

**SOCIAL RELATIONS  
RENTAL HOUSING MARKETS  
& THE POOR IN URBAN INDIA**


**Sunil Kumar**



## The Logo: An Explanation

The logo that is used on the cover of this report is derived from its title.

The *triangle* denotes the hierarchical nature of housing provision in urban India. The state still assumes a ‘top-down’ role with the result that the housing that it provides is miniscule in relation to the needs and priorities of the poor. The fact that much of the needs and priorities of poor individuals and households are met by institutions other than of the state is indicative of a mismatch between policy and lived reality resulting in a *tilting* of the structures of housing provision – bottom heavy and weighted against the poor. The *shades* of the different parts that comprise the triangle reflect the varied nature of social relations – both positive and negative. The *missing* part of the main triangle and the *orphan* signify the extent to which rental housing markets in urban India are segmented and restrict the mobility of the poor. It also signifies a *gap* in urban housing policy – that of role of rental housing for both landlord and tenant.



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Department of Social Policy  
London School of Economics & Political Science  
Houghton Street, London WC2A 2AE

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**Dr Sunil Kumar**  
*Department of Social Policy*  
London School of Economics & Political Science  
Houghton Street, London WC2A 2AE  
United Kingdom



# The Research Team

## **Dr Sunil Kumar**

*Principle Researcher and Project Manager*  
(Initially at South Bank University and subsequently at)  
Department of Social Policy  
London School of Economics  
Houghton Street, London WC2A 2AE, United Kingdom  
[s.kumar@lse.ac.uk](mailto:s.kumar@lse.ac.uk)

### **LONDON RESEARCH TEAM**

**Bhuvaneshwari Raman**, *Research Officer* (1999-2000)  
**Rahul Malhotra**, *Research Assistant* (1999)  
Department of Social Policy  
London School of Economics

### **PRIMARY INDIAN RESEARCH COUNTERPARTS**

*Late Dr Amitabh*, Jawaharlal Nehru University, New Delhi (1997-1998)  
**Bhuvaneshwari Raman**, Independent Researcher (1997-1999)

### **INDIAN RESEARCH TEAM**

<b>Bangalore</b>	<b>Surat</b>
Bhuvaneshwari Raman	Bhuvaneshwari Raman
Beema	Bhavisha Gopalji-Tailor
Manjula Shyam	Triparna Vasavada
Chitra	Rajesh
P Rajan	Sanjay
Valli	Jeetendra
Manohar	Jayadeep
Lalu Narayan	
Janardhan	
D Tripati Rao	
Mini	
Anil Kumar	



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September 2001, London

*Sumil Kumar*



## List of Acronyms

AC Sheet	Corrugated Asbestos Cement Sheet
BCC	Bangalore City Corporation
BDA	Bangalore Development Authority
CITB	City Improvement Trust Board (Bangalore)
GSCL	Gujarat Slum Clearance Board
GHB	Gujarat Housing Board
KSCB	Karnataka Slum Clearance Board
KHB	Karnataka Housing Board
NBO	National Buildings Organisation
NIUA	National Institute of Urban Affairs – New Delhi
RCC	Reinforced Cement Concrete
SMC	Surat Municipal Corporation
SUDA	Surat Urban Development Authority
TP Scheme	Town Planning Scheme

### **Exchange Rate**

For the duration of the fieldwork (1997 to 1999)  
1 GB £ was approximately Rs 70

Rate on 16 August 2001 was Rs 68  
(currency converter used can be found at <http://www.oanda.com/convert/classic>)



## List of Indian Terms

<b>Term</b>	<b>Description</b>	<b>Usage</b>
<i>Aggarbathi</i>	Incense sticks	Both Cities
<i>Anganwadi</i>	Government pre-school	Both Cities
<i>Autorickshaw</i>	A three wheeled semi-private form of motorised transport. Payment in Bangalore is metered. In Surat individual use is by bargaining with fixed point to point fares when shared.	Both Cities
<i>Baki</i>	Advance payment to a worker	Surat
<i>Beedi</i>	Local cigarette made by rolling tobacco in a tobacco leaf	Both Cities
<i>Benami</i>	Fake (as in Benami Societies)	Surat
<i>Bishi</i>	Savings and Credit Associations	Surat
<i>Bogey</i>	The practice of leasing out property for a fixed period of time on payment of a lump sum amount of capital	Bangalore
<i>Chawl</i>	Traditional single or multi storied structures built by textile mill owners to house their workers (for example in Mumbai and Ahmedabad). In Surat, these take the form of a single storied row of rooms on rent.	Surat
<i>Chit Funds</i>	Savings and Credit Associations	Bangalore
<i>Coolie</i>	Unskilled worker	Bangalore
<i>Dada</i>	Strongman	Both Cities
<i>Girvi</i>	The practice of leasing out property for a fixed period of time on payment of a lump sum cash amount	Surat
<i>Gramthana Layout</i>	Residential layout on land falling outside the jurisdiction of the Bangalore Development Authority	Bangalore
<i>Hafta</i>	Payment in instalments (also referred to recurring fixed bribes)	Surat
<i>Hira Karigars</i>	Diamond workers	Surat
<i>Kuccha</i>	Temporary structure – walls and roof normally of thatch or other temporary materials (ie plastic sheets).	Both Cities
<i>Larie</i>	A cart made up of 4 bicycle wheels used for selling vegetables, tea, and other foodstuffs and items.	Surat
<i>Mandal</i>	Association by ethnicity (region) or religion (Hindu)	Surat
<i>Masjid</i>	Mosque	Both Cities
<i>Paan shop</i>	A shop that sells tobacco and beetle nut	Both Cities
<i>Provision store</i>	A shop selling rice, pulses, oil and at times vegetables and toiletries	Both Cities
<i>Pucca</i>	Permanent structure – normally walls of brick in cement mortar and roof of reinforced cement concrete (RCC)	Both Cities
<i>Revenue Layout</i>	Quasi-legal subdivision (sale of land legal but conversion from agriculture to housing illegal) of land within the Bangalore Development Authority jurisdiction	Bangalore
<i>Resettlement site</i>	Residential layouts formed by government authorities to relocate squatters from evicted slums.	


<b>Term</b>	<b>Description</b>	<b>Used in</b>
<i>Sangha</i>	Association by sector (youth), politics (party) or ethnicity (region)	Both Cities
<i>Semi-pucca</i>	Semi-permanent – normally walls of wood (Surat) or brick (Surat and Bangalore) and roof of corrugated tin sheets (Surat) or corrugated asbestos sheets (Surat and Bangalore)	Both Cities
<i>Slum</i>	Squatter settlement on land belonging to the government, religious institutions or private individuals	Both Cities
<i>Society</i>	A term derived from co-operative societies (ethnic or workplace based) but commonly used to denote housing areas developed by private developers. Takes the form of multi storied apartments, row houses and open plots.	Surat
<i>ULC</i>	1976 Urban Land Regulation and Ceiling Act – Annulled in 1996	Both Cities
<i>Vattaram</i>	Traditional courtyard type house with brick walls and tiled roof – modern versions are like the Swahili house with a central corridor flanked by rooms with common services	Bangalore
<i>Wadi</i>	Literally means open space but with this study means a compound with units for rent.	Surat





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# Executive Summary

## INTRODUCTION

Cities in poorer countries are home to a heterogeneous mix of tenures: owners, landlords, tenants<sup>1</sup> and sharers jostle for residential accommodation in pursuit of urban livelihoods and social well-being. Although academic interest in housing tenure has grown since the 1980s, more is known about the reasons why households become tenants in comparison to why they become landlords. However, an interest in tenure is absent from housing planners and policy makers. National housing policies show little sign of deviating from their primary objective – the conferring of ownership rights.<sup>2</sup> Policies are superimposed on a varied residential mosaic in stark contrast to the ways in which different tenures impact upon changing individual and household socio-economic needs and priorities. In short, a uni-dimensional policy response to the multi-dimensional nature of urban poverty resulting in a mismatch between policy and lived reality. The few attempts to encourage rental housing<sup>3</sup> have been indirect. In the 1970s and 1980s, for example, World Bank and USAID funded sites-and-services projects in Asian and African cities encouraged allottees to build rooms for rent to ease the burden of loan repayments. Such attempts were reluctantly accepted by national governments who were yet to be convinced of the concept of ‘incremental housing’. Completed housing units was what counted, evidenced by the fact that a key condition of allotment was that the beneficiary construct a dwelling of a certain size and quality within a specified time frame. This was justified on the grounds that those who did not do so were speculators.

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<sup>1</sup> There are problems in English usage of the term landlord and tenant where gender issues are concerned. The *Oxford Encyclopedic English Dictionary* (1991) defines a *landlord* as “a **man** who lets land, a building, part of a building, etc., to a tenant. A *landlady* is defined in a similar manner with the word ‘man’ being replaced by the word **woman**. To the contrary, the *Concise Oxford Dictionary* (1982) defines a *landlady* as “a **woman** having tenants” while a *landlord* is defined as a “**person** who lets land or (part of) a building to a tenant. In the first definition, the person renting out accommodation is given a sexual identity where as in the latter definition the sexual identity is confined to the word *landlady* whereas a *landlord* is a person who can be of either sex. Both dictionaries define a *tenant* as a “**person** who rents land or property from a **landlord**”. Thus a tenant can be either a man or a woman but the sexual identity of a landlord will depend on which dictionary definition is used. This report uses the word *landlord* to mean a **person** who lets land or accommodation (rooms, a whole building or buildings). Specific reference to the sex of the landlord (male landlord or female landlord) will be made only when gender issues are relevant (as in the relationship between women and men as landlords or tenants).

<sup>2</sup> See for example, housing policy in South Africa.

<sup>3</sup> The term ‘rental housing’ is used to denote the totality of the process of the letting of accommodation by landlords and the payment of rent for rights over the use of the accommodation that is rented by tenants. The ‘rental housing market’ refers to the various rental housing sub-markets – such as those by income group, production and exchange systems, or by type of settlement and provider.

Rental housing<sup>4</sup> has both opponents<sup>5</sup> and proponents with their stances influenced by the comparative perception of tenants and landlords. By and large, opponents consider tenants to be disenfranchised individuals and households whose social and economic mobility is hampered by their tenure.<sup>6</sup> Landlords are viewed as exploitative accumulators of capital, in the form of landed property. Proponents, are generally in support of greater tenure choice but have had little impact on housing policy. These stances raise two issues that need resolving. The first relates to landlords. The view that landlords are by definition exploitative accumulators of capital is far removed from reality - research indicates that a large proportion of landlords are as poor or even poorer than their tenants. The production and provision of urban rental accommodation is primarily undertaken by individuals and households with large-scale landlordism an exception. Landlords are often fearful of disclosing that they are involved in the letting of accommodation for a number of reasons. This pushes rental housing markets underground and increases the vulnerability of tenants and landlords alike. Notions of exploitation also implicitly equate rental housing with poor quality. While some rental housing may be of poor quality, it is important to question why this is so. Is it primarily the result of exploitative landlordism? Or, does it reflect a combination of unsympathetic urban regulations and the specificity of local demand. Clearly, an understanding of the dynamics of how rental housing markets operate and the role they play as productive catalysts is needed. The second relates to policy. Why does support for rental housing and its inclusion in the housing policies of national governments remains rhetorical? Is it primarily due to the politicisation of rental housing – namely, a fear by government that support for rental housing would be construed as siding with the owners of private property. Or is it related to a lack of understanding of the complexity that underpins the production of rental accommodation. The broader issue is to find ways of getting tenure onto the policy agenda of national and local governments.

Pitting landlord against tenant is unproductive. A more constructive approach is to examine the role that rental housing plays in the livelihood responses and strategies of tenants as well as landlords. This study does this by examining the operation of low-income private rental housing markets in two Indian cities – Bangalore (capital of Karnataka state) and Surat (the second largest city in the state of Gujarat) – with an emphasis on landlords. The premise of the research is that the traditional tenure classification of ownership and renting is limited to the final product - the dwelling - and does not encompass the social processes embedded in the interconnected relationships between the tenures and the agents and institutions which delineate frameworks of production and consumption. It argues that the private rented sector is embedded in factors exogenous to it (the local economy, politics, land and finance systems and varied social networks) as well as those that are endogenous to landlords and tenants. It also emphasises that rental housing acts as a ‘hub’ for a number of cross cutting social themes: migration, changes in individual and household life courses, changes in employment

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<sup>4</sup> The term ‘housing’ encompasses the elements that combine to produce the dwelling (land, finance, building materials and labour for construction) and the physical (water, sanitation, drainage, electricity, roads) and social (health, education, parks, police etc) infrastructure. ‘Housing Policy’ refers to the frameworks (put into place by national or bi- and multi- lateral development agencies) which seeks to address issues of access to housing. Housing policy thus includes a number of housing strategies (for example, sites-and-services and upgrading), institutional initiatives (such as reform of housing finance, the building materials and construction industry) and mechanisms for delivery (for example through non-governmental organisations or public-private partnerships).

<sup>5</sup> Opponents are drawn from the public sector as well as civil society.

<sup>6</sup> See for example the collection of papers in *Environment and Urbanisation*, 1997, 9(2) on the theme – ‘Tenants: addressing needs, increasing options’.

patterns and opportunities, gender, age, intra- and inter- generational transfers and social networks.

The key findings of the research are set out below followed by issues that are of concern to planners and policy makers at the local, national and international levels.

## **1. RENTAL HOUSING IS INTEGRAL TO WELL FUNCTIONING CITIES**

Despite government inaction and an implicit hostility towards the letting of accommodation, rental housing markets continue to flourish in both Bangalore and Surat. Rental housing provides the much needed 'room for manoeuvre' for individuals and households in the context of rapid urbanisation. It is also responsive to changes in individual and household life-cycles and is an asset for tenants as well as landlords. Three outcomes are particularly significant. First, access to affordable and well located rental housing is influential in determining the extent to which new migrants are able to secure an economic foothold in the city and consolidate their urban status. Second, a majority of individuals and households progress from renting to owning, with a significant proportion going on to produce accommodation for rent. In doing so, landlords are not only putting their assets to productive use but are also providing a service to tenants. Thirdly, rental accommodation is critical for those who do not intend being permanent urban residents. It is clear, therefore, that tenure has to be viewed more broadly than it has been. An urban housing policy which does not recognise the multiple role of rental housing and fails to incorporate support for it acts to the detriment of poorer individuals and households. It limits choice and increases the vulnerability of households – both landlords and tenants. The core objective of housing policy should be to enhance the productive contribution that housing makes to the lives of individuals and households by ensuring the availability of a healthy mix of tenures. At the same time, it should discourage the development of monopolistic forms of landlordism and strive to ensure that a range of appropriate rental housing standards are in place.

## **2. RENTAL HOUSING IS AN IMPORTANT PART OF THE PORTFOLIO OF INDIVIDUAL AND HOUSEHOLD LIVELIHOOD RESPONSES**

It is now widely accepted that housing plays a productive role in the life-course events of individuals and households. In both Bangalore and Surat, the renting out of accommodation is an important part of the portfolio of the livelihood responses and strategies of landlords. For most landlords, rents supplement other income generating activities. Although it is difficult to isolate the final destination of rental income streams, its uses include: a safety net against precarious employment, meeting household expenditure, housing improvements, a regular source of income when moving from waged employment to own account forms of employment, capital investment and rotation in business, as a form of pension after retirement and old age and as investment for the next generation. Reasons for investing in rental housing vary and are influenced by a combination of factors. In Surat, it is the combination of short working lives in the textile industry combined with limited opportunities for economic mobility. In Bangalore it is more to do with precarious and low-paid work. Although access to institutional housing finance is problematic in both cities, social networks in Surat increase access to interest-free finance, making finance less of a problem than in Bangalore. In both cities, investment in rental housing is also determined by planned (for example, weddings) as well as unforeseen (for example, medical expenses) consumption expenditure. In all, the

fluidity and multiplicity of these factors not only influence the destination of rent receipts but also decisions relating to the form and nature of accommodation that is produced.

In both cities, the availability of rental accommodation also helps tenants pursue livelihoods. It enables new migrants, especially in the diamond and textile industries in Surat, to meet their multiple economic and social obligations. In Bangalore, the bulk of migrant young educated professionals employed in the computer and software industries are initially dependent on rental accommodation as are a number of poorer households in own account occupations. The fact that a majority of landlords in Bangalore and Surat were once tenants is testament to the 'waiting-room' function that rental housing plays.

Rental housing can thus contribute to poverty reduction by reducing the vulnerability of landlords as well as tenants. This is particularly the case for older and women headed or managed landlord<sup>7</sup> households as it also provides a source of psychosocial security. It is also important for tenants who are newly married, women headed or elderly.

### **3. RENTAL HOUSING MARKETS ARE INFLUENCED BY AND RESPOND TO LOCAL CONDITIONS**

Well functioning rental markets are those that are articulated with local employment and provide affordable and well located accommodation. Thus a successful enabling housing policy is one which ensures the co-existence of all forms of tenure with much greater attention paid to the links between local employment and housing.

In both Bangalore and Surat, the emergence, extent and nature of rental housing markets are locally determined. In the main, they reflect demand resulting from local employment opportunities. Changes in the nature and form of local employment have a 'domino' effect on rental housing markets resulting in either its upgrading to fetch higher rents, peripheral relocation or conversion to ownership.

The issue of local politics also needs to be given consideration. In both cities, local councillors influence housing policy and local development indirectly. However, it seems that local politics in Bangalore influences access to land and housing for the poor more than it does in Surat. One possible explanation for this is that there are many more lucrative avenues through which economic status and political power can be gained in Surat than is the case in Bangalore. Thus, local councillors and land developers did not object to their client groups renting out accommodation. In Bangalore, local councillors and un-elected leaders had much more of a say as to whether accommodation, particularly in squatter settlements, could be rented out. This is possibly because they see themselves as patrons of those that they have helped to squat and fear that if accommodation were rented out to tenants they would not have control over this secondary group. Although the buying and selling of land in the squatter settlements of Surat are pervasive, these transactions tend not to involve local leaders as much as they do in Bangalore. Moreover, since the main agent of housing provision in Surat – the developer and (or) organiser – is involved in renting out accommodation they are more supportive of their customers doing the same.

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<sup>7</sup> Women managed households are those households where the male is present but does not contribute to household income due to ill health, personal injury or forms of addiction (alcoholism being the main form of addiction in Indian cities). Women headed households are those households where the male is absent as a result of death, divorce or desertion.

#### **4. RENTAL HOUSING MARKETS ARE BOTH INCLUSIONARY AND EXCLUSIONARY**

Rental housing markets are both inclusionary and exclusionary. Exclusion occurs along both economic (rents and deposits) and social (religion, caste, regional association, gender and age) lines.

In Surat, a long standing social practice which accepts the multiple occupation of accommodation by a group of people (usually single male migrants) has substantially reduced economic exclusion from rental housing because it allows the initial deposit and the recurring rent burden to be shared. Exclusion here is social in nature – kinship networks and ethnic association determine access to housing, especially ownership. In Bangalore, the reverse is true. This difference in the exclusionary tendency of rental housing markets can be explained by the fact that Bangalore is a third generational city and the significance of social networks has been replaced by economic capabilities, which might also explain why sharing accommodation is not common. Surat, on the other hand, is a city of first generation migrants where access to employment and housing is still strongly mediated on the basis of kinship networks and ethnic association. In such cases, while landlords are constrained in how much they are able to charge their ‘fellow’ tenants it also provides them with the opportunity to cater for tenants that are comparatively ‘strangers’. Both cities, however, indicate a tendency to exclude and include along religious lines. As recent events in Surat and tensions in Bangalore have indicated, communal tension built on religious or ethnic cleavages can make the ownership of housing a liability rather than an asset as it provides a fixed target for violence and vandalism.

Inclusion and exclusion on the basis of gender assumes different dimensions depending on whether one is a tenant or a landlord and the way in which the female household is constituted. Two broad themes arising from the research on the way in which the female household is constituted are: women managed households and women headed households (see footnote 7). In general it is easier for women managed households and women headed households with older male working children to gain access to rented accommodation in patriarchal social systems such as those that exist in Bangalore and Surat. Gender issues in relation to rental housing assume greater importance in Bangalore than in Surat because of the nature of the constitution of the population of each city. The key seems the ability to convince male landlords of the ability of the women to pay rent. However, and in addition, a number of cases from both types of female households reported that being ‘introduced by a mutual contact’ was what ultimately secured them the accommodation. In Bangalore, there were a few instances of women headed households with young or no children accessing accommodation provided by female landlords.

Social planners need to be aware of the exclusionary tendency of rental housing markets and act to encourage producers – individuals and organisations - to cater for tenants excluded from renting.

#### **5. RENTAL HOUSING MARKETS ARE SHROUDED BY INSECURITY AS A RESULT OF GOVERNMENT POLICY**

Rental housing markets are rendered opaque by a fear of government legislation and its responsiveness negatively influenced by oppressive planning policy and processes. The former includes issues such as property tax and rent control while the latter encompasses issues of location, plot sizes and what is allowed to be built.



In Bangalore as well as Surat, the burden of an 'ad-hoc' and inequitable property tax regime treats landlords as an undifferentiated category in terms of their absolute and relative poverty. As a result, landlords responses range from labelling tenants as relatives to taking down temporary partitions between rental units when the tax collector calls. Not only does this drive rental housing underground but more importantly results in poorly serviced units with landlords, for instance, refusing to build kitchens as they are the clearest indicator of multiple occupancy. Added to this is the fear of rent control by landlords, despite the fact that the poor in both cities have seldom used this avenue to seek redress through the due process of law. Disputes between tenants and landlords are often resolved through the particular social networks that initially brought them into contact with one another.

Policies relating to the intra-city resettlement or the re-housing of the poor have a major impact on development of rental housing markets and therefore on the livelihoods of the poor. In Surat, an implicit aim behind resettlement projects containing sites of 15 square metres is to prevent the construction of rooms for rent. Such attitudes are anti-poor on two counts. First, it is only the better off who benefit as they have the capacity to invest savings in the construction of an upper floor with units for rent. Second, it adversely affects those who depended on a rental income in the past to sell and relocate. Such displacement is often of the poor by the better off, the latter now being presented with an opportunity to increase the size of their landed holdings and consequently the number of units they can let. Such 'predatory' forms of landlordism are of concern not solely because they provide the opportunity for local monopolies to develop but also because they increase inequalities.

In short, such anti-poor policies (which are the result of a myopic perception which equates renting with exploitation) actually provide the fertile ground for corruption and an increase in clientelist opportunities available to local councillors and other power brokers. Bribing tax inspectors and collectors is not an uncommon activity in both cities.

## **ISSUES FOR SOCIAL PLANNERS AND POLICY MAKERS**

Although landlords may not always treat tenants equitably for the reasons noted above, the organisation of rental housing markets provide a much needed service and fills a vacuum in state provisioning. It is impossible to imagine the state being able to successfully 'clone' the range of options and opportunities provided by private landlords. Thus, a key concern for policy makers and planners is to identify ways in which the state can enhance the operation of rental markets without destroying the core of its success – namely, the supply of accommodation at various locations, of varying quality and levels of services and at varying rents – responding quickly to local contexts. This needs to take place at different levels (regional, national and international) and within different timeframes (short, medium and long). Therefore, a central plank of any enabling housing strategy should be greater openness and debate on the role and significance of tenure diversity. There is urgent need to move from a preoccupation with ownership based rights to the institutionalisation of locally responsive mechanisms which ensure security of tenure. This means treating landlords and tenants equitably with each being made aware of their respective rights and responsibilities.

The differential basis through which factors of production are accessed needs closer scrutiny. The research findings indicate that in Surat, kinship and ethnic ties are more influential whereas in Bangalore a demonstration of economic ability predominates. One policy implication of this, for example, is a rethink about how housing finance is made available and accessed. What works in Bangalore will not work in Surat. Not only are needs different but

the way in which finance is accessed is also different. Similarly, in relation to land, the supply mechanisms in Surat are very different from Bangalore. How the cities are constituted in terms of population characteristics, economic opportunities and local politics influence rental housing markets. Thus, for example, greater co-operation between land developers and the municipal authorities is needed in Surat whereas in Bangalore, the role of the Bangalore Metropolitan Development Authority and its planning processes and procedures need to be examined.

Legislative reform is needed in areas of property taxation as well as rent control. The research findings indicate that the impact of rent control legislation is minimal at the lower end of rental housing markets and where it does impact is mostly on inner-city rented accommodation. At the lower-end of the rental housing market, disputes between landlord and tenant are settled by networks through which they were brought into contact in the first place. Property tax, however, impinges on the activity of all landlords and does not differentiate between those for whom it forms an income supplementing activity and those for whom it is a business.

India's National Housing Policy, adopted in 1994, only provides a broad framework and direction within which state governments may act. This is because the Indian Constitution stipulates that housing is a state subject and therefore it is the responsibility of individual states to formulate housing policies. The conundrum is in linking the national to the state, and more importantly the state to the local level. A rental housing policy which does not contain the flexibility to be moulded by intra-city differentials is not likely to respond to the priorities of either landlords or tenants. Emphasis is often placed on local government and local governance in managing urban change. However, not only do Municipal Administrations have little influence on policy formulation but more importantly have little say in why a particular policy (or parts of it) are not suitable to local realities. It is anticipated that the 1993 Nagar Palika Act<sup>8</sup> will change the balance of state-local decision making<sup>9</sup>. However, this is unlikely to happen unless there is greater devolution financial and policy making powers. It is also important that these powers be institutionalised if participatory decision making is to lead to power sharing.

With housing policy in India being a state subject, little can be achieved if the dialogue between research, international development agencies (both bilateral and multilateral) and governments remain at the national level. This might explain why support for rental housing in policy and practice still proves elusive, despite the importance attached to rental housing in the numerous publications of the World Bank and United Nations Centre for Human Settlements (UNCHS – Habitat). Bilateral development agencies such as the UK government's Department for International Development (DFID) and multilateral agencies such as the World Bank can influence changes in policy and practice through their pro-poor agendas. UNCHS, on the other hand has the potential to create awareness, especially through the instruments of its dual campaigns on 'housing rights' and 'governance'. However, both

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<sup>8</sup> 74<sup>th</sup> Constitutional Amendment which attempts to accord a greater participatory decision making role for local representatives.

<sup>9</sup> In Surat, for example, 98 of the 99 councillors belonged to the same political party governing the state of Gujarat. In such a situation, it is comparatively easier for policy dialogue to take place as a result of which neither the state government or the Surat Municipal Corporation are likely to raise the issue of changes to the policy role of the Municipality. Bangalore, in contrast has councillors from a range of political parties and, from a different standpoint – one of conflict, are unlikely to bring about changes in the policy making role of the Bangalore City Corporation.

avenues must be locally grounded and dialogue established with appropriate levels of government if the role of rental housing as ‘service provision’ for tenants and a ‘livelihood response’ for landlords is to be transformed from rhetoric to reality.



# 1 Landlordism & Urban Rental Housing Markets in Poorer Countries

## INTRODUCTION

A key aim of development interventions (irrespective of sectors, agents of change or alliances) is poverty reduction and thereby the improvement of life chances and social well being of individuals, households and society. It is now widely accepted that poverty is more than just the proportion of individuals who fall below a defined poverty line on the basis of income and consumption measurements alone (World Bank, 2000c). However, positions on the extent and nature of *urban* poverty as differentiated from rural poverty vary (for example, Amis, 1995; 1995; Beall, 1995; UNCHS, 1996b; Satterthwaite, 1997; Wratten, 1995). As Satterthwaite (1997) points out, it is important to note that these are not arguments in favour of a shift in attention from rural to urban poverty. Rather they are about how planners and policy makers respond to urban poverty. Indeed, “while the incidence of poverty and its relationship to processes of Structural Adjustment are now relatively well established, the appropriate policy responses are not” (Amis and Rakodi, 1995: 403).

At the international level, concerns regarding urban poverty are being expressed in various forms. In the early 1990s, two policy documents, one by UNDP, *Cities, People and Poverty* (UNDP, 1991) and the other by the World Bank, *Urban Poverty and Economic Development* (World Bank, 1991), set the scene for greater international attention to issues of urban poverty. The March 1996 International Conference on Urban Poverty, (Recife, Brazil) and the 1997 International Forum on Urban Poverty (Florence, Italy) sandwiched the June 1996 Second United Nations Conference on Human Settlements (Habitat II) in Istanbul. More recently frameworks for addressing urban poverty are emerging from the World Bank (Baharoglu and Kessides, 2000), UNDP, and DFID (DFID, 2000) to mention a few.

It is clear that urban poverty is multifaceted and multidimensional. Writing in the late 1970s, Roberts (1978: 137) argued that poverty was the result of “the spatial and physical organisation of cities”. By the late 1990s, urban poverty includes concerns about vulnerability, deprivation, risks and shocks (Beall, 1995; Moser, 1998) and the extent to which assets can reduce vulnerability and increase entitlements (Moser, 1998) or enhance the livelihood strategies of the poor (Rakodi, 1999). Some selected quotations help highlight the multidimensionality of urban poverty.

... the PL [poverty line] approach fails to capture the dynamic nature of poverty; the diversity of possible strategies, which are dependent on individual household circumstances; or the importance of gender relations and intra-household distributional issues (Amis and Rakodi, 1995: 403)

... understanding of poverty ... as a condition and a process in which people find it difficult or impossible to sustainably improve their circumstances and to realise their full human potential (Beall, 1995: 430)

The latest *World Development Report 2000-2001: Attacking Poverty* (World Bank, 2000c) broadens the understanding of poverty by adding ill-treatment by institutions of the state and

powerlessness to influence key decisions. Others take a more sectoral view of poverty, categorised its dimensions in terms of income, health, education, security and empowerment (Baharoglu and Kessides, 2000).

The multidimensionality of urban poverty has necessitated a policy thrust that encompasses multi-pronged strategies for urban physical and social development. The Global Report on Human Settlements (UNCHS, 1996c) and the Habitat Agenda (UNCHS, 1996a) are comprehensive documents in this direction. New initiatives include UNCHS *Global Campaigns on Governance and Secure Tenure* (UNCHS, 1999), *Cities in Transition* (World Bank, 2000b), the World Bank *Cities Alliance* (World Bank, 2000a) and UNDPs *The Urban Governance Initiative* (Shameem and Sofjan, 2000).

But where does housing fit into the current understanding of urban poverty and the role of cities? Urban housing plays a key role in economic and social development. As Mayo (1999) notes "... policy failures and successes regarding housing have the potential to damage overall economic performance .... Housing is also important as a basic need and a focus of social concern and should be seen as one of the key elements of social policy. ... housing's role as part of the basic "safety net" requires public sector intervention and, at the least, that housing policies be integrated with other safety net policies".

Urban housing is normally treated as a 'sector' in policy, planning and implementation. Until the late 1960s, it was treated as a consumption good with governments in Third World cities attempting to provide housing as part of the larger project of modernisation (see for example Rojas, 1995; Hardoy and Satterthwaite, 1989). As Rodell and Skinner (1983: 7) note, the work of Abrams (1964) together with that of Otto Koenigsberger between 1955 and 1963 – resulting in their 'land-and-utilities scheme' – and the work of (Turner, 1976) became "the most widely accepted framework of urban low-income housing policy". The internationalisation of this policy was the result of IBD intervention in Latin America in the 1960s (Rojas, 1995) and the World Bank in Africa and Asia in 1972 (Pugh, 1997a).

The strategies that were implemented – sites-and services and upgrading were not without their critics and counter arguments. The academic debates in the late 1970s and the 1980s (Burgess, 1978, 1985, 1987; Gilbert and van der Linden, 1987; Nientied and van der Linden, 1985; Turner, 1978) provided a focal point for an investigation into the causes of housing inequality. This has given way to general review articles (for example Gilbert, 1992) and, more recently, to evaluations of housing policy in general (for instance, Pugh, 1997b) or of specific countries (see, for example, Jones and Datta, 2000; Gilbert, 1997). Mirroring these concerns about urban poverty, a divergence in housing issues among multilateral agencies is also noticeable. The last policy paper specifically to focus on housing was the World Bank's *Enabling Markets to Work* (World Bank, 1993). The focus is now on broader concerns of human settlements (UNCHS, 1996c) and of cities (World Bank, 2000b).

In all this, housing policy and practice seems to have fallen between two stools: one, that of the multidimensionality of poverty and two, that of a broadening of urban concerns. The implicit message is that if, on the one hand, poverty concerns are identified and tackled locally and, on the other, attention paid to the better functioning of cities, housing provision will take place and needs met.

## TENANTS AND LANDLORDS

Rental housing markets have received disproportionate attention - the position of tenants and the relationship between renting and the transition to owner occupation – taking centre stage.

The renting of accommodation and its role in the life course of individuals and households was recognised as early as the late 1960s. Turner (1968), in analysing changing ‘social situations’ (bridge headers, consolidators and status seekers) and their relationship with the ‘dwelling environment’ (location, tenure and amenity), highlighted the importance of tenure choice. However, an implicit assumption of the model was that tenure choice was a linear path, with homeownership becoming the final destiny. Work by Gilbert and Ward in Bogotá, Mexico City and Valencia argued that residential mobility among poor migrants was “less the outcome of migrant choice” based on stage theories but more the “product of constraints imposed by the land and housing markets” (Gilbert and Ward, 1982: 146; see also, Edwards, 1983). Thus, although individuals and households aspired to own and despite the fact that a significant proportion of poorer households begin their housing histories as tenants and following a number of tenancy moves, manage to become owner occupiers (see, for instance, Green, 1988; Gilbert and Ward, 1982; Gilbert and Varley, 1989a), this was not automatic. Gilbert’s (1983) ‘choice or constraint’ thesis, which posited that individuals and households who did not choose to rent did so as a result of constraints at the city, settlement and household levels, became a key research theme in the 1980s (see, for instance, Coulomb, 1989; Edwards, 1982; Gilbert and Varley, 1989a; Gilbert and Ward, 1982; Gilbert, 1983, 1987; Gilbert and Varley, 1990; Gilbert, 1991; Gilbert, *et al.*, 1993; Gilbert, *et al.*, 1997; Grant, 1996; Green, 1988; Mitlin, 1997; Tipple and Willis, 1991; Wahab, 1984). Others provided typologies of owning and renting (for instance, Hardoy and Satterthwaite, 1986).

International development institutions found it difficult to ignore this body of work. Articles in agency newsletter and magazines began to appear from 1984 (for example, World Bank, 1984). It is interesting to note that the first World Bank policy paper on housing, entitled *Housing*, made no mention of rental housing. Fleeting references to rental housing only appeared in later policy papers, *Learning by Doing*, 1983 (World Bank, 1983) and *Housing: Enabling Markets to Work*, 1993 (World Bank, 1993) despite the fact that a World Bank report in 1984 makes a strong case for a housing policy that promotes a balanced tenure distribution (see, for example Lemer, 1987). More recently, there has been an explicit recognition by the United Nations Centre for Human Settlements of the role that rental housing can play (UNCHS, 1990, 1989, 1993).

It is important to note that with a few exceptions (for example, Amis, 1984; Bryant, 1989), the studies of the 1980s focused on tenants as *consumers* of rental accommodation. It is this ‘demand’ side understanding that underpins most of the UNCHS documents. Kumar (1996a) has argued that unless there is a similar understanding of the *producers* of rental accommodation or the ‘supply’ side, calls for housing policies to consider the rental housing option are likely to be unrealistic.

With the exception of a handful (see, for example, Okpala, 1981), writing on landlords in Third World cities only began to appear in the late 1980s (Aina, 1990; Angel and Amtapunth, 1989; Bryant, 1989; Datta, 1995; Edwards, 1990; Gilbert and Varley, 1989b; Grant, 1996; Ikejiofor, 1997; Pennant, 1990; Watson and McCarthy, 1998). Much of this literature was concerned with describing the scale of operation of landlords and landlord-tenant relationships with little attempt made to conceptualise why landlords undertook the production of rented accommodation (Kumar, 1996a, 1996c; for an exception, see Hoffman *et al.*, 1991 who categorises landlords as incidental, petty and small developers). Kumar (1996b) provides a conceptual framework of why landlords undertake the production of rental housing at the household level. Three points on a continuum of landlords are identified. At the poorer end are *subsistence landlords* who rent rooms in order to supplement income and meet basic consumption needs and at the richer end are *petty-capitalist landlords* who either

possess a number of rental properties<sup>10</sup> or seek to expand their ownership of landed property. If the holdings become sizeable, such landlords are able to depend on rental income as their main source of income. In between are *petty-bourgeois* landlords who do not need the rental income to survive but are unable to make any improvements to their dwellings or the material quality of their lives (for example, consumer durables) without the supplementation of household incomes with rental incomes. The position of each of these forms of landlordism are not static – landlords move upwards as well as downwards along this continuum as a result of exogenous or endogenous factors. For example a petty-bourgeois landlord could decide to invest in a second property and therefore move into becoming a petty-capitalist landlord. Or, a petty-bourgeois landlord could lose a principle income earner and become a subsistence landlord. In today's poverty terminology, movement along the continuum can be associated with vulnerability and risk management.

## RENTAL HOUSING

Despite, or perhaps of, the fact that a significant proportion of poorer individuals and households are not owner occupiers, housing policy continues to emphasise ownership. This is also a view advocated by some non-governmental organisations.<sup>11</sup> The fact that most low-income households aspire to own their housing has become a truism. Home ownership has become the cornerstone of government housing policy in most cities in the Third World. It must be recognised that aspirations for ownership are end-goal expressions – they are based on the locational advantage of the rental housing currently occupied by tenants and projected into the future (Gilbert, 1991). The reality is that many tenants are unable to afford ownership, some in the short term and others in the long term. Rental housing therefore becomes important in “poverty-risk periods” (Pugh, 1995) and provides the room for manoeuvre (Okpala, 1981). Politically, strategies to promote home ownership are astute because bestowing ownership rights provides an effective means of garnering support from tenant constituencies without losing the support of landlords, except in circumstances (such as the illegal occupation of land) when landlords are required to give up a share of the land in order for tenants to be housed.

It is clear that a primary focus on ownership makes current housing policy myopic. Rental housing can serve the interests of tenants as well as landlords. The stances of the opponents<sup>12</sup> and proponents of rental housing are determined by their perception of consumers (tenants) and producers (landlords). By and large, opponents view tenants as disenfranchised individuals and households whose social and economic mobility is hampered by their tenure.<sup>13</sup> Landlords are viewed as exploitative accumulators of capital, in the form of landed property. More often than not, this results in actions aimed at enabling tenants to gain access to home ownership. In short, a uni-dimensional policy response to the multi-dimensional nature of urban poverty. This view is far removed from reality - research indicates that many landlords are as poor or even poorer than their tenants (Gilbert, *et al.*, 1993). The production and provision of urban rental accommodation is primarily undertaken by individuals and households with large-scale landlordism an exception.

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<sup>10</sup> See later sections in this report on *petty-capitalist* forms of landlordism in Surat (*Wadi's*) and Bangalore.

<sup>11</sup> At a meeting of the NGO Urban Poverty Group, convened by Care UK at the International Institute for Environment and Development (16 November 2000) to respond to DFID's Urban Strategy Paper, the representative of Homeless International expressly stated that they were not happy with the position of the UNCHS Campaign on Secure Tenure which argued for a right to ‘occupy’ housing. Homeless International insisted that secure tenure should be ‘ownership’.

<sup>12</sup> Opponents are drawn from the public sector as well as civil society.

<sup>13</sup> See for example the collection of papers in *Environment and Urbanisation*, 1997, 9(2) on the theme – ‘Tenants: addressing needs, increasing options’.

## **RENTAL HOUSING AS AN INTEGRATING MECHANISM**

Polarised views on housing tenure – those that take sole positions on either tenants or landlords – fail to recognise that rental housing markets in Third World cities provide an intersection for numerous social concerns and can work effectively to integrate the concerns of both landlords and tenants.

First, rental housing can enable the pursuit of an urban livelihoods and thus contribute to poverty reduction. For landlords, renting out accommodation is often part of a wider livelihood portfolio. On the one hand, subsistence landlords undertake the production of rental accommodation (the partitioning of a space at the simplest level) as a livelihood response. In such cases, the income from rent is supplementary. Petty-capitalist landlords, on the other hand, undertake the production of rental housing as a livelihood strategy – rental incomes become the predominant source of income. The distinction between a livelihood response and strategy made by Clark (1999) is important as it allows for a better understanding of decision making by individual landlords. For tenants, the availability of a range of rental options (by rent, levels of service, quality of accommodation, location and contractual agreements – formal and informal) allows them to secure a foothold in the urban system and pursue livelihoods to meet complex social and economic obligations. The diversity of rental housing markets is crucial to migrants, households in the early stages of their life cycle, women headed and managed households and older people.

Second, rental housing can contribute to reducing economic and social vulnerability. For landlords, a reduction in economic vulnerability is provided by rental incomes which act as an important safety net in providing some form of protection from precarious and low-wage employment. It is also useful in the voluntary or involuntary transition from one form of employment to another or when earners are temporarily unemployed. A reduction in social vulnerability, especially among elderly and women managed or headed landlord households, is in terms of the psychosocial support that the presence of tenants bring. For tenants, the initial support that rental housing provides in their search for urban livelihoods is often the basis for social mobility from being tenants to becoming owners and then perhaps landlords. Moreover, for those individuals and households that do not want to own or cannot become owner occupiers (by even occupying land illegally), access to rental housing becomes critical.

Third, rental housing contributes to asset formation and forms the basis for intergenerational transfers. Rent receipts are used by landlords to upgrade and add to the dwelling thereby increasing its social and economic value. This is a way of ensuring that children are given a ‘jump-start’ in life and an attempt to reduce the impact of intergenerational poverty. Intergenerational transfers assume greater significance for women headed households, especially those with female children. For tenants, well functioning rental housing markets can contribute to an increase in savings and therefore the ability to access land and services in later stages of individual and household life cycles. Social practices, such as individual migrants being allowed to share accommodation and share the rent and deposit burden not only increases their capacity to save but also reduces the vulnerability of tenants through peer support.

## **THE CHOICE OF THE CITIES – BANGALORE AND SURAT**

This report examines and analyses some of these concerns in two Indian cities. It is also concerned with the extent to which differing city characteristics gave rise to differing rental housing markets in terms of its provision (land, finance and the agents involved) and operation (finding rental accommodation, landlord-tenant relationships etc).



Table 2.1  
Households by Tenure Status

Households	Bangalore UA	%	Surat UA	%
Owned	337,630	43%	177,410	62%
Rented	437,970	55%	101,490	36%
Other	18,465	2%	6,035	2%
<b>Total</b>	<b>794,065</b>		<b>284,935</b>	

Source: National Buildings Organisation 1996

In the first instance, the choice of the two cities - Bangalore and Surat - was motivated by an analysis of the latest census data (1991) on housing tenure by the National Buildings organisation (NBO, 1996). Official data on housing tenure is only available at the level of the Urban Agglomeration (Figure 2.1) and not on households within the municipal limits.<sup>14</sup>

While more than a half of all households in the Bangalore UA and more than a third in Surat UA are tenants, the data needs to be viewed with some caution. First, housing statistics are based on a 20% sample survey. Second, the experience of this research and others (see, for example, Kumar, 1996c) note that it is not easy to collect information on rental housing and as a result these figures are likely to be underestimates. Third, the concept of the census household applied to Surat is likely to underestimate the proportion of tenants. For example, with almost 200,000 Oriyan migrants in the textile industry in Surat (Breman, 1996), single migrant men co-occupying accommodation is likely to result in an underestimation of the proportion of tenants. Finally, almost all of the population of Surat UA (99%) live within the municipal limits as compared with the just under two-thirds (64%) in Bangalore. Thus insofar as the data is a reflection of tenure status, figures for Surat reflect a city level trend. Despite these reservations, it is clear that a sizeable number of households and (or) individuals occupy rented accommodation.<sup>15</sup>

## METHODOLOGY

A second concern was to assess the extent to which the cities contained intra-city differentials in the provision and operation of its rental housing markets. The electoral ward was thus used as the unit of analysis.<sup>16</sup> It is common practice for studies of housing to be based on housing or settlement typologies. It is argued here that the main limitation of using settlement types as units of analysis is that it masks the multiple layers of interaction between: the local economy; service levels; local demand for rental housing; the operation of local land markets; and the role of local councillors and unelected community leaders. The poor live both within and without settlement boundaries.



<sup>14</sup> The study was confined to analysing the operation of rental housing markets within the municipal boundaries so as to explore the potential role that the Municipal Corporation and local councillors could play in its support at the local level. Some attention was paid to per-urban rental housing activities arising from the conversion of agricultural land to urban housing use.

<sup>15</sup> The present study, because of the nature of its research questions and the qualitative methodology adopted, does not provide a city-wide estimate of rental housing. However, from the qualitative data, it provides approximations of the range of units that are rented out by landlords and occupied by tenants.

<sup>16</sup> The city of Bangalore (Municipal limits) comprises of 100 census wards which are the same as the election ward, each having one elected councillor. However, the situation in Surat is very different. The city comprises of 66 census wards but 33 election wards. In many cases the boundaries of these ward categories are different making comparison difficult. In addition, a socio-economic survey of the city's slum population (Das, 1994) uses completely different boundaries.

There are significant limitations in using a ‘survey’ to assess the operation of rental housing markets in urban India, partly as the **result of fears associated with** disclosure (see Appendix E for an explanation). In order to identify the social relations of production, exchange and consumption of rental housing, a **qualitative methodology** was therefore adopted. **Appendix F**. Given the lack of data on the subject, the extent of renting at the ward level was ascertained by conducting a rapid appraisal (Appendix G). This information was collated to initially provide a ward level picture and ultimately a city level understanding. Wards were then purposively selected – to reflect variations – for detailed study. The number of wards in each category, the number of interviews conducted by tenure, and the problems in unearthing landlords are provided in Appendix F. **Rapid surveys on households, their broad occupation characteristics, the extent of renting, rent levels and so on were collected at the level of each settlement (Appendix H).** A range of landlords, owners and tenants were then interviewed in order to develop a picture of the **social relations** that underpinned the operation of rental housing in the chosen ward.

## RENTAL HOUSING MARKETS IN BANGALORE AND SURAT

Rental housing markets in Bangalore and Surat contain inter-city as well as intra-city differences and similarities. Inter-city differences arise mainly as a result of variations in: city level economic activities and opportunities; the way in which the population of the two cities are constituted; the extent or lack of planning interventions; the operation of land markets and industrial development; the dominance of social networks versus economic purchasing power; the influence of different local power brokers. Inter-city similarities can be observed in the operation of rent control; the segregation of rental housing markets; and the responsiveness of rental housing provision to local contexts.


