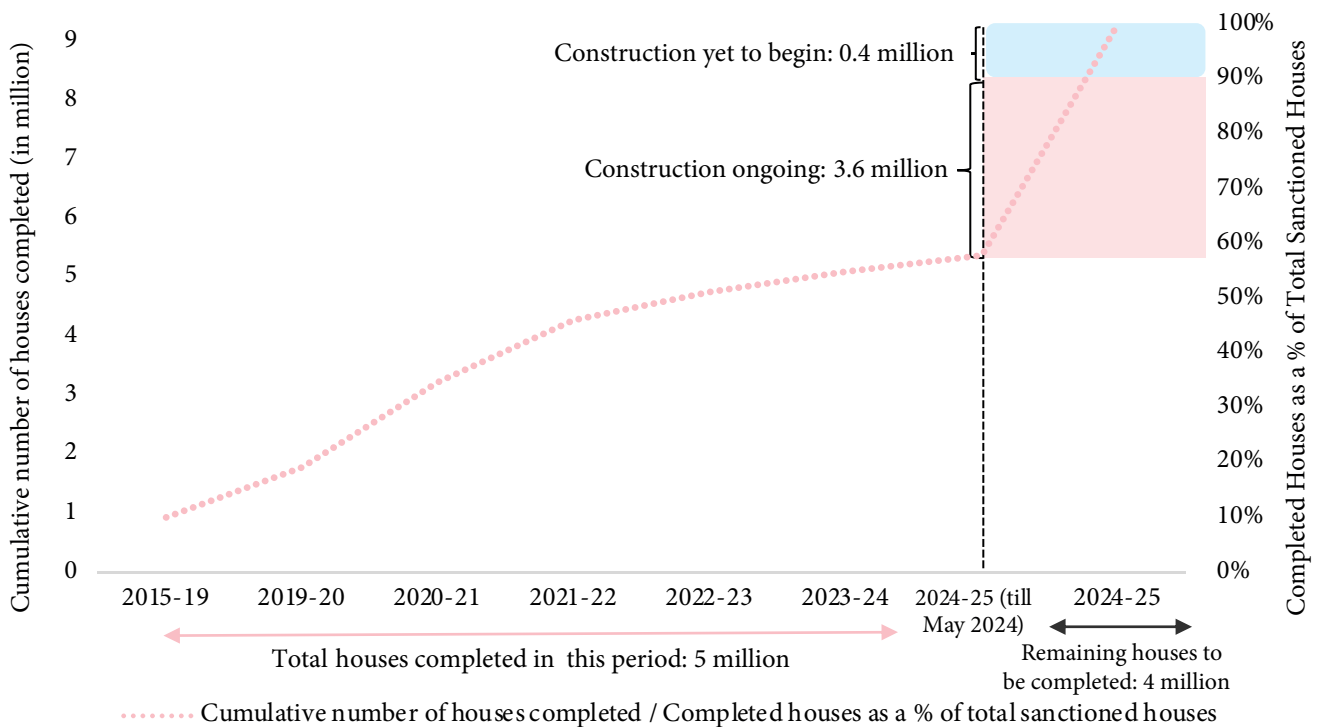
Delays are a routine in India’s residential real estate sector.¹⁵ But, PMAY-U delays and the significant number of ‘to be completed’ houses are concerning and require attention since it involves and affects a significant number of EWS households, who are the lowest income group—and hence, one of the most vulnerable among households.

4.6 Summing Up Section 4

PMAY-U performs well in terms of its overall sanctions, but there is a large variance in the performance of its sub-schemes. PMAY-U’s impressive number of sanctions is driven by BLC. Close alignment of state government housing priorities and programmes with PMAY-U is a critical driver. Easy land ownership in small cities across states helped drive a huge number of BLC sanctions in these cities. But, owing to AHP and ISSR’s lacklustre performance, households in medium cities and million-plus cities are poorly served.

Another critical category of households that is poorly served are those living in slums. PMAY-U’s slow pace of construction needs attention since it affects EWS households. Plagued by delays, 40 per cent of BLC, AHP, and ISSR houses are yet to be completed. We explore the issues affecting the performance of each sub-scheme in terms of their number of sanctions and progress as we deep dive into each of the four sub-schemes next.

Figure 4: Cumulative Completions of BLC, AHP, and ISSR Houses, 2015–2024



Source: Authors’ analysis based on PMAY-U national update May 2024.

¹³ For CLSS, since the construction of the house funded through the CLSS-subsidised home loan is not tracked as part of the monitoring mechanism, we have no data to ascertain the construction progress of CLSS houses. However, CLSS for MIG households concluded in March 2021, and CLSS for EWS and LIG households concluded in March 2022, with all beneficiaries having received the home loan subsidy, and the scheme is officially considered complete.

¹⁴ The authors calculated the delays based on MoHUA guidelines, which set the completion time for BLC houses at 18 months and for AHP and ISSR houses at 36 months post-sanction. Delays have been identified from the data scraped from the PMAY-U dashboard.

¹⁵ Money Control lists delayed residential real estate projects, most of which belong to the luxury category.

5. Beneficiary-Led Construction (BLC)

BLC provides a subsidy to the EWS beneficiary households to build a house on land they own or enhance—i.e., extend their existing house. BLC's scale and coverage, especially in small cities where households have greater land ownership, has been impressive and has been a key driver of the overall programme. There are a few fundamental drivers of BLC. Our interaction with experts and practitioners indicates low-income households feel more confident about investing in a house if they own the underlying land, as they had to be eligible for BLC. Households themselves are in charge of the construction of the houses and hence, are in control of when, how, and what is being built. In many cases, the household's adult married children utilised BLC to construct a house of their own on the family land. Moreover, households could keep on incrementally enhancing the BLC house over time as per their needs and fund availability.

Along with its popularity, there are issues with BLC that need attention. Our estimates compiled from various official sources indicate that 22 per cent¹⁶ of sanctioned BLC houses were cancelled; of the remaining houses, 29 per cent¹⁷ are delayed—i.e., they could not be completed within the stipulated 18 months post-sanction period, as per MoHUA guidelines.

The primary factors responsible for the cancellations and delays are: (a) beneficiaries needed to provide documentation on land ownership, which some found challenging, and (b) beneficiaries found it challenging to arrange their share of the cost of construction.

In addition to cancellations and delays, home-enhancements remained under-leveraged under BLC's home enhancement vertical.

5.1 Land Ownership Documentation Issues

Ownership of land supported by formal documentation was a prerequisite to avail BLC. Formal documentation involves a *patta*/record of rights/land

right certificate (LRC) as proof of land ownership. However, the process of obtaining a *patta* is long and complicated; for example, in Odisha, the entire process of updating the *patta* can take up to two years (GIZ, 2018).

India follows a dual land record system. Any changes in property ownership have to be registered with a sub-registrar. After registration, an application has to be made to the Revenue Department of the ULB for updating their records, and a *patta* is issued to the new landowner.

Beneficiaries often found it difficult to obtain the correct *patta* to be eligible to receive the subsidy. Households usually do not get their *patta* revised after the death of the original *patta* owner since the transfer of ownership through inheritance is also a long-drawn process that involves all legal heirs. Also, under PMAY-U, the primary beneficiary had to be the woman of the house, but often the *patta* was in the name of her husband or another male family member. The woman's name had to be added to the *patta* to avail BLC, which was an added complication (GIZ, 2018). Here, it is important to mention that this practice, when enforced, shall significantly contribute to the cause of women empowerment in India.

Poorer households find it more difficult to navigate the process of acquiring their *pattas* compared to the well-off. NGOs and other facilitators have been helping households arrange for the required land documentation for BLC. Even then, difficulty in providing the requisite land ownership documentation was frequently cited in CSMC meetings as the reason for the cancellation of sanctioned BLC houses.

Pattas played an important role in BLC's coverage of slums, however limited it was. The share of slum households in BLC is still small, at 11 per cent (Appendix D, authors' calculations).¹⁸ States and ULBs have made efforts to bring slums under the ambit of BLC, with the provision of *de jure* land rights through *pattas* being the first step. BLC covered the greatest number of slum households in West Bengal and Andhra Pradesh (Appendix D). *Pattas* have been provided to slum households in West Bengal over many years under the *Thika* Tenancy Act. In Andhra

¹⁶ Cancellation of BLC projects (BLC was also implemented by the Union and state governments in project mode wherein BLC houses in a neighbourhood were grouped under a project) and curtailments of specific houses in BLC projects were tracked by the authors across the 67 CSMC meeting documents as available on the PMAY-U website and totalled 1.7 million houses, which was 22 per cent of the current sanctioned houses plus cancelled houses.

¹⁷ As of May, 2023.

¹⁸ BLC covered 0.78 million slum households, which is about 11 per cent of the total BLC sanctions, which is 7.2 million, as of May 2024.

Pradesh, the huge push for the provision of *pattas* under the YSR Housing Scheme would have been instrumental. Similarly, in Chhattisgarh and Madhya Pradesh, *pattas* were provided to households living in slums on government land.¹⁹ The enactment of the Odisha Land Rights to Slum Dwellers Act 2017 in non-Municipal Corporation towns provided Land Right Certificates (LRCs) to small-city slum dwellers, which led to a fivefold increase in the number of BLC beneficiaries (Das et al., 2020).

Going forward, streamlining the process of acquiring land ownership documentation should be an integral and urgent part of urban reforms. Ongoing land record reforms such as the Digital India Land Records Modernisation Programme (DILRMP) for easier access to land records need to be strengthened, but more importantly, **reforms to streamline the process of acquiring land titles need to be instituted**. Also, in the next phase of PMAY-U, the **Union government should actively encourage states and ULBs to explore the provision of *pattas* across their tenable slums as a means of addressing the slum housing challenge**.

5.2 Beneficiaries Find It Difficult to Arrange for Their Share of the Construction Cost

Under BLC, beneficiaries receive a subsidy for house construction, but this is not adequate to cover the full cost of construction, and hence, the beneficiaries had to bear the remainder cost, and a few may have found it difficult to do so.

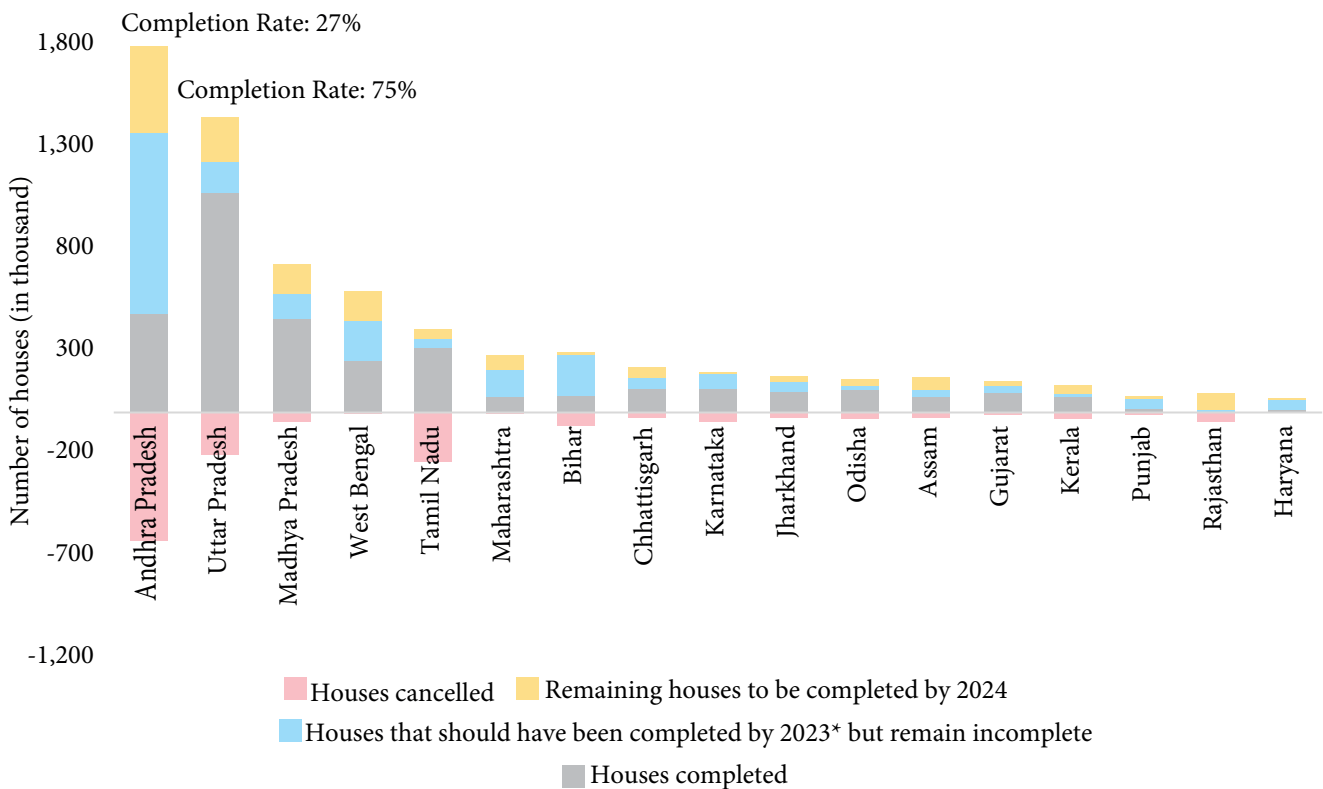
With costs having risen over what was envisaged at the time of sanctions (Box 1) and with the loss of livelihoods during Covid, some beneficiaries found it harder to arrange for their share of funds. Moreover, construction delays will lead to an increase in cost due to inflation, but the subsidies provided do not increase; this will lead to the beneficiary share increasing over time, making it harder for the beneficiaries to arrange for funds in case of delays.

