Arguing that the initial years of the Tamil Nadu Slum Clearance Board were dominated by the priorities of the then ruling party, the Dravida Munnetra Kazhagam, whose government created it in 1971, this paper points out that shelter policies in the state had a formal orientation away from eviction and resettlement and towards in situ tenement construction, alongside an informal tendency to protect and reward those groups of the urban poor that the party was trying to court for votes. This arrangement was affected by the World Bank’s entry into the domain of urban-sector funding in 1975, which, despite stiff resistance from the implementing agencies, eventually managed to change the focus of local policies and to a great extent delink the TNSCB from political influence. The effects of this can be seen in the TNSCB’s current housing policies.

Indian cities have for long had to contend with the problem of squatters. For many years, these slums were generally tolerated by local governments, even often protected by elected representatives who depended on their votes for winning elections. But in the last decade, or even longer in some cities, the number and scale of slum evictions seems to be on the rise, and those relationships between elected representatives and their voters that had protected squatters seem to be steadily weakening. In Chennai, too, the city on which this paper is focused, this pattern holds true. The paper tries to understand how local party politics and housing policies for the urban poor in Chennai were gradually delinked by looking at the history of a single institution, the Tamil Nadu Slum Clearance Board (hereafter the TNSCB), the primary agency through which these policies were implemented. In its early years, the TNSCB primarily built a small number of tenements in the same places that slum clusters stood. But by 2000, the TNSCB was almost exclusively involved in building large-scale tenement clusters on the outskirts of Chennai to house slum-dwellers evicted and relocated from central areas of the city.

This paper argues that the causes of this change in policy towards the urban poor can be traced in part to the intervention of the World Bank in the city, an intervention that began in 1975 and continues till today. Using reports and documents from the TNSCB, Tamil Nadu government orders, and internal evaluation documents of the World Bank collected from the TNSCB and Chennai Metropolitan Development Authority’s libraries, this essay attempts to understand the relationship between political parties and the TNSCB, and the ways in which the World Bank changed that relationship.

The paper begins by arguing that the initial years of the TNSCB were dominated by the priorities of the Dravida Munnetra Kazhagam (DMK), the state-level political party that created it. The DMK’s rise to power and subsequent hold on the state were built on policies that were geared to attract votes by distributing state goods and services to a wide spectrum of the population. This strategy was reflected in the state’s shelter policies, which were adopted to win the support of key groups of slum-dwellers. State government policies were strategically modified from national government directives depending on their usefulness for local political gain. Shelter policies in the state had a formal orientation away from eviction and resettlement and towards in situ tenement construction, and an informal tendency to protect and reward those groups of the urban poor (for example, fishermen) that the ruling party was trying to court for votes. A reading of
The board’s early years reveals the close interlinkages that existed between it and the DMK. These linkages were affected by the World Bank’s entry to the domain of urban-sector funding. Primarily concentrated in Chennai, the bank attempted to change local policies with their focus on costly in situ construction to a model based on cost recovery and giving tenure, in which slum-dwellers were relocated to what were called “sites and services” developments, usually on the then outskirts of the city. However, even many years after the bank began giving money for shelter projects in the state, the TNSCB continued to build tenements and actively resisted its reform proposals. According to the bank’s project completion and evaluation reports, it diagnosed that “politics” had interfered with the implementation of its reforms. It responded to this resistance in subsequent project designs by demanding changes in the institutional structure of the TNSCB, which would insulate it from political pressures. These institutional changes ultimately had a lasting impact on the TNSCB’s operations, although in a somewhat different way from which the bank expected.