Intra-city variations in both cities are linked to: opportunities in accessing land; differing levels of service provision (especially transport, water and sanitation); and the nature of demand for various forms of housing tenure and rental housing investment patterns. Intra-city similarities are mainly in the importance of rental housing to a range of income and social groups. These are dealt with in greater detail in Chapter 2. The information provided below is solely intended to set the context of the inter-city and intra-city similarities and differences and its significance for rental housing markets.

### Inter-city and Intra-city similarities



In both Bangalore and Surat, rental housing markets are segregated first by the **legal status of settlements and then by income group**. Therefore, changes in the demand and supply within high income rental housing markets do not have a direct influence on demand and supply factors among low income groups. Within low income rental markets, it is local employment opportunities and levels of services (transport as well as water and sanitation) that have a direct impact on the form that rental housing markets take. In both cities, state led planning process have reduced opportunities for the development of rental housing markets. The letting of accommodation is most prevalent in forms of housing provision where the state has not intervened or has been circumvented.

In practice, rent control legislation tends to benefit mainly middle and high income residential tenants, especially those that occupy inner-city rented accommodation. In both cities, commercial tenants have a lot to lose by the lifting of rent control legislation. In rental housing markets catering for poorer groups, both landlords and tenants have heard of ‘rent control’ but do not know of its provisions. Neither have they made use of it. Landlord-tenant

 disputes are often arbitrated and resolved through the social contact that introduced the tenant to the landlord in the first instance and less by local power brokers.

In both cities rental housing markets are responsive to local demands and adapt to meet changes in local employment structures. In Bangalore for example, a growth in the home based printing of 'sarees' (a traditional south Indian female attire) has resulted in some landlords building rental rooms which are long and narrow to accommodate this activity. In Surat on the other hand, the predominance of single migrant men in the textile and diamond industries have given rise to a range of rental housing options both in terms of their quality and services, as well as practices of multiple rental occupancy.

### **Inter-city and intra-city differences**

In comparison with Bangalore, Surat is largely an unplanned city. In Bangalore, the setting up of public sector industries to manufacture sophisticated electronic and machine tools for the domestic and foreign markets in the 1950s and the resulting universities and institutes providing engineering and scientific training that this spawned (Srinivas, 1997: 238-243), led to large scale land acquisition. In addition, the setting up and allocation of planning responsibilities to the Bangalore Development Authority in 1976 led to large parts of the city in the south, south-east and the south-west being developed into middle and high income plotted areas. In Surat, the Surat Municipal Corporation, through the implementation of Town Planning Schemes has provided serviced land for middle and high income groups. Its activities in relation to low income housing has been restricted to slum clearance and resettlement, especially after suspected attack of plague in 1993. The growth of the diamond industry and the development of textile industrial estates by the Gujarat Industrial Development Corporation (GIDC) has resulted in the conversion of agricultural land into housing *societies* by the private sector (a combination of plotted open sites and built row housing) to house those employed by them – a process of 'industrial led urban development'.

**Bangalore is a third generation city while Surat is predominantly first generation.** Although both cities continue to experience migration, Bangalore's migrants are mainly drawn from the southern Indian states of Tamil Nadu, Andhra Pradesh, Kerala and other parts of the state. In Surat, migrants are more selectively drawn from other parts of Gujarat state (Saurashtrians employed in the diamond and textile wholesale trade) and from other Indian states: the eastern state of Orissa and the southern state of Andhra Pradesh (powerloom industries and textile dyeing and printing respectively), and the north Indian states of Maharashtra (own account street traders), Uttar Pradesh (textile weaving). **The superimposition of the place of origin of migrants with niche employment markets in the diamond and textile industries gives rise to the 'principle of particularism' where access to jobs are determined by kinship and ethnic group (Harriss, et al., 1990).** The resultant social hierarchy coupled with the fact that some textile *masters* (supervisors or managers) have taken up land development and organisation (on a part time or full time basis) and draw upon their workers as clients has given rise to a number of inclusionary and exclusionary outcomes. Transactions in land become an extension of the particularistic relationships outlined above and depend on the generation of trust because of the quasi-legal nature of housing development. Trust is enhanced through membership of kinship associations or *sanghas* (local political and apolitical associations) which also act as conduits of information. This in turn gives rise to negotiated outcomes – for example, most developers and organisers in Surat provide their clients with the opportunity to pay for land in instalments. In Bangalore, such social links between traditional land owning communities (Reddys and Gowdas) have gradually eroded with transactions predominantly being based on the capacity of buyers to pay in a lump-sum. Money lenders and the leasing of property to raise finance are the norm. Thus in Bangalore,

the practice of landlords requiring deposits is aimed at generating cash flows to pay off debts, whereas in Surat, it is interesting to note that the predominance of migrants has resulted in deposits being asked to insure landlords against rent defaults.


Differences in access to land and services in the two cities results in different roles for local councillors and un-elected community leaders. In Surat, the dominance of quasi-legal 'societies' gives the developer-organiser greater control over a potential electorate. Therefore, they either seek election or represent service requests to local councillors. In comparison, Bangalore's poor depend more on local councillors in accessing land and services. This variation also has a bearing on attitudes to rental housing. In Surat, developer-organisers often hold onto a proportion of plots for speculative purposes and rent them out in the short term. Thus, they generally are pro-renting and do not prevent their clients from doing so. In Bangalore, the picture is mixed. The power of local councillors is highest when they are able to get squatter settlements regularised. Once this is done, their powers are somewhat diminished – they are relegated to dealing with local communities on a one to one basis, for example, in helping them get ration cards, transfer of names on the *hakku patra* (title deed). Some councillors, therefore, attempt to prevent beneficiaries from renting out accommodation in order to prevent the erosion of local control over what would now be a secondary constituency of tenants.



The constitution of the cities population in terms of the proportion of migrant workers has implications for gender relations. Surat is a city of migrants - 60% of the city's population (Shah, 1997) and 80% of those living in squatter settlements (Das, 1994) claim to have been born outside Surat District. Moreover, migration in Surat is sex selective. At 839, the sex ratio for the city is the lowest in urban Gujarat (which averages 907). While the sex selectivity of migration is initially biased towards males in both the diamond and textile industries, only the diamond workers have over time managed to bring their spouses and children to Surat. In comparison Bangalore Urban Agglomeration has a sex ratio of 902 and only 13% of its population are migrants (Census of India, 1998). Not surprisingly, the predominance of both *de facto* as well as *de jure* women headed households are much greater in Bangalore than in Surat. Gender relations in Surat lie between the city and the place of origin of migrants, whereas changes in household structures have given rise to female landlords and tenants in Bangalore.

It is estimated that 15 to 20 percent of the 2.65 million people that live within the Bangalore Municipal Corporation limits are located in some 400 squatter settlements (Schenk, 1995; Ravindra, 1996; BDA, 1995). In comparison, almost 33% of the 1.5 million who live within the limits of the Surat Municipal Corporation are in squatter settlements (Das, 1994). No figures are available on the number of *societies* or *revenue layouts* in Surat and Bangalore respectively. They are the predominant means by which individuals and households access land in the former but less so in the latter.

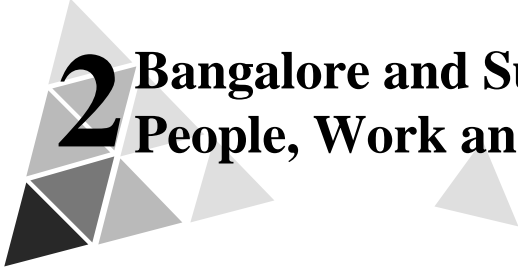
In Surat, it is common practice, for individuals to co-occupy rental accommodation. This practice enables the sharing of the rent burden as well as the deposit requested by landlords. More importantly, it provides peer support in times of economic hardship or social calamities. This practice is not prevalent in Bangalore, resulting in the poor spending a larger proportion of their earnings on rent in comparison with Surat. Furthermore, the comparative higher incomes that the rich can earn from the diamond and textile industries has resulted in rental housing not being seen as a business. This is in contrast with Bangalore, where the limited educational qualifications and the inability of those in agriculture to enter into other businesses makes rental housing a key part of their investment portfolio.

It is interesting to note that that in Surat, there is only one non-governmental organisation (NGO) working on housing and shelter issues as compared to numerous NGOs and community based groups (CBOs) in Bangalore which have formed various networks and alliances to improve the housing conditions of the poor in the city. There is no clear explanation for this variation but it seems that the extensive work of the Urban Community Development (UCD) Wing of the Surat Municipal Corporation relating to pre-school education, primary health and savings, together with the role of *sanghas* (ethnic and caste organisations) as the hub of social, economic, political and religious activities has squeezed out NGOs. 

The policy implications of the inter-city and intra-city differences are that strategies to support and promote rental housing will have to take different forms. These would encompass issues relating to accessing land and finance, the role of kinship and ethnic networks, gender issues relating to landlord-tenant relationships, the nexus of local employment and the location of rental housing markets, the role of land developer-organisers vis-à-vis local councillors and non elected leaders and the impact of civil society organisations. On the whole, this has implications for city governance. Local government intervention in Bangalore cannot be the same as in Surat.

## THE STRUCTURE OF THE REPORT

Chapter two provides a brief overview of some key economic and social indicators at the state – Gujarat and Karnataka – and city – Surat and Bangalore – levels. It is evident that although there are great similarities between the states, the cities have distinct characteristics. Chapter three examines the economic, social and political relations that underpin access to land and its impact on rental housing markets. Land is a necessary condition for the development of rental housing markets and therefore landlordism. However it is not a sufficient condition. Chapter four takes up this theme by discussing access to finance and the nature of demand before exploring the reasons why individuals and households become landlords. Chapter five explores issues relating to tenants, landlord-tenant relationships and owner-occupiers. Chapter six goes on to analyse cross cutting issues in the rental housing markets of these two cities, specifically in terms of housing and vulnerability, inclusion and exclusion and gender relations. Chapter seven reflects back on the question of poverty and housing tenure and identifies issues that policy makers and planners need to take into consideration.



## Bangalore and Surat: People, Work and Housing

### INTRODUCTION

The intra-city variations noted in the previous section derive from the differences in (i) the demographic constitution of their respective populations - the prevalence of migrants in Surat as compared to Bangalore (ii) the economy of the cities - Bangalore with its position in relation to the service industry (software) and Surat with its predominance in small scale manufacturing (textiles and diamonds); (iii) the institutions involved in managing and planning the city - Bangalore, the activities of the Bangalore Development Authority (BDA), Karnataka Slum Clearance Board (KSCB), Karnataka Housing Board (KHB) have given rise to planned housing developments (if not affordable for the poor - see for instance Blore, 1989), whereas Surat has, in the main, grown with limited planning interventions and where the main city institution is the Surat Municipal Corporation. The Surat Urban Development Authority (SUDA) and the Gujarat Housing Board (GHB) play a relatively minor role compared to their sister institutions in Bangalore.

### GUJARAT AND KARNATAKA COMPARED

Surat is the second largest city in the western Indian state of Gujarat while Bangalore is the capital and largest city of the south Indian state of Karnataka. Both states are comparable in terms of their land area and the proportion of population residing in urban areas (Table 2.2). Ranked by population, Karnataka and Gujarat are the 7<sup>th</sup> and 9<sup>th</sup> largest states in India respectively. Approximately a third of each state's urban population is contained within only 2-3 % of its land area.

Table 2.2  
*Karnataka and Gujarat - Area & Population*

	Gujarat	Karnataka
<b>Total Area (km<sup>2</sup>)</b>	196,024	191,791
Urban	3%	2%
Rural	97%	98%
<b>Total Population</b>	41,309,582	44,977,201
Rural	27,063,521	31,069,413
Urban	14,246,061	13,907,788
	34%	31%
Urban Density	2773	3257

Source: Census of India 1991

Urban densities in both states are not particularly high in comparison with other states. However, a higher urban density in Karnataka puts it in 8<sup>th</sup> place as against Gujarat which is ranked 14<sup>th</sup>. Gujarat is the 4<sup>th</sup> most urbanised state in India with Karnataka assuming 6<sup>th</sup> place.

## Migration

Both Gujarat and Karnataka are net recipients of in-migrants (Table 2.3). However, in-migration in Gujarat is 3.5 times that of Karnataka with 10% of the population of the former being migrants as compared to 2.5% for the latter. Two thirds of the in-migrants in Gujarat are from other countries as compared to just under a quarter for Karnataka.

Table 2.3  
*Karnataka and Gujarat - Intra- and Inter- State Migration by Sex*

	Gujarat			Karnataka		
	Persons	Male	Female	Persons	Male	Female
<b>Total Migrants</b>	5,233,830	1,889,229	3,344,601	5,357,487	2,109,871	3,247,616
<b>Intra-state migration (%)</b>						
Rural-rural	53.8	39.6	60.9	53.9	43.7	60.2
Rural-urban	25.5	35.3	20.6	20.4	26.4	16.7
Urban-rural	6.7	7.5	6.3	9.8	10.4	9.3
Urban-urban	14.1	17.7	12.3	15.9	19.4	13.7
<b>Inter-state migration (%)</b>						
Rural-rural	22.4	21.9	23.1	26.6	20.4	32.1
Rural-urban	38.0	41.4	34.2	21.4	23.0	19.9
Urban-rural	6.7	7.0	29.8	11.5	12.2	11.0
Urban-urban	32.8	6.4	36.3	40.5	44.4	37.1

Source: Census of India 1991

Intra-state migration accounts for the great majority of migration in both Gujarat (86%) and Karnataka (87%). Just over half of all migration in both states is rural to rural and is overwhelmingly female as a result of marriage and family moves (see Table 2.4). Intra-state migration to urban areas (both from rural and urban areas) accounts for 40% of all migration in Gujarat and 45% in Karnataka with male migrants dominating the migration stream. Although small, incidences of reverse migration (urban to rural) can be observed in both states.

Table 2.4  
*Sex Ratios - All India Karnataka and Gujara*

	All India	Gujarat	Karnataka
Overall Sex Ratio	927	934	960
Rural Sex Ratio	939	949	973
Urban Sex Ratio	894	907	930

Source: Census of India 1991

Both Gujarat and Karnataka have higher sex ratios than the average for India (Table 2.4). However, Gujarat has a much lower overall sex ratio than Karnataka, dropping further for urban areas. That this is largely associated with migration is evident when the reasons for migration by sex are examined (Table 2.5).

Gujarat has a larger proportion of male net migrants moving due to employment than is the case in Karnataka (Table 2.5). While male out migration from Karnataka for educational reasons is similar to that of Gujarat, a third more migrants enter the latter than the former. The movement of women for employment or education is a small proportion of the reasons for migration. It is interesting to note that twice as many women migrate out of Karnataka for education than is the case in Gujarat.

Table 2.5  
Karnataka and Gujarat - In and Out Migration by Reason

Reason for migration (%)	Gujarat				Karnataka			
	In-migrants		Out-migrants		In-migrants		Out-migrants	
	Male	Female	Male	Female	Male	Female	Male	Female
Employment	46.8	8.7	28.4	2.9	37.9	6.6	33.6	5.2
Education	18.2	4.5	14.6	1.8	5.9	0.9	13.9	3.3
Business	2.3	1.1	6.5	2.0	12.0	3.0	4.3	1.5
Marriage	21.6	38.6	29.6	32.1	25.4	32.0	27.3	28.0
Family Moved	1.0	37.0	1.1	48.4	1.3	44.5	1.2	48.3
Other	10.1	10.1	19.8	12.8	17.5	13	19.7	13.7

Source: Census of India 1991

Gujarat loses a much larger proportion of men than it gains due to migration related to marriage when compared to Karnataka. But on the whole, very few men in both states move as a result of the family moving. Migration as a result of family moves dominates among women, ranging from a low of 37% to a high of 48% with marriage the next most significant reason. Both states however lose women as a result of family moves but gain in terms of marriage indicating the significance of male decision making in these areas.

### Selected Social and Economic Indicators for Gujarat and Karnataka

Table 2.6 below provides selected state level urban indicators for dependency ratios and literacy. The figures are broadly comparable at the state level.

Table 2.6  
Key Urban Economic and Social Indicators - Karnataka and Gujarat

	Gujarat	Karnataka
	<b>Urban Dependency Ratios</b>	
Young (aged 0-14 /1000 pop aged 15-59)	650	674
Old (aged 60+ /1000 pop aged 15-59)	122	137
<b>Urban Literacy Rates</b> (working age group 15-59 years)		
Male	84%	82%
Female	66%	64%

Source: Census of India 1991

However, state level similarities mask inter- and intra- city variations (Table 2.7). Surat, has a very low sex ratio of 839 compared to that of Bangalore at 913. Sex ratio levels have been linked to the Indian cultural preference for boys over girls and resulting incidences of infanticide. However, in the two cities, this is more a result of migration indicated by the fact that the sex ratio of under 6 year olds is much higher than the population as a whole as well as those in the over 6 year old age group.

The significance of migratory influences on sex ratios are further highlighted as a result of the wide variations within the census wards of the two cities. In two of the 63 census wards in Surat sex ratios are barely over 500 while in four wards it is well above 1000. Similarly in Bangalore, of the 87 census wards included in the 1991 Census, the sex ratio is around 700 in two wards and more than 1000 in three wards.

Although literacy rates are higher for men than women in both cities, both men and women in Surat have lower literacy rates compared to their counterparts in Bangalore. When the data is segregated by age, the gap between the literacy rate for males in Surat narrows but remains almost constant for females.



Table 2.7  
Key Demographic and Social Indicators - Surat and Bangalore

	Surat MC			Bangalore MC		
	All	Male	Female	All	Male	Female
<b>Total Population</b>	1497790	814370	683420	2660088	1390236	1269852
Population (6 years +)		683259	562808		1211761	1098408
<b>Households</b>	279665			515138		
<b>Sex Ratio</b>						
<b>All age groups</b>			<b>839</b>			<b>913</b>
Highest			1065			1027
Lowest			511			692
<b>0-6 year olds</b>			<b>920</b>			<b>961</b>
Highest			1125			1115
Lowest			250			889
<b>Literacy</b>						
Overall		69%	56%		76%	66%
6 years +		83%	68%		87%	76%

Source: Census of India 1991

State level urban Census data for Gujarat and Karnataka indicate that a larger proportion of literate females have completed primary level education than their male counterparts. Literacy rates equalise for the sexes for education at the secondary level whereas a higher proportion of literate males go on to complete high school and graduation than females (Census of India, 1998). The proportion of males doing so is higher for urban Karnataka than for urban Gujarat, the result of a culture of business in Gujarat and Surat, which while valuing education places greater emphasis on business acumen.

### Participation rates and main workers by Industrial classification

Participation rates between men and women vary between states as well as the cities (Table 2.8).

Table 2.8  
Distribution of Main Workers by Industrial Category - Surat and Bangalore

	Gujarat		Karnataka	
	Male	Female	Male	Female
<b>Workers as proportion of total potentia</b>	48%		50%	
	80%	11%	77%	20%
	Surat MC		Bangalore MC	
	Male	Female	Male	Female
<b>Worker Participation rate<sup>1</sup></b>	69%	7%	60%	13%
Manufacturing				
Household based	1%	40%	1%	4%
Non household based	40%	2%	32%	24%
Construction	2%	3%	8%	4%
Trade and Commerce	13%	16%	28%	16%
Transport, Storage and Communication	3%	4%	10%	4%
Other Services	7%	9%	20%	47%
Cultivators, Agricultural, Livestock, Forestry, Fishing and Allied	34%	26%	1%	1%

Source: Census of India 1991

<sup>1</sup> Participation rate is of main workers as a proportion of those aged 7+. Computerised data available at the city level divides the population into the age groups 0-6 and 6+

Twice as many women in Karnataka are recorded as employed than in Gujarat a trend that manifests itself at the city level as well. Access to work may be a possible explanation but a more realistic one is perhaps linked to cultural reasons and the level of disposable income. Inter-city variations in the distribution of main workers by industrial category and sex are closely linked to the structure of the city economy. In Surat, fewer women are allowed to work outside the home than is the case in Bangalore. In the former, apart from the small proportion of women in the powerloom industry, women are employed in home based work such as *jari* embroidery, *beedi* and *aggarbathi* rolling. In Bangalore, women are found in the construction sector as well in vending occupations.

### THE CITIES COMPARED

The cities have certain distinct characteristics. First, Bangalore is about twice as large as Surat. Second, the nature of employment in Bangalore is varied – public and private sector employment jostles with self-account occupations – and is spread out over the city. In Surat there is comparatively greater homogeneity – with the diamond industry cutting and polishing units located in the northeast, the powerloom industry in the north and south and southwestern parts of the city, dyeing and printing in the southeast and private sector petrochemicals in the northwest. Third, the dominant development agency for Surat is its Municipal Corporation whereas in Bangalore the Municipal Corporation, the Bangalore Development Authority and the state housing and slum clearance boards vie to divide up development interventions. Some of these characteristics are explored in greater detail below.

#### Surat

In 1991, the population of Surat (municipality) was 1.5 million contained in an area of 112 km<sup>2</sup>. Late 1990 estimates put the population at over 2 million. Many references are made to the spectacular growth of the city's population (see, for example, Das, 1994; Menning, 1997). These have to be treated with caution as the city limits have been changed five times since 1963, - the biggest change being in 1975 when the area of the city doubled resulting in a 40% increase in the population (NIUA, 1998a). Surat comprises of 33 election (administrative) wards, with each ward being represented by three elected councillors. Apart from the investment decisions made by various standing committees of councillors, each councillor is allocated a fixed sum of money to service the needs of their constituencies.

Two small-scale industries shroud the urban landscape of Surat – textiles (weaving, dyeing and printing) and diamonds (cutting and polishing). Together they are estimated to provide work for 40 percent of the city's workforce (Table 2.8). Breman (1996: 54) estimates that around 700,000 people (70%) out of a workforce of 1,000,000 are employed in informal sector activities, of which 40% are employed in the textile industry, 13% in the diamond polishing and cutting industries, 14% in small scale ancillary workshops and 33% in 'self-employed' street and home workers. These industries have been responsible for an influx of migrants. It is estimated that 60% of the city's population (Shah, 1997) and 80% of those living in squatter settlements (Das, 1994) have been born outside Surat District. Migration is sex selective and favours males in both the diamond and textile industries. However, it is often only diamond workers who have managed to bring their spouses and children to Surat over time.

Surat has been famous for its production of silk and handloom textiles as early as the 17<sup>th</sup> century and was the site of the first British textile factory in India (Menning, 1997). The rise and fall of 'fordist' industrialised textile production in Bombay has seen an expansion in the powerloom sector producing synthetic textiles, locally known as 'art-silk' (Menning, 1997;

Breman, 1996). However, this required that the industry mechanise to machine weaving - giving rise to the growth in powerlooms. Between 1951 and 1972 the number of powerlooms had increased five fold to 48,000 and by 1992 had increased another five fold to 250,000 (Breman, 1996). Recent estimates put them at 450,000 (SGCC, 1998). Menning (1997: 389) provides an excellent description of the informal, fragmented and flexible working of industry.

Production and distribution of cloth are dispersed among specialist firms and individual middlemen handling specific phases of manufacture and marketing. The raw material required for art silk production – synthetic yarn – is made in large high-tech, capital-intensive spinning units located outside Surat, either elsewhere in India or abroad. The remainder of the process of art silk manufacture, from the time the yarn enters Surat through the distribution of processed cloth to wholesalers, is highly fragmented. Dealers generally sell large quantities of yarn on behalf of the big spinners, using networks of personal contacts in the city. The yarn is then purchased by a yarn merchant. He, in turn, sends it out to one or more twisting or texturizing unit, which prepare the yarn for weaving. This arrangement, in which raw materials are supplied to a subcontractor who is paid on a piecework basis for his services after returning the finished product, is known as ‘job work’ and the one who performs it as a ‘jobber.’

When he gets the processed yarn back from the jobber, the merchant then sells it to a weaving unit. These powerloom sheds are commonly run by second- or third- generation family firms, some of which specialised in handloom weaving before switching over to art silk....Typically, weavers sell the unfinished cloth from their looms to a cloth merchant, often using a cloth broker. The merchant, like his counterpart trading in yarn, send the art silk out for job work. The cloth is dyed and printed at a processing house according to the merchant’s specifications so that he can sell it off, frequently using an *adatiya*, or commission agent, to an outside retailer or garment manufacturer.

The fragmented, informal nature of the industry in Surat offers art silk enterprises certain important advantages. A key one is flexibility. The business is highly competitive, and fluctuations in the cost of raw materials and in demand for various fashions lead to frequent cycles of boom and bust. Poorly run firms and those that do not react quickly to new trends will rapidly loose out to more agile competitors. The frequent shakeouts within the art silk industry, as entrepreneurs switch to more lucrative lines or simply go out of business, strengthen local industry and make it more competitive.

Migrants dominate the textile industry – from Orissa (42%), Andhra Pradesh (12.5%), Maharashtra (8%) Uttar Pradesh (5.5%) – with workers from the state of Gujarat constituting only 15% of the workforce (South Gujarat University, 1984, cited in Breman, 1996: 62). The first generation of Maharashtrian migrants were almost all employed in the textile industry but the current trend is toward self-employment in transport, petty business and land development with a small proportion in textiles - loom operators and supervisory cadres (textile masters). The Gujarati’s are owners of textile units and have businesses in the wholesale textile market. Migrants from Orissa and Andhra Pradesh work as loom operators and as casual labourers in the dyeing and textile industry respectively.

The loci of the diamond industry are the central old walled city and the eastern part of the city. It is in the latter that the dynamics of the local economy and housing have the strongest interaction. The late 1950s saw the first diamond workshops appear in Surat, dominated by Jains from north Gujarat (Engelshoven, 1999). The growth of the industry was slow in the 1960s with labour being drawn locally. A small number of Saurashtrian Patels (small farmers from Saurashtra, a region containing a number of districts to the west of Surat) came to Surat to escape drought and became *hira karigars* (diamond workers). Increased global demand for diamonds and the high cost of European labour, especially in relation to cutting and polishing of small diamonds, provided Surat with a comparative advantage and as a result the production peaked between the early 1970s and the late 1980s (Engelshoven, 1999). The inability of locals to meet the demand for labour combined with droughts in Saurashtra (in 1973 and 1974), resulted in Saurashtra Patels migrating to Surat to seek employment. Their

caste members who earlier had made inroads into the industry provided an avenue for a successful 'invasion' of the diamond industry (Engelshoven, 1999). The long term nature of such social networks of support has repeated in the most recent droughts in Saurashtra (Quadri, 2000). It is estimated that 60 percent of owners and 70 percent of workers are Saurashtra Patels, often from the same caste (Kashyap and Tiwari, 1984).

The diamond industry is characterised by a high degree of specialisation. Although all *hira karigars* are paid by stone, the rates vary according to whether they are involved in the cutting, bruting or polishing (Engelshoven, 1999). The quality of the stone determines how many stones can be cut or polished in a day. An experienced *karigar* with a supply of good quality stones could earn on average Rs 4,000 per month, very experienced *karigars* Rs 8000 but those employed in small workshops where the quality of the stones are bad only earn between Rs 1,500 and Rs 2,000 (Engelshoven, 1999). The control of the owners over experienced workers by either providing them with *baki* (advance money) or good quality stones creates and maintains income differentials within the industry. This is then manifested in the housing strategies of individual workers and their families. Engelshoven (1999) estimates that 40% of the workers live with their families in owner-occupied housing and the rest either in the workshops or in rented rooms. The better of Saurashtra Patels live in 'societies' or private housing layouts. The large degree of homogeneity in the caste origin of the diamond works has different implications for the nature of rental housing as compared to those employed in the textile industry.

The hierarchical segmentation of work in the textile and diamond industries on the basis of kinship and ethnic lines and particularistic relations giving rise to niche employment, has implications for the development of rental housing markets and landlordism as will be seen later in Chapter 3.

### **Bangalore**

While male worker participation rates in Bangalore are lower than those in Surat by 9 percent, the female participation rate is almost twice as much. However, compared to Surat, the economy of Bangalore city is much more diverse (Table 2.8). Among males, the sectors in order of importance are non-household based manufacturing (40%), trade and commerce (28%), other services (20%), transport services and communication (10%) and construction (8%). Industrial classification patterns from women are slightly different with other services assuming the most importance (47%), followed by non-household based manufacturing (24%), trade and commerce (16%), and finally construction (4%) and transport, storage and communication (4%). It is significant that unlike Surat, where 40 percent of women are employed in household based manufacturing, it is only 4 percent in Bangalore. This has implications for the role of housing in manufacturing as an income generating activity. However, rental housing as an income generating activity is not accounted for here in either city.

In contrast with Surat, Bangalore is a city of mixed local economies (Benjamin and Bhuvanewari, 1999). Benjamin (2000) distinguishes between local economy coalitions and corporate economies and links them to land settings. The former are categorised into five types: (i) small businesses, service activities, small manufacturing and fabricating activities located in and around three wholesale and retail nodes operating from traditional row buildings; (ii) small businesses and home-based production units in and around the western, south western and northern parts of the city operating from revenue and gramthana layouts; (iii) small-scale fabrication and service activities in revenue and gramthana layouts; (iv) small-scale export oriented garment businesses in urban villages; and (v) small business, trade

and services in City Improvement Trust Board developed areas. In contrast, all the corporate economies are located in master planned industrial areas residential neighbourhoods.

The structure of economic development in Bangalore is in contrast with that of Surat in so far as public sector manufacturing is concerned. The setting up of large public sector undertakings (in the 1950s and 1960s) servicing sectors such as telecommunications (Indian Telephones Industries) and defence (Bharat Electronics) and those producing machine tools and watches for domestic and export markets (Hindustan Machine Tools) resulted in a pool of skilled workers which the private sector followed to take advantage of (Holmstrom, 1994). This together with the location of corporate economies in the commercial zone around the central parts of the city, larger hi-tech IT firms in high rise office blocks in master planned integrated urban design projects and smaller firms in smaller office blocks in planned high income neighbourhoods in the south and the east of the city, has skewed the distribution of local economies catering to poorer and middle income groups. As Benjamin (2000: 36) notes, "much of its economy is centred on distinctive local economies that cater to poor and middle-income groups. These economies evolved in the late 1970s to mid 1980s, spurred by public investment in industrial and defence establishments in the late 1960s and early 1970s". Large tracts of land were acquired for the setting up of these industries giving rise to a planning culture. Thus local economy coalitions consisting of small businesses, service activities and small manufacturing and fabrication are located near the three wholesale market areas around the city centre, whereas the rest consisting of small scale manufacturing, fabrication, garment and service industries, home based production units and trade are located in peripheral areas in the western, south-western and northern parts of the city (Benjamin, 2000). The way in which these economies locate in private subdivisions or in rented courtyard housing or *vatarams* in the older part of the city once again have implications for the development of rental housing.

## URBAN DEVELOPMENT AND HOUSING

Urban development varies considerably between the two cities and as a result influences the development of rental housing markets. The structures of housing provision are comparable in both Surat and Bangalore. Planned development by public institutions, quasi legal subdivisions, the illegal occupation of land and resettlement are the four main forms. However, what varies is the mix of these structures of provision and the mechanisms that give rise to them.

### Surat

Urban development in Surat is highly skewed. The planned and serviced areas occupied by the better-off in the western and north-western parts of the city are in stark contrast with the unplanned and largely un-serviced areas in the north, east, south and south-west where poorer groups work and live. The main planning instrument for the supply of land in Gujarat is the Town Planning Scheme, similar to the land pooling or land readjustment schemes in Asia (NIUA, 1993b). In 1990, it was estimated to account for 90% of all public sector land development, the rest of the 10% being shared by the Gujarat Housing Board – GHB (4%) and the Gujarat Slum Clearance Board – GSCB (6%). By 1990, of the 29,777 units built by the GSCB, Surat accounted for only 1882 or 6%. Similarly, of the total of 117,544 units constructed by the GHB, only 8645 (7%) were built in Surat (NIUA, 1993a). Thus, like Bangalore, public sector constructed housing only accounted for 4% of all residential houses included in the 1991 Census. In 1992, 0.434 million (27%) of the 1.57 million people of Surat resided in squatter settlements (Das, 1994: 33).

Despite the fact that Town Planning Schemes take, on average, 13 years between the declaration of intention and implementation (NIUA, 1993a), it forms the main form of land

supply for upper income groups. Poorer individuals and households access land through quasi-legal subdivisions and the poorest through squatting. Surat is a city of *societies*, the name given to both legal and quasi-legal subdivisions. Societies are the outcome of co-operative movements in urban Gujarat and were originally work based. Today's societies are both work and ethnic based and often co-opt municipal councillors onto their constitution to provide them with legitimacy. Societies are constituted either as apartments, row housing or open plotted developments. The first type is only affordable to richer groups, those in the middle are able to access row housing, while poorer groups can only afford open plotted development. Apartment societies dominate the western and north-western part of the city, the former catering to professionals or those in business while the latter, in addition, caters for migrants employed in the fertiliser, petrochemical and banking sectors.

The northern, eastern, southern, and southwestern wards of Surat are the bastions of the textile - powerloom, dyeing and printing - industry while the northeastern wards mainly contain the diamond - cutting and polishing - industry. These two industries have underpinned the nature and form of urban development. Access to land and housing is determined by particularistic ethnic relationships. Triadic networks comprising of farmers, developers and workers operate in closed 'circuits' of information sharing, trust and patronage. Although there are signs of trust between farmers and developers being eroded, it is a key link in the relationship between developers and those seeking to buy residential sites. Employers and workers in the diamond industry are predominantly Patidars from Saurashtra (Shah, 1997). As Menning (1997: 387) notes, "[t]he city's merchants and manufacturers frequently conduct business on the basis of purely oral agreements, and they rely heavily on networks based on kin, caste and religious ties..." These networks are not confined to just the economic sphere but also extend to the provision and production of housing. The vast majority of diamond employers and workers reside in open plotted societies - and more recently in row houses and apartments. They are non-existent in squatter settlements (for example, Das, 1994). The housing patterns of textile and own-account workers are more varied - squatters, owner-occupiers and landlords in plotted societies in the south and southwest and renters of rooms.

Squatter settlements are home predominantly to migrants.<sup>17</sup> Only 14% are from the state of Gujarat - the proportion from other states in declining order of magnitude are 47% (Maharashtra), 18% (Uttar Pradesh), 11% (Orissa) and 5% (Andhra Pradesh). More than half (55%) of the squatter households are located in the east and the south. This is not surprising given that almost a third of all squatter household heads are employed in textiles with more than 60% percent of them residing in settlements in the east (17%) and south (42%). The north of the city has the least number of squatter households (6%), the west and the southwest have about twice as more (12% and 13% respectively) and the northeast 15%. The distribution of squatter settlements reflects the nature of the local economy and the operation of land markets. Migrants from Maharashtra (47% of all migrant household heads) are predominantly in own account occupations (sales, production, processing, repairs and services)<sup>18</sup> with some in construction. They are concentrated in squatter settlements in the east (20%) and south (51%). Textile workers cluster as close to employment opportunities as

<sup>17</sup> Unless otherwise stated, the figures relating to the socio-economic situation of the occupants of squatter settlements in Surat are calculated from figures reported in Bishwaroop Das (1994), *Socio-Economic Study of Slums in Surat City*, Surat: Centre for Social Studies. Note needs to be taken about the presentation of the data in this study. The study divides the city into A (west and part of north), B (north and part central), C (northeast and part central), D (east and part central), E (south) and F (southwest and part central). These divisions do not coincide with the census wards, the electoral wards or the zonal divisions of the city municipal corporation - west, north, east, south, southwest and central. This makes comparison with city level census statistics difficult. So the data that has been extrapolated can only provide broad indications of the socio-economic conditions vis-à-vis the city's economy.

<sup>18</sup> These are the categories used in the 1994 *Socio-Economic of Slums in Surat* (Das, 1994).

possible. Migrants from Uttar Pradesh - powerloom operators - are predominantly in the south (45%), northeast (23%) and east (16%). Those from Orissa - also powerloom operators - are concentrated in the northeast (40%) and the south (28%). The northeastern location of these groups (the domain of the diamond cutting and polishing units while the textile powerloom units are located in the north) is partly due to exclusion from kinship based ownership but more perhaps because they do not intend to settle in Surat. Migrants from Andhra Pradesh - associated with the dyeing and printing sectors of the textile industry - are clustered in the east (63%) and the south (29%).

A thriving real estate market - renting and buying - exists in Surat's squatter settlements. More than a third of the residents indicated that they were tenants. The distribution of tenant households is heavily skewed - settlements in the south account for 53 percent of all tenants and the east for 18 percent. The proportion of tenant households is very low in northern settlements (3%) and varies from 8 percent in north-to-northwestern and southwestern settlements to 11 percent in the east. Thirty five percent are reported to have paid a monthly rent of Rs 100 or less, 58 percent between Rs 101 and Rs 200 and 10 percent between Rs 201 and Rs 300. These however are rents prevailing in the early 1990s. Furthermore (Das, 1994) does not disaggregate rent by type of structure. When the field work for this study was conducted in Surat (1997-1998) the rent for a thatched structure ranged from Rs 150 to Rs 300, for a brick walled and corrugated asbestos cement roofed structure from Rs 250 to Rs 400 and for a brick and reinforced cement concrete structure upwards of Rs 400.

Squatter settlements in Surat are well established judging by their age. Twenty five percent are less than 10 years old, 30% between 11 and 20 years, 18% between 21 and 30 years and 27% more than 30 years old. However, there seems to be a significant movement of population in and out of them.

From 1975 to 1977 I stayed in a squatter settlement as a tenant for Rs 5 a month. The hut used to be shared by 12 of us. In 1977, I paid the [union] leader [of a private mill] and occupied two plots - both were sold for Rs 4,000 in 82. In 1982 I moved to Aribav Nagar and let out 3 rooms for meeting the loan expenses [*Landlord FKP, Pandesara, Surat*].

A quarter of all migrant households have arrived in the last five years and less than a fifth have resided for more than 15 years. Of the 65% of squatter households who claim to be owner- occupiers, almost 95% claim to have paid something to acquire their dwelling. Almost one quarter (24%) claim to have paid up to Rs 4,000, a third between Rs 4,000 and Rs 8,000, little less than one quarter (23%) between Rs 8,000 and Rs 15,000, and a little more than one tenth (11%) more than Rs 15,000. Once again these are early 1990s figures when the average monthly earning of a powerloom operator from a single-shift was Rs 1,500.

## **Bangalore**

The city of Bangalore covers an area of 126 km<sup>2</sup> and is home to 3.26 million people. Bangalore lacks both the stark contrast between planned and unplanned areas as well as the demarcated occupational patterns that are the hallmarks of Surat. Development has been incremental with new areas being added to the city over the decades. There are no recent surveys of urban or housing conditions within the limits of the Bangalore Municipal Corporation. The ones that exist are either dated (see, for instance, Rao and Tiwari, 1979) or pertain to urban areas of the state of Karnataka as a whole and often do not provide disaggregated information for Bangalore (see, for example, NIUA, 1998b).

Urban development and housing in Bangalore are closely articulated with the city's economic development. The economic history of Bangalore can be compartmentalised into four phases. The first, following independence in 1947, and stretching into the 1960s was dominated by

the location of national public sector research and production facilities.<sup>19</sup> The second, during the late 1960s and the 70s, witnessed the setting up of state-run businesses. The third phase started in the early 1980s with the establishment of private microelectronics based enterprises. The final phase beginning in the late 1980s is characterised by links with multinational corporations (Heitzman, 1999). The economic development that took place and the ancillary companies that emerged were able to provide employment only to those with higher levels of education and technical skills. A large proportion of the city's workforce are therefore self-employed (textile workers, autorickshaw drivers, traders in waste and plastics, construction, home based enterprises, domestic help, pavement and street vendors, repairs and so on). This study found that the few that have found waged employment in the private sector seem to be those in the 'export oriented' garment industries in the northwestern peripheral wards of the city. Such distinctly divided employment opportunities are reflected in divided residential opportunities as well. As Blore (1989: 559) notes:

The BCC [Bangalore City Corporation] area is characterised by a dense rented sector on the west of the city, areas of low-density, high income group housing from the north (Rajmahal Extension) towards the south (Jayanagar), and the main administrative and commercial locations in the centre. Interspersed in these areas are the estimated 400 slums of Bangalore which contain a population variously estimated at 300,000 to 500,000... Land is largely privately owned and there is a lively real estate and property market whose upward pressures are leading to densification and in-filling in many areas. This market appears divided between the larger developers and estate agents operating in the higher income areas, and smaller builders, property dealers, landlords and tenants operating in the older areas and slums.

A large proportion of higher paid formal sector (public and private) employees access land in residential areas developed by the Bangalore Development Authority or luxury apartments developed by private sector builders. The former tends to be concentrated in the northwestern, western, southwestern, southern, southeastern and eastern intermediate and peripheral wards of the city. Middle-level formal sector employees have the option of applying for units in residential blocks constructed by the Karnataka State Housing Board or plots developed by the Bangalore Development Authority. For most of the poor and lower middle classes the options are greatly reduced. Most of the poor reside in squatter settlements, improved squatter settlements, rehabilitated squatter settlements and relocated resettlement sites with a few in public housing (developed by the Karnataka State Slum Clearance Board) developments (Blore, 1989). The contribution of the public sector to housing stock has been minimal - estimates range from 1% (Mengers) to 3% (GHK International, *et al.*, 1997: 11). The formal private sector only fares marginally better with a contribution of nine percentage points (GHK International, *et al.*, 1997: 11). Apart from bureaucratic and legislative delays in performing a better service, city housing and urban development institutions are severely constrained financially.

... annual budgets for various schemes are meagre, in all Rs 120 crores [Rs 1200 million] for the whole state, during 1996-1997. In contrast, for clearing backlog of housing shortages in the two main cities alone (Bangalore and Mysore), the average annual requirement of funds (in all the sectors) would be around Rs 800 crores [Rs 8000 million] and 215 crs [Rs 2150 million] respectively, till 2001" (GHK International, *et al.*, 1997: 10).

Surprisingly, the report makes no mention of the role of rental housing and is therefore silent on the subject.

Lower-income groups have no option but to purchase un-serviced sites in revenue layouts (quasi-legal sub-divisions) - only a few are lucky enough to be allotted units in public sector

<sup>19</sup> These included aircraft production (Hindustan Aeronautics Ltd), telecommunications (Indian Telephone Industries), electronics (Bharat Electronics Ltd) and electrical and engineering firms (Hindustan Machine Tools and Bharat Heavy Electricity Ltd) (Blore, 1989).



housing developments. As Blore (1989: 567) notes, "[b]y deferring services, unauthorised housing [revenue layouts] is rear-end loaded and hence more accessible to workers in times of even modest inflation and real income growth. The peripheral location of new revenue sites and the lack of transport and other services make them a prime target for the development of rental housing. Potential owner-occupiers tend to invest in rental housing until conditions improve and to prevent their sites from either being squatted upon or resold to another buyer. Those in more upwardly mobile occupations invest in revenue layouts and build accommodation for rent as a longer-term investment.

Significant mismatches between formal housing provision and non-formal supply mechanisms can be observed in practices on the ground as well as in the rhetoric of official documents. Access to land and finance has given rise to a host of intricate political and social relationships between individuals, local leaders and councillors. Much of these relationships revolved around land and is predicated on up-front monetary transactions, unlike the practice of instalment payments available to poorer residents of Surat. The unplanned and informal nature of these transactions create opportunities for the co-existence of a range of economic opportunities which in turn give rise to a heterogeneous housing market comprising of owner-occupiers, landlords and tenants. Self-employment involves a complex chain of social and economic relationships - ranging, for example, from credit between waste collectors and waste traders to recommendations for the hire of autorickshaws. Economic and social mobility is closely linked to the success of these relationships and therefore the need to be locally based. Rental housing is critical in providing poorer groups with the 'room for manoeuvre' and poorer landlords with the opportunity to supplement their income. In all, it has given rise to a competitive and thriving rental housing market. In contrast, formal planning processes, with the rules and regulations that underpin them, stifle the development of heterogeneous and mixed land use localities and in turn the emergence of choice in housing tenure. For example, an item on the agenda of the Comprehensive Development Plan for 2011 prepared by the Bangalore Development Authority states, "[c]ontrol growth of urban squatters, sporadic developments [read revenue layouts] and mixed land use development in planning areas" (BDA, 1995: 5). This is in complete odds with the reality of housing and urban development. Blore (1989: 566-567) has noted that rear-end loading of costs of housing and services in revenue sites make it the cheapest housing option per square metre of land. Thus, the attempts to preserve the green belt are likely to remain aspirations on paper for the BDA (BDA, 1995). Blore (1989: 568) notes that

[t]he recent idea, promoted by HUDCO [Housing and Urban Development Corporation], of planned upgradeable sites emulates the present successful market provision of unauthorised housing. The installation of services is deferred and wholly self-built housing is promoted.

There are two questions of viability that such a proposal raises. The first is the ability of formal public finance institutions or their delegated representatives (such as the KSCB) to be able to collect repayments at the same level of success as private moneylenders. The study found that moneylenders and savings and credit organisers were highly successful in ensuring that repayments were made. The second relates to the ability of formal government institutions to be able to successfully 'clone' the operation of their informal sector counterparts - most importantly, the supply of land in the right time and at the right place. The issue here is clearly not one about the state replicating the operations of informal housing suppliers independently but in coalition - an issue that is dealt with in greater detail in the conclusions.

A point worthwhile noting is that it is not the planning mechanism per se that excludes poorer groups from access to land, housing and infrastructure. In Surat, land is developed using the principle of Town Planning Schemes where a certain proportion of the developed land is handed back to the original owner. In Bangalore, land is acquired, developed and sold by the

Bangalore Development Authority or handed over to the Karnataka State Housing or Slum Clearance Boards. Although the mechanisms of land supply differ between the cities, they are faced with two common problems - the first is the lengthy period of time before these schemes come to fruition; and second, that both of them tend to exclude the poor.

These planned areas have stifled the development of rental housing options for poorer groups due to a lack of opportunity to share in the gains of planned development. Ironically, it has also legally stifled opportunities for the rich as well to undertake the production of rental housing due to planing requirements which prevent the construction of dwellings with more than one kitchen. While for the latter, agreements supported with financial incentives between owners and property tax collectors can overcome their handicap, the poor are totally excluded. The greatest flexibility for the poor is in unplanned areas of the city to the north, west and south-west where local economies and the flexibility in tenure arrangements allow for economic and social mobility (Benjamin and Bhuvanewari, 1999)

It could be argued that the BDA has the option of earmarking a larger proportion of acquired land for the poor than is currently done. However, practice differs from theory. In part, it is influenced by a lack of 'common-ground' between different government departments. For example, (Ravindra, 1996) notes:

In the matter of conversion of agricultural land for non-agricultural purposes, there is legal ambiguity. While the Deputy Commissioner [Bangalore District] is permitted to grant such conversions under the Land Revenue Act, the permission of the Planning Authority [BDA] is necessary where the land comes under the Planning area. In practice the Deputy Commissioner has been granting permission for conversions [within the Planning Area] without reference to the Planning Authority.

