

Urban Policy Failure in Delhi: A Case of Unauthorised Colonies

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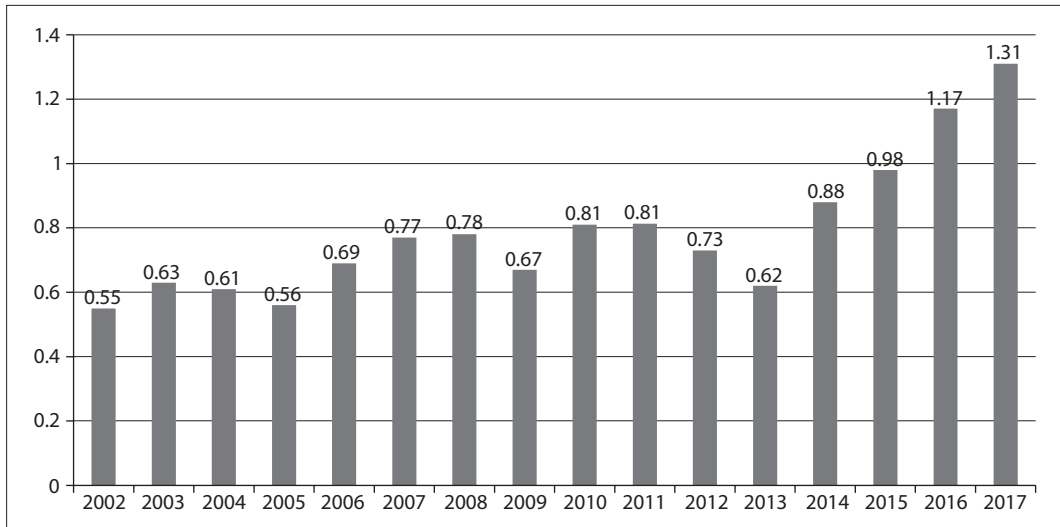
Abstract

There is inadequate formal housing stock at affordable prices to accommodate the surging population of Delhi. According to the projections, Delhi needs 24 lakh new housing units by the year 2021. Of these, 54 per cent are required for the Economically Weaker Section (EWS) and Low Income Group (LIG). When the migration flow confronts the lack of developed and planned settlements at affordable prices, it results in formation of unplanned and informal settlements in the city. Unauthorised colonies (UAC) is one form of such informal housing which has been growing at an unprecedented rate, hence becoming a reflection of ineffective urban planning in the city. As an area that needs attention to ensure sustainable housing in the city, this paper attempts to flag the economic implications of such an informality in order to shift the attention of policy makers in this direction. In addition to this, this paper delves into the institutional aspect of unauthorised colonies to understand the depth of the problem. The paper reports the results from a pilot survey of five selected colonies to bring out significant insights with regard to certain socio-economic factors. Although the survey was conducted well before the recent 'National Capital Territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Act, 2019' that was passed in Parliament to confer ownership rights to Delhi's UAC residents, this paper discusses the potential impact of this bill and the gaps that prevail in its structure.

Keywords: Unauthorised Colonies, Informal Housing, Circle Rates, Housing Loan, Resident Welfare Association (RWAs), Regularisation

1. Introduction

As per Census 2011, Delhi is home to the large number of inter-city migrants. In 2017, the figure amounted to 1.31 lakh migrant inflow to the city (Figure 1.1). With the rampant migration into Delhi NCR, the burden on the existing resources has been escalating. One of the sectors that bears the brunt of this exponentially rising migration rate is the housing sector. Although the urban housing shortage declined from 2001 to 2011, according to Delhi's Economic Survey 2017, the city still needs 24 lakh new housing units. And housing need for Economically Weaker Section (EWS) constitutes 56 per cent of this housing need.

Figure 1.1: Migrant inflow in Delhi (in lakhs)

Source: *Economic Survey of Delhi, 2017*

It has been widely argued that the escalating deficit with regard to EWS housing in the city is largely attributable to the failure of Delhi Development Authority (DDA), which owns most of the land in the national capital. Although the initial objective of DDA's housing policy was to promote social equity through the allotment of a majority of plots and apartments to the low income groups and economically weaker sections, the public sector housing schemes benefited the middle and upper income groups more (Pugh, 1990; Billand, 1990; Gupta, 1992; Milbert, 1998). With rising land and construction cost, private developers do not find much margin in constructing EWS housing and largely focus on catering to the needs of middle and upper income groups. This has resulted in the economically weaker section's resorting to informal housing that does not carry any legal sanctity, but is available to lower income people at affordable rates. Under the ambit of informal housing, various categories of housing and shelter came into existence and have been expanding drastically. This includes *jhuggi jhopri* (JJ) clusters, slum designated areas, unauthorised colonies, JJ resettlement colonies. Amongst these categories, the Unauthorised Colonies (UACs) have exhibited rampant increase from 110 in 1962 to 1797 at present, and are home to around 8 lakh households in Delhi.

The focus of this paper is on UACs of Delhi to understand the social, economic and institutional features of such informal settlements. This entails deriving the economic loss to the system attributable to such unauthorised housing of the city and developing an understanding of the institutional set-up in these colonies. The theoretical basis for estimating the possible economic loss is derived from the theory postulated by De Soto (2000) who computed the economic loss for the developing region of the world as 9.3 trillion US dollars (USD), attributable to missing or ill-defined property rights. If this idea is applied to the UACs scenario in Delhi, a similar economic cost due to missing ownership titles can be estimated. In this study, the economic estimation is undertaken through secondary data analysis and estimation and we resort to primary survey, discussion meetings with Residents Welfare Associations (RWAs) and government officials for the latter objective of the study.

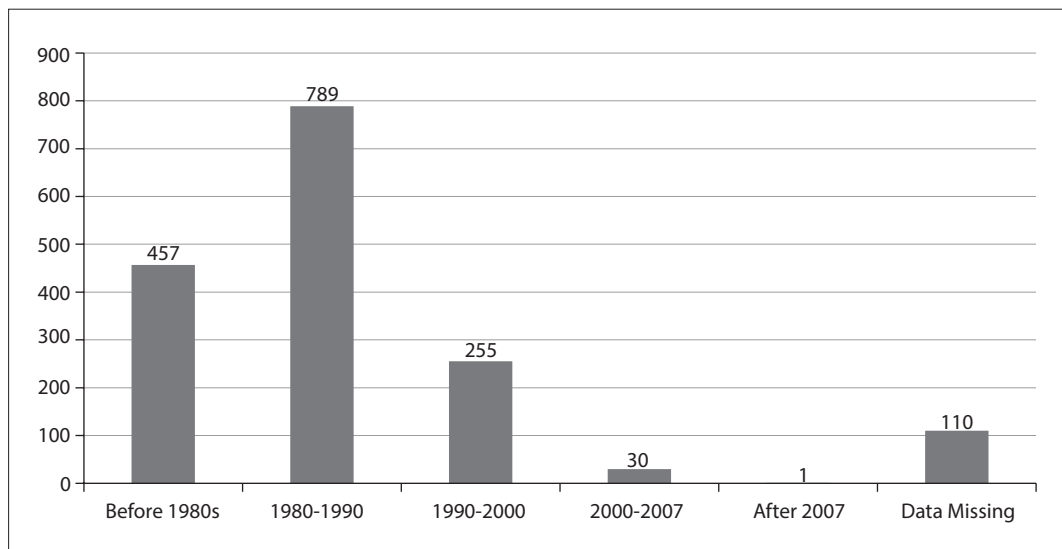
Against this backdrop, section 1.1 provides the information with regard to the genesis of UACs in Delhi and the various developments in this context that have taken place over time. Section 1.2 discusses the analytical framework of the paper. Section 2 focuses on deriving the economic loss based on secondary information. Section 3 pertains to details of the primary survey of the selected UACs in Delhi. Finally, section 4 provides important policy suggestions to improve the housing and planning scenario in Delhi.

