

SOCIAL
SCIENCE
AND
POLICY
BULLETIN

Winter 2015



Social Science and Policy Bulletin

VOLUME 6 No. 3

(Winter 2015)

Editorial Board

Syed Turab Hussain

Hassan Javed

Hadia Majid

Khalid Mir

Muhammad Farooq Naseer

Nadia Mukhtar Sayed

Editorial Assistants

Ayesha Karim Malik

The opinions and views expressed here belong to the individual authors and do not necessarily reflect the views of the editors. Some rights reserved.

The *Social Science and Policy Bulletin* is published quarterly by the Mushtaq Ahmed Gurmani School of Humanities and Social Sciences at LUMS. It provides a forum for debate on economic and socio-political issues pertaining to the formulation and execution of public policy as well as its impact. The Bulletin aims to disseminate high quality research and policy-oriented work being done by social scientists. The editors of the Bulletin welcome short essays, either analytical or quantitative, that are relevant as well as intellectually stimulating.

Editors' Note	1
A Hard Day's Night – Field notes on land ownership and poverty in urban Punjab <i>Erum A. Haider</i>	2
The Political Economy of Public Goods Provision in Slums Preliminary results from a field study in urban Pakistan <i>Mabvish Shami and Hadia Majid</i>	10
South Asia's Growing Urban Divide <i>Fazilda Nabeel</i>	15
Revealing Facts: Urban Economy	24

Editors' Note

South Asia has been witnessing rapid urbanization over the past three decades. The region has not only seen an increase in the *number* of cities but also the *size* and *scale* of cities. These sprawling urban centers attract millions of migrants from rural areas which contribute to the cities' burgeoning population. With the fast pace of urbanization, there is a dire need for improvement in urban facilities such as healthcare, education, housing and transport infrastructure. While there are many projects of infrastructural development in almost all the major cities of South Asia there is a need for a much more comprehensive and integrated solution to the urban problem. With mega cities such as Mumbai, Karachi, Dhaka, Kolkata, Lahore and Delhi in the region with millions living in shanty towns and below the poverty line, there is an immediate need for policy makers to address urban development issues if these cities are to reach their development and growth potential.

One major problem in the region is that instead of developing new urban centers, the existing urban centers are expected to absorb the population and migration pressure. The pace of urbanization has certainly challenged the expandability of these cities. The cities have in turn responded by developing sub-standard housing settlements, inadequate healthcare and educational facilities, and poor infrastructure. This is the second issue of the SSPB focused on urbanization – it highlights problems of new urban settlements, slums, and the infrastructural problems in the various cities of South Asia. The previous issue looked at the opportunities and challenges of urbanization in South Asia with a special piece on Karachi as a mega-city faced with multiple problems. This issue draws more on the city of Lahore.

Erum Haider's article on land ownership and poverty in urban Punjab is an explorative study on the adjoining neighborhoods of Lahore

Cantonment and Aziz Bhatti Town in Lahore, Punjab, Pakistan. Haider finds that a majority of the people living in the newer urban settlements in Lahore are selling off their rural lands and investing in urban areas, which is increasing the pressure on the urban centers. Low income areas are faced with problems of healthcare and housing and are often faced with tedious legal formalities of land ownership.

Mahvish Shami and Hadia Majid highlight the problems of slum areas in Lahore. The study shows that there is a wide disparity in the population of slums and the facilities provided to them. Residents of notified slums (or those that have been recognized by the state) fare better as they have access to public goods. Likewise, dwellers of slums closer to the centre of the city of Lahore have greater access to facilities as opposed to those slums located in the city's outskirts. Finally, dwellers that have property rights have greater bargaining power and so see better provision of public goods that those that do not have property rights. The article therefore finds that while the legal status of these settlements affords higher chances of provisions, the distance from the city-centre and the socio-economic characteristics of the household have a strong bearing on the level of provisions.

The final contribution in this issue is by Fazilda Nabeel who navigates through a number of urban centers in South Asia and explores the different problems in these cities. The paper aims to assess urban inequality, poverty and deprivation and how it restrains human development for the region's urban residents. Nabeel is of the view that South Asia's real challenge is to develop cities in a socially and environmentally stable manner.

A Hard Day's Night – Field notes on land ownership and poverty in urban Punjab

By Erum A. Haider ¹



Introduction

Punjab contributes nearly 70 % of Pakistan's total cropped area and consumes well over two-thirds of its fertilizer. ² As mean landholding sizes across the country shrink, over half of Pakistan's smallest farms are located in Punjab, indicating both population pressure and intensified farming methods. Simultaneously, Punjab's urbanization is frequently attributed to a "transformation" of commercial activity from agriculture to manufacturing (Dowall and Ellis 2007) with Punjab hiring nearly 60 % of Pakistan's industrial labor and housing 57 % of its fixed industrial assets. ³ Thus, Punjab is marked by the conversion of the primarily rural, agricultural countryside into a complex peri-urban, semi-rural landscape. As this transformation of the country's most populous, educated and wealthy province continues, ⁴ the expectation is that there will be a rising tension between the competing forces of trade, transfer and employment. This explorative study brings together work on land ownership and urban transformation to examine a particular neighborhood in Lahore, located at the border of the military- and Federally-owned Cantonment area and locally-governed Aziz Bhatti Town (ABT). The paper will unpack some of the issues surrounding the political economy of trade, transfer and employment in peri-urban Punjab, supplementing existing knowledge with in-depth interviews and raising questions for further research.

The literature on urbanization and transformation of Punjab deals primarily with land ownership and the control of land, and its relationship with political patronage and social inequality. Land ownership patterns vary considerably across the urban landscape of Pakistan. In Lahore, most land is privately owned compared to Karachi where the majority of the land is publicly owned (Linden 1994). The legal structure in Punjab is particularly tedious, taking an average time span of three to four years for formalities relating to development to be completed (Linden 1994, Dowall and Ellis, 2007).

In contrast, Karachi presents more development of informal land and housing market due to the inadequacy of the formal sector to meet population demands (Hassan et al. 2013). Informal developers lease land through the Sindh Katchi Abadis Authority under the Sindh Katchi Abadis Act 1987. ⁵ Perhaps most importantly, Karachi is not expanding over agricultural land, as is Lahore. Here, encroachments and regularization play a greater role, as does the sale of government property. In Lahore, on the other hand, there is a class of wealthy peasants who have benefited from the purchase of their land by various development schemes, and another class that has been rendered landless by the same.

In rural Punjab, land forms a crucial link between class and political power. The ownership of capital implies the presence of an exploitative relationship between the owner and laborer, the latter who lack property of their own (Javid 2011). Moreover, there exists a tendency to concentrate land ownership within different segments of the landowning class relative to other segments of the population which

has resulted in an increase of wage labor and landlessness. Danish Mustafa and Ameira Sawas (2013) note that caste, clan and patronage politics define the power nexus in rural Punjab whereas in urban centers of Punjab these alignments are being replaced by patronage networks linking the lower middle class and the state.

Informality and Organization

While a precise definition is hard to come by, the informal sector can be succinctly described as “*economic units that produce goods and services legally, but engage in operations that are not registered or regulated by fiscal, labor, health and tax laws*” (Agarwala 2008). At the heart of political economy work on informality and poverty is the guiding expectation that people who have “informal” arrangements vis-à-vis the state are worse off than those who have formal, legalized rights under a bureaucratic superstructure.

Focusing on Lahore, Imtiaz Alvi discusses the rise of spontaneous squatter settlements in Pakistan as a result of a lack of public housing schemes and inadequate earnings of the urban poor who are rapidly crowded out of the housing market (Alvi, 1997). Rabia Ezdi provides an overview of the dynamics of land use in the inner city of Lahore, which has evolved and transformed into a successful center for wholesale, small-scale manufacturing and support services and incorporates a mostly-informal economy since the 1980s (Ezdi 2009). Additionally, due to the negligible role of the state in regulating or providing facilities to commercial sector, it has organized independently according to the business capacity and requirement, catering to their needs through self-created mechanisms (Ezdi 2009).