**Politics of Patronage**

The DMK, which came to power in Tamil Nadu in 1967, was the first of a number of regional caste-based or ethnic parties that have formed governments at the state-level in India. Both the DMK and the All-India Anna Dravida Munnetra Kazhagam (AIADMK), which broke off from the DMK and triumphed over it in 1977, are parties that appeal to the lower-caste groups in Tamil Nadu. Despite their ideological roots in Dravidian nationalism, they consolidated their power not through ethnic appeals, but through extensive patronage – doling out government resources legally and informally to their current and potential supporters. Their pro-poor rhetoric shaped their politics and their policies. This drew in part from the movie persona of M G Ramachandran, or MGR, a movie star and leader within the DMK, which began contesting elections in 1957. In 1967, the DMK came to power in Tamil Nadu, the first regional party to do so in the country. MGR’s numerous fan clubs proved to be crucial for mobilising the electorate. Turnout rates in elections after the appearance of the Dravidian party increased from about 55% in 1952 to an astounding 77% in 1967 (Subramanian 1999: 19), indicating the extent to which it was able to engage voters.

When the DMK took over, its policies sharply differentiated it from the Congress that had held the reins before it. The Congress in Tamil Nadu, in keeping with its strategy all over India, had focused on long-term industrialisation and economic development projects. In contrast, the DMK focused more on short-term projects because it was from these that benefits such as jobs and investment would “flow quickly” to their supporters (Subramanian 1999: 204-08). The DMK’s policies in the state were geared towards creating state “goodies” – jobs, meals, social schemes, land, subsidies for farmers, and so on – that were distributed to supporters as a reward or strategically used to woo more voters to the party. Both state policies and the state’s bureaucracy were made subservient to the party’s needs, and its supporters were able to access state resources through both formal and informal means. Although such practices have often been referred to as corrupt, many more groups of citizens were able to access state resources, formally and informally, than during the Congress rule (Subramanian 1999: 289).

For example, the DMK’s winning campaign in 1967 promised to give the people rice at a rupee for three measures through the public distribution system, an important signal of its commitment to serving the poor through direct handouts. The DMK also wooed specific groups of voters with its policies, directing state benefits to particular castes or geographic areas. It established a backward classes ministry, increased quotas for the backward castes in government jobs and schools from 25% to 31%, and added more castes to the list of beneficiaries (Frankel 1988: 233). It also increased the total number of government jobs available and hired people from particular castes to consolidate their loyalty to the party. The AIADMK, which came into power after it, spread government resources even more widely through programmes such as the noon-meal scheme, which gave free lunches to all students in public schools in the state, thereby reaching all low-income families with children. Through such policies and making backdoor access easier for their cadres, the Dravidian parties managed to spread government resources through a much wider network of citizens than the Congress government had managed to do.

Despite its divergence from traditional models of “good governance”, the use of populist redistributive policies and pro-poor rhetoric shaped and limited the actions of the state in ways that were often beneficial to the poorest voters, particularly in the short run. This was also true of land policies to do with the urban poor. The policies of the DMK sharply diverged from the national housing policy. While central government housing policy began to emphasise the role of the state as a facilitator of housing rather than a builder, DMK housing policies focused on state construction of housing, explicitly limited evictions, and created a public discourse that allowed groups of politically adept squatters to consolidate their hold on public land.

Shelter policies in India were led by the central government’s initiative in the early years of independence. While there was no single policy or policies that defined the government’s attitude towards shelter, there was an evolution in ideas on the proper role of the state in intervening in urban land and housing problems (Revi 1990: 87). In 1956, the national Slum Areas (Improvement and Clearance) Act was passed, and many state slum clearance Acts, including in Tamil Nadu, were modelled on this (Jan Baken 2003: 59). The Act enjoined the leaders of major cities to address slum clearance problems (Revi 1990: 87). The Act enjoined the leaders of major cities to address slum clearance problems (Revi 1990: 87). The Act enjoined the leaders of major cities to address slum clearance problems (Revi 1990: 87). The Act enjoined the leaders of major cities to address slum clearance problems (Revi 1990: 87). The Act enjoined the leaders of major cities to address slum clearance problems (Revi 1990: 87). The Act enjoined the leaders of major cities to address slum clearance problems (Revi 1990: 87). The Act enjoined the leaders of major cities to address slum clearance problems (Revi 1990: 87).
self-help housing and in situ slum upgrading rather than house construction. The major policy initiative in this regard was the Central Scheme for Environmental Improvement in Slum Areas, launched in 1972, which implemented the Bustee Improvement Scheme in Calcutta and aimed to provide basic amenities in all slums in major cities in the country (Jan Baken 2003: 59). By the end of the 1980s, policy guidelines such as those of the National Commission on Urbanisation and the National Housing Policy emphasised that the state should only be a facilitator of housing, not a builder.

