



Governance and Policies: Housing in Delhi as a Multi-Dimensional Problem

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Abstract: Time and again, profit-seeking behaviour of private enterprises and individuals has led to skewed urban infrastructure. Much could go wrong if the private sector builds on the land in an uncoordinated way, based on self-interest. This market failure necessitates state intervention in the housing market. However, as is evident in the case of Delhi, town planning by a central agency may not be enough to resolve all problems. Rapid urbanisation in Delhi, presents substantial challenges, especially in the arena of affordable housing and shelter for all. Despite the government's push for affordable housing with tax-breaks and other policy measures, the price for housing remains at sky-touching levels. It is also creating residential segregation and resultant differential outcomes. It is having an adverse impact on the quality of life whereby public service deliveries and social identities get bitterly affected; particularly for the subalterns. This paper deals with the several problems associated with the housing delivery system in India and how the system can be improved.

Keywords: Urbanisation, Affordable Housing, Residential Segregation, Social Stratification, Migrant Population, Low-Cost Housing

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Introduction

Housing is a complex good with multiple attributes. It is socially seen as a means to enable a dignified life. Economically it is seen as an important means for wealth redistribution, and is welfare enhancing. It also has an instrumental role in fostering urbanisation. Many are of the view that cities underpin long-term economic and social dynamism, through the spatial concentration of skills and ideas, and other life improvement measures. Being such a multidimensional enabler, it often justifies

government intervention in the housing market through regulation of housing prices, supply of affordable housing, or even provision of housing subsidies. It may also intervene in achieving a greater degree of equity in the availability and quality of housing stock. Previous literature suggests that housing choices made by individuals have an intricate link with patterns of urbanisation. While more urbanised areas have greater facilities and better job opportunities, it creates greater housing demand and bigger concentration of people settling in these areas. Therefore, owning a home in better colonies in urban areas is considered an asset by all classes of people. Settling down in areas with higher productivity levels, better education opportunities for children, greater standards of sanitation and cleanliness is attributed higher value and creates higher social positioning. There is another dimension to this. It is socially perceived that homeowners are richer compared to the renters. Although this is contrary to what is coming up in some research. (E Beracha and K.H. Johnson, 2012) The reality is that home-owning creates a permanent entry into these places of residence.

Housing choices often involve spatial segregation. In cities, the higher/middle income classes reside within the core of the city and well-developed suburbs, while the poor, left with no choice, reside in the peripheral regions within the city. This direct relationship between urbanisation and patterns of residential segregation is being termed by many as 'Urban Ghettoization'. Thus new identities are being formed in an already heterogeneous urban population on the basis of place of residence. More often than not, this impacts public services delivery and its quality. Concentration of the formal sector and high skilled jobs in select parts of the city exacerbates the problem. Thus, socio-economic inequalities arising out of housing policy in a city have huge ramifications on the city's growth trajectory.

Contextualising Housing in India

Housing remains one of the top priorities for most people, regardless of income levels. While talking to people, one finds that most people consider housing as an important consideration, just after food, health care and education of children. Without the comfort and security that home provides, there can be no improvement in quality of life. Many consider it as a fundamental right. The issue is integral to poverty reduction, social justice and development of harmonious community. So the issue cannot be viewed in isolation. Residential property or housing market in India witnessed a robust 48 per cent year-to-year increase in fiscal year 2023, relative to 2022. The value of home sales reached an all-time high of Rs 3.47 lakh

