

GOVERNMENT LED EXCLUSION OF URBAN POOR GREATER CONTRIBUTION AND LESSER RECIPIENT

The report is prepared by PRIA. The objective of the present study is to look into the contribution of informal settlement households to urban economy.

*Bhubaneswar Study
Report*

ACRONYMS

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

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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 contribution of informal settlement households to urban economy**. 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%.

VI. ODISHA DEMOGRAPHIC PROFILE

Odisha is a coastal state of India on the eastern side. It comprises 30 district and covers an area of 1.56 lakh square kilometres. It has abundant natural and mineral resources – coal, iron, bauxite, chromium, manganese. 24% of India’s coal deposits, 54% of bauxite, 30% of Iron ore, 95% of chromite and 40% of manganese is found in Odisha. About 38% of area of state is forest and kendu leaf is the most important forest product earning more than Rs 400 crore revenue to state every year. The state GSDP at current prices during the year 2012-13 is estimated at Rs 2.59 lakh crores, 9.14% increase in the state GDP. The

contribution of service and manufacturing sector is steadily increasing. As per 2012-13 estimate, agriculture contributes 17.5%, manufacturing contributes 24.2% and service sector contributes 58.3%.

From governance perspective, Odisha is divided in 317 tehsils and 314 community development blocks. There are 107 urban local bodies, 6236 gram panchayats and 47258 villages.

Odisha has an overall population of 4.20 crores, out of which 2.12 crores are males and 2.08 are females. The decadal population growth has been 14%. The population density is 270 per sq km as against 382 per sq km of India. The gender ratio is 979 against 1000 males. The literacy rate is 81.59% among male and 64% among female.

The decadal growth in urban and rural population has been such; rural population grew from 3.13 crores to 3.50 crores, and city population grew from 55.17 lakhs to 70.03 lakhs. In percentage, rural population grew by 11.77% and urban population by 26.94%. (Directorate of Economics and Statistics, Government of Odisha, February 2013)

VII. STATUS OF ODISHA HOUSEHOLDS CENSUS-2011

1. STATUS OF HOUSEHOLDS IN ODISHA STATE

- Odisha has 96.61 lakh households. Out of this 28.53 lakhs households (30%) are considered good for living. 60.02 lakh households (62%) are considered in livable condition and 8.04 lakh houses(8.3%) are considered dilapidated.
- Out of 96.61 lakh households 22.4% have water source in their home itself. Out of rest 77.6% households, 42% have water source near their house and 35.6% of the households have to travel far.
- 10% of households get treated tap water and rest are a combination of untreated water, well, river, canal, lake etc.
- 43% of the households get electricity.
- 22% of households have latrine facility within their home out of which, 11% have piped sewer system. More than 73.99 lakhs (76%) households openly defecate and 1,32,398 households (1.3%) use public latrine.
- 45% of the households avail banking facilities
- 27% of the households have televisions. 1.4% of the houses have computers with internet connection, 38% of the households have mobile.
- 10% of household uses LPG. 9.4% household uses cow dung, 65% uses firewood and 10% use crop residue.

2. STATUS OF ODISHA SLUM HOUSEHOLD'S

- There are 3,50,306 slum households in Bhubaneswar. Out of which 38.05% is considered good, 54.02% is livable and 7.93% is dilapidated.
- 63.19% slum households live in their own homes, 22.30% households live in rented homes and rest 14.51% live in other forms of home.
- Households having number of dwelling rooms. 1.63% households have no exclusive rooms, 39.30% households have one dwelling room, 34.09% households have two dwelling rooms and 24.98% households live in three and above rooms.
- 38.01% have water source in their homes, 32.71% have water source in nearby area and rest 29.29% of the household have to travel far off for water source.
- 35.01% of household have access to treated tap water, 5.68% tap water from untreated source, 16.12% hand pump, 23.07% tubewell and rest 20.12% use other sources of water.
- In Odisha slums 75.52% of households have electricity. Other sources of lighting used are 22.08% kerosene, 0.21% is solar energy, 0.16% is other oil is used, 0.24% have some other form of lighting. Rest 1.78% households does not have any lighting system.
- 48.15% households have latrine facility within their homes. Out of which 5.43% of household have piped latrine facility within their homes, 32.95% use septic tank, 9.77% have other forms of latrine facility within their house premises. 51.86% households have no latrine within their household. Out of which 3.52% use public latrine and 48.34% openly defecate.
- 14.830% of Slum Households Kerala have electricity, tap Water and latrine within their home premises.
- 51.71% of households use banking services.
- 12.07% have radio, 54.26% have television, 2.53% have computer with internet, 5.68% have computer without internet, 54.50% of the houses have mobile phones.
- Type of houses 58.91% are permanent in nature, 24.06% are semi-permanent in nature, 16.32% are temporary in nature and rest 0.71% are non-categorized.

