

Bengaluru Study Report 2014

GOVERNMENT LED EXCLUSION OF THE URBAN POOR A Greater Contributor though a Lesser Recipient

The objective of the study is to look into the economic contribution, standard of living and the service delivery by the government in informal settlements



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DISCLAIMER

The conclusions derived in the study are purely on the basis of primary survey conducted. The data documented are from the households of informal urban settlements. This study was conducted in 50 growing cities of India. This is a city level report, which talks about the present condition and status of Urban poor living in respective cities. An attempt has been made to produce micro level city findings. There are certain gaps and the conclusion derived cannot be comprehensive in nature therefore.

ACRONYMS

BSUP	Basic Service Urban Project
GDP	Gross Domestic Product
GSDP	Gross State Domestic Product
PPP	Public Private Partnership
SAM	Social Accountability Matrix
CPI	Consumer Price Index

Table of Contents

- I.** Introduction (Pg. 4)
- II.** Purpose (Pg. 4)
- III.** Methodology (Pg. 4)
- IV.** Positive Role of Informal Settlers (Pg. 5)
- V.** Urban Poverty Gets its Due Recognition in Census 2011 (Pg. 5)
- VI.** Karnataka Demographic Profile (Pg. 6)
- VII.** Status of Karnataka slums, Census 2011 (Pg. 6)
- VIII.** Bengaluru District (Pg. 6)
- IX.** Governance of Bengaluru City (Pg.8)
- X.** Study Concluded by PRIA (Pg. 12)

I. INTRODCUTION

The phenomenon of increased urbanization in India is facing one of its foremost challenges in the form of disparity between redistribution of economic opportunity and growth. The centre of poverty is gradually shifting towards urban centres and this situation is further worsened by already high population densities, poor infrastructure and a general lack of effective housing policy and provisioning for the poor. The Census of India 2011 suggests that 66% of all statutory towns in India have slums, with 17.4% of total urban households currently residing. However, this estimate of slums takes into account certain criteria set by the Census for a settlement to be featured as a slum. A large proportion of households who are living in similar or poorer dwelling conditions than those living in slums have been omitted. This study encompasses all those settlements that comply with the definition of slums (as given by the Census of India) as well as those with similar or poorer dwelling conditions that those of slums as 'Informal Settlements', because these are primarily dwelling units where most of the urban poor live. Interventions should be targeted at all these informal settlements instead of only slums as defined by the Census, since the quality of life and infrastructure in these informal settlements are similar to those of slums. (PRIA, 2013)

II. PURPOSE OF THE REPORT

The objective of the present study is **to look into the present conditions and status of informal settlement households living in urban India**. The primary reason for looking at this particular question is to determine whether the informal settlement households, who normally form the poor strata of the urban population, do contribute to the urban economy to a significant extent or not. If they do contribute to urban economy, whether providing proper urban services to them should be treated as their legitimate right? For greater comprehension, this study attempts to discover the role of informal settlement population as a productive agent in urban economy, which is in contrast to the general notion that this section of population is "burden to the city."

(PRIA, 2013)

III. METHODOLOGY

A primary survey of 50 top cities in India was conducted to achieve the study objective. The survey captured various socio-economic–demographic dimensions of urban informal settlements dwellers in these cities. A total of about 5350 households and about 24500 individuals were covered in the survey. The focus of the questionnaire was to capture information about income–expenditure, employment, nature of job, education, living conditions and the similar information to understand the economic component of their life as well as their standard of living. Subsequently, we construct a social accounting matrix (SAM) of India that includes urban informal sector as a component. SAM is the best possible tool that takes into account the inter-linkages among various economic agents within an economy. One of the advantages of that it can incorporate certain sections of households into a framework whereby the impact of that section on the economy in terms of contribution to income (GDP) as well as the multipliers can be computed, thus allowing precise quantification of the informal settlement population's contribution to urban economy. In addition, the study also captures the perceptions of non-informal settlement households regarding the role of the target segment of population in a city life. This qualitative analysis provides an understanding of the shadow cost of non-existence of this section of population in the urban centres. (PRIA, 2013)

IV. POSITIVE ROLE OF INFORMAL SETTLERS

On the contrary to the general notions, the study suggests that informal settlement dwellers play positive roles in urban economy as well as urban life apart from a few known adverse roles. Their contribution to urban GDP, and some of the “difficult to replace” nature of jobs they are engaged in, makes them an integral productive economic agent of the urban economy. Based on the Census of India 2011 data, as well as primary survey data of informal settlements of 50 cities, the study also suggests that a large proportion of the households do not even have access to the basic facilities. As the services provided to this section of population are often considered as favour to the community rather than their basic right, the approach and attitude of the authorities needs to be re-examined. Certainly the informal settlement dwellers deserve the basic facilities that other urban dwellers enjoy as their right. This needs to be translated into policies by the policy makers and opinion leaders of the country. (PRIA, 2013)

V. URBAN POVERTY GETS ITS DUE RECOGNITION IN CENSUS 2011

No uniform methodology existed to identify urban poverty and states have been using their own parameters to reach out for providing benefits. Census-2011 has attempted to enumerate socio-economy data also at household level such as quality of housing, water, electricity, literacy, access to education etc. Hashim Committee report (full citation) states that as per ninth plan document the features of urban poverty are: proliferation of slums, increasing casualization of labour, fast growth of informal sector, increasing stress on civic amenities, increasing education deprivation and health contingencies.

There is change in approach and indicators in the current census than the previous census. The census 2011 has released data for slum blocks in more details for the first time. In earlier Census, it was more at demography level limiting the study to blocks having 20,000 populations. In Census 2011 slum blocks have been identified based on living conditions irrespective of population size - poor quality of living based on combination of factors such as dilapidation, faulty arrangements and design of such buildings, narrowness or faulty arrangement of street, lack of ventilation, light, or sanitation facilities etc. (Planning Commission, 2012)

Status of Urban Slums at National Level (Census 2011)

Out of 4041 towns in country slums have been reported from 63% of towns (1.08 lakh slum blocks in 2543 towns comprising 137.49 lakh households). 37072 slum blocks have been notified, 30846 have been recognized and 40,309 have been identified.

17.4% of 789 lakh household in country are slum households. Andhra Pradesh tops the list with 35.7%, Kerala has least slum households as percentage of total households with 1.5%.

(9th Five Year Plan (vol-2))

VI. KARNATAKA DEMOGRAPHIC PROFILE

Karnataka has been one of the fastest developing states of India during last two decades. The growth has far outpaced the associated development required in urban infrastructure and amenities. Karnataka growth has

been strongly led by service sector contributing 59%, followed by industry sector contributing 26% and agriculture and allied sector contributing 15% of GSDP.

