Are Affordable Housing Policies Rightly Targeted? Lessons From India

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ABSTRACT

The increasing urban population is pressurizing many national governments, particularly the developing economies, to provide shelter to their people as the demand for affordable housing is fast outpacing the supply. Despite a large number of interventions worldwide, the need for affordable housing continues to escalate, with the gap between the supply and the demand enlarging. Using the example of India, this research explores if the policies have been targeted at the right group of cities or states. The distribution of funds is not uniform both on an absolute and per capita basis. While needy cities and states received some attention, others did not receive adequate support. The interventions to provide affordable housing need to be comprehensive, beyond the physical brick-and-mortar models, to integrate civic infrastructure, facilitate access to employment locations, and minimize dislocation to the extent possible. The conclusions, drawn through descriptive statistical analysis, provide pointers to the developing economies on being mindful during the implementation and structure the instruments so that the benefits of policy measures percolate down to the needy.

ARTICLE INFO

1. INTRODUCTION

The world's population is expected to reach 9.7 billion by 2050 and 10 billion by 2059. The world population has already crossed the milestone of 8 billion persons (United Nations Department of Economic and Social Affairs Population Division, 2022). As per estimations by United Nations, approximately 60% of the world's population will live in urban settlements. One in three persons will live in a city with a population of at least half a million (United Nations, 2018). The rapidly growing urban population is one of the biggest challenges of the 21st century when viewed from the housing lens. The same concern was also highlighted in the

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New Urban Agenda, which states that urbanization will pose challenges in terms of food security, housing, infrastructure, basic services, natural resources, safety, and decent jobs (Scheibstock, 2018). The increasing population is pressurizing many national governments, particularly the developing economies, to provide shelter to their people as the demand is fast outpacing the supply. Higher housing demand in urban areas is also due to population migration from rural areas to urban areas (Rizvi, 2018) and initiatives taken to fulfil Sustainable Development Goals (SDGs) – primarily Goal 11 (United Nations, 2015).

Many developing countries have a substantial share of the population who could be considered as belonging to economically weaker sections. This section of society cannot get access to housing without receiving some level of support from the government and does not participate in any of the housing booms that have happened in the past. Recognizing this need, governments worldwide have been trying to implement different policies that can solve the affordable housing puzzle. Internationally, a widely accepted definition of affordability states that affordability is "a measure of expenditure on housing to income of the household" (Baqutaya et al., 2016; Gopalan & Venkataraman, 2015; Tsenkova, 2021).

Most countries have affordable housing schemes or initiatives that aim to increase the housing supply for the economically weaker sections, which provide either incentives directly to the beneficiaries or to the developers who construct the housing stock, or to the financial institutions who provide mortgage services for the construction of such housing stock. These policies have a specific impact on the demand and supply of the housing sector. Usually, home ownership is encouraged, which brings along other positive impacts, such as a higher level of community

engagement and commitment as compared to the dwellers choosing to remain as tenants (Moreno-Monroy et al., 2020).

Governments have many policy instruments available at their disposal for increasing housing affordability. The governments typically use tenure policies to impact the demand and supply in the house ownership segment. Some of the instruments include the provision of one-time grants for building or purchasing the house, mortgage relief; subsidies to mortgage interest deductions; mortgage guarantees, and preferential tax treatment on home sales. Such types of instruments are typically used to provide relief to house owners who are either first-time buyers and/or financially distressed or with other economic disadvantages. Affordable housing policy-related themes are one of the well-researched areas. Studies by Causa et al. and Moreno-Monroy et al. note that such policies often do not result in the intended impact; instead, they may affect the targeted sections negatively. Housing transactions have special tax treatment in most of the OECD countries (Causa et al., 2019; Moreno-Monroy et al., 2020). Another study observes that taxation is the most preferred and crucial policy instrument used by governments to influence the country's housing demand (Andrews et al., 2011). In some countries, such as Canada, Norway, the UK, and the US, the tax code provides incentives to purchase homes as investments by exempting home sales from capital gains taxes and granting mortgage interest deductions (MIDs). (Moreno-Monroy et al., 2020).

