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SHELTER SECTOR SUMMARIES

INDIA

PAKISTAN

SRI LANKA

JUNE 1979

AGENCY
FOR
INTERNATIONAL
DEVELOPMENT

OFFICE OF HOUSING

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

FOREWORD

July 11, 1979

Report: SHELTER SECTOR SUMMARIES: INDIA, PAKISTAN, SRI LANKA

IQC Contract #AID/otr-C-1639, Work Order #1

This study was performed by Mathematica Policy Research, Inc. (MPR) for the Office of Housing of the Agency for International Development. The purpose of the study was to develop information and provide a preliminary summary of the shelter sector situation in India, Pakistan, and Sri Lanka.

The research for the study was carried out in late May-early June, 1979 in Washington, D.C. by John B. Urner, Consultant to MPR, with contributions by Kenneth Kehrer, Vice President and Senior Research Economist of MPR.

The study was conducted for the purpose of discussion and review only and is not to be considered the official position of the Agency for International Development.

Peter M. Kimm
Director
Office of Housing

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SHELTER SECTOR REPORT FOR:

INDIA

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1. ESSENTIAL BACKGROUND DATA

1.1 SALIENT DEMOGRAPHIC FACTORS

1.1.1 Total population growth and year 2000 projections.--India, the world's second largest country in population, offers demographic data of great magnitude. The World Bank estimates the mid-1977 population to be 631.7 million (preliminary).[1/] While the growth rate in total population has been only "medium" by developing country standards (2.3% per year from 1960-70 and 2.1% from 1970-75)[2/], when applied to such a vast base number the decennial increments are gigantic:

1951-61 . . .	78.1 M added
1961-71 . . .	109.0 M added
20-year total	187.1 M added

The current 20-year period, 1971-91, is expected to add to India's population more than the current total U.S. population of 216.8 million (mid-'77 estimate). World Bank projections give a year 2000 population of 958 million,[3/] or 326 million more than the 1977 estimate. Other projections differ. For example, the Population Reference Bureau foresees a year 2000 total of 1,010.5 million based on their judgments as to the most likely trends in vital rates.[4/] Another set of recent projections give a range of 859.2 M to 921.2 M in 2001, the highest still a bit below the IBRD projections.[5/]

1.1.2 Urban population.--The proportion of the country's total population residing in urban areas, as officially defined by the census people, has

---

[1/] References are listed at the end of this section. All reference numbers in parentheses--e.g., (5)--cite the number of the document in the "List of Sources" on the final pages of this volume.

been gradually increasing--around two percentage points per decade (see Table 1). From 11.4% in 1921 the urban population now approximates 20%. Table 1 also gives the absolute numbers of additional urbanites each decade. Between 1961 and 1971, the increase in percentage terms was just about the same as the preceding decade. However, the absolute increase in urban population during 1961-1971 was slightly more than 30 million compared to 21.3 million in 1951-61. The average annual rates of increase of India's urban population compared to total population have been higher for every decade since 1921--most recently around 48% to 68% higher. For this total of all urban population, the annually compounded growth rates have not, however, been high by international standards. ".... India is more typical here of the situation in the other great rural societies of Asia than it is of the developing world generally...." 6/

1.1.3 Size distribution of urban areas.--Table 2 shows the numbers of Indian urban areas by population size category, beginning at the bottom with the comparative few places considered "urban" below 5,000 persons and going upwards to the eight cities exceeding one million each. (Those eight are: Calcutta, Bombay, Delhi, Madras, Hyderabad, Ahmedabad, Bangalore and Kanpur--in descending size of total population in the 1971 census.) The figure of 3,124 urban centers stands out as perhaps the single most impressive statistic. Noteworthy also is the concentration of urban population in the largest cities. Those of one million and up contained in 1971 20% of all urban population; those of 100,000 to 499,999 had 24%; altogether the 149 cities above 100,000 accounted for 49% of this gigantic urban population and held over 53 million residents. (NOTE: This report used census figures as is, without introducing refinements such as the minor increases due to estimates of net undercounting.)

TABLE 1

URBANIZATION IN INDIA: 1901-1971

Census Year	Total Population No. (million)	Total Population % Change per Decade Total	Total Population % Change per Decade Per Year#	Urban Population No. (million)	Urban Population % Change per Decade Total	Urban Population % Change per Decade Per Year#	Percent Urban of Total Population
1901	236.3	-	-	25.7	-	-	10.9
1911	252.1	+ 5.73%	0.56%	26.6	+ 2.4%	0.24%	10.6
1921	251.4	- 0.3	-0.03	28.6	+ 7.3	0.71	11.4
1931	279.0	+11.0	1.05	33.8	+18.4	1.70	12.1
1941	318.7	+14.2	1.34	44.3	+31.1	2.75	13.9
1951	361.1	+13.3	1.26	57.5	+30.0	2.66	15.9
1961	439.2	+21.5	2.00	78.8	+39.0	3.35	18.0
1971@	548.2	+24.8	2.24	109.1	+38.5*	3.31	19.9

SOURCE: Adapted from (8), p. 14, citing the Census of India, Paper 1 of 1962, Final Population Totals and Census of India, Paper 1 of 1971, Provisional Population Totals with adjustments of the 1951 figures of the urban population using the 1961 Census definition of "urban" (see Ashish Bose "Urbanization in the Face of Rapid Populaton Growth and Surplus Labour--the Case of India," paper submitted to the Asian Population Conference, New Delhi, December 1963).

#Compounded annually; approximate--based on rounded decennial figures of preceding columns; calculations by author.

@Final Census figures substituted.

*Of which about 13.5% or 10.6 million were estimated to be net in-migrants of whom "the brunt...was received by cities over 100,000...." (From [11] , p. viii.)

TABLE 2

URBAN AREAS BY POPULATION CLASS--1971 CENSUS

	No.		Total Urban Population (M)		% of Population	
1 million + ...	8[a]		21.81		20.0%	
500,000 - 999,999	8	149	5.35	53.38	4.9	48.9
100,000 - 499,999	133		26.22		24.0	
50,000 - 99,999	219		14.71		13.5	
20,000 - 49,999	652		19.95		18.3	
10,000 - 19,999	988		13.96		12.8	
5,000 - 9,999	820		6.20		5.7	
below 5,000	296		0.90		0.8	
Total:	3124		109.10		100.0	

SOURCE: (1), pp. 13, 16-19; (3).

[a]Largest - Calcutta Metro District estimated at 9.7 (M) in 1977 (reported in [2], p. 2); 2nd - Greater Bombay at 5.97 (M) in '71; 3rd - Delhi with 3.59 (M) in '71; and 4th - Madras at 2.47 (M) in '71.

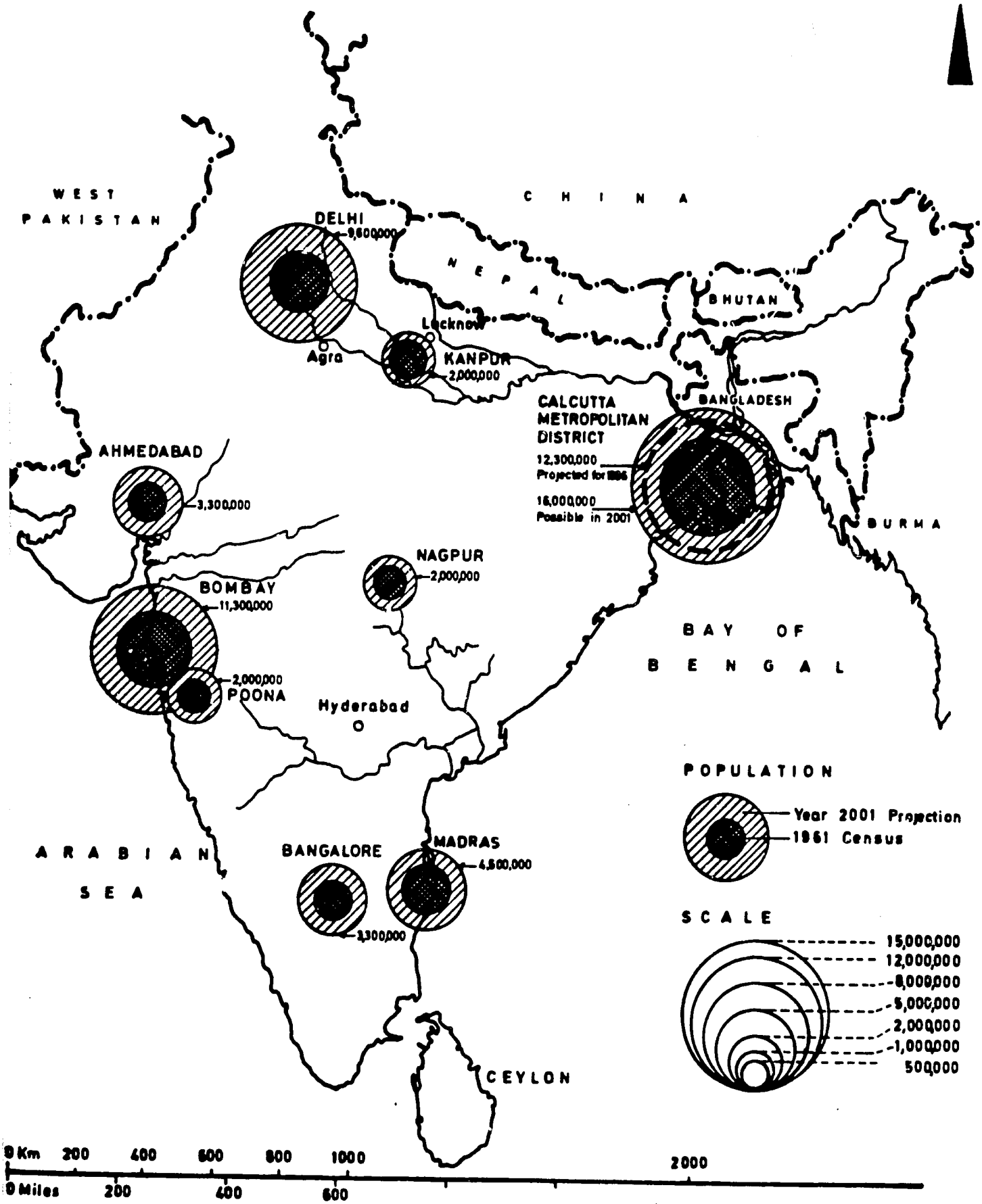
1.1.4 Future urban growth prospects.--A 1973 Ford Foundation study of urbanization in India revealed population projections of the Indian Planning Commission. The latter assumed a four percent annual rate of urban growth over the 1971-81 decade, giving a 43 million increase during that time and a 1981 projected total urban population of 152 million.[7] If that increase materializes as assumed, total urban population will have almost doubled in just 20 years.

By the year 2000 or 2001 tremendous urban agglomerations face India. The aforementioned Ford Foundation study cites some provocative population projections for the largest metroplises (see Figure 1 following). The number of very large centers, particularly those above 100,000 "where the probjems of management and infrastructure development pose the greatest difficulties and the greatest demands of scarce resources," are expected to multiply threefold.[8] Greater Bombay may exceed 11 million by 2001 (double its 1971 total); Delhi will approach 10 million (triple its 1971 population); Madras could attain 4.5 million; Ahmedabad and Bangalore are apt to grow by more than 100% to 3.3 million each; Poona, Nagpur and Kanpur would breech the two million mark; a dozen others are projected to climb above one million each; and another 50 cities may well approximate 500,000 population.[9] Then we come to Calcutta. This largest city of India "is approaching 10 million" in 1977.[10] The Ford Foundation's experts expect over 12 million there by 1986 and, if the growth rate of the recent past continues, a 2001 population of over 16 million.[11]

Total urban population in India by the year 2000 has been projected by the IBRD staff to approximate 300 million.[12] (They use an average annual growth rate of 3% - 3.5%.) The Bank notes that much of the growth occurs in the 133 cities of 100,000 to 500,000 "which grew at an average rate of 6.6%

POPULATION PROJECTIONS, MAJOR CITIES IN INDIA

FIG. 1



URBANIZATION IN INDIA

INTERNATIONAL URBANIZATION SURVEY

annually between 1961-71..." Using present trends this source anticipates that "there would be 43 Indian cities with populations of more than one million by the year 2000."[13]

1.1.5 Rural - urban migration.--As may be expected, India, too, experiences a steady net flow of population from rural to urban areas largely due to economic differentials between the countryside and cities. A Ford Foundation report laments the lack of sufficient study of this vital matter in India. "The decennial censuses show the well-known age-sex selectivity or rural-urban migration, but far too little is known of this migration pattern, or of the process of circulatory migration (movements back and forth between urban and rural areas)..."[14] A review of the scanty literature on this migration shows, according to the Ford Foundation study, that two major conclusions are inescapable: 1) the green revolution affects only a few "geographically-favored" areas, such as the Punjab in the northwest and some districts in the south, and 2) those technological agricultural changes may only increase the redundancy of certain parts of the agricultural labor force in those affected areas.[15]

Turning to the important question of the impact on urban centers of in-migrants from rural areas, the Ford Foundation's investigator notes how they remain "outsiders," not well assimilated into the resident population of the cities. These in-migrants usually consider their stay temporary. Their life is ruled by the hard struggle to survive and the requirements to save as much of their earnings as possible for sending back to their rural families. Essentially they "camp out" in the city, sleep on the pavements or group in male-only "messing families" in ramshackle slums "in conditions of appaling insanitation." Often these men live and sleep inside shops and offices, in back stairways of hotels,

docks and factories, or on the construction sites where employed. Even so, they create some demands on urban services but have little stake or investment in the city proper.

During 1961-71 net urban in-migrants were estimated to be 10.6 million.

1.2 PROMINENT ECONOMIC AND SOCIAL FACTORS

1.2.1 Generalizations on Indian urban poverty.--As even the most casual tourist to urban India will testify, poverty is widespread, affects sizable proportions of these populations and appears chronic. Slums (termed "bustees" in Calcutta), squatter colonies, the homeless are scattered all over. Terming "urban poverty an overflow of rural poverty," an Indian professor finds that about 50% of the urban population lives below what he determined--about 1970--to be the absolute minimum income of Rs. 486 per year per capita ($54 at the 5/76 exchange rate).[17/] Rosser suggests that, "If Calcutta has the worst urban situation in the world, all the other major cities of India (except, perhaps, Delhi: though even there the prospects seem bleak) seem to be now heading rapidly in Calcutta's direction. Calcutta represents the threat to the urban future of Indian cities...."[18/]

1.2.2 Nation-wide poverty estimates.--The current five-year plan contains an informative set of 1977-78 poverty estimates (Table 2A). An estimated 41% fall beneath the poverty line in urban areas. Of those, more than half are judged below an income of 0.75 of the poverty line. The Table also gives projections of these two poverty proportions after five and 10 years--assuming the plan's expenditure levels and physical output targets are met (further discussed in section 3.1 below). These projections suggest that even by 1988 a little over one-fourth of urban dwellers will still have poverty incomes, with 47% of those below 75% of poverty line income.

TABLE 2A

PROPORTIONS OF URBAN, RURAL AND TOTAL POPULATION IN POVERTY: CURRENT ESTIMATE AND PROJECTIONS TO 1983 AND 1988

	Percentage of Population					
	Below Poverty Line [a]			Below 75% of Poverty		
	1977-78	1982-83	1987-88	1977-78	1982-83	1987-88
1. Rural	47.8	38.7	27.3	26.4	19.4	11.9
2. Urban	40.7	35.3	26.2	22.3	18.4	12.3
3. All India	46.3	38.0	27.0	25.6	19.2	12.0

SOURCE: (48), p. 288.

[a] Source doesn't define "poverty line."

1.2.3 Income distribution nationally.--A recent IBRD staff working paper gives some limited data. The poverty line in 1975 is defined as the consumption level required to achieve a calorie intake of around 2150 per person per day, which corresponds they report to the income level of India's lowest 40% or 50%. That income level based on "equivalent purchasing power conversion ratios" (or "Kravis dollars") turns out to be $250 per capita annually (only $80 at official exchange rates). Using the 40% figure, the Bank group found that those lowest four deciles of the population received but an estimated 17% of GNP in 1975.[19]

1.2.4 Per capita income, GNP or GDP and their projections.--The previously mentioned IBRD study into economic growth and poverty reduction for a sample of 36 countries for 1960-2000 found that Indian output (either gross domestic or national product) had grown and may be projected to grow as follows:[20/]

ACTUAL	GDP		GNP
1960-65	4.08% per year	1960-75	3.6% per year
1965-70	5.11% per year	(Per capita GNP in 1970	$115 per year)
1970-75	1.72% per year		
PROJECTED			
1975-80	3.69% per year	1975-2000	4.2% per year
1980-90	4.11% per year		
1990-2000	4.5 % per year		

That projection of economic growth was described as one "in which there is some acceleration in growth," and "rely mainly on feasible improvements in domestic performance within the low income countries themselves as a basis for achieving some acceleration in GNP growth."[21/] Such a projection clearly would produce some modest but significant advance also in per capita incomes, since population growth to 2000 is not expected to average over about 1.8% per year (a 24-year average of 1.83% per year in the IBRD projection[22/]).

Quite interesting is the year 2000 projection of Indian economic and population growth, by the Bank group, in terms of the share captured by the lowest 40% of the population: their results suggest a slight lessening of the poor's proportion of GNP--from the aforementioned 17.0% in 1975 to 15.0% in 2000. Such growing inequality is empirically common, they note from the somewhat limited data, for countries in the lower end of the economic scale.

The above GNP per capita figures of $115 in 1970 may be compared with IBRD estimates of that measure for more recent years:

1976 ..... $140 per capita [23/]
1977 ..... 150 per capita

That same source estimates that the growth of per capita income has been:

1960-76 ..... 1.2% per year
1970-76 ..... 0.5% per year

which obviously points to a worsening per capita experience.