VIII. BHUBANESWAR DISTRICT

Bhubaneswar is the capital city of Orissa. It is one of the first planned cities of India and has become prominent due to economic and religious importance. It is called temple city of India due to large number of beautiful templs and architectural heritages.(Bhubaneswar Municipal Corporation)

IX. LOCAL GOVERNANCE STRUCTURE OF BHUBANESWAR CITY

Bhubaneswar Municipal Corporation is the principal provider of civic services to the residents of Bhubaneswar, the capital. The entity started as a notified area committee in 1948 and became a municipality in 1979. As the city grew, the entity was upgraded as Municipal Corporation in 1994.

BMC covers an area of 135 sqkm and provides service to 8.41 lakh people. BMC area has 377 slums where 3.09 lakh people live in 60126 slum households. 37% of Bhubaneswar population lives in slums.

BMC comprises 67 wards and 46 revenue villages. 50% of elected seats are earmarked for women with reservation for Open, BC,SC,ST in both men and women wards. There are multiple standing committees to steer the corporation activities e.g. taxation, contracts, license, public health, education, environment etc. The executive wing is headed by an Administrator and a Commissioner and their team of officers, engineers and health officers. (Bhubaneswar Municipal Corporation)

13 markets, 11 sulabh shauchalayas, 6 public toilets, 9 public urinals, 7 public park, 14 BMC park, 111 anganwadi centres, 7 marriage halls are some of the key amenities under its jurisdiction. Bulk of corporation budget of Rs 450 crore is based on state and central government grants, in addition to its own revenue through license fees, rents, taxes. Key activities under BMC comprises:

- Health & Sanitation
- Slum Development
- Disaster Management
- City Beautification
- Citizen Services
- Efficient Solid Waste Management
- Underground Sewerage System in the city
- Efficient Urban Planning and Development
- Online Services
- Vending Zones
- Parking Zones

1. Urban Poverty Alleviation Cell

UPA cell of municipal corporation caters to upgradation of livelihoods of urban poor through various Government sponsored schemes. (Bhubaneswar Municipal Corporation)

1. USEP (Urban Self Employment Programme) scheme through Bank linkages, where assistance is provided to urban poor for procuring loans for setting up micro-enterprises.
2. STEP-UP (skill training for employment promotion among urban poor) Programme.
3. Urban Wage Employment Programme by creation of durable Community assets in slums & generation of income for urban poor through wage employment.
4. Formation & strengthening of Urban Women Self Help Groups and linkages with banks for setting up group micro enterprises.

2. Social Security Measures

1. Supervision & Monitoring of PDS of BPL families.
2. Antodaya Anna Yojana & Annapurna Yojana.
3. Implementation of National Old Age Pension Yojana, Indira Gandhi National Old Age Pension & Madhubabu Pension Yojana.
4. Implementation of National Family Benefit Scheme (NFBS).