1.1. Unauthorised Colonies in Delhi

The definition of an unauthorised colony as per Delhi Development Authority (DDA) is a colony comprising a contiguous area where no permission of any concerned agency has been obtained for approval of a layout plan and/or building plan (The Gazette of India, 2008).

Although the problem of unauthorised colonies prevailed since Independence, the debate and discussion the UACs started only in 1976-77 due to use of agricultural land for residential purposes through informal routes. The maximum UACs came into existence between 1980 and 1990 (Figure 1.2) that can possibly be attributed to the escalating industrialisation during that decade and hence increased inflow of workers. Also, the migrant population from nearby states, namely, Uttar Pradesh, Haryana, Bihar, Uttarakhand and Rajasthan are attracted towards Delhi as it is believed that being the country's capital and the epicenter of policies, the city is home to a number of benefits of various government policies.

Figure 1.2: Number of Unauthorized Colonies - According to Year of Establishment



Source: Authors' estimation based on application forms of 1642 UACs for proposed regularization in 2007-08

There is a chain of events which is responsible for the current status of UACs in Delhi. The first policy of regularisation of UACs was introduced in 1976. The regularisation was proposed without condition of recovery of land prices and penalty from such colonies. In 1993, development charges were

determined by MCD/DDA and these were payable by the residents of UACs that were regularised. By 1993, 567 unauthorised colonies were regularised.

Following a long gap of inactivity with regard to regularisation of UACs, in 2004, the Ministry of Urban Development, and Government of India issued guidelines for regularisation of UACs, following which regulations were introduced in 2008 by DDA for the same. With the introduction of these guidelines and regulations, the colonies could apply for regularisation provided they met the following conditions:

1. Only the colonies that came in existence on or before 31 March 2002 were considered for regularisation
2. As of the date of announcement of the scheme, the built-up area in a colony should constitute 50 per cent of its total area
3. An unauthorised colony seeking regularisation (i) should not be situated on land reserved as forest area; (ii) should not be a hindrance to provision of infrastructure; (iii) should not violate regulations of the Archaeological Survey of India (ASI); (iv) should not be inhabited by “affluent sections”.

In addition to meeting the above conditions for being eligible for regularisation, it was required that the unauthorised colony must form a Residents’ Welfare Association (RWA). Following this, another requirement pertained to preparation of the layout plan of the colony with a detailed list of residents who are plot or flat owners. Broadly, these documents formed the application for regularisation of the concerned colony. In our survey interviews, we discovered that there were various loopholes in this process during 2007-08: for example, in Shastri Park extension in Burari which was one of the five colonies surveyed, there were issues related to layout plans wherein the RWA members claimed that there were other colonies that used their layout plan during the application for regularisation and the final decision regarding the matter was made by the honourable court by giving them a collective name of “group of colonies” including three other colonies.

Once the application is submitted for consideration, a number of steps are involved by the relevant authorities—local body, government of National Capital Territory of Delhi (GNCTD), DDA, within specified timelines (Table 1.1).

Table 1.1: Steps of Regularisation, 2007

Step	Agency
Scrutiny of layout plan submitted by RWAs	Local body/DDA
Finalise boundaries of colony	GNCTD
After finalisation of boundaries, forward the layout plan to local body/DDA for approval	GNCTD
Approve layout plan	Local body
Forward case to GNCTD for regularisation and to DDA for land use change	Local body
Formal order of regularisation to be issued after land use change and payment of all required charges	GNCTD

Source: *The Gazette of India, 2008*

Against the backdrop of this regularisation procedure, 1639 UACs had applied for regularisation in 2007 and 1218 of them received Provisional Regularisation Certificates (PRCs) in 2008. Then, in 2012, GNCTD found 895 among these to be eligible for regularisation after the verification. Out of these 895, 312 were finally eligible for regularisation; however, for the remaining 583 UACs that were partly or fully on public land, regularisation was dependent on the condition of recovery of land cost by GNCTD.

However, the regularisation process could not progress beyond this verification of the layout plans submitted by RWAs of the UACs as the next step required GNCTD to fix the boundaries of the identified UACs (Step 2 in Table 1.1). The entire process is stuck at this point, even after the change in Delhi government in 2015. In our meetings with the officials of Unauthorised Colonies Cell of Urban Development Department, GNCTD, it was brought out that determining the boundaries of UACs is a grave challenge as the government is faced by an acute shortage of manpower to undertake the mapping activities. As per the Delhi government officials, the work has been outsourced to an external agency and it is in process. Another possible constraint in this regard is the continuous encroachment in these colonies as a result of which the corresponding boundaries keep altering, thereby making the process of regularisation a non-attainable goal. Despite the stagnation with regard to regularisation process for the UACs in the city, Delhi government has been pursuing infrastructure development in the UACs since it came into power. As per the data maintained by GNCTD, and according to the surveyed residents of UACs in our pilot survey, the development efforts by the government show progress majorly for water, electricity and roads and the work for sewerage systems is still ongoing. However, according to Delhi government officials, there is a possibility of complication in this regard—for instance, if the goal of boundary demarcation is attained during the passage of time and it is discovered that the area that has been covered for developmental activities is outside the ambit of regularisation, it can possibly complicate the matter.

Given the above mentioned hindrances, there has been a considerable time gap with regard to any effort in the direction of the regularisation process of UACs. This sporadic nature of the policy announcements and changes has been a special feature of the problem of UACs in Delhi and this can be attributed to the political aspects of this matter—as the election dates approach, the work in this context attains speed and slows down thereafter given multiple institutional constraints (as can be observed in the details provided in Table 1.2). Another factor that has been a source of impediment in the way of improving the conditions of UACs in Delhi is the multiplicity of institutions involved in the regulation of these housing units (reflected in Table 1.1) that lowers the effectiveness of the entire process, which also came out in our meetings with officials from DDA and Unauthorised Colonies Cell, Urban Development Department, GNCTD.