1.3 GOVERNMENT ADMINISTRATIVE STRUCTURE

1.3.1 Some essential features of the Government's planning machinery, especially for urban areas.--Basically the states in India have responsibility for urban development including housing. The central government's role, in general, is just to assist the states financially with earmarked allocations plus some technically-oriented research and assistance. A measure of coordination among the several union (central government) agencies, whose operations affect urban areas and housing as well as the state governments is provided by the five-year plans--prepared by the Planning Commission. The Sixty Five Year Plan is now in effect, running from 1978-83. These plans, whose shelter portion will be described in a later section, also include estimates of what the private sector is expected/urged/pushed to accomplish, in any given sector.

The Town and Country Planning Organization (presumably a part of the Central Planning Commission) furnishes technical planning advice on urban and regional planning to the states and territories. It consults also as invited with local governing bodies and to various central government corporations and agencies. Traffic studies are among its competencies.

All urban and regional plans became responsibilities of state governments since April, 1969.[23a/]

Table 3 from the Ford Foundation study describes how the Indian constitution allocates functions to the central government, the states or to both concurrently. "There is no mention of 'urban development' as such in any of the lists [of Table 3], and from this fact flows much of the complexity and confusion of responsibility in Center-State relationships in the field of urbanization generally."[24/]

The futher description provided by that study seems worth quoting in full:

> Although the components of urban development appear in the State list, the Central Government assumes a great deal of authority and control over States' jurisdictions and development programs.... Recognizing the need for major assistance to the States for urban capital works programs, the Central Government has formulated, at different times over the last two decades, nine urban development schemes under the direction of various Central Ministries. These nine schemes of financil assistance to the States from the centers cover four main subjects:
>
> a. The provision of water supply and sewerage in towns and cities;
>
> b. Assistance with urban housing for the lower income groups and including, as one of the schemes, the acquisition and development of land in urban areas for the housing of "the weaker sections of the community";
>
> c. The preparation of master plans for cities and regions;
>
> d. The initiation of pilot projects in urban community development.
>
> For example, under the Slum Clearance and Improvement Scheme, State Governments can obtain, for programs approved by the Central Government, 50 percent of the total cost of the urban program as loan and a further 37.50 percent from its own resources.

TABLE 3

CONSTITUTIONAL ALLOCATION OF SOME COMPONENTS OF URBAN DEVELOPMENT

Components	Level of Government to Perform Component		
	List I (Central Govt.)	List II (States)	List III (both Center and States)
1. Town Planning	. . .	Land	Economic and Social Planning
2. Housing and Slum Clearance	. . .	. . .	. . .
3. Land Acquisition and Development	. . .	Land	Acquisition of Property
4. Lines of Communication	National Highways	. . .	. . .
5. Transportation	Waterways and Airways	Communications	Mechanically Propelled Vehicles
6. Power	. . .	Gas and Electric Duty	. . .
7. Water Supply	Inter-State Rivers	Water Supply	. . .
8. Drainage and Sewerage	. . .	Public Health and Sanitation	. . .

SOURCE: (8), p. 57, citing A. Datta and M. Bhattarcharya: "A Functional Approach to Indian Federalism: Case Study of Urban Development."

> For all programs of water supply and sewerage in urban areas, the Center--under one of these nine schemes will make available 100 percent of the cost as a loan to the State Government.
>
> At the other extreme, for all approved activities of master plan preparation in urban areas and related regions, the Center will bear the full cost as a 100 percent grant-in-aid from the Center to State Governments; or to the local urban bodies (via the State).
>
> In theory, then, there is an elaborate organization for national assistance to States for various components of urban development. In practice, this is more a facade than an effective reality. 25/

The reasons he claims it's a facade are: (1) the inadequacy of financial resources, (2) the relative low priority accorded to urban development by the union government (due in part Rosser believes to anti-urban attitudes by politicians, but more importantly to the urgency of other development tasks) and (3) bureaucratic red tape which causes undue delays in rendering the prescribed assistances (e.g., every urban water supply or sanitation project to cost more than one million rupees [$11,110 at the 1976 exchange rate] must receive central review and approval).

1.3.2 Local governing units.--The general picture of how local urban government breaks down: 29 Municipal Corporations, 1,483 Municipal Councils, 62 Cantonment Boards, 164 Notified Area Committees and 327 Town Area Committees--for a total of 2,065 local units (as of 1968 or '69). Only the first two are said to be "full-fledged representative urban government." 26/

This report cannot go into appraisals of the troubles besetting local government in India. Rosser is quite critical and notes the often repeated calls for reform, one of which would be the adoption of more metropolitan authorities to unite the governmentally fragmented areas surrounding all large cities (as has happened for Bombay and Delhi but certainly not for Calcutta). Development projects at the municipal level

"almost invariably" are executed by special authorities which, originally, were always Improvement Trusts established by the British "in the belief that capital developments could not be entrusted to the local self-government corporations and councils which they had handed over to Indian politicians." 27/

1.3.3 Principal agencies impacting upon urban development and shelter.-- The list below (Table 4) cannot be exhaustive, but seeks to mention only the most prominent agencies not already mentioned in the foregoing text.

TABLE 4

GOVERNMENTAL UNITS BEARING MOST DIRECTLY UPON THE SHELTER SECTOR

NAME	RESPONSIBILITIES
1. Ministry of Works, Housing and Urban Development	Administers social housing schemes.
1.1 The National Building Organization	Began in 1954; 5 branches in major cities; coordinates the applied research on housing construction; has designed model homes for the different climatic zones and seeks to improve them.
1.2 National Buildings Construction, Ltd.	Very large construction company owned 100% by the Central Government; carries out public projects including some abroad.
1.3 Housing and Urban Development Corp. (HUDCO)	Began in 1970; includes top-level experts for data gathering, studies and review of proposals and construtions. Close contact with all building firms and various firms and various ministries. Ultimately examines all major planning projects. The government's prime agency financing housing. About 60% of loans go for lower-income projects. Lends to state housing boards and public housing institutions, providing about 70% of total project costs. Recently launched effort to aid companies building employee rental housing. Terms vary according to beneficiaries' income class @ 5.0%-11.5% per annum for 9-19 years. About 60% of loans for projects housing lower income groups earning less than $74 monthly, "although there is most probably some resale or subletting to higher income households...." 27a/
	Funded by central government equity investments, loans from Life Insurance Corp. and debenture bonds sold with cental government guarantees.

(continued)

TABLE 4 (continued)

NAME	RESPONSIBILITY
	Has so far financed 214,000 houses in 189 towns under 654 schemes (40 in the state of Maharashtra, which contains Greater Bombay) in 16 states and territories totaling $476 million of which the loans portions was $344 million (or 72%). 27b/ In its low-cost projects has financed houses costing the following amounts, excluding land and its improvements: Agra . . . . . $504 per unit Ghaziabad . . 615 " " Bombay . . . . 861 " " Hyderabad . . 553 " "
1.4 Hindustan Housing Factory	The practical aspects of construction: developed prefab components, prefab building methods and the like, mainly for urban areas; reported to have achieved important savings. Some foreign consulting. In 1978 was operating at eight sites in India besides its own factory.
1.5 Structural Engineering Research Center	Located in Madras; no information available on detailed functions; being assisted by UNDP (noted also in Section 4 below).
1.6 Directorate of Urban Development	No information or detailed activities.
2. Life Insurance Corp. (LIC)	Government-owned monopoly; has been largest housing lender in country. Bulk of loans through state governments for their own rental housing programs, for apex cooperatives or to state housing boards. Also supplies major portion of HUDCO's funds. Lends also to individuals (extremely selective). Maximum loans up to Rs. 500,000 ($55,000) for 66% to 85% of total value for 15-30 years at 9.5% to 13% per annum. During 1977-78 it lent $16.4 million to 13 states. The latter were requested to allocate 40% to the lowest income group ("economically weaker sector"), 25% to the low income group, 25% to the middle income group and 10% should be set aside for rental units by state government employees. 27c/ The LIC's total investments as of March 31, 1977 were $4,383 million of which $651 million was outstanding in housing loans. (See Table 5 below.)
3. Housing Development Finance Corp. (HUDC)	Started 10/77 but as of 3/78 hadn't commenced operations. Promoted by the Industrial Credit Investment Corp. of India (ICICI), 76% of whose assets are publicly held. Ownership of HDFC proposed to be: 70-75 private industrial firms ..... 75.0% Shares sold to public ..... 20.0 4 government financial institutions ..... 8.5 Aga Khan group ..... 5.0 ICICI ..... 5.0 International Finance Corp (World Bank Group) .. 5.0 100.0%

(continued)

TABLE 4 (continued)

NAME	RESPONSIBILITY
	Total equity would initially be $12.3 M. During the first five years it is expected to loan $24.7 M to $37.0 M annually for 10,000-15,000 households, the average unit to cost $3700 to $4300 with a loan of 60% for 12-20 years at prevailing interest rates expected to yield 12.5% per year "under current conditions." 28/ See also section 4.1.3 below.
4. Commercial banks, both central and state	Housing not a priority for banking system; lending in this sector "severely constrained by government policy." 29/ Lend mainly to State Housing Boards and to individuals. Loans to latter are mostly to bank employees. Total lent for housing is less than 1% of total bank credit. Bank system's traditional role is short-term financing of commerce, industry and agriculture. Recent government policy evolving toward encouragement of indirect housing financed by purchase of debts of specialized institutions. 29a/ See Table 6 below.
5. State Planning and Development Boards and their State Planning Departments	Administrative coordination for local planning and development authorities; planning and development coordination with any metropolitan planning and/or functional authorities.
6. State Ministries of Housing	Responsible for state housing policies; said to review policies every year.
7. State Housing Boards	Are "more construction agencies than financing institutions with much of their housing rented rather than sold." 30/ But some beneficiaries buy units on long term contracts. Funds largely from central and state government tax revenues and the LIC; HUDCO loans bearing state government guarantees supplement. Housing for both middle and lower classes; some states have lately created new boards to concentrate more on poorest groups.
8. Cooperatives: Apex at one per state usually, and the primary societies which are the members of the apex coop	Described as "a well-developed instrument of retail housing credit in several states." 31/ The primary society invests in, owns and manages housing units; though in a few instances the society relends to individuals members. 1973 statistics show 16 apex and 22,514 primary societies. 32/ The latter had then 1.4 M individual members. Two states dominate system (Maharashtra and Gujarat). Growth being constrained by other claims on LIC and lack of ability to tap other sources.

TABLE 5

LIFE INSURANCE CORPORATION (LIC) HOUSING LOANS

(As at 31 March 1977; amounts in millions of U.S. dollars)[a]

	Cumulative Approvals		Approvals 1976/77		Outstanding	
	No.	Amount	No.	Amount	Amount	Percent
State governments	--	$325.1	--	$27.2	$251.3	38.6%
Apex cooperatives	--	339.8	--	51.2	263.0	40.4
State housing boards	--	12.0	--		9.6	1.5
HUDCO	--	40.7	--	3.7	40.7	6.3
Industrial companies & cooperatives	52	6.3	11	1.1	86.0	13.2
LIC employees, cooperatives & developments	--	57.9	--	6.3		
Individuals	24,579	117.5	2,272	10.8		
		$899.3		$100.3	$650.6	100.0%

[a] Rs. 8.1/$1.00.

TABLE 6

COMMERCIAL BANKS' HOUSING LOANS OUTSTANDING, DECEMBER 1974

	Amount ($ millions)[a]	Percent
Central and state governments	0.2	--
Housing boards	44.7	36
HUDCO	12.2	10
Cooperatives	14.5	12
Industrial companies	0.7	1
Partnerships & associations	12.2	10
Individuals	18.5	31
Total	123.0	100

SOURCE: (5), p. 5.

[a] @ Rs. 9.0/$1.00 (official rate in 1975/76).

2. INDICATIONS OF SHELTER REQUIREMENTS

2.1 NATION-WIDE DATA

2.1.1 Summary data from 1971 Census and older sample surveys.--Table 7 following gives the available data for urban, rural, and total country. Note that only 57% of urban households have piped water either inside or outside in the vicinity; only 28% of urban households have electricity (15 or even more years ago); only about 20% of urban households had a private bath; only 54% then had any kind of toilet available. Overcrowding is evident from the density figures for 1971 which show that both urban and rural areas had around 45% of the households with 3 or more persons per room.

A U.N. study published in 1973 noted that 55% of the housing stock in India was of non-permanent or improvised materials. It likewise reported that 40% of the country's urban population lacked a piped water supply (but not specifying if that meant inside the dwelling necessarily). For sewerage, 76% of the urban population were lacking; only 6.2% of urban areas were served by drainage facilities which held 35.8% of total urban population. For electricity in 1967, 88.5% of all urban areas (but not all housing in such areas) were served.[33/]

2.1.2 Summary data from more recent surveys.--Table 8 presents data on housing conditions throughout India for 1971 and 1974. A protected water supply is available during these more recent years, in urban areas, for 83% of the population. Information is also shown for sewerage and drainage. Apparently electrification in urban areas has progressed markedly, since 86%

TABLE 7

HOUSEHOLD AND DWELLING DATA FOR RURAL AND URBAN AREAS

	No. (M)[a]	Ave. Size (persons/ household)	Ave. No. Households/ Dwellings	Rooms/ Household	% Households with 1-2 Rooms	3-4 Rooms	5+ Rooms
Urban	19.1	5.5	1.03	2.0	77.0	17.0	6.0
Rural	77.9	5.6	1.05	2.0	75.7	18.2	5.6
All-India	97.0	5.6	1.04	2.0	76.0	18.0	6.0

	Density (persons/room)[b]					% Households Living in Structures Described as		
	Avg.	< 1.5	1.5-1.9	2.0-2.9	3.0+	Excellent	Fairly Good	Bad and Dilapidated
Urban	2.8	26.3	7.4	20.8	45.2	18.3	63.3	18.4
Rural	2.8	20.2	9.2	25.0	45.6	6.6	66.0	27.4
All-India	2.8	21.4	8.8	24.1	45.5	8.9	65/5	25.6

	% Households in Houses Built 40 Years or More Ago[c]	% of Households Having[c]					
		Piped Water		Electricity	Bath[d]	Toilet	
		Inside	Outside			Any Type	Flush
Urban	20.0	26.6	30.6	27.9	33.1	54.0	12.4
Rural	25.0	0.4	2.2	1.0	7.9	3.8	0.1
All-India	24.0	5.6	7.8	6.3	12.9	13.7	2.5

SOURCE: (1), p. 593.

[a]1971 Census.

[b]1964-65.

[c]From national sample surveys in 1960-61 and 1963-64.

[d]Includes the 13.7% of urban and 1.8% of rural households which share bath with other households.

TABLE 8

ENVIRONMENTAL QUALITY IN HUMAN SETTLEMENTS

Type of Services		Rural (percentage of population)		Urban (percentage of population)	
1. Water Supply (March 1974)	(i) Protected	4.3%		83%	
2. Sewerage (March 1974)	(i) Water borne	Negligible		38%	
3. Drainage	Complete or partially covered	Neglibible		36%	
4. Electricity (March 1974)		40%		86%	
5. Housing (March 1971)	(i) Type of houses				
	(a) Pucca (durable)	18.9%		73.8%	(In metropolitan cities nearly 25-35 percent of the population lives in slums and in squatter settlements.)
	(b) Semi-pucca (semi-durable)	37.6%		23.5%	
	(c) Kachcha (non-durable)	43.5%		12.7%	
	(ii) Over-crowding (population percentage)		Occupacy Rate		Occupacy Rate
	(a) one room	39.6%	4.7 persons	41.7%	4.6 persons per room
	(b) two rooms	28.8%	2.8 persons per room	28.1%	2.9 persons per room
	(c) three rooms	14.2%	2.2 persons per room	13.6%	2.2 persons per room
					Cities with Over One Million Population
				56.2%	4.9 persons per room
				23.0%	2.9 persons per room
				10.0%	2.2 persons per room

SOURCE: (3), p. 43.

of urban residents are reported to be served. A pertinent datum is the percentage of urban population living in squatter settlements: 12.7%. Urban slums account for 23.5% of urban population. The greater crowding in the largest cities is brought out by the occupancy rates. The densest category in those cities is 4.9 persons per room, which absorbs 56% of those cities' population, while in urban areas generally 42% of the population are living in the most dense category of 4.6 persons per room.

The government's current five-year plan, presumably prepared during 1977, cites two significant facts concerning water and sewerage for urban populations: (1) 20% of the country's total urban population in 1,229 towns lack a protected water supply (not to mention places where, though installed, improvement and expansion are required); and (2) sewers exist only in 217 towns most of which, however, have only partial coverage, so that only 34% of the urban population is served.[33a/]

2.2.3 Housing shortage estimates.--The Fifth Five Year Plan (1974-79) advises that the shortage in 1974 was estimated at 15.6 million units throughout India of which 3.8 million were in urban areas. It states that "the backlog in housing is on the increase from year to year as the rate of construction has not kept pace with the growth of population."[34/] Because the basis of those shortage estimates was not stated in the plan, it's very difficult to rely on them confidently. Markedly different estimates appear in other sources. For instance, the aforementioned U.N. study cites an urban housing shortage in 1969 of 11.9 million units.[35/] One cannot believe that 8.1 million of that 1969 shortfall had been overcome in just the succeeding five years. Data at hand doesn't allow reconciling such varying numbers.

The Union Minister for Works and Housing wrote in March, 1977 that 25%-35% of India's population lived in slums or squatter areas.[36/] If he meant the population of the entire country, then--using the mid-1976 estimate of 620 million--that would mean approximately 186 million people using the mid-point of 30%. At the average household size of 5.6 persons, that would give 33.2 million households. But if he really was just referring to the urban population, then using the IBRD estimate of 22% urban in 1975 and applying that to the 1976 population of 620 million, which gives 136.4 million, the number in slums and squatter colonies becomes 40.9 million or 7.4 million households (using 5.5 persons each). More than likely he did encompass just the urban part of India--which still gives an extremely impressive result.