The timing of subsidy release also makes it harder for the beneficiary to arrange for funds. In most states, there is a lag between the start of construction and receipt of the subsidy. Beneficiaries received the first tranche of the subsidy only after the construction of the plinth or foundation of the house was complete. Thus, they have to arrange for funds on their own before they can avail the subsidy. To overcome this problem, the Uttar Pradesh government released Rs 50,000 of the Rs 1 lakh state subsidy at the time of approval.²⁰ Among the major BLC states, Uttar Pradesh has the highest number and proportion of completed houses (Figure 5), **suggesting that the release of a portion of the subsidy to start construction had a likely positive effect**.

Better access to institutional home loans would have made it easier for beneficiaries to arrange for their share of the construction cost. Sample surveys of BLC beneficiaries in Kerala, Odisha, and Tamil Nadu revealed that on average, 80 per cent of respondent beneficiaries did borrow funds, but only a third of them borrowed from institutional sources such as banks, housing finance companies (HFCs), microfinance institutions, and urban co-operatives (Dasgupta et al., 2020). It is easier for EWS households to access loans from non-institutional sources such as money-lenders, employers, and landlords, but interest rates could be as high as 60 per cent (AIDIS, 2019). On the other hand, the interest rate on home loans from institutional sources ranges between 11 to 20 per cent (ICRA, 2022), making these more affordable. But, due to difficulties faced in accessing these home loans, most BLC beneficiaries borrowed from relatives (Dasgupta et al., 2020; Patel, 2022). **Increasing EWS households' access to institutional home loans would open up another channel of affordable finance for the beneficiaries and make it easier for them to arrange for their share of the construction cost**.

¹⁹ *Abadi pattas* were provided utilising the Madhya Pradesh Patta Act of 1984.

²⁰ The release of the upfront subsidy in UP is mentioned in the 41st CSMC meeting. Subsequent tranches of the subsidy in Uttar Pradesh, as in elsewhere, are linked to construction milestones, with the last 30 per cent of the subsidy being provided after the construction is completed.

Figure 5: BLC Cancellations, Completions, Delayed Houses Across States (as of May 2023)

Source: Authors' analysis based on PMAY-U Dashboard data as of May 2023 and various CSMC MoMs.

Note: *as of May 2023.

Box 1: Increase in Beneficiary Share

The BLC units were sanctioned mostly between 2017 and 2019. During this period, the cost of constructing a new 30 sq. m (322 sq. ft.) BLC house was estimated to be between Rs 2.4 lakh to Rs 4.5 lakh (Rs 745 to Rs 1,400 per sq. ft.)²¹ Beneficiary shares were envisaged to be between Rs 1 lakh and Rs 3.7 lakh across states (PMAY-U Dashboard, 2023). However, recent estimates place the cost of construction at Rs 1,500 to 2,000 per sq. ft., depending on the materials used (inputs from experts, Chadha, 2022). At Rs 2,000 per sq. ft., the cost of construction would be Rs 6.4 lakh (2,000 × 322). With the average BLC subsidy being Rs 2.5 lakh (Rs 1.5 lakh by the Union government and Rs 1 lakh by the state government, based on the PMAY-U Dashboard), the beneficiary would have to pay an additional Rs 3.94 lakh, which was significantly higher than Rs 1 lakh envisaged as the beneficiary share in some states.

5.3 Home Enhancements Under BLC Remains Under-Leveraged

In addition to the construction of new houses, BLC had a separate vertical called BLC (Enhancement) that allowed for enhancements to existing *pucca* houses. It allowed for the construction of an additional room and the construction of a toilet, bathroom, and kitchen, if not present, for an existing house owned by an EWS household. Only 0.14 mil-

lion²² BLC sanctions are enhancements, whereas the estimated number of EWS houses needing enhancements is around 21.5 million (Roy and ML, 2018). This indicates there was scope for more enhancements under BLC. The reason could be the specification of the BLC(E) scheme that limits the carpet area of the enhanced house to 30 sq. m. A 30 sq. m house can at most have two rooms with a kitchen, toilet, and a bathroom, while the requirement may be for more

²¹ All State Presentation documents presented from CSMC meetings numbers from 21 to 51.

²² 144,965 houses collated from various CSMC MoMs, which is less than 2 per cent of the total BLC sanctions under BLC(E).

rooms in case of a larger family or as a family grows. If the cap on the total carpet area of the enhanced house is increased, there could be a higher take-up of the enhancement scheme.

To sum up, BLC's scale has been impressive. It is also encouraging to note that it spurred a few states in providing *pattas* so that more slum households could avail the scheme. However, with 40 per cent of BLC houses still to be completed, the issues faced by the beneficiaries in arranging required land documentation and arranging funds for construction warrant attention. Another issue with BLC was the very limited take-up of home enhancements under BLC(E) despite there being a significant need for home enhancements.

6. Credit-Linked Subsidy Scheme (CLSS)

CLSS subsidised home loans by transferring the subsidy amount to the beneficiary's home loan account; this lowered the outstanding home loan balance and subsequent monthly payments (or Equated Monthly Instalment—EMI).²³ After BLC, CLSS was the second largest sub-scheme in terms of the number of sanctions, having 2.5 million beneficiaries. It is important to mention that in million-plus cities, CLSS is the most popular sub-scheme among the four sub-schemes (Figure 3 in Section 4.3). Unlike BLC, AHP, and ISSR, which are still ongoing with a significant number of houses yet to be completed, CLSS's implementation is considered complete with the disbursement of all subsidies.

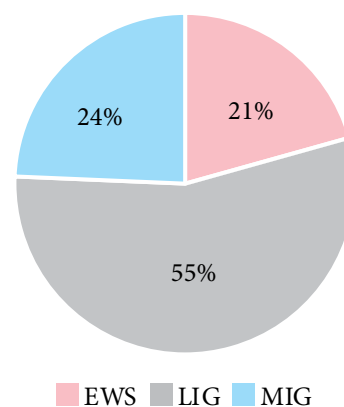
However, two issues about CLSS warrant examination. First, it was the only sub-scheme to cover LIG and MIG income groups in addition to the EWS income group. Herein arises the first issue warranting a close examination—what is CLSS's distribution across income groups, and what are its implications? Secondly, the primary objective of CLSS was to make a hitherto unaffordable house affordable for the beneficiary by lowering the EMI. Was it successful in increasing the beneficiary household's housing affordability?

6.1 CLSS's Distribution Across Income Groups and Its Implications

We find CLSS's distribution to be skewed towards higher income groups (LIG and MIG), which are over and above the EWS income group. While about 76 per cent of CLSS beneficiary households belong to EWS and LIG, on deconstructing this share based on the data scraped from the PMAY-U Dashboard, it is revealed that only 21 per cent of CLSS beneficiaries are EWS households, while 55 per cent are LIG households (Figure 6). Further, this distribution among income groups remains more or less constant across city classes (Figure 7). This is not surprising since access to institutional home loans is constrained for a majority of urban EWS households (Box 2). However, it questions the suitability of home loan subsidies as an instrument of EWS housing policy for India unless the issue of EWS households' poor access to home loans is addressed.

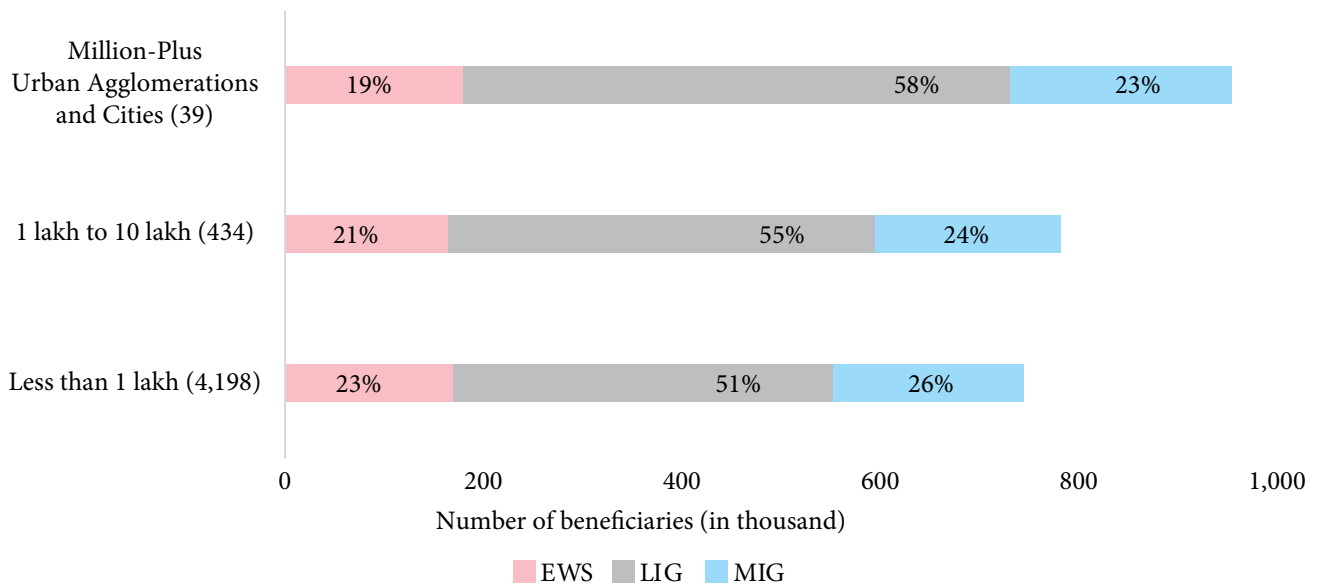
This skew in CLSS's distribution across income groups has another important adverse implication in terms of PMAY-U's overall coverage of EWS households of million-plus cities. Million-plus cities are the worst served by PMAY-U, with CLSS being the most popular sub-scheme in these cities. Moreover, only one-fifth of the CLSS beneficiaries in these million-plus cities are EWS households (Figure 7), indicating EWS households living in million-plus cities are the worst served compared to EWS households living elsewhere.

Figure 6: CLSS Beneficiaries Across Income Groups, 2015–2022



Source: Authors' analysis based on data scraped from the PMAY-U Dashboard available in the public domain, May 2023.