Table 1.2: Political Angle of Policy Formulation for UACs

Policy Decision	Election Timing
1976: Introduction of first policy of regularisation	6th Lok Sabha elections in 1977
2004: Ministry of Urban Development, and Government of India issued guidelines for regularisation of UACs	14th Lok Sabha elections during April-May, 2004
2008: Regulations for regularisation introduced in 2008	15th Lok Sabha elections in 2009

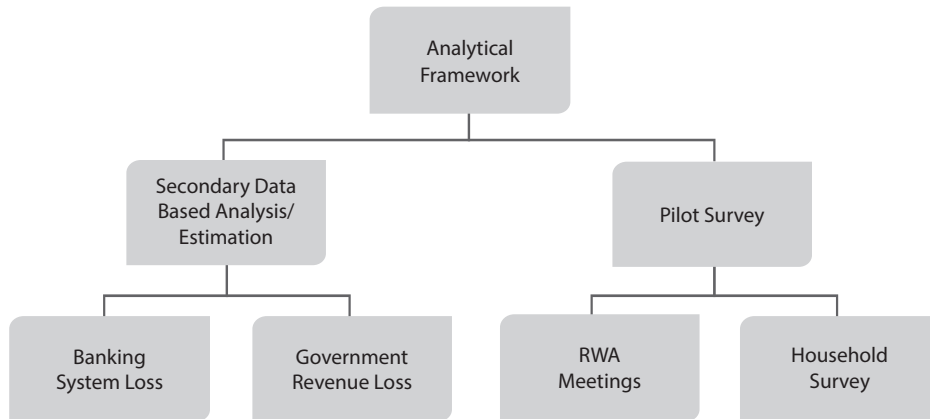
After a long gap of development for UACs, in 2018, the union cabinet committee has been set up to decide on the conferment of ownership rights to the people living in the UACs. Delhi government has also supported this proposal and has proactively submitted 12 suggestions that can be incorporated finalising and introducing the policy. The distinct feature of the proposed plan includes conferring ownership rights that implies opening up registration of the houses in these colonies at a nominal rate with a penalty fee. Taking cognizance of the complications pertaining to the regularisation process proposed in 2007, the central government has proposed providing a short-term solution which does not imply regularisation of UACs, but offers the households a legal ownership document. Although this step can be expected to ease a large number of issues that are faced by the people residing in UACs, the ultimate goal of the policymakers should be fixing the boundaries to prevent any further spread of areas under the ambit of UACs. With these latest developments, it will be intriguing to see if this policy implementation can bring any change to the current scenario unlike the previous times wherein each decision proved to be ineffective.

1.2. Analytical Framework

With an understanding of the background of unauthorised colonies in Delhi, we attempt to delve into the details pertaining to UACs (Figure 1.3). For this purpose, we have resorted to secondary information and analysis and primary surveys of selected colonies in the city. We have relied on secondary data and further analysis to quantify the possible economic loss that is attributable to the informal settlements like UACs. The informal nature of these colonies results in substantial economic loss to the inhabitants as well to the government, which has never been considered in the debates around these colonies. It is imperative to understand that this economic loss of the people and government further results in economic stagnation of the families residing in these colonies, and also poses as a hindrance to developmental services by the government, thereby creating a vicious circle.

To break this trend of informality breeding on informality, it is necessary to state the possible economic losses that result from this informality and then discuss policy solutions in this regard. This exercise entails two broad components: first, the banking system loss due to inability of the banks to extend loans to the UAC residents as they do not clear property titles; second, the government revenue loss due to absence of stamp duty payments from these housing units.

For the primary pilot survey, we focus on five unauthorised colonies of Delhi that are geographically spread across the city, for a better on-ground understanding of socio-economic and policy related concerns of the residents of these colonies. The survey in each colony is divided into two categories: Resident Welfare Association (RWA) meetings, and household survey of around 40 plots in each colony. The survey gives an idea of the root cause of the problems in these colonies and settlements in Delhi that will form an integral input for policy formulation, and will limit the proliferation of new illegal colonies in future.

Figure 1.3: Analytical Framework

2. Secondary Data Analysis and Estimation

2.1. Banking System Loss

As UACs are informal in nature and are not recognised by the planning norms of DDA, there is no formal registration process through which the plots/flats are purchased. Consequently, transactions pertaining to unauthorised colonies are based on General Power of Attorney (GPA). One of the concerns for the people residing in these colonies is the inability to take loans against their property from the formal banking system, in the absence of any legal proof of their property ownership. For these plot/house owners, it is an economic loss as they have to resort to informal sources of funds with a higher rate of interest. Considered from the bank's perspective, constrained loan disbursement results in lack of deposit creation with the bank thereby leading to a substantial loss to the formal banking system. Given this possibility of economic loss to the banking system attributable to the informal nature of UACs, in this section we have attempted to calculate the monetary deposit loss by the banking system.

From Delhi's economic survey 2018-19, we infer that the number of people residing in formal settlements and in unauthorised colonies are 2,034,555 and 4,000,000 respectively. Considering the average household size to be equal to 5 (from Economic Survey – Delhi 2018-19), we obtain the number of households in formal settlements and unauthorised colonies. The number of households would then be the ratio of number of people residing in a particular settlement to that of the average household size. Therefore, the number of households in formal settlements comes out to be 406,911 and in unauthorised colonies, the number is 800,000. We resorted to the Reserve Bank of India's (RBI) database to extract information regarding the number of accounts with housing loan advances from Scheduled Commercial Banks (SCBs) in Delhi that amount to 113,566. This implies that out of 406,911 households in formal settlements only 113,566, i.e. 28 per cent of formal households opt for a housing loan. Using this proportion for the unauthorised settlements, we have attempted to derive the value that banks could have generated through a multiplier process if these UACs were provided with housing loan services. In other words, we aim to calculate the amount commercial banks could have generated if 28 per cent of unauthorised households took housing loans.

For using the multiplier process as our objective, we need to derive the average deposit by an individual of Delhi in a bank account. This can be calculated using the RBI database which provides us information about total bank deposits in Delhi and also the total number of bank accounts in Delhi. These values turn out to be 11,446,415.23 (in million) and 49,891,675 respectively. The average deposit would thus be the ratio of total bank deposits to the total number of bank accounts which in this case comes out to be Rs 0.23 million which implies that, on an average, a resident of the national capital deposits Rs 0.23 million (Rs 2.3 lakhs annually) .

Using the multiplier process also requires the value of reserve ratio. The reserve ratio is a central bank regulation that sets the minimum amount of reserves that must be held by a commercial bank. Reserve ratio, in general is the sum of cash reserve ratio (CRR) and statutory liquidity ratio (SLR). CRR is the ratio of total deposits that banks need to keep as a reserve with the central government (RBI) in the form of cash instead of keeping it with them. SLR can be defined as a ratio of compulsory ratio of deposits that a bank has to maintain in the form of gold, cash, and other securities prescribed by the central bank (RBI). In short, it is kept by the bank in the form of liquid assets. With an assumption of CRR to be at 4 per cent and SLR to be at 19 per cent, the reserve ratio comes out to be 23 per cent.