Some of the instruments address the demand side, such as providing housing allowances or financial support to financially distressed households and some of them relate to supply-side such as providing incentives like grants, loans, or subsidies to the developers for constructing the affordable housing units (Moreno-Monroy et al., 2020). Table 1

presents some of the policy instruments adopted by the OECD countries that were already under implementation before the onset of the COVID-19 pandemic.

Table 1: Policy instruments adopted by OECD countries

Schemes for homeowners or buyers	Number of countries reporting the instrument
Support to finance housing regeneration	40
Subsidized mortgages and guarantees to home buyers	36
Tax relief for homeowners and/or home	35
Buyers Subsidies to facilitate home ownership	29
Mortgage relief for over-indebted homeowners	22

Source: OECD (2022a)

Despite a large number of interventions worldwide, the need for affordable housing continues to escalate, with the gap between the supply and the demand enlarging. This could either be due to the policy intentions not translating into equivalent action/ impact on the ground, or the number of people needing affordable housing is increasing faster than the policy initiatives. Using the example of India, this research explores if the policies have been targeted at the right group of cities or states (i.e., those needy). The government of India has formulated many affordable schemes over the period; the latest, Pradhan Mantri Awas Yojana – Urban (PMAY – U) (roughly translated as the Prime Minister's Housing Scheme) is one of the most ambitious ones. The conclusions, drawn through descriptive statistical analysis, provide pointers to the developing economies on being mindful during the implementation and structure the instruments so that the benefits of policy measures percolate down to the needy.

The rest of the article is structured as follows. The next section sets out a brief literature review. The Indian landscape is presented thereafter, followed by the analysis of the PMAY urban initiative. The paper ends with policy recommendations and conclusions.

2. LITERATURE REVIEW

Housing is one of the fundamental needs that shape the well-being and quality of life of individuals. In a world where transformation and urbanization are continuously taking place, housing supply has struggled to keep up with the growing demand. Hence, there is a prevailing call for increased housing provision to accommodate this continuously growing requirement. This urgency stems from projections that the world's urban population will experience a significant surge, anticipated to escalate from 4.3 billion in 2020 to 6.7 billion by 2050. Rapid urbanization is leading to a rise in affordability difficulties faced by individuals with low incomes, a trend observed in both developed and developing nations. Thus, ensuring the availability of sustainable and affordable housing remains a top priority for governments and other policymakers (Moghayedi et al., 2021).

In the post-World war years, mainly in OECD countries, large apartment blocks were constructed for poor people in specific locations as a typical housing provision intervention. One of the very well-known examples is Cabrini Green in Chicago. In due course, this has led to the reproduction of tenement buildings which became a residence for many immigrant families and workers (Vale, 2012). Another example is from France, where such apartment blocks were built in the suburbs of cities such as Paris. While Cabrini Green was located in the downtown of the city, almost all other such "affordable" constructions were built on

the peripheries of the cities (Mialot, 2020; Vale, 2012).

Since the 1990s, housing policy reforms have shifted to market–oriented provision models and demand-based subsidies from the earlier bricks and mortar-based initiatives (Sousa & Quarter, 2003; Stephens et al., 2002; Tsenkova, 2021). Also, over the period, a combination of the stakeholders/ agencies involved moved away from the public sector lineage to multi-actor collaborations (Berry, 2014; Tsenkova, 2021). Public housing was replaced by the other hybrid forms where a combination of stakeholders such as private sector participants, non-profits, or community-based organizations started tackling social housing requirements of specific groups such as seniors, vulnerable households, and the homeless. However, the growth of such provisions remained restricted even though the affordability gap was rising in many cities (Dalton, 2009; Fraser & Kick, 2007; Tsenkova, 2021).

Brazil introduced its housing intervention similar to that of Chicago and Paris through its Minha Casa Minha Vida (MCMV) program in 2009. However, the housing was not typically high-rise tenements. This program offered a combination of loans provided at comparatively lower rates and direct subsidies to provide for new affordable housing units. This financial support was provided based on the financial conditions of the benefit receiver. Though this program intended to support the population, the housing locations of the new construction were far away from the city's centre. Further, these locations did not have essential infrastructure services available, which led to additional public expenses for making those services available, and there was private expenditure incurred by the people living there for the commutation. For example, 53% of housing units constructed from 2009 to 2013 in Rio-de-Janeiro were

located in the West Zone at a distance of approximately 50 km from the city centre. This made the daily commutation both long (up to 4 hours) and expensive. (Biderman et al., 2018; Magalhães, 2016; Nadal & Linka, 2018).