Land acquisition and distribution is also influenced by the philosophical position of such institutions. These institutions see themselves as acting in the public interest but are subservient to the dictates of a planning process which is not only top down but also at variance with the way in which poorer groups organise their economic, social and political lives.

# 3 Land & Rental Housing Markets in Bangalore & Surat

## INTRODUCTION

The emergence of rental housing markets in urban India are an intricate web of inter-linked and embedded processes that vary within and between cities. Both the early and more recent origins and forms of landlordism in both Surat and Bangalore have been influenced by a multiplicity of factors. Early large scale petty-capitalist forms of rental housing (both land and house rentals) are the result of historical (land ownership) and economic (the growth of the cities combined with the spatial location of economic opportunities) factors. Early forms of landlordism were predominantly petty capitalist in both cities as a result of the existence of family estates combined with the demand for rental housing from migrant labour. Gradually, the scale and occurrence of petty-capitalist landlordism has decreased with the result that contemporary rental housing markets in both cities are predominantly organised by subsistence and petty bourgeoisie landlords (Kumar, 1996). Changes in the forms of landlordism can be attributed to the knock-on effects of public sector intervention – particularly due to: land acquisition by the state for industrial and residential uses under the Land Acquisition Act of 1984 in Bangalore; the use of Town Planning Schemes to reconfigure and service land for residential development in Surat; and more recently the Urban Land Ceiling Act of 1976 in both cities.<sup>20</sup> In order to pre-empt land acquisition, farmers began to subdivide land into smaller plots and sell them privately. The resulting fragmentation of ownership has reduced opportunities for the development of petty-capitalist forms of landlordism. However, although access to land is a necessary condition for the development of rental housing, a number of other factors work to include or preclude its development. These encompass the buoyancy of the local economy and the opportunities for the pursuit of livelihoods therein (the way in which local employment is configured and reconfigured and the demand for rental housing that this creates); access to finance (the comparative advantage of informal trust based kinship and ethnic ties versus other non-trust based non-institutional finance); and the role of local politics and power brokers (political and apolitical). The multiplicity of these varied interactions determine the reasons why individuals and households undertake the production of rental housing (safety nets, income supplementation and income generation). The embeddedness of these factors, together with the myriad of actors involved in the production and exchange of rental accommodation, not only results in varied rental housing sub-markets (which are both contextual and temporal) but also add to the complexity that a rental housing policy will have to deal with. It is essential that these processes are understood if a rental housing policy is to be targeted at encouraging specific forms of



<sup>20</sup> The Urban Land Ceiling and Regulation Act (ULC) came into force in 1976 in order to curb land price increases through speculation and to socialise the land acquired via the Act for low income housing (Acharya, 1989). Maximum holding limits were established by class of city. In Surat this was a maximum of 1500m<sup>2</sup> and in Bangalore 1000m<sup>2</sup>. Land was exempted under the act if it did not fall within the Master Plan or if landowners constructed dwellings of 80m<sup>2</sup> on it which was deemed affordable to poor groups (Economically Weaker Sections). These dwellings were not affordable to the poor (Acharya, 1989). In 1996, The Act was annulled in 1996 on the basis that it did not serve its purpose.

landlordism. What follows is an analysis of how these relationships take shape in the two cities and their policy implications.

### LARGE SCALE LANDLORDS – EXPLOITERS OR EXPLOITED

One of the fears about rental housing in general and landlordism in particular is the development of petty-capitalist, monopolistic and therefore exploitative forms of landlordism. These forms can impact negatively on the operation of rental housing markets (reduce options and charge monopolistic rents) and can exclude large segments of the population. But to what extent does this form of landlordism exist in urban India and under what conditions do they develop? There is evidence of petty-capitalist forms of landlordism in both Bangalore and Surat. However, there is no evidence to suggest that they dominate the rental housing market or indeed that the quality of accommodation and services they provide or the rents that they charge are dissimilar to those in the household rented sector. Most petty-capitalist landlords are either drawn from groups that owned land as part of family estates (therefore residual in nature as in Surat) or those who have entered into the production of housing on the periphery of the city with the view to put agricultural land to more productive use until land prices appreciate (and therefore speculative as in Bangalore). For the former, renting is a business (at times profitable and at times not) but for the latter it is a short term measure. This results in key differences in terms of scale and the actors involved in the production of rental housing.

In Bangalore's early history (pre late 1960s), petty-capitalist forms of landlordism predominated in the form of land rentals. This form of landlordism has its roots in the post-independence construction boom (due to the setting up of public sector units outlined in Chapter 2). On the one hand, this provided an opportunity for some large agricultural land owning families to diversify into construction contracting, building material retailing and transport. On the other hand, for example, it attracted construction labour into the city which also provided an opportunity for land owners to diversify into letting out plots of land (land rentals).

The ward of Bashyam Nagara (24) is located in west Bangalore. One of the large landowners started to rent land in the 1950s typified by the low income settlement of Ambedkar Nagar. Tenants were rented plots ranging from 225 square feet to 400 square feet upon which they constructed tiled houses. A lane of 50 houses bearing the name of the original landowner exists even today [*Ambedkar Nagar, Bashyam Nagar ward, Bangalore*].

By the late 1990s very few cases of petty-capitalist landlordism were found to exist. The reasons for the development of this form of rental housing was a combination of difficulties in continuing agricultural production as well as a means of making productive use of land while land prices increased.

The ward of Sarvanjana Nagar (85) in the east was annexed to the Bangalore Municipal Corporation in the mid 1990s. K (aged 38) is one of the big landlords in the ward. K's family has been renting for the last two generations in the same area. K, is from the Gowda community – traditionally involved in farming. Gowdas are among the big land owners in Bangalore city as well as in Karnataka State. His family is one of the 6 large agricultural land owners in Sarvanjana Nagar ward. In 1970, his grandfather's land was subdivided among the family members. Some land was acquired by the government under the Urban Land Ceiling Act. K's father was able to get 5 acres in the area as his share. They sold part of the land and K started a small provision shop in the area while his father a brick kiln in their fields. Due to fluctuating income from the brick kiln, K's father started to rent to earn a regular source of income and closed the Kiln in 1980. K, with a wife and three young children found that the income from the provision store business (Rs 4000 in 1998) was not enough to meet his family expenses which was amounting to between Rs 5000 and Rs 6000 per month. In addition they had to make

allowances for annual expenses such as festivals, clothing and travel. He could not find any other profitable avenues for business investment. Initially he started to mobilise chits for meeting his business and households expenses. Some of the chit amount was rotated for interest. K was unable to expand the provision business, as their shop is located in a peripheral ward. From the mid 1990s, the demand for residential accommodation was mainly from low income groups who were unable to find suitable accommodation in the neighbouring wards. Hence as and when migrants came in search of rented place, he started to add on units. Now, rent receipts from the 1000 thatched units total Rs 15,000 and provides a substantial proportion of his income. In addition he has interest earnings approximately 5-6000Rs per month. (guess estimated based on the information provided by the respondent that he is circulating roughly Rs 100,000 in chit funds and finance). Investment in land and property is perceived to be a form of security as the finance business is high risk. Rent receipts help provide the cash-flow for business as well as being a regular source of meeting daily consumption expenditure. Landlords like K do not want to erode their business capital which is necessary for ensuring rotation [Landlord K, Sarvanjana Nagar ward, Bangalore].

A similar case is that of L who rents out 600 units. While being employed in the public sector Indian Tobacco Company, he started a provision shop and added to his income through renting. On retirement, he has invested his benefits into opening two other provision shops for his two sons who did not complete school. They now own four shops, each employing three people [Landlord L, Sarvanjana Nagar ward, Bangalore].

As the city expanded, owners of *vatarams* (courtyard and row type traditional tiled houses) in central western wards such as Kempapura Agrahara (ward 32) let rooms to migrant families. The ownership of units of such landlords is in the tens rather than the hundreds. These forms of housing are being replicated in contemporary rental housing markets in some peripheral wards of the city.

The historical origins of landlordism in Surat are somewhat different. They take the form of *wadis* (literally meaning open spaces used for social and religious gatherings organised by a range of religious and caste groups). Most *wadis* date from the early 1900s and were on the outskirts of the city but are now to be found within the walled city in wards such as Haripura, Begumpura and Saiyadpura, with the exception of one in the east zone (an highly organised *wadi* by the name of VB-ni-wadi). The second form of petty-capitalist landlordism is exemplified by *chawls* (traditional single or multi-storeyed structures built to house textile workers and their families in urban centres like Bombay and Ahmedabad and Surat). A few cases of the replication of this rental housing sub-market were observed in the south-western wards of the city. *Wadis* are owned both by religious as well as family trusts.

The *wadi* owned by the *Nawab's* (king's) family is an example of a *wadi* belonging to a family trust. Anecdotal evidence suggests that the *Nawab* donated large tracts of land to his wife and close ministers for them to hold in trust to generate an income from agriculture. Declining profitability led these trustees to invest in rental housing. Renting was apparently undertaken in order to generate an income as well as garner political support. This might explain the dominance of Muslim tenants in this particular *wadi* [Field notes, Surat].

The number of units rented out in the city centre *wadis* range from 55 to 500 but the average *wadi* had 50 to 80 units. Units vary between 150 square feet and 500 square feet with rents ranging from Rs 5 to Rs 100 per month. The accommodation in most *wadis* is poor (single storied structure of wooden walls and the roof of tin, tiles or corrugated asbestos cement) and lack services such as water, electricity and sanitation. Only a few are two storeyed structures with brick walls and reinforced cement concrete roofs with water and electricity. With the religious trusts being absentee landlords, the *wadis* are managed by the resident Hindu *priest* or the Muslim *munim* as caretakers. Initially, tenants accessed accommodation in the *wadis* through contact with the trust or via existing tenants. More recently, existing tenants have been offering sub-tenancies (paying the original rent to the landlords while charging the sub-

tenants higher but comparatively cheaper rents than elsewhere in the city). The first generation of wadi tenants consisted of textile labourers but they are now a heterogeneous group in terms of both income and occupation.

An exceptional case of a very large *wadi* belonging to three brothers was found in the eastern part of the city.

VB-ni-wadi (named after one of the brothers) is located in a dense commercial and diamond processing ward in the east of Surat and attracts a range of tenants – waged and self-employed. The wadi has grown and changed over the past 20 years. Initially it contained a few temporary units but with the rise in income of workers in the diamond industry and an increase in demand for rental housing from migrants, this has given way to three types of rental units:

- Chaali's (row houses) with brick walls and corrugated asbestos cement roofs – each containing rooms of 10 feet by 10 feet and with a 3 foot wide verandah. The rents here are Rs 725 per month and a deposit of Rs 1000. The rent includes the cost of operating a single light bulb with electricity being provided at night and for 2 hours in the afternoon. A separate charge of Rs 50 per item is levied if a fan or television is used. There are roughly 40 rooms in each of the 20 rows with 6 toilets for every 4 rows. A number of these units are occupied by groups of up to seven single migrant men from Orissa and Uttar Pradesh who share the rent.
- Chaali's with brick walls and reinforced cement concrete roof form the second rental housing type. These structures also contain rooms of 10 feet by 10 feet with a rent of Rs 1000 (including electricity for a light bulb) and a deposit averaging Rs 2000. It is not clear why these units are so expensive – except for the material of construction of the roof there are no additional services as compared to the first type. The tenants are mostly from Marwar (Rajasthan), Uttar Pradesh and Saurashtra (Gujarat).
- One bedroom walk-up apartments of four stories form the third type. Rents here are Rs 1250 (electricity not included) and deposits of Rs 4000. Monthly electricity charges vary from Rs 200 to Rs 500. These units contain individual toilets and bath rooms and are occupied in the main by Gujarati (Kathiavadi) and a few Rajasthani (Marvadi) families. According to a key informant, these units were rented out as diamond cutting and polishing units but have slowly been converted to residential use.
- Small commercial shops form the entrance to the wadi and are rented out for Rs 1000 per month with a deposit of Rs 4000.

The wadi is extremely well managed with an office where there is a rent card for each of the units rented. Tenants visit the office to pay their rent on or before a fixed date failing which they could be evicted. A notice period of 15 days is in operation if the tenant wants to vacate, upon which their deposit is returned. The office also advertises vacancies and tenancy is through the provision of a reference by someone living in the wadi or known to the supervisor.

Tenants seem to seek rental units in this wadi for a number of reasons. A common reason was the level of infrastructure and the security offered. The latter is important for those migrants seeking to bring their families to Surat. The fact that rents are fixed and so are the charges for services seems to also play a role. For a number of tenants, however, the proximity to employment was a key factor in influencing their decision.

The total rent generated by the wadi is staggering in absolute terms – a total in excess of Rs 1,000,000 in deposits and a total monthly rent receipt of close to Rs 900,000. Expressed as a proportion of wages in the two main industries the comparative advantage of renting as a business are clear. Rent receipts amount to between 300 and 400 times that of the monthly income of a diamond or textile worker, respectively. While the earnings from rental housing have to be placed in the context of the economic status of the VB family about whom respondents repeatedly said – 'this is small money' [Field notes, Surat].

Chawls, the second form of contemporary petty-capitalist landlordism are produced and owned by *Rabari's* (a nomadic community from Saurashtra involved in the milk business). The Rabari's claim to be second generation migrants with their grandfathers migrating to the city in the early 1900s. Requiring land to graze their cattle, they occupied tracts of land on what was then the periphery of the city (outside the old city walls). The growth of Surat and the demand for rental housing by workers in the textile industry made some of them diversify from the milk business into renting. Kalyani Chawl in the south-west ward of Majura Khatodra is a typical example.

K Chal is located in Majura Khatodra ward to the south of the walled city. The main economy of the ward is textiles (powerloom, printing and dyeing). The chawl is owned by three Rabari brothers, one of whom – K aged 65 - is the main landlord. The chawl contains approximately 100 *kaccha* rooms (wooden walls, corrugated tin roofing and mud floors) and 23 *pucca* rooms (brick walls and reinforced cement concrete roof). The *kaccha* rooms have no water, sanitation or electricity facilities whereas the *pucca* rooms have electricity and water. Rent for the former is Rs 300 with a deposit of Rs 700 to Rs 1000 depending on the relationship of the tenant to the landlord. For the *pucca* rooms, the rent is Rs 600 with a deposit of Rs 3500. The majority of the tenants are from Rajasthan and Uttar Pradesh with a few from Ghodhara district in Gujarat. According to the present tenants, the vast majority of the previous tenants were from Orissa. They allege that as they were alcoholic and destructive so the landlord vacated all of them and rented most the rooms to non- Oriyan's. The Rajasthanis are mainly in brown paper and wooden box making with a few employed as helpers, *sari* folders and as casual labourers in the nearby textile market. The box making is contracted out by textile traders and mill owners. There is an open space in front of the chawl where they sit and work. Earnings average Rs 2500 to Rs 3000 per month. A majority of these tenants are single males and sharing their rental accommodation with 3 to 4 other people. The tenants from UP are mainly working in textiles with a majority in the dyeing and printing units and earn Rs 3000 to Rs 3500 per month. Some of them are also box makers like the Rajasthanis while a few others are vegetable and fruit vendors [*K Chal, Majura Khatodra ward, Surat*].

The issue for a policy on rental housing is whether the rents are exploitative as a result of the monopolisation of the local rental housing market? Monopolistic forms of landlordism can be detrimental to tenants if rents charged are high and there is a lack of alternative rental options. It would seem that the contemporary *wadis* and *chawls* caters for differing demands and there is no sign of one form of rental housing replacing the others because it is more profitable. More over the rents charged are not very different from rental units with similar standards of accommodation and services produced by individuals and households. Although the gross rent receipts are high for a particular *wadi* or *chawl*, the family and religious trust landlords earn a very meagre sum from the central city *wadis*. It is clear that rent control in central city areas has had a detrimental impact on service levels and the maintenance of the housing stock there. In VB-ni-wadi on the other hand, the *wadi* has responded to the varied and changing local demand and produced a range of rental housing units that provide choice.

A more important issue in relation to petty-capitalist form of landlordism is the issue of tenant vulnerability. The vulnerability of tenants of petty-capitalist landlords goes beyond the individual or household and effects a whole group of tenants by virtue of the sheer number of tenants that landlords cater to. For example, group vulnerability can arise from the action of landlords who invest in rental housing as a temporary and short term measure while speculating on land price increases. Eviction of the entire group of tenants is more or less a definite outcome. For tenants of inner city petty-capitalist landlords, vulnerability can result from landlord converting the use of their property from residential letting to renting or sale for commercial purposes (more likely the outcome of lifting rent controls in inner city areas). In comparison, the vulnerability of tenants of subsistence and consolidator landlords are felt at the individual or household levels. Vulnerability is greatest with buoyant local economies where the increased propensity of new tenants to pay higher rents and demand better services

can lead to gentrification. The least vulnerable tenants are those in areas where the local economy has not changed to a higher wage economy or where wages are stagnant.

### STATE INTERVENTION AND THE DEVELOPMENT OF LANDLORDISM

Contemporary forms of subsistence and petty-bourgeoisie forms of landlordism have emerged in both cities largely due to state intervention – both direct and indirect. Direct impacts, for example, include the loss of livelihoods as a result of land acquisition and the extent to which squatter resettlement schemes enable or stifle the production of rental housing. Indirect impacts result from strategies by land owners to pre-empt land acquisition. It is the knock on effects of the intervention of the state which determines access to land and therefore the development of rental housing markets.

#### The direct impact of state intervention – land acquisition

A direct impact of land acquisition, especially that of the Bangalore Development Authority, is that it takes away the entitlement of farmers to their land – it destroys the livelihoods of small farmers in peri-urban areas either because all their land is acquired or that land which is not acquired is too small to continuing agricultural production. The predicament of such farmers in terms of their livelihood is rarely considered, the assumption being that land is required for public use and that compensation is an adequate response. In Surat, the Town Planning Scheme is more sympathetic in that farmers still retain access to their land to use or dispose off as they see fit. The affected farmers are often forced to find alternative livelihoods. A small minority rented out inherited property.

H aged 60, is a resident of Doopanahalli village in Domlur (ward 72) ward in the east of the city. He owned 8 acres of agricultural land which was all acquired by the BDA for the formation of Domlur Layout in 1978. He alleges that the BDA took a long time to pay compensation despite bribes and follow up visits. At the time of acquisition, the state government had made an offer of employment for one person from the affected families in the new companies that were to be set up. Neither he nor other members of his family could take up this offer as they did not have the requisite education or skills. With no other income, he began letting the five tile house that his grandfather had constructed (which had been used to house his agricultural workers but were now vacant) to migrant labourers who joined the surrounding companies. Rent forms his main source of income [*Domlur, Bangalore*].

However, most used the sites that they were given as compensation to construct rental housing units.

Residential layouts in the ward known as Shanthinagar, situated in the south east of Bangalore was developed by the Bangalore Development Authority. The BDA acquired around 50 acres of Land in 1976 for formation of residential layouts. Prior to BDA's intervention, land was held by small and big farmers belonging to different communities. N P Garden is one of the layouts in Shanthinagar ward and is named after the land owner. The total area covered by the layout is around 2.5 acres. The BDA acquired the land and allotted 0.5 acres or 9 serviced plots for the land owner for compensation. The landowner sold 5 of the plots in 1982 for Rs 250,000 and used the amount to construct four houses for rent, retain one for personal occupation. AS is another farmer in the same ward whose land was acquired by the BDA. The BDA acquired nearly 15 acres of his land. BDA paid a compensation amount 5000Rs per acre. Some farmers like AS, opted to take their compensation partly as serviced plots and partly as cash. AS got 4 sites in the BDA layout. In the 4 sites he invested in renting. The family is said to be having a number of other businesses in the ward and also some vacant land. The vacant land was sold as private plots. Presently the family, has rented out two, single bedroom RCC units in the BDA plots [*Shantinagar, Bangalore*].

Although calculations have not been made regarding the relative profitability of agricultural activities against the combined returns on cash compensation (in terms of interest payments)



and rent receipts, it is clear that renting out accommodation acts not only as a safety net but provides an alternative livelihood response that requires little skill in its production or management.

In Surat, although state institutions were not involved in large scale land acquisition like Bangalore, similar processes were taking place but with a softer impact. Acquisition has been limited to that land required for planned development through Town Planning Schemes (TP Schemes). Proposals for the implementation of TP Schemes are presented by the Surat Municipal Corporation (SMC) for approval by the government of Gujarat. Those farmers whose land has been incorporated into the TP Scheme are required to give up a proportion of their land for the development of roads and other social infrastructure. They are also required to pay a betterment levy but are allowed to dispose of the rest of the land privately. TP Schemes have been implemented mainly in the west and south-western parts of the city (with a few in the north and east) and are occupied by middle and upper income households. Two interrelated factors have influenced the form of housing provision in TP Schemes: first, in the initial stages farmers were not aware of the profits to be made from housing developments and as a result did not get involved in real estate; the second, was the fact that the formation of co-operative societies - either along caste or occupational lines - ensured members access to institutional finance for construction. Thus, farmers were approached by 'society' developers and organisers<sup>21</sup> for the purchase of land. The resulting construction - mainly apartments - was for self-occupation. Renting has only emerged if the property happened to be an additional home and the tenant an out of state migrant with a fixed term transferable public sector contract (like the banking sector) to ensure return of the property. As a result, the levels of renting reported in these societies are low.

More recently, large farmers have become aware of the profits to be made from plotted developments and the construction of apartments. They are reluctant to part with land to real estate developers (the architect-builder nexus) and are instead entering into partnerships or going it alone. This has given rise to *benami* or societies-on-paper and could explain why the ULC Act has not had much impact in acquiring and redistributing land in excess of the 1500 m<sup>2</sup> allowed in Surat. It is also possible that the high proportion of money circulating in the black economy and its reinvestment in real estate has resulted in corrupt practices which have provided loopholes to escape from land acquisition or the ULC Act. There are cases where in order to gain exemption from the Urban Land Ceiling Act, row houses have been planned and approved as housing for the poor. However, their standards and cost, running into several hundred thousand rupees, put them out of the range of even some middle income groups.

It is interesting that the poor let out rooms to those who are likely to be long term city residents while the better-off do not. This is not because the poor are not risk averse - they make use of all options to either supplement or generate an income. The rich are more risk averse - investment in property beyond consumption needs is done to convert black money to white and ensuring a gainful return on the investment is only done if the return of the property is fully secured.<sup>22</sup>

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<sup>21</sup> A land developer is a person who levels and plots out the land making sure that minimal service requirements are met, mainly access roads. An organiser is a person who markets the plots and ensures that payment and the necessary paperwork is completed. At times, the roles of the developer and organiser are performed by the same person.

<sup>22</sup> This was experienced by the research team in Surat who were not from the city and therefore could only secure an apartment by being recommended through a family network. In addition the landlord sought reassurance from the London based project manager that the apartment would be returned to him on completion of the project.

### **Indirect impact of state action - land acquisition and the Urban Land Ceiling Act (1976)**

The knock-on effects of indirect state intervention on rental housing is more interesting. In both Surat and Bangalore, land has been illegally brought onto the market – *Revenue Layouts* in Bangalore and *Societies* in Surat - as a means of pre-empting land acquisition by institutions of the state. However, the specific mechanisms in the two cities differ, giving rise to the involvement of different agents, different forms of rental housing and varying scales of landlordism. In the main, the sale of subdivided agricultural land in Bangalore has been undertaken by farmers themselves whereas in Surat, organisers have played an instrumental role. Two issues are therefore of significance. The first concerns the reasons why agricultural land owners in Bangalore have themselves become involved in the production of rooms for rent unlike their Surti counterparts. The second and related issue is why exchange agents such as ‘organisers’ are key to the conversion of agricultural land in Surat whereas their role in Bangalore is almost non-existent. The explanations are to be found in cultural practices, the economic position and opportunities available to agriculturists, the way in which the local economy has developed and the prevalence of networks.

There are key differences in the way in which land acquisition works in the two cities. In Bangalore, compulsory acquisition of land for public purposes based on the Master Plan for the city provides original land owners with pre-determined rates and forms of compensation whereas in Surat the Town Planning Scheme requires land owners to give up a portion of their respective land holdings for the provision of physical infrastructure. The reconstituted and serviced parcels of land is returned to the land owner upon the payment of a betterment levy. In the former case, most of the land is taken away from the original landowner whereas in the latter, the original landowner retains much of the land. Thus the possibility of landowners in Bangalore to become petty-capitalist landlords is limited in comparison with Surat. Although land acquisition in both cities is patchy (for example, an average of 13 years in urban Gujarat), land has been acquired in Bangalore for public sector industrial development in the north-western and eastern wards and residential development in the north-western, southern and south-eastern, and eastern peripheral wards of the city. In Surat, Town Planning schemes for residential development is mainly in the western and north-western parts of the city land whereas land for industrial development has been acquired mainly in the southern, eastern and northern parts of the city. Apartment type buildings dominate the town planning plots in Surat whereas the Master Planned BDA areas in Bangalore contain mostly individual bungalows of richer groups. In both cities, planned areas exclude poorer groups (apart from pockets of squatter settlements) from housing and options including rental housing (see, for example, Benjamin, 2000).

The knock-on effects of state intervention in Bangalore derive from the fact that national and state institutions acquired large tracts of land in the east and north-west for large scale public sector engineering industries (HMT, BHEL etc) and the Bangalore Development Authority for residential development in the eastern, south-eastern, southern and south western peripheral wards. However, news travels fast in both cities. The notification of land for acquisition, the meagre compensation received and the long wait before any money is paid out has resulted in farmers pre-empting acquisition by the subdivision and private sale of their land holdings. In Bangalore, these plotted developments are referred to as ‘revenue layouts’ – the term derives from that fact that land is registered with the Revenue Department. The conversion of agricultural land to non-agricultural uses is legally ambiguous – the Deputy Commissioner is permitted to grant conversion under the Land Revenue Act with the permission of the planning authority when such land is within the planning area. In practice, the Deputy Commissioner has been granting permissions without the approval of the planning

authority and continues even though an amendment to the Karnataka Land Revenue Act in 1984 made this practice unlawful (Ravindra, 1996: 115).

The indirect impact of state intervention therefore led to agricultural land owners adopting two strategies: the first was to demarcate plots and sell them and the second was to invest in the production of rental housing for speculative purposes. This is most observable in the peripheral wards.

Jalahalli ward is located in the north western periphery of Bangalore. The ward was annexed to the BCC in the 1990s. Land was held by farmers belonging to Gowda community in the ward. The BDA acquired their land in the area, which is presently known as Mathikere ward for residential layouts. The compensation amount paid by BDA was considered to be too little by many farmers and apparently insufficient to reinvest in any other businesses. Farmers started to sell their remaining land and invested part of the sale proceeds in the construction of residential units for earning a rental income. Those land owners with skills moved into formal sector employment whereas those without, invested in renting as income generation. R (aged 36) is considered by the Jalahalli residents as one of the big landlords in the ward. He runs a felting factory in the area which does motor casing for the nearby Kirloskar Industrial Group. According to one of the local brokers, a significant portion of R's income is derived from renting. The family's agricultural land was situated in two wards namely Mathikere and Jalahalli in the North west of Bangalore. In the mid 70s, the BDA acquired much of their land for forming residential layouts. According to Ramesh, the compensation paid by the BDA was far below the market price and also it took them lot of time to get hold of the compensation. In the process, they lost some amount in paying bribes and moving their files. Immediately after the BDA experience, his grandfather formed layouts in the ward and sold it to pre-empt further acquisition. One of the layouts is Akaiappa Garden with an estimated 100 to 125 plots. Around 20-25 plots was retained by the family. As a result of subdivision within the family, R got 4 sites as his property share in the layout. He constructed 40 row type houses for renting [*Landlord R, Akaiappa Garden, Jalahalli Ward, Bangalore*].

Large landowners, held on to a number of plots, on which they constructed units for rent, in order to ensure the continuation of their social and political status in addition to providing them with an income from rent receipts.

Small farmers keen to continue with agriculture sold their land to private developers and purchased agricultural land on the periphery. Often rental units constructed for farm workers were retained and rented out to the 'new' poorer public sector or construction workers. Renting was treated as a secondary livelihood with rent receipts used to support agriculture.

G Gowda states that he could not continue with agriculture because private layouts started to appear around his agricultural field in Doopanahalli village, Doopanahalli ward. Cashing in on the increase in land prices due to the location of public sector companies in the east, he sold the land and purchased 15 acres with the sale amount in Yelakhanka ward on the outskirts. At the same time, he rented out the temporary units that his grandfather had constructed in the village for agriculture labourers to the surrounding public sector casual workers. He has one son who has completed school but is unable to find a suitable job. His son is presently looking after the agricultural land on the outskirts. As the land is located far away from his residence they incur expenses in transport. Agriculture also involves constant investment. He started to rent to raise some rotation capital for agricultural investments and for regular income. The profits from agricultural income is used for savings and reinvestment [*Landlord G Gowda, Doopanahalli Ward, Bangalore*].

Although similar processes were found to be at work in Surat (as a result of town planning schemes) farmers did not seem to have the capacity to act as developer-organisers like their counterparts in Bangalore. This can be partly explained by the fact that the traditional land holding communities in Bangalore (the Reddys and the Gowdas) had long standing

experience in dealing with real estate and they see the ownership of property as an indicator of social and economic status. Furthermore, they operate in a city where monetary transactions (in land) based on networks of kinship and ethnicity seem to be eroding and replaced by those predicated on the economic capacity of individuals to pay for goods and services, especially land. However, information flows, negotiation for services and the choice of tenants are still dictated by networks based on ethnicity. In Surat, the situation is very different. Agricultural landlords fall into two main groups. The first consists of those for whom agriculture is the main livelihood. The second group consists of absentee agricultural landlords whose livelihoods include urban occupations mainly in the textile and the diamond industry. The first group sells agricultural land that is close to the municipal boundaries with the view to invest the sale of the proceeds in the purchase of agricultural land further away. For them the mainstay livelihood remains agriculture. In contrast, agricultural landlords in Bangalore are opportunistic and seek to convert agricultural land to non-agricultural uses. For the second group – those with urban occupations – the sale of agricultural land is seen as means of both pre-empting state acquisition and the use of sale proceeds to reinvest in business. The profits to be made from renting for this group is nominal in comparison with that to be made from textiles or diamonds. As a result, they tend not to invest in rental housing.

Although farmers were initially unaware of the profits to be made from the development and organisation of plotted layouts, they did so in time based on the experience of those in the eastern part of the city. However, a lack of experience in the real estate trade combined with an inability to make contact with a largely migrant population who did not have the ability to make lump sum cash payments paved the way for the emergence of an intermediary - the developer-organiser. In Surat, and as a result of niche employment markets based on kinship and ethnic ties has meant that this dyadic relationship - between the seller (normally the farmer) and an exchange agent (a developer and or organiser) is based on either regional, caste and kinship association or workplace hierarchies. It is therefore not uncommon to find 'societies' with either social or work based characteristics. This is not an uncommon practice in Surat – social groups have traditionally lived in clusters by *quam* (caste or religion) (Shah, 1997).

The demand for housing in the east grew as a result of the decentralisation of the diamond industry from the central city in the late 1970s. Local Surti farmers were approached by entrepreneurial Saurashtrian Kanbi Patels who offered to convert agricultural land into plots for housing – thereby taking on the role of a developer-organiser. Using tightly knit caste affiliations and political patronage (indicated by the fact that some of the early societies had ex-councillors on their board of members), developer-organisers prevented local landowners from cashing in on the profits to be made from land development. The very first developers in the late 1970s did not have access to capital to purchase agricultural land outright and therefore convinced landowners to part with their land on the payment of a deposit, the remainder to be paid when all the plots had been sold. It is rumoured that poor and lower caste farmers were enticed into parting with their land in this way. The developer, cashing in on strong kinship networks, then began the process of getting together potential buyers and forming a society. For both the farmer and the organiser this was a relatively new development. Over time and with increased capital flows gained from developing and organising societies, Saurashtrian Kanbi Patels are now buying land outright. This has given them more control resulting in development that ranges from speculation to the construction of completed row housing units – the latter being a demand voiced by a increasingly better off Saurashtrian group.

The situation in the south is somewhat different. Societies began emerging in the mid 1980s, soon after the southern wards were annexed to the Surat Municipal Corporation. By this time,

farmers were aware of the profits to be made from land development as a result of the activities in the east. In addition, they were also aware of the impact of land acquisition either for industrial or residential use. Thus although land development in the south also involved a dyadic relationship, landowners became developers and looked to patrons of client groups for buyers. Among the Maharashtrians, the Patils known for their leadership qualities and until then employed in the textile industry became the natural choice of landowners. For those Patils seeking to exit the textile industry, this was an ideal opportunity and they took on the role of organisers. In the powerloom industry, the *master* or supervisor is a key actor – in charge of labour recruitment amongst other functions he is the patron of a number of client workers. A significant number of ‘masters’ are Maharashtrian Patils and supervise a workforce consisting of migrants from Maharashtra and Orissa. They have emerged as organisers catering to their Maharashtrian employees.

The entrenched nature of kinship networks and the way in which they are closely linked to the local economy are still evident. By the late 1990s, a stagnating diamond industry has forced many Saurashtrian Patels in the east to diversify into textiles with workers drawn from Maharashtra and Orissa. Developers have begun to enter into partnerships with Maharashtrian organisers, as the latter now provide access to potential buyers.

### **KINSHIP NETWORKS, TRUST AND ACCESS TO HOUSING**

Caste and kinship networks are the conduits for information flows regarding the development of new societies. In the absence of formal institutional finance, organisers of societies are constrained by the fact that wages in both the diamond and textile industries seriously limit the ability of potential buyers to make outright payments for land. In the textile industry, a typical loom works in shifts of shift of 8 to 12 hours. As these workers are paid on a piece rate basis they have two ways of increasing their income – either by increased productivity or by extending the working hours. As a result, powerloom operators earn between Rs 2000 and Rs 3500 per month. The better off among textile workers – the supervisors and masters – might earn up to Rs 8000. In the diamond industry wages are paid on a piece-rate basis and are dependent on the process in which the worker is involved - girdling (cutting or bruising) and faceting (polishing) – and the quality of the stone being cut. Workers in small units with a supply of poor quality stones average Rs 2000 per month, those working on cutting and polishing better quality stones Rs 3500 per month and the very skilled polishers Rs 8,000 per month (Engelshoven, 1999: 364). With plots costing anything between Rs 30,000 and Rs 40,000 organisers have, therefore, been forced to offer affordable terms of payment to ensure the expansion of their land operation. Normally, this is a ten percent deposit and the remainder paid in an agreed number of monthly instalments. A combination of wage levels, social networks and state inaction has provided low income migrant workers from Gujarat and Uttar Pradesh the opportunity to gain access to home ownership.

Given that ‘societies’ are often on land for which no planning permission for land use change has been obtained and the transaction between seller and buyer not documented, organisers have to not only build confidence amongst buyers but use caste and kinship affiliation as dispute arbitrators. Early organisers sold plots on negotiated terms (price) and permitted construction without full payment being made. Although trust was of the essence, organisers sought to minimise potential losses and reduce vulnerability by carefully selecting occupants from the same caste group. Over a period of time and having made a name as a reputable organiser, the permission to begin construction before full payment was gradually withdrawn. It is the buyer now who becomes vulnerable and the burden of trust transferred from seller to buyer. A number of factors influence the trustworthiness of organisers. First, in a short-term lucrative business such as this, acting as an organiser for as many landowners as possible is

critical. Short term gains that might accrue from the malpractice, for example, of the same plot being sold to two buyers is not worth it, especially since the buyers are from the same social group as the seller. As Granovetter (1985) has argued, social relations build and cement trust between agents with differing power bases and influence the nature of the transaction. At this level of the market, trust has proved to be more effective than the written agreement. Contrast this with transactions in the middle and high income rental housing markets where the main fear of landlords is the inability of getting vacant possession of their property. Landlords therefore seek tenants who are not local and who are certain to leave the city as a result of job transfers. In such instances, trust is replaced by the written contract. Second, the gradual increase in the client base of the developer (as the result of the land development business) often provides default leadership status. Organisers are sought by potential local political candidates at election times to influence the voting behaviour of their networks. Developing such associations with potential candidates is also important for the organiser since it is through this relationship that pressure is brought to bear on political representatives for the provision of services. There is no altruistic motive in this action. Often, organisers hold on to a sizeable number of plots and wait for services to be installed before selling them. In the meanwhile, the business acumen of the organisers ensures that such plots are not left vacant but temporary structures erected upon them and rented out. Such actions explain two outcomes: first, organisers are some of the biggest landlords in the ward; and second, they do not object to the development of rental housing by other owners. The favourable repayment terms based on trust do not signify altruism on the part of organisers but reflect instead their business acumen. The deposit and instalments paid are rotated in further plotted developments or rental housing. This is a business that requires little capital investment. In the initial stages and being new to this form of land development, landowners allowed organisers to access land on the payment of a deposit, which in turn were collected from prospective buyers. The layout, involving the simple act of marking out plots and roads, costs little and was also funded from the deposits received. Surplus deposits were lent and interest generated. The only people at risk were the original land owner and the buyer. Over time things have begun to change. Landowners are no longer willing to part with land until full payment is made. The organiser still retains the same benefits as before, but risk is now totally transferred to the buyer. However, the reputation of the organiser and the ability to expand the scale of operation makes the pursuit of buyers for their instalments a greater priority.

Poorer groups in both cities depend on 'informal' processes of land supply which have been brought on indirectly by the action of public housing and industrial development agencies and the common legislation of the Urban Land Ceiling and Regulation Act (1976). Although the Urban Land Ceiling Act may not have served its intended purpose (Acharya, 1989), it has had indirect impacts. In both Bangalore and Surat, attempts to avoid land acquisition for either industrial or residential development have led to agricultural land being plotted and sold for residential use. This has led to the fragmentation of land ownership and thus to the ownership of land by a greater number of individuals and households. In Bangalore the act of subdivision is undertaken by the agriculture landowner whereas in Surat it involves intermediaries. This has two outcomes. The first is that the actors involved in petty-capitalist forms of landlordism are different – in Bangalore it is agricultural landlords whereas in Surat it is the intermediary between the land owner and the prospective buyer. As a result, the second outcome is in the form of differential relationships between the seller and the buyer. In Bangalore the transaction is, by and large, devoid of personal relationships and is based on a lump sum cash payment at the time of purchase whereas in Surat, it is the result of networks originating from niche employment relationships which allows for informally organised instalment repayments predicated on trust. It will be interesting to follow up the mechanisms of land access after the Act was annulled in 1996.

This in turn has implications for the development of rental housing markets. In Bangalore, where property ownership has economic and social status, landlords act as patrons and attempt to hold on to their clientele – namely the purchasers of plots. As a result, the renting out of rooms is not looked on favourably as it can result in the loss of influence over a secondary group – namely tenants. In comparison, developers and or organisers in Surat hold onto a certain number of plots while prices rise with the development of the societies. To maximise returns and also safeguard the plots of land, they produce housing units for rent. The fact that they themselves are landlords has meant that they do not object to buyers of plots letting out accommodation.

The way in which the land and finance markets are articulated and embedded makes it difficult for the state to intervene directly. On the one hand, targeting poor households to provide them with credit is not only difficult but is also likely to increase the cost of land as developer-organisers try and cash in on state assistance. On the other hand, institutions of the state are unlikely to be able to clone the ways in which developers and organisers match local demand with flexible supply mechanisms. This indicates the need for a rental housing policy that is responsive to the conditions that give rise to varied rental housing markets.

### **SQUATTER RESETTLEMENT AND RENTAL HOUSING**

A final area where the state constrains or enables (indirectly) the development of rental housing is in the process of squatter resettlement. Although only 15 to 20 percent of Bangalore's population live in squatter settlements in comparison with the 30% that do in Surat, both cities have undertaken resettlement schemes. However, resettlement schemes differ between the cities. In Surat, resettlement plots are 10 feet by 15 feet and constrain the development of rental housing. Interviews with landlords in the large resettlement sites in the northeast of Surat indicates that landlordism results from individual or household managing to get more than plot allotted on a '*benami*' (fake) name, expanding vertically, or buying one or more plots. The former requires 'proper connections' while the other two are only open to the better off among the poor. In Bangalore, for reasons which are not clear, the size of resettlement sites have stabilised at 15 feet by 20 feet. This allows the construction and renting out of one room without having to expand and as a result allowed poorer households to become landlords. All resettlement schemes give rise to landlord-tenant conflicts. In many cases, the Surat Municipal Corporation has attempted to resettle all households irrespective of their tenure status – landlords in resettlements sites spoke of trying to get a second plot failing which they sold land to their tenants prior to resettlement as they knew that the tenants would get sites anyway. The connection between local politics (elected and un-elected) and land seems to be more prevalent in Bangalore than in Surat with the land-politics nexus being extensive.



## 4 Social Relations and the Routes into Landlordism

### INTRODUCTION

The previous chapter has demonstrated how historical, economic, social and cultural factors, as well as the nature and form of state intervention, has given rise to varying mechanisms of land supply and the range of agents involved in it. This in turn has determined which groups of people have gained access<sup>23</sup> to land. Although a necessary and sufficient condition<sup>24</sup> for the development of land-rentals, land is not a sufficient condition for the emergence of rental housing markets offering built accommodation.<sup>25</sup> If rental housing markets are to develop, access to capital for the purchase of building materials and the hiring of construction labour (with the partial exception of landlords who are construction workers) as well as a demand for rental accommodation is essential. The nature of the demand for rental housing is in turn influenced by a combination of external and internal conditions. External conditions include opportunities for ownership, the buoyancy of the local economy, the need to locate in certain wards to be part of networks that provide access to livelihoods, and the level of services including access (transport). Internal conditions are dependent on the stage of the household cycle, the feasibility of becoming owner-occupiers, and whether or not individuals or households envisage making the city their permanent residence.

### RAISING CAPITAL FOR HOUSING INVESTMENT

Before exploring these issues in some detail, it is worthwhile noting that an issue that cuts across the multiple reasons why individuals and households undertake the production of rental housing, is that of access to capital. Like land, access to finance is an equally important precondition for the production of rental accommodation. Common sources of finance include: interest free loans from family and kinship networks, low interest rate loans from employers, savings and credit associations, loans from tenants (in terms of rent deposits and leases) and loans from moneylenders. Landlords often use a combination of sources for two main reasons – first, most of them lack access to affordable formal sector finance; and second, the limited amounts available from any one single informal source is often insufficient. The mix of these sources of finance is determined by opportunity and the perceived capacity to repay them – the more business-like the relationship between borrower and lender, the greater the risk. The risks are lowest for those close to retirement in formal public or private sector wage employment because they are certain of receiving retirement benefits. The highest risks

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<sup>23</sup> Landlordism and rental housing markets develop irrespective of the legality of land. Therefore, access to land rather than its ownership (legal title) is significant.

<sup>24</sup> In a very small minority of cases, such as sub-letting of inner city rental accommodation, it can be argued that access to land is not a necessary condition. While this is true, landlordism cannot develop without access to the property in the first place.

<sup>25</sup> Since rental housing markets offering built accommodation predominate in Bangalore and Surat, the term rental housing or rental housing markets are used to refer to this type of renting. Where reference is made to the renting of land, the term land-rentals is used.



are those faced by debtors in unskilled, low-waged, precarious forms of employment. It is here that belonging to networks that include the relatively better-off cash rich are critical.

### **Rotating savings and credit associations**

A common means of saving as well as raising credit is through rotating savings and credit associations – called *chit* or *chit funds* in Bangalore and *bishi* in Surat. These are mostly informally constituted groups through employment links (for example construction contractors and their workers) or by virtue of place of residence. Generically, the principle is that an organiser invites a certain number of individuals to become members of a credit association. The number of members determines the duration of the credit association while individual contributions its value. For example, a credit association with ten members each making a contribution of Rs 100 per month will have a duration of 10 months and a value of Rs 1,000. The organiser implicitly determines membership – a complex and critical decision since the organiser has to delicately balance a number of factors. The key ones include the ease with which repayments can be collected from successful bidders and the right proportion of those that are likely to be in need as against those that may not. Judgement is more complex for residence based associations than work-place based ones, as the organiser of the latter has more information about the members and thus more control. The working of a credit association is best demonstrated using an example.

It is eight o'clock at night on the first Friday of February 1998. The twenty members of CA credit association have gathered at the house of its organiser Mr PC, who is a painting contractor and a relatively old resident of the settlement. The members share one thing in common – none of them are employed in the formal waged sector. They are self-employed or casual workers in construction, trade or the numerous micro-enterprises that exist in the area. The contribution of each member has been fixed at Rs 500 and the maximum value of the credit is Rs 10,000. This is an auction or bidding *chit*. Having explained the rules, Mr PC opens the bidding process. Member 7 has fixed his daughter's wedding and is concerned about the impending expenses. Member 12 has a leaking roof that will cost Rs 7,000 to replace before the next rains. Member 15 is seeking to build an upper floor for rent and is simultaneously a member of another credit association. Given the urgency of his social obligations, Member 7 starts the bidding at Rs 9,700 – in other words, he is willing to forfeit Rs 300 as interest over the next 19 months. Member 15 raises the bid to Rs 9,600, Member 7 to Rs 9,500, Member 12 to Rs 9,400. The bidding continues a little longer and comes to a halt. Member 7 has outbid the others at Rs 8,500. His need was clearly greater and he was willing to forfeit the most in lieu of interest. Mr PC hands member 7 his cash, reminds him of his commitment to maintain monthly payments, and reinforces the rules – especially that he is no longer eligible to bid over the life of the association or receive a share of the money that he has foregone. Mr PC then divides the Rs 1,500 among the remaining 19 members, each receiving a little under Rs 80 – a rate of return of nearly 17 percent. The loan has cost member 7 an interest payment of 15 percent. The closest comparison he can make is that of a loan from a moneylender which would not only cost him 5 percent per month but would have required him to pay it within a maximum of three months. Unlike some of the other credit associations, Mr PC does not run a secondary bid – this is where the forfeited amount is bid in a second round. The members of CA credit association agree to meet on the first Friday of February to make their agreed contributions with one difference – there will be no bidding. It is common practice that Mr PC will get the entire amount – a benefit to offset the time and risk of organising the credit association. Mr PC has plans to invest the amount in building a first floor on the third plot that he owns and rent it out. He expects to get a rent of Rs 300 and an advance of Rs 3,000. The advance will be used for construction while the rent will be topped up to pay the monthly credit instalments [*Field notes, Bangalore*].