The Cost of Doing Business

A 2007 World Bank-funded study of the land market in Lahore notes that the cost of purchase and transfer of property is currently higher than what is considered efficient by international standards. According to some estimates, the cost of transfer should be less than five % of the value of property (Dowall and Ellis, 2007), whereas in Pakistan the cost of registering property was estimated at 9.2% in 2010 and 7.8% in 2012. Our anecdotal evidence supports this finding. A 1999 study in India noted formal transaction costs as high as 17%, and highlights issues common to both post-colonial bureaucracies including antiquated record-keeping and enormous power in the hands of the registrar or *patwari* (Mearns, 1999). Our case study is interesting for its location at the border of a rapidly transforming rural or peri-urban landscape. While transaction costs are still possibly better than parts of rural Pakistan, they are still prohibitively high. Respondents, including owners and real estate agents, have reported paying 7-8% of the value of the land in transactional costs, less than half of which is the formal cost of transfer. This will be explored further in the case study.

The *patwari* or land registrar remains the main interface between the capitalist class in Lahore and the state, although the functions of this Grade-5 officer have changed somewhat. The *patwari* is responsible for keeping and updating land records, implicitly making him a lynchpin in the transfer of property. Revenue or taxes are variously the responsibility of tax collectors and officers. Taxes are levied on the basis of the expected rent of the property rather than its market value; studies indicate that properties of less than five *marla* are “exempt from taxation” (World Bank 2004 in Dowall and Ellis, 32).

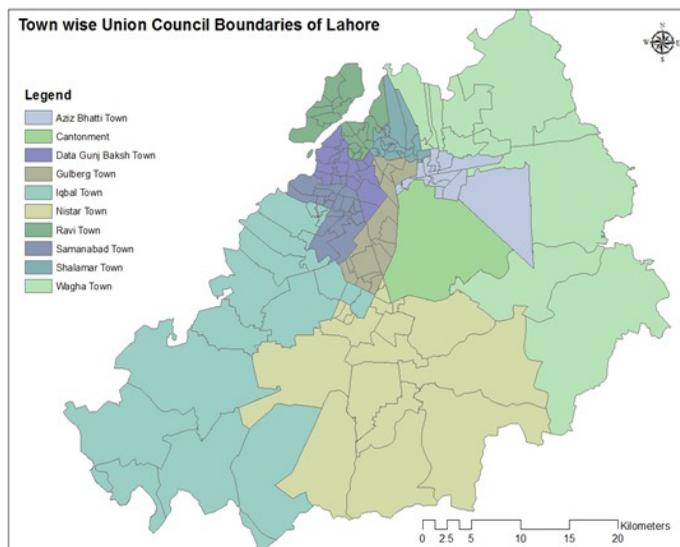
It is worth noting that the Punjab Land Revenue Act 1967 keeps many of the clauses from the colonial period, including, most importantly and with few exemptions, that assessments of land-revenue are based on “an estimate of the average money value of the gross produce of an estate” (57/1) . Uncultivated land is exempt from taxation, as is land below certain acreage. Similarly in the colonial period only “matured crops” were assessable (GOP 1904); with rates differing for owners and occupiers. The present-day norm of assessing property tax may therefore stem from this practice, where owners are expected to pay a portion of the revenue earned from the land, as opposed to the market value of the land itself. Land owners therefore have access to fixed assets with few expenses, making them uniquely powerful players in a real estate market that few wage earners can hope to compete in. This study uses a series of interviews conducted with traders in one of Lahore’s markets to explore issues of capital accumulation, land ownership and poverty. The rest of the paper is structured as follows: section

two will provide an overview of the city of Lahore and the neighborhood in question. Section three will provide a brief case study and discussion. The final section will include field notes and questions for further research.

City and Neighborhood Profile

Lahore has experienced urbanization at an unprecedented rate over the years with an increase in population creating a demand for urban land and housing markets. According to government estimates, the average population growth in Lahore is expected to rise to 344,000 persons per year. ⁶ The neighborhood in Lahore which is under exploration is located at the border of the Cantonment Area and Aziz Bhatti Town (ABT). The market has developed into an urban center within 10-15 years making it a fairly new addition to urbanized Lahore. The market is divided by a road which falls under two different towns in Lahore: ABT (to the North-East) and Walton Cantonment (South-West: see Figure 1). The division of the shops

Figure 1: Lahore’s Towns



Source: Pakistan GIS, 2012

on either side has had an impact on the variance on services being provided by both these boards. The difference in services was studied mainly in terms of provision of electricity and water, and whether that influences taxation processes and the market value of the shop. The interviews indicated that Walton Cantonment provides the locality under their purview with water and electricity, whereas the residents in the ABT have to manage their own. This does not only create a discrepancy in taxes that the residents have to pay, but there is also inequality in rent and market value of the shops.

The Multiple Indicator Cluster Survey (MICS) (2011) Punjab provides a crude assessment of the socio-economic indicators for this area relative to the rest of Lahore. In terms of improved sources of water, the percentage of accessibility to water from piping into a dwelling for the area under Cantonment is 62.4 % and that of ABT is 80.2 %.

While the area under study can be classified as 'urban', the difficulty with this and other generalizations is that the Defense Housing Authority (DHA) also comes under Cantonment, and includes residents of a vastly different socio-economic background. In contrast, ABT appears to be transforming from an agricultural settlement on the outskirts of Lahore to a mixture of small land-owners, small-scale industry owners, traders, skilled labor and their businesses, as described below.

Case Study

The study samples two dozen shops on either side of Bedian Road, the road dividing the two townships. Three tiers of participants were interviewed: shop owners, shop renters, and skilled and unskilled laborers. The study took place between May and June 2014: a time when there was a rumor reported

by interviewees that the road might be expanded as part of Lahore's ongoing infrastructure projects. The road expansion, although unconfirmed, allowed us to inquire about contingency plans and safety nets for owners, renters and laborers, and this will be discussed briefly.

According to Chaudhry Tauqeer Ahmed, a realtor and resident of the neighborhood for over two decades, nearly half of the shop owners in the market are former agriculturalists from nearby villages, who sold their land to DHA. He states that the prices of shops at Bedian Road have multiplied twenty times over the past 20 years. Some shop owners are entrepreneurs while others rent their properties. Ahmed reports that it is not unusual to witness people selling their agricultural land to buy commercial properties and start businesses. Also, people move from older parts of the city to newer settlements renting out their properties while not starting any local business.

Shops are typically 225 square feet in size, which is roughly five "*marlas*." The Majeed brothers own a strip of three small stores for groceries, fruit and vegetables that are 10 feet wide and about as deep, except their property also extends behind the store where the family resides. They report a skyrocketing of property value in the last 10 years, driven both by the sale of land to DHA and the expansion of the residential areas which has created a demand for hardware goods, motorcycle repair and grocery and produce shops, increasing the value of even small shops.

Broadly, it is evident that capital accumulation for property ownership is largely made by selling other land, often agricultural. Even where savings were used, they were drawn from ancestral property. In only one case, remittances were reported as a source of capital accumulation. The process of

property acquisition is *prima facie* transparent, and not based on clan or kinship. Interviews with renters, property owners and real estate agents suggest that virtually anyone with cash up front can enter this market. *Biraderi*- or clan-related guarantees were conspicuously absent: the ability of buyers to produce the necessary capital up front is all that was required for a relatively smooth transfer of property, which includes the informal costs described in Section 2. The bulk of informal transfer costs are those of expediting transactions (see Mearns, 31). These include paying the *patwari* or his clerk, paying the *stamp-farosh* responsible for clearing the transfer in court, and a final payment to the *patwari* for recording the new property ownership in the *tehsildar's* (senior registrar) records. The cost of transfer is compounded if any part of the property, or the 1-acre land unit of which that property is a part, has a stay order against it. Court disputes, even if they do not apply to the sub-section of land that is being transferred, enable the registrar to hassle owners and buyers. These individuals possess the ability to delay transfers indefinitely.

The other costs are those of documentation, and possible opportunity cost. In Pakistan, private land requires, on average, 64 days and 10 documents (Dowall and Ellis, 21) to complete transfer. In our study this included gaining clearance from the Cantonment Board and the Lahore Board, which can involve a combined cost of 37,000 PKR (\$370) on a 1,125 square feet property (5 *marla*), the current value of which in our study is about 800,000 PKR or \$8000. These costs are usually part of the rate of the clerk or *stamp-farosh* who clears documents through the courts on behalf of buyers, indicating the presence of a thriving informal market for clerical workers, attorneys and other individuals who facilitate the navigation of the bureaucratic system.