²³ Interest rate subsidy of 6.5 per cent for EWS (household annual income of Rs 3 lakh or less) and LIG (household annual income between Rs 3 lakh and Rs 6 lakh) households, and 4 per cent for MIG-I (household annual income between Rs 6 lakh and Rs 12 lakh) households and 3.5 per cent for MIG-II (household annual income between Rs 12 lakh and Rs 18 lakh) households (MoHUA, 2017) is expected to lessen their EMIs. In some cases, the reduction can be as high as 45 per cent, as our estimates indicate.

Figure 7: CLSS Beneficiaries Across Income Groups and City Classes, 2015–2022

Source: Authors' analysis based on data scraped from the PMAY-U Dashboard available in the public domain, May 2023.

Box 2: EWS Households and Access to Home Loans in India

Only 11 per cent of home loans by HFCs were availed by EWS households, with the rest being availed by LIG, MIG, and High-Income Group (HIG) households (Table 38 on page 167 of NHB, 2013).²⁴ There is no comparable information available in the public domain on the distribution of bank-provided home loans across income groups. EWS households should also be able to access home loans from other institutional sources such as affordable housing finance companies, microfinance institutions, and urban co-operatives. These institutions have more relaxed requirements for income and property documentation than banks and HFCs and hence, can cater to EWS households (Bhanot et al., 2020). However, these institutions make up a small share of home loans. Affordable housing finance companies have a market share of 1.2 per cent (Bhanot et al., 2020), while microfinance institutions have a market share of about 0.2 per cent, and urban cooperative banks have a market share of about 1.8 per cent in terms of overall home loans outstanding in 2016.²⁵ Notwithstanding the smaller size of home loans provided by these institutions, the minuscule share of these institutions in the overall home loan market implies that these institutions serve a very small proportion of urban low-income households, including EWS households. With the share of EWS borrowers as a percentage of total home loan borrowers being small in the financial ecosystem, the share of EWS in CLSS also remained low at the pan-India level.

6.2. CLSS's Impact on Affordability

A home loan subsidy like CLSS should make an unaffordable house affordable for the beneficiary. We explore if this was so. In CLSS, a lump-sum transfer of the home loan interest subsidy amount is made to the beneficiary's home loan account. This lessens the outstanding loan amount and reduces the EMI.

If the reduced EMI is affordable for the household, it should end up making a higher-priced, hitherto unaffordable house affordable to the household. But our examination of the process design of CLSS's implementation and interaction with stakeholders and experts raises a doubt: Did CLSS actually manage to do so? The doubt arises on two counts:

²⁴ National Housing Bank (NHB)'s *Report on Trend and Progress of Housing in India, 2013*. Unfortunately, there is no estimate available in the public domain for the number or share of EWS borrowers for scheduled commercial banks in India.

²⁵ The shares of microfinance institutions and urban co-operatives as a percentage of total outstanding home loans across banks, HFCs, including affordable housing finance companies, microfinance institutions, and urban co-operatives are computed based on information sourced from RBI DBIE, NHB *Trend and Progress Report*, and MFIN *Annual Report*.

- Firstly, the potential beneficiary applied for the home loan to the bank and for the CLSS subsidy parallelly, but the CLSS subsidy for a home loan was approved by the Central Nodal Agency (CNA) after the loan amount was decided by the financial institution (page 4 of *CLSS Operational Guidelines* by MoHUA, 2017) based on a preliminary eligibility check on the CLSS Awas Portal (CLAP).²⁶ Thus, at the time of house purchase and loan approval (which usually happen in tandem), the borrower would not have full visibility of whether he would get the CLSS subsidy and, hence, may not buy a more expensive house (i.e., a house which was not affordable without the CLSS subsidy). Similarly, the bank or HFC also would not be fully certain whether the borrower would get the subsidy and approve a higher loan amount for purchasing a costlier house fully commensurate with the borrower's repayment capacity after factoring in the subsidy.
- Secondly, in the case of delays in approval by the CNA and in the release of the subsidy amount, the borrower faces difficulty in paying the higher EMI (Yadav, 2020). This would act as a deterrent for banks to give a higher valued loan to start with.

Thus, it could be that CLSS beneficiaries did not end up purchasing a higher-value house by availing a higher value loan of the full extent that the subsidy should have enabled them to do.

As the GoI contemplates restarting the CLSS scheme and widening its coverage (Das, 2024), **a beneficiary-level evaluation of CLSS's impact on enhancing a household's housing affordability** needs to be undertaken. If this study finds a gap in CLSS's impact on enhancing households' housing affordability as we envisage, a change in CLSS's process design to correct the same should be considered. The Union

government and CNAs should explore the provision of pre-loan approval of the CLSS subsidy before the loan amount is decided by the financial institution.²⁷ The financial institution/borrower uploads his/her details and documents for assessing eligibility for CLSS on CLAP. Based on this, conditional²⁸ approval of the CLSS application is granted. Following this, the financial institution processes the loan. Since the financial institution has full visibility on the amount of subsidy approved, it will factor the full CLSS subsidy into the loan amount, and a higher-value loan can be approved, enabling the borrower to purchase a house of higher price.

An important point to be kept in mind is that a bigger loan will mean a bigger down payment at the same loan-to-value (LTV) ratio. To ensure the down payment is affordable, the LTV ratio can be increased for CLSS beneficiaries.

To sum up the CLSS issues, only 21 per cent of CLSS beneficiaries were EWS households, and the CLSS implementation design may need to be improved to be effective in enhancing households' housing affordability. However, along with this improvement, it is imperative to address the first issue so that a greater number of EWS households can access home loans from institutional sources. The next phase of urban housing reforms should be dovetailed with financial reforms targeting these households with a focus on enhancing access to home loans for these households.

7. Affordable Housing in Partnership (AHP)

This sub-scheme provided cash subsidies for the development of flats for EWS households.^{29,30} These flats are to be developed by government implementing agencies/developers³¹ or in partnership between

²⁶ Web-based monitoring system by the GoI wherein all stakeholders have access, and it is integrated into the systems of the respective organisations, including the lending bank/HFC, CNA, PMAY, MIS, and UIDAI. The borrower can check his CLSS details on the same. To start with, the application for the subsidy is uploaded on CLAP (Source: *User Manual of CLAP*).

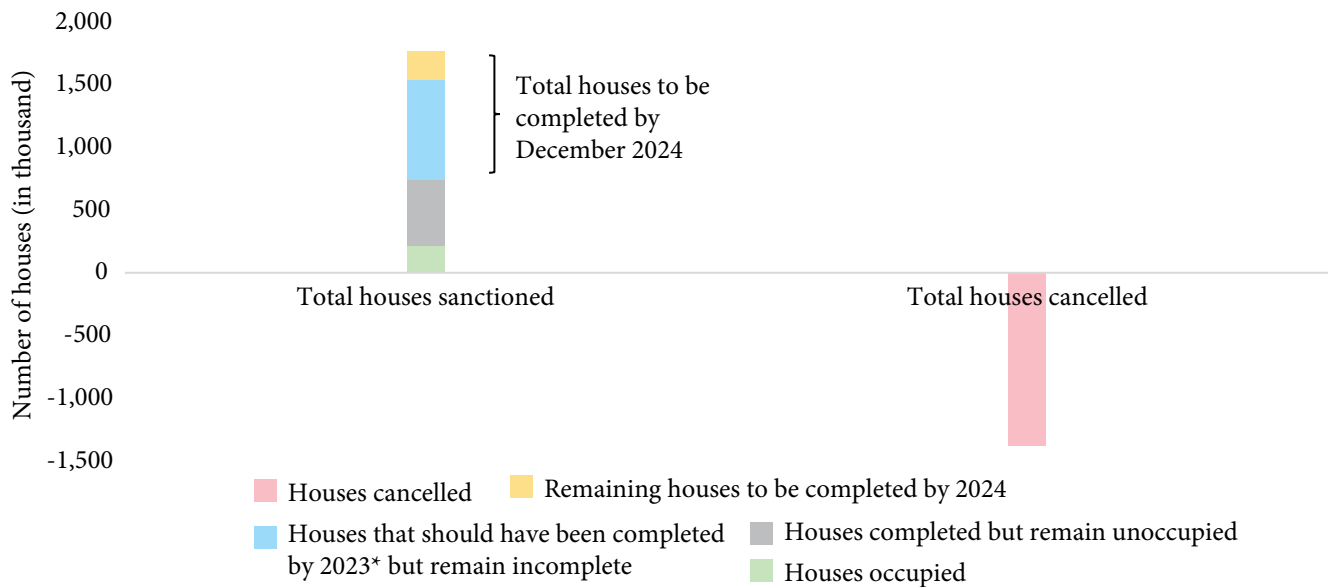
²⁷ Rather than CLSS approval after home loan approval.

²⁸ Holding the applicant liable for any discrepancy in the information and documents submitted; cancellation of the subsidy in case any discrepancy comes to light later.

²⁹ In a few states, it also catered to LIG households, like Maharashtra and Gujarat.

³⁰ An affordable housing project, which is a mix of flats catering to different income categories, would qualify to receive AHP if at least 35 per cent of the flats were for EWS flats, or a stand-alone EWS flats project consists of at least 250 flats.

³¹ State housing boards, development agencies, and ULBs.

Figure 8: AHP Completions, Cancellations, and Delayed Houses, 2015–2023

Source: Authors' calculations based on the PMAY-U Dashboard, CSMC MoMs.

Note: *by May 2023.

the government and the private sector.³² Unlike BLC, where beneficiaries constructed or extended an independent house by themselves, AHP is more complicated to implement. AHP's development, like that of any real estate project, is primarily contingent on financial viability, provided land is available. **Financial viability issues** could be a key reason for AHP's muted scale. AHP only has 1.6 million sanctions vis-à-vis BLC's 7.8 million.

AHP also performed poorly in terms of its cancellations, delays, and occupancy of completed flats. 48 per cent of the total sanctioned³³ AHP flats were cancelled, 43 per cent of these remaining flats were delayed,³⁴ and only 29 per cent of the completed AHP flats were occupied as of May 2023 (Figure 8). In the official documents³⁵ **land issues** and **beneficiary interest issues** are the prime reasons for this poor performance. Land disputes and litigation delay projects, adversely affect the projects' financial viability, and lead to cancellations. The decline in beneficiary interest during the development of AHP projects

adversely affects its viability and can result in cancellations. Post-development decline in beneficiary interest results in low occupancy.

7.1 Financial Viability Issues

To understand the financial viability issues of AHP projects, we use a hypothetical exercise. In this exercise (explained in detail in Appendix F), we estimate the subsidy required (Figure 9) for these projects to be financially viable under four scenarios. The scenarios vary in terms of the cost of land and whether it is a low-rise (G+3 storey flat) or a high-rise (multi-storey) project. Our estimations show that the required subsidy varies from Rs 9 lakh to Rs 16 lakh per flat, depending on the scenario, whereas the average AHP subsidy provided is only Rs 4.2 lakh (Rs 1.5 lakh from the Union government and an average of Rs 2.7 lakh from state government and ULB subsidies).³⁶ Thus, there is a huge gap between

³² It is important to point out that the general understanding is such that partnerships involve an equity stake in the project through either land or capital invested in the project, and not just a one-time provision of construction services. A government implementing agency could involve a private construction firm on a contract basis against the payment of a fixed fee for the construction of the flats on government land. In that case, this firm does not have an equity stake in the project. The sole developer, in this case, is the government agency.

³³ Total sanctioned: 3.1 million (100 per cent) = Sanctioned: 1.6 million (52 per cent) + Cancelled: 1.5 million (48 per cent).

³⁴ They haven't been completed within the MoHUA-stipulated timeline of 36 months.

³⁵ CSMC MoMs and Lok Sabha Standing Committee Report, 2023.

³⁶ Based on actual AHP project-level subsidies sourced from data scraped from the PMAY-U Dashboard.

Figure 9: Average Subsidy Required per Flat vs. the Average Subsidy Given Under AHP



Source: Authors’ calculations based on a framework adapted from JLL (2016), consultations with experts and secondary research, and data scraped from the PMAY-U Dashboard in May 2023.