Bangalore is country's most global city and major engine of economic growth for Karnataka. It contributes 30% of State GSDP and about 1.35 lakh crore to export of the country. McKinsey's report states that by 2030 "Bangalore will be the 5th largest metro with a GDP of \$127 billion and a population of 10.1 million. The per capita income of Bangalore which is Rs 9,200 is the highest in India. 400 out of 500 Fortune companies have a presence in Bangalore".

As per 2011 census, population of Karnataka is 6.11 crores. It is highly urbanized state with 38.7% of population living in urban area. There are 973 females for every 1000 males. Sex ratio is slightly higher in rural areas than in urban areas which can be attributed to males migrating to urban areas for livelihood. The population density over last decade has increased from 276 to 319 per sq km. (Urban Development Department, Government of Karnataka)

VII. STATUS OF SLUMS IN KARNATAKA CENSUS-2011

Karnataka slum household's indicators from Census 2011

- There are 7.28 lakh households identified as slums in Karnataka. 57.34% are considered good, 38.49% livable and rest 4.17% under dilapidated condition.
- Households having number of dwelling rooms. 11.75% households have no exclusive rooms, 40.20% households have one dwelling room, 29.69% households have two dwelling rooms and 18.36% households live in three and above rooms.
- 62.93% slum households live in their own homes, 34.44% households live in rented homes and rest 34.44% live in other forms of home.
- 46.42% have water source in their homes, 38.99% have water source in nearby area and rest 14.59% of the household have to travel far off.
- 67.47% of household have access to treated tap water and rest 16.18% untreated sources of water. 2.13% use hand pump, 8.29% tubewell and rest 5.93% use other sources of water.
- 92.31% of households have electricity. Other sources of lighting used are 6.88% kerosene, 0.12% is solar energy, 0.14% other oil is used, 0.09% have some other form of lighting. Rest 0.45% household does not have any lighting system.
- 35% have LPG and 43% use firewood and rest use other sources such as coal, cowdung cake, kerosene.
- 63.31% of slum households have latrine facility within their home premises. Among them, 33.33% have piped sewer system and 13.13% use septic tank. 36.69% of households don't have latrine facility. 1,81,861(24.97%) households openly defecate and 85,387 (11.72%) households use public latrines.

- 31.559% of Slum Households in Patna have electricity, tap Water and latrine within their home premises.
- 38.39% of households use banking services.
- 16.11% have radio, 67.72% have Television, 1.98% have computer with internet, 7.73% have computer without internet and 60.07% of the houses have mobile phones.
- Type of houses 72.17% is permanent in nature, 23.39% are semi-permanent in nature, 4.07% are temporary in nature and rest 0.48% is non-categorized.

VIII. BENGALURU DISTRICT

Backdrop

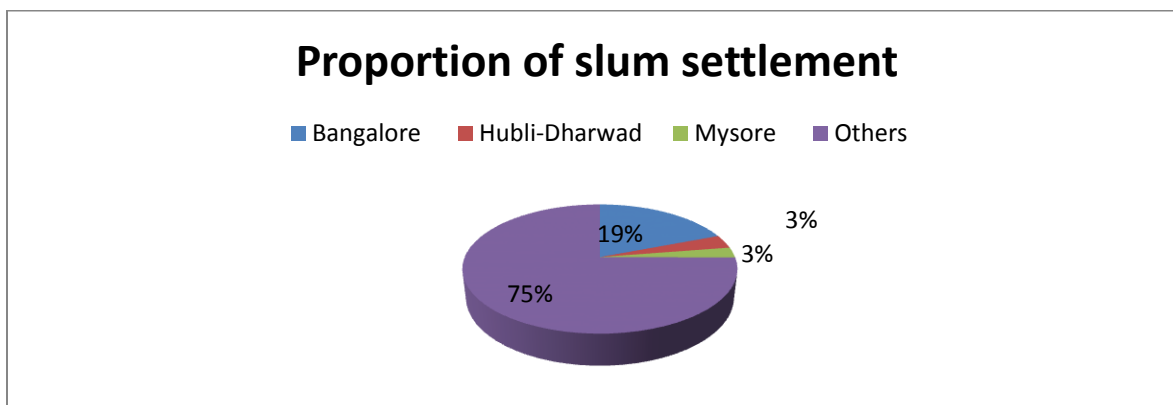
Bengaluru city comes under Bruhat Bengaluru Municipal Palike, 8.5% of households are slum households catering to 17% of city population. About 14 lakhs of city population of 85 lakhs live in slums. The urban poor include drivers, domestic help, construction workers, vegetable and fruit vendors et al. Many servants live in cars and houses of the rich they are not counted in the list. The poor will have no choice but to live on the streets by 2017 if the Government fails to control migration to urban areas with zero planning. (PwC)

Bengaluru has total population of 96.22 lakhs. The sex ratio is 916 for every 1000 males. Population density has risen from 2985 to 4393 persons per sqkm between 2001 and 2011.

CONDITION OF HOUSEHOLDS OF BENGALURU DISTRICT, CENSUS 2011

- Bangalore has 23.77 lakh households. Out of 23.77 lakhs households 18.6 lakh households are considered good for living. 4.91 lakh households are considered in livable condition and 28,775 houses are considered dilapidated.
- Out of 23.77 l households 76.8% have water source in their home itself. Out of rest 23.2% households, 16.8% have water source near their house and 6.4% of the households have to travel far.
- 66.6% of households get treated tap water and rest are a combination of untreated water, well, river, canal, lake etc.
- 98% of the households get electricity.
- 94.8% of households have latrine facility within their home out of which 76% have piped sewer system. More than 85000 households openly defecate and 37000 households use public latrine. There are 3,700 households where night soil is removed by humans.
- 67% of the households avail banking facilities
- 86% of the households have televisions. 18% of the houses have computers with internet connection, 68% of the households have mobile.