Examining the evolution of central government shelter policies reveals that housing policies in Tamil Nadu, beginning in the 1970s, sharply diverged from central government guidelines and were crafted instead to boost the DMK’s electoral strength in urban areas. In 1961, the Tamil Nadu Housing Board (TNHB) was created and it managed all government housing construction projects in the state (Wiebe 1981: 51). A large number of migrants moved to Chennai (then Madras) during the 1960s and housing for the poor became a pressing issue. A 1985 estimate had it that a third of the population of the city lived in slums, up from a quarter a decade earlier (Rukmani 1985). In 1971, Chief Minister M Karunanidhi created the TNSCB as an agency separate from the TNHB to deal specifically with the problem of slums. The rationale for the creation of the organisation was stated in one of the early documents of the board, “The Tamil Nadu Government realised that the feeble, halting, incomplete and disconcerted measures of the past have to give place to a comprehensive, integrated, and concerted policy to be put through on an emergency footing” (TNSCB 1975b: 5). The stated goals of the organisation were to fully clear the city of slums within seven years, to prevent new slums from taking shape, and to provide basic amenities for slum-dwellers until their huts could be cleared and replaced with tenements.

Shelter Policy and Its Implementation

But the board’s policies were not geared towards getting rid of all slums. Rather, they were part of a larger DMK strategy to gain votes by creating goods and assets that could be doled out to voters or potential supporters. The board was only part of a larger suite of policies that underscored the party’s commitment to the urban poor. After it came to power, the DMK kept its election promise of providing rice for a rupee only in the two largest cities of the state, Chennai and Coimbatore. It raised relief payments for victims of hut fires. After a large fire destroyed huts soon after its 1967 victory, the DMK government built nearly 5,000 fireproof sheds for affected residents. The political importance attached to this project ensured that the sheds were built in record time (Wiebe 1981: 24).

The TNSCB’s projects benefited the most politically mobilised groups among the urban poor, and were widely publicised. The fishermen in Chennai city were DMK loyalists and many of their settlements were rewarded with tenements very early on – Kasimedu Kuppam, Dooming Kuppam, Nochi Kuppam and Ayodhya Kuppam were among the first slums to be rebuilt. These projects were publicised in a big way as part of the DMK’s pro-poor party propaganda. The report released after the first year of the TNSCB’s existence shows a fisherman returning to his newly built concrete tenement with the rising sun, the party symbol of the DMK, over the sea behind him (TNSCB 1972). A book released by the TNSCB in 1975 has this caption beneath a photograph of Chief Minister Karunanidhi and the minister for housing.

It is but natural for those who have taken a vow to labour for the welfare of the down-trodden to get elated on seeing the schemes drawn up for rehousing the slum dwellers in permanent multi-storied [sic] tenements being crowned with glorious success. Here we see the Chief Minister of Tamil Nadu, the pioneer leader who had conceived the slum-clearance programme and had given shape to it, sharing his happiness with the dedicated Minister for Housing, who had made it such an accomplishment (TNSCB 1975a).

Photographs of the tenements constructed by the TNSCB early on are peppered with captions that exaggerate the quality of the housing provided and the radical change they have had on slum-dwellers’ lives. One of a drawing of the tenements at Ayodhya Kuppam states that “but for the Indians in the foreground of this block, it could be mistaken for an apartment in a foreign country” (TNSCB 1975a). Another of a photograph of the tenements at Mambalam Tank Bund claims that they are “projected against a panoramic skyline” and built in an “invaluable location” (TNSCB 1975a).