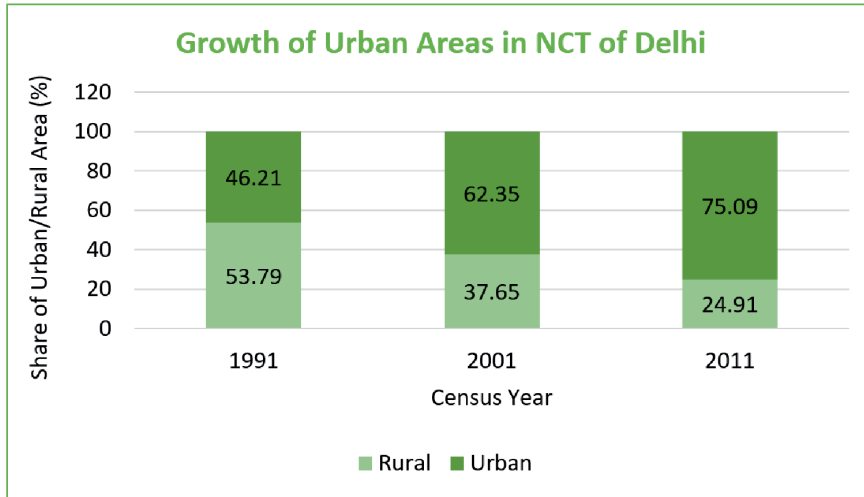
crore. During this period, the number of houses sold also increased by 36 per cent to 379,095 units (<https://www.ibef.org/industry/real-estate-india>). Despite these positive pictures, challenges abound in India's residential housing sector. First, the size of the affordable housing market is shrinking. On the one hand, private real estate developers are reluctant to build and supply affordable homes citing steep increase in land value and price of construction materials, coupled with a higher tax burden. On the other hand the supply of housing by government authorities also remains far below the optimal requirement.

Deficient supply of affordable housing automatically creates the risk of price hike. High interest rates also increased pressure on home loans, making it substantially difficult for people in the lower and middle income category to realise their aspirations of owning a home. Supply side insufficiencies and monetary tightening, not only contributed to a shortage in affordable housing in India's urban areas, but also dampened demand from the loan dependent section of population of the country. A research paper by the Indian Council for Research on International Economic Relations shows that urban housing shortage increased by 54 per cent to 29 million in 2018 from around 18.8 million in 2012 (Roy, D and M.L, Meera 2020). In this regard, sights of slums and pavement dwellers adorning Indian cities, is not surprising. Data from Census 2011 shows that close to 17.4 percent of urban Indian households reside in slums. In places like Delhi, which is one of the fastest growing metropolis in the world, rapid urbanisation presents new and substantial challenges every day.

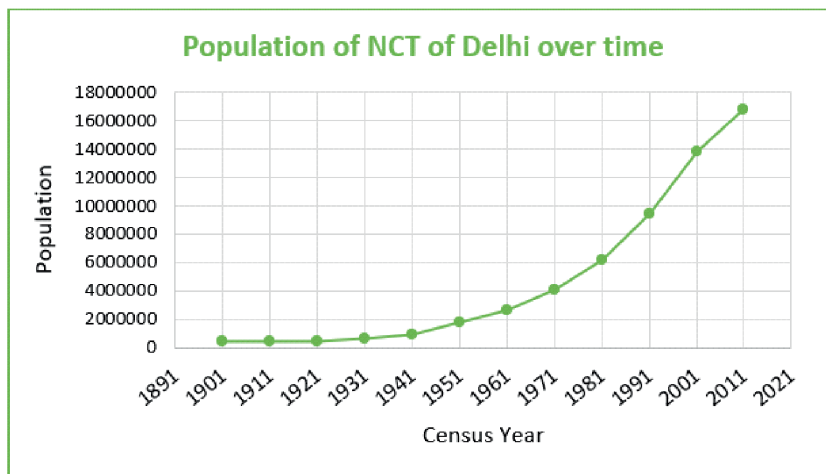
Demographic Challenges

Delhi is a fast-growing city; its population has increased manifold in recent decades. It has grown in a radial pattern over the past several decades. A large share of this population growth is explained by the continuous influx of migrant population in search of improved livelihood and opportunities. Delhi has a total population of 167.5 lakhs, as per the Census 2011

