

## Socio-Economic Conditions of Sulms in Housing Sector: A Comparative Study of Two Slum Areas of Hyderabad

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### **ABSTRACT**

*The fact that about 30% of world's urban population is living in slums. Which are known as ghettos in the US, 'geis' in Mongolia, 'bastis' in India and Katchi Abadis' in Pakistan.<sup>1</sup>*

*However, the common factor(s) in all these settlements are abject poverty and appalling living conditions.<sup>2</sup> It has caused rise in urban congestion and poverty. This crisis in the developing world is a result of public sector's failure to provide house to low-income migrants. Informal developers of slum areas only provide shelter. However in order to solve the problem of acute shortage of house and to provide housing to the low-income people in cities, the housing schemes based on a public-private partnership have been launched by the government in cities.*

*The aim of this paper is to highlight the working of the incremental housing Development Scheme in relation to the informal sector. This research will present a comparative study of two settlements in Hyderabad, Pakistan: a Khuda Ki Basti versus an informal settlement Makrani Para. Ultimate purpose of this study is to recommend proposals for the improvement of life of poor in slums.*

## 1. INTRODUCTION

Housing is treated by many policy makers as important to everyone's quality of life and health. It has much wider economic, social, cultural, and personal significance. Decent housing contributes much to personal health and well-being confidence and security. The production of housing has significant impact over development goals such as employment and poverty eradication and alleviation. The construction of houses and location can influence sustainability of environment and ensure the human security.

In economic terms, it has long been recognized that housing conditions and policy option are intimately to what is happening at the macro-economic level. Economies that are not growing are unlikely to be able to support effective policy measures on either the supply or the demand side; highly-indebted countries with little foreign exchange to spare find it difficult to import construction materials; poorly-planned economic adjustment programme hit cities particularly hard and adversely impact urban jobs and wages, food prices and housing costs, Government policy towards subsidies, interest rates and savings, and the financial sector generally helps to determine that the availability and direction of housing fiancé, and high rate of influence poses a barrier to any process of housing investment.

Rapid urbanization is one of the greatest socio-economic changes, which has caused the burgeoning of new kinds of slums, the growth of squatter and informal housing all around the rapidly expanding cities of the developing world. Urban population in Pakistan has increased exponentially in the past and will continue to do so in the future. The number of people displaced from rural areas, is increasing day by day.

Whereas, the rate creation of formal sector urban jobs is below the expected growth rate of the urban labor force, therefore, the majority of these new residents will seek out an informal living and will live in slums.

## **2. A COMPARATIVE STUDY**

Pakistan has faced formidable housing problems from its very birth in August 1947, as an independent nation in the wake of the mass influx of millions who migrated to the country from India.<sup>3</sup> The situation has not changed much, almost 58 years after independence particularly in the biggest metropolis of the country. In Sindh the two biggest urban cities-Karachi and Hyderabad are facing the high rate of urbanization and population growth.<sup>4</sup> The consequence of such unprecedented changes are seen in the form of unplanned, unregulated and uncontrolled urbanization, which poses a major problem to the city dwellers. The provision of adequate housing for the low-income groups is a perpetual problem in the cities in spite of the fact that access to appropriate housing is the basic human right. However, the informal Katchi Abadi's sector had a greater share in housing construction as the land grabbers were ever ready to offer affordable land to the lowest income people who were and always have been in immediate need of shelter as the formal sector housing remained unaffordable to those earning below the median income. This wide gap between housing supply and demand is causing serious housing shortage, which has its physical manifestation on the shape of Katchi Abadis and slums. These vast areas of Katchi Abadis have the worst living conditions and lack of water supply, drainage, sewerage, electricity, open space and other services and amenities besides, there is social degradation caused by the unhealthy living conditions and there more incidents of crime; etc on account of lack of educational and medical facilities. There is a greater illiteracy, disease, delinquency and child mortality in such slum areas. The research has been conducted to compare the two settlements in Hyderabad, Pakistan: a Khuda ki Basti (K.Kb) and Makrani Para (MP). The center piece of the study is a survey of households of these areas. The number of housing units in Khuda ki Basti and Makrani Para is estimated 690 and 400 respectively.

The sample for study was 15% of total number of housing units in these areas. The survey was conducted through

questionnaires in the two settlements. Interview with land developers, social activists, urban housing experts were also conducted to get a fuller picture of conditions in the settlement.

The study focused on Khuda ki Basti, developed on the outskirts of Hyderabad as part of the Gulshan-e-Shahbaz scheme by the Hyderabad Development Authority in the late 1980s'. It has since been transferred to Shwan Development Authority. It is an incremental scheme, where the poor are given the chance settle on the land and build their house and receive other utilities incrementally as and when they have the resources. It is entirely self-financing. There is no formal or informal. The entire cost of developed plots is borne by the beneficiaries, in monthly installments. The scheme comprises about 4000 plots. About 3500 families have been able to construct semi-permanent houses and 500 families are living in huts. The entire area of the Basti has 10 blocks (in every block there are 300-400 houses) about 3500 families have been able to construct semi-permanent/permanent house and 500 families are living in huts.