The DMK also closely associated itself with the board by selecting its top brass from among senior party leaders. According to the rules of the Tamil Nadu Slum Areas (Improvement and Clearance) Act of 1971 passed by Karunanidhi’s government, the TNSCB chairman was to be directly appointed by the chief minister. A DMK politician and loyalist, Rama Arangannal, who was also a well known movie producer, was the first head of the TNSCB. A 1975 board publication has a photograph of him sitting beside Chief Minister Karunanidhi. In all the early publications of the TNSCB, photographs of DMK bigwigs were printed, often with congratulatory quotes or letters from them (TNSCB 1972: TNSCB 1975a: TNSCB 1974). According to the Tamil Nadu Slum Areas Act, the chairman was granted a great deal of discretionary power. He was permitted to allot plots and tenements owned by the board to “such slum dwellers whom he considered eligible”.

The Act does not set eligibility requirements for tenement residents, essentially giving the chairman the power to direct housing produced by the board to worthy supporters of the DMK, a power that the chairman used liberally.

The state government tightly controlled the finances and actions of the TNSCB during its infancy. Most of the organisation’s funds came from state grants and some loans from national organisations such as the Housing and Urban Development Corporation (HUDCO) (World Bank nd b: 64). Government orders on the TNSCB reveal that the organisation’s actions were strictly monitored, suggesting how important they were to the DMK. One terse order states only that the “Slum Clearance Board should obtain [the government’s] prior approval whenever it proposes to lease out or otherwise dispose of any of the vacant land in its possession in the future”. Specific orders were also given on allotting plots to and designating prices for Class IV employees, the lowest rank among government employees and also the most numerous. For example, in response to complaints from
government servants, one government order changes the rent for them from 10% of their monthly salary to Rs 10 a month. Another ends the TNSCB’s policy of asking for an initial deposit of Rs 500 from government servants before allotting them houses. Other orders set rental and sale prices for plots and rental units.

The early government orders on the working of the TNSCB reveal the extent to which its essential functions were controlled by the government, including allotment, pricing and land sales. They also suggest the extent to which TNSCB functions were pressed into the service of the ruling party’s needs. Many government orders state that they are written in response to public protests, suggesting how much the shelter policy mattered to the party. A large number of the orders relate to housing for Class IV employees alone. This is unsurprising because one of the primary ways in which the DMK rewarded its party workers and supporters was by giving them government jobs. Any protest by this set of employees was taken seriously since they and the caste groups to which they belonged formed the core of the DMK’s support base.

The DMK’s efforts seem to have been successful. Royapuram remained a bastion of the DMK for two decades because of its “strategic accommodation of many fishermen and SCs [scheduled castes] in public tenements” (Subramanian 1999: 206). Even today, the cities in Tamil Nadu continue to be relatively sympathetic to the DMK. As the DMK and the AIADMK alternated in power in Chennai city and the state, tenement construction in the capital during their tenures was concentrated in areas that each of them considered their strongholds. So closely were the tenements identified with the political leaders that built them that particular tenement blocks in slum neighbourhoods are named after them (“MGR”, “Kalaigharan” or “Amma”).

The World Bank’s Interventions in Chennai

It was in this political context that the World Bank entered the debate on shelter policies in Chennai (then Madras). The bank began giving aid specifically for urban projects in India in 1972 (Pugh 1990: 173). Its investments were guided by a series of policy documents that articulated its ideas on urban problems and its ideal solutions to them – Urbanisation (1972), Sites and Services Projects (1974) and Housing (1975). It attempted to impose these policies and reforms in all its urban-sector projects. From 1972 to 1986, sites and services projects, where large tracts of land were plotted and provided with basic amenities and given to slumdwellers for construction of their own houses, and slum upgrading projects made up more than 70% of total shelter lending (Buckley and Kalarickal 2006: 16-17). The bank’s policy prescriptions were governed by what one employee dubbed “technocratic neo-liberalism”, which underscored the deregulation of markets, privatisation of municipal services, affordability, cost recovery and replicability. Chennai was seen both as a testing ground for these new theories (Pugh 1990: 186) and as a “single-city demonstration project for new urban management initiatives” (World Bank 1984: v).