With tremendous upswing in population, the city of Delhi had to accommodate the critical need for housing and create infrastructure commensurate with the boom. It goes without saying that some parts of the city face more pressure compared to others. These are the places thickly packed with lower-middle class and poor sections. While today Delhi has a population of 17 million, a meagre one percent of it lives in Lutyens Delhi. As per Census 2011 data, Lutyens Delhi comprises three percent of its total land area, and houses one percent of its population. (The pattern



Source: Graph prepared on the basis of data from the Census of India, 2011



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of population density shows that Lutyens' Delhi (central part of the city) has the lowest density among core administrative areas. On the contrary, the slums also constitute three per cent of its total area but houses up to thirty per cent of Delhi's population. In the recent past, lack of housing facilities has made it inevitable for the middle classes and the poor to shift towards the periphery. This imbalance is bound to have undesirable consequences. During the last decade, the city has grown at an average rate of ten per cent, and has benefited from a marked increase in large-scale

infrastructural development. Yet, despite these benefits, Delhi has become a deeply truncated city, characterized by layers of social segregation. New Delhi and the southern parts of the city, that came up later, were planned; reflecting the European concept of the 'garden city' with large hexagons and wide tree lined avenues. This was totally separated from the indigenous walled city of the earlier era.

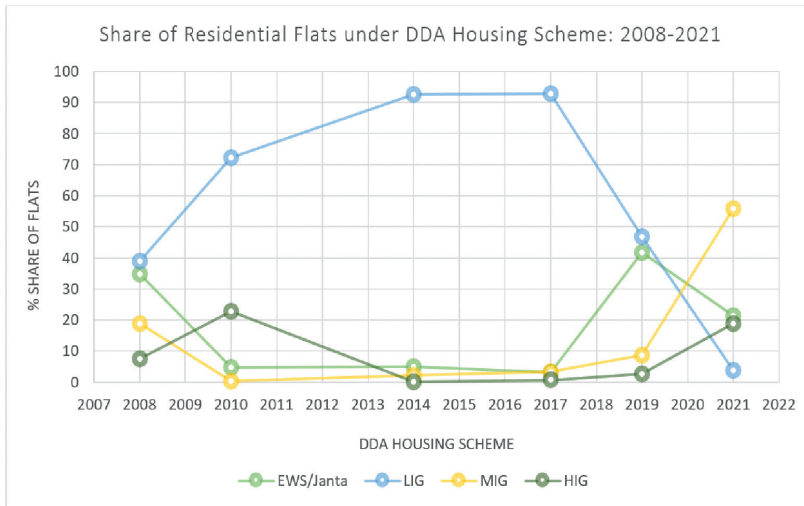
Housing Opportunities for the Subalterns

While luxury housing continues to surge, supply of affordable housing has emerged as a major challenge. Catering to a large percentage of the low-income population, particularly migrants, who constitute a large proportion of Delhi's population, has always remained a basic challenge that could not be addressed properly. Left to the market forces, private builders try to attract groups with a predictable and regular income. Affordable housing in support of poor households is limited. Problems arise due to a plethora of reasons, namely; shortage of land in the city, high cost of land, difficulty in availability of finance to the needy who do not have fixed monthly income. This is where governmental intervention becomes significant.