X. STUDY CONDUCTED BY PRIA IN THE SLUMS OF TRIVANDRUM

PRIA Study Report

PRIA had conducted a study in 50 cities of India, where Bhubaneswar was also among them.

a) Key Findings

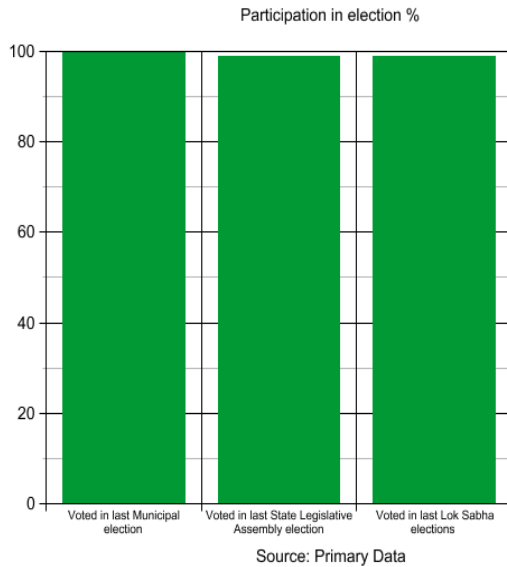
1. 24% of families have Ration card. 66% households use Annapurna scheme.
2. Aadhar enrolment is 70% among the urban poor
3. 99% people have voter id cards and almost all have exercised their right to vote
4. Financial inclusion is low. 58% family in slums have savings account either in Bank or Postal account. Credit facilities from financial institutes are negligible. 40% have borrowed from Bank and micro finance in last one year, 60% people have borrowed from informal sources borrowings.
5. 67% families in slums are migrants, 98% of them are intra-state migrants. 62% of migrant slum dwellers have been living for more than 5 years.
6. Expenditure component on food is relatively low, and savings have also been reported by sample. This indicates that Bhubaneswar has relatively lower cost of living.
7. Spending on education is negligible. State support may be needed for slum dwellers in education at all levels from primary school, secondary school to tertiary education.
8. Relocating to far places for rehabilitation and resettlement of slum dwellers may make their earning unsustainable unless their job location also changes to nearby areas.

b) Profiling of sample households

Demographic Variable	Classification	Proportion of Respondents (%)
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Gender	Male	48
	Female	52
Age	Less than 20	37
	20 – 39	41
	40 – 59	19
	Above 60	3
Educational Qualification	Illiterate	14.97
	Literate but did not complete Primary school	17.20
	Primary school completed but not Middle school	19.11
	Middle school completed but not High school	35.67
	Class 12 pass but not graduate	5.41
	Graduate/Post Graduate	7.64
Source of Earning/Livelihood	Industrial Worker	9.17
	Skilled service worker	22.94
	Unskilled service worker	60.55
	Business owner	7.34
Employment Status	Self Employed	13
	Regular/ Salaried Wage	45
	Casual Labour	42