To estimate the amount that is outside the pool of money that can be loaned out or invested, if we assume that the maximum proportion of UAC households that could have taken loans is the same as the proportion of formal households that acquired loans in 2018 (28 per cent), then our calculations show that banks could have roughly generated Rs 22.3 lakh crores. However, considering that the economic well-being of these two sections of population (formal households and UAC households) is not comparable, we have attempted to compute the banking loss for different scenarios: 16 lakh crore, 12 lakh crore and 8 lakh crore if 20 per cent, 15 per cent and 10 per cent respectively of the UAC households take loans. The substantial loss of the possible deposits that could have been available with the banks in Delhi to either lend out or invest has adverse economic implications as that amount could have pushed investment and consumption, thereby escalating economic growth (Table 2.1).

Table 2.1: Estimation of Banking System Loss due to UACs

Population residing in formal settlements	2,034,555
Population residing in UACs	4,000,000
Number of HHs in UACs	4,000,000/5 = 800,000
Number of HHs in formal settlements	2,034,555/5 = 406,911
Number of HHs availing housing loan	113,566
Proportion of formal households availing loans	28%
Total Bank Deposits in Delhi in 2018 (Rs million)	11,446,415.23
Total Number of Bank Accounts in Delhi in 2018	49,891,675
Average Bank Deposit by a Resident of Delhi (Rs million)	0.23
Deposits available to loan out or invest if 28% of UAC households take loans from banks (Rs million)	223,440.3
For 20% per cent of HHs in UACs i.e 224,000, the total amount will be (Rs million)	159,600.2
For 15% of HHs in UACs i.e 224,000 the total amount will be (Rs million)	119,700.2
For 10% per cent of HHs in UACs i.e 224,000 the total amount will be (Rs million)	79,800.1

Source: *Economic Survey of Delhi 2018-19, Reserve Bank of India, Authors' calculation*

This exercise exhibits that due to exclusion of unauthorised households from the formal banking system, banks also face the heat in form of a hidden deadweight loss.

2.2. Government Revenue Loss

As the UACs are outside the ambit of the formal registration procedure, it fails to add to the revenue pool of the government authorities thereby posing to be a source of huge monetary loss to the system. The plots in the unauthorised colonies are transacted based on General Power of Attorney (GPA), which costs around Rs 100 for a transaction. This way the buyer is able to escape the stamp duty payment to the government authorities, which is based on the land cost derived from category wise¹ circle rates that currently range from Rs 23,280 to Rs 7.74 lakh per square metre. As the inhabitants of such unplanned housing units belong to the economically weaker sections of society, they cannot afford such high priced housing and hence resort to the informal and cheap source of housing. Consequently, government loses a huge proportion of potential revenue and as government does not generate any revenue from these housing units, these places are devoid of crucial development services by the government.

¹There are eight categories – A to H, A being the most valued and H category exhibiting the lowest value.

Against this backdrop, it is imperative to assess the lost economic value attributable to unauthorised colonies in Delhi. In this direction, we have attempted to quantify this loss in two broad forms:

a. Property Wise Estimation

The first method resorts to calculating property-wise market price for randomly selected 10 colonies, and hence arrive at the land cost for all the colonies. The potential land cost is computed by using the circle rates of the adjoining authorised colonies around the selected UAC. The size of each plot in a colony is derived from colony specific application forms submitted for proposed regularisation in 2007-08. The land cost values for all the plots in a colony are aggregated to arrive at the total cost for that colony and the same process is repeated for all the 10 considered colonies (Table 2.2).

Table 2.2: Estimation of Circle Rate Based Land Cost Loss due to UACs

Reg. No.	Colony	Area (in sq m)	Estimated Land Cost in Rs
1452	Meera Enclave, Ranhola Village, New Delhi-41	12,793	591,036,600
1159	Jafarpur Extn.; Jafarpur Kalan, Najafgarh	5168.100987	238,766,265.6
1472	Nawada Ext., G Block, Shyam Park, Nawada, Uttam Nagar, Delhi	6961.59	321,625,615.2
ELD 79	Village Garhi Mandu Extn., Delhi-53	10,162.28756	469,497,685.2
ELD 100	Baba Hari Dass Colony, Jharoda Kalan New Delhi- 72	3235.660987	75,326,187.78
872	Mange Ram park Extn.Pooth Kalan Rohini,Sector-23, Delhi-41	5138.8	237,412,374.6
317	Bajrang Enclave, Nangloi Road, Najafgarh	11,429.76581	266,084,949.8
141	Saurabh Vihar, R-Block, Hari Nagar Extn., Part-I, Badarpur	14,866.43	2,376,250,171
880	Tuglakabad Extn., New Delhi-19	13,325.38462	615,632,769.2
856	Shyam Kunj Colony, Tikri Khurd Delhi-40	12,076.92308	557,953,846.2
TOTAL		95,157.94304	5,749,586,465 (or approximately Rs 57.5 billion)

Source: Application forms submitted for proposed regularisation, 2007-08; Authors' calculation

With this method, the potential land cost, based on which stamp duty revenue could have been generated, comes out to be *Rs 5750 crore*.²

²Considering that the area under plots could be around 70%, the economic cost could be lower by similar proportion.

b. Overall Estimation

The second method involves working out a rough method for estimating the circle rate based land cost for all the UAC households in Delhi. Given the total households in UAC category to be Rs 8 lakh (and assuming the average plot size to be 100 sq m, and considering circle rate for category F i.e. Rs 56,640 per sq m, it is estimated that the land cost of these households would amount to 4.5 lakh crore.

The two methods of calculating the economic loss to the government attributable to the UACs strengthen the argument pertaining to substantial government revenue loss resulting from such settlements. However, it should be noted that it would be unreasonable to charge the households in these colonies the same circle rates that is applicable to the adjoining formal housing, as it would not be in an affordable range for the families of the UACs, and that is one of the primary reasons for them to resort to such informal sources of housing.

3. Pilot Survey

Against the backdrop of our meetings with officials from government, the UAC cell, urban development department, GNCTD and Delhi Development Authority (DDA), a pilot survey of five selected UACs was conducted to understand the common issues that are normally associated with an informal settlement like an Unauthorised Colony. The survey exercise included RWA meetings and household surveys in each of the five selected colonies.