Another example of affordable housing intervention is in South Africa, where the concept of "free-standing, individually owned units" was emphasized. More than 3.5 million free housing units have been constructed mainly in the peripheral area since 1994. This made it difficult for the people living there to commute and made them trade their better-quality housing units and continue living in the lower-quality units nearer to the city centre or the work location, thus making it more convenient to access work (Isaacs, 2016).

In Colombia, the approach involves offering affordable serviced land instead of constructing new houses. However, similar to the situations mentioned earlier, this land is situated on the outskirts and presents comparable challenges. Additionally, there is the added expense of construction, which is counterbalanced by the advantage of having a house that can be expanded in the future (Lizarralde, 2011).

As per a World Resources Institute's working paper, various policy instruments such as mass-market, public, supply-driven, and private housing development could not succeed in providing affordable housing in terms of quantity and quality (King et al., 2017). The report also highlights that many countries have been continuing to support mass private-sector housing development through national-level policy and actions. Such examples include Angola's My Dream, My Home program; Brazil's Minha Casa, Minha Vida ("My House, My Life"); and Ethiopia's Integrated Housing Development Program (Buckley et al., 2016; King et al., 2017). Another important argument done was policies that could have allowed development of

more participatory and enabling approaches that were not considered enough to increase the construction of houses (King et al., 2017). The literature is, however, limited on whether the policy interventions were directed to an appropriate audience or whether the intended beneficiaries received the financial benefits.

3. METHODS

To assess if the policy intentions translate into an adequate flow to the intended beneficiaries, this research analyses the case of India's Pradhan Mantri Awas Yojana - Urban (PMAY-U). A descriptive statistical analysis assesses whether funds flow to the needy cities or states. India is the second most populous nation in the world, with a fast-urbanizing society. The lessons from India can provide pointers to other nations on how best to target their affordable housing initiatives. The data is collated from the PMAY-U website.

India has implemented two flagship urban renewal missions in the recent past, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and the Smart Cities Mission (SCM), which supported the leading cities of the country. The categorization is used as a proxy for relative development and affordable housing needs. The cities that were part of the JNNURM and SCM reflect the more developed and larger cities with relatively better financial resources. The flow of funds to these cities is compared with cities not part of the urban renewal missions (which were relatively underdeveloped and hence might need greater support for affordable housing). An analysis of the funds flow for states is carried out to assess whether the PMAY-U funds have been given to developed states or to those who are underdeveloped. While this study employs city size and inclusion in JNNURM and SCM as proxies for 'need,' it is important to note that these

indicators were chosen due to data availability constraints and their relevance to existing policy frameworks. They serve as a practical starting point for this initial analysis, and future research could benefit from incorporating additional variables such as income and homeownership rates.

3.1 Indian housing landscape

India is one of the most populous countries, with a population of more than 1.4 billion (United Nations Department of Economic and Social Affairs Population Division, 2022). In 2012, the Ministry of Housing and Urban Poverty Alleviation estimated that 18.78 million housing units would be required to be built to address the urban housing shortage faced by India. However, it is estimated that housing demand reached 29 million in 2018, which is approximately 54% higher than the earlier estimation (Roy & ML, 2020). This data highlights the need for a large country like India to quickly tackle the housing supply challenge to bridge the increasing gap.

The government of India (GoI) launched Pradhan Mantri Awas Yojana (PMAY) to address the existing housing demand in 2015. The main objective of this initiative is to address the housing requirements of the economically weaker section/lower-income group and middle-income group by ensuring the provision of the pucca housing units for everyone eligible by the end of 2022. The initiative was extended till December 2024 by the national government in August 2022 (Mint, 2022; MoHUA, 2022a). Through PMAY, GoI has tried to address SDG 11 – Sustainable Cities and Communities, SDG 1 – No Poverty, SDG 5 – Gender Equality, and SDG 6 – Clean Water and Sanitation.

The Indian government has provided the affordable housing definition by setting affordability criteria in terms of dwelling unit size, household income levels, affordability in terms of equated monthly

instalment (EMI) levels, or housing price to yearly income ratio similar to other internationally accepted definitions (Gopalan & Venkataraman, 2015). Table 2 presents the various initiatives taken by the Government of India to address the issue of the housing gap in the country.