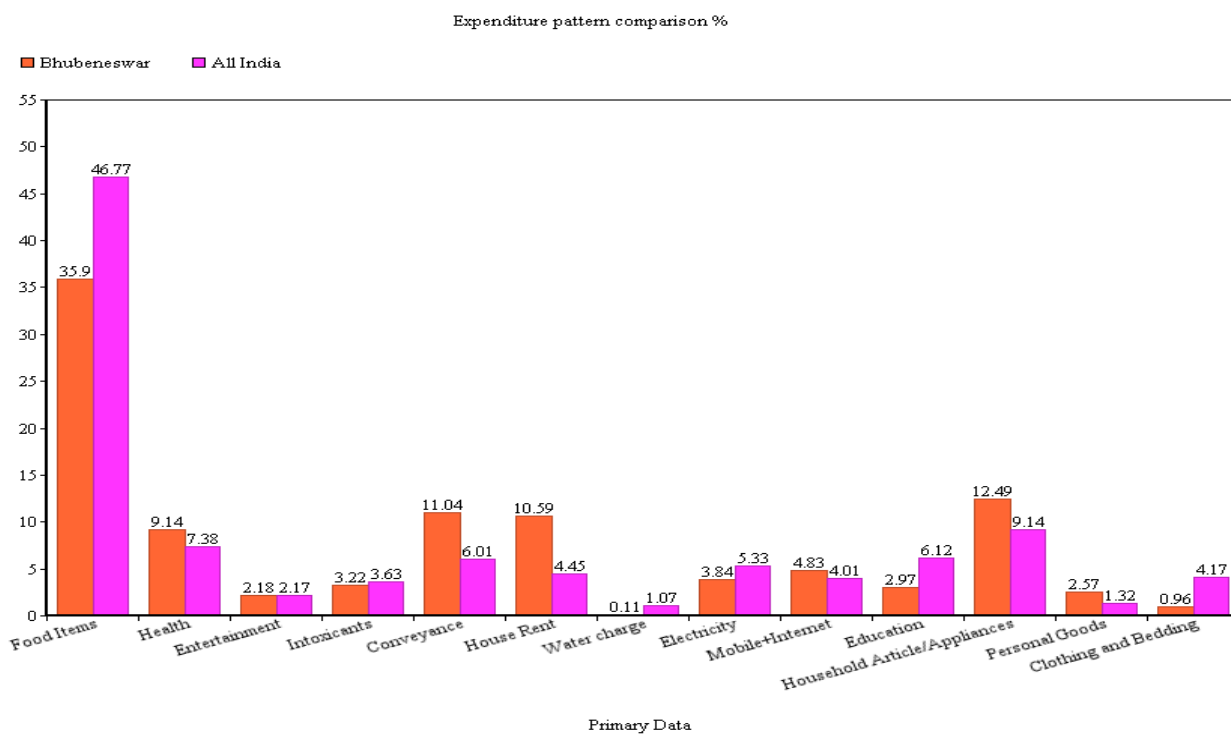
c) **Participation in elections**



High percentage of urban poor participation in all forms of elections. 100, 99 and 99 percent of urban slum dwellers have voted in the last municipal, state legislative and lok sabha elections. There is 8% membership of women in Mahila Samitis. Various analyses in newspapers state that political parties primarily use the slums for electoral gains and hence this percentage is found high.

d) **Expenditure pattern of Bhubaneswar slums Vs All India slums**

Bhubaneswar city urban slum dwellers earn an average income of Rs 6,667 per month out of which they spend Rs 4,267. The average savings of the households surveyed is Rs 2,400 per month. Among all 96% households save and rest do not save.



The urban slum dwellers of Bhubaneswar spend 36% on food items less than All India average of 46% of urban slums. In all other categories, health care, transportation, house rent and household items, the slums of Bhubaneswar spends much above the national averages.

e) **Comparison with CPI of Bhubaneswar slums Vs Orissa Urban**

An attempt has been made to compare CPI of urban poor of Bhubaneswar slums with CPI of Orissa urban.

S.No	Groups	Orissa Urban	Bhubaneswar Slums
I	Food, beverages and tobacco	46.09	39.12
II	Fuel and light	9.36	5.33
III	Clothing, Bedding and Footware	3.48	0.96
IV	Housing	16.93	10.59
A	Education	5.87	2.97
B	Medical care	4.09	9.14

C	Recreation and amusement (Entertainment)	1.37	2.18
D	Transport and communication	7.01	15.87
E	Personal care and effects. (Purchase of personal vehicle and other personal goods)	2.72	1.68
F	Household requisites (other articles)	2.52	9.19
G	Others <ul style="list-style-type: none"> • Furniture and Fixtures • Utensils • Household appliances • Jewelry • Water charges 	0.57	4.3