Chennai was one of the bank’s first urban-sector projects. By 1973, it had sent a reconnaissance team to the city to discuss urban assistance programmes (World Bank 1984: v). Based on its experiences in Calcutta and other cities in Asia, it had determined that town planning practices in Chennai had to change their orientation from land use planning and infrastructure provision by the government towards a more corporate management style that emphasised investment planning and efficient resource use (Pugh 1990: 178). By March 1977, a loan of $24 million was approved to fund the first Madras Urban Development Project (MUDP), which had a total project cost of $62 million. The second MUDP soon followed, which covered the period from 1980 to 1988, and loaned $42 million to the state (World Bank 1984: vi). Both the MUDP I and II consisted of a collection of smaller projects – solid waste management, road and traffic improvements, technical assistance and training for a number of agencies and a cottage industries development programme. The two largest components were transport and shelter, which made up 65% of the funding (World Bank 1986). The third and last direct loan for shelter came in the Tamil Nadu Urban Development Project (TNUDP), a much larger project that ran between 1988 and 1997 (Krishnan 2007) and disbursed $255 million to the state (Urban Development Report 2008). On the whole, the urban-sector projects in Tamil Nadu were considered relatively successful among the bank’s loans (World Bank 1984: v).

The bank attempted to radically alter shelter policies in Tamil Nadu. The TNSCB’s primary role had been to serve as a highly visible symbol of the DMK’s commitment to the urban poor, and as a vehicle of political patronage which funnelled goods from the state to “worthy” voters. As a result, its policies took on a peculiar cast – rather than focus on actually clearing slums from the city, it constructed a small number of expensive tenements in situ, largely for groups of politically valuable slum-dwellers. The TNSCB explicitly avowed to avoid evictions and resettlement of slum-dwellers whenever possible. To the World Bank and other outside observers, the city’s response to its burgeoning slum problem seemed wholly irrational, and impractical, given the scale of what had to be done. The bank’s intervention attempted to “rationalise” these policies so that the government could appropriately address what it perceived to be a slum crisis.

The World Bank’s intervention in Chennai changed shelter policies in a number of ways. First, it attempted to push local shelter strategies away from in situ tenement construction to sites and services developments. The TNSCB and the TNHB had been building around 3,000 units a year at a cost of Rs 25,000 each. According to the bank, its sites and services and slum improvement schemes enabled the existing housing agencies to reach a far greater number of people than before. Bank records show that the MUDP I and II together provided plots or improved slums for 76,000 slum households (Pugh 1990: 188-89). The sites and services model was also much cheaper than tenement construction. During the MUDP I, 10,000 units a year were either built or improved at a cost of only Rs 10,000 each (World Bank 1984: vi).

Second, the bank sought to alter the roles of the existing shelter providers, the TNHB and the TNSCB. The TNHB, which had provided a small number of high-cost flats to middle to high-income
residents of Chennai, began to create 6,000 serviced plots a year during the MUDP I (World Bank 1984: 14) for low-income residents in large-scale sites and services projects located at three different locations in the city (World Bank nd a: 3). The bank tried to prevent the TNSCB from being involved in any tenement construction and to limit its work exclusively to slum-upgrading efforts. The TNSCB received money from the bank to “improve” as many as 15,000 slums a year (World Bank 1984: 14).

Third, the bank aimed to undermine the existing emphasis on subsidies for public housing and stressed cost recovery. According to the bank’s analysis, public housing for the poor had been provided to citizens at an 80% subsidy. Its policy analysts concluded that households in Chennai could actually afford down payments of six months’ income, and could pay for houses that cost double their annual income (Pugh 1990: 185). The MUDP I increased the interest rate that slum-dwellers paid for mortgages from 4% to 12% (World Bank 1984: 5). Plots were sold to beneficiaries for a down payment of 10% of the actual cost, with the balance payable over five to 20 years at 12% interest (Pugh 1990: 188), a far greater percentage of the costs than what slum-dwellers had been paying earlier.

Numerous other policy changes were implemented in the MUDP I and II. The bank insisted on giving slum-dwellers tenure, a practice that was not widespread in Chennai. Design standards for local infrastructure like sewerage were lowered to bring down construction costs and maintain affordability of housing (Pugh 1990: 185). The bank also attempted to improve the degree of coordination between agencies working in the sphere of shelter by increasing the power of the Madras Metropolitan Development Authority (MMDA) to control housing-related state agencies.