The process for rentals is considerably less straightforward. Historically, when residential and commercial property is demolished for development work, compensation is provided to people who can prove land ownership in the state records. Renters do not get compensated at all, but are given a month's notice. Property owners tend to rent properties to those who are known to them or have guarantors from the same market or neighborhood.⁷ Interested parties contact real estate agents or put word out through relatives residing or working in the market. The renters interviewed uniformly claimed to have personal and professional contacts in the market prior to renting. A meeting is arranged, and a token of interest and deposit is given. Having entered the market, renters appear to enjoy amicable relations with owners, who frequently run their own shops nearby, or drop by for a chat during the day. In one or two cases, absentee owners were reported to be living in other parts of Lahore, or further out on agricultural land. Turnover for the shops varies, with some renters being as recent as three months and others having been there for two or more years. Some claim to have been renters for over ten years, although closer questioning reveals they usually moved shops several times during that period.

The final tier of participants discussed is wage laborers – both skilled and unskilled. The individuals we spoke to were electricians, plumbers and drivers who were residing in ABT, renting quarters for 10 - 18,000 PKR per month. Ghulam Hassan moved to Lahore from Gujjar Khan in 1997 and said he hoped to be able to buy his house since rent was too expensive. He was not keen to buy a shop because he reported having agricultural land back home, and purchasing commercial property is prohibitively expensive.

Gulzar is a plumber belonging to the Christian community. With his modest earning, paying rent and living with his immediate family in ABT was extremely difficult. While he had plans to buy his own house, by the time his savings were sizeable (in 12 years), the prices increased further. In spite of these hardships, the push factors from rural areas are considerable. Respondents frequently reported that agricultural pay was meager and usually at the caprices of the landowner.

For unskilled labor, wages typically fluctuate with “jobs,” which are usually obtained through a network of contacts (Sajjad 2011). For instance, a group of four brothers and a cousin found employment through the eldest brother, who works in Lahore as casual labor. His younger brother, Masood, reports visiting Lahore frequently for work. At times he manages to find work and earns no more than 7-8000 PKR in almost twenty days. Wage laborers reported going back to the village for seasonal labor, during cotton harvesting season in the winter, or during wheat harvesting in the summer. Finding work outside the village is difficult, and people are usually unable to find guarantors or networks to secure work. Mohommad Basheer, the eldest brother, explains that labor from the villages is in demand, precisely because it is vulnerable. “Everyone knows village labor is cheaper. Once someone is introduced, the employer keeps his ID card so that he doesn’t run away. If the employer is good he usually returns the ID in a month, in case of long term employment. If I give a guarantee for my brother and he fails to show up, I will suffer the consequences.”

Discussion and Notes for Further Study

Lahore provides an interesting urban landscape where individuals have acquired wealth via selling off agricultural fields and family property to DHA,

resulting in a sudden influx of money which simultaneously allows some people to invest in property, and also puts the same out of others’ reach. Both skilled and unskilled laborers have very little savings and at times it is difficult to make ends meet. To the contrary, owners and renters have been reported to have assets and wealth.

Income earners and wage laborers are particularly vulnerable to external shocks. Illnesses, deaths, and unemployment affect this class adversely. This group exists entirely on an informal network of personal contacts and relations, which means there are many more which lack the same and are therefore unable to enter the market. The focus group I spoke to suffered harsh conditions: they did not get paid on days the work was stopped, even though their costs in terms of rent and food continued. Crucially, these are seen as fair conditions, and the employer, Naveed Khan had a paternalistic air with the laborers. Sajjad (2011) suggests an important caveat, in that it is difficult for researchers to gaining the trust of laborers, particularly in the presence of their employer.

Collective action for rental and labor rights is nearly non-existent, with people reporting very little expectation of, or interaction with, the traders’ union. The union usually does not even come up in conversation, and owners and renters were almost uniformly dismissive of it. It is evident that the union works almost exclusively for property owners, and its main activity takes place around election time, and around demonstrations for compensation. A possible reason for the lack of involvement is also the lack of local elections in the area. ABT should technically be part of the Lahore Development Authority, but its ambiguous status as part of military-owned Cantonment board results in the absence of local government elections for the entire market. The impression is that provincial

and national representatives are doubly helpless in a situation where LDA provides services like water and sewage and the Cantonment board, which comes under the Army, is responsible for taxes, property transfer and compensation. The non-involvement of formal and informal labor in collective action is consistent with other findings, and suggests a unique political landscape in an area where local-level votes are not needed, or sought. The link between local-level governance and collective action therefore forms an avenue for further research. Intuitively, the inconsistency of electoral institutions at a local level seems to be part of the issue, but this needs to be rigorously established. The seeming homogeneity of the "Punjabi" identity demands better in-field methods for understanding kinship networks. Finally, and perhaps crucially, poverty and vulnerability in Pakistan's wealthiest province provides a unique opportunity to explore the driving forces of development, environmental degradation and deprivation. As Punjab's growing and consumer-oriented population continues to expect the benefits of urbanization, these challenges are likely to be a key area for research.

Erum A. Haider is a former Teaching Fellow at the Lahore University of Management Sciences. She may be reached at erumbaider@gmail.com

References

- Akhtar, Aasim Sajjad. 2011. Patronage And Class In Urban Pakistan. *Critical Asian Studies* 43:159-184.
- Gazdar, Haris, Hussain Bux Mallah. 2011. The Making of a 'Colony' in Karachi and the Politics of Regularization. *South Asia Multidisciplinary Academic Journal*, 5.
- Bromley, Rosemary D. F. 1998. Informal Commerce: Expansion and Exclusion in the Historic Centre of the Latin American City. *International Journal of Urban and Regional Research* 22: 245-263.
- Ellis, Peter, and David Dowall. (2007). *Urban Land and Housing Markets in the Punjab, Pakistan*. <http://www.iurd.berkeley.edu/publications/wp/2007-04.pdf> (accessed June 23, 2014).
- Ezdi, R. 2009. The dynamics of land use in Lahore inner city: the case of Mochi Gate. *Environment and Urbanization* 21: 477-500.
- Government of Punjab, Planning and Development Department. Bureau of Statistics. *Multiple Indicator Cluster Survey*, 19, Lahore, Punjab. Bureau of Statistics, 2011.
- Hassan, Arif, Noman Ahmed, Mansoor Raza, Asiya Sadiq, Saeed-ud-Din Ahmed and Moizza B. Sarwar. 2013. Land ownership, control and contestation in Karachi and implications for low-income housing. *IIED; Urbanization and Emerging Population Issues; Working Paper* 10. <http://arifhasan.org/wp-content/uploads/2012/06/10625IIED.pdf> (accessed June 23, 2014).
- Javid, Hassan. 2011. Class, Power, and Patronage: Landowners and Politics in Punjab. *History and Anthropology* 22: 337-369
- Linden, Jan Van Der. 1994. The limited impact of some 'major determinants' of the land market. *Cities* 11: 240-246.
- Mustafa, Daanish, and Amiera Sawas. 2013. Urbanization and Political Change in Pakistan: exploring the known unknowns. *Third World Quarterly* 34: 1293-1304.

Pakistan GIS, <http://pakgis.blogspot.com/2012/01/town-wise-union-council-boundaries-of.html> Accessed 04/07/14

Planning Commission. 2007. *Vision 2030, Government of Pakistan*. Accessed 04/07/14

Notes

¹ Acknowledgements: This paper was supported by funding from the Proposal and Grants Committee at the LUMS Mustafa Ghurmani School of Humanities and Social Sciences. Thanks also to Anum Kureshi (BSc-Hon 2015) for exceptional support in research, fieldwork and writing. Email: eah111@georgetown.edu, erumhaider@gmail.com

² Government of Punjab, Agricultural Department, Agricultural Statistics of Pakistan 2010

³ Pakistan Bureau of Statistics, Census of Manufacturing Industries District-Wise Report 2005-2006; Government of Punjab, Bureau of Statistics, Punjab Development Statistics 2013

⁴ Government of Punjab, Agricultural Department, Agricultural Statistics of Pakistan 2010

⁵ For an extensive discussion on regularization and informality in Karachi housing markets, see Gazdar and Mallah (2011).