According to the Karnataka Slum Development Board (KSDB), the state of Karnataka has 2,796 slums housing 40.5 lakh people. With the expansion of Bangalore, the number of slums has also increased. Taking the official number of slums from 473 in 2003 to 597 to 2013.



source: Times of India, August 2013

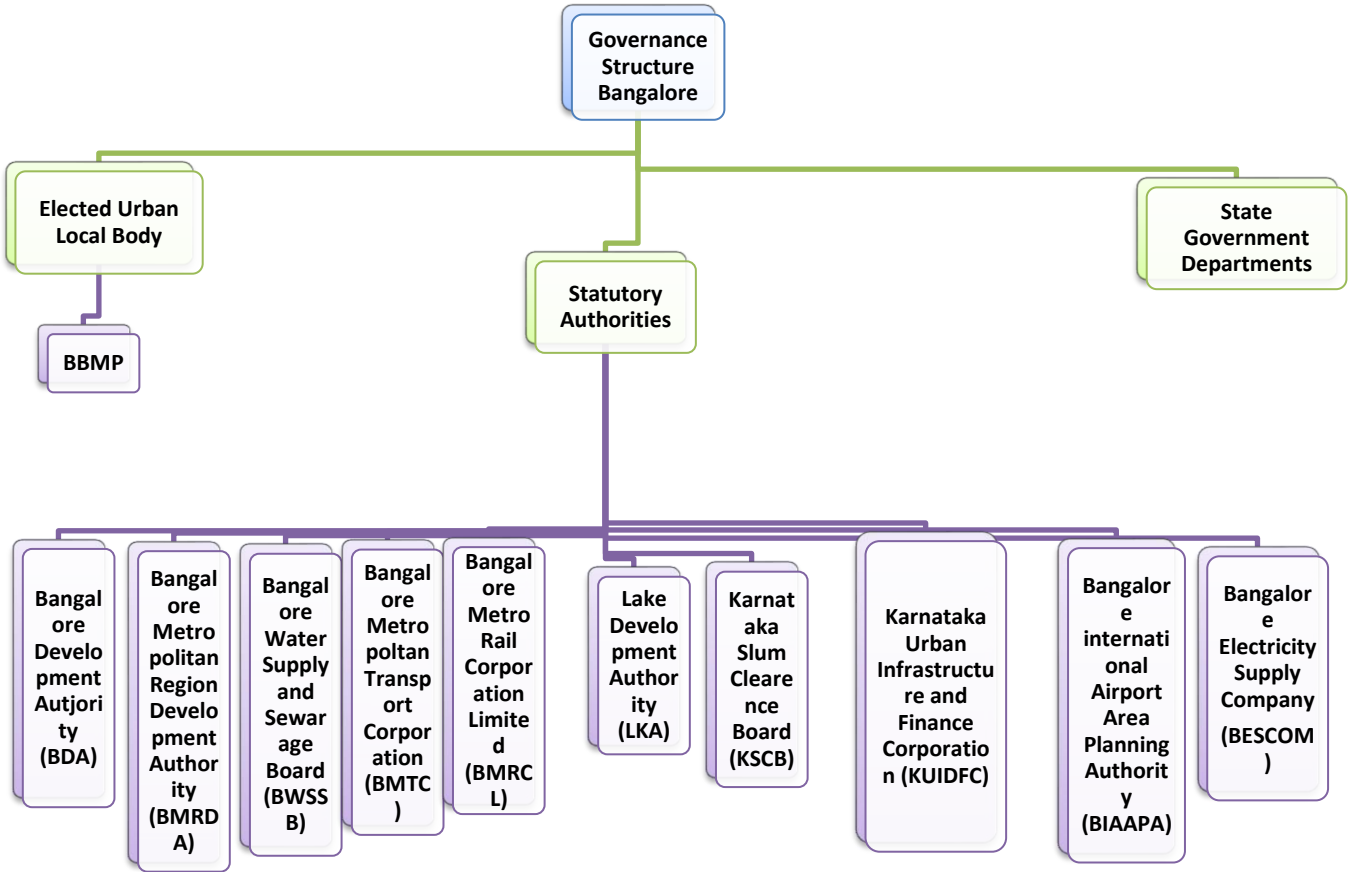
However experts term the official data as Gross Underestimation and say that 25% to 35% people live in slums. Some organizations have put the figures about 50%. Mangalore is one of the exceptions with the least number of slums and all having the basic facilities.

IX. LOCAL GOVERNANCE STRUCTURE OF BENGALURU CITY

In accordance with the powers conferred by the Karnataka Municipalities Act, 1964, the Directorate of Municipal Administration oversees administration of 7 City Corporations, 44 municipal councils, 94 Town Municipal Councils, 68 Town panchayats. The District Urban Development Cells monitors these urban local bodies. (Last Updated Records of ULB Websites Sorted Alphabetically)

Karnataka is a highly urbanized state with 37% of its 6.11 crore population (census 2011) living in urban areas. As with urbanization, we have witnessed mushrooming of slums. The latest available number of slums in the state is around 2,800. Bangalore has about 597 slums as of 2013 housing 14 lakhs, which is 17% out of 85 lakhs population of Bangalore. However, estimates by various organization put the number above 25-30%. Census 2011 puts the slum population in 7.12 lakhs in 1.65 lakh households.

BBMP is the municipal corporation responsible for all municipal activities of Bangalore. The area covered by it is around 790 kms in 198 wards. For the purpose of administration BBMP has been divided into 9 zones. (Urban Development Department, Government of Karnataka)



Source: Urban Development Department

a) BBMP budget outlay for 2013-14 – Analysis

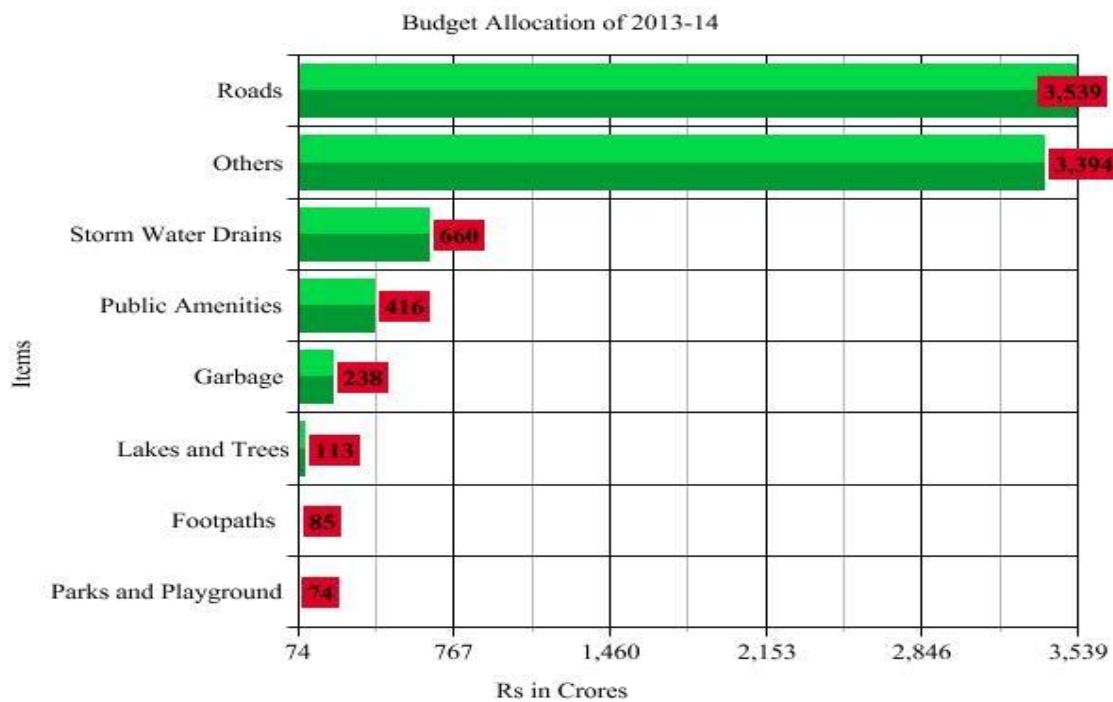
An analysis of 2012-13 budgets shows significant variations between actual budget and revised budget/ actual implementation. Actual performance when compared to budget amount for revenue generation and expenditures is about 40%. For example: the budget for 2012-13 was 9315 crore (actual expenditure and receipts 3935 crores). Main reasons for this variation are huge gap in budget and actual in various heads of incomes and expenditures. This highlights the need for more realistic budget preparation and tight monitoring of various projects.

