

MSc Programme in Urban Management and Development

Rotterdam, The Netherlands

September 2016

Thesis

Title: Landlord and Tenant Profiles and Informal Rental Arrangements: The Case of Mumbai, India

Name: Sneha Gokhale

Supervisor: Dr. Tara van Dijk

Specialization: Urban Housing and Livelihoods

UMD 12

MASTER'S PROGRAMME IN URBAN MANAGEMENT AND DEVELOPMENT

(October 2015 – September 2016)

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Sneha Gokhale

India

Supervisor: Dr. Tara van Dijk

UMD 12 Report number: 900
Rotterdam, September 2016

Summary

Given the number of people who rent informal housing, its marginalization in policies and projects is concerning. It is estimated that, number of renters will soon out number the private owners in many slums of developing countries. Informal settlements cater to such needs and it is estimated that 60% to 90% of affordable rental stocks in Asia is available in informal settlements. 25% of housing stock in India comes from the informal rentals in settlements. With this alarming increase, the informal rental sector continues to be an understudied area. This study was conceived to further the knowledge about the informal rental markets.

The research aims to understand how socio-economic characteristics of the landlords and tenants affect the rental arrangements, present in the same settlement. Authors like Kumar (2001), Gilbert (2016) claim that informal rentals offer the tenant with housing at an affordable price with flexibility to live and proximity to livelihood opportunities. These are perceived as the positive attributes of the sector. However, Gulyani (2008), Desai (2013) and Chattraj (2015) question these same attributes shaping the theory debate surrounding the rental market. The research seeks to understand the inclusion and exclusionary tendencies of the rental market based on the socio-economic profiles of the landlords and tenants.

This research employed case study method as the research strategy with qualitative analysis. For which, semi-structured interviews were conducted. These interviews covered tenants, landlords and brokers in the informal settlement. Hence, the first step was to note the types of rental arrangements and types of landlords and tenants. The next step, was to draw out links between the rental arrangements and the types of landlords and tenants. Further steps included, interpreting qualitatively the strength of the relationship between these variables.

It is clear from the findings, that the rental arrangements are varying and certain characteristics of the tenants and landlords are contributing for the change. The family structure of the tenants and the type of landlords influence the rental arrangement chosen. Furthermore, these alterations are more biased towards the landlords, leaving most tenants on the weaker side of the bargain and not always offering flexibility to tenants. Moreover, the rental arrangements can be linked with the domestic strategies of financial management opted by both the actors. The research leaves us with further questions, which are relevant to housing policy and further the knowledge of informal markets in developing economies.

Keywords:

informal rental housing, rental arrangement, landlords, tenants

Acknowledgements

This thesis offered me a sea of learning, both professionally and personally. This has encouraged me to pursue my interest in housing, with a better understanding of housing issues in developing economies. This process was enriching because of the support and encouragement of many people.

To begin with, my UMD12 colleagues, for the fruitful discussions during the entire course. You have made my stay in IHS a valuable one. Also, the IHS Course Bureau Staff and all IHS lecturers, my warmest gratitude for everything you have shared and done to make our stay valuable, memorable and fun.

For my supervisor, Dr. Tara van Dijk, who encouraged me to choose this topic of study when everyone else found it worthless. Also for her diligent feedbacks and insights about the topic that further helped the research. Thankyou, Linda Zuijderwijk, my second reader for fruitful and encouraging feedback.

My domestic helpers, Vanita and Rohini, without whom the field work would have been nearly impossible. Thank-you for inviting me to your homes and your settlement. For being an integral part of my data collection. Also, for gathering respondents and helping me ask questions and gather information. Words are not enough to thank my parents for their constant support and their immense help while gathering data. And Nachiket, for the endless moral support and encouragement.

Lastly, this work is dedicated to my grandmother, who is fighting against the challenges of old age. For every warm meal she gave me, as I came from school, every tear she wiped on bad days, for afternoons laughing over nothing and during assignments, assuring me that I will finish it well. Thank you for making me the person I am today. This is for you, *aaji*, my friend, my confidant and my guide.

Abbreviations

IHS	Institute for Housing and Urban Development
BMC	Brihanmumbai Municipal Corporation
LL	Landlords

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Chapter 1: Introduction

1.1 Background

The housing needs in cities are met through formal as well as informal stock. The informal stock includes housing available in the informal settlements. Informal housing stock caters to 17%⁽¹⁾ of urban India. In case of Mumbai, with a population of 12.44 million⁽¹⁾, 42%⁽¹⁾ of that population lives in informal settlements showcasing a large housing deficit. Hence, housing is an issue of main concern to the government and international development agencies.

Many international agencies and governments have policy and programs focused on the informal settlements. However, in these development programs, residents who are renters in these settlements are usually overlooked (Lemanski, 2009). In-situ slum upgrading⁽²⁾ is the most prevalent slum policy in Mumbai. Households determined to be owners are allocated a flat in an apartment building, constructed on the same plot of land. However in-situ upgrading, does not compensate renters within the settlement slated for upgrading, nor facilitate the finding of replacement, formal rentals. As a result, the renters are disregarded in the policy agenda. A large number of poor households are depend on informal rental markets to fulfil their housing needs and current housing policy overlooks this need (Kumar, 2011).

1.2 Informal rental housing

Informal rental housing is a phenomenon seen across all Asian, African and Latin American countries. There are different kinds of arrangements provided by the landlords all over the world. This involves, either offering a house which is constructed by the landlord or renting out the land, where the tenants construct the structure themselves. In Peru and Chile, it is seen that self help houses are expanded and rented out. Also, space is provided to renters as backyard dwellings in South Africa. And extra floor is added above on existing houses for rental purposes as noted in Kenya, India and Tanzania. (Kumar, 2001, Gilbert, 2003, Mishra, 2015, Naik, 2015, Lemanski, 2009). Each case, demonstrates unique features of this rental arrangement given the varied socio-economic and political context of these countries

The informal rental activity can be understood through the landlords and the tenants. Firstly, the structure owner in the informal settlements capitalise on extra space and offer it as a rental accommodation. Typically, slum dwellers are seen sub-renting parts of their house. It serves as a livelihood response for these landlords (Kumar, 2001, Gilbert, 2003, Mishra, 2015). Secondly, for the tenant it offers opportunity to housing at a lower price than the formal market. Moreover, the tenants get access to basic services and the threat of eviction is reduced (Kumar, 2001, Lemanski, 2009).

Given the number of people who rent informal housing, its marginalization in policies and projects is concerning (Kumar, 2011). Studies show that over time the number of renters have increase (Gilbert, 2011). Notably, a majority of new households initially prefer to rent or share accommodation. Informal settlements cater to such needs and it is estimated that 60% to 90% of affordable rental stocks in Asia is available in informal settlements (Naik, 2015). It is estimated that number of renters will soon out number the private owners in many slums of developing countries. 25% of housing stock in India comes from the informal rentals in settlements. This figure includes the rural and urban areas, hence it is estimated to be much

(1)- <http://censusindia.gov.in/>

(2)- <http://www.sra.gov.in/>

higher in urban areas (Naik, 2015). With this alarming increase, the informal rental sector continues to be an understudied area.

1.2.1 Speculation on the benefits of informal rental housing

Speculations draw a link between informal rental housing and reduced economic and social vulnerability and poverty reduction (Kumar, 2001). It is beneficial for both the tenants and the landlords. Landlords are generating affordable housing units and catering to the poor households, after charging a fee. These landlords, who are poor themselves get income through this activity (Kumar, 2011). Moreover, this activity helps the tenants with a secure shelter, at a price they can afford. Also, they use informal rental housing to leverage the city in terms of residential mobility, improved access to labour market and strengthening socio-economic networks along with cultural amalgamation, reducing their social and economic vulnerability (Kumar, 2011, Naik, 2015, Lemanski, 2009). Significantly, few studies in this field establish that informal rental housing is vital option for the low income households. It is a response for the existing housing deficit in the developing countries, since the formal market is not affordable (Kumar, 2001, Gilbert, 2003).

It is theorised, that informal rentals make housing available for the poorer section of the society, by providing flexibility and affordability along with proximity to livelihood opportunities (Kumar, 2001). The rents are lesser than its formal counterpart. Tenants find it suitable to acquire shelter in this manner, as there is variety offered in terms of location and rent. This variety is suitable for tenants with different kind of family structures, incomes and age giving choice to the tenants (Kumar, 2001, Gilbert, 2003, Mishra, 2015, Lemanski, 2009)

This line of thought, describes informal rentals as people's response to the inadequacy of the government (Gilbert, 2003). Researchers also suggest that supporting the landlords will enable this sector and further solve housing issues in many countries (Gilbert, 2003, Kumar, 2011) discusses at length the shortcomings of policy, that is completely ignoring the rental housing sector. Sivam(2002), Kumar(2011), Gilbert(2003) argue that informal markets should be supported, to improve the efficiency of the formal market, which is unable to cater to majority of the population.

However, empirical studies in this area have contrasting outcomes. These studies question the functioning of the sector and raise concerns, if it is actually helping the poor or further abusing them. In case of Nairobi, it is seen that informal rentals are high cost and low in quality. The rent paid for the accommodations is not utilised to improve the quality of housing. Similarly, it is argued that low cost of the rental arrangements is achieved through poor quality of houses and over crowding (Gulyani, 2008). Hence affordability of the rental accommodations can be questioned.

Additionally, it is noted that there is exclusion and inclusion based on ethnicity, financial capacity, gender and family structure of the tenants. Landlords may not always treat tenants equitably. The tenants are selected based on their ethnicity making it difficult for other tenants (Kumar, 2001). The rental market is influenced by these aspects and turns out positive for some and negative for some. Rental market has exclusionary tendencies based on the social and economic characteristics of the tenants (Kumar, 2011). This shows that some tenants find it difficult to achieve a fair rental arrangement.

There are different types of landlords seen in the informal settlements. Landlords are not always poor. They are often affluent individuals who are civil servants or municipal bureaucrats (Gulyani, 2008). The advantage scale is tilted towards the landlords due to the land they hold. Notably, the high value of slum lands lead to speculation and make the

owners powerful (Desai, 2013). It is still debatable whether the landlords are exploitative and capital seeking or benevolent organisers (Lemanski, 2008). Landlords holding power can force tenants to pay more or less depending on circumstances. Rental high or low is related to the power balance between the landlords and tenants, dominant landlords can ask for higher price for rents and the decision remains with the landlords (Desai, 2013). Do the different landlords behave with the tenants differently?

Research shows that at the pretext of affordability and flexibility these informal settlements are grounds for tenants' exploitation (Naik, 2015). If the absence of law and regulation leads to affordability, it also leads to exploitation and socially unjust practices. With this friendly as well as conflicting associations between landlords and tenants, informal rental market still continues to function well (Gilbert, 2016). The current body of research, sheds light on both positive and negative aspects of this sector. Although, it is not clearly understood what contributes to both these scenarios to exist.

1.3 Problem Statement

In the coming years, the renters in the informal settlements are estimated to out number the owners (Lemanski, 2009). Consequently, informal rental markets are expected to grow with increased tenants (Naik, 2015). Given the number of people relying on informal rentals, the rental arrangements are not completely understood. Moreover, there is limitation in understanding whether they do so in a constraining living environment out of inadequate formal options, or the informal sector really assists the tenants to improve their living.

Informal rental is seen in two ways. One, where informal rentals provide tenants with shelter which is affordable and flexible for their needs. Also, the landlords and tenants share a benign relationship (Kumar, 2001, Gilbert, 2003, Lemanski, 2009). On the other hand, tenants are excluded and exploited (Naik, 2015, Gulyani, 2008). They are excluded or included based on their socio-economic profiles and types of the landlords. Both these scenarios can be understood through the rental arrangements that the tenants and landlords choose. Hence, it becomes vital to understand the relation between the rental arrangements and profiles of tenants and landlords.

The rental arrangement leaves lingering questions. What contributes for it to be fair for some and unfair for some? What circumstances of the landlord or tenant contribute to this? To understand this sector the arrangements of the market have to be thoroughly known. The current body of research lacks the knowledge, ignoring the context in which low income households are placed (Desai, 2013). The slum real estate market are important, yet understudied areas (Chattaraj, 2015). There is little understood about why some tenants and landlords engage in a certain kind of rental arrangement while the others choose differently. If the absence of law brings flexibility to some then what contributes in becoming a barriers to others? Scholars in this field have not yet adequately explained what different rental arrangements are present in informal settlements and how does it differ in each case. This research seeks to gain perspective on the bias that persists in the rental market based on the socio-economic profiles of tenants and landlords.

1.4 Research Objective

To study rental arrangements prevalent in informal settlements and understand the influence socio-economic characteristics of the landlords and tenants have on these.

1.5 Research Questions

How do socio-economic profiles of tenants and the type of landlords influence the rental arrangement in informal settlements?