Marked in red are important

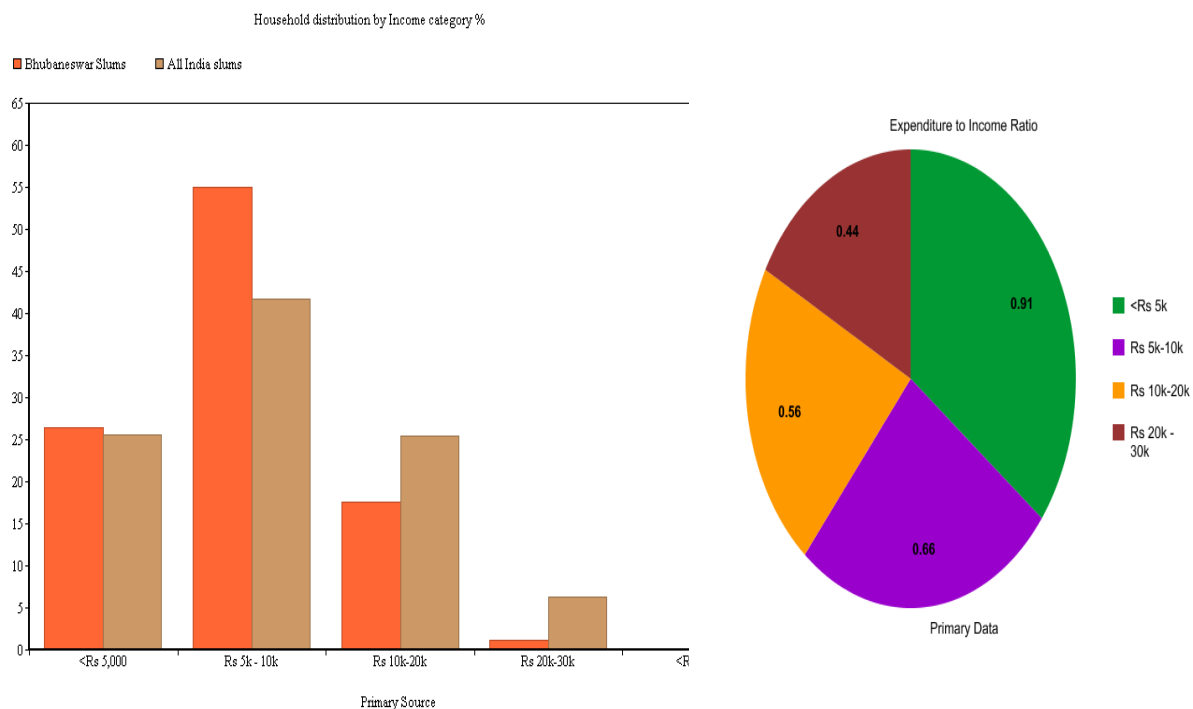
(Central Statistics Office, February 11, 2014)

From the above table we can see large variance in some areas. Such as:

- Bhubaneswar slums spend 39.12% of their expenditure on food and intoxicants against 46.09% by Odisha urban average.
- Bhubaneswar slums spend 10.59% on housing whereas Odisha urban spends 16.93% on housing.
- Bhubaneswar slums spend negligible amount of 2.97% on education whereas Odisha urban spends 5.87% on education.
- Bhubaneswar slums spend 9.14% on healthcare whereas Odisha urban spends 4.09%.
- Bhubaneswar slums spend 9.19% on their household requisites and articles than Odisha urban which spends only 2.52% of their expenditure.
- Bhubaneswar slums spend a high percentage of 15.87% on transport and communication as against Odisha urban which spends only 7.01% of their expenditure.

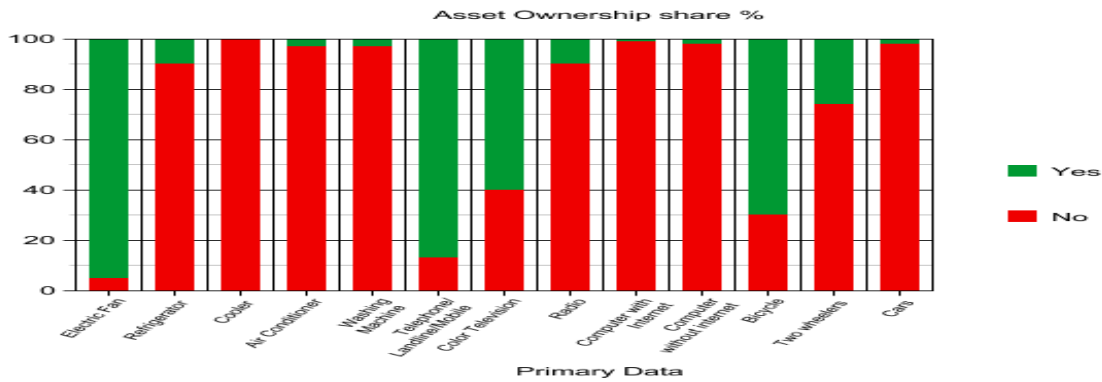
This shows that Bhubaneswar slums spend less on key component food and housing of their need. The majority expenditure is taken up on the food items. Some important aspects like education should have more spending. The healthcare expense is higher than Odisha urban.