Note: For the land cost assumption of Rs 500, we find the per square foot cost of land at an FSI of 1.5 for the lowest valued land, as per the circle rate of land for Delhi, Gurugram, Surat, Coimbatore, and Chennai, to be between Rs 216 (Surat) and Rs 1,443 (Delhi). We assumed an FSI land cost of Rs 500 per sq. ft. at random within this range, which was vetoed by the experts, merely for representational purposes. For detailed calculations, refer to Appendix F.

the required subsidy and the actual quantum of subsidies provided. Unless this gap is met, projects are not financially viable. There is a possibility that this gap will be reimbursed through cross-subsidisation (Box 3). But the larger the subsidy gap, the more difficult will it be to reimburse the gap.

This analysis has four critical implications for AHP projects:

- (i) The fiscal burden on the government increases by a large margin in light of the subsidy gap if cross-subsidisation (Box 3) is not effective.
- (ii) Additional cash subsidies or cross-subsidisation, over and above the AHP subsidies, are still required for the development of AHP flats even when land is available free of cost. Hence, contrary to the popular discourse that the availability of affordable land is what stymies the development of affordable EWS

flats, subsidised land or land available at no cost cannot be the sole solution.

- (iii) Any delays will increase the subsidy gap since the cost of debt will increase with an increase in debt tenure, and the cost of construction may also rise over time.
- (iv) Finally, the lack of financial viability apparent in the huge subsidy gap lessens AHP’s appeal for the private sector. At the same time, given the government’s limited bandwidth, participation by the private sector is critical for AHP to scale up.

But, as expected, we do not find any evidence of noteworthy private developer involvement across states, except in Maharashtra (MHADA, 2023).³⁷ We find that Maharashtra worked around the subsidy gap by increasing the beneficiary share to an average of Rs 14.2 lakh, as against the all-India average of

³⁷ Out of the 248 AHP projects in Maharashtra, 128 were listed as AHP-PPP projects and 11 as AHP-JV projects, as per an MHADA document. Private sector participants included private developers and private non-real estate firms.

Box 3: Cross-Subsidisation of AHP projects

As per PMAY-U AHP guidelines, an AHP project may comprise (i) flats that also cater to higher income households than EWS, subject to the condition that at least 35 per cent of the flats are EWS flats, or (ii) only EWS flats that are at least 250 in number. Development incentives such as extra Floor Space Index (FSI), greater ground coverage, and higher density norms made available under state affordable housing policies allow for greater built-up area compared to other housing projects. In case (i), this increases the quantum of profit from the non-EWS portion (which is not subsidised), and the expectation is that this increased profit will further cross-subsidise the AHP-subsidised EWS flats. However, for this cross-subsidisation to be effective, the profit from the non-EWS flats has to fully reimburse the subsidy gap in addition to generating a normal profit for the project's implementing agency/developer. It is a tall order since the subsidy gap is substantial.

Rs 3.2 lakh, enabled through broadened income eligibility criteria.³⁸ The maximum income criteria for EWS were doubled from Rs 3 lakh to Rs 6 lakh in Mumbai, Pune, and Nagpur and to Rs 4.5 lakh elsewhere so that the higher beneficiary share could be mandated (Government of Maharashtra, 2022).³⁹ As a result, a significant number of AHP projects involving private participation took place in Maharashtra, but these effectively catered to higher-income households, rather than the EWS as defined by PMAY-U guidelines.

In other states, from official sources, we do not find any noteworthy evidence alluding to public-private partnerships, either in project development or in land ownership. The available evidence indicates that projects in these states are implemented by ULBs and state government housing agencies on government land (Appendix G) and, hence, do not take place at scale.

7.2 Land Issues

Land issues adversely affect the entire spectrum of housing projects, be it luxury or EWS. But the impact is more adverse in the case of EWS flat projects like AHP due to the smaller markups/profit margins, compared to luxury housing projects with bigger profit margins and, hence, a greater cushion against rising costs. AHP projects were cancelled since the land identified for the project was under encroachment, was disputed, or could not get the requisite clearances (Lok Sabha Standing Committee Report, 2023). In addition to outright cancellations, land-related issues were a key cause for significant delays of up to two years between 'in principle' approvals

by the GoI and the furnishing of project details by the state government for the release of funds.⁴⁰ Protracted delays would have made projects financially unviable and led to cancellations.

Complex and inefficient land systems and a slow judiciary have been adversely affecting India's housing sector for decades, much before PMAY-U. A quick review of the literature in the context of past large housing projects in Appendix H reveals that disputes arose due to disagreements on fair compensation, unclear land titles resulting in multiple claimants for the same land, ill-defined land usage and land-related regulations, and lack of coordination between various government agencies. In some cases, disputes arose after development had started, and due to ensuing litigation, the project got stalled. About 66 per cent of civil cases in India's courts pertain to land and property (Baruah, 2022). Moreover, the average time taken to resolve a land-related dispute is about 20 years (Debroy and Jain, 2017). Inefficient land management practices along with a complex judicial system with contesting laws and an ill-equipped and overloaded judicial system that lacks an adequate number of judges and infrastructure (Wahi, 2019) are omnipresent across states.

Another common cause of delay is the time required to procure land and construction-related approvals. According to the *Report of the Committee of Streamlining Approval Procedures for Real Estate Projects in India, 2013*, 50 or more permits are required for a project, and the process could take between 2.5 to 4 years. To cut down the time required for land and construction-related approvals, states had to fulfil

³⁸ Analysis based on data scraped from the PMAY-U Dashboard as of May 2023.

³⁹ The EWS income range was revised in Maharashtra to up to Rs 6 lakh for MMR, Pune, and Nagpur and Rs 4.5 lakh elsewhere in the state in May 2022.

⁴⁰ For example, five AHP projects were approved by the CSMC in 2018, in the 38th and 39th CSMC meetings, dated 26 September 2018 and 28 November 2018, respectively. But the state government forwarded the details of the projects (project cost etc.), with the approval of the SLSMC, two years later, on 22 October 2020, in the 51st CSMC meeting (Minutes of the 51st CSMC Meeting).

two mandatory conditions for availing the Union government's PMAY-U subsidy. These conditions are: (i) instituting a single-window clearance system for projects and (ii) waiving off the official requirement of obtaining separate permission for the conversion of agricultural land. **The Union government needs to monitor the on-ground adoption, implementation, and impact of both these conditions across states.**

Finally, land availability at suitable locations is a perennial challenge and slows down the entire process of development. High prices of better-located land parcels push the development of EWS flats to agricultural land on the city peripheries, where physical infrastructure has to be developed, and it adds to the project timelines and worsens financial viability, leading to delays and cancellations. To address the issue of land availability, the inclusion of affordable housing zones in master plans was a mandatory condition for states under PMAY-U. **However, the adoption of this measure and its impact on the availability of serviced land should be evaluated by the Union and State governments.**

7.3 Lack of Beneficiary Interest

AHP's experience reaffirms urban India's housing paradox of the need for low-income housing at the city level, which does not translate into demand for EWS flats developed through formal channels.⁴¹ A fundamental reason is that this need is met by well-located unauthorised settlements⁴² and slums where independent houses built incrementally offer affordable housing to EWS households. Many of these settlements offer a *de facto* security of tenure (Jain et al., 2016). Also, development of formal EWS flats in newer areas takes place in parallel with the development of unauthorised settlements on informally aggregated land in these areas. Our interactions with brokers and real estate development firms in the National Capital Region (NCR) and Meerut revealed that even in these newer areas, many EWS and LIG households prefer independent houses in unauthorised settlements over formally developed flats. This is so because the household has the option of incrementally expanding a house built on a small plot of

land, and eventually, these unauthorised settlements are formalised through regularisation.

In addition to the overall subdued demand for EWS flats, the timing of the finalisation of beneficiaries led to many AHP cancellations. AHP sanctions by MoHUA were based on ULB-level demand assessments and not on project-specific, location-based demand assessments. The project-specific list of beneficiaries was finalised after securing all project-level approvals and had to be submitted to the CSMC before the second instalment of the central assistance could be released. At that time, several sanctioned projects failed to generate enough demand from beneficiaries due to the project location, flats not being built in consonance with beneficiaries' preferences and beneficiaries finding it difficult to arrange for their share of funds.⁴³ As a result, many AHP projects were cancelled, or the number of flats was curtailed.

Lack of beneficiary interest due to faraway location also led to completed flats remaining unoccupied. For example, our analysis of Chennai, which has the highest number of AHP projects among India's cities, reflects that completed projects located in less densely populated peripheral locations remain vacant after completion (blue dots in Figure 10). In contrast, within-city AHP projects in Chennai, which mostly involved the redevelopment of old public housing (TNUHDB, 2021)⁴⁴ into a greater number of flats for older residents as well as new beneficiaries, were fully occupied soon after completion (orange dots in Figure 10); these projects were located in well-connected and densely populated older neighbourhoods. The Lok Sabha Standing Committee, 2023, noted that in Bengaluru, beneficiaries refused to take possession of completed flats. However, after this, **the practice of seeking project-specific beneficiary interest before the start of the project was initiated there.**

As in the case of BLC, AHP beneficiaries too found it difficult to arrange for their share of funds.⁴⁵ Bhate and Samuel's (2022) survey findings also highlight that some AHP beneficiaries in Vadodara found it difficult to arrange for their share of funds. As in BLC's case, **greater access to institutional home loans will help in the case of AHP.**

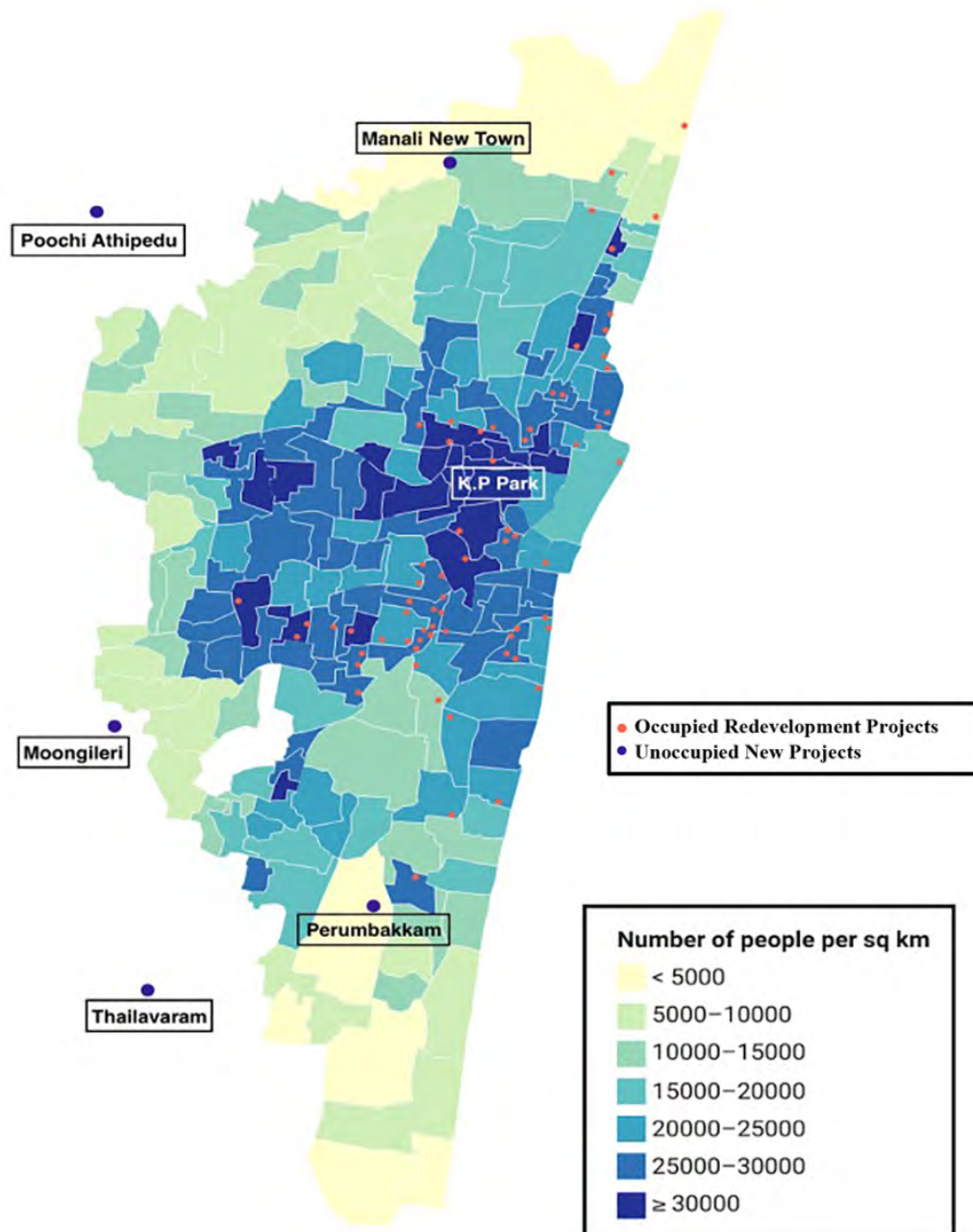
⁴¹ Formal here refers to housing built in compliance with existing planning regulations and building bye-laws and offering *de jure* property titles.

