Journal of Progress in Civil Engineering ISSN: 2322-0856
DOI: 10.53469/jpce.2025.07(03).06

Neoliberal Reforms on Indian Housing Policy

Manojdeep Jasrotia

The Neo Urbanism Planners and Designers ,Wrangler Paranjape Road, Pune 411004, India
jasrotia7@gmail.com

Abstract: ***In a developing country like India, which has a high percentage of growing urban population, housing demand keeps on increasing every year due to migration from rural areas and lack of family planning in both rural and urban areas. In 2023, the urban population in India was 36.6%, compared to 31.16% in 2011. That is almost a 5% increase in a decade, which is quite alarming. India has a mix of populations that is divided into different socio-economic classes, from the economically weaker section (EWS) of society to the higher income groups (HIG). According to the McKinsey Global Institute report, a 56.18% shortfall is predicted for EWS housing compared to only 4.38% for HIG. There have been many housing policies and programs in India since independence, and they are continuously in a developing stage. In the beginning, India became predominantly a socialist country and started following capitalism after the economic crisis of the 1990s that paved the way for neoliberal policies. This study helps to understand the transitional journey of neoliberal policies for housing, where the government was seen more as a facilitator rather than a provider. The research gives emphasis to the role of effective public participation in implementing neoliberal housing policies. The research methodology used in this research was content analysis, coupled with a case study of the Dharavi Redevelopment Project (DRP). Thus, the aim of the research is to critically evaluate neoliberal housing policies in India and their future directions for the upward mobility of the informal settlement communities using an effective community participatory framework.***

Keywords: Urban Population, Migration, Neoliberal policies, Housing, Informal settlements

1. Introduction

In recent years, the rate of urbanisation has been growing in developing countries. According to the United Nations, it is estimated that 64% of the developing world and 86% of the developed world will be urbanised by 2050 (Merry 2017, as cited in Tripathi, Rani, 2018). In India, the process of urbanisation will help the country's economic growth and play a major role in the development of the country in the coming future (Tripathi, Rani, 2018). According to the census of 2011, India's urban population was 377 million, which constitutes about 31% of the country's population, and is projected to reach 600 million, i.e., almost double, by 2031. Migration from rural areas to urban areas for better employment opportunities, education facilities, social infrastructure, and improved status are the key factors driving urbanisation, leading to a comparatively comfortable life in the cities (JLL, 2016). All the above-mentioned factors, together, lead to urban issues such as overcrowding and acute housing shortages with the proliferation of informal settlements on urban land. The living conditions of these informal settlements are very poor, and they lack basic infrastructure like water, sanitation, and waste disposal. Such poor living conditions adversely affect the health of the settlers and the citizens.

To address the issue of informal settlements in the urban areas of India, there were a series of policies framed and implemented as national plans from the central government, and many of these have been realised through the Five-Year Plans till 2012, under 'Planning Commission,' followed by more radical housing and redevelopment policies under a new system of decentralised governance, 'Niti Aayog.' These housing policies have a distinct pattern of themes and programs that can be identified over time. In the 1950s and 1960s, the policies focused on the clearing and removal of informal settlements, as they were seen as an unwanted place that needed government policy enforcement to be removed. The early 1970s till the mid-1980s saw a shift in the government's perspective towards the informal settlements that was more liberal and were seen to be given acute attention rather than elimination (Chowdhury and Samanta 2024). There were many low-cost housing projects implemented in this period, like Aranya Community Housing in Indore, Madhya Pradesh; Tara Housing in Delhi; Incremental Housing in Navi Mumbai; and Atira Staff Housing in Ahmedabad, by the renowned architects of that period, like Charles Correa and B.V. Doshi (Sonawane, n.d.). Since the 1990s and after the economic reforms in India, informal settlements were viewed as important resources in the urban economy. The informal settlement of Dharavi in Mumbai produces wealth that is worth $1 billion a year. Thus, the social concerns gave way to economic considerations. In the neoliberal economy, factors such as infrastructure, financing, and land became the main concerns for the housing policies (Chowdhury and Samanta 2024). More radical neoliberal housing policies with projects such as the Dharavi redevelopment project (DRP) may pave the way for future directions in the Indian housing sector depending on how socio-economic, environmental, and political factors collectively perform.

