This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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slum

# Slum Rehabilitation Scheme, Maharashtra, India

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***On this page:*** *Challenging Case: Slum Rehabilitation Scheme, Maharashtra, India. Find more at the Municipal Public-Private Partnership Framework - Project Summaries section for brief summaries of around 100 projects from around the world, examples of successes and challenges, as well as innovative ideas on solutions, or visit the Guidelines on Innovative Revenues for Infrastructure section.*

**Project Summary:**

**Background**

Since the beginning of the 20th century, Mumbai has experienced a massive influx of migrants from all over India. This has contributed to the emergence and expansion of slums. In January 1995, there were 805,000 slum dwellings with 4,000,000 slum inhabitants. To tackle this problem, the Government of Maharashtra launched its Slum Rehabilitation Scheme (SRS) in December 1995. It is a PPP scheme that invites private developers to invest in slum rehabilitation projects in return for extra Floor Square Index (FSI). The program is expected to be implemented without any investment from the Government. The Slum Rehabilitation Authority (SRA) was formed to oversee, coordinate, and approve the SRS.

**Project Structure**

The salient features of the SRS are as follows:

- Eligible slum inhabitants are given new, on-site, tenements consisting of a bedroom, kitchen, bathroom, and toilet at no cost, while ineligible slum inhabitants are relocated;
- Implementing the scheme requires first obtaining the consent of at least 75 percent of the slum inhabitants;
- The slum inhabitants select the developer; and
- The tenements then cannot be sold by their residents for the next ten years.

To attract private developers, the scheme introduced Transferable Development Rights (TDR). The TDR allowed the developers to “transfer a portion of the surplus development rights provided under SRS to any other sites in the city,” which are many times more profitable than the SRS.

The Government provides a Floor-Area Ratio or FSI to incentivize the private developers to demolish existing slums and provide new, on-site housing. This means that extra units constructed can be sold at market price, with the private developer retaining the full proceeds from these sales. This effectively allows the Government and private developer to cross-subsidize the provision of new apartments to slum inhabitants. These on-site apartments have an approximate value of INR 15,000 (USD 300).

The project's initiation was assisted by The Alliance, an advocacy organization comprising the Indian non-governmental organization Society for the Promotion of Area Resource Centers (SPARC) and two community-based organizations: the National Slum Dwellers Federation (NSDF) and Mahila Milan. The Alliance has been vital in aligning the SRS projects with the slum inhabitants' interests, including obtaining the financing and licensing between the slum inhabitants, private developers, and the Government. It also rehabilitates slums at its own cost and cooperates with financiers like Citigroup to partialy fund the scheme.

The involvement of The Alliance made the scheme unique as most risks, technical and financial, are under The Alliance's responsibility, while the municipality assumes the political risk and the private developers bears the construction risk.

**Lessons Learned**

The SRS did not realize all of the projected results, partly due to the 75 percent consent requirement as well as the collapse of the Mumbai real estate market in the 2000s. The latter created an unstable market for the TDR – which is supposed to be the primary source of revenue for the private developers. Between 1995 and 2000, only 3,486 units were redeveloped. Out of 75,000 requests in 1998, the SRS had moved only 26,000 households as of 2002.

In 2013, the High Court of Mumbai ruled that the Government of Maharashtra must revoke the requirement of obtaining consent from 75 percent of the slum inhabitants. However, this ruling is only applicable to cluster development projects, which are those that involve the integrated development of slums into townships. In addition, reports have indicated that some slum dwellers sold or leased their new apartments and returned to their previous housing, due to poor quality, unaffordable maintenance costs, and disrupted networks found in the new apartments.

This case suggests that affordable housing, if attempted without adequate government support and direct involvement, may be hard to materialize, given the complexities involved. Transferring nearly all of the risks to a third party, in this case The Alliance, also makes the project more vulnerable to crises. Government should strive to play an active role in stages of affordable housing projects, as it remains the central authority responsible for the provision of this service in response to a private market that has priced out some residents.[1]

*Footnote 1: Source(s) Jagdale, Rohit (2014). "An Overview of Slum Rehabilitation Schemes in Mumbai, India"*

*Mukherjee and Raut. "Assessment of Slum Rehabilitation Scheme" https://www. carecinstitute. org/wp-content/ uploads/2011/03/03- Financing-Slum- Rehabilitation-in- Mumbai-A-Non-Profit- Caught-in-the-Middle- Case-Study.pdf https://www.livemint. com/Opinion/ AhwjNLTtMS8GK7i1RB qnSI/Opinion--Indiasfailure- to-address-itsurban- slum-problem. html*

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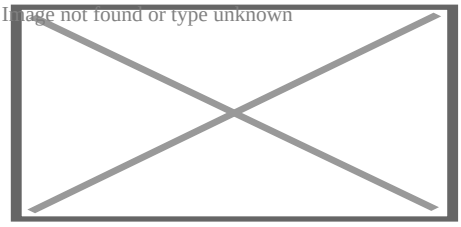
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*To find more, visit the Innovative Revenues for Infrastructure section and the Content Outline, or Download the Full Report. For feedback on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.*

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