This example raises a number of issues. First and most importantly, is the issue of trust given the absence of collateral or recourse to the law. Trust, in this case, has two interconnected dimensions: on one hand, members trust that the organiser will not disappear with the credit from the second month, and on the other, trust that the organiser will be able to recover

**repayments from all successful bidders.** Thus, the organiser is often an established resident with a reputation of being able to collect debts. Moneylenders, construction subcontractors (or those with muscle-power in illicit trades such as liquor) are natural organisers. Second, is the issue of rates of return. These are internally determined and variable insofar as it depends on the extent of competition among the members, which in turn depends on the urgency of need. Greater competition results in more money being forfeited as interest. It is here that the selection of members becomes critical – a balance between those likely to be in need and those not. Third, is the issue of profitability for organisers. Moneylender and trader organisers tend to reinvest this amount in their respective trades in order to generate higher returns than the monthly repayments required of the credit association. The organiser in this example may not be able to cover monthly repayments from the credit but has put it to productive use. Fourth, is the issue of the benefit to the successful member. In comparison with moneylenders, savings and credit associations (even the bidding kind) provide three advantages – the ability to raise a relatively large sum of money, a longer repayment period and often lower interest rates. However, although savings and credit associations are a relatively easy means of raising capital, it does not always work to the benefit of the poor for several reasons. If the money is used for consumption expenditure, repayments have to be found from income sources that are already stretched. Precarious income streams also mean that the poor are likely to find it more difficult to become members of a chit. This argument is often used to promote owner-occupation because tenants are more likely to be excluded from credit and savings associations. This research has found little support for this argument given that landlords were once tenants and have been found to be able to save in credit associations. Finally, there is the issue of managing income streams. Those that are relatively better off are able to plan their investment in savings and credit associations to tide over slack periods whereas the poorer are unable to do so being more vulnerable to precarious employment as well as sudden unexpected consumption expenditure.

A number of subtle variations exist in the operating mechanisms of savings and credit associations. This includes associations that run on a weekly basis, the way in which the chit organiser organises benefits, and the manner in which forfeited amounts are disbursed.

Although there were instances of individuals using savings and credit associations in Surat, they appeared to be more common in Bangalore. This is perhaps due to the fact that the interaction of individuals and households is strongly influenced by ethnic grouping. Young migrant men were found to rotate savings among themselves. As one landlord from Orissa said, "... Oriyans do not save in the bank. Those who need money usually borrow from the others whom they share the room with [between eight and fourteen occupants] and return it when they need the money back". Where ethnic ties in Bangalore were strong, similar processes were found to operate.

### **The leasing out of property**

Another **form of raising finance is through the leasing out of property.** In Surat the practice is called *girvi* and in Bangalore *bogey*. However, only a handful of cases were found in Surat as compared to its widespread use in Bangalore. There are a number of reasons for this variation. First, landlords in Surat seem to be able to generate capital for home improvement and consolidation from other sources and are therefore not dependent on their tenants, as is the case with their counterparts in Bangalore. Equally important is the fact that investments in rental units are lower in Surat because the nature of the demand for rental accommodation is predominantly for units with walls made from packing crates and a tin or corrugated asbestos cement roof. Migrant tenants are more concerned about reducing housing expenditure and maximising remittances. Second, competition for a given rental unit was

found to be greater in Bangalore than Surat. Therefore, tenants use the lease system to minimise the risk of being evicted for the duration of the lease. Third, tenants in Bangalore seem to be more able to raise the lump sum for a lease. This is where credit and savings association plays a crucial role. Finally, tenants in Bangalore are less mobile than their counterparts in Surat and therefore do not seem to mind being tied into a lease over a fixed period.

The benefits that accrue to the lessor (landlord) vis-à-vis lessee (tenant) from a lease are complex. The system works as follows. An individual or household pays the owner of a property a fixed lump sum in return for the rent-free use of the leased property for a fixed period of time – normally two or three years. On the expiry of the lease, the lessor repays the lease amount, without interest, to the lessee in return for the property. At times the lessor may negotiate an extension to the lease, normally another two or three years. No instances of more than one lease extension were found. Lessor's who were unable to return the lease amount after the expiry of the lease were found to have forfeited the property to the lessee. It is important to note that the possession of property is both an asset and liability – it is an asset insofar as it enables a lump sum amount of money to be raised at relatively short notice with an extended period over which repayment can be made. It is a liability in that the poorest are most likely to loose out as the likelihood of them being unable to repay the lease is greatest. The relative benefit of the lease system is therefore context specific.

The simple basis on which the lease is transacted hides a complicated system of gains and losses. First, and most common, is that of an owner occupier who gives out property on lease either to use the amount to construct the rental accommodation or make improvements to the dwelling. The tenant occupies the accommodation rent-free for three years. This arrangement would seem to benefit both the landlord and the tenant. While it is possible to compute, on a case by case basis, the financial benefits and losses to the landlord and tenant in terms of rents and interest, and the depreciation of capital, this does not seem to be the *raison d'être* of the transaction. For housing improvement landlords, the lease is easy access to finance and the rent foregone interest payment in lieu. Their concern now revolves around saving to repay the lease after three years, which is normally done by investing a part of their earnings in chits. For the tenant, a lease ensures security – for the period of the lease, they are protected from being evicted mainly as the result of the offer of higher rents from better off tenants. They are also protected from rent increases. They also feel less vulnerable as they do not have to find the rent on a monthly basis and are therefore able to concentrate on saving. The fact that their capital, when returned after the lease period, is less in value as a result of inflation is seen as a price worth paying for these benefits.

The way in which the amount and period of the lease is determined varies. One mechanism that seems to operate is that of the last known transaction in a particular settlement or locality. Thus if a one bed roomed reinforced concrete structure has fetched a lease of Rs 40,000, this sets the norm for other leases for accommodation of similar quality. Even here, complex opportunity cost decisions – either profit motivated or the absolute consumption needs – have a bearing on the value of a lease. An example will help illustrate this. Imagine that the type of accommodation mentioned above fetches a rent of Rs 1,000 per month and a deposit of Rs 10,000. Thus the lease value for a lease of three years would be Rs 46,000 – 36 months (period of lease) x Rs 1,000 (monthly rent) plus Rs 10,000 (deposit). Now, if a landlord was able to get a lease of Rs 56,000 it would equate to a rent of Rs 1,250 per month – a 25 percent increase in rent. The ability to command this lease value depends on a number of factors – the demand for rental accommodation, the economic well-being of the tenant, and the ability of the landlord to refuse any lease less than this value. However, a landlord may also decide

to lease out the same accommodation, for example, for Rs 28,000 – namely at a monthly rent of Rs 500 (all other figures remaining constant) or a decrease in rent by 50%. Landlords do this only if there is an intense and immediate need for lump sum amounts of money. Such a need can arise for landlords who are in business. The loss of one half of the rent amount may be offset by investing the lease amount and generating a profit that equates to the second scenario (the landlord who is able to command a notional rent of Rs 1,250 per month). In this case the tenant gains. But the landlord also gains in that what has been lost in the rental transaction is made up by the business investment. It is the future opportunity cost that drives such transactions. However, the vulnerability of the landlord is greatest if the landlord does not use the lease amount to make a profit but to meet essential and unexpected consumption expenditure (such as a medical emergency) as is often the case among the poor. Landlords or moneylenders who target assistance to such households give rise to the phenomena of ‘predatory landlordism’. The aim of predatory landlords is to gain ownership of the property of poorer individuals and households by making them lease advances that are lower in value than the property being leased under a calculated assumption that the chances of repaying the lease are very low.

Leasing is done for a number of reasons. In the main, it is used to raise finance for house construction or improvement – both as a sole source for the entire construction as well as to make up a shortfall. The example above – a lease of Rs 46,000 - will be used to illustrate this. If this dwelling costs Rs 46,000 to build, a lease to cover this cost will mean that the landlord will have to save Rs 1,000 per month plus an amount of Rs 275 per month to cover the repayment of the deposit. A failure to do so can result in the loss of the property. The only benefit is perhaps that the present cost of construction is likely to be low than the cost of construction in three years time. However, this not very significant for landlords with no savings or alternative sources of finance. They would rather save this amount and begin construction after three years and then bring in the rent. It is landlords, who have raised a partial sum of money or have incomplete accommodation that cannot generate a rent and cannot access institutional finance are the ones most likely to opt for a lease. Using the above example again, if a landlord has savings of Rs 30,000 or has invested Rs 30,000 in construction but needs Rs 16,000 to complete it before it can fetch a rent, leasing it out makes sense. Profit oriented landlords will look for a lease of Rs 46,000 - investing of Rs 16,000 in the construction and the remainder in a bank. An extremely cautious landlord would simply look for a lease of Rs 16,000 to cover completion costs and determine the lease period depending on the landlord’s ability to repay – the lower the ability the longer will be the lease period. At other times, leasing is resorted to raise funds to meet unexpected high value consumption expenditure (such as medical emergencies) or social obligations (such as the payment of dowry). This may be direct or to repay short-term high interest moneylender loans. It is here that vulnerability associated with predatory forms of landlordism is at its highest as landlords take a risk in being able to repay the lease.

Second, and common among those in business is the leasing out of property to raise money for investment in an existing business. Here landlords make complex calculations that are not foolproof. At times, leasing is resorted to if the forgone rent receipts are lower than rates of private finance. While this is profitable, it is dependent on the rates of return from the investment in the business. For some landlords, this has to be higher to make the entire transaction profitable. Others are forced into entering into a lease agreement, as there is no other way of gaining access to finance. In this scenario, the landlord is more vulnerable than the tenant is.

A third scenario is that of landlords who lease out property and use the lease amount to generate higher dividends compared to rents that the property can fetch on the market. This is

similar to the way in which some organisers of credit and savings associations look to maximising returns. In such cases, the letting of rental accommodation forms the basis for enhancing investments in landed property. Those landlords who are money lenders are able to maximise the profits from leasing as they are skilled in the recovery of debts. While the use of the lease amount for this purpose generates the most profit among those who give accommodation out on lease, the onus in all these three scenarios is on the landlords to be able to repay the lease and to ensure that they do not make a loss in its use.

Leasing was found to be common in certain wards of Bangalore (for example, Bhashyam Nagar, Koramanagala and Ganesh Mandir) where landlords were predominantly in business or construction contracting and sub-contracting. Both these occupations require periodic injections of lump sum cash amounts, especially during peak seasons either to retain or enhance profitability. Moreover, they also have the confidence and the capacity to repay leases. Such landlords, however, tend to be those who have rental accommodation ready for leasing. Leasing here seems to take place in a range of settlement types - squatter settlements, private layouts and resettlement sites. The value of the lease varies by location, material of construction and the lease period. The lease for a thatch hut without any services is around Rs 10,000. The lease for a dwelling with a corrugated asbestos cement sheet roof varies between Rs 30,000 and Rs 50,000 and for that with a reinforced cement concrete roof between Rs 50,000 and Rs 100,000.

Leasing is, however, not a common way of raising finance for house construction or improvement in all parts of Bangalore. The decision on whether or not to resort to a lease is influenced by a number of factors. First and foremost is the existence of the practice and its permeation among individuals and households at the local level. Second, is the demand for leased property by tenants. With lease values being relatively high in comparison with earnings, tenants who are able to afford it have been able to save considerably quickly. This means that they are employed in sectors that generate continuous income flows (as in construction) and are at stages in their lifecycle that allows them to save. This in turn means a buoyant local economy. Third, and linked to the earlier point is the legal situation of the settlement or more importantly the chances of settlements being regularised. In such situations, landlords are likely to lose their squatted land and dwelling to their lessor tenants. Finally, there is the issue of the availability of alternative sources of finance.

For a combination of these reasons, leasing is not popular in some wards such as the SKR Market. The un-regularised status of settlements in this ward discourages landlords from resorting to leasing. Furthermore, private finance is relatively cheaper here. Those landlords unable to access private finance resort to charging a higher deposit as is evidenced by the fact that the rent to deposit ratio is higher than in other parts of the city. For example, in most other wards in Bangalore, the advance is fixed at ten times that of the monthly rent whereas in SKR Market the advance is a lump sum. Leasing is not popular among landlords in Gandhi Nagar ward because the demand for rental housing is from high waged employees from the Bangalore Racecourse. With these tenants demanding serviced rental accommodation of comparatively high standards (brick walls and reinforced cement concrete roofs - RCC), landlords feel that the rents they are willing to pay are higher than foregoing rent receipts as interest through leasing. For example, old settlers pay a rent of Rs 400 and an advance of Rs 4,000 for a RCC house of 15 feet by 12 feet. In comparison, racecourse employees are willing to pay a rent of Rs 500 and a deposit ranging from Rs 12,000 to Rs 15,000 for the same accommodation.

In comparison with Bangalore, only a handful of cases were observed in Surat. This is partly due to the fact that owner-occupiers and landlords were able to raise relatively large sums of

interest free money not available to their counter parts in Bangalore. It is also linked to the investment required for constructing accommodation for rent. Migrants in Surat, especially those from Orissa and Andhra Pradesh employed in the textile industry, were found to demand poor quality rental accommodation in order to maximise remittances. To the contrary, tenants in Bangalore (especially those in revenue sites) were found to demand comparatively better quality and higher serviced accommodation. Landlords in revenue sites have been able to respond to this demand, as they are relatively better off than their counterparts living in squatter settlements. Together with the greater ability of tenants in Bangalore to be able to raise lease amounts, the greater competition for rental accommodation has influenced them to use the lease system to ensure secure tenure for the period of the lease.

### **ROUTES INTO LANDLORDISM**

It has been argued elsewhere that urban low-income landlords in developing countries get involved in the letting of accommodation so as to use rent receipts to either meet day to day consumption expenditure, make improvements to their housing, or expand their holding of landed property (Kumar, 1996a, 1996b, 1996c). While an analysis of the interviews found this to be true of landlords in both Bangalore and Surat, there were other reasons as well.

- **House construction or improvement**  
Landlords falling within this category can be distinguished by whether they are 'proactive' (those that let accommodation which has already been constructed or improved in order to repay loans) or 'reactive' (letting as a result of prospective tenants approaching them with rent deposits or lease agreements). Proactive landlordism is evident in both cities while many more cases of reactive landlordism were found in Bangalore as compared with Surat.
- **Intergenerational transfers**  
Investment in property is intrinsically linked with medium to long term concerns about the future of children. Medium-term concerns have been expressed in relation to wedding expenses, especially of daughters. A few landlords mentioned the education of their children as a priority. Long-term concerns revolved around issues relating to leaving property to children, often sons. However, the experiences of some deserted women headed households have led to them investing in property for their daughters.
- **Consumption expenditure**  
Although housing improvements and intergenerational transfers figured prominently in the list of reasons as to why individuals and households became landlords, income supplementation to meet day to day consumption expenditure was a key immediate consideration. However, some landlords were exposed to shocks that often thwarted such plans. Ill health, often resulting in the death of the primary earner, was found to be a recurrent theme in such cases. Loans from moneylenders to meet health related expenditure resulted in indebtedness that trapped individuals and households in a vicious cycle of poverty and vulnerability. Although such households found property to be an asset, its usefulness varied. In Surat, the only way in which lump sum amounts of money could be raised was through the sale of property. In this sense, its value is one off. In Bangalore, landlords have been able to raise lump sum amounts of money by leasing accommodation. Thus, while landlords retained ownership of the property, their ability to repay the lease (which is greatest when a lease is used for unforeseen consumption expenditure) puts them at risk.

- **Safety net**  
Individuals running small businesses resort to letting accommodation because this is one means of generating capital for investment. This reason was more prevalent in Bangalore because the practice of leasing generated lump sum amounts. For those individuals employed in sectors where work is intermittent or seasonal or both (such as construction) used rent receipts as a cushion against fluctuating income streams. The letting of accommodation was also found to be important for those making a transition from waged employment to self-employment. This was particularly so in Surat where most diamond and textile workers experienced limited mobility and therefore had short working lives. For those nearing retirement or unable to work as a result of old age or ill health, rent receipts help supplement household income. More importantly, it can help overcome the loss of dignity or position within the household associated with a loss of income.
- **To accommodate labour**  
Some individuals, especially in Bangalore, were found to have invested in rental housing in order to accommodate labour. This is for two reasons. First, there is the practice of housing apprentices, especially among carpenters and some construction sub-contractors. Second, the loss of agricultural livelihoods resulted in landowners taking up construction contracting. Access to land and a demand for rental accommodation from their labourers and other construction workers resulted in them building rooms for rent.
- **Profit motivation and social status**  
A small minority undertakes the production of rental accommodation for profit. Some landlords do so to boost the confidence of potential purchasers of land in the settlements they have developed and are short-term landlords – ensuring a rental return while land prices appreciate. Others landlords undertake the production of rental housing as a long-term investment. Rent receipts are a sole source of income for some, a means of expanding investment in landed property and for yet others it helps maintain social status.

The above themes were distilled from interviews with landlords in Bangalore and Surat. However, their boundaries are seldom as clear cut. An understanding of the reasons why individuals become landlords is complex because accommodation is let for several of these reasons – both simultaneously and interchangeably. Moreover, priorities were found to change on many occasions as a result of factors internal and external to the household. Two cases, one each from Bangalore and Surat, are used to illustrate this point.

M (male 50) is a construction contractor and his wife Mrs M (45) rolls *agarbathi* (incense sticks) at home. They have two married daughters who live with their husbands. The household initially lived in a squatter settlement that was cleared in 1976 to make way for a road. They were provided with a resettlement site measuring 11' by 16' in VV Giri Colony. According to the residents, *Hakku Patras* (title deeds) were provided only in 1991, following which significant housing consolidation is said to have taken place. The settlement has piped water, electricity and common toilets, and is home to approximately 100 households. The M's reside in the ground floor of a three storied brick wall and reinforced cement concrete (RCC) roofed structure, built over a six-year period. He recalls that in 1991 he spent Rs 8,000 to replace the original thatched structure with brick walls and a corrugated asbestos cement roof. At this point he had no intention of expansion. When in 1994 he decided to build a first floor, he had to rebuild the entire ground floor, as the foundation was not strong enough. This cost Rs 80,000. One half of this amount was saved in two chits of two years each and the other half borrowed from a moneylender. Owing to the high interest rate (he claims to have paid Rs 4,000 to the moneylender in interest during the first six months) he gave the first floor out on a three year Rs 40,000 lease and repaid the moneylender in full. In 1997, a relative approached him for a rented portion and was willing to provide Rs 20,000 as deposit. Borrowing another Rs 20,000, M built the second floor. He receives a monthly rent of Rs 500 (for a

one-roomed dwelling with kitchen and bathroom) which is being used to repay the loan. He says that he is not too concerned about saving to return the lease as he intends to increase the lease to Rs 50,000 and repay the existing lease amount of Rs 40,000 from that. While he hopes that his daughters will be able to live with him as he gets older, this is not currently possible because his income from contracting has drastically reduced during the past year [*Gandhinagar ward, Bangalore*].

The above case is somewhat typical of the changing priorities of individuals. The upgrading of the dwelling is often followed by further expansion for renting in order to generate an income to tide over slack employment periods. Such proactive landlords juggle a combination of savings in chits, loans from moneylenders, lease amounts and rent deposits. This may be followed by reactive landlordism where a landlord is approached by a potential tenant, as was the case here in the construction of the second floor. Although part of the broader intention in the latter stage was to reunite the family, a fluctuating and declining income has denied this at the moment. Thus, the short-term function of renting is income supplementation whereas the long-term intention is to leave property for children. The mechanisms involved in raising and repaying capital together with changes in the reasons for the production of rental housing give landlordism its complex character.

Landlord P, aged 58, is a retired railway policeman. He, his wife (aged 48), three sons (21, 18 and 15) and a daughter (10) live in the ward of Dindoli in southern Surat. A native of Bombay, Maharashtra, he was posted to Surat in 1969. Although his employer provided him with accommodation, he decided to invest in housing for his own occupation after retirement. In 1980, he made contact with BP – a land organiser – through his samaj (caste association) and invested in a plot in Dindoli as many Maharashtrians resided there. He paid Rs 4,500 for the land and with a loan from his employer he constructed a two bed roomed house. Soon after he was transferred and he asked BP to find him a tenant. The rent of Rs 300 per month was invested in a bank account. In 1989, he used part of the rent money that he had saved to buy a plot in a squatter settlement on which he constructed 7 wooden rooms for rent. This cost him Rs 10,000. In 1992, when he was transferred back to Surat, he heard of a rumour that the squatter settlement was to be relocated. Therefore he sold the rooms for Rs 3,000 each and purchased another plot in a society from BP for Rs 12,000 on which he constructed 5 wooden rooms for rent of Rs 100 and a deposit of Rs 300 each. P claims that his salary and the rent amount barely covered his household expenses as his eldest son was now married and lived with them with their grandson. Knowing that he would have to spend on his daughters wedding, he started a building material supply business and acted as a broker for second hand scooters. This provided him with an additional income of Rs 3,500 per month, which he saved. In 1993, he purchased two plots in another society on which he built 5 rooms each of brick walls and corrugated tin roofing. Some of the material came from his business. Each room was rented for Rs 400 and a deposit of Rs 3,000. Somewhere during that period, he also upgraded the rooms in the first society to brick and reinforced cement concrete and was able to command a rent of Rs 400 with deposits of Rs 3,000 for each room. In 1995 took early retirement as he developed serious eye problems and had to be operated upon by a specialist eye unit in Madras, 1500 km to the south. P recalls that the medical, travel and living costs for a period of three months amounted to Rs 60,000. This was taken from his provident fund of Rs 175,000. The eye problem meant that he had to close his supplementary business. Still worried about his daughters wedding, he decided to invest the rest of the provident fund in purchasing 5 plots in two societies and building rooms on them for rent. He owns a total of 8 plots and has rented 32 rooms. Not surprisingly, his main income is from rent and averages Rs 12,000 per month. To put this in perspective, his eldest son supplies coal and earns Rs 2,500 per month. His tenants are also Maharashtrians. Asked to reflect on his investment, he said that he wanted to give each of his children a plot with a house on it, sell the other plots for his daughter's wedding and use any remaining amount in investing in his sons' business. When the coal business grows, he will then consider further investments in renting [*Dindoli ward, Surat*].

Landlord P clearly did not set out to invest in rental housing. A combination of an investment for self-occupation and job transfers made him a landlord. Concerns about his daughter's wedding made him invest in land. He sought to supplement his salary by starting a business



in building materials and brokerage rather than in renting out accommodation. Only when his health deteriorated did he decide to use renting as a means of generating an income. Even here, the short-term intention is to meet anticipated consumption expenditure (daughter's wedding) while the long-term intention is to leave property for each of his children.

In addition, the reasons for the production of rental housing differ between the cities as a result of the way in which their economies are structured, social relations forged and cultural practices followed. Thus, the rest of this chapter uses information gained from the interviews to analyse why individuals and households become landlords. In doing so, it also seeks explanations for intra- and inter-city variations.

### **Landlordism and housing improvement**

The interviews indicate that housing consolidation (construction and improvement) is a key determinant of landlordism in both cities. However, it was found to be more common in Bangalore than in Surat for two reasons. First, a large proportion of landlords in Bangalore lived with their spouses and children - thus, daily household expenditure and social commitments (festivals) consumes a large proportion of their earnings. The second is access to housing finance. Except for patron-client relations relating to land in squatter settlements, most landlords reported that they had to raise capital without the support of networks. Since land purchases (in both revenue sites and squatter settlements) have to be paid in one instalment, potential investors spend a considerable number of years saving for it. A general lack of access to institutional housing finance has resulted in plot owners resorting to a number of strategies to raise finance for construction. These include the sale of jewellery and (or) rural land holdings; the use of retirement benefits, rent deposits and leases; savings in credit associations; and loans from moneylenders. Unequal gender relations come to the fore when male landlords use the assets of their spouses (for example, jewellery) to generate capital for investment in housing. It is customary in urban India for property deeds to be in the name of the male. Thus, women who have contributed to house construction or improvement find themselves with little recourse to a share of their investment if they are deserted. This is of particular concern at the lower end of the income scale where institutional and legal provisions relating to separation have little impact. Those investors lacking capital for construction and who are not confident of repaying loans from private financiers have no other choice but to depend on either rental deposits, lease amounts from potential tenants or loans from moneylenders. While such landlords are drawn from a range of income groups, the poorest are most vulnerable for a range of reasons.

First, the poorest landlords tend to be located in squatter settlements, especially in Bangalore. Although most of them claim to have paid unelected leaders prior to occupying land, their tenure is highly insecure. The best they can hope for is the settlement to be regularised or be provided a plot in a resettlement site. Second, their income poverty derives from the fact that they are in low-waged and highly precarious forms of employment. Third, and as a result of the first two factors, their houses are of poor quality - at worst, constructed of thatched walls and roofs and at best with brick walls in mud mortar. Fourth, such housing is annually exposed to damage from rains. The cost of repairs eats into meagre savings. As if this were not enough, many of these households are also further disadvantaged by ill health, desertion or the death of the male spouse. The result is a perpetual and viscous cycle of poverty and vulnerability.

Such households are forced to make difficult decisions. The slightly better-off among them and those who are lucky enough to be accepted as a member of a credit association have a long wait before they are able to raise the money to make improvements to their housing

conditions. This is because credit is taken out to meet the cost of recurrent repairs, often at a loss (see the discussion about savings and credit associations earlier).

Landlord F, female, has been living in CNGR from 1990. Her husband, who worked as a welder, deserted her in 1995 leaving her with two children aged 4 and 2. They are not going to school because she says that she can't afford the fees. As is typical with Muslim women, F works from home and rolls *beedis* (indigenous tobacco leaf cigarettes) and is able to earn Rs 20 per day. Wages are determined by the quantity produced and on a good day she can earn up to Rs 30. Earnings fluctuate by season so she saves money in a chit fund for times when she has no income. The plot of 14' by 20' and the dwelling on it was purchased with a loan of Rs 3,000 from her parents. One half has been rented out for Rs.200 per month and a deposit of Rs 2,000. This deposit has been used to purchase rice and oil. She did not want to take a larger deposit because she is fearful of not being able to return it. She is saving the rent in a second chit in order to be able to return the deposit as well as upgrade her house. The tenant, who is a trader and newly married, does not earn much. She says that they, like her, are 'struggling' and therefore she did not want to charge more rent. Once a year she spends approximately Rs 1,000 to replace those parts of the thatched roof that are leaking. This means that she is taking much longer to save for any improvement [*Cauvery Nagar, Ganesh Mandir ward, Bangalore*].

Those who do not qualify for membership of credit associations but whose consumption needs have to be met have no other option but to turn to moneylenders or lease out accommodation. In doing so, they are vulnerable to predatory forms of landlordism.

Landlord Z, a female aged 29 with three children aged 12, 8 and 6 has lived in CNGR (a squatter settlement) for 18 years. Z's husband, an unskilled worker suffered from tuberculosis and died in 1995 at the age of 31. She has no savings as they had to spend on her husband's medical condition. Her mother lives in the same settlement but she is too poor to support her. Z depends on rolling agarbathi and on average is able to earn Rs 20 per day. In the rainy season this drops to Rs 10 to Rs 12 per day because the agarbathi does not dry quickly enough and therefore she is not able to roll as many as she would during the dry season. During such periods she depends on the local mosque for food. In the last three months she has borrowed Rs 1,000 from a local moneylender and repays Rs 10 per day. Her neighbours help when they can. The house that she now lives in measures 14' by 20' and was purchased by paying Rs 500 to a local leader. A portion of it was leased out for Rs 4,000 before her husband died to pay medical expenses. The lease period is now over and she has to return the money to the tenant. The tenant, an unskilled construction worker, is pressurising her to return the money or sell him the rented portion. The house is in need of repairs costing Rs 1,500, which she is unable to afford. At the time of interview she was looking for someone who would offer a fresh lease [*Cauvery Nagar, Ganesh Mandir ward, Bangalore*].

Women managed or headed households appear to be more prone to such credit cull-de-sac's. However, these stories demonstrate that not all women headed households are equally vulnerable. In fact, there are some de facto women headed households who have made housing investments that their male counterparts have struggled to match (see the section on gender and landlordism in Chapter 5). The vulnerability of Z had its origins in the treatment of her husband's illness, for which she incurred a debt of Rs 4,000 that has become a struggle to pay off. In comparison, landlord F - who is not that much better off than Z - is less vulnerable - she is saving the rent and has plans for upgrading her house, despite the fact that some of this savings is being consumed by ongoing repairs. In the face of such vulnerabilities, landlords like Z and F need access to loans quickly - a feature of informal private credit systems absent in formal institutional settings.

Access to formal credit among poor landlords in both Bangalore and Surat was more the exception than the rule. For example, a few unskilled construction workers, self-employed individuals and female headed households residing in a resettlement site in Koramangala ward, Bangalore, have been able to access a government finance scheme with assistance from a local NGO.

In 1984, AWAS (an NGO) helped some households in Shastri Nagar resettlement site to get a loan through the government's Ashraya scheme. S was one of the persons selected for the loan. The loan amount was Rs 20,000 released in four instalments. The beneficiary had to construct the foundation before they are eligible. S has used savings from a chit to build the foundation and the loan for building the super structure. One room is rented out for Rs 250 per month and goes towards the monthly loan instalment (*Shastri Nagar, Koramangala, Bangalore*).

The involvement of the NGO enabled some of the rules of eligibility (employment and guarantees) to be relaxed through negotiation. However, such time consuming negotiations is one factor that prevents NGOs from scaling up their activity. Moreover, many NGOs (and this was explicitly stated by the one NGO working on housing issues in Surat) dissuade their beneficiaries from renting out accommodation.

While some landlords refrain from investing in housing due to insecure tenure, others take calculated risks.

L (female 38) and her husband V (44) live with their two children in Cauvery Nagar squatter settlement. They have lived here for 17 years, having occupied a space of 20'x18'. For the first fifteen years, they lived in a thatched hut with mud walls. They used to spend Rs 2000 to Rs 2500 after the annual rains to repair the house. They decided to upgrade to a house of brick and mud with cement plastering and an asbestos cement sheet roof. The present house is not completely safe as it is situated on the edge of a rock and has no support. They do not have enough money to construct a retaining wall. This cost them Rs 45,000 (Rs 30,000 interest free loan and Rs 15,000 @ 2%). Two rooms of 10' x 10' and 10' x 8' are rented out for Rs 350 and Rs 300 respectively. A deposit of Rs 3,000 was obtained from each tenant. V is a bar-bender in the construction sector (can earn a maximum of Rs 400 per week) and his son an unskilled construction worker (maximum of Rs 250 per week). Over the past six months, they have been able to find work for only two weeks a month. Renting is high in their street as compared to other parts of the settlement. Of the 20 houses in this street, approximately 12 are rented out. Of the 12 houses, 7 houses belong to a leader called J. The remaining 5 landlords have rented out 1 to 2 rooms. There is no toilet or water supply for this part of the settlement [*Cauvery Nagar, Ganesh Mandir Ward, Bangalore*].

While recurrent expenditure on repairs to the dwelling was the instigator of improvements, the length of residence combined with the fact that a leader had a number of plots in the settlement provided perceived security of investment.

The lack of access to finance is not confined to only those in so called 'informal' sector occupations. Even waged employment in the private sector is no guarantee when it comes to accessing institutional housing finance either because of low levels of income or impermanent employment. In Bangalore, this is typical of those employed in the garment export industries located in the peripheral wards of the north-east and the south. Workers are predominantly women, earning between Rs 800 and Rs 1,400 per month and belong to households in the early stages of their household cycle. Their spouses are either employed in construction or private sector factories. With combined households incomes ranging between Rs 4000 and Rs 5000, more than half of the women's income is saved in chits. At times, this may not be enough to even purchase a site with a temporary structure on it. Therefore, leasing becomes one option.

A (female, aged 18 and a garment factory worker) and her husband S (aged 25 and a painter) have leased one part of their dwelling in a squatter settlement in Jalahalli ward. The initially stayed with A's parents. The current dwelling, a thatched structure measuring 12 feet by 19 feet, was purchased in 1998 for Rs 20,000. In addition A also purchased a small piece of land in front of her house. Since the transaction was mediated by a local leader, the latter had to be paid Rs 5,000. A's savings and the sale of her jewellery was not sufficient to meet all these costs. A thus took a loan of Rs 15,000 from

a private financier. In order to repay this loan she has leased a part of her dwelling to one of her relatives for the same amount [*Jalahalli ward, Bangalore*].

Those landlords unable to repay a lease have to find another tenant at the end of the lease period if they are to retain possession of their property. The vulnerability of landlords who have leased out property increases if the primary earner falls ill, has an accident or dies.

The investment decisions of landlords in regular waged employment and who are close to retirement are somewhat easier. Anticipated retirement benefits, such as provident funds, makes it less daunting for them to use moneylenders to build accommodation and then lease it out. Often this is the only option available to such landlords (apart from savings and credit associations) because the closeness of their retirement precludes them availing loans from their employers.

Landlord C is close to retirement and is unable to get a loan from his employer. The fact that he is nearing retirement also prompted him to consider investing in a good quality dwelling to generate a decent rental income. He borrowed Rs 300,000 - Rs 100,000 from a moneylender and the rest from four relatives - and constructed a two storied double bedroom structure of brick walls and reinforced cement concrete roof. The ground floor has been rented for Rs 1,500 per month and an advance of Rs 30,000 and the first floor leased out for Rs 100,000 for a period of 3 years. The lease amount has been used to repay the moneylender and the deposit to repay part of the loan from his relatives. The rent is being saved in a chit fund and will be supplemented by his retirement benefit to repay the loan and the lease. He feels that will leave him a sizeable and steady rental income [*Yeshwantpur ward, Bangalore*].

To summarise, landlords in Bangalore depend on a combination of moneylenders, deposits, leases and rents to make housing improvements. Moneylenders, with their high rates of return, are used as a stopgap arrangement by better-off landlords. Poorer landlords are not that fortunate as their dependency on moneylenders is much greater and more prolonged. Precarious employment and lack of access to affordable formal sector finance makes renting out accommodation indispensable to the process of housing improvement.

The situation in Surat is quite different. Although there were cases where landlords had used rent receipts to help them making improvements to the dwellings, renting was more often resorted to provide a regular source of income for those setting up their own business or as a regular source of income in itself. These themes are dealt with later.

Housing investment is made relatively easier in Surat due to a number of interrelated factors as the case below demonstrates.

M, aged 42 is from the state of Uttar Pradesh. He started off as a dyeing and printing labourer in a private factory in 1979 and was made permanent in 1980 for a monthly salary of Rs 650. By 1992, when the factory closed, he was earning Rs 3,000 per month. For four or five months each year he was able to get overtime work which paid him Rs 2,000. He will only be able to find work in another factory as a labourer on a daily wage basis because supervisory positions are dependent on having held such positions in the past as well as gaining the confidence of the employer. Moreover, since the work of a dyeing and printing labourer is very strenuous, he decided to start his own business. He currently runs a *paan* shop (sale of beetle nut and tobacco). He became involved in the production of rental housing when he made the move from dyeing and printing to setting up his own business in 1992. M married in 1983 but brought his family to Surat only in 1989 after he had bought a plot and built a structure on it. By sharing accommodation with friends he was able to reduce his rental expenditure to Rs 125. Thus, he was able to save much of his income and invest in a plot in Aribavanagar in the ward of Dindoli in 1988. He chose this society since he knows most of the residents and felt that this would be a safe place for his family. He paid the organiser a deposit of Rs 12,000 in 1986 and the rest in instalments over three years. Then he arranged with the same organiser to supply him with old bricks and tin roof for 25000Rs. This was paid in 5 instalments

spread over 2 years as and when he could do overtime in the dyeing unit. He and his wife took care of the construction. Initially he built 3 rooms of which his family occupied one and the other two were rented out for Rs 200 each. The Rs 65,000 received in compensation when the factory closed was invested in converting the ground floor roof to reinforced cement concrete and the construction of three rooms on the first floor. Each of the rooms is rented out for Rs 300 per month and a deposit of Rs 3,000. As he is able to earn between Rs 100 and Rs 150 from the *paan* shop, his rental income (which forms between a third and fourth of his *paan* shop income) is important. His tenants are textile workers from the state of Uttar Pradesh and Bihar. Twenty-one migrants occupy the three rooms. The rent that the rooms can command is influenced by cheaper rents in the adjoining southern peripheral ward of Bhestan [*Dindoli ward, Surat*].

Compared with Bangalore, a number of factors seem to make access to land and housing relatively easier in Surat. The first is economic opportunity. A number of low-income landlords are employed in the diamond and textile industries. Although the working conditions in these industries are arduous, casual and working lives short lived (working lives begin at the age of 15 and end around the mid 30s), there is some regularity of work and earnings are relatively more than those of their counterparts in Bangalore. Second, the capacity to save is enhanced by single migrant status and the cultural practice of sharing accommodation and therefore the rent and deposit burden. Migrants were found to be able to save between one-third and one-half of their earnings. Third, the purchase of land is made relatively easier by the availability of informal instalment based payments as a result of belonging to the same ethnic group as that of the organiser or developer. Furthermore, some landlords have been able to get building materials on credit through such networks. Finally, there seems to be more avenues of interest free (relatives and friends) and low-interest credit available.

V is 35 years old and originally from Surat district. He came to Surat in 1988 and has worked in a spinning mill since then, first as an apprentice with his brother and then independently. The household comprises of four members (husband, wife and two children). When he first came to Surat he squatted on land near the spinning mill on which he constructed a kutchra (temporary structure) and lived there for five years. The plot that he now occupies in Sakthi Vijay society was purchased for Rs 40,000 in 1993. He initially built the ground floor for his family and in 1995 built two rooms on the first floor that have been rented out. Each room fetches a monthly rent of Rs 400 and a deposit of Rs 3,000. A total of Rs 195,000 has been spent on the land and construction. He took a loan from two friends - from one Rs 50,000 and from the other Rs 20,000. The rest was made up from savings. He pays Rs2000/- every month towards these loans [*Sakthi Vijay Society, Kattargam-Ashwinikumar-Fulpada ward, Surat*].

Thus, unlike Bangalore, tenants are not a key source of housing finance. Rent deposits are mostly taken to insure against rent defaults and only in a few cases have been reinvested in the construction of the dwelling.

These factors combine to result in two distinct rental housing investment patterns. The first is of those landlords - they tend to be mostly in the textile industry or in own account occupations in the south and south-west parts of the city - who live on the same plot as their tenants and gradually improve that part of the dwelling they occupy. Improvements to the rooms that are rented out depend on the nature of demand for rental accommodation. From textile workers, this seems to be rooms with wooden walls and tin roofs. Even here, original plans to improve the dwelling that the landlord occupies can be thwarted by changing circumstances and opportunities.

SP migrated from Maharashtra in 1972. He began as a worker in a small hotel and when he quit the job ten years later was earning Rs 50 per day. He married in 1980 and brought his wife to Surat. Being able to stay rent-free meant that he was able to save. In 1982, he decided to change occupation, as the money he was earning was not enough. He made contact with a local leader belonging to his caste, who on payment of Rs 500 allowed him to occupy a plot of 12' by 20' in S Nagar, a squatter settlement. He invested his savings

of Rs 2500 and put up a structure with walls of wood and a tin roof. He is now a casual labourer in a textile factory located in Udhna and Pandesara wards. Work can be found for between 20 to 25 days with a daily wage ranging between Rs 80 and Rs 100. In 1985 he purchased a plot measuring 15'x60' for Rs 11,000 in B Nagar, a plotted society. This was done with the intention of moving out of S Nagar, which lacked services and did not have a 'good reputation'. This was made possible by combining a loan of Rs 6,000 from his wife's employer with a saving of Rs 5,000. His wife was working in the textile sector and her employer deducted Rs 250 each month from his wife's salary and the loan was repaid in two years time. According to SP, an employer in Surat will extend a loan to those who they need to manage labour or who have worked for two to three years. Advancing a loan is also done to extort long hours of work. His wife, for example, was required to work 10 to 12 hours a day. This has affected her health to the extent that she could not work for a period of three years after the loan was repaid. She now works in the jari industry where wages are lower. With SP and his wife being the only earners they were not able to build on the plot in B Nagar. He did not want to sell the plot since it was becoming more expensive to buy one. His ambition was to educate all his three sons. But due to their circumstances, the eldest son had to start work in the textile market - the other two dropped out of school and are unemployed. In 1990, the relative of a co-worker was looking for a room and SP was asked to build a room on the B Nagar plot. With the help of the local leader who had assisted him in getting a plot in S Nagar, SP got materials (wood from packing crates and tin for the roof) on credit. He borrowed Rs 2,000 from a relative to pay for carpentry labour. The room was rented out for Rs 150 and a deposit of Rs 500. The rent and his son's income were used to repay the loans. The rent money was accumulated for the construction of more rooms. By 1995, he had six rooms on rent and was earning Rs 900 from them. The rent was used to repay the loans he had taken. He recalls that it was only since early 1998 that he has not been in debt or had to borrow money. However, this has been done without their own personal housing circumstances improving [*Pandesara ward, Surat*].

The second is of those landlords who are mostly employed in the diamond industry in the east. Comparatively higher earnings than their textile counterparts is giving rise to a demand for owner-occupied developer constructed row houses. The accommodation that they vacate as a result of the move to row houses is rented to new migrant diamond workers who are able to afford better quality housing than textile workers. Thus, the nature and form of rental housing markets in Surat are segmented by the nature of demand from workers in the two major sectors of occupation - diamonds and textiles. This has also led to a spatial differentiation - with the better quality rental accommodation being located in the eastern wards of the city (where diamond industries are clustered) and poorer quality rental accommodation in the southern parts of the city (where the textile units are located).

### RENTING AND INTERGENERATIONAL TRANSFERS

The notion that the transfer of property from one generation to another contributes to the reduction of the intergenerational transmission of poverty needs to be viewed with some caution. Although this was a theme that emerged in a number of interviews, there are gender differentials that are of concern here. Landlords often mentioned that they began letting accommodation in order to leave property for their sons. As far as daughters were concerned, landlordism was a means to meet marriage expenses either by saving rent receipts or selling property when the time came. The latter is dealt with in the following section under consumption expenditure.

DP migrated from Maharashtra in the late 1960s and lived with his uncle in the inner city in Surat. He began working in a private textile mill that was closed three years after joining. He then found work in another textile mill where he worked as a weaver until 1977 and earned Rs 1,200 per month. Around this time, his uncle and a number of his relatives bought plots in Limbayat (a ward in the south east of Surat). He also decided to invest in a plot and paid a down payment of Rs 1,500 and the remaining Rs 1,000 in instalments over six months. Since DP had not had a wage increase in the time that he worked in the textile mill and also wanted to be close to his relatives and fellow Maharashtrians, he moved to Udhna ward in 1978 and began work as a powerloom

operator in a textile unit. Although he was paid weekly and a piece-rate basis, he found that he was able to earn Rs.1500 per month. He lived as a co-tenant with four other friends and paid a monthly rent of Rs 40. This enabled him to remit Rs 500 back to his family and save some of the remaining amount. Because of his experience, he was promoted a couple of years later to the position of a textile *master* (supervisor) for a consolidated salary of Rs 3,000. The plot he had purchased lay vacant as he continued to save Rs 1,000 per month in a *bishi* towards construction. In 1980 he married a local woman but wanted to construct his own house before he moved. So he arranged with his friends to become the sole tenant and now had to pay a rent of Rs 250 per month. However, in 1981 his sister got married and therefore all the savings in the two *bishis* (Rs 25,000 in one and Rs 15,000 in the other) was spent. His first son was also born at that time and therefore he could only begin saving again in 1983 when he joined a 15 month Rs 30,000 *bishi* - requiring a monthly payment of Rs 2000. By this time his income had increased to Rs 5,000 as he was supervising two textile units. In the 8th month of the *bishi*, he made a bid and received Rs 28,000 after commission. He used this amount to construct 4 rooms with walls of wood and a roof of asbestos cement sheets. Each room was rented for Rs 125 per month and a deposit of Rs 250. The deposit, rent and part of his income were used to repay the *bishi* instalments. In mid 1984, having paid up his *bishi* instalments, he started saving the rent of Rs 1,000 in a *bishi* of Rs 20,000 and Rs 1,000 in another of Rs 30,000. After paying the *bishi* instalments and sending money back home he found that he was left with only Rs 2,000 for household expenses. In some months this came down to Rs 1,500 and groceries often had to be purchased on credit. He thus decided to bring his parents to Surat to reduce the cost of maintaining two households. However, his parents had never stayed in a wooden structure and therefore he had to improve the property before they moved. He apparently had also accumulated Rs 20,000 in a bank from the days before his marriage and used this together with a bid of Rs 27,000 from the second *bishi* (the bid from the first was not favourable). The construction was given on contract and all the rooms were built with brick and cement and an RCC roof. The total cost came to nearly 60000Rs with Rs 13,000 of this being in the form of credit for cement and steel. The construction took a year and during which time he had no rental income. Although he would have ideally like to occupy the entire dwelling, he said that his financial circumstances did not allow him to do so. So his family occupied one half of the dwelling and he rented out the other two for Rs 300 and a deposit of Rs 3000. Part of the material loan was repaid using the deposit and the rest with the rent topped up from his salary. DP realises that he is getting older and has two sons to educate. He also feels that he will have to support his sister's family in emergencies. Savings from his earning is possible only when he works as a master for two or three textile units - even this is not a very dependable income. Textile jobs are not permanent and neither will he get retirement benefits. Thus, he has to make arrangements for an alternative income for himself as well as his children's future. In 1988 he booked another plot in Shivaji Nagar at a cost of Rs 30,000. Normally this would have cost Rs 14,000 but this is the price he has to pay for being able to pay in instalments. Having made a down payment of Rs 6,000, the remaining was to be paid in instalments of Rs 2,000 per month. Due to this he had to work in nearly 15 hours a day which left him with hardly any time for relaxation with his family. Having secured the plot a year later, he capitalised on the demand for and took a deposit of Rs 1,000 from five prospective tenants and constructed five rooms for a rent of Rs 200 each. Once again, he got material on credit while his in-laws supported the labour cost of Rs 15,000. At the time of the interview in 1998, he was working as a master in three units and earning Rs 10,000. His first son is doing a BSc and his second son is in the 9<sup>th</sup> standard (secondary school). He has been free of loans from 1994 and has used rents and savings from his salary to improve the rest of the house on the first plot for the use of the family and has bought himself a scooter. His rental income is now Rs 1,250. Now, at an age of 53, he does not think that he will work much longer. He is saving the rent and part of his income in a bank - nearly Rs 3,000 to Rs 4000 per month. He says that this is the only saving he has to meet social obligations as well as old age expenses. He feels that he will not be able to consolidate the second plot but plans to leave one plot each to his sons for their future [L9, Shivaji Nagar, Limbayat ward, Surat].