## **2.1 Sewerage System**

Khuda ki Basti has a functioning sewerage system. The main underground sewerage line is connected to internal household latrines. The system is low cost not ideal.

In Makrani Para, there is no underground sewerage disposal system. Although a main underground sewerage line runs through the settlement; there are no lane sewers connecting households latrines to this main, line. Households instead rely on underground soak-pits to dispose sewerage while soak-pit sewerage water seeps into the ground, solid waste accumulates until it is removed physically. Water seeping into the ground can damage the foundation of the house. It raises ground water levels, increasing probability of flooding. A settlement flooded with sewage water poses serious and health risks.

## **2.2 Electricity**

Khuda ki Basti does have an electric connection to the grid. The lack of proper electricity voltage available in this, area creates an economic burden as it prevent residence from engaging in supplementary home based economic activity or running their shops / business in the evening. Majority surveyed residents listed the lack of electricity as among top three problems.

Where as in the Makrani Para, no formal electricity supply is available but almost all residents procure electricity by illegal tapping electric lines near the settlement. This system is locally termed as Kunda system. It is major sources of electricity for most informal settlements in Hyderabad. This is maintained by paying a monthly bribe to local WAPDA (HESCO) linemen / Meter readers. The residents of this Katchi Abadi have listed the electric situation among their three problems.

## **2.3 Water Supply**

A significant percentage of Hyderabad's 116,894 population and the majority of its low income residents do not have access to piped municipal water from private sources.<sup>5</sup> This imposes a heavy economic burden on the poor. Besides much of the water available to the resident of both settlements is often not potable- either blackish or mixed with sewerage water. In KKB however, the supply of water has been arranged and quality of water is also good. In Makrani Para, on the other hand, resident stated that their water was blackish and dirty.

## **2.4 Health Care**

Makrani Para is serviced by three private clinics, Khuda ki Basti has a large array of Health facilities-four private clinics, two mobile clinics and one hospital.

## **2.5 Education**

Khuda ki Basti has more educational facilities than Makrani Para. There are nine formal primary schools and one adult literacy centre for Woman. The Makrani Para has five formal

primary schools and two informal schools. To date no secondary school has been developed in this settlement.

## **2.6 Other Amenities**

It has been observed that there is no recreational facility in both the Katchi Abadis under study.

## **2.7 Tenure Security and Legal Title**

There are two categories of tenure security, defacto and dejure tenure security measures and the likelihood of getting of getting evicted from one's home. Dejure tenure security on the, in indicated by documentation, i.e. legal title which provides evidence of a formal ownership. It was found that none of the households face the risk of eviction in future. For the Makrani Para one would not accept strong de facto tenure security. It ca however, be explain by the regularized status of the settlement. The residence of Makrani Para have paid a price because of there tenure status. Majority of them had to make extortion payment to the local police to avoid trouble. About 70% people reported fearing by the police and railway authorities while building there houses. Whereas, households in Khuda ki Basti did not indicate facing any such harassment. All the respondents in both areas told that acquiring legal title was there priority. Our 80% residents expected to get title automatically after completing their installments. In practice, KKB residents will get legal title on completing there instalment payments. The process will be automatic with no additional charges. The path to legal title in MP will be more onerous. Although the settlement has been marked for regulation (which remove the largest barrier to legal title), to further steps remain. A physical audit of the settlement; followed by marking and registration of each housing unit by the local government agency. The audit has yet to happen, and it is unclear when it will be carried out. Second, after the registration of units, the householder will apply for a legal title. All the residents did not expect to get title without paying bribes.

## **2.8 Public Safety**

The findings of study reveal a startling difference in levels of public safety in these two settlements. In K.KB, crime, violence and harassment are virtually not existent. Majority of the residents of this area indicates that never been victims of violence, robbery or harassment. In Makrani Para on the other hand, petty crime and harassment are a major problems. About 60 percent of people have been victims of either violence, a robbery during their tenure in this area. They have been harassed by local police and railway authorities. It is difficult to specify exact causes of the violence, crime and harassment. However, following factors may be considered important contributors. Lack of legal tenure has a social problem, residence are exposed to harassment, extortion and blackmail. It has been found that the issue of tenure insecurity is especially exploited by the local police. In Makrani Para, 100 percent people recorded harassment from police and railway authorities, while building their houses; 87 percent indicated that they feared arrest during these interactions, in contrast, 100 percent of KK residents noted no harassment from police.

## **2.9 Cost of Living**

The total estimated direct cost of living in Makrani Para is 33 percent higher than in Khuda ki Basti. It is 2 times more expensive to purchase a piece of land in Makrani Para compared to Khuda ki Basti. It is 4 times more expensive to purchase legally titled plot of land in Makrani Para than in Khuda ki Basti. This underscores the critical importance of public policy in making affordable land available to the lower income people. Khuda ki Basti's land owned by HDA, is state land provided by the government on sub-market rates. Makrani para is Pakistan Railway's land. State land illegally invaded by informal developers in collusion with corrupt officials and sold no market rates for informal, 'extra large' land. Legalizing that land has additional monetary and time costs. The process of making the illegal plot legal adds another 100 percent to the price of land. The variable costs of consuming water and electricity are 21 time more

expensive in Makrani Para than in Khuda ki Basti. The difference is caused by the to 2 x differential in acquiring water supply in Makrani Para while Khuda ki Basti has legal Electricity connection and Makrani Para residents acquire it illegally the cost is almost the same in the two areas. Residents of informal settlements steal connection as than are unable to secure formal electricity given the lack legal ownership of there plots.