f) **Income distribution of Bhubaneswar urban poor**



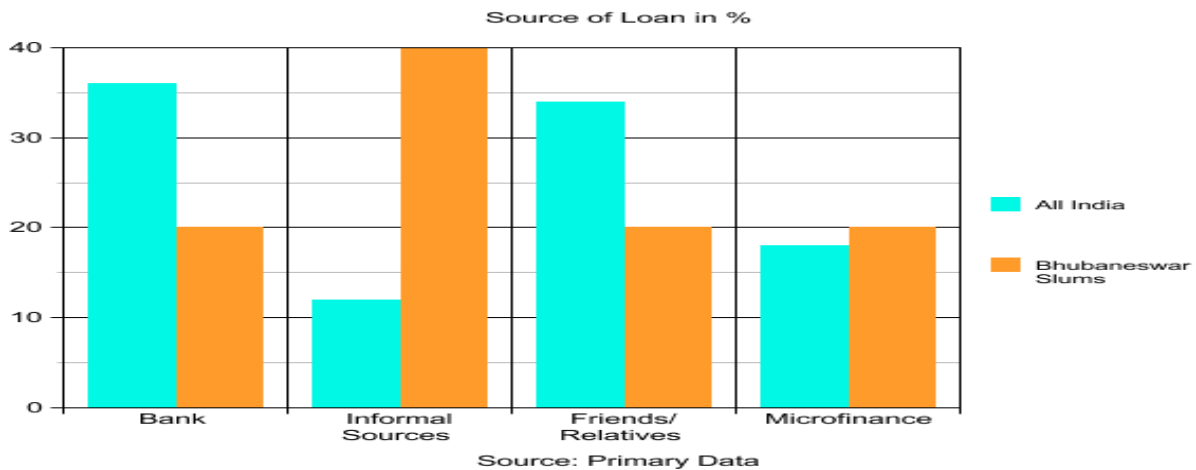
Out of the total sampled households, 94.3% save whose average monthly savings is, Rs 2,400. The state of Odisha has high percentage of savings. 26% of the households earn a monthly income below Rs5000 per month and they spend 91% of their income. 56% of households earn an average income Rs5000 to Rs 10,000 and spend 66% of their income. 18% of the households earn between Rs10,000 to Rs 20,000 and spend 56% of their income. 1% of the households earn an income ranging from Rs20,000 to Rs 30,000 and they spend 44% of their income.

g) Asset ownership among Bhubaneswar urban poor



Out of the households having assets. A high percentage is seen in households having 95% in electric fan, 86% have telephone, 60% have colour television and 70% have bicycle. And 25% have motorcycle as well. The ownership on other assets is very negligible.

h) Sources of Loan



While 5% of household have taken debt in the past one year, out of them 20% of the sample had taken loan from Bank, 20% had taken from Microfinance, 20% had taken from friends and relatives and rest 40% obtained debt from other sources. While 53% of people have a savings bank account and 5% have a post office account. There is a negative relation between households having a savings bank account and those who have taken loan.

3% of households have Health Insurance and 1% of the households have General insurance. Around 40% of a member of a family had taken Life Insurance Policy. None of the households have any dependence on Microfinance institutions. It shows that access to banking and micro finance though slow is a recent phenomenon. Microfinance status is very low in Bhubaneswar yet its presence is comparatively higher than All India slum average. Microfinance institutions and banks are missing out on a huge opportunity by not

tapping the potential of slums. None of the families under sample took any microfinance credit, nor did any women have taken loan through microfinance or credit societies for group activity. This could also conclude that the awareness about microfinance institute is low in Bhubaneswar.