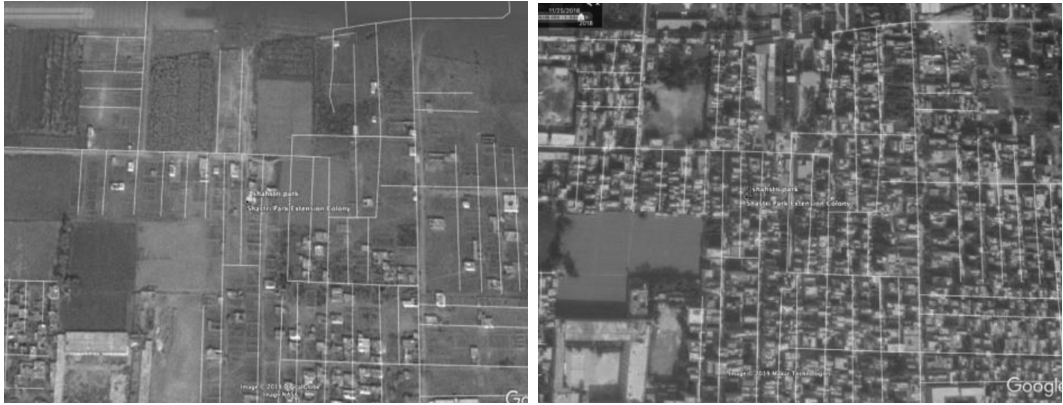
The colonies were selected in a way that it covered all geographical corners of the city—5 colonies across the district distribution of Delhi NCT: Shastri Park Extension, Burari; Major Bhola Ram Colony, Dwarka; Raja Puri Road, Uttam Nagar; Dhaka Johar, Near Muherjee Nagar; Nathu Colony, Shahdara. Unchecked construction in these colonies—both, horizontal and vertical—can be observed in the Google images of the same colony over time (Figures 3.1 to 3.5).

Figure 3.1 Major Bhola Ram Colony, Dwarka, Delhi from the year 2001 to 2019



Source- Google Earth Images, accessed during July, 2019

Figure 3.2: Shastri Park Ext., Burari, Delhi from the year 2000 to 2018



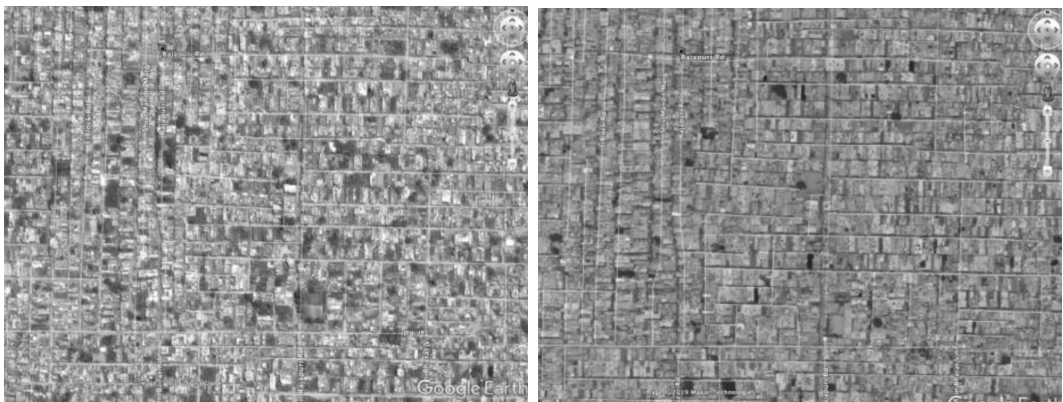
Source- Google Earth Images, accessed during July, 2019

Figure 3.3: Nathu Colony, Shahdara, Delhi from the year 2001 to 2019



Source- Google Earth Images, accessed during July, 2019

Figure 3.4: Raja Puri Road, Uttam Nagar, Delhi from the year 2001 to 2019



Source- Google Earth Images, accessed during July, 2019

Figure 3.5 Dhaka Johar, Near Mukherjee Nagar, Delhi-110009 from the year 2001 to 2019



Source- Google Earth Images, accessed during July, 2019

3.1. Meetings with Residents Welfare Association (RWA) Members

With this surging density of population in UACs, it is imperative to understand the social, economic and institutional issues pertaining to these colonies. For this purpose, we held meetings and discussions with RWA members of these colonies as well with all the residents.

In our RWA discussions, our prime focus was to understand the common problems pertaining to the respective colony. The most significant facet that came out from these discussions is the gaps in the institutional management of such informal and unauthorised housing in the city.

This section provides a colony specific summary of the RWA meetings wherein the discussions can be broadly placed into five categories: Colony Details, Infrastructure, Economic Dimension and Institutional Quality.

3.1.1. Nathu Colony (School Block) Shadara, Delhi-93, Registration Number 1565

As informed by the RWA members of the colony, Nathu Colony was established in the year 1976. Approximately the total number of houses is around 325. Although no new construction is being carried out, renovation of old houses is a common phenomenon.

Figure 3.6: Nathu Colony visit



Source: NCAER pilot survey on unauthorised colonies in Delhi, conducted during June-July, 2019

Infrastructure Facilities: Infrastructure facilities like water and electricity are available since 1994. Prior to that, illegal methods of acquiring basic services were adopted. Electricity is supplied by Bombay Suburban Electric Supply (BSES), now known as Reliance Energy, and water by Delhi Jal Board (DJB). RWA members claimed that a norm exists of no electricity connection if the height of a building exceeds 45-50 m.

According to the RWA members, roads in the colony have been recently constructed using the funds received for flood relief under Member of Parliament (MP) quota. Perception of the residents with regard to the sewer condition is satisfactory.

Social infrastructure, schools, hospitals and community centres exhibit an inadequacy and need to be developed in future. Also, entry of emergency vehicles like ambulance or fire brigades within the premises of the colony is difficult due to narrow and congested roads.

Institutional Quality: Members claim that development work undertaken or administered by the Municipal Corporation of Delhi (MCD) is not satisfactory, although residents pay property tax with an expectation of receiving MCD services. Residents also expressed their discontent with the imposition of penalty fees by MCD for improper hygiene, garbage disposals etc. It was brought out in the discussions that even RWA presidents and members have political biases that prove to be an impediment in their efforts towards the welfare improvement of the colony. In addition to this, it was revealed that selection of RWA members is done through unfair means to favour the candidates of a particular family, thereby hampering the effectiveness of the RWA in solving the persistent issues of the residents.

Economic Aspect: From the discussions with RWA members, it was clear that the transactions over the plots in the colony are broadly based on GPA and hence pose to be a problem if the residents seek to acquire loans against their property. However, there was a distinctive feature that was associated with this colony wherein there exist multiple blocks under the name of Nathu Colony, and the blocks other than the school block (the selected block for survey) are authorised. Against this backdrop, some of

the residents have resorted to fraudulent ways as there is commonality between the authorised and unauthorised khasra numbers. This sham involved the government officials who accepted bribes and made fake registrations.

