

17 July 2009

To,

Ms. Kiran Dhingra  
Secretary  
Ministry of Housing and Urban Poverty Alleviation  
Nirman Bhavan  
Govt of India  
New Delhi

Dear Madam

Greetings from Ahmedabad

- 1.0. Trust you found some time to glance through some papers I had sent you in Ahmedabad on 17 April 2009 on slums, slum development, housing for the poor, land for housing, etc. Hope they were worth your time. I hope to learn from your views and comments.
- 2.0. Many thanks for making time for me to meet you in Delhi on 22 May. I am sorry I couldn't make it as I was traveling on those days. Hope to have an opportunity to interact with you on the subjects in the near future.
- 3.0. Having shared some concerns and ideas on slums and housing, I write today to share some concerns on Hudco's declining role/presence in promoting appropriate housing in general and for its specified clients- the economically weaker sections and the low income groups-- in particular. I also want to draw your attention to HUDCO's less than credible performance in its chosen work areas such as research and training (through HSMI), technology dissemination (through the Building Centers), rural housing finance and project consultancy.
- 4.0. With a large portion of the housing deficit among the poorer and other economically disadvantaged sections (a staggering 99%); with the rapidly expanding slum population both in the metro and other big sized cities and worsening environmental conditions therein; with the state public housing agencies (housing boards, slum clearance boards, municipal corporations, urban development authorities, etc) operating on the margins, in terms of their market share in housing supply and stuck on 'tokenism'; with the private sector largely uninterested in housing for the less income groups; with the rental housing for this segment almost non-existent; with the shrinking operating spaces for even the informal sector suppliers—both the organized operators and private individuals—and with the urban land beyond the reach not only of the poor but also other non-affluent and non-privileged groups, there was never a greater need than now for an imaginative, healthy, flexible, pro-active and the "constituency committed" HUDCO to play its rightful role as a premier public sector housing

finance and the settlements development support agency for housing in general and affordable housing in particular.

- 5.0. It was a shock, therefore, to hear from HUDCO's Ahmedabad office last year, in an informal interaction (as I was on Hudco's Board of Directors for three years, the Ahmedabad office occasionally invites me for some functions) that there were no housing clients, no borrowers, no loan seeking individual home builders. They pointed out that the public housing agencies—such as the Housing Board and the Slum Clearance Board, HUDCO's principal borrowers-- had almost closed shop and HUDCO loan was not attractive for the private builders. I was told that Ahmedabad office's housing loan portfolio was almost defunct and its main operation was lending mainly for the infrastructure projects. The story one heard in the Delhi office of HUDCO little later, on the overall national level, was different in details only.

The question is: with the visible housing stress in the urban sector, especially with almost frozen formal supply channels for the less income groups, why was HUDCO allowed to marginalize its assigned and still highly relevant role for and on behalf of the less income groups and the poorer segments?

- 6.0. The Government and the Ministry obviously know the situation, are concerned, have analyzed causes, are looking for ways to remedy the situation and reshape and restructure HUDCO to play its role more effectively. The Ashok Jha lead High Powered Committee to Rejuvenate HUDCO (08), E and Y's Report on HUDCO's working (05) and the High Level Task Force on Affordable Housing for All (08) have made a number of suggestions to rejuvenate HUDCO, strengthen its financial position, address the agenda of affordable housing and servicing needs of HUDCO's special clients-- the poor and the economically weaker sections. These measures, when implemented, will hopefully make HUDCO a stronger market player.
- 7.0. Whereas this view and strategy of strengthening HUDCO can not be faulted—capacitating HUDCO through multiple measures including creating access to low cost funds, tax concessions and facilitation in other forms, to play its HFI role more effectively, keeping in mind its social obligation to finance housing of the low income groups and the economically weaker sections-- my take on strengthening HUDCO is on different lines: seeing HUDCO not only as a housing finance agency with a special mandate to provide housing finance for the low income clients but, in the context of a number of government initiatives to improve the housing conditions of the urban poor—cities without slums, property rights for the slum dwellers, proposed Rajiv Avas Yojana, etc.- making HUDCO a prime agency source to (a) monitor implementation (b) oversee adequacy of support action ( in policy formulation, institutional development, organizational change) (c) identify gaps and malfunction at various levels to suggest correctives (d) conceive, foster and facilitate alliances and partnerships to do the above (a,b,c) better, and (e) acting, in general, as the agent of the "housing poor"; as an advocate of its prime/core constituency-the homeless,