Table 2: Initiatives taken by the Indian Government

Initiative	Tenure	Proposed fiscal outlay (central)* in $ million	Funds disbursed by the central government in $ million
Pradhan Mantri Awas Yojana (PMAY-U)	2015-2022	24,613.67	5,412.42
Rajiv Awas Yojana (RAY) (subsumed under PMAY-U from 2016)	2011-2016	1,248.37	274.10
Integrated Housing & Slum Development Programme (IHSDP) – Under JNNURM	2005-2017	1,158.61	2,163.20
Basic Services to the Urban Poor (BSUP) – Under JNNURM	2005-2017	2,794.03	
Valmiki Ambedkar Awas Yojana (VAMBAY) (revamped as IHSDP in 2008)	2001-2007	132.88	117.18
Rajiv Rinn Yojana (RRY)	2013-2016	127.33	6.04
Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) (revamped as RRY from 2013)	2008-2013	71.39	6.52

Source: IDFC Institute (2018), MoHUA (2022b)

Different policy interventions have been recommended under the PMAY-U, including new housing provisions through large apartment blocks; housing with low or mid-rise and land. Table 3 sets out different modes opted by the government for the implementation of PMAY.

Table 3: Salient features of the different schemes of PMAY

Affordable Housing in Partnership (AHP)	Beneficiary-led Individual House Construction (BLC)	In-situ Slum Redevelopment (ISSR)	Credit Linked Subsidy Scheme (CLSS)
Approximately $ 1,812 per EWS house	Central Assistance up to $ 1,812 to eligible families from EWS categories	Grant of $ 1,208 house on an average for eligible slum dwellers	Interest rate subsidy of 6.5% for EWS category – household income up to $ 3624 and LIG - between $ 3,624 to $ 7,248 For MIG 3% for household income between $ 14,496 to $ 21,744 and 4% for household income between $ 7,248 to $14,496

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* 1 $ = 82.78 Indian Rupees

Supply-side instrument to incentivize the construction of affordable housing	This scheme tries to address the needs of the people who could not avail of benefits from any other scheme	Leverages the potential of land as a resource to provide housing for eligible slum dwellers	The subsidy provided on the home loan availed for expanding the credit flow to the affordable housing sector
State/UTs to set upper limit on the sale price of EWS houses to make them affordable	Funds are provided for construction of new or improvement of existing house	Incentivize private participants through the provision of Floor Space Index (FSI) or Floor Area Ratio (FAR) or to make the project financially viable	Interest rate subsidy for a tenure of 15 years or loan tenure whichever is lower
35% of the total houses for the EWS category to receive the central assistance	For individual beneficiaries integrated citywide housing project	Selection of private participants through the transparent selection process	Demand side intervention to motivate EWS, LIG and MIG to buy affordable housing priced

Source: MoHUA (2021)

AHP involves working with private sector developers to build affordable housing stock. BLC supports individuals who would like to build/ improve their dwellings. ISSR allows the in-situ development of affordable housing for slum dwellers. CLSS involves routing financial support through banking and financial institutions. Another mode of providing housing, "Affordable Rental Housing Complexes (ARHC)," was introduced in the year 2020 as a response to the COVID – 19 to reverse migrations of the urban poor/ migrant class. Such housing services intend to improve access to essential services such as housing which is closer to the work locations of migrants and ultimately also increases their productivity (MoHUA, 2020).

4. FINDINGS AND DISCUSSION

A total of $ 17.48 billion of central assistance has been approved for all three schemes (AHP, BLC, and ISSR) under the PMAY. The following Table 4 presents the scheme-wise approval for different categories of cities.