1.5.1 Sub- Research Questions

1. What are the socio-economic profiles of tenants?
2. What are the types of landlords?
3. What does the Rental arrangement comprise of?
4. How do socio-economic profiles of tenants influence the rental arrangement?
5. How do types of landlords influence the rental arrangement?

1.6 Significance of the study

Current housing policy in most countries is focused on ownership housing. Ignoring the fact that rental is an important type of tenure, which is valued (Gilbert, 2016). The first world bank report on housing did not mention anything about rental house (Kumar, 2001). Rental housing is important for every household in different stages of their lifetime and is hence an integral part of housing stock for any country (Gilbert, 2011). Rental housing allows the tenants to access shelter with low monitory investment. It is seen as a viable option for both the start and end period of the housing career (Gilbert, 2003). However housing policy today is myopic towards rental housing (Kumar, 2001).

The increasing numbers relaying on informal rentals makes it essential for housing policy-makers for an in depth understanding on this sector. There is no doubt that informal rentals provide poor with shelter. But they also face exploitation and social injustice at the same time. For furthering the housing policy, if integrating the informal rental sector is necessary, it becomes essential to understand its nature and mechanism. This study aims at furthering this knowledge about informal rentals through an empirical study in Mumbai, India.

Chapter 2: Literature Review

2.1 Introduction

This literature review captures the debates in the current research body, related to the topic of tenants and landlords and their resultant rental arrangements in an informal settlement. Kumar (2001), Gilbert (2016), Sivam (2002) share the view that informal rentals provide the tenants with affordability and flexibility, while sharing a benign relation with the landlord. Contrary to that, Naik (2015), Desai (2013), Gulyani(2008) emphasize that informal rentals are also grounds of exploitation and poor living conditions. Basing the focus on these two outlooks, this review draws together factors related to the socio-economic profile of tenants and landlord types that determine the rental arrangements in the informal settlements.

2.2 Rental housing in the spectrum of informality theory

There are two views through which informality is understood. One being, De Soto's viewpoint where informality is showcased only in an optimistic way, where it is seen as a solution drawn by the people and the state needs to just follow it. And other being, Roy's (2005) viewpoint which argues, that informality is an added leg of the formal system. Notably, these diverse perspectives position informal rental housing differently. Authors like Kumar (2001)(2011), Gilbert (2003)(2016), Sivam (2002) argue that, it is an emerging solution for housing deficit which caters to the needs of the people by being affordable and flexible. However, Naik (2015), Desai(2013), Gulyani(2008) emphasize that, informal rentals are also grounds of social injustice and poor living conditions, even if they are seemingly affordable and flexible.

With De Soto's positive outlook, he claims that the poorer sections of the society use personal and community means to create utilities like water supply, housing etc. This is due to the failure of bureaucracy. These informal processes are seen as economic development achieved through the entrepreneur spirit of the poor, as a means of survival. Likewise, these processes are derived by the poor themselves to suit their conditions and are seen to work well. Consequently, De Soto insists that the informal processes need to be formalisation, by opening the economy, while celebrating the entrepreneur spirit of the poor (Bromley, 1990).

The perspectives of De Soto position informal rental housing, as a housing solution emerging from the entrepreneurial spirit of the slum dwellers. It is being theorised, as a spontaneous and creative response of the landlords answering the housing deficit in cities (Kumar, 2001, Gilbert, 2003, 2016). They are producing affordable housing stock and making it available for the poor. Moreover, it is seen as economic development, since the landlords who are poor are generating affordable housing units to sustain themselves, while providing shelter to others. Therefore it is theorised that, the poor are helping the poor with housing, by charging an affordable fee (Mishra, 2015).

"If the poor are renting from the poor, then it seems to be a win-win situation. Affordable rooms are being made available in a city with a crisis-level housing shortage, and the entrepreneurial spirit of the poor has shown yet another way to squeeze water from the stones around them."- Mishra(2015)

This is helping both, the demand and the supply side with housing and added income. Therefore, the landlords should be supported and encouraged to produce such a housing stock (Kumar, 2001, Gilbert, 2003, 2016, Mishra, 2015)

The other viewpoint showcases, informality as a added leg of the formal sector, where the informal sector mimics the formal sector (Chattaraj, 2015). De Soto understands informality as an entity which is fundamentally separate from formality, but Roy(2005) argues that informality is not a spontaneous outcome but has an organising logic which has rules. These rules are followed with a confidence based on the informal system.

Gulyani (2008) argues that the informal rental market has functions similar to the formal market, but slightly distorted. The rents in the market are based on size, location, construction and quality like the formal market but these rules get distorted with the presence of varying degree of power. Roy(2005) further elaborates, that informality encompasses power and a hierarchical system leading to exclusion. This power possessed by the landlords leads to exploitation (Gulyani, 2008). The lack of regulation leads to flexibility and affordability (Roy, 2009), but also leads to exploitation by the powerful with high priced rents and poor quality of living for the tenants (Gulyani2008).

De Soto's theory is not well rooted in the context in which low income families live (Desai, 2013). Desai (2013) and Chattaraj(2015) claim that informal housing market is an important yet an under studies area. The informal markets needs to be understood before any kind of interventions are made. The interventions might not be fruitful otherwise.

"crucial and as yet unresolved question becomes how and to what end the state should regulate these markets to ensure the delivery of essential public services and infrastructure and improved living standards for the majority of urban residents." - Chattaraj (2015)

In the background of these contrasting views towards informal rental housing, question arises related to it's actual functioning. Gulyani(2008) and Desai(2013) question, if it is helping or further abusing the poor. Kumar (2001) and Gilbert(2003) share the views that, the exploitative ambiguity of the landlords could be reduced by regulating the informal sector. However, the means of regulation are implicitly mentioned. Even if the sector is governed by friendly and conflicting relations between the landlords and tenants, it continues to function well (Gilbert, 2016). Hence it becomes vital to understand the actors along with their characteristics to get a better understanding of the rental arrangement that surround it. With these lingering questions, the rental housing continues to be an understudied area.

2.3 The Tenants- who are they?

Low income households seek housing through the informal rental markets. Studies reveal that tenants are mostly single or young couples, having employment through informal modes. In early stages of acquiring financial strength, they depend on rental housing (Kumar, 2001, Gilbert, 2003, Naik, 2015). Also, the average age of the tenants is lesser than the average age of landlords. Consequently, the household size of tenants is also smaller (Lemanski, 2009). These tenants are in need of housing, and rental housing is the opportunity for them to achieve housing at a lower price than the formal market.

2.4 The Landlords

2.4.1 Who are they?

A landlord, in an informal settlement is a structure (house) owner, with mostly de-facto or illegal ownership (Gulyani, 2008, Naik, 2015). For a landlord, renting is a livelihood response (Kumar, 2001, Gilbert, 2003). Landlords are seen older and rooted within the social networks of the settlement. To understand the landlords more, it is important to understand their land ownership type. It can be categorised in two ways. Notably, Gulyani's (2008) model describes that, there are two types of landlords, one the "resident landlords" and the other the "absentee landlords". The resident landlords live in the settlement and is a slum dweller (Gulyani, 2008). These "Cash-less but asset rich landlords"(Lemanski, 2009, p:474) share the socio economic characteristics with the tenants (Naik, 2015). However, the absentee landlords do not live in the settlement. They may or may not be poor. These landlords are normally civil servants or municipal bureaucrats. (Gulyani, 2008). This further highlights the aspect that informality is not equivalent to poverty, it also encompasses the middle and the upper classes (Roy, 2009). For instance, in this scenario landlord may not always be poor themselves, they could be affluent individuals gripping on the high priced land in the slum areas (Gulyani, 2008).

2.4.2 Landlordism

There are very few empirical studies focused on the landlords (Kumar, 2001). The model proposed by Kumar, helps us understand the landlords and their dependence on renting as an activity. The conceptual model categories them by their way of landlordism. It mainly depends, on the contribution rent money does to their income and the number of units owned by them. Hence, they are categorised in 3 types namely, subsistence landlords, petty bourgeois and petty capitalist. Poorer landlords who sustain their household through the rent income are subsistence landlords . Others, who are not dependent on the rent but it adds to their capital accumulation are the petty bourgeois. Thirdly the petty capitalist, look at renting as a business to claim ownership of land. Moreover, Kumar (2001) argues that the landlords can move from one category to the other, by increasing the number of units owned. Hence, number of units owned is a clear indicator of these categories.

2.5 Rental Arrangement

There are different kind of arrangements provided by the landlords all over the world. Apart from the house, the other components which are included in the rental arrangement are the agreements between the two actors for payments, housing quality and services. These components are discussed below as seen in various empirical studies. There are different arrangements prevalent as seen through these studies (Kumar, 2001, Gilbert, 2003, Mishra, 2015, Naik, 2015, Lemanski, 2009).

2.5.1 Contract and agreement

Gilbert(2016) and Gulyani(2008) elaborate, that the contract between the landlords and tenants is mostly a verbal agreement. In Nairobi 3.6% of the tenants have a written agreement, whereas rest are verbal agreements. The verbal agreement signifies trust between the actors. This is often achieved through social and family relations, which are the key factors to access any rental house (Naik, 2015, Sinha, 2014). The verbal understanding between the two actors does not safeguard them during disagreements. The legal system does

not help the conflicting landlord and tenant. This scenario gets worse in the informal sector as there are no written contracts or law binding and safe guarding the two actors (Gilbert 2016). In the absence of formal contracts, how are the transactions done and how is trust gained?

2.5.2 Fiscal understanding

Financial transactions between the two actors, mainly involve monthly rent payment. However, certain payment methods like deposit apart from rent are noted in the literature. In case of absentee landlords, "defensive expenditure" is collected (Brueckner, 2013, p:561). This is used by the landlords to eliminate the risk of eviction and safeguarding the tenants. Also, this is used for maintaining landlords' political lobbying expenses and possibly cost of bribe to the politicians(Brueckner, 2013). A large lump-sum of money as deposit is given to the landlords in China and India which safeguards the capital invested by the landlords (Kumar, 2001, Gilbert, 2016). Kumar (2001) also notes the mechanisms of property leasing used by landlords as per their need. Hence these components are seen covering the financial transactions between the tenant and the landlord.

2.5.3 Quality of house and services

Studies claim that informal rental housing provide low income households with shelter at an affordable price, but often this is achieved only through poor quality of housing and overcrowding (Gulyani, 2008, Gilbert, 2016). Studies show that rent varies as per the kind of housing offered in the rental arrangement. The cost of a brick house is more than hutments (Gulyani, 2008). Naik(2015) notes that there is variety in housing typology offered, which is chosen by tenants as per their cultural and financial background. It is still debated, if the living conditions offered through these rental accommodations are fair for the price paid (Gulyani, 2008). Nairobi could be one of the rare cases with high cost and low quality living condition whereas, others are understood to be low cost and low quality living conditions (Desai, 2013). However, the aspects of quality of housing continue to be debated and become a crucial component.

Furthermore, the decision of tenants to rent in informal settlements is due to access to services and reduced threat of eviction (Naik, 2015, Lemanski, 2009). The kind of services available bring the question of its quality. (Gulyani, 2008). Conflicts arise over access to services and usage of the same. This contributes to the lack of freedom and restriction on the behaviour of the tenant (Lemanski, 2009). Hence, services and its usage becomes an important aspect to consider.

2.6 Aspects of Informal Rental Housing

Authors like Kumar (2001), Gilbert (2016) claim that informal rentals offer the tenant with housing at an affordable price with flexibility to live and proximity to livelihood opportunities. These are perceived as the positive attributes of the sector. However, Gulyani (2008), Desai (2013) and Chatraj (2015) question these same attributes shaping the theory debate surrounding the rental market.

2.6.1 Affordability

Kumar (2013)(2001) and Gilbert (2003)(2016) claim that low income households choose this option as it is affordable. The informal rental market offers price lower than the formal market. It is understood, that the decision for renting is dependant on total cost of renting versus the cost of owning a house (Gilbert, 2003). As land prices in cities are unaffordable by

the poor households, renting is a key to acquire housing with less initial investment. And, at a price lower than the formal options.

It is counter argued, through an understanding of affordability. This is demonstrated in the case of Nairobi (Gulyani, 2008). It is evident that the informal market offers rent at a much lower rate. However, low quality of housing and over-crowding are factors that ensure affordable rents (Gilbert, 2016). Moreover, whether the prices are affordable is dependent on the family's financial strength and not just the amount of rent. There are other factors such as household income, value for money paid, etc which have to be considered to claim affordability of the rental value. Therefore, rental prices are lower compared to the formal market does not denote affordability (Gulyani, 2008).