### **Renting to meet consumption expenditure**

Emphasis has been placed on housing as an asset (Moser, 1998). However, the asset value of housing differs. In Bangalore, its value lies in its ability to raise lump sum amounts of capital

whereas in Surat monthly rental returns predominate. This may be explained by two interrelated factors. First, individuals or households in Bangalore seem to be unable to raise interest free amounts of capital from relatives or ethnic associations to the extent their counterparts in Surat profess to be able to do. Second, this is possible because of the widespread practice of *bogey* or leasing. However, the existence of *bogey* depends on tenants being able to have lump sum amounts at their disposal. Unlike first generation migrants in Surat, tenants in Bangalore are not burdened by remittances. Thus, those in the beginning stages of the household lifecycle are able to save, primarily in savings and credit associations, and raise lump sum amounts of capital that feeds the practice of *bogey*. Without this, the asset value of housing would be reduced to that of monthly rental receipts like Surat.

Consumption expenditure comes in two forms - unforeseen and foreseen. The former is mainly on a major illness whereas the latter related more to expenditure on the marriage of female children. The practice of *bogey* in Bangalore makes it easier for landlords to meet unforeseen expenditure. As the case indicates, this might even extend to the care of relatives.

P is a retired landlord who currently occupies one half of a resettlement site inherited from his grandmother. When he retired from a textile mill in 1994, he purchased half a site with a tile house in the same settlement for Rs 50,000. He invested his retirement benefit of Rs 25,000 and raised the rest from a moneylender. The dwelling was immediately rented for Rs 500 per month and the deposit of Rs 25,000 used to repay the moneylender. His daughter works in a garment factory and is the sole earner. She brings home Rs 1,400 per month. In the same year, he sold some property in his village and upgraded his grandmother's house. Soon after his wife died and his son-in-law required urgent medical treatment. In order to meet these expenses, he has leased one half of his house for Rs 80,000. He is not certain how he will repay the lease and might have to sell one of the plots. He also tells us that if his daughter decides not to settle in Bangalore, they will sell up and return to their village in Tamilnadu [L11 - *Dayand Nagar, Bashyam Nagar ward, Bangalore*].

Planning for foreseen consumption expenditure is relatively easier. However, there is an element of luck involved in that illness or death does not disrupt the income of the primary earner.

G migrated from the state of Maharashtra in 1969 and has a wife, three sons aged 20, 18 and 15 and a daughter who is twelve. He started off as a labourer in the textile sector and moved up to being a bobbin operator. Finding upward mobility within the sector limited, he decided to set up a tea stall with an investment of Rs 1,000. He got married in 1973 but before bringing his wife to the city he wanted to purchase a house. Two of his sons are married with one child each. The first works as a schoolteacher and earns Rs 2500 per month. The second is an apprentice in the textile industry and earns Rs 800 per month. G's earnings from the tea stall averages Rs 150 per day. In 1977, he found a plot for sale in Vinoba Nagar, Limbayat ward, for Rs 900. The plot measured 14'x45'. By then he had saved Rs 10,000 in a *bishi* which he used for the purchase and the construction of two rooms with walls of wood and a tin roof - one for his family and the other to rent. Over the years - 1978-1994, he saved the rent in a *bishi* and increased the rental rooms to 10. He now has four rooms of brick and concrete (rent of Rs 450 per month and deposit of Rs 4,500 each) and six rooms of brick and tin roof (rent of Rs 350 per month and deposit of Rs 3,500 each). His current rental income exceeds the income from his tea stall. Rent is the only savings he has to meet his daughter's marriage expenses. This is being saved through a combination of bank and *bishi* deposits and jewellery and clothes [L7, *Vinoba Nagar, Limbayat ward, Surat*].

A number of such landlords first aim to establish a secure and steady source of income while at the same time plan for projected consumption expenditure such as marriage expenses.



### **Renting as a safety net**

There are three main reasons as to why individuals and households let accommodation as a safety net. First, there are those in low-waged and irregular occupations, such as casual or unskilled construction work and pavement vending, who depend upon rents as a regular source of income. Second, there are those who are in the process of setting up their own business - such as provision stores, tea stalls or vending - for whom rents tide over fluctuating incomes. Third, there are those owners of small businesses - such as construction contractors and traders - who use rents and more specifically leases to inject lump sum amounts of money into their businesses.

#### *Renting to tide over fluctuating income*

Households in low wage employment and with little or no savings are often compelled to rent out part of their houses to generate a consistent source of additional income. This income may be used to meet day to day household expenses or for recurrent house repairs. In Bangalore, for example, replacing a thatched roof required an investment ranging from Rs 2,000 to Rs 3,000 (one month's wages of an unskilled construction worker in the peak season). Those who are not able to access private finance (such as their income or the legal status of their settlement) or those who are hesitant to borrow from private financiers fearing an inability to repay the debt, depend entirely on rent receipts.

D (female, 48) and R (male, 50) have stayed in Jalahalli ward since their childhood and have no children. From 1971, both of them lived and worked in an agricultural farm in the ward. When the farms were converted to layouts in 1981, they moved to a squatter settlement as a tenant, paying a deposit of Rs 200 and a rent of Rs 60 for a thatched hut. R worked as a truck loader for daily wages that varied between Rs 100 and Rs 150. D does not work. The plot which he purchased in Akkiappa Gardens, a squatter settlement, for Rs 20,000 measures around 20'x 12'. In 1984 they erected a thatch hut for Rs.1000. Subsequently rains damaged the house and they had to spend Rs 3000 to repair it. Despite being here for a long time they have not been able to consolidate the house. Part of the structure has been rented out to a person working in the same area as him for a monthly rent of Rs.150 and a deposit of Rs 1500. The amount is used for house maintenance, as he is a daily wager and finding work every day is difficult. Sudden strikes and low seasons are part of the job. At the time of the interview most of the owners were had been at home for four days as a result of a strike [*Akkiappa Gardens, Jalahalli, Bangalore*].

G's husband is a agricultural labourer in a nearby farm. A portion of her house 12'x10' has been partitioned and sub-let since 1996. The present rent is Rs.200 with an advance of Rs.2000. They decided to rent the house as with her father-in-laws death (he was also an agricultural labourer) the family's income declined. Her husband is not able to get proper job in the farm. He does not want to do any other work. The rental income forms roughly 30% of the total family income and is mainly used to meet household expenses [*L2, Manjunatha Nagar, Marathahalli, Bangalore*].

P migrated to Surat from Maharashtra in 1979. He had trained in woodwork and was helped by BP (the local land organiser) to find work under KP, a carpentry contractor. He started as a daily wager and was paid Rs 20 per day. He stayed in Bharwad Nagar in rented house paying a rent of Rs 25 and sent money to his family who were in Maharashtra. In 1984, he married a woman from Surat and they now live in Shivhira Nagar. His first wife and children remain in Maharashtra and he sends money for their expenses. Presently he takes carpentry contracts – both interior and house construction in Surat. In 1984 BP sold him a plot in Shivhira Nagar for Rs 5500 on 3 instalments. The plot measured 14'x45'. He had savings of Rs 2000 and borrowed the remaining from KP as and when the instalments were due. At that time, KP had 4 large contracts and had to rely on P for carpentry. In 1986, KP gave P four loads of packaging wood as a bonus and he built four rooms on the plot. He occupies one room and has let the other three. He says that he invested in renting because he had to manage expenses for two households [*L14, Shivhira Nagar, Dindoli Ward, Surat*].

Despite the small amounts of rent that are generated, it is an important cushion. Rents are a regular and dependable source of income that poor landlords save in order to meet recurrent expenditure.

The production of rental housing to ensure a regular source of income was not confined only to poor landlords. In Bangalore, landlords who were in the money lending trade and had high incomes rented to offset the high-risk nature of their activity. Such landlords were predominantly drawn from agricultural communities such as the Reddys'.

JR is a petty-capitalist landlord who inherited agricultural land. He was also one of four brothers who inherited 10 sites of 30' by 40' in Lachappa Colony, a revenue layout. JR is from the agricultural Reddy community. He lives in an independent bungalow near Yeshwantpur market with his wife and two sons who are at school. Over the years he has sold some of this land and invested the proceeds in construction on the ten plots. At the time of the interview (1998) he had constructed eight single bed units on four plots (rent of Rs 800 and deposit of Rs 25,000) - his tenants are private sector garment employees. On four other plots he has put up 16 tin rooms (rent of Rs 400 and deposit of Rs 4,000) which are rented to unskilled construction workers and labourers. One plot is vacant and on another he has constructed three shops which he did not disclose the rent of. He runs a finance business from the proceeds of three chits of Rs 50,000, Rs 75,000 and Rs 100,000 that he organises. He is investing the rent amount in two chits of Rs 100,000 and is planning to replace the roof of the tin units with corrugated asbestos sheets in the near future. His main income is from the finance business wherein he lends money at a monthly interest rate of between 3% and 5% and the estimated money on loan is in the range of Rs 200,000 to Rs 300,000. He says that this business is risky. Therefore, the rent of Rs 15,000 is a regular source of income for household expenses. His wife said that as a result of losing agricultural land, many Reddys' went into renting. This is because the community does not have any other skills to earn a steady income. She adds - "we only had land and when agriculture stopped we had to look for other ways of earning an income with land. Real estate and renting are the next best alternative in a city like Bangalore" [*Yeshwantpur ward, Bangalore*].

#### *Renting during the transition from one occupation to another*

Although renting in order to generate an income in the transition from one form of employment to another was found in both cities, it predominated in Surat. This is mainly because the working lives of textile and diamond workers are short. Individuals enter as apprentices around the age of 15 and leave by the age of 30-35. Working conditions are harsh - particularly in the powerloom and the dyeing and printing sectors. Furthermore, those who are employed in the textile sector are vulnerable to cyclical changes in the textile market. SY, a textile contractor in Surat notes that

"... [textile] contract job is very vulnerable to seasonal and market fluctuations. I had been fortunate enough to earn a high income till now but this trend is not likely to continue forever. Most textile workers try to start their own business, which I also tried, but was not successful. The first reason I invested in renting is to accumulate surplus ... in the event they I do not have much income, I can go back to my village. Over a period, I found that rental returns are much higher and regular. Bishi is useful as a short term saving mechanism but risks are higher if the organiser refuses to give you the money. Whereas renting is safe as far as regular income is concerned and provides assets for my children".

Thus those with plans to stay in Surat begin seeking alternative employment - often self-employment. At this point, they begin renting out rooms in order to tide over uncertain income flows.

RP (38) hails from Maharashtra and came to Surat in the early 1980s. He started work as a dyeing and printing labourer and in the early 1990s was earning Rs 3000. Some times (for 4-5 months) his owner gave him overtime which provided an additional Rs 2000. The unit was closed in 92. He said that to join another factory he will have to start from the

labourer position – promotion to supervisor is possible only if the employer is confident of the person or if he had worked as a supervisor elsewhere. In his case, at the time of closure he was working as a labourer. This means he will have to join on daily wages (temporary) in a new dyeing unit and climb his way up. Moreover, the dyeing and printing job was strenuous and not paying enough to meet his expenses in Surat and his village. Hence he decided to start his own business. He needed a permanent source of income to support his mother back in the village. When he bought a plot in a Aribhav Nagar, he initially decided to build an independent house for himself on half the plot and keep the other half vacant for his children. But since his new occupation as a dyeing and printing contractor had not developed and his income was irregular, he decided to rent out rooms. This was helped by the fact that there was an enormous demand for rental units in this area. His tenants are textile workers from Uttar Pradesh and Maharashtra. A total of 20 migrants occupy the two rooms - each room fetches a rent of Rs 300 and a deposit of Rs 2000. Most of his tenants stay till they get married. He says that migrants from Uttar Pradesh and Maharashtra buy their own land or house before bringing their family over. There is no formal agreement [L2, *Aribhav Nagar, Pandesara, Surat*].

Those who are not able to become contractors (well paid positions in the textile sector) look to set up their own small business. This ranges from setting up of a *paan* shop (selling beetle nut and cigarettes) or provision store or becoming the owner of a *lari* - a cart with four bicycle wheels on which a range of services such as selling tea, foodstuffs and vegetables are provided.

GB Patil (aged 35) migrated from Maharashtra to Surat in 1985. Through another Patil he found work as a powerloom operator. He worked for this loom owner until 1993. During this period his income increased from Rs 750 to Rs 2000 per month. The amount earned was just enough for his expense in Surat and to send money home to support his parents. According to him, the maximum that a person can earn in looms is 3500 and he was not willing to work two shifts like most of his fellow workers. He decided to start his own business, as working in a new loom would mean reduced wages and long hours to win the confidence of the employer. Also, he felt that he would not be able to bring his family to Surat as well as save money for future if he continued in textiles. As many Patils are already in the provision store business, he decided to start a small provision shop. Knowing that it would take some time before his provision store stabilised, he decided to construct two rooms for rent on the plot that he had purchased. He saved the rent of Rs 600 per month in a long-term bishi for two years before leaving his powerloom job. He feels that the advantage with the bishi is that you could take the money at any time or leave with the organiser and receive interest amount. When he left his job in 1993, he had savings of Rs 18000 (the bishi and interest amount). Until his provision shop stabilises, he will use this amount for business rotation as well as for family expenses [L4, *Aribhav Nagar, Pandesara, Surat*].

Those landlords who were employed by those in small businesses and then went on to set up their own business were aware of the extent to which earnings could fluctuate.

Landlord R is a migrant from the state of Rajasthan. He migrated to Surat in 1977 and worked as helper in a grocery store. In 1984, he started his own store in a rented property and two years later invested in a plot and constructed a house for his family and a shop for his business. He invested at a time when he was consolidating his business – as he would have regular income to clear his debts. In 1995 he invested in a second plot on which he has built 10 rooms for rent - five on the ground floor (RCC roof) and five on the first floor (tin roof). This is because the demand from Maharashtrian and Rajasthani tenants is for this kind of rental accommodation. The rental income is equal to 75% of the income from his provision store. He says that the regular rental income helps manage household expenses as his business income is constantly fluctuating [*Shivhira Nagar, Dindoli ward, Surat*].

Investment patterns of landlords working in the diamond industry (located predominantly in the eastern wards of the city) differ from those in textiles (in the northern, southern, south-western, southern and south-eastern wards of the city). Workers in the diamond industry are predominantly Gujaratis from Saurashtra. Their earnings are higher and mobility greater than those in working in the textile sector, which results in a demand for better quality housing.

L4 is from Bhavnagar in Saurashtra. He came to Surat in the early 1980s and began work in a diamond factory. He lived in the factory for a year while he learnt cutting and polishing. He moved to a rented room owned by a friend in Baroda Prestige in north Surat. In the ten years he lived there, he was able to save a considerable sum of money because he paid only a nominal rent. In 1994, he purchased a plot and constructed a two storied structure - ground floor of brick and RCC and first floor of brick and asbestos sheet roofing. This cost him Rs 120,000 - his savings of Rs 100,000 was supplemented by an interest free loan from friends. Soon after, he left the diamond industry and started a pan shop in the front room of his house from which he earns between Rs 150 to Rs 200 per day. He lives in the poorer quality accommodation on the first floor and has rented out the RCC room as there is demand for better quality accommodation. The rent is partly being used to repay the loan from his friends and partly for his household expenses [Jagdish Nagar, Baroda Prestige, Fulpada ward, Surat].

M is the second of six brothers from Amreli district in Gujarat. The eldest brother came to Surat in the late 1970s and the other five followed soon after. All of them work in the diamond industry. They each earn Rs 5,000 per month and are able to save Rs 2,000. In 1994, they jointly bought two plots of 12' by 20' at a cost of Rs 27,000. They invested Rs 200,000 in constructing a two storied brick walled and reinforced cement concrete roof containing six rooms. Rs 130,00 was raised from pooled savings, Rs 50,000 from relatives in their village and Rs 20,000 from friends in Surat. One of the rooms is let for Rs 1,000 per month until the younger brother gets married. They did this to ensure they had somewhere to stay when they gave up working with diamonds but were not sure of what they were going to do in the future [L2, Baroda Prestige Society, Fulpada ward, Surat].

Compared to these stories, investments in the wards inhabited by textile workers are considerably lower. This is partly a function of lower incomes and partly because, unlike the diamond workers who demand high quality rental accommodation with services, the demand from textile workers is different. Even here the demand is segmented. Migrants from Orissa demand the cheapest rental accommodation (often rooms with wood walls and tin roofs) whereas those from Maharashtra or Uttar Pradesh demand slightly better accommodation (brick walls and asbestos cement roofs) with basic services.

Landlords in Surat use a combination of sources of raising finance. These included borrowings from relatives, friends, employers and *bishhis*. Unlike Bangalore, mention of moneylenders and tenants as sources of finance were not that common. Rent deposits were taken as insurance against defaulting tenants.

#### *Renting to invest in business*

Some landlords were found to let accommodation to secure a regular source of income to meet household expenses thereby enabling them to reinvest profits for business expansion. Such landlords were often either traders or construction contractors.

H (47), his wife (39) and four boys live in Ambedkar Nagar in Yeshwantpur ward in northwest Bangalore. H has a mutton stall in Yeshwantpur ward market since 1978. His children attend the local Muslim Madarasa school - he wants to educate his children to take up professional, regular income fetching jobs. His present monthly earnings vary between Rs 6000 and Rs 8000. Their plot measures 25'x35' and H has constructed a dwelling of three floors of brick and RCC. Rents are Rs 1500 for the first floor and Rs 1,100 for the second floor. H moved from SKR market ward area in 1978. Initially he stayed as a renter in Bandappa Colony and in 1983, he purchased his current plot from one of the allottee for 7500Rs. In 1984 he built the ground floor and first floor in one half of the site (12'x35'). The other half was kept vacant. The total expense at that time was Rs 88,000. The ground floor was partitioned into three units and the first floor into 2 units. He leased the entire first floor for Rs 38,000 and used it for construction. Two rooms in the ground floor were rented for Rs 300 and a deposit of Rs 5000 each. The lease amount, deposit and moneylender loans were used for construction. The money lender loan was repaid at the rate of Rs 250 per day. In 1994 he decided to add another floor and rent out two floors to provide him with a regular source of income to meet household

expenses. He decided to do this so that he could invest the profits from his meat stall back into his business and expand it. He sold the other half of the plot and remodelled the floors to make them self-contained apartments with independent toilet and water connections. His tenants were found using a broker. The first floor is occupied by a Muslim trader who has a shop in Yeshwantpur market and the second floor is occupied by the editor of a Tamil local daily. There is a written agreement for 11 months between H and each of his tenants [*Yeshwantpur ward, Bangalore*].

### **Renting to accommodate labour**

The loss of a traditional livelihood and its replacement with employment that is precarious is one factor that leads to landlordism. This was found to be more common in Bangalore than in Surat. For example, Thiglas from the state of Tamilnadu were migrant tenant cultivators in Neelasandra and Egipura wards in the southeastern periphery of Bangalore. They were conferred right of ownership under the Land Reforms Act of 1968. The expansion of the city and the inclusion of these wards within the Municipal limits gradually reduced the scope for agricultural production. With low educational levels, unskilled construction work was the only alternative. However, the irregularity of construction work and therefore the need for a steady source of income resulted in them building housing units for rent. The rental units they constructed were modelled on an inner-city rental housing type - the *vattaram* or row house with a central corridor and rooms of 100 to 150 square feet on either side and shared bathroom and toilet. A minority constructed vattarams of brick walls and reinforced cement concrete roofs while the majority built them with brick walls and corrugated asbestos cement roofs. The demand for these units was from either weavers or unskilled construction workers.

Some agriculturists turned to the retail and wholesale of construction material (and some converted their farms to brick kilns) whereas others took up construction contracting. Of the latter, some took to building units for rent in order to house their labour and other construction workers. More specifically, certain construction workers, such as migrant carpenters (from the *Asari* caste in Tamilnadu), are a closed knit community, bringing in young migrant workers as apprentices. They were found to be concentrated in the southern ward of Ganesh Mandir. A master *asari* usually takes on new migrants as apprentices and provides them with food, lodging and a small allowance - Rs 50 per week. After two years, an apprentice is experienced enough to work independently and could earn up to Rs 200 per day. The mid 1980s saw Bangalore experiencing a construction boom and *asaris* could find work for five to six days per week. However, since the 1990s, many builders and developers began opting for subcontracting and therefore *asaris*, in addition to apprentices, began housing carpenters who worked under them. The increased earnings enabled many *asaris*, who were resettled in Cauvery Nagar Layout for example, to upgrade their dwellings to brick and asbestos cement sheet roofs around 1992-1994. A typical plot has at least three to four rooms with a shared toilet on the plot. At least two or more have been rented. Each room is usually let to three or four single *asari* apprentices or *asaris* with their families. However, but in the late 1990s the market had changed. Some claim that there is not enough work as there is a lot of competition among subcontractor *asaris*. Others point out that the practice of using windows fabricated from steel had led to a decline in work. Rental income is now used to meet household expenses.

M, aged 40, started to rent in the early 1990s to accommodate labour. He worked as a carpenter under one of his relatives for ten years and started subcontracting in 1988. Initially he had two helpers who stayed with him. The team of three travelled to different sites in the city for work. Although there was demand for carpenters the profit margin was not very high. So in 1990 he decided to start producing furniture. He brought six more carpenters from his community to Bangalore to work under him. They needed to be housed and he needed a space for this workshop. He purchased property in Cauvery

Nagar layout containing three rooms with brick walls and asbestos cement roofs and empty space to one side. He constructed a thatch structure for the workshop, used one room for his family and let the other two. There were two reasons for housing his labour. First, it allowed greater control over the production of furniture. Second, it provided him with greater flexibility in managing his cash flow. Food and lodging is provided to the carpenters and a consolidated amount deducted from their wages. Weekly wages do not have to be paid as the apprentices usually take the money in a lump sum when they visit their village [*LM, Cauvery Nagar Layout, Ganesh Mandir ward, Bangalore*].

A (58) is the wife of the late V Asari. She was allotted a site in CNL in 1984. V Asari took a loan of Rs 6,000 from the master he was working with and constructed one room for the family. A couple of years later they took a loan of Rs 10,000 from a moneylender and built a second room. This was leased out for Rs 12,000 for three years and the debt settled. During that period there was a lot of carpentry work and her husband could earn as much as Rs 1,000 per week. They saved a lot of money during that time and were able to build two more rooms. She and her husband occupied one room, her daughter's family another and the remaining two were rented out to six apprentices working under him. Her husband fell ill in 1994 and died in 1997 and the rental income of Rs 600 is what she survives on now with some help from her daughter. Her current tenants are working as daily labourers with another carpenter. They are from her village and belong to her own caste and therefore are not a problem. There is no written agreement and the rent is paid before the 6<sup>th</sup> of each month. Usually when a carpenter bachelor vacates a room they either send a relative or a family [*LI, Cauvery Nagar Layout, Ganesh Mandir ward, Bangalore*].

In Surat, agriculturists that sold land for residential use seem to have continued with agriculture and not got into renting like their counterparts in Bangalore. Although the research did not come across cases of construction subcontractors housing their labour, it is not certain that these relationships do not exist.

### **Landlordism as a short term venture**

In Bangalore, the only option available to most lower-middle income group households who are unable to get a site in layouts developed by the Bangalore Development Authority (BDA), is to purchase a site in a revenue layout. Sites in revenue layouts are affordable for two reasons - one, they are located on the periphery of the city (often outside municipal limits) and two, they are poorly serviced. For example, while land prices ranged from Rs 2,000 to Rs 3,000 per square foot in BDA layouts in the southeastern ward of Koramangala, land in the adjoining revenue layouts cost Rs 300 to Rs 800. As noted earlier, real estate transactions in Bangalore involve the lump sum payment of cash to the value of the sale price of the plot in comparison with the practice in Surat where arrangements to pay in instalments exist. Thus, the comparative advantage of cheap land is offset by the fact that households have to invest most, if not all, their savings in its purchase. Two factors then seem to come into play in the production of rental housing. The first is the low levels of security involved in the transactions. On the purchase of a plot in a revenue layout, the buyer does not get a sale deed but only a general power of attorney from the seller as the entire transaction is quasi-legal. There have been instances where the same plot has been sold more than once. Buyers without the economic or political clout to fight such practices are the most vulnerable and therefore put up temporary units for rent. At times plot owners were found to rent out the site with the construction of the shelter becoming the responsibility of the tenant. In such cases, the production of rental housing served to secure the site from being squatted or sold again - rent receipts were a bonus. The second factor associated with the letting of accommodation is the low levels of services. Middle and lower-middle income households use political pressure to lobby for services but this can only be done once the revenue layout is brought within the municipal limits and has been regularised. People residing on the plots also help and this is where the tenants play their part. It could be argued that once services have been provided and owners return to take occupation, they either evict their tenants or increase rents. This is

not necessarily the case. Plot owners were not found to return at once. Those who did construct rental accommodation of better quality did so because there was a demand for that kind of rental accommodation. Moreover, landlords seem to have differential rent charges – a slightly higher rate for new comers and a lower one for old settlers. In Surat the cleavage was along family, kinship and ethnic lines. Higher rents could not be charged to individuals and households from the same caste or regional but from others not belonging to these categories.

Similar practices were found in Surat but it is the developer-organiser who does this rather than individual plot owners. As noted earlier, the sale of plots developed by society developer-organisers is either through workplace, kinship or ethnic ties with an informal instalment based credit arrangements. Developers often hold onto plots for two main reasons. The first is to encourage potential buyers. Early developer-organisers constructed units for rent in order to elicit an interest in the society that they were developing. The second and more recent reason is the use of rental units to provide short-term returns while land prices appreciate. Apart from the small-scale petty-capitalist forms of landlordism involving developers and or organisers, it is mostly individual households who undertake the production of rental accommodation in plotted societies.

### **Renting as a business and for status**

Renting as a business in Surat was confined to inner-city *wadi* landlords and the developers and or organisers of plotted societies for reasons outlined earlier. In Bangalore, petty-capitalist forms of landlordism are of two kinds. The first is those landlords who converted agricultural land to residential use, sold some of the land and invested the proceeds in rental housing. Such landlords are predominantly from the Reddy (migrants from the state of Andhra Pradesh) and Gowda (migrants from other parts of Karnataka) castes - traditional agricultural landholding communities. The second consists of those in the liquor or money lending businesses that have expanded their holdings by acquiring the property of defaulters. Such landlords tend to operate in squatter settlements and resettlement sites - settlements where opportunities for land-grabbing and gate-keeping abound. Although a smaller proportion of individuals and households live in squatter settlements in Bangalore as compared with Surat, access to land seems to be more politicised in the former in comparison with the latter. Such politicisation increases the vulnerability of the poor as it heightens patron-client dependencies. This is predatory landlordism at its worst and allegations abound in Bangalore of poor households losing property. Predatory landlords are the most difficult people to contact and interview as any question relating to rental housing is seen as an inquiry into their underhand dealings.

### **PROPERTY LEASES AND PREDATORY FORMS OF LANDLORDISM**

Not all landlords who lease property are vulnerable. Those that are in occupations where earnings are relatively high (for example, construction or wholesale and retail trade) and have more than one earner in the household are able to save in credit and savings associations to repay the lease. In addition, the lease amounts taken by such landlords are invested in productive activities that generate high rates of return (especially money lending). The vulnerability of leasing is heightened for landlords in occupations with low and fluctuating incomes and when the lease is taken to meet unforeseen consumption expenditure - particularly related to ill health. Often such vulnerability is multiple. First, they have to find alternative accommodation. They are unlikely to be able to squat on land close to their original place of residence. In order to minimise the severance of existing social and economic networks, they are more than likely to seek rental accommodation. This results in an increase in their household expenditure in the form of rent. The second vulnerability is

associated with the repayment of the lease. If the ill health of the main earner was the reason for taking out the lease in the first place, they are at a serious risk of losing their property by defaulting on the lease payment. The person who provided the lease is in a stronger position. In some instances, the property is rented out and the lessor ensures that the rents provide an equal if not higher return than prevailing informal rates of interest. In other instances, especially common among moneylender landlords, the property is sub-leased and the money loaned in the private finance market thereby generating the highest possible returns. It is these owner-occupiers who are most vulnerable to what can be termed 'predatory landlords'. Moneylenders are most aware of the social and economic vulnerability of their clientele and can, in some instances, offer a lease knowing fully well that the property will become theirs at the end of the lease period. While the availability of rental housing is important for such lessee individuals and households, they need protection from these predatory forms of landlordism. It is the lack of access to capital to meet unexpected consumption expenditure that increases their vulnerability.

### FUTURE PLANS

Landlords, owners and tenants were asked about their future plans in relation to renting. Numerous cross-cutting themes emerged among landlords and can be grouped into the following in order of declining importance: investment for their children - property and marriage; investment in business other than renting; investment in renting due to precarious employment and old age; and to repay loans.

#### *To leave property for children and plan for the marriage of daughters*

The most commonly recurring theme was that of renting as a short to medium term activity as its purpose was to acquire property for children or plan for wedding expenses. This was found to be a more common explanation in Bangalore than it was in Surat. In general, this reflects cultural practices such as sons receiving property whereas daughters gave rise to concerns about wedding expenses and dowry. Specifically, given the large number of single male migrants in Surat, investment in property for children did not feature as a prominent reason.

Renting as a means of generating an income to reinvest in more property for children was primarily done to cater for male children when they got married.

Landlord 4 works as a loom operator in ward 29 and his only son polishes diamonds. He has built a two storied structure in Paras society keeping his son in mind. Landlord 5 works in the diamond industry and has four sons. He has also built a two storied structure with his sons in mind. Both the landlords are from Gujarat [*Paras-N29-S-1, Surat*]

However, there were instances of both *de facto* and *de jure* women headed households who invested in rental housing to provide their daughters with a start in life. From the interviews this seems to have resulted from their own experiences of becoming destitute and has made them think of the future of their daughters.

If sons received preferential treatment in terms of landed property, the wedding expenses of daughters were of concern to their parents. This is partly due to cultural reasons such as the age when female children are married.

L8 has three daughters aged 16, 14 and 12. According to him, Saurashtra Patil's seek to get their daughters married before they are 18 years. He sees investment in land and renting as a means of generating quick returns to meet his daughter's marriage expense. He thinks he will not be able to expand his rental business any further [*L8, Aribhav Nagar, Pandesara, Surat*].



With three daughters aged 18, 16 and 14, marriage expenses is a concern. He is saving the rental income in a bishi for Rs 60000 and wants to consolidate his house to brick and RCC. He says he has to make arrangement for his daughter's marriage [L4, *Aribhav Nagar, Pandesara, Surat*].

It is also a reflection of intra-city differences in household life cycles. Migrants did not feature here with the theme limited to only those whose families had settled in the city for some time.

L11 is a stone cutter and is beginning to get chest pains - he currently works 20 days a month but will not be able to continue doing so much longer. He and his wife feel that renting would provide them with a permanent source of income. In addition, although their daughter is young (aged 16) they are concerned about the marriage expenses, which they estimate will be at least Rs 50,000 to 60,000 in 1998 prices. Keeping in view both these factors they have decided to invest in another house for renting [L11, *Rajendra Nagar, Bangalore*].

A migrant from Orissa, L7 has four daughters aged 15, 12, 10 and 9 who have settled in Surat. His future plans are to arrange money for getting his daughters married. He had bought a plot for Rs 6,000 in one of the societies in Bhestan, a peripheral southern ward - where he plans to construct wooden rooms for renting. As there are a number of migrants from Orissa in the textile business, he feels that renting will be profitable and easy means to save some money [L7, *Aribhav Nagar, Pandesara, Surat*].

While investment in land and rental accommodation is seen as an avenue for saving for wedding expenses, in Surat the emphasis is also in investing in jewellery and stainless steel or brass utensils.

#### *Renting as a source of regular income now and in old age*

This was the second most common theme emerging from the interviews in both Bangalore and Surat.

L12, a female Muslim landlord from Santoshi Nagar, Dindoli ward, Surat, says that she will retain the 10 rooms for renting or reinvest elsewhere for both she and her husband are past the age where they can do strenuous physical work [L12, *Santoshi Nagar, Dindoli, Surat*].

L3 lives in Pandesara ward in south Surat. The ward was affected by religious riots between Hindus and Muslims in 1994 and his provision store business suffered. However, the riots provided him with an opportunity to buy plots with dwellings from Muslims at a cheap price. He has an illness that prevents him from working more than a few hours a day - he is only able to sit at the shop while his wife runs it. He feels that rent receipts will be his only source of income in old age [L3, *Aribhav Nagar, Pandesara, Surat*].

Interestingly, three times as many landlords in Bangalore expressed this as a reason for continuing to rent in Bangalore than was the case in Surat. Once again, the fact that the population of Surat is mainly composed of migrants may provide an explanation.

Landlords in Bangalore who expressed this as a reason for continuing to rent were drawn from a range of employment categories based on the head of the household. These included those in private sector employment, construction, repair and maintenance in the informal sector, helper in a school and unemployed. The interviews indicate that it is not necessarily the sector of employment or the total household income per se that determines why landlords perceive renting to be a stable source of income. Perceived security of employment and other factors such as poor health have a bearing on their future plans.

L9 is female and lives in Bharati Nagar ward. Her son is an electrician employed by a private bank with a salary of Rs 6,000 per month and her daughter, who is a widow,

works as a gardener and earns Rs 1,200 per month. The other three members of her family are school going children. The household income will put this family above the poverty line if calculated on a per capita one dollar a day basis. However, she is very ill and this is what makes her concerned about the future. The rent from the six units that she has constructed on three plots is critical to her [80-Bharati-L-2, Bangalore].

L9 is 48 years old, lives in Airport ward to the east and is employed in a private company with a salary of Rs 3,000 per year. The other members of the household are his wife and his mother both of who do not work. He is not secure about his job and is dependent on the rental income from four rental units all constructed on the same plot [73-Anand-L-9, Bangalore].

### *Investment in Business*

Some landlords, especially in Surat, did not see a future in increasing investment in rental accommodation but wanted to expand their business operation instead. The rate of return on investments was a key consideration here.

L4 lives in Aribhav Nagar Society in the southern ward of Pandesara in Surat. He worked as powerloom operator but found that he was unable to earn more than Rs 3,000 despite working two shifts. He therefore decided to start a provision store business. Although the renting of accommodation enabled him to make this shift, he feels that he can generate more money by investing in his business rather than expanding the production of rental housing [Pand-Aribhav-L-4, Surat].

L11 is a textile contractor also from Aribhav Nagar in Pandesara. He is able to save a considerable amount of the Rs 1,000 per month that he receives in rent but plans to invest it in a sari shop rather than expand the production of rental housing [Pand-Aribhav-L-11, Surat].

L3 lives in Dindoli ward, adjacent to Pandesara. He is a welder and runs an auto spare parts business as well. His concerns are rotating the rent money in his business and his daughters wedding. So although he will continue to rent he does not plan to expand his rental operation [Dindoli ward, Surat].

It is interesting to note that such considerations are prominent among landlords who are already involved in business. Those who are unable to make comparisons about rates of return and therefore see further investment in rental housing as producing positive returns. What is clear is that only a handful of landlords have stopped letting accommodation and become owner-occupiers. Renting out accommodation is therefore a much longer-term activity than originally envisaged.

A few other interesting themes also emerged. A few landlords mentioned that they would continue to rent out accommodation in order to educate their children - especially sons. Some, especially from Surat, expressed having intentions of selling up and returning to their villages to either start agriculture or retire with the proceeds.

It is worth remembering that landlords initially became involved in letting out accommodation with specific intentions. These intentions have changed over time as is evident when asked to reflect on their plans for the future. Flexibility is a key issue. Any rental housing policy should bear this in mind and not box landlords into a long-term inflexible commitment.



# 5 Owners, Tenants and Landlord-tenant Relationships

## INTRODUCTION

The focus of this research is the social relations that gave rise to rental housing markets and therefore landlordism. However, a limited number of owners and tenants were interviewed to ascertain the reasons why the former did not become landlords and the plans of the latter. Although the letting of rooms adds to the income of individuals and households, not all households opt to become landlords. Although the reasons for these are varied, the interviews suggest that the business of renting out accommodation is a one way street – namely, the instances of landlords becoming owner-occupiers are very rare. The movement of individuals and households (from being tenants to owner-occupiers and then landlords) is also slowing down, especially in Bangalore, where despite the predominance of the lease system highly segmented land markets is a critical barrier.

## OWNER-OCCUPIERS

A recurrent theme arising out of the interviews with owners as to their reasons for not renting out accommodation was a ‘lack of space’ followed by a ‘lack of finance’.

He and his wife are fruit vendors. He buy's fruit from the main market in Surat and sells it in the near by village. She sells fruit in Surat. They work about twenty days a month and earn between Rs 60 and Rs 80 per day. They are living in this slum [Hitendra Nagar] for the past 15 years. They were living as a joint family. Few years back his father-in-law and mother died. Now they are living as a nuclear family. Three years ago, the SMC [Surat Municipal Corporation] was widening the road and their house was partly demolished. They now live in a space of eight feet by ten feet. They are not able to rent any room as living space is not enough for them [*Owner 4, Hitendra Nagar, western Surat*]

A more detailed reading of some of the interviews suggests that owner-occupiers value the space they have on one hand and can make do without the rental income on the other. This is evident from the overcrowding that poorer landlords undergo to generate additional income in the form of rent receipts. The key issue is that not all owner-occupiers become landlords and therefore there is need to understand which of them tend to do so and why.

One of the reasons why owner-occupiers are unable to rent out accommodation is a lack of resources to buy a piece of land large enough to build a room for rent.

S (female 30) and her husband M (35) have 3 children - 2 girls and a boy – who are studying in a nearby school. Her husband M (aged around 33) is a casual labourer loading and unloading merchandise. He earns between Rs 80 and Rs 125 per day. S is a domestic helper and earns 300Rs per month from the two houses where she works. Between Rs 30 and Rs 40 is spent on food each day. For three of four months in the year her husband cannot find work. During such times she takes has to take a loan from the moneylender. In July 1998, she borrowed Rs.4000 to buy her provisions and will have to repay this money in three months at a rate of Rs 400 per week – two thirds of her husband's income. So for the first three months when her husband starts earning, she will

have to manage with Rs 200 per week. She will also have to depend on her employer's for food during this period. Due to the fluctuation in her husbands' income, paying rents was a major problem. Hence they decided to buy this house in Cauvery Nagar – a regularised squatter settlement - for Rs 15,000 in 1990. She pawned jewellery for Rs 9,000 (some of this belonged to her sister) and borrowed Rs 3,000 from each of her employers (deducted at the rate of Rs 100 from her salary from each house every month). The house measures 8'x10' and is built of brick and mud and has a tin roof. The walls are weak and need constant repairing. She has recovered her sister's jewellery with a loan from an NGO but her jewellery is still with the pawnbroker. When possible, she saves in a chit of Rs 100 per month. She has a loan burden of Rs 500 per month. In 1996 she built a toilet with a loan from an NGO of Rs.5000. The space is not enough for her family and her children go to her parent's house in the same settlement to sleep. She does not have enough money to invest in expanding the dwelling vertically or buy another house for letting it out. They want to sell this house and purchase a land in the outskirts once they have paid all the loans. She might then think of building for rent. [*Cauvery Nagar, Ganesh Mandir Ward, Bangalore*].

Complex strategies have been adopted here. It is the woman who has managed the process – raising money using her assets and those belonging to her family. The size of the dwelling precludes her from renting and her husband's precarious employment in them extending their dwelling vertically for rent. The proximity of her parents provides the children with a place to sleep. The future is in moving to a cheaper place on the periphery – disrupting family links and resulting in perhaps more precarious employment.

The lack of finance and the extent to which it prevented owners from constructing rooms for rent was a recurrent theme in both cities

T is having a site in the same area but could not build because of lack of financial problem and also increase in cost of construction materials - but T has a plan to construct in the future [*tenant, Jai Beema Nagar, SKR market ward, Bangalore*].

## TENANTS

It is worthwhile noting that although the responses of tenants – especially in terms of their future plans – could be construed as aspirations, the housing trajectory of landlords almost always indicated tenant status as temporary and thereby performing a 'waiting room' (Kemp and Keoghan, 2001) function. However, there are significant differences between the cities which provide an indication of how easy the move from a tenant to an owner-occupier is likely to be. In Surat, the single migrant status of the vast proportion of tenants relieves them of the burden of meeting the living cost of an entire household in the city. In addition, the practice of sharing the rent and deposit enables these migrants spend comparatively less than those in Bangalore. Finally, the ability to pay for land in instalments and the numerous sources of interest free loans makes the move to ownership relatively quicker. The lack of these opportunities constrain the residential mobility of tenants in Bangalore. Land markets are segregated – squatting (with its variations of improved and resettled settlements), revenue layouts and gramthana sites, and the limited avenues provided by public housing agencies. Thus while the better off among the poor have been able to move from being a tenant to an owner-occupier in a squatter settlement and invest in rental accommodation in a revenue layout to maximise returns – this is a one way street and not open to the majority of the poor. For the latter and as circumstances stand, their only hope is to be able to gain ownership by virtue of being allotted a plot in a resettlement site.

As noted earlier, most landlords were previously tenants, the only exceptions being those who had inherited property. Thus, the investments currently being made by landlords for their children (see Chapter 4) is likely to reduce the number of individuals within these families following the path from renting to ownership. However, these are long term aspirations – the likelihood of them coming to fruition is linked to vulnerabilities and shocks that such households face in the future.

BD Patil worked as a labourer in powerloom for ten years before opening a paan [beetle nut shop]. Presently he also runs a video cassette library. He had purchased a house but had to sell it for his sisters marriage. Now he has a plans to buy his own house so has started saving once again. But seeing the current expenditure he feels he has a long way to go [*tenant, Aribhav Nagar, Pandesara, Surat*].

### Affordability

The number of moves made by an individual or household before joining the rank of owner-occupiers varies and is influenced by internal and external factors. The key internal factor, for those with the intention of taking up permanent residence in the city, is primarily affordability linked.

K (aged 22) and his wife Z (aged 17) have been married for two years. Both their parents are living in and around the same settlement. They have an eight month old child. K drives a hired autorickshaw while Z rolls agarbathi [incense sticks] at home. K is able to earn between Rs 80 to Rs Rs 150 after paying the rent for the autorickshaw, petrol, and incidental expenses. Z earns between Rs 75 to Rs 100 per week. Their major expense is food followed by the expenses linked to their baby. They pay rent of Rs 300 and save Rs.100 to 150 in a chit. They said that they eat enough food but cannot save anything from their earnings. They have just started the chit with the idea of buying a piece of land. It is becoming difficult to get cheap houses in and around this settlement. Many owners are changing their houses to sheet or RCC and quoting Rs 500 and over as rent. They prefer to stay here as it is closer to their parents place and their child is very young. It took them nearly 2 weeks to get this present house. The owner is a member of their parents chit group [*Cauvery Nagar, Ganesh Mandir ward, Bangalore*].

They want to buy one house . But finance is a major constraint. They are not able to save much from their monthly income as they are sending some amount every month to the village [*Tenant 1, Hitendra Nagar, Surat*].

S (aged 35) migrated from Chengam to Bangalore in the late 1980s. He has worked as a construction coolie [unskilled worker] since then. The maistry [mason] with whom he is working also lives in Bangi Garden. He gets a daily wage of Rs70 – he is the only earner in a household of five [wife and three children]. His children are studying and since his is the only income he will not be able to invest in buying land [*Bungi Colony, SKR Market, Bangalore*].

RM works in RMC yard as a coolie [unskilled worker] and earns around Rs.600 per week. He has 4 children and his wife does not work. For the last four years he is living in this house. The first rent was Rs.70 and advance of 2500. The present rent is Rs 150. Reason for not purchasing a own house is lack of savings. His wife says that their family is also large. They would like to buy in the same area but the rates are too high [*SKR Market ward, Bangalore*].

The inability to save for ownership is linked to the number of working members, the precariousness and low wages associated with unskilled work and the inability to afford land prices and construction costs. Added to this are the levels of indebtedness and expenditure on alcohol. These were some of the dominant issues arising from the interviews with tenants in Bangalore. The interviews with tenants in Surat suggest that although tenants also noted ‘irregular employment’ or a ‘lack of savings’ as reasons, a substantial number of them were saving for investment in land or had even invested in land.

YJM (Aged 28) came to Surat 5 years ago. He came to the city with his uncle who was working as a watchmen near Adajan [ward in the west of the city]. At that time Adajan was developing and therefore he used to work as a construction coolie [unskilled worker]. Two years later, he got a job as a guard in one of the buildings he had worked on. He was given a place to stay and paid between Rs 800 per month. In addition to this, he used to earn between Rs 500 and 600 cleaning cars and doing odd jobs. He used to send Rs 1,000 every 3 months to his parents. When he was in this job, he made contact with a driving school, learnt driving and got a licence. He hoped to get a job as driver for a seth [rich person] and earn up to Rs 5,000 per month. This has not happened so he decided to start his own business. He had contact with a Muslim trader from Uttar Pradesh involved in waste business – hence he decided to buy metal and glass waste from households and sell it to the trader. He felt that with the watchmen job there is no possibility of moving up and he did not want to go into textiles. In the waste business, he can move up to be a retailer and then a wholesaler. He got married a year ago and rented this place in order to bring his wife to the city. Until his marriage he did not incur any expenses for housing. He was either staying in the apartment and later in the waste trader's shop. He saved nearly Rs.8000 over the last 6 years. This is after he sent Rs 500 to his parents. Along with this money he borrowed Rs 4000 and took this house on girvi [lease]. He decided to give it for girvi as his money will be safe – other wise he might spend it. He does not believe in banks and feel it is for the educated people. The house is made of wooden material and tin roof – measures 10'x12'. The girvi is for 4 years. The landlord needed the money for his son's marriage. His daily earnings is between Rs 60-75 per day. Their main expense is food which goes up to Rs 800-900 and Rs 300 on other expenses. He still sends home Rs 500 to his parents. This leaves with him Rs 200-300 a month. This is being saved in bishi [savings and credit association] to repay the loan which he feels he will complete it within 2 years. After the girvi is over he will purchase land in society and borrow money to build wooden rooms. He will definitely get into renting over a period of time as he sees it as an important source of income for poor people like him [Limbayat ward, Surat].

His future plans are to construct his own house - he has bought a plot in Bhagvati Nagar which is in Bhestan ward. He presently does not have enough finance to construct a house [tenant 2, Pandesara ward, Surat].

This is corroborated by the moves made by landlords from renting to ownership. As mentioned earlier, access to ownership is eased by the ability to pay for land in instalments, a choice of plot sizes and greater sources of interest free loans.