Government Initiatives

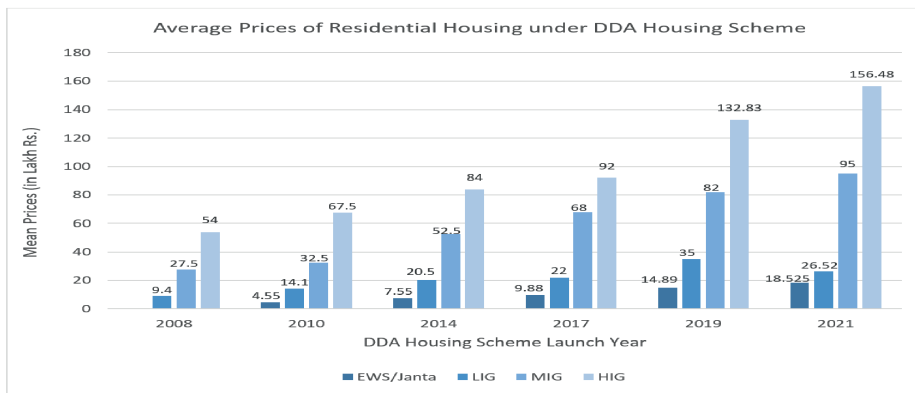
The government took several steps; but these proved somewhat inadequate for the increasing demand over the years. Delhi Development Authority (DDA) has been able to raise 3.94 lakh dwelling units. Out of these, only 60,721 dwelling units have been constructed for the Low-Income Group (LIG) and Economically Weaker Sections (EWS)/Janata category (MoHUPA, 2014). The DDA, being a government body, has a social obligation to adequately house all its disadvantaged residents. This obligation grows out of the implicit agreement that the state shall look after the welfare of all and that no one should be forced to live in a state of substandard housing. A formal market for private housing does exist for the middle-and-high income segment but not for the low income and weaker sections. That is why, the poorer are more dependent on public provisioning of housing. What we see is that, the share of Janata flats has always remained low under the DDA Housing Scheme. The share of LIG flats has been good till 2019.

Prices of publicly provided housing (DDA flats) have soared significantly high over past decades. The obvious question that is raised is whether we can consider these flats as an affordable category of housing. Deepak Parekh committee defines affordability as a ratio of price/rent of housing to income of the household. The ratio



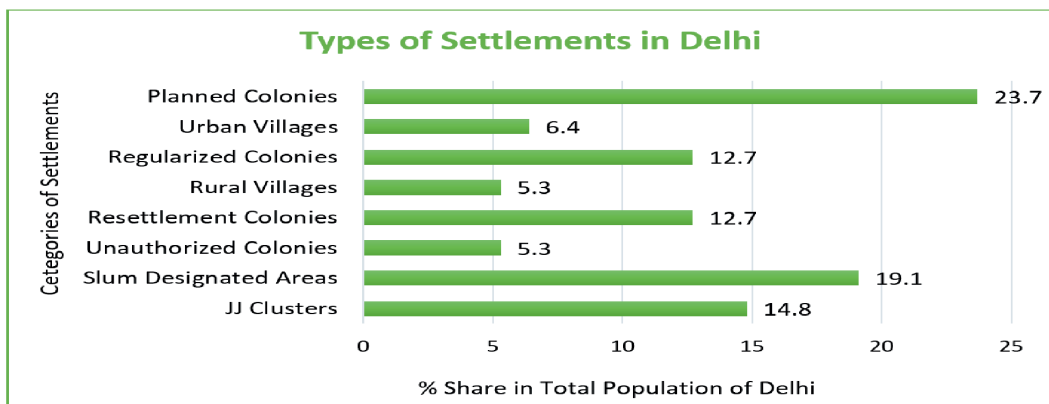
Source: Graph prepared from data extracted from DDA Housing Scheme Brochures (2008, 2010, 2014, 2017, 2019, 2021)

differs for different income groups. Lower income groups can afford to pay much less proportion of their income for housing than that of higher income groups. By the rule of thumb, a household should devote no more than 30 percent of its gross monthly income to housing. Alternatively, the cost of housing for LIG/EWS households should not exceed four times the household gross annual income for a unit with a carpet area most likely between 300 and 600 sq. ft. (Deepak Parekh Committee Report, pp. 8) Given the huge proportion of Delhi’s population lying below poverty line, and flats catering to the poor sections covering a relatively lower share of public housing in Delhi, are we catering to the needs of the marginalised?