2.6.2 Proximity

Tenants use rental housing as a start point to secure their foot within the city, where they find livelihood opportunities (Naik, 2015). The critical link, between rental housing and the labour market is essential to establish the need of this kind of tenure(Kumar, 2011). Most studies, highlight the importance of proximity and location of the house. However, well located land has given rise to an informal real estate, where high price is paid for the location (Chattaraj, 2015). The land and the location play a key role influencing the rental arrangements offered by the landlords. Also, the rent paid differs from place to place as from the inner city areas to the periphery(Naik, 2015). Desai's(2013) study further highlights the increase in rental price and land price due to benevolent government interventions. These interventions are infrastructural improvements more often done for improved living conditions. Notably, this affects the tenants, who have to pay extra and suffer more than the owners. These interventions unknowing are resulting in land market. It can be inferred that a well located land and land under potential development planning agenda are both factors contributing to a high priced rental arrangement.

2.6.3 Flexibility

Rental housing is theorised to give flexibility to the user, which allows them access to shelter with low monitory investment. A majority of migrants and new urban households, prefer to rent as it is more affordable with little commitment. It is seen as a viable option for both the start and end period of the housing career (Gilbert, 2003). Hence, informal rental housing is perceived to offer flexibility by offering mobility.

Most landlords are understanding in terms of rent payment. Being poor themselves they can empathise with the conditions of the poor tenants. Flexibility of payment gives poorer section "room to manoeuvre" as they can strategise their finances as per needs (Kumar, 2001). Moreover, there is a variety offered in terms of services and rent paid, which gives choice to the tenants. Kumar (2001) describes the rental arrangements as "response to the pulse", wherein the landlords localize and suit the needs of the tenants. These localized solutions help tenants and their basic needs are achieved (Gilbert, 2003).

However, Naik's(2015) study shows a positive and a negative outcome highlighting the nature of this sector. The factors that provide flexibility can also prove to act as restrictions, due to the power possessed by the landlords. For instance, if the tenants choose informal rentals for the availability of services, it is also noted that the tenants have to negotiate this access to services through the landlords. This often causes restriction on the behaviour of the tenants (Lemanski, 2009). Similarly tenants were forced to buy groceries from the landlord's shop at a higher price as reported in Delhi. If there are some cases that demonstrate flexibility

and understanding from the landlord there are some that do not. Consequently, there is also exclusion and inclusion based on various aspects of the rental practise (Kumar, 2011).

These empirical studies lead to questions, that in the realm of affordability and flexibility how socially just is the practise? These aspects of the rental practice are interrelated and are seen to vary in different situation. This could be theorised to be related to the tenants and the landlords and their rental arrangement.

2.7 Rental arrangement in relation with the socio-eco profiles of tenants

Gilbert's(2003) study emphasises that, the description of tenants is dependant on socio-cultural norms prevalent and the availability of housing stock. These factors can further be understood through the empirical studies in Gurgoan, Surat, Bangalore, Nairobi and Cape town. These studies study highlight how ethnicity, family structure and work profiles influence the decisions made by the tenants on the housing choice. It is seen that social profiles of the tenants contribute to the rental arrangement they get along with economic profiles relating to their financial capacity.

2.7.1 Social networks and acquiring the rental accommodation

Social networks and kinship are the key factors to acquire rental housing. Also, these networks are conduits for information flow in informal settlements. Hence, these networks are referrals for the tenants, while getting into a rental housing transactions. Studies have repeatedly shown, that tenants secure rental housing through their relations and networks (Naik, 2015, Kumar, 2001). Trust is manifested only through known sources and social networks. This makes the tenant more reliable and the landlords are not sceptical to rent. Most backyard dwellers in South Africa, acquire a rental accommodation only by approaching the landlord with no reference or kinship (Lemanski, 2009). However, this could be unique to the case of South Africa as, Kumar (2001) reported exclusion based on social networks and kinship in the city of Surat, in India. The tenants with lack of social connections found it difficult to navigate in this sector. The current body of research emphasises the role played by these social networks in rental transactions.

However, in the absence social connections few studies highlight the presence of intermediate agents, who are responsible for initiating the meeting of tenants and landlords (Chattaraj, 2015). The landlords appoint intermediate agents who build houses and seek tenants for staying, acting as point of contact between tenants and landlords (Gilbert, 2003). Chattaraj(2015) sites an example from Dharavi and highlights the presence of informal brokers who introduce the tenants. It is understood that if tenants have no social connections, they relay on brokers who help them seek houses, after charging a fee. However, it is not clear, if the rental arrangement differs with the presence and absence of these social networks.

2.7.2 Ethnicity:

It is understood that the rental market has exclusionary tendencies due to cultural and ethnic backgrounds of the tenants, where access to rental housing could be difficult (Kumar, 2001). Kumar (2001) notes that, exclusion is seen on the lines of religious belonging. Moreover, landlords selected tenants from the same caste. Additionally, Naik (2015) draws a link between cultural values and financial strategies opted by a household. The amount of their income diverted towards rent, remains a decision of the family. For example, some families choose to spend less over rent and prefer to have more savings. Also, culturally some families

do not use the women of the house as work force. These women are residing at home during the day, so they choose to spend more on rent for a safe house with better facilities (Naik, 2015). Here, ethnicity causes exclusion as well as influences the decision making of the tenants.

2.7.3 Gender and Family structure:

Gender and class influence the way landlord and tenants interact (Desai, 2013). Naik (2015) establishes that women were seen uncomfortable with the landlord monitoring their movements. Contrary to this fear, some tenants shared a very cordial and helpful relation with their landlords. Also, landlords are seen helping single mothers with necessary assistance (Naik, 2015). Lemanski (2009) notes some landlord-tenant interaction are neutral if not harmonious. Kumar (2001) highlights that family structure along with gender components contribute to vulnerability of a tenant. For instance, female headed households with adult son or any other male member and single women could face different situations. This raises questions, about the kind of control the landlord has over the life of a tenant, making the tenant vulnerable. Moreover, within the community the tenants' voice is not heard (Gulyani, 2008). It can be implied that family structure with gender roles are linked with the rental arrangement offered. Hence, this dual relationship of fear and patronage governs tenant-landlord interactions and is a part of the rental arrangement(Naik, 2015).

2.7.4 Work Profiles

In Bangalore, there is no exclusion based on social networks. However, here importance of the social networks is replaced by financial capacity of the tenant (Kumar, 2001). Likewise, Naik (2015) also draws a link between the work profile of tenants and the housing typology opted. Work profile denotes the financial capacity of the tenant, which may influence the rental arrangement they get into. Hence, economic factors along with the socio-cultural factors of the tenant contribute to options they choose, and the arrangements they get in the settlement. The variation in the rental arrangement could be theorised to be linked with these characteristics of the tenant.

2.8 Type of Landlord and the rental arrangement

It is still debatable if the landlords are exploitative and capital-seeking or benevolent individuals (Lemanski, 2009, Desai, 2013). Gilbert (2003), Kumar(2001)(2011), Lemanski (2009) states that, they are not exploitative but often poor themselves. These are "cash-poor but asset-rich landlords" who seek to make additional income to support their households (Lemanski, 2009). However Gulyani (2008) and Desai(2013) show that, landlords use the high value of land and further exploit the poor tenants. These contrasting views towards the landlords, show variation in the rental arrangements they offer to the tenant. Both these scenarios exist and need equal consideration, while studying this topic (Naik, 2015).

Study outcomes of Gulyani(2008) and Lemanski(2009) are distinct. In case of Nairobi, where Gulyani (2008) found predominantly absentee landlord, the rent was high priced. Also, the housing quality was poor due to lack of interest from the landlord to upgrade the housing condition, amongst other various reasons embedded in the context of the city. He further argues that, such reasons contribute to the exploitation of tenants and they do not get value for the rent they pay. Whereas, in the backyard dwellings of South Africa with mostly resident landlords, the tenants and landlords live rather peacefully. Their day to day interactions are confirmed to be harmonious and neutral. Moreover, the rent paid is

affordable and much lesser than in the town ship areas of South Africa. The contrasting outcomes of these two studies could be a result of the nature of landlordism.

Rental high or low is related to the power balance between the landlords and tenants. Large amount of rent collected is not invested for betterment of the houses. Low quality and high rents is the case of Nairobi. Hence, tenants are forced to survive within poor living conditions. The aspects of affordability can be questioned here (Gulyani, 2008). Dominant landlords can ask for higher price for rents and the decision remains with the landlords. Similarly, vulnerable landlords can assign a fair price for the house (Lemanski, 2009). Gulyani(2008) mentions relation of power balance and the high price of rent in Nairobi, by examining the dominant landlords who are mostly civil servants and municipal bureaucrats. This has emerging questions related to the type of landlord and the rental arrangement they offer.

2.9 Conclusions

The literature review captures the two viewpoints in which the informal rental sector is understood. One, being an optimistic perspective which is looking at the sector positively and urges for policy interventions, to support the process and its activities. The other one, is questioning the optimistic perspectives and seeks to understand the sector better, before promoting it. Informal rental housing is theorised to be affordable, flexible and well located for livelihood opportunities. However, literature sheds light on variation in these aspects through various empirical studies. The aspects of rental housing show negative and positive outcomes for the tenants. Low income households are getting housing and livelihood opportunity through informal rentals, however it is not clear if they do so willingly or due to lack of other options.

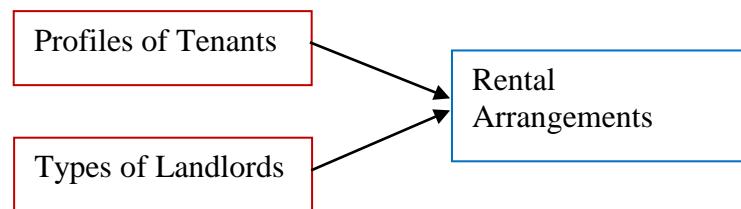
It is difficult to conclude beforehand, if the rental arrangements are exploitative or benevolent, nor which variables influence the nature of these arrangements. It could be that both these scenarios are present in the same settlement, which is why we need to also consider the socio-economic profiles of both renters and landlords. This study explores whether variations are present within one settlement and if they are linked to types of the landlords and tenants. This research contributes improved understandings of the informal rental market.

2.10 The Conceptual framework

The framework seeks to understand the relationship between socio-economic profiles of tenants and types of landlords with the rental arrangement. This study focuses on understanding the landlords and tenants first and derive links to their resultant rental arrangements.

Indicators of family structure, gender, ethnicity and social networks which comprise of the social profile of a tenant, are drawn out from the literature which were reported as influential factors. Also, economic profile of tenants is understood through their work profile. Landlords are understood through their typology and social profiles including ethnicity, gender and family structure which could be co-related to the socio profile of tenants.

Figure 1: Conceptual Framework



Chapter 3: Research Design and Methods

3.1 Revised research question

How do socio-economic profiles of tenants and the type of landlords influence the rental arrangement in informal settlements?

3.1.1 Sub- Research Questions

1. What are the socio-economic profiles of tenants?
2. What are the types of landlords?
3. What does the Rental arrangement comprise of?
4. How do socio-economic profiles of tenants influence the rental arrangement?
5. How does the type of landlords influence the rental arrangement?

3.2 Operationalisation:

Operationalisation is the process of converting concepts into measurable indicators as they appear in real life (Verschuren and Doorewaard, 2010a). Below is the process of operationalisation for this study based on the literature review.

3.2.1 Socio-economic Profile of the Tenants

Those who pay monthly rent and occupy someone else's land or house are tenants (Naik, 2015). The socio-economic profile of tenants include characteristics of the tenants. From the literature, it is evidently seen that social characteristics like ethnicity, family structure and social networks are factors that influence, along with the economic factors of work profile. Profile of the tenant was covered in two parts, one comprising of their social profile and other their economic profile.

Table 1: Operationalisation: Socio-economic profiles of Tenants

Concept	Variable	Indicator	Questions (Example)
Profile of Tenants	Social Profile	Age	What is your age?
		Family Structure	How many family members do you have living here with you?
		Caste	What is your caste?
		Place of Origin	Which village do you originally come from?
		Social networks (No & Type)	How did you acquire this house?
		Duration of stay	How many years have you stayed in the city/ settlement?
	Economic Profile	Work profile (fixed/daily wage)	What work do you do? Is it fixed/daily/contract wage?

3.2.2 Socio-economic Profile of the Landlords

The structure owners in a settlement are defined as landlords (Naik, 2015). There are 3 types of landlords, which is absentee, resident and affluent absentee landlords. Further Kumar's (2001) model of landlordism is applied, by understanding the number of units owned along their economic profile. Furthermore, to understand any bias of landlords towards the tenants, it became vital to understand their social profile with similar indicators as used for the tenants. The type of landlord, along with the number of units owned were noted, if the landlords were not available for interview.