Table 4: Central assistance approved under PMAY U ($ million)

Population Size (mn)	AHP Central Assistance Approved	BLC Central Assistance Approved	ISSR Central Assistance Approved	Grand Total Population Size Wise
A (< 0.1)	855.14 (4.89%)	7044.61 (40.30%)	88.79 (0.51%)	7988.53 (45.70%)
B (0.1-0.5)	794.85 (4.55%)	4103.00 (23.47%)	176.34 (1.01%)	5074.20 (29.03%)
C (0.5-1.0)	456.01 (2.61%)	893.41 (5.11%)	69.14 (0.40%)	1418.56 (8.11%)
D (>1)	1753.11 (10.03%)	708.68 (4.05%)	473.72 (2.71%)	2935.51 (16.79%)
E (NA)	1.24 (0.01%)	62.40 (0.36%)	1.13 (0.01%)	64.77 (0.37%)
Grand Total Scheme Wise	3860.35 (22.08%)	12812.10 (73.29%)	809.13 (4.63%)	17481.57 (100%)

Source: Authors' own calculations

The highest amount has been allocated under the BLC scheme for the individuals who construct/ improve their houses, and the least has been approved under ISSR (for slum dwellers). The highest share of the central assistance has been allocated to the A cities† (the cities with the lowest

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† The cities have been categorized based on the Census as follows – cities with population less than 0.1 million – "A"; population between 0.1 million to 0.5 million – "B"; population between 0.5 million to 1 million – "C" ; more than 1 million – "D" and cities for which population data is not mentioned in the database – "E".

population). However, the least share has been granted to the C cities (mid-range cities).

Table 5 shows the scheme-wise central assistance approved as per the city categories. AHP has the highest allocation of the central assistance approved to D cities, indicating the presence or appetite of developers for affordable housing in larger cities. The smaller cities (A) received the maximum share of BLC. However, BLC is the least preferred scheme for affordable housing implementation for D cities (large cities).. The mid-range C cities did not receive a substantial allocation in any schemes.

Table 5: Scheme-wise approvals for cities under JNNURM, SCM, and others ($ million)

Population Size	AHP Central Assistance Approved	BLC Central Assistance Approved	ISSR Central Assistance Approved	Grand Total Population Size Wise
A (< 0.1)	10.70%	88.18%	1.11%	100.00%
B (0.1-0.5)	15.66%	80.86%	3.48%	100.00%
C (0.5-1.0)	32.15%	62.98%	4.87%	100.00%
D (>1)	59.72%	24.14%	16.14%	100.00%
E (NA)	1.91%	96.35%	1.74%	100.00%

Source: Authors' own calculations

Between the three schemes, ISSR has the least central assistance approved to any category of the cities (A – 1.11%, B - 3.48%, C 4.87%, and D - 16.14%), indicating that the slum redevelopment has not taken off substantially. The larger "D" cities have received the highest share of AHP as central assistance approved (59.72%), while all other city categories have received the highest assistance from the BLC scheme (A – 88.18%, B - 80.86%, C – 62.98%).

PMAY central assistance approved to JNNURM cities is $ 2.78 billion, SCM cities are $ 3.02 billion, and "Remaining"

cities (which did not receive any benefit from JNNURM or SCM) is $ 13.63 billion indicating that the central scheme primarily focused on not so prominent cities. The following Table 6 (A,B and C) presents the scheme-wise approvals for different categories of cities.

Table 6A: Scheme-wise approvals for cities under JNNURM, SCM, and others ($ million)

City categories by Population Size	JNNURM		
	AHP	BLC	ISSR
A	2.09 (0.01%)	101.32 (0.52%)	7.26 (0.04%)
B	17.99 (0.09%)	172.30 (0.89%)	6.12 (0.03%)
C	130.39 (0.67%)	262.22 (1.35%)	29.91 (0.15%)
D	941.25 (4.84%)	669.65 (3.44%)	440.24 (2.26%)
E	0.00 (0.00%)	0.00 (0.00%)	0.00 (0.00%)
Grand Total	1091.73 (5.62%)	1205.49 (6.20%)	483.53 (2.49%)

Source: Authors' own calculations

Table 6B: Scheme-wise approvals for cities under JNNURM, SCM, and others ($ million)

City categories by Population Size	SCM		
	AHP	BLC	ISSR
A	13.72 (0.07%)	98.99 (0.51%)	7.26 (0.04%)
B	193.99 (1.00%)	535.98 (2.76%)	45.36 (0.23%)
C	228.74 (1.18%)	333.66 (1.72%)	42.30 (0.22%)
D	971.71 (5.00%)	369.51 (1.90%)	183.73 (0.95%)
E	0.00 (0.00%)	0.00 (0.00%)	0.00 (0.00%)
Grand Total	1408.16 (7.24%)	1338.15 (6.88%)	278.65 (1.43%)