the inadequately housed, the slum dwellers, etc. What is suggested here is strengthening, restructuring, refocusing, retooling and remandate-ing HUDCO in a manner so that it remains focused, steadfastly and unambiguously, on the social dimension of its enlarged role and a fresh mandate : not only making the housing finance available at affordable rates and suitable conditions but servicing, in an appropriate and a sustainable manner, the housing needs of the poor, the economically weaker sections, the low income groups, the homeless, the inadequately housed and the ones ignored and left out by the market and other formal channels of the housing delivery system. The first major part of reshaping and restructuring HUDCO is not to see it as a housing finance agency with a predominant share of its loan portfolio earmarked for the economically weaker sections and the low income groups but they--the poor and the low income groups--forming its exclusive client base, core constituency. And its prime function not only to provide the housing finance at affordable rates and suitable conditions but to work towards creating conditions so that the needs of the homeless and the inadequately housed are addressed adequately by the entire housing delivery system—private, public and informal. In this new formulation one would like HUDCO measured not just by the number of houses financed or amount of loans sanctioned and disbursed or number of clients served or size and number of projects supported but by (a) the range and quality of efforts made in playing the above role b) their creativity and effectiveness, and (c) the results achieved in improving the poor's access to land, finance, physical infrastructure, social services and improving the settlement conditions of the poorly housed.

- 8.0. To bring the point home, to clarify the concept, citing examples of some comparable organizations will be helpful. And I want two of them, rather dissimilar in nature, seen.

The first is the Grameen Bank of Bangladesh. But let it be clarified at the outset that I am not advocating adoption of its micro-finance system of loan delivery to the poor or its peer group pressure system, or its success in loan recovery or its scale of operation. That would be counter-productive at this juncture, as the response will be "we are doing it already, that we are working on a micro finance housing agency". What one would like seen, however, is (a) Grameen's exclusiveness in client selection (poor and poor alone as its clients, no one else ) (b) its advocacy role for its chosen client group (for policy advocacy, structural reforms, institutional change, for mindset transformation-- globally, nationally and locally) (c) its contribution to the image change of its clients; both locally and globally (the poor as bankable clients, not as the basket case; as responsible borrowers, rather than subjects and objects of charity) (d) its continuous efforts to design institutions, systems, methods and procedures suited- economically, socially, culturally and operationally-- to the special needs and conditions of its clients, and (e) networking, linkages, innovations and entrepreneurship to widen the basket of services for its clients (not only credit facility but market information and supports, even mobile phones ).

The greatest service that the Grameen Bank has rendered to the poor of the Bangladesh villages is not only providing millions of dollars in credit and to the concept of innovative and sustainable institution building is not just recovering the loaned money at an unprecedented level and scale. It is giving the poor a new name, a new identity, a new status. Bringing them in the fold, in the "market", so to speak. And it has been possible as Grameen understands them, their needs, their strengths and compulsions; trusts them; stands by them; argues their case, always fights their battles standing by them and involves them in its management. It is not a service, it is a relationship.

I would like HUDCO to see its suggested role, work and mandate to housing the poor as Grameen has seen its work in reaching the credit to the improvised villagers : (a) exclusivity in client focus (b) relationship of trust (c) loyalty (d) innovation (e) sustained effort at image transformation of the client through performance, and (f) multiple role playing: from policy advocacy to setting examples,

9.0. At the other end of the spectrum, as my model/example for HUDCO, is FICCI or CII or Automobile Manufacturers' Association and the likes- organizations fiercely committed to their constituencies; representing their interests; taking advocacy action on their behalf; fighting their causes; selling their virtues; building alliances and partnerships for them and in their service; negotiating, directly and indirectly, for them; lobbying, networking and engaging in P.R. work and twisting and leg pulling on their behalf, when necessary. It is this fierce loyalty and commitment that one would like to see in HUDCO for its constituency: the homeless, the inadequately housed, the slum dwellers, the market rejects.