Table 2: Operationalisation: Type of Landlord

Concept	Variable	Indicator	Questions (Example)
Profile of Landlord	Type	<ul style="list-style-type: none"> • Resident • Absentee • Affluent 	Where does the landlord stay?
		Absentee	How many units do you own?
	Social Profile	Age	What is your age?
		Duration of stay	How many years have you stayed in the city/ settlement?
		Caste	What is your caste?
		Place of Origin	Which village do you hail from?
	Economic profile	Work profile(fixed/daily wage)	<p>What work do you do?</p> <p>Is it fixed/daily/contract wage?</p>

3.2.3 Rental Arrangement

The rental arrangement is the understanding, between the landlords and the tenants pertaining to rent paid, deposit paid, services provided and their conduct towards each other. It was necessary to bring out softer data, through this concept showcasing the experience of the two actors. Hence, most of the questions were not posed directly to make the interviewees uncomfortable. Questions were posed in a way that it reduced any hesitation of the tenants to answer, accounting to the fear from the current landlord. For instance, the tenants were asked about their prior renting experience and reasons for moving out.

Table 3: Operationalisation: Rental arrangement

Concept	Variable	Indicator	Questions (examples)
Rental arrangements	Contract	<ul style="list-style-type: none"> • Written contract- yes/no • Process of 	<p>Have you made a contract?</p> <p>What do you do if you</p>

		Termination of contract	want to move out? What happens if you are asked to move?
Deposit	<ul style="list-style-type: none"> • Deposit- yes/no • Type of Deposit 	Have you paid deposit? What type of deposit have you paid?	
Rent	<ul style="list-style-type: none"> • Higher/lower than the norm 	How much rent do you pay?	
Payment schedule	<ul style="list-style-type: none"> • Late/advance payment 	What is payment schedule like? What happens if you are unable to pay for a month?	
Services	<ul style="list-style-type: none"> • Free usage of services • Limited time/amount of usage • Quality of house 	Are you allowed to use water/electricity freely?	
Conduct	<ul style="list-style-type: none"> • Lack of privacy • Restriction on lifestyle • Behaviour of the landlord 	Do you live freely here? What is your experience as a tenant? If you were renting before why did you move out?	

3.3 Research Strategy:

The research intends to study, how the socio-economic profiles of the tenants and landlords influenced the rental arrangement in an informal settlement. In order to draw inferences of this relation, a co-variant type of case study design is applied. This strategy allows the study of the tenants and the landlords in their natural context, with a holistic understanding (Verschuren and Doorewaard, 2010b). Case study provides the researcher with in-depth knowledge of the subject. As there are very few empirical studies conducted on this subject, the research chooses to cover depth rather than breadth.

The field work was conducted extensively in the informal settlements. These areas were difficult for data collection without any key informant, as people were not comfortable sharing information with an outsider. Hence to gain trust from the interviewees, it was necessary to select key informants, living in the settlement, who accompanied the researcher for conducting interviews. The key informant acted as a bridge between the researcher and the interviewees. Therefore the case chosen was based on the availability of the key informant and the following criteria.

- Higher Percentage of rental households in the settlement

- Variety in social groups living in the settlements

On this basis, the Airport slum settlement was chosen with higher percentage of rental housing and having different social groups. This settlement is a declared slum (by the BMC) and is situated on public land belonging to the airport authority. As this is a prime locality with livelihood opportunities, it has a thriving informal rental market. Within this large settlement, two neighbours were examined.

3.4 Research Methodology:

According to the variables, it is clear that the profiles of the tenants can be measured through quantitative methods. Whereas the rental arrangement accounts more for softer data with interviews capturing their experience. This needed qualitative methods to measure. To tackle these conditions semi-structured interviews were appropriately chosen.

3.4.1 Data collection

Given the circumstances and the lack of trust towards the researcher, the first day was spent interacting with the key informants, with an open ended interview. Due to lack of secondary data about renters, it became an essential step. Moreover, the first interview with the key respondent was an interview to acquire knowledge about the population, that is being studied and the rental arrangement prevalent in the area. Also, to identify the aspects which were not covered in the literature. Notably, this also helped the researcher to identify sensitive topics and understand the way to pose questions related to them. Consequently, the information achieved from this, was used to further build and improve the semi-structured interview guide (ANNEX 2). Which was meant for a larger group of households to share their experience.

The semi-structured interview, had focused and direct questions about the profile of the respondent. This was also done, with the intention of making the respondent comfortable and open a conversation. Hence, the questions related to the rental arrangement were open questions by asking their experience. Most vital data was gathered by the flow of the conversations with the respondent, capturing qualitative aspects of the study.

Tenants and landlords were first chosen on a random basis, through the knowledge and networks of the key informant. As the field work progressed, the tenants were understood in 2 broad categories, of family tenants and male roommates. For availability of tenants who are working, an interview time slot of late evening after 8.00 pm was chosen. However some interviews were conducted in the afternoon, where the women of the house spoke to the researcher without restraints. Being a woman researcher, the women of the settlement shared their insights and opinions freely in the afternoon period, in the absence of the men of the family. Both these time slots worked efficiently, fetching a good variety of tenants and landlords.

Method of triangulation helped to achieve internal validity of the information collected through different sources. Four categories of respondents were interviewed to validate the information given namely, tenants, landlords, brokers and key informants. Here the key informants were used to validate the information given by the respondents. As most of the people in the settlement are aware of each other's scenario it became easy to cross-check the information given.

Table 4: Data collection methodology

Respondents	Criteria	Number	Data collection
Key informant	-	3	Interview with open ended questions
Tenants	Tenants having different family structures		
	1. male roommates	7	Semi-structured interview
	2. Family	13	Semi-structured interview
Landlords	Structure owners in the settlements	9	Semi-structured interview
Brokers	Brokerage agents	4	Semi-structured interview

3.4.2 Data Analysis Method

The study intends to have an in-depth understanding of the phenomenon, along with the context. Moreover the study also intended to capture opinions, perceptions and behaviours of the actors in the informal settlement. Hence, qualitative method of analysis is used, to understand these social and relational aspects present. Data in form of text along with researchers observations were interpreted, using codes to draw out relation in the variables. Both, the general patterns and the rare cases were analysed to interpret possible linkages between the variables. However to understand the socio-economic profiles of the actors descriptive statistics were used. The data collected was sorted with help of a code list (ANNEX1). The code list was derived from the indicators, and relating to the conceptual framework for better understanding of the relation between the variables.

3.5 Limitations :

The limitation is seen in the sample. The literature review highlights the influence of gender on the rental arrangement, however the sample studied did not cover single women or female headed households as none were present. Moreover, the cases studied showed a presence of absentee landlords. Both, affluent absentee and absentee landlords sharing the same socio-economic conditions as tenants remained unavailable for interviewing. Wherein, they showed no willingness to answer questions. Hence, the study lacks the perspectives of the absentee landlords. However the inferences are based on the insights given by the tenants and the key informants regarding the landlords.

Chapter 4: Research Findings

4.1 Introduction

On a rainy evening, while visiting the airport slum of Mumbai, the slum you see when any flight lands at the newly renovated international airport, meet Parvathi. She has been living in this settlement since the last 3-4 years. She is 28 years old, from a village near Mangalore and one of the many tenants living in Mumbai. She works seven days a week as a care-taker for an elderly lady. She gets a monthly salary of INR 9000(120 EUR). She stays with her father and younger brother in a rented house. After looking at 20 rooms she settled for this one just 15 minutes from her work place. Her landlord runs a tea stall, lives in the house below her, and earns a few thousand rupees more than Parvathi.

There is a different story each tenant and landlord has to tell. Through an empirical study, this research sheds light upon the rental arrangements that occur in informal settlements. Further, these arrangements are understood through the tenants and the landlords, identifying the factors that make it differ in different cases. The research finds out, how the rental arrangement differs as per the socio-economic profile of the tenants and the typology of the landlords. This chapter first discusses the sample of tenants and landlords studied. Further the rental arrangement is understood through the various components of contract, fiscal understanding and quality of housing. These are covered through indicators seen in the earlier chapter, such as rent paid, payment schedule, deposit type, maintenance, repairs and services, etc. It further relates these concepts with the socio-economic profiles and typologies of the landlords.

4.2 The settlement

The settlement near the Mumbai airport sits on the land that belongs to the airport authority with houses bordering the airport. It is a large settlement spread over 308 acres with over 80,000 households. Since the settlement is

Figure 2: Aerial view of the settlement



large, it has several neighbourhoods and all the houses have de facto ownership. Moreover, these neighbourhoods are called chawls. Each chawl is recognised by the municipality that is BMC, in case of Mumbai. Likewise, every chawl has a committee appointed representing about 150-200 households. Two such neighbourhoods were studied. In totality 20 tenants and 9 landlords with 4 brokers were interviewed.

4.3 The Tenants of the settlement

The tenants were seen mostly young, from the age of 20 to 30, with basic schooling as their education. There were young couples with children. And, there were also male roommates, typically group of men hailing from the same village, sharing a rental accommodation.

Wherein, their families reside in their home towns. The tenants were migrants coming from other regions of Maharashtra and also from other states like Karnataka, Tamilnadu, Uttar Pradesh and Bihar. On an average, the tenants were seen dwelling in Mumbai from between 10-12 years, some were raised in the city as well. Moreover, the tenants were seen dwelling in their rental accommodation for 3-4 years, some even lesser. Although they continued to reside in the same settlement, they keep moving between houses. They earned their living through unskilled and semi-skilled labour by working as tailors, taxi drivers, electricians, painting contractors, carpenters, domestic helps in houses, etc. They depend on their social networks, as referrals, to attain house for rent. Relatives, friends or brokers were their sources of acquiring houses for rent. The charts below describe the age, family structure, regional spread, duration of stay of the tenants studied.

Chart 1: Age of tenants

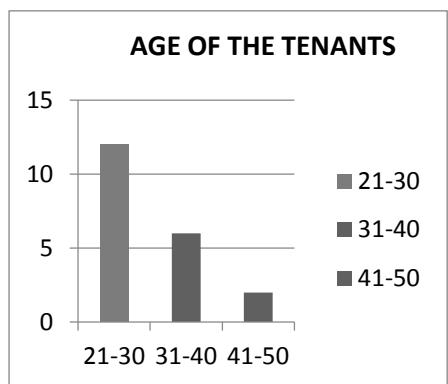


Chart 2: Family structure of the tenants

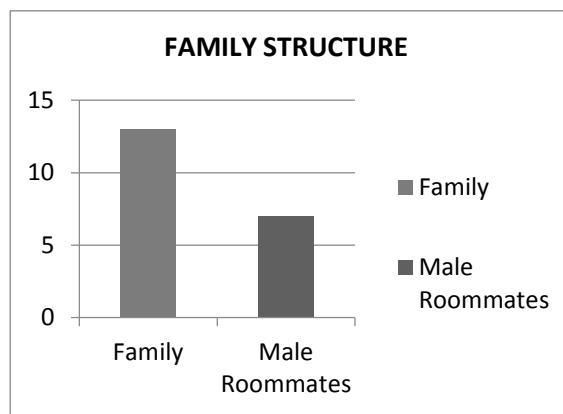


Chart 3: The regional spread of tenants

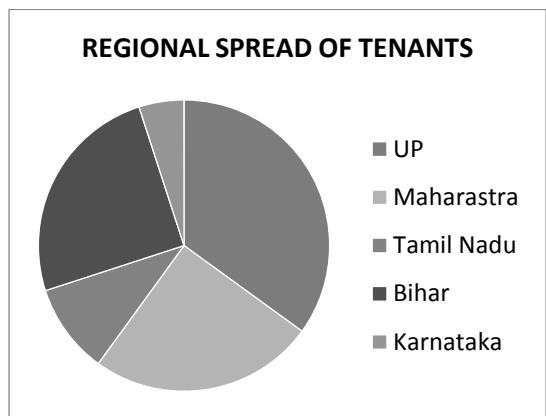
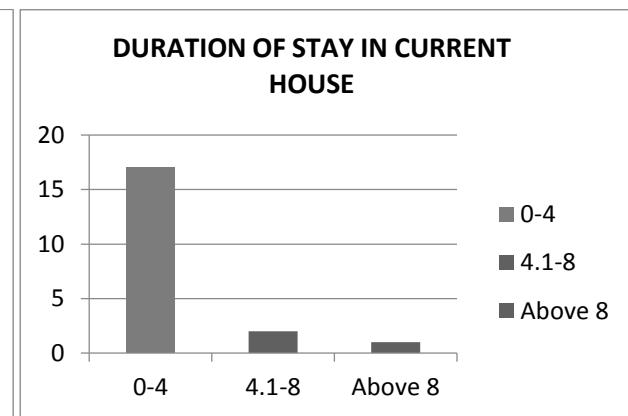


Chart 4: Duration of stay in the house



4.4 Landlordism in the settlement

All types of landlords are present in this settlement namely, resident landlords, absentee landlords sharing the same socio-economic profile as the tenants and other affluent absentee landlords, as seen in Gulyani's (2008) model. The chart below shows the types of landlords observed in the sample studied.