⁶ Planning Commission (2007)

⁷ “The renter needs to be of jaanpehchaan (literally, someone known and recognized) and not someone who is from outside; usually the affiliation with a renter is based on contacts with the people already in the market or mohalla (neighborhood).” – Khalid, sanitary goods shop owner

The Political Economy of Public Goods Provision in Slums ¹

Preliminary results from a field study in urban Pakistan

By Mahvish Shami* and Hadia Majid*



Slums were once seen as a means for rural migrants to start a new life with some degree of upward mobility. They provided the poor with free – or what was thought as free - housing upon arrival while also enabling easier access to higher paid urban jobs, thereby facilitating a process of reinvention, both economically and socially. At least this was the idea in the 1950s when the state in developing countries took on an attitude of benign neglect towards these settlements (Beall et al 2010, Njoh 2003). This essentially meant ignoring these migrants' illegal land grabbing activities, but at the same time not providing them with any public goods, hence resulting in very unsanitary living conditions in these settlements. A fundamental driving factor behind this policy was a belief that these slums were essentially transitory in nature. They were seen as a first stop for rural migrants, one from which they would very soon move out as their economic situation improved.

However, as early as the late 1960s and early 1970s it became apparent that these communities were not transitory in nature. Slums, instead of being a means to an end, it was found, were an end in themselves. This was also what we observed in our study of slums in Lahore, Pakistan, where walking around we could see how residents had

made investments in their dwellings, thereby signaling permanency. The permanency with which its residents view these slums has in turn been reflected in the policy perspective on slums: since the 1990s there has been a strong push for slum up-grading, which entails public provision to these communities. Despite this, inhabitants of these settlements continue to live with grossly under-provided public goods (See for example Beall et al 2010, Abelson 1996; World Bank 2000). While this of course has general implications for poverty reduction, more seriously, unsanitary communities can pose considerable health risks for their residents, who may not have adequate health coverage.

Given the permanent nature of slums the primary questions that arise are: if both policy makers and residents know that these communities are relatively permanent in nature, then why do politicians not include them in their provision decisions? In particular why do water and sanitation provision remain abysmally low, even though the benefit from such investment would be far reaching? And why do citizens of these slums not demand public provision, given that they are active voting constituents?

Based on information received from the Slums Directorate in Lahore we learned that there are fundamental differences across slums: while some have undergone a process via which they are now recognized (notified) by the state and so are eligible to receive public goods, others remain unrecognized, illegal settlements where state officials are not bound to provide any public goods ². Our field research however, also revealed an additional factor driving differences between levels of

provision in slums: distance of the settlement from the center. We found that slums situated in the periphery of the city ³ were least likely to enjoy public investment. Living in the centre not only makes settlements extremely visible, thereby allowing politicians to demonstrate their pro-poor ideology, but demand for provision in inner city slums may also come from more influential citizens who suffer from negative externalities from these communities ⁴.

Based on this we were able to draw two testable hypothesis:

1. The type of slum a household resides in should have an impact on its chances of receiving public provision. Tenure security in slums recognized by the state should enable residents to demand state investment in their settlements.
 - a. Furthermore, where the slum is located should also matter. Those in the centre of the city should have a higher chance of receiving public goods when compared to those living in the periphery.
2. Within the slum who receives public goods should vary depending on the level of ownership of the household. Those who enjoy property rights should have higher bargaining power which should allow them to demand higher levels of public provision.

Thus while the first hypothesis required us to look at slums that vary based on distance from the centre and recognition by the state, the second one

requires an analysis within the slum to determine who is benefitting from higher levels of provision. The aim of our paper is to illustrate that both slums and slum dwellers within them are not homogenous, either in their level of provision, the level of importance they hold for policy makers, or in terms of the demands they make. In an effort to understand this we looked at slums which varied along two lines; one was their distance from the centre of the town and the other was whether they were recognized (notified) by the state as a legal settlement. Our sample then included 4 different types of slums as is shown in the table below.

Within each settlement households varied, amongst other things, by their level of tenure security – while some households in the sample owned the land they lived on, others were illegal squatters. Within each slum a random sample of around 20 % households was interviewed in order to get an understanding of the political economy of these slums.

Figure 1 below illustrates the level of public goods provision ⁵ in the different types of slums. As can be seen, the highest level of provision is found in the core of the city; at least 40 % of households living in the core have access to public goods, and this figure is even higher when we look at notified slums in the core. This is not surprising when we consider that living in the centre makes these settlements extremely visible, and therefore makes it possible for politicians to demonstrate their pro-poor ideology – they can show their responsiveness to the poor by providing for these settlements. Interestingly, the difference in provision levels

Table 1: Sampling Strategy

	Notified	Non-notified
Core of the city	3	3
Periphery of the city	3	3

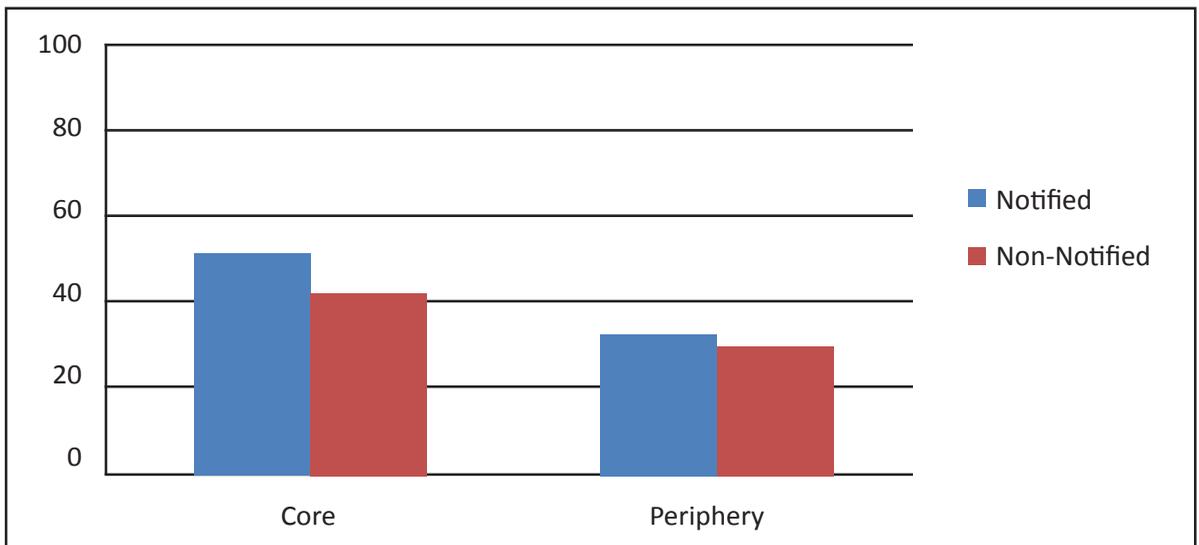
in notified and non-notified slums in the core is not statistically significant. Therefore, when living in the centre of the city, tenure security provided by the state does not seem to matter much for households' chances of receiving public goods. Turning to slums situated in the periphery we find that, not only are provision levels much lower than those in the centre of the city, with the difference between provision in the center and that in the periphery statistically significant, but also the difference between provision levels in notified and non-notified slums is statistically significant (at the 10 % level). Hence this lends evidence to the claim that when the slum is not visible to most city residents, tenure security matters for households to gain access to public resources. Lastly, amongst slums that are notified, we find that those who are also in the core have a better chance of receiving public goods (the difference is significant at the one % level).

Splitting the data by land ownership we find that individual land rights matter for public goods provision. In particular, three main points become immediately apparent upon splitting the data:

(1) households that live in the core are better off than those that live in periphery regardless of land ownership status; (2) households that do not own their land and live in non-notified settlements in the periphery of the city have the lowest levels of public goods provision. In fact, households that have no land rights and are located in the periphery are not only worse off in terms of public goods provision when compared to households with no land rights that live in the core, but are also worse off than households that are settled in the periphery but have land rights; and (3) within the sub-sample of households that live in the periphery and have land-rights, the notification status of the settlement matters.