In this context, Mumbai has rich historical evidence to show how urban poor people struggle to make full use of the government policies and facilities. In the colonial period, legitimate property ownership was to powerful subjects of the society wherein land surveys, records, and taxation systems were used as structural violence at the cost of housing and land access to illegitimate, indigenous, and labour groups. In the post-colonial period, there were some efforts made to dismantle monopolies and redistribute land for the weaker section but were not very successful, and the issue still persists (Bhide, 2023). Thus, in the colonial period, the hegemony was from coloniser to colonised; in the post-colonial period, it was from formal to informal (Páv, 2023).

This paper will discuss these neoliberal housing policies in depth, explore the challenges and opportunities of the

processes involved in them, and consider a case study of the Dharavi Redevelopment Project (DRP) to analyse these processes. It has been argued that the neoliberal policies, along with their predecessors, came a long way here from being policies of removal to redevelopment. The research gap addresses the question of whether enabling effective public participation may lead to successful implementation of the projects taken under neoliberal policies in India. The aim of the research is to critically evaluate neoliberal housing policies in India and to find and establish a public participatory framework that will enable the process of upward mobility of the communities of the informal settlement, and therefore it is relevant in the current field of study.

2. Literature Review

Currently, there is an active discussion amongst the scholars in the field of economics, political science, and urban planning about neoliberal housing policies in terms of affordability and governance, characterised by free markets operating in a liberalised environment. Some of the other proponents of neoliberal housing policies include increased capital accumulation by way of the free market, devolution of government functions to civil society, leading to the decentralised state that plays the role of a facilitator rather than a provider (Fawaz, 2009; Nijman, 2008, as cited in Rehman and Tedong, 2023). These changes were seen in housing policies in the US, Canada, Chile, and the UK that had undergone transformation from government-sponsored social housing to the housing that was enabled by the free market. This transition was somewhat based on Foucault's governmentality thesis about the government's conduct: "a state under the supervision of the market rather than a market supervised by the state" (Foucault et. al., 2008, p. 116, as cited in Rehman and Tedong, 2023). Such neoliberal policies helped the governments to reduce spending on social welfare by lifting the burden imposed on the budget (Qian et. al., 2019, as cited by Rehman and Tedong, 2023); however, increased market role decreased the supply of affordable housing for low-income groups (Rehman and Tedong, 2023).

Therefore, as (Malpass and Murrie p. 82, 1979, as cited in Sandhu and Korzeniewski, 2004) argue, neoliberal policies principally are not based on the evidence of need but home ownership and the role of the free market. This eventually means that not need but demand would be the key factor for housing production and consumption under the influence of the free market. Initially, the vision behind bringing in neoliberalism was for lower-income groups to take advantage of free markets and increase their income, resulting in higher productivity, savings, investment, and exports in a broader market. Thus, due to these new macroeconomic policies, fewer individuals would be placed below the poverty line. In terms of neoliberal housing policies, this means that there would be fewer crowded tenements, informal settlements, and pavement dwellers, but it was consequential to the simultaneous positive upliftment of the housing market (Pugh, 1995, as cited in Sandhu and Korzeniewski, 2004). It was further expected that this competition amongst the private players in the housing market would result in providing housing for the lower-income groups. The role of the state in all this process was to facilitate the process by institutionalising the housing credits to lower income groups and further regionalisation of these finance institutions; e.g., in India, the HDFC (Housing Development Finance Corporation) were the institutions that provided microcredit and supported the new regionalised housing finance institutions (Sandhu and Korzeniewski, 2004).

Although neoliberal housing policies have a diminishing function of the governments, they still have some important roles to play, both from the point of view of housing demand and supply side. On the demand side, they have to contribute to developing property rights, mortgage finance, and rationalising subsidies. On the supply side, they have to boost housing provision for low-income groups by providing basic infrastructure for residential land development, regulating land, and facilitating and organising healthy competition in the building industry. This would enable the housing development process to be smooth and more transparent, and citizens can take informed decisions for buying their houses and improve the sector's performance. Therefore, in many countries following neoliberal housing policies, public policies complement the free market approach rather than substituting them (Buckley & Kalarickal, 2004, as cited in Taruvinga and Mooya, 2018). Furthermore, on the supply of low-income group housing by the private sector, the World Bank recommended a regulatory framework to be implemented at the local level to coordinate and cooperate and to bring in the necessary housing for low-income groups by reviewing existing legislation (Mayo & Angel, 1993, as cited in Taruvinga and Mooya, 2018) (Taruvinga and Mooya, 2018).