Chart 5: Type of landlords

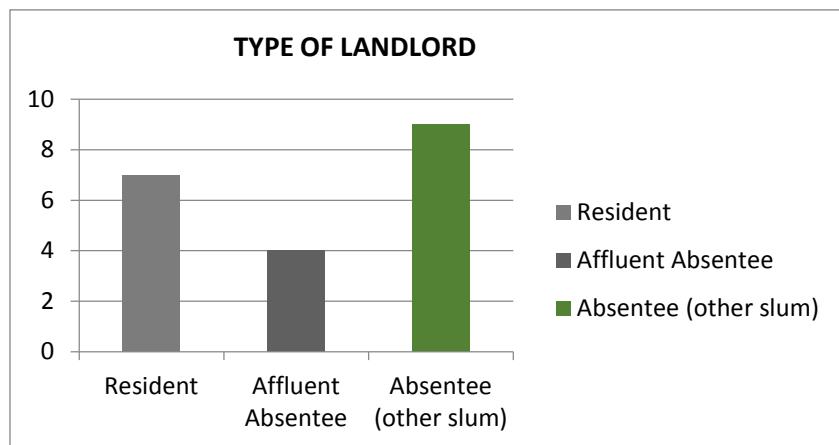
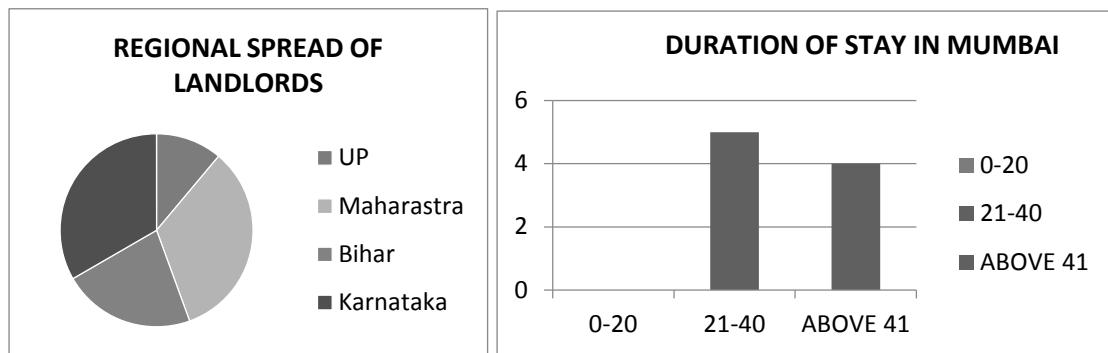


Chart 6: Regional spread of landlords **Chart 7: Landlord's duration of stay in the city**



4.4.1 Resident Landlords

These landlords had expanded their house with an additional storey which was rented out. As evidently seen in the bar chart, all landlords have been staying in Mumbai since a long period of time. It can be said, that they are well rooted in the city and particularly in the settlement. Moreover, these landlords were seen to be older than the tenants and stayed on the ground floor with their families. They were seen hailing from other regions of Maharashtra, and also from other states like Karnataka, Uttar Pradesh and Bihar. The added income through rent was used for household sustenance. Also, they earned their living through unskilled and semi-skilled labour by working as taxi drivers, electricians, painting contractors, carpenters, domestic helps in houses, etc.

4.4.2 Absentee Landlords

These landlords were not housed in the settlement. They are understood in two groups. One who have rented their house in the settlement, but stay in other such settlement. They share the socio-economic profiles as the tenants. Notably, in this case the house is a good financial investment for raising capital. The rent also adds to the income. Other ones are affluent individuals, who are civil servants and real estate developers who are speculators of land and own numerous units in the settlement. The table below shows the number of units owned by each type of landlord covered in the study. In this case, the affluent landlord is a police officer and a real estate developer. It can be evidently seen, that the affluent landlords have a

control over a large number of units. Whereas, the other type of landlords are seen owning invariably a single unit for rental.

Table 5: Number of units owned by each type of landlord

	No of landlords	No of Units
Resident	10	12
Absentee	7	7
Absentee (affluent)	2	11

4.5 The Rental Arrangement

Typically, the resident landlord occupies the ground floor and a ladder like staircase leads to the upper level, which is usually rented. The rented accommodation is about the same size as the house below. However, in case of absentee landlords, the accommodation will be either a single storey structure or two floored structure with tenant occupancy. All the rental accommodations are single rooms about 90-120 sqft in area with a small bathroom and no provision of toilets. The toilets used are the common community toilets provided by the municipality.

Usually the processes of rental arrangements comprise of a written contract for a duration of 11 months. Along with deposit, which is summing up to 10 months of rent and an agreement to pay monthly rent along with payments for services like water supply and electricity. The electricity bill is metered and is shared between the landlord and tenant if they occupy two floors of the same unit. The maintenance and the repairs are carried out by the landlord. Also, a minimum of one month notice period is required to terminate the contract and the deposit is returned. This is the normal practise followed as reported by the key informant and the brokers. However this arrangement differs with different tenants and landlords as observed in this study.

Figure 3: Stairs to the rental house



Figure 4: street view of the settlement



understand the bias of this market. Landlords found it trivial to have any kind of written contract due to kinship with the tenants. Similarly, tenants who had been living in the same house for 5-6 years and developed a good relationship with the landlord, do not have a written contract. Here in both cases, the need of having a written contract is nullified by the trust between the two actors. From the above data, a link between the social networks and variation in rental arrangement can be drawn.

Below mentioned is the experience of a family tenant, with a family of 5 comprising of husband, wife and their three children. They have been staying in Mumbai since the last 8 years and moved to a house in the settlement, after being introduced by a broker of the area. Since then, they have been staying in the same house for 5-6 years. As they developed trust with the landlord, who resides in another such settlement, they did not see the need to renew the contract papers. In this case the trust between the two actors contributes to the variation of the rental agreement.

"beginning we had made a contract for 11 months. after that we do not do it every year. the thing is if the people are good. there is trust then we don't need to make the papers again and again. but our rent increases every year"- Family tenant about contract

It was also observed, that the absentee landlord who was a real estate developer, did not adhere to the general practice of creating a contract. It could be inferred the absentee landlord did not need any further assertion for the claim of his owned land and the rental activity.

4.5.1 Rental agreement and the contract

Most of the tenants confirm to have a written contract on a stamp paper. The contract consists of tenant and landlord names along with the rent paid, deposit paid, and the notice period for termination of contract. In case of the male roommates, the contract is compiled with one of the members. All contracts are backed with signature of 2-3 witnesses, who are more often the neighbours or relatives or broker. And, the contract is renewed every year with subsequent increase in rent. Above all, this is purely done to eliminate any kind of cheating by the tenants or the landlords.

16 of the 20 cases have a written contract. Hence, it becomes vital to discuss the cases without any contract but a verbal commitment, to

The contract possibly gives assurance and protection to both the landlords and the tenants. Although very little can be done if the contract is not followed. Sinha (2014) argues, that verbal contracts signify trust and most of the transactions happen through kinship. The contrasting scenario in this study can imply multiple outcomes. Firstly, the written contract safeguards the landlords and tenants, to have transactions with people without any relations or connection. Secondly, this can possibly mean, that landlords have to extend their houses to all tenants irrespective of kinships, to cater to the growing demand. Lastly, landlords want to have trusted tenant, where the processes are safeguarded with a written contract. Concurrently, this signifies the cautious mannerism of the rental sector in this settlement.

4.5.2 Fiscal Understanding

Majority of the landlords fix the rental agreement only after receiving the deposit money. It acts as a sign of promise by the tenant. Deposit is lump-sum amount paid in advance, as a token of agreement. The contract is not signed till the deposit is paid. Hence, deposit plays a vital role in the rental arrangements.

It is observed, that there are different kinds of deposit taken. First, there are few landlords who charge a large sum as deposit, in addition to the month payment of rent. Meanwhile, if the contract is renewed each year, the amount of deposit paid initially remains the same. Second, there are landlords who charge annual rent, as a one time payment at the start of the contract. Each year, the contract is renewed with the annual rent paid for the succeeding year. Third is what is termed as heavy deposit, in this case the tenant has to pay a large sum of money, usually accounting to twice or thrice of the annual rent. The tenants reside in the house and the entire amount of deposit is returned while vacating. This is also known as leasing the property.

The deposit which is invariably a large sum of money, has different implications on the demand side and the supply side. For the supply side, it is a great opportunity to gather a lump-sum amount of money. Likewise, this lump-sum is used by the landlords, as capital for their activities. Interestingly, a heavy deposit arrangement speaks a lot about the need of the landlord, and how he takes advantage of his physical asset for cash flow. This could possibly be equated as a soft loan taken from the tenant, for allowing them to stay in the house. Hence, the needs of the landlords govern the kind of deposit taken in the rental arrangement. It can be confidently said, that the decision about the type of deposit is at the will of the landlords.

Table 6: Type of deposit taken by each landlord type

	what kind of deposit have you paid				Total
	only deposit	heavy deposit	no deposit	annual rent	
Resident	7	0	0	0	7
Absentee (affluent)	3	0	1	0	4
Absentee (other slum)	5	1	0	3	9
	15	1	1	3	20

Brokers reported, that landlords asked them to arrange a tenant as per their specific needs of deposit. Hence, it can be inferred that landlords prefer the tenants who can pay a certain kind of deposit as per their needs. This can further be linked to the type of landlords.

The table above highlights that regular deposit is seen in most of the rental arrangements. However, only absentee landlords are seen charging annual rent. Where all the resident landlords are seen taking a deposit with monthly rent payment, there were 3 out of the 9 absentee landlords opting for annual rent payment. This is with the vision of avoiding any tour to their rental house for collection of rent. Through this kind of payment, visits are limited to once a year. hence, the type of landlords is seen influencing the type of deposit.

Moreover, there is rarely a scenarios where deposit is not taken by the landlords. Accounting to kinship with the landlord, it is observed that tenants did not pay deposit. Another case noted with no deposit was, wherein the landlord offered an empty patch of land and tenants built the house. Since they invested in house through their own resources, here the deposit is paid in kind. This also is a rarity as there are hardly any empty patches of land within the dense settlement.

The table below highlights the aspects of deposit as per the type of the landlord

Table 7: Types of deposit

Deposit	Landlord type	Method	Reasons
Rs20000(€270) to Rs30000 (€400)	Resident landlord	Same deposit is carried forward as the stay amount extends beyond the first year	Taken as a guarantee
Rs33000 (€445) One time payment of the annual rent which is	3-9 absentee LL (other settlement)	Yearly this amount has to be paid for the successive year.	Through this kind of payment the landlord doesn't need to come to the settlement to collect monthly rent
Rs100000 (€1350) and above	1-7 absentee LL (other settlement)	Large amount is paid and this amount is returned to the tenant when the house is vacated	Through this payment the landlord has a quick cash flow. It can be used in the business (construction of house as seen in this case)

However for the supply side, to save a large sum as deposit remains a challenge. Moreover, they need to borrow and pay. Most tenants reported the difficulties they face to acquire such large amounts. However, they are compelled to do so due to lack of other options. The case below is family of 6 members, with one earning member. They have been staying in the same house since 3 years, and pay an annual rent to the absentee landlord. The landlord visits once

a year, as he stays in a settlement away. It is clear that the choice of this kind of an arrangement is due to the insistence of the landlord. Notably, there seems to be flexibility offered by the landlord to make the payment in two instalments of INR 15000(€200). However it is debatable if the flexibility offered by the landlord on payment is just or not, since the payment method itself can be questioned. It can be argued that such kind of payments are restricting the tenants further.

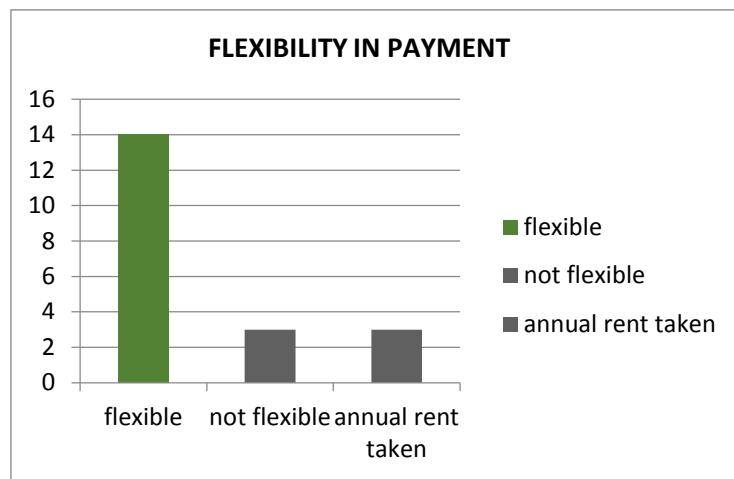
"no we didn't want it. where does so much money get collected? now there is no other option. so we have 30000 to pay. then we pay 15000 first and 15000 after some time. both my kids study in English medium. that also has fees."- tenant about lump-sum deposit

Although it is constraining to gather such large amount of money, it does not limit the tenants from choosing such options. Certain household factors, contribute to their decision of choosing a heavy deposit arrangement. As seen in a case of a young lady, who lived with her husband and his parents and was the sole breadwinner of the household. The family couldn't afford to pay monthly rent from the menial salary she earned as a domestic help, serving few houses. However, their parents could contribute a large sum of one lakh (€1350) from their savings. This was done to eliminate recurring expenditure of rent. Notably, the time period till which they are permitted to stay is ambiguous. However, they chose the option. From the above example it is evident, that certain household factors contribute to decision making regarding the rental arrangement.