These results held when we ran a multivariate logistic regression model. Furthermore, the model revealed that when controlling for notification status, households that have property rights are significantly more likely to receive public provision. Moreover, in non-notified slums, households who have lived in the settlement longer are more likely to receive public goods, thereby indicating that squatter rights matter for provision.

Figure 1: Shares of urban areas in GDP and population in Asia, 2008



We also looked at households' voting patterns and how that affected their chances of receiving public goods. We found that households who are part of a clientelistic voting bloc are less likely to receive public goods when compared to households who vote independently. It seems then that vote blocs comprise of households who are in a weaker bargaining position and therefore are less likely to receive public goods when compared to households that vote independently. Furthermore, looking at households that vote independently, those who support the party that came into power are significantly more likely to receive public provision. This result implies that in the urban setting political parties are directly targeting their supporters without feeling the need to resort to bloc based politics.

Preliminary analysis of our data hence shows that the type of slum a household resides in matters for its chances of receiving public goods: while notification status of slums in the periphery matters for provision, overall, those who live in the center of the city are more likely to receive public provision when compared to households residing in the outskirts of the city. This finding lends support to hypothesis 1a i.e. visibility increases the chances of public investment in slums. Moreover,

the results also provide support for hypothesis 2: households' land ownership continues to have a significant impact on provision levels. Hence the evidence seems consistent with the argument that households which have property rights tend to have higher bargaining power and therefore are able to negotiate for higher levels of provision. In general, we find that while households that live in legal settlements recognized by the state see higher levels of provision, the responsiveness of the state machinery varies primarily on two dimensions – distance from the city centre, and socio-economic characteristics of the households.

Mabvish Shami is an LSE Fellow at Department of International Development, London School of Economics and Political Science. She may be reached at m.shami@lse.ac.uk.

Hadia Majid is an Assistant Professor in the Department of Economics (Mushtaq Ahmed Gurmani School of Humanities and Social Sciences) at the Lahore University of Management Sciences (LUMS). She may be reached at hadia.majid@lums.edu.pk.

Figure 2: Level of public goods provision



Notes

¹ This research was supported by a grant administered by the International Growth Center. The full paper may be accessed at <http://www.theigc.org/publications/working-paper/political-economy-public-goods-provision-slums>

*Department of International Development, London School of Economics and Political Science, Houghton Street, London, WC2A 2AE m.shami@lse.ac.uk

♦Department of Economics, Lahore University of Management Sciences, Opposite Sector U, D.H.A, Lahore Cantt, 54792 hadia.majid@lums.edu.pk

² Notification/recognition by the state is usually driven by political mandate either by the provincial minister or by an individual. It typically requires that 'Katchi Abadi Directorate' officials undertake a survey of the settlement that gather information such as the area of the slum, the number of households, year of settlement establishment, and so forth. Once the information has been recorded, the settlement is notified which then makes it a legal requirement for city officials to provide public goods for the 'Abadi'. Notification also makes it possible for residents to initiate land ownership claims for their houses with the 'patwari' which can take several years to complete.

³ We define 'periphery' based on the definition used by the Slums Directorate.

⁴ Their first demand may well be to have the slum relocated/removed. However, for those settlements that cannot be moved they may ask to have them cleaned up.

⁵ The public goods we look at in this study are water, drainage systems and paved streets.

South Asia's Growing Urban Divide

By Fazilda Nabeel



Growing Urban Divide in the Context of Infrastructural and Service Deficit

South Asia's growing urban divide has various facets and creates corresponding challenges that impinge on human development outcomes of its urban residents. Many of these challenges stem from infrastructural deficits, which in turn are caused in part due to the sheer pace of urbanization in the region and partly due to lack of systematic urban planning.

Infrastructure and service delivery challenges constrain people's capabilities and have a strong bearing on urban poverty and deprivation. Underinvestment in basic infrastructure—transport, water and sanitation, energy, solid waste management systems and the provision of health and education—is a major determinant of the urban divide. Many of the public services provided by the government typically alienate the urban poor, mostly because they live in the peripheries of the city or areas which are 'non notified' or squatter settlements usually not recognized for purposes of mapping out public service urban infrastructure grids. Hence, even access to basic amenities like piped water connections, solid waste management and sewerage remain elusive for the urban poor.



Urban Transport

For most cities in the region, there has been a clear shift away from public and non-motorized transportation, while increasing the use of private motor vehicles and intermediate public transport (primarily auto-rickshaws and taxis). For instance, in India, between 1994 and 2007, public transportation as a mode has experienced a 20-70 % decline in different sized Indian cities.¹ Cities in Pakistan are inclined towards using private transportation as opposed to public and non-motorized modes of transport (Figure 1)². In Dhaka, high population density, limited inhabitable land, and poor infrastructure result in congestion and constrain the ability of the urban transport system to provide accessible transportation to all urban residents. With an annual motorization growth of eight % in Dhaka, there could be up to half a million cars by 2025, increasing local air pollutants and GHG emissions from the transport sector.³ Nepal has the lowest road density in South Asia (0.6 kilometers per

1,000 people) with much of the existing road network not trafficable as about 45 % of the road network is unpaved. In Nepal’s urban areas, the average travel time to a paved road is about 11 minutes and to a commercial bank it is 21 minutes.⁴ Sri Lanka is the only outlier in the region with a high share of use of public transport in her cities as compared to other countries in South Asia. However, quality and reliability are a concern and have led to a decline in the share of public transport in recent years.⁵

Water Supply, Sanitation and Solid Waste Management

Rapid increases in urban population and continuing expansion of city limits means that ensuring safe, adequate and equitable access to municipal services is becoming difficult in South Asia. In India, only 70.6 % of the urban

population is covered by individual water supply connections. Moreover, the duration of water supply in Indian cities ranges from only one to six hours.⁶ The problem of sanitation is worse, with up to 50 % of households in cities like Bangalore and Hyderabad not having sewerage connections.⁷ Solid waste collection ranges from 70-90 % in major metropolitan cities of India, but is less than 50 % in smaller cities.⁸

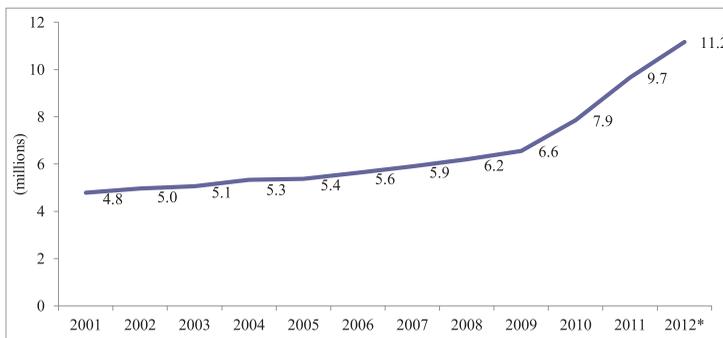
In Pakistan, most urban households rely on piped water and motor pumps for extracting groundwater for drinking purposes. Urban areas as a whole tend to fare much better than their rural counterparts in the percentage of population with access to flush toilets (94 % versus 51 % in rural areas) and underground drains for sanitation (52 % versus 5 % in rural areas).⁹ The disparity in access to water and

Table 1: Mode of transportation in selected South Asian cities

City	Private transport (%)	Public transport (%)	Non-motorized transport (%)
Lahore	24	16	60
Karachi	27	23	50
Delhi	18	40	42
Mumbai	18	60	22
Kolkata	5	78	17

Source: Imran 2009.

Figure 1: Number of registered motor vehicles in Pakistan, 2001-12



Note: *: Provisional data.

Source: GOP 2013a.

sanitation within urban areas, especially in the non-notified slums spread across Pakistan's major cities is rather stark and largely goes undocumented. Solid waste in Pakistan is largely unmanaged, with metropolitan governments recovering fewer than 60 % of the solid waste generated in the urban centers.¹⁰

Bangladesh has similar patterns of access to drinking water and sanitation coverage in urban areas as the rest of South Asia. Access to -drinking water sources in urban areas of Bangladesh has declined from 88 % in 1990 to 85 % in 2008. Access to sanitation remains low at 55 % in 2011.¹¹

Access to Urban Education and Health

Most urban areas in South Asia fare better on access to education and health outcomes when compared to rural areas (table 2 and table 3). The typical statistics reported for urban areas average out access for the whole city, thus masking the wide gaps that exist in access to these capability-enhancing services between the urban rich and the urban poor within a city. The disparity in access to urban education and health between slum and non-slum populations is present in most countries in the region, as seen from tables 2 and 3.