In a small minority of cases, newly married tenants gave priority to setting up a home rather than save for owner occupation.

AP is from Orissa and is an accountant. He rents a flat in a government housing scheme for a rent of Rs 500 and has paid a deposit of Rs 5,000 with help from his sister. He says that he can save between Rs 1,000 and Rs 1,500 per month but at the moment he is 'setting' up his house [he has recently married]. Hence he is buying consumer items like a television, tape recorder and radio. The next priority is to buy a fridge and furniture for the house. He intends to purchase his own house. He is searching for a plot in a 'good society' within this area as he likes the area but does not want to invest more than Rs 8,000 to Rs 9,000 on it [Aribhav Nagar, Pandesara, Surat].

### Employment

However, external factors also have an impact on the decision to rent accommodation. Tenants seek to locate close to where they are employed in order to minimise expenditure on transport costs and time.

The house they are renting belongs to a sweeper who lives in Goripalaya. They have been renting it for the last 10 years. The first rent was Rs.50 with no advance and present rent is 150Rs with Rs 1,000 advance. Before this they were in renters in Bommanahalli but moved here as this place is closer to her husbands work place [helper in a steel factory][Tenant 1, Bungi Colony, SKR Market, Bangalore].

DC is a tailor. He says that until his business is established he will not be able to save. Once his name is established in the area he wants to start a retail [ready made clothes] business. There is no immediate plan for investment in housing. If the owner asks him to vacate his first preference will be to rent a place within Pandesara or Limbayat. If he cannot, he will try and buy a house in Bhestan Gam. He definitely does not want to move beyond Udhna because of his business [*Aribhav Nagar, Pandesara, Surat*].

The choice of residential location after finding employment is associated more with those in private or public sector employment. For those in 'informal' sector employment, residential location precedes the process of securing employment. For example, the majority of auto-rickshaw drivers do not own their vehicles but rent them on a daily basis. The renting of an auto-rickshaw requires a personal recommendation and is helped by residing locally. For others, residential proximity to higher level traders – such as in the waste or recycling industries – increases the chances of gaining access to credit (Benjamin and Bhuvaneshwari, 1999; Benjamin, 2000). The nature of the economy of Bangalore has thrown up more of these cases in comparison with Surat.

### *Choice*

Although relatively few in number, there were tenants who chose to rent. In the main, they were individuals who owned a business and made investment decisions on the basis of comparative returns.

G is a whole sale footwear dealer who claims to earn about Rs 25,000 a month but continues to live in a rented house. He says that it is a waste to block one's finances by paying huge amounts to secure a small place. He points out that the same amount can be reinvested in the business or used to expand the business thereby earning higher returns [*Landlord G, Azad Nagar ward, Bangalore*].

A substantial majority of migrants from Orissa and Andhra Pradesh and a lesser proportion from Uttar Pradesh choose to rent in Surat. These individuals were certain that their stay in the city was temporary. As two tenant brothers from Andhra Pradesh said:

"... we do not want to live in Surat. We came here to earn. Our thinking, like many of those from Andhra Pradesh, is to return to our village. Many of us are from an agricultural background and do not like to stay in Surat or the textile sector. We will earn enough to buy land and build a house in the village or enough money to start a business in a small town near our village and move back."

Remittances and either the purchase of land or the setting up of a business in their place of origin seem to be the plans of migrants from these states (also see, Das, 1994).

A growing problem facing tenants is the availability of affordable accommodation. This seems to be more of a problem in Bangalore than in Surat because of the nature and extent of the segmentation of rental housing markets. Landlords in Surat seem to respond better to variations in demand from tenants – for example, they were found to construct poorer quality rooms for migrants from Orissa and better quality accommodation for those from Maharashtra. This is made easier by the fact that the latent demand for a specific type of rental accommodation is homogeneous within particular regional groups who in turn tend to locate in certain wards in the city.

Throughout our stay in Surat we have been living in wooden rooms as we cannot pay Rs 500 or Rs 600 on rent alone. Since most of the societies in Dindoli, have brick and RCC or tin sheet roofs, rents are high – hence we do not look in those areas. Muslim landlords do not ask for any recommendation. We feel that the options available to rent are limited. We will not get a room immediately even though there may be vacant rooms within a society. They will have to limit themselves to Shahpura or Sanjaynagar as many landlords prefer to give it known people. They depend mainly on their friends in finding a house as many landlords do not trust a dalal [broker]. In renting a house our priority is for

cheap rent and not level of services. We need a toilet but do not mind even if it is a pay and use one [*two tenant brothers from Andhra Pradesh, Limbayat ward, Surat*].

In Bangalore, a greater heterogeneity in demand in particular wards seem to have resulted in a number of landlords building rental accommodation of a quality that they can afford to finance rather than cater to the needs of different tenant groups.

It is possible to find accommodation within Yeshwantpur layouts but it will cost nearly Rs 1000. Within the slum, hence there is a great demand for houses between Rs 300 - 400. Advance amount is the main problem in case of changing the residence. Rent increases depend on the owners. My present owner has not increased the rent after a year. Only when I vacate the place will she raise it by Rs 50. No negotiation possible as rents are fixed in the area. [*N, a tenant in BK Nagar, Yeshwantpur ward, Bangalore*]

This gives rise to a paradox between tenure and quality of rental accommodation. The quality of rental accommodation in squatter settlements is generally low and so are the rents.

Finding rental accommodation less than Rs 200 to Rs 250 with water is a problem in Yeshwantpur. Almost all the slums are getting saturated. The renters are people who have lived in this area for a long time....the present locality is highly congested and does not have any facilities [*tenant, BK Nagar, Yeshwantpur ward, Bangalore*].



When settlements are regularised, those beneficiaries who can improve their dwellings do so. This normally also involves the construction of accommodation to let in order to repay loans taken for construction. Tenants who have been asked to vacate and cannot afford the increased rents are left to seek alternative accommodation in the same settlement. This increase in demand is often not matched by a commensurate increase in supply.

The present owner [landlord] is N who lives near Ambedkar Nagar near the bus stand. She and her husband moved out of the area because N is ill. They are supposed to have taken a house for lease for Rs 50000 in ANGR. The present house was found by their uncle's daughter- the owner is her husband's relative and was keen to give it to a Muslim. The rent will be paid by Z [the tenant] before the 5th at her house. No maintenance has been undertaken. Z seems to be in touch with the owner every week. She likes to rent in the same area because of the networks and location. There is one problem in renting in slum areas - as soon as someone is willing to pay higher rents owners tend to evict the renters. Also during rainy season there is fear of walls collapsing. The landlord is not ready to repair it [*Z, tenant in BK Nagar, Yeshwantpur, Bangalore*]

Added to this is an increase in demand for low rent accommodation fuelled by the formation of new households, who because of similar restrictions in mobility compete for rental accommodation with the others.

Renters are mainly long term residents of Srirampuram. They are known to landlords for a longtime. It is said that people from other areas rarely come to Srirampuram for fear of rowdiness and language conflicts. Renters seem to be relocating themselves in one of 12 settlements within the 4 wards of Srirampuram for the last 20 years. They often happen to be the kith and kin of original settlers (Sevashram ward, Bangalore).

In Surat ethnic and religious divisions constrain choice and is dealt with in greater detail in the next chapter.

## LANDLORD-TENANT RELATIONSHIPS

A concern associated with the welfare of tenants is that of the relationship between tenant and landlord. Such concerns have been couched in terms of the power the latter has over the former – namely to increase rents and to evict. Landlord-tenant relationships are not inherently antagonistic. Both landlords and tenants, in most cases reported that their



relationship was not problematic, a finding common with other studies (see, for instance, Crankshaw, *et al.*, 2000; Gilbert and Varley, 1991; Kumar, 1996).

..my relationship with the landlord is good and smooth. He comes to collect the rent every month. There is no problem in our dealings [*Tenant 1, Hitendra Nagar, Surat*].

This is so irrespective of whether tenants approach landlords directly, are introduced by a broker, recommended, or are chosen on the basis of ethnic or religious grounds. Landlord-tenant relationships tend to be largely harmonious when, tenants have been recommended, are of the same ethnic or religious background as that of their landlords, when landlords have only a few tenants and are aware of their circumstances or when landlords are absentee.

B Bhai is a landlord from the state of Uttar Pradesh and his tenants are also from the same state – he says he decided to give it on low rent to his village people as he needed security more than profit out of rent income. This is not to say that he does not require the rent but he had to also protect his property and women (Pandésara ward, Surat).

The tenant in M's house is V's brother and his wife. As in the case of other, V is their neighbour and has lived in the area for nearly 23 years. It is due to this reason they have agreed to let the house to the present tenant. The choice of tenants is dictated by the credibility of the person recommending them as this will reduce the chance of any problems [*M, son of landlord in BK Nagar, Bangalore*].

They find the tenant through one of their relative. There were demand for the rental housing and people do inquire for the vacant house. Many of the dwellers from Hitendra Nagar asked directly for their house for renting but they want some one familiar to them to make sure that there are no problems [*landlord B, Hitendra Nagar, Surat*].

Poorer landlords tend to be more sympathetic to the position of their tenants as they themselves have experienced or continue to experience poverty.

The tenants are recently married poor Muslims. The man sells ice cream and earns as little as Rs 2,500. They do have problems in paying the rent on time. Sometimes they pay as late as 20th or pay part of the money. There have also been instances when they have given the rent of 2 months together. She feels that they are also struggling like her and she cannot force them to pay or evict [*Z, Landlord, Cauvery Nagar, Ganesh Mandir, Bangalore*].

The tenant [who is a trader and is newly married] does not earn much. They like me are 'struggling'... I did not want to charge more rent or advance ... [*Landlord, Cauvery Nagar, Bangalore*].

The chances of a good landlord-tenant relationship is also enhanced when services are not shared.

P, a landlord can't afford to keep the two rooms he has vacant, as he has two daughters to be married. As the services are separate there is no conflict between them and the tenants or between the tenants [*Landlord 11, owner of a vegetable store, Bhakthi Nagar, East zone, Surat*].

Independent services is however the exception rather than the rule and is limited to better off landlords because of the cost involved. This is not to say that there is no friction between landlord and tenant at all. **Tempers fray when rents are delayed, services are shared or maintenance questions arise.**

As a tenant I sometimes do not feel free within my house as there is constant interference from the landlord. I share the bathing area with the landlord and the landlord quarrels about keeping the area clean [*AS, a Muslim tenant, Shahpura, Limbayat, Surat*].

We were staying in Maruthi Nagar Society for 1 year for a rent of Rs 60. It was a tin structure. As the landlord wanted to sell the land we moved out to another place in the same settlement but vacated it within two months as the landlord was creating problem

even if the rent was delayed by a day [two tenant brothers from Andhra Pradesh, Limbayat ward, Surat].



Disputes in such situations are often resolved locally – in Surat through the society developer or organiser or other local leaders.

However, when the letting of accommodation becomes a business in its own right, such as in the *chawls* owned by Rabari landlords with 100 or more tenants, there is a sudden decline in the level of sympathy about the position of tenants.

Kalyani Chawl – in Majura-Khatodra ward in the southwest of the city – was constructed explicitly for the renting of rooms. The owners are three Rabari (an ethnic group from north Gujarat who are in the milk business) brothers but one of them is the main landlord. The chawl consists of about 100 rooms, three quarters of which are *kuccha* (wood walls and asbestos cement roofs) and a quarter *pucca* (brick walls and reinforced concrete roof). The majority of tenants are from Rajasthan and Uttar Pradesh, some from Ghodhara District in Gujarat, and a few from Orissa. Previously, the majority of tenants were from Orissa but they were all alleged to be alcoholic and destructive and so the landlord evicted many of them. There is no agreement between tenants and landlords. When ever landlords gives notice tenant has to vacate the house within one month [Field notes, Majura-Khatodra ward, Surat].

T - a landlord in Ambedkar Nagar and Sunnadagudu slum - owns a liquor shop. Tenants are allowed to stay as long as they want for he does not have the problem of evicting them if they do not pay their rents properly or are not 'decent' [BK Nagar, Yeshwantpur, Bangalore].

Most of the big landlords find tenants through the local brokers. This becomes useful when they have to negotiate or settle problems between landlord and tenant and also vice versa when the tenant need service upgradation [J Reddy, BK Nagar, Yeshwantpur, Bangalore].

The position of such landlords is also strengthened by the demand for rental accommodation and that a few empty rooms are not detrimental to their livelihood.

Landlord-tenant relationship are not just one sided. They are valued by both landlords and tenants. For landlords, tenants that they can get along with are valued more than those who may pay more rent but are unknown.



There is an agreed 11 month verbal contract between himself and the tenants. If they are good tenants [pay rents on time, no arguments] he lets them stay on. He says the verbal contract is a safety measure in case they do not get along with the tenants. His present tenants have been residing here for the past couple of years. All of his tenants are Maharashtrian, and he does not take in tenants from other communities. By having tenants from the same area of origin there are less differences between them (social customs, food habits etc). This is not the same for people from Bihar, Uttar Pradesh - which is why he has a preference for Maharashtrian families [landlord, Anant Park Society, North Surat].

I do not increase the rent regularly ... maybe once every two to four years. Rent increases take into account the prevailing rent in the surrounding societies. It also depends on the capacity of the tenant. If the tenant is a good person, soft and not quarrelsome, I prefer to let the room to them than someone who will pay more rent but is strong. When the last tenant vacated, the room remained vacant for a month. This is because the tenant left during the rainy season for personal reasons. A group of three people agreed to take the room but had difficulty in raising the deposit. A person from my own caste agreed to move in immediately but had to wait 20 days for his landlord to return the deposit [P, landlord from Maharashtra, Indira Nagar, East Surat].

If the tenant is 'good' and does not have the capacity to mobilise the deposit he gives him time and sometimes does not take a deposit. This used to happen when he was renting tin sheds where most of his tenants were loom workers or new diamond cutters who earned about Rs 40 per day. He does not have any preference for tenants as long as they pay

their rents properly and keep the rooms clean. If he finds that a tenant is not able to pay properly, he will 'look at' the situation - if it is a genuine reason like wages not being paid in the textile mill he will wait and take the rent in arrears. His two brothers have rented out 10 rooms each in the same settlement and have had only small conflicts regarding payment of rent but no other major problem. This is because many of their tenants come to them through friends and relatives and are from the same region (Uttar Pradesh) [*RKY, Bhakti Nagar, east Surat*].

Tenants also seem to recognise that good relationships are beneficial, especially when finding accommodation as a single male migrant is problematic.

The present house where he is staying is of brick and tin. The rent he feels is too high for a single person but his landlord would not allow more than 2 people to use the room. His landlord is a textile master and will vacate him if he does not pay the rent before the 5<sup>th</sup> of each month. In addition the landlord does not allow any lights to be on beyond 10 or 11 o'clock in the night. Water is allowed only in the morning for 2 hours. He does not want to antagonize the landlord as it is difficult for those bachelors without any relatives to get a house for rent. Landlords do not have a good opinion of bachelors [*Tenant, Pandesara ward, Surat*].

The thrust of the enquiry into landlord-tenant relationships thus provided favourable returns from both landlords and tenants.

### *Agreements*

Distinct patterns can be observed in the nature of the agreement between landlords and tenants and how this influences their relationship.

I go for legal deeds and do contract of 11 months. After 11 months I will exchange the tenant from one house to another...or I will change the name of the contract [*C'ben, a landlord with several properties, Hitendra Nagar, Surat*]

In Surat, agreements between landlords and tenants are an exception because of the strong ethnic ties influencing the choice of tenants. In Bangalore there is more diversity. Landlords in un-regularised squatter settlements generally do not have a written agreement with their tenant fearing that the tenant may lay claim to the part of the dwelling that is rented out when the settlement is regularised. In settlements where tenure is not in dispute, the use of agreement hinges on whether tenants are known to or have been recommended to the landlord. In such cases, agreements are often not resorted to. However, where the tenants are not known to the landlord there are indications that eleven month agreements on Rs 5 or Rs 10 stamp paper are entered into.<sup>26</sup> It is not surprising that landlord-tenant relationships are most harmonious in situations where there is no agreement because the relationship is forged on a prior acquaintance or recommendation. In certain situations when landlords do not know their tenants, the former seek additional sources of potential arbitration in the form of house brokers. This, for example, is common in the old western ward of Agrahara in Bangalore as one landlord said:

Usually in his area, a majority of landlords find tenants through brokers. Until 95 I did not have any agreement as the tenants were staying for a long time [from 1972]. However, allowing tenants to stay for a long time might lead to problems for him in terms of them asking for compensation. Hence from 95 he started having formal agreement with tenants. He says that his tenants came through street brokers and pay their rent by the 5th of every month. In case of conflict, the role of brokers become very crucial [*Landlord 1, Agrahara, Bangalore*].

<sup>26</sup> A lawyer who deals specifically with rent control cases in Surat told us that neither is the 11 month agreement valid in law nor the stamp paper that it is written on. Against this reality, is the impression of security that such agreements hold for landlords and tenants. It is also the case that a number of landlords and tenants have low levels of formal education and fall prey to the perceived validity of such agreements, most of which are written by local leaders for a commission.

There are other strategies that landlords use to ensure that they do not have problems with their tenants, especially if they are single and female.

Being a single women, it was necessary to rent the house through a middleman, which in all three instances happened to be the slum leaders. Between 94-96 she had three tenants [*Landlord R, Akiappa Gardens, Jalahalli ward, Bangalore*].

### **Deterioration in landlord-tenant relationships**

Landlord-tenant relationships tend to deteriorate especially when landlords with inner-city rent controlled tenancies ask their tenants to vacate. This situation worsens when tenants demand key money to do so (as in the older *agraharas* in the west of Bangalore or the central city *wadis* in Surat). Landlord-tenant relationships also deteriorate as a result of government interventions such as the provision of secure tenure and title deeds.

#### *Rent control*

Measure such as rent control legislation have often been put into place to protect tenants, especially at times when the demand for rental accommodation has been in excess of its supply (United Nations, 1979). A substantial amount of discussion has taken place around the relative merits and demerits of rent control (see, for example, Okpala, 1981; Tipple, 1988; United Nations, 1979; Whittington, 1996; World Bank, 1988). However, two points need consideration. First, that rent control contributes to a deterioration of the landlord-tenant relationship through disinvestments in maintenance by the former and a demand for key money by the latter. Second, and more importantly in the case of urban India, rent control has been aimed at the lower end of the market. Its effectiveness, from the point of view of tenants, was only found to exist in older areas of the city – like the *vatarams* [row and courtyard housing] in western Bangalore and the *wadis* in city-centre Surat. There was no evidence of its existence at the lower end of contemporary rental housing markets. Although landlords were fearful of answering questions relating to rental housing because of rent control or property tax, it was only in relation to the latter that the renting out of accommodation had any relevance in reality. Landlord-tenant conflicts were often resolved locally but landlords were at the whim of property tax collectors as discussed below.

#### *Property tax*

The system of collection of property tax is arbitrary, to say the least in both cities and especially so at the lower end of the market. Landlords have little knowledge as to how property tax is calculated and it seems that it is not in the interest of property tax collectors to volunteer this information. In Surat, the room seems to form the basis of assessment as the interviews with the landlords indicate. This has a bearing on landlord-tenant relationships in that landlords are forced to find ingenious ways of demonstrating that they do not rent accommodation as the case below demonstrates

The present house where he is staying is of brick and tin. If the property tax collector comes, the landlord removes the partition and shows it as one unit. As a result many of these house do not have kitchens [*Tenant, Pandesara ward, Surat*].

The kitchen as an indicator of multiple occupancy is common to Bangalore as well. One of the requirements of getting a plan sanctioned in the middle and higher income group developments of the Bangalore Development Authority is that there should be no more than one kitchen. While such a regulation does not mean that units are not rented out with kitchens, its existence leads to landlords being put into a position where the act of letting becomes illegal.

*Tenure regularisation*

Landlord-tenant relationships tend to deteriorate close to when the decision to grant tile deeds is taken. Landlords seek to secure their holdings and tenants a share of land.

All the renters were previously living in and around AKG and hence known to him. In 1998, he vacated two of his renters - except the lessee because of the fear that in corporation slums land title are being given to the renter's themselves [*Akkiappa Garden, Bangalore*]

Very few landlords opt for 11 months contract on legal Stamp Paper. Normally, agreement between the landlord and tenant is done on a plain paper. Paper work is avoided in most cases, since such papers can be presented in the SMC by the tenant and then the SMC has the authority to allot the house in the name of the tenant [*Bapu Nagar, a squatter settlement on the banks of the Tapi, western Surat*]

There have been cases in Surat and Bangalore where landlords have sold plots to their tenants in squatter settlements when they knew that they would lose it. Of course, this is dependent on the relative power of the landlord vis-à-vis the tenant. Powerful landlords (local leaders or those with political connections) often manage to vacate their tenants or get plots allocated on *benami* (fake names) while weaker landlords lose out to their tenants.

*External questioning*

Landlord-tenant relationships could also deteriorate as a result of questions being asked about rental housing activities.

It was very difficult to talk to landlords as they are not willing to meet me. The Anganwadi [preschool] worker helped in this. Initially it was difficult to identify landlords as not a single resident was willing to disclose the fact that they are tenants. Even after indicating that I knew who they were [namely, tenants] they did not mention the name of their landlord. The Anganwadi worker talked to some of the tenants in my absence and succeed in gathering some basic information about renting and obtained the name of some landlord [*Field report, Subash Nagar, Adajan ward, Surat*].

The sister in law during her interview was very hesitant and kept insisting that they are not ready to give any details if the owner [landlords] will get into trouble. She repeatedly asserted that the house had been given because of her close acquaintance with the landlord and that they would not have given it to anyone else. The owner [landlord] herself is renting a place in Ambedkar Nagar [*Field report, BK Nagar, Yeshwantpur, Bangalore*].

These are real concerns. In many of the settlements, outsiders (researchers in this case) are 'watched' and information travels fast but not necessarily truly. This is especially the case with absentee landlords who receive information after it has undergone numerous iterations. In order to maintain the harmony of tenant-landlord relationships, tenants are therefore loath to speak about the activities of their landlords.

It is important that researchers take note of the delicate nature of landlord tenant relationships. Relationships that have been built up over a long period of time could be destroyed within the course of a 'one hour interview' if researchers are oblivious to the manner in which the interview is conducted and not sensitive to the extent to which certain questions can be pursued.



# 6 Cross Cutting Themes in the Rental Housing Markets of Bangalore & Surat

## INTRODUCTION

A number of cross cutting issues emerged in this study of landlords and the rental housing markets in Bangalore and Surat. The main cross cutting themes relate to gender, inclusion and exclusion and vulnerability. The occurrence of these issues and their intensity varied between the cities because of the way in which the population of the cities are constituted and the nature of the social relationships contained within them. For example, gender issues relating to rental housing was found to take a back seat in Surat as the city consists of a predominantly migrant male population. However, networks based on ethnicity and kinship were strongly present in accessing land, finance and tenants. In Bangalore, such networks seem to have disintegrated with political and economic relationships taking centre stage. It is variations such as these that lend strength to the argument that housing policies, especially those to do with rental housing have to respond to the local context.

## HOUSING AND VULNERABILITY

The value of housing as an asset - its ability to be used for home-based enterprises and the renting of rooms - has been identified as a critical element in the range of strategies adopted by households to reduce vulnerability (Moser, 1998). However, the particular type of activity that housing is used for determines whether or not there is an inherent conflict in valuing housing as an asset. Take for example home-based enterprises. Moser (Moser, 1998: 11) argues that "[i]ts [housing] importance as a productive asset is highlighted by the fact that per-capita incomes in households with home-based enterprises were 22% higher than those of households without home-based enterprises". Irrespective of whether all households can - or even want to - start a home-based enterprise, equity issues surrounding the setting up of home-based enterprises are relatively neutral. This is not the case with the renting of rooms. Renting creates divisions between haves (landlords) and have nots (tenants). Thus while rent receipts are an important source of income for one half of residents in one of the research sites, the section on housing as a productive asset says little about the renting of rooms (see, for instance pages 10-11, Moser, 1998). In fact Moser (1998: 10-11) argues that a high-cost rental sector has made "ownership ... more of a liability than an asset for the decreasing number of homeowners, who are forced to support numerous homeless members of their extended families". This issue may be resolved if it is seen another way - what does rental housing do for landlords and what does it do for tenants. If, as the dominant evidence of this research suggests that for most landlords it is a critical source of additional income and for most tenants it provide an opportunity to pursue urban livelihoods, then renting is a positive outcome. In other words, rental housing is an asset for both landlords and tenants. Moreover, the housing trajectories of almost all landlords who had decided to settle in Bangalore or Surat indicates that renting performed the function of a 'waiting' room (Kemp and Keoghan, 2001). Thus, there are clear indications that there are opportunities for tenants to become owner-occupiers and perhaps landlords.

### **Housing as an asset**

The renting of accommodation has proved to be an asset for a significant proportion of landlords as the previous chapter has shown. Assuming that there is a latent demand for rental accommodation, the asset value of housing stretches along a continuum signified by vulnerability at the lower end and profitability at the other end.

While the responses of the poor to vulnerability vary, they are most adversely affected by multiple vulnerabilities, especially ones that have a 'domino' effect, as indicated by the case below.

Mr N (28) and Mrs N (25) have been married for 14 years and have 4 children, two of whom have just started school. Mr N drove a hired autorickshaw and used to earn between Rs 2500 to Rs 3500 per month. This changed in 1992 when an accident deprived him of this livelihood. Using contacts derived from the local mosque, he managed to find work as a supervisor in a unit that produces incense sticks and brings home Rs 2000 per month. The plot of land they occupy (30 m<sup>2</sup>) was purchased for them as a wedding gift by Mrs N's father for Rs 600 and contained a single thatched structure, a portion of which they rented out for Rs 150 per month. Their health expenditure is high after the accident – Mr N suffers from chest pains and Mrs N from asthma. This combination of circumstances led to them upgrade the house in 1996 (brick walls and asbestos cement roof) for a sum of Rs 30,000. Finance was secured from a number of sources: Mrs N's father (Rs 10,000), Mr N's employer (Rs 10,000), the mosque (Rs 3,000) and a local moneylender (Rs 10,000). The two upgraded rental units (10 m<sup>2</sup> each) fetch a rent of Rs 500 and have generated a deposit of Rs 7,000, which has been used to pay the moneylender. The rent is used to meet loan repayments and small household expenditure [*Ambedkarnagar, Ganesh Mandir Ward, Bangalore*].

The multiple vulnerability of Mr and Mrs N are intricately embedded. In the first instance (and since he did not own the autorickshaw which formed the basis of his livelihood) he was unable to hire it out for a daily rent of Rs 100. In addition and in the short term, the bringing up of four young children adds to their vulnerability but may prove to be an asset in the longer term when they are able to earn. Added to all this, the ill health that has confronted them since the accident has increased their vulnerability. The key asset which helped the family to withstand the sudden shock of the accident, was the land and basic shelter provided to them by Mrs N's father, lending support to the findings of Moser (1998). However, asset ownership in this case was a necessary but not sufficient condition. Without the help of Mrs N's father and the other benefactors, who provided two thirds of the finance needed for upgrading the dwelling, the family could not have enhanced its rental income. In the absence of state welfare services and social safety nets, the transfer of resources between generations and the social networks accessed to provide higher rental income proved to be critical. It is important, therefore, to place housing within the broader context by analysing the relative role that it plays as an asset and a liability. This will provide planners and policy makers with a better understanding of where interventions should be targeted.

Rents also contribute towards the repayment of loans; generating savings (mostly through credit and savings associations) to meet foreseen consumption expenditure such as wedding expenses or to enable house improvements; and acting as a source of income after retirement or in old age. Landlords in this category fall in the middle of the continuum outlined above. Renting starts as a short-term activity but almost always becomes a medium to long term experience. Those at the upper-end of the continuum (mainly moneylenders, illicit liquor traders) were able to capitalise on housing by leasing accommodation and rotating the lease in activities (mostly money lending) to generate higher rates of return than property rents. However, in doing so they also produce victims - those at the lower end of the continuum.

### **Housing as a liability**

Although emphasis has been placed on housing is an asset, relatively little attention has been given to it as a liability.

#### *Unforeseen consumption expenditure*

The vulnerability of households exposed to the shock of an unforeseen consumption expenditure - primarily related to sizeable outlays on health - is increased by two converging factors: first, that unforeseen consumption expenditure requires a lump sum amount of capital. In Bangalore, this is raised by leasing property and in Surat by its sale. Although housing is thus an asset in the short-term, the raising of capital in distress circumstances often results in a net loss compared to situations where circumstances are favourable. Second, illness often knocks primary wage earners out of the labour market with the result that such households struggle to repay their debts and are often in danger of losing their property. This is made worse if official records indicate that such households have been allotted sites and are therefore ineligible for further assistance. There were numerous instances of households who allegedly lost property to illicit liquor traders as a result of alcohol related debts. Women bear the brunt of the misjudged actions of their spouses in such cases. Numerous commentators have voiced support for women to be named on title deeds to reduce their vulnerability. However, the extent to which this will actually prevent such occurrences is debatable - illicit liquor trades are a powerful lobby (physically and politically) and can easily get names on title deeds changed through bribery. The implication of this finding is that landlords are a heterogeneous group of individuals who need to be supported differently. As has been argued elsewhere, landlords at the lower end of the continuum are often the most vulnerable and need to be supported. Indirect support will have to consider ways in which unforeseen consumption expenditure can be met. Direct support should take the form of affordable housing finance that can be used to improve housing conditions and thus enable such households to be able to generate a steady source of additional income in the form of rent receipts.

#### *Religious and regional conflicts*

Property can also be a liability as it is often a target of riots arising from religious or regional conflicts. Both Bangalore and Surat have witnessed inter-group tensions. In Bangalore this has taken the form of inter-regional tensions between those from the states of Karnataka and Tamilnadu whereas in Surat the tension is religious and between Hindus and Muslims. Although the frequency and magnitude of the tensions vary between the two cities, a prime target in both instances is property. In Bangalore, the interviews provided evidence of local level regional divides but few cases of property loss. This was not the same in Surat. Communal riots broke out in December 1992 following the demolition of the Babri Masjid (mosque) in Ayodhya and continued intermittently for several months.<sup>27</sup> There is no systematic information on the impact of the 1992 communal riots on the loss of property and real estate. However, residents of wards in the west and the south of the city, made reference to settlements being polarised along religious lines and Hindu's selling property in Muslim areas and vice-versa. Some landlords claim to have lost property whereas others claim to have bought property cheaply. Given that Muslims in squatter settlements in Surat are concentrated in certain areas of the city - south (31%), southwest (25%), northwest (22%) and east (17%) (Das, 1994) - evidence of such polarisation emanates from interviews in wards in these parts of the city.

In 91 his business [provision store] picked up and most of the profits were reinvested back into it. The Babri Masjid incident [in December 1992] led to a spate of communal

<sup>27</sup> See (Breman, 1993) and (Engineer, 1994) for an analysis of why Surat was such a flash point for these riots.



riots in Surat and his ward [Pandesarā] was one of the most affected areas. His shop was burnt and storage containers damaged resulting in a loss of income. Textile units were closed and migrants returned to their village resulting in a loss of rental income. The family suffered to meet even their daily expenses. The situation began to improve in the end of 1993 but by then riots and quarrels had become a way of life for many residents of south. Residential colonies as well as the market got polarised along religious and regional lines in these wards. He was only able to make Rs 500 to Rs 600 from his business, as he sometimes had to close his shop for 15-20 days due to curfew. In 94, he considered selling of his property and move back to his village [in Maharashtra]. Since their area is a dry land he felt it would also be difficult back in the village. Following the riots, many Muslim families in Aribav Nagar sold their plots and moved to Muslim settlements in Limbayat fearing further attacks. He purchased two plots for the relatively cheap price of Rs 47,500. Each plots measured 12'x40' and had structures with brick walls and RCC roof on them [FKP, *Landlord in Aribav Nagar, Pandesarā ward, Surat*].

Of the six rooms [that are rented], newly married Muslim families occupy three. Bachelors who are unskilled construction coolies [workers] and welders share the other 3 rooms. He says that Muslim families find it difficult to find a place [to rent] across the road because a different regional and religious group dominates the area. He does not have any agreement with his tenants but all of them are connected to the same Masjid [mosque] [*Landlord W Bhai, Limbayat ward, Surat*].

Mrs A is an owner in Hitendra Nagar resettlement site in the census ward of Jahingirpura. This resettlement site came about as a result of squatter settlements on the banks of the river Tapi being affected by floods in 1968. Mrs A recalls that a majority of the resettled families were Muslim. However, she alleges that during the December 1992 riots, the properties of Muslim families were looted, as the resettlement site is located in a predominantly Hindu area. Muslims either sold or rented out their property, the latter becoming tenants in Muslim slums - such as Sultaniya or Iqbalnagar - in Muslim dominated areas [*Mrs A, Owner, Hitendra Nagar, Jahingapura ward, Surat*].

C Ben is a landlady in Hitendra Nagar resettlement site and owns between 6 and 8 plots. Soon after the riots in December 1992 she purchased five houses from Muslim families as the 'prices were down' - she claims to have paid between Rs 6,000 and Rs 7,000 for each house - this she did by borrowing money from her relatives and using her savings. The houses are rented out - Rs 250 for semi-permanent ones and Rs 400 for permanent structures - to pay off her debt [*C Ben, Hitendra Nagar, Jahingapura ward, Surat*].

It is difficult to corroborate reports of Muslims selling or renting out structures by contacting the absentee landlords as tenants either do not know the whereabouts of their landlords or are reluctant to disclose their location. By speaking to the tenants of such landlords it was possible to ascertain the truth behind such claims.

Z is a tenant in Hitendra Nagar. A migrant from the state of Rajasthan, he has a wife, two sons and one daughter. He is employed as a truck driver for a private company and earns Rs 4,000 per month. He pays a rent of Rs 400 per month and has paid a deposit of Rs 2,000 for a 15' by 20' structure of brick walls with a cement floor and a tin sheet roof. His landlord is a Muslim, owns the house next door and one other property in Hitendra Nagar. The landlord lives somewhere in Sultaniya slum and comes to collect the rent each month [*Tenant Z, Hitendra Nagar, Jahingapura ward, Surat*].

Amongst these stories of communal divides are also instances where individuals and households have attempted to reconstruct their lives in the same area rather than move out all together.

B Lal is a landlord in Padmavathy Nagar<sup>28</sup> in Limbayat ward. He currently has ten rooms of brick walls and RCC roof [a three storied structure on one plot] on rent for Rs 400 per month each. He says that people fear to live in Limbayat - hence Hindu landlords do not charge much rent or deposit. The same size rooms would have fetched a rent of Rs 600 to Rs 700 in Dindoli or Udhna [two southern wards] with higher deposits. In 1991, he invested in renting with the idea of an extra income that could be saved in a *bishi* [credit

<sup>28</sup> Padmavathy Nagar is located in Limbayat and divided by a road. Hindus and Muslims lived in mixed groups but after the riots a high degree of polarisation is evident with the road separating the Muslims from the Hindus.

and savings association] for his children. Initially he built two rooms that were rented and later another two. By September 1992 he had cleared all his loans. However, the Babri Masjid demolition in December 1992 led to a spate of riots in Surat and his house was burnt. In December 91 his house was burnt and the family had to take shelter in the UP [state of Uttar Pradesh] samaj [association for people from this state] office in Dindoli [a ward to the south of Limbayat]. His wife and children had to be sent home, for which he borrowed 5000Rs from the *seth* [his former employer] for their travel and expenses in village. He stayed in Surat for a year but found it difficult to make a living so he moved back to Uttar Pradesh. In 1994, he returned to Surat to find that his plot, which was located in the Muslim part of the settlement, was occupied by a local *dada* [strongman]. After the riots, Muslims in the area sold property at 'throw-away' prices and moved to other side of the road. One Muslim family decided to sell their plot on the Hindu side. The property that came for sale was a G+2 structure with two rooms and a kitchen in the ground floor and 5 rooms each on the first and second floor. Renting became a necessity to repay the loans taken for the purchase of the property. He decided to lower the rent and deposit in order to get tenants from Uttar Pradesh who will be able to support him during difficult times [if there were other riots]. In the December 1992 riot, he had rented rooms out to Oriyan migrants with whom he had no previous contact and who had fled back to their villages when the riot started. B Lal's current tenants are Hindus – from the state of Uttar Pradesh and five from his own village. He decided to give it on low rent to people from his religion and region because he needed security more than profit out of rent income. This is not to say that he does not require the rent but he had to also protect his property and women. He says that although things are normal now, societies are more alert during sensitive times and people have learned to protect themselves and their properties [B Lal, *Padmavathi Nagar, Limbayat ward, Surat*].

Instances of Hindu-Muslim civic solidarity were reported during the riots of late 1992 (Breman, 1993: 740) and there were a few instances as well in the late 1990s, often as a result of a prior acquaintance as indicated by the case below.

Landlord D rents one room and with the help of a Muslim leader got the plot for Rs 7,000. He likes the place as a number of Muslim families are living here. Feels secure within the area. His tenant is a Hindu – from Uttar Pradesh. The tenant is working as a weaver under him [the landlord is a master or supervisor]. The tenant earns Rs 3,000 and is also suffering like he [the landlord] used to in the early days. Usually Muslims rent only to other Muslims. After the riots, he says that both communities [Hindus and Muslims] hesitate to live in settlements that have few or no people from their religion. But in his case, he knew of the weaver's poverty and wanted to help him. Furthermore, he feels that only Maharashtrian Hindus get a lot of support in this area [Landlord D, *Shahpura, Limbayat ward, Surat*].

## GENDER ISSUES IN RENTAL HOUSING MARKETS

A strong case for a gendered approach to housing and planning has been made in the literature (see, for example, Moser and Peake, 1987; Beall, 1996; Schlyter, 1988). In comparison, discussions on gender issues relating to rental housing markets in cities in poorer countries are limited (for an exception, see Datta, 1995). It is unfortunate that while the term 'tenant' is gendered the terms landlord and landlady are not. A gendered rental housing policy needs to take specific account of women as tenants as well as landlords and its focus should be the relationship between women and men and not on women themselves.

It is important to emphasise here the position of women as landlords. Varley (1996: 505) points to the danger of an overemphasis on women headed households being mothers with dependent children obscuring the heterogeneity of such households in terms of household composition, age and shared responsibility. In terms of rental housing, it is important to distinguish between *women managed households* - women as managers of rental housing in male headed households (including those households where the male is unemployed or ill or only contributes a limited amount of money towards the maintenance of the household) - and

*women headed households* - women as landlords without the presence of a male spouse (including death or desertion by the male). In the former, male presence reduces the risk of tenant misbehaviour whereas in the latter the risk is greater but is tempered by the presence of grown up male children. Thus, a female landlord whose husband is ill (and for all intents and purposes assumes the role of the head of the household) stands a better chance of dealing with tenants than a woman whose husband has died and has very young children. The key themes arising from the research which impact on gender relations of women managed households are the ill health of the male spouse and a lack of contribution to household maintenance, whereas for women headed households they include widowhood, desertion and second marriages.

### **The cities and the relevance of gender relations in rental housing**

A deliberate consideration of the research was not to impose a gender perspective on the study of private rental housing markets but to examine the extent to which gender related issues arose from the interviews with owners, landlords and tenants. Women managed or headed households were not as apparent in Surat as they were in Bangalore mainly because of the demographic constitution of the population of the two cities. Surat is a city of male migrants, which is reflected in a sex ratio of 839 as compared to 902 for Bangalore (Census of India, 1998). According to the 1991 Census of India (1998: 244), while the participation rate of workers in both urban agglomerations (UA) are broadly similar (Bangalore UA 33.2 % and Surat UA 34.2 %), female participation rates in Surat UA (6.3%) are almost half that of Bangalore UA (11.5%), relegating gender relations to the background.

The two main industries of employment in Surat – diamonds and textiles – provide work opportunities for migrant men and give rise to two migratory and household forming circuits. The first is that of male migrants from parts of west Gujarat and those from other north Indian states (such as Madhya Pradesh, Uttar Pradesh and Maharashtra) who first migrate to the city and in a relatively short time (about 5 years) manage to bring over their families once they have secured housing. Most of these migrants tend to be concentrated in the diamond cutting and polishing industry. The second, is that of male migrants from Orissa and Andhra Pradesh (who are employed in the powerloom and dyeing and printing industries respectively) whose relationship with their spouses are long distance and segregated. On the whole, access to housing and services and their concomitant transactions are male dominated. Similar observations have been made in Gaborone, Botswana, where pre-independence restrictions resulted in the domination of male migrants and it was not until the post-independence lifting of these restrictions which resulted in migration being dominated by females resulting in the greater involvement of women than men in the letting of rooms (Datta, 1995: 2-3). In contrast, Bangalore is a third generation city and the involvement of women headed households in landlordism is more the result of the changing social and family structures of households. As a result of this, more women in Bangalore than in Surat are forced to seek or let accommodation. Even where gender relations come to the fore, the extent and manner in which women are supported can change the gendering of rental housing policies. For example, the pervasiveness of kinship and ethnic relationships in Surat provides greater support for women landlords or tenants whereas in Bangalore their dependence on monetised transactions result in them being more isolated. It is clear therefore that the determinants of a gendered rental housing policy are specific to city context.

Notwithstanding the specificity of gender relations in each city, some general conclusions can be drawn about a gendered rental housing policy for female tenants and landlords. As tenants, in both Surat and Bangalore, women in search of rental accommodation are most likely to come into contact with male landlords and in most cases need to be recommended in order to

secure a tenancy.<sup>29</sup> In some cities, the setting up of ‘working women hostels’ provided by trusts and NGOs (UNCHS, 1993: 75) helps reduced the disadvantage that women have in dealing with male landlords. However, these hostels cater to formal salaried single women and thus exclude most poor single and women headed households. Structures of rental housing provision that cater to poor women headed households need to be given urgent consideration. As landlords, apart from the restricted and differential access to resources for building accommodation for rent, the greatest disadvantage for women landlords lie in landlord-tenant relationships especially in patriarchal societies, with the result that a few of them entering the rental business. This is in contrast to the women landlords of Gaborone, where the reported impression was that “women made harsher landlords in terms of ‘rules and regulations’ than men” (Datta, 1995: 10). Consideration is required here for the eligibility of women to possess land titles, to equitably access resources for housing, to have recourse to fair arbitration in landlord-tenant disputes, the recognition of female landlordism as a livelihood response and (or) strategy.

### **Women and access to housing**

Women headed or managed households access land through traditional means of purchase using savings generated from credit unions (Smets, 1992), with the support of non-governmental organisations (see Bapat and Patel, 1993), through intergenerational support and through inheritance (Gilbert and Varley, 1989). Women headed households may also utilise the income of their children but this is done with an intergenerational transfer in mind.

#### *Inheritance*

In Surat, the predominance of first generation family and household structures has not given rise to inheritance transfers as yet, especially among poorer households. Only four cases of inheritance in Surat emerged as compared to 49 in Bangalore. However, the inheritance of land and housing tends to be almost exclusively by men. There are indications that this might change with a number of respondents indicating that investment in rental housing was for their children, both daughters and sons (either as a dowry or to provide them with a better start in life). It must be borne in mind that inheritance is context specific – it is influenced by local socio-cultural practices and regulated by national legislative frameworks.

#### *Access to land and finance*

The vulnerability of women headed households is greatly reduce by access to land which is a precondition for the development of rental accommodation. The ones who have been able to manage best are those that received land as part of a resettlement scheme and have title deeds in their name. This is more critical in Bangalore where access to land and housing is predicated on economic capacity – individuals and households need to have finance in order to gain access – whereas in Surat, kinship and ethnic networks provide access and credit making it easier for women headed and managed households to become involved in the production of rental housing. This could also explain the proliferation of NGOs in Bangalore whereas only one NGO exists in Surat. The role of NGOs in Surat is subsumed by *Sanghas* or organisations where membership is determined by ethnic and religious association.

### **Vulnerability and female landlords**

The vulnerability of individuals and households, as was seen in the last chapter, derives from multiple sources. These include low and uncertain income, ill health, accidents or death, the social and economic obligations associated with girl children. While these factors apply to all

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<sup>29</sup> This was something faced by the research team, led by two women in Surat. Not being from the city itself, they had to secure rental housing for the duration of the project and could only do so through family networks

households, households that have women as their heads - either de jure or de facto - are more vulnerable. The sections on renting to undertake recurrent repairs or generate a source of regular income was found to impact more on female headed households. Some of these issues are discussed below.

### *Vulnerability resulting from desertion*

Although not openly discussed and reported, marital separation increases the vulnerability of women especially when they are new to the city and are not employed. The possession of skills and a 'go-getting' attitude together with the judicious use of rental housing can prove to be invaluable as the following case demonstrate.

R came to Bangalore with her husband and two children in 1991. Soon after, her husband remarried and she had to leave his house with her children, a son aged 14 and a daughter aged 10. Her husband helped her find rented accommodation in Mathikare, an illegal subdivision or 'revenue site' as they are called in Bangalore. The accommodation consisted of a single room of 10 m<sup>2</sup> with brick walls and asbestos cement roofing. With communal toilets, shared water supply and no electricity, rents were low – she paid a rent of Rs 150 and a deposit of Rs 2000.<sup>30</sup> Using her landlord as a contact, she managed to get her son an apprenticeship with a tailor for Rs 150 per month and herself work as a helper in a garment factory for Rs 250 per month. In essence her son paid the rent and she the food. Her knowledge of tailoring got her promoted to the position of instructor in three months at Rs 600 and by 1994 she was earning Rs 1000 per month. By this time her son began working as a tailor and was earning between Rs 1500 and Rs 2000 per month. Her daughter also joined the garment factory as a helper for Rs 250 per month. In five years, the income of the family increased from Rs 400 to Rs 3000. But the five years in the garment factory also had negative impacts. Suffering from ill health, R left the factory and began teaching tailoring to 30 housewives for a monthly return of Rs 3000. By this time (1995), the area she was living in was incorporated into the Bangalore City Corporation limits. The possibility of improved services began to raise rents and prompted her to consider saving for the purchase of land. She joined a Rs 12,000 'chit' which required a payment of Rs 100 per month. Through one of the chit members she came into contact with someone wanting to sell a site of 28 m<sup>2</sup> with a thatched hut in Akkaiappa Gardens, a squatter settlement, for Rs 15,000. A combination of the 'chit' of Rs 12,000 and Rs 3000 (at a weekly interest of Rs 5 per 100) from a friend, she purchased this site and shelter. The lack of services and poor environmental conditions, convinced her to stay as a tenant while she rented the thatched structure for Rs 300 per month and a deposit of Rs 3000 which was invested in the 'chit'. By 1996, her daughter was earning Rs 1000 per month which was invested in a 15 month chit of Rs 15,000.