Source: Authors' own calculations

Table 6C: Scheme-wise approvals for cities under JNNURM, SCM, and others ($ million)

City categories by Population Size	Remaining			Grand Total
	AHP	**BLC**	**ISSR**	
A	840.89 (4.33%)	6939.51 (35.70%)	81.53 (0.42%)	8092.56 (41.63%)
B	590.72 (3.04%)	3496.90 (17.99%)	129.35 (0.67%)	5188.72 (26.69%)
C	185.54 (0.95%)	484.47 (2.49%)	22.29 (0.11%)	1719.53 (8.85%)
D	741.74 (3.82%)	29.85 (0.15%)	26.30 (0.14%)	4373.99 (22.50%)
E	1.24 (0.01%)	62.40 (0.32%)	1.13 (0.01%)	64.77 (0.33%)
Grand Total	2360.12 (12.14%)	11013.14 (56.65%)	260.59 (1.34%)	19439.57 (100%)

Source: Authors' own calculations

For both JNNURM and SCM, large "D" cities have received the highest share of any kind of central assistance approved except SCM "B" cities which have received the highest share of BLC central assistance approved. For both JNNURM and SCM, smaller "A" cities have received the least share of any kind of central assistance approved. In the "Remaining" cities category, smaller "A" cities have received the highest share of AHP and BLC, however, B cities received the highest share of ISSR central assistance approved. In the "Remaining" cities category, medium-sized C cities received the least AHP and ISSR central assistance approved; however, larger D cities received the least share of BLC central assistance approved.
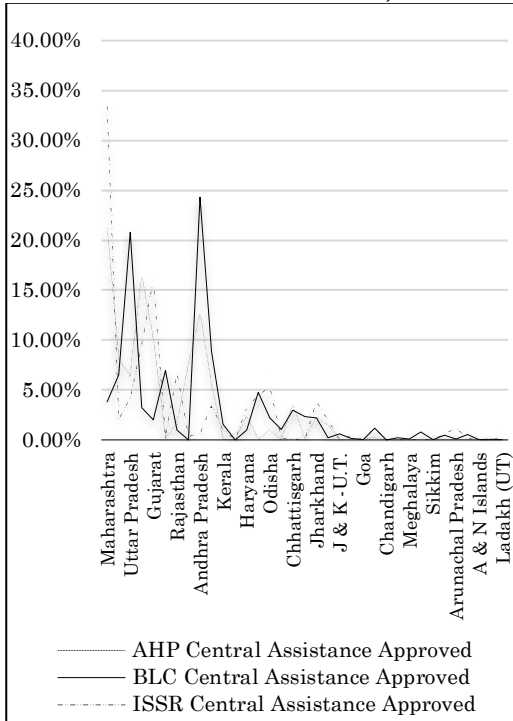
The central assistance approved was approximately $56.27 per capita under the PMAY. The per capita amount approved for JNNURM cities is $34.24, for SCM cities, it is $40.15, and for other cities, it is $119.38, indicating that the amounts spent were directed to more needy cities. Approximately $12.43 per capita was approved under the AHP. The per capita

amounts for cities A, B, C, and D are $ 8.68, $ 9.38, $ 16.26, and $ 17.65, respectively. $ 41.24 per capita was spent as central assistance approved under the BLC. The per capita amount for cities A, B, C, and D is $ 71.51, $ 48.41, $ 31.85, and $ 7.13, respectively. $ 2.60 per capita was approved under the ISSR. The per capita amount for cities A, B, C, and D is $ 0.90, $ 2.08, $ 2.4,7, and $ 4.7,7, respectively.

Central Assistance Released, as a ratio to the assistance approved, for all three schemes (AHP, BLC, and ISSR) varies from 21% to 68%. For all three schemes, the smaller cities have a better ratio of releases indicating that the assistance is percolating down to the needy. There are, however, instances where the utilization (ratio of utilized funds to the released funds) is much smaller in the smaller cities. This indicates that there could be substantial capacity constraints for the smaller cities.