It is observed that, male roommates did not opt for heavy deposit or annual rent payments, whereas family tenants did. The male roommates chose to pay a monthly rent with usual deposit. Since monthly remittances to the family in their home town is prioritised, they choose to reduce their cost of living in the city. Also, lump-sum payment of money is avoided. Only family tenants are willing to choose for such alternative fiscal arrangements, which involves lump-sum payment. However, in most cases the tenants are just helplessly obligated to do so, for acquiring a decent house. Since all the financial transactions are decided before the contract is accepted, it is acknowledged by the tenant. But it is questionable if it is due to constraints or their will. Hence, from the above discussion it is argued that the type of deposit taken is dependent on the type of landlord more than the tenant.

However, monthly rent with regular deposit is the most practiced form of rental arrangements. Monthly rent is based on the price that is dominant in a particular chawl. Amongst the two neighbourhoods studied, the neighbourhood which was closer to the highway and with better connectivity had rent more than the other neighbourhood. One neighbourhood had majority rents ranging from Rs3000(€40)- Rs3500(€46) for about 90-120 sqft, with an exception of lowest rent reported as 1500 (€20) for 55sqft house. Other neighbourhood had majority rents ranging from Rs4000(€44)- Rs5000(€67) for about 90-120 sqft. The rent is not calculated as per the area of the house, unless it is truly smaller than the normal range of 90-120 sq.ft. The variation in rent is also associated with the yearly increase in rent, while contract is renewed. The amount by which it increases is not benchmarked. Some reported increase of Rs200 (€2.50) and others Rs 500(€6.50). As a result, rent paid varied after each yearly renewal of contract. Although, it can be concluded that tenant pay for the location more than the house.

Chart 8: Rent payment flexibility offer by each landlord type



The chart above shows that, most tenants reported their landlord to be understanding in terms of monthly payment. If they were unable to pay, they could pay rent late or pay two months rent together. At the most, the rent would be cut from their deposit paid. This is the understanding and the flexibility offered by the landlord as noted by Kumar(2001) and Gilbert (2003). However, in the case below a resident landlord who has a family tenant empathises with the tenant's situation, but is safeguarded by the deposit paid by the tenant. The benevolent nature of the landlord can be questioned here.

“I understand he has school fees to pay so if any month they can't pay I adjust or reduce it from their deposit”- Landlord (resident)

Table 8: flexibility offered by each landlord type

	late payment			Total
	flexible	not flexible	annual rent given	
Resident	7	0	0	7
Absentee (affluent)	1	3	0	4
Absentee (other slum)	6	0	3	9
Total	14	3	3	20

The table above shows the payment flexibility offered by each type of landlord.

Most resident landlords were seen considerate about the rent payment. On the other hand, few of the absentee landlords residing in other settlements charged a annual rent payment. This could imply that, this method was opted to omit the irregularity in rent payment. However, absentee landlords who are affluent, either got into a verbal abuse or charged a fine for late payment. This has various implications with regards to the power relationship between the

deprived tenant and the powerful absentee landlord. These landlords are speculators and they are not dependant on the monetary benefits they receive through rent, but are interested in keeping the land under control. Charging a fee could possibly be a demonstration of power that these landlords hold.

Case below is a young couple, who had to sell their house in the settlement, a few years ago due to financial difficulties faced by them. After which, they rented a patch of land in the same settlement from the real estate developer. They built their own house using their resources and labour. Now they pay monthly rent to the landlord but have not paid deposit. Given below is their experience and the treatment they receive from their landlord, if they are late to pay. Later the lady was quick to add that irrespective of this, the landlord is a nice and helpful person.

"if we don't give the rent. seth will fight. why did you not pay this month? if we don't give it on 10th. he takes 200 rs more. it is a fine. we don't give the fine but he writes down the fine." - Family tenant

Landlords reported, that they preferred male roommates as tenants due to regularity in payment. Since all the members are earning, they tend to make regular payments as compared to families. With families it is known that they have 1-2 earning members and more dependent members with additional expenditure of education and schooling of the children. Here, the landlord is obligated to understand the conditions of the family and has to demonstrate good will. Hence, the preference of the landlords favoured the male roommates in this aspect.

4.5.3 Housing maintenance and Facilities.

All services like water supply and electricity are charged separately apart from the monthly rent. All houses have electricity supply, wherein some houses have electricity supply which is metered and provided by the municipality, and some houses have an illegal connection for electricity and have to pay to an informal supplier. For water, 9 households share a pump to draw out water to the source and then they take turns to fill up water for the day. The cost is shared amongst the 9 households.

Most of the housing units are electrified with meters. And the upper storey and lower storey share the same meter and supply line. Hence the two households share the electricity bill. The bill is divided equally, and there are no means of monitoring the actual usage of each household. The male roommates are observed to use lesser electricity, as they use the house only in the night and have no electrical equipments like fridge or television, which consume more electricity. Comparably, the landlord family who stays downstairs use the house during the entire day, in addition to the consumption by electrical equipments. Hence, the male roommates consume electricity much lesser as compared to the landlord family downstairs yet the bill is divided equally. Most tenants were distressed, but could do little about it.

"I don't stay the entire day home but still I need to pay Rs 500" - tenant sharing the bill with the landlord

For the water supply, each household fetches water from the common supply line at 4am as per their turn. The water fees are charged for each household. However, the water has to be stored and used for the day's activities. Hence, the tenants face a lot of trouble moving the water containers to the upper storey through the ladder-like stairs. Hence this factor contributes to the tenant's priority, while choosing the house. As the charges are according to

households, there is no scope for friction between the landlords and the tenants regarding this leading to neutral indifference in this aspect.

It was noted that the landlords are supposed to carry out the repairs and the maintenance of the house periodically, but a certain kind of negligence was reported on the landlords' side. Most landlords insisted that the tenants need to live rightfully like it is their own house, but not damage anything. Most absentee landlords were not interested in maintaining the house. It can be inferred, that the absentee landlords did not see the necessity in repairing or maintaining the house, as they did not share the same structure with the tenant. As opposed to resident landlords, who were very concerned about the housing quality as they shared the structure with the tenant. Any thing that affected the tenants' house upstairs, could damage their house too. If the landlords are limited in funds, they would ask the tenants to help, and reduce the rent accordingly. Hence, resident landlords were more receptive for housing maintenance needs but thought it was the tenants responsibility.

Below is the experience of a resident landlord. He owns two units, one is rented to a family and other to male roommates. He firmly expressed, that maintaining the house was the tenants' responsibility.

"The entire year that you stay, the entire responsibility is yours (tenant's) if anything breaks then it is your responsibility. When we change we repair everything and give. If we have given you ok, then you need to keep it ok" - resident landlord

Reluctance of the landlords, compelled the tenant to either live in the same condition or improve it by themselves. Families are seen to maintain and keep the house much better than the male roommates. Families also carry out repair work themselves, as they prioritise their living conditions. It could be also implied that for the absentee landlord it is rather an advantage to choose family as tenants, as the house will be well maintained even in their absence. Below is the case of a family tenant complaining about their landlord, who stays in another such settlement.

"our own money is used. we did tiles, everything is done by us. they wouldn't give one rupee. you stay if you want to or leave. that is why we do it" -Tenant family with an absentee landlord

Where as, the male roommates lived in poor quality homes and did not improve them. Landlords complained that the male roommates did not maintain the house well and caused a problem to them on this aspect. Also, male roommates as tenants, do not expect high-quality of houses and facilities. They require bare minimum to support their subsistent living. This allows the landlord to invest less on the rental unit. The quality of house of the male roommates was far less as compared to families. The reasons could be the tenants reluctance as well as landlords disinterest to invest in the housing unit. Hence, the improvement of the housing remained mainly on the tenant and their wills to carry it out.

From the above discussion, it can be concluded that the perspectives of the landlords and tenants, do not match on this aspect. Each expects the other to improve and maintain the living condition.

4.5.4 Termination of contract

All the agreements follow a time period of 11 months. In most cases, the contract is renewed after 11 months with increase in rent. If it is not renewed the deposit is returned and the tenants moves on to look for a new house. Minimum of one month notice period is required for annulment of contract from both sides. However, termination of contract is due to various reasons.

Increasing rent more than usual is tactful way of terminating the contract. Some reported the rent increasing by 10% of the previous year, while some reported 30% increase. Since the increase in rent each year is not benchmarked, the increase in rent is under the control of the landlord. Unexpected increase in rent urges the tenants to vacate, without any trouble to the landlord. The tenant is forced to leave and look for another house in such circumstances. One of the cases reported, where a tenant family were asked an increase in rent within 3 months of the contract. Since this increase posed a challenge to the tenants, they moved out in 2 months by looking for an alternative accommodation within the same settlement. They anticipate that the resident landlord tactfully compelled them to move, as he found a new tenants who were ready to pay higher. The above data implies the dominance the landlord possess, wherein they can change the terms in the contract as per their will and the tenants can do very little about it.

"if he (tenant is not nice, after 11 months we don't renew. ask them to leave. we have to bear them for 11 months. stay for 11 months and leave. because it is the court paper. my photo, their photo both have been deposited in the police station." - resident landlord

Contrary to that, most of the landlords reported that they complete the 11 months, even if they have problems with the tenants. The above quote supports the claim that landlords make. They claim they do not abruptly end the contract. Also, resident landlords cannot afford to leave the room unoccupied, as it effects their monthly revenue flow. However, after 11 months, they do not renew the contract. If the tenants and the landlords are comfortable with each other, they continue to stay in the rental house after 11 months. It was also noted in a few cases, where landlords empathised with the tenants and renewed the contract allowing them to stay longer. In case of a young couple expecting a child soon, it was seen that they saw comfort in their landlord. The tenants requested for their agreement to be renewed as it would be difficult for them to move. The landlord is seen helpful here.

However, the control over the termination of contract remains with the landlords and it is noted that they change tenants every 3-4 years or even lesser. Hence, many tenants are seen moving from one house to the other within the same settlement. The landlords fear that a longer duration of stay could give the tenants power, to claim the house. Therefore most landlords control the period of stay of the tenant. As a result, tenants reported the uncertainty of their accommodations and contracts. The below quote sums up the agony of a tenant, with a family of 4, who has been moving in the same settlement for over 6 years from house to house.

"They make us empty the house, then taking the luggage and children we keep running from here to there. It is too stressing, but what can we do i don't have so much money to buy a house. i also think if money is there we can get our own house even if small, we will buy. at least we will stay peacefully. but

in this price hack what do we eat what do we save, i don't understand."- family tenant

4.6 Interface between socio-economic profiles of landlords and tenants

Characteristics of both landlords and tenants play a role in the rental arrangement. Hence, it becomes necessary to understand, how their profiles interact and affect the arrangements. A peculiar pattern can be observed here. Most resident landlords have male roommates as tenants and most absentee landlords sharing the same socio-economic profile with tenants have family tenants. Brokers confirmed that the landlords approach them with a prerequisite of the type of tenant. The opinions of a resident landlord with male roommates as tenants, stated below, support the preferred combinations of landlords and tenants.

"we don't keep family at all. the height of the room is too high to climb up. there are kids. it is trouble for us too. if they fall or something. so bachelors only are better. during the day they aren't there, they only come in the night. consume less electricity. so we don't keep family"- Resident landlord

The table below highlights the landlord-tenant combinations that are predominant. 5 out of 7 male roommates were seen with a resident landlord. Likewise, 8 out of 13 family tenants were seen having an absentee landlord, residing in another settlement. The possibly implies the preferences of the landlords and tenants.

Table 9: Tenant's family structure and the landlord type

	Family Structure		Total
	Male roommates	Family	
Resident	5	2	7
Absentee	1	3	4
Absentee (other slum)	1	8	9
Total	7	13	20

Certain characteristics prevalent in tenants as male roommates work better for resident landlords. Male roommates create no noise that could disturb the neighbours. On the other hand, husband wife in the families are known to have loud quarrels which disturb the neighbours. Most landlords, are not comfortable with that, as they feel responsible for the amity in the neighbourhood. Furthermore, the male roommates work and do not use the room during the day, hence they end up consuming less electricity. Most of the structures have the resident landlord staying downstairs and the upper storey leading to the tenants' accommodation through a ladder like staircase. Here, they comfortably use the ladder. Additionally, they are all earning members and hence pay rent on time. This seems like an

advantage to a resident landlord, who are in need of the extra income on monthly basis. Furthermore, it was observed that the landlords had to invest far lesser in provisions and quality of housing as the male roommates expect less. This is evidently seen from the housing quality. Also, the male roommates do not maintain the house well. This aspect is well ensured as the resident landlords are present and ensure maintenance. Hence, this combination of landlords and tenants is seen complementary.