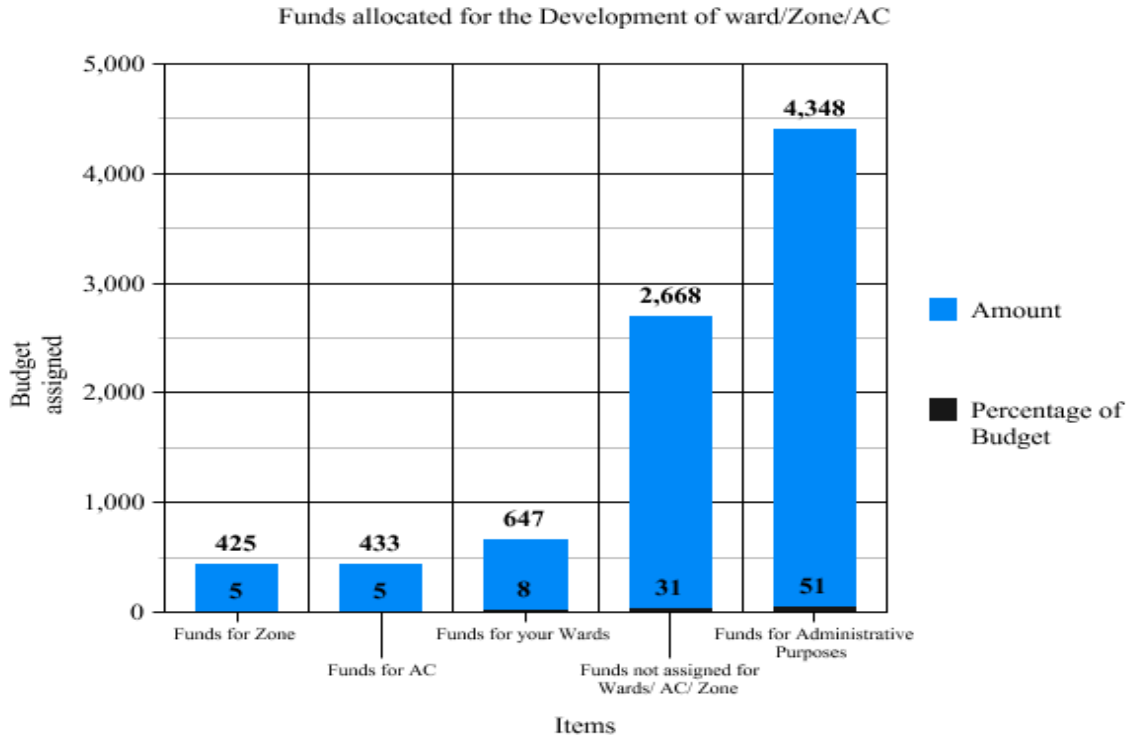
The BBMP budget outlay for 2013-14 is Rs 8520 crores. Money allocated specifically for wards is Rs 647 crores (8% of budget) for 198 wards for Ward level development. The average allocation per ward is Rs 3.27 crore. Typical ward level activities have been asphaltting work and drainage improvements. The administrative overhead consumes 51% of the budget at Rs 4348 crores.

The bulk of the allocations are not segregated at Block or Ward level and is instead specified at scheme level. Hence the allocation for Urban poor segment is difficult to assess in most of the budget heads. Key allocations are as below.

Head	Amount	Percent of budget allocations
Roads	3539 crores	41.5%
Storm water drainage	660 crores	7.8%
Garbage	238 crores	2.8%
Public amenities	416 crores	4.9%
Parks maintenance	74 crores	.9%
Footpath	85 crores	1 %
Lakes/Trees	113 crores	1.3 %
Others	3394 crores	39.8%

(<http://ichangemycity.com/>)





b) JNNURM

JNNURM was launched on December 3, 2005. It focuses on meeting infrastructure needs of Indian cities. It has two basic sub mission urban infrastructure development and Basic Services to Urban Poor (BSUP). Under BSUP, 50% of the fund will be provided by GoI, 40% by state and 10% by the beneficiary.

Many of the Government documents commit towards creating a slum free Bangalore. It is estimated that there are about more than 2 lakh households that has to be covered under BSUP. A pilot project was initiated comprising 5 slums and phase 1 comprising 13 slums.

Under pilot and phase I schemes so far 18,694 houses have been constructed and are in final stages (Report Budget speech of KA Government). The total cost of this is around Rs 60 crore. The project is moving very slow due to various reasons. (Ministry of Housing and Urban Poverty Alleviation)

c) Rajiv Awas Yojana

RAY is another GoI scheme towards making slum free cities. In the initial stage Rs 2480 crores have been approved for 48 cities in 16 states. 3 projects have been approved in Karnataka. In Bangalore, 900 houses have been built at the cost of Rs 57 crores.

As per MHUPA, projects qualifying for RAY must have earmarked 25% of municipal budget targeting urban poor. Also 25% of the developed land should be earmarked for housing. Incase of Bangalore the data highlights that only 5-10% of the developed land has been earmarked for housing and municipal budget does not mention about BSUP programmes explicitly. (Ministry of Housing and Urban Poverty Alleviation)

d) Status of lowcost housing in Bengaluru

Bangalore Development Authority issued a notification on October 12, 2011, to construct 13,172 flats in 13 places on the outskirts of the city. The price were fixed at Rs 7.5 lakh for a two room flat. The response was so poor to the advertisement that BDA hiked the cost from Rs 7.5 lakh to Rs 17.60 lakh, making it much more unaffordable. The failure of the housing program also is because they were placed outside the city which did not factor the livelihood option of the urban poor.