A 1976 IBRD-sponsored study of low-income urban housing by Orville Grimes cautions that:

> measures of deficit that rely on data for slum and squatter housing as proxies for inappropriate housing tend to overstate the seriousness of the housing problem.... Although such housing may be illegal or may be built from traditional materials, it is not necessarily of an unacceptably low standard. In most cities much of this housing provided both adequate shelter and good access to employment. Some of it is quite substantial. To condemn all dwellings below an arbitrary standard is to complicate the task of providing a minimum of shelter to all urban families and to render the housing problem larger than it need by. [37/]

2.2 CITY-SPECIFIC DATA

Four of the largest cities are given in Table 9: Bombay, Calcutta, Delhi and Madras. "Temporary construction" doubtless refers primarily to squatter areas. The sizable proportions of city populations living in only one room (as high as 77% in Bombay) testifies to the great number of unaccompanied males in from the villages, supposedly living in the metropolis only

TABLE 9

PRINCIPAL URBAN HOUSING CHARACTERISTICS

(1971 Census)

	Population (000s)	Housing Units (000s)	% Tenant Occupied	% Tempo-rory Con-struction	% 1 Room Only	% Households Earning Rs 250 Monthly and Over
Bombay	5,971	1,433	86	27	77	31
Calcutta	7,032	889	81	14	68	17
Delhi	3,647	784	59	18	57	18
Madras	3,170	464	73	31	53	16

SOURCE: (5), p. 3.

temporarily. Using the 1976 exchange rate and adjusting for inflation during 1971-76, the Rs. 250 level in the last column would be Rs. 525 per month ($64.53).

For large Indian cities generally, the percentage living in just one room is given as "over 58%" of households for cities of 100,000 or more,[38/] which squares with the figures of Table 10. But for just the eight or so cities of one million or more population, the U. N. study says 66.6% of households had but one room. For these giant cities the average occupancy per room was 3.17 persons.

The number of slum dwellers in Bombay was estimated at one million or 25% of total population; also at one million in Calcutta (34% of the population); and in Madras likewise at 25% (1961). In general, "These and a few other figures suggest that approximately one-fourth of the population of the largest cities consists of slum dwellers."[39/] If squatters are added in it would seem that the 25%-35% estimate of the Minister quoted above is low--at least for these biggest cities.

Squatters: The U. N. study (which, again, uses data largely from the late 1960s and perhaps preliminary 1971 census results) advises that squatters in Delhi were 256,000 in 1957-58 but by 1967-68 were estimated at 500,000 to 750,000. Another source indicates that by 1973 in Delhi there was one squatter household for every five non-squatter and that the former were increasing at 12% annually compared to the metropolitan growth rate of 4.5%.[40/]

2.2.1 When slum dwellers and squatters are added together.--For five of the largest cities the study by Grimes gathered data on percentages living in either category:[41/]

City (all for 1971)	Slums and Squatter Settlement as % of City Population
Calcutta	33%
Bombay	25
Delhi	30
Madras	25
Baroda	19

Those percentages are not entirely consistent with some of the other indications already mentioned, since 25% alone are typically slum dwellers, but fit Grimes' intention just to show a rough order of magnitude.

2.2.2 The 20-year construction program found necessary in the 1978-83 Five-Year Plan (further detailed in 3.1.1 below).--The planning authorities about 1977, when drafting the next five-year plan, stated that 4.5 million housing units per year would have to be built over the coming 20 years (of which 1.2 million would be in urban areas) if: (1) the existing backlog is to be erradicated; (2) the obsolescent dwelling units are to be replaced; and (3) the newly formed households are supplied.[42/] Subsequent paragraphs suggest the cost would far exceed sums available, center and states alike, assuming

the average urban unit to cost Rs. 15,000 ($1,667 at the 1976 exchange rate) and the average rural unit Rs. 3,000 ($333).

2.2.3 Household expenditures for housing and related expenses.--How much of their monthly household income is spent for these purposes? The data appear meager. In Calcutta, data just for rent and taxes for low-income families up to $300 income a year suggest that, on average, 15% is spent on housing. The same source cites other statistics showing the breakdown of housing-related expenditures for several large cities by income group (see Table 10 following). Grimes, after studying consumer outlays for housing and related costs internationally, arrives at 15% of household/family income as a reasonably valid rough guide.[43/]

TABLE 10

HOUSEHOLD INCOME AND PERCENTAGE OF HOUSEHOLD EXPENDITURE ON HOUSING, UTILITIES, AND TRANSPORT, SELECTED CITIES, 1964

Country, City, and Year	Monthly Household Income (U.S. dollars)	Percentage of Expenditure on		
		Housing	Utilities[a]	Transport
India: Bombay, Calcutta, Delhi, and Madras, 1964	0.0 - 2.70	6.2[b]	n.a.	1.2
	2.71 - 3.10	2.5	n.a.	0.6
	3.11 - 3.75	2.8	n.a.	1.3
	3.76 - 4.38	4.3	n.a.	1.9
	4.39 - 5.00	3.4	n.a.	2.0
	5.01 - 5.84	3.7	n.a.	1.4
	5.85 - 7.09	5.2	n.a.	1.9
	7.10 - 8.97	5.8	n.a.	3.1
	8.98 - 11.47	5.3	n.a.	3.1
	11.48 - 15.64	5.0	n.a.	2.9
	15.65 and over	7.6	n.a.	5.6

SOURCE: (20), p. 68, citing Government of India, The National Sample Survey, 19th Round, July 1964-June 1965: Tables with Notes on Consumer Expenditure (New Delhi: Cabinet Secretariat, 1971).

n.a. Not available.

[a]Includes fuel and electricity.

[b]Includes rent and expenditure on repair and maintenance; excludes land purchase.

3. WHAT'S BEING DONE BY PUBLIC AND PRIVATE SECTORS

3.1 NATION-WIDE REVIEW

The immediately preceding Fifth Five-Year Plan during 1975-79 and the current Sixth Plan for 1978-83 contain considerably larger allocations to the shelter sector than did preceding plans. The figures from a recent International Finance Corporation appraisal report on housing finance, given below as Table 11, show a tripling of central and state outlays (from $211 million to $635 million) due to a "change in government policy...." The change was to reverse a 10-year trend of declining investment in this sector, as shown by Table 12. It's important to note in Table 11 the 86%-92% of total outlay expected from the private sector. The IBRD explains that, "Generating 80% of all savings in India, the household sector invests about one-half of these directly in physical assets, primarily housing."[44/] Much of that, of course, represents the operations of the strictly informal sector, both urban and rural.

3.1.1 <u>More detail on the current five-year plan's shelter sector provisions</u>.--The latest plan impacts through three sub-sectors: urban development, housing, and water supply and sewerage. In the first category, the 1978-83 plan proposes a "substantial step-up" in the program of slum improvement. The preceding five plans have benefited, they estimate, about five million slum dwellers. In contrast, the '78-83 planning period targets 13 million living in that condition at a cost of Rs. 150 per head ($18.45). State governments are programmed to undertake sizeable urban development efforts, which affect roads, bus sheds, market places and amenitites such as theatres--giving "special emphasis" to the small and medium towns allied to

TABLE 11

ALLOCATIONS FOR HOUSING INVESTMENT IN THE PRECEDING TWO FIVE-YEAR PLANS

	Fourth Plan (1969-74)		Fifth Plan (1975-80)[a]	
	Amount[b] ($ million)	%	Amount ($ million)	%
Private Households & Corporations	2,377.8	91.9	4,044.4	86.3
Government				
States				
Housing schemes	156.4	6.0	260.9	5.6
Agricultural workers's housing sites	13.3	0.5	120.2	2.6
Central				
Civil servant housing.....	27.8	1.1	111.1	2.4
Housing & Urban Development Corp. (HUDCO).....	3.6	0.1	43.3	0.9
Other.....	2.8	0.1	9.1	0.2
Subtotal	210.6	8.1	644.6	13.8
Total	2,588.4	100.0	4,689.0	100.1

SOURCE: (5), p. 3.

[a] 1979 is given in official documents as the concluding year of the fifth plan.

[b] Rs. 9.0/$1.00--official exchange rate in 1975/76.

TABLE 12

HISTORIC HOUSING INVESTMENT
(Rs millions, at current prices)

Year	Capital Formation in Housing					Total Domestic Capital Formation	Housing as % of Total
	Urban		Rural				
	Rs million	%	Rs million	%	Total		
1966-67	7,480	70	3,210	30	10,690	53,180	20
1967-68	10,260	74	3,690	26	13,950	57,100	24
1968-69	11,200	7[illegible]	4,010	26	15,210	56,010	27
1969-70	11,850	72	4,540	28	16,390	63,560	26
1970-71(P)	11,520	70	5,010	30	16,530	72,980	23
1971-72(P)	10,490	66	5,320	34	15,810	78,960	20
1972-73(P)	9,570	64	5,360	36	14,930	91,460	16
1973-74(P)	5,490	46	6,340	54	11,830	100,620	12

SOURCE: (5), p. 2, citing the Reserve Bank of India.

the integrated rural development program. The category of "Integrated Urban Development Programmes" provides for central assistance to the states "to augment essential urban infrastructural inputs such as water supply and sewerage, roads and road transport." The National Capital Region (Delhi) and four state capital projects are also to receive funds in the next portion of the plan. A final amount provides for the needed town planning studies. The central planning unit asks the country's urbanologists to formulate "a policy for arresting the growth and decongesting large cities and working out the comparative costs of the two strategies over, say, a twenty-five year time frame." The amounts for all these urban development purposes named above, translated into dollars, appear in Table 13.

In the "Housing" portion of the 1978-83 Sixth Plan, the achievements of the preceding five or six planning periods are summarized, reproduced here

PROPOSED 1978-83 GOVERNMENT OUTLAYS
AFFECTING THE SHELTER SECTOR

	1974-79 (5th plan)		1978-83 (6th plan)	
	Amount (million)	Percent	Amount (million)	Percent
Urban Development				
1. Slum improvement (environment)	$ 58	2.4	$200	4.9
2. States' improvements to urban environment	182	7.6	232	5.2
3. Four State capital projects	167	6.9	174	3.9
4. Central aid for States' improvements to urban infrastructure	173	7.2	232	5.2
5. Delhi capital region projects	6	0.2	11	0.2
6. Research, development and training programs	-[a]	-	2	-[d]
Housing				
7. Social housing schemes	529	22.0	690	15.4
8. Rural: sites cum house/hut	64	2.7	580	12.9
9. HUDCO - increase in capitalization	16	0.7	46	1.0
10. National Building Organization and Hindustan Housing Factory	2	0.1	3	0.1
11. Rental housing and general pool residential facilities (Govt. employees?)	52	2.2	175	3.9
12. General pool office housing (Govt. employees?)	7	0.3	28	0.6
13. House building advances to Government employees	-[b]	-	139	3.1
14. Housing for the police	27	1.1	122	2.7
Water Supply and Sewerage				
15. Rural water supply	501	20.8	887	19.8
16. Urban water supply and sewerage	625	25.9	945	21.1
Totals	$2409	100.1	$4486[c]	100.0

SOURCE: (4), pp. 244, 248-49.

a/ Less than 0.5 M.

b/ Included in No. 7.

c/ = 2.86 x total of 5th plan.

d/ Less than 0.05%.

as Table 14. Especially note the dramatic increases in many of the physical accomplishments shown in Part B of Table 14. For example, the low income group is reported to have experienced during the first three years of the fifth plan a doubling of the number of houses/tenements provided by government; slum clearance and rehousing shows an even more accelerated pace; but the tremendous increase in rural house sites is by far the highest percentage gain. However, recalling previous sections of this report, increases of only tens of thousands of units throughout this vast country obviously hasn't gone very far toward eliminating deficits or shortages in the millions, even taking Grimes' admonition into account. (An exception to that statement may exist with respect to the rural house sites. Providing 6.8 million of them in 1974-76 would certainly impact strongly on the Plan's estimated 15.6 million shortage of rural housing units--not that one equates a site with a house. Those sites, incidentally, were for landless laborers.)

Speaking of the 1978-83 period, the Plan discusses principal priorities for shelter. A main one is to do more for the "economically weaker sections" (EWS) of the population, defined as those earning below Rs. 350 ($43) monthly, plus the low income group (LIG) earning $43 - 74. The planners admit that "in practice the cost of the units built has been such that the LIG units have largely been taken by people belonging to the middle income group (MIG) and houses built for (them)have generally been taken by the upper income groups (HIG)." Accordingly, the Plan seeks five main objectives:

1. Promotion and encouragement of self-help housing.
2. Provision of house sites and assistance to rural landless laborers.
3. Devise public sector social housing projects which can appeal to and be affordable by the weakest category of $43 per month income and below.

TABLE 14

ESTIMATED HOUSING INVESTMENT AND PROGRESS

A: Investment

Scheme	First Plan '50-54	Second Plan '55-59	Third Plan '60-65	Three Annual Plans '66-69	Fourth Plan '70-74	'74-'78
(0) (1)	(2)	(3)	(4)	(5)	(6)	(7)
				(Rs. crores)		
1. Plan expenditure on housing	48	80	110	80	141[1]	494
2. Total expenditure on Public housing (including 1 above)	250	300	425	250	624	795
3. Private sector	900	1000	1125	900	2175	3640[1]
(as % of total public expenditure in line 2)	469%	433%	365%	460%	448%	458%

[1] Estimated investment given in the Draft Fifth Five Year Plan (1974-79). Avg. = 437% (3.4 times) per planning period.

B: Physical Achievement

Scheme	First Plan (5 yrs)	Second Plan (5 yrs)	Third Plan & Three Annual Plan (8 yrs)	Fourth Plan (5 yrs)	Fifth (3 yrs)
(0) (1)	(2)	(3)	(4)	(5)	(6)
		(Number of house/tenements)			
1. Subsidised industrial housing	43834	56166	65623	16343	1742
2. Low Income Group	3930	49070	82196	36581	71843
3. Middle Income Group		500	18540	9326	14132
4. Village Housing Projects		3000	40492	17555	4792
5. Slum Clearance & Rehousing		18000	51556	14073	31851
6. Rental Housing		735	17300	2439	4328
7. Plantation Labour Housing		300	1314	3135	4866
8. Rural House Sites				500[a]	6800[a]

SOURCE: (9), p. 245.

[a] In thousands.

NOTE: The coverage is in respect of schemes started during 1955-60. They do not, therefore, cover certain new schemes like "one-lakh housing scheme" and "people's housing scheme" started recently in certain States.

4. Increase sums available to HUDCO and the State Housing Boards "to enable them to provide infrastructural facilities as a means of giving impetus for housing by private agencies."

5. Promote more research in building technology; develop cheap and local building material.

Specifically, the Sixth Plan, under the urban housing heading, proposes to (a) substantially increase investment in slum improvement through a sites and services approach (to include "a minimum structure"), with beneficiaries getting a loan not exceeding $369 repayable over 20-25 years at concessional rates of interest; (b) augment the financial resources of HUDCO from the equivalent of $18.6 million to $65 million so it can invest about $522 million over the five planning years in various housing efforts of which 30% would be for those in the EWS category, 25% for the LIG, 25% for the MIG and 20% for the HIG plus commercial; (c) review LIC's lending policies; (d) use of the 1976 Urban Land (Ceiling and Regulation) Act, which will provide substantial amounts of land to state governments "in an optimum manner" for non-luxury housing--apt to require a dual land pricing system so the EWS group could be aided; and (e) by alloting more urban land to the housing coops whose functioning the previously cited Act has impaired. In addition, the private sector is estimated to invest the equivalent of $10.4 billion during the five years. That target, the planners advise, will require review of the Rent Control Act to avoid disincentives.

Water supply and sewerage are also treated in this section of the Plan. Its objectives are typically ambitious: To provide the "remaining problem villages" with potable water; to improve urban supply "in areas which are currently having inadequate piped water supply"; and to serve fully the predominantly industrial cities with sewerage (number of such cities not stated). At the present juncture the 1978-83 Plan foresees only that rural

TABLE 15

1978-83 NATIONAL FIVE-YEAR PLAN BY MAJOR CATEGORIES

	Percentages of Total Outlays Shown on Bottom of Table 13	
	1974-79 (5th plan)	1978-83 (6th plan)
Urban development	24.3	19.4
Housing	28.9	39.7
Mostly urban	(26.2)	(12.9)
Entirely rural	(2.7)	(26.8)
Water supply and sewerage	46.7	40.8
Urban	(25.9)	(21.1)
Rural	(20.8)	(19.8)
Total	99.9 a/	99.9 a/

a/ Do not add to 100.0% because of rounding.

villages presently without potable water will receive only one well each. For urban areas, 55% of the planned expenditure over the five years is for water and sewerage requirements of medium and small towns. The sums involved in these twin programs are also shown in Table 13.

Notable, of course, is the intended $2.1 billion increase in total outlays for this sector during the current five years compared to the preceding fifth plan, which is a 186% increase. For housing alone the absolute increase in contemplated outlays for the latest plan compared to the fifth plan is $1.1 billion, or 156% more than the earlier period. To highlight the major categories of outlays in the two planning periods, in percentage terms, refer to Table 15. Significantly, the proportion of total plan outlays proposed for housing rises from 29% in 1974-79 to 40% in 1978-83.

3.1.2 Relation of sector to entire five-year plans. The totals for the "Housing, Urban Development & Works" sector plus the "Water Supply" sector in the two planning periods being compared (the totals of which are not quite the same as the totals in Table 13 for unknown reasons) show a negligible rise from 5.5% to 5.9% of total plan outlays (all sectors). So the fact of major importance is the absolute increases already spelled out above.

3.1.3 Physical accomplishments expected for the housing sub-sector outlays described above. An informative table from the 1978-83 Sixth Plan Draft shows the numbers of housing units targeted, by income level, due to the aforementioned outlays on behalf of the state plans (No. 7 in Table 13) plus those of HUDCO (whose increase in capitalization is No. 10 in Table 13). Obviously, the overwhelming impact of such planned investments are for the very lowest income group.