10.0. Let me add here that both the suggested models/examples generally refrain from internal capacity building or empowerment of their clients. They essentially concentrate on service delivery and advancing their cause. They take their clients' situation as given, recognize their strengths and weaknesses, and having done that work to change the external environment in their favour- the mindset transformation; removal of institutional obstacles and road blocks; reversal of set trends; building new alliances and partnerships in their service. And making new definition of the "tasks" and "challenges". And they have mostly succeeded.

11.0. The immediate argument, as could be expected, will be: "While the associations of trade and industries, projected as examples here, are in the private sector and the Grameen is in the non-government sector, HUDCO is in the public sector. How can it be and do what is suggested?"

Is HUDCO being in the public sector a sufficient reason or a qualifying condition for it not being able to perform the role for the inadequately housed what the other two play for their clients/constituencies? The role, influence and the impact of the structure cannot be denied or underestimated. But we have examples of the public sector enterprises showing entrepreneurship, innovation, creativity, results and

performance. It is a matter of creative structuring and leadership. HUDCO is set to be restructured. While examining options can the option suggested here be looked into? Even if it is a far cry, it is worth attempting.

Because though the slab collapsed and the crane carrying the truck turned turtle in Delhi just the last week, not many attribute it to the Metro Rail being in the public sector. Shri Sridharan still walks tall and every one believes that he and his organization will deliver. Nor has Shri Nandan Nilkeni refused to accept the challenge of making identity cards for the entire country as the organization through which he will work is in the public sector. Meeting the housing challenge of millions of homeless and the poorly housed is not a small task or challenge. It needs a structure to pilot the process, its creative structuring, and bold and innovative leadership. It does not really matter whether it is in the public or the private or the non-government sector. The closer analysis of the task would show, however, that it has to be in the public sector.

- 12.0. HUDCO's "image"-- despite Rs. 30000 crore in housing loans over the years; over million and a half houses in the cities, towns and villages; nearly 40 years in existence, and the "pioneer" tag-- no other comparable agency has done so much -- will not allow this suggestion to be taken further or even considered seriously. The immediately concerned people in the government itself --even in HUDCO --will be the first skeptics. The others will be still louder in disagreement. They will say that HUDCO's organizational culture, history and performance will be the major obstacles to the suggested transformation and role playing. Most will consider this inconceivable.

The first informal feedback to the suggestion is also for a "new" agency, not for HUDCO. It, however, needs to be appreciated that we are in the midst of action. Cities without slums in five years, property rights for the slum dwellers, Rajiv Avas yojana and many other schemes and projects have been announced already, without much thought on the required institutional dimension and the corresponding change in the delivery system. Creating new institutions is not easy, takes time and the cost of failure on such ventures in the early stages could be indeed very high. And though on the face of it HUDCO may appear an unlikely candidate, it has a fairly good case for the job.

- 13.0. Whereas underestimating HUDCO's potential for success in the newly defined task, focused exclusively on the needs of the poor and the low income groups, is not uncommon-- despite a substantial contribution in the past-- objectively speaking, HUDCO's strengths, compared to rest of HFIs and other related organizations, in terms of experience, knowledge base on the clients, and the organizational linkages on the ground, is not insignificant:(a) HUDCO is the only one among them to have dealt with both the urban and the rural housing (b) has attempted reaching the low income and the economically weaker groups for a long time, in a substantial number, and on a large enough scale (c) has organizational arms for research and training (HSMI); established partners in the states throughout India with land and

manpower resources (in form of Housing Boards, Slum Clearance Boards, local bodies, and other housing parastatals), and (d) has experience in design and construction (because of its design wing and pilot projects). Creating such experience and the organizational umbrella anew is neither easy nor necessary if the role transformation and organizational strengthening can be undertaken and achieved successfully. Obstacles and resistance to change, both internal and external, real and perceptual, will indeed be formidable. But they should be seen in the context of available options. Because carrying the new packages to the housing poor requires reshaping and cleaning the delivery system and it is not possible without major changes in the existing order.