In urban areas, public goods such as land and housing are regulated by way of policy planning and are influenced by factors such as new technology, migration patterns, lifestyles, and economic growth patterns (Storper, 2016, as cited in Biswas, 2024). Thus, neoliberalism is a free expression of state, market, and citizenship and is the central feature of the neoliberal housing policies (Pinson & Journel, 2016 as cited in Biswas, 2024). Neoliberal housing policies are supported by the capitalist private sector in an open market that takes the responsibility of loss-making public services in urban areas in the absence of the state. The role of the state is reduced to facilitating the housing market by incentivising and giving subsidies to urban commons and weaker sections of the society, thus protecting their interests. To reduce the burden on the state and the private sector investment, public-private partnerships and joint ventures are some of the tools for extending public services in the neoliberal ideology rather than privatising the entire development and have become a standard norm. However, in India, the benefits were not really perceived as expected, unlike in the case of the United States, Europe, Japan, South Korea, and China, due to policy failures and some other social reasons (Biswas, 2024).

From a critical point of view, according to Bhide (2023), there is structural violence in the way in which the consents of the informal settlers are gathered for the redevelopment project and the interpretation of the facilitative role the state perceives, the optimal extraction of value in the design and layout of buildings, and the way life is imagined after the construction, making the overall processes vulnerable to the informal settlers, leading to gentrification and displacement.

The impact and disruption of these processes are not limited to the settlements that are undergoing redevelopment but extend to the settlements that are not yet redeveloped. Furthermore, the cumulative impact of the neoliberal regime, such as the development, including the reshaping of the geography of the city, the housing market of the informal settlements, and struggles around housing rights, is typically exclusionary, inhuman, and violent to the informal settlers (Bhide, 2023).

3. Research Methodology

This research used the secondary data collection methods to analyse the neoliberal housing policies in India and their future directions. A qualitative research method and content analysis, coupled with a case study of the Dharavi Redevelopment Project (DRP), were used in this research. The research gave a critical evaluation of the proponents and the opponents of the neoliberal housing policies in India using a review of the existing literature. An effort was made to understand how neoliberal housing policies in India with conflicting interests of different stakeholders like the government, consultants, community leaders, and the residents can be effectively managed using a stakeholder management plan (The UK, Office of Government Commerce, 2010) (Table 1). The study used 50 records for this literature review, and out of them, 17 records were considered for this research. All the records that were published before 2000 and which were duplicates were excluded from the research. The limitation of this research included that the first-hand primary data collection could not be made. This study uses ethnographic studies done by other scholars in the field of planning and sociology.

4. Results and Discussion

Today's urbanisation processes to follow upward mobility trends in informal settlement communities require a great deal of planning policies that support urban housing. In the west, the economic growth was observed along with policy intervention that was simultaneously improving housing and labour standards during an economy that was transforming from rural and agricultural to urban and industrial. Such policy interventions still lack in developing countries, where they are unable to take advantage of a growing young population in the job market due to low levels of productivity. Furthermore, in the developing countries, technological advancement that requires upgradation of skills has made it difficult for the labour force to transform themselves from informal to formal economy. Therefore, to be able to make upward mobility of informal settlers possible in terms of housing and other privileges of the cities that they have contributed to socially and economically, it is imperative to have neoliberal housing policies in place to facilitate the process of urbanisation, which cannot be simply assumed to develop through natural processes (Rains, Krishna, 2021). In response to this there was an initiative to transform many Indian cities that would be part of the global economy. Certain objectives, such as making the city investment friendly, acceptable to the international credit rating system, and seeing the emergence of neoliberal housing policies in the global south, were envisaged. In making this grand vision successful, intense gentrification and displacement of informal settlement communities were necessary. To make provision for these marginalised communities, state intervention in terms of a detailed policy framework was required that would not only take advantage of market-led neoliberal policies but also take care of the gentrification and displacement of the informal settlers (Banerjee-Guha, 2009). Slum Rehabilitation Authority (SRA) schemes, by the Maharashtra state government in 1995 and Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in 2005 by the central government, tried achieving this balance.