TABLE 16

NUMBER OF HOUSING UNITS TO BE PROVIDED DURING 1978-83
BY SIXTH FIVE-YEAR PLAN OUTLAYS
(000's)

	States	HUDCO	Total
1. Lowest (incomes to $43/mo.)	1,488	327	1,815
2. Low income ($43-$74/mo.)	60	123	183
3. Middle income ($74-$184/mo.)	19	56	75
4. High income ($184 + per mo.)	3	27	30
Total	1,570	533	2,103

SOURCE: (9), p. 247.

The grand total shown in Table 16, some 2.1 million additional housing units, will clearly make--if realized--an important contribution to the pressing housing requirements. It comes to 55% of the backlog previously cited--the one estimated about 1974 by the Planning Commission for urban areas. Much will depend, clearly, upon the government's ability to achieve the lowest-income-group target via its exceedingly large new sites and services approach. The urban planning needed just to implement this one major effort appears very sizable; a potential bottleneck.

3.1.4 How the Sixth Five-Year plan (1978-83) will be financed--Total public sector plan outlays of $85.7 billion draw upon 11 chief sources as listed, with corresponding amounts and percentages, in Table 16A. The single largest source of funds is No. 5: market borrowings by the government and its public corporations. The next three runners up are, in order: Central and state government budgets based on the 1977-78 taxation levels; the gross earnings of public corporations at 1977-78 rates; and the central government's mobilization of additional resources over and above amounts which would accrue from the 1977-78 rates of taxation, tariffs, etc.

Two-thirds again as much is to be invested by the private sector during 1978-83, or another $57.8 billion. Thus, the private sector is expected to finance about 40% of all outlays. The grand total to achieve all plan targets by 1983 is $143.5 billion.

TABLE 16A

PROPOSED FINANCING FOR THE PUBLIC SECTOR PORTION OF THE 1978-83 PLAN

	($ million)[a]	%
1. Central and State government resources at 1977-78 rates of taxation	15,914	18.6
2. Gross surplus of public enterprises at 1977-78 rates, tariffs etc.	12,710	14.8
3. Additional resource mobilization by the Centre	11,111	13.0
4. Additional resource mobilization by the States	4,938	5.8
5. Market borrowings of Government, public enterprises etc.	19,735	23.0
6. Small savings	3,889	4.5
7. Central and State Provident Funds	3,642	4.3
8. Term Loans of financial institutions (Net)	1,605	1.9
9. Miscellaneous capital receipts (Net)	556	0.6
10. External assistance (Net)	7,352	8.6
11. Borrowing against utilization of foreign exchange reserves	1,457	1.7
12. Uncovered gap	2,747	3.2
Total	85,656	100.0

SOURCE: (48), p. 287.

[a] Using Rs 8.1/$1.00 based on rupee amounts rounded to nearest 50 million.

3.2 CITY-SPECIFIC REVIEW

Not much information was available on the geographic breakdown of either past or the ongoing five-year plans, nor on the impact of various other housing finance efforts upon particular metro areas.

4. INTERNATIONAL DONOR EFFORTS AFFECTING THE SHELTER SECTOR

4.1 BY THE IBRD

The Bank proper is currently financing two broad, multi-sectoral projects in India--Madras and Calcutta--which include some shelter-sector components. They total $111 million in soft loans. Adding the Indian government's share, total project costs are projected to reach $226 million. The next two subsections present some details of each, highlighting the shelter-section portion. Subsequently, a separate new investment of the International Finance Corp. (IFC) will be summarized.

4.1.1 Calcutta.[45/] The International Development Association (IDA) is loaning $87 million (one-half total projected costs) to the Indian government to be funneled through the State of West Bengal and the Calcutta Metropolitan Development Authority (CMDA). This latest loan follows an earlier one, or "first Calcutta project," which featured an IDA $35 million loan.

The latest or second project, whose total cost is expected to run $174 million, is under execution with completion scheduled for 1981-82.

Both successive Calcutta projects had/have similar components. The percentage distribution of each project's cost among these components is given as:

	First Calcutta Project 1973-1976 (%)	Second Calcutta Project 1977-82 (%)
Area Development	7	10
Bustee and Refugee Colony Improvement	7	15
Primary Schools and Health	5	1
Small Enterprise Support	-	2
Water Supply	15	7
Sewerage and Drainage	17	14
Solid Wastes Management	1	6
Sanitary Latrines 2/		
Municipal and Anchal Development	-	4
Roads	23	12
Traffic Engineering	-	4
Road Maintenance Equipment	-	2
Technical Assistance and Training	1	2
Sub-total	77	80
Contingencies		
Physical	8	6
Price	15	14
	100	100

The scope of the projects is quite impressive. Together they will encompass 77% of all projects identified in the 1977-82 program of the Calcutta Metropolitan Development Authority.

The portions of the current second Calcutta project relevant to the shelter sector are:

a) Sites and services: At two sites a target population of 45,000 will be served; 8,187 plots will be serviced; about 5,840 core units are to be built at $230 each for families in lower income ranges; 684 dormitory housing units will be built for the very lowest income group; and serviced sites will be provided for non-project construction of 483 rental units.

b) Community facilities and trunk infrastructure will also be laid on for the sites.

c) Slum (bustee) improvement: Some 420 slum areas are targeted which occupy 1,400 ha of land and accomodate 1,104,000 persons.

4.1.2 Madras[46/] A $24 million IDA credit on soft terms will finance about 46% of total project costs. The loan will be passed by the Government of India directly to the state government of Tamil Nadu. The execution of the project is underway; completion is scheduled for March, 1981 (most of it by March, 1980). An IBRD staff member said only minor delays have been experienced so far.[47/] The eight major project components are listed below:

Project Component	Agency Responsible
A. Sites and Services	Tamil Nadu Housing Board (TNHB)
B. Slum Improvement	Tamil Nadu Slum Clearance Board (TNSCB)
C. Small-Scale Business	
- Small industry	Small Industries Development Corporation (SIDCO)
- Cottage industry	Tamil Nadu Handicrafts Development Corporation (TNHDC)
D. Maternal & Child Health	Department of Social Welfare (DSW)
E. Water Supply and Sewerage	Tamil Nadu Water Supply & Drainage Board (TWAD) and Madras Corporation (MC)
F. Roads and Traffic Improvements	
- Inner Ring Road, pedestrian subways, grade separations, minor bridges	Department of Highways & Rural Works (DHRW)
- Footpaths, cycle tracks and road improvements	Madras Corporation
- Traffic Management	Police and DHRW
G. Bus Transport	Metropolitan Wing of Pallavan Transport Corporation (PTC)

H. Technical Assistance

Madras Metropolitan Development Authority (MMDA)

Shelter sector provisions:

a) Sites and services: Serviced plots and partially completed houses plus certain community services will benefit about 13,500 primarily low income households (or about 74,000 persons) at three sites covering 175 ha.

b) Slum improvement: Additional infrastructure and community facilities will be provided in 85 slum areas comprising 185 ha with a population of 23,000 households (126,500 persons). In addition, 7,500 housing sites of 20 m^2 - 40 m^2 will be delineated and made available to the poorest households (41,250 persons).

c) Water supply and sewerage: Some rehabilitation and upgrading of existing systems throughout the city especially benefiting "those using public standpipes and those living in slum areas."

4.1.3 International Finance Corp. loan to a new private sector housing finance organization, the Housing Development Finance Corp. A Washington, D.C. IBRD staff person reported that, so far as he knew, this project has been approved. The 1978 appraisal report[48/] reveals that the IFC would initially make a firm equity investment in the HDFC of $617,284 (or Rs. 5.0 million) plus a contingent investment of an equal sum plus a line of credit of $4.0 million. See item 3 in Table 4 above for a brief description of the comtemplated lending activity--of modest scope the first five years or so. The HDFC would not especially target low income groups.

4.2 BY UNDP (in association with the U.N.'s Habitat and Human Settlements Foundation)

The above-cited U.N. organization would be the only agency handling UNDP projects involving urban development and housing. Currently the agency assists only one small project: a $2.5 million input to the Structural Engineering Research Center in Madras. Completion is scheduled for the end of 1980. 49/ Project details were not readily available during the limited research time of the present study.

4.3 BY THE ASIAN DEVELOPMENT BANK (ADB)

This Bank does not carry out projects in India.

4.4 BY THE BRITISH BI-LATERAL AID PROGRAM

The U.K. Ministry of Overseas Development (ODM), at the request of the Indian Government, sent a mission to India in November - December, 1978 (from the Development Planning Unit of University College London) to determine "India's aid needs and priorities in the field of urban development at both national and sub-national levels, and advising ODM on a possible British aid response..." 50/

The mission collected some 60 formal requests for aid, grouped into (1) technical cooperation, (2) training and (3) capital assistance. Twenty of the 60 were recommended by the mission tentatively of which 17 call for expert assistance, one is a proposed capital grant to HUDCO of the equivalent of $11.6 million (Rs. 10 crore) per year and the last two are for expert missions

on training and the economics of urbanizations. Organizations which would be assisted include:

a) 4 at the national level (including HUDCO and the Directorate of Urban Development of the Ministry of Works and Housing)

b) 6 states

c) 8 cities

Total anticipated budgetary allocations for the above was not given in the information made available to the author (though a reference is given to ৳130 million being available for grant aid to India--yearly?--of which only some ৳70 million is so far definitely allocated and apparently all to the rural development sector).

5. SUMMARY OF LATEST DATA ON GENERAL ECONOMIC CONDITIONS

Economic conditions in India continue to be healthy, with overall production fairly close to planned targets. Among the signs of economic strength are:

- another good harvest (although somewhat below expectations)
- 7 to 9 percent growth in industrial production
- modest growth in national income (about 3 to 4 percent)
- negligible inflation
- maintenance of adequate grain reserves
- continued growth in the already-adequate foreign exchange reserves, as remittances from Indians living abroad more than offset an unfavorable balance of trade.

This good economic performance has been achieved despite some underlying economic problems, including:

- dependence of the agricultural harvest on the vagaries of the weather
- chronic oversupply of the sugar crop and a suprising oversupply of raw jute
- a disappointing winter grain crop, a result of bad weather and shortages of fertilizer and diesal oil for irrigation
- lagging steel production
- labor unrest, particularly in jute manufacturing, banks, shipping (a recent 12-day dock strike)
- a doubling of the trade deficit, as tea prices and exports fell together, and industrial exports slumped due to the shortages described above

The outlook for the coming year is good, with the government becoming more flexible about regulation of the activities of both foreign and domestic investors, dramatic increases in fertilizer consumption, and emerging

investor confidence. Potential trouble spots include a recent large increase in the money supply (arising out of an uncovered budget deficit), the need for a tax increase, and suspicions that remittances from Indians working abroad may be increasingly going "underground," which would affect India's foreign exchange position. Prospects are for continued modest growth led by industrial expansion, despite shortages that are constraining growth.

5.1 THE DEBT-SERVICE RATIO

As a rough indication of the Government's ability to borrow additional foreign exchange to help finance shelter sector projects, the relevant statistics from the latest IBRD compilation are: 53/

Debt Service as Percentage of:			
GNP		Exports of Goods and Services	
1970	1976	1970	1976
0.9	0.9	22.0	12.0

Evidently 1970-76 was a sharply improving trend in the usual definition of this ratio, as shown in the righthand pair of figures. Apparently India does have considerable borrowing capacity remaining, if the years since 1976 have not seen a marked worsening of the ratio.

NOTES

(Nos. in parentheses refer to documents in the "List of Sources" at the end of this volume.)

1. (18), p. 16
2. Ibid.
3. (19), p. 36
4. (23)
5. (22), pp. 153-55
6. (8), p. 15
7. Ibid.
8. (8), p. 30
9. Ibid.
10. (2A), p. 2
11. (8), pp. 30-31
12. (2A), pp. 1-2
13. (2A), p. 2
14. (8), p. 36
15. (8), p. 37
16. (8), pp. 40-41
17. (Prof. U. M. Dandekhar and N. Rath, Poverty in India 1971 [Ford Foundation]), quoted in (8), pp. 42-43
18. (8), p. 43
19. (21), p. 7
20. (21), pp. 7, 39
21. (21), pp. 9, 11
22. (19), p. 36
23. (18), p. 16

23a. (47), p. 385

24. (8), p. 52
25. (8), pp. 59-61
26. (8), p. 68
27. (8), pp. 80-81

27a. (5), p. 5

27b. (2A), Passim

27c. (17), pp. 42-43

28. (5), pp. 7-12
29. (5), p. 5

29a. (5), pp. 5-6

30. (5), p. 4
31. (5), p. 6
32. Ibid.
33. (13), pp. 17-28
34. (9), p. 245
35. (13), pp. 27-28
36. (14), p. 1
37. (20), p. 7
38. (13), pp. 27-28
39. Ibid.

NOTES (con't)

40. (3), p. 37

41. (20), p. 117

42. (9), p. 246

43. (20), p. 69

44. (5), p. 3

45. (2A), Passim

46. (2B), Passim

47. Interview with Mr. Michael Cohen on May 22, 1979

48. (5), Passim

49. Oral report of a Mr. Kandaswamy in New York, May 23, 1979

50. (12), p. 1

51. (19), p. 22

SHELTER SECTOR REPORT FOR:

PAKISTAN

52

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1. RELEVANT BACKGROUND INFORMATION

1.1 SALIENT DEMOGRAPHIC SUMMARY DATA

1.1.1 Population growth and urbanization.--The country's total population has expanded from 17 million to 80 million during the present century, but at an increasingly rapid rate of increase. Prior to the 1941 census the growth rate had not topped 1.9% per year, but since then the annual rates have climbed to 3.0%, 3.2% and possibly even higher.

The urban population of what is now Pakistan was not even two million near the turn of the century, but had attained an estimated 20+ million by 1979. Its average annual rate of growth also rose steadily over the decades, apparently peaking during 1961-72 when the rate reached 5.3%. As a proportion of the total population, the clear trend is for the urban component to increase: from 9.7% in 1901 to near 27% by the time of the 1972 census.

Table 17 gives the historical date on the foregoing demographic changes. The apparent drastic slowdown in the urban growth rate since 1970 or 1972 may be spurious due to difficulties of making good current estimates of urban populations. For example, the percentage living in urban areas is either 26% or 27% depending on source. Likewise, the 1977-79 spurt shown in the country's total population growth rate shouldn't be taken too literally. The mid-1979 estimate could be off.

1.1.2 Projections of total and urban population to 2000 or 2001.--Demographers have attempted several different ones. E.g., the World Bank's for the year 2000 is 135 million;[1/] the Population Reference Bureau's (using a more simplistic method) is 145.1 million[2/]--7.5% higher. Two Pakistani demographers, possibly using data from the same study, arrive at 130 million for 2001[3/]--3.7% below the World Bank projection. The two demographers also attempted a projection of the country's urban population

TABLE 17

HISTORICAL POPULATION GROWTH, TOTAL AND URBAN

	Total		Urban		
	No. (Million)	Avg. Annual Rate of Change[a]	No. (Million)	Avg. Annual Rate of Change[a]	Percentage of Total Pop.
mid-1979	79.9	4.3	20.8	2.7 (from mid-'75)	26.0
mid-1977	73.4	3.0 (from mid-'76)			
end-1977	75.6				
mid-1976	71.3	3.0			
mid-1975	69.2[b]	2.2	18.7	2.4	27.0
1970-76		3.0			
1970-75		3.0			
1972	64.9	3.2	17.4	5.3	26.8
1961	45.7	2.4	10.3	4.8	22.3
1951	35.9	2.4	6.4	4.1	17.8
1941	28.3	1.9	4.0	3.8	14.2
1931	23.5	1.1	2.8	3.0	11.8
1921	21.1	0.9	2.1	2.0	9.8
1911	19.4	1.6	1.7	0.4	8.7
1901	16.6		1.6		9.7

[a] From the year shown on the next lower line, compounded annually

[b] Another source gave 71.9 M, but that seems inconsistent with succeeding estimates

Sources: Through 1972 from (31), p. 1; 1970-75 from (19), p. 30; 1970-76 from (18), p. 16; mid-'75, '76 and '77 from (18), p. 28; mid-'79 from (23); end-'77 from (31), p. 15

by 2001, one hitting 65 million and the other 86 million--a very great disparity! The former would have only 50% of the total population in urban areas by then, while the latter uses the figure of 66.3%! A prudent course might be to assume an urban increase more-or-less half-way between those two, which would give 75.5 million. The last represents an increase of 58.1 million over the 1972 figure (from the census)--a really inpressive amount of urbanization (a relative increase over 1972 of 334%!). "From the standpoint of city scale we will need another 20

cities of t'e present size of Karachi or 30 cities of the present size of Lahore or 460 cities of the present size of Quetta."[3A/]

1.1.3 Breakdown or urban population in sizes of cities, with trends.--Table 18 gives the historical data for the last three censuses for Pakistan's 15 largest cities (one of which, Islamabad, wasn't started until the '60s). Seven of the 14 having an historical record evidence a marked acceleration of growth during 1961-72 compared to the preceding decade (Lahore, Rawalpindi, Gujranwala, Sialkot, Sargodha, Quetta, and Sukkur). For the most part those fastest growing cities are medium-sized . . . under 500,000 as of 1972. See Figure 2 for locations of the largest eight cities.

While Karachi grew about the same rate over 20 years, its absolute increase during the 1961-72 period remains remarkable: 1.55 million as against only 0.85 million from 1951-61, just about twice as many. Lahore grew during 1962-72 by as many persons as Karachi the previous decade: 0.85 million.

The 19 cities found to have over 100,000 population in 1972 account "for well over fifty percent of the population" in urban areas.[4/] Lahore and Karachi together contain 33% of urban population in 1972 (up from 27.6% in 1941). Hyderabad "can be regarded as an extension of Karachi while Lyallpur and Gujranwala that of Lahore."