- 14.0. If the 'unthinkable' happens-HUDCO as a custodian of the interests of the homeless, the inadequately housed, and those left out by the market and the formal delivery channels—some of the problems of the HUDCO promoted/affiliated institutions and programmes will be almost automatically resolved. HSMI, then will not lack direction or focus or purpose. Its research agenda will not be empty or lack depth. Its training programmes will have a client, focus and clear orientation. HSMI then will be refocused, re-tooled and re-manned to sub serve the case building and advocacy agenda of the newly mandated and structured HUDCO.
- 15.0. Nor will be the 500 odd HUDCO sponsored and supported Building Centers will appear sick, anemic, lost, workless and worthless. They would be an integral part of HUDCO's new vision and mandate (even if rural housing is excluded from HUDCO's scope of work, as argued later). The agenda for cost saving, preservation of tradition and heritage, retooling and capacity building of the local craftsmen and support to small entrepreneurs in building materials and construction will acquire a fresh meaning.
- 16.0. Is this an utopia or a practical prescription for a new organizational design focused on the challenge of housing the urban poor? Even if it is, it is a sign of changing times. Whoever thought that saddled with the crippling and ever expanding numbers in the slums of Indian cities- and in the cities like Bombay with half of its population in slums and with one of the highest land and property prices in the world--the country will be taking about "cities without slums" in just five years (though the intent is welcome, the hyperbole needs toning down, as it would be counterproductive both in the short and the long run. But that some other time). Or that the President of India, in her address to the Parliament, would outline a proposal to make the slum dwellers legal property owners! Just a few months ago I wrote a long letter to some members of the Task Force on Affordable Housing arguing, rather passionately, why full property rights can accompany secure tenure to the slum dwellers. These were utopian ideas just a while ago. This government and your Ministry are bringing to reality now what was in the realm of a pipe dream or utopia in the past. Thus my suggestion on HUDOC's role and design for restructured HUDCO is as much an utopia as the slum free city or secure land tenure with the property

rights for the slum residents. And the lead for these is coming from the government—a structure not always credited with radical departures. HUDCO is a governmental organization. Why cannot it embrace transformation?

- 17.0. Somehow previously unthinkable ideas are taking concrete shape and things are happening with the initiative and lead from the government. And it is happening for the poor, the marginalized groups, often seen as voiceless and destined to live—and accustomed to living—on the margins, in an unequal and layered society like ours, despite the democratic polity. Rs. 70,000 crore for the debt relief of the indebted farmers, as a budgetary provision, just last year, was not ‘thinkable’ and therefore surprised just about everyone when it happened. Though it is not in that category strictly, NREGA, promising 100 days of employment to the poor villagers, first in the selected 200 districts and now throughout the country, never looked like going beyond the pilot in Maharashtra. The financial outlays in your own Ministry’s JNNURM are not normal. These changes and the initiatives demand corresponding changes in the institutional structures and organizational design and set up. If you are conceiving cities without slums and offering bankable property rights to the slum dwellers, to make that happen—happen now, effectively and successfully—you will need to change the legal framework, institutional system and the organizational machinery. Also a differently conceived, structured and oriented HUDCO Not only HUDCO. In fact, much more, the entire set up.
- 18.0. Despite the doubts, opposition, resistance, cynicism, fear of waste and possibility of failure, leakages and corruption these big and unthinkable, even utopian, ideas are a reality and the initiatives have been taken. More than the desire to change the landscape, on part of the government, the cost of not doing it could be the driving force (sorry if this is a wrong reading). In a way, it is also a form of trickle down effect of the 8% plus growth sustained over a period of time. Democracy, growth, fast pace of change all around, political considerations and compulsions, cumulative impact of ideas through small projects and pilot models by the civil society, constant advocacy on part of the activists and, more than anything else, the new awareness levels and the changed ground realities of the poor—they are more aware about their rights and more conscious about the obligations on part of the system to change things. Also better organized to demand better living conditions than ever before—are fashioning and bringing about these changes. And the ‘mindset’ change is at the top of all changes. That is what makes things happen.
- 19.0. Even if it sounds a bit stretched, I would like to submit that meeting the challenge of housing - providing adequate shelter in a reasonable time span to the homeless, improving quality of habitat for the inadequately housed, reducing housing stress, making the unauthorized and illegal slum dwellers rightful property owners, changing living conditions in stinking and services starved settlements, bringing the homeless and the poorly sheltered in the housing mainstream, converting a habit of tokenism through unsustainable subsidization to a sustainable regime of full coverage in the