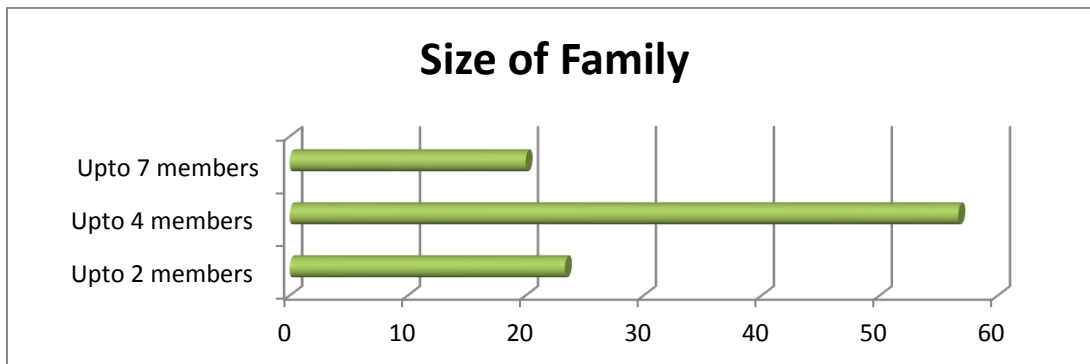
X. STUDY CONDUCTED BY PRIA IN THE SLUMS OF BENGALURU SLUMS

a) Study conducted by PRIA in the slums of Bangalore

Key Findings

- 60% of families have Ration card thus indicating satisfactory use of Public Distribution System
- Adhar enrolment is 67% among the urban poor
- 85% people have voter id cards and have exercised their right to vote
- Financial inclusion is at low level. Only 50% people have savings account either in Bank or Postal account. Credit facilities from financial institutes are negligible. 47% people have borrowed from informal sources.
- 13% families have migrated from other states and 58% families belong to other districts of Karnataka and rest 29% are locals.
- Being an IT city, computer penetration is negligible. Health, Life and General Insurance insignificant.
- The education expenditure distribution is right skewed, where about 30% of the family spends more than Rs 2000 on education.

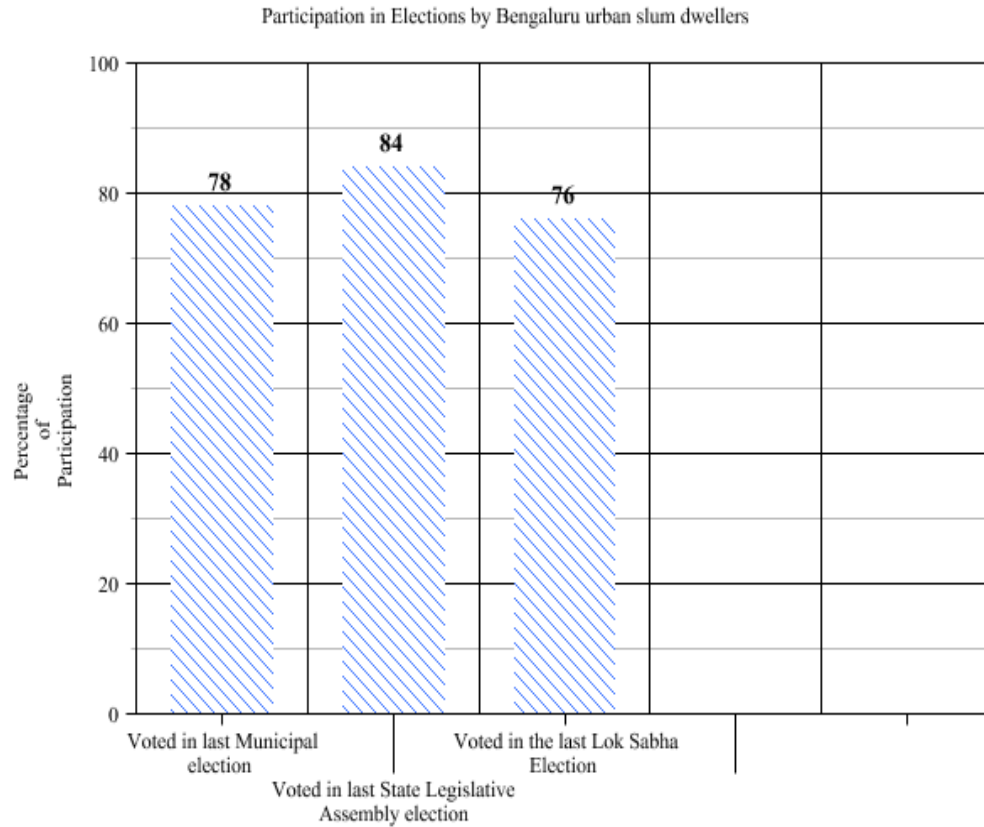
b) Profiling of sample households :



Demographic Variable	Classification	Proportion of Respondents (%)
Gender	Male	51.47
	Female	48.53
Age	Less than 20	29.22
	20 - 39	46.65
	40 - 59	18.50
	Above 60	5.63
Educational Qualification	Illiterate	16.15
	Literate but did not complete Primary school	32.58
	Primary school completed but not Middle school	26.35
	Middle school completed but not High school	22.10
	Class 12 pass but not graduate	1.42
	Graduate/Post Graduate	1.42
Livelihood	Skilled Service worker	23.53
	Unskilled service worker	76.47
Status of Employment	Self employed	1.48
	regular salaried wage	12.59
	casual labor	85.93

Majority of the family size in the slum dwellers of Bangalore have an average family size of 3.43 members. The findings conclude that 23% of the families have a family size of only 2 members, 72% of the slum dwellers have a family size of 4 members and only 20% of the slum dwellers have a size upto 7 family members.

c) Participation in elections:

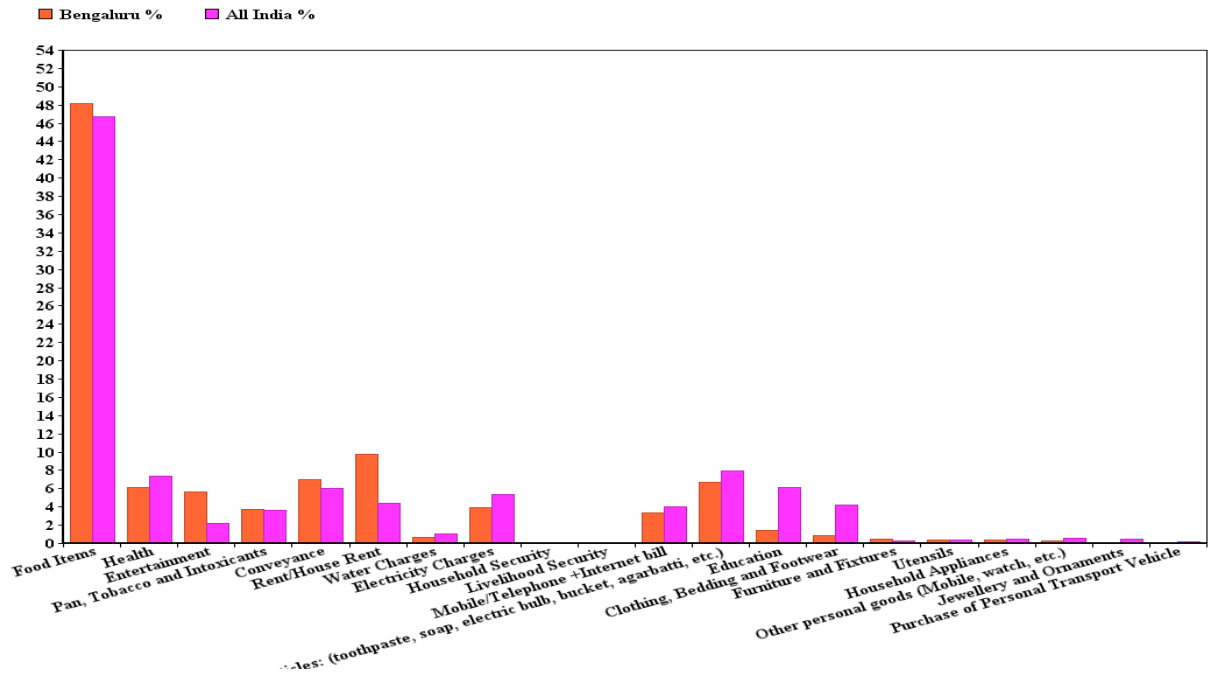


This shows the high percentage of urban poor participation in all forms of elections. Various analysis in newspapers state that political parties primarily use the slums for electoral gains and hence this percentage is found high.

d) Comparison of monthly expenditure with All India average

The average monthly income of the urban poor of Bangalore is Rs 7,191 with a monthly expenditure of Rs 6,481.

Expenditure - Bengaluru Slums Vs All India Slums



The households have their majority expenditure is on food items. The reasons for high percentage are low income level coupled with Food inflation based on the CPI which was 12.56% during the year of 2013. Hence money available for other activities is very low. Education is high priority for some segment of urban poor. But the high expenditure on education comes only from a few households in the slums. 10% of the households form the majority expenditure on education.

Health also forms one of the primary components of expenditure. As Health services expenditure are very high affordable health care is a primary concern.

The other components which add to their expenditure are consumption of intoxicants, entertainment, purchase of utensils, furniture and fixtures and materialistic things like clothing, bedding and footwear.

Two insights from the expenditures can be derived that their spending more than All India average on transportation (conveyance) and paying double the house rent than the All India average. We can conclude that basic facilities like food consumption, housing rental, health care and transportation consume bulk of their income leaving very little for other items.

e) Comparison with Consumer Price Index

An attempt has been made to compare CPI of urban poor of Bangalore with CPI (Urban) of Karnataka has been trailed and analyzed:

Sl.No	Groups	Karnataka Urban	Bangalore Slums
I	Food, beverages and tobacco	38.26	52.89

II	Fuel and light	8.82	3.97
III	Clothing, Bedding and Footware	2.59	0.88
IV	Housing	26.4	9.04
A	Education	2.37	1.45
B	Medical care	3.45	6.08
C	Recreation and amusement (Entertainment)	2.10	5.67
D	Transport and communication	9.56	10.38
E	Personal care and effects. (Purchase of personal vehicle and other personal goods)	2.69	0.33
F	Household requisites (other articles)	2.96	6.74
G	Others <ul style="list-style-type: none"> • Furniture and Fixtures • Utensils • Household appliances • Jewelry • Water charges 	0.76	1.9

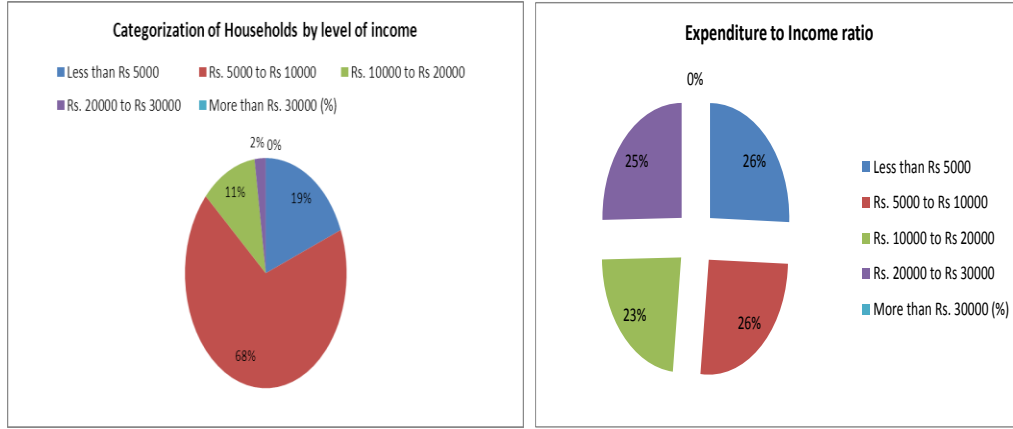
(Central Statistics Office, February 11, 2014)

When an urban poor is to be categorized it is one of the complex issues. His nature is such that an urban poor pursues the lifestyle of a rural area in an urban land. From the CPI index of urban Bangalore spending it can be seen that

- Bengaluru slums spend 52.89% of their expenditure on food and intoxicants against 38.26% by Karnataka urban.
- Bengaluru slums spend 3.97% of their expenditure on fuel and lighting against 8.82% by Karnataka urban.
- Bengaluru slums spend 9% on housing whereas Karnataka urban has to spend 26.4% on housing.
- Bengaluru slums spend 5.67% on recreation activities whereas Karnataka urban spends 2.10%. In absolute terms both are more or less same amount.

- Bengaluru slums spend 6.08% on healthcare whereas Karnataka urban spends 3.46%. In absolute terms both are more or less same amount.