Similarly, most absentee landlords with same socio economic conditions prefer families as tenants. Families are known to maintain the house well and clean. As the absentee landlord is not present to monitor the tenant's stay, it becomes important for the absentee landlord to ensure this aspect. Hence with family tenants, landlords are not troubled about maintenance as they carry out repairs in the absence of the landlord. Additionally, only families can afford to pay heavy deposit or annual rent, as in case of male roommates all savings are diverted to their rural households. This is of great convenience for the landlord, avoiding frequent trips to the rental house. Likewise for the families, they can avoid steep staircases and choose housing as per their choice, while avoiding daily interactions with the landlord.

It can be inferred that the landlords and tenants prefer to keep their relation with each other as neutrally indifferent as possible. In case of resident landlords this occurs when a tenant is outside the entire day and comes to use the room only in the night. Moreover the landlords prefer a tenant who is easy to inhabit with.

4.7 Socio-economic profiles of tenants and the rental arrangement

4.7.1 Age and Ethnicity of the tenant

Certain characteristics of the tenants have no effect on the rental arrangements they obtained. It can be said, there is no discrimination based on language spoken and place of origin of the tenant. It was surprising, considering the diversity and regional differences prevalent in India, that tenants and landlords seem comfortable residing and interacting with each other irrespective of different caste, region and even religion. Similarly, age group of the tenants also did not alter the arrangement. Older men amongst the male roommates were treated similar to the younger tenants.

4.7.2 Duration of stay and Social networks

Social networks help tenants to find rental accommodations. In the absence of social networks, brokers help to acquire houses, wherein a fee is charged for their service. This aspect becomes important as no landlord keeps the same tenants more than 3 years. Or allows a longer stay without a written agreement, as they fear the tenants could claim their house. As a result, most tenants keep moving from house to house within the same settlement. Longer the tenants have been staying in the settlement, better they are aware of the rental market and better rooted they are in the social networks. They can easily navigate from house to house through their connections, after termination of contract. They are aware of the aspects that suit them better while choosing a rental arrangement. Hence, social networks make it easy for tenants to acquire a house, but it does not impact any other aspect such as fiscal or living conditions.

4.7.3 Family Structure

Most variation is seen through family structure of the tenants, that is the family tenants and the male roommates. The intentions of these two entities to choose rental housing is fundamentally different. It tends to be a temporary arrangement for both of them, but in a

different way. Moreover, this can be linked to their characteristics which are socially and economically different. Hence, the way in which these two groups leverage rental arrangement is different.

In a case of family tenants, the fiscal aspects are seen to vary. Here the earning members are less and their expenses are more. Most of the tenants spoke about schooling fees to take up most of their expenses. Families also are seen prioritising funds for education, hence they do not divert funds for buying a house. The rent paid by all the tenants is governed by location and it can be seen that rent is more or less similar for all. But apart from rent paid, there is a diversity seen in deposits. To acquire a decent house and feel secure, they choose payments that involve heavy deposit as well as annual rent payment. It can be said that eviction by the landlords affects the families the most, as they have to move around with their luggage and children. Hence to reduce the brunt of these circumstances, they choose available options even if they face capital accumulation challenges.

Along with the fiscal conditions, living conditions are seen to vary. Quality of house of these tenants, is much better than the male roommates. Although it can be accounted as the reluctance of the landlords, it is covered by the families as they carry out the work themselves. Most family tenants are seen repairing, painting and tiling the house on their own. They also give character to the rental accommodation by furniture and other items for storage etc. They prioritise good living condition for their children and hence, do not mind investing money for the same.

On the other hand, the attributes of male roommates resulted in disparity in terms of quality of house and fiscal arrangement. Male roommates have all the members earning. Rent gets divided between the members of the house. The aim of the members is to save as much as possible and divert it to their rural home, through monthly remittance to the family in their home towns. Hence this makes them choose any rental accommodation even if the quality of the house is poor. Moreover they do not invest in any housing repairs and continue to stay in the condition given. Furthermore, these tenants do not choose for any variation in deposit, they simply cannot afford such capital investments, as their savings are diverted to their rural homes.

4.7.4 Work Profiles

The choice of the house can be linked with the work profile. It was noted that within the same settlement different neighbourhoods had different rent price due to aspects of connectivity. Hence tenants could choose as per their budget and income. But it is difficult to establish a strong connection here, since there are other cultural aspects governing monetary decision made in a household, apart from income. Moreover, it does not impact any other aspect such as fiscal or living conditions.

4.8 Socio-economic profiles of landlords and the rental arrangement

From the above discussion, it is evident that the rental market is a seller's market. Landlords have a tenant ready while constructing their upper unit, indicating the ease to find a tenant. Hence, landlords have a stronger say in the rental arrangements. Choosing a tenant is the landlords' decision. Brokers confirmed the power resting in the landlords' terrain regarding the choice of tenant, even if the brokers fetched many tenants. On the other hand, irrespective of their choice, landlords also find it inefficient to keep their rental house vacant, hence circumstantially they are seen accepting tenants.

Three types of the landlords are resulting in the arrangement to differ as their objective through rental activity is different. Firstly, the resident landlords co-inhabit with the tenants and get added income for sustenance. Secondly, absentee landlord with same socio-economic conditions, do not have to co-exist but need to get money from their investment. Lastly, the affluent absentee landlord needs to demonstrate a control on the land through rental. These characteristics contribute to the diversity in rental arrangements.

4.8.1 Resident landlord

Resident landlords are seen dependent on the rent for their sustenance, however they feel responsible for the amity in the neighbourhood. They are dependent on monthly cash flow through rent and do not feel the need for lump-sum money. Hence, they are flexible for monthly payments but prefer regularity, as their household is dependent on it. Moreover, they are concerned about living in harmony. Hence the variation is seen in the interactions they have with the tenant. They prefer tenants who do not disturb the neighbourhood and live in harmony.

4.8.2 Absentee landlord

These landlords perceive their rental stock as a way for capital accumulation and added income. For these purposes, various features of the arrangement are altered to suit the landlords' needs. Whoever is in need of large sum of money can alter the deposit using the house as a physical asset. Hence, a variety is seen in the fiscal matters of absentee landlords. There is a variety seen in deposit such as heavy deposit or annual rent payment. This makes large sum of capital available, for the landlords' activities. This draws a clear linear process of the house being a valued asset and becoming a livelihood strategy.

Since the landlords do not co-inhabit with the tenant, the living conditions are ignored. Reluctance is seen for maintenance of the house and improving the quality of housing. This compels the tenants to do so by themselves.

4.8.3 Affluent absentee landlord

Affluent absentee landlords are seen powerful, this power is reflected in the rental arrangements they provide. They are seen controlling multiple units and have control over the arrangements. However, this power is not showcased by gripping on extra rent or deposit, since these landlords are not dependant on the money they earn through the rents. It is evidently seen in the interactions about flexibility in rent payment and maintenance. Notably, they are not flexible for late rent payment and also charge a fine. This is to demonstrate the power they possess. These landlords can dominate their tenants much easily because of the hold they have in the settlement. Moreover, they do not see the need to have written contract as assurance. Therefore, the power is demonstrated through day to day dealings with the tenant and not through financial aspects.

The table below summarises the diversity of rental arrangements seen in each type of landlord and each type of tenant, namely the rental arrangement family tenants have with each type of landlord and male roommates have with each type of landlord.

Table 10: Rental arrangement seen for each tenant and landlord type

	Male Roommates	Family
Resident Landlord	<p><u>Contract and agreement</u></p> <ul style="list-style-type: none"> Written contract with one month notice period for termination of contract Rent increased yearly 	<p><u>Contract and agreement</u></p> <ul style="list-style-type: none"> Written contract with one month notice period for termination of contract Rent increased yearly
	<p><u>Fiscal understanding</u></p> <ul style="list-style-type: none"> Monthly rent paid with deposit summing to 10 months of rent Payment flexibility offered by the landlord As earning members increase the LL can ask for more rent 	<p><u>Fiscal understanding</u></p> <ul style="list-style-type: none"> Monthly rent paid with deposit summing to 10 months of rent As earning members are less LL are more considerate of late payment.
	<p><u>Quality of housing</u></p> <ul style="list-style-type: none"> Quality of house is given with basic facilities Quality of housing is poor 	<p><u>Quality of housing</u></p> <ul style="list-style-type: none"> Quality of house is good and it is maintained well by the tenant
	<p><u>Services</u></p> <ul style="list-style-type: none"> Electricity bill is divided equally, even if tenants do not use it during the day. Repairs done by the landlord 	<p><u>Services</u></p> <ul style="list-style-type: none"> Electricity bill is divided equally Repairs done by the landlord
	<p><u>Interactions</u></p> <ul style="list-style-type: none"> Landlords with young women in the house do not prefer male roommates as tenants. LL and tenant hardly interact as the tenants are out the entire day. They can be easily dominated. 	<p><u>Interactions</u></p> <ul style="list-style-type: none"> Both the families are seen to have a good relation with each other Also they are seen conflicting over disturbance created by the family tenant

Absentee Landlord (with same socio-economic profile)	<u>Contract and agreement</u>	<u>Contract and agreement</u>
	<ul style="list-style-type: none"> Written contract with one month notice period for termination of contract Rent increased yearly 	<ul style="list-style-type: none"> Written contract with one month notice period for termination of contract Rent increased yearly
	<u>Fiscal understanding</u>	<u>Fiscal understanding</u>
	<ul style="list-style-type: none"> Monthly rent paid with deposit summing to 10 months of rent Payment flexibility offered by the landlord As earning members increase the LL can ask for more rent 	<ul style="list-style-type: none"> Monthly rent paid with deposit summing to 10 months of rent or Annual rent payment or Heavy deposit As earning members are less LL are more considerate if late payment.
	<u>Quality of housing</u>	<u>Quality of housing</u>
Absentee Landlord (affluent)	<ul style="list-style-type: none"> Quality of house is given with basic facilities Quality of housing is poor 	<ul style="list-style-type: none"> Quality of house is good as family tenants maintained it well
	<u>Services</u>	<u>Services</u>
	<ul style="list-style-type: none"> Electricity bill and water bill is paid by the tenant Reluctance by the landlord to carry out repairs 	<ul style="list-style-type: none"> Electricity bill and water bill is paid by the tenant Reluctance by the landlord to carry out repairs hence it is carried out by tenants
	<u>Interactions</u>	<u>Interactions</u>
	<ul style="list-style-type: none"> LL and tenant hardly interact 	<ul style="list-style-type: none"> LL and tenant hardly interact
Absentee Landlord (affluent)	<u>Contract and agreement</u>	<u>Contract and agreement</u>
	<ul style="list-style-type: none"> Some times written contract is absent Rent increased yearly 	<ul style="list-style-type: none"> Some times written contract is absent Rent increased yearly
	<u>Fiscal understanding</u>	<u>Fiscal understanding</u>
	<ul style="list-style-type: none"> Monthly rent paid with deposit summing to 10 months of rent Late payment by the month causes penalty fine or verbal abuse 	<ul style="list-style-type: none"> Monthly rent paid with deposit summing to 10 months of rent Late payment of rent causes penalty fine (in 2 cases out of 3).

	<p><u>Quality of housing</u></p> <ul style="list-style-type: none"> • Quality of house is given with basic facilities • Quality of housing is poor 	<p><u>Quality of housing</u></p> <ul style="list-style-type: none"> • Quality of house is good as family tenants maintained it well
	<p><u>Services</u></p> <ul style="list-style-type: none"> • Electricity bill and water bill is paid by the tenant • Reluctance by the landlord to carry out repairs 	<p><u>Services</u></p> <ul style="list-style-type: none"> • Electricity bill and water bill is paid by the tenant • Reluctance by the landlord to carry out repairs hence it is carried out by tenants
	<p><u>Interactions</u></p> <ul style="list-style-type: none"> • LL and tenant hardly interact 	<p><u>Interactions</u></p> <ul style="list-style-type: none"> • LL and tenant hardly interact

4.9 Conclusion

The above data indicates that, the family structure of the tenants along with the type of landlords impact the rental arrangements. It is seen that the rental arrangement chosen or received by the male roommates is different than the family tenants. Similar, the type of landlords have varied aims from their rental activity, which is seen influencing the rental arrangements.

The rental arrangement is an informal contract, where its terms are influenced by the tenants and the landlords. Both these entities create an arrangement, which is convenient for both. Sometimes, one of the two has to compromise more than the other, which is more often the tenant. Every day relation of the landlord and tenants, seems to be harmonious or at the least neutral towards each other. It can be inferred that landlords and tenants want to stay peacefully, as there is mutual dependence.