Source: Graph prepared from data extracted from DDA Housing Scheme Brochures (2008, 2010, 2014, 2017, 2019, 2021)

In the last couple of decades or so, a large proportion of the LIG/EWS and Janta flats are being constructed in the peripheral regions of Delhi which are still underdeveloped, having poor means of public transport, and connectivity. These areas also have poorer sanitation, low quality of drinking water, inadequate schools for children and health services; all which makes life uncomfortable to live. Most of these low income housing clusters in Delhi lie towards the fringes of the city. This has systematically led to spatial segregation and implicit social stratification based on one's area of residence. Most of the migrant and subaltern population are engaged in the informal sector. They cannot afford to avail the benefits of relatively expensive public housing and enormously high private housing. Slums are often the first destination of low-skilled migrants. Left with no stable income, lack of education opportunities, low skills, a large segment of Delhi's population has to reside in the unplanned settlements in the city. Inability to meet the needs of the ever-rising population has resulted in the sprouting of 'unauthorised' settlements. They have mushroomed in concentric patterns, on the edges of the city. It is exhibiting an imperfect pattern of urbanisation. Not only are the low cost houses few in number, but their price has been increasing steadily in the past few years. This improperly designed public housing policy is also fragmenting the city on socio-economic lines. This social fragmentation arises out of spatial segregation. Majority of the low cost housing are being increasingly pushed towards the peripheral regions, far away from the city's centre and the well laid out suburbs where the middle class and the affluent people prefer to live. Residential segregation of this kind has an adverse impact on the quality of public service delivery mechanisms



Source: Graph prepared using data from the Delhi Urban Environment and Infrastructure Improvement Project (DUEIIP), 2001. The DUEIIP was funded by the World Bank in 2001 to recommend improvements in urban environment and infrastructure in Delhi by 2021

such as sanitation, healthcare facilities, roads, connectivity, etc. The quality of such services varies across neighbourhoods. The part of the city one lives determines the extent to which one can avail of the amenities and services a city offers. This social polarisation in the urban landscape begins from differentials in housing prices, but eventually creates inequalities in opportunities of various kinds. Segregation also enforces life-style differences. Most of the employment opportunities in the formal sector are concentrated in a few parts of Delhi. While government jobs are mostly concentrated around Central Delhi, the Southern parts of Delhi and some areas of NCR region are the hub for private sector and corporate employment. Interestingly, these are the areas where the middle class and the high-income category reside. The segment of population who cannot afford to live in these areas have no alternative but to travel long distances to their workplace every day.

The categorization of settlements creates layers of differentiated opportunities like access to 24x7 electricity supply, broad pavements, clean drinking water, waste collection facilities etc.

Concluding Remarks

Housing is intrinsic to a good quality life. In situations where private players or communities cannot do much to provide housing to a particular segment of the society, it is an obligation of the government to provide housing for all. The idea of 'affordable' housing is crucial in this regard. This paper tries to capture the housing policy of Delhi and its linkages with urbanisation pattern, public services delivery, spatial segregation that leads to the emergence of a core – periphery pattern. In its endeavour to intervene in housing and enhance people's housing opportunities, the government needs to design its social housing policy in such a manner that it is well targeted, well distributed, fostering social amalgamation, and minimise residential segregation. The case of Delhi is not to be understood in isolation. Policymakers in most Indian mega-cities probably need to rethink the trajectories of development, keeping these problems in mind. However, a related issue is that of migration and the large exodus of people from villages to the large cities. One may argue that such facilities contract due to more migration and increase on the already existing pressure on big cities. The question is to what extent can a city accommodate growing needs? The answer to this is twofold, and needs to be addressed by policymakers. First, people migrate in search of economic opportunities and incentives. Once they migrate, they need proper housing facilities in the new place of residence. In a democratic setup we cannot prevent people from moving and residing where they

wish, nor can we force citizens to stay in their domicile region. Migration is, thus, an inevitable reality of India's development story. At the same time, we cannot let big cities suffer on account of residential segregation and excessive house pricing. Instead of attracting more and more migration to big cities, the need of the hour, rather, is to take development to the other regions of the country. Development and growth should percolate down to India's remotest areas. This will ensure reduced burden on India's mega-cities.

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