The regularisation of Akkaiappa Gardens and the issue of ID cards by the Karnataka Slum Clearance Board required her to keep vigil over her property on a daily basis. On one of these visits, she was offered the sale of a site (30 m<sup>2</sup>) by an old settler and previous leader for Rs 27,000. Despite rumours that the site was on land belonging to the Railways Department and therefore the difficulty in getting it regularised, she decided to invest in it for her daughter's future. A combination of money from her daughter's chit (Rs 15000), the sale of jewellery (Rs 10,000) and a local money lender (Rs 3000, at a weekly interest of Rs 5 per Rs 100) was invested in the purchase of this second site. Unable to make any improvements as a result of her loan repayment commitments, she continued to remain a tenant while renting the second property.

Squatter settlements in Bangalore have been the target of a number of state poverty alleviation programmes since 1995. Local councillors play a crucial role in the selection of the settlements and beneficiaries. Unable to actually occupy her sites and therefore the fear of losing them prompted R to keep in close touch with local leaders in Akkaiappa Gardens. In 1996, and as part of a government savings and credit programme she made contact with a local NGO (Paraspara) and became actively involved in mobilising women to build savings. This activity received the support of the two local leaders. With these activities taking most of her time, she gave up the tailoring classes and took up part time

<sup>30</sup> In 1995, the area was included with the corporation limits and in anticipation of improvements rents have now tripled for similar accommodation.

work in the local *anganwadi* (non-formal education centre, who incidentally is one of her tenants) for Rs 500 per month. When one of the local leaders was jailed in 1997 for murder, R together with two other women emerged as new leaders as a result of their popularity with the savings programme. She and her children moved into Akkaiappa Gardens in 1988 (nine years after she became destitute) where she has a two room, a kitchen and a verandah built of brick walls and asbestos cement roofing. The investment of Rs 60,000 required for this was once again assembled from a number of sources – some of them savings (chit fund and other forms), some of them a conversion of one asset into another (sale of jewellery) and some borrowing (provident fund and money lenders). In 1998, her sons income was being used for repaying loans, her daughter's for saving through chit funds and the rent and her income for household expenses. The rented premises and the chit fund savings are targeted as an asset for her daughter. No provision seems to be made for her son [*Akkaiappa Gardens, Jalahalli Ward, Bangalore*].

R's case is one of the how social networks, local politics and rental housing can be combined to face and overcome adversity. The initial impetus was derived from her ability to find rental accommodation. Her landlord provided contacts that enabled R and her son to find employment. The skills she possessed and her 'go-getting' attitude enabled her to secure promotion at the workplace and overcome the lack of institutional support in accessing land and finance. She strategically chose to rent while acquiring property and becoming a 'petty' landlord (Kumar, 1996a, 1996b). The underlying cause for her 'petty' landlordism was not so much the acquisition of private property for herself but a response to her own experience – namely, the desire to leave her daughter with some security. The decision to rent while owning property was a combination of poor service levels where her property was located as well as the importance she accorded to the environment in which her children were to be brought up. The poor are conscious of such factors and their ability to make such choices are dependent on the existence of rental housing. In other words, rental housing provides the room for manoeuvre. However and at the same time, she was vulnerable to the potential loss of her properties because government rules required potential beneficiaries to be in possession and occupation of property to qualify for inclusion in regularisation schemes. While the social justification of such regulation (aimed at preventing monopoly and land grabbing) is laudable, it not only provides greater opportunities for clientelist relations but also increases the vulnerability of individuals in R's circumstances, thereby reducing their room for manoeuvre. To counter this, it is clear that R took a number of strategic decisions. She rented out of one of the properties to be used as an *anganwadi* [pre-school] to consolidate her standing in the community. She became involved in organising local women to save and entered into local politics despite that fact that this meant a drop in income. In all, she tried to secure the safety of her landed assets and accorded more importance to her children's quality of life than just monetary income. Cases such as this reinforce the importance of rental housing not just in providing the basis for the pursuit of livelihoods but also as a means of providing the much needed room for manoeuvre to balance multiple economic and social responsibilities. Rental housing also provides opportunities for moving from renting to ownership and then to landlordism.

### **The importance of multiple sources of support for women landlords**

Women landlords, either as a result of the death of a spouse or desertion, are less vulnerable when they have multiple sources of support. Support provided by the extended family, from a father or brother, is important if women do not have working children.

K (female, aged 40) heads a household with a son (14) and daughter (13). She was born in MV Garden slum, the grand daughter of migrants from Tamil Nadu. She married in 1974 and lived with her parents in MV Garden as her husband, a painter, could only find work intermittently. She works as a domestic help in three houses and currently earns Rs 900 per month. In 1978 her parents were allocated a site in Koramangala where she put up a thatched hut on half the site with help from her father (Rs 1500). Since 1985, she

has been living alone and refused to disclose the reason why. In 1989, the dwelling was upgraded to a brick structure with an asbestos cement roof. The labour cost of upgrading was Rs 6000 (accumulated savings over a period of 9 years) and materials provided by her brother who is a building materials contractor. In 1992, a loan of Rs 20,000, and a potential deposit of Rs 6000 from a tenant made her consider investing her savings of Rs 10,000 in once again upgrading the dwelling by replacing the asbestos cement roof with a reinforced cement concrete roof and the construction of a first floor. Her brother helped once again in supplying her with sand. Unable to complete the house, and having taken the deposit from the tenant (a relative) she sought a loan of Rs 6,000 from her three employers (who deduct a third of her salary each month). The title deed of the site is mortgaged to the bank through the NGO and she was told that she would have to pay Rs 250 per month towards the loan but so far no other beneficiary has paid the loan. Since 1997, her son began working as a bar bender's assistant (Rs 600 per month) and she is putting aside part of the rent in two chits of Rs 5000 in total for 20 months.

But K's future is anything but secure. She feels that she will not be able to draw upon the rental income after her brother's wedding as the land belongs to her parents. Her brother's help is seen as a long term investment for himself and the upgrading was accepted by the family because of the loan that she secured from the NGO [*Rajendra Nagar, Koramangala, Bangalore*].

The above case indicates the vulnerability of women headed households who gain temporary relief with support from the family. But long term biases of parents investing in assets to support male children mean that female children are discriminated against.

### **Women headed households and the choice of tenants**

Women headed household landlords use a number of strategies to insure against the risk of landlord-tenant conflicts, especially the non payment of rent, problems of eviction and misbehaviour (alcoholism and violence against women). A common theme among all women headed landlords households interviewed is a preference to let to tenants who have been recommended rather than use real estate brokers as points of contact.

For a women headed household, recommendations are essential because if the tenant creates a problem the person who recommended the tenant can be called upon to sort the problem out [*Mrs S, Rajendra Nagar, Koramangala, Bangalore*].

The use of local contacts for arbitration of landlord-tenant disputes is of greater importance than recourse to the law (such as written agreements or approaching the police). The greater the standing of the contact, namely a community leader or councillor, the more secure the insurance. However, and although no cases of this emerged, there could also be inherent dangers in women being exploited by the power of the mediator contact, especially if they do not have title to the land. Tenure security and an expansion in the network of contacts enhances the security of women headed household landlords.

At times, women can become de facto landlords by virtue of their husbands deserting them after building rental accommodation and selecting tenants. Women are then left to deal with tenants that they might not have themselves selected.

MM wife is in such a position. Her husband who was allocated a plot in a resettlement site in Surat and purchased an additional one has rented them both to Oriyan migrants. His choice of tenants was that Oriyan's paid more rent than others as they find it difficult to secure rented accommodation. A month before the interview, he left her and she is not sure if he will return. She is in a vulnerable position vis-à-vis her tenants and is only consoled by the fact that her two older sons are aged 20 and 15 respectively and could deal with the tenants. With her three other children in school and a limited income of Rs 2000 per month from domestic work, she is dependent on her two sons income as well to meet daily consumption expenditure. Rent receipts are her only form of savings (Rs 700 to Rs 1000) per month which she invests in a bank, which her employer helped her to open an account. She is planning to occupy land at the back of the resettlement site and

construct units for rents to Oriyan migrants as she finds that they pay good rents [*Rasolabad, South-West Zone, Surat*].

Women landlords are faced with difficult choices when their circumstances suddenly change. The fact that Oriyan tenants pay more rent needs to be balanced against potentially difficult landlord-tenant relationships. As noted earlier, the presence of older male children make this easier to a certain extent. More importantly in this case, not having had bad tenant experiences has prompted future plans to rent accommodation to Oriyan tenants despite a generalised negative reputation of their social behaviour.

A second strategy is that of letting to relatives. Such practices are shunned by middle and upper income groups because of the difficulty of getting rid of tenants. However, this is quite common among poorer individuals and households. Datta (1995: 10) notes that despite the strong incentive among female headed households to rent out rooms, low incomes, high unemployment and discrimination in obtaining housing finance means that they let few rooms and as a result earn lower returns, partly as a result of renting to relatives. In Surat and Bangalore, the social obligations and reciprocity demanded of urban relatives does mean that the rents they are able to charge are lower. However, this is the case irrespective of whether the landlord is male or female.

A third but less common strategy is to let to women headed households themselves. While this is done to reduce exploitation it also works to the benefit of women headed tenant households who can be assured of more sympathetic response to their situation.

Mrs S (40), heads a household that in addition to herself includes her mother in law (50) and an adopted daughter (6) who is at school. Both women work as domestic help earning Rs 500 and Rs 300 per month respectively. S's tenant is a woman with two school going children, who works in a tile making factory and earns Rs 60 per day. Apart from the rental income which is saved and used to meet expenses during festive seasons, the tenant provides the family with security. Although there have been instances when rent payments have been delayed, she feels that the tenant will not create problems which could happen if she lets it out to a 'strong family with a male head'. S feels that she and her mother-in-law are too weak to handle fights within the settlement [*Rajendra Nagar, Koramangala, Bangalore*].

It is clear that the vulnerability of women headed household landlords are not limited to the usual landlord-tenant frictions faced by male landlords but include powerlessness in dealing with tenants and garnering support from the wider community within which they reside. Moreover, the psychosocial security provided by tenants is more in common with aged landlords. However, letting to women headed households who are extremely poor can also be counterproductive for poor landlords in that rent returns are relatively low.

## INCLUSION AND EXCLUSION

Land and housing markets can include and exclude individuals and households. It has been argued that the exclusion of households from ownership gives rise to rental housing markets (Gilbert and Ward, 1982; Gilbert, 1983). Such exclusion arises from the mismatch between the demand for owner-occupation (resulting, for example, from the need to locate close to employment opportunities) and the limited supply of land (due to settlement densification or government action preventing squatting, for instance). In both cities, the provision of land and housing for the poor by public agencies is minuscule - a small proportion in tenements and slightly more in resettlement sites. The vast majority of the poor squat and seem to be tolerated by the city authorities unlike in some Latin American countries (Gilbert and Ward, 1982). A sizeable proportion including those among the poor who are somewhat better off depend on the provision of land by the informal private sector. In Bangalore such quasi-legal



settlements are called *revenue* or *gramthana* layouts whereas in Surat they go by the name of *societies*. It is in these forms of land provision that differences in exclusion can be found. Land purchases in Bangalore are based on up-front lump sum cash payments and thus exclude individuals and households on economic grounds. In Surat, networks emanating from caste associations or workplace based ethnic ties ease access by making payment in instalments possible thus excluding on an ethnic basis. One of the few options available to those that are excluded is the renting of accommodation. However, the inclusion of the excluded by rental housing markets is uneven.

From the earlier discussion it is evident that exclusion can take place as a result of religious or ethnic conflict. However, if seen from the perspective of the tenant - namely that tenants from one religion do not prefer living in an area occupied by another - the exclusion is mutually reinforced. A significant number of tenants said that they chose to either buy or rent because people from their 'community' occupied a particular locality. For example, a Muslim landlord in Bapu Nagar, a squatter settlement located in Adajan ward, in the western part of Surat said "I have no preference for tenants but generally gets Muslims as a majority of residents are Muslim". Responses from other Muslim landlords in the settlement were similar. However, when Hindus did not mind staying in a Muslim area, some landlords seem to accept them. Another Muslim landlord in the same settlement said that he "preferred migrants from Uttar Pradesh as tenants as they vacate the house when asked". It seems that fear and distrust arising from religious conflicts recede when, for example Muslim landlords in Muslim dominated areas are approached by Hindu tenants or vice versa.

### **Fear associated with sitting tenants**

The small proportion of well off in-house landlords in both cities often specify the type of tenants they look for - for instance, a common distinction is made between vegetarians and non-vegetarians. Exclusion on this basis derives from the basis of religious and cultural norms and practices and is designed to fit within the lifestyle of the resident landlord.<sup>31</sup> Of more concern and significance is the fact that landlords from this group tend to exclude locals because of the fears of sitting-tenants. For example, the tenants of better-off landlords in Rander (a ward in the west of the city) were found to be educated salaried single male migrants, employed in the banking (on short stay transfers of normally three years) or the petrochemicals sector. Both Surat and Bangalore have high vacancy rates - estimated to be 19% in Surat Urban Agglomeration (12% in urban Gujarat) and 8% in Bangalore Urban Agglomeration (and the same for urban Karnataka) (Census of India, 1991).<sup>32</sup> The higher rate in Surat is partly due to a greater fear of sitting tenants but perhaps more due to the nexus between black money and real estate (see, for example, Breman, 1993; Shah, 1997). There was little evidence of vacancy rates at the lower end of the market suggesting that vacancy rates is predominantly among richer property owners. This is not because poor landlords are risk averse - they just cannot afford the luxury of investing in property and keeping it locked as their richer counterparts do.

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<sup>31</sup> This is similar to landlords looking for tenants distinguished by sex or habits (smoker or non-smokers) in the private room rental market of England, UK.

<sup>32</sup> The availability of Census of India data on floppy discs has made analysis much easier. However, the level of dis-aggregation of data is still problematic. Data on vacant census houses is only available at the level of the urban agglomeration and is based on a 20% sample size.

## Power relations



Landlords seem to make choices about their tenants depending on their perceived position within society. Often this is linked to judgements about who is from a 'powerful' group – indicated by statements such as “I will not rent out rooms to those who are powerful but only to known people.” Reference to powerful people encompasses leaders (elected and unelected) as well as male headed households who are networked.

C Ben, the landlady from Hitendra Nagar referred to earlier has strong views as to who she wants as tenants. She prefers 'Kandeshis' - she will never go for the 'seller community' [particular caste] as they are 'very powerful' and there is the possibility that she may lose her property. She says that she prefers tenants having a permanent income or a 'good' job. She does not prefer tenants who earn daily wages [C Ben, Hitendra Nagar, Jahingapura ward, Surat].

Certain communities, such as the Rabaris' from north Gujarat who are a nomadic community and in the milk business, have a reputation of being ruthless and powerful as a result of very close ties amongst themselves. Others have assumed positions of 'power' as a result of land dealings.

He is not scared of renting it to anyone as long as they pay the rents properly. He would use the force of his community to vacate them [tenants] if they create problems [A Rabari landlord, Bharwad Nagar, Dindoli ward, Surat].

“Given my position in the settlement and ward, tenants will leave when asked” [Land broker and autorickshaw driver landlord, Santoshi Nagar, Dindoli, Surat].

## Regional labelling

Subtler forms of exclusion arise as a result of generalisations about particular groups. For example, in Surat some landlords said that they would not rent to certain groups. Some landlords in the eastern and southern wards - like Dindoli, Udhna and Pandesara - said that they did not prefer migrants from Orissa because they 'drank' and were 'unruly'.

He has no preference as far as ethnicity or caste is concerned - except that they he does not prefer Oriyans as they drink and quarrel frequently amongst themselves [Landlord X, an autorickshaw driver from Maharashtra, Santhoshi Nagar, Dindoli Ward, Pandesara].

S says he would like to avoid certain communities like the Marwaris or the Oriyans as the former are difficult to deal with and the later do not keep the premises clean [Landlord S, Santoshi Nagar, Dindoli ward, Surat].

This assumed precedence among landlords who had 'daughters of marriageable age'.

He usually gives room for renting only to those who are married and are living with their family and have been recommended by known persons - not to bachelors because he has a daughter [17 years old] at the age of marriage [Landlord 11, Pandesara ward, Surat].

Normally, such landlords seek to exclude problematic tenants by constructing higher quality rental housing units in the knowledge that this was not the preferred type of accommodation.

A S is a Muslim tenant who lives in Pandesara ward - his wife and three sons live in Orissa. A tailor, he earns about Rs 3000 per month of which he pays Rs 500 in rent for a brick wall and tin roof structure. He feels that the rent is too high for a single person but his landlord will not allow more than two people to share the room. He does not want to make his landlord angry because it is difficult for 'bachelors' to get a room with services for rent [Tenant, Pandesara ward, Surat].

Migrants (especially from Orissa) indicated in the interviews that their main concern was to reduce housing expenditure and maximise remittances. Demand was thus for low quality poorly serviced accommodation.

However, the exclusion of migrants - especially from Orissa - by some provides a source of demand for others. The lower end of the rental housing market in Surat is therefore characterised by exclusion and inclusion.



## **7 Rental Housing Markets: Issues for Planning and Policy**

### **INTRODUCTION**

This report has highlighted the importance of a rental housing for landlords and tenants alike, especially at the lower end of the market. Most landlords were found to be operating at the individual or household level. In a vast majority of cases, the production of rental housing was either a livelihood response (using rent receipts to make up short falls in consumption expenditure or to meet unexpected expenditure during times of crises) or a means of enabling them to make improvements or additions to their dwellings (either for personal occupation or something to leave to their children). Only a handful of petty-capitalist landlords were in operation in either city and tended to be those already in possession of tracts of land, the use of which had been converted to rental housing. Comparatively many more contemporary instances of such forms of petty capitalism were found in Bangalore than in Surat. This was mainly because agricultural landowners in Bangalore are drawn mainly from two ethnic groups for whom the property ownership signifies economic and social status. Attempts were therefore made to retain as much land as possible. For these landlords, renting is a business in addition to a diversification into one or more of the following businesses - construction contracting and sub-contracting, the retailing of building materials, transport and the setting up of stores selling cooking oil, grain and pulses. Construction contracting also ensured that there was a steady demand for rental housing from their construction workers. In Surat, to the contrary, farmers were keen to carry on with agriculture. Those who diversified into other occupations found it more profitable to invest either in the textile or diamond trade rather than in the production of rental housing.

### **INTER- AND INTRA- CITY VARIATIONS AND THE VIBRANCY OF RENTAL HOUSING MARKETS**

The study has also demonstrated that rental housing markets vary between and within cities. This is the result of the interplay of a number of factors which include historical conditions, the effects of state intervention in land, the nature and form of local employment opportunities and their relative security, access to finance and the capacity to save, kinship and ethnic networks of support, local politics and the aspirations of poor individuals and households.

What is evident in both cities is the range of rental housing options available – by location, quality, level of services and rent. This is perhaps the most critical factor for poorer households in that it not only provides them with varying choice at different stages of their life cycles, but also the much needed ‘room for manoeuvre’ in responding to sudden changes in their economic or social circumstances. The rental housing options available, especially for poorer households, is the result of landlords ‘responding to the pulse’ of local needs and priorities. Thus to denounce rental housing for its poor quality or lack of services is to ignore the extent to which local provision and consumption are finely matched. This has been the most problematic issue surrounding public housing policy in cities in poorer countries. The numerous shades of grey that make up the social relations between providers and consumers

are collapsed into simple categories with minimum standards – any deviation is frowned upon and the threat of legislation brought to bear.

In order to understand the intricate web of economic, social and political relationships that underpin the production, exchange and consumption of rental housing, this study used the electoral or administrative ward as the unit of analysis in the cities of Bangalore and Surat. This is a departure from conventional urban housing studies which most often use individual low-income settlements as their unit of analysis. Findings from this level are then extrapolated to the city level (more recent exceptions include Benjamin and Bhuvanewari, 1999, 2000). Such studies have a role to play if their specific aim is to evaluate the effectiveness of a particular programme – for example, an assessment of the extent to which tenure security has led to housing consolidation or the impact of tenure security on gentrification. However, studies that use the settlement as the unit of analysis to examine and analyse broader process of social development such as livelihoods, or access to land, finance and services are likely to be ignorant of the intricate inter-linked economic, social, and political relationships that underpin them.

It may be argued that administrative or electoral wards, in themselves, are physically no more than demarcations based on population or other administrative criterion. However, electoral wards in cities are more than physical spaces. They have histories containing layers of iterative social, economic and political relationships and transactions which give them particular characteristics. As a result, some wards have accumulated economic and social advantages which others have not. The wards inhabited by the rich exclude the poor by curtailing opportunities to access, for instance, to affordable housing. Employment opportunities in such wards are service oriented – domestic help, chauffeurs, door to door fruit and vegetable vendors, and a number of other such services. The poor live in one ward and make a living in another. Any attempt to avoid divided cities must be sought in the reasons why inter ward variations exist. Some of the reasons might be attributed to historical factors and the displacement caused by competing commercial interests such as those that can be found in the commercial wards of Bangalore and Surat. Most others are the result of institutional processes that do not place social integration high on their agenda. Examples are specific wards in Bangalore (for example, Koramangala in the south-west) where planned development by the institutions of the state, such as the Bangalore Development Authority, have worked to largely exclude poorer groups from sharing in the benefits that most of the constituents of that particular ward enjoy. While this is the situation that prevails in the inner peripheral wards of Bangalore, central city wards are coming under different pressures, which also culminate in the exclusion of the poor. These take the form of mega-city projects like elevated expressways and high-class shopping malls. Although such projects are undertaken under the auspices of improving the city and making it more competitive, they dislocate the livelihoods of thousands of poor men and women (Benjamin and Bhuvanewari, 1999, 2000). Moreover, the fixed and equal allocations of resources to councillors for ward-level improvements tend to maintain existing inequalities.

Surat is also a divided city. But the divisions are relatively more favourable to poorer groups. The western and north-western wards are home to the rich and upper middle classes with restaurants and shopping malls to service them. Poorer groups live and work in rest of the city. The location of the diamond and textile industries with little state intervention in the residential land market has enabled poorer groups to access land on which they have built their dwellings. It is true that much of these wards are unserved in terms of water, sanitation, roads and transport. Private transport operators have stepped in to fill the transportation void. Autorickshaws transport people by collecting individuals between

designated points on a fixed fee basis thereby bringing down the cost of transport for individual passengers.

Rental housing can serve to integrate a heterogeneous social and economic population. It provides opportunities for individuals and households greater choice of deciding where to locate and can help reduce transport costs and commuting times. The strongest evidence of this is in the location of squatter settlements and the range of tenure options that exist in them. It is important that this is taken into consideration in upgrading and resettlement programmes. Failing to do so can stifle the opportunities for both landlords and tenants as discussed later.

In both cities, the Municipal Corporation collects taxes at the city level. Although the Municipal Corporations have their standing committees dealing with different aspects of city development (housing, infrastructure etc), councillors representing each of the wards are given a fixed and equal sum of money to spend. Most of this money is spent on improving the physical infrastructure. However, the specific kind of improvement and its location within the ward is dependent on a combination of the power of particular stakeholder groups and the perceived power of the improvement to garner votes at the next election. The allocation of fixed and equal sums of money as well as the way in which its expenditure is decided can amplify intra-ward differentials and does not help in the equalisation of the deficiencies. Thus, any improvement is pitted against between the political clout of specific interest groups and their skills of persuasion vis-à-vis the electoral survival strategies of the elected councillor. Councillors have been found to have little explicit impact on technocratic decision making in terms of projects and their location. Much of the subtle policy changes are not transparent since they are recorded as notes in the margins of files that pass through the Municipal Corporation. This is further compounded in cities, such as Bangalore where councillors are drawn from a range of political parties, some of which belong to or support the ruling party at the state level whereas others are in the opposition. In contrast, of the 99 elected councillors that made up the corpus of the Surat Municipal Corporation, 98 of them belonged to the ruling party. Although this research was not specifically concerned with examining the impact of a politically heterogeneous Municipal Council with one that was politically homogeneous on local decision making, it is difficult to imagine that the decision making process was the same in both cities.

This report hastens to add that this is not an argument in favour of laissez-faire forms of development. It strongly believes in an enabling role for government and more specifically for a strengthening of local decision making and accountability. However, as things stand there is little sign of this. The role of the state in the planning and management of urban development in both cities has provided little benefit for poorer groups. In fact, it has had an adverse affect by excluding them from much of the benefits that city level improvements have brought to the better off. In both cities, it has been noted that the poor have fared better in those areas where local development has provided opportunities for a dovetailing of employment and housing. Rental housing has proved to be critical. It has provided individuals and households with the opportunity to 'belong' to localities where employment opportunities are expanding and therefore access to economic and social networks that help in the pursuit of livelihoods and upward mobility. It is argued, therefore, that the state needs to be sensitive to these developments in order to ensure that intervention is virtuous and not vicious. Such sensitivities can not be attained without local knowledge, which in turn raises the question as to who is to act as the guardians of local opportunities and constraints. Local political representatives have been found to have varying levels of understanding of the needs and priorities of all their constituents. Very few channels exist for the voices of the poor to be heard – where they do exist they are found to be informal and ad hoc. This in itself is not a

problem as it forms an important channel for accessing services and other legitimating activities. It only becomes problematic when some are included and others excluded. This increases the vulnerability of those without the right connections and heightens their dependency of those that do. Thus there is a need for multifaceted forms of representation to be identified and enhanced. Landlords, owners and tenants need to be part of this representation by enhancing the opportunities for varied forms of tenure to coexist. The current practice of viewing all landlords as inimical for development only aggravates the position of tenants and can increase their vulnerability. What is more important is to gain the confidence of the range of landlords and work with them to ensure that appropriate environmental standards are met, especially in terms of water and sanitation. The key here is the concept of working together. This is important if the range of rental housing opportunities are to be preserved and undue pressure not brought to bear on all landlords as if they were a homogeneous group. For example, those landlords who undertake the production of rental housing for income supplementing or generating purposes are not in a position to ensure that adequate service levels are provided. If the tenants of such landlords are to be ensured adequate service levels, state housing and service institutions will have to respond differently than compared with those landlords who undertake the production of rental housing to consolidate their dwellings, economic or social statuses. Landlords of the latter kind could be required to ensure that dwellings meet realistic but proscriptive standards.

Prior to any form of dialogue being established between the producers of rental housing and public housing and services providers, mechanisms for the identification of landlords need to be formulated and put into place. This is one of the most difficult tasks facing researchers, planners and policy makers. At the moment, landlords remain underground and the process of identifying them protracted, as has been the experience of this research (see appendix E on 'unearthing landlords'). This situation will continue as long as the production of rental accommodation is seen as either illegal or something that is penalised by regressive forms of taxation. Why would landlords, especially those that are themselves poor and produce rental accommodation for poorer households' stand up and be counted without appropriate incentives being offered? There is need for a public campaign on the rights and responsibilities of landlords and tenants. Such a campaign will need to take to a wider audience the positive views on rental housing expressed by low-income residents (landlords and tenants alike), some councillors and land developers. There is also a need for government bureaucrats and technocrats to be made aware of the limitations of viewing housing tenure in simple black and white terms – squatting as illegal and ownership as the preferred, and more importantly, affordable option for all low income individuals and households.

There is also a need to re-examine current legislation and planning norms. Rent control legislation, even if it is not made use of in transactions at the lower end of the rental housing market, creates uncertainty among landlords as they are not aware of its actual implications. It also discriminates against low-income rental housing – higher rental accommodation is exempted from its measures. A conundrum for any legislation aimed at providing social protection is a prediction of the extent to which it can be implemented and enforced, and more importantly the extent to which it might be circumvented. The pace of judicial decision making and the lack of proper records in India have made the Rent Control Act and the Urban Land Ceiling and Regulation Act blunt re-distributive instruments. However, this study found that although some households, especially in central city wards have used the former as protection against arbitrary rent increases and eviction, it has not provided a socially just outcome at all times. Some landlords receive a pittance from their rental properties while

some tenants have made enormous gains through the *pugeree*<sup>33</sup> system and low rents. Similarly, while the Urban Land Ceiling Act 1996 has not achieved the redistribution of land to poorer groups, it has implicitly given rise to the fragmentation of land ownership – revenue layouts and societies – which has enabled many individuals and households to gain access to land. The pre-emptive action of landowners has resulted in such transactions taking place outside the realm of formal legal frameworks, which in turn increases the vulnerability of individual buyers. Lower middle and poorer groups do not enter into such transactions because they are risk averse. To the contrary, this is the only option available to them apart from squatting and it provides them with a foothold in the urban system. Moreover, the production of rental housing is crucial in generating a supplementary income for consumption expenditure or for housing improvements. Rather than being discriminated against by higher property tax rates because they are landlords producing rental accommodation, they need to be acknowledged by the granting of exemptions from not just rent control measures but also from, for instance, the payment of property tax. Not only will this reduce bribery and corruption but also do away with the stress and uncertainty faced, for example, by tenants in Surat when landlords remove partitions on sight of the property tax collector. Similarly, the adoption of extremely low planning standards, especially in relation to plot sizes, completely closes avenues for housing to be put to productive uses – either renting or home based enterprises.

### LANDLORDISM AND GENDER RELATIONS

Landlordism is predominantly a male dominated occupation. A few cases of female landlords were observed in Bangalore. This is the result of two factors – first, the culture of inheritance being patriarchal and second, the composition of the population in the two cities. Patriarchal forms of inheritance often take the form of immovable property accruing to male offspring while movable property in the form of jewellery and cash accrues to the family to which female offspring are married into in the form of dowry. A significant number of landlords had invested in the production of rental housing to generate a dowry, either by saving rent receipts, selling property when the time came or giving it out on lease. For such landlords, rental housing is critical in meeting their social obligations. Others, especially *de facto* female-headed households who had experienced destitution, have reconsidered inheritance practices. There were instances in Bangalore where female landlords have invested in rental housing on behalf of their female offspring.

The extent to which a city's population is made up of first generation migrants tends to have an impact on gender relations in terms of housing. Surat has a population of predominantly first generation migrants. Gender relations in terms of housing were therefore played out in the space between the city and the rural area of origin. Migrants, especially from Orissa and Andhra Pradesh, saw their stay in the city as being temporary – their aim was to save and invest in property in their places of origin. The ability to rent accommodation at affordable rents has proved to be critical for these migrants. In contrast, although Bangalore contains a heterogeneous mix of regional groups, they are in the main second or third generation migrants. Therefore, instances of inheritance are greater than Surat as a result of which more men are landlords. However, the tendency for changes in how households are constituted is greater among a second or third generation population. More *de facto* and *de jure* women

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<sup>33</sup> Pugeree is key money that is paid by one tenant to another for a transfer of the rights to use the property. The new tenant continues paying the same rent as the old tenant and could repeat the process when another tenant exchange is undertaken. Irrespective of the fact whether pugeree has been paid or not, tenants seek equivalent compensation from landlords who have the intention of vacating them.



headed households were observed in Bangalore. Rental housing can help reduce the vulnerability of women arising from destitution as a result of separation, divorce or the death of their spouses. Social networks are critical here, especially between female tenants and male landlords. There have been instances where female tenants have built upon such networks and have progressed to becoming landlords. It is perhaps here that their vulnerability is greatest – female landlords having to deal with male tenants. Although no cases were found where female landlords had problems with their male tenants this does not mean that such problems do not exist or will not arise. It is likely that networks are once again called upon – as in the search for rental accommodation - to deal with problematic tenants. Therefore, any intervention aimed at encouraging and supporting the production of rental housing must ensure that such networks are included and not destroyed.

### **INCLUSION AND EXCLUSION FROM RENTAL HOUSING MARKETS**

Ownership as well as rental housing markets can exclude certain groups. The exclusion in ownership is mainly from access to land whereas rental markets exclude in terms of opportunity. In Surat, for example, the exclusion of owners can be associated with social hierarchies in the work place which is in turn dependent on kinship and ethnic networks. Tenants on the other hand, such as the migrants from Orissa, are excluded on the basis of cultural reputations that precede them (such as alcohol abuse and being difficult) and social concerns that are linked to their single male status (the safety of girl children of marriageable age). In Bangalore, potential owners are excluded from housing on the basis of their incapacity to raise sufficient money to make a lump sum payment for land. Being a second and at times a third generation city, tenants are less likely to be excluded on the basis of regional origin but more as a result of their marital status. Women managed households or widows are most vulnerable here, even though there have been cases of ‘go-getting’ women headed households who have made a remarkable transition from being destitute to becoming petty-capitalist landlords. Another group that specifically seeks rental accommodation consists of young educated single migrant women employed in the software industries in Bangalore. Some of them are catered to by private women’s hostels but the demand far exceeds the supply of this form of rental housing.

Programmes that encourage private or not-for profit individuals and organisations to undertake the production of rental housing for such vulnerable groups can become one plank in a rental housing policy. The key lesson for any potential investor (for example, from V B ni-wadi and the rental accommodation occupied by migrant workers in Surat or that provided by construction contractors for their workers in Bangalore), is that of variety (quality of housing, services, location and rent). At the individual level, support to women to undertake the production of rental housing even when there is a male present will help reduce their vulnerability from separation or the death of a spouse. Such support could be channelled through non-governmental organisations in Bangalore and the regional ethnic associations or *sanghas* in Surat. Part of the rent collected can be used to repay loans advanced and the other part deposited in savings. The involvement of a third party in such transactions will provide a neutral base and reduce potential feelings of exploitation among landlords and tenants.

A key indicator of the seriousness of government in putting a rental housing policy in place is the official recognition of rent receipts as income. Individuals and households value rent receipts to supplement income from other sources or as a primary source of income in itself. This in turn enables them to meet shortfalls in consumption expenditure, save for housing improvements or repay loans taken for the same purpose, or provide a safety net in the transition from one form of employment to another. As long as the crucial role of rent receipts remain unrecognised, a vast majority of individuals and households will continue to

be excluded from formal credit sources thereby heightening their vulnerability. This requires changes in practice when determining the eligibility of individuals or households to formal credit. Knowing fully well that employment in occupations that are not in the formal waged sector cannot provide guarantees normally sought by formal credit, other avenues need to be explored including the use of rent receipts to repay loans. In doing so it is important that such households are not required to pay higher interest rates because they are going to put the loans to productive use.<sup>34</sup>

### **ASSETS, VULNERABILITY AND PREDATORY FORMS OF LANDLORDISM**

As has been noted, there are more dangers from predatory forms of landlordism than exploitative ones. Poor individuals or households who are forced to give up their dwelling on lease in order to receive lump sum cash receipts to meet unforeseen consumption expenditure (such as medical expenses) stand a greater risk of losing their housing from default. Landlords who are in the lease business are often moneylenders who ensure that the rents that they can generate are equivalent to or greater than the interest they are able to charge on the lease amount. They also ensure that the lease amount is lower than the value of the housing they receive in return if it is sold. Often, these landlords are interested in accruing property by default than they are in selling them to recover bad debts. Thus, while Moser (1998) is right in noting that housing is an asset that helps reduce exposure to shocks and therefore vulnerability, its impact is only fleeting. This notional individual or household has to find somewhere else to live. Gaining access to rental accommodation that is within affordable limits in the same locality is critical if the particular individual or household is to be able to maintain its support networks and save to repay the lease. The availability of a range of rental housing options is therefore as much an asset as the ownership of housing.

The ownership of housing can also be more of a liability than an asset in cities where communal tensions exist. There are instances in both Bangalore and Surat where individuals or households have had to sell their properties at very low prices as a result of communal tensions (Hindu-Muslim riots in Surat or Kannada-Tamil animosities in Bangalore). Well functioning rental housing markets have the potential to reduce vulnerabilities arising from such communal tensions as they allow persecuted individuals and households to move quickly and thereby limit their losses.

### **IMPLICATIONS OF CURRENT HOUSING STRATEGIES ON RENTAL HOUSING MARKETS**

The two strategies that have formed the cornerstone of housing policy and practice in developing countries have been sites-and-services and the regularisation of squatter settlements, commonly called upgrading. Each of these strategies has differential implications for landlordism and the development of rental housing markets.

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<sup>34</sup> The practice in the United Kingdom, especially England, is to charge the applicant a higher interest rate (normally 1%) for a mortgage to buy a second property for rent. More often than not, the monthly mortgage is higher or equal to the rent that can be generated from letting the property. Individuals or households who take the opportunity to make a long term investment but have to rent because they are not in a position to afford to consolidate the two properties for self occupation are at a disadvantage.

### **Sites-and-services**

There are two key features of sites-and-services projects that enhance their potential to encouraging the production of rental housing. Firstly and by virtue of the fact that potential beneficiaries have to apply for a site in these projects, they provide individuals and households with a choice of whether or not they are ready for home ownership. In India, as in other parts of Sub-Saharan Africa, sites-and-services projects offered beneficiaries the chance to build rooms for rent as long as they themselves resided on the plots. In other words, in-house landlordism was tolerated whereas absentee landlordism was not. It is unfortunate that requirement to achieve prescribed standards within a given period, imposed by public agencies responsible for the implementation of such projects, has resulted in the rental housing option being relegated to the background. Secondly, sites-and-services projects in India, despite containing one of the lowest standards of plot sizes in poorer countries, is more conducive to the production of rental housing than upgrading programmes (and resettlement programmes that seek to actively exclude renting by the provision of very small plots). The key constraint faced by occupants of sites-and-services projects in relation to rental housing has been their location. Sites-and-service projects have been located where land is in public ownership (either belongs to the agency responsible for the implementation of sites-and-services projects or made available through interagency transfers) with little attempt being made to dovetail location with employment opportunities. Private developers, responsible for revenue layouts in Bangalore and plotted societies in Surat have been most successful at doing exactly that. Even in those instances where individuals and households have purchased plots in distant layouts the developers have ensured that they have recovered all their dues. In Bangalore and Surat, sites-and-services projects have taken the form of squatter resettlement schemes. With the exception of the plot sizes of resettlement schemes in Bangalore (of 28m<sup>2</sup>), these projects have constrained the development of rental housing because of their location (in both cities) as well as the extremely small plot size of 14m<sup>2</sup> as in Surat. It is clear that public institutions have been unable to clone the successes of private developers who have responded with appropriate schemes in terms of their location, pricing and plot sizes. Consideration needs to be given to ways in which private developers and the state can work more closely and openly with one another rather than the former trying to constantly outwit the actions of the state. The annulling of the Urban Land Ceiling and Regulation Act in 1996 is likely to diminish the extent to which land is now brought onto the informal market – the only indirect pressure remaining would be the Land Acquisition Act. This is an opportunity for new dialogue to be established between the state and landowners.

### **Upgrading**

Upgrading poses a much more complicated problem, especially in relation to conferring ownership rights. Interventions are superimposed on a range of existing tenures and can open up factions and create cleavages. Each tenure group – non-landlords, landlords and tenants – has a lot to gain from upgrading but for different reasons. Firstly, individuals and households who are not landlords are keen for upgrading to take place so as to gain from the benefits of better environmental conditions and often ownership of land. However, they are aware of the fact that if tenants are included in the scheme they will receive smaller plots. In this respect they are on the side of landlords. Secondly, while landlords are also keen to benefit from improvements and the possession of title deeds, they know that the inclusion of tenants will result in them getting smaller plots. Thus their main concern is to find means of excluding tenants from the process by getting them to vacate. Landlords have a much more self-interested concern of ensuring that tenants are excluded, as they are aware that non-landlords can switch alliances and support tenants as they would lose out on the benefits of upgrading if the whole process stagnates or does not take place at all. Tenants are in the weakest position

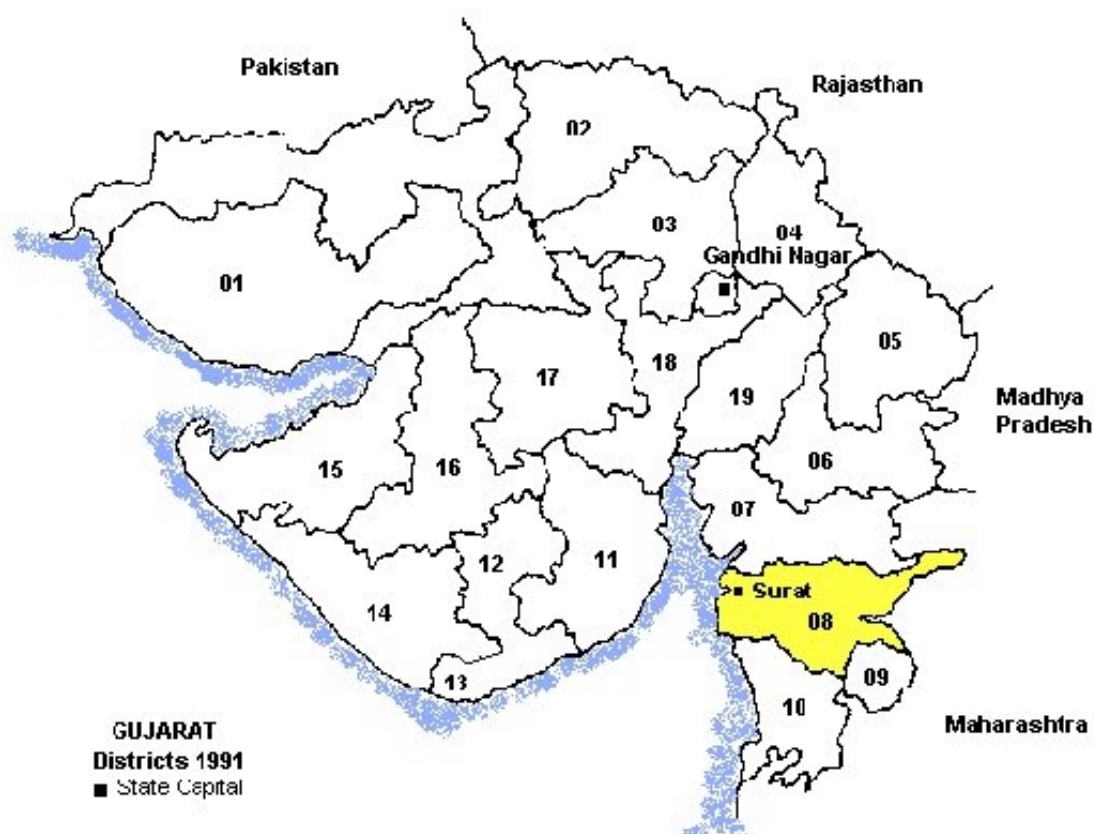
as they are aware of the interests of both non-landlords and landlords. They argue that landlords have benefited from their tenancies in terms of rent receipts on land that did not belong to them in the first place. Landlords produce the counter argument that if they did not do their tenants the favour of providing them with accommodation in the first place, they would not be there to make these claims. Many squatter settlements have not been upgraded because of such complications. The provision of equal access to land for all the competing factions has to be balanced with the use that they will be able to put the land to. For example, the resettlement sites in Surat have reduced the role of housing to a simple consumption good.

General policy prescriptions cannot be provided for such situations and they will have to be dealt with on case by case basis taking into account local circumstances. What should be remembered is that evictions, resettlement or regularisation has much wider ramifications for the livelihood chances of the poor than just the destruction of neighbourhood networks and ties. It destroys existing tenure relationships and affects landlords and tenants in similar ways. It is also important to keep in mind that the move to ownership is a calculated one – planned to coincide with the ability of individuals and households to be able to afford at least the cost of land. Thus, conferring ownership rights on to individuals and households as part of housing policy, irrespective of their ability to make productive use of it, will result in land transfers and gentrification. This is perhaps a key weakness in settlement upgrading programmes in that individuals and households do not have a choice in choosing their tenure – all of them are treated as having the same ownership needs.

The most important issue is to ensure that households, irrespective of their tenure status, have security – owners and landlords from eviction by the state and tenants from eviction by landlords. This can only be achieved if the state takes serious note of the shocks that follow evictions and if the role of landlords is recognised and brought into the open. It remains to be seen as to what impact the UNCHS (Habitat) campaign will have on tenure security – with tenure security being treated as a right to secure occupation (be it ownership or renting) rather than as the conferring of ownership rights through the provision of title deeds.

None of this seems to have been taken into consideration in the World Bank's 'Cities without Slums' initiative or the proposal by the Government of India for a 'National Slum Policy'. The proposed solutions lean heavily on technical fixes with the social relationships that determine tenure and livelihood opportunities marginalised, if not totally forgotten. The eradication of squatter settlements, like poverty, is a long-term goal. And just like poverty eradication needs multi-pronged strategies, so does meeting the housing needs of poorer groups. Rental housing is not a panacea for mitigating housing problems but it is clear that it plays a significant role in tempering the impoverishment of poorer landlords and tenants.

APPENDIX A  
**Gujarat: Districts**



N <sup>o</sup>	District	N <sup>o</sup>	District
1	Kachchh	11	Bhavnagar
2	Banas Kantha	12	Amereli
3	Mahesana	13	Amereli
4	Sabar Kantha	14	Junagadh
5	Panch Mahals	15	Jamnagar
6	Vadodara	16	Rajkot
7	Bharuch	17	Surendranagar
8	Surat	18	Ahmadabad
9	The dangs	19	Kheda
10	Valsad		

Source: Census of India, 1996 (<http://www.censusindia.net/gujarat.htm>)

APPENDIX B  
**Karnataka: Districts**



N <sup>o</sup>	District	N <sup>o</sup>	District
1	Uttara Kannada	12	Banglore
2	Belgaum	13	Banglore Rural
3	Bijapur	14	Mandya
4	Gulbarga	15	Mysore
5	Bidar	16	Kodagu
6	Raichur	17	Hassan
7	Bellary	18	Dakshina Kannada
8	Chitradurga	19	Chikmagalur
9	Tumkur	20	Shimoga
10	Tumkur-1	21	Dharwad
11	Kolar		

Source: Census of India, 1996 (<http://www.censusindia.net/karnataka.htm>)

## APPENDIX C Surat Census Wards

This map shows the 65 census wards that make up the Surat Municipal Corporation. It should be noted that the electoral wards (numbering 33) are constituted from the census wards.



The names of the census wards are provided on the following page.