form of affordable housing for all, and the cities without slums – demands a major rethink in institutional design and structuring. This ambitious and demanding agenda can not be achieved through the old and the old fashioned organizational apparatus. Failure is eminent if related and responsible organizations do not change.

- 20.0. And believe me, in the context of the institutional reform and organizational transformation mere tinkering will not do. Even if we do not command the revolutionary vision of a Yunus that turned the principle of conventional banking upside down in creating Grameen, a bank for the poor- and women--we need sufficient foresight to rethink role and work of our HUDCOs and housing boards. It is in that context that I am suggesting a new role, new structure and new direction for HUDCO.
- 21.0. Interestingly enough, what I am saying about HUDCO is not new, though the housing scene then was not what it is now, considering the new bold initiatives on the anvil. Some ten years ago when I was inducted on the Board of Directors of HUDCO, the first thing that I did was to convince the key people in HUDCO to visit Grameen Bank in Bangladesh. A high level delegation that included HUDCO's CMD, Director of Finance and other key functionaries, spent five days studying Grameen concept, organizational design and the operations in the field. Sadly nothing came of it. But the message was never lost: that if the poor and the low income are to be serviced to get into the housing mainstream, a different kind of organizational model was needed. And I am suggesting to explore that for HUDCO.
- 22.0. I have suggested the homeless and the poorly housed as the sole concern and the work to create conditions to adequately house them as an exclusive business of HUDCO. If that does not imply divesting HUDCO of its role and work in infrastructure financing, let me make it implicit. It is suggested that to allow HUDCO to concentrate on "housing" alone—on-site infrastructure is always included in a housing project—responsibility and burden of handling the infrastructure finance portfolio should be taken away. That will do two things. Release all its organizational energy and creativity for the investment on the 'housing' task. More importantly, HUDCO will have no opportunity to abandon 'housing' when going gets tough, as is happening now, taking shelter under its infrastructure wing and outlet to survive. If the infrastructure window was not open to HUDCO, its failure, in recent years, on its core business, the housing finance, would have been more glaring and visible. It would not have escaped flack and scrutiny. Besides, you do not need HUDCO to finance big infrastructure projects—ports and airports and highways. There are many other competent players equipped to do that business.
- 23.0. I am also in favour of taking away rural housing from HUDCO's scope of work. Not only because HUDCO has given step motherly treatment to a demanding task or handled it badly. HUDCO's record on loan recovery in rural housing has been dismal. While on the Board of HUDCO, I had demanded HUDCO producing a white paper on

its rural housing business. It never happened. If my memory does not fail me, it ranged between 10% to 30% in different states. Little innovation in scheme formation or little effort in loan recovery from the end users has been visible. More importantly, HDUCO's presence and role in rural housing finance has not allowed new appropriate institutions to develop for rural housing.