⁴² Settlements not built in consonance with urban planning norms and regulation but offering better living conditions and greater tenure security than slums.

⁴³ CSMC Minutes of Meetings; Lok Sabha Standing Committee, 2023.

⁴⁴ In Chennai, the Tamil Nadu Urban Habitat Development Board (TNUHDB) used the central assistance given under AHP-PMAY-U to redevelop existing low-rise apartment complexes built by them over the years. The TNUHDB demolished these dilapidated apartment complexes and built a greater number of flats than earlier. Slum dwellers residing elsewhere were relocated to these newly built complexes.

⁴⁵ CSMC Minutes of Meetings.

Figure 10: Location of AHP Projects in Chennai (April 2023)

Source: Minutes of CSMC meetings; PMAY-U Dashboard, April 2023; Chennai Municipal Corporation website; Datawrapper; UNDP estimates, 2020.

Note: a) This map is for illustrative purposes and does not imply the expression of any opinion on the part of CSEP concerning the legal status of any country or territory or concerning the delimitation of frontiers or boundaries. The authors or CSEP do not vouch for the accuracy and the correctness of the map.

b) The AHP project locations in Chennai were obtained from the minutes of various CSMC meetings. The occupancy data are sourced from the PMAY-U Dashboard as of April 2023. The base map was acquired from the Chennai Municipal Corporation website, and the ward-level map was created using Datawrapper. The spatial distribution of population density is based on UNDP estimates from 2020.

To sum up the AHP scheme, the prospect of the development of EWS flats through AHP-like schemes taking place at scale is fraught with challenges. The development of flats for EWS households requires significant additional subsidisation. But the ensuing high subsidy bill on account of urban housing might

not be practical for a developing country like India. Moreover, persistent land-related issues will hamper the implementation of EWS flat projects, cause delays, and keep adding to the quantum of subsidies required, rendering it impossible to develop AHP-like projects. Also, issues in beneficiary demand,

if not taken into account from the very start, will hamper project implementation.

Notwithstanding this scenario, in India's million-plus cities, where land ownership among EWS households is rare for BLC-like schemes to scale, the development of flats seems a logical way to provide improved housing conditions. At this juncture, it is important to mention that unlike in India and in the Global South, where such projects have not scaled up even with government intervention, low-income housing provision through government subsidies is common in developed countries. But the overall regulatory environment for real estate development, the method

of provision (rental vis-à-vis ownership), and the scale of subsidisation are different in these countries (Box 4). Undoubtedly, more rigorous research is required to find workable solutions for India's cities.

Going forward, **the findings of this section should be supplemented with detailed case studies of AHP projects located in million-plus cities.** A more nuanced and localised understanding of the issues will help in arriving at effective localised solutions. It is imperative to do so before the GoI commences the next phase of the urban housing programme involving EWS flats.

Box 4: Provision of Low-Income Flats in Other Countries

Developing countries: Similar to AHP and other low-income flat projects in India, attempts have been made in the countries of the Global South to develop formal housing through supply-side subsidies for these households. Similar to India's experience, these were at distant locations far from employment centres, as was the case for Reconstruction and Development Programme (RDP) projects in South Africa (Bertaud, 2018), or did not scale up, as was the case with Perumahan Nasional (PERUMNAS) projects in Indonesia (Tunas and Perestu, 2010). Moreover, informal settlements (slums and unauthorised settlements) are a quintessential part of cities across the Global South and provide affordable housing to low-income and middle-income households (Bertaud, 2018), dampening the demand for flats.

Developed countries: The situation is different in developed countries. Cities are planned, the development of housing is regulated, and housing, including low-income housing, is formal in nature—i.e., conforming to norms and regulations (Bertaud, 2018). But that doesn't make free market housing affordable for low-income households. Even in cities across developed countries, the government has to step in to ensure the availability of affordable housing for low-income households. But unlike India's AHP, this is mostly in the form of rental housing. The provision of subsidised low-income housing on an ownership basis by the government has only been in Singapore (Chua, 2023; Lin, 2022; Tyabji et al., 1989). In the developed countries of Western Europe (Heijden, 2002), the US (Schwartz, 2016), Australia (Groenhart et al., 2016), Japan (Kobayashi, 2016), and Hong Kong (Hui, 2001), the government meets the housing needs of the low-income households primarily through rental housing. These rental complexes are usually located close to employment centres and are well connected through the robust public transit system in these cities. Rents are subsidised through direct subsidies to the housing associations maintaining the 'social rental housing' in the Western European countries of the UK, Netherlands, Germany, etc. In the US, tax credits to developers and property managers of low-income rental buildings under the long-running Low-Income Housing Tax Credit (LIHTC) (Keightley, 2023), and rental housing vouchers (Erickson, 2009), which compensated the difference between the market rent and affordable rent for a low-income tenant, have been in place over the past 50 years.

It is important to point out that the level of subsidisation and scale of government expenditure on housing is much higher in the developed countries compared to India. Whether for owned housing in Singapore or rental housing in other developed countries, these models of low-income housing provision are driven by the quantum of subsidies. In OECD countries, rental housing subsidies go up to 1.4 per cent of GDP (OECD, 2021).⁴⁶ In India, the scale of government funding is much lower. Annual government expenditure (Union, State, and ULBs) on all PMAY-U sub-schemes between 2015–16 to 2022–23 varied between 0.12 per cent to 0.33 per cent of GDP (Appendix I).

⁴⁶ United Kingdom spends 1.4 per cent of GDP, Netherlands and New Zealand spend 0.5 per cent, while USA spends 0.2% on rental allowances alone for low-income households.

8. In-situ Slum Redevelopment (ISSR)

In-situ slum redevelopment involves the monetisation of tenable⁴⁷ high-value slum land. The existing slum is demolished, and slum dweller households are provided 300 to 400 sq. ft flats, either free of cost or at subsidised rates, on a portion of the slum land (hence the prefix *in-situ*). The rest of the land is the ‘free sale’ component, which is developed into flats for higher-income households and commercial buildings. The developer recoups his cost of development of flats for the slum households from this ‘free sale’ component. In projects undertaken by private developers for slums located on government lands, the developer shares a part of his profit with the government. Land of higher value translates to a higher valued ‘free sale’ component, and hence higher profit for the developer and greater earnings for the government landowner. Many times, incentives⁴⁸ allowing for the development of more ‘free sale’ real estate are provided for making these projects financially attractive. Under ISSR, an additional subsidy of Rs 1 lakh per slum household is provided by the GoI for redevelopment of slums located on government land (MoHUA, 2019).

With 60 per cent of the more than 1 lakh⁴⁹ slums being located on government land (Draft National Urban Rental Housing Policy, 2015), one would expect ISSR to have made significant in-roads across states. But it has not been so.

ISSR has the lowest number of sanctioned beneficiaries/houses among the four sub-schemes, accounting for less than 2 per cent of PMAY-U’s sanctioned houses. Most ISSR projects⁵⁰ were in Mumbai, Maharashtra, and the four million-plus cities of Gujarat,⁵¹ where slum redevelopment has been ongoing before PMAY-U (Table 2). These five cities account for 96 per cent of ISSR-sanctioned flats, yet the total sanctioned ISSR flats in these five cities covered only about 4 per cent of the total number of Census 2011 slum households across these cities.

Assam and Odisha experimented with only one and two slum redevelopment projects, respectively, but the model was different, with no private developer involvement. This is because land prices are not as high as in Mumbai and the Gujarat metros, and thus are not lucrative enough to get the private developers interested.⁵² Assam and Odisha’s model of slum redevelopment needs to be understood better while exploring its replicability across other states. We find that Chhattisgarh, Jharkhand, and Madhya Pradesh had ventured to try out slum redevelopment under ISSR through the private developer route. However, these projects in these states failed to generate interest from private developers and were cancelled. Across states, 53 ISSR projects totalling 31 per cent of the total projects have been cancelled so far.⁵³ Of the remaining projects, about 70 per cent of ISSR flats (not including subsumed RAY projects) are yet to be completed at an all-India level, as of January 2024.

⁴⁷ Lands that are environmentally safe and fit for residential use.

⁴⁸ Such as additional floor space index (FSI), transferable development rights (TDRs), and relaxations in developmental norms.

⁴⁹ In Census 2011, there are 108,227 enumeration blocks that have slums. Thus, there are at least so many slums in India as per the Census 2011.

⁵⁰ ISSR also subsumed a few *In-situ Slum Redevelopment* projects of the erstwhile Rajiv Awas Yojana (RAY) spread across Delhi, Kolkata, Mumbai, Bangalore, Hyderabad, Chennai, and Ahmedabad.

⁵¹ These ISSR projects were undertaken by private developers, with SRA overlooking the same in Mumbai and the four million-plus city Municipal Corporations doing the same in Gujarat.

⁵² Unlike Mumbai and Gujarat, where there is no beneficiary share involved, i.e., the flats are to be given to the slum dwellers for free, there is a beneficiary share in Assam and Odisha (Rs 4.8 lakh in Assam, and Rs 1.5 lakh in Odisha as per PMAY-U Dashboard on May 2023). The projects were developed by the ULB and the state development agency themselves. Excess land wasn’t monetised simultaneously but would have devolved to the ULB or the state government agency developing it.

⁵³ Authors’ calculations based on CSMC meetings.

Table 2: Number of ISSR Projects* Across States, October 2023

State	Projects	Projects Likely to Be Cancelled**
Assam	2	1
Gujarat	61	–
Haryana	2	2
Maharashtra	17	13
Odisha	7	5
Punjab	1	1
India	80	22

Source: Authors' analysis based on various CSMC meetings,⁵⁴ PMAY-U Dashboard.

*Not including the subsumed RAY projects.

**Any project across the four PMAY-U sub-schemes sanctioned before March 31, 2021, for which construction had not started by March 31, 2023, was deemed as a non-starter and would be put up for cancellation as per the Lok Sabha Committee, 2023.

Note: This table does not include 1.17 lakh RAY In-situ Slum Redevelopment flats subsumed under ISSR. Subsumed RAY flats make up about one-third of ISSR flats. As of date, there are 1.8 lakh flats sanctioned solely under ISSR.

Box 5: Slum Redevelopment Has Been a Slow Process Even Before ISSR

The high value of Mumbai's slum lands has supported the financial viability of slum redevelopment projects for private developers and a positive premium for the state government while providing small flats at minimal or no cost for slum dwellers. Over the past three decades, the Slum Rehabilitation Authority (SRA) and its predecessors have built about 0.24 million apartments, and 0.27 million apartments are in the pipeline (Anthony, 2022) through slum redevelopment. So, after three decades, about 45 per cent of Mumbai's 1.13 million slum households (Census, 2011) have been covered, indicating that slum redevelopment has been a slow process even before ISSR. In-situ slum redevelopment by private developers in Gujarat has been a more recent phenomenon, post-2010. But the uptake has been slow, with only about 11 of Ahmedabad's 834 slums being covered by 2014 (Mahadevia et al., 2014).