Towns below 100,00 population but above 50,000 number 20; the lesser towns below 50,000 hold as many urbanites as the 16 cities of 100,000 to a million but their number is not given in the source from

TABLE 18

POPULATION GROWTH IN 15 CITIES IN PAKISTAN FROM 1951-72

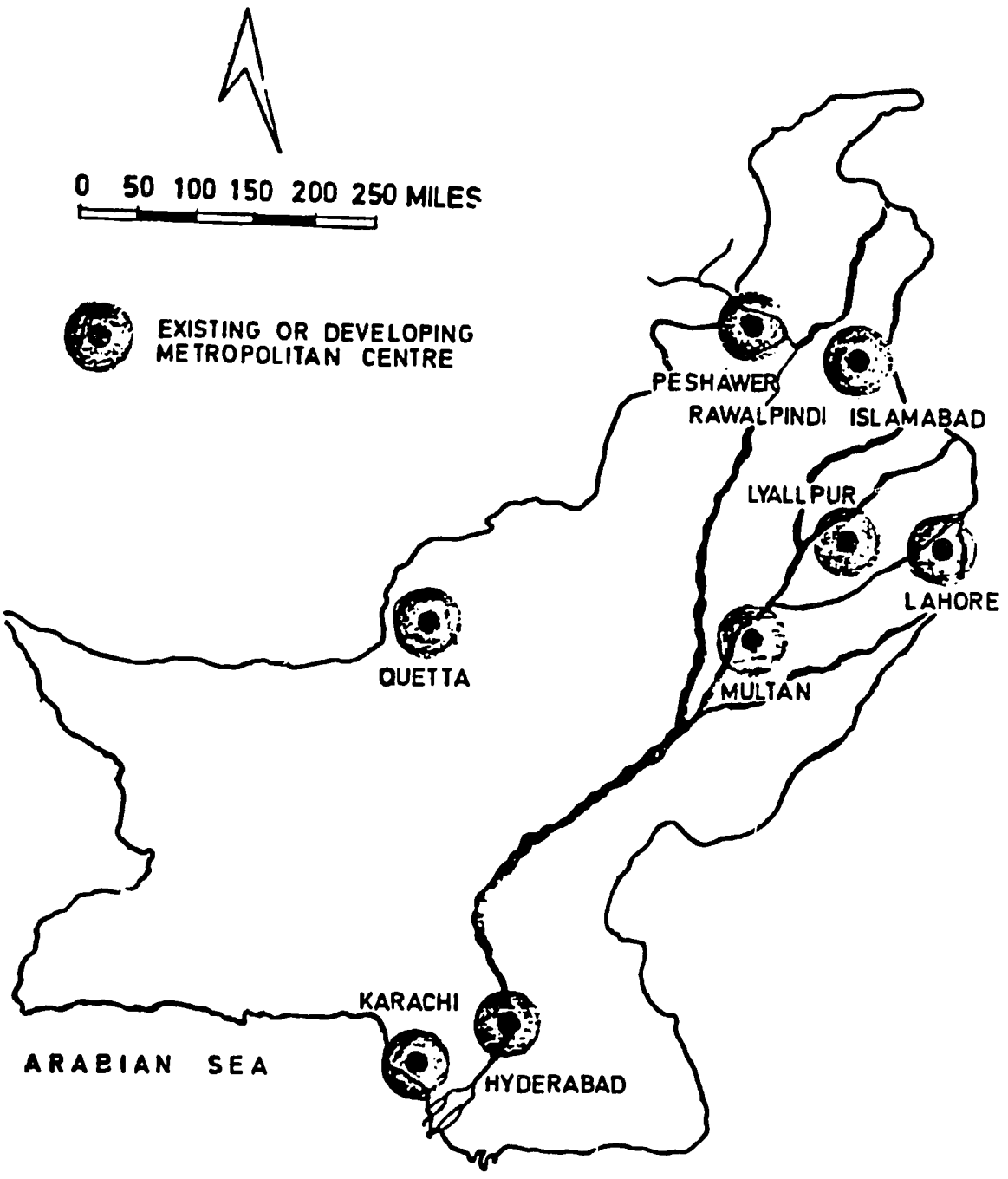
(Thousand Persons)

City	Population 1951	Population 1961	% Increase Over Preceding Census	1972 Provisional	% Increase Over Preceding Census
1. Karachi	1068	1916	79.4%	3469	81.33%
2. Lahore	849	1297	52.8	2148	65.74
3. Hyderabad	242	434	79.3	624	43.44
4. Lyallpur	179	426	138.0	820	92.70
5. Multan	190	358	88.4	544	51.95
6. Rawalpindi	237	343	44.7	615	80.88
7. Peshawar	152	213	40.1	273	24.65
8. Guiranwala	121	197	62.8	366	86.73
9. Sialkot	168	168	0.0	212	26.94
10. Sargodha	78	112	43.6	203	57.36
11. Quetta	84	107	27.4	156	45.75
12. Sukkur	77	103	33.8	159	54.36
13. Bahawalpur	42	84	100.0	134	59.52
14. Sahiwal	50	75	50.0	115	53.33
15. Islamabad	--	--	--	77	--

SOURCE: (24), p. 4

FIGURE 2

DEVELOPING METROPOLITAN CENTRES IN PAKISTAN
(BASED ON 1961 CENSUS)



PLANNING COMMISSION
(PHYSICAL PLANNING & HOUSING SECTION)

SOURCE: (22).

whence the following table comes. Table 19 summarizes the city size breakdown of Pakistan's urban population.

TABLE 19

DISTRIBUTION OF URBAN POPULATION

	1951	Percent of Total	1961	Percent of Total	1972	Percent of Total
1. Metropolitan Areas (3)	2,151	35.7	3,549	36.8	6,309	37.9
2. Medium Cities (16)	1,647	27.4	2,640	27.3	4,089	24.5
3. Large Towns (20)	636	10.6	888	9.2	1,367	8.2
4. Other Urban Areas	1,585	26.3	2,577	26.7	4,902	29.4
TOTAL	6,019	100.0	9,654	100.0	16,664	100.0

Source: (27), p. 268

Projections for specific cities are rare. The demographer Burki, who produced the very high total urban projection for 2001 of 86.1 million, hypothesizes the following increases for the larger cities:

a) The three metropolitan centers of Karachi, Lahore and Rawalpindi-Islamabad, which totaled eight million in the early '70s, are likely to reach 45 million by 2001.

b) Lahore and its satellites, he expects, will become the major urban center, holding by 2001 20 million souls.

c) The Karachi-Hyderabad conglomeration may attain 15 million by 2001.

d) The third-ranking metropolis of Rawalpindi-Islamabad "would probably" be 10 million by then.

1.1.4 Rural - urban migration.--the estimate of net internal migration's contribution to urban growth, available for the '60s, reaches a noteworthy proportion: 34.7% of the total increment to all urban period population. The corresponding number is nearly two million persons. Burki writes that, "The rapid build-up of the urban population expected in the next three decades would be the consequences of a very sharp increase in the rate of rural-urban migration."[6/] Qualitatively, he observes that Pakistani migration exhibits characteristics similar to other Aisan countris: "a large number" of migrants do not settle permanently in urban areas; they first migrate to smaller towns from where they eventually--over the time of a generation--move into the larger cities.

1.2 RELEVANT SOCIO-ECONOMIC DATA ESPECIALLY NOTING EXTENT OF URBAN POVERTY

1.2.1 Macro data on per capita incomes and trends.--IBRD estimates show per capita GNP in mid-1976 to be $180 and $190 in mid-'77 using ordinary exchanges rates.[7/] The growth rate, in real terms, has been 3.2% per year for the 16 years, 1960-76, but only if 1.1% annually for just the last six years, 1970-76.[8/]

In terms of GDP (which, by contrast, is given as $153 per capita in 1970), a projection is available to the year 2000 based on a somewhat optimistic set of economic assumptions as to improvements in the efficiency of the economy (described as steps relying "mainly on feasible improvements in domestic performance within the low income countries themselves . . ."[9/]). The growth rate entails doing better than the 1960-75

period. The results of this projection as well as the past performance is given in Table 20:

TABLE 20

HISTORICAL AND PROJECTED GDP

Actual	
1960-65	7.11% per year
1965-70	2.04
1970-75	2.66
Projected	
1975-80	5.62
1980-90	5.80
1990-2000	6.0

Source: (21), p.39

1.2.2 Estimates of numbers and proportions in poverty.-- A recent article[1] sought to correct estimates of this magnitude previously published in Pakistan by taking average household size into account. The results are given in Table 21 for urban and rural areas up to 1969-70. The source doesn't spell out the definition of the shown poverty line, but it appears roughly comparable to definitions used for Table 22 applying to 1972.

TABLE 21

EXTENT OF POVERTY IN PAKISTAN 1963-70

Years	Annual Per Capita Income Poverty Line (1972 price level)		Rural Areas	Urban Areas
	Rural	Urban	Percentage of households below poverty li	
1963-1964	$33.1	$43.0	39.5	51.7
1966-67	41.8	52.9	53.1	50.2
1969-70	42.3	55.5	47.6	46.2
			Percentage of population below the poverty lir	
1963-1964	33.1	43.0	41.6	55.0
1966-1967	41.8	52.9	55.8	54.0
1969-1970	42.3	55.5	52.6	51.9

Source: Adapted from (28), pp. 367, 374 which employed official Household Survey data for 1963-64, 1966-67 and 1969-70; conversion to dollars at the official exchange rate of Rs. 9.9/$1.00 used for Table 22.

Those findings indicate a modest improvement in welfare during 1969-70 compared to 1966-67. But of course they also show that over one-half of the population of both rural and urban areas live under the poverty line even as late as 1969-70, and approaching one-half in terms of the proportion of households. Those percentages can now be compared to somewhat more recent data from the 1972 Survey.

In Table 22 two poverty lines have been developed, apparently by AID personnel. The "relative" standard is the expenditure level of the single largest group (the modal group), so that every household below that group would be "the poorest of the poor." In contrast, the "absolute" poverty line is the income required for purchasing "the minimum quantity of food commensurate with healthy bodily growth . . .combined with expenditure on housing, clothing and miscellaneous items, expressed as a percentage of food expenditure . . . ."[10/]

TABLE 22

EXTENT OF POVERTY FOR 1972

	Poverty Line (PL) in dollars: Per Capita Per Annum		Percentage of Respective *Households* Below PL	Percentage of Respective *Population* Below PL
	1972 Prices	1978 Prices[a/]		
Relative				
Rural	$42.1	$ 102.2	42.4	50.8
Urban	$62.3	$ 151.4	47.9	59.2
Absolute				
Rural	$46.1	$ 111.5	45.5	54.5
Urban	$70.3	$ 170.9	56.8	61.3

Source: (29), P. 5

a/ Computed using the Consumer Price Index

The findings of Table 22 are not strictly comparable to Table 21 because of a change in the poverty line, but that difference is believed not sizeable for the "Relative" category in Table 22. The rural group appears to have bettered itself to a modest extent over the 2-3 years, especially for the households. In contrast, urban residents just about held their own on the household basis but considerably worsened on the population basis. In Table 22 the most remarkable figure is undoubtedly the two measurements of poverty for urbanites--approximately 60% of the urban population or of urban households!

Who are the poor in urban areas? The Country Development Strategy Statement describes them as concentrated among production, sales and service workers. It notes that 58% of urban income receivers classified as poor are self-employed or are unpaid family helpers.[11/] The same source mentions that the average caloric intake or urban dwellers is only 1,840; by contrast, for the rural population it averages 2,679 calories.

Another source throwing some light on Pakistani income distribution is an IBRD study into poverty in 36 developing countries.[12/] "Absolute poverty" occurs below the consumption level required to achieve a calorie intake of around 2150 per person per day, and corresponds to the income level associated with the lower 40% or 50% of the Indian population in 1975. The poverty line thus defined is equivalent to $80 at the official 1975 exchange rate or to 250 "Kravis dollars." When that poverty line is applied to Pakistan only 18% of the population are classified as living in absolute poverty using official exchange rates, but 45% so qualify when using Kravis

dollars! The latter is much more consistent with the results of the studies given in Tables 21 and 22 above.

What percent of GNP is received by the lowest 40% of income receivers? In 1975 the proportion is estimated at 16.5%--from the same IBRD study.

1.2.3 A projection of income distribution.--The immediately preceding statistic--of 16.5% of GNP--has been projected in that IBRD study to the year 2000 based on some assumptions noted above in 1.2.1. The result is a bit of a worsening in the economic position of those 40% of lowest income receivers: They are projected to decline to 14.2% of GNP in 2000.

1.2.4 Proportion of incomes spent on housing and related costs.--A 1971-72 survey reported the average urban household had an income of $80 of which $8.79 was spent for housing (12%) and $3.85 for fuel and lighting (4.8%), or a combined outlay of nearly 17% for the two closely related costs.[12A/] Some of the lower income groups spent only 9%-10% for housing compared to 18.7% for the group with a monthly income from $315 to $420. The fuel and lighting percentages ranged from 5.2% to 7.3% for the lowest income groups to 2.9% for the much higher income group.

1.3 GOVERNMENT STRUCTURE AND ORGANIZATIONS AFFECTING THE SHELTER SECTOR

1.3.1 Federal--provincial structure.--The aftermath of the 1971 war led to the adoption of the four chief provinces of Sind, Punjab, Baluchistan and Northwest Frontier Province which "were given greater autonomy in development planning. This new emphasis on provincial planning and implementation called for the improvement of provincial departments and closer coordination with the Federal Planning and Development Division."[13/] In addition, there are the three special regions: Kashmir, Federally

Administered Tribal Areas and Northern Areas. The Sind and Northwest Frontier Province have enacted legislation institutionalizing urban and regional planning.[14/]

So urban and regional plans are largely prepared at the provincial level. But only a very limited amount of urban planning has occurred. During 1965-70 six master plans and one outline plan were prepared.[13A/] A few years ago a metropolitan plan for Karachi was prepared with UNDP assistance. Much remains to be done. But the Fifth Five Years Plan (1978-83) stresses that the preparation of "elaborate" plans such as the Karachi plan "should be restricted to a few major metropolitan areas only" and for other selected urban areas "outline development plans" are to be accomplished.[15/]

Similarly, the planning and execution of actual urban development projects lies at the provincial level along with the planning and construction of water supply, sewerage and drainage schemes. Financing of such infrastructure typically is shared: one-third paid by the municipal government, another third borrowed by the municipality from the provincial or federal government and the other third paid by the provincial government. (Municipal governments have no power to borrow funds from capital markets.)

In the housing sub-sector, planning and execution of new projects likewise is a provincial government responsibility with the exception of localities having created Improvement Trusts (those alive) or Development Authorities. However, slum improvement is a municipal-level job. Municipalities generally lack funds for full-scale projects, but can accomplish bits and pieces through the sharing arrangement mentioned. Agencies

putting up new housing schemes are responsible also for the costs of streets and roads therein. Regular street and highway improvements are municipal or joint provincial-municipal tasks. Mass transit usually falls to autonomous provincial agencies.

1.3.2 Urbanization policy.--A pair of Islamabad planners flatly stated in 1973 that, "There has been no urbanization policy in Pakistan."16/ However, the current Five Year Plan definitely does outline at least aspects of such a policy. Some highlights are:

a) Upgrade existing urban infrastructure and facilities rather than create new urban centers.

b) Increase revenues available to local bodies through more effective taxation and the revision of service charges plus, in the short run, more financial aid from the Federal and Provincial Governments.

c) Substantially augment water supply coverage, sewerage and drainage (detailed in a later section of this report).

d) Substantially increase the urban housing supply (elaborated later).

e) Undertake much more regional planning "with the objective of achieving a better rural-urban balance, slow down unnecessary and wasteful migration, distribute urbanization more uniformly and accelerate the growth of small town and intermediate cities." 17/

1.3.3 Principal agencies impacting upon urban development and shelter.--The ones mentioned below cannot be exhaustive, but should include the most prominent agencies at the federal, provincial and local levels.

1. Ministry of Finance, Planning & Economic Affairs
   1.1 Planning Division
      1.1.1 Physical Planning & Housing Section: Established in 1964. Functions and supposed to include:
         a) spatial component in the five-year and annual plans of the federal government;
         b) data gathering and research on relevant problems;
         c) physical planning at municipal, regional and national levels;

d) furnishing technical assistance to local units, provincial and federal ministries and other public agencies;
e) defining and supervising the execution of national housing policy and development of the construction industry including environmental engineering;
f) review of pertinent development projects costing over $505,000 (Rs. 5 million).

Actual functions are said to concentrate only upon a), f)--for housing and environmental engineering projects, and a part of c)--just some regional planning studies.

2. Ministry of Production, Town Planning and Agrovilles
   2.1 Environmental and Urban Affairs Division: Dates from the Ministry's founding in 1971. Responsibilities include:
   a) supervising the Capital Development Authority handling Islamabad;
   b) supervising elaboration and implementation of the Karachi Master Plan;
   c) sponsoring research on slum improvement, and on rural-to-urban migration to Karachi;
   d) site planning including housing for large-scale industrial complexes being developed by the public sector;
   e) preparing legislation on urban and regional planning, and on pollution control;
   f) supervising the Agroville effort including feasibility studies therefor.

3. House Building Finance Corp.: Established in 1952 to furnish the "much needed" credit for house construction especially for the low and middle income groups. Suffered for many years from complicated procedures and inadequate funds. Recently reformed and better financed. "As a result, the disbursement of loans has increased manifold." But funds still short as of '75. Resources from Insurance, Provident Fund etc., may be added. During 1971-74 this agency made some 8,900 housing loans at an average of $2,394 with 64% going to Karachi. Reported in '76 to charge 8% annually on its housing loans for a period of 20 years.