- 24.0. Even if it sounds a bit too stretched, focusing on the needs of the "housing poor" should also mean absencing from other seemingly allied engagements. For instance, Middle Income Group and High Income Group Housing for HUDCO. They are related alright. But they also become an argument and excuse to divert attention, energy and resources away from the core and admittedly more difficult task of housing the people at the lower end with no stable incomes and no assets to mortgage. It is good fortune that Prof. Yunus did not think of cross subsidizing the poor's loans by earning high interest from the affluent. Had he done that there would not have been Grameen Bank, the Bank of the Poor. It would have been any other bank, serving some poor as well, with a major exposure for the non-poor.
- 25.0. Let me clarify that this presentation on rethink on HUDCO and its restructuring and re-organization is a proxy for a much wider and unavoidable exercise on a comprehensive institutional change demanded by the new initiatives by the government in the housing and the urban sectors. It is incomprehensible that you can achieve the objectives of slum free cities, property rights linked tenurial security, and affordable housing for all with the same institutions and the organizational set up you have at your disposal. While congratulating the government for its long awaited and much needed initiatives, it is prudent and an obligation to point out that what you have set out do, though highly desirable, is very difficult to achieve. It is not easy as it requires a paradigm shift in the mindset at all levels and demands new innovative approaches and strategies. If the instruments of delivery--the institutions and organizations responsible to take these schemes and projects to the field and to the people- are old, outdated and stuck on the groove, the government will be constrained in moving ahead, let alone making a success of it. You have got to deal with the institutional and organizational poverty first as a precondition to addressing the 'housing' poverty.
- 26.0. Restructured HUDCO alone is obviously not enough, housing and the land being the state subjects. The restructuring exercise will need to include the state level bodies such as the housing boards, slum improvement boards, the municipal corporations and the urban development authorities, among others. The housing boards and the slum clearance boards, who are the traditional custodians of the public lands—acquired primarily for the use of the low income groups and other disadvantaged sections—are seen to be selling them away for profit and abandoning their housing provision function. The entire supply chain responsible for public housing will need to be examined and subjected to change along with Hudco

27.0. Public memory being short—and the government’s even shorter-- the excellent work done by the Urban Community Development (UCD Projects) projects, located within the local bodies, for the slum residents and other urban poor, has been forgotten. The Hyderabad and the Vizag UCD were milestone projects in the '80s and '90s. With the suggested new thrust, it is imperative that the UCD idea, its organizational design and its work, are revisited to revive them for the community support and facilitation.

28.0. Tell me to whom do you turn to for advice, guidance, moral and intellectual support, feedback and demonstration models while you prepare to launch RAY and other schemes, projects and programmes for the housing of the poor? To NGOs? To the academics? Nothing wrong with it as civil society has much to offer in ideas and constructive criticism and the NGOs have contributed immensely, over the years, in strategy formation for the slums and housing for the poor. This openness and inclusive attitude are a healthy sign in a democracy. But a good question to ask is: why should NGOs with a cumulative experience of not more than 10000 housing units for the urban poor, limited project exposure to the urban slums and infrequent involvement in the policy making exercise should count for more than say a HUDCO with thousands-- no, lakhs-- of LIG and EWS houses all over the country, hundreds of environmental upgrading schemes, countless research studies and reports, a regular involvement in related policy making exercises and an investment of over Rs. 30,000 crore in housing, a majority of it for the low income groups? Is not it a paradox that the government seeks advice and guidance from the marginal players (in terms of numbers, scale and diversity of situations; this is not intended as disrespect to the wisdom, knowledge and commitment of NGOs or their ability to provide proper guidance to the government) while a giant in-house, performer of 40 years' standing is seen as one to have little to contribute and offer? (I am not saying you are not seeking HUDCO advice. I am only guessing). The question is to you, to the Ministry, to the government: Why have you allowed your giant to be so spineless, so worthless when it comes to knowledge and insights on its core business? The question is also to HUDCO. What has happened to decades of experience? What is the status of institutional memory? Hasn't experience turned into knowledge, wisdom, insights? Why it is not of much use when new ventures and institutions are in the making?