3.1.2. Dhaka Johar, Dr Mukherjee Nagar, Registration Number 1457

Located around the university area of the national capital, Dhaka Johar Colony stands out as different from other colonies that were surveyed. The colony was established in the year 1970.

Figure 3.7: Dhaka Johar Colony visit



Source: NCAER pilot survey on unauthorised colonies in Delhi, conducted during June-July, 2019

Infrastructure Facilities: Overall, residents in the society are satisfied with water supply and electricity. Some of the issues that need attention of the relevant authorities are inadequate parking spaces, drainage facilities, and construction of roads. Though construction of roads is an ongoing task in the colony, RWA members still feel that it is not up to the standard quality. Apart from basic infrastructure facilities, people also demand security provisions and CCTV cameras in the colony.

During our visit to the colony, the garbage dumped on empty land caught our attention—this land is said to belong to DDA and according to the RWA members, it is not maintained properly and should be provided legally to the colony for infrastructure activities.

Institutional Quality: In the colony, RWA collects a monthly fee of Rs 100 per household for cleaning of the drainage which is carried out once in 30 days. Member of Parliament (MP) flood relief fund is used for construction of roads. Schools and hospitals are easily accessible but social infrastructure facilities like parks need to be maintained as parks are also rented out for various cultural activities here.

Economic Aspect: As per the RWA members, for most of the plots in the colony, transactions are based on GPA. However, a few residents have formal registration of their plots. Residents also pay house tax which can be aggregated to be around Rs 2, 50,000 per year.

3.1.3. Shastri Park Extension, Burari, Registration Number 808

The layout plan of Shastri Park Extension with registration number 808 includes layout of four adjacent unauthorised colonies: Uttrakhand Part 1, Uttrakhand Part 2, Darshan Vihar and Vashishta Vihar. Samridhi Colony registered with number 1487 had submitted the same layout plan as that of Shastri Park Extension, which ultimately got cancelled by the government officials. It is the only colony with a layout map of four adjacent colonies and hence is termed as Group of Colonies by Delhi Secretariat. Shastri Park Extension was established in the year 2000 and there are around 300 plots in the colony. Construction is still being carried out against the orders of the Supreme Court of India.

Figure 3.8: Shastri Park Extension Colony visit



Source: NCAER pilot survey on unauthorised colonies in Delhi, conducted during June-July, 2019

Infrastructure Facilities: Though electricity and water supply is satisfactory, the residents seek underground wiring of electric cables. Sewer and drainage facilities still need to be developed. At present, Rs 15,000–20,000 is required for a new electricity connection, which seems to be very high for residents of the colony. This can be attributed to the private company driven connections—electricity is provided by North Delhi Power Limited (NDPL), now known as Tata Power Delhi Distribution and since it is a private agency, it violates competitive pricing and charges arbitrary rates. With regard to water supply, though water pipelines were installed in 2016, the water supplied is unfit for drinking purposes. There are no government schools and parks nearby, which is a serious cause of concern for the residents.

Institutional Quality: According to the views shared by the RWA members, the central government allocated around Rs 2700 crore in 2008 for development works of unauthorised colonies with the jurisdiction of the Supreme Court of India (led by then Solicitor General of India Ranjeet Singh), out of which Rs 1500 crore were used and provided for the development process. RWA members claim to be satisfied with the development work done by the Member of Legislative Assembly (MLA) of the area. People also seem content with the MCD Counsellor for cleanliness activities.

According to their RWA members, development funds for unauthorised colonies come from the Delhi government and MPs are least interested in this process. Most of the funds provided by the MP quota is sent back and if given, it is only to those MLAs who have closer association with the MPs. They claim that not a single development work in the colony has been carried out using the MP fund.

RWA collects funds from activities like membership fees and if needed also provides funds for development processes through their own resources.

Economic Aspect: Residents of the colony highlight their concerns with regard to their inability to possess legal ownership proof and this is a hindrance for them in acquiring housing loans against their properties.

3.1.4. Raja Puri Colony, Uttam Nagar, Registration Number 252

Set up in the southern zone of the national capital, Raja Puri Colony was established in 1982 with currently 3500 plots. These plots have around 90 per cent built-up area and construction activities are being actively carried out. The colony has in total six RWAs which have been divided on the basis of different blocks.

Figure 3.9: Raja Puri Colony visit



Source: NCAER pilot survey on unauthorised colonies in Delhi, conducted during June-July, 2019

Infrastructure Facilities; Electricity and water supply is available throughout the colony. Water pipelines were installed in 2012. The concerns of colony residents include improper drainage facilities, absence of parks, schools, community centres and dispensaries. As per the RWA members, the development work is still not complete in the colony and is below their satisfaction levels. E-rickshaws have become a reason for congestion and hinder the movement of emergency vehicles inside the colony.

Institutional Quality: The MLA does visit regularly but development works are not in accordance with the needs of the residents. The RWA meets monthly and decides the road map for future needs. Residents are unsatisfied with the cleanliness efforts by MCD. RWA members disagree with the fact that the MP fund is used for development works. The ex-RWA president is willing to provide land to the government on rental basis for infrastructure allocations, which is a form of land pooling policy proposed by DDA.

RWA members suggest that the Urban Development Cell should give some funds to RWAs of respective societies for carrying out developmental needs as is the case in other states like as Uttar Pradesh and Haryana.

3.1.5. Major Bhola Ram Enclave Sector 23, Dwarka, Registration Number 641

Situated near Dwarka, Major Bhola Ram Enclave was established around 1990. RWA members credit the state government for all the development works carried out in the colony over the years. In 1988, the land was notified for acquisition by the government. Originally, land was earmarked for some other purpose but when the authorities feared illegal transactions, the land was sold to zamindars. There are approximately 500 plots in the colony. Though as per RWA members, no new construction is claimed to be carried out, we observed construction activities during our visit to the colony.

Figure 3.10: Major Bhola Ram Colony visit

Source: NCAER pilot survey on unauthorised colonies in Delhi, conducted during June-July, 2019

Infrastructure: Infrastructure facilities like electricity and water is accessible since 2015, but people are concerned about the surging water bills. Construction of roads was completed in 2016. Other development gaps in the colony include absence of an efficient sewerage system, parks, construction of government schools. RWA members claim that there has been no initiative undertaken by the central government for the development process. There are a few *mohalla* clinics in the colony but government hospitals need to be constructed.

Institutional Quality: The RWA collects a membership of Rs 5/month for social activities to be carried out.

3.2. Survey Findings

In the household survey of these colonies, we have resorted to a sample size of 40 respondents in each colony except Nathu Colony where the number of respondents was 34 due to the size of colony, making it a total of 194 respondents. The average size of the plot in these surveyed colonies was around 50-100 sq m. The issues that were discussed with the households are spread across four broad categories: Social, Economic, Infrastructure and Institutional.