However, the World Bank faced significant resistance in implementing each of these policy changes in Chennai, as their evaluation reports when the MUDP II came to an end in 1988 show. According to the project completion report, some of the agencies involved in implementing the project “proved stubbornly resistant to improvement”. Sites and services projects were delayed because of problems in acquiring land from private landowners and the reluctance of the government to evict squatters on construction sites (World Bank 1980: ii-iii). In addition, neither did the TNSCB nor the TNSCB over haul their entire strategy to follow the model set by the World Bank. Only those projects that were actually funded with the bank’s money followed the bank’s policy guidelines. Indeed, the TNSCB continued to build tenements after the MUDP I began, building an average of 2,500 tenements every year between 1977 and 1981, many of them in areas that supported MGR and the AIADMK. The bank pointed out that “future projects implemented by a public agency should not contain a bank-funded component with acceptable objectives, while contrary objectives are being pursued by the agency with its own funds” (World Bank 1989: iv). The TNSCB was deemed to be a weak partner, because, despite reform efforts by the bank, its “administrative culture” remained “construction, not service-oriented” (World Bank 1989: 15). In other words, despite major investments by the World Bank, the TNSCB continued to function in the manner it had all along – as a vehicle of patronage for the state’s ruling party.

Tenure and rent collection proved to be a particular sticking point. Hire purchase tenure agreements were mandated by the MUDP I, but were not put in place. It was not till the bank demanded that tenure agreements be completed before negotiations for the MUDP II began that several thousand of these agreements were signed with project beneficiaries (World Bank 1989: 3). Yet, the number of tenure certificates granted remained abysmally low. As of 2007, of a total 81,038 tenements that the TNSCB had constructed since 1971, only 10,310 sale deeds had been issued. The remaining 70,728 households continue to live without tenure documentation.13 Further, even in cases where lease agreements had been signed, collections of plot charges and slum improvement charges were extremely poor. Collections increased only when the bank insisted that a 70% collection rate was a precondition to negotiating the next loan. It diagnosed a “lack of political and administrative support for an adequate collections effort” (World Bank 1989: 14-15) because the DMK was unwilling to risk a political backlash. The MMDA’s powers also remained limited, despite the bank’s efforts to increase its supervisory and planning duties. While the agency developed a “capacity for dynamic physical and financial planning”, the bank was doubtful whether it could retain its new coordination role without the MUDP’s explicit support (World Bank 1984: 12). Agencies in Tamil Nadu also ignored the work of the MMDA. The TNSCB and the TNSC continued to “follow their own narrow functions, disregarding advisory bodies and the need for coordination” (Pugh 1990: 184).

Delinking Politics and the Board

The World Bank was closely monitoring the implementation of the MUDP I and II and sent at least three supervisory missions a year to Chennai (Pugh 1990: 186). Before it began the TNUDP in 1988, it made a number of changes designed to protect project priorities and implementation agencies like the TNSCB from “political interference”, which it believed had derailed outcomes in the first two projects.

First, the bank attempted to create an institutional structure that would reduce political meddling. It mandated the creation of a “high powered empowered committee” within the administrative machinery of the Tamil Nadu government to lead implementation of the TNUDP. It hoped that the committee would expedite land acquisition because getting approvals for individual projects had meant negotiating a political minefield. It also believed the committee could speed up the slow process of government procurement. Project reports from the MUDP I and II had complained about the frequent turnover of politicians at the top of the implementing agencies, but said that second-rung technical officials at these agencies had managed to ensure continuity. The bank expressed its preference for working with such employees and circumventing political leaders by creating a separate project management unit staffed with senior technical officials from all implementing agencies. This would enable the TNUDP to maintain continuity even with a frequent turnover in the top management (World Bank nd b: 34). The unit was eventually located in a separate office building and the implementing agencies, including the TNSCB, were asked to send their project-relevant staff there. The bank also demanded changes in the leadership of these agencies
to reduce the effects of political considerations on their actions. It
recommended that career bureaucrats from the Indian Adminin- 
istrative Service (IAS) be appointed managing directors of the
TNSCB and the TNHB instead of politicians serving as chairmen
(World Bank nd b: 33).