4. Building and Housing Research Centres
5. Public Health Engineering Institute
6. Council for Works and Housing Research

for research and development in the housing field

7. Private sector
   7.1 Cooperatives: numerous, of long standing in places such as Karachi and Lahore where, in the former, a 5,000 acres project is planned (as of '75), another big project planned for Islamabad. But regulating and controlling the housing coops has been a problem. In some cases they "tend to become agents of land speculation." On the other hand, the Federal Government doesn't want to discourage coops.
   7.2 Association of Builders and Developers: undertake planning and construction of major housing projects beyond the ability of single firms. It completed one mammoth project in Karachi of 30,000 dwellings sold on a rent-purchase basis.

7.3 Commercial banks: Recently authorized to make loans for house construction.

7.4 Savings and Loan Associations: Creation under consideration (1975)

8. Provincial government level (exact names vary somewhat among the four provinces)

8.1 Planning and Development Board (Dept. in the Sind)

8.1.1 Physical Planning & Housing Section: prepares pertinent part of the annual development plan for the province; reviews ongoing schemes; modest role in policy formulation (this Section stronger, more important in the Northwest Frontier Province, but weaker in Baluchistan).

8.2 Physical Planning and Housing Dept. (named in the Sind, Dept. of Physical Planning and Housing and Local Government): In the Punjab not only plans but implements the development of housing projects (40 underway in 1976); prepares legislation re urban and regional planning in the province; undertakes physical planning for the province; in the Sind also controls the Municipal Committees; again in the Sind, handles public health engineering projects, too; housing and public health engineering policy formulation.

NOTE: This Dept. is absent in the Northwest Frontier Province and in Baluchistan.

8.3 Unique provincial agencies in this sector

8.3.1 In Punjab: Local Government and Social Welfare Dept.: controls local governing units; includes public health engineering.

8.3.2 In the Sind: Regional Planning Organization of the Planning and Development Dept.: Preparing with UNDP help a comprehensive, integrated, multisectoral Master Plan for the whole province; a growing, ambitious unit.

8.3.3 Also in the Sind: the Urban Development Authority within the Physical Planning and Housing and Local Government Dept.: New in '76, to coordinate urban development activities and projects. Unclear in '76 how this agency could be coordinated with the Regional Planning Organization of the other Dept.

8.3.4 In the Northwest Frontier Province: Regional Development Project of the Planning and Development Board: Began in 1965 but inactivated in 1970, then revived in 1975 or 1976; to produce a 10-year comprehensive multisectoral plan.

8.3.5 Also in the Northwest Frontier Province: Provincial Urban Development Board: To integrate physical planning with socioeconomic planning at all levels; supervises Development Authorities doing the Master Plans for particular urban areas

9. Local bodies

9.1 Municipal Committees and Muncipal Corporations: city planning and promotion of community development projects are among their <u>optional</u> functions (in 1976 only Karachi and Lahore had a town planner on their staff).

9.2 Improvement Trusts: For capital projects including housing schemes; existed in seven urban areas in 1976; some not very active (one in Lahore reported to have executed 44 schemes since 1936); projects turned over to Municipal Committees after completion.

9.3 Development Authorities: formed partly due to dissatisfaction with the performance of the Trusts; are to integrate planning and development functions; can go outside of municipal boundaries; can borrow from non-governmental sources; means urban development effort more under control of provincial government than the municipal bodies; as of 1976 were five: Karachi, Lahore, Islamabad, Greater Peshawar and Mardan. The one in Karachi implements the Master Plan including building "Metrovilles," which are full integrated urban communities for the low income group. The first Metroville was already in an advanced stage as of 1975 with provision for 4,000 developed and serviced plots along with utility walls. Six more planned. 18/

The first Karachi Metroville has a 1975 cost estimate of $2.4 million and was charging $222 for a plot of 80 sq. yd. with water and sewer connections to $551 for 120 sq. yd. with the connections plus center utility wall. If a house would cost $505 (Rs. 5,000), and without any allowance for recovering the site value, the monthly charge for site and building loan would be $8.59 over 20 years at 10% annual interest (80 sq. yd.).

2. INDICATIONS OF SHELTER REQUIREMENTS

2.1 NATION-WIDE DATA

2.1.1 Housing shortages/backlogs cited.--Various estimates are available, to wit:

a) A backlog of 1.5 million units in all urban areas was mentioned in '75. 19/

b) The same figure was used for urban areas in quite a different source. 20/

c) A backlog of "over one million housing units" is mentioned in the CDSS, though without specifying whether it applies just to urban areas as in the case of the two preceding estimates.

d) Dwelling unit requirements during 1978-83, which presumably include backlogs, are given in the Fifth Five Year Plan as:21/

d.1) 581,000 in urban areas
d.2) 864,000 in rural areas
} but allowing 1.5 dwelling units per house (9 persons)

d.3) The total is 1.44 million.

2.1.2 Housing and environmental characteristics.--Only miscellaneous data were found, rather than a comprehensive summary. But they are illuminating:

a) Urban population served by a water supply: 61.1% in 1978 22/
Rural: 14.0%

b) Urban population with piped drinking water: 35% in early '70s 23/
Rural: About 5%

c) Urban population served by sewerage: 34.8% in 1978 22/; 8% stated for early '70s 23/

d) Quality of existing stock: only 20% estimated to be built of bricks (pucca) 24/

2.2 CITY-SPECIFIC DATA

2.2.1 Slum dwellers and squatters.--A 1976 estimate of Karachi squatters is approximately 800,00.25/ With a 1972 Census population of 3,469,000,

the percentage would be 23% of the metro area's total population. (As disclosed in the first part of this report, the comparable figure for giant Indian cities runs significantly higher--more like 30-35%.) A similar number of people in Karachi are living in houses of temporary ("Kutcha") materials. Other Pakistani cities frequently have higher percentages, and are reported as worsening steadily since 1960-61 compared to Karachi (latter is more stable).

2.2.2 Selected urban areas of the Punjab.[26/] -- Though somewhat old, a few statistics are worth mentioning for this important part of Pakistan. A 1% sample of all households was surveyed. In those cities:

a) The average number of rooms per household is 1.67

b) The density per room was 3.42 persons

c) 54% of the sample households live in a one-room dwelling

d) 8% of the houses lack any kind of toilet facilities

e) 79% of the houses are without separate (private) kitchens

f) 79% of the houses lack separate bathing facilities

f) "As many as" 30% of the sample households lack a water source

h) 8% are without drains or water troughs

i) 54% lack electric connections, using kerosene for lighting

j) 44% of the households sampled are in the lowest income group (up to Rs. 100, or $10.10 at the 1975 exchange rate, presumably per month).

3. WHAT'S BEING DONE BY PUBLIC AND PRIVATE SECTORS

3.1 NATION-WIDE REVIEW

3.1.1 Accomplishments and proposed efforts as detailed in the Fifth Five Year plan.--Unfortunately, the document does not report gains under the Fourth and preceding five-year plans (perhaps in part due to the war which so much interferred with plan performances in 1971 and which led to the loss of East Pakistan); therefore, the intended impact of the current Plan will be summarized for this sector.[27/]

a) Under "Physical Planning and Housing" the Fifth Plan proposes to expend Rs. 9.79 billion ($998 million), which comes to 6.6% of total plan outlays.

b) The breakdown of that into its main components is next given in Table 23. Nearly half of the total is allocated for water supply, sewerage and drainage. Housing alone is but 15.9%, the second largest slice of the pie. The capital city all by itself receives over 10%; government offices and buildings account for over 7%. If the housing sum, at $157 million, is related to the entire plan its share is but 1%, not an overwhelmingly high priority.

c) Policy framework or objectives underlying the allocations of Table 23: Stress plot development (sites and services) much more than actual construction of houses; markedly upgrade slums; forget about clearing squatter colonies ("Katchi Abadis") but instead improve them according to minimum standards; put enough into water supply, sewerage and drainage so that the gap between population growth and the number served by these facilities will--at least in urban areas--commence to close; do much more town and regional planning than heretofore.

d) In urban housing the public and semi-public agencies will provide 75% of the additions foreseen in plots, which altogether will be 425,000. That number, if actually provided through various sites and services projects, will actually accomodate 50% or so more households due to the assumed multi-storey construction that will be encouraged. Average plot size will be 175 sq. yd. within a range of 80 - 600 sq yd. The average cost of developing these urban residential plots during 1978-83 will be $1,061, with

TABLE 23

PHYSICAL PLANNING & HOUSING
SUB-SECTORAL ALLOCATIONS

1973-78 Five
Year Plan

	Million Dollars at Official Exchange Rate[a/]		Percent
(A) Public and Semi-Public Sector:			
I. Institutional:		15.0	1.5
(i) Strengehening and establishment of Building Research Stations	5.1		
(ii) Establishment/Strengthening of Public Health Engineering Laboratories.	1.3		
(iii) Institute of Environmental Engineering. . .	1.0		
II. Regional and Urban Planning:			
(i) Regional Development Plans.	2.1		
(ii) Metropolitan Development Plans.	1.5		
(iii) Outline Dev't. Plans.	1.0		
(iv) Village Planning.	1.5		
(v) Studies for establishment of agrovilles . .	0.5		
(vi) Promotion of Research and estalbishment of a National Institute in the field of Urban and Regional Planning	1.0		
III. Housing:		157.0	15.9
(i) Low Income Housing:			
(a) Public Sector	46.5		
(b) Semi-Public Sector.	49.9		
(ii) Dev't of squatter areas	40.4		
(iii) Housing Loans to Govt. Servants	20.2		
IV. Water Supply/Sewerage/Drainage:		483.5	48.9
(i) Urban Water Supply.	254.7		
(ii) Urban Sewerage.	131.2		
(iii) Rural Water Supply.	77.4		
(iv) Rural Sanitation.	20.2		
V. Urban Development:		39.4	4.0
IV. Special Areas:		35.3	3.6
(i) Azad Kashmir.	13.1		
(ii) Northern Areas.	10.1		
(iii) Tribal Areas.	12.1		
VII. Public Servants Housing		60.6	6.1
VIII. Govt. Offices & Buildings		70.7	7.2
IX. Capital at Islamabad.		101.0	10.2
X. Frontier & Baluchistan Constabulary/Civil Armed Forces		25.3	2.6
TOTAL:	---	987.8	100.0

a/ Rs. 9.9/$1.00
SOURCE: (31), pp. 252-53

substantial cost recovery assumed especially for the semi-public sector efforts (provincial governments and other related agencies).

e) Actual house construction in urban area is targeted at 350,000 units, with the annual output reaching 90,000 by 1982-83 from an estimated 50,000 in 1978-79. All of these houses are allocated to the private sector. (The 15,000 houses for government employees are additional.)

f) Private construction companies are to be encouraged to mass produce housing, in part by easing import restrictions on machinery and equipment and improving their access to institutional financing. Semi-autonomous government corporations will be allowed to engage in such mass housing construction if the private sector lags. Prefabrication will also be encouraged.

g) Squatter colony upgrading will feature provision of water supply and sewerage along with awards of tenure, assistance in construction, provision of streets, etc.

Table 24 lays out the hoped-for physical accomplishments of the plan including the foregoing items. Note that it gives also a geographical breakdown for the four provinces. It shows, e.g., that item 8) above will affect 1.33 million squatters during the five years.

h) The Plan's published breakdown of the huge outlay for water and sewerage in urban areas--not shown in Table 24--notes that eight major cities will be aided: Lahore, Rawalpindi, Karachi, Hyderabad, Faisalabad, Multan, Peshawar and Quetta in that order according to the sums involved; plus an unspecified number of other cities. The eight major cities will get 74.7% of the total outlay of $386 million.

Yet other measures of what may be accomplished are of interest. A table in the plan indicates that, if the targets are fulfilled by 1982-83, then the existing (1978-79) situation will be improved by these percentages:

1. Provision of residential plots . . . . . 91.3% more than in 1978-79

2. Water supply for urban areas . . . . . 65.2% -do-
(percentage of population covered to reach 79.3% from 59.3%)

3. Sewerage and drainage for urban areas. . . 81.4% -do-
(percentage of coverage to 49.5% from 34.1%)

TABLE 24

MAJOR PHYSICAL TARGETS BY EXECUTING AGENCIES

Five Year Plan 1978-83

	Unit	Federal Govt.		Agencies Located in the Provinces				Total
		Am't.	%[a]	Punjab	Sind	N.W.F.P.[b]	Baluchistan	
1. Urban Water Supply	Population Served (million)	0.130	1.6	4.350	2.940	0.630	0.200	8.250
2. Urban Sewerage & Drainage....	"	0.130	2.2	2.850	1.990	0.700	0.150	5.860
3. Rural Water Supply.....	"	0.700	4.9	7.100	3.580	2.280	0.690	14.350
4. Rural Sanitation.....	"	---	--	1.100	5.500	0.190	0.210	2.000
5. Urban Residential Plots:	(no. in thousands)	10	2.4	210	180	18	7	420
(a) Public sector.....	"	---	0	70	10	4	1	85
(b) Semi-public sector ... (Dev't. Authorities)	"	10	4.3	100	110	10	5	235
(c) Industrial workers housing.....	"	---	0	30	30	4	1	65
(d) Private sector.....	"	---	0	10	30	---	---	40
6. Environmental improvement of slum dwellers (population to be served in thousands)	"	---	0	667	500	100	66	1,333
7. Govt. Servants Housing.....	No. of Residences	7,500	50	2,800	2,000	1,600	1,100	15,000
8. Govt. Offices & Buildings....	Million Sq. Ft.	3,400	37.8	1,800	1,200	1,800	0,800	9,000

SOURCE: (31), p. 254.

[a] Of right most "Total" column.

[b] Northwest Frontier Province.

4. Water supply in rural areas . . . 186.0% more than in 1978-79 (percentage of coverage to 36.2% from 14.1%).

In summary, achievement of all of the foregoing objectives will clearly go a long ways toward easing many of the worst shelter sector ills previously described. A really big step forward will have been taken.

3.1.2 Private sector's role.--The expected physical accomplishments related to the shelter sector are not fully described in the plan, though its targeted provision of 40,000 serviced residential plots were noted (perhaps not a very large accomplishment relative to the size of the private sector in this country; yet, this particular kind of investment may be considered unattractive). However, the plan does tote up the private sector's expected total financial outlays for housing during 1978-83, which are:

a) Estimated amount invested by private sector in 1977-78: $216 million

b) Projected amount invested by private sector in 1982-83: $333 million

c) Total projected investment during 1978-83: $1.333 million

d) Annually compounded rate of increase in such investment: $9.05%.

Should some approximation of that 1978-83 sum actually be realized, then it will turn out that the private sector has spent 35% more during the five years than the total official expenditure for the entire physical planning and housing sector shown above ($987.8 million). Related just to the Government's intended housing outlay alone, the private sector would invest 8.5 times as much. Or, in other terms, the private sector will have been responsible for 89% of the total housing investments during these five years!

Cost of the average house: To provide 350,000 houses during the five years for the indicated $1,333 million, the average house to be built will apparently cost about $3,790. Obviously, the assigned role of the private sector is to accomodate middle and upper income segments.

Financing private-sector shelter efforts: The Pakistani planners state that presently 60% of housing expenditures are from household savings (largely the informal sector) and 40% from institutional credit. A considerable increase in private savings will be required, they advise. The government planners cite also the need for new institutions. The contemplated savings and loan institutions would come in here. So, more institutional credit and mobilization of private savings are both essential if the target is to be achieved, according to the Five Year Plan.

3.2 CITY-SPECIFIC REVIEW

Little data on what may happen city-by-city is available. About the only such breakouts published in the Fifth Five Year Plan, for this sector, have been mentioned above in connection with the urban water supply and sewerage undertakings.

4. INTERNATIONAL DONOR EFFORTS AFFECTING THE SHELTER SECTOR

4.1 BY THE IBRD

4.1.1 Lahore.--A feasibility study for a Bank project in this city has recently begun, according to the officer responsible for South Asian projects in the Urban Projects Department.[28/] It's likely to include a shelter sector component. They have in mind sites and services plus upgrading of squatter colonies, such as by tenure improvement, for the low income groups. The officer could not state the probable amount of the project nor the proportion to be financed by a loan (the latter would presumably be a soft one via the International Development Association).

4.1.2 Sind Province.--The Bank is discussing possibilities, especially for Karachi (where a previously studied project was reported to have fallen through--most probably for the Lyari area of Karachi which was the subject of a Bank report, Pakistan Urban Sector Survey[29/]). But a project could take place elsewhere in the Province.

4.2 BY THE ASIAN DEVELOPMENT BANK[30/]

4.2.1 Hyderabad.--A 1976 water and sewerage loan is reported, which presumably is still under execution. The total project was given as $34.65 million with the loan--on soft terms, through ADB's Special Fund--at $22.0 million.

4.2.2 Faisalabad.--In 1977 a soft loan was made to the Pakistani Government for water supply, sewerage and drainage in this city. The project total is $93.5 million and the loan amount is $39.5 million.

4.3 BY THE UNDP

4.3.1 Sind Province.--In April, 1977 the UNDP approved the project: "Strengthening Regional Planning Institutions in the Sind Province (PAK/76/0060)," which was slated to commence in May, 1977 and last four years.[31/] UNDP's contribution is to be $1.179 million and the Government's contribution (in kind) $1.609 million, giving a total project estimated cost of $2.788 million. About 83% of the UNDP's expenditure is earmarked for the services of an expert planning team; another 11% is for training of Pakistani counterpart staff. The major outputs scheduled are regional and subregional development plans. byproducts of which will be on-the-job training and demonstration of the effectiveness of decentralized planning.