Apart from slums, even low-income neighborhoods with poor connections to the city can face deprivation in adequate schooling and health. This is particularly true for many of the sprawling new settlements in the outskirts of cities like Lahore, Delhi and Dhaka. Health outcomes in South Asia are specifically linked to urban poverty and access to other urban services, with the incidence of malnutrition in poor urban areas being twice that in non-slum urban areas.¹²

Urban Housing

There is a shortage of more than 38 million housing units in the South Asian region, not counting housing in need of repair or replacement (see figure 2). Taking into account average household size, this translates into 212.5 million homeless people, 14 % of the region's total population of 1.5 billion.¹³ What is worse is that urban housing shortages in South Asia are hiding behind squatter settlements and higher persons-per-room densities. India's urban housing shortage is estimated at nearly 18.78 million households in 2012, according to a report by the Ministry of Housing and Urban Poverty Alleviation (MHUPA)¹⁴. The housing backlog in Pakistan was at an estimated 7.57 million units in 2009—2.5 million of them in urban areas. In Karachi, an estimated 60 % of the population lives in *katchi abadis*.¹⁵ Informal settlements do not fall under the realm of responsibility of city administrations and as such tend to be unserved

Table 2: Urban/rural disparities in access to education in South Asia, 2004-06*

	India	Pakistan	Bangladesh	Nepal
Net enrolment in primary education (male)				
Urban	80.1	78.1	79.0	93.5
Rural	75.3	66.4	81.5	89.1
Non-slum	86.5	83.4	92.5	98.5
Slum	77.7	76.9	77.7	91.6
Total	76.5	69.7	81.0	89.7
Net enrolment in primary education (female)				
Urban	80.5	76.4	80.9	89.4
Rural	71.5	56.2	85.3	83.3
Non-slum	86.5	87.1	78.4	97.7
Slum	78.4	73.7	81.1	85.8
Total	73.8	62.2	84.4	84.0

Note: *: Data refer to most recent year available.

Source: MHHDC 2014 Statistical Profile of Urbanization in South Asia.

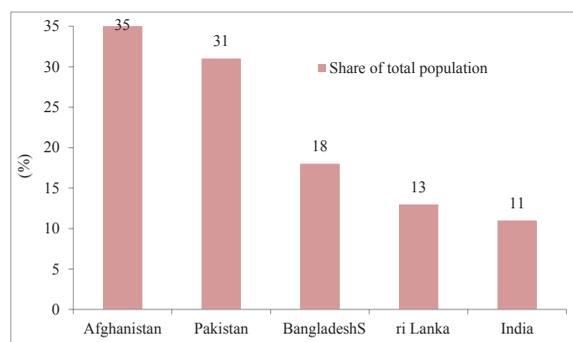
Table 3: Urban/rural disparities in selected health indicators in South Asia, 2005-07*

	India	Pakistan	Bangladesh	Nepal
Percentage of malnourished children under-5				
Urban	34.3	40.4**	30.6	29.0
Rural	45.2	54.5**	37.4	44.6
Non-slum	21.0	37.2**	11.2	15.6
Slum	39.5	50.7**	37.2	34.8
Total	42.5	49.6**	36.0	42.7
Percentage of children with diarrhea				
Urban	8.9	22.1	10.2	11.5
Rural	9.0	21.8	9.7	11.9
Non-slum	8.2	19.7	6.3	11.7
Slum	9.1	21.5	11.5	11.4
Total	9.0	...	9.8	11.9

Note: *: Data refer to most recent year available. **: Data refer to 1990.

Source: MHHDC 2014 Statistical Profile of Urbanization in South Asia.

or critically underserved.¹⁶ It is estimated that as much as 45 % population in urban Sindh and 50 % in urban Punjab lives in a one-room house.¹⁷ For Bangladesh, housing shortages in urban areas are compounded by the temporary nature of most dwellings. Natural disasters in the country are frequent and only 23 % of all housing in urban centers is of a permanent nature.¹⁸

Figure 2: Housing shortages in South Asia

Sources: World Bank 2009 and Nenova 2010.

Urban Poverty

South Asia has the highest urban poverty levels in Asia and the Pacific with countries like Bangladesh (62 %), Nepal (58 %), Pakistan (47 %) and India (29 %) reporting high proportions of urban populations living in slums.¹⁹ Many cities in South Asia have witnessed a coexistence of a large informal economy and urban poverty – majority of working poor in the cities are employed in the informal sector with low wages and little job security.²⁰ Women are particularly vulnerable to risks associated with urban poverty and lack of urban infrastructure and services. Inadequate transport services restrict women's access to employment, while unsafe water and lack of solid waste and waste-water management result in illnesses requiring care that limit women's economic activities and drain family income. Young people who migrate to the cities also suffer disproportionately from the ills that urban poverty generates. South Asia has the highest proportion of youth population compared to any other region in the world, but a large proportion of it remains unemployed or informally employed.

Policy Imperatives

A complex interplay of forces determines and exacerbates the challenges that South Asia's cities

face, specifically urban poverty, a problem that is often overlooked by policy makers in the region. Infrastructural and service delivery deficits appear to explain much of the challenges that South Asia's urban residents face in their daily lives. There is need for urban policy to address the various facets of the infrastructural and service deficit in a sustainable and systematic manner in order to build inclusive cities that foster good human development outcomes for all people in the future.

- **Improving Access to Urban Transport:**

There is a need to look at both demand management for the proliferation of private motor vehicles as well as overcoming chronic underinvestment in the public transportation sector. So far, South Asia's cities have not made much progress in implementing demand-side management measures, such as congestion pricing, restraints on parking, etc. India has taken the lead in implementing some recent measures such as the 2006 *National Urban Transport Policy (NUTP)*. Cities that wish to access funds from the Government's US\$20 million scheme for upgrading urban infrastructure, the Jawaharlal Nehru National Urban Renewal Mission (JnNURM), must comply with standards set out in the NUTP, such as equitable allocation of road space, prioritizing the use of public transport and integrating land use and transport planning. In 2009, Ahmedabad used this funding to launch Janmarg, India's first Bus Rapid Transit (BRT). The positive experience of implementing BRT systems in Ahmedabad have made other municipalities and urban centers in the region look towards such systems as an efficient way to reduce travel times and the need for extensive transport. However, the implementation of BRT systems must be undertaken after careful cost benefit analysis. For instance, the Metro

Bus System in Lahore came at the cost of almost half of the development budget of the entire Punjab province,²¹ hence creating an imbalance in financial allocations between transport and the already low social sector spending on health and education. Moreover, urban transportation investments like BRT are hardly sensitive to the environmental impacts of such projects, as was in the case of the approval of construction of the Islamabad Metro Bus Project despite the alleged negative impacts on the city's environment.²²

- **Leveraging non-government organizations, public private partnerships, and community participation to improve access to improved water, sanitation and better solid waste management:** Expanding access to water, sanitation and improving solid waste management is an acute challenge for urban policy makers in the region, given that a vast majority of its urban population lives in slums, which by definition are characterized by absence of these services. Some countries such as India are already using innovative approaches to tackle the problem of service delivery in slums. Conveying information about water availability to slum dwellers via text messages²³ and using slum dwellers as waste collectors²⁴ are steps in the right direction. However, these approaches need to be formalized and scaled up with partnerships of non-governmental organizations (NGOs) and relevant public sector utilities in the city. Public-private partnerships and outsourcing of urban services such as solid waste management have also proved to be a successful model for some cities such as Lahore, which recently outsourced solid waste management to two Turkish companies, Ozpak and Albarak, which are now in charge of waste collection,

transportation and disposal activities.²⁵

- **Improving Access to Affordable Urban Housing:** South Asian countries share a common need for expansion of housing to accommodate the region's growing urban population. Each country, however, is at a different level of development with regard to its urban housing needs. Key areas which need to be prioritized in improving access to urban housing include efficient land administration and expanding housing finance to low-income groups which are most likely to resort to living in informal housing units and slums. For instance in India, the National Urban Housing and Habitat Policy (NUHHP) by the Indian government in 2007 and subsequent launching of the national-level housing programme called Rajiv Awas Yojana (RAY) are significant milestones. Successful slum development projects in South Asia have typically leveraged partnerships with non-governmental organizations and the affected communities as was the case of the Orangi Pilot Project, which is now being replicated in more than 46 of Karachi's slums²⁶ as well as other cities in Pakistan. Another key area where policy attention is needed is collection of reliable quantitative data on housing status. For instance, in Pakistan, the extrapolation of the 1998 census and some survey studies are the only means of estimating the current housing shortfalls in urban areas.