In 1995, as part of the initiative by the state government of Maharashtra, SRA was established that was responsible for making Mumbai free from informal settlements. The policies brought by SRA considered informal settlements that existed before 1 January 1995 (later extended to 1 January 2000) to be valid for 180 sq. ft., which was later extended to 225 sq. ft. of area in situ housing for 4 million informal settlers. However, this policy was having many loopholes and can be considered as flawed for many reasons, such as inadequate housing and infrastructure provision, long bureaucratic procedures, and an increase in slum proliferation putting pressure on existing utility services such as water supply, sanitation, and waste disposal. Furthermore, inequality in income levels of the informal settlement communities created disruption in the market-led housing provision, making them sell their free tenements in the open market and resettle in the same area, increasing their liquid flow of money. There were further unintended consequences of this free-market policy, such as elite capture, corruption, litigation, and crime (Pethe, Sharma, and Desai, 2023). In another attempt just a decade later, in order to make Mumbai a world-class financial investment centre (HPEC, 2007 as cited in Banerjee-Guha, 2009), it was suggested to reduce informal settlements from 60% to 10% by the Mumbai Transformation Project that came under the central government policy of Jawaharlal Nehru National Urban Renewal Mission, 2005 (JNNURM). Thus, the Municipal Corporation of Mumbai envisioned the redevelopment of Dharavi into a well-planned and vibrant commercial hub for which global players were involved in an international bidding process. However, gentrification, justice to Dharavi residents was a continuous issue and was opposed by informal settler's community organisation Dharavi Bachao Andolan Committee (Save Dharavi Committee). The project was stalled by a stay order by the high court that demanded a proper survey of the number of households eligible for compensation and a legal consent by the residents to go ahead with the project (Banerjee-Guha, 2009).

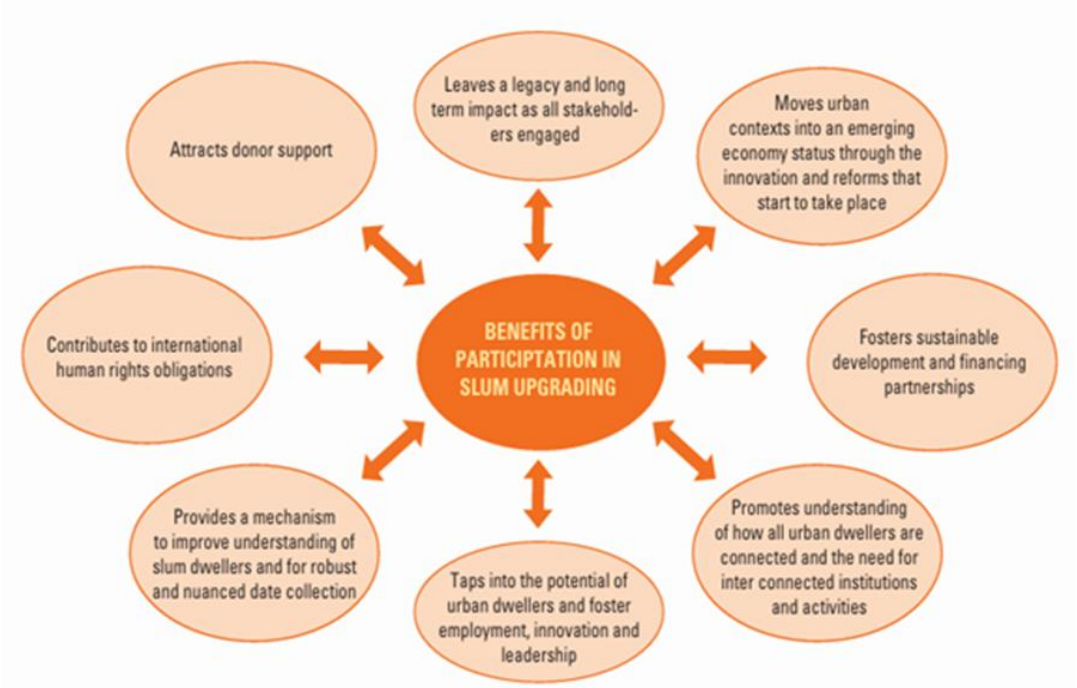

Figure 1: The benefits of participation in a city-wide slum upgrading programme (UN-HABITAT, 2020).