### Surat Census Ward Number and Name

01	Nanpura	34	Majura-Khatodra TPS 6
02	Sagrampura	35	Anjana TPS 7
03	Salabatpura	36	Umarwada TPS 8
04	Begampura	37	Majura TPS 9
05	Haripura	38	Tunki
06	Mahidharpura	39	Singapore
07	Saiyedpura	40	Dabholi
08	Gopipura	41	Ved
09	Vadifalia	42	Katargam
10	Sonifalia	43	Fulpada
11	Nanavat	44	Kapadra
12	Shahpur	45	Nana Varachha
13	Athwa	46	Karanj
14	Rander Tika -1	47	Umarwada
15	Rander Tika -2	48	Magob
16	Rander Tika -3	49	Dumbhal
17	Rander Tika -4	50	Anjana
18	Rander Tika -5	51	Limbayat
19	Rander Tika -6	52	Dindoli
20	Rander Tika -7	53	Bhedwad
21	Rander Tika -8	54	Bhestan
22	Rander Tika -9	55	Pandesara
23	Rander Tika -10	56	Udhna
24	Rander Tika -11	57	Bamroli
25	Rander (Ramnagar)	58	Majura
26	Rander	59	Bhatar
27	Adajan	60	Althan
28	Varachha Water Tank	61	Umra
29	Lal Darwaja TPS 1	62	Piplod
30	Nanpura TPS 2	63	Jahangirabad
31	Katargam-Gotalvadi TPS 3	64	Jahangirpura
32	Ashwanikumar-Navagam TPS 4	65	Pisad
33	Athwa-Umra TPS 5		

Source: Surat Municipal Corporation, Town Planning Department



APPENDIX D  
**Bangalore Census Wards**

This map indicates the boundaries of the 100 wards that make up the Bangalore Municipal Corporation. The names of the wards and the ward numbers are provided in the table below. The two named areas – Vibuthipura and Marathalli - were not part of the Bangalore Municipal Corporation in 1991.



The names of the census wards are provided on the following page.

### Bangalore Census Ward Number and Name

1	HMT	51	Basavangudi
2	Jalahali	52	Hanumanthanagar
3	Yeshwantpur	53	Srinagar
4	Mathikare	54	Srinivasanagara
5	Kodandaramapur	55	Padmanabhanagara
6	Dattatreya Temple	56	Ganesha Mandir
7	Malleswaram	57	J P Nagar
8	Gayathri Nagara	58	Jayanagara
9	Subramanya Nagara	59	Yediyur
10	Mahalikshmi Nagara	60	Pattabhiramanagara
11	Peenya Industrial Estate	61	Mavalli
12	Nandini Layout	62	Hombegowda Nagar
13	Geleyara Balaga	63	Lakkasandra
14	Nagapura	64	Gurappanapalya
15	Rajaji Nagara	65	BTM Layout
16	Kamala Nagar	66	Madivala
17	Vrishabhavathi Nagara	67	Koramangala
18	Kamakshipalya	68	Ejipura
19	Basaveshwara Nagara	69	Neelasandra
20	Shiva Nagara	70	Shantinagar
21	Industrial Town	71	Austin Town
22	Sriram Mandir	72	Domlur
23	Prakash Nagara	73	Airport
24	Bhayasham Nagara	74	Jeevanbhimanagar
25	Ramachandrapura	75	Jogpalaya
26	Sevasrham	76	Richmond Town
27	Gandhi Nagara	77	Sampangiramanagar
28	Chickpet	78	Vasanthanagar
29	Cottonpet	79	Shivajinagar
30	SKR Market	80	Bharathinagar
31	Binnypet	81	Ulsoor
32	Kempapura	82	Hoysalanagar
33	Vijaya Nagara	83	CV Raman Nagar
34	RPC Layout	84	Benniganahalli
35	Marenahalli	85	Sarvajna Nagar
36	Govindraj Nagara	86	Maruthi Sevanagar
37	Amarjyothi Nagara	87	Lingarajapuram
38	Mudalapalya	88	Banaswadi
39	Chandra Layout	89	Kacharkanahalli
40	Attiguppe	90	Sagayapuram
41	Gali Anjaneyasamy Temple	91	Pulakeshinagar
42	Bapuji Nagar	92	Jayamahal
43	Padarayanapura	93	Devarajeevanahalli
44	Jagajeevanram Nagar	94	Kadugondanahalli
45	Azadnagar	95	Kaval Bhairasandra
46	Chamrajpet	96	Hebbal
47	Dharmarayaswamy Temple	97	JC Nagar
48	Sudhamanagar	98	Ganganagar
49	Kempegowda Nagar	99	Aramane Nagar
50	Visweswarapuram	100	Sanjaynagar

Source: Bangalore Municipal Corporation

 APPENDIX E  
**Unearthing Landlords****CONCERNS FOR PLANNERS AND POLICY MAKERS**

Planners and policy makers intending to intervene in the operation of rental housing markets face two main concerns. First, is the question of how many individuals and households are involved in the production of rental housing? This is important insofar as it can enable interventions to be targeted. Currently, ward-level information is only available in the form of census data on population and industrial category of employment whereas housing data is highly aggregated and at a city-level. Thus, there is a case for the collection of ward-level data on housing and tenure. While census data is relatively easy to access and is available in computerised form (making analysis easier), data from city level housing and related institutions has proved extremely difficult to access. It is difficult to tell whether this is because such data does not exist, is incomplete or officials are reluctant to hand it over. Requests are viewed with suspicion and the provision of information delayed by officials asking for plethora of permissions. This was the case for even something as basic as area maps - took numerous weeks in Surat and even longer in Bangalore. A comprehensive housing database will not only provide much needed baseline information, but more importantly the opportunity to monitor and evaluate policy effectiveness. Unless there are organisational changes towards accepting the importance of third party monitoring and evaluation, this is likely to make access to official data more difficult. A more important consideration, especially in relation to housing tenure, relates to the reliability of such a database. As long as fears of property taxation, rent control legislation or the imagined illegality of renting out accommodation remains, landlords will be reluctant to honestly disclose their involvement in rental housing. Until such time that public institutions and policy makers adopt a positive attitude towards rental housing, and there is greater public awareness that the production of rental housing is not an activity that will be penalised, it is more appropriate to build a picture of the extent of landlordism based on guess-estimates from qualitative studies.

Secondly, the more important question is who is involved in the production of rental housing and why are they involved. The stories of landlords indicate that answers to this question are complex. Individuals and households undertake the production of rental housing for a diversity of reasons. Historical factors are intertwined with varied responses to state intervention. These in turn are inter-linked with issues of access to finance, strategies to combat precarious employment and meeting critical unforeseen consumption expenditure – whether this is for health reasons or to meet other social obligations. Overarching these considerations are those that involve provision for old age and concerns regarding the future of children. Planners and policy makers need to not only understand the complexity of such decision making but also the ways in which they are articulated and embedded in local level politics, labour markets and planning processes. This is important if policy mismatches between local level realities and bureaucratic decision making are to be avoided. The key concern is in harmonising policy formulation with the reality of processes at the local level. Difference and diversity can only be accommodated if a rental housing policy framework is flexible enough to provide the ‘room for manoeuvre’ at the local level. Despite numerous

barriers, the 1993 Nagar Palika Act (74<sup>th</sup> Constitutional Amendment) has the potential to bring about the dovetailing of local level decision making with state and city level policy formulation.

### LESSONS FROM THE FIELD – ISSUES IN INVESTIGATING LANDLORDISM

The success of long distance research management (between London and the two research cities in India) depended on progress reports. Apart from providing a link between fieldworkers and those managing the project in terms of trouble shooting, these reports highlighted the difficulties associated with researching landlordism, as indicated by the extracts used below. Researchers intending to investigate landlordism may find some of the issues beneficial, a dimension often lacking in many research projects.

#### Suspicion at the level of individual landlords

Most landlords are cagey of their dealings. At the level of the individual landlord, this can be whittled down to one key factor - they see themselves as having more to lose than to gain from a disclosure of their rental activities. Those landlords whose rental activities are located on land to which they have legal title are concerned about property tax and rent control questions whereas those with unresolved ownership rights are fearful of losing property to their tenants.

... the residents [of BKN slum [sic]] are not willing to reveal information about renters or owners easily. All the three renters and three landlords whom we could meet were reluctant to talk. The owners kept repeating that renting is just a temporary phenomenon and that they have told their renters to vacate next month. A few residents attributed the fear of landlords to the fact that KSCB [Karnataka Slum Clearance Board] has not issued hakkupatras [title deeds] and that the land ownership is not clear (*B Raman, Primary Researcher, Progress report 1-15 March 1998, Jalahalli ward, Bangalore*).

It was found that middle and upper income landlords are more suspicious than their poorer counterparts. This is perhaps the result of them having more to lose but also relatively little to gain. Tenants, to the contrary, are more willing to speak about their housing situation and tenure status. This is especially true of tenants in squatter settlements where title deeds have not been issued as they feel that they may have something to gain from answering questions. Landlords, literally have to be unearthed by entering into casual conversations about employment issues, moving onto questions relating to housing and services in general, then to the process of housing production before getting into conversations about rental housing. Visual observations are important insofar as they provide clues to the number of independent entrances to a dwelling.

#### Access to landlords

A range of entry points had to be used to access landlords. One might assume that brokers would form a logical starting point. This was not the case. Although brokers were found to operate, their activities were confined to middle and upper income areas and even here declining. In Surat, for example, while a broker might initially put a salaried public or private sector out-of-state migrant in contact with a landlord, when the tenant is due for a transfer, their replacement often occupy the accommodation that has been vacated. The traditional rental housing broker was in an advantageous position because they operated within geographically bounded localities and depended on information networks built over a period of time. However, the growth of free advertisement papers in Bangalore has resulted in landlords using them to advertise their rental properties rather than use brokers. In most cases and especially among low-income groups, tenants approach landlords either through ethnic

and kinship links or by being recommended by others belonging to a variety of networks. Thus with no clear exchange agent involved in rental housing transactions, other entry points to access landlords had to be found.

### **The reluctance of local leaders to allow research into rental housing**

While the fears, whether misplaced or not, of individual landlords is understandable, there is another layer – the local unelected so-called leader or leaders. The greater the power of such self-constituted representatives (their ability to act as a conduit between individuals and their elected local councillor for things ranging from the provision or improvement of services such as water and sanitation to changing names on title deeds as the result of plot sales) the more individuals hesitate to speak about their activities as landlords. This was found to be more common in Bangalore than in Surat.

I started interviewing a landlord in Risaldar Colony, but the leader was too dominating. He was insisting on introducing us personally – which he never did. He kept postponing the appointment four times. Hence I thought it is better to move to another area and complete Risaldar Colony later (*B Raman, Primary Researcher, Progress report 20 April to 15 May 1998, Bangalore*).

In addition, if so-called leaders are themselves involved in land grabbing or the possession of a number of plots, they are reluctant to allow any research on rental housing.

A person known to B [a male researcher] had a relative in this area [HC, a squatter settlement that had been regularised and title deeds given], who took us to the leader. The leader wanted a letter with an 'official seal'. The letters which I gave him was not up to his satisfaction [on the letterhead of the South Bank University where this research was initially based and later the London School of Economics]. He was behaving like a typical 'Slum Clearance Board Official' trying to do something 'extra-legal'. Then he declared that I cannot survey the area as the research is about renting – landlords etc and that his 'superiors' will take him to task if he allows me to work in the area. I explained to him that it is only 20-25 houses and he could also see the interviews. This drama went on for ten days. Finally I had to threaten him that I would request the councillor or BDA [Bangalore Development Authority] officials to call for a public meeting and ask the people directly if I could do the survey [research]. He then reluctantly agreed saying: 'What to do ... do what you want ... the situation is beyond control' – on the condition that I should not interview any of the leaders (who turned out to be those who had rented out over six houses each) including himself. A copy of all the interviews must be given to him (*B Raman, Primary Researcher, Progress report 15-31 May 1998, Banashankari ward, Bangalore*).

This becomes more complicated where there are rival political groups. This was more the case in Bangalore where councillors were politically heterogeneous whereas in Surat they were almost all drawn from the same political party.

The story in CG [a squatter settlement] is the same as HC [a regularised squatter settlement]. We are sandwiched between two rival groups – both of whom are involved in renting and the illegal sale of land within and adjacent to the slum [sic]. One group belongs to the BJP and the other to the Congress party. Here also, we sought the help of a resident to introduce us to landlords who promptly put us in touch with these two great *sangas* [reference is made to the political associations here]. They were driving me crazy for a week – insisting on following wherever I went and repeating that I should interview other 'poor' slums in the ward leaving their 'better-off slum'. We decided again at random to meet some people in every street. Although this method is time consuming, we were able to get data [information] on the landlords and also meet with two to three landlords. Some landlords refused to speak to us and kept directing us back to the leaders. Fortunately, one evening when we were about to leave the slum we met with a youth group who told us that they would be able to introduce us to the landlords and put us in touch with a resident who is a bank employee in the area. The bank employee, who is one of the oldest residents and enjoys good credibility in the area, has agreed to

accompany us on Saturdays and Sundays (*B Raman, Primary Researcher, Progress report 15-31 May 1998, Banashankari ward, Bangalore*).

### Exploiting local cleavages

One way of getting around the interference of unelected local representatives is to exploit other cleavages that may exist.

Both AG [a squatter settlement] and BKN [part squatter settlement and part regularised revenue layout] is alleged to have developed under the patronage of the family of @@, who is a Member of the State Legislative Assembly [MLA].... Initially there was resistance from the leaders who insisted that we should take permission from @@ to do any survey in the area. However, the person assisting me had contacts with some women in the slum [sic] who do not like the dominance of @@. These women turned out to be key informants. With their help we have started work in this settlement (*B Raman, Primary Researcher, Progress report 1-15 March 1998, Jalahalli ward, Bangalore – names of leaders and settlements have been disguised to protect informants*).

However, care needs to be exercised in doing so. Research intrudes into the social and political relationships that have developed over many years. The lives of those informants suspected of giving out information, which may be common knowledge to locals but not the privy of outsiders, can be made difficult over the long-term as the result of a short-term involvement with the research.

Other supposed allies can also put a 'spanner in the works' of the research because of their own agenda.

We faced difficulties in entering the area [HC, a squatter settlement where title deeds have been provided]. There is no *sanga* [association] but a leader for every ten houses. The NGO connection in this area is weak and the level of politicisation is high. I made the mistake of trying to use an NGO working with children as an entry point. That proved to be more of a hindrance than help. They behaved like any slum [sic] leader – they wanted an official letter with the intention-relevance of the research etc. Apparently, they were scared of spoiling their relationship with the leaders. I sought an appointment with the concerned director [of the NGO] to clarify the study intentions ... but she was not willing to meet me. Then I sought the help of a resident who had initially agreed to take me around. He also backed out as he was expecting some employment from the NGO. Thus, ten days went by in trying to establish contacts in this area (*B Raman, Primary Researcher, Progress report 15-31 May 1998, Banashankari ward, Bangalore*).

The key lesson is that one needs to be sensitive to local social and political relationships. A balance has to be found between getting the permission of local leaders and councillors and the pursuit of the objectives of the research. Patience and confidence building was a key consideration. In addition, research into landlordism needs to build in flexibility in the research team. The ability to bring locals on board the research team for short periods of time is crucial and formed a major strategy of this research. This raises the question of training and how they will be used. In this research they were used to make initial enquiries and set up meetings with landlords and provide introductions.

### Finding an appropriate entry point

Complex social and political relationships make entry points to landlords very difficult. The following is an edited field note from the leader of the research team in Bangalore that provides an insight into this complexity. To protect the identity of the parties involved, ward and individual names have been changed.

Identifying landlords in this ward [Z] proved to be an arduous task due to a high level of insecurity among the residents. Having known that most of the city residents perceive

this area to be a “problematic one”, we decided to go through residents with whom we had prior contact. We felt it necessary to be straightforward about the research topic for two reasons – rumours are rife in this ward. Any opportunity to manipulate information is never missed by the leaders and those who are aspiring to be leaders. We feared that if we are not open, it will lead to misinterpretation and would make our study difficult.

One of our team member’s close friends – M – is living in this ward. M had close contacts with many of the political leaders at the city level. His father was working in a textile mill in the same neighbourhood and was very active in the trade union movement. His family had lived in the area since 1950 and was supposedly ‘powerful and well connected’. All these factors led us to conclude that this would be the best entry point to identify the landlords in this ward. We did not anticipate any difficulties in interviewing the landlords, because of our ‘powerful’ contact. We started the study in this ward in February 1998. Plans were made to complete the study within a month.

M works as a sub-contractor for laying floor tiles. His work keeps him occupied for almost seven days a week. We had to schedule our timings to either early mornings or late in the evenings so that we could meet him before he leaves for work. The timing of our study, coincided with the high season in construction. M’s work timings were unpredictable and we ended up waiting for him in the hope of getting introduced to the landlords. Around the same time, elections [to the Lok Sabha – the lower-houses of Parliament] were announced in the city. M, being an important person in his area, was in great demand among the various political parties. Leaders from two of the leading parties were vying with each other to get M to campaign for their respective party. As M depended on a lot of government contracts for his work, he was placed in a delicate situation. In order to escape the leaders, he left the area and his family was not willing to give any information about him. Two weeks went without any progress being made.

Towards the end of third week, we located M with the help of one of our political contacts from another ward. M promised to introduce us to a broker who in turn could take us to the landlords. Meeting with our second contact - a named A was organised outside the ward, as the broker was not ready to meet with us in the same area. The reasons are not quite clear. We were not sure as to what M and his friend told the broker.

When I told A about the study, he was not too eager to continue with the meeting. A was in a difficult situation himself. He did not have much business from his brokerage. He had a band shop [renting out musical instruments for festivals and ceremonies] but could earn from it only during the marriage season or during festivals and depended on his son’s income for survival. He depended on contacts like M for information and support (in terms of getting potential clients).<sup>35</sup> He was thus forced to talk to us and was struggling to dispose us as early as possible without ‘displeasing’ M. The broker gave us a brief introduction to the ward, and the rental market. He was neither willing to talk to us about or introduce us to landlords for fear of losing his contacts in the ward. He promised that we could find him in one of the many tea stalls and hotels whenever we need help. At the end of the meeting we were told by M’s friend that information given by the broker were inaccurate. We were in a dilemma, apart from the difficulty in collecting information how to ensure the validity of the data. M suggested that we speak to his mother. Since she had nothing to lose unlike the broker and had known the history of many families in the ward, she will be able to give us an accurate figure. Thus we were introduced to the third contact in this ward – M’s mother. After cancelling the appointment two times, M’s mother met us. During this brief interview she told us her story and reason for getting into renting. When asked about others, she refused to talk saying: ‘Why should we bother about others?’ ... ‘Why do you want to know about other’s affairs?’ ... ‘Situations are so complicated in everyone’s house and they would not like to talk about it’. With great reluctance, she agreed to come with us to one street but suggested that we should drop this ward in the interests of our ‘own security’. Many residents, like M’s mother, repeated that the locality is not good place, that it is not safe and that our idea of doing research and that too about house renting is next to impossible. Many of them could not explain what they feared or why? They were never able to give us concrete evidence as to what was wrong with the neighbourhood.

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<sup>35</sup> Unlike brokers in the new planned parts of neighbourhood, information access and his capacity to resolve conflicts increases the demand for a particular broker. Information is often sought through close contacts and networks within this ward. As a result they try to protect information on rents and landlords

M's mother reluctantly introduced three of her neighbours. Her introduction was always apologetic. We were often met with cynical or hostile queries as to how we are going to help them knowing this information. The 'well informed and knowledgeable' residents of the settlement advised others that this is a confidential way of collecting information for the government about one's assets. Some of them simply told us that they are not interested in such 'useless talking' and that they have lot of housework to do. After all it is their problem and many people like us have come to survey the area. Finally nothing comes out of these surveys. Tenants were scared to give us information for fear that if landlords came to know of it, they would ask them to vacate. Some of the tenants were poor and men in their households were obviously not strong. Landlords by virtue of their economic position could afford to keep the house void for sometime. This led us nowhere.

At the end of three months we managed to meet two landlords in one street of the entire ward. M's mother told us she does not want to be seen with us any more as her neighbours quarrelled with her for introducing us to them. They threatened that if they face any problem from the government, particularly the property tax officer, she has to take the responsibility of solving it. She suggested to us that we meet with the trade union leader who is apparently controlling most of the residents. She felt that since the trade union leader has helped in getting patta [title deed] and other individual benefit from the government, landlords would be willing to talk to us. By the time we could meet the leader, conflict broke in the ward over the use of a community resource. The entire community had gone on strike and the trade union leader went on hiding. That marked the end of our research in this area. We decided to close our study in June 1998 and move to other areas rather than wasting our time. I had almost dropped the ward from our study.

In September 98, we came to know of an NGO working in this area. This NGO was involved in women's 'empowerment' in the area and was known for its 'radical position' among the NGOs of the city. The concerned NGO had worked in the area for a long time. We hoped that they would be able to introduce us to 'their empowered women volunteers' from some of these settlements. The NGO unfortunately though located within the same ward and claimed to work in the areas did not have any contact. Their entry points to the settlements were 'traditional male leaders' and the 'councillors'. She blatantly told me that they cannot give any introduction and that 'too, to landlords....' The NGO probably feared being thrown out the area, as they need the numerous leaders patronage to work in the area. Finally we decided to try our luck with the councillor himself.

The councillor had an English education and probably felt that we 'students' cannot be a threat to his position like a regional language journalist. He came from the Telegu community but had long experience with the government. After making us come for three or four visits, became quite friendly and told us about the ward. He gave us three introductions – mainly the leaders.

One of the leaders sent a person with us the first day to take us around the area and to introduce to two other landlords. The next day he gave us some names and asked us to contact them on our own. In the course of interviewing the first landlord we ran into problems once again – this time with a youth group. The youth group threatened the landlord as to how he could give us information without telling them. The two parties entered into a fight as to who is the 'real' leader for that area is. This fight closed our access to other landlords in the ward. People are closely connected to each other and work spreads fast about such events. Ordinary residents fear threats and verbal assaults by these leaders and preferred not to interfere. Even if you know them, their attitude is not to invite trouble and therefore refusing to introduce us to their relatives or close friends. That ended the day and our hard-earned entry to the settlement.

One of our team members suggested that we appease the youth group whom we had 'angered'. It took us nearly 2 weeks to resolve this problem after waiting for the youth leader at his doorstep for a week. At the end of the week, he told us that we should not have entered into the area without telling him. However, even though he would like to help us, people will not be willing to talk to us because of the fights. He further told us that it was all our doing for not contacting him and entering the area without telling him about the research. Our explanation that we met the councillor and that the contacts were given by him did not help either. By now, we were too confused as to who the leaders



were. Every male - young or old – in the settlement claimed to be a leader and had under his control a group of people. We were as insecure as the ordinary residents of ward Z although of a lesser degree and for very different reasons.

Fortunately, in the beginning of 1999 we met with an official involved in implementing a poverty reduction programme in the area of which a sub-programme was adult education classes. Through this official we met a teacher working with this sub-programme. Being a neutral person and a long time resident of this ward, he had a good knowledge about its working. The leaders apparently needed him for information related to state programmes. Since he was willing to introduce us to landlords after his working day, we decided to pay him for his time and take his help. We were therefore able to speak to many residents and gain an overview of the ward. On the basis of this information we approached landlords for a general discussion about rental housing in the ward. From this list we chose those who were co-operative and willing to spend at least an hour with us for the detail interviews. We finally managed to complete the interviews in February - March 1999.

Despite being in the city for two or more generations, the residents of ward Z are still vulnerable to poverty. The construction sector provides the predominant source of employment and government contracts play a significant role. Many of the youth are unskilled and unemployed. Thus, populist government programmes are sought after either for employment or for basic services. Elected representatives form a critical link to such benefits via those with standing in the community. This is especially critical in this ward with a history of regional conflict – between the Kannadigas' [natives of the state of Karnataka] and Tamils' [migrants from the state of Tamil Nadu]. Consequently, males – both young and old – vie to become a 'leader' and any situation is manipulated to consolidate power status within the community. Establishing closer ties with a leader enhances the ability of ordinary residents to influence elected representatives. Any opportunity to exhibit loyalty is promptly exploited. A dyadic relationship ensues. Leaders form a barrier between local residents and 'inquisitive' researchers, 'self-appointed' leaders to exhibit protectionism, despite the fact that their real motive is the control of information. Residents, redirect researchers with questions on landlordism and renting – especially since it is linked to access to land – to bank political loyalty. However, competing micro-constituencies complicate this dyadic relationship - permission granted to interview residents by one 'leader' is viewed as trespass by others.

The key lesson here is sensitivity to the local context. Formal channels of permission, such as from officials of public institutions or elected councillors, are not necessarily the best. Embedded local social and political relationships need to be understood. This becomes even more important in areas where there are multiple factions at work.

### **The composition of the research team**

The composition of the research team is crucial to the study of landlords and rental housing markets. Bhuvanewari Raman was the researcher in charge of Bangalore under the supervision of Dr Sunil Kumar, the principle researcher of the entire project. She is an experienced female researcher (having worked on housing and poverty alleviation programmes in Bangalore for a number of years) who knew the city well. In contrast the research team in Surat consisted of Bhavisha Gopalji and Triparna Vasavada - two female researchers who were under the supervision of Dr Amitabh, Assistant Professor at the Centre for the Study of Regional Development at the Jawaharlal Nehru University (JNU) in New Delhi. Amitabh also formed the local collaboration link. Having a female researcher in Bangalore did not pose a problem since most respondents had no problem in speaking to a woman. In Surat, the situation was somewhat different. The fact that the city consists mostly of migrant men – certain regional groups (such as the migrants from Orissa) were difficult to penetrate. Furthermore, cultural practices discouraged female researchers from making contact with leaders (mostly men) with political or extra-legal connections. This was evident

especially among the Saurashtrian Patils (Kathiawadis). All this came to a head when Amitabh, on his way from New Delhi to Surat for a period of extended fieldwork, passed away suddenly. Bhuvanewari, then took on responsibility for supervising the research in Surat as well – not an easy task given the distance between Bangalore and Surat, and the impossibility of securing a seat on Indian Railways. Communal riots and severe flooding (which created fears of the resurgence of the plague) did not help make matters better. Although Surat provided more than its fair share of problems in the course of this research, it is a city with many interesting research issues.

Flexibility in the composition of the research team was of greater importance. In all xx people worked on the project – xx in Bangalore and xx in Surat - but not at the same time. Researchers were drawn from local communities to overcome barriers posed by language and male migrants (in Surat) and that of introductions and entry points (in Bangalore). Thus while the core research team was maintained, fieldworkers changed depending on where the work was being carried out in each of the cities. The ability to do so was enhanced with support from Mr Michael Mutter, of the Infrastructure and Urban Development Department, Department for International Development (DFID). A close working relationship between the funding agency and the research process resulted in the research being able to respond and adapt to changing realities on the ground.

Hopefully, these lessons will be of use to those seeking to pursue research into rental housing markets in cities in poorer countries, especially the activities of landlords.


 APPENDIX F  
**A Methodological Note**

### QUANTITATIVE VERSUS QUALITATIVE METHODS

There are two ways of designing a city wide research project on landlordism in poorer countries. The first and often more easily understood one is that of a survey. Although the basic purpose of a survey is to provide a 'what' picture (for example, what proportion of individuals are landlords, what is the average rent for a dwelling of a particular size or material of construction) it can have questions built into it to elucidate why individuals and households become landlords. However, surveys in this context have a number of limitations. First, household level data on tenure in urban India is only available for two tenures – owners and tenants. Moreover this data is aggregated at the level of the urban agglomeration. Thus the selection of a reliable representative sample is problematic. Second, in urban India one does not interview landlords with pen and paper in hand or tape record conversations. In fact, one does not raise the subject of renting until an appropriate opportunity arises.<sup>36</sup> Unless questioned, it is impossible to assess whether an individual is a landlord or not, and more importantly how many rooms they rent out. Neither can the reasons why they undertake the production of rental housing be ascertained. Thus a qualitative research methodology was adopted – using a mix of rapid appraisals and detailed ward level studies. This research does not therefore provide 'statistical generalisations' typical of surveys but rather 'analytical generalisations' that are the strength of qualitative methods (Yin, 1989).

### BUILDING THE LARGER PICTURE – DATA COLLECTION AND ANALYSIS

The electoral ward was chosen as the 'unit' of analysis because the research was interested in understanding how employment, land, finance and socio-political were articulated and underpinned the operation of rental housing markets. The first round of data collection involved 'rapid appraisals'. It began with listing all the settlements in a given ward. This was followed by talking to a range of individuals - councillors, unelected leaders, old residents, *sangas* or associations, local shop keepers and brokers where existing - in each settlement in a given ward to collect information on the occupations of its residents, the extent of renting, rent levels and so on. This information was collated to provide a picture, initially at the ward level and ultimately at the city level, of the key issues governing the operation of rental housing markets. As variations within settlements are limited, reasonable guess-estimates could be arrived at. The number of wards covered by the rapid appraisal in Bangalore and Surat are provided in Table F1. This information was analysed to identify intra- and inter-ward differences and similarities. Based on an analysis of the information that was being

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<sup>36</sup> My PhD research in three settlements in Madras was a detailed investigation into landlordism at the individual household level (Kumar, 1996). The fieldwork was carried out over a period of eight months – and for each of the settlements studied, it took between 4 to 6 weeks of daily visits before residents were willing to talk about their rental activities.

generated by the rapid appraisals, selected wards in both cities were chosen for the second stage of the research – *detailed interviews*.<sup>37</sup>

*Table F1*  
*Breakdown of wards by nature of survey (rapid or detailed)*

	Wards	Settlements	Landlords	Owners	Tenants
<b>BANGALORE</b>	100 Total				
Rapid	84	281	25	16	22
Detailed	16	69	213	39	69
<b>SURAT</b>	33 Total				
Rapid	11	83	48	19	29
Detailed	9	48	90	26	63

*Source: Bangalore and Surat Fieldwork*

The difficulties in making contact with landlords in the rapid survey proved that a qualitative method was most appropriate in the circumstances. The second stage involved interviews with landlords, tenants and owners as well as councillors and land developers where appropriate. One again a set of probe questions were used to elucidate responses (Appendix H). This included: employment and residential trajectories; the composition of the household; income and expenditure patterns including debt; the scale of renting; circumstances which led to involvement in renting; the process relating to the production of rental housing – access to land, finance and construction; information on tenants; and attitudes towards renting. In all this provided backward linkages with the factors that influenced the origin of landlordism, information about the current situation, and forward linkages in terms of the future of landlordism.

The interviews of landlords, tenants and owners were manually analysed using ‘Framework’, a qualitative data analysis tool (Ritchie, 1994). Initially, it was envisaged that the interviews would be analysed by using computer software programmes such as NUDIST or Atlas. However, getting landlords to speak about their rental activity meant that a number of visits had to be made to gain their confidence. Information from each interview was recorded in notebooks immediately after the interviews, word-processed and either e-mailed or posted to London. This process meant that interviews were often in a state of ‘incompleteness’ with information being added to over time. In addition, they were not consistently detailed. This is an important point for researchers in developing countries who are intending to use qualitative data analysis software. The software requires data to be highly consistent in detail as well as being complete before thematic analysis can begin. Although cumbersome and time consuming, analysing the interviews by hand is more flexible. It not only allows for the identification of emerging themes but, more importantly, also provides opportunities to redirect the course of the research by follow up interesting avenues of enquiry in the next visit. Using ‘Framework’, themes were identified and charted. Clustering and pattern matching were then undertaken in order to establish intra- and inter- ward differences and similarities. This in turn enabled the identification of intra- and inter-city differences and similarities.

<sup>37</sup> The line between the first and second stage of the research was not clearly drawn. As interesting information began to emerge from the first stage about rental housing markets in certain wards, decisions were taken – by talking to knowledgeable locals and the research team – as to whether they should be included in the second stage. Thus, rapid surveys were being conducted in some wards while detailed interviews had begun in others.



APPENDIX G

## Ward level rapid appraisal probes

### WARD REPORT FORMAT

**Ward Name**

**Ward Number**

**Name of Researcher**

**Date**

#### **Informants at the ward level**

- name and status

#### **Ward Boundaries**

#### **Population**

#### **Ethnic/religious composition at the ward level**

#### **Ward Councillor and Party Affiliation**

#### **Ward budget (municipal)**

- how much is allotted
- how is it spent (who decides, what political links influence it etc)

#### **Ward level political role of Councillors and MLAs**

- influence on settlement location (for example, location of slums, resettlement etc),
- development of the ward (for example, land grabbing, procurement of prime sites)
- provision of infrastructure, land development activities, conflict resolution (boundary resolution), patron client relationships (their relationship with their constituents – how has it changed - i.e. from large scale influence in settlement location, demolition etc to more a one to one relationship i.e. procurement of ration card, pattas etc)

#### **Ward level role of councillors – housing**

- budgets (allocation, spending)
- role in land and housing development

**Ward level policy making - general**

- role of councillors
- role of local business people
- role of MLAs, MPs and bureaucrats, NGOs

**History of the development of the ward**

- what are the factors that spurred the growth of the ward
- when did it begin
- when was it annexed to the corporation limits
- impact on the ward of the annexure
- what the current developments at the ward level
- what are the potential opportunities for housing
  - what are the constraints for housing

**Land use pattern**

- industrial, residential, commercial or mixed (estimate proportions and indicate location of uses)

**Local economy of ward**

- type of industries and their proportion
- reasons for their location – political, transport links, markets, corruption, labour, raw materials
- labour characteristics of the ward
- occupational patterns

**Local ward economy and relationship to other ward economies**

- what are the links with other wards in terms of industry (for example, plastic recycling and plastic collection), in terms of labour (for example, relationship between power loom industry and labour pools, and in terms of markets and transport

**Local ward economy and relationship to city economy**

- what are the links with the city in terms of industry (for example, plastic recycling and plastic collection), in terms of labour (for example, relationship between power loom industry and labour pools, and in terms of markets and transport

**Impact of state legislation at the ward level**

- ULCA
- Rent control act
- Location of industries

**Attitude towards renting**

- Councillors
- MLAs
- Leaders
- Landlords
- Land owners
- Business people
- Municipal officials

**List of settlements in each ward**



APPENDIX H  
**Settlement Probe Questions**

**SETTLEMENT REPORT FORMAT****Ward Name****Ward Number****Name of Researcher****Date****Informants****Settlement name****Approximate number of plots****Approximate number of households****Year of formation of the settlement****Plot sizes****Land use pattern**

- residential, industrial, mixed (in terms of number of plots)

**Actors involved in forming the settlement**

- individuals, councillors, land grabbers, government agency (specify)

**Characteristics of the original settlers who purchased land in the settlement**

- occupation, income group, ethnic/religious group

**Characteristics of people presently occupying the settlement****Land prices**

- at the time of formation, present price and if possible over the last 5 years

**Level of development at present**

- housing development (consolidation, change in building materials, change in number of floors) – try and collect stories for the past five years
- infrastructure development (roads, water supply, sewerage and drainage)

**Legal status of the settlement**

- squatter, resettlement, illegal subdivision, revenue layout, private layout, government layout (specify agency)

**Approximate number of plots rented****When did renting first start and why**

## EXAMPLE OF A SETTLEMENT RAPID APPRAISAL

Name of the ward: Yeshwantpur, Bangalore

PROBE QUESTIONS	BK Nagar slum	Lakshimi colony	Bundappa road	Lachappa colony
<b>Settlement Status:</b>	Squatter settlement Land belongs to both private and govt *KSCB declared 3P	Revenue settlement all have possession	Grammathana all have possession	Revenue settlement *all have possession
<b>Year of formation</b>	25 yrs back	1980	more than 50 yrs	before 1980s
<b>No of plots</b>	410	500	70	25-300
<b>No of households</b>	450	3000	150-200	7-800
<b>Plot size (feet)</b>	10'x10', 15'x10' 12'x15', 10'x8'	15'x60', 20'x30', 15'x40', 30'x40'	100'x60', 100'x100 60'x40', 15'x52'	30'x40', 20'x30', 40'x 60', 40'x50', 30'x30'
<b>Land use pattern</b>	Residential	Residential	Residential	Main road commercial /Residential
<b>Level of services</b>	Provided by BCC drainage/water/Electri city BJ/ there is no sufficient facilities	Provided by BCC 15 yrs back (UGD since 5 yrs)	All services provided by BCC long back	Provided
<b>Housing type</b>	Sheet/Thatch	Sheet/RCC	Sheet/tiles/RCC	Sheet/RCC
<b>Plots on consolidation</b>	Thatch to sheet house	Sheet to RCC buildings	Tiles to Sheet/RCC Sheet to RCC	Sheet to RCC buildings
<b>Land price (Rs/square feet)</b>	Rs.25,000/- for 10'x10' & 40,000/- for 10'x15' present price	*Rs.350/- sft present price	Rs.3-400/- sft present price *Rs.700-800/- sft in 97	*Rs.300-400/- sft present price
<b>Year when improvements began</b>	10 yrs back still continuing	1982	20 yrs back still going on	since 10 yrs
<b>LANDLORDS</b>				
<b>Lease</b>	2.Rs.15,000/- for 10'x15' 3. Rs.10,000/- for 10'x15' for thatch house	1.Rs.50,000 for 15'x15' (3 yrs agreement) Rs.2 lakhs for 20'x30' (3 yrs agreement)	1.Rs.75-1 lakhs for 20'x15' (3 yrs agreement)	1.Rs.80,000/- for 20'x15' (3 yrs agreement) 2.Rs.50,000/- for 15'x20' (3 yrs agreement)
<b>Rent levels</b>	2.Rs.300/- advance 3000/- for 10'x15'  3.Rs.100-150/- advance 1500/- for 10'x10' & 10'x15'	1.Rs.800/- to 2500/- advance 10,000/- to 25,000/- for 15'x15' and 15'x20' 2.Rs.400/- to 1000/- advance 5000/- to 15,000/- for 10'x10' and 10'x15' (sharing toilets)	1.Rs.1300/- to 3000/- advance 20-50,000/- for 15'x20' & 20'x25' 2.Rs.4-800/- advance 6-10,000/- for 10'x15' & 15'x20' with all facilities 3.Rs.4-600/- advance 5000/- to 10,000/- for 10'x15' & 15'x20'	1. Rs.600/- to 2000/- advance 10-40,000/- for 10'x10' & 20'x30' 2.Rs.400/- 800/- advance 5000/- to 10,000/- for 10'x10' & 15'x15' (Tin sheet Rs.250 - 300/- advance 2- 3000/- for 10'x10')



<b>PROBE QUESTIONS</b>	<b>BK Nagar slum</b>	<b>Lakshmi colony</b>	<b>Bundappa road</b>	<b>Lachappa colony</b>
<b>Extent of renting</b>	40% renting	80%	40%	60%
<b>Information on rental activity of landlords</b>	min 1 max 2-3 unit rented by each landlord. Lls lives in the same plot (R – moneylender - lives out side the slum he is the railway employee, he lends money to the slum people/in case they did not repay the loan he illegally occupies the house, now he has 15 house at present all given for rent)	min 1 max 2-3 units rented by the lls of the area. The lls lives in ground floor the tenant in first floor	3 -5 big lls small lls min 1-2 max 5. Lls lives in the same plot/settlements	4 lls more than 10 units 15 landlords 1-2 units Lls lives in the same plot/settlements
<b>Occupation Income Ethnicity</b>	Construction masons, vendors, laundry, mutton stall SC/ST, Muslims	Public and private sector employees, business people Middle income Gowdas, Reddys	Business (lorry, brick) working in Agriculture dept involved in politics Kannada, Gowdas Reddys	Big lls Real Estate Agency/Own cinema theatre, High income group Telugu Reddys Small lls Public/private sector employees
<b>Use of rent money</b>	family maintenance	Household expenses, repay the loan amount	For family maintenance	Big lls (rent amount is invested on housing( still they have vacant lands) Small lls - household expenses
<b>Production process</b>	Small lls Free sites/occupied Savings/loans/chits Sheet/thatch own construction	Small lls purchased Savings/loan/bank loans/PF loan/chits Sheet/RCC own construction	Big /Small lls Inherited/purchased RCC/Sheet Savings/loan/chit Labour contract/own construction	Big lls Inherited property With rent money again invested on housing/ RCC/Sheet (Vataram type ) labour contract Small lls purchased form the big lls Savings/loan/chits RCC/Sheet Own construction
<b>Finding Tenants</b>	Broker and direct approach by tenants	Broker	Broker	Broker
<b>Choice of tenants</b>	None	Renting is not encouraged to Muslims	None	None
<b>Legal agreement</b>	yes	Yes	yes	yes
<b>Future trend</b>	more demand from coolie (unskilled) workers	Demand from RMC yard coolies	No	more demand from working class of the Yeshavanthapuram
<b>Problems</b>	No major problems	No problems	No major problems	No major problems

<b>TENANTS</b>				
<b>PROBE QUESTIONS</b>	<b>BK Nagar slum</b>	<b>Lakshimi colony</b>	<b>Bundappa road</b>	<b>Lachappa colony</b>
<b>Proportion of Tenant households</b>	40%	80%	40%	60%
<b>Occupation Ethnicity Income of tenants</b>	All coolie (daily wage earners) Rs.600-1000/- Muslim, Telugu, Tamil	private sector employees, RMC yard workers Rs.5000/- Kanada and Tamil	Private sector employees, RMC yard business people, vegetable market business people Middle income Kanada and mixed group	Public and private sector employees Middle and lower middle income Majority Kannadigas followed by Telugu and Tamil
<b>Reason for renting</b>	More job opportunities	Close to work place	close to work place	Close to work place
<b>OWNERS</b>				
<b>Owners No</b>	40%	20%	50%	30%
<b>Occupation</b>	*Vendors, Agarbathi rolling, Municipal Corporation employees, drivers, flower vendors	private and public sector, bank employees	old settlers doing business, petty shop owners, milk merchants	Public and private sector employees, business
<b>Reason for not renting</b>	No space	No space	No space	No space
<b>Informants</b>	Local resident	Local resident	Old resident	Local leader
<b>Information cross checked with</b>	Other local resident	Local area leader	Other residents of the area.	Members of a local sangha (association)



APPENDIX I

## Household Probe Questions

### HOUSEHOLD PROBE QUESTIONS – LANDLORDS, TENANTS AND OWNERS

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**Ward Name**

**Ward Number**

**Settlement name**

**Household identification**

**Name of Researcher**

**Date**

#### LANDLORDS

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##### **Socio-economic characteristics**

- household size, ages, occupations, earnings, expenditure, debts, housing trajectory

##### **Housing characteristics**

- by roof and wall (plastic, thatch, tin, tile, asbestos sheet, RCC, number of floors)
- level of services

##### **Renting**

- when did they first begin renting
- reasons for renting
- scale of operation
- access to land
- access to finance
- access to construction material and labour
- renting as a business (long or short term, catering to different income groups, future investment)
- Rent deposit - how is it fixed, is it documented (obtain typical copy if possible)
- Lease - how much lease, what period of time, how is it fixed
- problems faced (void rates, relationship with tenants, ability to find tenants easily, how do they find tenants, how often are they able to produce new rental housing units, how have price changes in land and building materials affected the development of their rental housing business, how is finance raised, to what extent is the rental income used to expand the rental housing business, etc)
- choice of tenants (by ethnic/religious groups, caste and sub-caste)
- landlord-tenant relationship
- potential opportunities
- general notes on the landlords in the settlement

## TENANTS

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### Socio-economic characteristics

- household size, ages, occupations, earnings, expenditure, debts, housing trajectory

### Renting

- year of entry into the settlement
  - occupation-employment characteristics
  - reasons for renting
  - problems faced
  - potential opportunities
- general notes on the tenants in the settlement

## GENERAL QUESTIONS FOR LANDLORDS AND TENANTS

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### Perceptions of renting versus leasing

- by landlords
- by tenants

### Role of middlemen

- brokers, councillors, leaders, money lenders, teashops, chit-groups
- role in the exchange process and commission
- role in upgrading services and therefore contributing to an increase in rent

### Attitudes towards renting

- by different occupational groups
- by different ethnic-religious groups
- by different political groups
- by different vested interest groups (leaders, councillors, NGOs)

## OWNERS

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### Socio-economic characteristics

- household size, ages, occupations, earnings, expenditure, debts, housing trajectory

### Reasons for not renting

- year of entry into the settlement
- why have they not gone into the business of renting
- general observations on the owners in the settlement

## GENERAL QUESTION FOR ALL TENURE GROUPS

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### Perceptions of poverty

- who are defined as poor
- why are they defined as poor



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Dr Sunil Kumar is an urban social planner and lectures on the MSc Social Policy, Planning and Participation in Developing Countries at the Department of Social Policy, London School of Economics & Political Science.

His interests include understanding urban poverty, the relationship between formal and informal institutions, and the social and political underpinnings of urban policy.

The social relations that underpin the emergence and operation of rental housing markets in two Indian cities – *Bangalore*, the capital of the southern state of Karnataka and *Surat*, the second largest city in the western state of Gujarat – is the subject of this report. More often than not, housing tenure is viewed as a binary entity – landlords the exploiters and tenants the exploited. As a result, the main thrust of urban housing policies in poorer countries has consisted of attempts to confer ownership rights on the poor by way of sites-and-services projects and settlement upgrading programmes. In reality, the social relations underpinning housing markets in general, and rental housing markets in particular, are complex - they are at the interface between poverty, employment, politics, social obligations, gender, age, exclusion, inclusion and identity.

Rental housing markets benefit both landlords and tenants. Rent receipts secure landlords from vulnerabilities associated with precarious employment, ill health, foreseen consumption expenditure and old age. The availability of affordable and appropriately located rental accommodation provides tenants with the opportunity to pursue urban livelihoods and make plans for the move to ownership. This dialectic has given rise to thriving rental housing markets – especially at the lower end - in Bangalore and Surat. However, the subject of rental housing is shrouded in insecurity - landlords hesitate to talk about their rental activities fearing the impact of government regulations and taxes; tenants for fear of antagonising landlord-tenant relationships; and government agencies for fear of being accused of being on the side of landlords. This situation does not help – it increases the vulnerability of tenants by instigating landlords to take on pre-emptive protective measures.

The central question is how should multi- and bilateral development agencies, and national and local governments formulate and implement a housing policy that has a balanced tenure outcome. There is no easy answer. However, there are three considerations that can form a starting point. First, is the recognition that that owner-occupier housing can only be a distant goal with a short to medium term vision recognising the role that a diversity in tenure can play in reducing the vulnerability of individuals and households. Second, that extra-government relationships in housing provision, exchange and consumption are varied and complex and therefore require flexible policy frameworks. Third, that governments will find it impossible to successfully ‘clone’ these extra-governmental mechanisms on their own and therefore need to consider forms of working together with these ‘outsider’ development forces. All these require a constructive dialogue to be put into place – one based around the idea that a housing policy that supports a balanced tenure can provide the much needed ‘room for manoeuvre’ for all the stake holders concerned.



**Dr Sunil Kumar**  
*Department of Social Policy*  
London School of Economics & Political Science  
Houghton Street, London WC2A 2AE, UK.  
Fax: 00 44 (0)20 7955 7415  
[s.kumar@lse.ac.uk](mailto:s.kumar@lse.ac.uk)