Second, the bank tried to find ways to directly connect to
communities rather than having to go through the machineries
of political parties. It mandated the creation of a community
development wing, which was initially housed at the TNHB and
then moved to the TNSCB. This wing was to directly connect to
beneficiary communities, and explain to them the benefits of
tenure and moving to sites and services developments. Its goals
were to improve collection rates for plot charges and project-
related user fees. Finally, the bank also demanded assurances
from the Tamil Nadu government that individual agencies would
not work at odds with its goals, even in non-bank-funded activ-
ity, particularly in the field of shelter. All non-bank-funded
spending at the TNHB was required to be modelled on the bank's
approach. The TNSCB was asked to limit its tenement construc-
tion activities to Rs 37.5 million a year, and specifically requested
not to expand its activities to the detriment of bank planning
(World Bank nd b: 35-36).

The World Bank was able to demand these changes in part
because of the massive increase in the size of its loan. From the
$24 million it spent on MUDP 1, the loan increased more than 10
times to $300 million in the TNUDP, of which more than 40%
went towards specific shelter programmes (World Bank nd b: 20).
The size of these projects, which far overshadowed current
agency budgets, ensured that the bank's requirements would be
met by a cash-strapped Tamil Nadu government. While the
TNSCB had initially been funded almost entirely by program-
matic grants from the state government, the TNUDP's size over-
whelmed the organisation's budget and cut its dependence on
state government funds. The bank also earmarked its funds for
specific projects, rather than providing general institutional
support, meaning that its grants fundamentally changed the
functioning of the organisation.

According to the bank, these efforts at institutional change
largely succeeded. “Despite a slow start”, one project evaluation
report notes, the TNSCB and other agencies “did well to complete
this complex and demanding project” (Independent Evaluation
Group 2007: 12). The assurance given by Tamil Nadu that the
board's spending on tenement construction would not go beyond
Rs 37.5 million also seems to have been effective. In the years that
the TNUDP was in operation in the state (1989-96), an average of
1,515 tenements were constructed per annum, and not all in
Chennai, lower than the average of 2,150 tenements constructed in
the 19 years that the TNSCB had been in operation before the
TNUDP and significantly lower than the 4,500 or so it constructed
annually in the years just before the World Bank appeared on the
scene.14

Conclusion: Effect of Bank Intervention

How much of an impact did these changes effected by the World
Bank have on the functioning of the TNSCB? It is difficult to sepa-
rate the effects of the institutional changes that the bank
imposed on the board from changes that took place in the politi-
cal situation of the city and the state. In 1977, the DMK lost power
in Tamil Nadu to MGR's splinter party, the AIADMK, but the DMK
still had strong support in the cities, especially Madras, and it
was stronger still among the urban poor. Even as early as the mid-
1980s, during MGR's tenure as chief minister and before the end
of the MUDP II, when most of the institutional changes described
above were mandated, there were signs of a decrease in the invi-
olability slums in the city had enjoyed.

Although the TNSCB continued to build in situ tenements in
certain areas of the city, MGR's government changed the way in
which the state dealt with slum settlements. In the mid-1980s,
the government began to implement the World Bank-funded
“City Beautification Scheme”, which led to a number of slum evic-
tions throughout the city (Viswesaran 1988). In 1986, fishermen
resisted the relocation of some fishing villages along the Marina
Beach planned under this project. Their resistance had the sup-
port of the DMK, which was in the opposition, and other political
parties. After their nets and boats were removed from the coast-
line as part of the beautification effort, the fishermen's protests
intensified. Meanwhile, the TNSCB demanded payment of rent for
the tenements that had been earlier constructed and allotted to
these fishermen. The fishermen argued that without their nets
and boats, they had no income and could not afford to pay. When
the TNSCB decided to evict the fishermen, the relatively peaceful
protests turned into riots. The protesters set fire to buses, police
jeeps, huts and shops, and, in response, the police opened fire,
killing six, including one woman (Thompson 1986: 105-06). In
June 1986, slums in Wallace Garden on Greams Road, a posh,
central area of the city, were demolished to make way for a park-
ing lot for Apollo Hospital, a private and elite hospital that MGR
was known to patronise. Despite a citywide agitation of slum-
dwellers, they were moved to Kodungaiyur, a barren site 20 kilo-
metres away (Viswesaran 1988). Clearly, when the bank made its
demands for institutional changes at the time of the TNUDP in
the late 1980s, the government under MGR had already begun
to move away from the tacit blanket support given to slum-dwellers
in the city under the DMK regime. As a result, it is hard to disen-
tangle the institutional changes at the TNSCB from the changes in
the local political context.