All the above issues could have been effectively addressed through community participation in the redevelopment project of such a large scale as Dharavi. In validating this argument, UN-Habitat research shows that issues of urbanisation that have adverse effects on individuals, city-wide productivity, social cohesion, innovation, tourism, and security can be managed responsibly and with clarity through community participation that enables improvement of quality of life for all, especially for the informal settlers. According to the research, community participation sends a clear message to communities of the informal settlements about the seriousness and commitment of the urban managers to the people they serve. It creates an integrated approach that can build necessary understanding, coalitions, and partnerships between different stakeholders and fosters innovation, as all of them have something in common to contribute, including the informal settlers. Further, it develops a statutory framework that protects human rights, and the overall process increases the possibility that the project gets implemented as all the stakeholders are engaged. Governments in this process need not develop solutions to all issues for communities of the informal settlement, as these communities may feel that something has been imposed on them. These communities need a genuine platform where they have a sense of feeling that their voice is heard and followed by respecting the decisions that they have made (UN-HABITAT, 2020).

A Stakeholder Management Plan (The UK, Office of Government Commerce, 2010) (Table 1) is a step change in the process of redevelopment projects that would enable government authorities to have a dialogue with the communities of the informal settlements. Currently, the Dharavi Redevelopment Project (DRP) is an example of such neoliberal housing policies in India, where 80% of the stakes of the project are with Adani Realtors and 20% of the stakes are with the government. The land will remain with the government, and the Adani Group will only be part of the construction process. The survey and numbering on the existing informal settlements have been made, but so far there has been no consultation with the settlers, and many are opposing the project due to lack of clarity. From many voting rounds and consultations using the stakeholder management plan (The UK, Office of Government Commerce, 2010) (Table 1), blockers, opponents, and the indifferent can be converted into followers and advocates and vice versa. This will not only give clarity to informal settlers and community groups, but it will also help the government to advocate their policies and bring corrections if necessary. There are many more advantages to the community participation programs that are given in Figure 1, other than those mentioned above. This will make the planning and execution process meaningful, transparent, and constructive.

Table 1: Stakeholder Management Plan (The UK, Office of Government Commerce, 2010)

Assessments	*Definitions*	*How to Manage*
Advocates	• Only group driving the change or project. • Internal champions and sponsorship	• Active Communications, and keep regularly involved. • Input to key milestones and decisions. • Use of internal promotion of objectives and benefits.
Opponents	• Has high understanding but low agreement to the project. • Will potentially 'lose out' in some way from the activity	• Initiate discussions and understand reasons for low acceptance. • If the lose is perceived but not real, then convert using facts and data. • Counter the reasons for low acceptance.
Indifferent	• Individual or groups yet to take definitive position on the project.	• Identify the gaps in the knowledge and seek to fill them. • See their view on key issues and address concerns. • Be careful not to make them opponents.

	• Have a medium understanding and a medium agreement.	
Blockers	Shows resistance to the projects or its aims, principally due to having a low understanding and low agreement. This can be driven by: • A lack of communication • A (perceived or actual) lose from project. • Knowledge of error in project assumptions.	• Proactive Communication • Interview and meet • Explain and overcome fears • Use conflict management techniques • Seeks views once understanding starts to develop
Followers	• Have a low understanding of projects aims and objectives • Support the project and tend to "go with the flow"	• Increase their understanding for future benefits. • Keep informed and be positive • Avoid the temptation to exploit

5. Conclusion

In conclusion, to facilitate the upward mobility of the informal settlement communities, it is imperative to bring neoliberal housing policies and cannot be left to natural processes. From the previous attempts of such redevelopment projects, both in 1995 by SRA and in 2005 by JNNURM, the missing link was a community participatory framework, and it still persists in the current policy framework that should address the basic concerns of the informal settlement communities. A valid platform should be given to the communities of the informal settlement that would enable them to make a constructive criticism followed by course correction by the implementing authorities at the same time these implementing authorities should educate informal settlement communities about the facilities that they are going to get and assurance about their resettlement. In this context, the Stakeholder Management Plan (The UK, Office of Government Commerce, 2010) can become an effective management tool for addressing the gap in the implementation of these large-scale rehabilitation schemes, such as the Dharavi Redevelopment Project (DRP).