A similar distribution of assistance across various states has been analyzed. The states of Maharashtra, Tamil Nadu, Uttar Pradesh, Karnataka, and Gujarat were the top five states per Net State Domestic Product for 2019-20 . The highest allocation under PMAY - U has gone to Andhra Pradesh $ 3,606.48 million; Uttar Pradesh $ 2,946.68 million; Maharashtra $ 1,573.07 million; Madhya Pradesh $ 1,374.35 million crores, and Tamil Nadu $1,157.87 million. The lowest allocation has gone to Goa $ 0.11 million; Sikkim $ 0.94 million; Andaman & Nicobar Islands $1.05 million; Ladakh (UT) $ 3.64 million, and UT of DHN & DD $ 5.71 million. Only Uttar Pradesh and Maharashtra were the common states scoring high on NSDP and receiving central assistance. This indicates that the central assistance is not skewed towards the well-performing states. The following Figure 1 presents the share of PMAT-U assistance received by different states (states are arranged in descending order of their NSDP).

Figure 1: Allocation of AHP, BLC and ISSR central assistance (%) to states (arranged in descending order of NSDP; the state with the highest NSDP Maharashtra at the left corner)
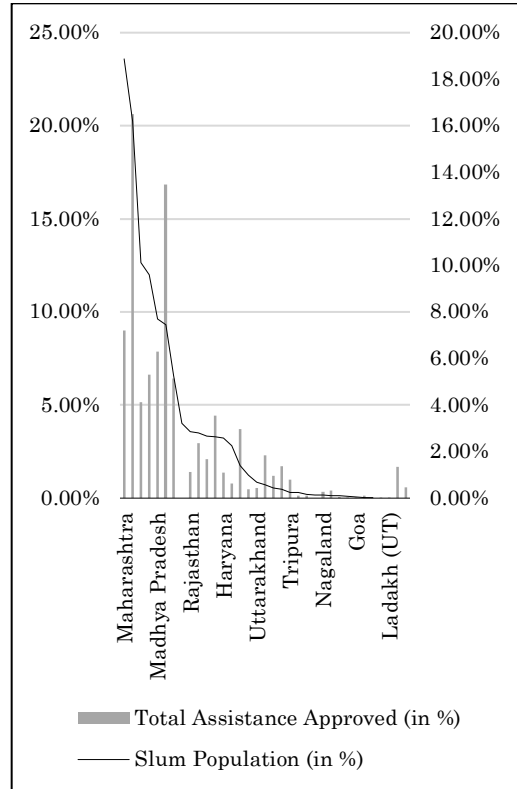

Source: Authors' own calculations

Figure 2: Assistance Approved and Slums Level of States in Percentage Terms

Source: Authors' own calculations

The following Figure 2 presents the assistance to various states along with their ratio of slum population to the total population.

It is noticed that states with a higher slum population have received lower assistance. For example, Maharashtra and West Bengal with a slum population of 18.87% and 10.13%, have received assistance of 9.00% and 5.14% of total assistance approved. However, Andhra Pradesh and Uttar Pradesh with a slum population of 16.21% and 7.46% have received assistance of 20.63% and 16.86% of total assistance approved.

The highest per capita allocation was done to Andhra Pradesh ($ 274.48), followed by Manipur ($ 239.51) Tripura ($ 154.68) Mizoram ($ 124.58) and Assam ($ 94.24). These states score low on the NSDP (except for Andhra Pradesh, the 9th-ranked state), indicating that the needy states provided better per capita support. However, some of the lower ranked states as per NSDP also received very low per capita PMAY-U allocation (Goa ($ 0.47), Sikkim ($ 6.38); Andaman & Nicobar Islands ($ 9.74); Punjab ($ 13.90) and Rajasthan ($ 18.77)).

The distribution of funds is not uniform, both on an absolute and a per capita basis. While needy cities and states received some attention, others did not receive adequate support.

As per the PMAY guidelines, the central assistance for any state or union territory would be approved considering both the urban population and the estimated slum population. However, the guidelines also mention that the Ministry of Housing and Urban Affairs (the ministry mandated with the management of PMAY) may decide on the other criteria as it deems fit (as per both the 2015 and 2021 guidelines). (MoHUA, 2021; MoHUPA, 2015). This provides uncertainty in the implementation and gives rise to subjective decision-making. As seen from the data on approvals, many states with a higher slum population were not able to get a commensurate allocation.