The two factors that are characterised by common views across the respondents in all the five selected colonies pertain to the transaction method and possibility of taking a loan from the formal banking system. Across all the surveyed respondents, it was observed that transactions were based on GPA as it is generally known that this results in huge revenue loss as brought out in section 2.2. One exception in this case is the Nathu Colony, in Shahdara that has multiple blocks listed in the name of the same colony and some of these blocks are authorised. Consequently, the households that belong to the block that is not authorised (and was surveyed by our team) have got their properties registered by adopting fraudulent methods to get them registered in the name of the block that is authorised,

by bribing relevant government authorities. Also, due to the absence of a legal proof for the house ownership, households are unable to opt for loans through the formal banking system, which incurs huge costs to the latter (as presented in section 2.1) and also to the residents as they have to take an informal route to take loans, which carry a higher rate of interest and are not secure.

For infrastructure, the general observation across all the colonies is that water pipelines, electricity and roads have seen marked improvement over the years, which was reflected in the satisfaction levels of the respondents. However, the laying down of sewer lines was a recent phenomenon and was still ongoing in some of the colonies we surveyed. The rest of this section enlarges on the survey categories like caste, migration, income levels and provides overall and colony wise details of these survey aspects.

3.2.1. Caste

An analysis of the caste type across the selected colonies revealed that on the whole, the population residing in these colonies is dominated by the general category, followed by Other Backward Class (OBC) and Scheduled Caste (SC) categories. In the surveyed households, there were no Scheduled Tribe (ST) categories found across all the five colonies (Table 3.1). Considering the colony-wise category distribution, Dhaka Johar had the maximum proportion of general category with all the respondents belonging to this group. The survey in Nathu Colony reported the maximum proportion of the reserved categories – 30 per cent SC and 32 per cent OBC. An inference that can be made from this analysis of the five surveyed colonies is that informal settlements, like UACs, are not necessarily associated with reserved category castes and are dominated by the general category and the distribution varies across colonies.

Table 3.1: Analysis of Caste Distribution

Name of the Colony	General (in %)	SC (in %)	ST (in %)	OBC (in %)
Dhaka Johar	100	0	0	0
Major Bhol Ram Colony	80	0	0	20
Nathu Colony	38	30	0	32
Raja Puri	90	2	0	8
Shastri Park Extn.	67	15	0	18
Overall	76	9	0	15

Source: NCAER pilot survey on unauthorised colonies in Delhi, conducted during June-July, 2019

3.2.2. Migration

Focusing on the migration trend in the surveyed colonies, it can be observed that the proportion of population that migrated to the city and has been staying here since the last five years amounts to 17 per cent and the number increases as we increase the number of years for which they have been staying in the city. An important inference that can be drawn from this trend is that recent migration has been comparatively less and people came and settled here around 20 years back, which is the time when these colonies were spreading at an unprecedented rate (Table 3.2). The migrants were

majorly from the state of Uttar Pradesh, Uttarakhand, Bihar and Haryana. With regard to the colony-wise trend, Major Bhola Ram Colony and Shastri Park Extension are home to the maximum number of recent migrants. There are instances wherein these colonies attract migrants from the same source state over years and hence become a hub of source specific migrants – for instance, we observed that the majority of the migrants in Shastri Park Extension belong to Uttarakhand.

Table 3.2: Analysis of Migration Trend

Name of the Colony	Percentage of Migrants with less than 5 years living in Delhi (in %)	Percentage of Migrants living in 5-9 years living in Delhi (in %)	Percentage of Migrants between 11-19 years living in Delhi (in %)	Percentage of Migrants with more than or equal to 20 years living in Delhi (in %)
Dhaka Johar	0	0	57	43
Major Bhola Ram Colony	30	10	0	60
Nathu Colony	5	0	200	75
Raja Puri	7	0	140	79
Shastri Park Extn.	24	3	520	21
Overall	17	3	28	52

Source: NCAER pilot survey on unauthorised colonies in Delhi, conducted during June-July, 2019

3.2.3. Employment Status

With regard to the employment status in the surveyed households, it was found that overall, the maximum proportion of population that was surveyed is self-employed, followed by private jobs (Table 3.3). The self-employment sources included options like mechanic, driver, hawker, shopkeeper, to list a few. The Colony-wise picture mirrored the overall trend, with the exception of Major Bhola Ram Colony wherein the population employed in private jobs formed the maximum percentage of the surveyed households. The total extent of unemployed or dependent population in these colonies was about 15 per cent, with the maximum being in Shastri Park Extension in Burari.

Table 3.3: Analysis of Employment Options

Name of the Colony	Government (in %)	Not Working (in %)	Pensioner (in %)	Private (in %)	Self-Employment (in %)
Dhaka Johar	5	10	20	25	58
Major Bhola Ram Colony	5	17	12	48	18
Nathu Colony	3	9	6	17	65
Raja Puri	7	17	15	8	53
Shastri Park Extn.	17	20	5	13	45
Overall	8	15	8	22	37

Source: NCAER pilot survey on unauthorised colonies in Delhi, conducted during June-July, 2019

3.2.4. Income Levels

The LIG/EWS status of the UACs is reflected in our pilot survey as well – with the average family income across the five colonies being Rs 35,109—the highest in Raja Puri Colony and lowest in Nathu Colony. However, it should be noted that there is a possibility that the income levels are under-reported.

Table 3.4 Average Income Levels

Name of the Colony	Average Income Level (Rs)
Dhaka Johar	45460
Major Bhola Ram Colony	31880
Nathu Colony	15760
Raja Puri	54040
Shastri Park Extn.	25520

Source: NCAER pilot survey on unauthorised colonies in Delhi, conducted during June-July, 2019

4. Policy Suggestions

“Much of India that we dream of still lies ahead of us: housing, power, water and sanitation for all; bank accounts and insurance for every citizen; connected and prosperous villages; and smart and sustainable cities.” (Prime Minister Narendra Modi)

It is imperative to understand that developmental factors like these act as important facilitators for an economy and a country that lags behind on these parameters will always be at a disadvantage at the global platform. A growing economy like India needs to be ready with an action plan for dealing with a rising burden of the population on its land resources. And the requirements include physical and social infrastructure and adequate housing options.

Focusing on the housing situation in India, the current scenario in the country depicts a dismal picture, and the national capital is a huge contributor to the state of affairs, wherein a huge proportion of the population resides in informal settlements, of which UACs are a dominant category.

An interesting anecdote with regard to UACs in Delhi is that government authorities have followed a pragmatic approach, accepting the reality of the situation but at the same time not approving of it in principle. This has resulted in missing action at the policy front and unchecked increase in the number of UACs in the city. Despite a number of efforts in this direction in the past, the situation does not seem to have improved. In this context, we divide the possible policy action in this sphere into two broad categories – solution for existing UACs and solutions for the surging housing demand.