However, it is clear from interviews with current TNSCB offi-
cials that the bank's interventions did have an effect on the work-
ing of the board. The TNSCB's current activities are almost exclu-
ively focused on building large-scale resettlement colonies on
the outskirts of Chennai. Such construction is very expensive, in-
volving multistorey tenement blocks and complex engineering
challenges like filling marshland.15 The scale is far more ambig-
uous than what the board was doing earlier. In 36 years, that is,
till 2007, the TNSCB built 81,038 tenements all over Tamil Nadu.
However, in the five-year period between 2006 and 2011, it
planned to build 80,000 tenements at a cost of Rs 30 billion, of
which 46,650 were built or were under construction by 2010.16
Given their experience in applying for and implementing project-
based funding with the World Bank, the board's second-tier
technical officials were well prepared to take advantage of a
change in funding that began after the TNUDP – an increase in
central government funds that came largely through numerous sectoral schemes. This became more advantageous with the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), which made Rs 900 billion available to 65 cities, including Chennai, for urban development projects, and was modelled on World Bank interventions in the country. Many of these schemes are evaluated on outlays rather than outcomes (Aiyar et al 2010) and cities and implementation agencies that are able to put together projects and quickly spend a large amount of money are rewarded with more funds, regardless of these projects’ effects on the well-being of slum-dwellers.

The TNSCB had already amassed large plots of land on the outskirts of the city and technical staff such as the chief planner used their experience of writing project proposals for the World Bank to put together expensive proposals for construction of large-scale tenement clusters. These clusters in Semmencheri, Okkiam Thoraipakkam (also called Kannagi Nagar), and Perumbakkam were funded variously by the Flood Alleviation Programme, the Valmiki Ambedkar Awas Yojana, a special needs grant from the Twelfth Finance Commission, the Mega City Programme and the JNNURM, with almost no funding from the state government. According to engineers at the board, the bank-created community development wing was crucial to the implementation of these unpopular resettlement programmes because it worked effectively with communities to mute resistance to relocation. The bank’s interventions in the functioning of the board, therefore, go a long way towards explaining the TNSCB’s current policies on housing for the urban poor in Chennai.

NOTES
1 The World Bank is still actively involved in the state through the Tamil Nadu Urban Development Project III (2005-12), which followed the Tamil Nadu Urban Development Project II (1999-2004).
2 TNSCB (2007), Internal Assessment Report, internal document prepared for the managing director.
3 From 1987 to 2000, almost 4% of the total amount lent for shelter went to sites and services, although the figure is not strictly comparable because the total amount invested in shelter has also increased greatly in the last decade.
4 TNSCB (2007), Total No of Tenements Constructed with Year-wise Details, internal document prepared for the managing director.
5 See footnote 12.
6 TNSCB (2007), Internal Assessment Report, internal document prepared for the managing director. The states provide a more telling comparison of the real difference in scope between the board’s tenement construction and the bank’s projects. The bank’s project estimated that Rs 1.5 billion would be spent on sites and services schemes and Rs 280 million on slum improvement, while the board was bound to spend only a maximum of only Rs 37.5 million on tenement construction (World Bank nd b: 20).
7 Personal interview with executive engineer (name withheld on request), TNSCB, 8 August 2007.
8 Housing and Urban Development Department, Policy Note 2010-2011, Government of Tamil Nadu, 2010.
9 Personal interview with T K Ramachandran, former managing director, TNSCB, August 2007.
10 See footnote 15.

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