This is to bring home the institutional lacunae, something you can ill afford while launching programmes of different kinds. When the challenge is to redefine the question itself.

29.0. It is unlikely that the “experts” will agree with what is suggested here: a HUDCO without LIG/MIG housing; without infrastructure finance portfolio; without rural housing; without the profit and the number of houses constructed as a performance monitoring yard-stick and a HUDCO exclusively focused on the needs of the “housing poor” (which in our cities would include a large number of non-poor also). I have no way of saying that one is correct in this formulation and that it will work and deliver.

The point here is the need to think out of box on the institutional question. And my argument is to start with what you have rather than start afresh, especially as you are in the middle of action.

- 30.0. The institutional question is not paramount for the first 100 days. It is for the remaining 1625 days for this government and beyond. And that is why it needs addressing.
- 31.0. The institutional question is not only HUDCO. It is much wider and all encompassing. It is policy, housing agencies of the states, land, finance. I have touched just the tip of the iceberg. So that one can get started.
- 32.0. There is also a larger question: whether a set structure with its past, culture, people and historical baggage could be recast to perform a different set of tasks with a different attitude. And whether it could be equipped to meet the challenges of a different nature, especially if it is in the public sector, in the government. The consensus will be "no" if we think of government apparatus and its agencies as sluggish, stuck, habitually resistant to change, and ill equipped to address new challenges. It is "yes", if we see the new initiatives –slum free cities, affordable housing to all and slum dwellers with the property rights in the Indian cities. Much will depend on how it is seen and how the government goes about the task of rethinking and restructuring.
- 33.0. This is no time and place to go into the natty gritty of restructuring and the new organizational attitude and culture. However, as I have ventured to suggest HUDCO with no this and no that (no infrastructure portfolio, no rural housing, no profit as performance yardstick) it is prudent to suggest what it could be and have. Attitudinally, to think that "the slum is not a problem but an approach and a pointer to the solution" and "people, the ordinary people as builders of houses and settlements" (some 60% to 70% of the housing stock in the country is people produced- not by the Sarkar or the real-estate builders or funded by HFIS), however clichéd they sound, are sound foundations to build on. Redefinition of the house- not a pucca building but a livable shelter – would take both the mystic and the burden away. Giving land to the slum dwellers, in a form that they can use to raise capital, would make them bankable. The government and the city's responsibly will be largely the services – as it is for all parts of the city and all segments of the city society- and there is a good chance that they will be prepared to pay for it (we need no new evidence that the poor pay for the services, whether from a private or an informal provider). Also that the small and marginal things will need priority attention. For instance, to a realization that the poor need small loans more for repair, extension and replacement than the new houses resulted in HUDCO opening a window for that category of the customer and to meet that need. But there was never a commitment to the idea. If you ask for it, a HUDCO staff will readily offer a brochure on loan for repair and extension of a house. However, when you ask how

many have availed such a loan, there will be silence. And when you ask what percentage of HUDCO's lending has gone into the repair stream, there will be a longer and more suggestive silence. All this will need to change as the new suggested role it is a different ball game.

34.0. Not that the government or the Ministry is not aware of the need for the changes or reforms in the institutional domain. However, as HUDCO's strengthening, capacity building and restructuring is being studied and the proposals are being examined I thought I would put an `alternative' proposal for you and others concerned to consider. I know that you recognize the need to think out of box as these are extraordinary times and very demanding challenges.

35.0. I have taken liberty to write this long as I admire the governments bold actions for the housing poor and unlike most believe that there is no reason why they should not succeed

This letter will not be ready when I meet you on the 16 July. Hope there will be an opportunity thereafter to discuss this with you

As I would like the idea debated little more widely I have taken liberty to mark a copy of this note to some colleagues and friends. Also to concerned and responsible people in HUDCO itself and other related agencies.

Sorry for such a long imposition. Thanks if you came this far.

Looking forward to hearing from you and with warm regards

Sincerely,

**Kirtee Shah**  
**Hon. Director-ASAG**  
**President-INHAF**