- **Policies to improve conditions of vulnerable youth and women to protect them from ills associated with urban poverty:** It is necessary to improve access to education and health opportunities especially for young urban migrants and women, who are found to be more vulnerable to deprivations

presented by the urban environment. Efforts at recognizing the largely prevalent urban informal economic activities will provide necessary protection to the urban poor earning their living off the informal sector.

Estimates of urban poverty and inequality in most South Asian countries are incomplete and outdated, often being extrapolated from decade old census information, as in the case of Pakistan. More importantly, urban poverty estimates based on income mask the multidimensional nature of urban poverty. Besides income poverty, inequality in cities arising from overcrowded housing and insecure tenure; inadequate access to safe and affordable water supply, sanitation, electricity and transport services; and limited schools and health care facilities increase the vulnerability of the urban poor.

Improving access to urban education and health for the urban poor does not simply translate to building more schools or hospitals. These may be necessary conditions, but they are by no means sufficient. It is important to understand that removing barriers to human development for urban residents requires a consolidated approach towards urban planning. It starts with recognizing the link between poor access to urban services like water, sanitation, solid waste management and energy, and poor education and health outcomes. It involves recognizing the myriad of informal settlements and slums not notified by city governments, and extending immunization facilities to them. It involves engaging the urban poor by making them stakeholders of their own human progress.

Most urban policies in the South Asian region

overall, and Pakistan in particular, have been restricted in their approach, aiming to provide merely more infrastructure, not sustainable infrastructure, for bridging the urban divide. It is not simply a question of building more roads to ease the traffic congestion or installing more pumps to increase water supply. The traditional approach to urban infrastructure cannot sustain the present, let alone the future demands of emerging cities in South Asia. There is need to rethink the traditional approach of designing and populating cities in a manner that is equitable, sustainable and capability-enhancing for all residents.

This policy brief draws on the findings of Human Development in South Asia 2014: Urbanization: Challenges and Opportunities. The author, Fazilda Nabeel, is a former Senior Research fellow and Consultant at Mahbub ul Haq Centre. She may be reached at fazilda@mhbdc.org

References and Further Reading

ACHR (Asian Coalition for Housing Rights) 2014. Pakistan. <http://www.achr.net/countries-de.php?ic=13> (accessed December 2013).

ADB (Asian Development Bank). 2005. *Islamic Republic of Pakistan: Preparing the Mega City Sustainable Development Project*. Technical Assistance Report. Manila: ADB. <http://www.adb.org/sites/default/files/projdocs/2005/38408-PAK-TAR.pdf> (accessed February 2014).

Ahmed, N. 2011. An Overview of Present Housing Crisis in Pakistan and a Way Forward. <http://www.urkarachi.org/Housing%20Situation%20by%20Noman%20Ahmed.pdf> (accessed December 2013).

GOI (Government of India). 2008. *Study of Traffic and Transportation Policies and Strategies in Urban Areas in India: Final Report*. New Delhi: Ministry of Urban Development. http://urbanindia.nic.in/programme/ut/final_Report.pdf (accessed January 2014).

_____. 2011. *Report on Indian Urban Infrastructure and Services*. New Delhi: Ministry of Urban Development. <http://www.niua.org/projects/hpec/finalreport-hpec.pdf> (accessed January 2014).

_____. 2012. Report of Technical Group on Urban Housing Shortage (TG-12) (2012-2017). New Delhi: Ministry of Housing and Urban Poverty Alleviation.

GOP (Government of Pakistan). 2007. *Pakistan in the 21st Century: Vision 2030*. Islamabad: Ministry of Planning and Development.

_____. 2012. *Punjab Development Statistics 2012*. Lahore: Bureau of Statistics, Government of Punjab.

_____. 2013a. *Pakistan Economic Survey 2012-13*. Islamabad: Ministry of Finance.

_____. 2013b. *Pakistan Social and Living Standards Measurement Survey 2011-12*. Islamabad: Pakistan Bureau of Statistics. http://www.pbs.gov.pk/sites/default/files/pslm/publications/pslm2011-12/complete_report_pslm11_12.pdf (accessed January 2014).

Khan, F. 2013. The Economics behind the Lahore Metro Bus Service. The Express Tribune, February 11. <http://blogs.tribune.com.pk/story/16050/the-economics-behind-the-lahore-metro-bus-service/> (accessed December 2013).

- Khan, R. 2014. A Cleaner Lahore. *The Express Tribune*, February 11. <http://tribune.com.pk/story/670074/a-cleaner-lahore/> (accessed May 2014).
- Manna, G. C. 2006. On the Linkage between Employment in the Informal Sector and Poverty: The Indian Experience. Paper presented at the Ninth Meeting of the "Expert Group on Informal Sector Statistics", 11-12 May, New Delhi, India. [mospi.nic.in/Mospi_New/upload/DelhiGroup/ LINK%2004.doc](http://mospi.nic.in/Mospi_New/upload/DelhiGroup/LINK%2004.doc) (accessed December 2013).
- MHHDC (Mahbub ul Haq Human Development Centre). 2014. *Human Development in South Asia 2014: Urbanization Challenges and Opportunities*. Lahore. MHHDC.
- Muzzini, E., and G., Aparicio. 2013. *Urban Growth and Spatial Transition in Nepal: An Initial Assessment*. Washington, D.C.: World Bank. http://elibrary.worldbank.org/docserver/download/9780821396599.pdf?expires=1376308184&id=id&accname=ic_cid-76010362&checksum=BA2B508CED35FA405B5F23EBC3740AAA (accessed August 2013).
- Nenova, T. 2010. Expanding Housing Finance to the Underserved in South Asia: Market Review and Forward Agenda. Washington, D.C.: World Bank. <http://siteresources.worldbank.org/SOUTHASIAEXT/Resources/223546-1269620455636/6907265-1284569649355/CompleteReportSARHousingFinanceOctober2010.pdf> (accessed December 2013).
- Siddiqui, R. 2014. Round and Round with Metro Bus. *The News*, May 11. <http://tns.thenews.com.pk/metro-bus-project-rawalpindi-islamabad/#.U-HCWJHi8pE> (accessed July 2014).
- Sugam, R., and A. Ghosh. 2013. *Urban Water and Sanitation in India: Multi-stakeholder Dialogues for Systemic Solutions*. New Delhi: Council on Energy, Environment and Water (CEEW). <http://ceew.in/pdf/CEEW-Veolia-Urban-Water-and-Sanitation-in-India-Nov13.pdf> (accessed January 2014).
- UN-Habitat (United Nations Human Settlements Programme). 2010. *State of the World's Cities 2010/2011: Bridging the Urban Divide*. London: Earthscan. World Bank. 2009. World Development Indicators 2009. Washington, D.C.: World Bank.
- _____. 2012. *Turning Sri Lanka's Urban Vision into Policy and Action*. Washington, D.C.: World Bank. <http://www.unhabitat.lk/downloads/wburbanpolicy.pdf> (accessed August 2013).

Notes

¹ GOI 2008.

² GOP 2012.

³ ADB 2005.

⁴ Muzzini and Aparicio 2013.

⁵ World Bank 2012.

⁶ GOI 2011.

⁷ Sugam and Ghosh 2013.

⁸ GOI 2011.

⁹ GOP 2013b.

¹⁰ GOP 2007

¹¹ MHHDC 2014 Statistical Profile of Urbanization in South Asia.