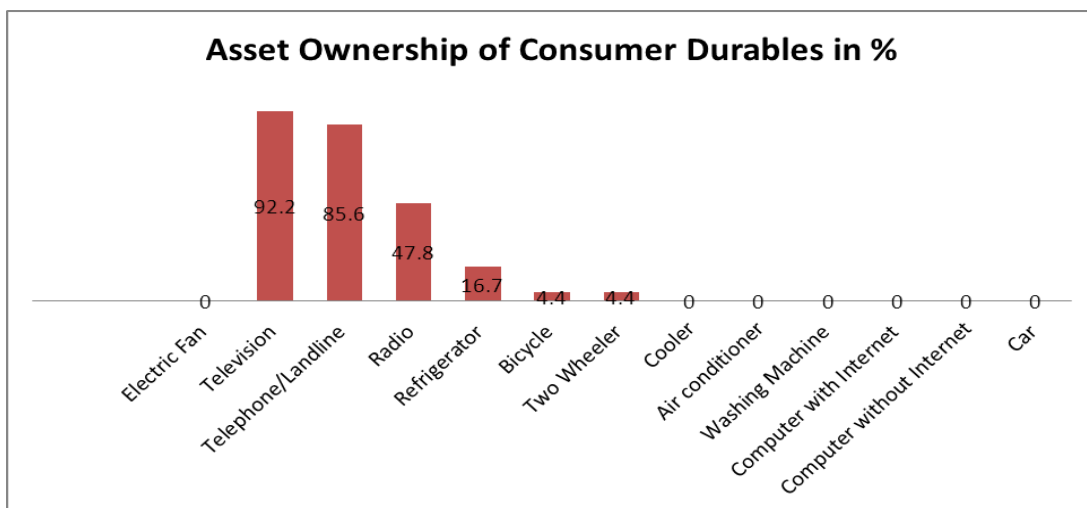
f) Income distribution of Bangalore urban poor:



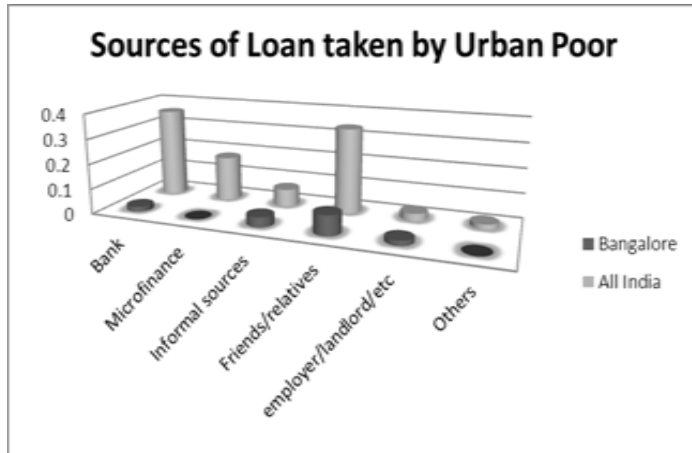
The income distribution shows that 67% of urban poor earn a monthly livelihood ranging from Rs 5000 – Rs 10000, out of which they spend 93% on basic amenities. Second majority is formed by 18% of the people who earn a monthly income lower than Rs 5000 and spend 91% of their income. The most vulnerable of them all. 13% of households earn more than Rs 10,000 per month spends 82%.

g) Asset ownership among urban poor

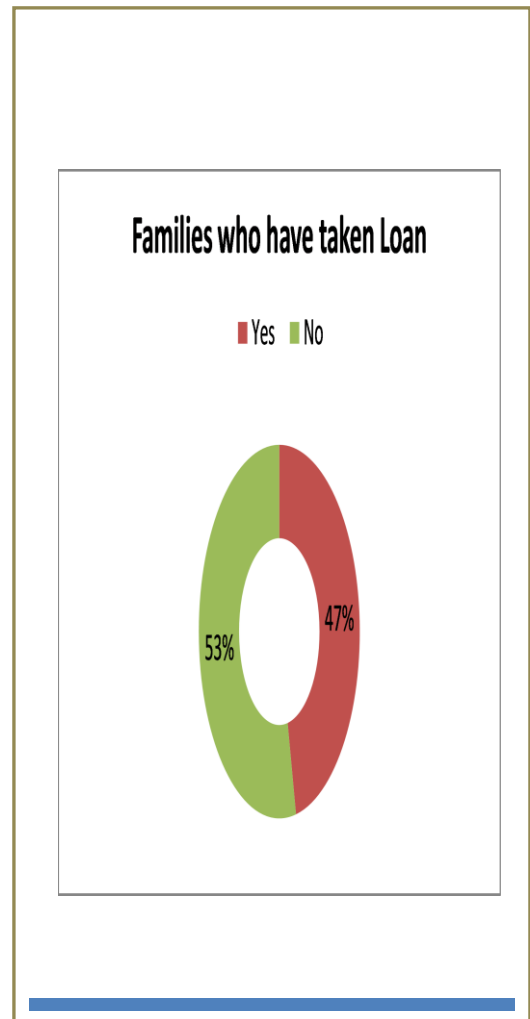
The ownership of assets in the form of availability of white goods like fans, mobile phones, vehicles, coolers, computer, refrigerator et all is all positively skewed. TV, Mobile phone and electric fans is available in most of the households. Refrigerator is also around 20% of the households.