ISSR's poor performance is not surprising. *In-situ* slum redevelopment by private developers has been a slow, complex, and contested process since its inception in Mumbai in the late 1980s and in Gujarat since the 2010s (Box 5). Project execution involved many business risks for developers and significant risks for slum dwellers/beneficiaries as well.

8.1 Business Risks for Developers

Slum redevelopment projects are 'high-risk-high-return' ventures among real estate projects. So, potential profits are also higher than usual (Contractor, 2019; Jethmalani, 2022). There has been a dip in overall real estate demand post-COVID, leading to issues in monetising the underlying value of land through the sale of the 'free sale' component of the project (CSMC, 2021). Along with rising inflation, as well as increasing cost of capital in the post-COVID

period, this lessened the financial viability of projects. Cumulatively, these factors led to a slowdown in construction and an increase in ISSR project cancellations.

Moreover, slum redevelopment is affected by complexities in implementation that arise for the developers due to multiple ownership of the underlying land, legal disputes, changing political agendas, lack of consensus amongst slum households supporting slum development, and liquidity risk due to high working capital requirement.

Land disputes regarding the slum land are common in the case of multiple landowners, irrespective of whether the owners are public agencies (Nandy, 2023) or private owners (Mahadevia et al., 2014). This ends up protracting the time required and, hence, the cost. Continued political support and alignment between

⁵⁴ Minutes of CSMC Meetings: 4, 7, 8, 15, 22, 25, 30, 32, 34, 35, 36, 38, 41, 43, 47, 49, 52, 53, 54, 56, and 60.

the state governments and local governments are also critical factors, as was noted by Mukhija (2019) in his research tracing Mumbai's slum redevelopment journey since 1985. Further, Mumbai's slum redevelopment policy has undergone multiple changes, concomitant with changes in state government.

In addition, the affected slum households must support redevelopment and a consensus must be achieved. Correct identification of beneficiaries and generating consensus are critical aspects of any slum housing project. In most cases, this is not a transparent process. Authorities are reticent about sharing the list of beneficiaries, as has been the case in Delhi (Dupont et al., 2014) and Ahmedabad (Parmer, 2022). There are multiple rounds of surveys involved in identifying the correct set of beneficiaries. Eligibility criteria, such as their length of residence in the slum are revised. This increases the number of beneficiaries and adds to the cost of the project.

Due to these various business risks, banks are reticent to provide construction finance for these high-risk projects, and thus the cost of capital is high (Mukhija, 2019). In Mumbai, it seems there has been a gradual erosion of interest by reputed private developers in these projects. It has been the same in Delhi (Chitlangia, 2022a).⁵⁵ Over the last 10 years, the Delhi Development Authority (DDA) has floated tenders for 10 slum redevelopment projects at prime locations. But interest by private developers has been scant, citing a lack of financial viability only on the back of the free sale component and seeking additional remuneration from DDA (Chitlangia, 2022b). In Mumbai, reputed private developers often form joint ventures with smaller developers who specialise in enabling consensus among the slum dwellers regarding the development and their relocation to transit accommodation for the redevelopment to commence (Nandy, 2023).

8.2 Risks Faced by Slum Beneficiaries

There are significant risks faced by slum residents, including the risk of eviction without resettlement or fair compensation (HLRN, 2021). Tenant households that are also economically the most vulnerable are often overlooked. Further, slums not only provide housing but also livelihoods to its residents. For instance, about 20,000 small enterprises operate

within Dharavi itself (Assainer, 2014). With the Adani Group winning the bid to redevelop the slum,⁵⁶ there are considerable concerns among its residents as to how their livelihoods will be preserved as the slum undergoes redevelopment (The Economic Times, 2023). Post-completion issues such as the higher cost of living, poor design, and quality of construction that exacerbate health risks (Debnath et al., 2019; Restrepo, 2010) would add to the concerns of slum households. Social researchers stress the importance of making slum dwellers part of the entire slum redevelopment process through active community participation and recommend the involvement of NGO partners to catalyse the same (Mahadevia et al., 2014; Dupont et al., 2014).

To sum up, slum redevelopment projects through land monetisation can gain traction and be successful only if all the myriad business risks faced by developers during the project's life cycle are mitigated while protecting the slum dwellers' interests. In light of ISSR's muted scale and slow progress, **detailed case study-based analysis of ISSR projects needs to be undertaken, identifying the risks and challenges** faced by each project.

9. Summing Up and the Way Forward

Our research on PMAY-U highlights its successes while shedding light on the issues that affect its implementation. PMAY-U's performance has been unprecedented in terms of the number of houses sanctioned and cities covered, well supported by the aggressive housing agendas of a few states and a large number of BLC sanctions in small cities. However, there are a few aspects on which PMAY-U hasn't performed as well. Firstly, medium and million-plus cities are not as well served as the small cities by PMAY-U; this is because AHP and ISSR do not scale up. Secondly, although as per the programme guidelines PMAY-U should have covered all slums, our analysis reveals that PMAY-U's coverage of slums has been poor. Thirdly, there have been significant delays in the construction of BLC, AHP, and ISSR sanctions, all across. This has led to projects being cancelled, while about 40 per cent of the remaining

⁵⁵ Delhi's DDA (Delhi Development Authority) has so far attempted three slum redevelopment projects in prime locations, all conceived before 2010, one of them in PPP mode which is not yet complete. The other two were developed by DDA itself, of which one was completed in 2022, and other is expected to be completed soon.

⁵⁶ Not under ISSR.

ones are yet to be completed, as of May 2024. Our deep dive into each of the sub-schemes reveals several underlying issues.

There are two issues affecting BLC's implementation, leading to delays and cancellations. Firstly, beneficiaries faced difficulties in proffering requisite land ownership documentation. Secondly, beneficiaries found it difficult to arrange for their share of funds for construction, primarily because EWS households do not have easy access to institutional home loans. Two other issues, if addressed, would enhance the performance of BLC-like schemes in the future. Firstly, BLC's coverage of slums will improve if it is supplemented by the provision of *pattas*. Secondly, home enhancements were few, even though the need for home enhancements is substantial.

In the case of CLSS, a low share of EWS households among CLSS beneficiaries is not surprising given EWS households' constrained access to institutional home loans. However, it questions the suitability of home loan subsidy as an instrument of EWS housing policy for India unless the issue of EWS households' poor access to home loans is addressed. Another aspect of CLSS's implementation that has been a challenge is its likely limited impact on enhancing a household's housing affordability.

AHP is plagued by multiple issues. Our research establishes financial viability issues to be the primary reason behind its muted scale. Cancellations and delays are common, due to land issues and poor beneficiary interest due to easy availability of affordable housing in unauthorised settlements and slums, and difficulties faced in arranging the beneficiary share. Many completed flats remain unoccupied due to beneficiaries not liking the built flats and their location.

ISSR had a negligible number of sanctions. Slum redevelopment projects are subject to myriad risks and challenges—market risk, contested ownership of the slum land, lack of slum dweller consensus, changing political agendas, and loss of slum-based economic activities. Negligible take-up of ISSR in cities other than those where slum redevelopment has been an ongoing process in the past, and ISSR's poor progress even in those cities, indicate addressing these risks continues to be challenging.

The findings of our study need to be supplemented by household-level impact evaluation studies that empirically evaluate PMAY-U's impact on a household's overall welfare. A potential impact area of

PMAY-U that this study did not cover was the impact of PMAY-U's mandate that the woman of the household is the primary beneficiary and the PMAY-U house/flat is registered in her name or in joint ownership. This is an important area for future research.

9.1 Way Forward

As the GoI plans ahead on continuing PMAY-U and covering more urban households under the programme (PMO 2024), we suggest the following:

Improvements in PMAY-U's Programme Design

- Release BLC subsidies to beneficiaries at the start of construction to speed up the process. Simultaneously, the start of house construction should be closely monitored to ensure that the upfront subsidy is not used for other purposes by the beneficiary.
- Assess project-specific beneficiary demand before seeking approval for AHP projects for smoother implementation and avoiding cancellation later.

Improved Monitoring of PMAY-U

- There should be regular monitoring of the number and proportion of slums and slum households covered by programme sanctions, and the progress of construction of these sanctioned houses at the ULB level. The same should also be included in the programme's progress report published in the public domain.
- The programme monitoring should include case-by-case analysis of ongoing, as well as cancelled AHP and ISSR projects; this would help identify and correct adverse causal factors and aid in identifying more effective policies for such projects. It is imperative to do so before the GoI commences the next phase of the urban housing programme.
- The programme monitoring should extend to tracing the on-ground adoption, implementation, and impact of mandatory conditions such as – single window approval system, waiving off the requirement of permission for using agricultural land for development of EWS flats, and inclusion of affordable housing zones in master plans.

- Undertake a beneficiary-level impact evaluation study for assessing CLSS's impact on enhancement of the beneficiary household's housing affordability.

Measures that need to be implemented to address the issue of EWS household's poor access to institutional finance are:

- Greater access to home loans needs to be enabled for EWS households. Policies should enable financial institutions such as affordable housing finance companies (AHFCs), small finance banks, urban co-operative banks, and microfinance institutions to access cheaper capital and expand their home loan operations to cover more EWS households.
- Assess the impact of existing initiatives like Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH)⁵⁷ in enabling greater penetration of home loans among EWS households and devise new and effective mechanisms for encouraging formal lending to EWS households.

Broader changes that need to be implemented to address the land-related issues are:

Addressing the Property Ownership Documentation and Dispute Resolution Problem

- Complex and costly ownership documentation processes affect BLC-like schemes, and slow resolution of land disputes affects supply-oriented schemes like AHP and ISSR. So, the process of property ownership registration and acquiring land titles needs to be streamlined, and digitisation initiatives such as DILRMP need to be accelerated.

- Property-related dispute resolution needs a larger solution on the judicial end. It needs to be recognised that the poor are most impacted, and their access to low-cost housing is most curtailed because of the large time taken in the judicial process.

Solving the Location Problem

- High-frequency public transport options should be made available in locations with EWS housing projects.
- Master plans need to be drawn up based on principles of transit-oriented development for all cities. A time-bound programme of urban development of physical infrastructure and urban services in new locations of existing million-plus cities shared publicly will help increase the availability of affordable serviced land. If the process is credible, it would also improve demand for EWS flats and small plots in formal settlements of these new areas.

⁵⁷ Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) was initiated in 2012 through the NHB as a mechanism for guaranteeing home loans made to EWS and LIG households by financial institutions. But our preliminary research indicates that this initiative has not gained traction among financial institutions.

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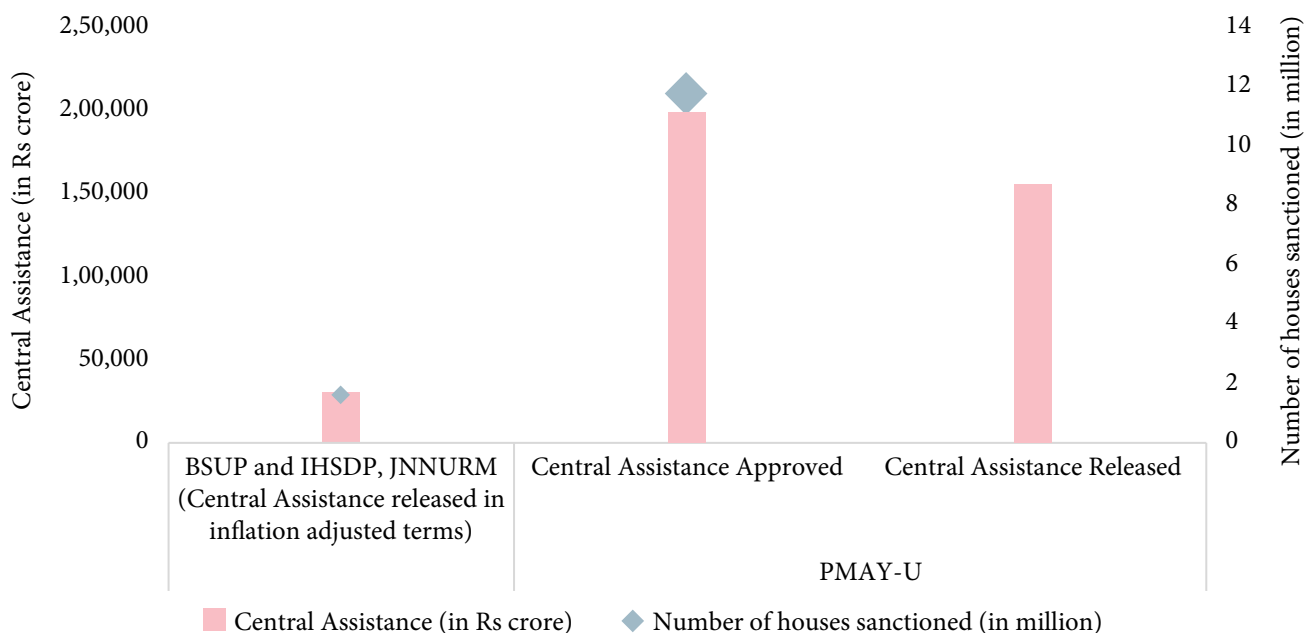
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Appendix A: Central Expenditure and Number of Sanctioned Houses: JNNURM (2005-12) vs. PMAY-U (2015-24)



Source: Authors’ analysis based on PMAY-U National Progress 2024 and CAG Report No. 15 of 2012-13.