In order to ensure that the states deploy the funds received, a condition has been imposed that the states need to utilize at least 70% of the first instalment before the second instalment is released. This was not practical for many states they have issues relating to the availability of land; projects need to be approved at the different levels (Central Sanctioning and Monitoring Committee (CSMC); State Level Sanctioning and Monitoring Committee (SLSMC)) before they get approval for the implementation (MoHUA, 2021); challenges faced by private developers (approval delays, increasing costs and lower profit margins) (Sharma et al., 2020). The delays in releasing amounts ultimately get reflected in the delays in project implementation due to constrained cash flows (Puttkamer, 2016; Rao, 2020; Sharma et al., 2020).

ISSR received the least allocation as states faced implementing issues pertaining to land, manipulation by slum lords, court cases and a very complex process of document verification. (Rao, 2020). In the case of AHP, the implementation delays occurred due to the withdrawal of beneficiaries due to reasons such as land being allocated in the city's peripheral area, a loan approved under CLSS, or purchasing a house/ plot nearer the city centre. The cities could not draft a final beneficiary list, which compounded the delay of the project implementation or left the housing units vacant. Another challenge is that the project must be fully completed to receive the last instalment of the 20% central assistance. Cities that faced issues related to beneficiary list finalization, found it difficult to draw this amount.

BLC has been an innovation in smaller cities, enabling the dweller to construct an upgradable asset while not displacing them from the current location. The scheme provisions of BLC mandated that all the beneficiaries in the region complete the construction for the release of the next instalment to the respective state. Even if a single beneficiary has construction issues, the next instalment release to the state will get delayed. Hence, the effectiveness of BLC is linked to the overall performance of all the beneficiaries rather than the individual. The assistance provided under BLC is deemed to be not adequate and beneficiaries may not be able to receive additional funding from any other mechanisms, such as loans.

The targeting of schemes such as PMAY U needs to be holistic to address prevailing systemic issues, rather than focusing on the narrow agenda of providing financial support for augmenting affordable housing stock. Many issues contribute to the delay in project implementation and in turn, affect the performance of schemes formulated at the central level (Garg & Garg, 2020; Puttkamer, 2016; Rao, 2020; Sharma et al., 2020).

5. POLICY IMPLICATIONS AND CONCLUSIONS

The Indian initiative of supporting affordable housing points to several interrelated issues that need to be considered while designing the welfare schemes. The program covered a broad spectrum to involve the beneficiaries

directly through their upgradation efforts, encouraged the private partners to participate in the program, had a separate focus on the people at the bottom of the ladder and had structures that allowed the financial intermediaries to participate in the affordable housing arena.

From the overall initiative perspective, PMAY was conceived at the central level while being implemented at the local level. This comes on the back of a not-so-perfect decentralization of the functions and responsibilities in the case of India. It is important to empower the states and cities through knowledge transfer and capacity building for such initiatives to be successful. Also, (Puttkamer, 2016), observes that participation from the private sector, NGOs and CBOs can improve the delivery levels of such initiatives. ISSR mode can be leveraged for the bigger cities where land value is comparatively higher, and the same can be monetized for the redevelopment of the slums at the same place. Private sector participants can play a vital role in successfully implementing such initiatives (Rao, 2020). Another option that could be considered is providing land with the required basic amenities instead of providing the built housing units. This can be more successful due to the cultural importance of owning land or leasehold rights in certain developing countries (Puttkamer, 2016).

The scheme faced challenges in having the right distribution across cities and states. While most of the funds moved toward the target entities envisaged, there are discrepancies in the equity across the spectrum. The finer details of implementation need to be given adequate attention as the states and cities have varying capacities in implementation and monitoring. The BLC structure enabled innovation in small and medium cities, but the larger cities did not find much use of the scheme. The private partners are more attracted to large cities and hence able to

pay the returns required by them. The configuration of schemes needs to factor in such needs, and can tweak the modalities to encourage the private sector with equitable risk allocation needs.

The learnings from a developing country indicate the centrality of affordable housing in the overall housing sector. The interventions to provide affordable housing need to be comprehensive, beyond the physical brick-and-mortar models to integrate civic infrastructure, facilitating access to employment locations, and minimizing dislocation to the extent possible. The schemes or components of the same might become infructuous if not configured holistically.

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