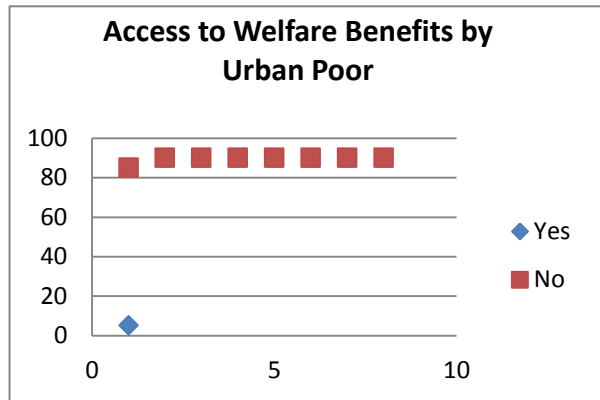
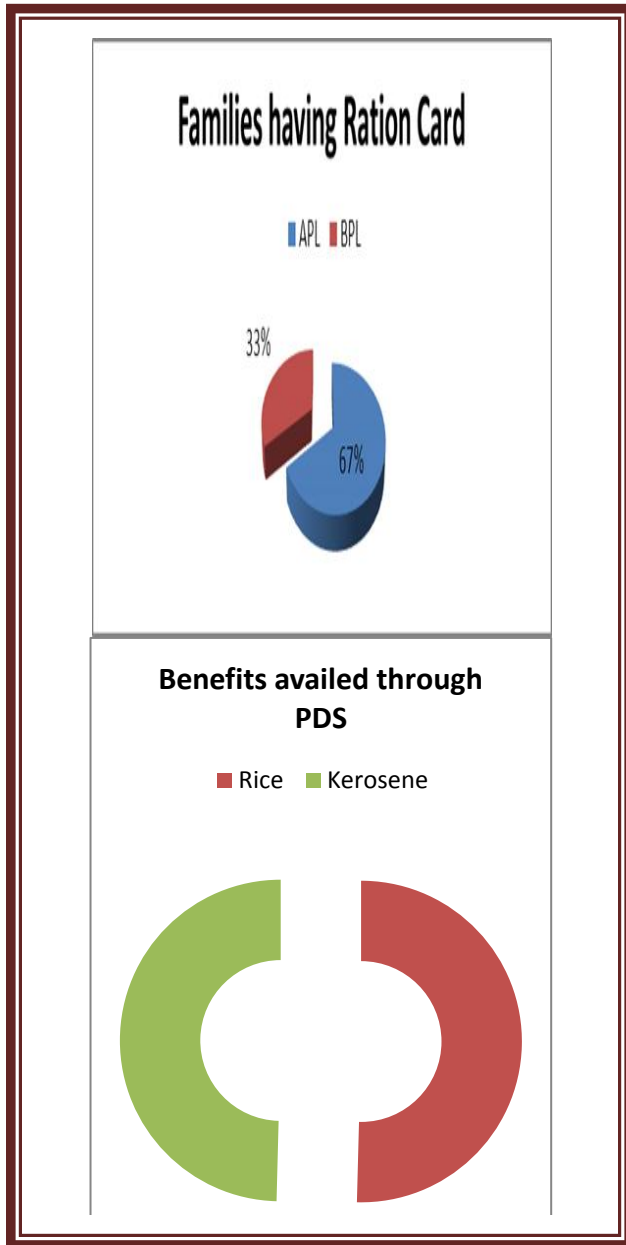
h) Sources of Loans



- 53% of the families had taken some loan in some form or the other.
- The majority sources of loan taken by the urban poor are from informal sources like relatives and friends.
- 33% of the urban poor have either a Savings or a Post office account.
- Even after having bank accounts none of them could have access to the financial services because of their low income levels and their credibility.

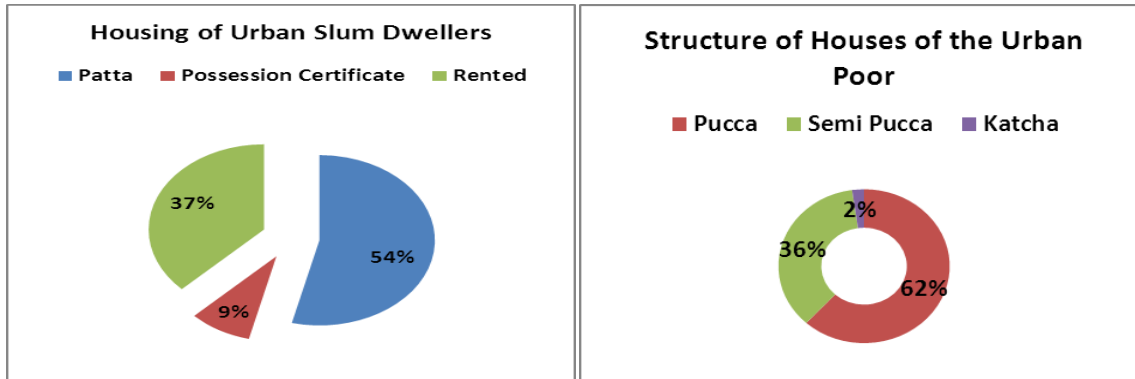


i) Status of Various welfare benefits :



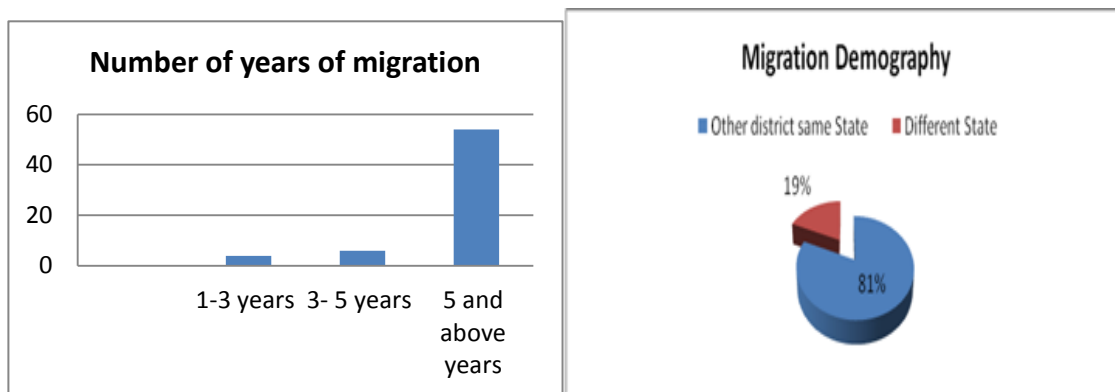
- Welfare benefit schemes like old age pension, widow pension, disabled pension, ration card, housing assistance, housing assistance schemes have shown a highly negative sign.
- The ownership of ration card among 60% of the families and all of them availing benefit is very commendable.
- However, the use of ration card for only two basic food items, Rice and Kerosene brings into light not the efficient use of PDS system for other food items.

j) Housing Status/ Land ownership of the Urban Poor



Land is an important economic resource and the ownership of such economic resource is inherent for every family and household. Urban poor gets 60% of his source of income from the formal sector he directly and indirectly contributes 3-3.5% to the city level GDP. As an economic contributor he has the aspiration to land ownership. In Bengaluru, 54% of the slum households have Patta, which is an important document given by Tehsildar for land ownerships. Households with Patta usually live in Pucca houses. This shows majority of urban poor live in their own lands. 9% of the households have Possession Certificate document and live in Semi Pucca houses. Rest 37% who have either migrated from other districts or other states do not have any proper ownership to land and live in Katcha form of houses.

k) Migration



Migration is becoming a serious issue for Bengaluru. Growing urbanization and employment opportunities have attracted majority of the people away from their home to earn basic livelihood. The demographics show that 81% of migration is of rural to urban within Karnataka itself.

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