### **2.10 Indirect or Hidden Costs**

Due to the incremental nature of both Khuda ki Basti and informal developer models, the residents of both settlements incur indirect or hidden costs.

### **2.11 Lack of Legal Ownership**

Lack of legal entitlement may impair one's ability to enhance economic value of an asset for example, if one's tenure insecure, one may not invest as much as one could in a home and thereby increase value of the real estate. Lack of legal title also reduces once ability to mortgage an asset to raise capital-a key form of finance for small business in the United State is home mortgage. This form of financing in unavailable to small entrepreneurs in emerging economies, as it is linked to title.

### **2.12 Lack of Sewage Disposal**

Due to inadequate sewage disposal leads to mortality, especially among the young. Longterm economic costs of poor health are material both in terms of rise in healthcare expenditure and decline in productivity.

### **2.13 Lack of Electricity**

The supply of electricity is unreliable and inadequate which reduces scope of economic activity, low-income as people often engage in different occupational activities to make both ends meet. The small business like sewing, spinning, brick making or packing requires either direct supply of electricity or ability to light one's

home. Illegal electric connections can have a higher cost ultimately as supply remains unreliable and sub-optimal.

Under ground sewerage, piped water infrastructure, social services, public safety and legal ownership result in a cleaner, safe, healthier civic habitat with a little help from the government and a strong guiding hand from socially responsible developers, thousands of urban poor are able to secure decent dignified homes which they own.

Access to affordable housing is most formidably challenge faced by the poor in the mega-cities of the world.

Exploding cities in the developing world need large scale investment in infrastructure. Give the size of the problem and state of public finances, they also need scalable, low-cost solution that leverage and restructure informal markets and economics of the poor. This work is about public service but also addresses fundamental elite self-interest. Unaddressed, the implication on the environment, injustice and ultimately civil disorder are manifest.

Public policy can make a radical difference. Unlocking land banks for affordable housing is critical to reducing the price of the land for the poor, who are increasingly being driver out of the city environs. Beyond the supply of land, government enforcement of existing laws against land profiteering would be a valuable start and long-term home mortgage finance for the poor a breakthrough. The government in Pakistan is encouraging real reform by creating a part of mortgage scheme for the poor. More can be done-tax incentive for private builders, for social housing and affordable land access to nonprofit developers can create large-scale formal sector supply of better-quality housing for the poor. The documentation of the assets of the poor and clear ownership rights can shift them into the formal economy.

### **3. RECOMMENDATIONS**

- In order to sustain the process of growth, the capability and opportunity gaps among different sections of the population should be reduced and eventually eliminated.

- In the urban areas where the land is very expensive, the state can help the low income people subsidizing the cost of the land and physical infrastructure.
- The loan may be provided to low income people at low rate of interest, repayable in longer time.
- Plots in our country are considered as sound investment. The investors use huge amount of money in purchasing plots. As a result the price of plots is increasing. The Government should take measures to control the fast growing price of plots.
- It has been found in the study that there is no proper arrangement for pure drinking water particularly in Makrani Para. The District Government is required to provide them with a pure drinking water and not to deprive them of their basic needs.
- The government has to resolve the problems of poverty-stricken people if it is to achieve any success in tackling the issue of squatter settlements.
- The problem of slums is a huge one and it would be an understatement to say that there are no easy solutions to the problem.<sup>6</sup> The urban-rural migration is by and large attributed to push and pull factors.<sup>7</sup> The push factors are the declining agricultural growth and production, mechanization, floods and other natural calamities.<sup>8</sup> Whereas the pull factors may include availability of jobs in industry, better education and health facilities etc. In order to control the growing trends of migration, the government should take serious measure to control poverty in rural areas. It is the crux of the problem.
- The key to decelerate urban migration lies in improved governance and promoting accountability, meritocracy, transparency and participatory consultative culture to reduce development disparities.

#### 4. CONCLUSION

Slums show a clear picture of urban poverty and into-city inequality, people in these areas the most disadvantaged. They

are distinguished by the poor quality of housing, poverty, and the lack of public and private services. They have more health problems, less education, less access to social services and employment, and most have very low incomes.

Slums are not on the maps of the cities, where taxes are not paid, legally but in actual they are paying more illegally than they have to pay. Public services are not provided to them because officially they do not exist, government in many cases refuse to provide them with services on the ground that their settlement are not legal than though they may have been in place for one 50 years and comprises a majority of the population.

The most important factor that limits progress in improving socio economic conditions of slums in the lack of genuine political will to address the issue in a fundamentally, structured and sustainable manner on a large scale.

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