As a result, profiles that complement each other are preferred. Family tenant is not preferred by a resident landlord, as they are known to disturb the neighbourhood with loud quarrels. Moreover, since they have 1 or 2 earning members with more dependent members, they are irregular in payments. This is often troublesome for a resident landlord, who is dependent on the monthly rent for sustenance. Also, the upper storey of the rental accommodation with ladder like stairs are not preferred by families with young children, with regards to their safety. Similarly, male roommates are not preferred by the Absentee landlords, who share the same socio-economic conditions as the tenants. Male roommates are unable to pay annual rent or lease the property, as their savings are diverted to their rural home. Similarly, they do not invest in house repairs or maintenance. On the other hand, the family tenants maintain the house well. This is an added advantage for an absentee landlord. The absentee landlords prefer a family tenant for the same reasons as the landlord can avoid investing in the

maintenance of the house. Notably, the affluent absentee landlord will prefer any tenant, but might not treat them in a just manner. Moreover, any tenant who has no social networks and who lacks the financial capacity to pay a lump-sum deposit, will find it difficult to acquire a rental house or will have to pay more rent than usual. Hence, it can be concluded that socio-economic profiles of tenants and type of landlords influence the rental arrangements in a the settlement.

Chapter 5: Conclusions

5.1 Introduction

The research aims to understand how socio-economic characteristics of the landlords and tenants affect the rental arrangements, present in the same settlement, regarding similar housing (size and quality). Hence, the first step was to note the types of rental arrangements and types of landlords and tenants. The next step, was to draw out links between the rental arrangements and the types of landlords and tenants. Further steps included, interpreting qualitatively the strength of the relationship between these variables. It is clear from the findings, that the rental arrangements are varying and certain characteristics of the tenants and landlords are contributing for the change. Furthermore, these alterations are more biased towards the landlords, leaving most tenants on the weaker side of the bargain and not always offering flexibility to tenants. Moreover, the rental arrangements can be linked with the domestic strategies of financial management opted by both the actors. This study was conceived to further the knowledge about the informal rental markets and the prevailing practises.

5.2 Sub-Research questions

5.2.1 Tenant Profiles

The tenants were seen mostly young and it in this time period where rental housing serves as a convenient option, before households become financially stable. But it is also seen that households resort to rental housing for various reasons, for example some older men lived with other male roommates and did not intent to bring their families to the city from their home towns. The tenants were seen hailing from different parts of the country. They earned their living through unskilled and semi-skilled labour by working as tailors, taxi drivers, electricians, painting contractors, carpenters, domestic helps in houses, etc. Relatives, friends or brokers were their sources of referral to acquire houses for rent. From the results of my findings, the tenants can be grouped in two categories, of family tenants and male roommates. They are fundamentally different in their needs and aspirations towards housing.

5.2.2 Landlord Profiles

Landlord's were seen to be dominant of the two actors. As per Gulyani's (2008) Model, all 3 types of landlords are observed here namely, resident landlords, absentee landlords sharing the same socio-economic profile as the tenants and affluent absentee landlords. Moreover, these landlords were seen to be older than the tenants, and either stayed on the ground floor of the housing unit or stayed away with their families. Further, Kumar's (2001) model can be used to understand the motives governing the decision to rent housing units in these three types of landlords. The rental property plays a role in supporting the landlords' finances. Either, it contributes to added income through rent which is used for household sustenance. Or, the owned property itself is a fixed capital investment, that appreciates over time adding to capital accumulation.

5.2.3 Rental arrangements

The informal rental market mimics the formal market, hence a lot of the practises prevalent in the informal market are seen similar to its formal counterpart. Typically, the rental accommodations are single rooms about 90-120 sq ft in area, with a small bathroom and no provision of toilets. The community toilets provided by the BMC, are used. Usually the rental

arrangement comprises of a written contract valid for 11 months. Along with, payment of deposit with monthly rent and charges for services, like water supply and electricity. Moreover, the maintenance and repairs are carried out by the landlords. Also, a minimum of one month notice period is required to terminate the contract and the deposit is returned to the tenant. However, these arrangements differ with different tenants and landlords.

5.2.4 How do profiles of tenants influence the rental arrangement?

Tenants are observed as the ones with less power and have very little say in alteration of the rental arrangement, apart from agreeing to it or looking for another house. From the findings it can be concluded, that factors like age and ethnicity do not impact the rental arrangement. However, the family structure of the tenants affect the rental arrangements. The way family tenants and male roommates, strategise and manage their living is different. The aspirations of these two groups is different. Hence, that is reflected through the rental arrangement they opt.

Male roommates prioritise their rural households over their living conditions in the city. Since they are all earning members who live together, the rent is divided, resulting in reduced rent per person. Their objective, is to earn money in the city and secure a better living in their home towns for their families. Moreover, these men feel their families are secure in their rural households, while they seek livelihood opportunities in the city. Hence, they do not opt for lump-sum deposit in order to divert more money for rural remittances. During the day they are present at work and they use the housing unit only in the night. Hence, they expect facilities just enough to support their subsistent living. Hence, houses obtained by them are largely of a poor quality. It can be inferred that they agree for any kind of house as long as it fits their stipulated budget. Moreover, their interaction with the landlord is bare minimum, since they use the housing unit primarily in the night.

Family tenants are striving to make a living in the city and aspiring to break the loop of poverty. It is seen that only family tenants are willing to choose for alternative fiscal arrangements, which involve lump-sum payment. As securing a decent house is the priority of the family tenant, they choose to do so. Moreover, they seek for a good living environment for their children for which, they agree to invest money as needed. Reluctance of the landlords, compel the tenants to either continue living in the same condition or improve it themselves. Families are seen to maintain the house much better than the male roommates. Families also carry out repair work themselves, as they prioritise their living conditions, giving a benefit to the landlords with reduced expenditure.

5.2.5 How do profiles of landlords influence the rental arrangement?

The diversity in the rental arrangement can be better understood after understanding the reasons of renting by the landlords. Through the framework proposed by Kumar (2001), the landlords are categorised in 3 categories namely, subsistence landlords, petty bourgeois landlords and capitalist landlords. It is understood that landlords who depend on the rent for sustenance are subsistence landlords. Petty bourgeois landlords, are those who are not dependent on the rent income for sustenance but the rent adds to their income. Capitalist landlords, look at renting as business proposition and land speculation. There is a critical link between why they are renting and what kind of rental arrangement they offer.

It can be broadly associated, that the affluent absentee landlords are the capitalist landlords. They are not dependent on rents for income purpose but it is more as a business proposition. Hence the rents or deposits charged are not more or less than the average. The difference in the rental arrangements can be seen in their interactions with tenants. They showcase their

dominance to demonstrate power, which is reflected through their behaviour towards the tenants. Non flexibility in payment and charging fine for late payment, along with reluctance in repairs and maintenance are attributes of the same. Moreover, their priority is to hold the land that they have acquired, hence they need no further assertion through a written contract for renting. Hence, these differences in the rental arrangements are linked to the purpose of renting by the capitalist landlords.

Further, the subsistence landlords are the resident landlords, where rent contributes to household sustenance. They need a monthly cash flow for household expenses, rather than lump-sum money. This is reflected in the kind of deposit taken. Furthermore, some landlords preferred male roommates as tenants due to regularity in payment. The regularity of payment from the tenant, hence becomes important for the landlord. Moreover, as the resident landlords live with the tenant, they carry out house repairs with no negligence and expect tenants to live harmoniously without disturbing the neighbourhood. Therefore, the rental arrangements are altered to suit the subsistent landlords.

Largely, the absentee landlords sharing the socio-economic conditions as tenants, could be classified as the petty-bourgeois landlords. The rental house here acts as an investment yielding capital. The rent, in this case adds to the income and the landlord is not dependent on a monthly basis. This aspect leads to alteration of deposit encompassing lump-sum money as capital for other activities. It can be concluded that landlords use the deposit paid as investment capital and the kind of deposit taken is altered as per landlords' needs. Since the landlords do not reside close to the tenant their interaction is limited and they do not feel responsible for their behaviour in the neighbourhood as oppose to a resident landlord. Similarly they show reluctance for house maintenance as they do not share the same structure with the tenant and do not see any urgency. Therefore, the rental arrangements are altered to suit the landlords resonating with the purpose of renting.

5.3 Conclusions

The dependence on rental housing is evident due to its strong linkage with access to labour market (Kumar, 2011, Naik, 2015). Similarly the profile of tenants are linked with the livelihood strategy which is applied by each household. Hence, the link between livelihood strategies and rental housing was supported by this case study. It is established that informal rentals provide the poorer section of the society with shelter, when no other option is available. However, the provision of shelter comes at a cost of exploitation and exclusion. The interpretations of this study resonate with the studies presented by Gulyani(2008), Desai(2013), Naik(2015) and Chattaraj (2015) where affordability and flexibility is presented in the realm of exploitation and exclusion. Wherein, the tenants are hopelessly obligated to suffer with the view of acquiring a house.

Through this study, it is evidently understood that socio-economic characteristics and interests of tenants and landlords have to be considered to understand why rental arrangements vary within and across informal settlements. It can not be generalised. Also, each tenant type opts for rental housing for different aims and reasons. For example their decision of engaging lump-sum money in the rental house or not remains a household decision, which is dependent on the household characteristics. Likewise, the way male roommates and families live and strategise is completely different. Hence these types have to be considered differently. This study helps us, look at various strategies used by poor for added income using their assets.

This case study also gives an insight for housing needs. Tenants aspire to own a house due to various reasons related to affordability and uncertainty of shelter. But lack of funds and expenses related to education of children, along with high housing prices of the city contribute to the incapacities to own a house. However tenants with a strong rural connect chose to divert their saving, to invest in their home towns. However, with lack of opportunities in the rural areas for education and livelihood, renting in the city is considered a good option as a livelihood response. This understanding, further questions the current active policy in housing intervention providing only ownership houses. Not every tenant envisions becoming a house owner, some consider their rural home to be more important than the city life. Although lack of livelihood opportunity in the rural areas is the underplaying issue here. However need for rental tenure is required in more than one way. Significantly the need of housing and the need assessment becomes vital to understand the interests of the slum dwellers to own a house or feel rooted to the rural dwelling.

The study leaves us with questions for further research. It becomes important to understand, how informal land status influence the rental arrangement. How does the location, developmental agenda and slum upgrading program affect the rental practice? does it benefit the tenant or the landlord? Also, inclusive growth strategies look at "poor people" as a different sort. However they have similar needs on a social stage with similar aspirations. A comparison with the tenants who formally rent versus tenants who informally rent could help us understand the differences or similarities in the landlord-tenant relationship.

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Annex 1: Code List for Analysis

Code List

General

Availability of rental
background
Rent Affordability
rental unit expansion
rental-livelihood-land

Dependent Variable

(Termination of contract, Earlier rental experience) termination of contract
Conduct
Contract
Deposit
House repairs
Payment Schedule
Rent
Services

Independent variable

Landlord's preference
(Social Networks, Acquiring the room, Broker)- meeting of tenants and landlords
Type of landlord
Work Profile
Duration of stay
Family Structure
Place of Origin

Annex 2: Interview Guides

Key informant

No	Qs
Explain the purpose of the study and in what way she needs to help	
1	Tell me about your tenants? (Where do they hail from etc? Their family?)
2	How is the rental agreement done?
a	How is rent decided
b	What happens if you are unable to pay for a month?
c	How is deposit taken and decided?
d	How is contract terminated?
e	How are service provided?
f	tell me about landlords? How do they behave with the tenants
3	Is the rental agreement different for different tenants
4	if yes what are the differences based on
5	How was your experience as a tenant and landlord here?

Tenants

No	Qs
Introduce myself and purpose of the study	
1	What is your age?
2	How many family members do you have living here with you?
3	What is the kind of jobs you do?
4	How many years have you stayed in the city/ settlement?
5	Where do you originally hail from?
6	What is your caste?
7	How did you acquire this house?
8	How much is your rent?
9	Is it paid monthly?
10	What about deposit?
11	What about water and electricity?
12	Where does your landlord stay?
13	How is your experience as a renter?
14	If you were renting before, why did you move out?

Landlords

No	Qs
Introduce myself and purpose of the study	
1	What is your age?
2	How many family members do you have living here with you?
3	What is the kind of jobs you do?
4	How many years have you stayed in the city/ settlement?
5	When did you expand your house upstairs?
6	Where do you originally hail from?
7	What is your caste?
8	How did you meet the tenants?
9	Have you made a contract?
10	How much is the rent?
11	Is it paid monthly?
12	What about deposit?
13	What about water and electricity?
14	How is your experience with the tenant?
15	If you were renting before, why did they move out?

Brokers

No	Qs
Introduce myself and purpose of the study	
1	What is the nature of your work?
2	How does a tenant come to you ? What is the process
3	What do tenants ask for in a house?
4	What do landlords ask for in a tenant?
5	Is the rental agreement different for different tenants
6	Do the landlords/tenants call you during conflicts
7	How do tenants and landlords live together?
8	What conflicts do they have?

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