4.3.2 Karachi master planning.--Around 1970-74 the UNDP made major inputs to the preparation of this plan, mostly via the provision of expert services and consultants. Since then the U.N. Habitat and Human Settlements Foundation has not had any projects in Pakistan.[32/]

5. SUMMARY OF LATEST DATA ON GENERAL ECONOMIC CONDITIONS

Pakistan's economy is caught up again in an inflationary spiral of continuing growth in budget deficits, increased imports and decreased exports (brought about in part by major crop failures), and diversion of foreign exchange earnings and potential domestic savings from investment to consumption and the purchase of real property. Restrictive government measures in the past year had resulted in a slowing of inflation, but a series of recent events have added to the inflationary pressure:

- Widespread political unrest over the execution of Bhutto.
- Increased pressure to modernize the armed forces (which already absorb over 40% of the government budget) in response to events in the region:

  -- civil strife in Iran

  -- the creation of a Soviet dominated government in Afganistan, and

  -- India's recent acquisition of Anglo-French fighter aircraft.
- Cotton production is 24% below target as a result of heavy unseasonal rains and pest infestation; instead of being a net exporter of cotton this year, Pakistan will probably be a net importer.
- A poor wheat harvest will result in larger than normal imports of about 2.5 million tons this year.
- The government has been trying to encourage wheat production and defuse consumer unrest by keeping the price of wheat to consumers low while subsidizing a higher price to farmers. This policy has contributed to the growth in the budget deficit.
- The flow of remittances from Pakistanis working abroad has added to inflationary spending on property and consumer goods.
- A cement shortage is both a bottleneck on development and a drain of foreign exchange reserves. Pakistan must import about 30% of its cement needs. This situation could undermine the housing program in the Five Year Plan.

With inflation now exceeding an annual rate of 15%, foreign exchange reserves approaching a level that can only cover two months of imports, and debt service running almost 20% of exports, the outlook for the

Five Year Plan and the more ambitious private industrial investment plan recently announced is not good. The government hopes that more than half the planned investment will come from foreign sources, and has announced a series of measures denationalizing some industries to encourage foreign investment. But potential foreign investors are noting that Pakistan has warned the Aid Consortium that it will have to default on loan repayments if it cannot arrange for rescheduling of its debt.

The United States has not lifted the economic aid embargo it imposed in 1977. Iran has agreed to reschedule all outstanding loans to Pakistan. Great Britain (a member of the Aid Consortium) has agreed to rescheduling, and will write off 100 million owned by Pakistan. The Islamic Development Bank, OPEC, IDA, Denmakr, Italy, West Germany, and the Asian Development Bank have also made recent commitments for additional assistance, but none in the housing area.

5.1 Further debt-service ratio details.--The latest available IBRD statistics give some previous ratios:

Debt Service as a Percentage of:				
GNP		Exports of Goods and Services		
1970	1976	1970	1976	
1.9	2.0	23.6	18.2	(20.9)

The higher figure for the usual definition of this ratio, in the right-hand pair of columns, for 1976 adds in the reported additional interest payments in the year by the private sector. The last are omitted from the computation of this ratio ordinarily, as it's defined to include only public and publicy guaranteed interest payments (as well as repayments of principal).

NOTES

(Nos. in parentheses refer to documents in the "List of Sources" at the end of this volume.)

1. (19), p. 36
2. (23)
3. (25), p. 1 and (27), p. 255

3A. (24), p. 6

4. (27), pp. 260-61
5. (27), p. 70
6. (27), pp. 256, 271
7. (18), p. 26, 28
8. Ibid.
9. (21), p. 39
10. (29), pp. 4-5
11. (35)
12. (21)

12A. Dollar figures use Rs. 4.7119/ $1.00

13. (33), p. 1

13A. (32), p. 182

14. (24), p. 13
15. (31), pp. 181-82
16. (25), p. 5
17. (31), p. 181
18. (24), p. 13 ff
19. (24), p. 12
20. (25), p. 2
21. (31), p. 136
22. (31), p. 14
23. (24), p. 18
24. (29), p. 3
25. Similar to a 810,000 figure cited in (20), p. 25
26. (26)
27. (31), pp. 14, 45, 48, 135-142 181-184, 252-259
28. All information from Mr. Sven Sandstrom, interviewed 5/18/79
29. Copy not available
30. All information from Ms. Carroll Long of the Bank's East Asia and Pacific Country Programs Dept. (5/23/79)
31. (33), p. 1
32. Oral report of a Mr. Kandaswamy of Habitat's New York office
33. (19), pp. 22, 46-47

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SHELTER SECTOR REPORT FOR:

SRI LANKA

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1. BACKGROUND DATA RELEVANT TO THIS SECTOR

1.1.1 Total and urban population trends and projections.--The most recent census in 1971 totaled 12.7 million persons. The population had been increasing at an average annual rate of 2.3% since the 1963 census year, which was a significantly lower annual rate from the 2.7% of 1953-63. The 1979 population estimate of the Population Reference Bureau is 14.5 million. In absolute terms, Sri Lanka has been growing by around 890,000 - 900,000 persons every four years in recent times.

Urban areas, as expected, have been growing more rapidly. (Those areas are defined as places run by Town Councils, of which there were 83 in the mid-'70s; Urban Councils, at 37; or Municipal Councils, 12.) However, the average annual rates of increase in urban population have apparently been declining: The comparatively high rate of 5.5% per year during 1953-63 dropped to 3.8% annually during 1963-71, and there are indications that the urban growth rate fell even further in more recent years (see Table 25). The drastic drop in the urban growth rate shown in Table 25 for the most recent four years (-0.6% per year) may be spurious due to the markedly different rough estimates of the percentage of total population in urban areas. Probably the 22% shown for 1979 is too low in view of the 22.4% reported for the 1971 census. An offsetting consideration is the government's large program to resettle people in the "backward undeveloped regions of the dry-zone..." So far that effort "enabled the settlement of over a million persons.... This policy ... [and related policies] have enabled the country to maintain a desirable urban-rural balance in settlement terms, which would have otherwise led to the now-familiar problems of rapid urbanization."[1/] Where those million persons came from wasn't stated, but if a sizable proportion were from urban areas, then it's (barely) possible that Sri Lanka has attained an enviable near-zero rate of urban growth.

TABLE 25

TOTAL AND URBAN POPULATION GROWTH, 1953-79

	1953 Census ('000)	1963 Census ('000)	Avg. Annual % Change 1953-63	1971 Census ('000)	Avg. Annual % Change 1963-71 c/	1975 Est. a/ ('000)	Avg. Annual % Change 1971-75 d/	1979 Est. b/ ('000)	Avg. Annual % Change 1975-79 d/
Sri Lanka	8097	10,532	2.7	12,711	2.3	13.603	1.7	14,500	1.6
Urban	1239	2,116	5.5	2,842	3.8	3,265	3.5	3,190	-0.6
As % of Total	15.3	20.0	-	22.4	-	24	-	22	-

SOURCE: (43), p. 45 through 1971; average annual percentage columns calculated by author.

a/ (18), p. 28.

b/ (23).

c/ 8.0 years used in computation.

d/ 4.0 years used in computation.

1.1.2 Breakdown of the urban population.--Colombo is the primate city with a 1971 population of 585,000 or 20.6 percent of all urban population. But one report claims that in addition Colombo must deal with a floating population of an additional 350,000![2/] Reportedly, the latter comprise mostly rural inmigrants who stay only temporarily without any established place of residence and hence are not picked up in the census enumeration. It's not known whether or not that 350,000 is reasonably accurate, or if those persons were also left out of census counts elsewhere, too.

Table 26 gives the number of Sri Lankan cities in the three size categories of (a) 100,000 and over, (b) 20,000 - 100,000 and (c) below 20,000. The first and third groups are approximately equal in size, while the middle category dominates with about 42 percent of the total urban population compared to 29 percent each for the other two.

TABLE 26

SELECTED URBAN MEASURES: 1973

Urban areas:[1/]	
Population	2,848,116
Percent of country's total population	22.4
Towns with 100,000 inhabitants or more:	
Number of towns	3
Population	823,798
Percent of country's total population	6.5
Percent of urban population	28.9
Towns with 20,000 inhabitants to 999,999:	
Number of towns	30
Population	1,198,185
Percent of country's total population	9.4
Percent of urban population	41.9
Towns below 20,000 in inhabitants:	
Number of towns	99
Population	831,133
Percent of country's total population	6.5
Percent of urban population	29.2

SOURCE: (37), p. 15.

1/ Urban areas comprise all municipal councils, urban councils, and town councils (Sri Lanka, 1974).

1.1.3 Population projections.--The IBRD projection to the year 2000 is 21 million; the Population Reference Bureau gives 19.9 million. The former would be a 54 percent increase over 1975, the latter a 46 percent gain (corresponding to a 1.75 percent growth annually compounded for 1975-2000 and to a 1.53 percent annual rate, respectively.)

Projecting the share of the year 2000 population apt to live in urban clusters presents problems given the very recent slowdown in urban growth

according to the findings of Table 25. But if the experience of the last four years is pretty much ignored, since it could be just inaccurate estimates, and if the urban percentage is assumed to rise gradually to, say, 30 percent of total population by 2000, then the urban population would be 6.0 - 6.3 million. Should Columbo just keep its present share of 20 percent of urban population, then by 2000 Colombo would reach 1.2 - 1.3 million, representing nearly 115 percent more than the 1971 population. That would be a conservative projection, for Colombo could easily increase its share of urban population if various government efforts to slow down its increase are not successful. A year 2000 projection for Colombo of 1.5 million would not be extreme.

1.2 RELEVANT SOCIO-ECONOMIC DATA ESPECIALLY NOTING EXTENT OF POVERTY

1.2.1 Marco data on total and per capita incomes and trends.--The IBRD shows per capita incomes of $180 for 1975, $190 for 1976 and a preliminary estimate of $200 for 1977.[3/]

The gross domestic product was estimated to have grown by 4.2% per year from 1960-65, by 5.6% annually during 1965-70 and by 2.7% each year from 1970-75. Over the 15 years, 1960-75, the GNP increased an average of 4.2% per year. GNP per capita rose by 2.0% annually, on the average, during 1960-76, but the estimated 1.2% annual rate during 1970-76 indicates a slowdown recently.[4/]

The IBRD projections for these macro economic measures give a 2.9% per year increase in GDP during both 1975-80 and 1980-90, but point to a somewhat higher rate of 3.5% annually during 1990-2000 if the somewhat optimistic underlying assumptions are in fact fullfilled. (The corresponding GNP projection is 3.1% per year during 1975-2000.)

The foregoing indicates past and projected growth of the Sri Lankan economy hasn't been and isn't expected to be spectacular. Nevertheless, some real improvement has occurred in per capita incomes due in part to lower-than-average Asian birth rates (rates of natural increase).

1.2.2 Income distribution.--Sri Lanka has become noted among Asian countries for its past attention to the issue of equalizing incomes, largely via transfer payments in kind; that is, where the public bodies allocate expenditures in such a way that priorities are given to those meeting basic needs of the low income groups, such as through health, education and welfare outlays. Evidence of a significant trend toward more equality of incomes just for the limited period 1963-73 comes from a Central Bank of Ceylon survey: The lowest 40% of the country's income receivers obtained 11.9% of total income in 1963 but by 1973 had increased their share by 3.1 points to 15.0%. From the standpoint of the lowest 40% of population groupings who decide on how incomes are spent (i.e., households, which sometimes are two or more per dwelling), the improvement during the 10 years was more marked: from 13.7% to 19.3% of all income.

AID's January, 1979 CDSS states that:

> "Thus, Sri Lanka has already been devoting a substantial share of its resources to bettering the lot of its poor. These efforts have made a major contribution to its unique position among Asian and other developing countries. The March 1978 World Bank country report stated that Sri Lanka has about one and one-half times the life expectancy, one quarter the infant mortality and half the birth rate that would be expected at its per capita income level." 5/

The country's outstanding performance on such measures as those just mentioned in the CDSS are sharply illuminated numerically by the new Physical Quality of Life (PQLI) Index. The three indicators comprising the Index are

(1) infant mortality, (2) life expectancy at age one, and (3) literacy. Zero is the lowest level of well being and 100 the highest (e.g., the Scandanavian countries are pegged at 97, the U.S. at 95). For some major Asian countries the latest available index numbers are:[6/]

	PQLI Index No.
Afghanistan	17
Bangladesh	32
India	41
Indonesia	48
Malaysia	73
Nepal	27
Pakistan	36
Philippines	71
Thailand	71
SRI LANKA	82

The countries in that list with index numbers in the '70s all have per capita incomes well above that of Sri Lanka, sometimes by several times (e.g., Malaysia's GNP per capita is given as US$930).

Current and projected income distribution is touched on in an IBRD study of poverty in 36 developing countries.[7/] "Absolute poverty" occurs below the consumption level required to achieve a calorie intake of around 2150 per person per day. For India that definition turns out to be incomes received by the lowest 40 percent of the population, below $80 at the official exchange rates or 250 "Kravis dollars." When the poverty line is translated into comparable purchasing power in Sri Lanka, 7 percent of the population in 1975 is found to be below it (India = 41%, Pakistan = 45%). By a companion measure of income distribution, the lowest 40 percent of the population were estimated to have received 19.3 percent of all incomes in 1975 (india = 17.0%, Pakistan = 16.5%). By the year 2000 the study projects the lowest 40 percent to receive slightly less of total income: 18.5 percent. That

projection assumes a somewhat optimistic rate of overall economic growth; the small worsening of the economic position of the lowest 40 percent arises from empirical observations of what happens to income distribution in countries moving upward from the lowest per capita levels.

1.2.3 Estimates of numbers and proportions in poverty.--Two fairly recent studies are reported in the CDSS, summarized by Table 27 taken from that source. The one by the Marga Institute used data from the 1973 Consumer Finances Survey while the Columbo Plan study used the 1969-70 Socio-Economic Survey with an update to 1977-78 using an urban price index applied to the 1969-70 pattern of consumption.

The Columbo Plan study shows an apparent worsening of poverty for all geographic parts of the island for 1977-78. "The paper attributes these increases to reduced demand for labor in the face of steep price rises for basic commodities. Expansion of employment during 1978 is believed to have reduced the proportions below the poverty line, however." Note that both studies use two definitions of poverty: an "absolute" or "acute" level just sufficient to provide a minimally adequate diet, and a second, somewhat higher level just sufficient to obtain a "minimum consumption basket" of food, clothing, health, education and household requirements.

The "National" percentages of Table 27 in either study are very much higher than the 7 percent below the poverty line given in the IBRD study noted at the end of the preceding section. The reason for such a large discrepency could not be discovered except for the obviously different methodology used in the IBRD approach. This writer would give more weight to the preceding two studies done in Sri Lanka, which do not employ any tricky international comparisons of purchasing power nor exchange rates. Accordingly, the data cited above indicate that the percentage of urban households or of

TABLE 27

PERCENTAGES OF HOUSEHOLDS OR OF POPULATION IN POVERTY, SPECIFIED YEARS

	National	Rural	Urban
Marga Institute study -	Percentages of Households*		
In "absolute" poverty in early 1973	19	26	6
In "short of basic needs" poverty in early 1973@	50	67	42
Colombo Plan study -	Percentages of Population		
In "acute" poverty in 1969-70	18	23	12
Same, in 1977-78	38	40	35
Below "minimum consumption basket" level of income in 1969-70	47	48	36
Same, in 1977-78	69	73	55

SOURCE: Adapted from (38), p. 5, which cites: (42) and "Development Programmes and Strategies for Economic Cooperation, for Meeting Basic Human Needs and Raising Incomes and Standards of Living, with Emphasis on Rural Areas" (mimeo; 1978, prepared by the Ministry of Finance and Planning, Government of Sri Lanka, for the 1978 Colombo Plan Consultative Group Meetings).

*Slightly more numerous in the Survey than houses/dwellings (there were 1.05 households per dwelling unit nationally)

@Reckoned as an income per household member at or below Rs. 47 ($4.07) per month during January-February, 1973

population living in poverty in the middle or late '70s is around 50 percent and that this proportion has become substantially worse since the beginning of the decade.

1.3 GOVERNMENT MACHINERY AFFECTING THE SHELTER SECTOR

1.3.1 The governmental planning function.--Measures for decentralizing planning to the sub-national or District level (of which there are now 24) have recently been adopted.[8/] Each district has a Planning Office. But the plans being prepared were not, by the mid- '70s, addressing development in "settlement terms." In addition, there is the national Ministry of Planning with a newly formed Regional Development Division which takes the spatial dimension of planning into account. The first applications of this dimension in national planning were the industry and tourism sectors.

Urban planning has existed for years, theoretically at least, due to enactment of the Town and Country Planning Ordinance twenty-five years ago. Under that mandate the "Local Government system has enabled the controlled development of a few large urban areas." However, such physical development planning is not obligatory under that Act.

The lack of more urban planning has particularly bothered the government in the case of the large Colombo region and was one of the reasons for instituting the preparation of a master plan for the Metropolitan Region of Colombo (with UNDP assistance, see Section 4 below). That sizable planning effort will treat all urban areas in the region and "is also expected to come up with proposals for an improved urban management system for the region." The project is currently ongoing.

Government has also established certain statutory norms or minimum standards for environmental sanitation and pollution in settlement areas,

including standards for urban housing in terms of design and plot-size. The whole country had but six qualified town planners in 1976.

1.3.2 Toward national urban and housing policies.--Much of the government's concern arose from the "acute shortage of housing and land for housing." That shortage was seen as "causing grave threats both to the physical fabric and the social standards...." So a policy was adopted to encourage the construction of housing just for one's self, for the single family or household unit, and to discourage landlordism. Now there's a ceiling on the number of houses that an independent individual or family or company can own. Even the size of urban subdivisions has been limited. No more than 20 plots averaging 1,013 m^2 or 40 plots can be laid out, per owner, in municipal and other urban areas, respectively. The workings of the former law on house ownership has particularly benefitted the poorer section of the urban community comprising those living in tenement gardens who have for years been paying rent but scarcely receiving any improvement to their houses. They have now become owners of the surplus houses in which they lived (government financial assistance available).