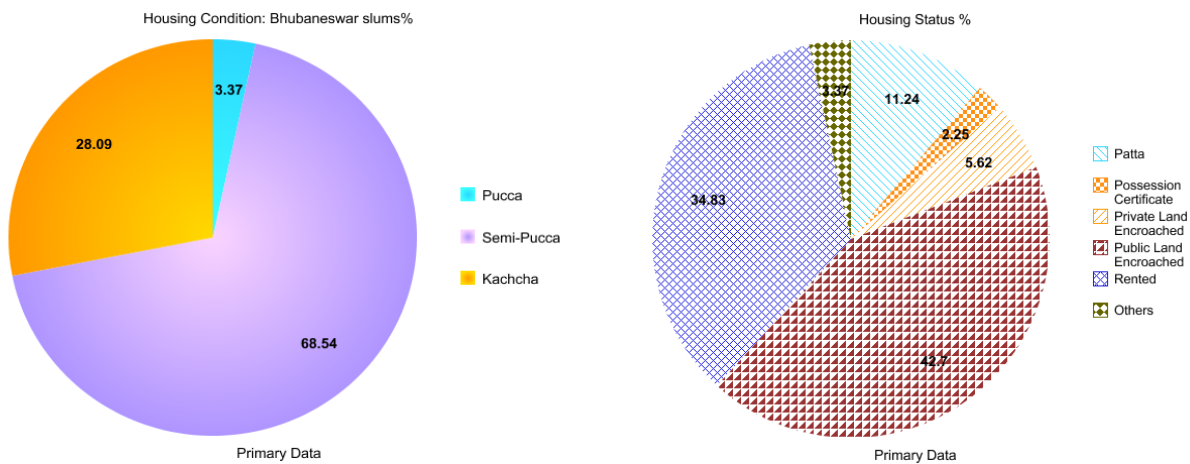
i) Status of various welfare benefits

In Bhubaneswar urban slums, only 1% of the member of the household gets old age pension of Rs 400 pm. None of the families get widow pension, disabled pension or urban wage employment scheme, housing assistance or skill training.

Only 24% of the Bhubaneswar households have ration card. Out of which only 15% families avail the facility of PDS. 40% have APL have ration type, 56% have BPL ration card and rest 3% use AntyodayaYojana. On an average families consume 2kg sugar, 25kg rice, 10kg wheat and 10kg of kerosene oil.

Here 70% of the slum population has UID. Number of households using Annapurna Yojana is 66%.

j) Housing Status of Bhubaneswar slum dwellers



Land is an important economic resource and the ownership of such economic resource is important for every family and household. Urban poor gets 60% of his source of income from the formal sector which he directly and indirectly contributes to city level GDP. As an economic contributor he has the aspiration to land ownership. In Bhubaneswar, only 11.24% 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 which is only 3%. 2.2% of the households have Possession Certificate document and might be living by Semi Pucca structured homes which constitute 68.5% of slum households. 5.6% of sample surveyed live in Public land, 42.7% live in Private encroached land. 34.8% live in rented dwellings and rest 3.4% live in other non-specified homes. 28% of the households also live in Kachcha type of housing.

k) Migration

Migration is becoming a serious issue for cities like Bhubaneswar which can be seen from the decadal city growth and large slum population. Growing urbanization and employment opportunities have attracted majority of the people away from their home to earn basic livelihood. 67% among the Bhubaneswar slum dwellers are migrants. The demographics show that intercity migration is 98%. Migration from other districts of Odisha to Bhubaneswar is very high. Interstate migration is only 2%. 95% Migration has been from rural to urban. Only 62% of the migrant households have migrated more than 5 years and 65% of migration is of permanent in nature. The reasons of migration are primarily for employment opportunities.

XI. OTHER CONCLUSIONS

- Comparing with Odisha urban average, slum income levels low. Lower cost of living enables the slum dwellers to achieve some level of savings.
- Spending on transportation is significant, indicating that their livelihood is generated not necessarily from nearby locations.
- At existing lower salary level, slum dwellers may be considered an irreplaceable part of economy. This is a complex issue having many dimensions. When the state recognizes this, it should ensure that access to basic amenities of drinking water, sanitation, hygiene, public health and education is not compromised. Present level of investment in these needs to be augmented and expedited.

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