Note: The latest data for JNNURM are from 2011-12, and to compare the central assistance released under it with PMAY-U, the numbers have been inflation-adjusted using the Consumer Price Index obtained from the RBI website.

Appendix B: Overview of the Implementation Structure of PMAY-U

PMAY-U primarily aimed to cover households living in slum housing and in non-*pucca* housing elsewhere. An initial list of such households was created at the city level, using Census 2011 for slum households⁵⁸ and Socio-Economic Caste Census (SECC) 2011 for those in non-*pucca* housing elsewhere.⁵⁹ Subsequent ward-level surveys were conducted by the respective ULBs, based on the list drawn up.

Based on the surveys, ULBs developed a Housing for All Plan of Action (HFAPoA), following the steps as laid out in the guidelines to prepare the HFAPoA to address the housing needs of eligible beneficiaries within the city, along with the chosen sub-scheme among the four sub-schemes. Each beneficiary could avail themselves of benefits from only one sub-scheme.

Detailed project reports (DPRs) for AHP, BLC, and ISSR were prepared which were then reviewed for financial viability at the state level. Approval moved

through State Level Sanctioning and Monitoring Committees (SLSMCs) to the CSMC for final review and release of central assistance.

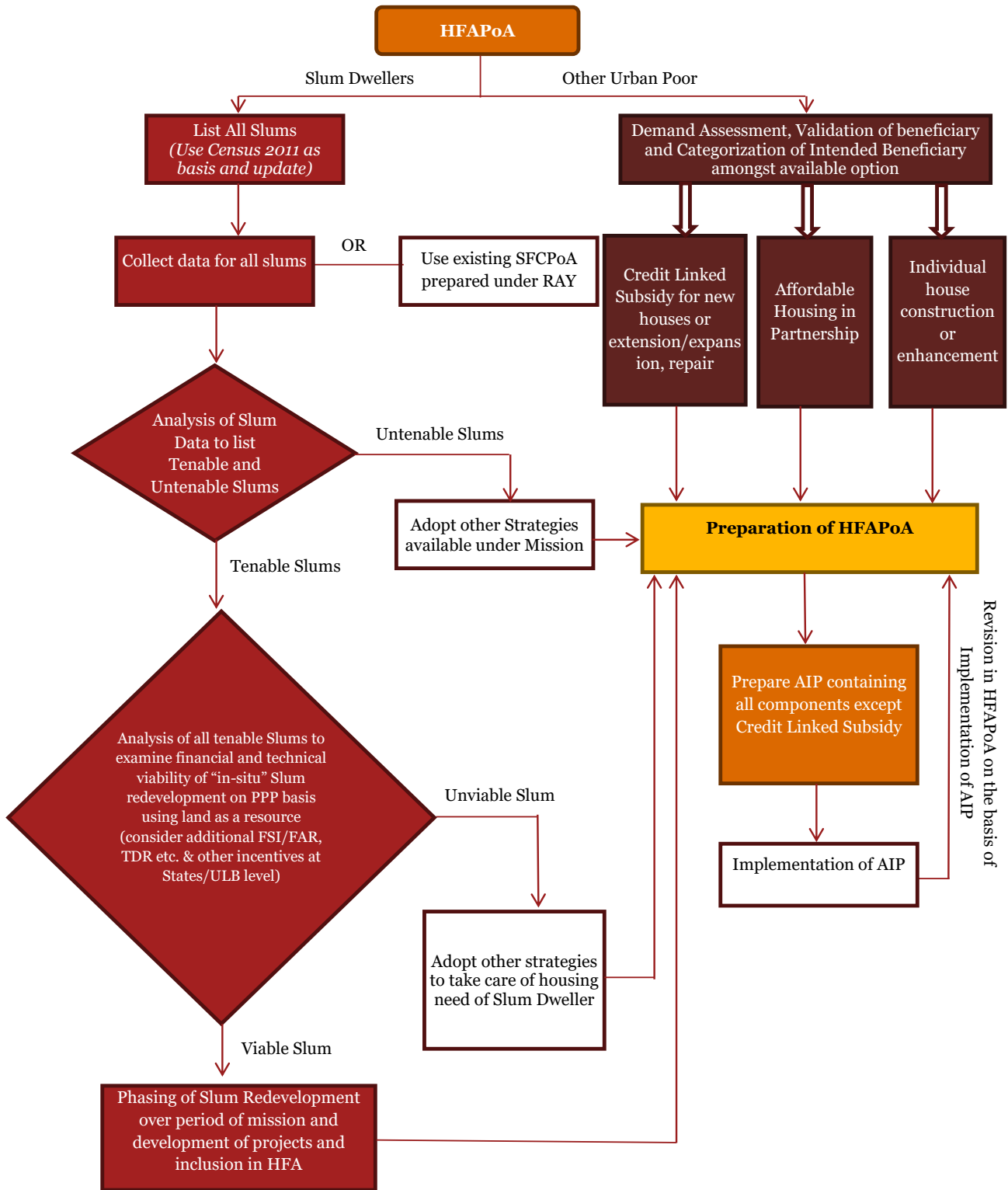
Central assistance for AHP, BLC, and ISSR was released in three parts of 40 per cent–40 per cent–20 per cent. The first portion was released as soon as the CSMC approved a project. The second and third shares were contingent on the submission of utilisation proof by the respective states of at least 70 per cent of the share released earlier. For CLSS, the three nodal agencies, NHB, SBI, and HUDCO, were initially given an advance subsidy, and then every subsequent credit depended on the submission of 70 per cent utilisation proofs of the earlier amount given.

While central assistance was fixed, states could determine their share for AHP, BLC, and ISSR. More often than not, states had their own housing programmes through which they funnelled their respective shares. Beneficiary shares also varied as a result, and in some states, they did not have to contribute anything at all.

⁵⁸ Page 8, Preparation of HFAPoA, MoHUA, and GoI.

⁵⁹ PMAY-U Updated Guidelines.

Steps to Prepare the Housing for All Plan of Action (HFAPoA)



Source: Page 8, Preparation of HFAPoA, MoHUA, 2019.

Central and state assistance were pooled and channelled to the state nodal agency, which would then release the funds to the beneficiary or the implementing agency. The states were given the flexibility to release the combined amount in three to four phases, contingent upon the progress made on the construction, with the last instalment being released only after completion.⁶⁰ States adapted their strategies based on their experiences.

For CLSS, a potential beneficiary had to apply for a subsidy from the same lending institution through which they had availed themselves of their housing

loan. After validating their eligibility, the lending institution forwarded the application to any one of the three Central Nodal Agencies (HUDCO, NHB, or SBI) with whom they had signed up. These nodal agencies conducted their due diligence and released the subsidy to the lending institution.

States had no role to play in CLSS funds. After the subsidy was released to the respective lending institution, it was credited as a lump sum to the beneficiary's loan account. The principal loan amount was reduced as a result, and the beneficiary had to pay a lower EMI.

Appendix C: BLC Sanctions Across States and City Classes

State Name	Number of Houses Sanctioned Under BLC			
	Small Cities	Medium Cities	Million-plus Cities	Total
Andhra Pradesh	11,40,064	4,54,844	1,80,096	17,97,203
Assam	1,44,463	27,368	0	1,72,608
Bihar	2,30,030	65,243	1,282	2,96,555
Chhattisgarh	1,63,465	35,432	22,327	2,22,174
Gujarat	89,559	25,086	37,446	1,52,091
Haryana	39,041	28,295	313	67,649
Jharkhand	1,13,759	42,486	22,064	1,78,309
Karnataka	1,54,554	43,087	855	1,98,496
Kerala	63,099	9,798	55,410	1,30,753
Madhya Pradesh	5,46,012	1,60,583	17,443	7,25,444
Maharashtra	2,05,435	52,454	25,093	2,83,119
Odisha	1,37,870	24,616	0	1,62,486
Punjab	50,299	21,324	10,213	81,836
Rajasthan	37,278	28,454	23,793	89,525
Tamil Nadu	2,51,456	79,662	74,711	4,05,829
Uttar Pradesh	9,64,625	3,44,060	1,28,821	14,45,392
West Bengal	3,01,119	1,30,608	1,65,514	5,97,241
India	48,66,381	16,55,306	7,68,760	72,90,447

Source: Authors' analysis based on PMAY-U Dashboard Data, May 2023, and Census 2011.

⁶⁰ Page 28, PMAY-U Updated Guidelines, January 2021.

Appendix D: Number and Share of Slum Households in BLC, AHP, and ISSR Sanctions

State	Number of BLC Slum Beneficiaries (as a % of Census 2011 Slum Households in the State)	Number of AHP Slum Beneficiaries (as a % of Census 2011 Slum Households in the State)	Number of ISSR Beneficiaries (as a % of Census 2011 Slum Households in the State)	Total Slum Households Covered by AHP, BLC, and ISSR (as a % of Census 2011 Slum Households)
Andhra Pradesh	3,45,848 (28.5)	1,26,396 (10.4)	-	4,72,244 (38.9)
Assam	4,191 (9.9)	-	108 (0.3)	4,299 (10.1)
Bihar	10,159 (4.7)	-	-	10,159 (4.7)
Chhattisgarh	71,129 (17.2)	46,051 (11.1)	-	1,17,180 (28.3)
Gujarat	1,739 (0.5)	4,216 (1.2)	56,955 (16.5)	62,910 (18.2)
Haryana	2,968 (0.9)	-	367 (0.1)	3,335 (1)
Jharkhand	2,766 (3.8)	-	-	2,766 (3.8)
Karnataka	6,540 (0.9)	2,72,313 (38.5)	-	2,78,853 (39.4)
Madhya Pradesh	46,553 (4.2)	40,253 (3.6)	-	86,806 (7.8)
Maharashtra	2,975 (0.1)	1,449 (0.1)	1,45,737 (5.8)	1,50,161 (6.0)
Odisha	56,219 (16.1)	18,777 (5.4)	6,360 (1.8)	81,356 (23.2)
Punjab	-	-	1,025 (0.3)	1,025 (0.3)
Tamil Nadu	33,339 (2.3)	90,746 (6.2)	-	1,24,085 (8.5)
Telangana	-	37,320 (3.1)	-	37,320 (3.1)
Uttarakhand	915 (1)	1,872 (2)	-	2,787 (3)
West Bengal	2,01,335 (14.5)	64 (0.004)	-	2,01,399 (14.5)
India	7,86,954 (5.7)	6,39,457 (4.6)	2,10,552 (1.5)	16,36,963 (11.8)

Source: Lok Sabha Standing Committee Report, 2023, PMAY-U Dashboard and authors' calculations using information from these sources and Census 2011.

Note: The above table may also include projects which are likely to be cancelled shortly. For BLC and AHP, we are unable to delineate whether the cancelled projects cater to slum beneficiaries or non-slum beneficiaries, and hence the above table includes these projects and refers to the overall sanctioned houses.