Other recent statutes supplement the ownership law by providing for the individual ownership of flats and for the maintenance of common amenities. A "policy package" for housing is said to include:

a) Tax incentives for the building of houses for sale to owner-occupiers;

b) Eased borrowing provisions including rates of interest "lower than that which is prevalent in the money-market";

c) Promotion of house construction on a self-help basis such as by assistance with building materials and technical know-how.

The chief complaint of the government's shelter sector representatives attending the 1976 U.N. Habitat Conference was the lack of adequate integra-

tion of housing with the policies of other sectors, especially industry. Accordingly, the government recently formed the National Housing Development Authority[9/] "with comprehensive powers for the development of housing." (See Section 1.3.3 following.)

1.3.3 Other specific organizations.--Principal governmental units having an obvious impact on the shelter sector include (list not exhaustive):[10/]

1. National Water Supply and Drainage Board;

2. National Electricity Board;

3. Department of Town and Country Planning (presumably of the Ministry of Planning);

4. Ministry of Local Government, Housing and Construction

   4.1 Department of National Housing/National Housing Development Authority (department began in 1954): Operates three important national programs affecting substantially the availability of land for housing and houses themselves, which are:

      4.1.1 Land Titles Clarification Program: Department acquires desirable tracts with defective titles and distributes them to perspective home builders.

      4.1.2 Land Acquisition Program: Permits groups of more than three persons to apply to the Department for land on which to build houses.

      4.1.3 Aided Self-Help Housing Program: From 1973, for the benefit of low-income groups.

   The foregoing three programs are operated under the following policies/practices: The amount of land provided would-be home builders depends on the size of available property in their area and the number of eligible families or households. Seven to 10 parcels may be given. Beneficiaries pay only a "nominal" rent for the land; they do not buy the land. Building materials are provided by the Department or Authority "sufficient to construct a housing unit of about 32 m^2." Plans and technical assistance are free. Construction is by the recipients themselves, as aided by families and friends. The result is just a core house to which additional facilities can be added. To pay for the nominal ground rent and the building materials provided by the Department, recipients can take out a loan from the Department/Authority with repayment spread over 15 years. Rentals are reported to average Rs. 15 ($1.50) monthly.

In addition, the Department has some regulatory functions, such as some building standards and some jurisdiction over tenant-landlord relations.[11]

Sources of funding: The Department and its National Housing Fund have been lent money from the Treasury and from the open market; however, the latter practices have lately ceased. Treasury loans have ranged from $1.5 million to $4.0 million. (All dollar amounts use Rs. 10/ $1.00.)

See section 3.1.2 below for comments on the accomplishments of this agency.

4.2 Department of Buildings:
4.3 State Engineering Corp:
} Implementing policy to provide flats and other storied buildings for lower- and middle-income builders:

4.4 Building Materials Corporation: Makes available local and imported building materials at regulated prices

5. National Savings Bank: Began 1972, operates 25 branches, uses 333 post offices and 2,575 sub-post offices; in practice invests 95% of savings in government securities and the remainder in housing, agriculture and other development loans. The housing loans have averaged $1.5 million per year recently. The Bank charges 10% interest for 10 years on loans to by land. For the purchase or construction of a house the terms are 13% for 20 years. It will loan up to $6,000 for buying land, $12,000 for buying a house and $18,000 for building a house. These loans may reach 75% of value; the monthly payments can be up to one-third gross monthly income of the borrower.[11A]

6. State Mortgage Bank: Chartered in 1931; provides credit for land acquisition, for construction, repair or purchase of housing, and for other development purposes. Funds are from the sale of bonds and from government grants. In 1977 or 1978 it made 508 loans totaling $1.15 million. Its maximum amounts are $12,000 per borrower for land development and $18,000 for housing activities (to 75% of total value). Interest rates are 10% - 12.5%.[11A]

7. Commercial Banks--state owned: Bank of Ceylon not primarily in shelter sector: makes short-term housing loans just for its employees. The Peoples Bank works with coops in rural areas, providing mainly agricultural credit. A report for 1973 reveals some minor lending for housing by the latter bank.[11A]

8. Public Servants Mutual Provident Association:
9. Government Officers' Benefit Association:
10. Finance companies (private sector):
11. Building societies (private sector), mainly financed from the National Housing Fund:
} Provide housing related credit for short time periods or due to emergencies just to selected categories of borrowers.[11]

2. INDICATIONS OF SHELTER REQUIREMENTS

2.1 NATION-WIDE DATA

2.1.1 Estimates of housing needs.--A recent study cites the need for 1.16 million units to be built during 1972-80.[12/] Around 30 percent are for urban areas.[13/] That would require 125,000 units annually over the next decade, which is "about 25 percent more than the average annual output during the past decade ..." and will mean a range of 122,000 to 135,000 yearly. The President is reported to have recently asked for 100,000 houses from government efforts by 1982.[14/] Apparently, during 1965-75 the country has put up about 100,000 housing units every year, the overwhelming majority being provided by private, mostly informal efforts (cf. section 3.1.2 below).

Table 28 gives a more detailed presentation of the country's housing needs, up to 1980, breaking down the total into the number needed to accommodate (a) the backlog, (b) population increase and (c) replacement. In both 1971-75 and 1976-80 replacement is the largest single category of need, at 38 percent in the former period and 42 percent in the latter. The medium population projection used means that the percentage of the total requirement due to

TABLE 28

ESTIMATED HOUSING NEEDS 1971-80

Type of Requirement	1971-75	1976-80
Backlog	141,800	177,200
Population increase	206,800	230,800
Replacement	209,200	301,200
Total . .	557,800	709,200

SOURCE: (44), p. 44, citing Marga Institute, Housing in Sri Lanka (Colombo: The Institute), 1976.

the increase in population falls from 37 percent in '71-75 to 32 percent during '76-80.

2.1.2 Deficiences in the existing housing stock.--The main problems are nicely brought out in an analysis of the Survey of Consumer Finances in 1973 (sample data), summarized in Table 29. Very notable is the lack of piped water (either inside or outside the house) for 52 percent of the urban units. Thirty-nine percent are without toilet facilities.

TABLE 29

SHORTCOMINGS IN HOUSING FACILITIES

	Percentages of Total No. of Units in Sample	
	Urban	Rural[b/]
1. One-roomed houses	11.60%	10.20%
2. Overcrowding (room-wise)[a/]	35.00	37.00
3. Housing without cement floors	26.32	57.24
4. Without tiled or asbestos roof	48.98	55.99
5. Without latrines	39.10	43.60
6. Without pipe-borne water inside or outside house	51.90	96.00

SOURCE: (42), p. 48.

[a/] More than two persons per room.

[b/] Excludes "Estate" sector.

Some other gleanings:

Ownership:[15]	Nation	66.7% are owner-occupied
	Urban sector	46.5% " " "
	Rural sector	85.0% " " "
Availability of electricity:	Urban areas	38.1% use for lighting
Occupants per housing unit:	Nation	5.9 persons
	Urban areas	6.3 "

2.1.3 Proportion of income spent on housing, fuel and lighting.--The same 1973 survey examined this percentage by income group. While the average is 16.2 percent of monthly income, the range is 12.6 percent to 20.9 percent according to the income group involved.[16]

	Expenditures as a percent of monthly household income		
	Housing	Fuel & Lighting	Both
All income groups	12.7%	3.5%	16.2%
Under $20 income/month . . .	8.9	4.9	13.8
$20 - $39	8.6	4.0	12.6
$40 - $59	11.7	3.5	15.2
$60 - $79	14.1	3.3	17.4
$80 - $99	15.1	3.2	18.3
$100 & over	18.2	2.7	20.9

Fuel and lighting expenditures are clearly not very income elastic, whereas consumer outlays for housing *per se* show considerable positive income elasticity.

2.2 CITY-SPECIFIC DATA

The only information here relates just to the primate, capital city of Colombo. A study mainly of slum and squatter areas published in 1978 revealed that:[17]

a) 326,000 were estimated to be living in slums or squatter colonies as of 1974 (or 56 percent of the city's 1971 census population).

b) The '74 study estimated 24,000 such dwellings, compared to 14,000 from a corresponding 1963 survey.

c) The city's slums often use large old houses averaging 300 square feet per family with as many as 10-15 persons.

d) The squatter colonies are at the city's edges and also average about 300 square feet each, with an average of 7 persons occupying each shanty.

e) Number of dwellings in squatter areas: Estimated 14,000 in 1963; 24,000 in 1972; 30,000+ in 1974.

f) Sanitary facilities in squatter areas: 69 percent lacking.

g) Total earnings of all employed persons in the average squatter dwellings: $14 per month in 1973, though some were higher at $35 per mont

h) Unemployment: An ad hoc survey about 1973 of 40 households in a slum area showed 64 percent unemployed; of another 40 households in a squatter colony 68 percent were unemployed. Of the total 80 households, 70 percent had only one income receiver while 24 percent had two or more.

i) Water supply: In the shanty areas one tap serves as many as 50 families, little better in the slums. Housing units with "on premises" piped water: 3 percent had it for drinking, 2 percent for cooking, 3 percent for bathing.

j) Energy uses: none had electricity; 3 percent burned kerosene for cooking and 100 percent used it for lighting; 96 percent used firewood for cooking.

The foregoing scanty data on Colombo evince a steadily deteriorating situation. The key datum of more than half the city's population in slum and squatter areas makes it quite a bit worse off than is generally true for large cities in India and Pakistan.

3. WHAT'S BEING DONE BY PUBLIC AND PRIVATE SECTORS

3.1 NATION-WIDE REVIEW

3.1.1 Government priorities.--In late 1977 the new government announced three major new investment programs, one of which is in the shelter sector: a large urban renewal effort for housing and infrastructure construction and rehabilitation in Colombo.[18/] As in the case of the other two new programs in other sectors, the one for Colombo is aimed at employment generation--described as the government's overriding development thrust.

The 1979 national budget compared to that of 1978 reveals the share for "local government, housing, and construction including water supply and drainage" is to increase from 3 percent to 6 percent of all budgetary allocations.[19/] That source doesn't, unfortunately, indicate the absolute amount intended for expenditure during 1979-80 for the category described.

3.1.2 Magnitude of government's support to shelter sector in recent years.--Without repeating much of the content of a recent AID publication on this subject, just a couple of overall indicators may be noted here:[20/]

a) The principal government effort, the National Housing Fund of the Department of National Housing, has received Treasury loans of $1.5 million to $4.0 million yearly and invested $9.8 million into building 2,560 houses and 2,640 rented flats in the last 20 years, plus housing loans averaging $1.9 million per year from 1960-70.

b) Government bank plus non-bank lending institutions altogether were able to supply an estimated $16.2 million for shelter sector investments in the year 1974.

3.1.3 Private sector's efforts.--Census data permit calculating the number of additional housing units added between 1953 - 1963 and 1963 - 1971, the great majority of which would have been the product of private efforts particularly in the "semi-permanent" and "temporary" categories. See Table 30 following.

TABLE 30

NET ADDITIONS TO HOUSING STOCK 1953-71, NATION AND URBAN

	1953-63				1963-71			
	Nation		Urban		Nation		Urban	
	No.	%	No.	%	No.	%	No.	%
Permanent	82,517	18.4	79,182	58.7	171,749	69.9	68,877	66.9
Semi-permanent	343,449	76.7	33,337	24.7	37,652	15.3	29,058	28.2
Temporary	22,079	4.9	22,285	16.5	36,337	14.8	5,080	4.9
Total . .	448,045	100.0	134,804	99.9	245,738	100.0	103,015	100.0

SOURCE: (43), p. 48, citing the three censuses.

3.2 CITY-SPECIFIC REVIEW

3.2.1 Colombo.--A major slum improvement effort was planned to begin in 1976 by the Common Amenities Board. In addition, the Ministry of Housing and Construction (its Department of National Housing) has identified projects for current execution involving the resettlement of squatters. The first of these began in 1972 and consisted of just 45 dwelling units on three acres--a pilot effort. The dwellings provided at that site, at 250 square feet each, could be purchased for about $2 per month with ownership after 20 years (though State keeps land title). Sixty other such projects have since commenced. The

local authorities will supplement with sites and services projects (not begun as of 1976 or 1977). The expected total beneficial impact on the number of Colombo urban poor as a result of all this relocation, upgrading and aided self-help was estimated at 12 percent for 1971-74, and to increase significantly in the following years.[21/]

4. INTERNATIONAL DONOR EFFORTS AFFECTING THE SHELTER SECTOR

4.1 BY THE IBRD

No projects have yet been identified, though project proposals have been received...discussions with Sri Lankan authorities have occurred, possibly during 1978. 22/

4.2 BY THE ASIAN DEVELOPMENT BANK

This Bank has no projects in the country.[23/]

4.3 BY THE UNDP

4.3.1 Colombo Region Master Plan.--A comprehensive physical development plan for the city and its metropolitan region began in September, 1974 with UNDP assistance handled presently by the U.N. Habitat and Human Settlements Foundation in Nairobi. The project aims "at providing a physical dimension to the economic and social policies of the Government...."[24/] Initial UNDP financial commitment was $1.10 million and a November, 1976 supplement added $0.33 million. Total project costs including those of the Government (in kind) would be more than twice the total UNDP contribution of $1.43 million. Chief expenditure categories for the U. N. share are as follows:

	$	%
Subcontract for bulk of the technical work	787,300	55
U.N. experts, consultants, missions and administrative support personnel (116 man-months) . .	440,300	31
Training in Sri Lanka and abroad	101,100	7
Equipment	89,500	6
Miscellaneous	10,200	1
	1,428,400	100

Completion including a seven-month extension was to be mid-1978. However, a Habitat spokesperson suggested it was still underway in May, 1979.[25/]

4.3.2 Regional planning.--While possibly not very closely related to the shelter sector, there is United Nations assistance being given to aspects of a large regional development project in which other international donors also have their roles: the Mahaweli River Basin development scheme.

5. SUMMARY OF LATEST DATA ON GENERAL ECONOMIC CONDITIONS

Sri Lanka's economy continues to experience growth, led by strong performance by the industrial sector and adequate achievements in agriculture, although current performance has lagged below the recent past and expectations. The solid agricultural performance was attained despite the devasting cyclone in the eastern province. The five percent growth rate achieved this past year nonetheless leaves the country with serious unresolved problems:

- Unemployment remains at 20 percent of the labor force, while labor shortages persist in the plantations in the interior and for skilled labor in construction.
- Double digit inflation, despite government efforts to hold down the money supply.
- Growing balance of payments deficits, and an alarming rise in foreign indebtedness (44 percent in 13 months).
- A stagnant plantation sector, beset with shortages of skilled labor, deterioration of tea bushes and rubber trees with age, insufficient use of fertilizer, and inadequate management (the plantations were nationalized in 1975).
- Insufficient milling capacity for agricultural products and inadequate storage facilities.
- A worsening law and order situation and a growing risk of racial clashes.
- Consumer subsidies (on rice, wheat flour, petroleum products, and fertilizers) that account for over 20 percent of current government expenditures.

The government has not taken any major steps to address these problems, and has even delayed implementation of its medium-term development program. Nonetheless, the Jayewardene government has found it relatively easy to secure the aid and loans necessary to finance its trade deficit. On the other hand, the

government has implemented an insurance scheme for exporters, lifted export controls over selected goods, eased restrictions on profit and dividend remittances, and has taken steps to capitalize on the growing tourist trade (up 25 percent in the first eight months of 1978). But none of these actions affect the major export earners (tea, rubber, coconut, and gems). A government program to increase the use of fertilizers on rubber plantations has produced results below expectations. And the government has helped fuel inflation by providing for 10 percent wage increases to government workers and exempting them from income taxes.

Several factors suggest that Sri Lanka will be looking for further assistance in the housing area. Housing is one of the three top priorties in the medium-term investment plan. In addition, the cyclone last November left a million people homeless, adding to the housing deficit. The government has taken steps to mobilize savings by strengthening financial institutions. The centerpiece of this effort is the new National Development Bank.

The outlook for Sri Lanka's economy is more of the same: steady growth, inflation, and a growing foreign trade gap. If exports cannot be increased by the plantation sector, the prospects are for a return to foreign exchange controls in a few years. Despite the growth in the economy, no improvements in the unemployment situation can be expected until the mid 1980's.

5.1 THE DEBT-SERVICE RATIO

As a rough indication of the Government's ability to borrow substantial additional foreign exchange to help finance shelter sector projects, the latest available IBRD Statistics show:[21/]

Debt Service as a Percentage of:			
GNP		Exports of Goods and Services	
1970	1976	1970	1976
1.7	4.1	9.6	20.1

The country has obviously increased indebtedness drastically during that span of years.

NOTES

(Nos. in parentheses refer to documents in the "List of Sources" at the end of this volume)

1. (46), p. 6
2. (46), p. 4
3. (18), p. 28
4. (21), pp. 7, 39; (38), p. 16
5. (38), p. 16
6. (23)
7. (21), p. 7
8. (46) is the source for virtually all facts and quotes in this section and in 1.3.2 following
9. (49), p. S-2
10. (44), pp. 24-25
11. (49), p. S-4

11A. (49), pp. S-7,8,9

12. (44), p. 48; (49), citing a 1978 article by Kingsley, gives a comparable number--1.2 million--as the "present housing need"
13. (49), p. S-2
14. Ibid. and p.S-4. But a distinct possibility exists that the 100,000 should be described as an annual construction target!
15. (39), Vol. I, pp. x-xii
16. (39), Vol. II, p. 111
17. (40), passim.
18. (38), p. 18; no extant five year plan came to light
19. (38), p. 19
20. (49), pp. S-4, 5,9
21. (40), passim.
22. Interview with Mr. Sven Sandstrom, in charge of South Asia for the Urban Projects, Dept. of the IBRD, Washington, DC, 5/18/79. The date of the discussions could not subsequently be learned due to his departure on home leave.
23. Ms. Carrol Long, IBRD's East Asia and Pacific Country Programs Dept., 5/23/79
24. (45)
25. Oral report of a Mr. Kandaswamy of Habitat's New York office
26. (19), p.22

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