References

[1] Tripathi, S. and Rani, C., "Determinants of Urbanisation in Different Classes of Cities and Towns in India," Review of Development and Change. Vol 23(1). 120-148. 2018. [online]. Available at: https://doi.org/10.1177/0972266120180106, [Accessed on: October 24, 2024].

[2] Karnad, G. 2013. Affordable Housing for all: an overview of housing policies in India. Shelter, a HUDCO- HSMI Publication. 'Theme: Affordable Housing,' Vol 14(1). 1-7. 2013. [online]. Available at: https://hudco.org.in/writereaddata/shelter-apr13.pdf, [Accessed on: October 24, 2024].

[3] Jones Lang Lasalle Property Consultants, India. "Affordable Housing in India: Key initiatives for inclusive housing for all," 2016.

[4] Chowdhury, P., Samanta, G., "Slum Development Initiatives in India: An insight into policy shifts," Urban India, Vol 44(1). pp.148-155. 2024.

[5] Rehman, A. and Tedong, P.A.A., "A Systematic Review of The Neoliberal Housing Policy: An International Perspective," Journal of Surveying, Construction and Property, Vol. 14(2), pp.36-50. 2023.

[6] Sandhu, K. and Korzeniewski, S., "The impact of neoliberal ideology on housing policy and practice," Institute of Town Planning India Journal, Vol. 1(4), pp.1-7. 2004.

[7] Taruvinga, B.G. and Mooya, M.M., "Neo-liberalism in low-income housing policy–problem or panacea?," Development Southern Africa, Vol. 35(1), pp.126-140. 2018.

[8] Biswas, A., "The contradicting state of urban housing and neoliberal policy in India: a macro analysis," Frontiers of Urban and Rural Planning, Vol. 2(1), pp.13. 2024.

[9] Sonawane, D. 10 low-cost housing in India. Rethinking the future. n.d. [Online]. Available at: https://www.re-thinkingthefuture.com/rtf-fresh-perspectives/a606-10-low-cost-housing-in-india, [Accessed on: November 23, 2024].

[10] Bhide A., "Structural violence in much more than neoliberal times: the case of slum redevelopment in Mumbai. City". Vol 27(3-4) pp.483-500. 2023.

[11] The UK, Office of Government Commerce, Category Management Toolkit: Stakeholder management plan. 2010 [online] Available at: https://webarchive.nationalarchives.gov.uk/ukgwa/20100503135839/ http://www.ogc.gov.uk/documents/Stakeholder_Management_Plan.pdf, [Accessed on: November 24, 2024].

[12] Banerjee-Guha., "Neoliberalising the 'Urban': New Geographies of Power and Injustice in Indian Cities," Economic and Political Weekly, Vol. 44, (22), pp. 95-107. 2009.

[13] UN-HABITAT "Participation For Inclusive, City-Wide Slum Upgrading," 2020 [Online]. Available at: https://www.mypsup.org/library_files/downloads/Participation%20for%20Inclusive,%20City-wide%20Slum%20Upgrading.pdf, [Accessed on: December 12, 2024].

[14] Pethe, Abhay, Rashmi Sharma, and Dhaval D. Desai. "The pathway to affordable housing in urban India: a case study of Mumbai." New Delhi, India: ORF, Observer Research Foundation, 2023.

[15] Páv, Martin. "Two Dimensions of Existence of the 'Slum'in the Global City: A Comparative Case Study of Informal Settlements in Nairobi and Mumbai." Central European Journal of International and Security Studies Vol 17(1) pp. 66-93. 2023.

[16] City Alliance. "Systematic Approaches to Slums: A review of National and City-Wide Approaches." 2021 [Online] Available at: https://www.citiesalliance.org/sites/default/files/2022-03/Cities%20Alliance_Informality%20Paper%20Series_Systematic%20Approaches%20to%20Slums_0.pdf [Accessed on: December 18, 2024].

[17] Rains, Emily, and Anirudh Krishna, 'Informalities, Volatility, and Precarious Social Mobility in Urban Slums', in Vegard Iversen, Anirudh Krishna, and Kunal

Sen (eds), Social Mobility in Developing Countries: Concepts, Methods, and Determinants. 2021 [Online] Available at https://doi.org/10.1093/oso/9780192896858.003.0014, [Accessed December 17, 2024].