Appendix E: PMAY-U Sanctions, Completions, and Yet to Be Completed Houses

	Total Houses Sanctioned in million (%)	Total Houses Completed in million (%)	Delayed Houses That Are Yet to Be Completed as of 2023* in million (%)	Rest of the To Be completed Houses in million (%)
BLC	7.30 (100%)	3.64 (50%)	2.12 (29%)	1.54 (21%)
AHP	1.77 (100%)	0.75 (42%)	0.77 (43%)	0.26 (15%)
ISSR	0.21 (100%)	0.05 (25%)	0.15 (72%)	0.006 (3%)

Source: PMAY-U Dashboard, CSMC MoMs.

Note: *Data as of May 2023.

Appendix F: Cost of Construction and Subsidy Required for AHP Flats: Hypothetical Examples

Cost per Square Feet	Basis of Assumptions	With Land Costs (Rs per sq. ft.)		When Land is Available for Free (Rs per sq. ft.)	
		For G+3 flats	For Multi-Storey Flats	For G+3 flats	For Multi- Storey Flats
Land Cost	Based on circle rates of lower land cost areas where low-income projects usually take place	500	500	–	–
Stamp Duty and Registration of Land	6% (5%+1%) is most common across states	30	30	–	–
Construction Cost	Based on consultation with experts	1,600	2,000	1,600	2,000
GST on Construction Cost	@18%	288	360	288	360
Legal and Approval Costs	Based on consultation with experts	75	75	75	75
Structural Consultant and Architect Fees	5% of construction cost (based on consultation with experts)	80	100	80	100
Debt Cost of Construction Finance	Annual interest rate of 12%	384	480	384	480
Gross Developer Markup	25% of cost of construction (based on consultation with experts)	739	886	607	754
Price without Stamp Duty of Finished Unit	–	3,696	4,431	3,034	3,769
Stamp Duty and Registration of Finished Unit	6% (5%+1%) is most common across states	222	266	182	226
Final Price (per sq. ft.)		3,918	4,697	3,216	3,995
Expected Market Price of a 400 sq. ft Flat (carpet area ~ 30 sqm)		15,67,210	18,78,850	12,86,310	15,97,950
Required Average Subsidy of a 400 sq. ft. Flat, Assuming an Average Beneficiary Share of Rs 3.2 Lakh (from Table 4) per flat		12,47,210	15,58,850	9,66,310	12,77,950

Source: Authors' calculations based on a framework adapted from JLL (2016) and consultations with experts and secondary research.

Note: (i) We consider Rs 1,600 as the lower bound on construction cost per sq. ft., as per the cost estimates provided in paragraph 4, page 49 of the Operational Guidelines for ARHC, MoHUA, and GoI. We also consider an upper bound of Rs 2,000 based on consultation with experts (ii) For land cost, we find the per square foot cost of land at an FSI of 1.5 for the lowest valued land as per the circle rate of land for Delhi, Gurgaon, Surat, Coimbatore, and Chennai to be between Rs 216 (Surat) and Rs 1,443 (Delhi). We assumed a land cost of Rs 500 per sq. ft. at random within this range, which was vetoed by the experts, merely for representational purposes. (iii) The GST rate is from the Central Board of Indirect Taxes and Customs, Department of Revenue, Ministry of Finance. (iv) Debt cost per sq. ft. is the approximate amount of interest that would accrue on a loan of Rs 1,600 or Rs 2,000 over a period of two years. We consider the loan tenure to be 2.5 years on average since, ideally, the construction of apartment complexes takes between two to three years. (v) The experts we consulted for the above table and assumptions involved included an academic specialising in construction management, a developer of low-cost housing, a property valuer, and a civil society proponent of low-income housing.

Appendix G: Number of AHP Projects by Type of Land

States	Number of AHP Projects	Projects for Which Land Information Is Available	Projects in Which Land Belongs to the Government or ULB	Projects in Which Land Belongs to a Private Party
Karnataka	389	22	22	NA
Tamil Nadu	357	60	60	NA
Telangana	302	57	57	NA
Gujarat	221	8	8	NA
Andhra Pradesh	146	79	78	1

Source: Authors' analysis based on multiple CSMC Meetings, MHADA (2023).

Appendix H: Varied Nature of Land Disputes in India

Land disputes in India arise from disagreements on equitable compensation, ambiguous land titles leading to multiple claimants for a singular parcel of land, nebulous delineation of land usage and associated regulations, and a notable absence of synergy among diverse government entities. The genesis of these disputes often lies in the inadequacies of the prevailing land acquisition frameworks. At present, there are 732 reported cases of land conflicts in India, affecting 8.2 million people over 3.2 million hectares of land (Land Conflict Watch, 2023). Time and again, these conflicts affect urban housing as well. Below are four examples that illustrate the varied nature of land disputes in India.

- The origin of land disputes often lies in inadequate land acquisition frameworks, where issues of fairness and transparency in determining compensation become points of contention. Affordable housing projects initiated by the Bangalore Development Authority (BDA) faced significant delays in the early 2010s. These projects were being built on encroached lands that were acquired by the BDA some years earlier. Constructions were interrupted due to legal disputes that arose from this reclamation. The erstwhile land encroachers were not happy with the compensation they had received to vacate the land. The projects remained stuck mid-construction five years after they were grounded, as per the latest available updates (Bharadwaj, 2017).
- The absence of clearly defined land titles also fuels ambiguity and fosters an environment conducive to conflicting claims. In Karnataka, a tribal community opposed the state gov-

ernment's expropriation of their agricultural land for the Vajpayee Urban Housing Scheme, citing consistent property tax payments over eight decades. In 2018, the state government reclaimed the land that the tribe was using for agricultural purposes, precipitating consternation within the community (Mani, 2018).

- The intricacies of land usage and regulatory frameworks often exacerbate disputes. Five hundred hectares of land in the Jorbeer village near Bikaner, Rajasthan, have over the years faced litigation whenever the Bikaner Urban Improvement Trust (UIT) has tried to develop it for affordable housing. Development of affordable housing on that land was attempted on two occasions: firstly, in 2008 to develop Vasundhara Colony, an affordable housing initiative; and subsequently, in 2017, for an affordable housing project under the Jan Awas Yojana. In both instances, a former *sarpanch* of the locality filed a Public Interest Litigation (PIL) in the High Court, followed by an appeal to the Supreme Court. His contention rested on the claim that the government, in its land-allocating efforts, has, over the years, diminished the terrain upon which the local populace has traditionally relied for sustenance. It was also asserted that the proposed housing project posed a threat to the bird population, particularly Schedule-1 protected raptors, in the vicinity. The courts, in their directives, mandated the Rajasthan government to amicably resolve the matter in consultation with the relevant stakeholders (Singh, 2017; Gaur, 2017).
- Land disputes also arise from administrative changes over land usage and its definition, for example, when an area is converted from rural to urban. A prime instance of such a case,

which had a direct impact on the implementation of PMAY-U, is the inclusion of Kathwada Panchayat within Ahmedabad city. Kathwada Panchayat, classified as rural in the 2011 Census, found itself at the centre of a significant administrative change in June 2019, when the Ahmedabad Municipal Corporation (AMC) proposed a resolution to incorporate it into Ahmedabad city. The proposal of inclusion faced opposition from the locals. The Panchayat harboured concerns that joining the AMC would mean higher property taxes and processing fees for various services, without getting fair benefits in return. The fact that AMC

had struggled to provide essential water and sewage infrastructure to villages that were subsumed to be a part of the city a decade earlier, was another major concern. The Kathwada Panchayat took legal recourse by filing a petition before the High Court of Gujarat, contesting the validity of the notification and seeking redress. The residents contended that they were not adequately consulted or apprised of before the merger decision was enacted. The matter remains *sub judice*, but the AHP projects have been cancelled due to this protracted dispute (Nair, 2021; *Times of India*, 2019, 2020).

Appendix I: Government Expenditure on PMAY-U (Union, State, and ULBs) as % of GDP

Year	Gross Domestic Product at Current Prices (Rs crore) (RBI)	Annual Expenditure by All Three Tiers of Government (Rs crore)				PMAY-U Subsidies as a Share of GDP (%)
		AHP	BLC	ISSR	CLSS	
2015-16	1,37,71,874	6,545	2,596	171	8,246	0.13
2016-17	1,53,91,669	8,908	9,357	443	8,246	0.18
2017-18	1,70,90,042	23,991	23,722	133	8,246	0.33
2018-19	1,88,99,668	16,314	29,736	3,574	8,246	0.31
2019-20	2,01,03,593	10,077	44,194	456	8,246	0.31
2020-21	1,98,29,927	2,882	14,375	1	8,246	0.13
2021-22	2,34,71,012	8,952	21,632	430	8,246	0.17
2022-23	2,72,40,712	2,764	21,347	55	Not Applicable	0.09

Source: RBI; PMAY-U Dashboard.

About the authors

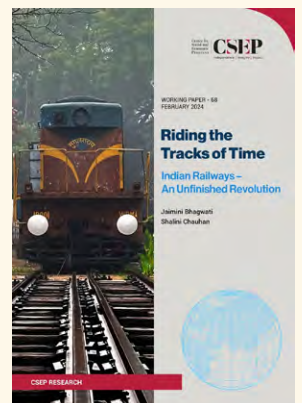
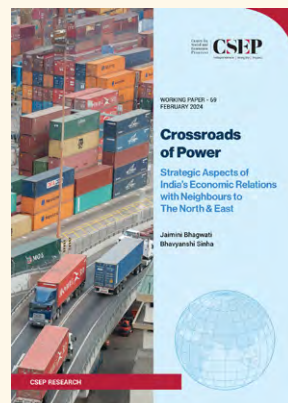
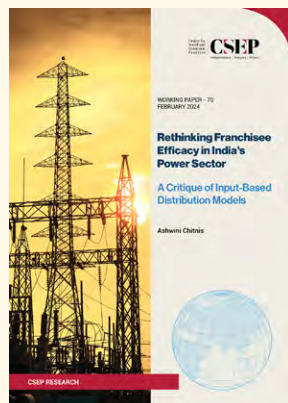
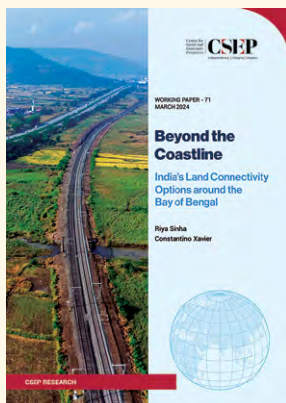
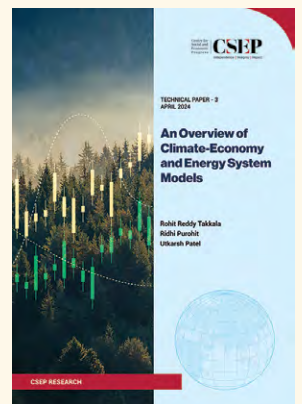
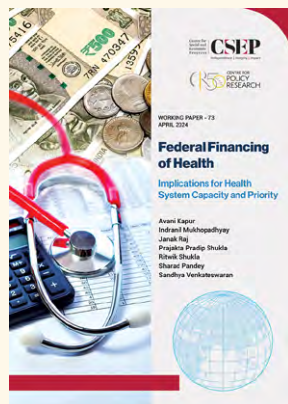
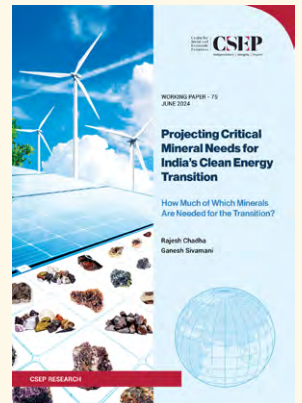
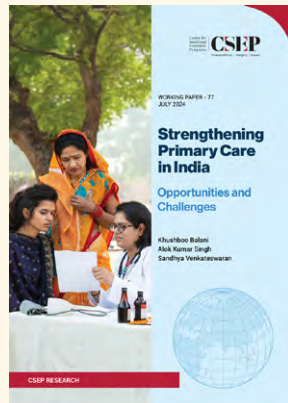


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