¹² The incidence of malnutrition in poor urban areas is more than twice that in non-slum urban areas: for India, the figures are 54 % and 21 %, respectively, and for Bangladesh, 51.4 % and 24 %. UN-Habitat 2010.

¹³ Nenova 2010.

¹⁴ GOI 2012.

¹⁵ Urban areas are dominated by ramshackle neighbourhoods known locally as katchi abadis at <http://www.britannica.com/EBchecked/topic/1441759/katchi-abadi>

¹⁶ Nenova 2010

¹⁷ Ahmed 2011.

¹⁸ Nenova 2010

¹⁹ MHHDC 2014 Statistical Profile of Urbanization in South Asia. For instance, in India, a study estimated that the poverty rate of households whose members earned their income from the informal sector was 25.7 %, as opposed to 7.1 % for those households earning an income in the formal economy. As much as 84 % of the non-agricultural sector's workforce in India is informally employed, thus making a large part of urban dwellers vulnerable to deprivations. Manna 2006.

²⁰ Khan 2013.

²¹ Khan 2013.

²² Siddiqui 2014.

²³ In India an NGO called Next Drop has introduced a Smart Grid solution that leverages mobile technology to collect and share water delivery information with urban residents and water utilities. Citizens are provided information about water availability through text messages 30-60 minutes before the start of municipal water supply for a fee of about INR 10 (US\$0.16).

²⁴ Engaging slum dwellers for waste picking has the dual advantage of helping municipal governments manage solid waste as well as providing organized formal employment opportunities for these economically disadvantaged urban residents. In Bangalore, a large informal workforce consisting of slum dwellers help to retrieve about 600 tonnes of recyclable waste per day, resulting in savings for the government of upto . US\$30,000 per day. The government has recently started with efforts at formalizing this network of wastepickers, ensuring minimum wages and food for them

²⁵ Khan 2014.

²⁶ ACHR 2014.

Revealing Facts: Urban Economy

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Value added per worker (2005 US\$ per year), 2010										
Primary	1,154	1,187	398 ^a	...	...	2,015	1,017	...	1099	...
Secondary	4,089	3,519	1,720 ^a	...	...	6,217	25,363	...	3844	...
Tertiary	6,775	3,968	1,348 ^a	...	...	7,548	4,794	...	5966	...
Total	3,318	2,627	948 ^a	...	...	5,238	3,525	...	3047	...
Ratio of average wages, 2008										
Industry to agriculture	2	1	...	...	2	1	...	...	1	...
Services to agriculture	2	2	...	...	2	2	...	...	2	...
Sectoral share of GDP and employment, 2010										
Agriculture,										
Employment	51	45 ^b	48 ^a	...	66 ^c	33	60	12 ^d	51	...
GDP	17	20 ^b	18 ^a	...	36 ^c	12	16	4 ^d	18	...
Industry,										
Employment	22	20 ^b	15 ^a	...	13 ^c	24	9	24 ^d	22	...
GDP	26	26 ^b	29 ^a	...	15 ^c	30	44	19 ^d	26	...
Services,										
Employment	27	35 ^b	37 ^a	...	21 ^c	40	31	60 ^d	27	...
GDP	57	54 ^b	54 ^a	...	49 ^c	58	40	77 ^d	56	...
Share of informal employment in non-agricultural/urban employment, 2004-10^e										
Overall	84	78	74	79	81	62	51	43	82	...
Female	85	76	...	...	...	56	...	...	83	...
Share of unorganized sector in GDP (%)										
1999	23	37	35	...	36	44	29	30	26	...
2007	26	40	37	...	38	47	31	32	29	...
Educational attainment of the labour force (%), 2010										
No education	73	33	53	33	20	43	42	3	35	...
Primary	15	36	27	24	33	27	19	23	24	...
Secondary	10	26	15	35	29	27	32	52	34	...
Tertiary	2	6	5	8	18	2	7	22	8	...
Quality of infrastructure (rank out of 148 countries), 2013-14										
	85	121	132	...	144	73	...	...	...	...
Infrastructural constraints faced by firms in the urban/non-agricultural formal sector, 2006-11										
Percentage of firms identifying electricity as a major constraint										
	32	75	78	66	76	26	6	...	53	...
Percentage of firms identifying transportation as a major constraint										
	8	14	6	30	33	10	17	...	18	...
Percentage of firms owning or sharing a generator										
	41	20	52	71	16	27	16	...	39	...
Firm value lost due to power outages (% of annual sales)										
	7	9	11	...	17	3	4	...	7	...

Notes: a: Data refer to 2005. b: Data refer to 2008. c: Data refer 2001. d: Data refer 2006. e: Data refer to most recent year available.

Sources: Row 1: World Bank 2012b; Rows 2 and 6: World Bank 2012a. Row 3: World Bank 2013b; Row 4: WEIGO (forthcoming) and World Bank 2012a; Row 5: Schneider et al. 2010; Row 7: WEF 2013; Row 8: World Bank 2012a and 2013a.

Highlights

The structure of economy in South Asia has changed significantly. In all the South Asian countries barring Bhutan, the services sector is contributing the most in terms of contribution to GDP compared to other sectors of economy. In stark contrast, its share in employment is the lowest compared to other sectors of economy. While services contribute 56 % of South Asia's GDP its share in employment is only 27 %. On the other side of spectrum, agriculture sector's share in GDP is merely 18 %, however its share in employment is greater than 50 %, where the trend holds for major South Asian economies of India, Pakistan and Bangladesh.

The value added per worker in the primary and secondary sectors of the economy is very low – US\$ 1099 for the primary sector. This is mainly due to poor education standards. One-third of South Asia's labour force has no formal education, while only eight % has attained tertiary education.

The share of informal employment is extremely high: averaging around 82 %, and for females it is even higher (83 %). A major reason behind this is the increasing share of this unorganized sector in GDP - from 26 % in 1999 to 29 % in 2007.

One of the major factors constraining economic growth especially in urban areas is the deteriorating quality of infrastructure in South Asia: all the South Asian countries are ranked in the lower half of infrastructure ranking. Electricity is a major challenge, resulting in loss of seven % of the value of annual sales. Around 53 % of the firms identify shortage of electricity as a major constraint.

References

- Schneider, F., A. Buehn and C. E. Montenegro. 2010. *Shadow Economies All Over the World: New Estimates for 162 Countries from 1999 to 2007*. Policy Research Working Paper No. 5356. Washington, D.C.: World Bank.
- WEF (World Economic Forum). 2013. *The Global Competitiveness Report 2013-14*. Geneva: WEF.
- World Bank. 2012a. *More and Better Jobs in South Asia*. Washington, D.C.: World Bank.
- _____. 2012b. *World Development Report 2013: Jobs*. Washington, D.C.: World Bank.
- _____. 2013a. Enterprise Surveys. <http://www.enterprisesurveys.org/> (accessed December 2013).
- _____. 2013b. World Development Indicators Database. <http://databank.worldbank.org> (accessed January 2013).
- WIEGO (Women in Informal Employment: Globalizing and Organizing). (Forthcoming).
- Statistics on the Informal Economy: Definitions, Regional Estimates and Challenges. WIEGO Working Paper. <http://wiego.org/informal-economy/statistical-picture> (accessed January 2014).

Notes

Notes

Notes

Guidelines for Authors

All submissions will be handled electronically and should be sent to sspb@lums.edu.pk. Submitted pieces should adhere to the Guidelines available at <http://lums.edu.pk/shssl/dprc/content/social-science-and-policy-bulletins>. The Editorial board will review all submissions to determine their suitability for publication. Articles should not be simultaneously submitted for publication to another journal or newspaper. If a different version of the article has previously been published, please provide a copy of that version along with the submitted article. All correspondence, including notification of the editorial decision and requests for revision will take place by email. In case the author(s) do not respond in a timely manner, the Editors reserve the right to make final revisions before publication.

SOCIAL
SCIENCE
A N D
POLICY
BULLETIN

Social Science and Policy Bulletin
Lahore University of Management Sciences
Opposite Sector 'U', D.H.A.,
Lahore Cantt. 54792, Pakistan
Phone: 92-42-35608000
Fax: 92-42-35894990 E-mail: sspb@lums.edu.pk