4.1. Solution for Existing UACs

The foremost step towards clearing the mess of UACs in NCT is to resolve the existing issues surrounding these settlements. The solutions in this regard can be viewed as short term and long term. The decisions that need to be expedited and should be considered for short-term policy making revolve around conferring property rights to the residents of these colonies in light of the dire need expressed by the UAC households for the same. Without these legal ownership documents, the people are devoid of various facilities that are part of a formal system – for instance, acquiring loans

against the property through the formal banking system. In our analysis, we have highlighted both the demand and supply side loss that the system incurs due to exclusion of these settlements from the ambit of bank loans. From the supply side i.e., the banking system's end, there is a huge monetary loss of reserves that the system could have generated if these households were within the formal system. This view was echoed by the surveyed households for the selected five UACs, reflecting the demand side loss in this content. Keeping in view these concerns, the recently formed Union Cabinet committee can possibly take a decision to cater to this urgent need that might prove to be a great relief for the people residing in these colonies.

Another short objective for the policy makers should be to ensure developmental activities in terms of infrastructure improvement in these colonies as it bears a substantial social cost for the households. It is crucial to provide them improved quality roads, sewer system, drainage, water supply and electricity so that these people can enjoy a better quality of life and hence can contribute more efficiently to the city's economy.

As a part of the long-term solution, it is vital that the system adopts advanced technology tools to map and define the boundaries of the existing 1797 colonies in the city so that there is accurate identification of the spread of these colonies. This would also ensure that no new colony gets established informally as such a move would disturb the registered mapping of the entire UACs in the city.

To prevent any further growth of such informal colonies on the city's land, it is important that the relevant authorities are assigned the task as per the zone/region to keep a regular check on construction of any unauthorised colonies. It should be noted that these tasks should be divided region/zone wise and a penalty should be imposed if such instances are reported by the authorities.

Two important points to be taken into consideration while putting in these long-term action plan to prevent the surge of UACs include:

a. Availability of Manpower to Conduct the Required Tasks

During our meetings with the Delhi government officials, one of the major concerns that came across was the lack of manpower in the unauthorised colonies cell of the urban development department of GNCTD. According to the officials, they do not have the adequate resources to conduct mapping of the UACs in the entire city, as a result of which it has become a time consuming activity, thereby stalling the whole process of regularisation. Given this scenario, it is crucial for the government to provide sufficient funds to the concerned departments to get more resources on board for completing all the formalities required for the regularisation process.

b. Multiplicity of Concerned Institutions

Keeping in view the multiplicity of the institutions involved in regulating various aspects of UACs, it is suggested that a special agency is set up to oversee the policies and its implementation with regard to UACs. From an institutional and regulatory perspective, it is quite important to include RWAs in all the crucial policy matters concerning the development of UACs. This has been widely recognised in the literature available. One of the recent studies in this regard is Nassar et al. (2017)

which is based on informal settlement scaled “Houd 10” in the city of Alexandria in Egypt. Similar to the case of Delhi, the settlement is characterised by haphazard development and sprawl on agricultural land. The study assessed the living condition of the locals in the informal settlement and provided policy recommendations to enhance the socio-economic potential of the colony. As a solution to the informal settlements, the authors suggest increased participation of locals in bringing about necessary changes. Deriving from this, the role of RWAs in UACs should not be underestimated and they should be given a primary role in managing the development in these colonies and there should be perfect coordination across multiple RWAs in a colony. In the context of Delhi, this point was emphasised by Zimmer (2012) wherein it was stressed that RWAs have an integral role in the regularisation process of UACs which was recognised by the Delhi Human Development Report (2013) that mentioned the importance of partnerships and sharing of responsibilities between the government and citizens. This was the primary idea behind introducing the Bhagidari scheme in early 2000 to create an active, effective and target oriented citizen-government partnership between RWAs and the state government and to institutionalise citizen’s participation in governance processes (although UACs were not a part of the scheme).

4.2. National Capital Territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Act, 2019: Potential Benefits and Gaps

With regard to the policy decision concerning Delhi UACs, the common perception is that the political establishments target the UAC population for garnering votes by promising regularisation and development, but subsequently fails to deliver on these promises. In 2008, prior to the 2009 Lok Sabha elections, the then government of India issued a notification to regularise UACs, and invited applications from these colonies. However, the process went nowhere post applications. This time, in 2019 the present government on the heels of the Delhi assembly elections in February 2020, has passed a bill in Parliament to confer ownership rights to 40 lakh people residing in UACs and the consequent Act is titled as National Capital Territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Act, 2019.

As per the Act, these rights will be conferred for built-up plots as well as vacant plots on payment of nominal charges based on carpet area and plot size respectively. For colonies on government land, the charge for the built-up plot will be 0.5-2.5 per cent (depending on the carpet area of the plot) or a quarter of the circle rate of the highest locality of the surrounding residential area. As a result, the special circle rates to arrive at the charge payable by UAC residents range between 0.1 and 0.6 per cent of the conventionally applied rates. For instance, the owner of a formal housing plot of 100 sq m in a locality belonging to category C needs around Rs 19,980 to acquire the ownership certificate, whereas the conventional land price comes out to be Rs 1.6 crore. This illustration brings out the fact that the affordability concern in the case of the UAC population has been given due consideration for formulating the rates for recovering the land cost from the residents of these colonies. The implementation of this notification could provide an entry point for the residents into the formal financial markets, since these could possibly be viewed as legal ownership by the potential customers, which can then be used for collateral. Although the notification is also silent on the issue of property tax collection from these colonies, the upcoming bill is likely to offer clarity in this regard and with the legal ownership residents, the UAC residents will be obliged to pay the annual property tax, which will be a significant contributor to its maintenance services.

However, certain challenges still need redress. The notification does not offer any clarity on the status of transaction of a plot/house/property in the existing colony, which is important to solve the issue of creating a formal and affordable housing market in these colonies. In the absence of clear information it may be assumed that with the conferment of the ownership rights to a UAC plot owner, the subsequent registration of a sale deed will take place at the conventional circle rates of the colony. In such a scenario, this would mean that even if the resident living in a UAC in category C locality acquires the ownership rights of a 100 sq m plot for Rs 19,980, he/she would be selling the property for Rs 1.6 crore, which is derived from the conventional circle rates for this category. This begs the question: do properties in these localities really merit this price, given the inadequate infrastructure? Subsequently, this raises doubts on the applicability of the conventional circle rates on the transactions in UACs. Even the 21 step process of the registration per se is long drawn, which can be potentially time consuming and resource intensive for the concerned authorities. Also, from the applicant's perspective, the suggested process involves certain tools and techniques that are likely to be beyond their understanding, given their socio-economic profile.

While, the idea of conferring ownership rights is definitely a matter of rejoicing for the UAC residents, successful implementation would require extensive training and awareness initiatives across the city, and the Delhi government must take the lead on it. Additionally, adequate steps are needed for promoting efficient markets within these colonies. The issue of UACs in Delhi has gone on for far too long, and it is high time that the issue gets finally resolved.

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